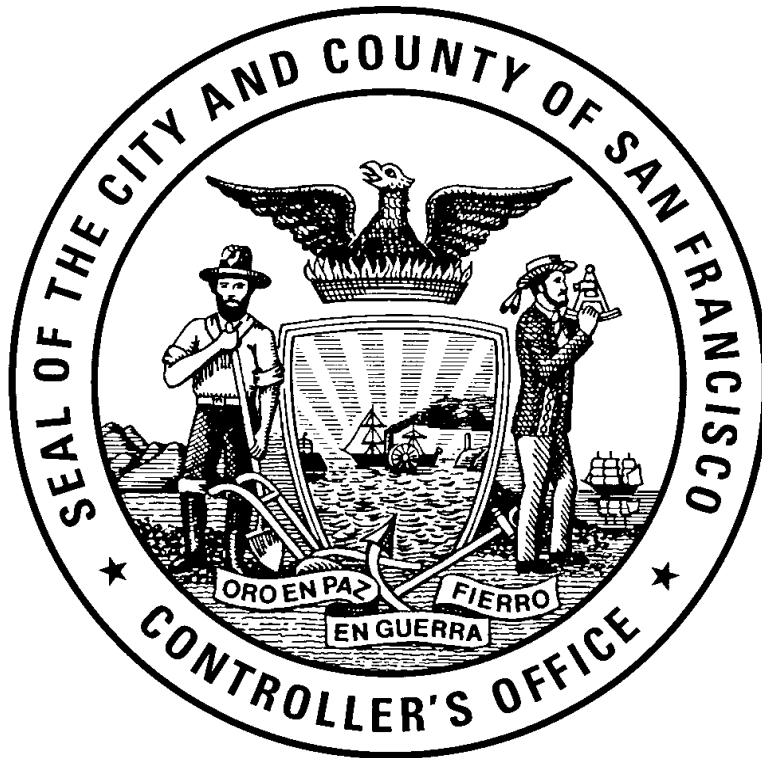


# **CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA**

## **Comprehensive Annual Financial Report Year ended June 30, 2001**



**Prepared by:  
Office of the Controller**

A handwritten signature in black ink, appearing to read "Edward Harrington".

**Edward Harrington  
Controller**

**CITY AND COUNTY OF SAN FRANCISCO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2001**

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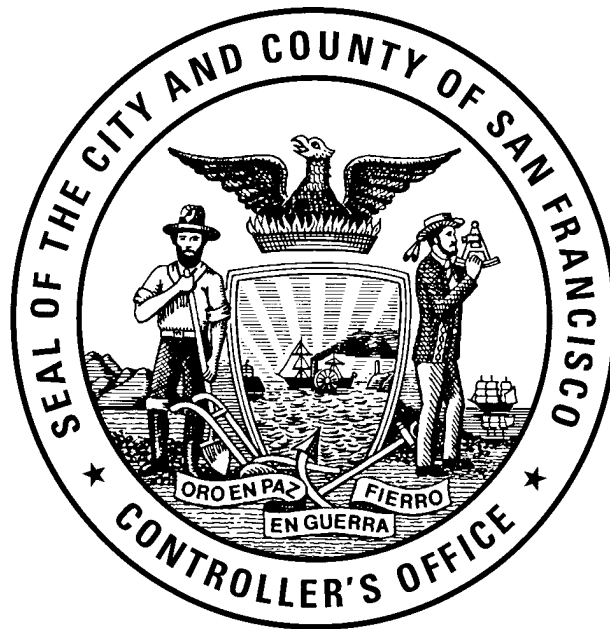
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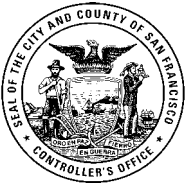
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January 22, 2002

The Honorable Mayor Willie L. Brown, Jr.  
The Honorable Members of the Board of Supervisors  
City and County of San Francisco  
San Francisco, California

Ladies and Gentlemen:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City and County of San Francisco, California (the City) for the fiscal year ended June 30, 2001 with the Independent Auditors' Report, submitted in compliance with City Charter Sections 2.115 and 3.105 and California Government Code Sections 25250 and 25253. The CAFR has been prepared by the Controller's Office in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe that the data, as presented, is accurate in all material respects; that its presentation fairly shows the financial position and the results of the City's operations as measured by the financial activity of its various funds; and that the included disclosures will provide the reader with an understanding of the City's financial affairs.

This is the first year the City prepares the CAFR using the new financial reporting requirements as prescribed by the GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34). This new GASB Statement requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Our CAFR is divided into the following sections:

**The Introductory Section** includes information about the organizational structure of the City, the City's economy, major initiatives, status of City services, and cash management.

**The Financial Section** is prepared in accordance with the GASB 34 requirements by including the MD&A, the Basic Financial Statements including notes and the Required Supplementary Information. The Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental, fiduciary, and other funds. Also included in this section is the Independent Auditors' Report on the financial statements and schedules.

**The Statistical Section** includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that are of interest to potential investors in our bonds and to other readers. The data includes ten-year revenue and expenditure information on an inflation-adjusted basis.

## THE REPORTING ENTITY AND ITS SERVICES

The City and County of San Francisco (City), established by Charter in 1850, is a legal subdivision of the State of California with the governmental powers of both a city and a county under California law. The City's powers are exercised through a Board of Supervisors serving as the legislative authority, and a Mayor and other independent elected officials serving as the executive authority. The services provided by

the City include public protection, construction and maintenance of all public facilities, sanitation, water, parks, public health systems, social services, planning, tax collection, and many others.

This CAFR includes the financial activities of the primary government, which encompasses several enterprise activities, as well as all of its component units. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same board as the City or provide services entirely to the City. For reporting purposes the operations of the San Francisco County Transportation Authority, the San Francisco Parking Authority, and the San Francisco Finance Corporation, are blended with the City. In addition, there are two component units, the San Francisco Redevelopment Agency and the Treasure Island Development Authority, which are legally separate entities but which have some financial interdependency with the City. For reporting purposes these entities are shown as discretely presented component units.

## **SAN FRANCISCO'S GOVERNMENT, ECONOMY AND OUTLOOK**

San Francisco is the economic and cultural hub of the Bay Area, a metropolitan region with more than 6.5 million residents in nine counties. The population of the City has grown by approximately 8.8 percent in the past ten years, to 793,459.<sup>i</sup> The year 2000 federal census shows that racial and ethnic diversity continues to be robust in the City, with all minorities groups combined representing a majority of the population, and, for the first time in modern history, no single racial or ethnic group representing a majority of the City's population.<sup>ii</sup>

San Francisco is a charter city, exercising the powers and duties of both a city and county. In November 2000, the eleven members of the Board of Supervisors were elected by district for the first time since the 1970s. Members will serve four-year terms, with the exception that in order to provide for staggered terms, the initial district-elected Board drew lots and determined that an election for seats of even-numbered districts will be conducted in November 2002. The elected Mayor of San Francisco serves as the executive, and appoints the heads of many city departments. Many departments are also advised by a commission whose members are appointed by the Mayor. Elected officials include the Assessor-Recorder, City Attorney, District Attorney, Public Defender, Treasurer, and Sheriff.

The City boasts a strong and diverse collection of both Fortune 500 companies and locally owned small businesses. Thus while the City is home to Chevron, The Gap, Charles Schwab, and Wells Fargo, over eighty-five percent of the City's businesses employ fewer than twenty people.<sup>iii</sup> The economy overall has demonstrated sustained growth since the recession of the early 1990s. Among California counties, the City consistently ranks in the top five in terms of lowest unemployment rates, lowest percentage of persons living in poverty, and highest in per capita incomes.

An overall economic slowdown which began in the middle of fiscal year 2001 has affected the City's economy, and the events of September 11<sup>th</sup> have compounded the impact of the general slowdown. The technology sector in particular has experienced the closing of large numbers of dot-com companies and significant losses in the value of many other businesses. The economic effects of the downturn are expected to continue in the next fiscal year. While this contraction has affected the City's economy, the overall economic and business environment continues to show strength, and employment, wage and earning trends continue to be strong overall.

Approximately 35,700 jobs have been created in the City during the past five years, showing an aggregate growth during the period of almost 9 percent.<sup>iv</sup> As the business, transportation, and travel hub of the Bay Area, the City's economy is dominated by the services sector, which provides approximately 39% of all jobs. Retail trade and financial, insurance and real estate businesses are also critical to the City's employment base and economy. Overall, the unemployment rate in 2000 continued a five-year decline,

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<sup>i</sup> Source: California Department of Finance

<sup>ii</sup> Source: United States Census

<sup>iii</sup> Source: California Department of Finance

<sup>iv</sup> Source: California Employment Development Department

dropping to 2.8 percent for the calendar year, lower than the average annual unemployment rate during the period for California of 4.9 percent. With the recent changes in the economy, as of July 2001, San Francisco's unemployment rate had risen to 5.4 percent, approximately the same rate as for the state of California as a whole (5.3 percent), and to approximately 6.1 percent by November 2001.

Tourism, at the heart of San Francisco's economy, continues to thrive. The Convention and Visitors Bureau estimates that 17.3 million visited San Francisco in 2000, representing an average daily population of 142,700. These visitors spent over \$7.6 billion in the City during 2000, over \$20.9 million per day.<sup>v</sup> Hotel occupancy rates averaged 80% during the year. The slowing economy and the events of September 11<sup>th</sup> have changed the outlook for the travel and tourism industry however. Business, convention and tourist travel have all dropped since the spring of 2001, with hotels reporting decreased occupancy rates since September and occupancy rates for 2002 projected to be only in the 65% to 75% range overall.<sup>vi</sup>

Downtown office vacancy rates, at 10% in 1992, fell below one percent during the most recent two fiscal years. However, the commercial rental market has begun to reflect the effects of the economic slowdown, with vacancy rates increasing during the fiscal year for the first time in nearly eight years. Surveys show the vacancy rate rising steadily to 4% halfway through the 2001 fiscal year, 8% by June 2001, and approximately 15% by December 2001. Asking prices for office space rents have also declined by as much as 46%, from an average of \$80 per square foot in July of 2000, to \$43 per square foot by December 2001.<sup>vii</sup> The market is not anticipated to turn around before the end of fiscal year 2002.

Property values in the City remain among the highest in the nation. The housing market has been only minimally affected by the economic slowdown, with demand for housing still far in excess of supply. During calendar year 2000, new construction added 1,626 units to the City's housing stock. However, demand continues to outpace supply, as it has for several years, with a projected deficit of 9,543 needed housing units by 2006. The gap between housing demand and supply has contributed to a worsening affordability gap in the City. In the year 2000, the median price for an average single family home in San Francisco was \$540,000, a level that was affordable by only a small fraction—11% of the population.<sup>viii</sup> Homeownership continues to be out of reach of many of the service workers, teachers, trade and craft workers, and other residents and workers. The jobs/ housing imbalance affects the City's ability to manage transportation networks, schools, and other important services. Housing is and will remain a critical challenge for the City's policymakers, planners, employers, and residents.

Transportation also presents a significant challenge for the City. Added capacity in regional road and transit service, bringing workers and visitors to the City, and providing transportation within the City, are both being developed to meet growing needs. Caltrain, which carries passengers between the peninsula and the City, experienced a 9.2% increase in commuter ridership during the fiscal year. The Bay Area Rapid Transit (BART) system is adding service both in the east bay and from the peninsula, with four new BART stations to the south of the City, including one at the San Francisco International Airport, scheduled to open in the fall of 2002. These improvements should relieve congestion on some of the region's major arteries. The success of transit projects both in San Francisco and in neighboring counties remains critical to the economic growth and stability of the City.

Over the last five years, the City's property tax revenues, the single largest source of income for the general fund, have grown in some cases by as much as 16% per year, reflecting extraordinary growth in property values and prices during the time period. From fiscal year 2000 to 2001, revenue from property tax grew by approximately \$83 million, an increase of 15% from the prior year. Trends in other sources of local tax revenue were strong during the fiscal year as well, with business, sales, and other local taxes increasing by between 4% and 10%. These revenue growth results are despite the loss of approximately \$25 million per year from the elimination of the City's gross receipts tax as a result of litigation.

The energy crisis which hit all of California during the year affected the City in a wide variety of ways. Government revenues from utility user taxes increased, however the City also had to fund higher power

<sup>v</sup> Source: San Francisco Convention and Visitor's Bureau

<sup>vi</sup> Source: PKF Consulting

<sup>vii</sup> Source: Grubb & Ellis, Cushman & Wakefield

<sup>viii</sup> Source: California Association of Realtors



purchase costs for the Hetch Hetchy system, with an increased appropriation of \$25 million approved during the year for this purpose. Partly in response to the energy crisis, the City has initiated a \$15 million capital project in 2001 to finance energy efficiency improvements in government which is expected to save approximately \$5 million in avoided energy costs annually over the long term. Pacific Gas and Electric, which is one of the City's largest taxpayers, filed for bankruptcy in April 2001, but has continued to meet its local tax obligations to date with court permission. On a statewide basis, the budget surplus which has been spent on energy purchases is likely to restrict funding available from the state to local governments in many program areas in the next fiscal year and beyond.

Since September 11<sup>th</sup>, both business and tourist travel to San Francisco have dropped significantly, affecting passenger loads and revenues at San Francisco International Airport, and hotel and sales tax revenues to the City, among other factors. For fiscal year 2002, the City is currently projecting decreases from local tax revenue sources. Hotel tax is significant, with a projected decrease of almost 25% from fiscal year 2001—a loss of over \$32 million, followed by sales tax with a projected loss of approximately 10% or over \$12 million. In total, the City expects revenue losses in the general fund in the 2002 fiscal year of between \$60 and \$100 million and consequently has restricted its budget to lower spending to meet that range.

San Francisco International Airport (SFO) has been particularly affected by both losses in business travel which were apparent in the spring of 2001 and by the drops in air traffic of all kinds since September 11<sup>th</sup>. United Airlines, the single largest carrier at SFO, reported a 34% loss in business travel in the last quarter of fiscal year 2001, and airlines overall have reduced flights by 20% on average since September. New Department of Transportation rules which restrict access to most terminal areas to ticketed passengers only has significantly decreased business for SFO retail and restaurant tenants and as a result SFO has temporarily reduced rents for merchants. The SFO is currently forecasting that lower passenger flows, fees, and parking income will cause an operating shortfall in the range of \$100 million in the 2002 fiscal year. SFO's transfer of concession revenues to the City general fund, budgeted at \$29 million, is anticipated to be reduced by 25% or more.

## **MAJOR INITIATIVES AND ACHIEVEMENTS**

A number of significant initiatives, outlined below, are underway in San Francisco which should have a positive effect on the City's economic health and its services to residents and businesses.

### **Health Facilities and Systems**

The City operates two major hospitals—San Francisco General for acute care, and Laguna Honda for long-term care. The City is in the process of designing and constructing a new campus on the Laguna Honda Hospital site, and a rebuild of the existing hospital, that will provide housing and a complete continuum of long-term healthcare services. The hospital will be built to modern environmental and seismic standards, and will provide for a technologically advanced and flexible facility serving the City's growing need for rehabilitation facilities and residential care. The new Laguna Honda campus is being financed by a \$299 million general obligation bond issue approved by the voters in November 1999. The property tax burden of the bond issue will be reduced by using tobacco settlement funds to be distributed to California counties over the next several years, and by the use of supplemental Medicaid payments made available for the project's debt service through new state legislation. The project is now engaged in the design and community consultation process, with design and environmental review expected to be complete in 2002, and construction to begin in 2003 on the first of the new facilities.

### **Expansions of Convention Center and Cultural Facilities**

The City's Moscone Convention Center draws business and industry meetings from around the world, and continues to develop to meet the convention business demand in San Francisco. The Moscone West expansion of the center will add a new, free-standing facility located one half block west of the existing Moscone Convention Center. Moscone West increases the size of the City's convention facilities by fifty percent--adding 300,000 square feet of exhibit and meeting space on three floors. Structural steel erection is about 90% complete and other building trades have begun their work on site, following closely on the

heels of steel erection. Moscone West is scheduled to open in the Spring of 2003 and events are currently being booked.

A number of cultural institutions are currently in the process of major expansions or the construction of new facilities. The Asian Art Museum, to be housed in the renovated Old Main Library, is scheduled to open in the Civic Center in early 2003, and is financed with a combination of \$51 million of voter-approved bonds and \$69 million in private donations. Currently, the museum has the space to display only about six percent of its collection at any time. Once the move is completed, the museum will have the space and facilities to display a much larger portion of its collection. The DeYoung Fine Arts Museum and the Academy of Sciences both are in the process of constructing new facilities in Golden Gate Park. In December of 2000 the DeYoung Museum closed its doors in preparation for replacing its seismically unsafe building. The new DeYoung Museum is scheduled to open in 2005 and will be financed entirely by private contributions. The new Academy building is funded through a combination of \$118 million in local bonds, approved by voters in 1995 and 2000, state funds, and private donations. Design for new Mexican, African-American, and Jewish Museums has begun. These facilities will join the San Francisco Museum of Modern Art in the Yerba Buena district, immediately adjacent to the Moscone Convention Center. All three are scheduled for completion by 2005.

In November 2000, voters approved the Branch Library Improvement Bond measure. The bond program authorizes the sale of approximately \$105.9 million in General Obligation Bonds to renovate nineteen branch libraries including upgrades for earthquake safety and disability access, interior renovations, and some facility expansions. The first \$17.6 million bond sale will fund planning for seven branches and cover the costs of acquiring sites for the four branch libraries that are currently in leased space.

The transfer of the former Presidio Army Base to civilian uses which was carried out in 1994 has created an array of new recreational, cultural, and development opportunities in San Francisco. Among these is the restoration of Crissy Field and the adjacent shoreline for public recreational use by the National Park Service. This project was completed and a grand opening for the restored Crissy Field was held in May 2001. The park's over 100 acres includes a restored salt marsh and tidal lagoon, beaches, dunes, and over a mile of new shoreline promenade, which are expected to draw thousands of local users and new visitors annually to San Francisco's waterfront.

### **Affordable Housing Projects**

In November 1996, the voters of San Francisco approved the issuance of \$100 million in general obligation bonds ("Proposition A") to fund the Affordable Housing and Home Ownership Bond Program. The Board of Supervisors adopted legislation to implement the program in 1997, providing that 85% of the bond proceeds be dedicated to the development of rental housing, and 15% for downpayment assistance to first-time homebuyers.

In March 1998, the first \$20 million of bonds were sold, and the program began full operation in June 1998. In June 1999, the second \$20 million of bonds were sold, and in June 2000 the third \$20 million series, the latter time as a tax-exempt issue. Because of the urgent need for affordable housing in San Francisco, the Mayor's Office of Housing recommended to the Board of Supervisors that the remaining \$40 million be issued for the 2001-2002 fiscal year, and the Board approved that issuance. The final \$40 million were issued in July 2001.

As of August 2001, the City has funded almost \$40 million in loans or grants for the development of rental housing, assisting development of 1,185 units of rental housing and 264 beds in group housing. About \$25 million more has been committed to specific projects in the development pipeline, and the remaining funds will be allocated through a Notice of Funding Availability process in Fall 2001. Altogether, the City expects to develop about 2,350 units and 500 beds of group housing with the Proposition A funds.

The Downpayment Assistance Loan Program funded by the bonds has assisted approximately 175 low and moderate-income households to become first time homebuyers. With a median household income of less than \$45,000, participants in the program have few other opportunities to become homeowners in San Francisco, and the program has been an essential tool to allow these families to remain in the City.

**Transportation System Improvements**

Significant large-scale transportation development projects are underway both to accommodate a growing number of travelers into the region and to improve transportation options and services for the City's residents, workers and businesses.

San Francisco International Airport serves as the key connection between the Bay Area, national, and international economies, receiving 54 percent of the region's air traffic and 94 percent of international traffic. A \$2.4 billion airport construction plan was completed in December 2000 and is designed to accommodate an estimated increase of 11 million passengers – growth of 26 percent – annually by 2006. The centerpiece of the program is the construction of an International Terminal Complex, consisting of a new terminal, new parking garages, a light rail system and improved airport roadways. The recent decreases in passenger and freight traffic using SFO is expected to continue to affect the city in the next fiscal year and beyond, however projections of long-term demand for the airport's new facilities are robust.

The new international terminal opened in December 2000 while construction on the connection to Bay Area Rapid Transit (BART) will be completed in 2002 and will provide a direct rail line from San Francisco and Oakland to the Airport.

The approval of Proposition E by the voters in November 1999 has improved the long-term financial stability of the municipal transportation system. This amendment to the City's Charter changes the funding and operation of the City's public transit system. Proposition E guarantees a minimum level of general revenue support for the system and establishes a more autonomous governing body to direct the system.

Since the adoption of Proposition E, the Municipal Railway (MUNI) has posted major accomplishments. Service has been expanded in the South of Market—an area that has experienced growing demand for transit due to its development as the center of the City's multimedia and internet industries, and to a significant increase in residential housing in the last five years. MUNI expanded the F Line with its historic streetcars to Fisherman's Wharf, and initiated the Castro Shuttle, serving downtown MUNI stations out to Castro Street, in response to customer demand along the Market Street corridor. Progress continues to be made on the Third Street Light Railway, which beginning in 2004 will provide a direct rail link between the Financial District, Mission Bay, and the residential neighborhoods of the southeast portion of the City. Finally, MUNI has been actively replacing its rolling stock, putting into service over 125 motor coaches and 18 light rail vehicles and has expanded its efforts to maintain the existing fleet.

**Status of City Services**

In the spring of 2001, the City, through the Controller's Office, conducted its sixth annual Citizen Survey.

A total of 2,148 San Franciscans were surveyed, providing their opinions of City services such as recreation programs and parks, public transportation (MUNI), libraries, streets, public safety and general City performance.

The 2001 major survey results indicated that:

- Library services, park grounds and MUNI routes continue to receive favorable ratings.
- Ratings of MUNI's timeliness and reliability continue to improve, after reaching a low point in 1999. MUNI's ratings for cleanliness, safety, courtesy and fares have also improved over time.
- Cleanliness and maintenance of park facilities show a positive trend for the past four years.
- Ratings of the pavement condition and cleanliness of City streets are less favorable than a year ago, but remain "fair" on average.
- Feelings of safety walking downtown (both day and night) have improved over the past four years.
- Feelings of safety crossing the street are the worst they have been since 1997.
- About half of respondents rate overall City performance as "fair." People are somewhat less satisfied in 2001 than in previous years.

- Residents of the southeastern quarter of the City are generally less satisfied with City services and with the conditions and safety of their neighborhoods.

## **OTHER FINANCIAL INFORMATION**

### **Internal Controls**

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Budgetary Process**

The City's budget is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be carried on during the fiscal year; (2) the estimated revenue available to finance the operating plan; and (3) the estimated spending requirements of the operating plan. The budget represents a process where policy decisions by the Mayor and Board of Supervisors are made, implemented, and controlled. Note 2(d) to the basic financial statements summarizes the budgetary roles of various City officials and the timetable for their various budgetary actions according to the City Charter.

### **Pension Trust Fund Operations**

The City has a defined benefit retirement plan in which substantially all full-time employees participate. The plan's most recent actuarial calculations, as of July 1, 2000, estimate the plan is 138.8% funded.

### **Cash Management**

The City's pooled deposits and investments are invested pursuant to policy established by the Treasurer. This policy seeks the preservation of capital, liquidity and yield, in that order of priority. The policy addresses soundness of financial institutions holding our assets and the types of investments permitted by the California Government Code. The earned yield for the fiscal year 2000-01 was 6.056%. The Employees' Retirement System and the Redevelopment Agency deposits and investments are maintained outside the City Treasury and follow policies established by their respective governing boards.

### **Risk Management**

With certain exceptions, it is the policy of the City not to purchase commercial insurance against property or liability risks. Instead, the City believes it is more economical to manage its risks internally and set aside funds as needed for estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations. The City maintains limited coverage for certain facilities, primarily property of the San Francisco International Airport, Port of San Francisco, Municipal Railway, Hetch Hetchy, Water Department, Moscone Convention Center and art at City-owned museums. Additionally, various types of liability insurance coverage are maintained by the City for the Port and the Airport. The City is self-insured for workers' compensation claims. Claims payment history (experience) and payroll costs (exposure) are considered when calculating the claims liabilities and workers' compensation outstanding liabilities for each department. The City's insurance/self-insurance program is reviewed annually in the budget process. The claims liabilities and workers' compensation liabilities reported on the balance sheet have been actuarially determined and include an estimate of incurred but not reported losses.

**INDEPENDENT AUDIT**

The City's Charter requires an annual audit of the Controller's records. These records, represented in the Comprehensive Annual Financial Report, have been audited by a consortium headed by the nationally recognized certified public accounting firm, KPMG LLP. The consortium also includes Calvin Louie CPA (representing a separate consortium known as Associated Asian CPA Firms), Lamorena and Chang CPAs, Yano and Associates, and Rodriguez, Perez, Delgado and Company. The various enterprise funds, the Health Service System, the Employees' Retirement System, the San Francisco County Transportation Authority and the Redevelopment Agency have been separately audited. The Independent Auditors' Report on our current financial statements is presented in the Financial Section.

**CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000. This was the nineteenth consecutive year (fiscal years ended June 30, 1982 – 2000) that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both GAAP and applicable legal requirements.

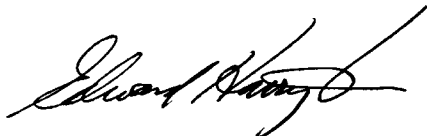
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The California Society of Municipal Finance Officers awarded a Certificate of Award for Outstanding Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2000. This was the third consecutive year that the City has achieved this prestigious award. In order to be awarded a certificate for outstanding financial reporting, a government must publish easily readable and efficiently organized CAFR.

**ACKNOWLEDGMENTS**

I would like to express my appreciation to the entire staff of the Controller's Office whose professionalism, dedication and efficiency are responsible for the preparation of this report. I would also like to thank KPMG LLP for their invaluable professional support in the preparation of the CAFR. Finally, I want to thank the Mayor and the Board of Supervisors for their interest and support in planning and conducting the City's financial operations.

Respectfully submitted,



Edward Harrington  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City and County of  
San Francisco, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Anne Spray Kinney*  
President

*Jeffrey L. Essler*  
Executive Director

# California Society of Municipal Finance Officers

Certificate of Award

*Outstanding Financial Reporting 1999-2000*

Presented to the

*City & County of San Francisco*



*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

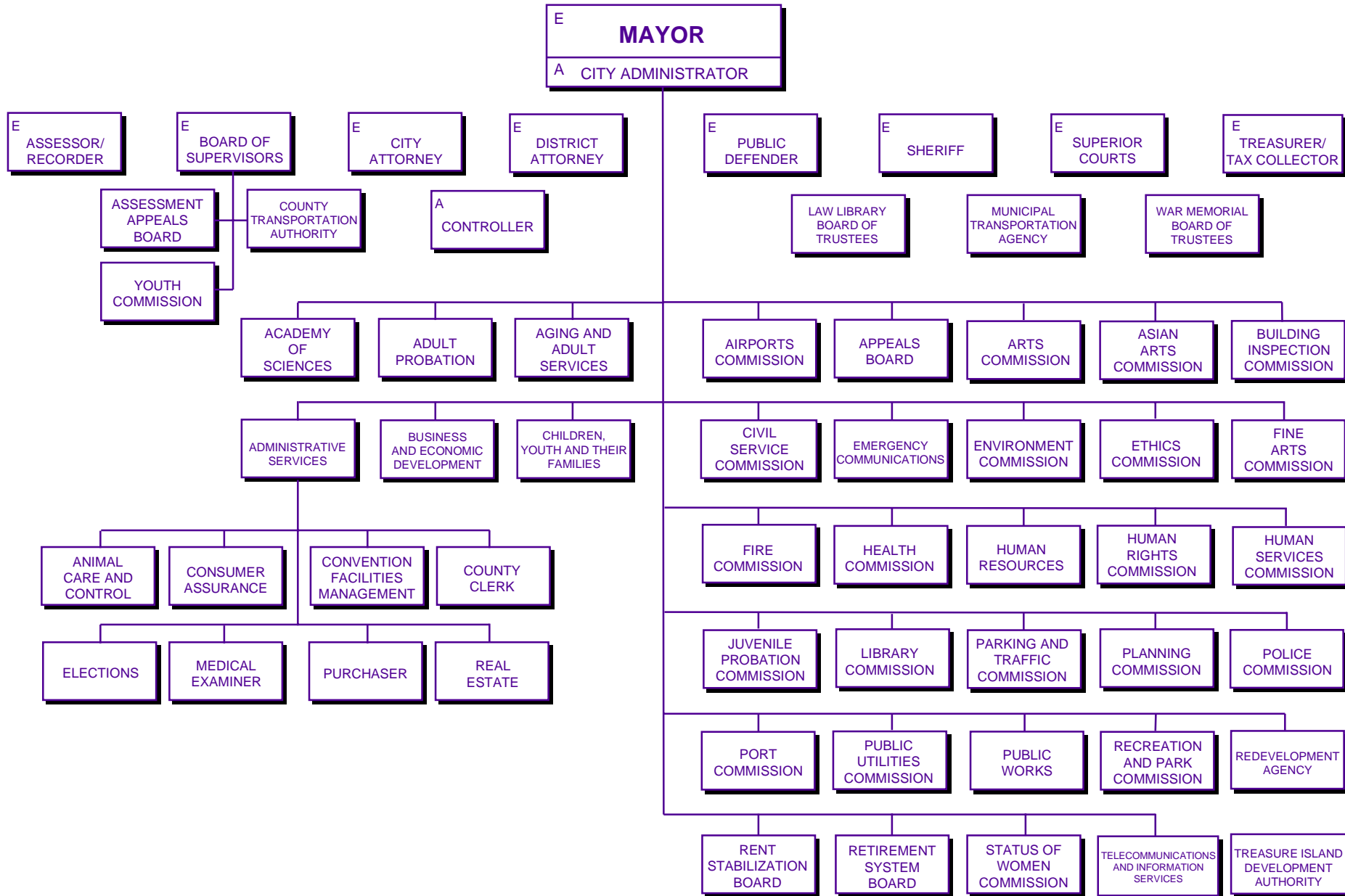
*February 26, 2001*

  
Chair, Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*

# San Francisco City and County Government

(As of June 30, 2001)



A Appointed by Mayor and confirmed by Board of Supervisors

E Elected



## CITY AND COUNTY OF SAN FRANCISCO

### List of Principal Officials As of June 30, 2001

#### ELECTED OFFICIALS

Mayor .....	Willie L. Brown, Jr.
Board of Supervisors:	
President .....	Tom Ammiano
Supervisor .....	Chris Daly
Supervisor .....	Matt Gonzalez
Supervisor .....	Tony Hall
Supervisor .....	Mark Leno
Supervisor .....	Sophie Maxwell
Supervisor .....	Jake McGoldrick
Supervisor .....	Gavin Newsom
Supervisor .....	Aaron Peskin
Supervisor .....	Gerardo Sandoval
Supervisor .....	Leland Y. Yee
Assessor-Recorder .....	Doris M. Ward
City Attorney .....	Louise H. Renne
District Attorney .....	Terence Hallinan
Public Defender .....	Kimiko Burton
Sheriff .....	Michael Hennessey
Superior Court	
Presiding Judge .....	Ronald E. Quidachay
Treasurer .....	Susan Leal

#### APPOINTED OFFICIALS

City Administrator .....	William L. Lee
Controller .....	Edward Harrington

#### DEPARTMENT DIRECTORS/ADMINISTRATORS

Administrative services .....	Ryan Brooks
Animal Care and Control .....	Carl Friedman
Consumer Assurance .....	David Frieders
Convention Facilities Management .....	Jack Moerschbaecher
County Clerk .....	Nancy Alfaro
Elections .....	Patricia Fado
Medical Examiner .....	Boyd G. Stephens, M.D.
Purchaser .....	Judith Blackwell
Real Estate .....	Anthony DeLucchi
Academy of Sciences .....	J. Patrick Kocielek, Ph. D.
Adult Probation .....	Armando Cervantes
Aging and Adult Services .....	Sandra Nathan
Airports Commission .....	John Martin

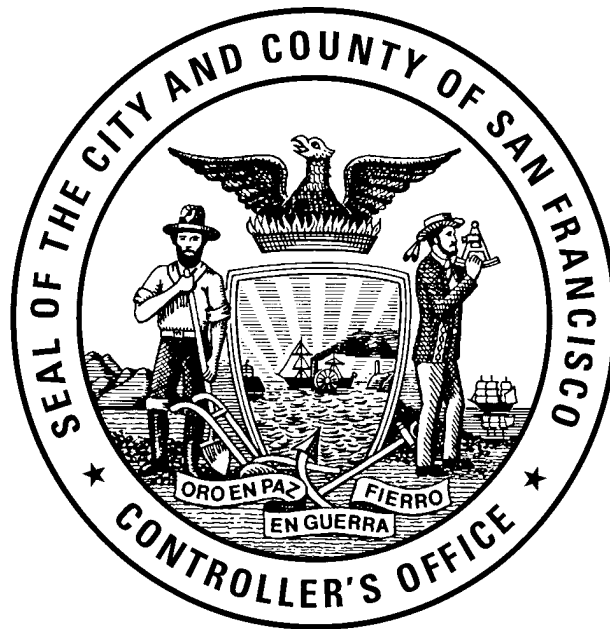
# CITY AND COUNTY OF SAN FRANCISCO

## DEPARTMENT DIRECTORS/ADMINISTRATORS-(Continued)

Appeals Board.....	Robert Feldman
Arts Commission .....	Richard Newirth
Asian Arts Commission .....	Emily Sano
Building Inspection Commission.....	Frank Chiu
Board of Supervisors .....	Gloria Young
Assessment Appeals Board.....	Dawn Duran
County Transportation Authority .....	Jose Louis Moscovich
Youth Commission .....	Colleen Montoya
Business and Economic Development .....	Richard Hillis
Children, Youth and Their Families .....	Deborah Alvarez-Rodriguez
Civil Service Commission .....	Kate Favetti
Emergency Communications .....	Thera Bradshaw
Ethics Commission.....	Ginny Vida
Environment Commission .....	Francesca Vietor
Fine Arts Commission .....	Harry S. Parker III
Fire Commission .....	Paul Tabacco
Health Commission .....	Mitchell Katz, M.D.
Human Resources .....	Andrea Gourdine
Human Rights Commission .....	Virginia Harmon
Human Services Commission .....	Trent Rohrer
Juvenile Probation Commission .....	Jesse E. Williams, Jr.
Law Library Board of Trustees .....	Marcia Bell
Library Commission .....	Susan Hildreth
Municipal Transportation Agency .....	Michael Burns
Parking and Traffic Commission .....	Fred Hamdun
Planning Commission .....	Gerald Green
Police Commission.....	Fred H. Lau
Port Commission.....	Douglas Wong
Public Utilities Commission .....	Steve Leonard
Public Works .....	Edwin Lee
Recreation and Park Commission .....	Elizabeth Goldstein
Rent Stabilization Board.....	Joseph Grubb
Retirement System Board .....	Clare M. Murphy
Status of Women Commission.....	Rosario Navarrette
Superior Court .....	Gordon Park-Li
Telecommunications and Information Services .....	Liza Lowery
War Memorial Board of Trustees .....	Elizabeth Murray

## DISCRETELY PRESENTED COMPONENT UNITS

Redevelopment Agency .....	James Morales
Treasure Island Development Authority .....	Annemarie Conroy



## **FINANCIAL SECTION**

- **Independent Auditors' Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Notes to the Financial Statements**
- **Required Supplementary Information**



Three Embarcadero Center  
San Francisco, CA 94111

## Independent Auditors' Report

The Honorable Mayor Willie L. Brown, Jr.  
The Honorable Members of the Board of Supervisors  
City and County of San Francisco, California:

We have audited the basic financial statements of the City and County of San Francisco, California (the City), as of and for the year ended June 30, 2001, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City and County of San Francisco, California, as of June 30, 2001, and the results of its operations, and the cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 2(c) to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The management's discussion and analysis and schedules of funding progress, on pages 3 to 16 and 104, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.





Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information identified in the table of contents as combining financial statements and supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

January 22, 2002

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City and County of San Francisco's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2001. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5.59 billion (net assets). Of this amount, \$533.3 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$565.6 million during the fiscal year.
- As of June 30, 2001, the City's governmental funds reported combined ending fund balances of \$1.49 billion. Approximately 19% of this total amount, \$277.2 million, is unreserved fund balance available for spending at the government's discretion.
- At the close of the current fiscal year, unreserved fund balance for the general fund was \$207.5 million or twelve percent of total general fund expenditures of \$1.8 billion.
- The City's total long-term debt increased by \$751.5 million (11 percent) during the current fiscal year. The key factors in this increase were issuances of \$137.2 million in certificates of participation for the San Bruno Jail Replacement Project, \$238.2 million in revenue bonds for the San Francisco Airport Improvement Project, and \$298.2 million in commercial paper by the City's enterprises including the Airport and Water Departments.
- Following the events of September 11, 2001, the City's revenues in hotel and sales tax showed significant drops from budget estimates. In addition, concession and other revenues received by the San Francisco International Airport have dropped due to new security measures and declining passenger numbers. These factors, combined with the overall slowdown in the information technology industries and in the general economy, have decreased both the unreserved fund balance and operating revenues available to the City in the fiscal year ending June 30, 2002. City management will monitor revenue streams and control expenditures and has already restricted expenditures to budget for a general fund revenue decrease of between \$60 and \$100 million over the fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the financial statements. This report also contains other **supplementary information** in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public protection, public works, transportation and commerce, human welfare and neighborhood development, community health, culture and recreation, general administration and finance, and general city responsibilities. The business-type activities of the City include an airport, port, public transit system, water and power operations, an acute care hospital, a long-term care hospital, sewer operations, and various parking facilities.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate redevelopment agency and a legally separate development authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Included within the governmental activities of the government-wide financial statements are the operations of the San Francisco County Transportation Authority, San Francisco Finance Corporation, and San Francisco Parking Authority. Although legally separate from the City, these component units are blended with the primary government because of their governance or financial relationships to the City.

### **Fund Financial Statements**

The fund financial statements are designed to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: **governmental** funds, **proprietary** funds, and **fiduciary** funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements—i.e. most of the City's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from

the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds are generally used to account for services for which the City charges customers—either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the San Francisco International Airport (Airport), Port of San Francisco (Port), Water Department/Hetch Hetchy Project, Municipal Railway (Muni), Laguna Honda Hospital, General Hospital Medical Center, Clean Water Program (Clean Water), and various nonprofit parking facilities, all of which are considered to be major funds of the City.
- **Internal Service funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, its management information systems, and its printing and mail services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the propriety fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City employees' pension and health plans, the external portion of the Treasurer's Office investment pool, and the agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

### **Combining Statements**

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the first year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management’s Discussion and Analysis (MD&A) – for State and Local Governments. Because this reporting model changes significantly both the recording and presentation of financial data, the City has not restated prior fiscal years for the purposes of providing comparative information for the MD&A. In future years when prior-year information is available a comparative analysis of government-wide data will be included in this report.

### Net Assets June 30, 2001 (in thousands)

	Governmental activities	Business-type activities	Total
<b>Assets:</b>			
Current and other assets.....	\$ 2,099,581	\$ 2,040,145	\$ 4,139,726
Capital assets.....	<u>1,821,115</u>	<u>7,782,633</u>	<u>9,603,748</u>
Total assets.....	<u>3,920,696</u>	<u>9,822,778</u>	<u>13,743,474</u>
<b>Liabilities:</b>			
Long-term liabilities outstanding...	1,844,956	4,725,413	6,570,369
Other liabilities.....	<u>617,410</u>	<u>970,662</u>	<u>1,588,072</u>
Total liabilities.....	<u>2,462,366</u>	<u>5,696,075</u>	<u>8,158,441</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt.....	779,698	2,970,198	3,749,896
Restricted.....	724,034	577,830	1,301,864
Unrestricted.....	<u>(45,402)</u>	<u>578,675</u>	<u>533,273</u>
Total net assets.....	<u>\$ 1,458,330</u>	<u>\$ 4,126,703</u>	<u>\$ 5,585,033</u>

### Analysis of Net Assets

As noted earlier, net assets may serve as a useful indicator of a government’s financial position. For the City, assets exceeded liabilities by \$5.59 billion at the close of the current fiscal year.

The largest portion of the City’s net assets (67 percent) reflects its investment of \$3.75 billion in capital assets (e.g. land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the City’s net assets, \$1.30 billion (23 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$533.3 million (10 percent) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, as well as for the business-type activities. For the governmental

activities, unrestricted net assets have a deficit of \$45.4 million related in part to debt from general obligation bonds for the San Francisco Unified School district which is recorded with no corresponding assets.

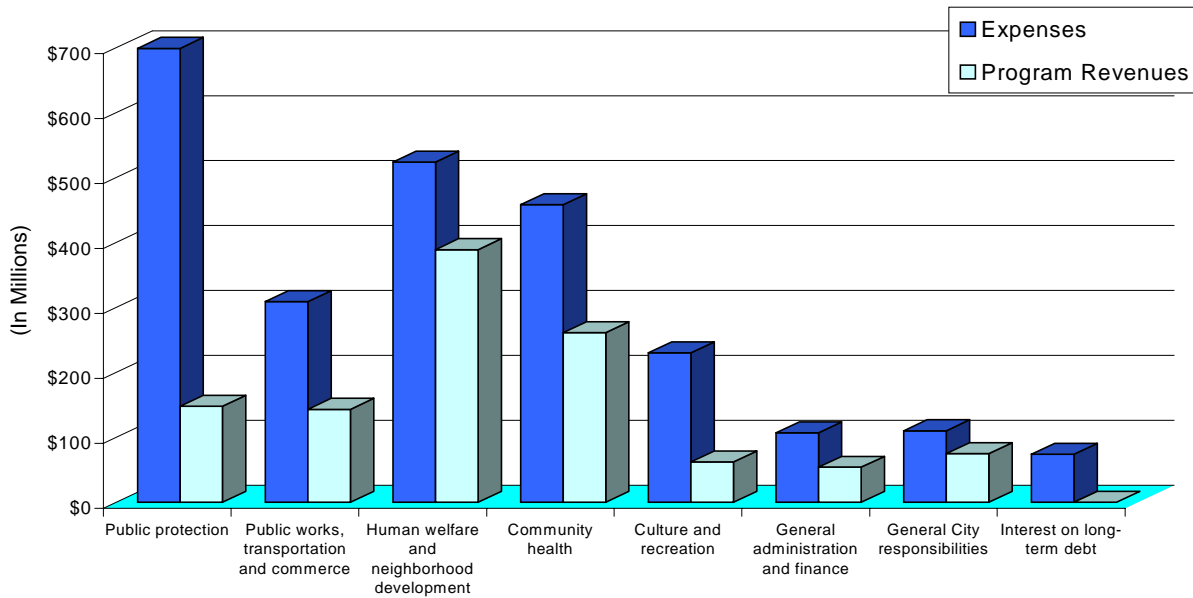
**Changes in Net Assets**  
**June 30, 2001 (in thousands)**

	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
<b>Revenues</b>			
Program revenues:			
Charges for services.....	\$ 344,721	\$ 1,408,121	\$ 1,752,842
Operating grants and contributions.....	763,863	260,520	1,024,383
Capital grants and contributions.....	22,619	335,520	358,139
General revenues:			
Property taxes.....	628,846	-	628,846
Business taxes.....	277,822	-	277,822
Other local taxes.....	581,480	-	581,480
Interest and investment income.....	81,084	96,493	177,577
Other.....	115,695	28,779	144,474
Total revenues.....	<u>2,816,130</u>	<u>2,129,433</u>	<u>4,945,563</u>
<b>Expenses</b>			
Public protection.....	\$ 699,472	-	699,472
Public works, transportation and commerce.....	309,171	-	309,171
Human welfare and neighborhood development.....	523,827	-	523,827
Community health.....	457,500	-	457,500
Culture and recreation.....	229,721	-	229,721
General administration and finance.....	107,318	-	107,318
General City responsibilities.....	109,804	-	109,804
Unallocated Interest on long-term debt.....	73,588	-	73,588
Airport.....	-	529,002	529,002
Transit.....	-	468,753	468,753
Port.....	-	47,587	47,587
Water.....	-	145,858	145,858
Power.....	-	107,000	107,000
Hospitals.....	-	513,486	513,486
Sewer.....	-	149,687	149,687
Garage.....	-	34,155	34,155
Total expenses.....	<u>2,510,401</u>	<u>1,995,528</u>	<u>4,505,929</u>
Increase in net assets before special items and transfers.....	<u>305,729</u>	<u>133,905</u>	<u>439,634</u>
Special items.....	-	126,014	126,014
Transfers.....	<u>(102,154)</u>	<u>102,154</u>	<u>-</u>
Increase in net assets.....	203,575	362,073	565,648
Net assets at beginning of year.....	<u>1,254,755</u>	<u>3,764,630</u>	<u>5,019,385</u>
Net assets at end of year.....	<u>\$ 1,458,330</u>	<u>\$ 4,126,703</u>	<u>\$ 5,585,033</u>

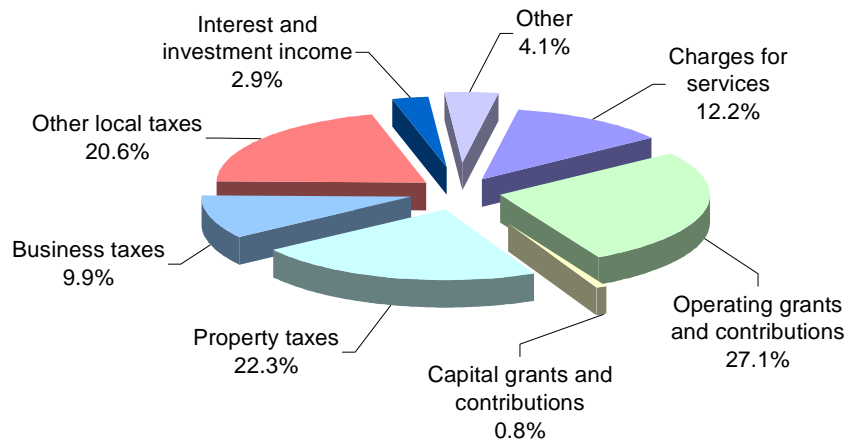
**Analysis of Changes in Net Assets**

The City's net assets overall increased by \$565.6 million during the current fiscal year. These increases are explained in the government and business-type activities discussion below, and are primarily a result of revenues increasing faster than ongoing expenses.

### Expenses and Program Revenues - Governmental Activities



### Revenues By Source - Governmental Activities



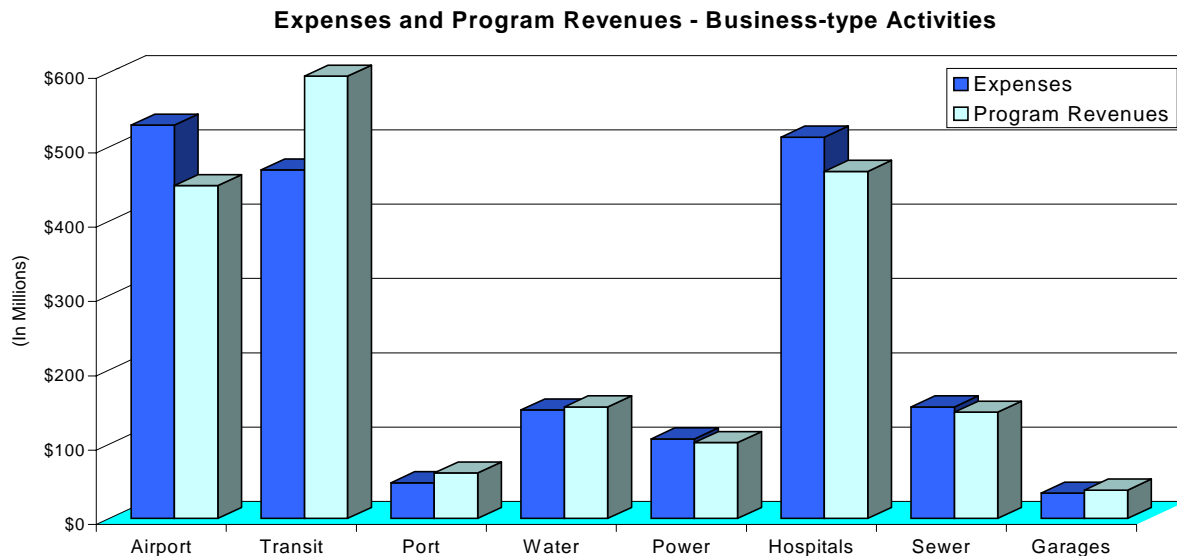
**Governmental activities.** Governmental activities increased the City's net assets by \$203.6 million, thereby accounting for 36 percent of the total growth in the net assets of the City. Key factors of this increase are as follows:

- Property tax revenues increased by approximately \$85 million or 16 percent during the year. Most of this increase is attributable to growth in the assessed value of property, and a decrease in the City's estimated assessment appeals reserve. In addition, the City is processing deeds more efficiently and thereby increasing supplemental property tax revenues.
- Other local taxes including sales, hotel and utility users taxes increased by approximately \$34 million or six percent during the year. The increases are a result of strong economic activity, continued high hotel occupancy rates during the first six months of the fiscal year, and significantly increased prices for electricity that occurred during some months of the fiscal year.

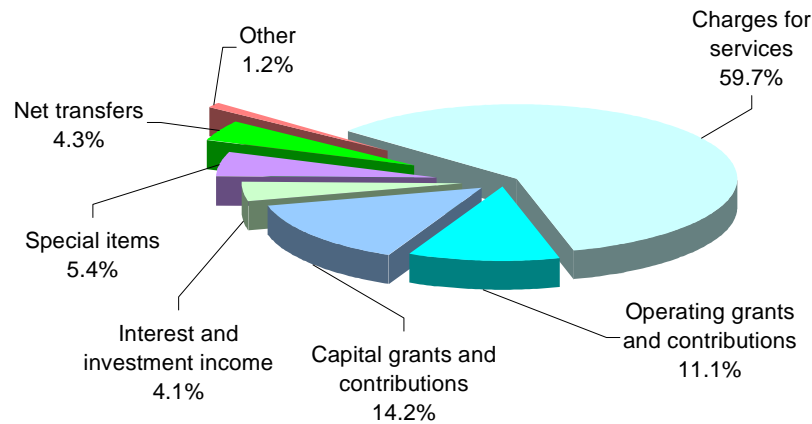
- Interest and investment income grew by approximately \$21 million or 34 percent during the year due to an increase in the average yield of City pooled investments from 5.84 percent to 6.06 percent. Growth in tax revenues also resulted in higher cash flows which allowed the City to invest and earn more interest and investment income.
- Grant and subvention revenue from state and federal sources increased by approximately three percent in the aggregate, largely related to increases of approximately \$30 million in grants for various programs received by the Department of Human Services and Department of Public Health, and to receipt of new state cigarette tax revenues received for early childhood programs through California Proposition 10.

For the most part, increases in expenses paralleled increases in the cost of living in the San Francisco Bay Area and growth in the demand for government services. One notable exception, however, is the City's creation of a reserve to settle litigation regarding the business tax, which accounts for an increase of \$18.8 million in expenses. In addition, the City's General Fund makes transfers each year to help finance the operations of two enterprises; San Francisco General Hospital and Laguna Honda Hospital. These transfers together totaled \$106 million in fiscal year 2001, an increase of 17 percent over the prior fiscal year. This change is a result of increases in the Hospital's proportion of uninsured patients, as well as the cost of health care delivery growing faster than reimbursements from insurers and other governments.

The charts above illustrate the City's governmental expenses and revenues by function, and its revenues by source. As shown, public protection is the largest function in expense (27.9 percent), followed by human welfare and neighborhood development (20.9 percent) and community health (18.2 percent). General revenues such as property, business, and sales taxes are not shown by program, but are effectively used to support program activities citywide. For governmental activities overall, without regard to program, operating grants and contributions are the largest single source of funds (27.1 percent), followed by property taxes (22.3 percent) and other local taxes (20.6 percent). As with the statement of net assets and the statement of activities, because the GASB No. 34 reporting model significantly changes the form of financial data, the City has not restated prior fiscal year revenue and expenditure information. Year to year comparisons will be included in future reports.



### Revenues By Source - Business-type Activities



**Business-type activities.** Business-type activities increased the City's net assets by \$362.1 million, accounting for 64 percent of the total growth in the City's net assets. Key factors of this increase are as follows:

- The Municipal Railway's net assets overall increased by \$223.2 million primarily due to the receipt of capital contributions. MUNI received \$291.1 million in capital contributions from various state, federal, and local funding sources for equipment and construction projects to improve transit services. New rolling stock was acquired including articulated buses, and there were increases in the value of construction in progress, primarily through the Third Street Light Rail Project. The capital contribution amount also includes \$25.7 million which was received from the San Francisco County Transportation Authority and paid out to the Port of San Francisco under a Memorandum of Understanding allowing MUNI to use Port property in perpetuity for the Metro East maintenance facility.
- The Water Department net assets increased by \$129 million, primarily due to a one-time gain on the sale of property of \$126 million. The Department sold approximately 500 acres of land in Alameda County.
- The Port's net assets increased by \$42.3 million primarily related to the recognition of a payment of \$25.7 million from the Municipal Railway for the right to use a 17 acre site of Port property for MUNI's Metro East maintenance and repair facility. The Port also received capital contributions related to construction work on the Downtown Ferry Terminal Project, and other projects.
- At the San Francisco International Airport, capital assets increased by approximately \$460 million (13 percent) largely due to projects associated with the Near Term Master Plan, and the ongoing Air Train System project to construct a transportation network between the terminals and parking facilities. The increase in capital assets was partially offset by additional depreciation expense of \$57.0 million.

As shown in the charts above, the largest of San Francisco's business-type activities, the San Francisco International Airport, and the City's two hospitals together, each had expenses in excess of \$500 million in fiscal year 2001, followed closely by transit (the Municipal Railway) with operating expenses of approximately \$468 million. For the fiscal year, revenues exceeded expenses in four areas of business activity—transit, port, water and power, and garages. For all of the business-type activities, fees provide the largest share of revenues (59.7 percent) followed by capital grants and contributions (14.2 percent), and operating grants (11.1 percent), which are primarily received by the Municipal Railway.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and the Permanent Fund.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1.49 billion, an increase of \$309.3 million in comparison with the prior year. Approximately \$277.2 million of this total amount constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed, (1) to liquidate existing contracts and purchase orders (\$410.8 million), (2) to fund continued programs or projects in future fiscal periods (\$586 million), (3) to pay debt service (\$63.3 million), and (4) for a variety of other restricted purposes (\$155.1 million).

Revenues for governmental functions overall totaled approximately \$2.81 billion in the fiscal year ended June 30, 2001, which represents an increase of nine percent from the fiscal year ended June 30, 2000. Expenditures for governmental functions, totaling \$2.79 billion, increased by approximately ten percent from the fiscal year ended June 30, 2000. In the fiscal year ended June 30, 2001, revenues for governmental functions exceeded expenses by approximately \$20.5 million, or slightly less than one percent.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$207.5 million, while total fund balance was \$479.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12 percent of total general fund expenditures of \$1.8 billion, while total fund balance represents 27 percent of that same amount.

The fund balance in the City's general fund increased by \$95.4 million during the fiscal year mainly due to continued growth in local revenues, especially property taxes, other local taxes including hotel, utility and parking taxes, and intergovernmental revenues, particularly state grants and subventions. As noted above, the City's general fund property tax collections increased by approximately 16 percent during the fiscal year related to growth in assessed values, reduced assessment appeals, and growth in supplemental property tax revenues. In addition, many general fund program expenses grew more slowly than projected. Overall, the general fund's performance resulted in revenues in excess of expenditures in the fiscal year ended June 30, 2001 of \$217.7 million, an increase of 33 percent over the comparable figure from the prior year of \$164 million.

### **Proprietary funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for the San Francisco International Airport were \$272.3 million, the Water Department/Hetch Hetchy Project \$216.6 million, the Clean Water Program \$20.9 million, the Port of San Francisco \$72.2 million, and the Parking Garages were \$62.9 million. Three proprietary funds had deficits in unrestricted net assets—the Municipal Railway fund had a deficit of \$42.7 million, and the San Francisco General Hospital and the Laguna Honda Hospital had deficits in unrestricted net assets of \$9.6 million and \$13.8 million respectively. The internal service funds which are used to account for certain governmental activities also had a deficit in unrestricted net assets of \$3.9 million.

The total growth in net assets for the proprietary funds was \$362.1 million. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities. In particular, the San Francisco International Airport's net assets decreased by \$57.4 million due to an increase in net bonded debt, the issuance of additional commercial paper, and decreased revenues.

### **Fiduciary Funds**

The City maintains fiduciary funds for the assets of the San Francisco Employees' Retirement System and Health Service System, and manages the investment of monies held in trust to benefit public services or employees. As of the end of fiscal year 2000-2001, the net assets of the Retirement System totaled \$11.2 billion, representing a decrease of \$1.7 billion in total net assets since June 30, 2000. The change is primarily related to decreases in the market value of the Retirement System's investments. The Investment Trust Fund's net assets totaled \$275.2 million, with an increase in net assets over the fiscal year of \$80.5 million, primarily resulting from increased contributions from external participants to the fund.

### **General Fund budgetary highlights**

The City's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved during the fiscal year. In fiscal year 2001, significant supplemental appropriations were approved for the Sheriff and Fire departments to fund unanticipated overtime and other expenses (approximately \$2.9 million in each case), for a program to provide rental subsidies for non-profit arts organization (\$3 million), and to fund additional expenses for the Department of Elections related to the cost of new election technology and a run-off election (\$2.4 million).

Differences between the final budget and the actual (budgetary basis) resulted in a \$97.9 million decrease in total charges to appropriations. This is primarily due to the following factors:

- A decrease in expenditures by the Human Services Department of approximately \$31 million related to reduced need for aid payments and other costs under federal and state welfare programs. In particular, the City spent approximately \$25 million less than budgeted in direct aid, services such as employment training, and administrative costs under the CalWorks program. Expenses were also less than budgeted in the foster care and cash assistance to immigrants programs. However, these expense reductions are almost entirely offset by decreases in the subvention funds which San Francisco is able to claim under these programs.
- A decrease in expenditures by the Department of Public Health of approximately \$36.5 million, primarily associated with a reduction in the local match requirement for the SB 855 Medi-Cal disproportionate share program. This decrease is non-program related and does not result in service reductions.
- A decrease in expenditures of approximately \$2.4 million in the General City Responsibilities area resulting primarily from required debt service payments which were less than the budgeted level.
- The General Fund was able to reduce its transfers to other funds by \$3 million, stemming primarily from unanticipated state revenues which were received by San Francisco General Hospital and Laguna Honda Hospital, thus allowing for reduced subsidy transfers.
- Budgetary reserves of \$5.8 million for various programs and payments which had been anticipated and included in the revised budget were liquidated at the close of the fiscal year.

During the year, actual revenues and other resources exceeded budgetary estimates by \$101 million. The majority of this amount is attributable to local taxes—specifically the property, sales, hotel, and utility taxes where actual performance was greater than estimates. The City also started the fiscal year with an available fund balance approximately \$21 million greater than anticipated when the fiscal year 2001 final budget was

developed. The net effect of the under-utilization of appropriations and the receipt of actual revenues greater than estimates resulted in a positive budgetary fund balance of \$199 million.

In creating its budget for the fiscal year ended June 30, 2002, the City used a budgetary fund balance of \$148.7 million (see Note 4 to the Financial Statements).

## Capital Assets and Debt Administration

### Capital Assets

The City's capital assets for its governmental and business type activities as of June 30, 2001, amount to \$9.6 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets, and bridges. The total increase in the City's capital assets for the current fiscal year was 10.33 percent (a 1.61 percent increase for governmental activities and a 8.72 percent increase for business-type activities) as shown in the table below.

Changes in Capital Assets , Net of Depreciation  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2001	2000	2001	2000	2001	2000
Land.....	\$ 131,539	\$ 124,772	\$ 184,299	\$ 182,137	\$ 315,838	\$ 306,909
Facilities and Improvement...	1,214,496	1,226,524	5,316,447	4,842,297	6,530,943	6,068,821
Machinery and equipment.....	88,372	90,307	493,757	350,718	582,129	441,025
Infrastructure.....	-	-	454,899	473,662	454,899	473,662
Property held under lease.....	536	536	515	721	1,051	1,257
Easements.....	-	-	98,482	94,445	98,482	94,445
Construction in progress.....	386,172	238,999	1,234,234	1,079,585	1,620,406	1,318,584
Total.....	<u>\$ 1,821,115</u>	<u>\$ 1,681,138</u>	<u>\$ 7,782,633</u>	<u>\$ 7,023,565</u>	<u>\$ 9,603,748</u>	<u>\$ 8,704,703</u>

Major capital asset events during the current fiscal year included the following:

- The Airport incurred \$533 million in capital expenditures due primarily to completion of the Near Term Master Plan, opening of the new International Terminal in December 2000, and completion of ramps and elevated roadways for access to the new terminal from the highway.
- MUNI capital assets increased by \$219.9 million due to progress on the Third Street Light Rail Project, acquisition of 160 motor coaches and 25 light rail vehicles, renovation of Woods Division, and a stepped up rail replacement program.
- The Water Department sold approximately 500 acres of land in Alameda County resulting in a net gain of approximately \$126 million.
- Clean Water's capital expenditures included \$7.7 million to complete pump station and primary treatment upgrade projects at the Southeast Plant and to complete the Southeast Water Pollution Control Plan Anaerobic Digestion Facility.
- Hetch Hetchy capital expenditures included \$4.3 million to complete the Moccasin Sewer Replacement, San Joaquin Pipeline repairs, and the Grizzly Creek Canal upgrade.



- Governmental activities construction in progress increased by \$147.2 million due to progress on the Moscone Center Expansion, the Asian Art Museum, and various recreation and park, and public works improvement projects.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

For governmental activities, no major net infrastructure assets are reported at the beginning of the year because the historical costs did not meet the threshold established in GASB 34. In fiscal year 2001, ongoing infrastructure projects are accounted for in construction in progress.

Additional information about the City's capital assets can be found in Note 7 to the financial statements.

### Debt Administration

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$8.3 billion. Of this amount, \$953.5 million is general obligation bonds backed by the full faith and credit of the City and \$5.4 billion is revenue bonds, commercial paper, loans, and other obligations of the City's business enterprises. The remainder includes revenue bonds, certificates of participation, and other obligations of City parking garages, the Moscone Center, and other governmental activities.

During fiscal year 2001, the City's total bonded debt increased by approximately \$511.6 million. The key factors were the issuances of \$137.2 million for the San Bruno Jail Replacement Project, \$157.5 million for the Moscone Expansion Project, and \$238.2 million for the San Francisco Airport Improvement Project.

The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens, and investors. A comparison of these indicators follows:

	FY 2001	FY 2000
Net General Bonded debt	\$941,926,000	\$909,857,000
Net General Bonded debt per capita	\$1,187.11	\$1,136.46
Ratio of net General Bonded debt to net assessed value	1.26%	1.40%
Debt service tax rate per \$100 taxable valuation	\$0.1348	\$0.1277

The City's Charter also imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3% of the assessed value of property in the City—currently about \$2.4 billion. As of June 30, 2001, the City had \$956.7 million in authorized, outstanding property tax-supported general obligation bonds. This amount is reduced by net assets in the General Obligation Bonds Fund of \$14.8 million for net tax supported bonded debt of \$941.9 million, which is equal to approximately 1.26% of the assessed value of property (net of exemptions). There are an additional \$969.5 million in bonds that are authorized but unissued. If all of these bonds were issued and outstanding, the total debt burden would be 2.55% of the assessed value of property (net of exemptions).

The City's ratings on uninsured general obligation bonds as of June 30, 2001 were:

Moody's Investors Service, Inc.	Aa3
Standard and Poor's Corporation	AA
Fitch IBCA, Inc.	AA

The City's enterprise activities have experienced some changes in debt ratings since June 30, 2001. On July 9, 2001, the Water Department's underlying rating on outstanding debt was downgraded by Standard & Poor's from AA- negative outlook to A+ stable outlook, affecting approximately \$233 million of uninsured Water Department debt. Following the events of September 11<sup>th</sup>, Standard & Poor's placed all its North American airport and airport-related facilities, including the San Francisco International Airport, on CreditWatch with negative implications. Moody's Investors Service affirmed its A1 rating for the Airport, but revised the outlook from developing to negative, and Fitch IBCA, Inc. affirmed its AA- rating for the Airport, but revised the outlook from evolving to negative.

In October 2001, related to the events of September 11, and to the expansion of the state budget deficit, a negative outlook was placed on the debt ratings of most California counties. All counties in the state except San Francisco were affected by this action. The City's higher proportion of discretionary revenues, its demonstrated willingness to control spending in response to current economic conditions, and its relatively conservative 2002 budget were credited with San Francisco's retaining a stable outlook on its debt.

Since the close of the 2001 fiscal year, the City has issued additional debt of \$488.5 million in Airport Revenue bonds, \$50.8 million of subordinated commercial paper notes, \$140 million of Water Revenue bonds, \$60.8 million in Settlement Obligation Bonds for business tax obligations related to litigation against the City, \$17.7 million in General Obligation bonds to finance improvements and construction of branch library facilities, and \$52.7 million in Certificates of Participation and Refunding Certificates of Participation related to the financing of City office buildings.

Additional information in the City's long-term debt can be found in Note 8 to the financial statements.

#### **Economic factors and next year's budget and rates**

- During the current fiscal year, the City appropriated \$148.7 million out of \$199 in available fund balance in the General Fund for spending in fiscal year 2002. It is intended that this use of fund balance will avoid the need to raise fees or charges during fiscal year 2002.
- The City currently faces a less favorable economic environment resulting from the decline in the technology industries. San Francisco's unemployment rate has almost doubled from its low point of 2.9 percent in 2000 to approximately 5.4 percent by the end of June 2001 and 6.1 percent as of November 2001.
- While the City showed a preliminary increase in real property assessments as of January 1, 2001 by approximately 12 percent, slower property tax growth is nonetheless budgeted in fiscal year 2002.
- Sales tax revenue, with slower growth already experienced related to the economic downturn generally and layoffs of information technology workers particularly, has been somewhat aggravated by the September 11 tragedy. The City has restricted departmental spending to budget for this and other reductions in local revenue sources.
- Hotel Room Tax revenue has grown at an average rate of 7.2 percent over the last 15 years. As with sales tax, the economic downturn which began in April of the last fiscal year, coupled with the effect of September 11 events on the tourist market, has resulted in a significant drop in hotel tax revenues. During the first six months of fiscal year 2002, hotel tax revenues have decreased by approximately 25 percent compared to the same period in fiscal year 2001.
- Revenues from airlines and concessionaires at the San Francisco International Airport, including those at the new International Terminal were already projected to be less than expected due to the declining economy. The decrease in passenger traffic following the events of September 11 has accelerated this trend.

- Increased energy costs stemming from California's energy crisis had a significant impact on the City's budget, causing San Francisco to budget for higher energy costs. In addition, due to higher energy costs, and to long-term commitments to sell power, Hetch Hetchy has reduced its transfer to the General Fund from approximately \$29.9 million in fiscal year 2001 to zero budgeted for fiscal year 2002.
- The financial position of the City hospitals continues to deteriorate. Medicare and Medicaid reimbursements and insured patients cover a smaller proportion of the hospitals' costs than in prior years, while the cost of staff, drugs, supplies and medical equipment is increasing significantly faster than the rate of inflation.

All of the above factors were considered in preparing the City's budget for fiscal year 2002.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Controller's Office of the City and County of San Francisco at City Hall, Room 316, #1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

## **Basic Financial Statements**

# CITY AND COUNTY OF SAN FRANCISCO

## Statement of Net Assets

June 30, 2001

(In Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	San Francisco Redevelopment Agency	Treasure Island Development Authority
<b>ASSETS</b>					
Current assets:					
Deposits and investments with City Treasury.....	\$1,246,818	\$ 701,962	\$1,948,780	\$ -	\$ 1,463
Deposits and investments outside City Treasury.....	297,948	2,467	300,415	124,069	-
Receivables (net of allowance for uncollectible amounts of \$10,089 for the primary government):					
	29,229	-	29,229	-	-
Other local taxes.....	182,726	-	182,726	-	-
Federal and state grants and subventions.....	141,128	56,222	197,350	-	36
Charges for services.....	22,735	149,626	172,361	-	-
Interest and other.....	27,133	20,208	47,341	4,427	-
Due from component unit .....	19,587	-	19,587	-	-
Loans receivable.....	-	-	-	17,600	-
Inventories.....	-	41,369	41,369	-	-
Deferred charges and other assets.....	6,972	5,944	12,916	-	-
Total current assets.....	<u>1,974,276</u>	<u>977,798</u>	<u>2,952,074</u>	<u>146,096</u>	<u>1,499</u>
Restricted assets:					
Deposits and investments with City Treasury.....	-	648,968	648,968	-	-
Deposits and investments outside City Treasury.....	-	331,524	331,524	211,635	-
Grants and other receivables.....	-	22,279	22,279	1,081	-
Total restricted assets.....	<u>-</u>	<u>1,002,771</u>	<u>1,002,771</u>	<u>212,716</u>	<u>-</u>
Noncurrent assets:					
Receivables (net of allowance for uncollectible amounts of \$155,235 and \$92,191 for the primary government and component units, respectively):					
Loans receivable .....	118,117	-	118,117	218,288	-
Deferred charges and other assets.....	7,188	59,576	66,764	754	-
Property held for resale .....	-	-	-	5,216	-
Capital assets:					
Land and other assets not being depreciated.....	517,711	1,418,533	1,936,244	49,731	-
Facilities, infrastructure, and equipment, net of depreciation.....	<u>1,303,404</u>	<u>6,364,100</u>	<u>7,667,504</u>	<u>130,291</u>	<u>-</u>
Total capital assets.....	<u>1,821,115</u>	<u>7,782,633</u>	<u>9,603,748</u>	<u>180,022</u>	<u>-</u>
Total noncurrent assets.....	<u>1,946,420</u>	<u>7,842,209</u>	<u>9,788,629</u>	<u>404,280</u>	<u>-</u>
Total assets.....	<u>3,920,696</u>	<u>9,822,778</u>	<u>13,743,474</u>	<u>763,092</u>	<u>1,499</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

# CITY AND COUNTY OF SAN FRANCISCO

## Statement of Net Assets *(Continued)*

June 30, 2001

(In Thousands)

	Primary Government			Component Units	
	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>	San Francisco Redevelopment <u>Agency</u>	Treasure Island Development <u>Authority</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable.....	108,491	127,540	236,031	5,883	306
Accrued payroll.....	74,585	57,351	131,936	-	58
Accrued vacation and sick leave pay.....	54,052	36,262	90,314	790	-
Accrued workers' compensation.....	32,558	25,582	58,140	-	-
Estimated claims payable.....	114,882	15,470	130,352	-	-
Bonds, loans, capital leases, and other payables.....	96,260	148,939	245,199	21,185	-
Accrued interest payable.....	9,156	12,470	21,626	12,933	13
Accreted interest payable.....	-	-	-	10,850	-
Unearned grant and subvention revenues.....	30,274	-	30,274	-	-
Due to primary government.....	-	-	-	19,587	-
Internal balances.....	40,109	(40,109)	-	-	-
Deferred credits and other liabilities.....	57,043	61,429	118,472	9,067	-
Total current liabilities.....	<u>617,410</u>	<u>444,934</u>	<u>1,062,344</u>	<u>80,295</u>	<u>377</u>
Liabilities payable from restricted assets:					
Bonds, loans, capital leases, and other payables.....	-	405,882	405,882	-	-
Accrued interest payable.....	-	35,704	35,704	-	-
Other.....	-	84,142	84,142	-	-
Total liabilities payable from restricted assets.....	<u>-</u>	<u>525,728</u>	<u>525,728</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:					
Accrued vacation and sick leave pay.....	59,461	29,084	88,545	884	-
Accrued workers' compensation.....	118,641	80,011	198,652	-	-
Estimated claims payable.....	35,085	26,025	61,110	-	-
Bonds, loans, capital leases, and other payables.....	1,631,769	4,557,088	6,188,857	589,980	-
Accreted interest payable.....	-	-	-	134,339	-
Deferred credits and other liabilities.....	-	33,205	33,205	-	-
Total noncurrent liabilities.....	<u>1,844,956</u>	<u>4,725,413</u>	<u>6,570,369</u>	<u>725,203</u>	<u>-</u>
Total liabilities.....	<u>2,462,366</u>	<u>5,696,075</u>	<u>8,158,441</u>	<u>805,498</u>	<u>377</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt.....	779,698	2,970,198	3,749,896	72,642	-
Restricted for:					
Cash and emergencies requirements by Charter.....	97,491	-	97,491	-	-
Debt service.....	10,855	276,392	287,247	58,505	-
Capital projects.....	118,549	189,103	307,652	-	-
Community development.....	181,264	-	181,264	-	-
Transportation Authority activities.....	162,037	-	162,037	-	-
Other purposes.....	153,838	112,335	266,173	3,271	1,122
Unrestricted (deficit).....	<u>(45,402)</u>	<u>578,675</u>	<u>533,273</u>	<u>(176,824)</u>	<u>-</u>
	<u>\$1,458,330</u>	<u>\$4,126,703</u>	<u>\$5,585,033</u>	<u>\$ (42,406)</u>	<u>\$ 1,122</u>

The notes to the financial statements are an integral part of this statement.

# CITY AND COUNTY OF SAN FRANCISCO

## Statement of Activities Year ended June 30, 2001

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			San Francisco Redevelopment Agency	Treasure Island Development Authority
					Governmental Activities	Business- Type Activities	Total		
<b>Primary government:</b>									
Governmental activities:									
Public protection.....	\$ 699,472	\$ 43,051	\$ 104,937	\$ -	\$ (551,484)	\$ -	\$ (551,484)	\$ -	\$ -
Public works, transportation and commerce.....	309,171	97,432	25,552	19,694	(166,493)	-	(166,493)	-	-
Human welfare and neighborhood development.	523,827	12,742	376,471	-	(134,614)	-	(134,614)	-	-
Community health.....	457,500	29,999	230,630	-	(196,871)	-	(196,871)	-	-
Culture and recreation.....	229,721	57,191	3,343	1,121	(168,066)	-	(168,066)	-	-
General administration and finance.....	107,318	49,977	4,043	-	(53,298)	-	(53,298)	-	-
General City responsibilities...	109,804	54,329	18,887	1,804	(34,784)	-	(34,784)	-	-
Unallocated Interest on long-term debt.....	73,588	-	-	-	(73,588)	-	(73,588)	-	-
Total governmental activities.....	<u>2,510,401</u>	<u>344,721</u>	<u>763,863</u>	<u>22,619</u>	<u>(1,379,198)</u>	<u>-</u>	<u>(1,379,198)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Airport.....	529,002	414,880	-	33,196	-	(80,926)	(80,926)	-	-
Transit.....	468,753	113,196	190,617	291,076	-	126,136	126,136	-	-
Port.....	47,587	50,345	5	10,978	-	13,741	13,741	-	-
Water.....	145,858	149,917	210	-	-	4,269	4,269	-	-
Power.....	107,000	101,963	49	270	-	(4,718)	(4,718)	-	-
Hospitals.....	513,486	398,461	68,869	-	-	(46,156)	(46,156)	-	-
Sewer.....	149,687	141,770	770	-	-	(7,147)	(7,147)	-	-
Garages.....	34,155	37,589	-	-	-	3,434	3,434	-	-
Total business-type activities.....	<u>1,995,528</u>	<u>1,408,121</u>	<u>260,520</u>	<u>335,520</u>	<u>-</u>	<u>8,633</u>	<u>8,633</u>	<u>-</u>	<u>-</u>
Total primary government.....	<u>\$4,505,929</u>	<u>\$1,752,842</u>	<u>\$1,024,383</u>	<u>\$ 358,139</u>	<u>\$ (1,379,198)</u>	<u>\$ 8,633</u>	<u>\$ (1,370,565)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Component units:</b>									
San Francisco Redevelopment Agency.....	\$ 128,089	\$ 38,786	\$ 16,321	\$ -	\$ -	\$ -	\$ -	\$ (72,982)	\$ -
Treasure Island Development Authority.....	4,882	5,721	567	-	-	-	-	-	1,406
Total component units.....	<u>\$ 132,971</u>	<u>\$ 44,507</u>	<u>\$ 16,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,982)</u>	<u>\$ 1,406</u>
<b>General Revenues:</b>									
Taxes:									
Property taxes.....	\$ 628,846	\$ -	\$ 628,846	\$ 34,650	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	277,822	-	277,822	-	-	-	-	-	-
Other local taxes.....	581,480	-	581,480	5,474	-	-	-	-	-
Interest and investment income.....	81,084	96,493	177,577	22,448	-	-	-	-	-
Other.....	115,695	28,779	144,474	1,588	-	-	-	-	-
Special item - land sale.....	-	126,014	126,014	-	-	-	-	-	-
Transfers - internal activities of primary government.....	(102,154)	102,154	-	-	-	-	-	-	-
Total general revenues, special item, and transfers.	<u>1,582,773</u>	<u>353,440</u>	<u>1,936,213</u>	<u>64,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets.....	203,575	362,073	565,648	(8,822)	1,406	-	-	-	-
Net assets (deficit) - beginning.....	<u>1,254,755</u>	<u>3,764,630</u>	<u>5,019,385</u>	<u>(33,584)</u>	<u>(284)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets (deficit) - ending.....	<u>\$ 1,458,330</u>	<u>\$ 4,126,703</u>	<u>\$ 5,585,033</u>	<u>\$ (42,406)</u>	<u>\$ 1,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

# CITY AND COUNTY OF SAN FRANCISCO

## Balance Sheet Governmental Funds

June 30, 2001

(in thousands)

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Deposits and investments with City Treasury.....	\$ 400,595	\$ 838,427	\$ 1,239,022
Deposits and investments outside City Treasury.....	356	297,592	297,948
Receivables:			
Property taxes and penalties.....	21,687	7,542	29,229
Other local taxes.....	165,567	17,159	182,726
Federal and state grants and subventions.....	62,247	78,881	141,128
Charges for services.....	17,775	4,960	22,735
Interest and other.....	10,935	15,897	26,832
Due from other funds .....	48,937	-	48,937
Due from component unit .....	400	19,187	19,587
Loans receivable (net of allowance for uncollectible amounts of \$155,235) ..	183	117,934	118,117
Deferred charges and other assets.....	5,529	1,443	6,972
Total assets.....	<u>\$ 734,211</u>	<u>\$ 1,399,022</u>	<u>\$ 2,133,233</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable.....	\$ 66,338	\$ 36,912	\$ 103,250
Accrued payroll.....	59,439	13,077	72,516
Estimated claims payable.....	2,104	63,000	65,104
Accrued interest payable.....	-	398	398
Deferred tax, grant and subvention revenues.....	27,822	24,640	52,462
Due to other funds.....	-	89,046	89,046
Deferred credits and other liabilities.....	99,321	158,419	257,740
Total liabilities.....	<u>255,024</u>	<u>385,492</u>	<u>640,516</u>
Fund balances:			
Reserved for cash requirements.....	93,293	-	93,293
Reserved for emergencies.....	4,198	-	4,198
Reserved for assets not available for appropriation.....	6,089	51,548	57,637
Reserved for debt service.....	-	63,308	63,308
Reserved for encumbrances.....	37,743	373,088	410,831
Reserved for appropriation carryforward.....	77,060	446,211	523,271
Reserved for subsequent years' budgets.....	53,337	9,664	63,001
Unreserved, reported in:			
General Fund.....	207,467	-	207,467
Special revenue funds.....	-	54,018	54,018
Capital project funds.....	-	11,629	11,629
Permanent fund.....	-	4,064	4,064
Total fund balances.....	<u>479,187</u>	<u>1,013,530</u>	<u>1,492,717</u>
Total liabilities and fund balances.....	<u>\$ 734,211</u>	<u>\$ 1,399,022</u>	<u>\$ 2,133,233</u>

The notes to the financial statements are an integral part of this statement.



**City and County of San Francisco**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2001**

**(In Thousands)**

Fund balances - total governmental funds	\$ 1,492,717
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,818,520
Bond issue costs are not financial resources and, therefore, are not reported in the funds.	7,185
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,070,925)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.	(8,758)
Because the focus of governmental funds is not short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.	222,885
Internal service funds are used by management to charge the costs of fleet management, printing and mailing services, and information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>(3,294)</u>
Net assets of governmental activities	<u>\$ 1,458,330</u>

The notes to the financial statements are an integral part of this statement.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances**  
**Governmental Funds**  
**Year ended June 30, 2001**  
**(in thousands)**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes.....	\$ 462,171	\$ 165,483	\$ 627,654
Business taxes.....	277,094	728	277,822
Other local taxes.....	448,132	133,348	581,480
Licenses, permits and franchises.....	17,714	5,789	23,503
Fines, forfeitures and penalties.....	9,097	3,676	12,773
Interest and investment income.....	27,693	63,736	91,429
Rents and concessions.....	19,298	56,084	75,382
Intergovernmental:			
Federal.....	135,410	161,348	296,758
State.....	501,020	74,341	575,361
Other.....	-	6,245	6,245
Charges for services.....	100,325	115,087	215,412
Other revenues.....	17,395	13,724	31,119
Total revenues.....	<u>2,015,349</u>	<u>799,589</u>	<u>2,814,938</u>
Expenditures:			
Current:			
Public protection.....	626,136	45,983	672,119
Public works, transportation and commerce.....	95,486	204,463	299,949
Human welfare and neighborhood development.....	431,266	125,976	557,242
Community health.....	365,290	89,685	454,975
Culture and recreation.....	106,728	127,135	233,863
General administration and finance.....	127,366	23,116	150,482
General City responsibilities.....	45,380	64,373	109,753
Debt service:			
Principal retirement.....	-	69,870	69,870
Interest and fiscal charges.....	-	68,367	68,367
Bond issuance costs.....	-	7,368	7,368
Capital outlay.....	-	170,472	170,472
Total expenditures.....	<u>1,797,652</u>	<u>996,808</u>	<u>2,794,460</u>
Excess (deficiency) of revenues over expenditures....	<u>217,697</u>	<u>(197,219)</u>	<u>20,478</u>
Other financing sources (uses):			
Transfers in.....	134,983	126,974	261,957
Transfers out.....	(257,317)	(107,861)	(365,178)
Issuance of bonds and loans.....	-	392,070	392,070
Total other financing sources (uses).....	<u>(122,334)</u>	<u>411,183</u>	<u>288,849</u>
Net change in fund balances.....	95,363	213,964	309,327
Fund balance at beginning of year, as previously reported.....	275,640	792,104	1,067,744
Cumulative effect of a change in accounting principles.....	108,184	7,462	115,646
Fund balances at beginning of year, as restated.....	<u>383,824</u>	<u>799,566</u>	<u>1,183,390</u>
Fund balances at end of year.....	<u>\$ 479,187</u>	<u>\$ 1,013,530</u>	<u>\$ 1,492,717</u>

The notes to the financial statements are an integral part of this statement.

**City and County of San Francisco**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year ended June 30, 2001**

**(In Thousands)**

Net change in fund balances - total governmental funds	\$ 309,327
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	140,383
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	21,533
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,192
Governmental funds report expenditures pertaining to the establishment of certain deferred credits related to long-term loans made. These deferred credits are not reported on the statement of net assets and, therefore, the corresponding expense is not reported on the statement of activities.	42,990
Lease payments on the Moscone Convention Center (including both principal and interest) are reported as expenditures in the governmental funds when paid. For the City as a whole, however, the principal portion of the payments serve to reduce the liability in the statement of net assets while the accrual of accreted interest serves to increase the liability in the statement of net assets and result in additional expenses in the statement of activities. This is the amount by which principal payments exceeded newly accreted interest.	7,090
Bond issue costs are expended in the governmental funds when paid, and are capitalized and amortized in the statement of net assets. This is the amount by which current year bond issuance costs exceed amortization expense in the current period.	7,245
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which bond proceeds exceeded principal retirement in the current period.	(322,200)
Additional accrued interest calculated on bonds and notes payable.	(4,104)
The net revenues of certain activities of internal service funds is reported with governmental activities.	<u>119</u>
Changes in net assets of governmental activities	<u>\$ 203,575</u>

The notes to the financial statements are an integral part of this statement.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Budgetary Comparison Statement - General Fund**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Budgetary fund balance, July 1</b>	\$ 127,500	\$ 375,043	\$ 396,124	\$ 21,081
<b>Resources (inflows):</b>				
Property taxes.....	426,268	426,305	461,940	35,635
Business taxes.....	270,077	270,077	277,094	7,017
Other local taxes:				
Sales tax.....	130,311	130,311	143,815	13,504
Hotel room tax.....	118,826	119,350	131,402	12,052
Utility users tax.....	58,365	58,365	77,170	18,805
Parking tax.....	30,865	31,426	33,832	2,406
Other local taxes.....	55,388	55,388	65,213	9,825
Licenses, permits, and franchises:				
Licenses and permits.....	8,929	8,929	7,264	(1,665)
Franchise Tax.....	7,428	7,428	11,650	4,222
Fines, forfeitures, and penalties.....	6,816	8,818	9,097	279
Interest and investment income.....	25,103	25,225	34,658	9,433
Rents and concessions:				
Garages - Recreation and Park.....	7,046	7,046	7,560	514
Rents and concessions - Recreation and Park.....	10,578	10,578	10,691	113
Other rents and concessions.....	1,298	1,298	1,288	(10)
Intergovernmental:				
Federal subventions:				
Health and social service subventions.....	130,565	139,152	129,236	(9,916)
Other grants and subventions.....	4,764	2,164	6,174	4,010
State subventions:				
Social service subventions.....	124,028	122,714	93,086	(29,628)
Health and welfare realignment.....	75,731	76,730	75,077	(1,653)
Health/mental health subventions.....	114,787	114,787	123,111	8,324
Public safety sales tax.....	68,467	68,467	71,638	3,171
Motor vehicle in-lieu - county.....	95,284	95,284	97,307	2,023
Other grants & subventions.....	24,537	23,544	40,802	17,258
Charges for services:				
General government service charges.....	27,969	29,909	28,968	(941)
Public safety service charges.....	11,665	12,671	13,298	627
Recreation charges - Recreation and Park.....	9,708	9,897	9,897	-
MediCal, MediCare and health service charges.....	38,447	43,354	48,162	4,808
Other financing sources:				
Transfers from other funds.....	157,710	156,996	123,523	(33,473)
Other resources (inflows).....	574	978	4,147	3,169
Total amounts available for appropriation.....	<u>\$ 2,169,034</u>	<u>\$ 2,432,234</u>	<u>\$ 2,533,224</u>	<u>\$ 100,990</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Budgetary Comparison Statement - General Fund (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Charges to appropriations (outflows):</b>				
Public Protection				
Administrative Services - Animal Care and Control.....	\$ 2,856	\$ 2,951	\$ 2,935	\$ 16
Administrative Services - Consumer Assurance.....	1,493	1,543	1,486	57
Administrative Services - Medical Examiner.....	4,182	3,950	3,937	13
Adult Probation.....	8,803	8,769	7,735	1,034
District Attorney.....	20,547	20,603	20,560	43
Fire Department.....	184,511	190,072	188,534	1,538
Juvenile Probation.....	34,526	29,956	29,732	224
Mayor - Office of the Emergency Services.....	658	700	541	159
Police Department.....	237,172	239,579	238,777	802
Public Defender.....	12,814	12,790	12,565	225
Sheriff.....	82,658	85,515	85,279	236
Trial Courts.....	32,970	34,299	33,806	493
Public Works Transportation and Commerce				
Board of Appeals.....	367	450	386	64
Business and Economic Development.....	3,420	4,002	3,503	499
Clean Water.....	202	202	148	54
Department of Public Works.....	23,667	27,257	27,257	-
Emergency Communications.....	17,697	17,555	17,555	-
Light, Heat and Power.....	3,337	5,754	3,966	1,788
Parking and Traffic Commission.....	39,693	40,838	40,410	428
Telecommunications and Information Services .....	2,385	2,500	2,262	238
Human Welfare and Neighborhood Development				
Adult and Aging Services.....	18,065	17,778	17,726	52
Children, Youth and Their Families.....	7,378	6,548	6,154	394
Commission on the Status of Women.....	2,508	2,350	2,065	285
Environment.....	940	926	803	123
Human Rights Commission.....	1,863	1,753	1,753	-
Human Services.....	435,388	430,210	399,166	31,044
Mayor - Housing and Neighborhood.....	440	3,733	3,733	-
Rent Arbitration Board.....	-	36	36	-
Community Health				
Community Health Network.....	60,904	61,492	60,363	1,129
Public Health.....	352,395	341,384	304,930	36,454
Culture and Recreation				
Academy of Sciences.....	2,065	2,158	2,089	69
Administrative Services - Convention Facilities.....	5,276	5,440	5,438	2
Art Commission.....	6,395	7,083	7,077	6
Asian Art Museum.....	1,872	1,869	1,864	5
County Education Office.....	2,613	2,628	2,627	1
Fine Arts Museum.....	5,866	6,615	6,515	100
Law Library.....	414	415	411	4
Mayor - Grants for the Arts.....	14,695	13,459	13,414	45
Recreation and Park Commission.....	68,349	67,651	67,290	361
General Administration and Finance				
Administrative Services.....	\$ 8,671	\$ 7,930	\$ 7,792	\$ 138
Assessor/Recorder.....	10,980	11,409	11,409	-
Board of Supervisors.....	8,752	8,743	8,680	63

(Continued)

The notes to the financial statements are an integral part of this statement.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Budgetary Comparison Statement - General Fund (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
City Attorney.....	7,019	11,094	10,981	113
City Planning.....	12,345	11,475	11,054	421
Civil Service.....	652	635	573	62
Controller.....	20,609	20,384	19,914	470
Elections.....	10,327	10,521	10,429	92
Ethics Commission.....	903	764	764	-
Human Resources.....	19,748	20,036	19,732	304
Mayor.....	7,746	9,205	8,818	387
Retirement Services.....	405	339	339	-
Treasurer/Tax Collector.....	19,549	17,144	16,878	266
General City Responsibilities				
General City Responsibilities.....	31,390	38,824	37,381	1,443
General Fund Unallocated.....	-	7,317	6,386	931
Other financing uses:				
Transfers to other funds.....	240,966	250,932	247,919	3,013
Budgetary reserves and designations.....	<u>67,588</u>	<u>12,275</u>	<u>-</u>	<u>12,275</u>
Total charges to appropriations.....	<u>2,169,034</u>	<u>2,141,840</u>	<u>2,043,877</u>	<u>97,963</u>
<b>Budgetary fund balance, June 30</b>	<b>\$ -</b>	<b>\$ 290,394</b>	<b>\$ 489,347</b>	<b>\$ 198,953</b>

**Explanation of differences between budgetary inflows and outflows,  
and GAAP revenues and expenditures:**

Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" .....	\$ 2,533,224
Difference - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.....	(396,124)
Property tax revenue - Teeter Plan.....	231
Full accrual of franchise fees and utility tax.....	(4,500)
Unrealized Gain on Investment.....	8,195
Interest reclassified as transfers from other funds.....	(2,154)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.....	<u>(123,523)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.....	<u>\$ 2,015,349</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" .....	\$ 2,043,877
Difference - budget to GAAP:	
Estimated claims.....	1,694
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.....	<u>(247,919)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.....	<u>\$ 1,797,652</u>

The notes to the financial statements are an integral part of this statement.

# CITY AND COUNTY OF SAN FRANCISCO

## Statement of Net Assets - Proprietary Funds

June 30, 2001

(In Thousands)

	Business-type Activities - Enterprise Funds									Governmental Activities- Internal Service Funds
	San Francisco Internat- ional Airport	Water Dept./ Hetch Hetchy Project	Municipal Railway	General Hospital Medical Center	Clean Water Program	Port of San Francisco	Laguna Honda Hospital	Parking Garages	Total	
ASSETS										
Current Assets:										
Deposits and investments with City Treasury.....	\$ 284,862	\$ 267,505	\$ 9,098	\$ 14,730	\$ 55,061	\$ 70,706	\$ -	\$ -	\$ 701,962	\$ 7,796
Deposits and investments outside City Treasury.....	10	50	100	10	-	5	1	2,291	2,467	-
Receivables (net of allowance for uncollectible amounts of \$10,089):										
Federal and state grants and subventions.....	-	-	53,473	972	-	1,777	-	-	56,222	-
Charges for services.....	27,255	34,118	4,657	40,576	25,724	3,189	13,867	240	149,626	-
Interest and other.....	3,701	3,306	1,534	8,126	910	2,528	-	103	20,208	301
Due from other funds.....	-	1,613	40,932	-	-	-	-	-	42,545	-
Inventories.....	360	1,635	33,790	3,686	-	1,151	747	-	41,369	-
Deferred charges and other assets.....	4,106	-	591	-	-	553	-	694	5,944	-
Total current assets.....	320,294	308,227	144,175	68,100	81,695	79,909	14,615	3,328	1,020,343	8,097
Restricted assets:										
Deposits and investments with City Treasury.....	360,652	38,985	58,732	925	142,973	5,049	41,652	-	648,968	-
Deposits and investments outside City Treasury.....	239,762	10,623	5,416	28	42,627	10,763	994	21,311	331,524	-
Grants and other receivables.....	14,065	758	5,499	-	1,534	-	423	-	22,279	-
Total restricted assets.....	614,479	50,366	69,647	953	187,134	15,812	43,069	21,311	1,002,771	-
Noncurrent assets:										
Deferred charges and other assets.....	40,785	1,690	4,000	41	2,829	10,227	1	3	59,576	3
Capital assets:										
Land and other assets not being depreciated.....	681,960	153,002	372,963	1,181	37,300	161,773	8,719	1,635	1,418,533	-
Facilities, Infrastructure, and equipment, net of depreciation.....	3,204,345	581,956	1,028,106	60,160	1,329,744	77,163	8,145	74,481	6,364,100	2,595
Total capital assets.....	3,886,305	734,958	1,401,069	61,341	1,367,044	238,936	16,864	76,116	7,782,633	2,595
Total noncurrent assets.....	3,927,090	736,648	1,405,069	61,382	1,369,873	249,163	16,865	76,119	7,842,209	2,598
Total assets.....	4,861,863	1,095,241	1,618,891	130,435	1,638,702	344,884	74,549	100,758	9,865,323	10,695

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Net Assets - Proprietary Funds (Continued)**  
**June 30, 2001**  
**(In Thousands)**

**Business-type Activities - Enterprise Funds**

	<b>San Francisco Internat- ional Airport</b>	<b>Water Dept./ Hetch Hetchy Project</b>	<b>Municipal Railway</b>	<b>General Hospital Medical Center</b>	<b>Clean Water Program</b>	<b>Port of San Francisco</b>	<b>Laguna Honda Hospital</b>	<b>Parking Garages</b>	<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
<b>LIABILITIES</b>										
Current liabilities:										
Accounts payable.....	23,864	15,902	48,448	15,503	2,487	3,916	828	16,592	127,540	5,241
Accrued payroll.....	7,827	6,464	18,986	11,425	1,871	1,248	9,301	229	57,351	2,069
Accrued vacation and sick leave pay.....	5,383	3,965	11,311	8,437	1,876	901	4,389	-	36,262	1,244
Accrued workers' compensation.....	1,800	1,242	16,776	2,697	453	296	2,318	-	25,582	155
Estimated claims payable.....	209	3,816	11,118	-	294	33	-	-	15,470	-
Due to other funds.....	1,260	-	-	-	-	-	1,176	-	2,436	-
Deferred credits and other liabilities..	10,047	14,104	6,070	23,334	-	6,343	184	1,347	61,429	-
Accrued interest payable.....	-	2,407	-	-	9,746	213	-	104	12,470	-
Bonds, loans, capital leases, and other payables.....	25,529	82,350	-	-	37,561	2,439	200	860	148,939	1,619
Total current liabilities.....	75,919	130,250	112,709	61,396	54,288	15,389	18,396	19,132	487,479	10,328
Liabilities payable from restricted assets:										
Bonds, loans, capital leases, and other payables.....	402,647	-	-	-	-	3,235	-	-	405,882	-
Accrued interest payable.....	34,584	-	-	-	-	1,120	-	-	35,704	-
Other.....	63,191	9,426	919	27	2,210	4,342	4,027	-	84,142	-
Total liabilities payable from restricted assets.....	500,422	9,426	919	27	2,210	8,697	4,027	-	525,728	-
Noncurrent liabilities:										
Accrued vacation and sick leave pay.....	4,872	4,120	8,804	6,096	1,599	819	2,774	-	29,084	1,306
Accrued workers' compensation.....	6,000	3,789	50,614	9,824	1,470	849	7,465	-	80,011	423
Estimated claims payable.....	250	9,809	14,896	-	792	278	-	-	26,025	-
Deferred credits and other liabilities..	-	22,783	4,000	-	2,429	3,993	-	-	33,205	-
Bonds, loans, capital leases, and other payables.....	3,666,003	215,447	-	-	611,193	45,275	432	18,738	4,557,088	1,932
Total noncurrent liabilities.....	3,677,125	255,948	78,314	15,920	617,483	51,214	10,671	18,738	4,725,413	3,661
Total liabilities.....	4,253,466	395,624	191,942	77,343	673,981	75,300	33,094	37,870	5,738,620	13,989
<b>NET ASSETS</b>										
Invested in capital assets, net of related debt.....	93,132	442,106	1,401,069	61,341	758,884	197,434	16,232	-	2,970,198	674
Restricted:										
Debt service.....	233,097	-	-	-	43,295	-	-	-	276,392	-
Capital projects.....	9,852	-	-	1,044	141,629	-	36,578	-	189,103	-
Other purposes.....	-	40,941	68,628	302	-	-	2,464	-	112,335	-
Unrestricted (deficit).....	272,316	216,570	(42,748)	(9,595)	20,913	72,150	(13,819)	62,888	578,675	(3,968)
Total net assets (deficit).....	\$ 608,397	\$ 699,617	\$ 1,426,949	\$ 53,092	\$ 964,721	\$ 269,584	\$ 41,455	\$ 62,888	\$ 4,126,703	\$ (3,294)

The notes to the financial statements are an integral part of this statement.



**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year ended June 30, 2001**  
**(In Thousands)**

**Business-type Activities - Enterprise Funds**

	<b>San Francisco International Airport</b>	<b>Water Dept./ Hetch Hetchy Project</b>	<b>Municipal Railway</b>	<b>General Hospital Medical Center</b>	<b>Clean Water Program</b>	<b>Port of San Francisco</b>	<b>Laguna Honda Hospital</b>	<b>Parking Garages</b>	<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
Operating revenues:										
Aviation.....	\$ 218,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,362	\$ -
Water and power service.....	-	237,605	-	-	-	-	-	-	237,605	-
Passenger fees.....	-	-	103,289	-	-	-	-	-	103,289	-
Net patient service revenue.....	-	-	-	274,728	-	-	106,921	-	381,649	-
Sewer service.....	-	-	-	-	136,821	-	-	-	136,821	-
Rents and concessions.....	86,565	8,214	-	2,966	-	40,252	-	1,722	139,719	-
Parking and transportation.....	80,721	-	-	-	-	8,189	-	35,725	124,635	-
Charges for services.....	-	-	-	-	-	-	-	-	-	96,025
Other revenues.....	29,232	6,061	9,907	13,536	4,949	1,904	310	142	66,041	-
Total operating revenues.....	414,880	251,880	113,196	291,230	141,770	50,345	107,231	37,589	1,408,121	96,025
Operating expenses:										
Personal services.....	136,067	61,914	327,368	195,622	34,439	18,530	116,492	5,872	896,304	34,470
Contractual services.....	69,016	8,492	15,768	93,441	5,924	2,788	2,519	3,340	201,288	34,316
Light, heat and power.....	-	54,903	-	-	-	-	-	-	54,903	-
Materials and supplies.....	10,652	7,763	39,507	37,952	7,140	2,049	9,691	959	115,713	18,289
Depreciation and amortization.....	120,727	33,847	47,826	6,331	37,938	7,156	1,240	1,054	256,119	2,915
General and administrative.....	5,380	23,865	13,796	332	10,020	1,151	-	21,532	76,076	58
Services provided by other department.....	29,273	12,321	18,815	17,753	17,563	8,491	3,612	-	107,828	3,054
Bad debt expense.....	-	-	-	22,665	-	(60)	880	-	23,485	-
Other.....	10,673	36,903	4,969	24	4,816	4,180	144	-	61,709	3,790
Total operating expenses.....	381,788	240,008	468,049	374,120	117,840	44,285	134,578	32,757	1,793,425	96,892
Operating income (loss).....	33,092	11,872	(354,853)	(82,890)	23,930	6,060	(27,347)	4,832	(385,304)	(867)
Nonoperating revenues (expenses):										
Operating grants:										
Federal.....	-	49	12,749	-	258	-	-	-	13,056	-
State / other.....	-	210	177,868	68,869	512	5	-	-	247,464	-
Interest and investment income....	48,608	19,078	6,032	401	15,275	4,108	1,999	992	96,493	50
Interest expense.....	(147,214)	(12,850)	(704)	(3,526)	(31,847)	(3,302)	(1,262)	(1,398)	(202,103)	(1,117)
Other, net.....	(51)	2,801	1,905	6,325	2,197	(1,219)	16,841	(20)	28,779	986
Total nonoperating revenues (expenses).....	(98,657)	9,288	197,850	72,069	(13,605)	(408)	17,578	(426)	183,689	(81)
Income (loss) before contributions transfers and transfers and special items.....	(65,565)	21,160	(157,003)	(10,821)	10,325	5,652	(9,769)	4,406	(201,615)	(948)
Capital Contributions.....	33,196	270	291,076	-	-	10,978	-	-	335,520	-
Transfers in.....	-	-	114,792	83,029	-	-	27,977	-	225,798	1,117
Transfers out.....	(25,064)	(29,850)	-	(68,730)	-	-	-	-	(123,644)	(50)
Special items.....	-	126,014	(25,700)	-	-	25,700	-	-	126,014	-
Change in net assets.....	(57,433)	117,594	223,165	3,478	10,325	42,330	18,208	4,406	362,073	119
Net assets (deficit) at beginning of year.....	665,830	582,023	1,203,784	49,614	954,396	227,254	23,247	58,482	3,764,630	(3,413)
Net assets (deficit) at end of year....	\$ 608,397	\$ 699,617	\$ 1,426,949	\$ 53,092	\$ 964,721	\$ 269,584	\$ 41,455	\$ 62,888	\$ 4,126,703	\$ (3,294)

The notes to the financial statements are an integral part of this statement.

# CITY AND COUNTY OF SAN FRANCISCO

## Statement of Cash Flows Proprietary Funds

Year ended June 30, 2001

(In Thousands)

	Business-type Activities - Enterprise Funds									Governmental Activities- Internal Service Funds
	San Francisco Interna- tional Airport	Water Dept./ Hetchy Project	Municipal Railway	General Hospital Medical Center	Clean Water Program	Port of San Francisco	Laguna Honda Hospital	Parking Garages	Total	
Cash flows from operating activities:										
Cash received from customers, including cash deposits.....	\$ 432,901	\$ 170,209	\$ 126,780	\$ -	\$ 144,693	\$ 5,931	\$ -	\$ 35,786	\$ 916,300	\$ -
Cash received from patients and third party payors.....	-	-	-	265,489	-	-	104,003	-	369,492	-
Cash received from tenants for rent.....	-	8,214	-	2,967	-	38,322	-	1,722	51,225	-
Cash received from quasi-external transactions.....	-	75,461	-	-	-	3,522	-	-	78,983	95,736
Cash paid to employees for services.....	(134,324)	(60,945)	(320,413)	(194,010)	(34,113)	(18,392)	(113,341)	(5,833)	(881,371)	(34,109)
Cash paid to suppliers for goods and services...	(92,091)	(78,929)	(87,287)	(126,471)	(17,205)	(8,978)	(9,383)	(4,006)	(424,350)	(53,645)
Cash paid for quasi-external transactions.....	(42,184)	(39,882)	(18,397)	(16,863)	(25,779)	(7,350)	(3,278)	(21,532)	(175,265)	(3,054)
Cash paid for judgements and claims.....	-	(2,658)	(7,755)	-	(787)	(35)	-	-	(11,235)	-
Net cash provided by (used in) operating activities.....	164,302	71,470	(307,072)	(68,888)	66,809	13,020	(21,999)	6,137	(76,221)	4,928
Cash flows from noncapital financing activities:										
Operating grants.....	127	957	198,698	70,276	770	5	-	-	270,833	-
Transfers in.....	-	-	115,465	83,029	-	-	27,977	-	226,471	1,117
Transfers out.....	(25,064)	(29,850)	-	(68,730)	-	-	-	-	(123,644)	(50)
Cost allocation charges received.....	-	-	-	5,897	-	-	-	-	5,897	-
Transit Impact Development fees received.....	-	-	2,123	-	-	-	-	-	2,123	-
Claims settlement proceeds.....	-	-	3,982	-	-	-	-	-	3,982	-
Other noncapital increases.....	-	-	-	428	-	2,748	407	-	3,583	-
Other noncapital decreases.....	-	-	(29,700)	-	-	(5)	(529)	-	(30,234)	-
Net cash provided by (used in) noncapital financing activities.....	(24,937)	(28,893)	290,568	90,900	770	2,748	27,855	-	359,011	1,067
Cash flows from capital financing activities:										
Capital grants.....	18,026	-	236,717	-	-	13,042	-	-	267,785	-
Bond sale proceeds and loans received.....	236,702	-	-	-	26,300	1,992	-	-	264,994	-
Proceeds from sale of fixed assets.....	-	126,364	23	-	-	67	-	-	126,454	-
Proceeds from commercial paper borrowings....	243,231	55,000	-	-	-	-	-	-	298,231	-
Loans received.....	-	-	-	-	-	-	-	-	-	972
Acquisition of fixed assets.....	(558,326)	(92,028)	(248,179)	(3,258)	(25,805)	(26,666)	(7,134)	(5,605)	(967,001)	(1,178)
Retirement of capital leases, bonds and loans...	(21,215)	(7,020)	-	(881)	(35,270)	(5,521)	(192)	389	(69,710)	(1,136)
Retirement of commercial paper borrowings....	(97,340)	-	-	-	-	-	-	-	(97,340)	-
Bond issue costs paid.....	(3,988)	-	-	-	-	-	-	-	(3,988)	-
Interest paid on long term debt.....	(210,459)	(14,411)	-	(3,526)	(31,109)	(3,174)	(1,262)	(1,401)	(265,342)	(940)
Other capital financing increases.....	-	-	-	-	-	30,936	16,966	-	47,902	-
Other capital financing decreases.....	-	-	-	-	-	(3,205)	-	(20)	(3,225)	-
Net cash provided by (used in) capital financing activities.....	(393,369)	67,905	(11,439)	(7,665)	(65,884)	7,471	8,378	(6,637)	(401,240)	(2,282)
Cash flows from investing activities:										
Purchases of investments with trustees.....	(1,680,429)	(20,546)	(34,228)	-	(49,811)	(5,359)	-	(707)	(1,791,080)	-
Proceeds from sale of investments with trustees.....	1,671,998	20,062	35,637	-	48,454	-	-	-	1,776,151	-
Purchases of restricted deposits and investments.....	(1,124,247)	(17,623)	-	-	(12,754)	-	-	-	(1,154,624)	-
Proceeds from sale of restricted deposits and investments.....	737,660	25,000	-	-	10,754	-	-	-	773,414	-
Interest income received.....	51,763	15,646	6,067	401	12,281	3,248	1,999	992	92,397	50
Claims settlement proceeds.....	-	-	-	-	275	-	-	-	275	-
Other investing activities.....	-	2,956	(704)	-	2,583	-	-	-	4,835	809
Net cash provided by (used in) investing activities.....	(343,255)	25,495	6,772	401	11,782	(2,111)	1,999	285	(298,632)	859
Net increase (decrease) in cash and cash equivalents.....	(597,259)	135,977	(21,171)	14,748	13,477	21,128	16,233	(215)	(417,082)	4,572
Cash and cash equivalents-beginning of year.....	622,181	152,692	94,517	913	183,622	58,404	24,858	2,506	1,139,693	3,224
Cash and cash equivalents-end of year.....	\$ 24,922	\$ 288,669	\$ 73,346	\$ 15,661	\$ 197,099	\$ 79,532	\$ 41,091	\$ 2,291	\$ 722,611	\$ 7,796

The notes to the financial statements are an integral part of this statement.

(Continued)

# CITY AND COUNTY OF SAN FRANCISCO

## Statement of Cash Flows (Continued)

### Proprietary Funds

Year ended June 30, 2001

(In Thousands)

Business-type Activities - Enterprise Funds										Governmental Activities- Internal Service Funds
	San Francisco Internat- ional Airport	Water Dept./ Hetch Hetchy Project	Municipal Railway	General Hospital Medical Center	Clean Water Program	Port of San Francisco	Laguna Honda Hospital	Parking Garages	Total	
Reconciliation of operating income (loss) to net cash used for operating activities:										
Operating income (loss).....	\$ 33,092	\$ 11,872	\$(354,853)	\$(82,890)	\$ 23,930	\$ 6,060	\$(27,347)	\$ 4,832	\$(385,304)	\$(867)
Adjustments for non-cash activities:										
Depreciation and amortization.....	120,727	33,847	47,826	6,331	37,938	7,156	1,240	1,054	256,119	2,915
Provision for uncollectibles.....	966	-	1	22,665	-	39	880	-	24,551	-
Other.....	-	22,783	-	-	-	(924)	-	-	21,859	-
Changes in assets/liabilities:										
Receivables, net.....	(2,340)	(2,426)	(533)	(14,080)	2,923	(1,499)	(3,228)	(81)	(21,264)	(301)
Due from other funds.....	-	2,519	-	-	-	-	-	-	2,519	-
Inventories.....	5,413	(342)	(5,181)	(373)	-	(2)	(169)	-	(654)	-
Deferred charges and other assets.....	-	3,043	(567)	2,055	-	1,133	-	(276)	5,388	12
Accounts payable.....	3,264	2,914	3,086	5,650	675	4	3,144	614	19,351	2,808
Accrued payroll.....	1,743	605	1,934	1,200	66	139	2,169	56	7,912	155
Accrued vacation and sick leave pay.....	-	364	976	412	260	136	324	(17)	2,455	112
Accrued workers' compensation.....	-	420	4,045	890	364	71	658	-	6,448	94
Estimated claims payable.....	-	(5,578)	(4,284)	4,222	653	61	-	-	(4,926)	-
Due to other funds.....	(1,839)	-	-	(14,970)	-	-	330	-	(16,479)	-
Deferred credits and other liabilities.....	3,276	1,449	478	-	-	646	-	(45)	5,804	-
Total adjustments.....	131,210	59,598	47,781	14,002	42,879	6,960	5,348	1,305	309,083	5,795
Net cash provided by (used in) operating activities.....	\$ 164,302	\$ 71,470	\$(307,072)	\$(68,888)	\$ 66,809	\$ 13,020	\$(21,999)	\$ 6,137	\$(76,221)	\$ 4,928
Reconciliation of cash and cash equivalents to the balance sheet:										
Deposits and investments with City Treasury:										
Unrestricted.....	\$ 284,862	\$ 267,505	\$ 9,098	\$ 14,730	\$ 55,061	\$ 70,706	\$ -	\$ -	\$ 701,962	\$ 7,796
Restricted.....	360,652	38,985	58,732	925	142,973	5,049	41,652	-	648,968	-
Unrestricted deposits and investments outside City Treasury.....	10	50	100	10	-	5	1	2,291	2,467	-
Total deposits and investments.....	645,524	306,540	67,930	15,665	198,034	75,760	41,653	2,291	1,353,397	7,796
Add: Restricted deposits outside City Treasury meeting the definition of cash equivalents	-	-	5,416	-	-	4,357	994	-	10,767	-
Less: Deposits and investments not meeting the definition of cash equivalents.....	(620,602)	(17,871)	-	(4)	(935)	(585)	(1,556)	-	(641,553)	-
Cash and cash equivalents at end of year on statement of cash flows.....	\$ 24,922	\$ 288,669	\$ 73,346	\$ 15,661	\$ 197,099	\$ 79,532	\$ 41,091	\$ 2,291	\$ 722,611	\$ 7,796
Non-cash investing, capital and financing activities:										
Tenant improvements financed by rent credits...	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494	\$ -	\$ -	\$ 494	
Loss on abandonment of property and equipment.....	-	-	-	-	-	1,281	-	-	1,281	
Contributed improvements by tenants.....	18,124	-	-	-	-	-	-	-	18,124	
Acquisition of fixed assets on accounts payable.....	-	-	-	-	-	2,869	3,093	-	5,962	
	\$ 18,124	\$ -	\$ -	\$ -	\$ -	\$ 4,644	\$ 3,093	\$ -	\$ 25,861	

The notes to the financial statements are an integral part of this statement.

# CITY AND COUNTY OF SAN FRANCISCO

## Statement of Fiduciary Net Assets

### Fiduciary Funds

June 30, 2001

(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Agency Funds
<b>ASSETS</b>			
Deposits and investments with City Treasury.....	\$ 66,051	\$ 272,960	\$ 84,814
	11,855,452	-	-
Receivables:			
Charges for services.....	10,321	-	-
Interest and other.....	361,758	2,907	83,975
Invested securities lending collateral.....	1,574,089	-	-
Deferred charges and other assets.....	21	-	6,299
Total assets.....	<u>13,867,692</u>	<u>275,867</u>	<u>\$ 175,088</u>
<b>Liabilities</b>			
Accounts payable.....	20,045	659	7,468
Estimated claims payable.....	10,927	-	-
Agency obligations.....	-	-	167,620
Obligations under fixed coupon dollar repurchase agreements.....	294,688	-	-
Payable to brokers.....	667,617	-	-
Securities lending collateral.....	1,574,089	-	-
Deferred credits and other liabilities.....	19,478	-	-
Total liabilities.....	<u>2,586,844</u>	<u>659</u>	<u>\$ 175,088</u>
<b>Net Assets</b>			
Held in trust for pension and other employee benefits and pool participants...	<u>\$ 11,280,848</u>	<u>\$ 275,208</u>	

The notes to the financial statements are an integral part of this statement.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund</b>
Additions:		
Employees' contributions.....	\$ 211,598	\$ -
Employer contributions.....	192,920	-
Contributions on pooled investments.....	-	2,020,722
Total contributions.....	<u>404,518</u>	<u>2,020,722</u>
Investment income (loss):		
Interest.....	245,792	13,576
Dividends.....	65,122	-
Net decrease in fair value of investments.....	(1,719,999)	-
Securities lending income.....	93,158	-
Fixed coupon dollar repurchase agreement income.....	16,918	-
Total investment income (loss).....	<u>(1,299,009)</u>	<u>13,576</u>
Less investment expenses:		
Securities lending borrower rebates and expenses.....	(79,464)	-
Fixed coupon dollar repurchase finance charges and expenses.....	(17,059)	-
Other expenses.....	(23,839)	-
Total investment expenses.....	<u>(120,362)</u>	<u>-</u>
Total additions, net.....	<u>(1,014,853)</u>	<u>2,034,298</u>
Deductions:		
Benefit payments.....	630,108	-
Refunds of contributions.....	10,857	-
Distribution from pooled investments.....	-	1,953,761
Administrative expenses.....	11,255	-
Total deductions.....	<u>652,220</u>	<u>1,953,761</u>
Change in net assets.....	<u>(1,667,073)</u>	<u>80,537</u>
	12,947,921	194,671
Net assets at end of year.....	<u>\$ 11,280,848</u>	<u>\$ 275,208</u>

The notes to the financial statements are an integral part of this statement.

**CITY AND COUNTY OF SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**(1) THE FINANCIAL REPORTING ENTITY**

San Francisco is a city and county chartered by the State of California and as such can exercise the powers as both a city and a county under state law. As required by generally accepted accounting principles, the accompanying financial statements present the City and County of San Francisco (the City or Primary Government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationships with the City.

As a government agency, the City is exempt from both federal income taxes and California State franchise taxes.

***Blended Component Units***

Following is a description of those legally separate component units for which the City is financially accountable that are blended with the Primary Government because of their individual governance or financial relationships to the City.

*San Francisco County Transportation Authority (Authority)* - The Authority was created in 1989 by the voters of the City and County of San Francisco to impose a voter-approved sales and use tax of one-half of one percent to fund essential traffic and transportation projects. A Board consisting of the eleven members of the City's Board of Supervisors serving ex officio governs the Authority. The operations of the Authority are reported within other governmental funds. Financial statements for the Authority can be obtained from the Authority's administrative offices at 100 Van Ness Avenue, San Francisco, CA 94102.

*San Francisco Finance Corporation (Finance Corporation)* - The Finance Corporation was created in 1990 by a vote of the electorate to allow the City to lease-purchase \$20 million (plus 5% per year growth) of equipment using tax-exempt obligations. Although legally separate from the City, the Finance Corporation is reported as if it were part of the primary government because its sole purpose is to provide lease financing to the City. The operations of the Finance Corporation are accounted for in the debt service and capital projects funds. Financial statements for the Finance Corporation can be obtained from the Finance Corporation's administrative offices at City Hall, Room 336, #1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

*San Francisco Parking Authority (Parking Authority)* - The Parking Authority was created in October 1949 pursuant to the Parking Law. In accordance with Proposition D authorized by the City's electorate in November 1988, a City Charter amendment created the Parking and Traffic Commission (DPT). The DPT consists of five commissioners appointed by the mayor. Upon creation of the DPT, the responsibility to oversee the City's off-street parking operations was transferred from the Parking Authority to the DPT. The staff and fiscal operations of the Parking Authority were also incorporated into the DPT and DPT is reported within other governmental funds.

***Discretely Presented Component Units***

*San Francisco Redevelopment Agency (Agency)* - The Agency is a public body, corporate and politic, organized and existing under the Community Redevelopment Law of the State of California. Seven commissioners who are appointed by the Mayor, subject to confirmation by the City's Board of Supervisors, govern it. The Agency has adopted as its mission the creation of affordable housing and economic development opportunities Citywide. Included in its financial data are the accounts of the San Francisco Redevelopment Financing Authority (SFRFA), a component unit of the Agency. The SFRFA is a separate joint-powers authority formed between the Agency and the City to facilitate the long-term

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

financing of Agency activities. The Agency's governing commission serves as the Board of Directors of the SFRFA.

The Agency's governing body is not substantively the same as that of the City, and the Agency does not provide services entirely or almost entirely to the City. The Agency is reported in a separate column to emphasize that it is legally separate from the City. The City is financially accountable for the Agency through the appointment of the Agency's Board and the ability of the City to approve the Agency's budget. Disclosures related to the Agency, where significant, are identified separately throughout these notes. Complete financial statements can be obtained from the Agency's administrative offices at 770 Golden Gate Ave., San Francisco, CA 94102.

*Treasure Island Development Authority (TIDA)* – The TIDA is a nonprofit public benefit corporation. The TIDA was authorized in accordance with the Treasure Island Conversion Act of 1997 and designated as a redevelopment agency pursuant to Community Redevelopment Law of the State of California. Seven commissioners who are appointed by the Mayor, subject to confirmation by the City's Board of Supervisors, govern the TIDA. The specific purpose of the TIDA is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the property known as Naval Station Treasure Island for the public interest, convenience, welfare and common benefit of the inhabitants of the City. The TIDA has adopted as its mission the creation of affordable housing and economic development opportunities on Treasure Island.

The TIDA's governing body is not substantively the same as that of the City and the TIDA does not provide services entirely or almost entirely to the City. The TIDA is reported in a separate column to emphasize that it is legally separate from the City. The City is financially accountable for the TIDA through the appointment of the TIDA's Board and the ability of the City to approve the TIDA's budget. Disclosures related to the TIDA, where significant, are separately identified throughout these notes.

#### *Non Disclosed Organizations*

There are other governmental agencies that provide services within the City and County of San Francisco. These entities have independent governing boards and the City is not financially accountable for them. The City's basic financial statements, except for certain cash held by the City as an agent, do not reflect operations of the San Francisco Airport Improvement Corporation, San Francisco Health Authority, San Francisco Housing Authority, Private Industry Council of San Francisco, San Francisco Unified School District and San Francisco Community College District. The City is represented in two regional agencies, the Bay Area Rapid Transit District (BART) and the Bay Area Air Quality Management District (BAAQM), which are also excluded from the City's reporting entity.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **(b) Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. It's the City's policy to submit reimbursement and claim requests for federal and state grant revenues within 30 days of the end of the program cycle and payment is generally received within 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments, are recorded only when payment is due.

Property taxes, other local taxes, licenses, and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental fund:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The City reports the following major proprietary (enterprise) funds:

The **San Francisco International Airport Fund** accounts for the activities of the City-owned commercial service airport in the San Francisco Bay Area. This fund is authorized by section 4.115 of the City Charter.

The **Water Department/Hetch Hetchy Project Fund** accounts for the activities of the San Francisco Water Department and the Hetch Hetchy Project (Water/Hetch Hetchy). Water/Hetch



## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Hetchy was established in 1930 and is engaged in the collection, transmission, and distribution of water and electricity to the City and certain suburban areas.

The ***Municipal Railway Fund*** accounts for the activities of the San Francisco Municipal Railway (Muni) and the San Francisco Municipal Railway Improvement Corporation (SFMRIC). Muni was established in 1912 and is responsible for the operations of the City's public transportation system. SFMRIC is a nonprofit corporation established to provide capital financial assistance for the modernization of Muni by acquiring, constructing, and financing improvements to the City's public transportation system.

The ***General Hospital Medical Center Fund*** accounts for the activities of the San Francisco General Hospital Medical Center, a City-owned acute care hospital. This Fund was established in 1980, pursuant to the Board of Supervisors Resolution No. 865-81.

The ***Clean Water Program Fund*** accounts for the activities of the Clean Water Program. It was created after the San Francisco voters approved a proposition in 1976, authorizing the City to issue \$240 million in bonds for the purpose of acquiring, construction, improving, and financing improvements to the City municipal sewage treatment and disposal system.

The ***Port of San Francisco Fund*** accounts for the activities of the Port of San Francisco. This was established in 1969 after the San Francisco voters approved a proposition to accept the transfer of the Harbor of San Francisco from the State of California under the terms and conditions set forth in California Statutes of 1968, Chapter 1333.

The ***Laguna Honda Hospital Fund*** accounts for the activities of Laguna Honda Hospital, the City-owned skilled nursing facility which specializes in serving elderly and disabled residents. This Fund was established in 1983.

The ***Parking Garages Fund*** accounts for the activities of various non-profit corporations formed to provide financial and other assistance the City to acquire land, construct facilities, and manage various parking facilities.

Additionally, the City reports the following fund types:

The ***Permanent Fund*** accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs.

The ***Internal Service Funds*** account for the financing of goods or services provided by one City department to another City department on a cost reimbursement basis. Internal Service Funds account for the activities of the equipment maintenance services, centralized printing and mailing services, centralized telecommunications and information services.

The ***Pension and Other Employee Benefit Trust Funds*** reflect the activities of the Employees' Retirement System and the Health Service System. The Retirement System accounts for employee contributions, City contributions, and the earnings and profits from investments. It also accounts for the disbursements made for employee retirements, withdrawals, disability and death benefits as well as administrative expenses. The Health Service System accounts for contributions from active and retired employees and surviving spouses, City contributions, and the earnings and profits from investments. It also accounts for the disbursements to various health plans for medical expenses of beneficiaries.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

The ***Investment Trust Fund*** accounts for the external portion of the Treasurer's Office investment pool. The funds of the San Francisco Community College District, San Francisco Unified School District, and the Trial Courts are accounted for within the Investment Trust Fund.

The ***Agency Funds*** account for the resources held by the City in a custodial capacity on behalf of other agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between Water, Hetch/Hetchy and other City departments because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer and power charges, public transportation fees, airline fees and charges, parking fees, commercial and industrial rents, printing services, vehicle maintenance fees, and telecommunication and information system support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **(c) Implementation of New Accounting Principles**

##### **(i) Governmental Accounting Standards Board Statement No. 33**

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement establishes accounting and financial reporting standards for nonexchange transactions involving financial and capital resources such as taxes and grants. In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. This is different from an exchange transaction, in which each party receives and gives up essentially equal values. This statement affects the timing of recognition of nonexchange transactions – that is, when governments recognize them in the financial statements. Accordingly, the City has recognized revenue in the basic financial statements for certain nonexchange

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

transactions that occurred in the current year, and has restated fund balances as of July 1, 2000 to reflect the cumulative effect of the change as of that date (note 2(p)).

#### (ii) **Governmental Accounting Standards Board Statement No. 34**

The City adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement affects the manner in which the City records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

**Management's Discussion and Analysis** – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the City's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

**Government-Wide Financial Statements** – The reporting model includes financial statements prepared using full accrual accounting for all of the City's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

**Statement of Net Assets** – The statement of net assets is designed to display the financial position of the primary government (government and business-type activities). The City now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net assets of the City are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

**Statement of Activities** – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function.

Accordingly, the City has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

#### (iii) **Governmental Accounting Standards Board Statement No. 36**

The City adopted the provisions of GASB Statement No. 36, *Receipt Reporting for Certain Shared Nonexchange Revenues*. This statement amends GASB Statement No. 33 with respect to the manner in which shared nonexchange revenues are accounted for by recipient governments. Accordingly, the City considered the effects of this statement when adopting the provisions of GASB Statement No. 33 as previously described.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

**(iv) Governmental Accounting Standards Board Statement No. 37**

The City adopted the provisions of GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*. This statement amends GASB Statement No. 34 to either 1) clarify certain provisions or 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the City considered the effects of this statement when adopting the provisions of GASB Statement No. 34 as previously described.

**(v) Governmental Accounting Standards Board Statement No. 38**

The City adopted the provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB Statement No. 38.

**(vi) Governmental Accounting Standards Board Interpretation No. 6**

The City adopted the provisions of GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This interpretation clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or could arise, in interpretation and practice. This interpretation impacts the fund level financial statements (governmental funds only, not proprietary or fiduciary funds) required by GASB Statement No. 34 but has no direct impact on the government-wide financial statements. Accordingly, the City has not recognized the current portion of certain long-term liabilities and related expenditures in the governmental fund financial statements for amounts not considered to be due and payable as of June 30, 2001, and has restated fund balances as of July 1, 2000 to reflect the cumulative effect of the change as of that date (note 2(p)).

**(d) Budgetary Data**

The City adopts annual budgets for all governmental funds on a cash basis of accounting plus encumbrances with the following exceptions: capital project funds which adopt project length budgets and permanent and debt service funds which are not budgeted.

The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

The following procedures establish the budgetary data reflected in the financial statements:

***Original Budget***

- (1) Departments and Commissions conduct hearings to obtain public comment on their proposed annual budgets during December through February.
- (2) From March through May, the Mayor and his staff analyze, review and refine the budget submittals.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

- (3) On June 1, the Mayor submits the proposed budget to the Board of Supervisors. The Board then adopts an interim budget.
- (4) The Board of Supervisors conducts hearings to obtain public comment on the budget.
- (5) Prior to August 1, the Board of Supervisors finalizes the annual budget through passage of the Annual Appropriation Ordinance, the legal authority for enactment of the budget.

#### ***Final Budget***

The final budgetary data presented in the basic financial statements reflects the following changes to the original budget:

- (1) Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year. In certain circumstances, other programs and regular annual appropriations may be carried forward after appropriate approval. Annually appropriated funds, not authorized to be carried forward, lapse at the end of the fiscal year. Appropriations carried forward from the prior year are included in the final budgetary data.
- (2) Appropriations may be adjusted during the year with the approval of the Mayor and the Board of Supervisors. Additionally, the Controller is authorized to make certain transfers of surplus appropriations within a department. Such adjustments are reflected in the final budgetary data.

The Annual Appropriation Ordinance adopts the budget at the character level of expenditure within departments. As described above, the Controller is authorized to make certain transfers of appropriations within departments. Accordingly, the legal level of budgetary control by the Board of Supervisors is the department level.

Budgetary data, as revised, is presented in the basic financial statements for the General Fund. Final budgetary data excludes the amount reserved for encumbrances for appropriate comparison to actual expenditures.

New or one time federal and state grants, other capital projects, and debt issues are budgeted by the Mayor and the Board of Supervisors as a supplemental appropriation.

#### **(e) Deposits and Investments**

##### ***Investment in the Treasurer's Pool***

The Treasurer invests on behalf of most funds of the City and external participants in accordance with the City's investment policy and the California State Government Code. The City Treasurer who reports on a monthly basis to the Board of Supervisors manages the Treasurer's pool. In addition, the function of the County Treasury Oversight Committee is to review and monitor the City's investment policy and to monitor compliance with the investment policy and reporting provisions of the law through an annual audit.

The Treasurer's investment pool consists of two components: 1) pooled deposits and investments and 2) dedicated investment funds. The dedicated investment funds represent restricted funds and relate to bond issuance of the Enterprise Funds and the General Fund's cash reserve requirement. In addition to the Treasurer's investment pool, the City has other funds that are held by trustees. These funds are related to the issuance of bonds and certain loan programs of the City. The investments of the Employees'

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Retirement System and deposits and investments of the Redevelopment Agency are held by trustees (note 5).

The San Francisco Unified School District, San Francisco Community College District, and the Trial Courts of the State of California are voluntary participants in the City's investment pool. As of June 30, 2001, \$272.96 million was held on behalf of these voluntary participants. The total percentage share of the Treasurer's pool that relates to these three external participants is 9.03%. The deposits held for these entities are included in the Investment Trust Fund. The City has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2001 to support the value of shares in the pool.

#### ***Investment Valuation***

*Treasurer's Pool* – Substantially all investments are carried at fair value. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. In the event that a certain fund overdraws its share of pooled cash, the overdraft is reported as a due to the General Fund. Certain US government securities that have a remaining maturity at time of purchase of one year or less are carried at amortized cost, which approximates market value.

*Employees' Retirement System (Retirement System)* - Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market price are reported at estimated fair value. Purchases and sales of investments are recorded on a trade date basis. The fair values of real estate holdings are estimated primarily on appraisals prepared by third-party appraisers. The fair values of venture capital investments are estimated based primarily on audited financial statements provided by the individual fund managers. Such market value estimates involve subjective judgments, and the actual market price of these investments can only be determined by negotiation between independent third parties in a sales transaction.

Investments in forward currency contract investments are commitments to purchase or sell stated amounts of foreign currency. Changes in market value of open contracts are immediately recognized as gains or losses. The market values of forward currency contracts are determined by quoted currency prices from national exchanges. As of June 30, 2001, the fair value of open purchase contracts was \$804.3 million, offset by the fair value of open sales contracts of (\$796) million for a net fair value of \$8.3 million. The Retirement System utilized contracts netting to \$342.6 million to hedge (or decrease) the currency risk of foreign investments or to settle trades, and contracts netting to \$351 million to increase investment exposure in foreign currencies beyond the amounts reported as international investment securities or to settle trades. Additionally, contracts may be used to effectively cancel previous contracts.

The City Charter and Retirement System Board (Board) policies permit the Retirement System to use investments of the plan to enter into securities lending transactions. These are loans of securities to broker-dealers and other entities for collateral, with a simultaneous agreement to return collateral for the same securities in the future. The Retirement System's securities custodians are agents in lending the plan's securities for cash collateral of 102% for domestic securities and 105% for international securities. Securities on loan at year-end are presented as "non-categorized" in the schedule of custodial risk (note 5). As of June 30, 2001, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. Contracts with the lending agents require them to indemnify the Retirement System if the borrowers fail to return the securities (and if the collateral were inadequate to replace the securities

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

lent) or if the borrowers fail to pay the Retirement System for income distributions by the securities issuers while the securities are on loan.

Either the Retirement System or the borrower can terminate all securities loans on demand, although the average term of the loans is thirty-three days. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted-average maturity of forty-eight days. In lending international securities, cash collateral is invested in a separate short-term investment pool, which at year-end had a weighted-average maturity of three days. The relationship between the maturities of the investment pools and the Retirement System's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Retirement System cannot determine. Cash collateral may also be invested separately in term loans, in which case the maturity of the loaned securities matches the term of the loan. Cash received as collateral on securities lending transactions is reported as an asset, and liabilities from these transactions are reported in the statement of net assets. Additionally, the costs of securities lending transactions, such as borrower rebates and fees, are recorded as expenses.

The City Charter and Board policies permit the Retirement System to use investments to enter into fixed coupon dollar repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase similar securities in the future at a lower price that reflects a financing rate. The fair value of the securities underlying fixed coupon dollar repurchase agreements equals the cash received. If the dealers default on their obligations to resell these securities to the Retirement System at the agreed buy back price, the Retirement System could suffer an economic loss if the securities have to be purchased in the open market at a price higher than the agreed-upon buy back price. This credit exposure at June 30, 2001 was approximately \$531 thousand.

Investments in S&P 500 futures contracts are used to replicate the performance of the S&P 500 index while lowering transaction costs. Changes in market value of open contracts are immediately recognized as gains or losses. At of June 30, 2001 the fair value of total open contracts was \$308 thousand.

*Other funds* – Non-pooled investments are also generally carried at fair value. However, money market investments (such as short term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations), and participating interest-earning investment contracts (such as negotiable certificates of deposit, repurchase agreements and guaranteed or bank investment contracts) that have a remaining maturity at the time of purchase of one year or less are carried at amortized cost which approximates market value. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

*Component Unit - Redevelopment Agency (Agency)* - Investments are stated at fair value except for money market investments with maturities of one year or less which have been stated at amortized cost. The fair value of investments has been obtained by using market quotes as of June 30, 2001 and reflects the values as if the Agency were to liquidate the securities on that date.

#### ***Investment Income***

Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's average daily cash balance at month end in relation to total pooled investments. City management has determined that the investment income related to certain funds should be allocated to the General Fund. On a budget basis, the interest income is recorded in the General Fund. On a generally accepted accounting principles (GAAP) basis, the income is reported in the fund where the related investments reside. An operating transfer is then recorded to transfer an amount equal to the interest

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

earnings to the General Fund. This is the case for certain Special Revenue Funds excluding the San Francisco County Transportation Authority, the Moscone Convention Facilities Capital Projects Fund, the General Obligation Bond Fund, the Internal Service Funds, and the Trust and Agency Funds.

It is the City's policy to charge interest to those funds that have a negative average daily cash balance at month end. In certain instances, City management has determined that the interest expense related to the fund should be allocated to the General Fund. On a budget basis, the interest expense is recorded in the General Fund. On a GAAP basis, the interest expense is recorded in the fund and then an operating transfer in is recorded to transfer an amount equal to the interest expense from the General Fund. This is the case for the certain Special Revenue Funds, Municipal Railway, Laguna Honda Hospital, San Francisco General Hospital Medical Center, and the Internal Service Funds.

Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

#### **(f) Loans Receivable**

For the purposes of the Fund Financial Statements, Special Revenue Fund expenditures relating to long-term loans arising from loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, with an offset to a deferred credit account. The balance of long-term loans receivable includes loans that may be forgiven if certain terms and conditions of the loans are met. For purposes of the Government-wide Financial Statements, long-term loans are not offset by deferred credit accounts.

#### **(g) Inventory**

Inventory recorded in the proprietary funds primarily consists of construction materials and maintenance supplies as well as pharmaceutical supplies maintained by the hospitals. Generally, proprietary funds value inventory at cost or average cost and expense supply inventory as it is consumed. This is referred to as the consumption method of inventory accounting. An exception is the Clean Water Project Fund which accounts for materials and supplies using the purchase method. This method records items as expenses when they are acquired. The governmental types also use the purchase method to account for supply inventories.

#### **(h) Redevelopment Agency Property Held for Resale**

Property held for resale is recorded as an asset at the lower of estimated cost or estimated conveyance value. Estimated conveyance value is management's estimate of net realizable value of a property based on current intended use.

#### **(i) Capital Assets**

Capital assets, which include land, facilities and improvement, machinery and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Amortization of assets acquired under capital lease is included in depreciation and amortization. Facilities and



## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

improvements, infrastructure, and machinery and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated used lives:

<u>Assets</u>	<u>Years</u>
Facilities and Improvements	15 to 50
Infrastructure	15 to 70
Machinery and Equipment	3 to 40
Easements	20

Works of art, historical treasures and zoological animals held for public exhibition, education, or research in furtherance of public service, rather than financial gain, are not capitalized. These items are protected, kept unencumbered, cared for and preserved by the City. It is the City's policy to utilize proceeds from the sale of these items for the acquisition of other items for collection and display.

#### **(j) Accrued Vacation and Sick Leave Pay**

Vacation pay, which may be accumulated up to ten weeks depending on an employee's length of service, is payable upon termination.

Sick leave may be accumulated up to six months. Unused amounts accumulated prior to December 6, 1978 are vested and payable upon termination of employment by retirement or disability caused by industrial accident or death. Sick leave earned subsequent to that date is non-vesting and, hence, is not a liability.

The City accrues for all salary-related items in the government-wide and proprietary fund financial statements for which they are liable to make a payment directly and incrementally associated with payments made for compensated absences on termination. The City includes its share of social security and Medicare payments made on behalf of the employees in the accrual for vacation and sick leave pay.

#### **(k) Bond Issuance Costs and Discounts**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

#### **(l) Fund Equity**

##### ***Reservations of Fund Equity***

Reservations of fund balances of the governmental funds indicate that portion of fund equity which is not available for appropriation for expenditure or is legally segregated for a specific future use. Following is a brief description of the nature of certain reserves.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

*Reserve for cash requirements* - The City's Charter provides for a cash requirement reserve to meet potential short-term working capital needs. The balance is calculated as 10% of either the current or following year's property tax levy.

*Reserve for emergencies* - The City's Charter provides for an emergency reserve fund for purposes of meeting any emergency as defined in the City's Charter. The amount reserved for emergencies may be appropriated only by a vote of three-fourths of the Board of Supervisors.

*Reserve for assets not available for appropriation* - Certain assets, primarily cash and investments outside City Treasury and deferred charges, do not represent expendable available financial resources. Therefore, a portion of fund equity is reserved to offset the balance of these assets.

*Reserve for debt service* - The fund balance of the debt service funds is reserved for the payment of debt service in the subsequent year.

*Reserves for encumbrances* - Encumbrances are recorded as reservations of fund balances because they do not constitute expenditures or liabilities. In certain special revenue and capital projects funds, this accounting treatment results in a deficit unreserved fund balance. This deficiency is carried forward to the next fiscal year where it is applied against estimated revenues in the year the commitments are expended.

*Reserve for appropriation carry-forward* - At the end of the fiscal year, certain budgeted expenditures are authorized to be carried over and expended in the ensuing year. A reserve of fund equity is established in the amount of these budget authorizations.

*Reserve for subsequent years' budgets* - A portion of fund equity is reserved for subsequent years' budgets. This balance includes the reserve required by the City's Administrative Code for the budget incentive program for the purpose of making additional funds available for items and services that will improve the efficient operations of departments. Appropriations from this reserve will only be made to departments that have demonstrated their ability to reduce the cost of service delivery and other departmental activities during the previous fiscal year.

#### ***Restricted Assets***

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheets because they are maintained in separate bank accounts or tracked separately in the City Treasury Group of Accounts. Use of the proceeds is limited by applicable bond covenants and resolutions. Restricted assets account for the principal and interest amounts accumulated to pay debt service, unspent bond proceeds, and amounts restricted for future capital projects.

#### ***Designations of Fund Equity***

Designations of fund balances (note 4) indicate that portion of fund equity that is not available for appropriation based on management's plans for future use of the funds. Following is a brief description of the nature of the designations as of June 30, 2001.

*Designation for litigation and contingencies* - This designation represents management's estimate of anticipated legal settlements or contingencies to be paid in the subsequent fiscal year.

*Designation for extraordinary one-time expenditures* - This designation represents the extraordinary revenue recognized in a prior year due to the implementation of an accounting pronouncement.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Management has designated this amount to fund extraordinary expenditures that may arise in a subsequent fiscal year.

#### ***Deficit Fund Balances/Net Assets***

The Telecommunications and Information Internal Service Fund had a \$3.6 million deficit total net assets as of June 30, 2001. Approximately \$2.6 million of this deficit is due to depreciation that is not funded and will result in continuing deficits. The remaining portion of the deficit of total net assets relates to operations and is expected to be reduced in future years through anticipated rate increases or reductions in operating expenses.

The Central Shops Internal Service Fund had a \$671 thousand deficit total net assets as of June 30, 2001. The deficit is due to depreciation and certain non-current accrued expenses that are not funded and will result in continuing deficits in future years.

#### **(m) Interfund Transfers**

Interfund transfers are generally recorded as operating transfers in (out) except for certain types of transactions that are described below.

- (1) Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of the fiscal year.
- (2) Reimbursements for expenditures, initially made by one fund which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

#### **(n) Refunding of Debt**

Gains or losses occurring from advance refundings, completed subsequent to June 30, 1993, are deferred and amortized into expense for both business-type activities and proprietary funds. For governmental activities, they are deferred and amortized into expense if they occurred subsequent to June 30, 2000.

#### **(o) Cash Flows**

Statements of cash flows are presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the City's Treasury represent monies in a cash management pool and such accounts are similar in nature to demand deposits.

#### **(p) Restatements of Fund Balances**

The City's beginning fund balances have been restated to reflect the cumulative effect of the implementation of GASB Statement No. 33 and GASB Interpretation No. 6. The impact of GASB Statement No. 33 was to reduce deferred tax revenues and deferred credits, and recognize revenue on certain taxes and other non exchange revenue transactions earned during the fiscal year ended June 30, 2000. The impact of GASB Interpretation No. 6 was to reduce the current portion of certain long-term liabilities, and only recognize expenditures in the governmental fund financial statements for those liabilities considered to be due and payable as of June 30, 2000.

**CITY AND COUNTY OF SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

(amounts in thousands)

	General Fund	Other Governmental Funds
Fund balances:		
Fund balances at June 30, 2000, as previously reported		
governmental fund types:		
General.....	\$ 275,640	\$ -
Special revenue.....	-	481,449
Special revenue fund previously reported as expendable trust funds.....	-	6,570
		<u>488,019</u>
Debt service.....	-	27,694
Capital projects.....	-	271,279
Permanent fund previously reported as expendable trust fund.....	-	5,112
Total fund balances at June 30, 2000, as previously reported.....	<u>275,640</u>	<u>792,104</u>
GASB Statement No. 33 adjustments:		
Change in revenue recognition criteria related to nonexchange revenue		
transactions other than property taxes.....	7,000	6,940
Reduction of deferred tax revenues.....	4,904	-
GASB Interpretation No. 6 adjustment:		
Reduction in current portion of long-term liabilities not considered due		
and payable.....	96,280	522
	<u>108,184</u>	<u>7,462</u>
Fund balances at June 30, 2000, as restated - governmental fund types	<u>\$ 383,824</u>	<u>\$ 799,566</u>

The impact of GASB Statement No. 34 on the City's accounting and financial reporting practices was to (1) classify certain activities as governmental that were previously reported as fiduciary, (2) report the residual balances of certain internal activities within the net assets of governmental activities, (3) report all long-term assets, including capital assets, and liabilities in the statement of net assets, and (4) report all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. These adjustments are summarized in the table below:

**CITY AND COUNTY OF SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

(amounts in thousands)

	<u>Governmental Activities</u>
Net assets:	
Fund balances at June 30, 2000, as previously reported	
governmental fund types:	
General.....	\$ 275,640
Special revenue.....	481,449
Debt service.....	27,694
Capital projects.....	271,279
Permanent and new special revenue funds previously reported as	
expendable trust funds.....	<u>11,682</u>
Total fund balances at June 30, 2000, as previously reported.....	<u>1,067,744</u>
GASB Statement No. 33 adjustments:	
Change in revenue recognition criteria related to nonexchange revenue	
transactions other than property taxes.....	13,940
Reduction of deferred tax revenues.....	42,361
GASB Statement No. 34 adjustments:	
Addition of:	
Beginning residual balances from internal activities accounted for as	
internal service funds (Central shops, Reproduction services,	
and Telecommunications and information services).....	(3,413)
Net capital assets.....	1,678,137
Long-term liabilities.....	(1,680,264)
Accrued interest.....	(4,996)
Reduction of deferred credits offsetting long-term loans receivable	
in the fund statements.....	<u>141,246</u>
	<u>187,011</u>
Net assets at July 1, 2000.....	<u>\$ 1,254,755</u>

The impact of GASB Statement No. 34 on the Agency's accounting and financial reporting practices was to (1) report all long-term assets, including capital assets, and liabilities in the statement of net assets and (2) report all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. These adjustments are summarized in the table below:

(amounts in thousands)

Net assets:	
Fund balance at June 30, 2000, as previously reported.....	\$ 297,979
GASB Statement No. 33 adjustment:	
Change in revenue recognition criteria related	
to nonexchange revenue transactions.....	20,738
GASB Statement No. 34 adjustments:	
Addition of:	
Net capital assets.....	151,640
Other long-term assets.....	236,933
Long-term liabilities.....	(730,395)
Accrued interest.....	<u>(10,479)</u>
Net assets (deficit) at July 1, 2000.....	<u>\$ (33,584)</u>

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### (q) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### (3) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### (a) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Total fund balances of the City's governmental funds, \$1,492,717, differs from net assets of governmental activities, \$1,458,330, reported in the statement of net assets. The difference primarily results from the long-term economic focus in the statement of net assets versus the current financial resources focus in the governmental fund balance sheets.

Balance Sheet/Statement of Net Assets (in thousands)

	Total Governmental Funds	Long-term Assets, Liabilities(1)	Internal Service Funds(2)	Reclassi- fications and Eliminations	Statement of Net Assets Totals
<b>Assets</b>					
Deposits and investments with City Treasury.....	\$ 1,239,022	\$ -	\$ 7,796	\$ -	\$ 1,246,818
Deposits and investments outside City Treasury.....	297,948	-	-	-	297,948
Receivables, net:	-	-	-	-	-
Property taxes and penalties.....	29,229	-	-	-	29,229
Other local taxes.....	182,726	-	-	-	182,726
Federal and state grants and subventions.....	141,128	-	-	-	141,128
Charges for services.....	22,735	-	-	-	22,735
Interest and other.....	26,832	-	301	-	27,133
Due from other funds .....	48,937	-	-	(48,937)	-
Due from component unit .....	19,587	-	-	-	19,587
Loans receivable, net.....	118,117	-	-	-	118,117
Inventories.....	-	-	-	-	-
Buildings, infrastructure, and equipment, net.....	-	1,818,520	2,595	-	1,821,115
Deferred charges and other assets.....	6,972	7,185	3	-	14,160
Total assets.....	<u>2,133,233</u>	<u>1,825,705</u>	<u>10,695</u>	<u>(48,937)</u>	<u>3,920,696</u>
<b>Liabilities</b>					
Accounts payable.....	103,250	-	5,241	-	108,491
Accrued payroll.....	72,516	-	2,069	-	74,585
Accrued vacation and sick leave pay.....	-	110,963	2,550	-	113,513
Accrued workers' compensation.....	-	150,621	578	-	151,199
Estimated claims payable.....	65,104	84,863	-	-	149,967
Accrued interest payable.....	398	8,758	-	-	9,156
Deferred tax, grant and subvention revenues.....	52,462	(22,188)	-	-	30,274
Due to other funds/internal balances.....	89,046	-	-	(48,937)	40,109
Deferred credits and other liabilities.....	257,740	(200,697)	-	-	57,043
Bonds, loans, capital leases, and other payables.....	-	1,724,478	3,551	-	1,728,029
Total liabilities.....	<u>640,516</u>	<u>1,856,798</u>	<u>13,989</u>	<u>(48,937)</u>	<u>2,462,366</u>
<b>Fund balances/net assets</b>					
Total fund balances/net assets.....	<u>1,492,717</u>	<u>(31,093)</u>	<u>(3,294)</u>	<u>-</u>	<u>1,458,330</u>
Total liabilities and fund balances/net assets.....	<u>\$ 2,133,233</u>	<u>\$ 1,825,705</u>	<u>\$ 10,695</u>	<u>\$ (48,937)</u>	<u>\$ 3,920,696</u>

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

- (1) When capital assets (land, infrastructure, buildings, and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets.....	\$ 2,244,178
Accumulated depreciation.....	(425,658)
	<u>\$ 1,818,520</u>

Bond issuance costs are expended in governmental funds when paid, and are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of net assets.

\$ 7,185

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Accrued vacation and sick leave pay.....	\$ (110,963)
Accrued workers' compensation.....	(150,621)
Estimated claims payable.....	(84,863)
Bonds, loans, capital leases, and other payables.....	(1,724,478)
	<u>\$ (2,070,925)</u>

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when paid.

\$ (8,758)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Deferred tax, grant and subvention revenue.....	\$ 22,188
Deferred credits and other liabilities.....	200,697
	<u>\$ 222,885</u>

- (2) Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance, printing and mailing services, and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

\$ 10,695

### **(b) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The net change in fund balances for governmental funds, \$309,327, differs from the change in net assets for governmental activities, \$203,575, reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below.

## CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities (in thousands)

	Total Governmental Funds	Long-term Revenues/ Expenses(3)	Capital- related Items(4)	Internal Service Funds(5)	Long-term Debt Transactions(6)	Statement of Activities Totals
<b>Revenues</b>						
Property taxes.....	\$ 627,654	\$ 1,192	\$ -	\$ -	\$ -	\$ 628,846
Business taxes.....	277,822	-	-	-	-	277,822
Other local taxes.....	581,480	-	-	-	-	581,480
Licenses, permits and franchises.....	23,503	-	-	-	-	23,503
Fines, forfeitures and penalties.....	12,773	-	-	-	-	12,773
Interest and investment income.....	91,429	-	-	-	-	91,429
Rents and concessions.....	75,382	-	-	-	-	75,382
Intergovernmental:						
Federal.....	296,758	-	-	-	-	296,758
State.....	575,361	-	-	-	-	575,361
Other.....	6,245	-	-	-	-	6,245
Charges for services.....	215,412	-	-	-	-	215,412
Other revenues.....	31,119	-	-	-	-	31,119
Total revenues.....	<u>2,814,938</u>	<u>1,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,816,130</u>
<b>Expenditures/Expenses</b>						
Current:						
Public protection.....	672,119	16,955	10,398	-	-	699,472
Public works, transportation and commerce.....	299,949	5,075	4,147	-	-	309,171
Human welfare and neighborhood development..	557,242	(33,907)	492	-	-	523,827
Community health.....	454,975	1,722	803	-	-	457,500
Culture and recreation.....	233,863	1,135	1,813	-	(7,090)	229,721
General administration and finance.....	150,482	(55,503)	12,156	-	183	107,318
General City responsibilities.....	109,753	-	280	(169)	(60)	109,804
Current:						
Principal retirement.....	69,870	-	-	-	(69,870)	-
Interest and fiscal charges.....	68,367	-	-	1,117	4,104	73,588
Bond issuance costs.....	7,368	-	-	-	(7,368)	-
Capital outlay.....	170,472	-	(170,472)	-	-	-
Total expenditures/expenses.....	<u>2,794,460</u>	<u>(64,523)</u>	<u>(140,383)</u>	<u>948</u>	<u>(80,101)</u>	<u>2,510,401</u>
<b>Other financing sources (uses)/changes in net assets</b>						
Net transfers (to) from other funds.....	(103,221)	-	-	1,067	-	(102,154)
Proceeds from issuance of bonds and loans.....	392,070	-	-	-	(392,070)	-
Total other financing sources (uses)/changes in net assets.....	<u>288,849</u>	<u>-</u>	<u>-</u>	<u>1,067</u>	<u>(392,070)</u>	<u>(102,154)</u>
<b>Net change for the year.....</b>	<u>\$ 309,327</u>	<u>\$ 65,715</u>	<u>\$ 140,383</u>	<u>\$ 119</u>	<u>\$ (311,969)</u>	<u>\$ 203,575</u>



# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

- (3) Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as available revenues in the governmental funds. \$ 1,192

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. \$ 21,533

Some expenditures reported in the governmental funds pertain to the establishment of deferred credits on long-term loans since the loans are not considered "available" to pay current period expenditures. The deferred credits are not reported in the statement of net assets and, therefore, the related expenses are not reported in the statement of activities.

\$ 42,990

- (4) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year, and the loss on disposal of capital assets.

Capital expenditures.....	\$ 192,033
Depreciation expenses.....	(51,370)
Loss on disposal of capital assets.....	(280)
Difference.....	<u>\$ 140,383</u>

- (5) Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance, printing and mailing services, and telecommunications, to individual funds. The adjustments for internal service funds close those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year. \$ 119

- (6) Lease payments on the Moscone Convention Center (note 8) are reported as a culture and recreation expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liability in the statement of net assets and do not result in an expense in the statement of activities. The City's capital lease obligation was reduced because principal payments were made to the lessee. Additions to the lease obligation related to interest accretion are reported as culture and recreation expenditures in the governmental funds when paid. The City's capital lease obligation was increased due to the accrual of accreted interest resulting in additional culture and recreation expenses being reported in the statement of activities.

Principal payments made.....	\$ 16,662
Increase in capital lease obligation.....	(9,572)
	<u>\$ 7,090</u>

Bond issuance costs are expended in governmental funds when paid, and are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of activities.

Bond issuance costs.....	\$ 7,368
Amortization of bond issuance costs.....	(183)
Other.....	60
Difference.....	<u>\$ 7,245</u>

Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The City's bonded debt was reduced because principal payments were made to bond holders.

Principal payments made.....	\$ 69,870
------------------------------	-----------

Interest expense in the statement of activities differs from the amount reported in governmental funds because additional accrued interest was calculated for bonds and notes payable, and additional interest expense was recognized on the amortization of bond discounts and premiums which are expended within the fund statements.

Accrued interest.....	\$ (3,762)
Amortization of bond premiums and discounts.....	(342)
	<u>\$ (4,104)</u>

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Proceeds were received from:

General obligation bonds.....	\$ 91,876
Lease revenue bonds.....	165,732
Certificate of participation.....	134,462
	<u>\$ 392,070</u>

CITY AND COUNTY OF SAN FRANCISCO

NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

(4) BUDGETARY RESULTS RECONCILED TO RESULTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

**Budgetary Results Reconciliation**

The budgetary process is based upon accounting for certain transactions on a basis other than GAAP basis. The results of operations are presented in the budget-to-actual comparison statement in accordance with the budgetary process (Budget basis) to provide a meaningful comparison with the budget.

The major differences between the Budget basis "actual" and GAAP basis are as follows:

**(a) Basis differences**

Certain accruals for estimated claims payable are excluded from the Budget basis financial statement because such amounts are budgeted on a cash basis.

**(b) Timing differences**

Timing differences represent transactions that are accounted for in different periods for Budget basis and GAAP basis reporting. Certain revenues accrued on a Budget basis have been deferred for GAAP reporting. These primarily relate to the accounting for property tax revenues under the Teeter Plan (note 6).

The fund balances as of June 30, 2001 on a Budget basis are reconciled to the fund balances on a GAAP basis as follows (in thousands):

	General Fund
Fund balance - Budget basis.....	\$489,347
Unrealized loss on investments.....	5,590
Accruals excluded from Budget basis:	
Estimated claims payable.....	(2,104)
Cumulative excess property tax revenues recognized on a Budget basis.....	(16,461)
Franchise fees and utility tax full accrual.....	2,500
Other.....	315
Fund balance - GAAP basis.....	<u>\$479,187</u>

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

General Fund Budget basis fund balance at June 30, 2001 is composed of the following (in thousands):

Reserved for cash requirements .....	\$93,293	
Reserved for emergencies.....	4,198	
Reserved for assets not available for appropriation .....	6,089	
Reserved for encumbrances .....	37,743	
Reserved for appropriation carryforward .....	77,060	
Reserved for subsequent years' budgets:		
Reserved for budget incentive program .....	300	
Reserved for investments.....	5,090	
Reserved for nurses' childcare .....	1,100	
Reserved for on-line City access program .....	500	
Reserved for recreation and park .....	349	
Reserved for human rights task force .....	1,000	
Reserved for salary benefits .....	5,008	
Reserved for closeout for FY 2001-02 budget.....	<u>39,990</u>	
Total reserve .....		\$271,720
Designated for litigation and contingencies .....	17,294	
Designated for extraordinary one-time expenditures.....	1,380	
Unreserved – available for appropriation .....	<u>198,953</u>	
Total unreserved amounts .....		<u>217,627</u>
Fund balance, June 30, 2001 - Budget basis		<u>\$489,347</u>

Of the \$199 million unreserved–available for appropriation, \$148.7 million has been subsequently appropriated as part of the General Fund budget for fiscal year 2002.

### (5) Deposits and Investments

The City's deposits and investments are invested pursuant to investment policy guidelines established by the City Treasurer subject to review by the Treasury Oversight Committee. The Treasury Oversight Committee established under California Government Code Sections 27130 to 27137 is composed of various City officials and representatives of agencies with large cash balances. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Investments permitted by the City's investment policy include the following:

- Public Time Deposits
- Public Demand Accounts
- Negotiable Certificates of Deposit
- Money Market Instruments
- U.S. Treasury Instruments -
  - Treasury Bills
  - Treasury Bonds
  - Treasury Notes
- Federal Agencies -
  - Federal Home Loan Bank
  - Federal Farm Credit Bank
  - Federal National Mortgage Association
  - Federal Mortgage Corporation
  - Student Loan Marketing Association
- Commercial Paper
- Bankers' Acceptances
- Repurchase Agreements
- Reverse Repurchase Agreements

The City's investment policy identifies certain restrictions related to the above investments. Investments held by the City Treasurer during the year did not include repurchase agreements or reverse repurchase agreements.

Other deposits and investments maintained outside the City Treasury are invested pursuant to governing bond covenants or California Government Code provisions. The following provides a brief description of the nature of these investments.

#### ***Employees' Retirement System***

The Retirement System's funds are invested pursuant to policy guidelines established by the Retirement System's Board. The objective of the investment policy is to maximize the expected return of the fund at an agreed upon level of risk. The Retirement Board has established percentage guidelines for types of investments to ensure the portfolio is diversified. As of June 30, 2001, the Retirement System had no investments in any one organization that represented 5% or more of plan net assets. Investments held by the Retirement System during the year did not include reverse repurchase agreements.

#### ***Other Funds***

Other funds consist primarily of deposits and investments with trustees related to the issuance of bonds and to certain loan programs operated by the City. These funds are invested either in accordance with bond covenants and are pledged for payment of principal, interest, and specified capital improvements or in accordance with grant agreements and may be restricted for the issuance of loans.

#### ***Component Units***

The investment policy of the Redevelopment Agency is governed by Article 2 of the California Government Code (Code). Investments are restricted to certain types of instruments and certain of these instruments are only allowed within limits. The Code permits repurchase agreements, but reverse repurchase agreements require the prior approval of the Agency Commission. The Agency does not participate in reverse repurchase agreements or other high-risk investments as defined by the Agency's

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

investment policy. It is the Agency's intention to hold investments until maturity, unless earlier liquidation would result in an investment gain.

The funds of the TIDA are invested solely in the City Treasury.

### **Deposits and investments**

Total City deposits and investments at fair value are as follows (in thousands):

	Primary Government			Total	Component Units
	Governmental Activities	Business-type Activities	Fiduciary Funds		
Deposits and investments with City Treasury.....	\$ 1,246,818 <sup>1</sup>	\$ 701,962	\$ 423,825 <sup>2</sup>	\$ 2,372,605	\$ 1,463
Deposits and investments outside City Treasury.....	297,948	2,467	11,855,452	12,155,867	124,069
Restricted assets:					
Deposits and investments with City Treasury.....	-	648,968	-	648,968	-
Deposits and investments outside City Treasury.....	-	331,524	-	331,524	211,635
Invested securities lending collateral.....			1,574,089	1,574,089	-
Total deposits and investments.....	<u>\$ 1,544,766</u>	<u>\$ 1,684,921</u>	<u>\$ 13,853,366</u>	<u>\$ 17,083,053</u>	<u>\$ 337,167</u>
Deposits.....	\$ 31,951	\$ 9,423	\$ 3,737	\$ 45,111	\$ 3,458
Investments.....	1,512,815	1,675,498	13,849,629	17,037,942	333,709
Total deposits and investments.....	<u>\$ 1,544,766</u>	<u>\$ 1,684,921</u>	<u>\$ 13,853,366</u>	<u>\$ 17,083,053</u>	<u>\$ 337,167</u>

<sup>1</sup> Includes deposits and investments with the City Treasury of total governmental funds (\$1,239,022) and internal service funds (\$7,796).

<sup>2</sup> Includes deposits and investments with the City Treasury of pension and other employee benefit trust funds (\$66,051), investment trust fund (\$272,960) and agency funds (\$84,814).

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### Cash and Deposits

The City had cash and deposits at June 30, 2001 as follows (in thousands):

	Primary Government						Component Units	
	Governmental Activities		Business-type Activities		Fiduciary Funds		Carrying Amount	Bank Balance
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance		
Cash on hand.....	\$ 181	\$ -	\$ 240	\$ -	\$ -	\$ -	\$ 1	\$ -
Federally insured deposits...	400	400	1,515	1,516	-	-	128	523
Collateralized deposits *.....	31,370	138,720	160	117	-	-	3,329	4,044
Uninsured and uncollateralized.....	-	-	7,508	7,508	3,737	3,737	-	-
	<u>\$ 31,951</u>	<u>\$ 139,120</u>	<u>\$ 9,423</u>	<u>\$ 9,141</u>	<u>\$ 3,737</u>	<u>\$ 3,737</u>	<u>\$ 3,458</u>	<u>\$ 4,567</u>

\* Under the City's cash management policy, investments are converted to cash as checks are presented for payment. At June 30, 2001, the carrying amount of collateralized deposits has been reduced by the amount of outstanding checks of approximately \$100.0 million. Of the \$100.0 million of outstanding checks, \$36.9 million relates to the San Francisco Unified School District and Community College District which have been reflected in an investment trust fund.

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by Federal depository insurance by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the City's deposits or 150% of mortgage backed collateral. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the City's name.

The \$11.2 million of uncollateralized cash consists of \$3.7 million of cash held on behalf of the Employees' Retirement System by a third party trustee and \$7.5 million of cash held on behalf of the Parking Garages by third party trustees.

### Investments

Investments of the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to custodial risk by three categories. They are as follows:

- Category 1 - includes investments that are insured or registered or securities held by the City or its agent in the City's name;
- Category 2 - includes uninsured and unregistered investments, with the securities held by counterparty's trust department or agent in the City's name;
- Category 3 - includes uninsured and unregistered investments, with the securities held by the counterparty, or by its trust department or agent but not in the City's name.

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

At June 30, 2001, investments included the following (in thousands):

Type of Investment	Category			Carrying value
	1	2	3	
Primary Government including Pension and Investment Trust Funds				
Investments in City Treasury:				
U.S. government securities.....	\$ 1,414,574	\$ -	\$ -	\$ 1,414,574
Federal agencies.....	902,829	-	-	902,829
Commercial paper.....	148,503	-	-	148,503
Negotiable certificates of deposit.....	526,956	-	-	526,956
Public time deposit.....	980	-	-	980
Total Investments in City Treasury.....	2,993,842	-	-	2,993,842
Employees' Retirement System (ERS):				
U.S. government securities.....	217,977	-	101	218,078
Short term bills and notes.....	57,122	-	8,116	65,238
Debt securities .....	1,069,709	-	45,408	1,115,117
Equity securities.....	4,044,357	-	3,617	4,047,974
Total categorized investments.....	5,389,165	-	57,242	5,446,407
Non-categorized investments:				
Mortgage backed securities.....				506,755
Fixed interest mutual funds.....				678,233
Equity investments, including mutual funds.....				674,402
Real estate.....				875,015
Venture capital .....				1,363,120
Money market mutual funds.....				776,334
Forward currency contracts.....				8,323
Investment in lending agents' short-term				
Investment pool.....				1,574,089
Investments lent to broker-dealers.....				1,523,126
Total non-categorized investments.....				7,979,397
Total Employees' Retirement System.....				13,425,804
Other Funds:				
U.S. government securities.....	61,336	-	398,663	459,999
Common stock.....	894	-	-	894
Commercial paper.....	-	-	14,425	14,425
Total categorized investments.....	62,230	-	413,088	475,318
Non-categorized investments:				
Promissory note.....				116,093
Money market mutual funds.....				26,885
Total non-categorized investments.....				142,978
Total Other Funds.....				618,296
Total Primary Government including Pension and investment Trust Funds.....				
	\$ 8,445,237	\$ -	\$ 470,330	\$ 17,037,942
Component Units - Redevelopment Agency				
U.S. government securities.....	\$ -	\$ 7,426	\$ 121,751	\$ 129,177
Bankers' acceptances.....	-	9,615	-	9,615
Commercial paper.....	-	15,326	29,768	45,094
Corporate medium term notes.....	7,058	3,565	-	10,623
Repurchase agreements.....	-	-	1,664	1,664
Total categorized investments.....	\$ 7,058	\$ 35,932	\$ 153,183	196,173
Non-categorized investments:				
Guaranteed investment contracts.....				41,443
Local agency investment fund.....				70,557
Money market mutual funds.....				24,073
Total non-categorized investments.....				136,073
Total Redevelopment Agency.....				\$ 332,246
Treasure Island Development Authority				
Investments in City Treasury:				
U.S. government securities.....	1,463	-	-	1,463
Total Treasure Island Development Authority.....	1,463	-	-	1,463
Total Component Units.....	\$ 8,521	\$ 35,932	\$ 153,183	\$ 333,709

The types of investments made during the year were substantially the same as those held as of June 30, 2001. Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

below original cost. City management believes the liquidity in the portfolio is sufficient to meet cash flow requirements and to preclude the City from having to sell investments below original cost for that purpose. The Interest and net investment loss is comprised of the following at June 30, 2001 (in thousands):

Interest and dividends, net of amounts capitalized	\$ 473,064
Net decrease in the fair value of investments	(1,681,240)
Total investment loss	<u>\$(1,208,176)</u>

The net decrease in the fair value of investments takes into account all changes in fair value (including purchases and sales) that occurred during the year. The primary component of this figure is the net decrease in the fair value of pension investments.

The earned yield, which includes net gains on investments sold, on all investments held by the City Treasurer for the fiscal year ended June 30, 2001 was 6.056%.

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2001 (in thousands):

### Statement of Net Assets

Net assets held in trust for all pool participants.....	<u>\$ 3,023,036</u>
Equity of internal pool participants.....	\$ 2,747,828
Equity of external pool participants.....	<u>275,208</u>
Total equity.....	<u>\$ 3,023,036</u>

### Statement of Changes in Net Assets

Net assets at July 1, 2000.....	\$ 2,734,617
Net change in investments by pool participants.....	<u>288,419</u>
Net assets at June 30, 2001.....	<u>\$ 3,023,036</u>

The following provides a summary of key investment information for the Treasurer's Pool as of June 30, 2001 (in thousands):

Type of Investment	Rates	Maturities	Par Value	Carrying Value
US government securities.....	4.25%-8.56%	7/30/01-5/15/04	\$ 1,408,005	\$ 1,416,037
Federal agencies.....	3.65%-6.11%	7/05/01-5/23/03	924,875	902,829
Commercial paper.....	4.00%-4.57%	7/06/01-8/14/01	150,000	148,503
Negotiable certificate of deposits.....	3.80%-6.57%	7/03/01-5/29/02	526,000	526,956
Public time deposits.....	3.00%-3.90%	01/01/02	<u>1,000</u>	<u>980</u>
			<u>\$ 3,009,880</u>	2,995,305
Carrying amount of deposits in Treasurer's Pool.....				<u>27,731</u>
Total cash and investments in Treasurer's Pool.....				<u>\$ 3,023,036</u>



## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

#### (6) Property Taxes

The City is responsible for assessing, collecting and distributing property taxes in accordance with enabling state law. Property taxes are levied on both real and personal property. Liens for secured property taxes attach on January 1st preceding the fiscal year for which taxes are levied. Secured property taxes are levied on the first business day of September and are payable in two equal installments: the first is due on November 1st and delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th. Secured property taxes that are delinquent and unpaid as of June 30th are subject to redemption penalties, costs, and interest when paid. If not paid at the end of five years, the property may be sold at public auction and the proceeds used to pay delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Unsecured personal property taxes do not represent a lien on real property. Those taxes are due on January 1st and become delinquent with penalties after August 31st. Supplemental property tax assessments associated with changes in the assessed valuation due to transfer of ownership in property or upon completion of new construction are levied in two equal installments and have variable due dates based on the dates of the underlying transaction.

Since the passage of California's Proposition 13, beginning with fiscal year 1978-79, general property taxes are based either on a flat 1% rate applied to the 1975-76 full value of the property or on 1% of the sales price of the property on sales transactions or construction value added after the 1975-76 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of 2% per year.

The Proposition 13 limitations on general property taxes do not limit taxes levied to pay the interest and redemption charges on any indebtedness approved by the voters prior to June 6, 1978 (the date of passage of Proposition 13). Proposition 13 was amended in 1986 to allow property taxes in excess of the 1% limit to fund general obligation bond debt service when such bonds are approved by two-thirds of the local voters. These taxes for debt service amounted to approximately \$106.1 million for the year ended June 30, 2001.

Taxable valuation for the year ended June 30, 2001 (net of non-reimbursable exemptions, reimbursable exemptions, and tax increment allocations to the Redevelopment Agency) was approximately \$74.9 billion, an increase of 15.3% from the previous year. The secured tax rate was \$1.136 per \$100 of valuation which is comprised of the following: \$0.90 for general government (which includes \$0.247 for the required state property tax shift), \$0.135 for the City's bond interest and redemption charges, and a total of \$0.101 to the San Francisco Unified School District, the San Francisco Community College District, the Bay Area Air Quality Management District and the Bay Area Rapid Transit District (note 8). Delinquencies in the current year on secured taxes and unsecured taxes amounted to 1.74% and 2.98%, respectively, of the current year tax levy, for net delinquencies of 1.56% of the current year tax levy.

As established by the Teeter Plan, the Controller allocates to the City and other agencies 100% of the secured property taxes billed but not yet collected by the County; in return, as the delinquent property taxes and associated penalties and interest are collected, the County retains such amounts in the Agency Fund. To the extent the Agency Fund balances are higher than required, transfers may be made to benefit the City's General Fund on a budgetary basis. The balance of the tax loss reserve, as of June 30, 2001 was \$8.1 million, which is included in the Agency Fund for reporting purposes. The City has funded payment of accrued and current delinquencies, together with the required reserve, from internal borrowing, primarily from the Agency Fund.

CITY AND COUNTY OF SAN FRANCISCO

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

(7) Capital Assets

**Primary Government**

Capital asset activity of the primary government for the year ended June 30, 2001 was as follows (in thousands):

**Governmental Activities**

	<b>Balance July 1, 2000</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2001</b>
Capital assets, not being depreciated:				
Land.....	\$ 124,772	\$ 6,767	\$ -	\$ 131,539
Construction in progress.....	<u>238,999</u>	<u>147,173</u>	<u>-</u>	<u>386,172</u>
Total capital assets, not being depreciated.....	<u>363,771</u>	<u>153,940</u>	<u>-</u>	<u>517,711</u>
Capital assets, being depreciated:				
Facilities and improvements.....	1,517,656	16,272	-	1,533,928
Machinery and equipment.....	197,719	24,330	4,932	217,117
Property held under lease.....	<u>4,816</u>	<u>-</u>	<u>-</u>	<u>4,816</u>
Total capital assets, being depreciated.....	<u>1,720,191</u>	<u>40,602</u>	<u>4,932</u>	<u>1,755,861</u>
Less accumulated depreciation for:				
Facilities and improvements.....	291,132	28,300	-	319,432
Machinery and equipment.....	107,412	25,985	4,652	128,745
Property held under lease.....	<u>4,280</u>	<u>-</u>	<u>-</u>	<u>4,280</u>
Total accumulated depreciation.....	<u>402,824</u>	<u>54,285</u>	<u>4,652</u>	<u>452,457</u>
Total capital assets, being depreciated, net.....	<u>1,317,367</u>	<u>(13,683)</u>	<u>280</u>	<u>1,303,404</u>
Governmental activities capital assets, net.....	<u>\$ 1,681,138</u>	<u>\$ 140,257</u>	<u>\$ 280</u>	<u>\$ 1,821,115</u>

## CITY AND COUNTY OF SAN FRANCISCO

NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)***Business-type activities**

	Balance July 1, 2000	Increases	Decreases	Balance June 30, 2001
Capital assets, not being depreciated:				
Land.....	\$ 182,137	\$ 2,437	\$ (275)	\$ 184,299
Construction in progress.....	1,079,585	846,137	(691,488)	1,234,234
Total capital assets, not being depreciated.....	<u>1,261,722</u>	<u>848,574</u>	<u>(691,763)</u>	<u>1,418,533</u>
Capital assets, being depreciated:				
Facilities and improvements.....	6,624,167	664,931	(4,483)	7,284,615
Machinery and equipment.....	760,615	182,962	(28,025)	915,552
Infrastructure.....	591,898	1,664	-	593,562
Property held under lease.....	824	-	-	824
Easements.....	115,831	9,692	-	125,523
Total capital assets, being depreciated.....	<u>8,093,335</u>	<u>859,249</u>	<u>(32,508)</u>	<u>8,920,076</u>
Less accumulated depreciation for:				
Facilities and improvements.....	1,781,870	191,596	(5,298)	1,968,168
Machinery and equipment.....	409,897	36,703	(24,805)	421,795
Infrastructure.....	118,236	20,427	-	138,663
Property held under lease.....	103	206	-	309
Easements.....	21,386	5,655	-	27,041
Total accumulated depreciation.....	<u>2,331,492</u>	<u>254,587</u>	<u>(30,103)</u>	<u>2,555,976</u>
Total capital assets, being depreciated, net.....	<u>5,761,843</u>	<u>604,662</u>	<u>(2,405)</u>	<u>6,364,100</u>
Business-type activities capital assets, net.....	<u>\$ 7,023,565</u>	<u>\$ 1,453,236</u>	<u>\$ (694,168)</u>	<u>\$ 7,782,633</u>

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Depreciation expense was charged to functions/programs of the primary government as follows (in thousands):

Governmental Activities:	
Public protection.....	\$ 11,510
Public works transportation and commerce.....	13,260
Human welfare and neighborhood development.....	492
Community Health.....	803
Culture and recreation.....	11,895
General administration and finance.....	13,410
Capital assets held by the City's internal service funds charged to the various functions on a prorated basis based on their usage of the assets.....	<u>2,915</u>
Total depreciation expense - governmental activities.....	<u>\$ 54,285</u>
Business-type activities:	
Airport.....	\$ 119,195
Transit.....	47,826
Port.....	7,156
Water.....	24,338
Power.....	9,509
Hospitals.....	7,571
Sewer.....	37,938
Garages.....	<u>1,054</u>
Total depreciation expense - business-type activities.....	<u>\$ 254,587</u>

Equipment is generally estimated to have useful lives of 3 to 40 years, except for certain equipment of the Water Department that has an estimated useful life of up to 75 years. Facilities and improvements are generally estimated to have useful lives from 5 to 50 years, except for utility type assets of the Water Department and Hetch Hetchy Project (Water/Hetch Hetchy), the Clean Water Program, the San Francisco Municipal Railway (Muni), Laguna Honda Hospital (LHH), and the Port of San Francisco (Port) that have estimated useful lives from 51 to 100 years. These long-lived assets include reservoirs, aqueducts, pumping stations of Water/Hetch Hetchy, Cable Car Barn facilities and structures of Muni, building and structures of LHH, and pier substructures of the Port and totaled \$1.4 billion as of June 30, 2001. In addition, the Water/Hetch Hetchy had utility type assets with useful lives over 100 years which totaled \$4.5 million at June 30, 2001.

During the fiscal year ended June 30, 2001 the City's Enterprise Funds incurred total interest expense and interest income of approximately \$268.0 million and \$108.9 million, respectively. Of these amounts, interest expense and interest income of approximately \$65.9 million and \$12.4 million respectively, was capitalized as part of the cost of constructing proprietary capital assets. The net amount of approximately \$53.5 million was capitalized into capital assets.

CITY AND COUNTY OF SAN FRANCISCO

NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

**Component Unit - Redevelopment Agency**

Capital asset activity of the Redevelopment Agency for the year ended June 30, 2001 was as follows (in thousands):

	Balance July 1, 2000	Increases	Decreases	Balance June 30, 2001
Capital assets, not being depreciated:				
Property held under lease.....	\$ 32,792	\$ 16,624	\$ -	\$ 49,416
Construction in progress.....	269	46	-	315
Total capital assets not being depreciated.....	<u>33,061</u>	<u>16,670</u>	<u>-</u>	<u>49,731</u>
Capital assets, being depreciated:				
Facilities and improvements.....	135,082	229	-	135,311
Leasehold improvements.....	21,602			21,602
Machinery and equipment.....	<u>7,000</u>	<u>178</u>	<u>(82)</u>	<u>7,096</u>
Total capital assets being depreciated.....	<u>163,684</u>	<u>407</u>	<u>(82)</u>	<u>164,009</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements.....	(18,725)	(3,381)	-	(22,106)
Leasehold improvements.....	(5,626)	(432)	-	(6,058)
Machinery and equipment.....	<u>(4,723)</u>	<u>(831)</u>	<u>-</u>	<u>(5,554)</u>
Total accumulated depreciation and amortization.....	<u>(29,074)</u>	<u>(4,644)</u>	<u>-</u>	<u>(33,718)</u>
Total capital assets being depreciated, net.....	<u>134,610</u>	<u>(4,237)</u>	<u>(82)</u>	<u>130,291</u>
Redevelopment Agency capital assets, net...	<u>\$ 167,671</u>	<u>\$ 12,433</u>	<u>\$ (82)</u>	<u>\$ 180,022</u>

**CITY AND COUNTY OF SAN FRANCISCO**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**(8) Bonds, Loans, Capital Leases and Other Payables**

The following is a summary of long-term obligations of the City as of June 30, 2001 (in thousands):

<b>GOVERNMENTAL ACTIVITIES</b>			
<u>Type of Obligation and Purpose</u>	<u>Final Maturity Date</u>	<u>Remaining Interest Rates</u>	<u>Amount</u>
<b>GENERAL OBLIGATION BONDS (a):</b>			
Affordable housing .....	2021	4.0 to 8.0%	\$ 96,775
City hall improvement project .....	2011	4.625 to 5.6%	30,685
Fire protection .....	2016	4.8 to 7.0%	17,715
Museums .....	2019	4.5 to 7.0%	24,800
Parks and playgrounds .....	2021	3.5 to 7.0%	86,665
Public safety improvements .....	2016	4.8 to 7.0%	78,425
Schools .....	2020	4.0 to 7.0%	141,965
Seismic safety loan program .....	2014	6.95 to 7.65%	28,050
Zoo facilities .....	2020	4.0 to 6.5%	32,750
Refunding .....	2016	4.1 to 5.75%	415,705
General obligation bonds - governmental activities .....			<u>953,535</u>
<b>LEASE REVENUE BONDS:</b>			
San Francisco Finance Corporation (b) .....	2024	3.5 to 5.5%	104,575
San Francisco Parking Authority (c) .....	2022	4 to 6.0%	32,900
San Francisco Social Services Corporation (d) .....	2003	6.25 to 7.75%	1,740
Moscone Convention Center Garage (d) .....	2009	2.9 to 4.0%	5,690
Moscone Convention Center Expansion (e) .....	2030	5.02% *	157,500
Lease revenue bonds - governmental activities .....			<u>302,405</u>
<b>OTHER LONG-TERM OBLIGATIONS:</b>			
Certificates of participation (c) .....	2033	4.0 to 8.5%	225,707
Loans (c) & (f) .....	2008	4.5 to 6.7%	15,816
Capital leases payable (d) & (f) .....	2002	5.52 to 8.05%	232,485
Accrued vacation and sick leave (d) & (f) .....			113,513
Accrued workers' compensation (d) & (f) .....			151,199
Estimated claims payable (d) & (f) .....			149,967
Other long-term obligations - governmental activities .....			<u>888,687</u>
Governmental activities total long-term obligations.....			<u>\$ 2,144,627</u>

Debt service payments are made from the following sources:

- (a) Property tax recorded in the Debt Service Fund.
- (b) Lease rental revenues from "lessee" departments in the General Fund and Enterprise Funds.
- (c) Revenues recorded in Special Revenue Funds.
- (d) Revenues recorded in the General Fund.
- (e) Hotel taxes and other revenues recorded in the General and Special Revenue Funds.
- (f) User-charge reimbursements from General Fund, Special Revenue Funds and Enterprise Funds.

Internal Service Funds predominantly serve the governmental funds. Accordingly, long term liabilities for them are included in the above amounts.

\* The Bonds are issued with variable rates. Interest rate at the date of issuance through June 30, 2001 is 5.02%.

## CITY AND COUNTY OF SAN FRANCISCO

NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

## BUSINESS-TYPE ACTIVITIES

<u>Entity and Type of Obligation</u>	<u>Final Maturity Date</u>	<u>Remaining Interest Rates</u>	<u>Amount</u>
San Francisco International Airport:			
Revenue bonds .....	2030	3.8 to 8.0%	\$ 3,743,605
Commercial paper .....	2002	2.9 to 3.9%	397,541
Clean Water Program:			
Revenue bonds .....	2026	4.7 to 6.5%	469,883
State of California - Revolving fund loans .....	2021	2.8 to 3.5%	193,597
Water Department/Hetch Hetchy Project:			
Revenue bonds .....	2026	5.3% to 7.4%	232,042
Commercial paper .....	2002	3.21 to 4.69%	75,000
Port of San Francisco:			
General Obligation Bonds -			
City and County of San Francisco .....	2005	4.5 to 6.3%	3,200
Revenue bonds .....	2010	5.0 to 9.0%	37,330
Notes, loans and other payables .....	2028	Variable	11,186
Capital lease .....	2005	6.31%	147
Laguna Honda Hospital:			
Capital lease .....	2003	4.50%	632
Nonprofit Parking Corporations (Garages):			
Downtown Parking - revenue bonds .....	2018	5.85 to 6.65%	13,235
Ellis-O'Farrell - revenue bonds .....	2017	Variable, 4.25 to 7.125%	5,420
Portsmouth Plaza - notes, loans and other payables .....	2003	9.00%	155
San Francisco Market Corporation - notes, loans and other payables .....	2007	Prime plus 0.25%	926
Accrued vacation and sick leave .....			65,346
Accrued workers' compensation .....			105,593
Estimated claims payable .....			41,495
Business-type activities total long-term obligations ...			<u>\$ 5,396,333</u>

Sources of funds to meet debt service requirements are revenues derived from user fees and charges for services recorded in their respective Enterprise Funds.

**CITY AND COUNTY OF SAN FRANCISCO**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

<b>COMPONENT UNIT</b>			
<u>Type of Obligation</u>	<u>Final Maturity Date</u>	<u>Remaining Interest Rates</u>	<u>Amount</u>
SAN FRANCISCO REDEVELOPMENT AGENCY AND FINANCING AUTHORITY:			
Lease Revenue Bonds:			
Moscone Convention Center (a) .....	2024	5.5 to 8.5%	\$ 194,332
Hotel Tax Revenue Bonds (b) .....	2025	3.5 to 6.75%	76,965
Financing Authority Bonds:			
Tax Allocation Revenue Bonds (c) .....	2025	3.0 to 9.0%	<u>317,868</u>
Sub-total .....			589,165
South Beach Harbor Variable Rate			
Refunding Bonds (d) .....	2017	Variable (4.15 % at 6/30/01)	14,000
California Department of Boating and			
Waterways Loan (e) .....	2037	4.50%	8,000
Accreted interest payable.....			145,189
Accrued vacation and sick leave pay .....			<u>1,674</u>
Component unit total long-term obligations.....			<u>\$ 758,028</u>

Debt service payments are made from the following sources:

- (a) Hotel taxes and operating revenues recorded in the Convention Facilities Special Revenue Fund and existing debt service/escrow trust funds.
- (b) Hotel taxes from hotels located in the Redevelopment Project Areas.
- (c) Property taxes allocated to the Redevelopment Agency based on increased assessed valuations in project areas (note 12) and existing debt service/escrow trust funds.
- (d) South Beach Harbor Project cash reserves, property tax increments and project revenues.
- (e) South Beach Harbor Project revenues (subordinated to Refunding Bonds).

Debt Compliance

There are a number of limitations and restrictions contained in the various bond indentures. The City believes it is in compliance with all significant limitations and restrictions.

Legal Debt Limit and Legal Debt Margin

As of June 30, 2001, the City's debt limit (3% of valuation subject to taxation) was \$2.4 billion. The total amount of debt applicable to the debt limit was \$1.0 billion, net of certain assets in other non-major governmental funds, and other deductions allowed by law. The resulting legal debt margin was \$1.4 billion.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, the earnings from the investment of tax exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The City has evaluated each general obligation bond, certificates of participation, and lease revenue bond issue subject to the arbitrage rebate requirements and has deferred recognition of interest income of \$3.5 million as of



## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

June 30, 2001. This arbitrage liability is recorded in deferred credits and other liabilities in the governmental funds. Each Enterprise Fund has performed a similar analysis of the debt the respective Enterprise has issued which is subject to arbitrage rebate requirements. Any material arbitrage liability related to the debt of the Enterprise Funds has been recorded as a liability in the respective fund. In addition, the Redevelopment Agency records any arbitrage liability in deferred credits and other liabilities.

#### Assessment District

During June 1996, the City issued \$1 million of Limited Obligation Improvement Bonds for the Bayshore Hester Assessment District No. 95-1. These bonds were issued pursuant the Improvement Bond Act of 1915. The proceeds are to be used to finance the construction of a new public right-of-way. The bonds began to mature during the fiscal year ended June 30, 1999 and continue through 2026 bearing interest from 6.0% to 6.85%. These bonds do not represent obligations of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. Accordingly, the debt has not been included in the the basic financial statements. Assessments collected for repayment of this debt are received in the Tax Collection Agency Fund. Unpaid assessments constitute fixed liens on the lots and parcels assessed within Bayshore Hester Assessment District and do not constitute a personal indebtedness of the respective owners of such lots and parcels.

#### Mortgage Revenue Bonds

In order to facilitate affordable housing, the City has issued mortgage revenue bonds with an outstanding aggregate balance of \$99.9 million as of June 30, 2001. These obligations are secured by the related mortgage indebtedness and, in the opinion of management, are not obligations of the City.

CITY AND COUNTY OF SAN FRANCISCO

NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

**Changes in Long-Term Obligations**

The changes in long-term obligations for the year ended June 30, 2001, are as follows (in thousands):

	<u>July 1, 2000</u>	<u>Additional Obligations, Interest Accretion and Net Increases</u>	<u>Current Maturities, Retirements, and Net Decreases</u>	<u>June 30, 2001</u>	<u>Amounts Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds .....	\$ 911,625	\$ 91,120	\$ (49,210)	\$ 953,535	\$ 53,830
Lease revenue bonds .....	151,165	165,685	(14,445)	302,405	16,495
Certificates of participation .....	91,926	137,526	(3,745)	225,707	4,150
Less deferred amounts:					
For issuance premiums .....	-	803	(19)	784	-
For issuance discounts .....	-	(2,773)	70	(2,703)	-
Total bonds payable .....	1,154,716	392,361	(67,349)	1,479,728	74,475
Loans.....	17,313	973	(2,470)	15,816	2,701
Capital leases .....	239,439	10,903	(17,857)	232,485	19,084
Accrued vacation and sick leave pay.....	107,580	5,933	-	113,513	54,052
Accrued workers' compensation.....	135,571	43,352	(27,724)	151,199	32,558
Estimated claims payable.....	138,793	34,985	(23,811)	149,967	114,882
Governmental activity long-term obligations.....	<u>\$ 1,793,412</u>	<u>\$ 488,507</u>	<u>\$ (139,211)</u>	<u>\$ 2,142,708</u>	<u>\$ 297,752</u>

Internal service funds predominantly serve the governmental funds, the long-term liabilities of which are included as part of the above totals for governmental activities. At the year ending June 30, 2001, \$2.5 million of capital leases, \$1 million of loans, \$2.5 million of accrued vacation and sick leave pay and \$0.6 million of accrued workers' compensation are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general funds.

CITY AND COUNTY OF SAN FRANCISCO

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

	July 1, 2000	Additional Obligations, Interest Accretion and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2001	Amounts Due Within One Year
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds .....	\$ 4,400	\$ -	\$ (1,200)	\$ 3,200	\$ 1,200
Revenue bonds .....	4,316,452	239,198	(54,135)	4,501,515	65,420
Less deferred amounts:					
For issuance premiums .....	389	-	(42)	347	-
For issuance discounts .....	(32,382)	(1,483)	1,651	(32,214)	-
For refunding loss.....	(42,762)	-	2,639	(40,123)	-
Total bonds payable .....	4,246,097	237,715	(51,087)	4,432,725	66,620
Commercial paper.....	271,650	298,231	(97,340)	472,541	472,541
State of California - Revolving fund loans.....	180,295	26,300	(12,998)	193,597	14,006
Notes, loans, and other payables.....	10,627	2,952	(1,312)	12,267	1,415
Capital leases .....	1,888	-	(1,109)	779	239
Accrued vacation and sick leave pay.....	61,884	3,462	-	65,346	36,262
Accrued workers' compensation.....	99,045	34,460	(27,912)	105,593	25,582
Estimated claims payable.....	50,634	234	(9,373)	41,495	15,470
Business-type activity long term obligations.....	<u>\$ 4,922,120</u>	<u>\$ 603,354</u>	<u>\$ (201,131)</u>	<u>\$ 5,324,343</u>	<u>\$ 632,135</u>
<b>Component unit:</b>					
<b>Redevelopment Agency</b>					
Bonds payable:					
Revenue bonds .....	\$ 584,794	\$ 40,135	\$ (35,764)	\$ 589,165	\$ 19,685
Refunding bonds.....	14,500	-	(500)	14,000	1,500
Total bonds payable .....	599,294	40,135	(36,264)	603,165	21,185
Accreted interest payable.....	134,755	20,285	(9,851)	145,189	10,850
Notes, loans, and other payables.....	18,000	-	(10,000)	8,000	-
Accrued vacation and sick leave pay.....	1,627	47	-	1,674	790
Component unit - long term obligations.....	<u>\$ 753,676</u>	<u>\$ 60,467</u>	<u>\$ (56,115)</u>	<u>\$ 758,028</u>	<u>\$ 32,825</u>

**CITY AND COUNTY OF SAN FRANCISCO**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2001 are as follows (in thousands):

<b>Fiscal Year Ending June 30</b>	<b>Governmental Activities <sup>(1)</sup></b>							
	<b>General Obligation Bonds</b>		<b>Lease Revenue Bonds</b>		<b>Other Long-Term Obligations</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2002.....	\$ 53,830	\$ 50,278	\$ 16,495	\$ 14,421	\$ 6,851	\$ 12,441	\$ 77,176	\$ 77,140
2003.....	60,245	47,618	15,865	13,721	7,163	12,073	83,273	73,412
2004.....	63,275	44,648	14,045	13,047	6,564	31,932	83,884	89,627
2005.....	59,365	41,656	13,420	12,443	9,118	9,068	81,903	63,167
2006.....	62,335	38,722	13,035	11,842	8,439	8,744	83,809	59,308
2007-2011.....	347,945	139,876	55,430	51,001	38,056	39,969	441,431	230,846
2012-2016.....	223,265	55,979	44,455	39,479	44,422	33,212	312,142	128,670
2017-2021.....	83,275	11,397	47,915	27,914	33,720	26,040	164,910	65,351
2022-2026.....	-	-	43,345	16,123	28,230	19,279	71,575	35,402
2027-2031.....	-	-	38,400	4,924	33,905	11,213	72,305	16,137
2032-2036.....	-	-	-	-	25,055	2,019	25,055	2,019
Total.....	<u>\$ 953,535</u>	<u>\$ 430,174</u>	<u>\$ 302,405</u>	<u>\$ 204,915</u>	<u>\$ 241,523</u>	<u>\$ 205,990</u>	<u>\$ 1,497,463</u>	<u>\$ 841,079</u>

<b>Fiscal Year Ending June 30</b>	<b>Business-type Activities <sup>(1) (2)</sup></b>							
	<b>General Obligation Bonds</b>		<b>Revenue Bonds</b>		<b>Other Long-Term Obligations</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2002.....	\$ 1,200	\$ 173	\$ 65,420	\$ 251,418	\$ 15,421	\$ 6,919	\$ 82,041	\$ 258,510
2003.....	1,200	112	90,190	247,160	16,004	6,362	107,394	253,634
2004.....	400	50	98,305	242,878	16,396	5,762	115,101	248,690
2005.....	400	25	118,955	238,111	16,880	5,175	136,235	243,311
2006.....	-	-	125,675	232,281	17,380	4,571	143,055	236,852
2007-2011.....	-	-	745,548	1,056,657	75,969	4,392	821,517	1,061,049
2012-2016.....	-	-	856,285	857,216	37,281	4,607	893,566	861,823
2017-2021.....	-	-	961,435	580,723	10,510	873	971,945	581,596
2022-2026.....	-	-	1,045,207	287,371	23	9	1,045,230	287,380
2027-2031.....	-	-	394,495	44,227	-	-	394,495	44,227
Total.....	<u>\$ 3,200</u>	<u>\$ 360</u>	<u>\$ 4,501,515</u>	<u>\$ 4,038,042</u>	<u>\$ 205,864</u>	<u>\$ 38,670</u>	<u>\$ 4,710,579</u>	<u>\$ 4,077,072</u>

CITY AND COUNTY OF SAN FRANCISCO

NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Fiscal Year Ending  <u>June 30</u>	Component Unit <sup>(1)</sup>							
	Lease Revenue		Tax Revenue		Other Long-Term		Total	
	Bonds		Bonds		Obligations			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2002.....	\$ 5,981	\$ 16,453	\$ 13,704	\$ 17,855	\$ 1,500	\$ 1,059	\$ 21,185	\$ 35,367
2003.....	5,570	21,167	14,512	18,662	-	1,054	20,082	40,883
2004.....	10,734	39,777	15,449	19,496	-	1,054	26,183	60,327
2005.....	33,661	84,458	16,101	20,016	-	1,054	49,762	105,528
2006.....	5,550	13,670	15,032	19,273	-	1,054	20,582	33,997
2007-2011.....	24,466	72,720	77,151	83,438	4,632	4,778	106,249	160,936
2012-2016.....	37,244	61,370	94,986	55,594	7,447	2,845	139,677	119,809
2017-2021.....	56,555	10,941	100,228	28,349	2,817	1,499	159,600	40,789
2022-2026.....	14,571	2,047	47,670	36,835	1,548	1,128	63,789	40,010
2027-2031.....	-	-	-	-	1,929	747	1,929	747
2032-2036.....	-	-	-	-	2,104	272	2,104	272
2037-2041.....	-	-	-	-	23	1	23	1
Total.....	\$ 194,332	\$ 322,603	\$ 394,833	\$ 299,518	\$ 22,000	\$ 16,545	\$ 611,165	\$ 638,666

<sup>(1)</sup> The specific year for payment of estimated claims payable, accrued vacation and sick leave pay and accrued workers' compensation is not practicable to determine.

<sup>(2)</sup> The payment stream for principal and interest on commercial paper is not practicable to determine because the timing of the issuance and payment is based on project expenditures.

***Governmental Activities Long-term Liabilities***

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and affordable housing. General obligation bonds have been issued for both

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

governmental and business-type activities. The net authorized and unissued governmental activities - general obligation bonds for the fiscal year ended June 30, 2001 follows (in thousands):

### **Governmental Activities - General Obligation Bonds**

(in thousands)

Authorized and unissued as of June 30, 2000 .....	\$	867,320
New authorizations:		
Branch Library Improvements Bonds.....		105,865
California Academy of Sciences Improvement Bonds .....		87,445
Bonds issued:		
Series 2000D, Affordable Housing.....		(20,000)
Series 2001A, Golden Gate Park Improvements .....		(17,060)
Series 2001B, Neighborhood Recreation and Park Facilities Improvements .....		(14,060)
Series 2001C, Affordable Housing.....		(17,000)
Series 2001D, Affordable Housing.....		(23,000)
Net authorized and unissued as of June 30, 2001 .....	\$	<u>969,510</u>

The new authorizations on general obligation bonds total to \$193.3 million as of June 30, 2001. In March 2000, the voters approved \$87.4 million for the improvement of the California Academy of Sciences and the Board of Supervisors authorized issuance of these bonds in September 2000. The electorate approved \$105.9 million for the improvement of various library branches in the November 2000 election.

In July 2000, the City issued \$20 million General Obligation Bonds, Affordable Housing, Series 2000D. Interest rates range from 4.4% to 7.375%. The bonds mature from June 2001 to June 2020. In May 2001, the Affordable Housing Bonds, Series 2001C in the amount of \$17 million and Series 2001D in the amount of \$23 million were issued. Interest rates range from 4% to 7.05%. The bonds mature from June 2002 through June 2021. The bonds were issued to finance the development of affordable housing to low-income households and down payment assistance to low and moderate-income first-time homebuyers in the City. Debt service payments are funded through ad valorem taxes on property.

In February 2001, the City issued General Obligation Bonds, Golden Gate Park Improvements, Series 2001A in the amount of \$17.1 million and Neighborhood Recreation and Park Facilities Improvement Bonds, Series 2001B in the amount of \$14.1 million. Interest rates range from 3.5% to 4.8%. The bonds mature from June 2002 to June 2021. The bonds were issued to finance the acquisition, construction, reconstruction or repair, reforestation and rehabilitation of Golden Gate Park and other park facilities in the City. Debt service payments are funded through ad valorem taxes on property.

The Port of San Francisco is the only business-type activity that has General Obligation Bonds outstanding which amount to \$3.2 million as of June 30, 2001. The purpose for the original issuance of these bonds was for improvement of the San Francisco harbor area. The final maturity is in fiscal year 2004-2005.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

#### Lease Revenue Bonds

The changes in governmental activities - lease revenue bonds for the year ended June 30, 2001 were as follows:

#### **Governmental Activities - Lease Revenue Bonds** (in thousands)

Authorized and unissued as of June 30, 2000 .....	\$ 290,297
Increase in authorization in this fiscal year:	
Annual increase in Finance Corporation's equipment program.....	1,551
Current year maturities.....	7,575
Bonds issued:	
Series 2000A, Parking Authority North Beach Parking Garage Project.....	(8,185)
Series 2000-1,2,3, Moscone Center Expansion (Moscone West).....	(157,500)
Net authorized and unissued as of June 30, 2001 .....	<u>\$ 133,738</u>

#### Finance Corporation

Prior to June 1990, the City Charter prohibited the City from lease-purchasing equipment or real property through public entities or non-profit corporations using tax-exempt obligations without a vote of the electorate. In the June 5, 1990 election, the voters of the City approved Proposition C, which amended the City Charter to allow the City to lease-purchase up to \$20 million of equipment through a non-profit corporation using tax-exempt obligations without an additional vote of the electorate. Thus, the San Francisco Finance Corporation ("Finance Corporation") was formed in 1991. The purpose of the Finance Corporation is to provide a means to finance, through lease financing, the acquisition, construction and installation of facilities, equipment and other tangible real and personal property for the City's general governmental purposes.

Beginning July 1, 1991, the Finance Corporation was authorized to issue lease revenue bonds every year up to \$20 million, plus 5% new annual authorization. The amount of authorized growth for the fiscal year ended June 30, 2001 was \$1.6 million. The cumulative amount authorized for fiscal year ended June 30, 2001 was \$32.6 million. Of that amount, \$17.5 million is outstanding and \$15.1 million is available for new issuance. As of June 30, 2001, the Finance Corporation had issued a total of \$75.6 million in lease revenue bonds. The Finance Corporation did not issue any additional lease revenue bonds in the current year under this authorization.

In 1993, the Finance Corporation was authorized to issue lease revenue bonds of up to \$50 million for the acquisition and construction of a citywide emergency radio communication system. As of June 30, 2001, the total authorized amount of \$50 million has been issued. Moreover, the Finance Corporation was authorized in 1994 to issue lease revenue bonds of up to \$60 million for the acquisition and construction of a combined emergency communication center to house the City's 911-emergency communication system. As of June 30, 2001, the amount authorized and unissued was \$14.1 million.

#### Moscone Center

In 1996 the voters approved the issuance of up to \$157.5 million in lease revenue bonds for the purpose of financing a portion of the costs of acquiring, constructing, and improving a free-standing expansion to the City's George R. Moscone Convention Center. Series 2000-1, 2000-2 and 2000-3 of the bonds were issued on November 2, 2000. Each Series of Bonds may bear interest at a different rate and in a different

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

interest rate mode from other Series of Bonds. Funds deposited to the Capitalized Interest Account are calculated to be sufficient to pay interest on the Bonds based on an assumed interest rate of 5.02% through August 1, 2003. The final maturity date is April 2030.

#### Parking Authority

As approved by the voters in November 1989, the City adopted Proposition F authorizing the City and the Parking Authority to build parking lots or garages in eight of the City's neighborhood, including the North Beach/Broadway area. On July 12, 2000, \$8.2 million lease revenue bonds, Series 2000A, were sold to finance the design and construction of an approximately 200-space, four level new parking facility described as North Beach Parking Garage Project. Interest rates range from 4.3% to 6.0%. The final maturity date is June 15, 2022. The Parking Authority will lease the garage to the City and the City will make lease payments from the City's general fund.

#### Football Stadium

In June 1997, the voters approved the issuance of up to \$100 million in lease revenue bonds for the construction of a new football stadium at Candlestick Point, the home of the San Francisco 49ers Football Team. The existing stadium, 3Com Park, is considered to be antiquated and in need of substantial repairs. The \$100 million lease revenue bonds will be the City's contribution toward the total cost of the stadium project. The 49ers will be responsible for paying the remaining cost of the stadium construction project. None of these bonds have been issued.

These voter-approved lease revenue bonds will be repaid from lease payments made by the City's General Fund or other governmental funds.

#### Certificates of Participation

In August 2000, the City issued \$137.2 million in Certificates of Participation. Interest rates for the certificates range from 4.0% to 5.25% and they mature in 2021. The certificates are for the San Bruno Jail No. 3 Replacement Project. They were issued to finance the replacement of an existing medium-security jail with a maximum-security jail in San Bruno, California approximately 20 miles south of San Francisco.

#### ***Business-Type Activities Long-Term Liabilities***

The following provides a brief description of the current year additions to the long-term debt of the business-type activities.

#### Airport

On December 7, 2000, the Airport issued Second Series Revenue Bond Issue 26 in the amount of \$238.2 million with interest rates ranging from 4.5% to 6.0% and a final maturity date of May 2030.

The Second Series Revenue Bonds were issued to provide funds to finance capital improvements in accordance with the Airport Master Plan. Certain of the Second Series Revenue Bonds are subject to optional and mandatory redemption under certain conditions. All bonds are secured by a pledge of, lien on, and security interest in net revenues of the Airport.

Upon the terms and conditions set forth in a letter of credit dated as of May 1, 1997, the Airport obtained a \$300 million standby letter of credit that may be increased to \$400 million and commenced issuing commercial paper as a means of interim financing. The rates on this letter of credit vary from 2.9% to



## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

3.9%. The Airport intends to refinance the commercial paper with Airport Revenue Bonds when the timing is appropriate. The amount of commercial paper outstanding at June 30, 2001 totaled \$397.5 million.

#### Water Department/Hetchy Hetchy Project

In November 1997, the San Francisco voters approved Propositions A & B, authorizing up to \$304 million in Water Revenue Bonds to fund capital improvements for the Water Enterprise. In May and June 1999, the Public Utilities Commission and the Board of Supervisors respectively approved a commercial paper program to provide short-term financing for capital improvement projects funded under the \$304 million Water Revenue Bond Program. Under the enabling ordinance approved by the Board of Supervisors, the maximum amount of commercial paper that may be outstanding at any given time is \$150 million. As of June 30, 2001, the amount of outstanding commercial paper was \$75 million.

#### Clean Water Program

For the year ended June 30, 2001, the Clean Water Program received \$26 million in State Revolving fund loans from the California Water Resources Board, bringing the total amount outstanding to \$193.6 million. These loans are used to finance the construction of certain Clean Water Program facilities such as the Rankin Street Pump Station and Islais Creek Station.

#### ***Component Unit Debt - Redevelopment Agency***

The current year debt activities of the Redevelopment Agency are discussed in note 12.

### **(9) Employee Benefit Programs**

#### **(a) Retirement Plans**

The City maintains a single-employer, defined benefit pension plan (the Plan) which covers substantially all of its employees, and certain classified and certified employees of the San Francisco Community College District and Unified School District. The Plan is administered by the San Francisco City and County Employees' Retirement System (the Retirement System). Some City employees participate in the California Public Employees Retirement System (PERS), an agent multiple-employer, public employee pension plan which covers certain employees in public safety functions, the Port, the Airport and the Redevelopment Agency.

#### ***Employees' Retirement System***

Plan Description - Substantially all full-time employees of the City participate in the Plan. The Plan provides basic service retirement, disability and death benefits based on specified percentages of defined final average monthly salary and provides annual cost-of-living adjustments after retirement. The Plan also provides pension continuation benefits to qualified survivors. The San Francisco City and County Charter and Administrative Code is the authority which establishes and amends the benefit provisions and employer obligations of the Plan. The retirement related payroll for employees covered by the Retirement System for the year ended June 30, 2001 was \$1,727 million; the City's total payroll was \$1,803 million. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the San Francisco City and County Employees' Retirement System, 30 Van Ness, Suite 3000, San Francisco, CA 94102 or by calling (415) 487-7020.

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### Membership

Membership of the Retirement System at July 1, 2000, as used in the latest actuarial valuation, consisted of the following:

	<u>Police</u>	<u>Fire</u>	<u>Others</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits	<u>1,937</u>	<u>1,731</u>	<u>14,396</u>	<u>18,064</u>
Active members:				
Vested	1,574	1,239	15,748	18,561
Nonvested	<u>614</u>	<u>502</u>	<u>10,250</u>	<u>11,366</u>
Subtotal	<u>2,188</u>	<u>1,741</u>	<u>25,998</u>	<u>29,927</u>
Total	<u>4,125</u>	<u>3,472</u>	<u>40,394</u>	<u>47,991</u>

Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Funding Policy - Contributions are made to the basic plan by both the City and the participating employees. Employee contributions are mandatory. Employee contribution rates for fiscal year 2000-01 varied from 7.00% to 8.00% as a percentage of gross salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. Based on the actuarial report, there were no required employer contributions for fiscal year 2000-01 because the City is funded at 138.8% of liability.

Employer contributions and member contributions made by the employer to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions.

Annual Pension Cost - The annual required contribution for the current year was determined as part of an actuarial valuation performed as of July 1, 2000. The actuarial method used was the entry age normal cost method. The significant actuarial assumptions include: (1) annual rate of return on investments of 8.25%; (2) inflation element in wage increase of 4.5%; and (3) salary merit increases of 1.25%. Unfunded liabilities are amortized using the level percentage of payroll method. Changes in actuarial gains and loss assumptions and purchasable services are amortized as a level percentage of pay over a closed 15 year period. Plan amendments are amortized over 20 years.

Three-year trend information is as follows (amounts in thousands):

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/1999	\$0	N/A	\$0
6/30/2000	\$0	N/A	\$0
6/30/2001	\$0	N/A	\$0

### *California Public Employees' Retirement System*

Various City public safety, Port, and all Redevelopment Agency employees are eligible to participate in PERS. Disclosures for the Redevelopment Agency are included in the separately issued financial statements.

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Plan Description - The City and County of San Francisco contributes to PERS, an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy - Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The fiscal year 2000-01 fiscal year contribution rates were 0% for miscellaneous employees and 0% for safety employees, of annual covered payroll because the City is funded at 132%. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost - The City's annual pension cost for PERS for fiscal year 2000-01 was equal to the City's required and actual contributions which was determined as part of the June 30, 1999, actuarial valuation using the entry age normal actuarial cost method. The most recent actuarial valuation was performed as of June 30, 1999. The assumptions included in the June 30, 1999 actuarial valuation were: (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.75% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. Changes in unfunded liability/(excess assets) due to changes in actuarial methods or assumptions or changes in plan benefits are amortized over as a level percentage of pay over a closed 20 year period. Actuarial gains and losses are first offset against one another and then 10% of the net unamortized gain/loss is recognized.

Three-year trend information is as follows (amounts in thousands):

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/1999	\$ 0	N/A	\$0
6/30/2000	\$ 0	N/A	\$0
6/30/2001	\$ 0	N/A	\$0

### (b) Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or other beneficiaries until termination, retirement, death, or unforeseeable emergency.

The City has no administrative involvement and does not perform the investing function. The City has no fiduciary accountability for the plan and, accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.

### (c) Health Service System

The Health Service System was established in 1937. Health care benefits of employees, retired employees and surviving spouses are financed by beneficiaries and by the City through the Health

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Service System. The employers' contribution, which includes the San Francisco Community College District and Unified School District, amounted to approximately \$192.9 million in fiscal year 2001. The employers' contribution is mandated and determined by Charter provision based on similar contributions made by the ten most populous counties in California. Included in this amount is \$31.9 million to provide postretirement health care benefits for 17,477 retired employees. The City's liability for both current employee and postretirement health care benefits is limited to its annual contribution. The City's contribution is paid out of current available resources and funded on a pay-as-you-go basis. The Health Service System issues a publicly available financial report that includes financial statements and required supplementary information for the Health care benefits. That report may be obtained by writing to the San Francisco Health Service System, 1145 Market Street, 2<sup>nd</sup> Floor, San Francisco, CA 94103 or by calling (415) 554-1700.

#### **(10) SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY**

The San Francisco County Transportation Authority (Authority) was established in 1989 by the voters of the City and County of San Francisco. The purpose of the Authority is to impose the voter-approved transactions and use tax of one-half of one percent to fund essential traffic and transportation projects, as set forth in the San Francisco County Transportation Expenditure Plan, for a period not to exceed 20 years. The principal focus of the Authority's Expenditure Plan is to define a program of prioritized projects to ensure that funding is allocated across major transportation categories. The City accounts for these activities in a Special Revenue Fund.

In June 1992, the Authority was designated by the Board of Supervisors as the overall program manager for the Local Guarantee share of transportation funds available through the "Transportation Fund for Clean Air" Program (AB 434) which is administered by the Bay Area Air Quality Management District. The source of funds is a \$4.00 surcharge on the vehicle registration fee.

The Authority also receives funding from the Metropolitan Transportation Commission in accordance with the Federal Surface Transportation Program for congestion management activities.

In April 1998, the Authority signed a memorandum of understanding with the State of California Department of Transportation (Caltrans) to serve as the lead agency for the environmental impact research and study and the preliminary design for the Doyle Drive Replacement Project for which Caltrans was awarded \$6 million in federal grant funds.

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Following is a summary of the Authority's financial position and results of operations as of and for the year ended June 30, 2001 (in thousands).

ASSETS		OPERATIONS	
Deposits and investments.....	\$ 189,007	Revenues:	
Receivables.....	<u>23,311</u>	Sales tax.....	\$ 75,487
Total assets.....	<u>\$ 212,318</u>	Interest and investment income.....	13,414
		Intergovernmental.....	3,841
		Other.....	<u>26</u>
			92,768
LIABILITIES AND FUND BALANCE			
Due to other funds.....	\$ 49,268	Expenditures and other financing uses:	
Other liabilities.....	<u>1,013</u>	Public works, transportation, and commerce.....	90,433
Total liabilities.....	<u>50,281</u>	Transfer to Muni Railway, Department of	
Fund balance:		Public Works and City Planning.....	<u>37,220</u>
Reserved for assets not available for			127,653
appropriation.....	3,166	Deficiency of revenues under expenditures	
Reserved for encumbrances.....	124,585	and other financing uses.....	<u>(34,885)</u>
Reserved for appropriation carryforward.....	10,234	Fund balance at beginning of year, as previously	
Unreserved.....	<u>24,052</u>	reported.....	196,896
Total fund balance.....	<u>162,037</u>	Cummulative effect of a change in accounting	
Total liabilities and fund balance.....	<u>\$ 212,318</u>	principle.....	<u>26</u>
		Fund balance at beginning of year, as restated.....	<u>196,922</u>
		Fund balance at end of year.....	<u>\$ 162,037</u>

### (11) DETAIL INFORMATION FOR ENTERPRISE FUNDS

#### (a) San Francisco International Airport

The Airport commenced operation on June 7, 1927. The Airport is the principal commercial service airport for the San Francisco Bay Area. A five-member Airport Commission is responsible for the operation, development, and maintenance activities of the Airport.

On November 3, 1992, the Airport Commission approved the Master Plan that is designed to improve the efficiency and increase the capacity of various facilities, including terminals, gates, ground transportation and various support facilities. In connection with the Master Plan, the Commission approved the issuance of up to \$2.8 billion in bonds to provide funds for refunding of existing bonds and to finance near-term master plan projects. In addition, the Airport Commission authorized bonds for certain infrastructure projects. In fiscal year 2001, the Airport completed its Near Term Master Plan Program and opened the new International Terminal Building for full operations on December 10, 2000. Other improvements completed were the inbound/outbound ramps and elevated circulation roadways to connect the International Terminal Complex to US Highway 101, and individual projects consisting of other terminal, parking, cargo, general aviation, emergency response, security and facilities improvements and the

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

construction of the Air Train System. Total capital acquisition and construction of property, plant, and equipment for fiscal year 2001 was \$533 million.

In 1997, the Airport sued tenants who failed to clean up their sites seeking approximately \$18.0 million for costs directly incurred by the Airport through May 1998 for which the tenants were responsible. Environmental cleanup costs, net of reimbursements received from tenants, increased by \$12.3 million. Recoveries received from tenants were \$.18 million in fiscal year 2001 while costs incurred during the same period were \$3.1 million. The net environmental cleanup costs are included in other operating expenses in the proprietary statement of revenues, expenses and changes in fund net assets.

Pursuant to an agreement with certain airlines, the Airport makes an annual payment to the City's General Fund equal to 15% of concession revenue, but not less than \$5 million per fiscal year. The amount transferred to the General Fund during fiscal year 2000-2001 was \$25.1 million.

The Airport has entered into an agreement with the City of South San Francisco to provide \$10 million for noise mitigation. To date, the Airport has spent approximately \$10 million. In addition, the Airport has agreed to expend up to \$120 million for aircraft noise insulation in the cities that are located near the Airport. On June 1, 1996, the Airport issued Second Series Revenue Bond Issue 11 in the amount of \$82.3 million to provide financing for the noise insulation. The Airport expects to meet its commitment for the noise insulation program from the proceeds of Bond Issue 11, anticipated federal grant reimbursements to the local communities, and operating and other internally generated funds. If these funds are not sufficient, the Airport may issue additional bonds to satisfy the commitment. As of June 30, 2001, approximately \$104.1 million has been disbursed to the communities under this project.

Purchase commitments for construction, materials and services at June 30, 2001 were approximately \$131.8 million.

During fiscal year 1998, the Airport issued \$125 million in Special Facilities Lease Revenue Bonds on behalf of the SFO Fuel Company LLC (SFO Fuel). SFO Fuel is a consortium of airlines created for the purpose of acquiring, constructing, modifying, expanding, and installing certain jet fuel system at the Airport. SFO Fuel is required to pay facilities rent to the Airport in an amount equal to the debt service payments and required bond reserve account deposits on the bonds. The principal and interest on the bonds will be paid solely from the facilities rent payable by SFO Fuel to the Airport. The Airport has assigned its right to receive the facilities rent to the bond trustee to pay and secure the payment of the bonds. Neither the Airport nor the City is obligated in any manner for the repayment of these obligations and, as such, they are not reported in the accompanying basic financial statements.

Based on an application submitted to the Federal Aviation Administration (FAA) in fiscal year 2001, the Airport was granted approval on July 27, 2001 for the imposition and use of a \$4.50 Passenger Facility Charge (PFC) per enplaning passenger beginning October 1, 2001. This charge is for eligible project development activities related to runway reconfiguration studies currently being conducted. The FAA authorized the Airport to collect approximately \$112.7 million in PFC revenue under the first PFC request which is expected to extend through June 2003. The PFC funds received by the Airport are subject to audit and final acceptance by the FAA. Costs recovered through PFC funding are subject to adjustment upon audit. Following approval of PFC Application Number 1, the Airport filed a notice of intent to apply for PFC Application Number 2. This will be a funding source to pay for (1) principal and interest on bonds issued for eligible costs associated with the development of the new International Terminal and (2) eligible costs to develop a Precision Runway Monitoring System (PRM). The estimated cost of projects associated with Application Number 2 is approximately \$244.4 million and it is expected that PFC collections would extend through August 2007.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

#### **(b) Port of San Francisco**

A five-member Port Commission is responsible for the operation, development, and maintenance activities of the Port of San Francisco (Port). Prior to 1969, the Port was owned by the State of California. At that time the Port was transferred in trust to the City under the terms and conditions of legislation as ratified by the electorate of the City. The State retains the right to amend, modify or revoke the transfer of lands in trust provided that it assumes all lawful obligations related to such lands.

In 1996, the Department of Parking and Traffic (DPT) entered into an Annual Payment Agreement with the Port to resolve a dispute concerning the City's collection of parking fine revenues from Port property. DPT agreed to pay the Port a guaranteed annual payment of \$1.2 million for twenty years commencing on July 1, 1997, for past parking fine revenues collected from Port property. Thereafter, amounts remitted to the Port are based on actual ticket collections, net of administrative costs.

On November 26, 1996, a fire at the east end of Pier 48 destroyed the interconnecting wood frame structure and caused substantial structural damage to the steel frames, walls, and roof at the easterly end of Sheds A and B on the pier. On July 14, 1998, a fire damaged the historic ferry slip arch structure at Pier 43 and the one-story auxiliary building connected to the arch's west tower. Insurance was in force to cover fire damage to the Port's property at both piers. Through June 30, 2001, the Port received interim insurance payments of \$6.2 million for Pier 48 and \$0.5 million for Pier 43. The Port is involved in discussions with its insurers as to additional insurance proceeds which the Port believes it is entitled.

In July 1997, the Port entered into a ten year subordinate commercial loan agreement with a bank for \$12 million to finance certain capital projects. The loan is subordinate to all bonds payable by the Port. The loan interest rate, which was 5.68% at June 30, 2001, adjusts with the LIBOR rate. The Port purchased an interest rate cap which mitigates the interest rate risk associated with a variable rate loan. The maximum the Port will pay is 8.5%. The loan is secured by a lien on, and security interest in, Net Revenue as defined in the loan agreement. Covenants of the loan agreement include that the Port will maintain its business operations and establish and maintain rentals, rates, fees, and charges for the use of the Port area and for services rendered by the Port so that Net Revenue, as defined in the loan agreement, less the annual debt service on the Revenue and City bonds in each fiscal year will be at least equal to 115% of aggregate annual debt service for such fiscal year. For the year ended June 30, 2001, the Port was in compliance with such covenants. The entire balance outstanding of \$8.7 million at June 30, 2001 was paid off on July 2, 2001.

The Port is presently planning various development projects which involve a commitment to expend significant funds. Purchase commitments at June 30, 2001 were \$8.0 million for capital projects and \$1.3 million for general operating costs. Under an agreement with the San Francisco Bay Conservation and Development Commission (BCDC), the Port is committed to fund and expend up to \$30 million over a 20 year period for pier removal, parks and plazas and other public access improvements.

In 2001, the Port entered into a Memorandum of Understanding (MOU) with the San Francisco Municipal Railway (MUNI) for their permanent right to use an approximate 17 acre site of the Western Pacific Railroad Yard for its Metro East Maintenance and Operations Facility. The Port received a payment of \$25.7 million for the property rights in perpetuity from MUNI which was reported as a special item in the proprietary funds statement of revenues, expenditures and changes in fund net assets.

#### **(c) Water Department/Hetch Hetchy Project**

The segment data presented reflects the activities of the San Francisco Water Department and the Hetch Hetchy Project (Water/Hetch Hetchy). Water/Hetch Hetchy was established in 1930 and is engaged in the

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

collection, transmission and distribution of water and electricity to the City and certain suburban areas. The Hetch Hetchy Project is a system of reservoirs and hydroelectric generating stations and the related distribution systems. It provides the Water Department with its water for San Francisco and other municipalities and sells electric power to City departments and other public agencies. The Public Utilities Commission was established in 1932 and consists of a five-member commission responsible for providing operational oversight of the public utility enterprises of the City which include Water/Hetch Hetchy and the Clean Water Program (CWP) (note 10(g)).

Effective April 1, 1998, the California electric market changed into a competitive market which permitted customers of investor-owned utilities to be eligible for direct access. The deregulation of the California electric industry resulted from the passage of Assembly Bill 1890 (AB-1890), which strongly encourages public agency-owned utilities to elect to participate in the competitive framework of the California electric market. AB-1890 provided electric utilities with a basis for recovery of certain costs. In anticipation of this restructured market, Hetch Hetchy Project has developed a strategic plan that will guide its electric utility's transition efforts into the new environment.

In June 1998, the San Francisco voters passed Proposition H. This proposition froze the water rates at the level in effect as of January 1, 1998 until July 1, 2006 subject to certain limited exceptions, such as to cover the debt service for the 1997 Revenue Bonds that were approved by voters but unissued.

Water sales to suburban resale customers in fiscal year 2000-2001 were \$71.3 million. As of June 30, 2001, the Water/Hetch Hetchy under the Suburban Water Rate Agreement owed suburban resale customers approximately \$2.2 million.

Charges for services in fiscal year 2000-2001 include \$49.3 million in sales of power by Hetch Hetchy to other City departments. Income from Water/Hetch Hetchy is available for certain operations of the City. During the year ended June 30, 2001, \$29.9 million was transferred from the Hetch Hetchy Project to the General Fund.

Hetch Hetchy serves as an intermediary agency between Pacific Gas & Electric (PG&E) and all City departments for the design and construction of various electrical components and other related systems needed to deliver electricity. As of June 30, 2001, various City departments were indebted to Hetch Hetchy for construction costs of approximately \$1.6 million incurred by Hetch Hetchy on their behalf. This is accounted for in due from other funds and internal balances within the basic financial statements. Hetch Hetchy receives title to the underlying assets of certain completed projects on behalf of the City and assumes responsibility for their maintenance, repair and replacement following their initial year of operation.

The Public Utilities Commission has contracted with PG&E to provide transmission capacity on PG&E's system where needed to deliver Hetch Hetchy's power to its customers. In addition, the PG&E agreement provides backup power and other support services to Hetch Hetchy. The PG&E agreement allows PG&E to review past billings paid by Hetch Hetchy and to retroactively adjust these payments to actual backup power, transmission, and other charges as finally determined by PG&E. During fiscal year 2001, Hetch Hetchy purchased \$13.5 million of transmission services, backup power, and other support services from PG&E under the terms of the agreement.

To meet certain requirements of the Don Pedro Reservoir operating license, the City entered into an agreement with the Modesto and Turlock Irrigation Districts (the Districts) in which the Districts would be responsible for an increase in water flow releases from the reservoir in exchange for annual payments of \$3.5 million from the City. The payments are to be made for the duration of the license, but may be terminated with one year's prior written notice after 2001. The City and the Districts have also agreed to



## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

monitor the fisheries in the lower Tuolumne River for the duration of the license. A maximum monitoring expense of \$1.4 million is to be shared between the City and the Districts over the term of the license. The City's share of the monitoring costs is 52% and the Districts are responsible for 48% of the costs.

As of June 30, 2001, Water/Hetch Hetchy had outstanding commitments for various capital projects and for materials and supplies in the amount of \$88.1 million.

In July 1999, the California Regional Water Quality Control Board (CRWQCB) issued a directive instructing the Water Department to develop a remedial action plan that addresses environmental contamination located at certain real property owned by the Water Department. In response to the directive, the Commission developed a remedial action plan and in August 2001 received the final directive from the CRWQCB to execute a remedial plan by mid-2004. The Commission has appropriated funding for pre-work and the award of Phase I of the remedial action plan during fiscal year 2002. The total cost of cleanup associated with this plan is estimated at \$22.8 million and has been accrued in fiscal year 2001.

#### **(d) Municipal Railway**

The San Francisco Municipal Railway (MUNI) is the City's public transit agency. Muni was established in 1912. During the fiscal year 1999-2000, the San Francisco Municipal Transit Agency (MTA) was created by Proposition E, a Charter amendment approved by the voters, to run MUNI. MTA replaced the San Francisco Public Transportation Commission. The segment data reflects the combined operations of Muni and the San Francisco Municipal Railway Improvement Corporation (SFMRIC). SFMRIC is a nonprofit corporation established to provide capital financial assistance for the modernization of Muni by acquiring, constructing, and financing improvements to the City's public transportation system.

The City's Annual Appropriation Ordinance provides funds to subsidize Muni's operating deficits as determined by the City's budgetary accounting procedures, subject to the appropriation process. The amount of the fiscal year 2000-2001 General Fund Subsidy to Muni was \$98 million.

Muni receives capital grants from various federal, state, and local agencies to finance transit related property and equipment purchases. As of June 30, 2001, the Municipal Railway had approved capital grants with unused balances amounting to \$252.3 million. Capital grants receivable as of June 30, 2001 totaled \$80.9 million.

Muni also receives operating assistance from various federal, state, and local sources, including Transit Development Act funds and sales tax allocations. As of June 30, 2001, the Municipal Railway had various operating grants receivable of \$13.5 million.

These capital grants and operating assistance include funds from the San Francisco County Transportation Authority (SFCTA). During the year ended June 30, 2001, The Authority approved \$33.2 million in new capital grants and \$15.2 million in new operating grants for MUNI. During the same period, MUNI received total payments of \$58.1 million for capital grants and \$15.5 million in operating grants from the Authority. As of June 30, 2001, Muni had \$39.3 million due from the Authority for capital grants and \$1.6 million due from the Authority for operating grants.

The State Public Utilities Code requires that fare revenues must equal or exceed 33% of operating costs in order to qualify for an allocation of certain sales tax revenues available for public transit. Transit operators may add local support to fare revenues in order to calculate the fare recovery ratio. The City provides significant local support to Muni from parking revenues and the General Fund.

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Muni has outstanding contract commitments of approximately \$108.8 million with third parties for various capital projects. Grant funding is available for a majority of this amount. Muni also has outstanding commitments of approximately \$8.9 million for non-capital expenditures. Various local funding sources are used to finance these expenditures. Muni is committed to numerous capital projects for which it anticipates that federal and state grants will be the primary source of funding. SMFRIC's Board of Directors has authorized SMFRIC to extend financial guarantees to Muni for certain projects totaling \$3.3 million.

In March 2001, Muni and the Port entered in to a MOU under which Muni may use the Metro East in perpetuity for rail vehicle maintenance, operations and other operational needs at a cost of \$25.7 million. This amount is reported as a Special Item in the proprietary funds statement of revenues, expenses and changes in fund net assets. MUNI received a capital contribution from SFCTA for this. As part of this MOU, MUNI will pay the Port an additional \$4 million in Fiscal Year 2002 to construct the Illinois Street Bridge over Islais Creek. MUNI has accounted for this as a non current deferred charge with funding from SFCTA as a long-term deferred credit.

### (e) Laguna Honda Hospital

The Laguna Honda Hospital (LHH) is a skilled nursing facility which specializes in serving elderly and disabled residents. The operations of LHH are subsidized by the City. It is the City's policy to fund operating deficits of the enterprise on a budgetary basis; however, the amount of operating subsidy provided is limited to the amount budgeted by the City. Accordingly, depreciation and certain non-current accrued expenses are not funded, resulting in continuing deficits. In those circumstances, the City allows the enterprise to show a deficit on a budget basis. For the year ended June 30, 2001, the subsidy for LHH was \$26.8 million.

Net income of Laguna Honda on a GAAP basis	\$18,208
Tobacco claims settlement*	(18,900)
Net loss on specific/donor restricted funds	57
Operating subsidy from City General Fund	(26,020)
Operating subsidy from General Hospital	<u>(734)</u>
Net loss of Laguna Honda	
on a GAAP basis before operating subsidy	(27,389)
Expenses which require budgetary funding but are not GAAP basis expenses:	
Capitalized services and other asset purchases	(1,758)
Change in encumbrances and appropriation carryforwards	171
Expenses which do not require budgetary funding but are GAAP basis expenses:	
Depreciation and other expenses	<u>2,222</u>
Net loss of Laguna Honda requiring General Fund subsidy on a budget basis	<u><u>\$(26,754)</u></u>

\*During the year ended June 30, 2001, LHH received approximately \$17 million of the tobacco settlement funds and \$1.9 million in income from investments. As a result, LHH's net assets on a GAAP basis do not show a deficit.

LHH has agreements with third-party payors that provide for reimbursement to LHH at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the hospital's established rate for services and amounts reimbursed by third-party payors. Medicare and Medi-Cal are the major third-party payors with whom such agreements have been

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

established. During the year ended June 30, 2001, Medicare and Medi-Cal charges for services amounted to approximately \$3.2 million and \$96 million, respectively. As of June 30, 2001, LHH had net patient receivables from Medicare of \$1.5 million and net patient receivables from Medi-Cal of \$12.1 million.

During fiscal year 2001, LHH received approximately \$9.1 million in a one-time, lump sum payment for a retroactive Medi-Cal rate adjustment for fiscal year 2001. This was the result of state legislation which matched federal and state funds. Also, LHH recognized approximately \$106,000 for a retroactive rate adjustment from Medi-Cal for the period August 1, 1995 through July 31, 1996. This adjustment is the result of successful litigation brought against the State of California Department of Health Services.

In November 1999, San Francisco voters approved Proposition A, a ballot measure authorizing the City to finance the acquisition, improvement, construction and/or reconstruction of a new health care, assisted living and/or other type of continuing care facility or facilities to replace Laguna Honda Hospital. Proposition A stipulates that approximately \$100 million of tobacco settlement funds received by the City, excluding \$1 million set aside each year for smoking education and prevention programs, may be used to pay for construction of a replacement facility for LHH.

### **(f) General Hospital Medical Center**

The San Francisco General Hospital Medical Center (SFGH) is an acute care hospital. The operations of SFGH are subsidized by the City. It is the City's policy to fully fund enterprise operations on a budgetary basis; however, the amount of operating subsidy provided is limited to the amount budgeted by the City. Accordingly, depreciation and certain non-current accrued expenses are not funded, resulting in continuing deficits. In those circumstances, the City allows the enterprise to show a deficit on a budget basis. For the year ended June 30, 2001, the subsidy for SFGH was \$79.1 million.

Loss before operating transfers of SFGH on a GAAP basis	\$(10,821)
Reimbursement to City General Fund for SB 855 matching program	(67,996)
Net gain on specific/donor restricted funds	0
Operating transfers from City General Fund to support SFGH on:	
Short Doyle program	0
Operation of Mental Health Rehabilitation Facility	0
Other Program Support	(366)
Interest expense on the overdraft funds with the City Treasury	3,526
Expenses which require budgetary funding but are not GAAP basis expenses:	
Capitalized services and other asset purchases	(3,258)
Change in encumbrances and appropriation carryforwards	(7,498)
Expenses which do not require budgetary funding but are GAAP basis expenses	
Depreciation expense	6,331
Other expenses	<u>946</u>
Net loss of SFGH requiring General Fund subsidy on a budget basis	<u><u>\$(79,136)</u></u>

SFGH has agreements with third-party payors that provide for reimbursement to SFGH at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between SFGH's established rates and amounts reimbursed by third-party payors. Major third-party payors with whom such agreements have been established are Medicare, Medi-Cal, the State of California through Senate Bills 855 and 1255 and the Short-Doyle mental health program,

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

the federal Medi-Cal Medical Education Program and Administrative Claiming System, and a managed care agreement signed with a health maintenance organization (HMO).

During the year ended June 30, 2001, Medicare and Medi-Cal revenue accounted for \$45 million and \$47 million of net patient service revenue respectively. As of June 30, 2001, SFGH had net patient receivables from Medicare of \$12 million and net patient receivables from Medi-Cal of \$26 million.

State of California Senate Bill 855 (SB-855) was passed by the state legislature in July 1991 to provide additional funding to hospitals which provide a significant portion of their services to Medi-Cal recipients. In order to receive additional funds, the City must transfer funds to the State Medi-Cal program so that the funds may be matched by federal funds. Gross patient revenue recorded by SFGH for SB-855 totaled \$104.1 million for the fiscal year ended June 30, 2001. This revenue was offset by a reduction in the General Fund operating subsidy of \$68 million for net SB 855 revenues of \$36.1 million for the year ended June 30, 2001.

In addition, SFGH receives funding from the State of California under Senate Bill 1255 (SB-1255) which establishes a funding pool through public and private sector contributions with matching federal participation. For the year ended June 30, 2001, SFGH recognized gross patient revenue in the amount of \$48 million offset by a reduction in the contribution provided by the City of \$26 million for net SB 1255 revenues of \$22 million.

Under the Medi-Cal Medical Education program, SFGH is reimbursed for medical education costs incurred for services rendered to Medi-Cal beneficiaries. For the year ended June 30, 2001, SFGH recognized net patient service revenue in the amount of \$1.3 million.

As of June 30, 2001, SFGH had Medi-Cal supplemental reimbursement receivables for SB-855, SB-1255, and other federal and state settlement payments of approximately \$6.7 million.

The State of California provides support to SFGH through a realignment of funding provided from vehicle license fees and sales tax allocated to California's counties. SFGH recognized \$61.1 million as non-operating state revenue for the year ended June 30, 2001 from realignment funding.

In addition, SFGH was reimbursed by the State of California, under the Short-Doyle program, for mental health services provided to qualifying residents based on an established rate per unit of service not to exceed an annual negotiated contract amount. During the year ended June 30, 2001, reimbursement under the Short-Doyle program amounted to approximately \$4.7 million and is included in operating transfer in.

State of California Proposition 99, the Tobacco Tax Initiative, allocates funds to counties for health care services to indigent persons and others who are unable to pay for health care services. Proposition 99 funds allocated to SFGH for the year ended June 30, 2001 amounted to \$3.1 million and are included in non-operating state revenue.

SFGH provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Charges foregone based on established rates were \$160 million and estimated costs and expenses to provide charity care were \$125 million in fiscal year 2000-2001.

The City contracts on a year-to-year basis on behalf of SFGH with the University of California (UC). Under the contract, SFGH serves as a teaching facility for UC professional staff, medical students, residents, and interns who, in return, provide medical and surgical specialty services to SFGH's patients. The total

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

amount for services rendered under the contract for the year ended June 30, 2001 was approximately \$42.0 million.

#### **(g) Clean Water Program**

The CWP was established in 1977 pursuant to bond resolutions to account for the City's municipal sewage treatment and disposal system. The CWP is part of the Public Utilities Commission (note 10 (c)).

In June 1998, the San Francisco voters passed Proposition H, which froze the sewer rates at the level in effect as of January 1, 1998 until July 1, 2006 subject to certain limited exceptions, such as to cover new revenue bonds approved by the voters to finance sewer system improvements.

CWP's revenue, which consists mainly of sewer service charges, is pledged for the payment of principal and interest on the various Sewer Revenue Bonds.

CWP has entered into several loan contracts with the California State Water Resources Control Board under which CWP borrowed monies to finance the construction of certain facilities. As of June 30, 2001, the Clean Water Program had \$193.6 million principal outstanding.

In 1995, CWP entered into a forward purchase and sale agreement with a financial institution. Under the agreement, CWP received an up front fee of \$8.9 million from the financial institution. In exchange, CWP will use its debt service payments not yet due to bondholders to purchase short-term U.S. Treasury bills at face value. Revenue is being recognized over the life of the agreement based on the present value of the future earnings. The fee was recorded as deferred revenue and the unamortized balance as of June 30, 2001 was \$2.4 million.

Purchase commitments for construction and for materials and services totaled \$13.7 million at June 30, 2001.

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### (h) Parking Garages/Other

The segment data reflects the operations of five parking garages operated by separate nonprofit corporations organized by the City. This segment data also includes the San Francisco Market Corporation, a nonprofit corporation organized to acquire, construct, finance and operate a produce market. Segment information of these nonprofit corporation for the year ended June 30, 2001 follows (in thousands):

	Downtown Parking	Uptown Parking	Japan Center Garage	Ellis- O'Farrell Parking	Portsmouth Plaza Parking	San Francisco Market	Total
Operating revenues.....	\$ 12,117	\$ 15,635	\$ 2,003	\$ 3,835	\$ 2,931	\$ 1,068	\$ 37,589
Depreciation.....	687	-	-	-	115	252	1,054
Operating income (loss).....	1,050	1,947	(4)	1,419	112	308	4,832
Interest and other non-operating revenues (expenses).....	(517)	348	63	(273)	(9)	(38)	(426)
Change in net assets.....	533	2,295	59	1,146	103	270	4,406
Fixed assets additions.....	706	2,699	263	1,155	54	4,446	9,323
Fixed assets deletions.....	-	-	-	-	-	(3,855)	(3,855)
Net working capital (deficit).....	(5,911)	(10,679)	265	(474)	384	611	(15,804)
Total assets.....	28,881	36,850	7,286	18,185	2,703	6,853	100,758
Total liabilities.....	19,183	10,943	281	5,800	469	1,194	37,870
Net assets.....	9,698	25,907	7,005	12,385	2,234	5,659	62,888
Total debt outstanding.....	\$ 13,097	\$ -	\$ -	\$ 5,420	\$ 155	\$ 926	\$ 19,598

### (12) SAN FRANCISCO REDEVELOPMENT AGENCY

The Agency is a public body, corporate and politic, organized and existing under the Community Redevelopment Law of the State of California. Since the organization of the Agency in 1948, the Agency has completed four redevelopment project areas and eleven redevelopment project areas are now underway. In addition, the Agency is undertaking feasibility studies for three new redevelopment survey areas designated by the Board of Supervisors of the City and County of San Francisco.

The Agency acts as the lead Agency in administering the Housing Opportunities for Persons with AIDS program which is funded by a grant from the U.S. Department of Housing and Urban Development. Under a grant with the Office of Economic Adjustment on behalf of the U.S. Department of Defense, the Agency has also undertaken community economic adjustment activities for planning the reuse of Hunters Point Naval Shipyard. In October and November 1998, the Board of Supervisors approved ordinances and resolutions adopting the Mission Bay North and South Redevelopment Plans, Interagency Cooperation Agreements, and Tax Allocation Agreements. The two project areas total 303 acres. Mission Bay North consists of approximately 65 acres adjacent to the Pacific Bell Park. Mission Bay South includes approximately 238 acres of land. The Agency has entered into an Owner Participation Agreement with the owner/developer to provide for development of the project areas. The proposed development in the north includes 3,000 housing units, 20% of which will be affordable units, 350,000 square feet of urban entertainment retail space, 100,000 square feet of City-serving retail space, 55,000 square feet of neighborhood-serving retail space and six acres of public open space. The proposed development in the south will include 3,090 housing units, 20% of which will be affordable units, a 43-acre University of California San Francisco (UCSF) research campus, a 500 room hotel, 210,000 square feet of City-serving

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

and neighborhood-serving retail space, five million square feet of commercial industrial space, and a 500-student public school on land to be donated by UCSF. Mission Bay is expected to create over 31,000 new permanent jobs. The Mission Bay development will take place over 20 to 30 years and will require investment of over \$145 million in new public infrastructure. Total development costs for the two project areas are expected to exceed \$4 billion.

The Agency has no direct taxing power and does not have the power to pledge the general credit or taxing power of the City, the State of California or any political subdivision thereof. However, California's Health and Safety Code allows redevelopment agencies with appropriate approvals of the local legislative bodies to recover costs of financing public improvements from increased tax revenues (tax increment) associated with increased property values of individual project areas. During the year, the Agency's revenue from property tax increment was \$34.4 million.

Outstanding bond issues had interest accretion of approximately \$145.2 million during the current year. Interest accretion is included in the outstanding principal balance of the related bonds in the basic financial statements.

In order to facilitate construction and rehabilitation within the project areas, various construction loan notes, promissory notes and mortgage revenue bonds with an aggregate outstanding balance of approximately \$684 million at June 30, 2001, have been issued. When these obligations are issued, they are secured by the related mortgage indebtedness and, in the opinion of management, are not considered obligations of the Agency or the City and therefore not included in the basic financial statements. Debt service payments will be made by developers or property owners.

California Health and Safety Code Section 33334.3 requires the Agency to set aside 20% of the proceeds from its incremental property tax revenues for expenditures for low and moderate income housing. Related interest earned must also be set aside for such purposes. The Agency established the Low and Moderate Income Housing Fund to account for this commitment and has reserved \$173 million for such expenditures. The Agency has expended \$123 million for low and moderate income housing since its inception.

The Agency had commitments under contracts for capital improvements of approximately \$18.7 million at June 30, 2001.

#### **(13) TREASURE ISLAND DEVELOPMENT AUTHORITY**

The TIDA is a nonprofit public benefit corporation. The TIDA was authorized in accordance with the Treasure Island Conversion Act of 1997 and designated as a redevelopment agency pursuant to Community Redevelopment Law of the State of California. The TIDA is governed by seven commissioners who are appointed by the Mayor, subject to confirmation by the City's Board of Supervisors. The specific purpose of the TIDA is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the property known as Naval Station Treasure Island for the public interest, convenience, welfare and common benefit of the inhabitants of the City.

The mission of TIDA is to redevelop the former Naval Station Treasure Island and to manage its integration with the City in compliance with federal, state and City guidelines (including the California Tidelands Trust) to maximize revenues to the City's General Fund; to create new job opportunities for San Francisco residents, including assuring job opportunities for homeless and economically disadvantaged residents; to increase recreational and bay access venues for San Francisco and Bay Area residents; and to promote the welfare and well being of the citizens of San Francisco.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

The services provided by TIDA include negotiating the acquisition of former Naval Station Treasure Island with the U.S. Navy and establishing the Treasure Island Redevelopment Project; renting Treasure Island facilities leased from the U.S. Navy to generate revenues sufficient to cover operating costs; maintaining Treasure Island facilities owned by the U.S. Navy which are not leased to the TIDA or the City; providing facilities for special events, film production and other commercial business uses; providing 1,000 housing units; and overseeing the U.S. Navy's toxic remediation activities on the former naval base.

During fiscal year 2001, TIDA's primary sources of revenues included facility rents and federal grant funding from the U.S. Navy under a cooperative agreement. Under the cooperative agreement, TIDA provides caretaker services for areas of Treasure and Yerba Buena Islands which are owned by the U.S. Navy and not leased to TIDA.

During fiscal year 2001, TIDA submitted an application to the U.S. Navy for the economic conveyance of the former naval station. In fiscal year 2002, TIDA will negotiate the conveyance with the Navy; establish the Treasure Island Redevelopment Project; issue a Request for Qualifications for a Primary Developer and complete the developer selection process.

In fiscal year 1999, an agreement was signed for the rehabilitation of 766 housing units. TIDA also has a contract with the Treasure Island Homeless Development Initiative to assist with the implementation of the homeless component of the Treasure Island Reuse Plan, focusing on the rehabilitation of 222 units for economically disadvantaged persons. In fiscal year 2002, the TIDA will complete the rehabilitation of all remaining housing units and offer these units for rent through its lessee, The John Stewart Company.



**CITY AND COUNTY OF SAN FRANCISCO**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**(14) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

“Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash or when there are transactions between entities where one or both entities do not participate in the City’s pooled cash. The composition of interfund balances as of June 30, 2001 is as follows (in thousands):

**Due to / from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$ 47,761
	Laguna Honda Hospital	1,176
		<u>48,937</u>
Water Department/Hetchy Hetchy Project	Nonmajor governmental fund	353
	San Francisco International Airport	1,260
		<u>1,613</u>
Municipal Railway	Nonmajor governmental fund	<u>40,932</u>
Total		<u>\$ 91,482</u>

**Due to / from primary government and component units:**

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government - governmental	Component unit - SF Redevelopment Agency	<u>\$ 19,587</u>

**Interfund transfers:**

<u>Transfers Out:</u>	<u>Transfers In:</u>					
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Internal Service Funds</u>	<u>Municipal Railway</u>	<u>San Francisco General Hospital</u>	<u>Laguna Honda Hospital</u>
General fund	\$ -	\$ 47,902	\$ 1,117	\$ 98,026	\$ 83,029	\$ 27,243
Nonmajor governmental fund	12,023	79,072	-	16,766	-	-
Internal Service funds	50	-	-	-	-	-
San Francisco International Airport	25,064	-	-	-	-	-
San Francisco General Hospital	67,996	-	-	-	-	734
Water Department/Hetch Hetchy	29,850	-	-	-	-	-
Total transfers out	<u>\$ 134,983</u>	<u>\$ 126,974</u>	<u>\$ 1,117</u>	<u>\$114,792</u>	<u>\$ 83,029</u>	<u>\$ 27,977</u>
						<u>\$ 488,872</u>

The \$257.3 million General Fund transfer out includes a total of \$203.9 million in operating subsidies to Muni, General Hospital, and Laguna Honda Hospital (note 11). The transfers of \$47.9 million from the General Fund to the non major governmental funds is to provide support to various City programs such as the public library and community health services. The transfers between the non major governmental funds are to provide support for various City programs and to provide resources for the payment of debt services.

The General Fund received transfers in of \$68 million from San Francisco General Hospital for reimbursement for the SB 855 matching program (note 11(f)), \$25.1 million from the San Francisco International Airport, representing a portion of concession revenue (note 11(a)), and \$29.9 million from Water Department/Hetch Hetchy income (note 11(c)).

**CITY AND COUNTY OF SAN FRANCISCO**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**(15) COMMITMENTS AND CONTINGENT LIABILITIES**

**(a) Grants and Subventions**

Receipts from federal and state grants and other similar programs are subject to audit to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations. The City believes that no significant liabilities will result.

**(b) Operating Leases**

The City has operating leases for certain buildings and data processing equipment which, require the following minimum annual payments (in thousands):

<u>Fiscal Years</u>	<u>Total Primary Government</u>	<u>Component Unit Redevelopment Agency</u>	<u>Total Reporting Entity</u>
2002.....	\$ 41,752	\$ 1,951	\$ 43,703
2003.....	33,631	2,116	35,747
2004.....	25,509	2,168	27,677
2005.....	22,143	2,207	24,350
2006.....	18,174	1,117	19,291
2007-2011.....	35,307	3,747	39,054
2012-2016.....	451	3,747	4,198
2017-2021.....	177	3,747	3,924
2022-2026.....	177	3,747	3,924
2027-2031.....	153	3,747	3,900
2032-2036.....	-	3,747	3,747
2037-2041.....	-	3,747	3,747
2042-2046.....	-	3,747	3,747
2047-2050.....	-	2,998	2,998
Total.....	<u>\$ 177,474</u>	<u>\$ 42,533</u>	<u>\$ 220,007</u>

**CITY AND COUNTY OF SAN FRANCISCO**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

Several City departments and the Agency lease land and various facilities to tenants and concessionaires who will provide the following minimum annual payments (in thousands):

<b><u>Fiscal Years</u></b>	<b><u>Total Primary Government</u></b>	<b><u>Component Unit Redevelopment Agency</u></b>	<b><u>Total Reporting Entity</u></b>
2002.....	\$ 105,157	\$ 2,614	\$ 107,771
2003.....	107,336	2,597	109,933
2004.....	84,827	2,562	87,389
2005.....	63,038	2,640	65,678
2006.....	51,490	2,642	54,132
2007-2011.....	156,364	12,597	168,961
2012-2016.....	72,322	13,123	85,445
2017-2021.....	61,237	13,552	74,789
2022-2026.....	51,839	14,066	65,905
2027-2031.....	45,613	14,998	60,611
2032-2036.....	41,465	16,071	57,536
2037-2041.....	28,121	17,260	45,381
2042-2046.....	18,923	18,557	37,480
2047-2051.....	14,485	1,321	15,806
2052-2056.....	7,000	-	7,000
2057-2061.....	7,000	-	7,000
2062-2066.....	7,000	-	7,000
2067-2071.....	1,326	-	1,326
Total.....	<u>\$ 924,543</u>	<u>\$ 134,600</u>	<u>\$ 1,059,143</u>

**(c) Other Lease Commitments**

The City is making lease payments to the Agency for the Moscone Convention Center in the amount of approximately \$20 million per year through the year 2024. The lease payments are intended to approximate the debt service on Series 1988 Lease Revenue Bonds which are recorded as a long term obligation of the Agency.

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Amounts to be provided from capital leases are as follows:

<b><u>Fiscal Years</u></b>	
2002.....	\$ 20,696
2003.....	24,129
2004.....	19,953
2005.....	17,524
2006.....	20,090
2007-2011.....	101,536
2012-2016.....	102,964
2017-2021.....	69,236
2022-2024.....	16,617
Total minimum lease payments.....	\$ 392,745
Less amounts representing interest	<u>(162,902)</u>
Present value of maximum lease payments	<u>\$ 229,843</u>

### (d) Other Commitments

The Retirement System has commitments to contribute capital for real estate and venture capital investments in the aggregate amount of approximately \$1.4 billion at June 30, 2001.

The City is a participant in the Peninsula Corridor Joint Powers Board ("PCJPB"), which was formed in 1991 to plan, administer and operate the Peninsula CalTrain rail service. The City, on behalf of Muni, is responsible for 11.6% of the net operating costs and administrative expenses of the PCJPB for operating and capital needs. During the fiscal year ended June 30, 2001, the City contributed approximately \$8.1 million to the PCJPB.

## (16) RISK MANAGEMENT

### ***Risk Retention Program Description***

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; automobile liability and accident claims (primarily for Muni Railway); medical malpractice; natural disasters; employee health benefit claim payments for direct provider care (collectively referred to herein as estimated claims payable); and injuries to employees (workers' compensation). With certain exceptions, it is the policy of the City not to purchase commercial insurance for the risks of losses to which it is exposed. Instead, the City believes it is more economical to manage its risks internally and set aside funds as needed for estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations.

The City maintains limited excess coverage for certain facilities. The Airport carries liability insurance coverage of \$500 million and commercial property insurance coverage for full replacement value on all facilities owned by the Airport. The Airport does not carry insurance for losses due to seismic activity. The Airport is self-insured for general liability up to the first \$10,000 and the Airport carries liability insurance for any amounts in excess of \$10,000. The Port carries commercial insurance for all general liability, property and casualty risks of loss. Additionally, limited insurance coverage is maintained by the City for the Moscone Convention Center property, personal liability, and for art at City-owned museums.

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

The San Francisco Redevelopment Agency is a member of the Bay Cities Joint Powers Authority which provides coverage for its general liability, automobile liability, and public officials errors and omissions risks with combined single limits of \$15,000,000 per occurrence and a deductible of \$50,000 self-insurance retention per occurrence.

Any claims relating to the construction of the Moscone Convention Center are indemnified by the City under an agreement between the Agency and the City.

Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Expenditures and liabilities for all workers' compensation claims and other estimated claims payable are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other legal and economic factors. The recorded liabilities have not been discounted.

### ***Estimated Claims Payable***

Numerous lawsuits related to the governmental fund types are pending or threatened against the City. The City's liability as of June 30, 2001 has been actuarially determined and includes an estimate of incurred but not reported losses. In addition, various businesses in the City had filed suit in California Superior Court challenging the constitutionality of the City Gross Receipts and Payroll Expense Tax Ordinances. The majority of these suits have been settled for approximately \$63 million. The City has issued debt to pay off this liability over 10 years. A few remaining unsettled claims may be settled over the next 12 months and funds are included in the City's estimated claims payable to cover these expected expenses.

Changes in the reported estimated claims payable since June 30, 2000, resulted from the following activity (in thousands):

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
1999-2000	\$ 120,848	\$ 102,026	\$ (33,447)	\$ 189,427
2000-2001	\$ 189,427	\$ 35,219	\$ (33,184)	\$ 191,462

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Breakdown of the estimated claims payable at June 30, 2001 is as follows (in thousands):

<u>Governmental activities:</u>	
Current portion of estimated claims payables.....	\$ 114,882
Long-term portion of estimated claims payable.....	35,085
<u>Business-type activities:</u>	
Current portion of estimated claims payables.....	15,470
Long-term portion of estimated claims payable.....	26,025
Total	<u>\$ 191,462</u>

The Retirement System is involved in five class action type lawsuits which are collectively referred to as "Final Compensation" cases. These lawsuits allege that the Retirement System should include additional "pay types" in pension calculations. The most significant pay types common to all members of the Retirement System are lump sum payments after termination of employment for sick leave and vacation. The police, fire, and transit employees have additional claims for special pay types specific to those employee groups. These cases are being vigorously contested. The City Attorney has sought outside counsel to help defend the claims. The possible loss to the Retirement System should these cases be successful, while difficult to estimate, could range between \$530 million and \$725 million. The actual loss could exceed this range. No liability has been accrued by the City relating to these lawsuits as of June 30, 2001.

### **Workers' Compensation**

The City self-insures for workers' compensation coverage. The City's liability as of June 30, 2001 has been actuarially determined and includes an estimate of incurred but not reported losses. The total amount estimated to be payable for claims incurred as of June 30, 2001 was \$ 256.8 million which is reported in the appropriate individual funds in accordance with the City's accounting policies (note 2).

Changes in the reported accrued workers' compensation since June 30, 2001, resulted from the following activity (in thousands):

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
1999-2000	\$ 215,065	\$ 75,143	\$ (55,592)	\$ 234,616
2000-2001	234,616	77,812	(55,636)	256,792

# CITY AND COUNTY OF SAN FRANCISCO

## NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

Breakdown of the accrued workers' compensation liability at June 30, 2001 is as follows (in thousands):

<u>Governmental activities:</u>	
Current portion of accrued workers' compensation liability.....	\$ 32,558
Long-term portion of accrued workers' compensation liability.....	118,641
 <u>Business-type activities:</u>	
Current portion of accrued workers' compensation liability.....	25,582
Long-term portion of accrued workers' compensation liability.....	80,011
Total	<u>\$ 256,792</u>

### (17) SUBSEQUENT EVENTS

#### ***Long-term Debt***

In July 2001, the City issued \$15.5 million in Refunding Certificates of Participation, Series 2001-1. The certificates have interest rates of 4.0% to 5.0% and mature in 2017. They were issued to refinance in whole the Certificates of Participation for the 25 Van Ness Avenue Project, Series 1991 A-B; and to pay issuance costs for the certificates. The City advance refunded the certificates to reduce its total debt service payments over the next 16 years by \$1.4 million and to obtain an economic gain (the difference between the present values of the debt service payments of the old debt and the new debt) of approximately \$1.0 million.

In July 2001, the City issued \$17.7 million in General Obligation Bonds. The bonds have interest rates of 4.0% to 7.0% and mature in 2021. They were issued to finance the acquisition, construction and renovation or various improvements to City branch libraries.

In July 2001, the Airport issued Second Series Revenue Bonds issue No. 27 in the amount of \$488.5 million. Interest rates range from 4% to 5%, and the bonds mature in 2026 and 2031. The bonds were issued to refinance all or a portion of certain outstanding second series revenue bonds and commercial paper notes. The Airport advanced refunded the second series revenue bonds to reduce its total debt service payments over the next 24 years by approximately \$13 million and to obtain an economic gain (the difference between the present values of the debt service payments on the old debt and new debt) of approximately \$8.1 million. The Airport refunded the commercial paper notes to take advantage of lower long-term interest rates, and to increase its commercial paper capacity by approximately \$332.4 million.

In July 2001, the Water Department issued \$10 million in commercial paper to fund capital improvements.

In August 2001, the City issued \$60.8 million in Settlement Obligation Bonds. The bonds have interest rates of 3% to 4% and mature in 2011. The bonds were issued to refund certain obligations resulting from the settlement of business tax litigation against the City.

In August 2001, the Water Department issued \$140 million of 2001 Series A Water Revenue Bonds (2001 Series A). The bonds were insured by a municipal bond insurance company and carried Aaa and AAA ratings from Moody's and Standard & Poor's, respectively. The Revenue Bonds include current interest serial and term bonds with interest varying from 4% to 5%. The current interest serial bonds mature through November 1, 2001 and the current interest term bonds mature on November 1, 2022 through 2031.

## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

In September 2001, the City issued \$37.2 million in Certificates of Participation. These certificates consist of Series 2001A for \$35.3 million and Taxable Series 2001B for \$1.9 million. The Series 2001A Certificates have interest rates of 3.6% to 5.0% and mature in 2031. The Taxable Series 2001B Certificates have interest rates of 3.25% to 4.625% and mature in 2006. The certificates were issued to finance the acquisition and improvement of a five story office building at 30 Van Ness.

Subsequent to June 30, 2001, the Airport issued a total of \$40.8 million in subordinated commercial paper notes with interest rates ranging from 1.05% to 1.95%.

#### ***Bond Ratings***

In October 2001, following on the events of September 11, and the expansion of the state budget deficit, a negative outlook was placed on the debt ratings of most California counties. All counties in the state except San Francisco were affected by this action. The City's higher proportion of discretionary revenues, its demonstrated willingness to control spending in response to current economic conditions, and its relatively conservative 2002 budget were credited with San Francisco's retaining a stable outlook on its debt.

On July 9, 2001, Standard and Poor's downgraded the Water Department's underlying rating on outstanding debt from AA- negative outlook to A+ stable outlook. The downgrade applied to approximately \$233 million of uninsured debt of the Water Department.

On September 20, 2001, Standard & Poor's Corporation placed the San Francisco International Airport, along with all its North American airport and airport-related special facilities, on CreditWatch with negative implications in the wake of the terrorist attacks on September 11, 2001.

On October 4, 2001, Moody's Investors Service, Inc. affirmed their "A1" rating for the San Francisco International Airport but revised the outlook from developing to negative. On October 15, 2001, Fitch IBCA, Inc. affirmed their "AA-" rating for the Airport but revised the outlook from evolving to negative.

#### ***Elections***

On November 6, 2001, the San Francisco voters approved the following propositions that will have fiscal impact to the City:

**Proposition A** – authorizes the issuance of General Obligation Bonds up to \$195 million to finance construction of new Chinatown and North Beach campuses, and to improve disabled access and make other improvement to facilities of the San Francisco Community College District.

**Proposition B** – authorizes the issuance of Revenue Bonds up to \$100 million to finance the acquisition, installation, improvement or rehabilitation of solar or other renewable energy facilities or equipment for City departments.

#### ***Hetch Hetchy Energy Contract***

Hetch Hetchy is party to a fixed price, forward contract (the Contract) to purchase electricity from a third party energy provider with a scheduled future delivery over a five-year period. Hetch Hetchy entered into the Contract on May 9, 2001 to purchase 2.2 million MWHrs of electric energy at a price ranging from \$75.25 to \$115.00 per MWHrs with a total undiscounted cost of approximately \$173.6 million over a five year period starting on July 1, 2001. As of January 11, 2001, the undiscounted fair value of this contract,



## CITY AND COUNTY OF SAN FRANCISCO

### NOTES TO BASIC FINANCIAL STATEMENTS *(Continued)*

based on the published Dow Jones Palo Verde Electricity Price Index, is approximately \$59.9 million as of result of precipitous decline of power rates.

#### ***Airport Passenger Facility Charges***

On July 27, 2001, the Federal Aviation Administration (FAA) granted approval to the San Francisco International Airport for the imposition and use of a \$4.50 Passenger Facility Charge (PFC) per enplaning passengers beginning October 1, 2001. These funds are for eligible project development activities related to runway reconfiguration studies currently being conducted. The FAA authorized the Airport to collect approximately \$112.7 million in PFC revenue under the first PFC request, which is expected to extend through June 2003.

On November 16, 2001, the Airport filed PFC Application No. 2 with the FAA for the amount of \$224 million. Proceeds are to be used to fund (1) principal and interest on bonds issued for eligible costs associated with the development of the new International Terminal; and (2) eligible costs to develop a Precision Runway Monitoring System (PRM). It is expected that the PFC collections would extend through August 2007.

#### ***Decline in Economic Conditions***

As a result of the terrorist attacks on September 11, 2001, the San Francisco International Airport, along with all other U.S. airports, experienced three days with no commercial air travel and several days thereafter with very limited air travel. Flight operations resumed at the Airport on September 14, 2001.

On October 16, 2001, the Airport Commission approved a resolution to (1) temporarily suspend the minimum annual guaranteed (MAG) lease payment provision for certain tenants, thereby basing their rental payments solely on the percentage rent formulas contained in their lease agreements, (2) temporarily reduce the percentage rent for certain restaurants beyond the security checkpoints, now only available to ticketed passengers and (3) delegate to the Airport Director the right to establish a percentage rent structure for those tenants whose MAG payments are temporarily suspended, but for whom no percentage rent formula is provided within their lease agreement.

## **Required Supplementary Information**

# CITY AND COUNTY OF SAN FRANCISCO

## Required Supplementary Information - Historical Pension Data (Unaudited)

### Employees' Retirement System - Analysis of Funding Progress

Historical trend information is presented.

Schedule of funding progress for the Employees' Retirement System (amounts in thousands):

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Over- funded AAL (OAAL)	Funded Ratio	Covered Payroll	OAAL as a % of Covered Payroll
7/1/95	\$ 6,131,696	\$ 5,620,413	\$ 511,283	109.1%	\$ 1,193,814	42.8%
7/1/96	6,663,504	5,813,808	849,696	114.6%	1,320,652	64.3%
7/1/97	7,245,195	6,162,138	1,083,057	117.6%	1,384,666	78.2%
7/1/98	7,945,707	6,351,397	1,594,310	125.1%	1,474,007	108.2%
7/1/99	8,862,168	6,430,740	2,431,428	137.8%	1,591,240	152.8%
7/1/00	10,076,469	7,258,394	2,818,075	138.8%	1,727,127	163.2%

### California Public Employees' Retirement System - Analysis of Funding Progress

Historical trend information is presented.

Schedule of funding progress for PERS (amounts in thousands):

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Entry Age	Over- funded AAL (OAAL)	Funded Ratio	Covered Payroll	OAAL as a % of Covered Payroll
<b>06/30/96:</b>						
Misc.	\$ 20,901	\$ 19,615	\$ 1,286	106.6%	\$ 1,171	109.8%
Safety	214,416	196,124	18,292	109.3%	54,673	33.5%
Total	<u>\$ 235,317</u>	<u>\$ 215,739</u>	<u>\$ 19,578</u>	109.1%	<u>\$ 55,844</u>	35.1%
<b>06/30/97:</b>						
Misc.	\$ 25,017	\$ 19,882	\$ 5,135	125.8%	\$ 1,119	458.9%
Safety	275,556	219,726	55,830	125.4%	54,708	102.1%
Total	<u>\$ 300,573</u>	<u>\$ 239,608</u>	<u>\$ 60,965</u>	125.4%	<u>\$ 55,827</u>	109.2%
<b>06/30/98:</b>						
Misc.	\$ 28,215	\$ 20,914	\$ 7,301	134.9%	\$ 1,149	635.4%
Safety	337,060	260,893	76,167	129.2%	57,834	131.7%
Total	<u>\$ 365,275</u>	<u>\$ 281,807</u>	<u>\$ 83,468</u>	129.6%	<u>\$ 58,983</u>	141.5%
<b>06/30/99:</b>						
Misc.	\$ 30,496	\$ 21,141	\$ 9,355	144.3%	\$ 1,123	833.0%
Safety	381,063	290,509	90,554	131.2%	55,633	162.8%
Total	<u>\$ 411,559</u>	<u>\$ 311,650</u>	<u>\$ 99,909</u>	132.1%	<u>\$ 56,756</u>	176.0%

**Combining Financial Statements and  
Supplemental Information**

# CITY AND COUNTY OF SAN FRANCISCO

## Nonmajor Governmental Funds

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

*Building Inspection Fund* -- Accounts for the revenues and expenditures of the Bureau of Building Inspection which provides enforcement and implementation of laws regulating the use, occupancy, location and maintenance of buildings.

*Business Tax Fund* -- Accounts for the activities related to the refunding of certain obligations resulting from the settlement of business tax litigation against the City.

*Children and Families Fund* -- Accounts for property tax revenues, tobacco tax funding from Proposition 10 and interest earnings designated by Charter provision. Monies in this fund are used as specified in the Charter and Proposition 10 to provide services to children less than eighteen years old, and to promote, support and improve the early development of children from the prenatal stage to five years of age.

*Community/Neighborhood Development Fund* -- Accounts for various grants primarily from the Department of Housing and Urban Development to provide for community development of rundown areas; to promote new housing, child care centers and public recreation areas; to provide a variety of social programs for the underprivileged and provide loans for various community development activities. This fund also includes proceeds from a bond issuance to benefit the Seismic Safety Loan Program which provides loans for seismic strengthening of privately-owned unreinforced masonry buildings in the City.

*Community Health Services Fund* -- Accounts for state and federal grants used to promote public health and mental health programs.

*Convention Facilities Fund* -- Accounts for operating revenues of the convention facilities: Moscone Center, Brooks Hall and Civic Auditorium. In addition to transfers for lease payments of the Moscone Center, this fund provides for operating costs of the various convention facilities and the San Francisco Convention and Visitors Bureau.

*Court's Fund* -- Accounts for a portion of revenues from court filing fees that are specifically dedicated for Courthouse costs.

*Culture and Recreation Fund* -- Accounts for revenues received from a variety of cultural and recreational funds such as Public Arts, Youth Arts and Yacht Harbor with revenues used for certain specified operating costs.

*Gasoline Tax Fund* -- Accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code and for operating transfers from other funds which are used for the same purposes. State subventions are restricted to uses related to local streets and highways, acquisitions of real property, construction and improvements, and maintenance and repairs.

*General Services Fund* -- Accounts for the activities of several non-grant activities, generally established by administrative action.

*Human Welfare Fund* -- Accounts for state and federal grants used to promote education and discourage domestic violence.

*Off-Street Parking Fund* -- Accounts for revenues from garages and parking meters and financing for the San Francisco off-street parking program and other parking related projects, including construction, administration, maintenance and operation of neighborhood parking lots and garages. On-street meter revenues are pledged for debt service on Parking Authority Revenue Bonds.

(Continued)

## CITY AND COUNTY OF SAN FRANCISCO

### **SPECIAL REVENUE FUNDS *(Continued)***

*Open Space and Park Fund* -- Accounts for property tax revenues designated by Charter provision, interest earnings and miscellaneous service charges and gifts. Monies in this fund are used as specified in the Charter for acquisition and development of parks and open space parcels, for renovation of existing parks and recreation facilities, for maintenance of properties acquired and for after-school recreation programs.

*Public Library Fund* -- Accounts for property tax revenues and interest earnings designated by Charter provision. Monies in this fund are to be expended or used exclusively by the library department to provide library services and materials and to operate library facilities.

*Public Protection Fund* -- Accounts for grants received and revenues and expenditures of 21 special revenue funds including fingerprinting, vehicle theft crimes, peace officer training and other activities related to public protection.

*Public Works, Transportation and Commerce Fund* -- Accounts for the revenues and expenditures of 13 special revenue funds including construction inspection, engineering inspection and other activities related to public works projects. In addition, the fund accounts for various grants from federal and state agencies expended for specific purposes, activities or facilities related to transportation and commerce.

*Real Property Fund* -- Accounts for the lease revenue from real property purchased with the proceeds from certificates of participation. The lease revenue is used for operations and to pay for debt service of the certificates of participation. Sales and disposals of real property are also accounted for in this fund.

*San Francisco County Transportation Authority Fund* -- Accounts for the proceeds of a one-half of one percent increase in local sales tax authorized by the voters for mass transit and other traffic and transportation purposes.

*Senior Citizens' Program Fund* -- Accounts for revenues from the allocation of one-fifth of the parking tax receipts and for grants from the state to be used to promote the well-being of San Francisco senior citizens.

*War Memorial Fund* -- Accounts for the costs of maintaining, operating and caring for the War Memorial buildings and grounds.

*Gift Fund* -- Accounts for certain cash gifts which have been accepted by the Board of Supervisors on behalf of the City and the operations of two smaller funds that cannot properly be grouped into the Gift Fund because of their specific terms. Disbursements are made by departments, boards and commissions in accordance with the purposes, if any, specified by the donor. Activities are controlled by project accounting procedures maintained by the Controller.

### **DEBT SERVICE FUNDS**

The Debt Service Funds account for the accumulation of property taxes and other revenues for periodic payment of interest and principal on general obligation and certain lease revenue bonds and related authorized costs.

*General Obligation Bond Fund* -- Accounts for property taxes and other revenues for periodic payment of interest and principal of general obligation bonds and related costs. Provisions are made in the general property tax levy for monies sufficient to meet these requirements in accordance with Article XIII of the State Constitution (Proposition 13).

*(Continued)*

## CITY AND COUNTY OF SAN FRANCISCO

### DEBT SERVICE FUNDS *(Continued)*

*Certificates of Participation (COP) Funds* -- Accounts for transfers of Base Rental payments from the various COP Special Revenue Funds which provide for periodic payments of interest and principal. The COPs are being sold to provide funds to finance the acquisition of existing office buildings and certain improvements thereto, or the construction of City buildings such as the Courthouse, to be leased to the City for use of certain City departments as office space.

*Other Bond Funds* -- Accounts for funds and debt service of two nonprofit corporations (Social Services Corporation and San Francisco Stadium, Inc.), the Parking Authority's Parking Meter Revenue Bonds, and the Moscone Center Parking Garage.

### CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary fund types.

*City Facilities Improvement Fund* -- Accounts for bond proceeds, capital lease financing, federal and local funds and transfers from other funds which are designated for various buildings and general improvements. Expenditures for acquisition and construction of public buildings and improvements are made in accordance with bond requirements and appropriation ordinances.

*Citywide Communication Fund* -- Accounts for the proceeds of bond issuances related to equipment purchases for a citywide radio communication system. Expenditures for design, administration and other such costs are made in accordance with bond requirements and appropriation ordinances.

*Earthquake Safety Improvement Fund* -- Accounts for bond proceeds, Federal/State grants and private gifts which are designated for earthquake facilities improvements to various City buildings and facilities. Expenditures for construction are made in accordance with bond requirements and grant regulations.

*Fire Protection Systems Improvement Fund* -- Accounts for bond proceeds which are designated for improvements in fire protection facilities. Expenditures for construction are made in accordance with bond requirements.

*Moscone Convention Center Fund* -- Accounts for proceeds from Moscone Convention Center Lease Revenue Bonds and transfers from the General Fund and Convention Facilities Special Revenue Fund. Expenditures are for construction of the George R. Moscone Convention Center and for related administrative costs.

*Public Library Improvement Fund* -- Accounts for bond proceeds and private gifts which are designated for construction of public library facilities including a new main library. Expenditures for construction are made in accordance with bond requirements and private funds agreements.

*Recreation and Park Projects Fund* -- Accounts for bond proceeds, Federal and state grants, gifts and transfers from other funds which are designated for various recreation and park additions and development. Expenditures for acquisition and construction of recreation and park facilities are made in accordance with bond requirements and appropriation ordinances.

*Street Improvement Fund* -- Accounts for gas tax subventions, bond fund proceeds and other revenues which are designated for general street improvements. Expenditures for land acquisition and construction of designated improvements are made in accordance with applicable state codes, City charter provisions and bond requirements.

## CITY AND COUNTY OF SAN FRANCISCO

### PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

*Bequest Fund* -- Accounts for income and disbursements of bequests accepted by the City. Disbursements are made in accordance with terms of the bequests.



# CITY AND COUNTY OF SAN FRANCISCO

## Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2001

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Permanent Fund Bequest Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Deposits and investments with City Treasury.....	\$577,230	\$20,906	\$234,547	\$ 5,744	\$ 838,427
Deposits and investments outside City Treasury.....	14,079	48,653	234,806	54	297,592
Receivables:					
Property taxes and penalties.....	2,609	4,933	-	-	7,542
Other local taxes.....	17,159	-	-	-	17,159
Federal and state grants and subventions.....	55,821	-	23,060	-	78,881
Charges for services.....	4,870	-	90	-	4,960
Interest and other.....	9,103	-	6,735	59	15,897
Due from component unit.....	446	-	18,741	-	19,187
Loans receivable (net of allowance for uncollectibles)...	117,934	-	-	-	117,934
Deferred charges and other assets.....	1,418	-	25	-	1,443
Total assets.....	<u>\$800,669</u>	<u>\$74,492</u>	<u>\$518,004</u>	<u>\$ 5,857</u>	<u>\$1,399,022</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable.....	\$ 28,670	\$ -	\$ 8,228	\$ 14	\$ 36,912
Accrued payroll.....	11,627	-	1,436	14	13,077
Estimated claims payable.....	63,000	-	-	-	63,000
Accrued interest payable.....	-	398	-	-	398
Deferred tax, grant and subvention revenues.....	20,163	4,047	430	-	24,640
Due to other funds.....	60,021	6	29,019	-	89,046
Deferred credits and other liabilities.....	141,336	6,733	10,310	40	158,419
Total liabilities.....	<u>324,817</u>	<u>11,184</u>	<u>49,423</u>	<u>68</u>	<u>385,492</u>
Fund balances:					
Reserved for assets not available for appropriation..	28,294	-	23,200	54	51,548
Reserved for debt service.....	-	63,308	-	-	63,308
Reserved for encumbrances.....	174,372	-	198,679	37	373,088
Reserved for appropriation carryforward.....	209,504	-	235,073	1,634	446,211
Reserved for subsequent years' budgets.....	9,664	-	-	-	9,664
Unreserved.....	54,018	-	11,629	4,064	69,711
Total fund balances.....	<u>475,852</u>	<u>63,308</u>	<u>468,581</u>	<u>5,789</u>	<u>1,013,530</u>
Total liabilities and fund balances.....	<u>\$800,669</u>	<u>\$74,492</u>	<u>\$518,004</u>	<u>\$ 5,857</u>	<u>\$1,399,022</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Permanent Funds Bequest Fund	Total Nonmajor Governmental Total
Revenues:					
Property taxes.....	\$ 59,384	\$ 106,099	\$ -	\$ -	\$ 165,483
Business taxes.....	728	-	-	-	728
Other local taxes.....	133,348	-	-	-	133,348
Licenses, permits and franchises.....	5,789	-	-	-	5,789
Fines, forfeitures and penalties.....	3,676	-	-	-	3,676
Interest and investment income.....	35,496	4,853	23,012	375	63,736
Rents and concessions.....	26,566	27,867	1,144	507	56,084
Intergovernmental:					
Federal.....	152,697	-	8,651	-	161,348
State.....	66,885	922	6,534	-	74,341
Other.....	1,832	-	4,413	-	6,245
Charges for services.....	114,313	-	774	-	115,087
Other.....	12,969	-	571	184	13,724
Total revenues.....	<u>613,683</u>	<u>139,741</u>	<u>45,099</u>	<u>1,066</u>	<u>799,589</u>
Expenditures:					
Current:					
Public protection.....	45,983	-	-	-	45,983
Public works, transportation and commerce.....	204,463	-	-	-	204,463
Human welfare and neighborhood development.....	125,976	-	-	-	125,976
Community health.....	89,685	-	-	-	89,685
Culture and recreation.....	126,778	-	-	357	127,135
General administration and finance.....	23,116	-	-	-	23,116
General City responsibilities.....	64,373	-	-	-	64,373
Debt service:					
Principal retirement.....	-	69,870	-	-	69,870
Interest and fiscal charges.....	-	68,367	-	-	68,367
Bond issuance costs.....	901	-	6,467	-	7,368
Capital outlay.....	-	-	170,472	-	170,472
Total expenditures.....	<u>681,275</u>	<u>138,237</u>	<u>176,939</u>	<u>357</u>	<u>996,808</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(67,592)</u>	<u>1,504</u>	<u>(131,840)</u>	<u>709</u>	<u>(197,219)</u>
Other financing sources (uses):					
Transfers in.....	47,397	36,112	43,465	-	126,974
Transfers out.....	(59,974)	(3,391)	(44,464)	(32)	(107,861)
Issuance of bonds and loans.....	60,540	1,389	330,141	-	392,070
Total other financing sources (uses).....	<u>47,963</u>	<u>34,110</u>	<u>329,142</u>	<u>(32)</u>	<u>411,183</u>
Net change in fund balances.....	<u>(19,629)</u>	<u>35,614</u>	<u>197,302</u>	<u>677</u>	<u>213,964</u>
Fund balances at beginning of year, as previously reported.....	488,019	27,694	271,279	5,112	792,104
Cummulative effect of a change in accounting principles...	7,462	-	-	-	7,462
Fund balances at beginning of year, as restated.....	<u>495,481</u>	<u>27,694</u>	<u>271,279</u>	<u>5,112</u>	<u>799,566</u>
Fund balances at end of year.....	<u>\$475,852</u>	<u>\$ 63,308</u>	<u>\$ 468,581</u>	<u>\$ 5,789</u>	<u>\$1,013,530</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue**  
**June 30, 2001**  
**(In Thousands)**

	Building Inspection Fund	Business Tax Fund	Children and Families Fund	Community/ Neighborhood Development Fund	Community Health Services Fund	Convention Facilities Fund	Court's Fund	Cultural and Recreation Fund
<b>ASSETS</b>								
Deposits and investments with City Treasury.....	\$ 31,390	\$ -	\$ 30,642	\$ 134,576	\$ 5,204	\$ 36,823	\$ 8,038	\$ 2,585
Deposits and investments outside City								
Treasury.....	-	-	-	9,649	-	-	-	-
Receivables:								
Property taxes and penalties.....	-	-	845	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	-	-	-
Federal and state grants and subventions.....	-	-	8,207	10,167	21,250	-	13	-
Charges for services.....	-	-	-	-	-	-	-	162
Interest and other.....	346	-	293	1,273	-	-	90	35
Due from component unit.....	-	-	-	446	-	-	-	-
Loans receivable (net of allowance for uncollectibles).....	303	-	-	113,902	-	3,729	-	-
Deferred charges and other assets.....	-	-	-	-	-	-	-	-
Total assets.....	<u>\$ 32,039</u>	<u>\$ -</u>	<u>\$ 39,987</u>	<u>\$ 270,013</u>	<u>\$ 26,454</u>	<u>\$ 40,552</u>	<u>\$ 8,141</u>	<u>\$ 2,782</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable.....	\$ 440	\$ -	\$ 3,617	\$ 2,424	\$ 7,099	\$ 4,039	\$ 59	\$ 127
Accrued payroll.....	1,324	-	620	466	1,399	39	3	92
Estimated claims payable.....	-	63,000	-	-	-	-	-	-
Accrued interest payable.....	-	-	-	-	-	-	-	-
Deferred tax, grant and subvention revenues.....	-	-	645	17	1,584	-	-	10
Due to other funds.....	-	-	5,439	2,012	-	-	-	-
Deferred credits and other liabilities.....	19,567	-	1,184	107,372	3,496	4,912	-	-
Total liabilities.....	<u>21,331</u>	<u>63,000</u>	<u>11,505</u>	<u>112,291</u>	<u>13,578</u>	<u>8,990</u>	<u>62</u>	<u>229</u>
Fund balances:								
Reserved for assets not available for appropriation.....	-	-	-	16,327	-	1,012	-	-
Reserved for encumbrances.....	556	-	4,911	6,987	12,870	8,074	26	218
Reserved for appropriation carryforward.....	9,252	-	4,255	77,995	13,952	13,873	1,209	257
Reserved for subsequent years' budgets.....	-	-	8,000	-	-	-	-	4
Unreserved (deficit).....	900	(63,000)	11,316	56,413	(13,946)	8,603	6,844	2,074
Total fund balances.....	<u>10,708</u>	<u>(63,000)</u>	<u>28,482</u>	<u>157,722</u>	<u>12,876</u>	<u>31,562</u>	<u>8,079</u>	<u>2,553</u>
Total liabilities and fund balances.....	<u>\$ 32,039</u>	<u>\$ -</u>	<u>\$ 39,987</u>	<u>\$ 270,013</u>	<u>\$ 26,454</u>	<u>\$ 40,552</u>	<u>\$ 8,141</u>	<u>\$ 2,782</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue (Continued)**  
**June 30, 2001**  
**(In Thousands)**

	<b>Gasoline Tax Fund</b>	<b>General Services Fund</b>	<b>Gift Fund</b>	<b>Human Welfare Fund</b>	<b>Off-street Parking Fund</b>	<b>Open Space and Park Fund</b>	<b>Public Library Fund</b>
<b>ASSETS</b>							
Deposits and investments with City Treasury.....	\$14,707	\$2,838	\$ 5,730	\$ 7,248	\$4,892	\$ 23,107	\$13,468
Deposits and investments outside City Treasury.....	-	-	469	-	2	-	-
Receivables:							
Property taxes and penalties.....	-	-	-	-	-	925	839
Other local taxes.....	-	-	-	-	-	-	-
Federal and state grants and subventions.....	2,028	13	-	7,120	-	-	-
Charges for services.....	1,377	1,320	390	-	622	-	-
Interest and other.....	125	6	35	155	9	248	-
Due from component unit.....	-	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectibles).....	-	-	-	-	-	-	-
Deferred charges and other assets.....	-	-	-	-	-	-	-
Total assets.....	<u>\$18,237</u>	<u>\$4,177</u>	<u>\$ 6,624</u>	<u>\$14,523</u>	<u>\$5,525</u>	<u>\$ 24,280</u>	<u>\$14,307</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable.....	\$ 389	\$ 519	\$ 48	\$ 1,603	\$ 764	\$ 219	\$ 2,810
Accrued payroll.....	1,934	93	21	-	212	675	2,216
Estimated claims payable.....	-	-	-	-	-	-	-
Accrued interest payable.....	-	-	-	-	-	-	-
Deferred tax, grant and subvention revenues.....	-	-	564	12,920	-	726	675
Due to other funds.....	-	-	-	-	-	-	-
Deferred credits and other liabilities.....	13	212	427	-	1,216	1,168	1,170
Total liabilities.....	<u>2,336</u>	<u>824</u>	<u>1,060</u>	<u>14,523</u>	<u>2,192</u>	<u>2,788</u>	<u>6,871</u>
Fund balances:							
Reserved for assets not available for appropriation.....	-	-	469	-	2	-	-
Reserved for encumbrances.....	241	284	229	1,922	605	498	1,500
Reserved for appropriation carryforward.....	13,019	2,843	7,879	-	976	14,612	2,294
Reserved for subsequent years' budgets.....	-	-	-	-	1,660	-	-
Unreserved (deficit).....	2,641	226	(3,013)	(1,922)	90	6,382	3,642
Total fund balances.....	<u>15,901</u>	<u>3,353</u>	<u>5,564</u>	<u>-</u>	<u>3,333</u>	<u>21,492</u>	<u>7,436</u>
Total liabilities and fund balances.....	<u>\$18,237</u>	<u>\$4,177</u>	<u>\$ 6,624</u>	<u>\$14,523</u>	<u>\$5,525</u>	<u>\$ 24,280</u>	<u>\$14,307</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue (Continued)**  
**June 30, 2001**  
**(In Thousands)**

	Public Protection Fund	Public Works, Transportation and Commerce Fund	Real Property Fund	San Francisco County Transportation Authority Fund	Senior Citizens' Program Fund	War Memorial Fund	Total
<b>ASSETS</b>							
Deposits and investments with City Treasury.....	\$26,017	\$ 16,187	\$12,087	\$185,841	\$ 642	\$15,208	\$577,230
Deposits and investments outside City							
Treasury.....	415	-	378	3,166	-	-	14,079
Receivables:							
Property taxes and penalties.....	-	-	-	-	-	-	2,609
Other local taxes.....	-	-	-	17,159	-	-	17,159
Federal and state grants and subventions.....	3,788	2,282	-	-	953	-	55,821
Charges for services.....	693	306	-	-	-	-	4,870
Interest and other.....	327	2	7	6,152	-	-	9,103
Due from component unit.....	-	-	-	-	-	-	446
Loans receivable (net of allowance for uncollectibles).....	-	-	-	-	-	-	117,934
Deferred charges and other assets.....	61	1,355	-	-	-	2	1,418
Total assets.....	<u>\$31,301</u>	<u>\$ 20,132</u>	<u>\$12,472</u>	<u>\$212,318</u>	<u>\$1,595</u>	<u>\$15,210</u>	<u>\$ 800,669</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable.....	\$ 1,966	\$ 853	\$ 167	\$ 981	\$ 475	\$ 71	\$28,670
Accrued payroll.....	1,518	499	124	32	5	355	11,627
Estimated claims payable.....	-	-	-	-	-	-	63,000
Deferred tax, grant and subvention revenues..	2,791	231	-	-	-	-	20,163
Due to other funds.....	-	3,302	-	49,268	-	-	60,021
Deferred credits and other liabilities.....	167	425	7	-	-	-	141,336
Total liabilities.....	<u>6,442</u>	<u>5,310</u>	<u>298</u>	<u>50,281</u>	<u>480</u>	<u>426</u>	<u>324,817</u>
Fund balances:							
Reserved for assets not available for appropriation.....	6,939	1	378	3,166	-	-	28,294
Reserved for encumbrances.....	5,455	3,755	83	124,585	1,465	108	174,372
Reserved for appropriation carryforward.....	8,037	14,117	6,140	10,234	8	8,552	209,504
Reserved for subsequent years' budgets.....	-	-	-	-	-	-	9,664
Unreserved (deficit).....	4,428	(3,051)	5,573	24,052	(358)	6,124	54,018
Total fund balances.....	<u>24,859</u>	<u>14,822</u>	<u>12,174</u>	<u>162,037</u>	<u>1,115</u>	<u>14,784</u>	<u>475,852</u>
Total liabilities and fund balances.....	<u>\$31,301</u>	<u>\$ 20,132</u>	<u>\$12,472</u>	<u>\$212,318</u>	<u>\$1,595</u>	<u>\$15,210</u>	<u>\$ 800,669</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds - Special Revenue**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Building Inspection Fund	Business Tax Fund	Children and Families Fund	Community/ Neighborhood Development Fund	Community Health Services Fund	Convention Facilities Fund	Court's Fund	Cultural and Recreation Fund
Revenues:								
Property taxes.....	\$ -	\$ -	\$ 19,795	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	728	-	-	-	-
Other local taxes.....	-	-	-	-	-	48,386	-	-
Licenses, permits and franchises.....	3,231	-	-	-	-	-	-	125
Fines, forfeitures and penalties.....	-	-	-	-	1,956	-	76	-
Interest and investment income.....	1,984	-	1,642	6,259	8	2,143	525	230
Rents and concessions.....	-	-	-	-	-	9,968	-	243
Intergovernmental:								
Federal.....	-	-	19,000	38,078	68,563	-	271	-
State.....	-	-	8,662	492	17,136	-	-	6
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	22,520	-	9	17,866	1,808	3,506	5,333	4,489
Other.....	27	-	80	4,478	462	-	-	10
Total revenues.....	<u>27,762</u>	<u>-</u>	<u>49,188</u>	<u>67,901</u>	<u>89,933</u>	<u>64,003</u>	<u>6,205</u>	<u>5,103</u>
Expenditures:								
Current:								
Public protection.....	-	-	-	-	-	-	4,614	-
Public works, transportation and commerce...	30,606	-	-	312	-	7,377	3	-
Human welfare and neighborhood development.....	-	-	39,075	66,453	-	718	-	-
Community health.....	-	-	-	554	87,642	-	-	-
Culture and recreation.....	-	-	-	-	-	48,823	-	4,517
General administration and finance.....	-	-	-	1,598	-	-	-	136
General City responsibilities.....	-	63,000	-	741	-	171	-	-
Intergovernmental.....	-	-	-	-	-	-	-	-
Debt service:								
Bond issuance costs.....	-	-	-	901	-	-	-	-
Total expenditures.....	<u>30,606</u>	<u>63,000</u>	<u>39,075</u>	<u>70,559</u>	<u>87,642</u>	<u>57,089</u>	<u>4,617</u>	<u>4,653</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(2,844)</u>	<u>(63,000)</u>	<u>10,113</u>	<u>(2,658)</u>	<u>2,291</u>	<u>6,914</u>	<u>1,588</u>	<u>450</u>
Other financing sources (uses):								
Transfers in.....	-	-	53	744	5,338	585	-	-
Transfers out.....	(514)	-	-	(2,644)	-	(2,143)	-	(671)
Issuance of bonds and loans.....	-	-	-	60,540	-	-	-	-
Total other financing sources(uses).....	<u>(514)</u>	<u>-</u>	<u>53</u>	<u>58,640</u>	<u>5,338</u>	<u>(1,558)</u>	<u>-</u>	<u>(671)</u>
Net change in fund balances.....	<u>(3,358)</u>	<u>(63,000)</u>	<u>10,166</u>	<u>55,982</u>	<u>7,629</u>	<u>5,356</u>	<u>1,588</u>	<u>(221)</u>
Fund balances at beginning of year, as previously reported.....	14,066	-	18,316	101,740	5,247	26,206	6,491	2,774
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Fund balances at beginning of year, as restated....	<u>14,066</u>	<u>-</u>	<u>18,316</u>	<u>101,740</u>	<u>5,247</u>	<u>26,206</u>	<u>6,491</u>	<u>2,774</u>
Fund balances at end of year.....	<u>\$10,708</u>	<u>\$(63,000)</u>	<u>\$28,482</u>	<u>\$ 157,722</u>	<u>\$ 12,876</u>	<u>\$31,562</u>	<u>\$8,079</u>	<u>\$ 2,553</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds - Special Revenue (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Gasoline Tax Fund	General Services Fund	Gift Fund	Human Welfare Fund	Off-street Parking Fund	Open Space and Park Fund	Public Library Fund
Revenues:							
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,795	\$ 19,794
Business taxes.....	-	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	-	-
Licenses, permits and franchises.....	485	438	-	211	-	-	-
Fines, forfeitures and penalties.....	-	-	-	-	-	-	-
Interest and investment income.....	593	48	495	1,017	303	1,459	241
Rents and concessions.....	-	756	-	-	9,943	-	27
Intergovernmental:							
Federal.....	-	-	7	8,966	-	-	-
State.....	22,308	12	2	-	-	171	1,965
Other.....	-	1,832	-	-	-	-	-
Charges for services.....	11,344	8,217	60	230	147	-	476
Other.....	12	2	4,029	-	-	150	-
Total revenues.....	<u>34,742</u>	<u>11,305</u>	<u>4,593</u>	<u>10,424</u>	<u>10,393</u>	<u>21,575</u>	<u>22,503</u>
Expenditures:							
Current:							
Public protection.....	-	455	298	-	-	-	-
Public works, transportation and commerce...	33,456	1,452	5	-	11,077	18	-
Human welfare and neighborhood							
development.....	-	-	507	11,294	-	-	-
Community health.....	-	-	639	-	-	-	-
Culture and recreation.....	-	705	778	-	-	16,074	47,114
General administration and finance.....	-	9,592	3	-	-	-	-
General City responsibilities.....	-	461	-	-	-	-	-
Debt service:							
Bond issuance costs.....	-	-	-	-	-	-	-
Total expenditures.....	<u>33,456</u>	<u>12,665</u>	<u>2,230</u>	<u>11,294</u>	<u>11,077</u>	<u>16,092</u>	<u>47,114</u>
Excess (deficiency) of revenues							
over (under) expenditures.....	<u>1,286</u>	<u>(1,360)</u>	<u>2,363</u>	<u>(870)</u>	<u>(684)</u>	<u>5,483</u>	<u>(24,611)</u>
Other financing sources (uses):							
Transfers in.....	7,969	461	-	445	580	-	27,366
Transfers out.....	(3)	(44)	(3,369)	(228)	(1,296)	(6,364)	(310)
Issuance of bonds and loans.....	-	-	-	-	-	-	-
Total other financing sources (uses).....	<u>7,966</u>	<u>417</u>	<u>(3,369)</u>	<u>217</u>	<u>(716)</u>	<u>(6,364)</u>	<u>27,056</u>
Net change in fund balances.....	<u>9,252</u>	<u>(943)</u>	<u>(1,006)</u>	<u>(653)</u>	<u>(1,400)</u>	<u>(881)</u>	<u>2,445</u>
Fund balances at beginning of year, as							
previously reported.....	6,649	4,296	6,570	653	4,733	22,373	4,991
Cumulative effect of a change in accounting							
principles.....	-	-	-	-	-	-	-
Fund balances at beginning of year, as restated....	<u>6,649</u>	<u>4,296</u>	<u>6,570</u>	<u>653</u>	<u>4,733</u>	<u>22,373</u>	<u>4,991</u>
Fund balances at end of year.....	<u>\$15,901</u>	<u>\$ 3,353</u>	<u>\$ 5,564</u>	<u>\$ -</u>	<u>\$ 3,333</u>	<u>\$21,492</u>	<u>\$ 7,436</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds - Special Revenue (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Public Protection Fund	Public Works, Transportation and Commerce Fund	Real Property Fund	San Francisco County Transportation Authority Fund	Senior Citizens' Program Fund	War Memorial Fund	Total
Revenues:							
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,384
Business taxes.....	-	-	-	-	-	-	728
Other local taxes.....	-	-	-	75,487	-	9,475	133,348
Licenses, permits and franchises.....	1,299	-	-	-	-	-	5,789
Fines, forfeitures and penalties.....	1,644	-	-	-	-	-	3,676
Interest and investment income.....	2,194	1,309	606	13,414	83	943	35,496
Rents and concessions.....	-	-	4,108	-	-	1,521	26,566
Intergovernmental:							
Federal.....	10,014	176	-	3,841	3,781	-	152,697
State.....	12,928	1,363	-	-	1,840	-	66,885
Other.....	-	-	-	-	-	-	1,832
Charges for services.....	25,762	10,589	1,674	-	-	283	114,313
Other.....	5	145	3,543	26	-	-	12,969
Total revenues.....	<u>53,846</u>	<u>13,582</u>	<u>9,931</u>	<u>92,768</u>	<u>5,704</u>	<u>12,222</u>	<u>613,683</u>
Expenditures:							
Current:							
Public protection.....	40,616	-	-	-	-	-	45,983
Public works, transportation and commerce...	21,273	8,262	140	90,433	-	49	204,463
Human welfare and neighborhood development.....	392	-	27	-	7,510	-	125,976
Community health.....	850	-	-	-	-	-	89,685
Culture and recreation.....	-	22	-	-	-	8,745	126,778
General administration and finance.....	-	5,838	5,949	-	-	-	23,116
General City responsibilities.....	-	-	-	-	-	-	64,373
Debt service:							
Bond issuance costs.....	-	-	-	-	-	-	901
Total expenditures.....	<u>63,131</u>	<u>14,122</u>	<u>6,116</u>	<u>90,433</u>	<u>7,510</u>	<u>8,794</u>	<u>681,275</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(9,285)</u>	<u>(540)</u>	<u>3,815</u>	<u>2,335</u>	<u>(1,806)</u>	<u>3,428</u>	<u>(67,592)</u>
Other financing sources (uses):							
Transfers in.....	-	3,352	504	-	-	-	47,397
Transfers out.....	(2,049)	(1,459)	(530)	(37,220)	(83)	(1,047)	(59,974)
Issuance of bonds and loans.....	-	-	-	-	-	-	60,540
Total other financing sources (uses).....	<u>(2,049)</u>	<u>1,893</u>	<u>(26)</u>	<u>(37,220)</u>	<u>(83)</u>	<u>(1,047)</u>	<u>47,963</u>
Net change in fund balances.....	<u>(11,334)</u>	<u>1,353</u>	<u>3,789</u>	<u>(34,885)</u>	<u>(1,889)</u>	<u>2,381</u>	<u>(19,629)</u>
Fund balances at beginning of year, as previously reported.....	29,253	13,469	8,385	196,896	2,758	12,153	488,019
Cummulative effect of a change in accounting principles.....	<u>6,940</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>246</u>	<u>250</u>	<u>7,462</u>
Fund balances at beginning of year, as restated....	<u>36,193</u>	<u>13,469</u>	<u>8,385</u>	<u>196,922</u>	<u>3,004</u>	<u>12,403</u>	<u>495,481</u>
Fund balances at end of year.....	<u>\$ 24,859</u>	<u>\$ 14,822</u>	<u>\$ 12,174</u>	<u>\$ 162,037</u>	<u>\$ 1,115</u>	<u>\$ 14,784</u>	<u>\$ 475,852</u>



**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Building Inspection Fund				Children and Families Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>								
Property taxes.....	-	\$ -	\$ -	\$ -	\$ 18,294	\$ 18,294	\$ 19,795	\$ 1,501
Business taxes.....	-	-	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	2,916	2,916	3,231	315	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	884	884	1,449	565	260	260	1,349	1,089
Rents and concessions.....	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal.....	-	-	-	-	18,498	19,832	19,000	(832)
State.....	-	-	-	-	4,048	9,654	8,662	(992)
Other.....	-	-	-	-	-	90	90	-
Charges for services.....	27,081	27,081	22,520	(4,561)	3	3	-	(3)
Other revenues.....	-	-	27	27	-	7	-	(7)
Total revenues.....	<u>30,881</u>	<u>30,881</u>	<u>27,227</u>	<u>(3,654)</u>	<u>41,103</u>	<u>48,140</u>	<u>48,896</u>	<u>756</u>
<b>Expenditures:</b>								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	33,695	31,146	30,604	542	-	-	-	-
Human welfare and neighborhood development.....	-	-	-	-	52,862	40,713	39,023	1,690
Community health.....	-	-	-	-	-	25	-	25
Culture and recreation.....	-	-	-	-	-	-	-	-
General administration and finance.....	-	-	-	-	-	-	-	-
General City responsibilities.....	-	-	-	-	-	-	-	-
Total expenditures.....	<u>33,695</u>	<u>31,146</u>	<u>30,604</u>	<u>542</u>	<u>52,862</u>	<u>40,738</u>	<u>39,023</u>	<u>1,715</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(2,814)</u>	<u>(265)</u>	<u>(3,377)</u>	<u>(3,112)</u>	<u>(11,759)</u>	<u>7,402</u>	<u>9,873</u>	<u>2,471</u>
<b>Other financing sources (uses):</b>								
Transfers in.....	-	-	-	-	-	-	-	-
Transfers out.....	(530)	(580)	(358)	222	-	-	-	-
Issuance of bonds.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources.....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	<u>(530)</u>	<u>(580)</u>	<u>(358)</u>	<u>222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances.....	<u>(3,344)</u>	<u>(845)</u>	<u>(3,735)</u>	<u>(2,890)</u>	<u>(11,759)</u>	<u>7,402</u>	<u>9,873</u>	<u>2,471</u>
Budgetary fund balance, July 1, as previously reported.....	3,344	14,198	14,198	-	11,759	18,372	18,372	-
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	<u>3,344</u>	<u>14,198</u>	<u>14,198</u>	<u>-</u>	<u>11,759</u>	<u>18,372</u>	<u>18,372</u>	<u>-</u>
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 13,353</u>	<u>\$ 10,463</u>	<u>\$ (2,890)</u>	<u>\$ -</u>	<u>\$ 25,774</u>	<u>\$ 28,245</u>	<u>\$ 2,471</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Community/Neighborhood Development Fund				Community Health Services Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	600	600	728	128	-	-	-	-
Other local taxes.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	1,720	989	1,956	967
Interest and investment income.....	-	455	6,105	5,650	50	78	7	(71)
Rents and concessions.....	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal.....	33,280	38,078	38,078	-	55,537	68,563	68,563	-
State.....	-	492	492	-	16,475	17,136	17,136	-
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	3,156	5,471	17,866	12,395	118	1,803	1,808	5
Other revenues.....	-	5,664	3,159	(2,505)	-	696	461	(235)
Total revenues.....	<u>37,036</u>	<u>50,760</u>	<u>66,428</u>	<u>15,668</u>	<u>73,900</u>	<u>89,265</u>	<u>89,931</u>	<u>666</u>
<b>Expenditures:</b>								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	382	1,708	1,708	-	-	-	-	-
Human welfare and neighborhood development.....	57,270	68,058	67,900	158	-	-	-	-
Community health.....	-	553	553	-	73,900	87,132	87,132	-
Culture and recreation.....	-	-	-	-	-	-	-	-
General administration and finance.....	-	1,599	1,598	1	-	-	-	-
General City responsibilities.....	-	-	-	-	-	-	-	-
Total expenditures.....	<u>57,652</u>	<u>71,918</u>	<u>71,759</u>	<u>159</u>	<u>73,900</u>	<u>87,132</u>	<u>87,132</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(20,616)</u>	<u>(21,158)</u>	<u>(5,331)</u>	<u>15,827</u>	<u>-</u>	<u>2,133</u>	<u>2,799</u>	<u>666</u>
<b>Other financing sources (uses):</b>								
Transfers in.....	-	-	-	-	-	4,831	4,831	-
Transfers out.....	(21)	(2,645)	(2,644)	1	-	-	-	-
Issuance of bonds.....	20,000	20,175	59,987	39,812	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	2,059	-	(2,059)
Loan repayments and other financing sources.....	-	1,464	85	(1,379)	-	-	-	-
Total other financing sources (uses).....	<u>19,979</u>	<u>18,994</u>	<u>57,428</u>	<u>38,434</u>	<u>-</u>	<u>6,890</u>	<u>4,831</u>	<u>(2,059)</u>
Net change in fund balances.....	<u>(637)</u>	<u>(2,164)</u>	<u>52,097</u>	<u>54,261</u>	<u>-</u>	<u>9,023</u>	<u>7,630</u>	<u>(1,393)</u>
Budgetary fund balance, July 1, as previously reported.....	637	102,137	102,137	-	-	5,248	5,248	-
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	<u>637</u>	<u>102,137</u>	<u>102,137</u>	<u>-</u>	<u>-</u>	<u>5,248</u>	<u>5,248</u>	<u>-</u>
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 99,973</u>	<u>\$ 154,234</u>	<u>\$ 54,261</u>	<u>\$ -</u>	<u>\$ 14,271</u>	<u>\$ 12,878</u>	<u>\$ (1,393)</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Convention Facilities Fund				Court's Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Other local taxes.....	45,842	46,212	48,386	2,174	-	-	-	-
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	20	20	76	56
Interest and investment income.....	-	-	-	-	264	264	425	161
Rents and concessions.....	9,528	9,528	9,968	440	-	-	-	-
Intergovernmental:								
Federal.....	-	-	-	-	-	271	271	-
State.....	-	-	-	-	-	-	-	-
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	3,362	3,362	3,506	144	4,709	4,709	5,333	624
Other revenues.....	-	-	-	-	-	-	-	-
Total revenues.....	<u>58,732</u>	<u>59,102</u>	<u>61,860</u>	<u>2,758</u>	<u>4,993</u>	<u>5,264</u>	<u>6,105</u>	<u>841</u>
<b>Expenditures:</b>								
Public protection.....	-	-	-	-	5,192	4,618	4,614	4
Public works, transportation and commerce.....	-	7,377	7,377	-	-	113	3	110
Human welfare and neighborhood development.....	600	714	719	(5)	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	48,865	49,377	48,823	554	-	-	-	-
General administration and finance.....	-	-	-	-	-	-	-	-
General City responsibilities.....	5,147	170	171	(1)	-	-	-	-
Total expenditures.....	<u>54,612</u>	<u>57,638</u>	<u>57,090</u>	<u>548</u>	<u>5,192</u>	<u>4,731</u>	<u>4,617</u>	<u>114</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>4,120</u>	<u>1,464</u>	<u>4,770</u>	<u>3,306</u>	<u>(199)</u>	<u>533</u>	<u>1,488</u>	<u>955</u>
<b>Other financing sources (uses):</b>								
Transfers in.....	-	585	585	-	-	-	-	-
Transfers out.....	-	-	-	-	-	-	-	-
Issuance of bonds.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources.....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	<u>-</u>	<u>585</u>	<u>585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances.....	<u>4,120</u>	<u>2,049</u>	<u>5,355</u>	<u>3,306</u>	<u>(199)</u>	<u>533</u>	<u>1,488</u>	<u>955</u>
Budgetary fund balance, July 1, as previously reported.....	(4,120)	26,206	26,206	-	199	6,529	6,529	-
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	<u>(4,120)</u>	<u>26,206</u>	<u>26,206</u>	<u>-</u>	<u>199</u>	<u>6,529</u>	<u>6,529</u>	<u>-</u>
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 28,255</u>	<u>\$ 31,561</u>	<u>\$ 3,306</u>	<u>\$ -</u>	<u>\$ 7,062</u>	<u>\$ 8,017</u>	<u>\$ 955</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Culture and Recreation Fund				Gasoline Tax Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	147	147	125	(22)	354	354	485	131
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	17	17	164	147	255	255	450	195
Rents and concessions.....	190	190	243	53	-	-	-	-
Intergovernmental:								
Federal.....	-	-	-	-	-	-	-	-
State.....	40	6	6	-	22,299	22,299	22,308	9
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	3,669	4,294	4,489	195	1,953	11,154	11,344	190
Other revenues.....	120	129	10	(119)	6	7	12	5
Total revenues.....	<u>4,183</u>	<u>4,783</u>	<u>5,037</u>	<u>254</u>	<u>24,867</u>	<u>34,069</u>	<u>34,599</u>	<u>530</u>
<b>Expenditures:</b>								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	-	-	-	-	32,836	33,829	33,456	373
Human welfare and neighborhood development.....	-	-	-	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	3,091	4,760	4,525	235	-	-	-	-
General administration and finance.....	125	134	134	-	-	-	-	-
General City responsibilities.....	-	-	-	-	-	-	-	-
Total expenditures.....	<u>3,216</u>	<u>4,894</u>	<u>4,659</u>	<u>235</u>	<u>32,836</u>	<u>33,829</u>	<u>33,456</u>	<u>373</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>967</u>	<u>(111)</u>	<u>378</u>	<u>489</u>	<u>(7,969)</u>	<u>240</u>	<u>1,143</u>	<u>903</u>
Other financing sources (uses):								
Transfers in.....	-	-	-	-	7,969	7,969	7,969	-
Transfers out.....	-	(642)	(642)	-	-	(1)	-	1
Issuance of bonds.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	8	-	(8)	-	-	-	-
Loan repayments and other financing sources.....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	<u>-</u>	<u>(634)</u>	<u>(642)</u>	<u>(8)</u>	<u>7,969</u>	<u>7,968</u>	<u>7,969</u>	<u>1</u>
Net change in fund balances.....	<u>967</u>	<u>(745)</u>	<u>(264)</u>	<u>481</u>	<u>-</u>	<u>8,208</u>	<u>9,112</u>	<u>904</u>
Budgetary fund balance, July 1, as previously reported.....	(967)	2,790	2,790	-	-	6,676	6,676	-
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	<u>(967)</u>	<u>2,790</u>	<u>2,790</u>	<u>-</u>	<u>-</u>	<u>6,676</u>	<u>6,676</u>	<u>-</u>
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 2,045</u>	<u>\$ 2,526</u>	<u>\$ 481</u>	<u>\$ -</u>	<u>\$ 14,884</u>	<u>\$ 15,788</u>	<u>\$ 904</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	General Services Fund				Gift Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>								
Property taxes.....	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	210	210	438	228	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	86	86	37	(49)	-	57	133	76
Rents and concessions.....	-	749	756	7	-	-	-	-
Intergovernmental:								
Federal.....	239	-	-	-	-	7	7	-
State.....	-	12	12	-	-	2	2	-
Other.....	-	1,832	1,832	-	-	-	-	-
Charges for services.....	1,736	2,587	8,217	5,630	-	8	60	52
Other revenues.....	-	4,660	2	(4,658)	677	4,893	4,029	(864)
Total revenues.....	<u>2,271</u>	<u>10,136</u>	<u>11,294</u>	<u>1,158</u>	<u>677</u>	<u>4,967</u>	<u>4,231</u>	<u>(736)</u>
<b>Expenditures:</b>								
Public protection.....	661	455	455	-	-	297	298	(1)
Public works, transportation and commerce.....	1,411	1,451	1,452	(1)	-	6	5	1
Human welfare and neighborhood development.....	-	-	-	-	333	507	507	-
Community health.....	-	-	-	-	-	639	639	-
Culture and recreation.....	-	705	705	-	677	777	778	(1)
General administration and finance.....	1,025	8,112	9,592	(1,480)	-	4	3	1
General City responsibilities.....	-	-	-	-	-	-	-	-
Total expenditures.....	<u>3,097</u>	<u>10,723</u>	<u>12,204</u>	<u>(1,481)</u>	<u>1,010</u>	<u>2,230</u>	<u>2,230</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(826)</u>	<u>(587)</u>	<u>(910)</u>	<u>(323)</u>	<u>(333)</u>	<u>2,737</u>	<u>2,001</u>	<u>(736)</u>
<b>Other financing sources (uses):</b>								
Transfers in.....	-	-	-	-	-	-	-	-
Transfers out.....	(59)	(44)	(44)	-	-	(3,034)	(3,033)	1
Issuance of bonds.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources.....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	<u>(59)</u>	<u>(44)</u>	<u>(44)</u>	<u>-</u>	<u>-</u>	<u>(3,034)</u>	<u>(3,033)</u>	<u>1</u>
Net change in fund balances.....	<u>(885)</u>	<u>(631)</u>	<u>(954)</u>	<u>(323)</u>	<u>(333)</u>	<u>(297)</u>	<u>(1,032)</u>	<u>(735)</u>
Budgetary fund balance, July 1, as previously reported.....	885	4,304	4,304	-	333	6,570	6,570	-
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	<u>885</u>	<u>4,304</u>	<u>4,304</u>	<u>-</u>	<u>333</u>	<u>6,570</u>	<u>6,570</u>	<u>-</u>
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 3,673</u>	<u>\$ 3,350</u>	<u>\$ (323)</u>	<u>\$ -</u>	<u>\$ 6,273</u>	<u>\$ 5,538</u>	<u>\$ (735)</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Human Welfare Fund				Off-Street Parking Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	200	200	211	11	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	-	-	1,017	1,017	-	-	-	-
Rents and concessions.....	-	-	-	-	10,128	10,212	9,943	(269)
Intergovernmental:								
Federal.....	-	8,967	8,966	(1)	-	-	-	-
State.....	-	-	-	-	-	-	-	-
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	-	447	230	(217)	-	42	148	106
Other revenues.....	-	-	-	-	-	-	-	-
Total revenues.....	<u>200</u>	<u>9,614</u>	<u>10,424</u>	<u>810</u>	<u>10,128</u>	<u>10,254</u>	<u>10,091</u>	<u>(163)</u>
<b>Expenditures:</b>								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	-	-	-	-	10,708	11,322	11,077	245
Human welfare and neighborhood development.....	184	10,849	10,849	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	(1)	-	(1)
General administration and finance.....	-	-	-	-	-	-	-	-
General City responsibilities.....	-	-	-	-	-	-	-	-
Total expenditures.....	<u>184</u>	<u>10,849</u>	<u>10,849</u>	<u>-</u>	<u>10,708</u>	<u>11,321</u>	<u>11,077</u>	<u>244</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>16</u>	<u>(1,235)</u>	<u>(425)</u>	<u>810</u>	<u>(580)</u>	<u>(1,067)</u>	<u>(986)</u>	<u>81</u>
<b>Other financing sources (uses):</b>								
Transfers in.....	-	-	-	-	580	580	580	-
Transfers out.....	(16)	(228)	(228)	-	-	(1,003)	(1,004)	(1)
Issuance of bonds.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources.....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	<u>(16)</u>	<u>(228)</u>	<u>(228)</u>	<u>-</u>	<u>580</u>	<u>(423)</u>	<u>(424)</u>	<u>(1)</u>
Net change in fund balances.....	-	(1,463)	(653)	810	-	(1,490)	(1,410)	80
Budgetary fund balance, July 1, as previously reported.....	-	653	653	-	-	4,737	4,737	-
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	-	653	653	-	-	4,737	4,737	-
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ (810)</u>	<u>\$ -</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ 3,247</u>	<u>\$ 3,327</u>	<u>\$ 80</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Open Space and Park Fund				Public Library Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>								
Property taxes.....	\$ 18,294	\$ 18,294	\$ 19,795	\$ 1,501	\$ 18,294	\$ 18,294	\$ 19,794	\$ 1,500
Business taxes.....	-	-	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	1,303	1,336	1,133	(203)	-	-	-	-
Rents and concessions.....	-	-	-	-	28	28	27	(1)
Intergovernmental:								
Federal.....	-	-	-	-	-	-	-	-
State.....	165	165	171	6	1,568	1,963	1,965	2
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	-	-	-	-	495	469	476	7
Other revenues.....	-	151	151	-	-	-	-	-
Total revenues.....	<u>19,762</u>	<u>19,946</u>	<u>21,250</u>	<u>1,304</u>	<u>20,385</u>	<u>20,754</u>	<u>22,262</u>	<u>1,508</u>
<b>Expenditures:</b>								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	-	394	18	376	-	-	-	-
Human welfare and neighborhood development.....	-	-	-	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	19,762	17,605	16,074	1,531	48,060	48,267	46,923	1,344
General administration and finance.....	-	-	-	-	-	-	-	-
General City responsibilities.....	-	-	-	-	-	-	-	-
Total expenditures.....	<u>19,762</u>	<u>17,999</u>	<u>16,092</u>	<u>1,907</u>	<u>48,060</u>	<u>48,267</u>	<u>46,923</u>	<u>1,344</u>
Excess (deficiency) of revenues over (under) expenditures.....	-	1,947	5,158	3,211	(27,675)	(27,513)	(24,661)	2,852
Other financing sources (uses):								
Transfers in.....	-	-	-	-	26,874	27,939	27,176	(763)
Transfers out.....	-	(7,517)	(6,364)	1,153	-	(199)	(199)	-
Issuance of bonds.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources.....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	-	(7,517)	(6,364)	1,153	<u>26,874</u>	<u>27,740</u>	<u>26,977</u>	<u>(763)</u>
Net change in fund balances.....	-	(5,570)	(1,206)	4,364	(801)	227	2,316	2,089
Budgetary fund balance, July 1, as previously reported.....	-	22,521	22,521	-	801	5,033	5,033	-
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	-	<u>22,521</u>	<u>22,521</u>	-	<u>801</u>	<u>5,033</u>	<u>5,033</u>	-
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 16,951</u>	<u>\$ 21,315</u>	<u>\$ 4,364</u>	<u>\$ -</u>	<u>\$ 5,260</u>	<u>\$ 7,349</u>	<u>\$ 2,089</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Public Protection Fund				Public Works, Transportation and Commerce Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>								
Property taxes.....	-	-	-	-	-	-	-	-
Business taxes.....	-	-	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	-	-	-
Licenses, permits, and franchises.....	860	1,343	1,299	(44)	-	-	-	-
Fines, forfeitures, and penalties.....	2,747	2,747	1,644	(1,103)	-	-	-	-
Interest and investment income.....	-	952	1,549	597	-	-	3	3
Rents and concessions.....	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal.....	5,717	10,042	10,013	(29)	-	175	175	-
State.....	8,936	13,376	12,928	(448)	-	1,363	1,363	-
Other.....	-	-	-	-	522	-	-	-
Charges for services.....	15,269	22,587	25,762	3,175	3,992	10,811	10,589	(222)
Other revenues.....	-	-	5	5	-	-	145	145
Total revenues.....	<u>33,529</u>	<u>51,047</u>	<u>53,200</u>	<u>2,153</u>	<u>4,514</u>	<u>12,349</u>	<u>12,275</u>	<u>(74)</u>
<b>Expenditures:</b>								
Public protection.....	22,740	40,719	40,626	93	-	-	-	-
Public works, transportation and commerce.....	14,111	21,273	21,273	-	-	7,885	7,890	(5)
Human welfare and neighborhood development.....	142	391	392	(1)	-	-	-	-
Community health.....	43	850	850	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	22	22	-
General administration and finance.....	-	-	-	-	4,634	8,927	5,839	3,088
General City responsibilities.....	-	-	-	-	-	-	-	-
Total expenditures.....	<u>37,036</u>	<u>63,233</u>	<u>63,141</u>	<u>92</u>	<u>4,634</u>	<u>16,834</u>	<u>13,751</u>	<u>3,083</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(3,507)</u>	<u>(12,186)</u>	<u>(9,941)</u>	<u>2,245</u>	<u>(120)</u>	<u>(4,485)</u>	<u>(1,476)</u>	<u>3,009</u>
<b>Other financing sources (uses):</b>								
Transfers in.....	-	-	-	-	-	254	254	-
Transfers out.....	(935)	(1,768)	(1,768)	-	-	2,580	2,580	-
Issuance of bonds.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	2,829	-	(2,829)
Loan repayments and other financing sources.....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	<u>(935)</u>	<u>(1,768)</u>	<u>(1,768)</u>	<u>-</u>	<u>-</u>	<u>5,663</u>	<u>2,834</u>	<u>(2,829)</u>
Net change in fund balances.....	<u>(4,442)</u>	<u>(13,954)</u>	<u>(11,709)</u>	<u>2,245</u>	<u>(120)</u>	<u>1,178</u>	<u>1,358</u>	<u>180</u>
Budgetary fund balance, July 1, as previously reported.....	4,442	29,425	29,425	-	120	13,469	13,469	-
Cummulative effect of a change in accounting principles.....	-	-	6,940	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	<u>4,442</u>	<u>29,425</u>	<u>36,365</u>	<u>-</u>	<u>120</u>	<u>13,469</u>	<u>13,469</u>	<u>-</u>
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 15,471</u>	<u>\$ 24,656</u>	<u>\$ 2,245</u>	<u>\$ -</u>	<u>\$ 14,647</u>	<u>\$ 14,827</u>	<u>\$ 180</u>

(Continued)



**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Real Property Fund				San Francisco County Transportation Authority Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	-	103,133	75,487	(27,646)
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	-	38	68	30	-	11,070	13,414	2,344
Rents and concessions.....	3,293	4,151	4,108	(43)	-	-	-	-
Intergovernmental:								
Federal.....	-	-	-	-	-	6,876	3,841	(3,035)
State.....	-	-	-	-	-	-	-	-
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	1,178	1,178	1,674	496	-	-	-	-
Other revenues.....	-	28	3,543	3,515	-	-	-	-
Total revenues.....	<u>4,471</u>	<u>5,395</u>	<u>9,393</u>	<u>3,998</u>	<u>-</u>	<u>121,079</u>	<u>92,742</u>	<u>(28,337)</u>
<b>Expenditures:</b>								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	282	140	140	-	-	89,086	90,420	(1,334)
Human welfare and neighborhood development.....	-	27	27	-	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	-	-	-	-
General administration and finance.....	5,196	5,943	5,943	-	-	-	-	-
General City responsibilities.....	-	-	-	-	-	-	-	-
Total expenditures.....	<u>5,478</u>	<u>6,110</u>	<u>6,110</u>	<u>-</u>	<u>-</u>	<u>89,086</u>	<u>90,420</u>	<u>(1,334)</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(1,007)</u>	<u>(715)</u>	<u>3,283</u>	<u>3,998</u>	<u>-</u>	<u>31,993</u>	<u>2,322</u>	<u>(29,671)</u>
<b>Other financing sources (uses):</b>								
Transfers in.....	726	504	504	-	-	-	-	-
Transfers out.....	-	-	-	-	-	(37,220)	(37,220)	-
Issuance of bonds.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources.....	-	68	-	(68)	-	-	-	-
Total other financing sources (uses).....	<u>726</u>	<u>572</u>	<u>504</u>	<u>(68)</u>	<u>-</u>	<u>(37,220)</u>	<u>(37,220)</u>	<u>-</u>
Net change in fund balances.....	<u>(281)</u>	<u>(143)</u>	<u>3,787</u>	<u>3,930</u>	<u>-</u>	<u>(5,227)</u>	<u>(34,898)</u>	<u>(29,671)</u>
Budgetary fund balance, July 1, as previously reported.....	281	8,388	8,388	-	-	198,099	198,099	-
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	<u>281</u>	<u>8,388</u>	<u>8,388</u>	<u>-</u>	<u>-</u>	<u>198,099</u>	<u>198,099</u>	<u>-</u>
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 8,245</u>	<u>\$ 12,175</u>	<u>\$ 3,930</u>	<u>\$ -</u>	<u>\$ 192,872</u>	<u>\$ 163,201</u>	<u>\$ (29,671)</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	Senior Citizens' Program Fund				War Memorial Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>								
Property taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business taxes.....	-	-	-	-	-	-	-	-
Other local taxes.....	-	-	-	-	8,935	8,935	9,475	540
Licenses, permits, and franchises.....	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties.....	-	-	-	-	-	-	-	-
Interest and investment income.....	-	-	-	-	-	-	-	-
Rents and concessions.....	-	-	-	-	1,133	1,364	1,521	157
Intergovernmental:								
Federal.....	3,588	4,122	3,781	(341)	-	-	-	-
State.....	1,775	3,611	1,840	(1,771)	-	-	-	-
Other.....	-	-	-	-	-	-	-	-
Charges for services.....	-	-	-	-	202	245	283	38
Other revenues.....	-	-	-	-	-	-	-	-
Total revenues.....	<u>5,363</u>	<u>7,733</u>	<u>5,621</u>	<u>(2,112)</u>	<u>10,270</u>	<u>10,544</u>	<u>11,279</u>	<u>735</u>
<b>Expenditures:</b>								
Public protection.....	-	-	-	-	-	-	-	-
Public works, transportation and commerce.....	-	-	-	-	-	48	49	(1)
Human welfare and neighborhood development.....	5,363	8,484	7,509	975	-	-	-	-
Community health.....	-	-	-	-	-	-	-	-
Culture and recreation.....	-	-	-	-	9,602	8,929	8,745	184
General administration and finance.....	-	-	-	-	-	-	-	-
General City responsibilities.....	-	-	-	-	-	-	-	-
Total expenditures.....	<u>5,363</u>	<u>8,484</u>	<u>7,509</u>	<u>975</u>	<u>9,602</u>	<u>8,977</u>	<u>8,794</u>	<u>183</u>
Excess (deficiency) of revenues over (under) expenditures.....	-	(751)	(1,888)	(1,137)	668	1,567	2,485	918
<b>Other financing sources (uses):</b>								
Transfers in.....	-	-	-	-	-	-	-	-
Transfers out.....	-	-	-	-	-	(105)	(104)	1
Issuance of bonds.....	-	-	-	-	-	-	-	-
Budget reserves and designations.....	-	-	-	-	-	-	-	-
Loan repayments and other financing sources.....	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	-	-	-	-	-	(105)	(104)	1
Net change in fund balances.....	-	(751)	(1,888)	(1,137)	668	1,462	2,381	919
Budgetary fund balance, July 1, as previously reported.....	-	3,004	3,004	-	(668)	12,403	12,403	-
Cummulative effect of a change in accounting principles.....	-	-	-	-	-	-	-	-
Budgetary fund balance, July 1, as restated.....	-	3,004	3,004	-	(668)	12,403	12,403	-
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 2,253</u>	<u>\$ 1,116</u>	<u>\$ (1,137)</u>	<u>\$ -</u>	<u>\$ 13,865</u>	<u>\$ 14,784</u>	<u>\$ 919</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances -**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	TOTAL			Variance
	Original Budget	Final Budget	Actual	Positive Negative
<b>Revenues:</b>				
Property taxes.....	\$ 54,882	\$ 54,882	\$ 59,384	\$ 4,502
Business taxes.....	600	600	728	128
Other local taxes.....	54,777	158,280	133,348	(24,932)
Licenses, permits, and franchises.....	4,687	5,170	5,789	619
Fines, forfeitures, and penalties.....	4,487	3,756	3,676	(80)
Interest and investment income.....	3,119	15,752	27,303	11,551
Rents and concessions.....	24,300	26,222	26,566	344
Intergovernmental:				
Federal.....	116,859	156,933	152,695	(4,238)
State.....	55,306	70,079	66,885	(3,194)
Other.....	522	1,922	1,922	-
Charges for services.....	66,923	96,251	114,305	18,054
Other revenues.....	803	16,235	11,544	(4,691)
Total revenues.....	<u>387,265</u>	<u>606,082</u>	<u>604,145</u>	<u>(1,937)</u>
<b>Expenditures:</b>				
Public protection.....	28,593	46,089	45,993	96
Public works, transportation and commerce.....	93,425	205,778	205,472	306
Human welfare and neighborhood development.....	116,754	129,743	126,926	2,817
Community health.....	73,943	89,199	89,174	25
Culture and recreation.....	130,057	130,441	126,595	3,846
General administration and finance.....	10,980	24,719	23,109	1,610
General City responsibilities.....	5,147	170	171	(1)
Total expenditures.....	<u>458,899</u>	<u>626,139</u>	<u>617,440</u>	<u>8,699</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(71,634)</u>	<u>(20,057)</u>	<u>(13,295)</u>	<u>6,762</u>
Other financing sources (uses):				
Transfers in.....	36,149	42,662	41,899	(763)
Transfers out.....	(1,561)	(52,406)	(51,028)	1,378
Issuance of bonds.....	20,000	20,175	59,987	39,812
Budget reserves and designations.....	-	4,896	-	(4,896)
Loan repayments and other financing sources.....	-	1,532	85	(1,447)
Total other financing sources (uses).....	<u>54,588</u>	<u>16,859</u>	<u>50,943</u>	<u>34,084</u>
Net change in fund balances.....	<u>(17,046)</u>	<u>(3,198)</u>	<u>37,648</u>	<u>40,846</u>
Budgetary fund balance, July 1, as previously reported.....	17,046	490,762	490,762	-
Cumulative effect of a change in accounting principles.....	-	-	6,940	6,940
Budgetary fund balance, July 1, as restated.....	<u>17,046</u>	<u>490,762</u>	<u>497,702</u>	<u>6,940</u>
Budgetary fund balance, June 30.....	<u>\$ -</u>	<u>\$ 487,564</u>	<u>\$ 535,350</u>	<u>\$ 47,786</u>

**CITY AND COUNTY OF SAN FRANCISCO**

**SPECIAL REVENUE FUNDS**

**Schedule of Expenditures by Department**

**Budget and Actual - Budget Basis**

**Year ended June 30, 2001**

**(In Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>BUILDING INSPECTION FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
Building Inspection.....	\$ 33,695	\$ 31,146	\$ 30,604	\$ 542
Total Building Inspection Fund.....	<u>33,695</u>	<u>31,146</u>	<u>30,604</u>	<u>542</u>
<b>CHILDREN AND FAMILIES FUND</b>				
<b>Human Welfare and Neighborhood Development</b>				
Child Support Services.....	19,709	20,071	18,268	1,803
Children and Families Commission.....	12,867	1,950	1,950	-
Children, Youth and Their Families.....	<u>20,286</u>	<u>18,692</u>	<u>18,805</u>	<u>(113)</u>
	<u>52,862</u>	<u>40,713</u>	<u>39,023</u>	<u>1,690</u>
<b>Community Health</b>				
Public Health.....	-	25	-	25
Total Children's Fund.....	<u>52,862</u>	<u>40,738</u>	<u>39,023</u>	<u>1,715</u>
<b>COMMUNITY/NEIGHBORHOOD DEVELOPMENT FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
Business and Economic Development.....	<u>382</u>	<u>1,708</u>	<u>1,708</u>	<u>-</u>
<b>Human Welfare and Neighborhood Development</b>				
Children, Youth and Their Families.....	-	597	597	-
Commission on Status of Women.....	-	237	237	-
Human Rights Commission.....	250	235	236	(1)
Mayor's Office.....	53,736	63,381	63,381	-
Rent Arbitration Board.....	<u>3,284</u>	<u>3,608</u>	<u>3,449</u>	<u>159</u>
	<u>57,270</u>	<u>68,058</u>	<u>67,900</u>	<u>158</u>
<b>Community Health</b>				
Public Health.....	-	553	553	-
<b>General Administration and Finance</b>				
City Planning.....	-	1,599	1,598	1
Total Community/Neighborhood Development Fund.....	<u>57,652</u>	<u>71,918</u>	<u>71,759</u>	<u>159</u>
<b>COMMUNITY HEALTH SERVICES FUND</b>				
<b>Community Health</b>				
Community Health Network.....	710	712	712	-
Public Health.....	<u>73,190</u>	<u>86,420</u>	<u>86,420</u>	<u>-</u>
	<u>73,900</u>	<u>87,132</u>	<u>87,132</u>	<u>-</u>
Total Community Health Services Fund.....	<u>73,900</u>	<u>87,132</u>	<u>87,132</u>	<u>-</u>
<b>CONVENTION FACILITIES FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
Public Works.....	-	7,377	7,377	-
<b>Human Welfare and Neighborhood Development</b>				
Mayor's Office.....	<u>600</u>	<u>714</u>	<u>719</u>	<u>(5)</u>
<b>Culture and Recreation</b>				
Administrative Services - Convention Facilities.....	48,865	49,039	48,485	554
Arts Commission.....	-	338	338	-
	<u>48,865</u>	<u>49,377</u>	<u>48,823</u>	<u>554</u>
<b>General City Responsibilities</b>				
General City Responsibility.....	-	160	160	-
Mayor's Office.....	<u>5,147</u>	<u>10</u>	<u>11</u>	<u>(1)</u>
	<u>5,147</u>	<u>170</u>	<u>171</u>	<u>(1)</u>
Total Convention Facilities Fund.....	<u>54,612</u>	<u>57,638</u>	<u>57,090</u>	<u>548</u>

*(Continued)*

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Schedule of Expenditures by Department**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>COURT'S FUND</b>				
<b>Public Protection</b>				
Trial Courts.....	5,192	4,618	4,614	4
<b>Public Works, Transportation and Commerce</b>				
Public Works.....	-	113	3	110
Total Court's Fund.....	5,192	4,731	4,617	114
<b>CULTURE AND RECREATION FUND</b>				
<b>Culture and Recreation</b>				
Arts Commission.....	408	973	973	-
Asian Art Museum.....	-	488	488	-
Fine Arts Museums.....	193	1,651	1,650	1
Recreation and Park Commission.....	2,490	1,648	1,414	234
	3,091	4,760	4,525	235
<b>General Administration and Finance</b>				
Mayor's Office.....	125	134	134	-
Total Culture and Recreation Fund.....	3,216	4,894	4,659	235
<b>GASOLINE TAX FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
Public Works.....	24,878	24,948	24,711	237
Parking and Traffic Commission.....	7,958	8,881	8,745	136
Total Gasoline Tax Fund.....	32,836	33,829	33,456	373
<b>GENERAL SERVICES FUND</b>				
<b>Public Protection</b>				
Administrative Services - Cosumer Assurance.....	-	26	25	1
District Attorney.....	239	-	-	-
Mayor's Office.....	-	-	1	(1)
Trial Courts.....	422	429	429	-
	661	455	455	-
<b>Public Works, Transportation and Commerce</b>				
Mayor's Office.....	-	(1)	-	(1)
Telecommunications and Information Services.....	1,411	1,452	1,452	-
	1,411	1,451	1,452	(1)
<b>Human Welfare and Neighborhood Development</b>				
<b>Culture and Recreation</b>				
Fine Arts Museum.....	-	676	676	-
Recreation and Park Commission.....	-	29	29	-
	-	705	705	-
<b>General Administration and Finance</b>				
Administrative Services - Purchasing.....	-	665	665	-
Assessor/Recorder.....	-	477	477	-
Assessor/Recorder.....	895	801	801	-
Board of Supervisors.....	130	189	189	-
City Attorney.....	-	485	485	-
Civil Service.....	-	33	33	-
Human Resources.....	-	5,348	6,828	(1,480)
Mayor's Office.....	-	114	114	-
	1,025	8,112	9,592	(1,480)
Total General Services Fund.....	3,097	10,723	12,204	(1,481)

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Schedule of Expenditures by Department**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>GIFT FUND</b>				
<b>Public Protection</b>				
Administrative Services - Animal Care and Control.....	-	47	47	-
Adult Probation.....	-	1	1	-
District Attorney.....	-	5	5	-
Fire Department.....	-	36	36	-
Sheriff.....	-	208	209	(1)
	-	297	298	(1)
<b>Public Works, Transportation and Commerce</b>				
Public Works.....	-	3	3	-
Telecommunications and Information Services.....	-	3	2	1
	-	6	5	1
<b>Human Welfare and Neighborhood Development</b>				
Adult and Aging Services.....	-	26	26	-
Human Services.....	333	204	205	(1)
Mayor's Office.....	-	277	276	1
	333	507	507	-
<b>Community Health</b>				
Community Health Network.....	-	358	358	-
Public Health.....	-	281	281	-
	-	639	639	-
<b>Culture and Recreation</b>				
Arts Commission.....	-	253	254	(1)
Fine Arts Museums.....	-	36	36	-
Mayor's Office.....	-	12	11	1
Public Library.....	176	381	382	(1)
Recreation and Park Commission.....	501	95	95	-
	677	777	778	(1)
<b>General Administration and Finance</b>				
Board of Supervisors.....	-	-	1	(1)
Mayor's Office.....	-	3	2	1
	-	3	3	-
Total Gift and Other Expendable Trusts Fund.....	1,010	2,229	2,230	(1)
<b>HUMAN WELFARE FUND</b>				
<b>Human Welfare and Neighborhood Development</b>				
Commission on Status of Women.....	184	185	185	-
Human Services.....	-	10,664	10,664	-
Total Human Welfare Fund.....	184	10,849	10,849	-
<b>OFF-STREET PARKING FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
Parking and Traffic Commission.....	10,708	11,322	11,077	245
Total Off-Street Parking Fund.....	10,708	11,322	11,077	245

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Schedule of Expenditures by Department**  
**Budget and Actual - Budget Basis (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPEN SPACE AND PARK FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
Public Works.....	-	394	18	376
<b>Culture and Recreation</b>				
Arts Commission.....	-	8	4	4
Recreation and Park Commission.....	19,762	17,597	16,070	1,527
	<u>19,762</u>	<u>17,605</u>	<u>16,074</u>	<u>1,531</u>
Total Open Space and Park Fund.....	<u>19,762</u>	<u>17,999</u>	<u>16,092</u>	<u>1,907</u>
<b>PUBLIC LIBRARY FUND</b>				
<b>Culture and Recreation</b>				
Public Library.....	48,060	48,267	46,923	1,344
Total Public Library Fund.....	<u>48,060</u>	<u>48,267</u>	<u>46,923</u>	<u>1,344</u>
<b>PUBLIC PROTECTION FUND</b>				
<b>Public Protection</b>				
Adult Probation.....	922	1,480	1,138	342
District Attorney.....	4,547	4,929	4,930	(1)
Fire Department.....	-	35	35	-
Juvenile Probation.....	158	390	732	(342)
Mayor's Office.....	2,016	3,607	3,607	-
Police Commission.....	9,622	24,863	24,769	94
Public Defender.....	55	467	467	-
Sheriff.....	5,420	4,929	4,929	-
Trial Courts.....	-	19	19	-
	<u>22,740</u>	<u>40,719</u>	<u>40,626</u>	<u>93</u>
<b>Public Works, Transportation and Commerce</b>				
Emergency Communications Department.....	14,111	21,272	21,272	-
Public Works.....	-	1	1	-
	<u>14,111</u>	<u>21,273</u>	<u>21,273</u>	<u>-</u>
<b>Human Welfare and Neighborhood Development</b>				
Child Support Services.....	142	153	154	(1)
Children, Youth and Their Families.....	-	142	142	-
Human Services.....	-	96	96	-
	<u>142</u>	<u>391</u>	<u>392</u>	<u>(1)</u>
<b>Community Health</b>				
Public Health.....	43	850	850	-
Total Public Protection Fund.....	<u>37,036</u>	<u>63,233</u>	<u>63,141</u>	<u>92</u>
<b>PUBLIC WORKS TRANSPORTATION AND COMMERCE FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
Mayor's office.....	-	30	30	-
Parking and Traffic Commission.....	-	190	190	-
Public Works.....	-	7,650	7,655	(5)
Water Department.....	-	15	15	-
	<u>-</u>	<u>7,885</u>	<u>7,890</u>	<u>(5)</u>
<b>Culture and Recreation</b>				
Academy of Sciences.....	-	16	16	-
Public Library.....	-	6	6	-
	<u>-</u>	<u>22</u>	<u>22</u>	<u>-</u>
<b>General Administration and Finance</b>				
Administrative Services .....	4,112	8,518	5,431	3,087
City Planning.....	522	409	408	1
	<u>4,634</u>	<u>8,927</u>	<u>5,839</u>	<u>3,088</u>
Total Public Works Transportation and Commerce Fund.....	<u>4,634</u>	<u>16,834</u>	<u>13,751</u>	<u>3,083</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**SPECIAL REVENUE FUNDS**  
**Schedule of Expenditures by Department**  
**Budget and Actual - Budget Basis (*Continued*)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REAL PROPERTY FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
Public Works.....	282	140	140	-
<b>Human Welfare and Neighborhood Development</b>				
Rent Arbitration Board.....	-	27	27	-
<b>General Administration and Finance</b>				
Administrative Services.....	5,196	5,013	5,013	-
Administrative Services - Real Estate.....	-	930	930	-
	<u>5,196</u>	<u>5,943</u>	<u>5,943</u>	<u>-</u>
Total Real Property Fund.....	<u>5,478</u>	<u>6,110</u>	<u>6,110</u>	<u>-</u>
<b>SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
San Francisco Transportation Authority.....	-	89,086	90,420	(1,334)
<b>SENIOR CITIZENS' PROGRAM FUND</b>				
<b>Human Welfare and Neighborhood Development</b>				
Adult and Aging Services.....	5,363	8,484	7,509	975
Total Senior Citizens' Program Fund.....	<u>5,363</u>	<u>8,484</u>	<u>7,509</u>	<u>975</u>
<b>WAR MEMORIAL FUND</b>				
<b>Public Works, Transportation and Commerce</b>				
Public Works.....	-	48	49	(1)
<b>Culture and Recreation</b>				
War Memorial.....	9,602	8,929	8,745	184
Total War Memorial Fund.....	<u>9,602</u>	<u>8,977</u>	<u>8,794</u>	<u>183</u>
Total Special Revenue Funds With Legally Adopted	<u>\$ 458,899</u>	<u>\$ 626,139</u>	<u>\$ 617,440</u>	<u>\$ 8,699</u>



**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Debt Service**  
**June 30, 2001**  
**(In Thousands)**

	<b>General Obligation Bond</b>	<b>Finance Corporation Lease Revenue Bond</b>	<b>Certificate of Participation</b>	<b>Other Bond Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Deposits and investments with City Treasury.....	\$ 20,906	\$ -	\$ -	\$ -	\$ 20,906
Deposits and investments outside City Treasury.....	-	11,671	16,940	20,042	48,653
Receivables:					
Property taxes and penalties.....	4,933	-	-	-	4,933
Total assets.....	<u>\$ 25,839</u>	<u>\$ 11,671</u>	<u>\$ 16,940</u>	<u>\$ 20,042</u>	<u>\$ 74,492</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accrued interest payable.....	\$ 398	\$ -	\$ -	\$ -	\$ 398
Deferred tax, grant and subvention revenues.....	4,047	-	-	-	4,047
Due to other funds.....	-	-	6	-	6
Deferred credits and other liabilities.....	6,585	-	-	148	6,733
Total liabilities.....	<u>11,030</u>	<u>-</u>	<u>6</u>	<u>148</u>	<u>11,184</u>
Fund balances:					
Reserved for debt service.....	14,809	11,671	16,934	19,894	63,308
Total liabilities and fund balances.....	<u>\$ 25,839</u>	<u>\$ 11,671</u>	<u>\$ 16,940</u>	<u>\$ 20,042</u>	<u>\$ 74,492</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds - Debt Service**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<b>General Obligation Bond</b>	<b>Finance Corporation Lease Revenue Bond</b>	<b>Certificate of Participation</b>	<b>Other Bond Funds</b>	<b>Total</b>
Revenues:					
Property taxes.....	\$106,099	\$ -	\$ -	\$ -	\$106,099
Interest and investment income.....	3,386	781	617	69	4,853
Rents and concessions.....	-	16,432	7,700	3,735	27,867
Intergovernmental:					
State.....	922	-	-	-	922
Total revenues.....	<u>110,407</u>	<u>17,213</u>	<u>8,317</u>	<u>3,804</u>	<u>139,741</u>
Expenditures:					
Debt service:					
Principal retirement.....	49,210	12,275	3,745	4,640	69,870
Interest and fiscal charges.....	49,169	5,239	8,789	5,170	68,367
Total expenditures.....	<u>98,379</u>	<u>17,514</u>	<u>12,534</u>	<u>9,810</u>	<u>138,237</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>12,028</u>	<u>(301)</u>	<u>(4,217)</u>	<u>(6,006)</u>	<u>1,504</u>
Other financing sources (uses):					
Transfers in.....	-	19	12,223	23,870	36,112
Transfers out.....	(3,387)	(4)	-	-	(3,391)
Issuance of bonds and loans.....	-	-	-	1,389	1,389
Total other financing sources (uses).....	<u>(3,387)</u>	<u>15</u>	<u>12,223</u>	<u>25,259</u>	<u>34,110</u>
Net change in fund balances.....	8,641	(286)	8,006	19,253	35,614
Fund balances at beginning of year.....	6,168	11,957	8,928	641	27,694
Fund balances at end of year.....	<u>\$ 14,809</u>	<u>\$ 11,671</u>	<u>\$ 16,934</u>	<u>\$ 19,894</u>	<u>\$ 63,308</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Capital Project**  
**June 30, 2001**  
**(In Thousands)**

	<b>City Facilities Improvement</b>	<b>Citywide Commun- ication</b>	<b>Earthquake Safety Improvement</b>	<b>Finance Corporation</b>	<b>Fire Protection Systems Improvement</b>
<b>ASSETS</b>					
Deposits and investments with City Treasury.....	\$ 61,941	\$ 7,537	\$ 40,726	\$ -	\$ 22,313
Deposits and investments outside City Treasury..	126,506	2,907	-	1,553	-
Receivables:					
Federal and state grants and subventions.....	1	-	28	-	-
Charges for services.....	-	-	-	-	-
Interest and other.....	706	110	476	-	262
Due from component unit.....	-	-	-	-	-
Deferred charges and other assets.....	-	-	-	-	-
Total assets.....	<u>\$ 189,154</u>	<u>\$ 10,554</u>	<u>\$ 41,230</u>	<u>\$ 1,553</u>	<u>\$ 22,575</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable.....	\$ 709	\$ -	\$ 777	\$ -	\$ 211
Accrued payroll.....	136	-	158	-	24
Due to other funds.....	7,000	-	-	-	-
Deferred credits and other liabilities.....	1,462	663	5,282	576	148
Total liabilities.....	<u>9,307</u>	<u>663</u>	<u>6,217</u>	<u>576</u>	<u>383</u>
Fund balances:					
Reserved for assets not available for appropriation.....	-	2,907	-	1,553	-
Reserved for debt service.....	-	-	-	-	-
Reserved for encumbrances.....	141,372	403	7,740	-	1,303
Reserved for appropriation carryforward.....	46,593	4,092	17,795	-	11,742
Unreserved (deficit).....	(8,118)	2,489	9,478	(576)	9,147
Total fund balances.....	<u>179,847</u>	<u>9,891</u>	<u>35,013</u>	<u>977</u>	<u>22,192</u>
Total liabilities and fund balances.....	<u>\$ 189,154</u>	<u>\$ 10,554</u>	<u>\$ 41,230</u>	<u>\$ 1,553</u>	<u>\$ 22,575</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Capital Project (Continued)**  
**June 30, 2001**  
**(In Thousands)**

	<b>Moscone Convention Center</b>	<b>Public Library Improvement</b>	<b>Recreation and Park Projects</b>	<b>Street Improvement</b>	<b>Total</b>
<b>ASSETS</b>					
Deposits and investments with City Treasury.....	\$ 46,169	\$ 5,493	\$ 50,368	\$ -	\$234,547
Deposits and investments outside City Treasury..	103,840	-	-	-	234,806
Receivables:					
Federal and state grants and subventions.....	-	-	-	23,031	23,060
Charges for services.....	-	-	-	90	90
Interest and other.....	259	61	472	4,389	6,735
Due from component unit.....	18,741	-	-	-	18,741
Deferred charges and other assets.....	-	-	-	25	25
Total assets.....	<u>\$ 169,009</u>	<u>\$ 5,554</u>	<u>\$ 50,840</u>	<u>\$ 27,535</u>	<u>\$518,004</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable.....	\$ 595	\$ 49	\$ 2,288	\$ 3,599	\$ 8,228
Accrued payroll.....	85	-	355	678	1,436
Deferred tax, grant and subvention revenues...	-	-	-	430	430
Due to other funds.....	-	353	-	21,666	29,019
Deferred credits and other liabilities.....	-	300	1,038	841	10,310
Total liabilities.....	<u>680</u>	<u>702</u>	<u>3,681</u>	<u>27,214</u>	<u>49,423</u>
Fund balances:					
Reserved for assets not available for appropriation.....	18,740	-	-	-	23,200
Reserved for encumbrances.....	14,859	20	7,245	25,737	198,679
Reserved for appropriation carryforward.....	130,172	860	23,819	-	235,073
Unreserved (deficit).....	4,558	3,972	16,095	(25,416)	11,629
Total fund balances.....	<u>168,329</u>	<u>4,852</u>	<u>47,159</u>	<u>321</u>	<u>468,581</u>
Total liabilities and fund balances.....	<u>\$ 169,009</u>	<u>\$ 5,554</u>	<u>\$ 50,840</u>	<u>\$ 27,535</u>	<u>\$518,004</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds - Capital Project**  
**Year ended June 30, 2001**  
**(In Thousands)**

	City Facilities Improve- ment	Citywide Communi- cation	Earthquake Safety Improve- ment	Finance Corporation	Fire Protection Systems Improve- ment
Revenues:					
Interest and investment income.....	\$ 7,460	\$ 442	\$ 2,631	\$ 220	\$ 1,590
Rents and concessions.....	725	-	-	68	-
Intergovernmental:					
Federal.....	750	-	-	-	1
State.....	-	-	1,539	-	-
Other.....	-	-	-	-	-
Charges for services.....	-	-	-	-	-
Other.....	50	-	-	-	-
Total revenues.....	<u>8,985</u>	<u>442</u>	<u>4,170</u>	<u>288</u>	<u>1,591</u>
Expenditures:					
Debt service:					
Bond issuance costs.....	3,827	-	-	-	-
Capital outlay.....	<u>35,874</u>	<u>7,118</u>	<u>6,912</u>	<u>5,546</u>	<u>1,584</u>
Total expenditures.....	<u>39,701</u>	<u>7,118</u>	<u>6,912</u>	<u>5,546</u>	<u>1,584</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(30,716)</u>	<u>(6,676)</u>	<u>(2,742)</u>	<u>(5,258)</u>	<u>7</u>
Other financing sources (uses):					
Transfers in.....	4,436	4	1,768	-	244
Transfers out.....	(19,223)	-	-	(19)	-
Issuance of bonds and loans.....	<u>141,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses).....	<u>126,518</u>	<u>4</u>	<u>1,768</u>	<u>(19)</u>	<u>244</u>
Net change in fund balances.....	<u>95,802</u>	<u>(6,672)</u>	<u>(974)</u>	<u>(5,277)</u>	<u>251</u>
Fund balances at beginning of year.....	<u>84,045</u>	<u>16,563</u>	<u>35,987</u>	<u>6,254</u>	<u>21,941</u>
Fund balances at end of year.....	<u>\$ 179,847</u>	<u>\$ 9,891</u>	<u>\$ 35,013</u>	<u>\$ 977</u>	<u>\$ 22,192</u>

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds - Capital Project (Continued)**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<b>Moscone Convention Center</b>	<b>Public Library Improvement</b>	<b>Recreation and Park Projects</b>	<b>Street Improvement</b>	<b>Total</b>
Revenues:					
Interest and investment income.....	\$ 8,124	\$ 542	\$ 2,003	\$ -	\$ 23,012
Rents and concessions.....	-	-	-	351	1,144
Intergovernmental:					
Federal.....	-	-	38	7,862	8,651
State.....	-	-	2,934	2,061	6,534
Other.....	-	-	-	4,413	4,413
Charges for services.....	-	-	-	774	774
Other.....	-	-	352	169	571
Total revenues.....	<u>8,124</u>	<u>542</u>	<u>5,327</u>	<u>15,630</u>	<u>45,099</u>
Expenditures:					
Debt service:					
Bond issuance costs.....	2,335	-	305	-	6,467
Capital outlay.....	44,519	417	28,851	39,651	170,472
Total expenditures.....	<u>46,854</u>	<u>417</u>	<u>29,156</u>	<u>39,651</u>	<u>176,939</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(38,730)</u>	<u>125</u>	<u>(23,829)</u>	<u>(24,021)</u>	<u>(131,840)</u>
Other financing sources (uses):					
Transfers in.....	-	199	9,802	27,012	43,465
Transfers out.....	(22,552)	-	-	(2,670)	(44,464)
Issuance of bonds and loans.....	157,500	-	31,336	-	330,141
Total other financing sources (uses).....	<u>134,948</u>	<u>199</u>	<u>41,138</u>	<u>24,342</u>	<u>329,142</u>
Net change in fund balances.....	96,218	324	17,309	321	197,302
Fund balances at beginning of year.....	72,111	4,528	29,850	-	271,279
Fund balances at end of year.....	<u>\$ 168,329</u>	<u>\$ 4,852</u>	<u>\$47,159</u>	<u>\$ 321</u>	<u>\$ 468,581</u>

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## CITY AND COUNTY OF SAN FRANCISCO

### INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

*Central Shops Fund* -- Accounts for Central Shops equipment (primarily vehicle) maintenance service charges and the related billings to various departments.

*Reproduction Fund* -- Accounts for printing, design and mail services required by various City departments and agencies.

*Telecommunications and Information Fund* -- Accounts for centralized telecommunications activities in the City's Wide Area Network, radio communication and telephone systems. In addition, it accounts for application support provided to many department-specific and citywide systems, management of the City's Web site, operations of the City's mainframe computers and technology training provided to city personnel. It also accounts for the related billings to various departments for specific services performed and operating support from the General Fund.



# CITY AND COUNTY OF SAN FRANCISCO

## Combining Statement of Net Assets Internal Service Funds

June 30, 2001

(In Thousands)

	<u>Central Shops Fund</u>	<u>Reproduction Fund</u>	<u>Telecom- munications &amp; Information Fund</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Deposits and investments with City Treasury.....	\$ 729	\$ 989	\$ 6,078	\$ 7,796
Receivables:				
Interest and other.....	<u>-</u>	<u>-</u>	<u>301</u>	<u>301</u>
Total current assets.....	<u>729</u>	<u>989</u>	<u>6,379</u>	<u>8,097</u>
Noncurrent assets:				
Capital assets:				
Building and equipment, net of depreciation.....	242	432	1,921	2,595
Deferred charges and other assets.....	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Total noncurrent assets.....	<u>242</u>	<u>432</u>	<u>1,924</u>	<u>2,598</u>
Total assets.....	<u>971</u>	<u>1,421</u>	<u>8,303</u>	<u>10,695</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable.....	640	396	4,205	5,241
Accrued payroll.....	442	85	1,542	2,069
Accrued vacation and sick leave pay.....	333	-	911	1,244
Accrued workers' compensation.....	-	-	155	155
Bonds, loans, capital leases, and other payables.....	<u>-</u>	<u>-</u>	<u>1,619</u>	<u>1,619</u>
Total current liabilities.....	<u>1,415</u>	<u>481</u>	<u>8,432</u>	<u>10,328</u>
Noncurrent liabilities:				
Accrued vacation and sick leave pay.....	227	-	1,079	1,306
Accrued workers' compensation.....	-	-	423	423
Bonds, loans, capital leases, and other payables.....	<u>-</u>	<u>-</u>	<u>1,932</u>	<u>1,932</u>
Total noncurrent liabilities.....	<u>227</u>	<u>-</u>	<u>3,434</u>	<u>3,661</u>
Total liabilities.....	<u>1,642</u>	<u>481</u>	<u>11,866</u>	<u>13,989</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt.....	242	432	-	674
Unrestricted (deficit).....	<u>(913)</u>	<u>508</u>	<u>(3,563)</u>	<u>(3,968)</u>
Total net assets (deficit).....	<u>\$ (671)</u>	<u>\$ 940</u>	<u>\$ (3,563)</u>	<u>\$ (3,294)</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<b>Central Shops Fund</b>	<b>Reproduction Fund</b>	<b>Telecom- munications &amp; Information Fund</b>	<b>Total</b>
Operating revenues:				
Charges for services.....	\$ 16,996	\$ 5,998	\$ 73,031	\$ 96,025
Total operating revenues.....	<u>16,996</u>	<u>5,998</u>	<u>73,031</u>	<u>96,025</u>
Operating expenses:				
Personal services.....	7,538	1,434	25,498	34,470
Contractual services.....	2,090	3,026	29,200	34,316
Materials and supplies.....	7,029	820	10,440	18,289
Depreciation and amortization.....	70	295	2,550	2,915
General and administrative.....	47	11	-	58
Services provided by other departments.....	621	276	2,157	3,054
Other.....	81	341	3,368	3,790
Total operating expenses.....	<u>17,476</u>	<u>6,203</u>	<u>73,213</u>	<u>96,892</u>
Operating loss.....	<u>(480)</u>	<u>(205)</u>	<u>(182)</u>	<u>(867)</u>
Nonoperating revenues (expenses):				
Interest and investment income.....	-	-	50	50
Interest expense.....	(125)	(52)	(940)	(1,117)
Other, net.....	-	-	986	986
Total nonoperating revenues (expenses)....	<u>(125)</u>	<u>(52)</u>	<u>96</u>	<u>(81)</u>
Income (loss) before operating transfers....	(605)	(257)	(86)	(948)
Transfers in.....	125	52	940	1,117
Transfers out.....	-	-	(50)	(50)
Change in net assets.....	(480)	(205)	804	119
Total net assets (deficit) - beginning.....	<u>(191)</u>	<u>1,145</u>	<u>(4,367)</u>	<u>(3,413)</u>
Total net assets (deficit) - ending.....	<u>\$ (671)</u>	<u>\$ 940</u>	<u>\$ (3,563)</u>	<u>\$ (3,294)</u>

# CITY AND COUNTY OF SAN FRANCISCO

## Combining Statement of Cash Flows Internal Service Funds

Year ended June 30, 2001

(In Thousands)

	Central Shops Fund	Reproduction Fund	Telecom- munications & Information Fund	Total
Cash flows from operating activities:				
Cash received from quasi-external transactions.....	\$ 16,996	\$ 5,998	\$ 72,742	\$ 95,736
Cash paid to employees for services.....	(7,453)	(1,429)	(25,227)	(34,109)
Cash paid to suppliers for goods and services.....	(9,134)	(4,089)	(40,422)	(53,645)
Cash paid for quasi-external transactions.....	(621)	(276)	(2,157)	(3,054)
Net cash provided by (used in) operating activities.....	(212)	204	4,936	4,928
Cash flows from noncapital financing activities:				
Operating transfers in.....	125	52	940	1,117
Operating transfers out.....	-	-	(50)	(50)
Net cash provided by noncapital financing activities.....	125	52	890	1,067
Cash flows from capital financing activities:				
Loans received.....	-	-	972	972
Acquisition of fixed assets.....	-	-	(1,178)	(1,178)
Retirement of capital lease obligation.....	-	-	(1,136)	(1,136)
Interest paid on long term debt.....	-	-	(940)	(940)
Net cash used in capital financing activities.....	-	-	(2,282)	(2,282)
Cash flows from investing activities:				
Interest income received.....	-	-	50	50
Other investing activity increases.....	-	-	986	986
Other investing activity decreases.....	(125)	(52)	-	(177)
Net cash provided by (used in) investing activities.....	(125)	(52)	1,036	859
Net increase (decrease) in cash and cash equivalents.....	(212)	204	4,580	4,572
Cash and cash equivalents - beginning of year.....	941	785	1,498	3,224
Cash and cash equivalents - end of year.....	<u>\$ 729</u>	<u>\$ 989</u>	<u>\$ 6,078</u>	<u>\$ 7,796</u>
Reconciliation of operating income (loss) to net cash used in operating activities:				
Operating income (loss).....	\$ (480)	\$ (205)	\$ (182)	\$ (867)
Adjustments for non-cash activities:				
Depreciation and amortization.....	70	295	2,550	2,915
Changes in assets/liabilities:				
Receivables, net.....	-	-	(301)	(301)
Deferred charges & other assets.....	-	-	12	12
Accounts payable.....	113	109	2,586	2,808
Accrued payroll.....	29	5	121	155
Accrued vacation & sick leave pay.....	56	-	56	112
Accrued workers' compensation.....	-	-	94	94
Total adjustments.....	268	409	5,118	5,795
Net cash provided by (used in) operating activities.....	<u>\$ (212)</u>	<u>\$ 204</u>	<u>\$ 4,936</u>	<u>\$ 4,928</u>

# CITY AND COUNTY OF SAN FRANCISCO

## FIDUCIARY FUNDS

Fiduciary Funds include all Trust and Agency Funds which account for assets held by the City as a trustee or as an agent for individuals or other governmental units.

### Trust Funds

*Employees' Retirement System* -- Accounts for the contributions from employees, City contributions and the earnings and profits from investments of monies. Disbursements are made for retirements, withdrawal, disability, and death benefits of the employees as well as administrative expenses.

*Health Service System* -- Accounts for the contributions from active and retired employees, and surviving spouses, City contributions and the earnings and profits from investment of monies. Disbursements are made for medical expenses and to various health plans of the beneficiaries.

### Agency Funds

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

*Assistance Program Fund* -- Accounts for collections and advances received as an agent under various human welfare and community health programs. Monies are disbursed in accordance with legal requirements and program regulations.

*Deposits Fund* -- Accounts for all deposits under the control of the City departments. Dispositions of the deposits are governed by the terms of the statutes and ordinances establishing the deposit requirement.

*State Revenue Collection Fund* -- Accounts for various fees, fines and penalties collected by City departments for the State of California which are passed through to the State.

*Tax Collection Fund* -- Accounts for monies received for current and delinquent taxes which must be held pending authority for distribution. Included are prepaid taxes, disputed taxes, duplicate payment of taxes, etc. This fund also accounts for monies deposited by third parties pending settlement of litigation and claims. Upon final settlement, monies are disbursed as directed by the courts or by parties to the dispute.

*Transit Fund* -- Accounts for the quarter of one percent sales tax collected by the State Board of Equalization and deposited with the County of origin for local transportation support. The Metropolitan Transportation Commission, the regional agency responsible for administration of these monies, directs their use and distribution.

*Other Agency Funds* -- Accounts for monies held as agent for a variety of purposes.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**Pension and Other Employee Benefit Trust Funds**  
**June 30, 2001**  
**(In Thousands)**

	Pension Trust Fund	Other Employee Benefit Trust Fund	
	Employees' Retirement System	Health Service System	Total
<b>ASSETS</b>			
Deposits and investments with City Treasury.....	\$ 2,255	\$ 63,796	\$ 66,051
Deposits and investments outside City Treasury.....	11,855,452	-	11,855,452
Receivables:			
Charges for services.....	-	10,321	10,321
Interest and other.....	361,191	567	361,758
Invested securities lending collateral.....	1,574,089	-	1,574,089
Deferred charges and other assets.....	-	21	21
Total assets.....	<u>13,792,987</u>	<u>74,705</u>	<u>13,867,692</u>
<b>Liabilities</b>			
Accounts payable.....	10,513	9,532	20,045
Estimated claims payable.....	-	10,927	10,927
Obligations under fixed coupon dollar repurchase agreements.....	294,688	-	294,688
Payable to brokers.....	667,617	-	667,617
Securities lending collateral.....	1,574,089	-	1,574,089
Deferred credits and other liabilities.....	-	19,478	19,478
Total liabilities.....	<u>2,546,907</u>	<u>39,937</u>	<u>2,586,844</u>
<b>Net Assets</b>			
Held in trust for pension benefits and other purposes.....	<u>\$ 11,246,080</u>	<u>\$ 34,768</u>	<u>\$ 11,280,848</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Pension and Other Employee Benefit Trust Funds**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<b>Pension Trust Fund</b>	<b>Other Employee Benefit Trust Fund</b>	
	<b>Employees' Retirement System</b>	<b>Health Service System</b>	<b>Total</b>
Additions:			
Employees contributions.....	\$ 145,203	\$ 66,395	\$ 211,598
Employer contributions.....	-	192,920	192,920
Total contributions.....	<u>145,203</u>	<u>259,315</u>	<u>404,518</u>
Investment income (loss):			
Interest.....	243,189	2,603	245,792
Dividends.....	65,122	-	65,122
Net decrease in fair value of investments.....	(1,720,846)	847	(1,719,999)
Securities lending income.....	93,158	-	93,158
Fixed coupon dollar repurchase agreement income.....	16,918	-	16,918
Total investment income (loss).....	<u>(1,302,459)</u>	<u>3,450</u>	<u>(1,299,009)</u>
Less investment expenses:			
Securities lending borrower rebates and expenses.....	(79,464)	-	(79,464)
Fixed coupon dollar repurchase finance charges and expenses.....	(17,059)	-	(17,059)
Other expenses.....	(23,839)	-	(23,839)
Total investment expenses.....	<u>(120,362)</u>	<u>-</u>	<u>(120,362)</u>
Total additions, net.....	<u>(1,277,618)</u>	<u>262,765</u>	<u>(1,014,853)</u>
Deductions:			
Benefit payments.....	385,496	244,612	630,108
Refunds of contributions.....	10,857	-	10,857
Administrative expenses.....	11,255	-	11,255
Total deductions.....	<u>407,608</u>	<u>244,612</u>	<u>652,220</u>
Change in net assets.....	(1,685,226)	18,153	(1,667,073)
Net assets at beginning of year.....	<u>12,931,306</u>	<u>16,615</u>	<u>12,947,921</u>
Net assets at end of year.....	<u>\$ 11,246,080</u>	<u>\$ 34,768</u>	<u>\$ 11,280,848</u>

# CITY AND COUNTY OF SAN FRANCISCO

## FIDUCIARY FUNDS

### Combining Statement of Changes in Assets and Liabilities - Agency Funds

Year ended June 30, 2001

(In Thousands)

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
<b>Assistance Program Fund</b>				
<b>ASSETS</b>				
Deposits and investments with City Treasury.....	\$ 7,420	\$ 52,712	\$ 53,605	\$ 6,527
Receivables:				
Interest and other.....	145	148	145	148
Total assets.....	<u>\$ 7,565</u>	<u>\$ 52,860</u>	<u>\$ 53,750</u>	<u>\$ 6,675</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 12	\$ 8,247	\$ 7,200	\$ 1,059
Agency obligations.....	7,553	50,657	52,594	5,616
Total liabilities.....	<u>\$ 7,565</u>	<u>\$ 58,904</u>	<u>\$ 59,794</u>	<u>\$ 6,675</u>
<b>Deposits Fund</b>				
<b>ASSETS</b>				
Deposits and investments with City Treasury.....	\$ 28,236	\$ 32,703	\$ 38,975	\$ 21,964
Receivables:				
Interest and other.....	1	-	-	1
Deferred charges and other assets.....	5,302	1,000	3	6,299
Total assets.....	<u>\$ 33,539</u>	<u>\$ 33,703</u>	<u>\$ 38,978</u>	<u>\$ 28,264</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 702	\$ 23,946	\$ 24,242	\$ 406
Agency obligations.....	32,837	32,697	37,676	27,858
Total liabilities.....	<u>\$ 33,539</u>	<u>\$ 56,643</u>	<u>\$ 61,918</u>	<u>\$ 28,264</u>
<b>State Revenue Collection Fund</b>				
<b>ASSETS</b>				
Deposits and investments with City Treasury.....	\$ 476	\$ 14,417	\$ 12,578	\$ 2,315
Total assets.....	<u>\$ 476</u>	<u>\$ 14,417</u>	<u>\$ 12,578</u>	<u>\$ 2,315</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 152	\$ 14,441	\$ 12,586	\$ 2,007
Agency obligations.....	324	14,322	14,338	308
Total liabilities.....	<u>\$ 476</u>	<u>\$ 28,763</u>	<u>\$ 26,924</u>	<u>\$ 2,315</u>

(Continued)

# CITY AND COUNTY OF SAN FRANCISCO

## FIDUCIARY FUNDS

### Combining Statement of Changes in Assets and Liabilities - Agency Funds (Continued)

Year ended June 30, 2001

(In Thousands)

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
<b>Tax Collection Fund</b>				
<b>ASSETS</b>				
Deposits and investments with City Treasury.....	\$ 33,403	\$ 1,372,351	\$ 1,365,788	\$ 39,966
Receivables:				
Interest and other.....	64,981	887,048	868,437	83,592
Total assets.....	<u>\$ 98,384</u>	<u>\$ 2,259,399</u>	<u>\$ 2,234,225</u>	<u>\$ 123,558</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 259	\$ 25,310	\$ 25,261	\$ 308
Agency obligations.....	98,125	1,430,435	1,405,310	123,250
Total liabilities.....	<u>\$ 98,384</u>	<u>\$ 1,455,745</u>	<u>\$ 1,430,571</u>	<u>\$ 123,558</u>
<b>Transit Fund</b>				
<b>ASSETS</b>				
Deposits and investments with City Treasury.....	\$ 2,101	\$ 41,765	\$ 35,132	\$ 8,734
Receivables:				
Interest and other.....	79	684	634	129
Total assets.....	<u>\$ 2,180</u>	<u>\$ 42,449</u>	<u>\$ 35,766</u>	<u>\$ 8,863</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 912	\$ 7,059	\$ 7,314	\$ 657
Agency obligations.....	1,268	46,188	39,250	8,206
Total liabilities.....	<u>\$ 2,180</u>	<u>\$ 53,247</u>	<u>\$ 46,564</u>	<u>\$ 8,863</u>
<b>Other Agency Funds</b>				
<b>ASSETS</b>				
Deposits and investments with City Treasury.....	\$ 5,834	\$ 56,322	\$ 56,848	\$ 5,308
Receivables:				
Charges for services.....	-	168	168	-
Interest and other.....	169	2	66	105
Total assets.....	<u>\$ 6,003</u>	<u>\$ 56,492</u>	<u>\$ 57,082</u>	<u>\$ 5,413</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 3,219	\$ 53,160	\$ 53,348	\$ 3,031
Agency obligations.....	2,784	66,264	66,666	2,382
Total liabilities.....	<u>\$ 6,003</u>	<u>\$ 119,424</u>	<u>\$ 120,014</u>	<u>\$ 5,413</u>



# CITY AND COUNTY OF SAN FRANCISCO

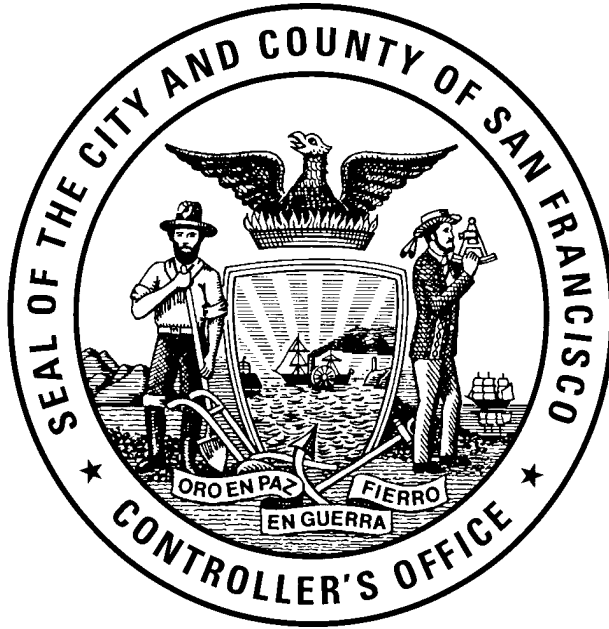
## FIDUCIARY FUNDS

### Combining Statement of Changes in Assets and Liabilities - Agency Funds (Continued)

Year ended June 30, 2001

(In Thousands)

	Balance July 1, <u>2000</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2001</u>
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Deposits and investments with City Treasury.....	\$ 77,470	\$ 1,570,270	\$ 1,562,926	\$ 84,814
Receivables:				
Charges for services.....	-	168	168	-
Interest and other.....	65,375	887,882	869,282	83,975
Deferred charges and other assets.....	5,302	1,000	3	6,299
Total assets.....	<u>\$ 148,147</u>	<u>\$ 2,459,320</u>	<u>\$ 2,432,379</u>	<u>\$ 175,088</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 5,256	\$ 132,163	\$ 129,951	\$ 7,468
Agency obligations.....	142,891	1,640,563	1,615,834	167,620
Total liabilities.....	<u>\$ 148,147</u>	<u>\$ 1,772,726</u>	<u>\$ 1,745,785</u>	<u>\$ 175,088</u>



# **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

**CITY AND COUNTY OF SAN FRANCISCO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Source<sup>1</sup>**  
**June 30, 2001**  
**(In Thousands)**

Governmental funds capital assets:	
Land.....	\$ 131,539
Facilities and improvements.....	1,533,008
Machinery and equipment.....	193,460
Construction in progress.....	<u>386,172</u>
Total governmental funds capital assets.....	<u>\$ 2,244,179</u>
Investments in governmental funds capital assets acquired prior to July 1, 2000.....	\$ 2,057,079
Investments in governmental funds capital assets acquired from July 1, 2000 by source:	
General fund.....	13,425
Special revenue funds.....	23,815
Capital project funds.....	<u>149,860</u>
Total governmental funds capital assets.....	<u>\$ 2,244,179</u>

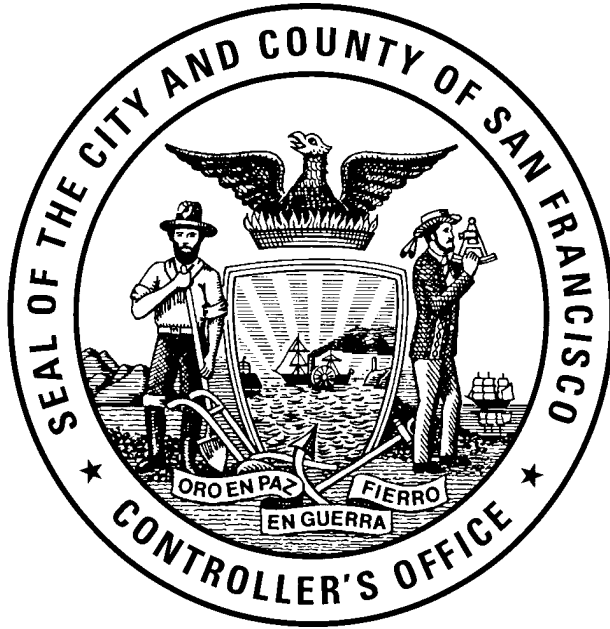
**Schedule By Function <sup>1</sup>**  
**June 30, 2001**  
**(In Thousands)**

<u>Function</u>	<u>Land</u>	<u>Facilities and Improvements</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Public protection.....	\$ 11,629	\$ 161,221	\$ 70,813	\$ 1,103	\$ 244,766
Public works, transportation and commerce.....	17,880	49,436	106,889	243,126	417,331
Human welfare and neighborhood development.....	4,240	18,077	2,295	3,322	27,934
Community health.....	1,978	24,486	2,741	6	29,211
Culture and recreation.....	71,413	621,581	8,231	135,456	836,681
General administration and finance.....	<u>24,399</u>	<u>658,207</u>	<u>2,491</u>	<u>3,159</u>	<u>688,256</u>
Total governmental funds capital assets.....	<u>\$ 131,539</u>	<u>\$ 1,533,008</u>	<u>\$ 193,460</u>	<u>\$ 386,172</u>	<u>\$ 2,244,179</u>

**Schedule of Changes by Function <sup>1</sup>**  
**Year ended June 30, 2001**  
**(In Thousands)**

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2001</u>
Public protection.....	\$ 237,870	\$ 9,678	\$ 2,782	\$ 244,766
Public works, transportation and commerce.....	339,916	79,389	1,974	417,331
Human welfare and neighborhood development.....	24,243	3,691	-	27,934
Community health.....	28,836	537	162	29,211
Culture and recreation.....	748,882	87,807	8	836,681
General administration and finance.....	<u>677,332</u>	<u>10,930</u>	<u>6</u>	<u>688,256</u>
Total governmental funds capital assets.....	<u>\$ 2,057,079</u>	<u>\$ 192,032</u>	<u>\$ 4,932</u>	<u>\$ 2,244,179</u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



## STATISTICAL SECTION

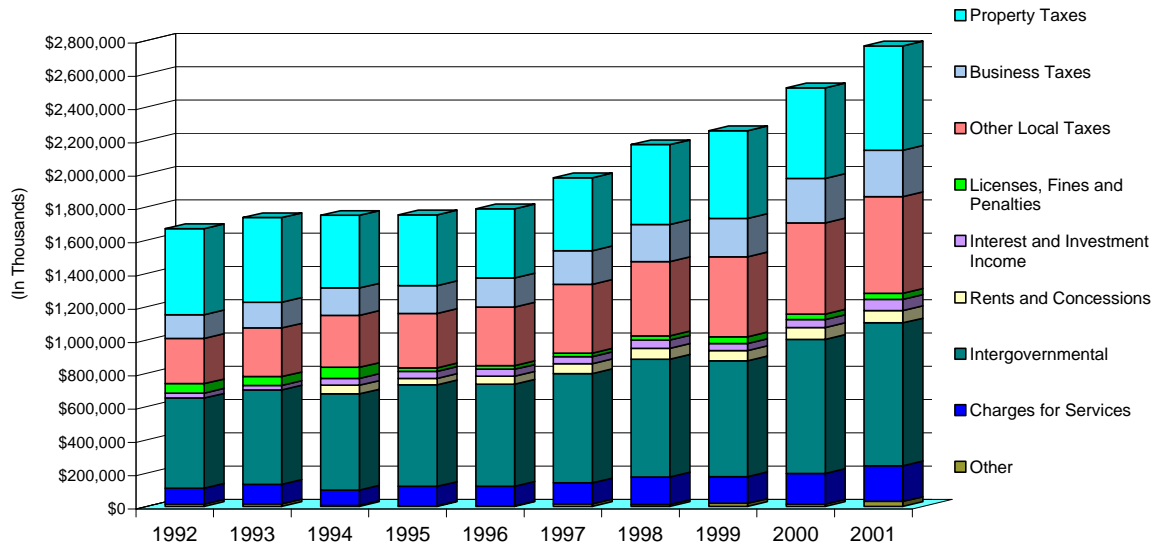
# CITY AND COUNTY OF SAN FRANCISCO

## GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)(3)(4)(5)(6)

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Property Taxes	Business Taxes	Other Local Taxes	Licenses, Fines and Penalties(4)	Interest and Investment Income	Rents and Concessions(5)	Intergovernmental(6)	Charges for Services	Other	Total
1992.....	\$ 517,312	\$ 142,458	\$ 272,548	\$ 56,377	\$ 30,177	\$ -	\$ 540,639	\$ 96,551	\$ 14,375	\$ 1,670,437
% of Total.....	31.0	8.5	16.3	3.4	1.8	-	32.3	5.8	0.9	100.0
% Change.....	-	-	-	-	-	-	-	-	-	-
1993.....	509,348	154,026	292,427	53,165	26,553	-	567,127	117,550	16,324	1,736,520
% of Total.....	29.3	8.9	16.8	3.1	1.5	-	32.7	6.8	0.9	100.0
% Change.....	(1.5)	8.1	7.3	(5.7)	(12.0)	-	4.9	21.7	13.6	4.0
1994.....	436,619	164,075	312,942	66,319	41,274	52,336	577,621	92,868	6,047	1,750,101
% of Total.....	24.9	9.4	17.9	3.8	2.4	3.0	33.0	5.3	0.3	100.0
% Change.....	(14.3)	6.5	7.0	24.7	55.4	100.0	1.9	(21.0)	(63.0)	0.8
1995.....	425,361	168,047	326,640	21,227	42,093	39,160	609,885	115,964	5,002	1,753,379
% of Total.....	24.3	9.6	18.6	1.2	2.4	2.2	34.8	6.6	0.3	100.0
% Change.....	(2.6)	2.4	4.4	(68.0)	2.0	(25.2)	5.6	24.9	(17.3)	0.2
1996.....	415,009	175,624	351,790	22,124	40,770	49,019	612,853	117,674	4,408	1,789,271
% of Total.....	23.2	9.8	19.7	1.2	2.3	2.7	34.3	6.6	0.2	100.0
% Change.....	(2.4)	4.5	7.7	4.2	(3.1)	25.2	0.5	1.5	(11.9)	2.0
1997.....	438,250	201,210	413,935	22,154	42,227	59,816	656,127	126,137	15,885	1,975,741
% of Total.....	22.2	10.2	21.0	1.1	2.1	3.0	33.2	6.4	0.8	100.0
% Change.....	5.6	14.6	17.7	0.1	3.6	22.0	7.1	7.2	260.4	10.4
1998.....	479,912	223,647	445,628	24,667	50,115	65,318	709,078	164,881	12,038	2,175,284
% of Total.....	22.1	10.3	20.5	1.1	2.3	3.0	32.5	7.6	0.6	100.0
% Change.....	9.5	11.2	7.7	11.3	18.7	9.2	8.1	30.7	(24.2)	10.1
1999.....	527,176	229,905	481,362	40,482	42,466	61,363	696,071	160,540	19,022	2,258,387
% of Total.....	23.3	10.2	21.3	1.8	1.9	2.7	30.9	7.1	0.8	100.0
% Change.....	9.8	2.8	8.0	64.1	(15.3)	(6.1)	(1.8)	(2.6)	58.0	3.8
2000.....	544,210	267,918	547,470	33,681	47,132	72,380	804,723	185,510	13,898	2,516,922
% of Total.....	21.6	10.6	21.8	1.3	1.9	2.9	31.9	7.4	0.6	100.0
% Change.....	3.2	16.5	13.7	(16.8)	11.0	18.0	15.6	15.6	(26.9)	11.4
2001.....	627,654	277,822	581,480	36,276	68,042	73,731	858,766	214,638	30,364	2,768,773
% of Total.....	22.7	10.0	21.0	1.3	2.5	2.7	30.9	7.8	1.1	100.0
% Change.....	15.3	3.7	6.2	7.7	44.4	1.9	6.7	15.7	118.5	10.0



(Notes on following page)

**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL REVENUES BY SOURCE - CONSTANT DOLLAR VALUE(1)(2)(3)(4)(5)(6)(7)**

**Last Ten Fiscal Years**

**(In Thousands)**

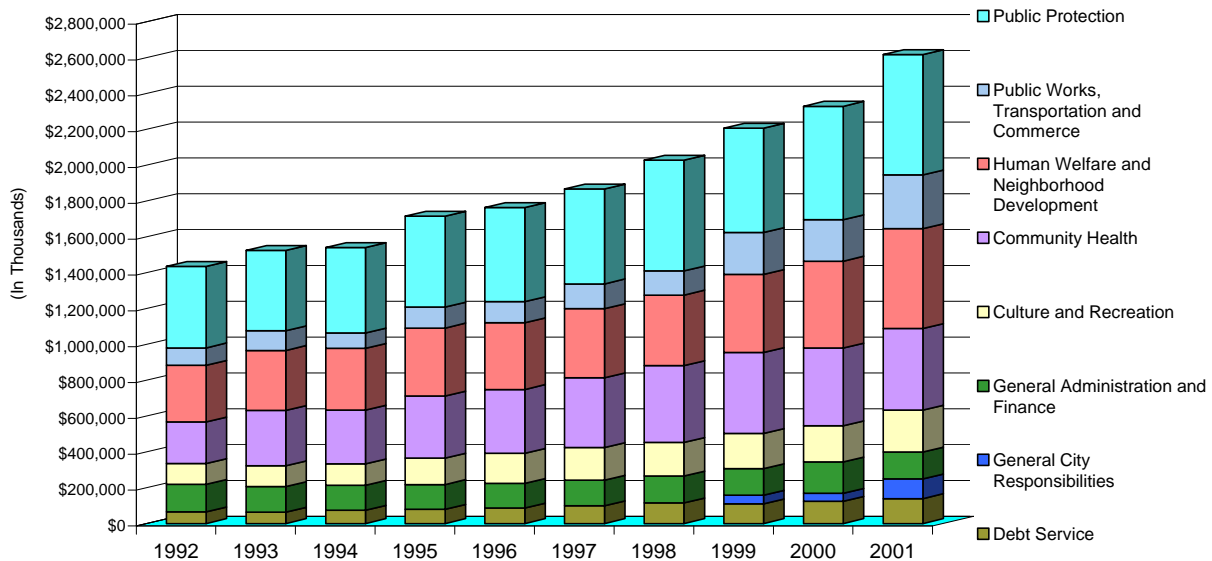
<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Business Taxes</u>	<u>Other Local Taxes</u>	<u>Licenses, Fines and Penalties(4)</u>	<u>Interest and Investment Income</u>	<u>Rents and Concessions(5)</u>	<u>Intergovernmental(6)</u>	<u>Charges for Services</u>	<u>Other</u>	<u>Total</u>
1992.....	\$ 517,312	\$ 142,458	\$ 272,548	\$ 56,377	\$ 30,177	\$ -	\$ 540,639	\$ 96,551	\$ 14,375	\$ 1,670,437
% of Total.....	31.0	8.5	16.3	3.4	1.8	-	32.3	5.8	0.9	100.0
% Change.....	-	-	-	-	-	-	-	-	-	-
1993.....	490,483	148,321	281,596	51,196	25,570	-	546,122	113,196	15,719	1,672,203
% of Total.....	29.3	8.9	16.8	3.1	1.5	-	32.7	6.8	0.9	100.0
% Change.....	(5.2)	4.1	3.3	(9.2)	(15.3)	-	1.0	17.2	9.3	0.1
1994.....	407,672	153,197	292,194	61,922	38,538	48,037	539,326	86,711	5,646	1,633,243
% of Total.....	24.9	9.4	17.9	3.8	2.4	3.0	33.0	5.3	0.3	100.0
% Change.....	(16.9)	3.3	3.8	21.0	50.7	100.0	(1.2)	(23.4)	(64.1)	(2.3)
1995.....	390,420	154,243	299,808	19,483	38,635	35,943	559,786	106,438	4,591	1,609,347
% of Total.....	24.3	9.6	18.6	1.2	2.4	2.2	34.8	6.6	0.3	100.0
% Change.....	(4.2)	0.7	2.6	(68.5)	0.3	(25.2)	3.8	22.8	(18.7)	(1.5)
1996.....	373,563	158,085	316,658	19,915	36,698	44,124	551,649	105,922	3,968	1,610,582
% of Total.....	23.2	9.8	19.7	1.2	2.3	2.7	34.3	6.6	0.2	100.0
% Change.....	(4.3)	2.5	5.6	2.2	(5.0)	22.8	(1.5)	(0.5)	(13.6)	0.1
1997.....	387,264	177,801	365,778	19,577	37,314	52,857	579,793	111,462	14,037	1,745,883
% of Total.....	22.2	10.2	21.0	1.1	2.1	3.0	33.2	6.4	0.8	100.0
% Change.....	3.7	12.5	15.5	(1.7)	1.7	19.8	5.1	5.2	253.8	8.4
1998.....	411,701	191,860	382,290	21,161	42,992	56,034	608,295	141,446	10,327	1,866,106
% of Total.....	22.1	10.3	20.5	1.1	2.3	3.0	32.5	7.6	0.6	100.0
% Change.....	6.3	7.9	4.5	8.1	15.2	6.0	4.9	26.9	(26.4)	6.9
1999.....	445,464	194,270	406,751	34,207	35,884	51,852	588,180	135,656	16,074	1,908,338
% of Total.....	23.3	10.2	21.3	1.8	1.9	2.7	30.9	7.1	0.8	100.0
% Change.....	8.2	1.3	6.4	61.7	(16.5)	(7.5)	(3.3)	(4.1)	55.7	2.3
2000.....	417,578	205,576	420,079	25,844	36,165	55,538	617,472	142,344	10,664	1,931,260
% of Total.....	21.6	10.6	21.8	1.3	1.9	2.9	31.9	7.4	0.6	100.0
% Change.....	(6.3)	5.8	3.3	(24.4)	0.8	7.1	5.0	4.9	(33.7)	1.2
2001.....	455,740	201,727	422,213	26,340	49,405	53,536	623,551	155,849	22,047	2,010,408
% of Total.....	22.7	10.0	21.0	1.3	2.5	2.7	30.9	7.8	1.1	100.0
% Change.....	9.1	(1.9)	0.5	1.9	36.6	(3.6)	1.0	9.5	106.7	4.1

**Notes:**

- (1) Includes General, Special Revenue and Debt Service Funds.
- (2) The information for the years 1993 through 2001 has been adjusted to the 1992 value of the dollar, using the average Consumer Price Index - Urban for each year. This information has been provided for informational purposes as an indication of the true changes in the City's revenues since 1992.
- (3) The component unit, San Francisco Redevelopment Agency, is excluded beginning in 1993. Certain other 1994 information has been reclassified to conform to the 1995 presentation.
- (4) Under Proposition M, beginning in 1995, traffic fines of approximately \$46.7 million were directly allocated to Muni Railway.
- (5) Prior to 1994, rents and concessions were reported in charges for services.
- (6) Prior to 1994, intergovernmental revenues were reported as grants, subventions and other allocations.
- (7) Beginning in fiscal year 1997-98, the base year for the Consumer Price Index was changed from 1967 to 1982-84.

**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION(1)(3)(5)**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year	Public Protection	Public Works, Transportation and Commerce	Human Welfare and Neighborhood Development	Community Health	Culture and Recreation	General Administration and Finance	General City Responsibilities	Debt Service	Total
1992.....	\$ 455,007	\$96,931	\$ 316,645	\$ 232,352	\$ 115,369	\$ 154,389	\$ -	\$ 64,827	\$ 1,435,520
% of Total.....	31.6	6.8	22.1	16.2	8.0	10.8	-	4.5	100.0
% Change.....	-	-	-	-	-	-	-	-	-
1993.....	448,308	109,258	335,406	307,698	116,907	142,997	-	63,060	1,523,634
% of Total.....	29.4	7.2	22.0	20.2	7.7	9.4	-	4.1	100.0
% Change.....	(1.5)	12.7	5.9	32.4	1.3	(7.4)	-	(2.7)	6.1
1994.....	475,844	85,776	345,523	300,036	119,274	138,784	-	74,627	1,539,864
% of Total.....	30.9	5.6	22.4	19.6	7.7	9.0	-	4.8	100.0
% Change.....	6.1	(21.5)	3.0	(2.5)	2.0	(2.9)	-	18.3	1.1
1995.....	507,231	116,426	378,922	347,234	146,990	137,913	-	79,924	1,714,640
% of Total.....	29.6	6.8	22.1	20.2	8.6	8.0	-	4.7	100.0
% Change.....	6.6	35.7	9.7	15.7	23.2	(0.6)	-	7.1	11.4
1996.....	524,499	118,007	372,763	356,080	167,379	138,616	-	86,088	1,763,432
% of Total.....	29.7	6.7	21.1	20.2	9.5	7.9	-	4.9	100.0
% Change.....	3.4	1.4	(1.6)	2.5	13.9	0.5	-	7.7	2.8
1997.....	529,302	139,021	384,519	390,226	182,505	142,287	-	99,016	1,866,876
% of Total.....	28.4	7.4	20.6	20.9	9.8	7.6	-	5.3	100.0
% Change.....	0.9	17.8	3.2	9.6	9.0	2.6	-	15.0	5.9
1998.....	617,595	134,557	393,003	430,087	186,733	149,636	-	115,552	2,027,163
% of Total.....	30.5	6.6	19.4	21.2	9.2	7.4	-	5.7	100.0
% Change.....	16.7	(3.2)	2.2	10.2	2.3	5.2	-	16.7	8.6
1999.....	582,460	234,524	435,014	452,563	196,008	148,440	48,093.0	109,538	2,206,640
% of Total.....	26.4	10.6	19.7	20.5	8.9	6.7	2.2	5.0	100.0
% Change.....	(5.7)	74.3	10.7	5.2	5.0	(0.8)	100.0	(5.2)	8.9
2000.....	632,516	231,970	485,201	433,448	201,558	174,566	45,194	124,246	2,328,699
% of Total.....	27.2	10.0	20.8	18.6	8.7	7.5	1.9	5.3	100.0
% Change.....	8.6	(1.1)	11.5	(4.2)	2.8	17.6	(6.0)	13.4	5.5
2001.....	672,119	299,949	557,242	454,975	233,506	150,482	109,753	139,138	2,617,164
% of Total.....	25.7	11.5	21.3	17.4	8.9	5.7	4.2	5.3	100.0
% Change.....	6.3	29.3	14.8	5.0	15.9	(13.8)	142.8	12.0	12.4



(Notes on following page)

**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION -**  
**CONSTANT DOLLAR VALUE(1)(2)(3)(4)(5)**  
**Last Ten Fiscal Years**  
**(In Thousands)**

<u>Fiscal Year</u>	<u>Public Protection</u>	<u>Public Works, Transportation and Commerce</u>	<u>Human Welfare and Neighborhood Development</u>	<u>Community Health</u>	<u>Culture and Recreation</u>	<u>General Administration and Finance</u>	<u>General City Responsibilities</u>	<u>Debt Service</u>	<u>Total</u>
1992.....	\$ 455,007	\$96,931	\$ 316,645	\$ 232,352	\$ 115,369	\$ 154,389	\$ -	\$ 64,827	\$1,435,520
% of Total.....	31.6	6.8	22.1	16.2	8.0	10.8	-	4.5	100.0
% Change.....	-	-	-	-	-	-	-	-	-
1993.....	431,704	105,211	322,984	296,302	112,577	137,701	-	60,724	1,467,203
% of Total.....	29.4	7.2	22.0	20.2	7.7	9.4	-	4.1	100.0
% Change.....	(5.1)	8.5	2.0	27.5	(2.4)	(10.8)	-	(6.3)	2.2
1994.....	444,296	80,089	322,615	280,144	111,366	129,583	-	69,679	1,437,772
% of Total.....	30.9	5.6	22.4	19.6	7.7	9.0	-	4.8	100.0
% Change.....	2.9	(23.9)	(0.1)	(5.5)	(1.1)	(5.9)	-	14.7	(2.0)
1995.....	465,564	106,862	347,795	318,710	134,915	126,584	-	73,359	1,573,789
% of Total.....	29.6	6.8	22.1	20.2	8.6	8.0	-	4.7	100.0
% Change.....	4.8	33.4	7.8	13.8	21.1	(2.3)	-	5.3	9.5
1996.....	472,119	106,222	335,536	320,519	150,663	124,773	-	77,491	1,587,323
% of Total.....	29.7	6.7	21.1	20.2	9.5	7.9	-	4.9	100.0
% Change.....	1.4	(0.6)	(3.5)	0.6	11.7	(1.4)	-	5.6	0.9
1997.....	467,723	122,847	339,784	344,827	161,272	125,733	-	87,496	1,649,682
% of Total.....	28.4	7.4	20.6	20.9	9.8	7.6	-	5.3	100.0
% Change.....	(0.9)	15.7	1.3	7.6	7.0	0.8	-	12.9	3.9
1998.....	529,815	115,432	337,145	368,958	160,192	128,368	-	99,128	1,739,038
% of Total.....	30.5	6.6	19.4	21.2	9.2	7.4	-	5.7	100.0
% Change.....	13.3	(6.0)	(0.8)	7.0	(0.7)	2.1	-	13.3	5.4
1999.....	492,179	198,173	367,587	382,416	165,627	125,432	40,639	92,560	1,864,613
% of Total.....	26.4	10.6	19.7	20.5	8.9	6.7	2.2	5.0	100.0
% Change.....	(7.1)	71.7	9.0	3.6	3.4	(2.3)	100.0	(6.6)	7.2
2000.....	485,336	177,993	372,300	332,589	154,657	133,946	34,678	95,335	1,786,834
% of Total.....	27.2	10.0	20.8	18.6	8.7	7.5	1.9	5.3	100.0
% Change.....	(1.4)	(10.2)	1.3	(13.0)	(6.6)	6.8	(14.7)	3.0	(4.2)
2001.....	488,026	217,793	404,614	330,358	169,549	109,265	79,692	101,028	1,900,325
% of Total.....	25.7	11.5	21.3	17.4	8.9	5.7	4.2	5.3	100.0
% Change.....	0.6	22.4	8.7	(0.7)	9.6	(18.4)	129.8	6.0	6.4

**NOTES:**

- (1) Includes General, Special Revenue and Debt Service Funds.
- (2) The information for the years 1993 through 2001 has been adjusted to the 1992 value of the dollar, using the average Consumer Price Index - Urban for each year. This information has been provided for informational purposes as an indication of the true changes in the expenditure level of the City since 1992.
- (3) The component unit, San Francisco Redevelopment Agency, is excluded beginning in 1993.
- (4) Beginning in fiscal year 1997-98, the base year for the Consumer Price Index was changed from 1967 to 1982-84.
- (5) Prior to fiscal year 1998-99, the General City Responsibilities were reported in the General Administration and Finance.



**CITY AND COUNTY OF SAN FRANCISCO**  
**PROPERTY TAX LEVIES AND COLLECTIONS (1) (2)**

**Last Ten Fiscal Years**

**(In Thousands)**

<b>Fiscal Year</b>	<b>Annual Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Tax Collections to Annual Tax Levy</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Annual Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Delinquent Taxes to Annual Tax Levy</b>
1992.....	\$ 595,403	\$565,295	94.9	\$ 18,011	\$583,306	98.0	\$ 57,543	9.7
1993.....	634,983	613,646	96.6	19,381	633,027	99.7	55,525	8.7
1994 (3).....	652,128	629,844	96.6	16,075	645,919	99.0	56,207	8.6
1995 (3).....	658,301	641,074	97.4	14,159	655,233	99.5	57,097	8.7
1996 (3).....	648,876	635,110	97.9	11,373	646,483	99.6	55,104	8.5
1997 (3).....	671,657	658,300	98.0	13,556	671,856	100.0	48,743	7.3
1998 (3).....	709,852	697,755	98.3	8,917	706,672	99.6	46,716	6.6
1999 (3).....	757,899	742,774	98.0	8,719	751,493	99.2	49,811	6.6
2000 (3).....	799,385	784,984	98.2	6,153	791,137	99.0	47,751	6.0
2001 (3).....	892,675	877,170	98.3	3,526	880,696	98.7	50,242	5.6

Source:

Controller, City and County of San Francisco

Notes:

- (1) Includes San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, Bay Area Air Quality Management District and San Francisco Redevelopment Agency.
- (2) Does not include SB-813 supplemental property taxes.
- (3) Delinquent tax collections and outstanding delinquent taxes reflect assessment appeals reduction.

**CITY AND COUNTY OF SAN FRANCISCO**  
**ASSESSED VALUE OF TAXABLE PROPERTY (1)**  
**Last Ten Fiscal Years**  
**(In Thousands)**

<b>Fiscal Year</b>	<b>Assessed Value</b>			<b>Exemptions (2)</b>			<b>Assessed Value Less Exemptions</b>	<b>Net Increase/ (Decrease)</b>	
	<b>Real Property</b>	<b>Personal Property</b>	<b>Total</b>	<b>Non-reim- bursable</b>	<b>Reim- bursable</b>	<b>Redevelopment Tax Increments</b>		<b>Amount</b>	<b>Percentage</b>
1992 (3).	\$ 52,325,521	\$ 2,909,502	\$ 55,235,023	\$ 1,481,317	\$ 693,936	\$ 1,339,520	\$ 51,720,250	\$ 2,634,632	5.4
1993 (3).	54,164,413	2,343,303	56,507,716	1,614,320	684,660	1,650,061	52,558,675	838,425	1.6
1994 (3).	56,557,585	3,070,791	59,628,376	1,894,594	679,627	1,943,945	55,110,210	2,551,535	4.9
1995 (3).	56,315,478	2,877,646	59,193,124	1,931,250	677,218	1,938,260	54,646,396	(463,814)	(0.8)
1996 (3).	56,336,280	2,652,119	58,988,399	2,075,607	678,295	3,134,869	53,099,628	(1,546,768)	(2.8)
1997 (3).	56,956,168	2,680,912	59,637,080	2,260,394	663,199	3,126,655	53,586,832	487,204	0.9
1998 (3).	59,010,846	2,585,594	61,596,440	2,331,980	668,877	3,343,618	55,251,965	1,665,133	3.1
1999 .....	61,700,799	4,010,092	65,710,891	2,663,293	668,010	2,672,017	59,707,571	4,455,606	8.1
2000 .....	66,859,683	4,384,155	71,243,838	2,783,904	666,747	2,844,489	64,948,698	5,241,127	8.8
2001 .....	73,712,384	7,807,032	81,519,416	2,800,943	670,468	3,175,792	74,872,213	9,923,515	15.3

Source:

Controller, City and County of San Francisco

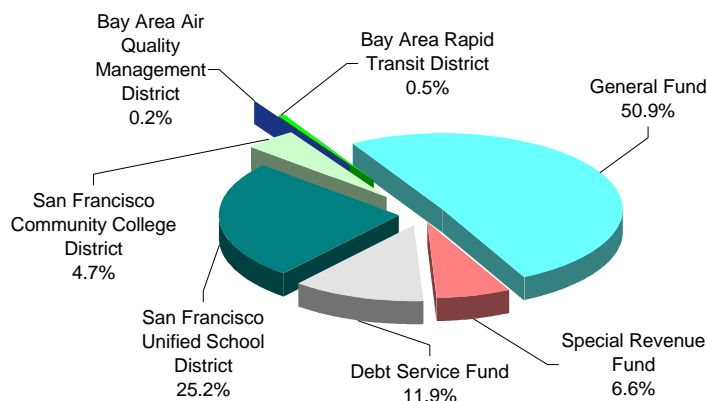
Notes:

- (1) Assessed value of taxable property represents all property within the City. The maximum tax rate is 1% of the full cash value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.
- (2) Exemptions are summarized as follows:
  - (a) Non-reimbursable exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).
  - (b) Reimbursable exemptions arise from Article XII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3) (k).
  - (c) Tax increments are allocations made to the San Francisco Redevelopment Agency under authority of California Constitution, Article XVI. Actual allocations are limited under an indebtedness agreement between the City and the Redevelopment Agency.
- (3) Based on certified assessed values.

**CITY AND COUNTY OF SAN FRANCISCO**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**

Fiscal Year	City and County of San Francisco				San Francisco Unified School District	San Francisco Community College District	Bay Area Air Quality Management District	Bay Area Rapid Transit District	Total
	General Fund (1)	Special Revenue Fund (2)	Debt Service Fund	Total					
1992.....	\$0.87515654	\$0.025000	\$0.09174070	\$0.99189724	\$0.08114787	\$0.01444422	\$0.00208539	\$0.03142528	\$1.1210
1993.....	0.75954944	0.037500	0.12002249	0.91707193	0.16801319	0.03070421	0.00208539	0.03212528	1.1500
1994.....	0.59799654	0.050000	0.12208013	0.77007667	0.29330281	0.05420985	0.00208539	0.03032528	1.1500
1995.....	0.58048654	0.075000	0.13536743	0.79085397	0.28720668	0.05302868	0.00208539	0.02982528	1.1630
1996.....	0.58048654	0.075000	0.13674375	0.79223029	0.28733036	0.05302868	0.00208539	0.02932528	1.1640
1997.....	0.58048654	0.075000	0.15637530	0.81186184	0.28719881	0.05302868	0.00208539	0.02882528	1.1830
1998.....	0.57836955	0.075000	0.16430174	0.81767129	0.28855551	0.05336253	0.00208539	0.02832528	1.1900
1999.....	0.57836955	0.075000	0.14493925	0.79830880	0.28823800	0.05336253	0.00208539	0.02300528	1.1650
2000.....	0.57836955	0.075000	0.12766122	0.78103077	0.28619603	0.05336253	0.00208539	0.00632528	1.1290
2001.....	0.57836955	0.075000	0.13481356	0.78818311	0.28604369	0.05336253	0.00208539	0.00632528	1.1360

**Fiscal Year 2001 Property Tax Percentage Breakdown**



Source:

Controller, City and County of San Francisco

Notes:

- (1) The General Fund shifted the following property tax rates to schools under State law:

FY 1993.....	\$0.103107
FY 1994.....	0.252160
FY 1995 through 1997.....	0.244670
FY 1998 through 2001.....	0.246787

- (2) The Special Revenue Fund includes the following:

	Open Space Fund	Children's Fund	Library Preservation Fund	Total
FY 1990-1992.....	\$0.0250	-	-	\$0.0250
FY 1993.....	0.0250	0.0125	-	0.0375
FY 1994.....	0.0250	0.0250	-	0.0500
FY 1995 through 2001.....	0.0250	0.0250	0.0250	0.0750

The allocation to the Open Space Fund is required under Section 16.107 of the San Francisco Charter.

The allocation to the Children's Fund is required under Section 16.108 of the San Francisco Charter.

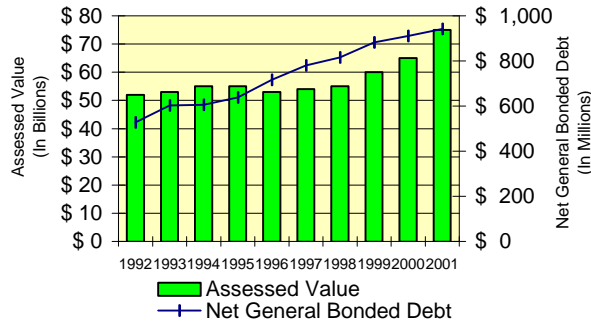
The allocation to the Library Preservation Fund is required under Section 16.109 of the San Francisco Charter.

# CITY AND COUNTY OF SAN FRANCISCO

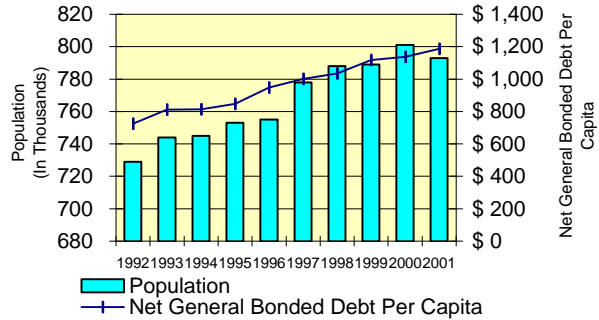
## RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO NET ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

### Last Ten Fiscal Years

Assessed Value vs General Bonded Debt



Population vs Net General Bonded Debt Per Capita



Fiscal Year	Population (1)	Assessed Value (net of exemptions) (2) (4) (5)	Gross Bonded Debt (3) (4) (6)	Debt Service Monies Available (3) (4) (7)	Debt Payable from Enterprise Revenue (3) (4)	Net General Bonded Debt (4)	Ratio of Net General Bonded Debt to Net Assessed Value	Net General Bonded Debt Per Capita
1992	728,730	\$51,720,250	\$1,860,214	\$296,214	\$1,035,811	\$528,189	1.02%	\$ 724.81
1993	743,606	52,558,675	1,952,035	201,336	1,147,833	602,866	1.15	810.73
1994	744,543	55,110,210	2,038,579	211,811	1,221,675	605,093	1.10	812.70
1995	753,460	54,646,396	2,246,811	250,003	1,358,092	638,716	1.17	847.71
1996	755,315	53,099,628	3,109,276	242,680	2,149,998	716,598	1.35	948.74
1997	777,906	53,586,832	3,721,458	250,020	2,691,888	779,550	1.45	1,002.11
1998	788,297	55,251,965	4,362,727	209,948	3,336,715	816,064	1.48	1,035.22
1999	789,463	59,707,571	5,079,106	269,426	3,927,313	882,367	1.48	1,117.68
2000	800,606	64,948,698	5,134,208	290,121	3,934,230	909,857	1.40	1,136.46
2001	793,459	74,872,213	5,368,482	317,537	4,109,019	941,926	1.26	1,187.11

#### Sources:

- (1) Department of Finance, State of California
- (2) Assessor, City and County of San Francisco
- (3) Controller, City and County of San Francisco

#### Notes:

- (4) In thousands.
- (5) See Statistical Section Table of Assessed Value of Taxable Property note (2) for exemptions.
- (6) Excludes San Francisco Redevelopment Agency revenue bonds and nonprofit corporation obligations. Amounts are net of unamortized bond discount or premium.
- (7) Includes monies restricted for debt service payments (principal and interest) and reserves set aside as required by bond indentures.

**CITY AND COUNTY OF SAN FRANCISCO**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2001**  
**(In Thousands)**

Total assessed value (1).....		\$81,519,416
Less: Non-reimbursable exemptions (1).....		<u>2,800,943</u>
Basis of levy.....		<u>\$78,718,473</u>
Debt limit - 3 percent of valuation subject to taxation (3)		\$ 2,361,554
Amount of debt applicable to debt limit.....	\$ 956,735	
Less: Net assets in General Obligation Bonds Fund (2).....	<u>14,809</u>	
Total amount of debt applicable to debt limit.....		<u>941,926</u>
Legal debt margin.....		<u>\$ 1,419,628</u>

Sources:

- (1) Assessor, City and County of San Francisco
- (2) Controller, City and County of San Francisco

Note:

- (3) City's Administrative Code Section 2.60 Limitations on Bonded Indebtedness.  
"There shall be a limit on outstanding general obligation bond indebtedness of three percent of the assessed value of all taxable real and personal property, located within the City and County."

# CITY AND COUNTY OF SAN FRANCISCO

## PER CAPITA DIRECT DEBT

June 30, 2001

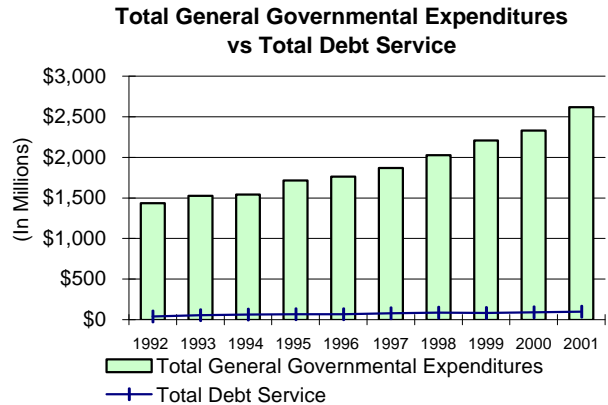
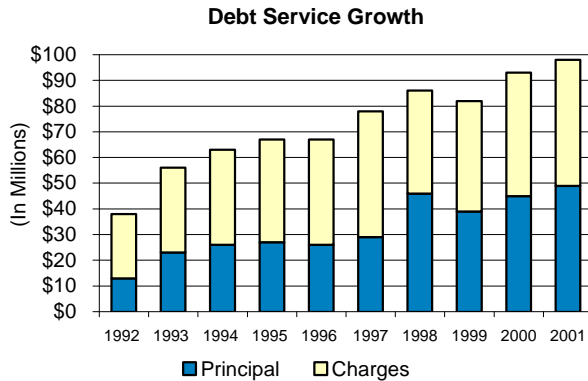
Total General Debt Outstanding (100% applicable to City and County of San Francisco).....	<u>\$ 953,535,000</u>
Population - 2001 <sup>(1)</sup> .....	<u>793,459</u>
Per Capita Direct Debt.....	<u>\$ 1,201.74</u>

<sup>(1)</sup> Source: Department of Finance State of California

### RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1) (2) Last Ten Fiscal Years

(In Thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Percent of Debt Service to Total General Governmental Expenditures</u>
1992	\$ 13,155	\$ 25,476	\$ 38,631	\$ 1,435,520	2.69%
1993	23,340	33,072	56,412	1,523,634	3.70
1994	26,390	37,012	63,402	1,539,864	4.12
1995	26,585	40,187	66,772	1,714,640	3.89
1996	26,360	41,203	67,563	1,763,432	3.83
1997	29,400	49,190	78,590	1,866,876	4.21
1998	46,385	39,964	86,349	2,027,163	4.26
1999	38,800	42,844	81,644	2,206,640	3.70
2000	44,590	47,734	92,324	2,328,699	3.96
2001	49,210	49,169	98,379	2,617,164	3.76



**Notes:**

- (1) Includes General, Special Revenue and Debt Service Funds.
- (2) Amounts have been restated to exclude general obligation bonds of Water Department/Hetch Hetchy Project and Cleanwater that were previously reported as part of general bonded debt.

# CITY AND COUNTY OF SAN FRANCISCO

## DEBT SERVICE COVERAGE BY ENTERPRISE REVENUES AIRPORT, PORT, CLEAN WATER, MUNICIPAL RAILWAY AND WATER/HETCH HETCHY

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Gross Revenue (2)	Direct Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirements (1)			Debt Service Coverage
				Principal	Interest	Total	
1992	\$ 793,249	\$ 606,607	\$ 186,642	\$ 34,940	\$ 83,856	\$ 118,796	1.57
1993	828,271	658,930	169,341	37,440	106,276	143,716	1.18
1994	850,614	685,167	165,447	36,250	89,770	126,020	1.31
1995	870,999	662,290	208,709	36,340	87,778	124,118	1.68
1996	917,041	676,385	240,656	25,699	92,551	118,250	2.04
1997	961,133	706,977	254,156	56,284	139,175	195,459	1.30
1998 (4)	743,160	472,739	270,421	144,625 (5)	172,388 (5)	317,013	0.85
1999 (4)	790,883	499,710	291,173	52,865	204,032	256,897	1.13
2000 (4)	868,748	547,678	321,070	64,497	228,391	292,888	1.10
2001 (4)	996,420	640,437	355,983	55,964	253,770	309,734	1.15

### Notes:

- (1) Covers general obligation and revenue bonds for all indicated enterprise funds. Amounts have been restated to include general obligation bonds of Water Department/Hetch Hetchy Project and Cleanwater that were previously reported as part of general bonded debt.
- (2) Gross revenue includes operating revenues, non-operating revenues and operating transfers.
- (3) Direct operating expenses include operating expenses (except depreciation), non-operating expenses (except interest expense) and operating transfers out.
- (4) During FY 1996-97, Muni Railway made the final payment on their long-term debt. Accordingly, for FY 1997-98 through present, revenue and expenses do not reflect activity of Muni Railway.
- (5) Principal and interest for FY 1997-98 include \$100.6 million and \$5 million respectively relating to refunding of bonds by the Water Department.

# CITY AND COUNTY OF SAN FRANCISCO

## DEMOGRAPHIC STATISTICS

### Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate % (5)</u>
1992.....	728,730	\$ 32,791	36.2	66,589	6.1
1993.....	743,606	33,750	36.4	66,656	7.2
1994.....	744,543	33,733	36.7	66,035	7.1
1995.....	753,460	36,811	37.1	66,128	6.4
1996.....	755,315	39,249	37.4	66,343	5.6
1997.....	777,906	41,290	37.8	66,604	4.1
1998.....	788,297	44,518	37.9	66,679	3.9
1999.....	789,463	49,695	38.7	65,540	3.4
2000.....	800,606	N/A	N/A	65,519	2.6
2001.....	793,459	N/A	N/A	67,152	3.4

Sources:

- (1) State of California Department of Finance
- (2) State of California Employment Development Department
- (3) Market Statistics - Demographics USA - County Edition
- (4) San Francisco Unified School District (includes Child Center, Juvenile Center, etc.)
- (5) State of California Department of Employment Development

N/A Not available

## CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUE

### Last Ten Fiscal Years

(All Dollar Figures in Thousands)

<u>Year Ended</u>	<u>Authorized New Dwelling Units (2)</u>	<u>Value of Building Permits (2)</u>		<u>Bank Deposits (3)</u>	<u>Real Property Values (1)</u>		
		<u>Residential</u>	<u>Non- Residential</u>		<u>Residential</u>	<u>Non- residential</u>	<u>Non-taxable</u>
1992.....	1,037	\$ 260,061	\$ 493,894	\$ 36,262,404	\$ 28,429,764	\$ 22,758,379	\$ 1,423,645
1993.....	1,054	266,736	435,333	34,404,123	30,046,385	21,095,489	1,845,279
1994.....	633	140,216	358,534	33,761,314	30,046,385	21,095,489	1,845,279
1995.....	843	240,960	529,936	30,186,985	30,536,108	20,621,677	1,696,373
1996.....	956	108,932	637,100	38,847,726	31,117,350	19,658,750	2,025,771
1997.....	1,249	319,744	553,895	41,505,334	32,570,542	19,406,454	2,260,394
1998.....	2,411	478,929	531,172	44,416,996	33,577,176	19,787,009	2,311,636
1999.....	3,297	712,161	1,693,705	48,159,221	36,266,388	21,744,102	2,418,557
2000.....	3,058	305,828	623,257	50,248,551	40,299,182	23,151,611	2,424,640
2001.....	2,570	381,623	725,313	N/A	43,064,184	27,642,410	2,660,826

- Sources: (1) Assessor, City and County of San Francisco (excludes unsecured roll and State Board Roll)  
 (2) Department of Building Inspection, City and County of San Francisco (fiscal year basis)  
 (3) State of California Banking Department through the year ended June 30, 1993; Federal Deposit Corporation for year ended June 30, 1994 through present. These figures include savings and loan deposits.

N/A - Not available



# CITY AND COUNTY OF SAN FRANCISCO

## PRINCIPAL TAXPAYERS

June 30, 2001

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001 Assessed Valuation (In 000's)</u>	<u>Percentage of Total Assessed Valuation</u>
Embarcadero Center Associates	Offices, Commercial, Hotel	\$ 1,304,438	1.67
Pacific Gas & Electric Company	Utilities	973,576	1.24
555 California Street Partners	Offices, Commercial	856,044	1.09
Pacific Bell	Utilities, Communications	612,461	0.78
YBG Associates LLC	Hotel	359,856	0.46
Knickerbocker Properties	Offices	298,713	0.38
SHC Embarcadero LLC	Hotel, Offices	298,489	0.38
101 California Venture	Offices	283,847	0.36
ZML One Market Ltd Partnership	Offices, Commercial	269,595	0.34
Post-Montgomery Associates	Offices, Commercial	257,555	0.33
Ten largest taxpayers		5,514,574	7.03
All other taxpayers		72,799,475	92.97
Total assessed valuation - all taxpayers		<u>\$ 78,314,049</u>	<u>100.00</u>

Source:

Assessor, City and County of San Francisco

# CITY AND COUNTY OF SAN FRANCISCO

## MISCELLANEOUS STATISTICS

June 30, 2001

Date of incorporation .....	April 15, 1850
Form of government .....	Chartered City and County
Area .....	46.1 square miles
Miles of streets (1) .....	989
Number of street lights (2) .....	41,066
Fire protection (3):	
Number of stations.....	45
Number of firefighters .....	1,804
Police protection (4):	
Number of stations.....	11
Number of police officers .....	2,321
Public school education (5):	
Attendance centers.....	116
Number of classrooms.....	3,200
Number of teachers, full time equivalent .....	3,260
Number of students .....	62,569
Municipal water department (2):	
Number of services.....	174,427
Average daily consumption.....	255.3 million gallons
Miles of water mains .....	1,520
Sewers (2):	
Collecting sewers.....	900 miles
Transport/storage sewers .....	16.5 miles
Recreation and culture:	
Number of parks (6).....	228
Number of libraries (7) .....	27
Number of library volumes (7) .....	2.2 million
Employees (8):	
2000-01 Paid full time equivalent.....	28,068

### Sources:

- (1) Department of Public Works, City and County of San Francisco
- (2) Public Utilities Commission, City and County of San Francisco
- (3) Fire Commission, City and County of San Francisco
- (4) Police Commission, City and County of San Francisco
- (5) San Francisco Unified School District
- (6) Parks and Recreation Commission, City and County of San Francisco
- (7) Library Commission, City and County of San Francisco
- (8) Controller, City and County of San Francisco