

Basic Financial Statements

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Assets

June 30, 2008

(In Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	San Francisco Redevelopment Agency	Treasure Island Development Authority
ASSETS					
Current assets:					
Deposits and investments with City Treasury.....	\$ 1,162,391	\$ 991,537	\$ 2,153,928	\$ -	\$ 3,551
Deposits and investments outside City Treasury.....	49,076	9,109	58,185	270,247	-
Receivables (net of allowance for uncollectible amounts of \$72,381 for the primary government):					
Property taxes and penalties.....	57,175	-	57,175	20,297	-
Other local taxes.....	197,381	-	197,381	-	-
Federal and state grants and subventions.....	156,543	36,623	193,166	-	-
Charges for services.....	54,854	206,507	261,361	-	-
Interest and other.....	20,816	43,107	63,923	5,215	15
Loans receivable.....	-	134	134	-	-
Capital lease receivable from primary government.....	-	-	-	14,840	-
Due from component unit.....	2,700	-	2,700	-	-
Inventories.....	-	56,248	56,248	-	-
Deferred charges and other assets.....	11,966	6,918	18,884	662	-
Restricted assets:					
Deposits and investments with City Treasury.....	-	129,421	129,421	-	-
Deposits and investments outside City Treasury.....	-	47,388	47,388	91,833	-
Grants and other receivables.....	-	342	342	1,191	-
Total current assets.....	<u>1,712,902</u>	<u>1,527,334</u>	<u>3,240,236</u>	<u>404,285</u>	<u>3,566</u>
Noncurrent assets:					
Loans receivable (net of allowance for uncollectible amounts of \$453,577 and \$211,187 for the primary government and component unit, respectively).....	67,335	188	67,523	10,746	-
Advance to component units.....	6,460	2,599	9,059	-	-
Capital lease receivable from primary government.....	-	-	-	157,136	-
Deferred charges and other assets.....	23,002	60,413	83,415	13,560	-
Restricted assets:					
Deposits and investments with City Treasury.....	-	191,989	191,989	-	-
Deposits and investments outside City Treasury.....	95,727	301,500	397,227	30,652	-
Grants and other receivables.....	-	25,626	25,626	-	-
Property held for resale.....	-	-	-	15,821	-
Capital assets:					
Land and other assets not being depreciated.....	400,504	1,390,516	1,791,020	132,249	-
Facilities, infrastructure, and equipment, net of depreciation.....	<u>2,530,573</u>	<u>7,757,878</u>	<u>10,288,451</u>	<u>141,193</u>	-
Total capital assets.....	<u>2,931,077</u>	<u>9,148,394</u>	<u>12,079,471</u>	<u>273,442</u>	-
Total noncurrent assets.....	<u>3,123,601</u>	<u>9,730,709</u>	<u>12,854,310</u>	<u>501,357</u>	-
Total assets.....	<u>\$ 4,836,503</u>	<u>\$ 11,258,043</u>	<u>\$ 16,094,546</u>	<u>\$ 905,642</u>	<u>\$ 3,566</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, 2008

(In Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	San Francisco Redevelopment Agency	Treasure Island Development Authority
LIABILITIES					
Current liabilities:					
Accounts payable.....	\$ 240,585	\$ 155,329	\$ 395,914	\$ 9,702	\$ 2,809
Accrued payroll.....	82,870	62,271	145,141	48	-
Accrued vacation and sick leave pay.....	73,440	49,114	122,554	1,011	-
Accrued workers' compensation.....	37,685	26,573	64,258	-	-
Estimated claims payable.....	41,249	27,215	68,464	-	-
Bonds, loans, capital leases, and other payables.....	299,066	207,029	506,095	36,684	-
Capital lease payable to component unit.....	14,840	-	14,840	-	-
Accrued interest payable.....	11,569	13,426	24,995	30,963	-
Unearned grant and subvention revenues.....	15,494	-	15,494	-	-
Due to primary government.....	-	-	-	2,700	-
Internal balances.....	6,802	(6,802)	-	-	-
Deferred credits and other liabilities.....	103,206	197,963	301,169	3,643	403
Liabilities payable from restricted assets:					
Bonds, loans, capital leases, and other payables.....	-	37,119	37,119	-	-
Accrued interest payable.....	-	27,448	27,448	-	-
Other.....	-	54,670	54,670	-	-
Total current liabilities.....	<u>926,806</u>	<u>851,355</u>	<u>1,778,161</u>	<u>84,751</u>	<u>3,212</u>
Noncurrent liabilities:					
Accrued vacation and sick leave pay.....	64,763	37,499	102,262	1,066	-
Accrued workers' compensation.....	166,645	120,703	287,348	-	-
Other postemployment benefits obligation.....	164,786	120,383	285,169	493	-
Estimated claims payable.....	72,955	65,523	138,478	-	-
Bonds, loans, capital leases, and other payables.....	1,698,356	5,169,576	6,867,932	825,563	-
Advance from primary government.....	-	-	-	6,460	2,599
Capital lease payable to component unit.....	157,136	-	157,136	-	-
Accrued interest payable.....	-	-	-	57,910	-
Deferred credits and other liabilities.....	-	44,655	44,655	3,406	-
Total noncurrent liabilities.....	<u>2,324,641</u>	<u>5,558,339</u>	<u>7,882,980</u>	<u>894,898</u>	<u>2,599</u>
Total liabilities.....	<u>3,251,447</u>	<u>6,409,694</u>	<u>9,661,141</u>	<u>979,649</u>	<u>5,811</u>
NET ASSETS					
Invested in capital assets, net of related debt.....	1,436,842	3,935,008	5,371,850	66,728	-
Restricted for:					
Reserve for rainy day.....	117,792	-	117,792	-	-
Debt service.....	23,130	282,187	305,317	-	-
Capital projects.....	-	111,463	111,463	-	-
Community development.....	95,136	-	95,136	-	-
Transportation Authority activities.....	1,693	-	1,693	-	-
Grants and other purposes.....	172,360	28,254	200,614	-	-
Unrestricted (deficit).....	<u>(261,897)</u>	<u>491,437</u>	<u>229,540</u>	<u>(140,735)</u>	<u>(2,245)</u>
Total net assets (deficit).....	<u>\$ 1,585,056</u>	<u>\$ 4,848,349</u>	<u>\$ 6,433,405</u>	<u>\$ (74,007)</u>	<u>\$ (2,245)</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, 2008**

(In Thousands)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets							
		Program Revenues			Primary Government		Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	San Francisco Redevelopment Agency	Treasure Island Development Authority
Primary government:									
Governmental activities:									
Public protection.....	\$1,020,457	\$ 66,343	\$ 116,042	\$ -	\$ (838,072)	\$ -	\$ (838,072)	\$ -	\$ -
Public works, transportation and commerce.....	342,411	115,939	42,779	23,941	(159,752)	-	(159,752)	-	-
Human welfare and neighborhood development...	848,195	108,956	472,846	570	(265,823)	-	(265,823)	-	-
Community health.....	567,410	52,455	277,142	1,389	(236,424)	-	(236,424)	-	-
Culture and recreation.....	347,433	70,576	2,970	10,179	(263,708)	-	(263,708)	-	-
General administration and finance.....	250,295	20,376	6,526	-	(223,393)	-	(223,393)	-	-
General City responsibilities....	80,887	26,980	7,784	-	(46,123)	-	(46,123)	-	-
Unallocated interest on long-term debt.....	97,694	-	-	-	(97,694)	-	(97,694)	-	-
Total governmental activities.....	<u>3,554,782</u>	<u>461,625</u>	<u>926,089</u>	<u>36,079</u>	<u>(2,130,989)</u>	<u>-</u>	<u>(2,130,989)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Airport.....	651,581	535,771	-	41,060	-	(74,750)	(74,750)	-	-
Transportation.....	830,411	257,341	118,522	107,509	-	(347,039)	(347,039)	-	-
Port.....	67,495	64,498	-	3,942	-	945	945	-	-
Water.....	252,802	234,216	1,958	-	-	(16,628)	(16,628)	-	-
Power.....	109,436	119,855	52	-	-	10,471	10,471	-	-
Hospitals.....	812,399	558,167	61,193	-	-	(193,039)	(193,039)	-	-
Sewer.....	182,712	202,549	-	-	-	19,837	19,837	-	-
Market.....	1,052	1,564	-	-	-	512	512	-	-
Total business-type activities.....	<u>2,907,888</u>	<u>1,973,961</u>	<u>181,725</u>	<u>152,511</u>	<u>-</u>	<u>(599,691)</u>	<u>(599,691)</u>	<u>-</u>	<u>-</u>
Total primary government.....	<u>\$6,462,670</u>	<u>\$2,435,586</u>	<u>\$ 1,107,814</u>	<u>\$ 188,590</u>	<u>(2,130,989)</u>	<u>(599,691)</u>	<u>(2,730,680)</u>	<u>-</u>	<u>-</u>
Component units:									
San Francisco Redevelopment Agency.....									
	\$ 185,575	\$ 22,189	\$ 13,949	\$ -				(149,437)	-
Treasure Island Development Authority.....									
	7,881	7,955	-	-				-	74
Total component units.....	<u>\$ 193,456</u>	<u>\$ 30,144</u>	<u>\$ 13,949</u>	<u>\$ -</u>				<u>(149,437)</u>	<u>74</u>
General Revenues:									
Taxes:									
Property taxes.....					1,189,511	-	1,189,511	102,559	-
Business taxes.....					396,025	-	396,025	-	-
Other local taxes.....					652,971	-	652,971	5,393	-
Interest and investment income.....					57,929	67,217	125,146	16,451	93
Other.....					25,939	233,244	259,183	8,570	1,742
Special item.....					-	(41,026)	(41,026)	-	-
Transfers - internal activities of primary government.....					(477,341)	477,341	-	-	-
Total general revenues, special item and transfers..					<u>1,845,034</u>	<u>736,776</u>	<u>2,581,810</u>	<u>132,973</u>	<u>1,835</u>
Change in net assets.....					(285,955)	137,085	(148,870)	(16,464)	1,909
Net assets (deficit) - beginning.....					<u>1,871,011</u>	<u>4,711,264</u>	<u>6,582,275</u>	<u>(57,543)</u>	<u>(4,154)</u>
Net assets (deficit) - ending.....					<u>\$ 1,585,056</u>	<u>\$ 4,848,349</u>	<u>\$ 6,433,405</u>	<u>\$ (74,007)</u>	<u>\$ (2,245)</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, 2008

(with comparative financial information as of June 30, 2007)

(In Thousands)

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2008	2007	2008	2007	2008	2007
ASSETS						
Deposits and investments with City Treasury.....	\$ 400,328	\$ 489,610	\$ 750,431	\$ 849,221	\$ 1,150,759	\$ 1,338,831
Deposits and investments outside City Treasury.....	242	225	48,834	51,518	49,076	51,743
Receivables:						
Property taxes and penalties.....	47,312	48,348	9,863	11,330	57,175	59,678
Other local taxes.....	182,112	171,134	15,269	15,049	197,381	186,183
Federal and state grants and subventions.....	57,531	84,416	99,012	77,251	156,543	161,667
Charges for services.....	43,152	22,239	11,556	8,357	54,708	30,596
Interest and other.....	13,145	15,346	6,323	15,041	19,468	30,387
Due from other funds.....	16,890	30,115	11,578	16,644	28,468	46,759
Due from component unit.....	6,581	5,707	2,579	958	9,160	6,665
Loans receivable (net of allowance for uncollectible amounts of \$453,577 in 2008; \$414,545 in 2007).....	10	-	67,325	64,504	67,335	64,504
Deferred charges and other assets.....	6,486	7,823	3,819	1,789	10,305	9,612
Total assets.....	\$ 773,789	\$ 874,963	\$ 1,026,589	\$ 1,111,662	\$ 1,800,378	\$ 1,986,625
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 118,109	\$ 99,151	\$ 114,889	\$ 82,424	\$ 232,998	\$ 181,575
Accrued payroll.....	65,640	56,494	15,279	12,628	80,919	69,122
Deferred tax, grant and subvention revenues.....	83,973	44,122	59,457	22,899	143,430	67,021
Due to other funds.....	1,501	1,272	22,575	49,963	24,076	51,235
Deferred credits and other liabilities.....	98,931	132,463	98,355	83,270	197,286	215,733
Bonds, loans, capital leases, and other payables.....	-	-	150,000	150,000	150,000	150,000
Total liabilities.....	368,154	333,502	460,555	401,184	828,709	734,686
Fund balances:						
Reserved for rainy day.....	117,792	133,622	-	-	117,792	133,622
Reserved for assets not available for appropriation....	11,358	12,665	19,814	19,413	31,172	32,078
Reserved for debt service.....	-	-	47,334	51,299	47,334	51,299
Reserved for encumbrances.....	63,068	60,948	193,461	288,948	256,529	349,896
Reserved for appropriation carryforward.....	99,959	161,127	314,051	292,234	414,010	453,361
Reserved for subsequent years' budgets.....	36,341	32,062	13,504	8,004	49,845	40,066
Unreserved (deficit), reported in:						
General fund.....	77,117	141,037	-	-	77,117	141,037
Special revenue funds.....	-	-	(27,758)	47,445	(27,758)	47,445
Capital project funds.....	-	-	2,126	(373)	2,126	(373)
Permanent fund.....	-	-	3,502	3,508	3,502	3,508
Total fund balances.....	405,635	541,461	566,034	710,478	971,669	1,251,939
Total liabilities and fund balances.....	\$ 773,789	\$ 874,963	\$ 1,026,589	\$ 1,111,662	\$ 1,800,378	\$ 1,986,625

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, 2008

(In Thousands)

Fund balances - total governmental funds	\$ 971,669
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.	2,926,092
Bond issue costs are not financial resources and, therefore, are not reported in the funds.	16,473
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,350,679)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.	(8,865)
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 are offset by deferred revenue in the funds.	226,288
Internal service funds are used by management to charge the costs of capital lease financing, fleet management, printing and mailing services, and information systems to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	<u>(195,922)</u>
Net assets of governmental activities	<u>\$ 1,585,056</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, 2008

(with comparative financial information for year ended June 30, 2007)

(In Thousands)

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2008	2007	2008	2007	2008	2007
Revenues:						
Property taxes.....	\$ 939,812	\$ 887,690	\$ 239,876	\$ 220,174	\$ 1,179,688	\$ 1,107,864
Business taxes.....	394,267	336,757	1,758	835	396,025	337,592
Other local taxes.....	519,867	540,695	133,104	128,129	652,971	668,824
Licenses, permits and franchises.....	23,212	19,639	7,731	7,789	30,943	27,428
Fines, forfeitures and penalties.....	8,398	4,720	4,819	4,151	13,217	8,871
Interest and investment income.....	15,779	30,089	38,477	53,757	54,256	83,846
Rents and concessions.....	19,490	18,449	50,670	34,044	70,160	52,493
Intergovernmental:						
Federal.....	173,059	183,573	155,256	198,115	328,315	381,688
State.....	476,864	479,748	84,231	102,918	561,095	582,666
Other.....	-	-	15,907	15,689	15,907	15,689
Charges for services.....	135,473	125,682	153,216	147,375	288,689	273,057
Other.....	17,948	21,697	63,373	22,387	81,321	44,084
Total revenues.....	2,724,169	2,648,739	948,418	935,363	3,672,587	3,584,102
Expenditures:						
Current:						
Public protection.....	874,881	800,383	52,317	56,481	927,198	856,864
Public works, transportation and commerce.....	79,187	65,184	252,984	215,723	332,171	280,907
Human welfare and neighborhood development.....	613,135	568,241	215,768	171,930	828,903	740,171
Community health.....	454,935	410,169	88,111	99,675	543,046	509,844
Culture and recreation.....	105,036	93,992	204,576	192,143	309,612	286,135
General administration and finance.....	193,315	166,673	17,151	9,524	210,466	176,197
General City responsibilities.....	70,874	56,834	331	698	71,205	57,532
Debt service:						
Principal retirement.....	864	-	105,716	98,169	106,580	98,169
Interest and fiscal charges.....	147	-	75,697	71,266	75,844	71,266
Bond issuance costs.....	-	-	1,090	3,683	1,090	3,683
Capital outlay.....	-	-	133,155	283,370	133,155	283,370
Total expenditures.....	2,392,374	2,161,476	1,146,896	1,202,662	3,539,270	3,364,138
Excess (deficiency) of revenues over expenditures.....	331,795	487,263	(198,478)	(267,299)	133,317	219,964
Other financing sources (uses):						
Transfers in.....	70,969	71,277	173,801	146,021	244,770	217,298
Transfers out.....	(543,640)	(486,600)	(180,532)	(182,247)	(724,172)	(668,847)
Issuance of bonds and loans						
Face value of bonds and refunding bonds issued.....	-	-	310,155	312,955	310,155	312,955
Face value of loans issued.....	-	-	1,829	141	1,829	141
Premium on issuance of bonds.....	-	-	13,071	3,521	13,071	3,521
Discount on issuance of bonds.....	-	-	-	(1,856)	-	(1,856)
Payment to refunded bond escrow agent.....	-	-	(283,494)	(159,610)	(283,494)	(159,610)
Other financing sources-capital leases.....	5,050	8,245	19,204	4,544	24,254	12,789
Total other financing sources (uses).....	(467,621)	(407,078)	54,034	123,469	(413,587)	(283,609)
Net change in fund balances.....	(135,826)	80,185	(144,444)	(143,830)	(280,270)	(63,645)
Fund balances at beginning of year.....	541,461	461,276	710,478	854,308	1,251,939	1,315,584
Fund balances at end of year.....	\$ 405,635	\$ 541,461	\$ 566,034	\$ 710,478	\$ 971,669	\$ 1,251,939

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, 2008
(In Thousands)

Net change in fund balances - total governmental funds	\$ (280,270)
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 plus assets donated to the City and acquired by funding from other revenues.	30,859
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. This is the amount by which the decrease in certain liabilities reported in the statement of net assets of the previous year exceeded expenses reported in the statement of activities that do not require the use of current financial resources.	(173,573)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,823
Some other revenues that do not provide current financial resources are not reported as revenues in the governmental funds but are recognized in the statement of activities.	60,415
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.	(2,153)
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. This is the amount of property rent payments expended in the governmental funds that were reclassified as capital lease principal and interest payments in the current period.	19,338
Bond issue costs are reported in the governmental funds when paid, and are capitalized and amortized in the statement of activities. This is the amount by which current year bond issue costs exceed amortization expense in the current period.	117
The issuance of long-term debt and capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and capital leases consume the current financial resources of governmental funds. These transactions, however, have no effect on net assets. This is the amount by which principal retirement exceeded bond and other debt proceeds in the current period.	78,090
Bond premiums and discounts are reported in the governmental funds when the bonds are issued, and are capitalized and amortized in the statement of net assets. This is the amount of bond premiums capitalized during the current period.	(13,071)
Interest expense in the statement of activities differs from the amount reported in the governmental funds because of additional accrued and accreted interest; amortization of bond discounts, premiums and refunding losses; and change in the accrual of arbitrage liabilities.	(10,632)
The net revenues of certain activities of internal service funds is reported with governmental activities.	<u>(4,898)</u>
Change in net assets of governmental activities	<u><u>\$ (285,955)</u></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, 2008
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Budgetary Fund Balance, July 1	\$ 142,392	\$ 563,435	\$ 563,435	\$ -
Resources (Inflows):				
Property taxes.....	934,720	934,720	943,500	8,780
Business taxes.....	359,718	359,718	394,268	34,550
Other local taxes:				
Sales tax.....	111,546	111,546	111,410	(136)
Hotel room tax.....	148,868	151,368	165,541	14,173
Utility users tax.....	80,208	80,208	86,964	6,756
Parking tax.....	64,820	64,820	67,285	2,465
Real property transfer tax.....	123,520	123,520	86,219	(37,301)
Stadium admission tax.....	2,958	2,958	2,447	(511)
Licenses, permits, and franchises:				
Licenses and permits.....	7,278	7,278	7,512	234
Franchise tax.....	14,799	14,798	15,701	903
Fines, forfeitures, and penalties.....	3,899	6,496	8,398	1,902
Interest and investment income.....	35,481	35,519	31,173	(4,346)
Rents and concessions:				
Garages - Recreation and Park.....	9,649	9,649	10,059	410
Rents and concessions - Recreation and Park.....	8,438	8,438	7,919	(519)
Other rents and concessions.....	1,718	1,718	2,101	383
Intergovernmental:				
Federal grants & subventions.....	214,140	217,034	182,149	(34,885)
State subventions:				
Social service subventions.....	101,039	101,248	107,848	6,600
Health / mental health subventions.....	114,686	115,237	111,802	(3,435)
Health and welfare realignment.....	170,166	170,166	166,624	(3,542)
Public safety sales tax.....	73,270	73,270	69,687	(3,583)
Motor vehicle in-lieu - county.....	5,294	5,294	3,529	(1,765)
Other grants and subventions.....	29,719	31,045	33,697	2,652
Charges for services:				
General government service charges.....	40,665	41,054	39,757	(1,297)
Public safety service charges.....	27,000	27,000	24,860	(2,140)
Recreation charges - Recreation and Park.....	7,456	7,456	8,054	598
MediCal, MediCare and health service charges.....	62,046	61,593	62,869	1,276
Other financing sources:				
Transfers from other funds.....	62,308	68,847	68,865	18
Proceeds from issuance of bonds and loans.....	1,278	1,278	-	(1,278)
Other resources (inflows).....	<u>14,932</u>	<u>9,306</u>	<u>9,922</u>	<u>616</u>
Total amounts available for appropriation.....	<u>2,974,011</u>	<u>3,406,017</u>	<u>3,393,595</u>	<u>(12,422)</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, 2008
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Charges to Appropriations (Outflows):				
Public Protection				
Adult Probation.....	\$ 12,307	\$ 12,203	\$ 11,293	\$ 910
District Attorney.....	33,137	33,186	32,436	750
Emergency Communications.....	3,574	6,453	6,128	325
Fire Department.....	234,113	239,892	238,878	1,014
Juvenile Probation.....	38,431	36,937	35,753	1,184
Police Department.....	341,241	347,973	347,972	1
Public Defender.....	23,371	23,577	23,559	18
Sheriff.....	146,930	149,540	149,538	2
Trial Courts.....	31,797	33,778	33,740	38
Subtotal - Public Protection	<u>864,901</u>	<u>883,539</u>	<u>879,297</u>	<u>4,242</u>
Public Works, Transportation and Commerce				
Board of Appeals.....	620	624	529	95
Business and Economic Development.....	5,132	5,022	4,636	386
General Services Agency - Public Works.....	49,779	65,771	63,787	1,984
Parking and Traffic Commission.....	-	585	571	14
Public Utilities Commission.....	-	9	1	8
Water Department.....	-	22	22	-
Subtotal - Public Works, Transportation and Commerce	<u>55,531</u>	<u>72,033</u>	<u>69,546</u>	<u>2,487</u>
Human Welfare and Neighborhood Development				
Children, Youth and Their Families.....	29,672	31,842	30,018	1,824
Commission on the Status of Women.....	3,332	3,368	3,182	186
County Education Office.....	76	76	76	-
Environment.....	1,467	1,094	986	108
Human Rights Commission.....	1,060	1,077	823	254
Human Services.....	598,421	610,330	567,039	43,291
Subtotal - Human Welfare and Neighborhood Development	<u>634,028</u>	<u>647,787</u>	<u>602,124</u>	<u>45,663</u>
Community Health				
Public Health.....	<u>468,612</u>	<u>458,462</u>	<u>454,935</u>	<u>3,527</u>
Culture and Recreation				
Academy of Sciences.....	3,955	3,955	3,918	37
Art Commission.....	8,990	9,319	9,214	105
Asian Art Museum.....	6,757	7,067	7,060	7
Fine Arts Museum.....	10,805	10,850	10,619	231
Law Library.....	595	617	611	6
Recreation and Park Commission.....	70,754	70,446	70,446	-
Subtotal - Culture and Recreation	<u>101,856</u>	<u>102,254</u>	<u>101,868</u>	<u>386</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 (Continued)
Year ended June 30, 2008
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
General Administration and Finance				
Assessor/Recorder.....	\$ 12,475	\$ 12,160	\$ 11,646	\$ 514
Board of Supervisors.....	10,573	10,377	10,210	167
City Attorney.....	11,867	12,381	12,369	12
City Planning.....	22,380	21,946	21,095	851
Civil Service.....	579	571	568	3
Controller.....	15,295	15,869	15,020	849
Elections.....	19,199	21,701	21,480	221
Ethics Commission.....	3,592	2,545	2,494	51
General Services Agency - Administrative Services.....	66,612	53,202	51,184	2,018
General Services Agency - Telecomm. and Info. Services.....	3,976	3,351	3,115	236
Health Service System.....	-	27	27	-
Human Resources.....	11,100	20,407	20,300	107
Mayor.....	20,411	17,186	17,032	154
Mayor- Deappropriation of Housing Carryforward	(33,050)	-	-	-
Retirement Services.....	506	414	414	-
Treasurer/Tax Collector.....	21,025	21,296	20,709	587
Subtotal - General Administration and Finance	<u>186,540</u>	<u>213,433</u>	<u>207,663</u>	<u>5,770</u>
General City Responsibilities				
General City Responsibilities.....	75,518	76,161	69,287	6,874
Other financing uses:				
Debt Service.....	1,011	1,011	1,011	-
Transfers to other funds.....	529,904	541,853	541,853	-
Budgetary reserves and designations.....	56,110	15,195	-	15,195
Total charges to appropriations.....	<u>2,974,011</u>	<u>3,011,728</u>	<u>2,927,584</u>	<u>84,144</u>
Total Sources less Current Year Uses	<u>-</u>	<u>394,289</u>	<u>466,011</u>	<u>71,722</u>
Budgetary Reserves Carried Forward into Subsequent Year....		<u>(38,160)</u>	<u>(4,818)</u>	<u>33,342</u>
Budgetary Fund Balance, June 30		<u>\$ 356,129</u>	<u>\$ 461,193</u>	<u>\$ 105,064</u>

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

Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation"	\$3,393,595
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.....	(563,435)
Property tax revenue - Teeter Plan.....	(3,688)
Grants, subventions and other receivables received after 120-day recognition period	(26,071)
Unrealized gain/(loss) on investment.....	(2,254)
Interest earnings / charges from other funds are reclassified.....	(13,139)
Interest earnings from agency funds reclassified as other revenues.....	8,026
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.....	(68,865)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.....	<u>\$2,724,169</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations"	\$2,927,584
Difference - budget to GAAP:	
Capital asset purchases funded under capital leases with Finance Corporation & Other Vendors.....	5,050
Recognition of expenditures for advances and imprest cash.....	2,045
Other budget to GAAP differences.....	11
Loans to Redevelopment Agency for Visitation Valley & Bay View Hunters Point.....	(463)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.....	(541,853)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.....	<u>\$2,392,374</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, 2008
(with comparative financial information as of June 30, 2007)
(In Thousands)

	Business-type Activities - Enterprise Funds										Other Fund			
	Major Funds										Total			
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Waste-water Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation	Total	2008	2007		Governmental Activities-Internal Service Funds
ASSETS														
Current Assets:														
Deposits and investments with City Treasury.....	\$ 299,153	\$ 138,654	\$ 165,846	\$ 197,677	\$ 64,348	\$ 44,361	\$ 81,498	\$ -	\$ -	\$ 991,537	\$ 809,548	\$ 11,632	\$ 11,029	
Deposits and investments outside City Treasury.....	10	36	10	3,977	10	-	5	1	5,060	9,109	11,351	-	-	
Receivables (net of allowance for uncollectible amounts of \$30,750 and \$32,789 in 2008 and 2007, respectively):														
Federal and state grants and subventions.....	-	59	-	35,113	-	-	1,451	-	-	36,623	54,141	-	-	
Charges for services.....	38,352	47,560	9,424	4,889	47,339	34,290	2,791	21,847	15	206,507	206,180	146	-	
Interest and other.....	2,007	786	6,272	6,509	26,495	240	798	-	-	43,107	41,597	1,348	1,133	
Loans receivable.....	-	-	134	-	-	-	-	-	-	134	562	26,999	23,332	
Due from other funds.....	87	250	13,947	1,747	-	26	226	-	-	16,283	40,808	-	-	
Inventories.....	73	1,872	296	46,697	5,077	-	1,034	1,199	-	56,248	51,147	-	-	
Deferred charges and other assets.....	3,248	-	2,120	1,451	-	-	75	-	24	6,918	2,592	-	-	
Restricted assets:														
Deposits and investments with City Treasury.....	27,522	-	-	-	-	-	6,192	95,707	-	129,421	63,845	-	-	
Deposits and investments outside City Treasury.....	41,814	-	-	-	-	-	5,574	-	-	47,388	45,251	-	-	
Grants and other receivables.....	311	-	-	-	-	-	31	-	-	342	774	-	-	
Total current assets.....	412,577	189,217	198,049	298,060	143,269	78,917	99,675	118,754	5,099	1,543,617	1,327,796	40,125	35,494	
Noncurrent assets:														
Deferred charges and other assets.....	45,700	7,164	-	1,460	-	2,735	3,354	-	-	60,413	65,154	4,347	3,388	
Loans receivable.....	-	-	188	-	-	-	-	-	-	188	324	257,699	227,865	
Due from component unit.....	-	-	2,599	-	-	-	-	-	-	2,599	2,599	-	-	
Restricted assets:														
Deposits and investments with City Treasury.....	100,089	21,740	-	17,352	-	52,808	-	-	-	191,989	448,786	-	-	
Deposits and investments outside City Treasury.....	220,554	41,051	-	36,804	18	27	2,176	870	-	301,500	252,888	95,727	58,127	
Grants and other receivables.....	17,900	260	-	6,830	-	252	-	384	-	25,626	41,533	-	-	
Capital assets:														
Land and other assets not being depreciated.....	57,937	440,949	29,111	289,876	22,212	84,762	154,218	311,448	3	1,390,516	1,250,411	-	-	
Facilities, infrastructure, and equipment, net of depreciation.....	3,542,695	827,045	230,265	1,704,116	45,161	1,276,099	120,840	7,107	4,550	7,757,878	7,617,123	4,985	5,536	
Total capital assets.....	3,600,632	1,267,994	259,376	1,993,992	67,373	1,360,861	275,058	318,555	4,553	9,148,394	8,867,534	4,985	5,536	
Total noncurrent assets.....	3,984,875	1,338,209	262,163	2,056,438	67,391	1,416,683	280,598	319,809	4,553	9,730,709	9,678,818	362,758	294,916	
Total assets.....	4,397,452	1,527,426	460,212	2,354,498	210,660	1,495,600	380,263	438,563	9,652	11,274,326	11,006,614	402,883	330,410	

(Continued)

CITY AND COUNTY OF SAN FRANCISCO
Statement of Net Assets - Proprietary Funds (Continued)
June 30, 2008
(with comparative financial information as of June 30, 2007)
(In Thousands)

	Business-type Activities - Enterprise Funds												
	Major Funds										Other Fund		
	San Francisco International Airport	San Francisco Water Enterprise	Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation	Total	2008	2007	
LIABILITIES													
Current liabilities:													
Accounts payable.....	\$ 28,995	\$ 8,394	\$ 12,726	\$ 63,318	\$ 24,862	\$ 7,096	\$ 4,675	\$ 5,106	\$ 157	\$ 155,329	\$ 156,041	\$ 7,587	\$ 10,077
Accrued payroll.....	7,726	6,009	1,223	21,305	14,529	3,296	1,247	6,936	-	62,271	54,436	1,951	1,773
Accrued vacation and sick leave pay.....	6,930	5,738	1,330	15,935	9,894	2,680	1,082	5,525	-	49,114	47,728	2,097	1,974
Accrued workers' compensation.....	948	1,512	380	16,857	3,644	822	393	2,017	-	26,573	30,829	166	145
Estimated claims payable.....	15	3,011	4,157	16,222	-	2,989	821	-	-	27,215	21,486	-	-
Due to other funds.....	21	-	-	150	1,869	-	83	7,358	-	9,481	32,669	11,194	3,663
Deferred credits and other liabilities.....	65,555	9,496	2,283	62,263	55,195	-	2,339	666	166	197,963	108,521	89,354	58,535
Accrued interest payable.....	-	7,434	-	238	-	5,626	128	-	-	13,426	14,185	2,704	1,748
Bonds, loans, capital leases, and other payables.....	73,271	25,520	110	6,951	1,139	99,430	92	516	-	207,029	202,176	23,775	21,510
Liabilities payable from restricted assets:													
Bonds, loans, capital leases, and other payables.....	32,934	-	-	-	-	-	4,185	-	-	37,119	19,087	-	-
Accrued interest payable.....	27,301	-	-	-	-	-	147	-	-	27,448	25,411	-	-
Other.....	13,453	27,322	-	1,497	-	4,605	6,720	1,073	-	54,670	50,847	-	-
Total current liabilities.....	257,149	94,436	22,209	204,736	111,132	126,544	21,912	29,197	323	867,638	765,416	138,828	99,425
Noncurrent liabilities:													
Accrued vacation and sick leave pay.....	5,983	5,118	1,041	11,088	7,263	2,318	859	3,829	-	37,499	37,171	1,912	1,865
Accrued workers' compensation.....	3,888	6,623	1,767	75,259	18,272	3,853	2,150	8,891	-	120,703	115,610	888	609
Other postemployment benefits obligation.....	15,413	15,048	2,723	35,438	30,065	5,684	2,805	13,207	-	120,383	-	4,147	-
Estimated claims payable.....	22	8,243	11,144	39,759	-	6,055	300	-	-	65,523	57,023	-	-
Deferred credits and other liabilities.....	-	355	-	29,810	-	89	14,401	-	-	44,655	44,445	-	-
Bonds, loans, capital leases, and other payables.....	3,801,602	936,270	172	55,051	2,055	367,144	7,149	133	-	5,169,576	5,275,685	259,949	228,786
Total noncurrent liabilities.....	3,826,908	971,657	16,847	246,405	57,655	385,143	27,664	26,060	-	5,558,339	5,529,934	266,896	231,260
Total liabilities.....	4,084,057	1,066,093	39,056	451,141	168,787	511,687	49,576	55,257	323	6,425,977	6,295,350	405,724	330,685
NET ASSETS													
Invested in capital assets, net of related debt.....	(177,974)	324,091	259,376	1,932,340	64,178	940,602	269,936	317,906	4,553	3,935,008	3,795,006	4,730	5,335
Restricted:													
Debt service.....	220,132	27,434	-	33,305	-	1,316	-	-	-	282,187	249,656	-	-
Capital projects.....	18,212	-	-	-	-	-	617	92,634	-	111,463	75,771	-	-
Other purposes.....	-	-	-	26,494	-	-	-	1,760	-	28,254	23,709	-	-
Unrestricted (deficit).....	253,025	109,808	161,780	(88,782)	(22,305)	41,995	60,134	(28,994)	4,776	491,437	567,122	(7,571)	(5,610)
Total net assets (deficit).....	\$ 313,395	\$ 461,333	\$ 421,156	\$ 1,903,357	\$ 41,873	\$ 983,913	\$ 330,687	\$ 383,306	\$ 9,329	\$ 4,848,349	\$ 4,711,264	\$ (2,841)	\$ (275)

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, 2008
(with comparative financial information for year ended June 30, 2007)
(In Thousands)

	Business-type Activities - Enterprise Funds															
	Major Funds						Other Fund									
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Waste-water Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation	Total	2007	2008	2007	2008	2007	2008
Operating revenues:	\$ 306,348	\$ 216,819	\$ 119,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,348	\$ 296,368	\$ -	\$ -	\$ -	\$ -	\$ -
Aviation.....	-	-	-	-	-	-	-	-	-	336,449	310,796	-	-	-	-	-
Water and power service.....	-	-	-	149,886	-	-	-	-	-	149,886	141,518	-	-	-	-	-
Passenger fees.....	-	-	-	-	406,003	-	-	-	-	543,994	505,054	-	-	-	-	-
Net patient service revenue.....	-	-	-	-	-	187,810	-	-	-	187,810	176,344	-	-	-	-	-
Sewer service.....	-	-	-	-	-	-	-	-	-	209,489	180,748	-	-	-	-	-
Rents and concessions.....	96,268	9,645	225	49,532	2,635	51,184	-	-	-	130,038	118,412	-	-	14	19	-
Parking and transportation.....	76,679	-	-	42,468	-	10,891	-	-	-	3,895	3,673	-	-	-	-	-
Other charges for services.....	-	7,752	-	2,331	-	-	-	-	1,564	106,052	89,134	-	-	-	-	-
Other revenues.....	56,476	-	-	13,124	10,767	14,739	2,423	771	-	1,973,961	1,822,047	-	-	-	-	-
Total operating revenues.....	535,771	234,216	119,855	257,341	419,405	202,549	64,498	138,762	1,564	1,497,198	1,295,354	52,241	48,983	37,987	35,662	52,241
Operating expenses:	185,238	102,233	32,175	535,458	365,838	69,383	28,184	178,472	217	284,315	270,967	50,510	46,278	16,783	18,404	2,384
Personal services.....	51,914	11,292	3,972	49,361	143,598	11,973	4,917	6,739	549	50,510	46,278	16,783	18,404	2,384	1,700	514
Contractual services.....	18,893	-	28,548	1,036	-	-	2,033	-	-	166,125	153,054	642	2,698	116,440	110,925	614
Light, heat and power.....	11,319	11,506	2,291	50,437	60,480	9,539	1,628	13,710	3	2,655,657	2,377,662	116,440	110,925	4,617	5,889	5,072
Materials and supplies.....	151,121	45,958	11,021	102,038	6,594	38,758	10,407	1,073	275	681,696	(555,615)	5,889	5,072	2,698	2,698	2,698
Depreciation and amortization.....	1,610	8,209	20,987	40,424	273	1,719	858	-	7	166,125	153,054	642	2,698	116,440	110,925	614
General and administrative.....	-	-	-	-	-	-	-	-	-	55,254	48,856	642	2,698	116,440	110,925	614
Services provided by other departments.....	10,863	34,698	3,701	44,055	26,444	26,021	12,069	8,274	-	2,655,657	2,377,662	116,440	110,925	4,617	5,889	5,072
Other.....	20,300	9,156	6,731	4,374	123	7,852	6,717	-	1	55,254	48,856	642	2,698	116,440	110,925	614
Total operating expenses.....	451,258	223,052	109,436	827,183	603,350	165,245	66,813	208,268	1,052	2,655,657	2,377,662	116,440	110,925	4,617	5,889	5,072
Operating income (loss).....	84,513	11,164	10,419	(569,842)	(183,945)	37,304	(2,315)	(69,506)	512	(881,696)	(555,615)	5,889	5,072	2,698	2,698	2,698
Nonoperating revenues (expenses):	-	1,958	52	6,446	-	-	-	653	-	9,109	9,007	-	-	-	-	-
Federal.....	-	-	-	112,076	60,540	-	-	-	-	172,616	174,294	-	-	-	-	-
State / other.....	-	-	6,420	7,080	2,335	4,099	3,613	1,844	202	67,217	85,692	-	-	-	-	-
Interest and investment income.....	29,368	12,456	-	(3,228)	(177)	(17,467)	(692)	(604)	-	(252,231)	(251,368)	-	-	-	-	-
Interest expense.....	(200,323)	(29,750)	-	113,280	-	727	(3,767)	18,002	-	233,244	218,184	-	-	-	-	-
Other, net.....	67,977	26,931	10,094	-	-	-	-	-	-	233,244	218,184	-	-	-	-	-
Total nonoperating revenues (expenses).....	(102,978)	11,595	16,586	235,654	62,898	(12,641)	(836)	19,695	202	229,955	235,809	(10)	(203)	(10)	(203)	(203)
Income (loss) before capital contributions, transfers and special item.....	(18,465)	22,759	26,985	(334,188)	(121,247)	24,663	(3,151)	(49,811)	714	(451,741)	(319,806)	(4,627)	411	(4,627)	411	411
Capital contributions.....	41,060	-	-	107,509	-	-	3,942	-	-	152,511	150,080	-	-	-	-	-
Transfers in.....	-	-	-	248,823	142,690	-	-	163,728	-	555,241	524,786	2,061	550	2,061	550	550
Transfers out.....	(25,942)	-	(450)	(12,079)	(39,429)	-	-	-	-	(77,900)	(73,615)	-	-	-	-	-
Income (loss) before special item.....	(3,347)	22,759	26,535	10,065	(17,986)	24,663	791	113,917	714	178,111	281,445	(2,566)	961	(2,566)	961	961
Special item.....	-	-	(41,224)	-	-	-	198	-	-	(41,026)	17,386	-	-	-	-	-
Change in net assets.....	(3,347)	22,759	(14,689)	10,065	(17,986)	24,663	989	113,917	714	137,085	298,831	(2,566)	961	(2,566)	961	961
Net assets (deficit) at beginning of year.....	316,742	438,574	435,845	1,893,292	59,859	959,250	329,698	269,389	8,615	4,711,264	4,412,433	(2,566)	(2,566)	(2,566)	(2,566)	(2,566)
Net assets (deficit) at end of year.....	\$ 313,395	\$ 481,333	\$ 421,156	\$ 1,903,357	\$ 41,873	\$ 983,913	\$ 330,667	\$ 383,306	\$ 9,329	\$ 4,848,349	\$ 4,711,264	\$ (2,841)	\$ (2,841)	\$ (2,841)	\$ (2,841)	\$ (2,841)

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



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CITY AND COUNTY OF SAN FRANCISCO
Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2008
(with comparative financial information for year ended June 30, 2007)
(In Thousands)

	Business-type Activities - Enterprise Funds										Total	2008	2007	Governmental Activities-Internal Service Funds
	Major Funds					Other Fund								
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Water Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation					
Cash flows from operating activities:	\$ 568,026	\$ 222,676	\$ 125,541	\$ 407,693	\$ 425,789	\$ 193,895	\$ 8,109	\$ 146,175	\$ 1,571	\$ 2,104,475	\$ 1,808,195	\$ 142,620	\$ 140,277	
Cash received from customers, including cash deposits.....	-	9,749	225	3,185	2,635	-	55,247	-	-	71,041	66,758	-	-	
Cash received from tenants for rent.....	(168,587)	(85,633)	(28,647)	(498,723)	(330,407)	(61,696)	(25,200)	(164,111)	(218)	(1,363,222)	(1,293,729)	(47,444)	(47,253)	
Cash paid to employees for services.....	(129,054)	(71,369)	(57,163)	(215,020)	(233,440)	(51,723)	(25,207)	(26,647)	(525)	(810,148)	(712,721)	(82,303)	(65,264)	
Cash paid to suppliers for goods and services.....	-	(2,359)	(1,264)	(14,957)	-	(1,554)	-	-	-	(20,134)	(20,132)	-	-	
Cash paid for judgments and claims.....	270,385	73,064	38,692	(317,822)	(135,423)	83,922	12,949	(44,583)	828	(17,988)	(151,629)	12,873	27,760	
Net cash provided by (used in) operating activities.....	-	1,899	52	111,329	63,563	-	-	-	-	176,843	310,920	-	-	
Cash flows from noncapital financing activities:	(25,942)	-	(450)	376,226	142,690	-	-	163,727	-	682,643	404,490	2,061	550	
Operating grants.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers in.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers out.....	-	-	-	(154,445)	(39,428)	-	-	-	-	(220,265)	(78,246)	-	-	
Transit Impact Development fees received.....	-	-	-	169	-	-	-	-	-	169	1,309	-	-	
Claims settlement proceeds.....	6,827	-	9,903	3,981	-	900	-	-	-	21,611	20,800	-	-	
Other noncapital financing increases.....	-	-	-	-	-	-	-	-	-	-	2,293	-	-	
Other noncapital financing decreases.....	-	-	-	-	(216)	-	-	(9,447)	-	(9,663)	(3,329)	-	-	
Net cash provided by (used in) noncapital financing activities.....	(19,115)	1,899	9,505	337,260	166,609	900	-	154,280	-	651,338	658,237	2,061	550	
Cash flows from capital and related financing activities:	52,176	-	-	181,465	-	-	4,034	18,002	-	255,677	218,282	-	-	
Capital grants.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers in.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bond sale proceeds and loans received.....	-	24,402	55	35	-	-	1	-	-	24,493	8,714	54,852	38,687	
Proceeds from sale of capital assets.....	18,000	-	-	-	-	-	-	-	-	18,000	50,000	-	-	
Proceeds from commercial paper borrowings.....	72,594	-	-	-	-	-	-	-	-	72,594	66,166	-	-	
Proceeds from passenger facility charges.....	(116,450)	(234,624)	(32,284)	(148,458)	(19,734)	(62,087)	(14,005)	(75,430)	(238)	(703,310)	(657,036)	(1,307)	(2,547)	
Acquisition of capital assets.....	(75,510)	(19,170)	(108)	(19,165)	(169)	(47,837)	(4,158)	(468)	-	(166,585)	(193,491)	(21,567)	(20,533)	
Retirement of capital leases, bonds and loans.....	(191,349)	(45,023)	-	(4,233)	(178)	(20,325)	(492)	(603)	-	(262,203)	(230,572)	(1,426)	(504)	
Bond issue costs paid.....	-	-	-	-	-	-	198	-	-	50,559	116,612	(9,939)	(8,708)	
Interest paid on debt.....	-	-	-	50,361	-	-	-	-	-	(38,694)	(9,198)	-	-	
Other capital financing increases.....	-	-	-	-	-	-	(1,123)	-	-	-	-	-	-	
Other capital financing decreases.....	(37,571)	-	-	-	-	-	-	-	-	-	-	-	-	
Net cash provided by (used in) capital and related financing activities.....	(278,110)	(274,415)	(32,337)	60,005	(20,081)	(130,249)	(15,545)	(58,499)	(238)	(749,469)	(631,404)	20,613	6,395	
Cash flows from investing activities:	(2,806,847)	(50,153)	-	(3,924)	-	-	-	-	(12,915)	(2,873,839)	(1,197,355)	(159,000)	(56,540)	
Purchases of investments with trustees.....	2,821,703	65,317	-	-	-	-	-	-	12,034	2,899,054	1,237,651	130,765	21,473	
Proceeds from sale of investments with trustees.....	35,152	16,600	3,814	7,676	2,334	5,396	4,634	1,643	198	77,447	79,575	2,978	1,791	
Interest and investment income.....	-	2,827	-	-	(1)	-	-	(91)	-	2,735	1,933	(322)	(416)	
Other investing activities.....	50,008	34,591	3,814	3,752	2,333	5,396	4,634	1,552	(683)	105,397	121,804	(25,579)	(33,692)	
Net cash provided by (used in) investing activities.....	23,168	(164,861)	19,674	83,195	13,438	(40,031)	2,038	52,750	(93)	(10,722)	(2,992)	9,968	1,013	
Cash and cash equivalents-beginning of year.....	403,606	325,291	146,182	167,598	50,920	137,227	91,145	42,958	554	1,365,481	1,368,473	34,089	33,076	
Cash and cash equivalents-end of year.....	\$ 426,774	\$ 160,430	\$ 165,856	\$ 250,793	\$ 64,358	\$ 97,196	\$ 93,183	\$ 95,708	\$ 461	\$ 1,354,759	\$ 1,365,481	\$ 44,057	\$ 34,089	

(Continued)

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

CITY AND COUNTY OF SAN FRANCISCO
Statement of Cash Flows (Continued)
Proprietary Funds

Year ended June 30, 2008
(with comparative financial information for year ended June 30, 2007)
(In Thousands)

	Business-type Activities - Enterprise Funds											
	Major Funds									Other Fund		
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Waste-water Enterprise	Port of San Francisco	Laguna Honda Hospital	San Francisco Market Corporation	Governmental Activities-Internal Service Funds		
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:												
Operating income (loss).....	\$ 84,513	\$ 11,164	\$ 10,419	\$ (569,842)	\$ (183,945)	\$ 37,304	\$ (2,315)	\$ (69,506)	\$ 512	\$ (4,617)	\$ 613	
Adjustments for non-cash activities:												
Depreciation and amortization.....	151,122	45,958	11,021	102,038	6,594	38,758	10,407	1,072	275	367,245	345,708	1,700
Provision for uncollectibles.....	(1,038)	-	(2,193)	75	-	120	(1,111)	-	-	(4,147)	(2,512)	-
Write-off of capital assets.....	6,591	(3,925)	1,245	-	-	1,517	-	-	-	11,099	15,486	-
Other.....	-	-	(43)	110,324	-	-	(1,246)	-	-	111,701	1,878	26
Changes in assets/liabilities:												
Receivables, net.....	1,038	(762)	2,845	(3,040)	(10,574)	(3,775)	1,496	7,398	(3)	(5,377)	(8,074)	20,600
Due from other funds.....	-	-	1,150	-	-	-	-	-	-	1,150	(1,473)	(79)
Inventories.....	(13)	(308)	(26)	(3,813)	(1,131)	-	211	(20)	-	(5,100)	1,903	-
Deferred charges and other assets.....	(3,510)	(884)	(1,056)	9,420	(1,391)	2,602	360	2,097	35	(1,959)	3,215	150
Accounts payable.....	1,101	482	162	2,575	2,239	500	184	672	-	9,785	30,222	3,561
Accrued payroll.....	77	(315)	56	513	972	268	3	140	-	7,915	7,707	171
Accrued vacation and sick leave pay.....	59	(210)	(39)	(1,794)	2,155	531	(204)	341	-	1,714	1,523	171
Other postemployment benefits obligation.....	15,413	15,048	2,723	35,438	30,065	5,684	2,805	13,207	-	639	(11,190)	(92)
Estimated claims payable.....	-	4,320	10,520	(961)	-	333	21	-	-	120,383	-	300
Due to other funds.....	-	(4,856)	-	-	19,593	-	83	-	-	14,233	987	4,147
Deferred credits and other liabilities.....	16,786	(985)	1,916	1,246	-	80	339	-	9	14,820	10,245	(1)
Total adjustments.....	185,872	61,900	28,273	252,020	48,522	46,618	15,264	24,923	316	19,407	8,361	(1,585)
Net cash provided by (used in) operating activities.....	\$ 270,385	\$ 73,064	\$ 38,692	\$ (317,822)	\$ (135,423)	\$ 83,922	\$ 12,949	\$ (44,583)	\$ 828	\$ (17,988)	\$ (151,629)	\$ 27,760
Reconciliation of cash and cash equivalents to the statement of net assets:												
Deposits and investments with City Treasury:												
Unrestricted.....	\$ 299,153	\$ 138,654	\$ 165,946	\$ 197,677	\$ 64,348	\$ 44,361	\$ 81,498	\$ -	\$ -	\$ 991,537	\$ 809,548	\$ 11,632
Restricted.....	127,611	21,740	-	17,352	-	52,808	6,192	95,707	-	321,410	512,631	-
Deposits outside of City Treasury:												
Unrestricted.....	10	36	10	3,977	10	-	5	1	5,060	9,109	11,351	-
Restricted.....	262,368	41,051	-	36,804	18	27	7,750	870	-	348,888	298,139	58,127
Total deposits and investments.....	689,142	201,481	165,956	255,810	64,376	97,196	95,445	96,578	5,060	1,670,944	1,631,669	69,156
Less: investments outside of City Treasury not meeting the definition of cash equivalents.....	(262,368)	(41,051)	-	(5,017)	(18)	-	(2,262)	(870)	(4,599)	(316,185)	(266,188)	(35,067)
Cash and cash equivalents at end of year on statement of cash flows.....	\$ 426,774	\$ 160,430	\$ 165,956	\$ 250,793	\$ 64,358	\$ 97,196	\$ 93,183	\$ 95,708	\$ 461	\$ 1,354,759	\$ 1,365,481	\$ 34,089

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, 2008

(In Thousands)

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Investment Trust Fund</u>	<u>Agency Funds</u>
ASSETS			
Deposits and investments with City Treasury.....	\$ 53,713	\$ 540,972	\$ 84,365
Deposits and investments outside City Treasury:			
Cash and deposits.....	77,419	105	44
Short term bills and notes.....	879,724	-	-
Debt securities.....	4,540,996	-	-
Equity securities.....	7,365,206	-	-
Real estate.....	1,788,561	-	-
Venture capital.....	1,686,927	-	-
Receivables:			
Employer and employee contributions.....	32,135	-	44,677
Brokers, general partners and others.....	330,883	-	-
Interest and other.....	62,910	3,988	143,894
Invested securities lending collateral.....	1,567,442	-	-
Deferred charges and other assets.....	-	-	8,899
Total assets.....	<u>18,385,916</u>	<u>545,065</u>	<u>\$ 281,879</u>
LIABILITIES			
Accounts payable.....	32,267	6,706	\$ 37,010
Estimated claims payable.....	10,916	-	-
Agency obligations.....	-	-	244,869
Obligations under fixed coupon dollar reverse repurchase agreements.....	322,063	-	-
Foreign currency contracts, net.....	504	-	-
Payable to brokers.....	561,394	-	-
Securities lending collateral.....	1,567,442	-	-
Deferred credits and other liabilities.....	35,252	-	-
Total liabilities.....	<u>2,529,838</u>	<u>6,706</u>	<u>\$ 281,879</u>
NET ASSETS			
Held in trust for pension and other employee benefits and external pool participants.....	<u>\$ 15,856,078</u>	<u>\$ 538,359</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, 2008
(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund
Additions:		
Employees' contributions.....	\$ 258,381	\$ -
Employer contributions.....	619,910	-
Contributions to pooled investments.....	-	2,410,676
Total contributions.....	878,291	2,410,676
Investment income:		
Interest.....	256,330	24,715
Dividends.....	183,940	-
Net decrease in fair value of investments.....	(1,104,080)	-
Securities lending income.....	54,550	-
Fixed coupon dollar reverse repurchase agreement income.....	8,638	-
Total investment income	(600,622)	24,715
Less investment expenses:		
Securities lending borrower rebates and expenses.....	(69,352)	-
Fixed coupon dollar reverse repurchase finance charges and expenses..	(12,972)	-
Other expenses.....	(51,079)	-
Total investment expenses.....	(133,403)	-
Total additions, net.....	144,266	2,435,391
Deductions:		
Benefit payments.....	1,263,088	-
Refunds of contributions.....	8,449	-
Distribution from pooled investments.....	-	2,543,215
Administrative expenses.....	12,594	-
Total deductions.....	1,284,131	2,543,215
Change in net assets.....	(1,139,865)	(107,824)
Net assets at beginning of year.....	16,995,943	646,183
Net assets at end of year.....	\$ 15,856,078	\$ 538,359

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