

**ANNUAL REPORT  
FOR  
FISCAL YEAR ENDED JUNE 30, 2001**



**CITY AND COUNTY OF SAN FRANCISCO  
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION  
PUBLIC UTILITIES COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO  
PARKING AUTHORITY OF THE  
CITY AND COUNTY OF SAN FRANCISCO**

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**ANNUAL REPORT  
FISCAL YEAR ENDING JUNE 30, 2001**

**CITY AND COUNTY OF SAN FRANCISCO  
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION  
PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO  
PARKING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO**

The City and County of San Francisco (“**City**”), the City and County of San Francisco Finance Corporation (“**Finance Corporation**”), the Public Utilities Commission of the City and County of San Francisco (“**PUC**”), and the Parking Authority of the City and County of San Francisco (“**Parking Authority**”), hereby each provide the following information required for each of their respective annual reports (collectively, the “**Annual Report**”) for the fiscal year ended June 30, 2001 pursuant to their respective contractual undertakings under the Continuing Disclosure Certificates (as hereinafter defined) in connection with the following:

**Note: The CUSIP numbers provided herein are for the convenience of bondholders and certificate holders. The City, the Finance Corporation, the Parking Authority, and the PUC are not responsible for the accuracy or completeness of such CUSIP numbers. Furthermore, issuer and paying agent/trustee contact information is also provided for convenience and no assurances can be made that such information will not change.**

**I. CITY GENERAL OBLIGATION BONDS:**

**Issuer Contact:** Monique Moyer  
Director, Mayor’s Office of Public Finance  
City Hall, Room 336  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Telephone: (415) 554-4862  
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**Paying Agent Contact:** Treasurer of the City and County of San Francisco  
City Hall Room, 140  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
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E-mail: tom.carrick@sfgov.org

**A. \$44,480,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds, dated as of July 1, 1995, consisting of:**

1. \$18,480,000 General Obligation Bonds (Public Safety Improvement Projects, 1990) Series 1995A (“Series 1995A G.O. Bonds”); and
2. \$26,000,000 General Obligation Bonds (Golden Gate Park Improvements, 1992) Series 1995B (“Series 1995B G.O. Bonds”)

CUSIP (Series 1995A & Series 1995B G.O. Bonds)	MATURITY (June 15)	CUSIP (Series 1995A & Series 1995B G.O. Bonds)	MATURITY (June 15)
797645HQ4	2003	797645HW1	2009
797645HR2	2004	797645HX9	2010
797645HS0	2005	797645HY7	2011
797645HT8	2006	797645HZ4	2012
797645HU5	2007	797645JA7	2013
797645HV3	2008	797645JB5	2014

**B. \$63,590,000 City and County of San Francisco General Obligation Bonds (City Hall Improvement Project) Series 1996A, dated as of March 1, 1996 (“Series 1996A G.O. Bonds”)**

CUSIP	MATURITY (June 15)	CUSIP	MATURITY (June 15)
797645KB3	2002	797645KK3	2010
797645KC1	2003	797645KL1	2011
797645KD9	2004	797645KM9	2012
797645KE7	2005	797645KN7	2013
797645KF4	2006	797645KP2	2014
797645KG2	2007	797645KQ0	2015
797645KH0	2008	797645KR8	2016
797645KJ6	2009		

**C. \$89,230,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds, dated as of June 15, 1996, consisting of:**

1. \$7,645,000 General Obligation Bonds (Public Safety Improvement Projects, 1989) Series 1996B (“Series 1996B G.O. Bonds”);

CUSIP	MATURITY (June 15)	CUSIP	MATURITY (June 15)
797645LK2	2002	797645LT3	2010
797645LL0	2003	797645LU0	2011
797645LM8	2004	797645LV8	2012
797645LN6	2005	797645LW6	2013
797645LP1	2006	797645LX4	2014
797645LQ9	2007	797645LY2	2015
797645LR7	2008	797645LZ9	2016
797645LS5	2009		

2. \$14,285,000 General Obligation Bonds (Fire Department Facilities Project, 1992) Series 1996C (“Series 1996C G.O. Bonds”);

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645MF2	2002	797645MP0	2010
797645MG0	2003	797645MQ8	2011
797645MH8	2004	797645MR6	2012
797645MJ4	2005	797645MS4	2013
797645MK1	2006	797645MT2	2014
797645ML9	2007	797645MU9	2015
797645MM7	2008	797645MV7	2016
797645MN5	2009		

3. \$42,300,000 General Obligation Bonds (School District Facilities Improvements, 1994) Series 1996D (“Series 1996D G.O. Bonds”); and

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645NB0	2002	797645NK0	2010
797645NC8	2003	797645NL8	2011
797645ND6	2004	797645NM6	2012
797645NE4	2005	797645NN4	2013
797645NF1	2006	797645NP9	2014
797645NG9	2007	797645NQ7	2015
797645NH7	2008	797645NR5	2016
797645NJ3	2009		

4. \$25,000,000 General Obligation Bonds (Asian Art Museum Relocation Project) Series 1996E (“Series 1996E G.O. Bonds”)

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645NX2	2002	797645PF9	2010
797645NY0	2003	797645PG7	2011
797645NZ7	2004	797645PH5	2012
797645PA0	2005	797645PJ1	2013
797645PB8	2006	797645PK8	2014
797645PC6	2007	797645PL6	2015
797645PD4	2008	797645PM4	2016
797645PE2	2009		

**D. \$449,085,000 General Obligation Refunding Bonds Series 1997-1, dated as of October 15, 1997 (“Series 1997-1 G.O. Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645RX8	2002	797645SF6	2010
797645RY6	2003	797645SG4	2011
797645RZ3	2004	797645SH2	2012
797645SA7	2005	797645SJ8	2013
797645SB5	2006	797645SK5	2014
797645SC3	2007	797645SL3	2015
797645SD1	2008	797645SM1	2016
797645SE9	2009		

**E. \$47,155,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds, dated as of June 15, 1997, consisting of:**

1. \$25,105,000 General Obligation Bonds (Golden Gate Park Improvements, 1992) Series 1997A (“Series 1997A G.O. Bonds”); and

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645PV4	2002	797645QD3	2010
797645PW2	2003	797645QE1	2011
797645PX0	2004	797645QF8	2012
797645PY8	2005	797645QG6	2013
797645PZ5	2006	797645QH4	2014
797645QA9	2007	797645QJ0	2015
797645QB7	2008	797645QK7	2016
797645QC5	2009	797645QL5	2017

2. \$22,050,000 General Obligation Bonds (School District Facilities Improvements, 1994) Series 1997B (“Series 1997B G.O. Bonds”)

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645QW1	2002	797645RE0	2010
797645QX9	2003	797645RF7	2011
797645QY7	2004	797645RG5	2012
797645QZ4	2005	797645RH3	2013
797645RA8	2006	797645RJ9	2014
797645RB6	2007	797645RK6	2015
797645RC4	2008	797645RL4	2016
797645RD2	2009	797645RM2	2017

**F. \$20,000,000 City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 1998A, dated as of February 1, 1998 (“Series 1998A Taxable G.O. Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645SR0	2002	797645SZ2	2010
797645SS8	2003	797645TA6	2011
797645ST6	2004	797645TB4	2012
797645SU3	2005	797645TC2	2013
797645SV1	2006	797645TD0	2014
797645SW9	2007	797645TE8	2015
797645SX7	2008	797645 <sup>TH</sup> 1	2018
797645SY5	2009		

**G. \$20,000,000 City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 1999A, dated as of June 10, 1999 (“Series 1999A Taxable G.O. Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645TN8	2002	797645TT5	2007
797645TP3	2003	797645TU2	2008
797645TQ1	2004	797645TV0	2009
797645TR9	2005	797645TW8	2010
797645TS7	2006	797645UF3	2019

**H. \$97,760,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds, dated as of June 15, 1999 consisting of:**

1. \$20,395,000 General Obligation Bonds (Educational Facilities Bonds, 1997 - Community College District) Series 1999A (“Series 1999A G.O. Bonds”);

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645UJ5	2002	797645US5	2010
797645UK2	2003	797645UT3	2011
797645UL0	2004	797645UU0	2012
797645UM8	2005	797645UV8	2013
797645UN6	2006	797645UW6	2014
797645UP1	2007	797645UX4	2015
797645UQ9	2008	797645UY2	2016
797645UR7	2009	797645UZ9	2017

2. \$60,520,000 General Obligation Bonds (Educational Facilities Bonds, 1997 - Unified School District) Series 1999B (“Series 1999B G.O. Bonds”); and

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645VE5	2002	797645VP0	2011
797645VF2	2003	797645VQ8	2012
797645VG0	2004	797645VR6	2013
797645VH8	2005	797645VS4	2014
797645VJ4	2006	797645VT2	2015
797645VK1	2007	797645VU9	2016
797645VL9	2008	797645VV7	2017
797645VM7	2009	797645VX3	2019
797645VN5	2010		

3. \$16,845,000 General Obligation Bonds (Zoo Facilities Bonds, 1997) Series 1999C (“Series 1999C G.O. Bonds”)

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645WA2	2002	797645WK0	2011
797645WB0	2003	797645WL8	2012
797645WC8	2004	797645WM6	2013
797645WD6	2005	797645WN4	2014
797645WE4	2006	797645WP9	2015
797645WF1	2007	797645WQ7	2016
797645WG9	2008	797645WR5	2017
797645WH7	2009	797645WT1	2019
797645WJ3	2010		

- I. \$16,730,000 City and County of San Francisco General Obligation Bonds (Asian Art Museum Relocation Project) Series 1999D, dated as of October 1, 1999 (“Series 1999D G.O. Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645WW4	2002	797645XG8	2012
797645WX2	2003	797645XH6	2013
797645WY0	2004	797645XJ2	2014
797645WZ7	2005	797645XK9	2015
797645XA1	2006	797645XL7	2016
797645XB9	2007	797645XM5	2017
797645XC7	2008	797645XN3	2018
797645XD5	2009	797645XP8	2019
797645XE3	2010		
797645XF0	2011		



**J. \$53,225,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds, dated as of June 14, 2000 consisting of:**

1. \$29,605,000 General Obligations Bonds (Educational Facilities Bonds, 1997 - Community College District) Series 2000A (“Series 2000A G.O. Bonds”);

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645XT0	2002	797645YD4	2012
797645XU7	2003	797645YE2	2013
797645XV5	2004	797645YF9	2014
797645XW3	2005	797645YG7	2015
797645XX1	2006	797645YH5	2016
797645XY9	2007	797645YJ1	2017
797645XZ6	2008	797645YK8	2018
797645YA0	2009	797645YL6	2019
797645YB8	2010	797645YM4	2020
797645YC6	2011		

2. \$17,440,000 General Obligations Bonds (Zoo Facilities Bonds, 1997) Series 2000B (“Series 2000B G.O. Bonds”); and

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645YP7	2002	797645YZ5	2012
797645YQ5	2003	797645ZA9	2013
797645YR3	2004	797645ZB7	2014
797645YS1	2005	797645ZC5	2015
797645YT9	2006	797645ZD3	2016
797645YU6	2007	797645ZE1	2017
797645YV4	2008	797645ZF8	2018
797645YW2	2009	797645ZG6	2019
797645YX0	2010	797645ZH4	2020
797645YY8	2011		

3. \$6,180,000 General Obligations Bonds (Neighborhood Recreation and Park Facilities Improvement Bonds, 2000) Series 2000C (“Series 2000C G.O. Bonds”);

<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(June 15)</u>
797645ZK7	2002	797645ZV3	2012
797645ZL5	2003	797645ZW1	2013
797645ZM3	2004	797645ZX9	2014
797645ZN1	2005	797645ZY7	2015
797645ZP6	2006	797645ZZ4	2016
797645ZQ4	2007	797645A24	2017
797645YZR2	2008	797645A32	2018
797645ZS0	2009	797645A40	2019
797645ZT8	2010	797645A57	2020
797645ZU5	2011		

**K. \$20,000,000 City and County of San Francisco General Obligation Bonds (Affordable Housing) Series 2000D, dated as of July 6, 2000 (“Series 2000D G.O. Bonds”)**

<u>CUSIP</u>	<u>MATURITY (June 15)</u>	<u>CUSIP</u>	<u>MATURITY (June 15)</u>
797645A73	2002	797645B98	2012
797645A81	2003	797645C22	2013
797645A99	2004	797645C30	2014
797645B23	2005	797645C48	2015
797645B31	2006	797645C55	2016
797645B49	2007	797645C63	2017
797645B56	2008	797645C71	2018
797645B64	2009	797645C89	2019
797645B72	2010	797645C97	2020
797645B80	2011		

**L. \$31,120,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds , dated February 21, 2001 consisting of:**

1. \$17,060,000 General Obligations Bonds (Golden Gate Park Improvements, 1992) Series 2001A (“Series 20001A G.O. Bonds”);

<u>CUSIP</u>	<u>MATURITY (June 15)</u>	<u>CUSIP</u>	<u>MATURITY (June 15)</u>
797645D54	2002	797645E79	2012
797645D62	2003	797645E87	2013
797645D70	2004	797645E95	2014
797645D88	2005	797645F29	2015
797645D96	2006	797645F37	2016
797645E20	2007	797645F45	2017
797645E38	2008	797645F52	2018
797645E46	2009	797645F60	2019
797645E53	2010	797645F78	2020
797645E61	2011	797645F86	2021

2. \$14,060,000 General Obligations Bonds (Neighborhood Recreation and Park Facilities Bonds, 2000) Series 2001B (“Series 2001B G.O. Bonds”);

<u>CUSIP</u>	<u>MATURITY (June 15)</u>	<u>CUSIP</u>	<u>MATURITY (June 15)</u>
797645F94	2002	797645H35	2012
797645G28	2003	797645H43	2013
797645G36	2004	797645H50	2014
797645G44	2005	797645H68	2015
797645G51	2006	797645H76	2016
797645G69	2007	797645H84	2017
797645G77	2008	797645H92	2018
797645G85	2009	797645J25	2019
797645G93	2010	797645J33	2020
797645H27	2011	797645J41	2021

**M. \$17,000,000 City and County of San Francisco General Obligation Bonds (Affordable Housing) Series 2001C, dated as of June 12, 2001 (“Series 2001C G.O. Bonds”)**

<u>CUSIP</u>	<u>MATURITY (June 15)</u>	<u>CUSIP</u>	<u>MATURITY (June 15)</u>
797645K31	2002	797645L55	2012
797645K49	2003	797645L63	2013
797645K56	2004	797645L71	2014
797645K64	2005	797645L89	2015
797645K72	2006	797645L97	2016
797645K80	2007	797645M21	2017
797645K98	2008	797645M39	2018
797645L22	2009	797645M47	2019
797645L30	2010	797645M54	2020
797645L48	2011	797645M62	2021

**N. \$23,000,000 City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 2001D, dated as of June 12, 2001 (“Series 2001D Taxable G.O. Bonds”)**

<u>CUSIP</u>	<u>MATURITY (June 15)</u>	<u>CUSIP</u>	<u>MATURITY (June 15)</u>
797645M70	2002	797645N53	2008
797645M88	2003	797645N61	2009
797645M96	2004	797645N79	2010
797645N20	2005	797645N87	2011
797645N38	2006	797645P36	2014
797645N46	2007	797645Q27	2021

**O. \$17,665,000 City and County of San Francisco General Obligation Bonds (Branch Library Facilities Improvement Bonds, 2000) Series 2001E, dated as of July 12, 2001 (“Series 2001E G.O. Bonds”)**

<u>CUSIP</u>	<u>MATURITY (June 15)</u>	<u>CUSIP</u>	<u>MATURITY (June 15)</u>
797645Q35	2002	797645R59	2012
797645Q43	2003	797645R67	2013
797645Q50	2004	797645R75	2014
797645Q68	2005	797645R83	2015
797645Q76	2006	797645R91	2016
797645Q84	2007	797645S25	2017
797645Q92	2008	797645S33	2018
797645R26	2009	797645S41	2019
797645R34	2010	797645S58	2020
797645R42	2011	797645S66	2021

**II. CITY SETTLEMENT OBLIGATION BONDS**

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Director, Mayor's Office of Public Finance  
1 Dr. Carlton B. Goodlett Place, Room 336  
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**A. \$60,755,000 City and County of San Francisco Settlement Obligation Bonds (Business Tax Judgment) Series 2001, dated August 28, 2001 ("Series 2001 Settlement Obligation Bonds")**

<u>CUSIP</u>	<u>MATURITY (March 15)</u>	<u>CUSIP</u>	<u>MATURITY (March 15)</u>
797645S74	2002	797645T40	2007
797645S82	2003	797645T57	2008
797645S90	2004	797645T65	2009
797645T24	2005	797645T73	2010
797645T32	2006	797645T81	2011

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**III. CITY CERTIFICATES OF PARTICIPATION:**

**Issuer Contact:** Monique Moyer  
Director, Mayor's Office of Public Finance  
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1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Telephone: (415) 554-4862  
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**A. \$10,615,000 City and County of San Francisco Certificates of Participation (2789 25th Street Property) Series 1997, dated as of September 15, 1997 (“Series 1997 Certificates”)**

<u>CUSIP</u>	<u>MATURITY (September 1)</u>	<u>CUSIP</u>	<u>MATURITY (September 1)</u>
79765DLU2	2001	79765DMD9	2010
79765DLV0	2002	79765DME7	2011
79765DLW8	2003	79765DMF4	2012
79765DLX6	2004	79765DMG2	2013
79765DLY4	2005	79765DMH0	2014
79765DLZ1	2006	79765DMJ6	2015
79765DMA5	2007	79765DMK3	2016
79765DMB3	2008	79765DML1	2017
79765DMC1	2009		

**Trustee Contact:** Karen Mulroy  
 Union Bank of California  
 475 Sansome Street, 12<sup>th</sup> Floor  
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 Telephone: (415) 296-6753  
 Fax: (415) 296-6757

**B. \$8,390,000 City and County of San Francisco Certificates of Participation (555-7<sup>th</sup> Street Property) Series 1999, dated as of August 19, 1999 (“Series 1999 Certificates”)**

<u>CUSIP</u>	<u>MATURITY (September 1)</u>	<u>CUSIP</u>	<u>MATURITY (September 1)</u>
79765DMN7	2001	79765DNA4	2013
79765DMP2	2002	79765DNB2	2014
79765DMQ0	2003	79765DNC0	2015
79765DMR8	2004	79765DND8	2016
79765DMS6	2005	79765DNE6	2017
79765DMT4	2006	79765DNF3	2018
79765DMU1	2007	79765DNG1	2019
79765DMV9	2008	79765DNH9	2020
79765DMW7	2009	79765DNJ5	2021
79765DMX5	2010	79765DNK2	2022
79765DMY3	2011	79765DNL0	2023
79765DMZ0	2012	79765DNM8	2024

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 Fax: (213) 614-3355

**C. \$137,235,000 City and County of San Francisco Certificates of Participation (San Bruno Jail No. 3 Replacement Project) Series 2000, dated as of August 31, 2000 (“Series 2000 Certificates”)**

<u>CUSIP</u>	<u>MATURITY (October 1)</u>	<u>CUSIP</u>	<u>MATURITY (October 1)</u>
79765DNS5	2004	79765DPC8	2014
79765DNT3	2005	79765DPD6	2015
79765DNU0	2006	79765DPE4	2016
79765DNV8	2007	79765DPF1	2017
79765DNW6	2008	79765DPG9	2018
79765DNX4	2009	79765DPH7	2019
79765DNY2	2010	79765DPJ3	2020
79765DNZ9	2011	79765DPK0	2021
79765DPA2	2012	79765DPL8	2026
79765DPB0	2013	79765DPM6	2033

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**D. \$15,460,000 City and County of San Francisco Refunding Certificates of Participation (San Francisco Courthouse and 25 Van Ness Avenue Project) Series 2001-1, dated as of July 25, 2001 (“Series 2001-1 Certificates”)**

<u>CUSIP</u>	<u>MATURITY (April 1)</u>	<u>CUSIP</u>	<u>MATURITY (April 1)</u>
79765DPN4	2003	79765DPW4	2011
79765DPP9	2004	79765DPX2	2012
79765DPQ7	2005	79765DPYO	2013
79765DPR5	2006	79765DPZ7	2014
79765DPS3	2007	79765DQA1	2015
79765DPT1	2008	79765DQB9	2016
79765DPU8	2009	79765DQC7	2017
79765DPV6	2010		

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Telephone: (415) 273-4547  
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**E. \$37,170,000 aggregate principal amount of City and County of San Francisco Certificates of Participation (30 Van Ness Avenue Project) dated as of October 4, 2001 consisting of:**

1. \$35,320,000 Certificates of Participation (30 Van Ness Avenue Project) Series 2001A (“Series 2001A Certificates”); and

<u>CUSIP</u>	<u>MATURITY (September 1)</u>	<u>CUSIP</u>	<u>MATURITY (September 1)</u>
79765DQH6	2002	79765DQV5	2014
79765DQJ2	2003	79765DQW3	2015
79765DQK9	2004	79765DQX1	2016
79765DQL7	2005	79765DQY9	2017
79765DQM5	2006	79765DQZ6	2018
79765DQN3	2007	79765DRA0	2019
79765DQP8	2008	79765DRB8	2020
79765DQQ6	2009	79765DRC6	2021
79765DQR4	2010	79765DRD4	2022
79765DQS2	2011	79765DRH5	2026
79765DQT0	2012	79765DRN2	2031
79765DQU7	2013		

2. \$1,850,000 Certificates of Participation (30 Van Ness Avenue Property) Taxable Series 2001B (“Taxable Series 2001B Certificates”)

<u>CUSIP</u>	<u>MATURITY (September 1)</u>	<u>CUSIP</u>	<u>MATURITY (September 1)</u>
79765DRP7	2002	79765DRS1	2005
79765DRQ5	2003	79765DRT9	2006
79765DRR3	2004		

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One California Street, Suite 2550  
San Francisco, CA 94111  
Telephone: (415) 273-4547  
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**IV. PARKING AUTHORITY BOND ISSUES:**

**Issuer Contact:** Ronald Szeto  
Parking Authority of the City and County of San Francisco  
25 Van Ness Avenue, Suite 410  
San Francisco, CA 94102  
Telephone: (415) 554-9830  
Fax: (415) 554-9834

**Trustee Contact:** Karen Mulroy  
Union Bank of California  
475 Sansome Street, 12<sup>th</sup> Floor  
San Francisco, CA 94111  
Telephone: (415) 296-6753  
Fax: (415) 296-6757

**A. \$6,895,000 Parking Authority of the City and County of San Francisco Lease Revenue Refunding Bonds (Moscone Garage Project) Series 1998-1, dated as of November 1, 1998 (“Series 1998-1 Lease Revenue Refunding Bonds”)**

<u>CUSIP</u>	<u>MATURITY (December 1)</u>	<u>CUSIP</u>	<u>MATURITY (December 1)</u>
797700CY5	2001	797700DC2	2005
797700CZ2	2002	797700DD0	2006
797700DA6	2003	797700DE8	2007
797700DB4	2004	797700DF5	2008

**B. \$22,390,000 Parking Authority of the City and County of San Francisco Parking Meter Revenue Refunding Bonds, Series 1999-1, dated as of May 1, 1999 (“Series 1999-1 Parking Meter Revenue Refunding Bonds”)**

<u>CUSIP</u>	<u>MATURITY (June 1)</u>	<u>CUSIP</u>	<u>MATURITY (June 1)</u>
797700DJ7W	2002	797700DU2W	2012
797700DK4W	2003	797700DV0W	2013
797700DL2W	2004	797700DW8W	2014
797700DM0W	2005	797700DX6W	2015
797700DN8W	2006	797700DY4W	2016
797700DP3W	2007	797700DZ1W	2017
797700DQ1W	2008	797700EA5W	2018
797700DR9W	2009	797700EB3W	2019
797700DS7W	2010	797700EC1W	2020
797700DT5W	2011		

**C. \$8,185,000 Parking Authority of the City and County of San Francisco Lease Revenue Bonds (North Beach Parking Garage Project) Series 2000A, dated as of July 12, 2000 (“Series 2000A Parking Lease Revenue Bonds”)**

<u>CUSIP</u>	<u>MATURITY (June 15)</u>	<u>CUSIP</u>	<u>MATURITY (June 15)</u>
797700ED9	2003	797700EP2	2013
797700EE7	2004	797700EQ0	2014
797700EF4	2005	797700ER8	2015
797700EG2	2006	797700ES6	2016
797700EH0	2007	797700ET4	2017
797700EJ6	2008	797700EU1	2018
797700EK3	2009	797700EV9	2019
797700EL1	2010	797700EW7	2020
797700EM9	2011	797700EX5	2021
797700EN7	2012	797700EY3	2022



**V. FINANCE CORPORATION BOND ISSUES :**

**Issuer's Contact:** Nadia Sesay  
 Mayor's Office of Public Finance  
 1 Dr. Carlton B. Goodlett Place, Room 336  
 San Francisco, CA 94102  
 Telephone: (415) 554-5956  
 Fax: (415) 554-4864  
 E-mail: nadia.sesay@sfgov.org

**A. \$13,715,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 1997A, dated as of September 15, 1997 ("Series 1997A Lease Revenue Bonds")**

<u>CUSIP</u>	<u>MATURITY</u>	<u>CUSIP</u>	<u>MATURITY</u>
79765XEP7	10/1/2001	79765XEU6	4/1/2004
79765XEQ5	4/1/2002	79765XEV4	10/1/2004
79765XER3	10/1/2002	79765XEW2	4/1/2005
79765XES1	4/1/2003	79765XEX0	10/1/2005
79765XET9	10/1/2003		

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**B. \$22,635,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds (Combined Emergency Communications Center) Series 1997, dated as of June 1, 1997 ("Series 1997 Lease Revenue Bonds")**

<u>CUSIP</u>	<u>MATURITY</u> <u>(April 1)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(April 1)</u>
79765XDH6	2002	79765XDS2	2011
79765XDJ2	2003	79765XDT0	2012
79765XDK9	2004	79765XDU7	2013
79765XDL7	2005	79765XDV5	2014
79765XDM5	2006	79765XDW3	2015
79765XDN3	2007	79765XDX1	2016
79765XDP8	2008	79765XDY9	2017
79765XDQ6	2009	79765XEB8	2020
79765XDR4	2010	79765XEF9	2024

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**C. \$31,250,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds (Citywide Emergency Radio System) Series 1998-I, dated as of January 1, 1998 (“Series 1998-I Lease Revenue Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u> <u>(April 1)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(April 1)</u>
79765XFA9	2002	79765XFK7	2011
79765XFB7	2003	79765XFL5	2012
79765XFC5	2004	79765XFM3	2013
79765XFD3	2005	79765XFN1	2014
79765XFE1	2006	79765XFP6	2015
79765XFF8	2007	79765XFQ4	2016
79765XFG6	2008	79765XFR2	2017
79765XFH4	2009	79765XFS0	2018
79765XFJ0	2010		

**Trustee Contact:** Karen Mulroy  
 Union Bank of California  
 475 Sansome Street, 12<sup>th</sup> Floor  
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 Fax: (415) 296-6757

**D. \$23,295,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds (Combined Emergency Communications System Equipment) Series 1998, dated as of June 15, 1998 (“Series 1998 Lease Revenue Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u> <u>(April 1)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(April 1)</u>
79765XFV3	2002	79765XGE0	2011
79765XFW1	2003	79765XGF7	2012
79765XFX9	2004	79765XGG5	2013
79765XFY7	2005	79765XGH3	2014
79765XFZ4	2006	79765XGJ9	2015
79765XGA8	2007	79765XGK6	2016
79765XGB6	2008	79765XGL4	2017
79765XGC4	2009	79765XGM2	2018
79765XGD2	2010	79765XGN0	2019

**Trustee Contact:** Andrew Fung  
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 One California Street, Suite 2550  
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 Telephone: (415) 273-4547  
 Fax: (415) 273-4591

**E. \$10,835,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 1998A, dated as of October 15, 1998 (“Series 1998A Lease Revenue Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u>	<u>CUSIP</u>	<u>MATURITY</u>
79765XGU4	10/1/2001	79765XGY6	10/1/2003
79765XGV2	4/1/2002	79765XGZ3	4/1/2004
79765XGW0	10/1/2002	79765XHA7	10/1/2004
79765XGX8	4/1/2003	79765XHB5	4/1/2005

**Trustee Contact:** Andrew Fung  
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**F. \$18,665,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds (Citywide Emergency Radio System), Series 1999-I, dated as of January 15, 1999 (“Series 1999-I Lease Revenue Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u> <u>(April 1)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(April 1)</u>
79765XHE9	2002	79765XHL3	2008
79765XHF6	2003	79765XHM1	2009
79765XHG4	2004	79765XHN9	2010
79765XHH2	2005	79765XHP4	2011
79765XHJ8	2006	79765XHQ2	2012
79765XHK5	2007	79765XHR0	2013

**Trustee Contact:** Karen Mulroy  
Union Bank of California  
475 Sansome Street, 12<sup>th</sup> Floor  
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**G. \$8,315,000 City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 1999A, dated as of November 17, 1999 (“Series 1999A Lease Revenue Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u>	<u>CUSIP</u>	<u>MATURITY</u>
79765XHT6	10/1/2001	79765XHY5	4/1/2004
79765XHU3	4/1/2002	79765XHZ2	10/1/2004
79765XHV1	10/1/2002	79765XJA5	4/1/2005
79765XHW9	4/1/2003	79765XJB3	10/1/2005
79765XHX7	10/1/2003		

**Trustee Contact:** Andrew Fung  
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 San Francisco, CA 94111  
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 Fax: (415) 273-4591

**VI. PUBLIC UTILITIES COMMISSION BOND ISSUES :**

**Issuer Contact:** Eric Sandler  
 Public Utilities Commission  
 1155 Market Street, 4<sup>th</sup> Floor  
 San Francisco, CA 94103  
 Telephone: (415) 487-5262  
 Fax: (415) 487-5258

**Trustee Contact:** Andrew Fung  
 U.S. Bank, N.A.,  
 One California Street, Suite 2550  
 San Francisco, CA 94111  
 Telephone: (415) 273-4547  
 Fax: (415) 273-4591

**A. \$131,470,000 Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, Series 1996A, dated as of December 19, 1996 (“Series 1996A Water Revenue Bonds”)**

<u>CUSIP</u>	<u>MATURITY</u> <u>(November 1)</u>	<u>CUSIP</u>	<u>MATURITY</u> <u>(November 1)</u>
79765RDT3	2001	79765REC9	2010
79765RDU0	2002	79765RED7	2011
79765RDV8	2003	79765REE5	2012
79765RDW6	2004	79765REF2	2013
79765RDX4	2005	79765REG0	2014
79765RDY2	2006	79765REH8	2015
79765RDZ9	2007	79765REK1	2017
79765REA3	2008	79765REP0	2021
79765REB1	2009	79765REU9	2026

**B. \$140,000,000 Public Utilities Commission of the City and County of San Francisco Water Revenue Bonds, 2001 Series A, dated as of August 7, 2001 (“Series 2001A Water Revenue Bonds”)**

<u>CUSIP</u>	<u>MATURITY (November 1)</u>	<u>CUSIP</u>	<u>MATURITY (November 1)</u>
79765RFD6	2002	79765RFR5	2014
79765RFE4	2003	79765RFS3	2015
79765RFF1	2004	79765RFT1	2016
79765RFG9	2005	79765RFU8	2017
79765RFH7	2006	79765RV6	2018
79765RFJ3	2007	79765RFW4	2019
79765RFK0	2008	79765RFX2	2020
79765RFL8	2009	79754RFY0	2021
79765RFM6	2010	79765RGB9	2024
79765RFN4	2011	79765RGE3	2027
79765RFP9	2012	79765RGJ2	2031
79765RFQ7	2013		

The Series 1995A G.O. Bonds, Series 1995B G.O. Bonds, Series 1996A G.O. Bonds, Series 1996B G.O. Bonds, Series 1996C G.O. Bonds, Series 1996D G.O. Bonds, Series 1996E G.O. Bonds, Series 1997-1 G.O. Bonds, Series 1997A G.O. Bonds, Series 1997B G.O. Bonds, Series 1998A Taxable G.O. Bonds, Series 1999A Taxable G.O. Bond, Series 1999A G.O. Bonds, Series 1999B G.O. Bonds, Series 1999C G.O. Bonds, Series 1999D G.O. Bonds, Series 2000A G.O. Bonds, Series 2000B G.O. Bonds, Series 2000C G.O. Bonds, Series 2000D G.O. Bonds, Series 2001A G.O. Bonds, Series 2001B G.O. Bonds, Series 2001C G.O. Bonds, Series 2001D Taxable G.O. Bonds, Series 2001E G.O. Bonds, Series 2001 Settlement Obligation Bonds, Series 1997 Certificates, Series 1999 Certificates, Series 2000 Certificates, Series 2001-1 Certificates, Series 2001A Certificates, Taxable Series 2001B Certificates, Series 1998-1 Lease Revenue Refunding Bonds, Series 1999-1 Parking Meter Revenue Refunding Bonds, Series 2000A Parking Lease Revenue Bonds, Series 1997A Lease Revenue Bonds, Series 1997 Lease Revenue Bonds, Series 1998-I Lease Revenue Bonds, Series 1998 Lease Revenue Bonds, Series 1998A Lease Revenue Bonds, Series 1999-I Lease Revenue Bonds, Series 1999A Lease Revenue Bonds, the Series 1996A Water Revenue Bonds and Series 2001A Water Revenue Bonds are referred to collectively as the “**Bonds.**”

**VII. ANNUAL REPORT:**

**A. Continuing Disclosure Certificates**

This Annual Report is being provided pursuant to the following Continuing Disclosure Certificates (referred to herein collectively as the “**Continuing Disclosure Certificates**”):

- (i) Continuing Disclosure Certificate, dated August 9, 1995, executed and delivered in connection with the issuance of the Series 1995A G.O. Bonds and the Series 1995B G.O. Bonds;
- (ii) Continuing Disclosure Certificate, dated March 28, 1996, executed and delivered in connection with the issuance of the Series 1996A G.O. Bonds;

- (iii) Continuing Disclosure Certificate, dated July 18, 1996, executed and delivered in connection with the issuance of the Series 1996B G.O. Bonds, the Series 1996C G.O. Bonds, the Series 1996D G.O. Bonds, and the Series 1996E G.O. Bonds;
- (iv) Continuing Disclosure Certificate, dated October 29, 1997, executed and delivered in connection with the issuance of the Series 1997-1 G.O. Bonds;
- (v) Continuing Disclosure Certificate, dated July 2, 1997, executed and delivered in connection with the issuance of the Series 1997A G.O. Bonds and Series 1997B G.O. Bonds;
- (vi) Continuing Disclosure Certificate, dated March 4, 1998, executed and delivered in connection with the issuance of the Series 1998A Taxable G.O. Bonds;
- (vii) Continuing Disclosure Certificate, dated June 10, 1999, executed and delivered in connection with the issuance of the Series 1999A Taxable G.O. Bonds;
- (viii) Continuing Disclosure Certificate, dated June 29, 1999, executed and delivered in connection with the issuance of the Series 1999A G.O. Bonds, the Series 1999B G.O. Bonds and the Series 1999C G.O. Bonds;
- (ix) Continuing Disclosure Certificate, dated October 14, 1999, executed and delivered in connection with the issuance of the Series 1999D G.O. Bonds;
- (x) Continuing Disclosure Certificate, dated June 14, 2000, executed and delivered in connection with the issuance of the Series 2000A G.O. Bonds, the Series 2000B G.O. Bonds, and the Series 2000C G.O. Bonds;
- (xi) Continuing Disclosure Certificate, dated July 6, 2000, executed and delivered in connection with the issuance of the Series 2000D G.O. Bonds;
- (xii) Continuing Disclosure Certificate dated February 21, 2001, executed and delivered in connection with the issuance of the Series 2001A G.O. Bonds and Series 2001B G.O. Bonds;
- (xiii) Continuing Disclosure Certificate dated June 12, 2001, executed and delivered in connection with the issuance of the Series 2001C G.O. Bonds;
- (xiv) Continuing Disclosure Certificate dated June 12, 2001, executed and delivered in connection with the issuance of the Series 2001D Taxable G.O. Bonds;
- (xv) Continuing Disclosure Certificate dated July 12, 2001, executed and delivered in connection with the issuance of the Series 2001E G.O. Bonds;
- (xvi) Continuing Disclosure Certificate dated August 28, 2001, executed and delivered in connection with the issuance of the Series 2001 Settlement Obligation Bonds;

- (xvii) Continuing Disclosure Certificate, dated October 1, 1997, executed and delivered in connection with the issuance of the Series 1997 Certificates;
- (xviii) Continuing Disclosure Certificate, dated August 19, 1999, executed and delivered in connection with the issuance of the Series 1999 Certificates;
- (xix) Continuing Disclosure Certificate, dated August 31, 2000, executed and delivered in connection with the issuance of the Series 2000 Certificates;
- (xx) Continuing Disclosure Certificate, dated July 25, 2001, executed and delivered in connection with the issuance of the Series 2001-1 Certificates;
- (xxi) Continuing Disclosure Certificate, dated October 4, 2001, executed and delivered in connection with the issuance of the Series 2001A Certificates and Taxable Series 2001B Certificates.
- (xxii) Continuing Disclosure Certificate, dated November 19, 1998, executed and delivered in connection with the issuance of the Series 1998-1 Lease Revenue Refunding Bonds;
- (xxiii) Continuing Disclosure Certificate, dated May 20, 1999, executed and delivered in connection with the issuance of the Series 1999-1 Parking Meter Revenue Refunding Bonds;
- (xxiv) Continuing Disclosure Certificate, dated July 12, 2000, executed and delivered in connection with the issuance of the Series 2000A Parking Lease Revenue Bonds;
- (xxv) Continuing Disclosure Certificate, dated October 9, 1997, executed and delivered in connection with the issuance of the Series 1997A Lease Revenue Bonds;
- (xxvi) Continuing Disclosure Certificate, dated June 17, 1997, executed and delivered in connection with the issuance of the Series 1997 Lease Revenue Bonds;
- (xxvii) Continuing Disclosure Certificate, dated January 22, 1998, executed and delivered in connection with the issuance of the Series 1998-I Lease Revenue Bonds;
- (xxviii) Continuing Disclosure Certificate, dated July 2, 1998, executed and delivered in connection with the issuance of the Series 1998 Lease Revenue Bonds;
- (xxix) Continuing Disclosure Certificate, dated November 10, 1998, executed and delivered in connection with the issuance of the Series 1998A Lease Revenue Bonds;
- (xxx) Continuing Disclosure Certificate, dated February 4, 1999, executed and delivered in connection with the issuance of the Series 1999-I Lease Revenue Bonds;

- (xxxix) Continuing Disclosure Certificate, dated November 17, 1999, executed and delivered in connection with the issuance of the Series 1999A Lease Revenue Bonds;
- (xxxii) Continuing Disclosure Certificate, dated December 19, 1996, executed and delivered in connection with the issuance of the Series 1996A Water Revenue Bonds; and
- (xxxiii) Continuing Disclosure Certificate, dated August 7, 2001, executed and delivered in connection with the issuance of the Series 2001A Water Revenue Bonds.

**B. City General Obligation Bonds**

The City hereby provides the following information as of June 30, 2001 with respect to City general obligation bond issues:

- (i) The audited general purpose financial statements of the City which are contained in the City's Comprehensive Annual Financial Report for the year ended June 30, 2001 ("CAFR") at pages 1 through 150. A copy of the CAFR is attached hereto as **Appendix A** and incorporated herein by reference;
- (ii) A summary of budgeted general fund revenues and appropriations which is contained in the CAFR at pages 12-13, 18-27, and 35-42;
- (iii) A summary of the assessed valuation of taxable property in the City which is contained in the CAFR at page 158;
- (iv) A summary of the ad valorem property tax levy and delinquency rate which is contained in the CAFR at page 157;
- (v) A schedule of aggregate annual debt service on tax-supported indebtedness of the City which is attached hereto as **Appendix B** and incorporated herein by reference;
- (vi) A summary of outstanding and authorized but unissued tax-supported indebtedness of the City which is contained in the CAFR at pages 74-75;
- (vii) A schedule of lease payment obligations supported by the City's General Fund with respect to lease revenue bonds, certificates of participation and settlement obligation bonds which is contained in the CAFR at pages 67 and 71-74;
- (viii) A statement with respect to the City's financial impacts following September 11, 2001 is contained in the CAFR at page 3;
- (ix) The amount of Series 2001A G.O. Bonds outstanding was \$17,060,000;
- (x) The amount of Series 2001B G.O. Bonds outstanding was \$14,060,000;
- (xi) The amount of Series 2001C G.O. Bonds outstanding was \$17,000,000;



- (xii) The amount of Series 2001D G.O. Bonds outstanding was \$23,000,000; and
- (xiii) As of June 30, 2001, there were no Series 2001E G.O. Bonds issued and outstanding.

**Note: This is the first year the City prepared 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). The letter of transmittal accompanying the CAFR 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.**

#### **C. City Settlement Obligation Bonds**

In addition to the information listed above in Section VII(B)(i)-(viii), the City provides the following information with respect to the City Settlement Obligation Bonds as of June 30, 2001:

- (i) As of June 30, 2001, there were no Series 2001 Settlement Obligation Bonds issued and outstanding.

#### **D. City Certificates of Participation**

In addition to the information listed above in Section VII(B)(i)-(viii), the City provides the following information with respect to the City certificates of participation as of June 30, 2001:

- (i) A schedule of aggregate annual payment obligations for bonded lease financings of the City supported by its General Fund and a summary of authorized, but unissued, lease revenue bonds of the City which is contained in the CAFR at pages 67, 71-74 and 76;
- (ii) The amount of Series 1997 Certificates outstanding under the Trust Agreement was \$9,535,000, and the balance of the Reserve Fund for the Series 1997 Certificates was \$830,423;
- (iii) The amount of Series 1999 Certificates outstanding under the Trust Agreement was \$8,220,000, and the balance of the Reserve Fund for the Series 1999 Certificates was \$594,637;
- (iv) The amount of Series 2000 Certificates outstanding under the Trust Agreement was \$137,235,000. A Debt Service Reserve Fund Surety Bond in the amount of \$10,096,000 is deposited in the Reserve Fund for the Series 2000 Certificates;
- (v) As of June 30, 2001, there were no Series 2001-1 Certificates issued and outstanding. As of June 30, 2001, the amount of City and County of San Francisco Certificates of Participation (San Francisco Courthouse Project) Series 1995 outstanding was \$46,030,000;

- (vi) As of June 30, 2001, there were no Series 2001A Certificates and Taxable Series 2001B Certificates issued and outstanding.

## **E. Parking Authority Bond Issues**

In addition to the information listed above in Section VII(B)(i)-(viii), the City provides the following information with respect to the Parking Authority bond issues as of June 30, 2001:

### *Series 1998-1 Lease Revenue Refunding Bonds*

- (i) The amount of Series 1998-1 Lease Revenue Refunding Bonds outstanding under the Indenture was \$5,690,000. A Debt Service Reserve Fund Surety Bond in the amount of \$831,300 is deposited in the Reserve Fund for the Series 1998-1 Lease Revenue Refunding Bonds;

### *Series 1999-1 Parking Meter Revenue Refunding Bonds*

- (ii) The only bonds outstanding under the Trust Agreement include the Parking Authority of the City and County of San Francisco Parking Meter Revenue Bonds (Series 1994) (the "Series 1994 Parking Meter Revenue Bonds") and the Series 1991-1 Parking Meter Revenue Refunding Bonds. The amount Series 1994 Parking Meter Revenue Bonds outstanding under the Trust Agreement was \$2,645,000. The amount of Series 1999-1 Parking Meter Revenue Refunding Bonds outstanding under the Trust Agreement was \$22,070,000. A Municipal Bond Debt Service Reserve Fund Policy is credited to the Bond Reserve Fund for the Series 1999-1 Parking Meter Revenue Refunding Bonds in the amount of \$2,031,750;
- (iii) The schedule of meter revenues (including number of meters), supplemental reimbursements, if any, and debt service coverage is attached hereto as **Appendix C** and incorporated herein by reference; and

### *Series 2000A Parking Lease Revenue Bonds*

- (iv) The amount of Series 2000A Parking Lease Revenue Bonds outstanding under the Trust Agreement was \$8,185,000 and the balance of the Reserve Fund for the Series 2000A Parking Lease Revenue Bonds was \$687,746.

## **F. Finance Corporation Bond Issues**

In addition to the information provided above in Section VI(B)(i)-(vii), the City provides the following information with respect to the Finance Corporation bond issues as of June 30, 2001:

- (i) The financial statements of the Finance Corporation for the year ended June 30, 2001 and 2000, in the combined financial statements and supplemental combining financial statements which are attached hereto as **Appendix D** and incorporated herein by reference;

### *Series 1997A Lease Revenue Bonds*

- (ii) All of the Equipment for the Series 1997A Lease Revenue Bonds has been acquired;

- (iii) The amount of Series 1997A Lease Revenue Bonds outstanding was \$5,145,000, and the balance of the Reserve Fund for the Series 1997A Lease Revenue Bonds was \$949,577;

*Series 1997 Lease Revenue Bonds*

- (iv) The amount of Series 1997 Lease Revenue Bonds outstanding was \$22,145,000, the balance of the Reserve Fund for the Series 1997 Lease Revenue Bonds was \$1,731,028;
- (v) The project for the Series 1997 Lease Revenue Bonds was completed in December 1998;

*Series 1998-I Lease Revenue Bonds*

- (vi) The amount of Series 1998-I Lease Revenue Bonds outstanding was \$28,680,000, and the balance of the Reserve Fund for the Series 1998-I Lease Revenue Bonds was \$2,523,583;

*Series 1998 Lease Revenue Bonds*

- (vii) The amount of Series 1998 Lease Revenue Bonds outstanding was \$19,775,000, the balance of the Reserve Fund for the Series 1998 Lease Revenue Bonds was \$2,331,969, and the balance of the Acquisition Fund for the Series 1998 Lease Revenue Bonds was \$1,289,401;
- (viii) Approximately ninety-six percent (96%) of the equipment for the Series 1998 Lease Revenue Bonds has been acquired.

*Series 1998A Lease Revenue Bonds*

- (ix) The amount of Series 1998A Lease Revenue Bonds outstanding was \$5,170,000 and the balance of the Reserve Fund for the Series 1998A Lease Revenue Bonds was \$665,563. The balance of the Project Fund for the Series 1998A Lease Revenue Bonds was \$512,665 (represents interest earnings);
- (x) All of the Equipment for the Series 1998A Lease Revenue Bonds has been acquired;

*Series 1999-I Lease Revenue Bonds*

- (xi) The amount of Series 1999-I Lease Revenue Bonds outstanding was \$16,520,000, and the balance of the Reserve Fund for the Series 1999-I Lease Revenue Bonds was \$1,987,025;

*Series 1999A Lease Revenue Bonds*

- (xii) The amount of Series 1999A Lease Revenue Bonds outstanding was \$7,140,000; and the balance of the Reserve Fund for the Series 1999A Lease Revenue Bonds was \$841,839. The balance of the Project Fund for the Series 1999A Lease Revenue Bonds was \$75,254 (represents interest earnings); and

- (xiii) All of the Equipment for the Series 1999A Lease Revenue Bonds has been acquired.

#### **G. Public Utilities Commission Bond Issues**

The Public Utilities Commission hereby provides the following information as of June 30, 2001 with respect to the Series 1996A Water Revenue Bonds and Series 2001A Water Revenue Bonds:

- (i) The financial statements of the Water Department for the year ended June 30, 2001 are contained in the combined financial statements for the San Francisco Public Utilities Commission, which are attached hereto as **Appendix E** and incorporated herein by reference;
- (ii) The Water Sales to Retail and Suburban Resale Customers (including separate listings by major categories such as residential, commercial, municipal and outside users, and separate listing of sales to the top ten suburban purchasers) is attached hereto as **Appendix F** and incorporated herein by reference;
- (iii) Percentage water rate increases (decreases) from 1988 to date is attached hereto as **Appendix G** and incorporated herein by reference;
- (iv) The total outstanding water revenue bonds of the PUC and other bonds secured by Revenues (outstanding principal amount and lien positions) which is contained in the financial statements of the San Francisco Water Department at pages 11 through 13, and **Appendix H** which is attached hereto and incorporated herein by reference. Total outstanding water revenue bonds and other bonds secured by Revenues are parity obligations of the Public Utilities Commission; and
- (v) Historical Operating Results through June 30, 2001 (including debt service coverage calculations for the water revenue bonds of the Commission and debt service coverage calculations for other bonds secured by Revenues) is attached hereto as **Appendix I** and incorporated herein by reference.

#### **H. Other Matters**

This Annual Report is provided solely pursuant to the Continuing Disclosure Certificates and the information contained herein speaks only as of June 30, 2001. The filing of this Annual Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial or operating information about the City, the Finance Corporation, the PUC, the Parking Authority or any of the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this Annual Report relates (other than as contained in this Annual Report), or that no other information exists, which may have a bearing on the City's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold any of the Bonds. The information contained in this Annual Report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Annual Report should be construed as a prediction or representation about the future financial performance of the City or other parties described herein. The City has no obligation to update the information provided hereby except as provided in the Continuing Disclosure Certificate.

Dated: March 27, 2002

**CITY AND COUNTY OF SAN FRANCISCO**

By \_\_\_\_\_  
Controller

**PUBLIC UTILITIES COMMISSION OF  
THE CITY AND COUNTY OF  
SAN FRANCISCO**

By \_\_\_\_\_  
General Manager

Appendix A

City and County of San Francisco  
Comprehensive Annual Financial Report  
Fiscal Year 2000-01

<http://www.sfgov.org/site/uploadedfiles/controller/cafr/01/cafr2001.pdf>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Direct Tax Supported Debt Service**  
**As of June 30, 2001 [1]**

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2002	55,030,000	50,450,855	105,480,855
2003	61,445,000	47,729,404	109,174,404
2004	63,675,000	44,697,991	108,372,991
2005	59,765,000	41,681,546	101,446,546
2006	62,335,000	38,721,696	101,056,696
2007	65,810,000	35,293,246	101,103,246
2008	69,510,000	31,687,981	101,197,981
2009	70,035,000	28,095,055	98,130,055
2010	70,695,000	24,254,376	94,949,376
2011	71,895,000	20,545,207	92,440,207
2012	59,945,000	16,752,704	76,697,704
2013	50,590,000	13,555,408	64,145,408
2014	44,410,000	10,782,149	55,192,149
2015	33,265,000	8,336,054	41,601,054
2016	33,560,000	6,552,366	40,112,366
2017	22,440,000	4,679,100	27,119,100
2018	24,655,000	3,340,028	27,995,028
2019	21,000,000	2,120,666	23,120,666
2020	11,095,000	944,060	12,039,060
2021	5,580,000	315,615	5,895,615
TOTAL [2] [3]	\$ 956,735,000	\$ 430,535,507	\$1,387,270,507

[1] The City's only outstanding direct tax supported debt is general obligation bonds.  
This table does not reflect any non-direct tax supported debt such as any assessment district indebtedness or any redevelopment agency indebtedness.

[2] Total debt includes general obligation bonds repaid from Port revenues and not levied on the City's property tax roll.

[3] Totals reflect rounding to the nearest dollar.

Source: Mayor's Office of Public Finance, City & County of San Francisco

**PARKING AUTHORITY  
OF THE CITY AND COUNTY OF SAN FRANCISCO**

**HISTORICAL METER REVENUES**

<u>Fiscal Year</u>	<u>On-Street Meter Revenues</u>	<u>Number of Meters</u>
1990/91	\$9,267,444	19,945
1991/92	\$10,249,617	19,978
1992/93	\$8,603,292	20,078
1993/94	\$12,742,590	20,356
1994/95	\$12,936,446	20,456
1995/96	\$13,076,291	21,195
1996/97	\$13,181,615	21,677
1997/98	\$12,550,727	21,900
1998/99	\$12,672,870	21,979
1999/00	\$12,092,289	21,979
2000/01	\$11,888,762	21,095

**CURRENT PARKING METER RATES AND INVENTORY AS OF JUNE 30, 2001**

<u>Category</u>	<u>Hourly Rate</u>	<u>On Street Meters</u>	<u>Off Street Meters</u>	<u>Total Meters</u>
Zone 1	\$1.50	2,953	0	2,953
Zone 2	\$1.00	4,113	35	4,148
Zone 3	\$0.50	13,594	601	14,195
Zone 4	\$1.00	435	0	435
Motorcycle	\$0.05	1,168	0	1,168
<b>Totals</b>		22,263	636	22,899

**SUPPLEMENTAL REIMBURSEMENTS**

The Parking Authority did not receive any supplemental reimbursements as of June 30, 2001.

**DEBT SERVICE COVERAGE  
Fiscal Year ending June 30, 2001**

<b>Meter Revenues</b>	\$13,441,445
<b>Maximum Annual Debt Service<sup>1</sup></b>	\$2,031,750
<b>Coverage</b>	6.61

<sup>1</sup> Based on Maximum Annual Debt Service on the Series 1999-1 Parking Meter Revenue Refunding Bonds.

Source: Department of Parking and Traffic.





**CITY AND COUNTY OF SAN FRANCISCO  
FINANCE CORPORATION**  
(A Component Unit of the City and County of San Francisco)

Annual Report

June 30, 2001 and 2000

(With Independent Auditors' Report Thereon)

**CITY AND COUNTY OF SAN FRANCISCO  
FINANCE CORPORATION**

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Three Embarcadero Center  
San Francisco, CA 94111

## Independent Auditors' Report

The Board of Directors  
City and County of San Francisco Finance Corporation:

We have audited the basic financial statements of the City and County of San Francisco Finance Corporation (the Corporation) as of and for the years ended June 30, 2001 and 2000, as listed in the table of contents. These basic financial statements are the responsibility of the management of the City and County of San Francisco. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits 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 audits provide 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 Finance Corporation as of June 30, 2001 and 2000, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 2(a) to the basic financial statements, the Corporation adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* as of July 1, 1999.

The management's discussion and analysis on pages 2 through 8 is not a required part of the basic financial statements but is 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.

**KPMG LLP**

January 22, 2002



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City and County of San Francisco Finance Corporation (the Corporation), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal years ended June 30, 2001 and 2000. We encourage readers to consider the information presented here in conjunction with the Corporation's financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The Corporation uses lease revenue bonds to finance the purchase or construction of property and equipment which are in turn leased to the City under the terms of Indenture and Lease Agreements (the Agreements). These assets are then recorded in the basic financial statements of the City and County of San Francisco (the City). Since the sole purpose of the bond proceeds is to provide lease financing to the City, any amounts that are not applied towards the acquisition or construction of real and personal property such as unapplied acquisition funds, bond issue costs, amounts withheld pursuant to reserve fund requirements, and amounts designated for capitalized interest are recorded as deferred credits until such time as they are used for their intended purpose.

### FINANCIAL HIGHLIGHTS

The Corporation received payments on capital lease receivables of \$16.5 million and \$13.4 million during fiscal years 2001 and 2000, respectively.

The Corporation issued \$157.5 million and \$8.3 million of lease revenue bonds during fiscal years 2001 and 2000, respectively, and paid \$20.3 million and \$16.9 million in principal and interest on lease revenue bonds during the same periods.

The Corporation increased capital lease receivables from the City and County of San Francisco (the City) by \$147.1 million and \$1.3 million during fiscal years 2001 and 2000, respectively, including the acquisition and construction costs incurred (as discussed below). The change in capital lease receivables during fiscal years 2001 and 2000 was as follows:

Outstanding balance as of June 30, 1999	\$ 120,990
Increased receivables due to additional lease revenue bond obligations	8,315
Accrued interest on lease receivables	1,286
Current principal repayments	<u>(12,455)</u>
Outstanding balance as of June 30, 2000	118,136
Increased receivables due to additional lease revenue bond obligations	157,500
Accrued interest on lease receivables	3,136
Current principal repayments	<u>(13,561)</u>
Outstanding balance as of June 30, 2001	\$ <u>265,211</u>

The Corporation incurred costs of \$46.4 million and \$32.9 million in the acquisition or construction of buildings and equipment during fiscal years 2001 and 2000, respectively, which it leases to the City under capital lease agreements.

---

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – management’s discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the Corporation:

- The first two statements are government-wide financial statements that provide combined long-term and short-term information about the Corporation’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Corporation, reporting the Corporation’s operations in more detail than the government-wide statements.
  - Governmental funds statements tell how the leasing activities were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 summarizes the major features of the Corporation’s financial statements, including the portion of the Corporation they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**  
**City and County of San Francisco Finance Corporation**  
**Major Features of the Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements Governmental Funds
<b>Scope</b>	Entire Corporation	All activities of the Corporation
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

### Government-Wide Statements

The government-wide statements report information about the Corporation as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Corporation's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

### Fund Financial Statements

The fund financial statements provide more detailed information about the Corporation's most significant funds, not the Corporation as a whole. Funds are accounting devices that the Corporation uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by bond covenants.
- The Corporation's Board establishes other funds to control and manage money for particular purposes.

The Corporation has the following type of funds:

- Governmental funds – All of the Corporation's services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you

determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

## **FINANCIAL ANALYSIS OF THE CORPORATION AS A WHOLE**

**Current and Other Assets.** The Corporation's current and other assets increased by \$110.2 million in fiscal year 2001 and decreased by \$22.9 million in fiscal year 2000 (see Table A-1).

The increase of \$110.2 million was primarily the result of the Corporation's issuance of lease revenue bonds of \$157.5 million offset by the payment of \$46.4 million for the acquisition or construction of assets under capital lease agreements.

The decrease of \$22.9 million was primarily the result of the Corporation's issuance of lease revenue bonds of \$8.3 million offset by the payment of \$32.9 million for the acquisition or construction of assets under capital lease agreements.

**Capital Lease Receivables.** The Corporation's capital lease receivables increased by \$147.1 million in fiscal year 2001 and decreased by \$2.9 million in fiscal year 2000 (see Table A-1).

The increase of \$147.1 million was primarily the result of the Corporation's issuance of lease revenue bonds of \$157.5 million offset by the retirement of \$12.3 million in lease revenue bonds and \$1.3 million of prior year accrued interest. The capital lease receivables are linked to the Corporation's lease revenue bonds. As new bonds are issued the receivable from the City increases, and as the bonds are retired, there is a corresponding decrease in the amount owed from the City.

**Long-term Debt Outstanding.** The Corporation's long-term debt outstanding increased by \$145.2 million in fiscal year 2001 and decreased by \$2.8 million in fiscal year 2000 (see Table A-1).

The increase of \$145.2 million was the result of the Corporation's issuance of lease revenue bonds of \$157.5 million offset by the principal retirement of \$12.3 million.

**Other Liabilities.** The Corporation's other liabilities increased by \$112 million in fiscal year 2001 and decreased by \$23 million in fiscal year 2000 (see Table A-1).

The increase of \$112 million was primarily the result of the increase in the Corporation's current and other assets of \$110.2 million which principally consists of unspent bond proceeds. The Corporation's capital lease receivables from the City are equal to the outstanding lease revenue bonds and accrued interest on the debt. Any unspent bond proceeds and interest receivables (net of the arbitrage liability) is reported as a liability to the City until such time as they are used to acquire or construct assets under the capital lease agreements or used to retire debt.

**Table A-1**  
**City and County of San Francisco Finance Corporation**  
**Net Assets**  
**June 30, 2001, 2000 and 1999**

	2001	2000	1999
Current and other assets	\$ 148,183	38,000	60,932
Capital lease receivables	265,211	118,136	120,990
<b>Total assets</b>	<b>413,394</b>	<b>156,136</b>	<b>181,922</b>
Long-term debt outstanding	262,075	116,850	119,650
Other liabilities	151,319	39,286	62,272
<b>Total liabilities</b>	<b>413,394</b>	<b>156,136</b>	<b>181,922</b>
Net assets	\$ —	—	—

**Changes in net assets.** The Corporation's total revenues and expenses were \$9.9 million and \$5.7 million for the years ended June 30, 2001 and 2000, respectively (see Table A-2). The Corporation's revenue base consists of interest and investment income while its expenses primarily represent interest on long-term debt.

**Table A-2**  
**City and County of San Francisco Finance Corporation**  
**Changes in the Net Assets**  
**Years Ended June 30, 2001, 2000 and 1999**

	2001 Governmental activities	2000 Governmental activities	1999 Governmental activities
<b>Revenues</b>			
Program revenues:			
Interest and investment income	\$ 9,935	5,716	4,785
<b>Expenses</b>			
Interest on long-term debt	9,882	5,716	4,785
Amortization expense	53	—	—
Total program expenses	9,935	5,716	4,785
Change in net assets	\$ —	—	—



---

As described in the footnotes to the financial statements, the Corporation serves as a lease financing vehicle for the City and, as such, functions principally as a pass-through entity. As such, the Corporation only recognizes revenues to the extent it incurs expenses. Revenues earned in excess of amounts required for interest on long-term debt is reported as a liability to the City until such time as it is applied towards current year expenses. Revenues and expenses increased during the years ended June 30, 2001 and 2002 by \$4.2 million and \$0.9 million, respectively, due to the increase in outstanding debt resulting in an increase in interest expense.

### **Financial Analysis of the Corporation's Funds**

The Corporation uses fund accounting to ensure compliance with finance-related legal requirements. The governmental funds in this case include the debt service and capital projects funds.

#### **Debt Service Funds**

**Lease Revenue Bond.** During the years ended June 30, 2001 and 2000, the Corporation recognized \$16.4 million and \$13.3 million of rental and concession income from the City pursuant to the terms of various capital lease agreements between the Corporation and City, and debt service expenditures of \$17.5 and \$16.9 from the payment of principal and interest on outstanding lease revenue bonds.

**Other Bond Fund.** During the years ended June 30, 2001, the Corporation recognized debt service expenditures of \$2.8 million from the payment of interest on outstanding lease revenue bonds, and transfers in of \$21.1 million primarily for the deposit of monies into capitalized interest and excess funded interest reserve funds.

#### **Capital Projects Funds**

**City-wide Communication.** During the years ended June 30, 2001 and 2000, the Corporation expended \$6.6 million and \$24.4 million, respectively, on the acquisition or construction of a city-wide radio communication system which is leased to the City under a capital lease agreement pursuant to the terms of the corresponding bond indentures.

**Finance Corporation.** During the years ended June 30, 2001 and 2000, the Corporation expended \$5.0 million and \$8.5 million, respectively, on the acquisition or construction of various buildings and equipment which is leased to the City under capital lease agreements pursuant to the terms of the corresponding bond indentures.

**Moscone Convention Center.** During the year ended June 30, 2001, the Corporation recognized an other financing source in the amount of \$157.5 million from the issuance of series 2000-1, 2000-2, and 2000-3 lease revenue bonds, and expended \$34.9 million on the acquisition or construction costs related to the expansion of the City's George R. Moscone Convention Center (the Convention Center). The City has entered into an agreement with the Corporation pursuant to the terms of the lease revenue bond indenture for the repayment of these costs under a capital financing lease. Approximately \$21 million was transferred from the Moscone Convention Center fund to the Other Bond Fund for the deposit of monies into capitalized interest and excess funded interest reserve funds.

---

## **DEBT ADMINISTRATION**

### **Long-Term Debt**

As of June 30, 2001 and 2000, the Corporation had \$262.1 million and \$116.9 million, respectively, in lease revenue bonds outstanding. In November 2000, the Corporation issued lease revenue bonds series 2000-1, 2000-2, and 2000-3 in the amount of \$157.5 million. Proceeds from the bonds are to finance a portion of the costs of acquiring, constructing and improving a free-standing expansion to the Convention Center. The Corporation has entered into a capital lease agreement with the City for the repayment of the costs incurred in the Convention Center expansion project. In November 1999, the Corporation issued lease revenue bonds series 1999A in the amount of \$8.3 million. Proceeds from the bonds were to finance the acquisition and installation of certain equipment to be leased to the City under various capital lease agreements.

Additional information related to the Corporation's lease revenue bonds can be found in Note 5 to the financial statements.

### **Bond Ratings**

The Corporation's ratings on lease revenue bonds as of June 30, 2001 and 2000, were:

Moody's Investors Services, Inc.	A1
Standard and Poor's Corporation	A+
Fitch IBCA, Inc.	A+

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the Corporation's finances. Questions concerning information provided in this report or requests for additional financial information should be addressed to the City and County of San Francisco, Mayor's Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California, 94102.

**CITY AND COUNTY OF SAN FRANCISCO  
FINANCE CORPORATION**

Statements of Net Assets

June 30, 2001 and 2000  
(In thousands)

	2001	2000
<b>Assets:</b>		
Restricted assets:		
For capital outlay:		
Deposits and investments with City Treasury	\$ 7,537	16,913
Deposits and investments outside City Treasury	126,583	9,010
Interest and other receivables	110	120
For revenue bond reserves and debt service:		
Deposits and investments outside City Treasury	11,671	11,957
<b>Total restricted assets</b>	<b>145,901</b>	<b>38,000</b>
Capital lease receivable	265,211	118,136
Unamortized bond issuance costs	2,282	—
<b>Total assets</b>	<b>413,394</b>	<b>156,136</b>
<b>Liabilities:</b>		
Current liabilities:		
Accrued bond interest payable	3,136	1,080
Current maturities of long-term debt	14,215	12,275
Deferred credits and other liabilities	148,183	38,000
<b>Total current liabilities</b>	<b>165,534</b>	<b>51,355</b>
Current liabilities payable from restricted assets:		
Accrued bond interest payable	—	206
<b>Total current liabilities payable from restricted assets</b>	<b>—</b>	<b>206</b>
Noncurrent liabilities:		
Long-term debt – net of current maturities	247,860	104,575
<b>Total liabilities</b>	<b>413,394</b>	<b>156,136</b>
Net assets	\$ —	—

See accompanying notes to basic financial statements.

**CITY AND COUNTY OF SAN FRANCISCO  
FINANCE CORPORATION**

Statements of Activities

Years ended June 30, 2001 and 2000  
(In thousands)

	2001	2000
Expenses:		
Interest expense	\$ 9,882	5,716
Amortization expense	53	—
Total program expenses	9,935	5,716
Program revenues:		
Interest and investment income	9,935	5,716
Change in net assets	—	—
Total net assets – beginning	—	—
Total net assets – ending	\$ —	—

See accompanying notes to basic financial statements.

CITY AND COUNTY OF SAN FRANCISCO  
FINANCE CORPORATION

Balance Sheets  
Governmental Funds  
June 30, 2001 and 2000  
(In thousands)

	2001				2000			
	Debt service		Capital projects		Capital projects		Total governmental funds	
Assets	Lease revenue bond	Other bond	City-wide communication	Finance corporation	Muscone convention center	City-wide communication	Finance corporation	Total governmental funds
Deposits and investments with City Treasury	—	—	7,537	—	—	16,913	—	16,913
Deposits and investments outside City Treasury	11,671	18,283	2,907	1,553	103,840	2,756	6,254	20,967
Interest and other receivables	—	—	110	—	—	130	—	130
Total assets	\$ 11,671	\$ 18,283	\$ 10,554	\$ 1,553	\$ 103,840	\$ 19,789	\$ 6,254	\$ 38,000
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Deferred credits and other liabilities	—	—	663	576	—	3,752	474	4,324
Fund balances:								
Reserved for debt service	11,671	18,283	—	—	—	—	—	11,859
Reserved for capital acquisitions	—	—	9,891	977	103,840	16,037	5,780	21,817
Total fund balances	11,671	18,283	9,891	977	103,840	16,037	5,780	33,676
Total liabilities and fund balances	\$ 11,671	\$ 18,283	\$ 10,554	\$ 1,553	\$ 103,840	\$ 19,789	\$ 6,254	\$ —

Amounts reported for governmental activities in the statement of net assets are different because:

- Long-term capital lease receivables used in governmental activities are not financial resources and, therefore, are not reported in the funds
- Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds
- Long-term lease revenue bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds
- Other long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds

Net assets of governmental activities

2001	2000
265,211	118,136
2,282	—
(262,075)	(116,850)
(150,080)	(34,962)
\$ —	\$ —

See accompanying notes to basic financial statements.

**CITY AND COUNTY OF SAN FRANCISCO  
FINANCE CORPORATION**

Statements of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Years ended June 30, 2001 and 2000  
(In thousands)

	2001				2000					
	Debt service Lease revenue bond	Other bond	City-wide communication	Finance corporation	Miscome convention center	Total governmental funds	Debt service Lease revenue bond	City-wide communication	Finance corporation	Total governmental funds
Revenues:										
Interest and investment income	781	—	442	220	4,632	6,075	698	1,623	425	2,746
Rents and concessions	16,432	—	—	68	—	16,500	13,236	—	42	13,378
Total revenues	17,213	—	442	288	4,632	22,575	14,034	1,623	467	16,124
Expenditures:										
Debt service:										
Principal retirement	12,275	—	—	—	—	12,275	11,115	—	—	11,115
Bond issuance costs	—	—	—	—	2,335	2,335	—	—	—	—
Interest and fiscal charges	5,239	2,793	—	—	—	8,032	5,770	—	—	5,770
Capital outlay	—	—	6,592	4,974	34,881	46,447	—	24,429	8,462	32,891
Total expenditures	17,514	2,793	6,592	4,974	37,216	69,089	16,885	24,429	8,462	49,776
Excess of expenditures over revenues	(301)	(2,793)	(6,150)	(4,686)	(32,584)	(46,514)	(2,851)	(22,806)	(7,995)	(33,652)
Other financing sources (uses):										
Transfers in	117	21,076	4	—	—	21,197	12	—	98	110
Transfers out	(4)	—	—	(117)	(21,076)	(21,197)	(98)	—	(12)	(110)
Issuance of bonds	—	—	—	—	157,500	157,500	1,172	—	7,143	8,315
Net other financing sources (uses)	113	21,076	4	(117)	136,424	157,500	1,086	—	7,229	8,315
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(188)	18,283	(6,146)	(4,803)	103,840	110,986	(1,765)	(22,806)	(766)	(25,337)
Fund balances at beginning of year, as previously reported	11,859	—	16,037	5,780	—	33,676	75,841	38,843	6,546	121,230
Cumulative effect of a change in accounting principles	—	—	—	—	—	—	(62,217)	—	—	(62,217)
Fund balances at beginning of year, as restated	11,859	—	16,037	5,780	—	33,676	13,624	38,843	6,546	59,013
Fund balances at end of year	11,671	18,283	9,891	977	103,840	144,662	11,859	16,037	5,780	33,676

See accompanying notes to basic financial statements.

**CITY AND COUNTY OF SAN FRANCISCO  
FINANCE CORPORATION**

Reconciliation of the Statements of Revenues, Expenditures, and  
Changes in Fund Balances of the Governmental Funds to the Statements of Activities

Years ended June 30, 2001 and 2000  
(In thousands)

	2001	2000
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – total governmental funds	\$ 110,986	(25,337)
Governmental funds report capital outlays as expenditures. However, these costs are not reported in the statement of activities. Instead, the costs are treated as additions to the capital lease receivables and reported as such on the statement of net assets.	46,447	32,891
The collection of lease rental payments provides current financial resources to governmental funds. This transaction, however, primarily serves to reduce the capital lease receivables and, as such, effects net assets only to the extent that such payments are applied towards interest expense along with interest and investment income.	(12,640)	(10,408)
The issuance of long-term debt (e.g., bonds, leases) 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. Also, governmental funds report the effect of issuance costs and similar items when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	(142,943)	2,800
Change in accrued interest calculated on the lease revenue bonds	(1,850)	54
Change in net assets of governmental activities	\$ —	—

See accompanying notes to basic financial statements.

# CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

## Notes to Basic Financial Statements

June 30, 2001 and 2000

### (1) Reporting Entity

The City and County of San Francisco Finance Corporation (the Corporation) was formed in 1991 as a nonprofit public benefit corporation pursuant to voter approval of Proposition C on June 5, 1990 which enabled the City and County of San Francisco (the City) to issue lease revenue bonds with a not to exceed principal amount of \$20 million plus an increase of 5% each year to finance the acquisition of equipment for City departments. During fiscal year 1993, the 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, and in fiscal year 1994, the Corporation was authorized to issue an additional \$60 million of municipal obligations for the acquisition and construction of a combined dispatch center (the Center) for the City's emergency 911 communication system.

The Corporation is duly organized and exists under the laws of the State of California for the purpose of providing financial assistance to the City by acquiring, constructing, improving, and installing certain real and personal property together with the appurtenances and appurtenant work for the use, benefit, and enjoyment of the public. The Corporation is governed by a three-member board of directors that was initially appointed by the City's Chief Administrative Officer with the approval of the Mayor and the Board of Supervisors of the City. The City is responsible for providing staff, and pays all costs on behalf of the Corporation other than debt service and other debt related costs, and capital outlay expenditures. As such, the Corporation incurs no operating expenses during the course of conducting its operations. Although legally separate from the City, the Corporation is reported as a blended component unit in the City's Comprehensive Annual Financial Report (CAFR) since its sole purpose is to provide lease financing to the City.

The Corporation uses lease revenue bonds to finance the purchase or construction of property and equipment which are in turn leased to the City under the terms of Indenture and Lease Agreements (the Agreements). These assets are then recorded in the City's basic financial statements. Since the sole purpose of the bond proceeds is to provide lease financing to the City, any amounts that are not applied towards the acquisition or construction of real and personal property such as unapplied acquisition funds, bond issue costs, amounts withheld pursuant to reserve fund requirements, and amounts designated for capitalized interest are recorded as deferred credits until such time as they are used for their intended purpose.

### (2) Summary of Significant Accounting Policies

The accounting policies of the Corporation conform to accounting principles generally accepted in the United States of America applicable to governmental entities. Following is a summary of the more significant accounting policies.



CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

Notes to Basic Financial Statements

June 30, 2001 and 2000

(a) *Implementation of New Accounting Principles*

The Corporation adopted the following accounting principles as of July 1, 1999:

(i) **Governmental Accounting Standards Board Statement No. 34**

The Corporation 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 Corporation 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 government’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 government’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 cost 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 Corporation’s activities.

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

Accordingly, the Corporation has prepared an MD&A and recorded all 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.

**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION**

Notes to Basic Financial Statements

June 30, 2001 and 2000

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

The Corporation 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 Corporation considered the effects of this statement when adopting the provisions of GASB Statement No. 34 as previously described.

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

The Corporation 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.

**(b) Restatement of Fund Balance**

The July 1, 1999 debt service fund balance was reduced by \$62.2 million to reflect the elimination of \$119.7 million in capital lease receivables and reduction of \$57.5 million in deferred credits and other liabilities related to the capital lease receivables. Such long-term assets and liabilities are now reported in the statement of net assets within the government-wide financial statements in accordance with GASB Statement No. 34. Certain amounts reported in the 2000 fund financial statements have been restated to reflect the elimination of the capital leasing activity.

**(c) Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statements of net assets and the statements of activities) report information on all of the activities of the Corporation. The effect of interfund activity has been removed from these statements.

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 interest and investment income directly related to the program.

Separate financial statements are provided for the Corporation's governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**(d) 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

# CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

## Notes to Basic Financial Statements

June 30, 2001 and 2000

collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Interest and investment income (including the change in the fair value of investments) associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the modified accrual basis of accounting as described above. All other revenue items are considered to be measurable and available only when cash is received by the Corporation.

The Corporation reports the following major governmental funds:

*The Lease Revenue Bond Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term lease revenue bonds of the Corporation.

*The Other Bond Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term lease revenue bonds of the Corporation related to the George R. Moscone Convention Center.

*The Citywide Communication Capital Projects Fund* accounts for financial resources used for the acquisition or construction of major capital assets pertaining to the City's 911 Communication Center.

*The Finance Corporation Capital Projects Fund* – accounts for financial resources used for the acquisition or construction of major capital assets other than the City's 911 Communication Center and George R. Moscone Convention Center.

*The Moscone Convention Center Capital Projects Fund* – accounts for financial resources used for the acquisition or construction of major capital assets pertaining to the City's George R. Moscone Convention Center.

**(e) Investments**

The Corporation values investments at fair value, based on quoted market prices. Money market funds are carried at cost which approximates market.

**(f) Capital Leases Receivable**

Capital leases receivable consist of certain real and personal property that is leased to the City and are classified as direct financing leases. The lease terms extend through the year 2030.

**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION**

Notes to Basic Financial Statements

June 30, 2001 and 2000

**(g) *Deferred Credits and Other Liabilities***

Deferred credits and other liabilities in the statements of net assets consist primarily of deferred investment income and the portion of bond proceeds that has not been applied towards the acquisition or construction of real and personal property. The deferred credit balance is reduced as the corresponding investments are applied toward the payment of bond issue costs, debt service or the acquisition, or construction of real and personal property. Interest income is recognized on the portion of the reduction relating to the payment or accrual of interest on the lease revenue bonds.

Deferred credits and other liabilities in the capital projects funds consist of the Corporation's arbitrage liability and liabilities related to capital acquisitions. The liabilities are reduced as amounts are paid. The arbitrage liability is adjusted periodically to reflect the amount owed in accordance with U.S. Treasury Department regulations.

**(h) *Fund Balances***

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

Reservations of fund balance for debt service represent the portion of the fund balance that is reserved for future debt service requirements.

Reservations of fund balance for capital acquisitions represent the portion of fund balance that is reserved for future capital acquisitions.

**(i) *Interfund Transfers***

Interfund transfers are recorded as transfers in (out). The transfer of resources from the Moscone Convention Center capital projects fund and the Other Bond debt service fund was completed to establish certain reserve funds relating to lease revenue bonds issued during fiscal year 2001 (note 5).

**(j) *Estimates***

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

**(3) *Deposits and Investments***

Pursuant to the terms of the Agreements, Trustees have been appointed to service certain debt and account for certain cash receipt and disbursement transactions of the Corporation. In accordance with the terms of the Agreements, certain funds have been established with the Trustees to account for the aforementioned transactions which are required to exist as long as any bonds issued by the Corporation remain outstanding.

# CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

## Notes to Basic Financial Statements

June 30, 2001 and 2000

A portion of the Corporation's cash and investments is maintained by the City Treasurer. The Treasurer invests on behalf of most funds of the City and certain external participants in accordance with the City's investment policy and California State Government Code. The City Treasurer reports on the City's investments to the Board of Supervisors on a monthly basis. 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.

The Corporation's investments outside the City Treasury are invested pursuant to investment guidelines as outlined in the terms of the Agreements. The objectives of the guidelines are, in order of priority, preservation of capital, liquidity, and yield. The guidelines address the soundness of financial instruments in which the Corporation will deposit funds, and the types of investment instruments as permitted by the California Government Code.

The captions in the basic financial statements related to deposits and investments as of June 30 are as follows (in thousands):

	<u>2001</u>	<u>2000</u>
Deposits and investments with City Treasury	\$ 7,537	16,913
Deposits and investments outside City Treasury	<u>138,254</u>	<u>20,967</u>
	<u>\$ 145,791</u>	<u>37,880</u>

The Corporation's investments as of June 30, 2001 and 2000 are categorized below given an indication of the level of custodial risk assumed by the Corporation at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Corporation or its agent in the Corporation's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter-party's trust department or agent in the Corporation's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent but not in the Corporation's name.

**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION**

Notes to Basic Financial Statements

June 30, 2001 and 2000

The Corporation's investment portfolio is stated at fair value (except for money market funds which are stated at cost which approximates market) based on quoted market prices.

June 30, 2001	Category			Carrying value
	1	2	3	
	(In thousands)			
Commercial paper	\$ —	—	1,287	1,287
U.S. Government securities	—	—	20,862	20,862
	\$ —	—	22,149	22,149
Noncategorized investments:				
Money market funds				11
Guaranteed investment contract				116,094
Pooled cash and investments held by City Treasurer				7,537
				\$ 145,791
June 30, 2000	Category			Carrying value
	1	2	3	
	(In thousands)			
Commercial paper	\$ —	—	2,086	2,086
U.S. Government securities	—	—	7,845	7,845
	\$ —	—	9,931	9,931
Noncategorized investments:				
Money market funds				11,036
Pooled cash and investments held by City Treasurer				16,913
				\$ 37,880

**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION**

Notes to Basic Financial Statements

June 30, 2001 and 2000

**(4) Capital Lease Receivables**

The Corporation leases certain real and personal property to the City under the terms of the Agreements. In accordance with the provisions of the Agreements, Trustees have been appointed to receive, deposit, and disburse rental payments; to execute, deliver, and transfer the bonds; and to perform other functions as contained in the Agreements. The lease repayment terms, which extend through the year 2030, mirror the debt service terms set forth in the corresponding bond agreements.

The following lists the components of the Corporation's net investment in direct financing leases as of June 30 (in thousands):

	<u>2001</u>	<u>2000</u>
Minimum lease payments receivable	\$ 446,678	157,282
Less unearned interest	(181,467)	(39,146)
	<u>\$ 265,211</u>	<u>118,136</u>

As of June 30, 2001, minimum lease payments to be received for each of the five succeeding fiscal years are as follows (in thousands):

Fiscal year ending June 30:	
2002	\$ 26,695
2003	25,120
2004	23,584
2005	22,364
2006	21,375
2007-2011	90,547
2012-2016	70,500
2017-2021	64,370
2022-2026	58,798
2027-2030	43,325
	<u>\$ 446,678</u>

**(5) Long-Term Obligations**

In the June 5, 1990 election, the Corporation was authorized to issue lease revenue bonds up to \$20 million, plus 5% increase each fiscal year to finance the acquisition of equipment for City departments. The amount of authorized growth during fiscal years ended June 30, 2001 and 2000 was \$1.6 million and \$1.5 million, respectively. In November 1999, the Corporation issued Lease Revenue Bonds, Series 1999A in the amount of \$8.3 million. Interest rates range from 4.5% to 4.6%. The bonds began to mature in April 2001 and continue through October 2006. The above bonds were issued to finance the acquisition and installation of certain equipment to be leased to the City. As of June 30, 2001 and 2000, the cumulative amount authorized was \$32.6 million and \$31.0 million, respectively, of which \$17.5 million and \$25 million, respectively, remain outstanding.

**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION**

Notes to Basic Financial Statements

June 30, 2001 and 2000

In 1993, the 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 amount authorized of \$50 million has been issued.

In 1994, the Corporation was authorized to issue lease revenue bonds of up to \$60 million for the acquisition and construction of a combined dispatch center for the City's emergency 911 communication system. As of June 30, 2001 and 2000, the amount of authorized and unissued lease revenue bonds was \$14.1 million.

In 1996, the voters approved the issuance of up to \$157.5 million in lease revenue bonds for the expansion of the Moscone Convention Center. Moscone West, as the facility is known, will provide a 300,000-square-foot, three-level meeting and exhibit facility to be located in close proximity to the existing convention facilities. In November 2000, the Corporation issued \$157.5 million Lease Revenue Bonds consisting of Series 2000-1, 2000-2, and 2000-3. Each series of bonds may bear interest at a different rate and in a different interest rate mode from other series of bonds. Funds deposited in a capitalized interest account outside the City Treasury 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 of the bonds is April 2030.

*(a) Summary of Long-Term Obligations*

The following is a summary of changes in long-term obligations for the years ended June 30, 2001 and 2000 (in thousands):

Outstanding balance as of June 30, 1999	\$ 119,650
Additional obligations	8,315
Current maturities	<u>(11,115)</u>
Outstanding balance as of June 30, 2000	116,850
Additional obligations	157,500
Current maturities	<u>(12,275)</u>
Outstanding balance as of June 30, 2001	\$ <u>262,075</u>



**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION**

Notes to Basic Financial Statements

June 30, 2001 and 2000

Long-term obligations as of June 30, 2001 and 2000 were comprised of the following (in thousands):

	<u>Final maturity date</u>	<u>Interest rates</u>	<u>2001</u>	<u>2000</u>
1994A	2001	4.7 to 5.1%	\$ —	385
1996A	2001	4.0 to 4.4%	—	350
1997	2024	5.1 to 5.5%	22,145	22,635
1997A	2005	4.3 to 4.5%	5,145	8,005
1998-I	2018	4.0 to 5.0%	28,680	30,020
1998A	2005	3.1 to 4.0%	5,170	7,975
1998	2019	4.0 to 5.1%	19,775	21,570
1999-I	2013	3.5 to 4.5%	16,520	17,595
1999A	2005	4.5 to 4.6%	7,140	8,315
2000-1,2,3	2030	Variable (5.02% at June 30, 2001)	157,500	—
			<u>\$ 262,075</u>	<u>116,850</u>

The future annual debt service requirements of the lease revenue bonds as of June 30, 2001 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending June 30:		
2002	\$ 14,215	12,480
2003	13,215	11,905
2004	12,205	11,379
2005	11,495	10,869
2006	11,005	10,370
2007-2011	45,665	44,882
2012-2016	35,150	35,350
2017-2021	38,015	26,355
2022-2026	42,710	16,088
2027-2030	38,400	4,925
	<u>\$ 262,075</u>	<u>184,603</u>

**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION**

Notes to Basic Financial Statements

June 30, 2001 and 2000

**(b) 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, that 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 Corporation has evaluated each lease revenue bond issue subject to the arbitrage rebate requirements and has deferred recognition of interest income of approximately \$1.2 million and \$1 million as of June 30, 2001 and 2000, respectively. This arbitrage liability is recorded in deferred credits and other liabilities in the basic financial statements.



**SAN FRANCISCO WATER DEPARTMENT**

Financial Statements

June 30, 2001 and 2000

(With Independent Auditors' Report Thereon)

# SAN FRANCISCO WATER DEPARTMENT

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Three Embarcadero Center  
San Francisco, CA 94111

## Independent Auditors' Report

The Honorable Mayor and Board of Supervisors  
City and County of San Francisco, California:

We have audited the accompanying financial statements of the San Francisco Water Department (the Department) of the City and County of San Francisco, California (the City), as of and for the years ended June 30, 2001 and 2000, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the accompanying financial statements present only the financial operations of the San Francisco Water Department of the City and County of San Francisco, California, and are not intended to present fairly the financial position of the City and the results of its operations and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Francisco Water Department of the City and County of San Francisco, California as of June 30, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 2(a) to the financial statements, the San Francisco Water Department of the City and County of San Francisco, California 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. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

The Management's Discussion and Analysis on pages 2 through 8 is not a required part of the basic financial statements of the Department, but is supplementary information required by the GASB. 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 this information and express no opinion on it.

**KPMG LLP**

November 2, 2001



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is  
a member of KPMG International, a Swiss association

# SAN FRANCISCO WATER DEPARTMENT

## Management's Discussion and Analysis

June 30, 2001 and 2000

As management of the San Francisco Water Department (the Department), we offer readers of the Department's financial statements this narrative overview and analysis of the financial activities of the Department for the year ended June 30, 2001. Readers are encouraged to consider the information presented here in conjunction with information contained in the accompanying financial statements. Comparative data will be provided in the management's discussion and analysis section of future Department financial statements. All amounts, unless otherwise noted, are expressed in thousands of dollars.

### Introduction

The Department provides water to the following commercial and residential residents of the City and County of San Francisco (the City) and various suburban commercial and residential customers.

City Retail Customers: the Department stores, distributes, treats, and delivers water directly to customers within the City. It maintains the water distribution system within the City, which consists of several local reservoirs, pumping stations, and auxiliary tanks.

Suburban Retail Customers: the Department stores, distributes, treats, and delivers water directly to a small number of city departments and customers outside the City.

Suburban Wholesale Customers: the Department provides water storage, transmission and treatment for service to wholesale customers who, in turn, provide retail water service to customers outside the City.

### Rate Structure/Cost Recovery

Retail Rates: water rates are established to allow the Department to recapture all operating costs and meet debt service requirements. In 1998, Proposition H, a local ballot proposing to freeze retail water rate increases for the City through July 1, 2006, subject to certain limited exceptions, was passed. However, the Department's costs of operations are likely to increase overtime as the water system ages and the population increases. Subsequent to fiscal year 2001, effective July 1, 2001, the San Francisco Board of Supervisors, in compliance with the limits of Proposition H, increased the rate for water consumption in the City and County of San Francisco to \$1.37 per billing unit, an increase of \$0.11 per billing unit or 8.65% over the fiscal year 2001 rate.

Wholesale Rates: the Suburban customers water rates are set via a Master Water Sales Agreement, and hence were not impacted by the City increase mentioned in the previous paragraph. In accordance with the Master Water Sales Agreement, the suburban customers rate increased to \$1.71 per billing unit effective July 1, 2001, an increase of \$0.52 per billing unit compared to the fiscal year 2001 rate.

### Highlights of the Department's Activities

#### Service Volume

During fiscal year 2001, the Department serviced 169,735 customers with average water consumption of 255.3 millions of gallons per day (MGD). The table below provides the composition of the Department's customer base and consumption variance.

**SAN FRANCISCO WATER DEPARTMENT**

Management's Discussion and Analysis

June 30, 2001 and 2000

**Comparative Service Activities**

	<u>2001</u>	<u>2000</u>	<u>Change</u>	<u>% Change</u>
Number of accounts:				
City and County of San Francisco	169,315	168,912	403	0.2%
Suburban retail customers	343	329	14	4.3%
Suburban wholesale customers	<u>77</u>	<u>77</u>	—	0.0%
Total number of accounts	<u>169,735</u>	<u>169,318</u>	<u>417</u>	0.2%
Water consumption (MGD):				
City and County of San Francisco	75.6	75.5	0.1	0.1%
Suburban retail customers	4.8	4.9	(0.1)	(2.0)%
Suburban wholesale customers	<u>174.9</u>	<u>173.5</u>	<u>1.4</u>	0.8%
Total water consumption (MGD)	<u>255.3</u>	<u>253.9</u>	<u>1.4</u>	0.6%

Compared to prior year, the total number of accounts serviced increased slightly by 0.2%. This was mainly attributable to the increase in accounts within the City. While the service area of San Francisco is fully developed, the Department continues to experience increases in the number of accounts served due to redevelopment activities, which result in more intensive uses of property through enlargements and conversions. Consistent with the increase in total number of accounts serviced by the Department, total consumption increased 0.6% compared to prior year.

**Highlights of Financial Operations**

A condensed summary of the Department's net assets as of June 30, 2001 and 2000 and the changes in net assets for the years then ended is shown below:

**SAN FRANCISCO WATER DEPARTMENT**

Management's Discussion and Analysis

June 30, 2001 and 2000

**Condensed Financial Information**

Comparative Net Assets

	<u>2001</u>	<u>2000</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$ 301,159	164,183	136,976	83.4%
Capital assets	529,887	461,798	68,089	14.7%
Total assets	<u>831,046</u>	<u>625,981</u>	<u>205,065</u>	<u>32.8%</u>
Revenue bonds outstanding	222,797	229,217	(6,420)	(2.8%)
Commercial paper outstanding	75,000	20,000	55,000	275.0%
Other liabilities	79,432	51,970	27,462	52.8%
Total liabilities	<u>377,229</u>	<u>301,187</u>	<u>76,042</u>	<u>25.2%</u>
Net assets:				
Invested in capital assets, net of related debt	237,035	227,678	9,357	4.1%
Restricted	40,941	52,770	(11,829)	(22.4%)
Unrestricted	175,841	44,346	131,495	296.5%
Total net assets	\$ <u>453,817</u>	<u>324,794</u>	<u>129,023</u>	<u>39.7%</u>

Changes in Net Assets

	<u>2001</u>	<u>2000</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Charges for services	\$ 135,779	132,551	3,228	2.4%
Rents and concessions	8,077	7,881	196	2.5%
Other operating revenues	6,061	3,788	2,273	60.0%
Interest and investment income	15,169	8,632	6,537	75.7%
Other non-operating revenues, net	2,608	1,401	1,207	86.2%
Total revenues	167,694	154,253	13,441	8.7%
Total expenses	(164,685)	(162,420)	(2,265)	1.4%
Special item – sale of property	126,014	—	126,014	100.0%
Increase in net assets	129,023	(8,167)	137,190	1,679.8%
Net assets at beginning of year	324,794	319,019	5,775	1.8%
Prior period adjustment	—	13,942	(13,942)	100.0%
Net assets at end of year	\$ <u>453,817</u>	<u>324,794</u>	<u>129,023</u>	<u>39.7%</u>



## SAN FRANCISCO WATER DEPARTMENT

### Management's Discussion and Analysis

June 30, 2001 and 2000

#### **Financial Analysis**

##### *Net Assets*

Net assets increased by \$129,023 in fiscal year 2001 mainly due to an increase of \$131,495 or 296.5% in unrestricted net assets propelled by the gain on sale of property of \$126,014. The remaining increase in unrestricted net assets of \$5,481 was due to net favorable results of operations.

Investments in capital assets, net of related debt increased \$9,357 or 4.1% to \$237,035 from prior year. This increase reflected the capital assets financed primarily with Department funds including revenue bonds.

Restricted net assets (proceeds from bond issuances) decreased by \$11,829 or 22.4% in fiscal year 2001 primarily due to the use of these assets to finance capital projects.

##### *Revenues*

Total operating revenues increased by \$5,697 or 3.9% to \$149,917 in fiscal year 2001. This was due primarily to the increase in charges for services of \$3,228 or 2.4% corresponding to the increase in the number of service customers. Rental revenues generated from property owned by the Department and subleased to local merchants remained relatively consistent with prior year at \$8,077. Non-operating revenues increased by \$7,744 to \$17,777 during fiscal year 2001. This was mainly due to significantly higher cash balances in fiscal 2001 subsequent to the sale of property (see special item – sale of property) during the year, resulting in an increase in interest income of \$6,537 or 75.7%.

##### *Expenses*

Total expenses increased by \$2,265 to \$164,685 or 1.4% in fiscal year 2001. The increase was mainly due to a decrease of day-to-day operating expenses of \$20,144, offset by an environmental clean-up expense of \$22,783. General and administrative expenses decreased most significantly from prior year at \$14,841 or 55.0%. This decrease was due to stronger fiscal disciplines and a reduction in the damage and claims liability accrual and other estimates during the year as a result of payout of prior year claims. Personal services decreased \$2,852 or 5.6% from prior year attributable to reduced headcount during 2001 as well as decreases in overhead expenses allocated to the Department from the San Francisco Public Utilities Commission (the Commission). Various common costs incurred by the Commission are allocated pro ratably between the Department, Hetch Hetchy Water and Power and the San Francisco Clean Water Program. The allocations are based on the Commission management's best estimate and may change from year to year depending on the activities incurred by each department and the information available. Material and supplies expense decreased \$1,585 or 19.7% as various cost constraint measures were put in place over the past two years in response to Proposition H.

## SAN FRANCISCO WATER DEPARTMENT

### Management's Discussion and Analysis

June 30, 2001 and 2000

The environmental clean-up expense of \$22,783 stems from the recognition of a long-term liability of the same amount related to environmental contamination located at certain real property owned by the Department. In July 1999, the staff of the California Regional Water Quality Control Board (CRWQCB) issued an interim directive instructing the Commission to develop a remedial action plan that addresses environmental contamination located at this real property. In response to the directive, the Commission completed an interim remedial action plan and in August 2001 received the final directive from the CRWQCB to execute a remedial action 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 clean up associated with this plan is estimated at \$22,783 and has been accrued in the accompanying financial statements.

#### *Special Item – Sale of Property*

During fiscal 2001, the Department sold 500 acres of land in Pleasanton in Alameda County for a net gain of \$126,014.

#### **Capital Assets and Debt Administration**

##### *Capital Assets*

At the end of fiscal year 2001, the Department had net capital assets of \$529,887 consisting of a broad range of infrastructure including water plants, reservoirs, maintenance and administration facilities, vehicles and equipment. The following is a summary of significant projects completed and added to the Department's capital assets during fiscal year 2001. These capital asset additions were funded primarily through revenue bonds and operating revenues.

- Capital expenditure of \$8,600 to complete the \$33,000 Construction of Clarendon Pump Station and Related Pipelines.
- Capital expenditure of \$8,000 to replace water mains in San Francisco.
- Capital expenditure of \$7,500 to complete the \$12,200 facilities for an intertie between Santa Clara Valley Water District and San Francisco's water supply systems.
- Capital expenditure of \$6,800 to complete the \$22,300 Supervisory Control and Data Acquisition (SCADA) system.
- Capital expenditure of \$6,100 to complete the \$60,600 Sunol Valley Water Treatment Plant improvement.
- Capital expenditure of \$5,600 to complete the \$11,600 existing section of 44-inch Crystal Springs Pipeline #1 replacement.

The remaining capital asset increase in the year relates to additions in construction-in-progress.

## SAN FRANCISCO WATER DEPARTMENT

### Management's Discussion and Analysis

June 30, 2001 and 2000

#### *Debt Administration*

At June 30, 2001, the Department had \$297,797 total debt outstanding, an increase of \$48,580 or 19.5% from prior year. Long-term debt as of June 30, 2001 consisted entirely of revenue bonds with a senior claim on the Department's net revenues. Total revenue bonds including both current and long term portions decreased \$6,420 or 2.8% during the year to \$222,797 at June 30, 2001. The change in revenue bond debt was due to the retirement of debt principal offset by the change in the accreted value of certain capital appreciation bonds. As of fiscal year end 2001, the Department had both the authority and capacity to issue additional long-term debt.

The Department maintains a Tax Exempt Commercial Paper Program with a junior claim on its net revenues. Commercial Paper is recorded under short-term debt and totaled \$75,000 at June 30, 2001, an increase of \$55,000 from prior year. In July 2001, the Department issued \$10,000 of additional commercial paper. This facility was used to meet funding requirements of capital projects on an as-needed basis.

On August 8, 2001, the Department issued \$140,000 of senior revenue bond debt (the 2001 Series A Water Revenue Bonds). Of the proceeds from the issuance of the 2001 Series A Water Revenue Bonds, \$85,000 was used to refund all of the Department's outstanding commercial paper.

#### *Debt Service Reserve Accounts*

As required by the Master Bond Indenture, the Department maintains debt service reserve funds for the benefit of its various bondholders to pay principal and interest in the event of default. The debt service reserve requirement of the Department's Master Indenture is one half of the maximum annual debt service on the outstanding bonds in each applicable series. The required reserve may take the form of either cash or a municipal bond insurance surety policy. The Department is in compliance with the requirement, and maintains the following reserves for bonds issued as senior obligations under the Master Indenture:

<u>Issue</u>	<u>Amount</u>	<u>Form</u>
1991 Bonds	\$ 2,747	Cash and equivalents
1992 Bonds	4,942	FGIC surety bond
1996 Bonds	5,094	MBIA surety bond

#### *Bond Ratings*

At fiscal year end 2001, the Department carried underlying ratings of AA- negative outlook from Standard and Poor's and A1 from Moody's. In July 2001, Standard and Poor's downgraded the Department's outstanding uninsured debt of \$233,000 to A+ stable outlook.

The 2001 Series A Revenue Bonds carried Aaa and AAA ratings from Moody's and Standard and Poor's, respectively, based on a Municipal Bond Insurance Policy issued by Financial Security Assurance, Inc.

Moody's and Standard and Poor's rate the Department's short-term borrowings in the Tax-Exempt Commercial Paper market at P1 and A1+, respectively, based on an irrevocable direct-pay letter of credit issued by the New York Branch of Bayerische Landesbank Girozentrale.

## SAN FRANCISCO WATER DEPARTMENT

### Management's Discussion and Analysis

June 30, 2001 and 2000

#### *Debt Service Coverage*

The Department's bond covenants allow for the issuance of additional debt on parity to lien on the net revenues of the Department, provided certain net earning ratios are met. The major criteria is that all estimated future net earnings of the Department must be at least 1.25 times the highest combined debt service requirement. The coverage ratio at June 30, 2001 was 2.95 compared to the prior year ratio of 3.69.

While the accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, it should be noted that the debt service coverage ratio is calculated based on the cash basis of accounting. Thus, actual cash receipts and expenditures throughout fiscal year 2001 were used to determine if the Department has met its required debt service coverage.

#### *Cost of Debt Capital*

The Department has received favorable terms on its long-term borrowings. The Department's 2001 Series A Water Revenue Bond carries a yield on the 30-year term bond of 5.17% per annum and a True Interest Cost on the entire issue of 4.97% per annum. The average interest rate on the Department's other outstanding debt was 4.42% per annum at June 30, 2001, with a range from 4.00% to 7.40%.

#### **Request for Information**

This report is designed to provide our citizens, customers, taxpayers, investors, and creditors with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the San Francisco Public Utilities Commission Finance Bureau, 1155 Market Street, Fifth Floor, San Francisco, CA 94103.

**SAN FRANCISCO WATER DEPARTMENT**

Statements of Net Assets

June 30, 2001 and 2000

(in thousands)

Assets:	<u>2001</u>	<u>2000</u>
Current assets:		
Deposits and investments with City Treasury	\$ 218,144	77,134
Deposits and investments outside City Treasury	40	40
Receivables:		
Charges for services (net of allowance for doubtful accounts of \$982 in 2001 and 2000)	26,825	23,354
Suburban water rate agreement	—	2,457
Interest and other	2,775	1,746
Total receivables	<u>29,600</u>	<u>27,557</u>
Inventories	1,319	1,000
Total current assets	<u>249,103</u>	<u>105,731</u>
Noncurrent assets:		
Restricted assets:		
Deposits and investments with City Treasury	38,985	45,414
Deposits and investments outside City Treasury	10,623	10,139
Interest receivable	758	1,066
Total restricted assets	<u>50,366</u>	<u>56,619</u>
Property, plant and equipment, net of accumulated depreciation	529,887	461,798
Bond issuance costs (net of accumulated amortization of \$1,313 in 2001 and \$1,199 in 2000)	1,690	1,833
Total noncurrent assets	<u>581,943</u>	<u>520,250</u>
Total assets	<u>831,046</u>	<u>625,981</u>
Liabilities:		
Current liabilities:		
Accounts payable	8,071	5,166
Accrued payroll	5,538	5,026
Accrued vacation and sick leave, current portion	3,102	2,977
Accrued workers' compensation, current portion	985	964
Damage and claims liability, current portion	1,845	2,080
Suburban water rate agreement	2,246	—
Deposits, advances and other liabilities	11,684	12,510
Bond interest payable	2,407	2,317
Revenue bonds, current portion	7,350	6,955
Commercial paper	75,000	20,000
Total current liabilities	<u>118,228</u>	<u>57,995</u>
Liabilities payable from restricted assets	<u>9,425</u>	<u>3,849</u>
Long-term liabilities:		
Accrued vacation and sick leave	3,178	3,048
Accrued workers' compensation	2,990	2,733
Damage and claims liability	5,178	11,300
Revenue bonds	215,447	222,262
Environmental clean-up liability	22,783	—
Total long-term liabilities	<u>249,576</u>	<u>239,343</u>
Total liabilities	<u>377,229</u>	<u>301,187</u>
Net assets:		
Invested in capital assets, net of related debt	237,035	227,678
Restricted	40,941	52,770
Unrestricted	175,841	44,346
Total net assets	<u>\$ 453,817</u>	<u>324,794</u>

See accompanying notes to financial statements.

**SAN FRANCISCO WATER DEPARTMENT**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Years ended June 30, 2001 and 2000**  
(in thousands)

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Charges for services	\$ 135,779	132,551
Rents and concessions	8,077	7,881
Other revenue	6,061	3,788
Total operating revenues	<u>149,917</u>	<u>144,220</u>
Operating expenses:		
Personal services	47,671	50,523
Contractual services	4,237	6,757
Materials and supplies	6,470	8,055
Depreciation and amortization	24,338	22,974
Services provided by other departments	29,238	29,686
General and administrative	12,154	26,995
Environmental clean-up	22,783	—
Other	5,154	4,416
Total operating expenses	<u>152,045</u>	<u>149,406</u>
Operating loss	<u>(2,128)</u>	<u>(5,186)</u>
Nonoperating revenues (expenses):		
State/other	210	26
Interest and investment income	15,169	8,632
Interest expense	(12,850)	(13,040)
Other nonoperating revenues, net	2,608	1,401
Net nonoperating revenues (expenses)	<u>5,137</u>	<u>(2,981)</u>
Income (loss) before transfers and special items	<u>3,009</u>	<u>(8,167)</u>
Transfers from the City and County of San Francisco	—	849
Transfers to the City and County of San Francisco	—	(849)
Net transfers	<u>—</u>	<u>—</u>
Special item – sale of property	<u>126,014</u>	<u>—</u>
Changes in net assets	<u>129,023</u>	<u>(8,167)</u>
Net assets at beginning of year (as previously reported)	324,794	319,019
Prior period adjustment	—	13,942
Net assets at end of year	<u>\$ 453,817</u>	<u>324,794</u>

See accompanying notes to financial statements.

## SAN FRANCISCO WATER DEPARTMENT

### Statements of Cash Flows

Years ended June 30, 2001 and 2000

(in thousands)

	2001	2000
Cash flows from operating activities:		
Cash received from customers, including cash deposits	\$ 142,799	139,702
Cash received from tenants for rent	8,077	7,881
Cash paid to employees for services	(46,904)	(49,190)
Cash paid to suppliers for goods and services	(13,246)	(18,180)
Cash paid for judgments and claims	(2,251)	(2,106)
Cash paid for quasi-external transactions	(45,220)	(43,997)
Net cash provided by operating activities	43,255	34,110
Cash flows from noncapital financing activities:		
Operating grants	210	26
Transfers in	—	849
Transfers out	—	(849)
Net cash provided by noncapital financing activities	210	26
Cash flows from financing activities:		
Proceeds from sale of property, plant and equipment	126,364	9,967
Proceeds from commercial paper borrowings	55,000	20,000
Interest paid on long-term debt	(14,411)	(14,012)
Principal paid on long-term debt	(6,956)	(7,415)
Acquisition and construction of capital assets	(84,991)	(51,448)
Net cash provided by (used in) financing activities	75,006	(42,908)
Cash flows from investing activities:		
Interest income received	12,034	9,267
Proceeds from sale of investments outside City Treasury	20,062	20,074
Purchase of investments outside City Treasury	(20,546)	(20,558)
Purchase of restricted deposits and investments with City Treasury	(17,623)	(25,000)
Proceeds from sale of restricted deposits and investments with City Treasury	25,000	40,458
Other investing activities	2,763	1,453
Net cash provided by investing activities	21,690	25,694
Increase in cash and cash equivalents	140,161	16,922
Cash and cash equivalents:		
Beginning of year	98,677	81,755
End of year	\$ 238,838	98,677

**SAN FRANCISCO WATER DEPARTMENT**

Statements of Cash Flows

Years ended June 30, 2001 and 2000

(in thousands)

	<u>2001</u>	<u>2000</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,128)	(5,186)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	24,338	22,974
Environmental clean up	22,783	—
Changes in operating assets and liabilities:		
Receivables:		
Charges for services, net	(3,471)	(805)
Suburban water rate agreement	2,457	3,350
Other	553	350
Inventories	(319)	(198)
Accounts payable	2,905	1,246
Accrued payroll	512	1,392
Accrued vacation and sick leave	255	(59)
Accrued workers' compensation	278	642
Suburban water rate agreement liability	2,246	—
Damage and claims liability	(6,357)	9,936
Deposits, advances and other liabilities	(797)	468
Net cash provided by operating activities	<u>\$ 43,255</u>	<u>34,110</u>
Reconciliation of cash and cash equivalents to the statement of net assets:		
Deposits and investments with City Treasury:		
Unrestricted	\$ 218,144	77,134
Restricted	38,985	45,414
Deposits and investments outside City Treasury – unrestricted	<u>40</u>	<u>40</u>
Total deposits and investments	257,169	122,588
Less deposits and investments not meeting the definition of cash equivalents	<u>(18,331)</u>	<u>(23,911)</u>
Cash and cash equivalents at end of year on statement of cash flows	<u>\$ 238,838</u>	<u>98,677</u>

See accompanying notes to financial statements.



# SAN FRANCISCO WATER DEPARTMENT

## Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

### (1) Definition of Reporting Entity

The San Francisco Water Department (the Department) was established in 1930 under the provisions of the City Charter of San Francisco. The Department acquired the fully developed, mature water works for San Francisco on March 3, 1930. Since then, the City and County of San Francisco (the City) has operated and maintained the water works as the San Francisco Water Department. The Board of Supervisors of the City has adopted resolutions (the Water Resolutions) providing for the issuance of various water revenue and refunding bond series. The Department, which consists of a system of reservoirs, storage tanks, water treatment plants, pump stations and pipelines, is engaged in the distribution of water to San Francisco and certain suburban areas. On average, the Department delivers 93,194 million gallons of water annually to nearly 2.4 million people within San Francisco and certain suburban areas.

The San Francisco Public Utilities Commission (the Commission), established in 1932, is responsible for providing operational oversight of the public utility enterprises of the City, which include the Department along with the City's power and sewer utilities (e.g., Hetch Hetchy Water and Power [Hetch Hetchy] and the San Francisco Clean Water Program). The Commission consists of five members appointed by the Mayor, who are responsible for determining such matters as the rates and charges for services, approval of contracts, and organizational policy. The Commission is a department of the City, and as such, the financial operations of the Department, Hetch Hetchy and the San Francisco Clean Water Program are included in the Comprehensive Annual Financial Report of the City as enterprise funds. These financial statements present only the financial operations of the Department and are not intended to present fairly the financial position of the City, and the results of its operations and the cash flow of its proprietary fund types and nonexpendable trust funds in conformity with accounting principles generally accepted in the United States of America.

### (2) Significant Accounting Policies

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

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

The Department 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 value. This statement affects the timing of recognition of nonexchange transactions, that is, when a government recognizes them in the financial statements. The adoption of this statement does not materially impact the Department.

## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

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

The Department 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 Department prepares 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 established new requirements and a new reporting model for 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 Discussion and Analysis** – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government'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.

**Statement of Net Assets** – The statement of net assets is designed to display the financial position of the primary government. Governments will report all capital assets in the statement of net assets. The net assets of the government will be broken down into three categories defined as follows:

- Invested in capital assets, net of related debt—This component of net assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted—This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- Unrestricted—This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

*Statement of Revenues, Expenses and Changes in Net Assets* – The statement of revenues, expenses and changes in net assets is the operating statement for proprietary funds. Revenues are reported by major source. This statement distinguishes between operating and nonoperating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses and operating income.

#### **(iii) Governmental Accounting Standards Board Statement No. 37**

The Department 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 Department considered the effects of this statement when adopting the provisions of GASB Statement No. 34 as previously described.

#### **(iv) Governmental Accounting Standards Board Statement No. 38**

The Department 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 note disclosures have been revised to conform to the provisions of GASB Statement No. 38.

#### **(b) Basis of Accounting**

The accounts of the Department are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Department's assets, liabilities, net assets, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

#### **(c) Measurement Focus**

The financial activities of the Department are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with its operations are included on the statement of net assets; revenues are recorded when earned, and expenses are recorded when liabilities are incurred.

## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

The Department does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989. The Department applies all applicable GASB pronouncements, as well as statements and interpretations of the FASB, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments, including restricted assets, with an original purchased maturity of three months or less.

**(e) Investments**

Money market funds and banker's acceptances that have a remaining maturity at the time of purchase of one year or less are carried at amortized cost. All other investments are stated at fair value based on quoted market prices. Changes in fair value are recognized as investment gains or losses.

**(f) Inventory**

Inventory primarily consists of construction materials and maintenance supplies, and is generally valued at cost or average cost. Inventory is expensed as it is consumed.

**(g) Property, Plant and Equipment**

Property, plant and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method based on the estimated useful lives of the related assets, which range from 3 to 75 years for equipment and 3 to 173 years for buildings, structures and improvements. No depreciation or amortization is recorded in the year of acquisition, and a full year's depreciation is recorded in the year of disposal.

**(h) Construction-in-progress**

The cost of acquisition and construction of major plant and equipment is recorded as construction-in-progress. As facilities are accepted by the Department and become operative, they are transferred to the plant and equipment accounts and depreciated in accordance with the Department's depreciation policies. Costs of construction projects that are discontinued are recorded as expense in the year in which the decision is made to discontinue such projects.

**(i) Capitalization of Interest**

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

**(j) Bond Discount and Issuance Costs**

Bond discount and issuance costs are amortized over the term of the related bonds.

**(k) Accrued Vacation and Sick Leave**

Accrued vacation pay, which may be accumulated up to ten weeks per employee, is charged to expense as earned. Unused sick leave accumulated through December 6, 1978 is vested and payable upon termination of employment by retirement, death or disability caused by industrial accident. Sick leave earned subsequent to that date is nonvesting and may be accumulated up to six months per employee.

**(l) Workers' Compensation**

The Department is self-insured for workers' compensation claims and accrues the estimated cost of those claims, including the estimated cost of incurred but not reported claims.

**(m) Damage and Claims Liability**

The Department is self-insured for general liability and property damage claims. The liability represents an estimate of the cost of all outstanding claims, including adverse loss development and estimated incurred but not reported claims.

**(n) Arbitrage Rebate Payable**

Certain bonds are subject to arbitrage rebate requirements in accordance with regulations issued by the U.S. Treasury Department. The requirements generally stipulate that earnings from the investment of the tax-exempt bond proceeds that exceed related interest costs on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The arbitrage rebate liability was \$569 and \$496 as of June 30, 2001 and 2000, respectively, and is included in accounts payable in the accompanying statements of net assets.

**(o) Refunding of Debt**

Gains or losses occurring from advance refundings of debt are deferred and amortized into interest expense over the remaining life of the old bonds or the life of the new bonds, whichever is shorter.

**(p) Income Taxes**

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

**(q) Revenue Recognition**

Revenues from water services furnished to consumers are recorded in the financial statements in the period customers are billed. In general, customers are billed on a cyclical basis with large commercial and industrial customers billed monthly, and all other customers bi-monthly.

## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

Revenues earned but unbilled as of June 30, 2001 and 2000 are accrued as charges for services receivable on the statements of net assets.

In June 1998, the voters passed Proposition H, which effectively froze the water rates at the levels in effect as of January 1, 1998 until July 1, 2006, subject to certain limitations such as to service pre-existing debt. The passage of Proposition H limits the Department's ability to fund future water system maintenance projects and/or meet new federal and state regulations that may arise during the period in which Proposition H is effective.

*(r) Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*(s) Reclassifications*

Certain reclassifications have been made to the 2000 financial statements to conform to the 2001 presentation.

**(3) Deposits and Investments**

The Department's deposits and investments with the City Treasury are invested pursuant to investment policy guidelines established by the City Treasurer. The objectives of the policy guidelines are, in order of priority, preservation of capital, liquidity and yield. The policy addresses 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. The City's Comprehensive Annual Financial Report categorizes the level of custodial risk associated with its pooled cash and investments, which includes \$239,506 and \$92,548 of the Department's total deposits and investments with the City Treasury as of June 30, 2001 and 2000, respectively. The City Treasurer allocates monthly income from the investment of pooled cash in proportion to the Department's end-of-month balances.

The Department is required by its bond indentures to maintain certain revenue bond funds in government obligations, time deposits or demand deposits. The Department follows the investment policy guidelines of the City Treasurer for its other investments, including those investments held by trustees.

## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000  
(dollars in thousands)

The Department's investments, including those held by trustees, are categorized below to give an indication of the level of custodial risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Department or its agent in the name of the Department. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the name of the Department. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the name of the Department.

The Department's investment portfolio is stated at fair value (except for certificates of deposit, money market funds and banker's acceptances, which are stated at amortized cost, which approximates market). Fair value is based on quotes obtained from national exchanges as of June 30, 2001 and 2000.

As of June 30, 2001, deposits and investments included the following:

	Category			Carrying value
	1	2	3	
U.S. government securities	\$ 10,623	—	—	10,623
Total categorized investments	\$ 10,623	—	—	10,623
Noncategorized investments:				
Certificates of deposit				17,623
Imprest funds				40
Pooled cash and investments with City Treasury				239,506
Total deposits and investments				\$ 267,792

As of June 30, 2000, deposits and investments included the following:

	Category			Carrying value
	1	2	3	
U.S. government securities	\$ 10,139	—	—	10,139
Total categorized investments	\$ 10,139	—	—	10,139
Noncategorized investments:				
Certificates of deposit				30,000
Imprest funds				40
Pooled cash and investments with City Treasury				92,548
Total deposits and investments				\$ 132,727

## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000  
(dollars in thousands)

The Department's deposits and investments are shown on the accompanying statements of net assets as follows:

	<b>2001</b>	<b>2000</b>
<b>Current assets:</b>		
Deposits and investments with City Treasury	\$ 218,144	77,134
Deposits and investments outside City Treasury	40	40
<b>Noncurrent assets – restricted assets:</b>		
Deposits and investments with City Treasury	38,985	45,414
Deposits and investments outside City Treasury	10,623	10,139
	\$ 267,792	132,727

#### (4) Property, Plant and Equipment

Property, plant and equipment as of June 30, 2001 and 2000 consisted of the following:

	<b>Balance, July 1, 2000</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance, June 30, 2001</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 17,217	494	(275)	17,436
Construction-in-progress	65,450	92,587	(35,843)	122,194
Total capital assets not being depreciated	82,667	93,081	(36,118)	139,630
<b>Capital assets being depreciated:</b>				
Facilities and improvements	628,312	28,957	—	657,269
Machinery and equipment	55,933	6,510	(423)	62,020
Total capital assets being depreciated	684,245	35,467	(423)	719,289
<b>Less accumulated depreciation for:</b>				
Facilities and improvements	(265,691)	(20,364)	420	(285,635)
Machinery and equipment	(39,423)	(3,974)	—	(43,397)
Total accumulated depreciation	(305,114)	(24,338)	420	(329,032)
Total capital assets being depreciated, net	379,131	11,129	(3)	390,257
Total capital assets, net	\$ 461,798	104,210	(36,121)	529,887



## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000  
(dollars in thousands)

	<u>Balance, July 1, 1999</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2000</u>
Capital assets not being depreciated:				
Land	\$ 17,217	—	—	17,217
Construction-in-progress	40,670	58,869	(34,089)	65,450
Total capital assets not being depreciated	<u>57,887</u>	<u>58,869</u>	<u>(34,089)</u>	<u>82,667</u>
Capital assets being depreciated:				
Facilities and improvements	601,426	26,886	—	628,312
Machinery and equipment	52,672	3,357	(96)	55,933
Total capital assets being depreciated	<u>654,098</u>	<u>30,243</u>	<u>(96)</u>	<u>684,245</u>
Less accumulated depreciation for:				
Facilities and improvements	(246,890)	(18,801)	—	(265,691)
Machinery and equipment	(35,340)	(4,173)	90	(39,423)
Total accumulated depreciation	<u>(282,230)</u>	<u>(22,974)</u>	<u>90</u>	<u>(305,114)</u>
Total capital assets being depreciated, net	<u>371,868</u>	<u>7,269</u>	<u>(6)</u>	<u>379,131</u>
Total capital assets, net	<u>\$ 429,755</u>	<u>66,138</u>	<u>(34,095)</u>	<u>461,798</u>

Property, plant and equipment with a useful life of 50 years or greater include buildings and structures, reservoirs, dams, treatment plants, pump stations, certain water mains and pipelines, sewer systems, tunnels and bridges.

During the years ended June 30, 2001 and 2000, the Department incurred total interest cost of \$14,710 and \$14,248, respectively. Of the total amount of interest cost incurred, \$1,860 and \$1,208 was capitalized into the cost of constructed assets during the years ended June 30, 2001 and 2000, respectively.

## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

#### (5) Restricted Assets

Pursuant to the Water Resolutions, all revenues of the Department (except amounts on deposit in the rebate fund) are irrevocably pledged to the punctual payment of debt service on the Water Revenue and Refunding Bonds. Accordingly, the revenues of the Department shall not be used for any other purpose while any of its Water Revenue and Refunding Bonds are outstanding, except as expressly permitted by the Water Resolutions. Further, all revenues shall be deposited by the City Treasurer in special funds designated as the Water Department Revenue Fund (the Water Revenue Fund), which must be maintained in the City Treasury. Deposits in the Water Revenue Fund, including earnings thereon, shall be appropriated, transferred, expended or used for the following purposes pertaining to the financing, maintenance and operation of the Department in accordance with the following priority:

1. The payment of operation and maintenance expenses for such utility and related facilities.
2. The payment of pension charges and proportionate payments to such compensation and other insurance or outside reserve funds as the Department may establish or the Board of Supervisors may require with respect to employees of the Department.
3. The payment of principal, interest, reserve, sinking fund and other mandatory funds created to secure Revenue Bonds issued by the Department for the acquisition, construction, or extension of facilities owned, operated or controlled by the Department.
4. The payment of principal and interest on General Obligation Bonds issued by the City for the Department's purposes.
5. Reconstruction and replacement as determined by the Department or as required by any of the Department's Revenue Bond ordinance duly adopted and approved.
6. The acquisition of land, real property or interest in real property for, and the acquisition, construction, enlargement, and improvement of, new and existing buildings, structures, facilities, equipment, appliances and other property necessary or convenient to the development or improvement of such utility owned, controlled or operated by the Department; and for any other lawful purpose of the Department including the transfer of surplus funds pursuant to Section 6.407(e) of the City's Charter.

**SAN FRANCISCO WATER DEPARTMENT**

Notes to Financial Statements

June 30, 2001 and 2000  
(dollars in thousands)

In accordance with the Water Resolutions, the Department maintains certain restricted cash and investment balances in trust. Restricted assets held in trust consisted of the following as of June 30, 2001 and 2000:

	<u>2001</u>	<u>2000</u>
Deposits and investments with City Treasury:		
Water Bond Construction Fund	\$ 38,985	45,414
Deposits and investments outside City Treasury:		
1991 Water Revenue Bond Fund	4,032	3,806
1992 Water Revenue Bond Fund	3,831	3,688
1996 Water Revenue Bond Fund	<u>2,760</u>	<u>2,645</u>
Total deposits and investments outside City Treasury	<u>10,623</u>	<u>10,139</u>
Interest receivable:		
Water Bond Construction Fund	<u>758</u>	<u>1,066</u>
Total restricted assets	\$ <u><u>50,366</u></u>	<u><u>56,619</u></u>

**(6) Short-Term Debt**

In November 1997, the voters approved Propositions A and B, authorizing up to \$304,000 in Water Revenue Bonds to fund capital improvements for the Water Enterprise. In May and June 1999, the Commission and the Board of Supervisors, respectively, approved a commercial paper program to provide short-term financing for capital improvement projects funded under the \$304,000 Water Revenue Bond Program. Under the enabling ordinance approved by the Board of Supervisors, the maximum amount of commercial paper that could be outstanding at any given time was \$150,000.

On October 10, 2000, the Commission authorized the expansion of up to \$250,000 of commercial paper outstanding at any time. The commercial paper was sized to be adequate to fund the fiscal years 2000's and 2001's Water Enterprise capital appropriations. The expansion of the maximum amount of commercial paper that could be outstanding at any time was approved by the Board of Supervisors Finance Committee on October 25, 2000. As of June 30, 2001 and 2000, the amount of outstanding commercial paper was \$75,000 and \$20,000, respectively.

**SAN FRANCISCO WATER DEPARTMENT**

Notes to Financial Statements

June 30, 2001 and 2000  
(dollars in thousands)

**(7) Change in Long-Term Liabilities**

Long-term liability activities for the years ended June 30, 2001 and 2000 were as follows:

	<u>July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2001</u>	<u>Due within one year</u>
Revenue Bonds:					
1991A Revenue Bonds (a)	\$ 8,979	138	(1,600)	7,517	1,695
1992A Revenue Refunding Bonds (b)	100,050	—	(3,860)	96,190	4,085
1996A Revenue Refunding Bonds (c)	129,830	—	(1,495)	128,335	1,570
Unamortized bond discount and refunding loss	<u>(9,642)</u>	<u>—</u>	<u>397</u>	<u>(9,245)</u>	<u>—</u>
Total revenue bonds payable	229,217	138	(6,558)	222,797	7,350
Accrued vacation and sick leave	6,025	359	(104)	6,280	3,102
Accrued workers' compensation	3,697	1,564	(1,286)	3,975	985
Damage and claims liability	13,380	—	(6,357)	7,023	1,845
Environmental clean-up liability (notes 13 and 15)	<u>—</u>	<u>22,783</u>	<u>—</u>	<u>22,783</u>	<u>—</u>
Total long-term liabilities	\$ <u>252,319</u>	<u>24,844</u>	<u>(14,305)</u>	<u>262,858</u>	<u>13,282</u>

	<u>July 1, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2000</u>	<u>Due within one year</u>
Revenue Bonds:					
1991A Revenue Bonds (a)	\$ 10,354	130	(1,505)	8,979	1,600
1992A Revenue Refunding Bonds (b)	103,705	—	(3,655)	100,050	3,860
1996A Revenue Refunding Bonds (c)	131,255	—	(1,425)	129,830	1,495
Unamortized bond discount and refunding loss	<u>(10,046)</u>	<u>—</u>	<u>404</u>	<u>(9,642)</u>	<u>—</u>
Total revenue bonds payable	235,268	130	(6,181)	229,217	6,955
Accrued vacation and sick leave	6,084	496	(555)	6,025	2,977
Accrued workers' compensation	3,055	2,120	(1,478)	3,697	964
Damage and claims liability	3,444	10,564	(628)	13,380	2,080
Total long-term liabilities	\$ <u>247,851</u>	<u>13,310</u>	<u>(8,842)</u>	<u>252,319</u>	<u>12,976</u>

# SAN FRANCISCO WATER DEPARTMENT

## Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

**(a) Water Revenue Bonds Series 1991A**

During fiscal year 1991, the Department issued Revenue Bonds (the 1991A Revenue Bonds) of \$70,146 with interest varying from 5.3% to 7.4%. The 1991A Revenue Bonds include current interest serial and term bonds with an original principal amount of \$92,985, and serial capital appreciation bonds with an original principal amount of \$1,051. The current interest serial bonds mature through November 1, 2007, and the current interest term bonds mature on November 1, 2010, 2017 and 2020. The serial capital appreciation bonds mature from November 1, 2018 through November 1, 2019. Interest on the capital appreciation bonds is due upon maturity, and is recognized as annual interest expense over the life of the bonds using the interest method. The Department has recognized \$1,037 and \$899 of unpaid interest on the capital appreciation bonds as of June 30, 2001 and 2000, respectively, and has included it with the outstanding principal balance of the bonds.

**(b) Water Revenue Refunding Bonds Series 1992A**

During fiscal year 1992, the Department issued \$107,180 of Revenue Refunding Bonds (the 1992A Refunding Bonds) pursuant to a crossover refunding of 1987 Water Revenue Refunding Bonds. The proceeds were used to purchase U.S. government securities which were placed into an irrevocable trust to be used for the payment of interest on the 1992A Refunding Bonds, and \$460 per year of principal due on the 1987 Refunding Bonds through November 1, 1997 (crossover date), at which time the remaining proceeds were used to advance refund the 1987 Refunding Bonds which amounted to \$102,570 including a call premium of \$860 and additional interest of \$1,114. The debt service requirements of the 1992 Refunding Bonds after the crossover date are being made from the net revenues of the Department.

**(c) Water Revenue Refunding Bonds Series 1996A**

During fiscal year 1997, the Department issued \$131,470 of 1996 Series A Water Revenue Bonds. A portion of the bond proceeds was designated for the purpose of refunding \$53,090 of 1991A Revenue Bonds which were due serially to 2020. The funding extended maturities on the bonds in order to lower required annual payments. After payment of \$852 in issue costs, \$57,012 of the net bond proceeds was transferred to a trustee to be placed in an irrevocable trust to redeem the refunded portion of the 1991A Revenue Bonds. Accordingly, the refunded portion of the 1991A Revenue Bonds was removed from the Department's statement of net assets. The advance refunding decreased the Department's total debt service payment over the next 29 years by \$2,475, and provided for an economic gain of \$4,064. The resulting accounting loss of \$5,989 has been deferred and is being amortized over the remaining life of the old debt. As of June 30, 2001 and 2000, the unamortized portion of the accounting loss was \$4,490 and \$4,817, respectively.

**SAN FRANCISCO WATER DEPARTMENT**

Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

The future annual debt service relating to the Revenue and Refunding Bonds outstanding as of June 30, 2001 is as follows:

	<b>Principal</b>	<b>Interest</b>
Years ending June 30:		
2002	\$ 7,350	20,049
2003	7,775	20,021
2004	8,260	20,008
2005	8,775	19,990
2006	9,325	19,997
2007 – 2011	55,860	99,652
2012 – 2016	73,820	99,244
2017 – 2021	40,110	50,722
2022 – 2026	20,767	24,818
	232,042	\$ 374,501
Less current portion	(7,350)	
Less unamortized bond discount and refunding loss	(9,245)	
Long-term portion as of June 30, 2001	\$ 215,447	

As defined in the Water Resolutions, the principal and interest of the Department's Revenue and Refunding Bonds are payable from its corresponding revenue, as well as monies deposited in certain funds and accounts pledged thereto (note 5).

The Department has complied with the debt covenants of the Revenue and Refunding Bonds.

**(8) Suburban Water Rate Agreement**

During 1984, the City entered into a Settlement Agreement and Master Water Sales Contract (the Suburban Water Rate Agreement) with certain suburban customers, which establishes water rates to be charged to those customers (the Suburban Purchasers). Pursuant to the terms of the Suburban Water Rate Agreement, the City is required to establish water rates applicable to the Suburban Purchasers at the beginning of each fiscal year. The suburban water rates are based on an estimate of the level of revenues necessary to recoup the cost of distributing water to the Suburban Purchasers based on the methodology outlined in Article IV of the Suburban Water Rate Agreement (the Suburban Revenue Requirement). During fiscal years 2001 and 2000, the Suburban Revenue Requirement charged to such suburban customers was \$71,382 and \$69,993, respectively. Such amounts are subject to final review by the suburban customers, based on the Suburban Revenue Requirement calculation.

# SAN FRANCISCO WATER DEPARTMENT

## Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

Pursuant to Article V, Section 5.07 of the Suburban Water Rate Agreement, the City is required to recompute the Suburban Revenue Requirement after the close of each fiscal year based on the actual costs incurred in the delivery of water to the Suburban Purchasers. The difference between the suburban revenues earned during the year and the "actual" Suburban Revenue Requirement is recorded in a separate account (the Balancing Account) and represents the cumulative amount that is either owed to the Suburban Purchasers (if the suburban revenues exceed the Suburban Revenue Requirement) or owed to the City (if the Suburban Revenue Requirement exceeds the suburban revenues paid). In accordance with Article V of the Suburban Water Rate Agreement, the amount recorded in the Balancing Account shall earn interest at a rate equal to the average rate received by the City during the year on the invested pooled funds of the City Treasurer, and shall be taken into consideration in the determination of subsequent suburban water rates. Upon the expiration of the Suburban Water Rate Agreement, the remaining balance in the Balancing Account shall be settled between the City and the Suburban Purchasers. As of June 30, 2001, the Department owed the Suburban Purchasers \$2,246 under the terms of the Suburban Water Rate Agreement. As of June 30, 2000, the Suburban Purchaser owed the Department \$2,457 under the terms of the Suburban Water Rate Agreement.

### (9) Employee Benefits

#### (a) Retirement Plan

**Plan Description**—The City has a single-employer defined benefit retirement plan (the Plan) which is administered by the San Francisco City and County Employees' Retirement System (the Retirement System). The Plan covers substantially all full-time employees of the Department along with other employees of the City. The Plan provides basic service retirement, disability, and death benefits based on specified percentages of final average salary, and provides 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 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 Avenue, Suite 3000, San Francisco, CA 94102, or by calling (415) 487-7020.

**Funding Policy**—Contributions are made to the basic plan by both the Department and its employees. Employee contributions are mandatory. Employee contribution rates for 2001 and 2000 were between 7% and 8% as a percentage of covered payroll. The Department is required to contribute at an actuarially determined rate. No Department contributions were required for 2001 and 2000 as the actuarially determined contribution rate as a percentage of covered payroll was 0%. The Department's contributions to the Retirement System on behalf of its employees amounted to \$5,067, \$4,738 and \$4,203 for the years ended June 30, 2001, 2000 and 1999, respectively, which were equal to the required employee contributions for those years.

# SAN FRANCISCO WATER DEPARTMENT

## Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

### *(b) Health Care Benefits*

Health care benefits of the Department's employees, retired employees and surviving spouses are financed by beneficiaries and the City through the City and County of San Francisco Health Service System, an internal service fund. The Department's contributions covering current and retired employees, which amounted to \$5,537 and \$5,005 in fiscal years 2001 and 2000, respectively, are determined by Charter provisions based on similar contributions made by the ten most populous counties in California. The Department's liability for both current employee and postretirement health care benefits is limited to its annual contribution.

### **(10) Related Parties**

During 2001 and 2000, the Department delivered water without charge to certain City departments which amounted to \$5,020 and \$4,800, respectively, based on metered usage and applicable water rates, which has been excluded from operating revenues in the accompanying financial statements.

Certain administrative costs of the Commission are allocated to the Department. For the years ended June 30, 2001 and 2000, the Commission allocated \$15,926 and \$14,932, respectively, in administrative costs to the Department, which are included in general and administrative expenses in the accompanying financial statements.

Various common costs incurred by the Commission are allocated pro ratably between the Department, Hetch Hetchy and the San Francisco Clean Water Program. The allocations are based on the Commission management's best estimate and may change from year to year depending on the activities incurred by each department and the information available.

The Department purchases water from Hetch Hetchy. This amount, totaling \$19,037 for the years ended June 30, 2001 and 2000, has been included in the services provided by other departments in the accompanying financial statements.

The Department purchases electricity from Hetch Hetchy. This amount, totaling \$3,924 and \$3,764 for the years ended June 30, 2001 and 2000, respectively, has been included in services provided by other departments in the accompanying financial statements.

A variety of City departments provides services such as engineering, purchasing, legal, data processing, telecommunication and human resources to the Department and charges amounts designed to recover those departments' costs. These charges totaling \$6,277 and \$6,885 for the years ended June 30, 2001 and 2000, respectively, have been included in services provided by other departments in the accompanying financial statements.



**SAN FRANCISCO WATER DEPARTMENT**

Notes to Financial Statements

June 30, 2001 and 2000  
(dollars in thousands)

**(11) Risk Management**

The Department is self-insured for general liabilities, property damage and workers' compensation claims. The risk of loss is managed internally by setting aside assets for claim settlement and recording a liability representing an estimate of the cost of all outstanding claims and incurred but not reported claims. Claim liabilities are recorded when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. 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 and, therefore, it is reasonably possible that claim liabilities could change in the future. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and legal factors.

**(a) Damage and Claims Liability**

The damage and claims liability as of June 30, 2001 has been actuarially determined and includes an estimate of incurred but not reported losses.

Changes in the reported damage and claims liability for the years ended June 30, 2001 and 2000 resulted from the following activities:

		<u>Beginning of year liability</u>	<u>Current year claims and changes in estimates</u>	<u>Claims paid</u>	<u>End of year liability</u>
1999 - 2000	\$	3,444	10,564	(628)	13,380
2000 - 2001		13,380	(5,392)	(965)	7,023

**(b) Workers' Compensation**

The workers' compensation liability as of June 30, 2001 has been actuarially determined and includes an estimate of incurred but not reported losses.

Changes in the reported workers' compensation liability for the years ended June 30, 2001 and 2000 resulted from the following activities:

		<u>Beginning of year liability</u>	<u>Current year claims and changes in estimates</u>	<u>Claims paid</u>	<u>End of year liability</u>
1999 - 2000	\$	3,055	2,120	(1,478)	3,697
2000 - 2001		3,697	1,564	(1,286)	3,975

## SAN FRANCISCO WATER DEPARTMENT

### Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

#### (12) Special Item – Sale of Property

The Department held 500 acres of land in Pleasanton in Alameda County with a cost basis of \$275. The Department sold the land to a local real estate developer for a gain of \$126,014 during the fiscal year. The proceeds from the sale are included as a special item in the accompanying statements of revenues, expenses and changes in net assets for the year ended June 30, 2001.

#### (13) Commitments and Litigation

##### (a) Commitments

As of June 30, 2001 and 2000, the Department has outstanding commitments with third parties of \$83,145 and \$46,679, respectively, for various capital projects and other purchase agreements for materials and services:

##### (b) Grants

Grants that the Department receives are subject to audit and final acceptance by the granting agency. Current and prior year costs of such grants are subject to adjustment upon audit.

##### (c) Litigation

The Department is a defendant in various legal actions and claims that arise during the normal course of business, although the final disposition of those legal actions and claims is not determinable. However, in the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or results of operations of the Department.

##### (d) Environmental Issue

The Department owns approximately 23 acres of land in the city of Menlo Park, which it formerly subleased to a third party. During the life of the lease, the tenant conducted a business on the premises that caused contamination to the property and surrounding areas. In July 1999, the staff of the California Regional Water Quality Control Board (CRWQCB) issued an interim directive instructing the Commission to develop a remedial action plan that addresses environmental contamination located at this property. In response to the directive, the Commission completed an interim remedial action plan. Subsequent to fiscal year 2001 (note 15(d)), the Commission received the final directive from the CRWQCB instructing the Commission to execute a remedial action plan with regard to this issue. Accordingly, management has accrued \$22,783 under environmental clean-up liability as of June 30, 2001 to cover total estimated cost associated with this plan.

# SAN FRANCISCO WATER DEPARTMENT

## Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

### (14) Restatement of Financial Statements

Subsequent to the issuance of the June 30, 2000 financial statements, management determined that while the 2000 statement of revenues, expenses and changes in net assets reflects revenues for services related to a 12-month period, it does not correspond to revenues earned from July 1999 to June 2000. This was a result of an understatement of revenue from when the Department first started operations. In every year thereafter, the Department's financial statements have included revenues from charges for services for a 12-month period from June to May, instead of July to June, which would correspond to the Department's fiscal year. In addition, revenue earned but unbilled in the last month of each fiscal year was not accrued for during the year, but recorded in the subsequent fiscal year.

In order to properly reflect revenues related to the correct fiscal period, and to accrue for revenues earned but unbilled, accounts receivable, revenues and net assets have been restated as of June 30, 2000.

### (15) Subsequent Events

#### (a) *Downgrade on Long-Term Debt*

On July 9, 2001, Standard and Poor's downgraded the Department's underlying rating on outstanding debt from AA- negative outlook to A+ stable outlook. The downgrade applied to approximately \$233,000 of uninsured debt of the Department.

#### (b) *Issuance of Additional Debt*

On July 19, 2001, the Department issued \$10,000 in commercial paper to fund capital improvements.

On August 8, 2001, the Department issued \$140,000 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, 2021 and the current interest term bonds mature on November 1, 2022 through 2031.

#### (c) *Refunding of Outstanding Commercial Paper*

Of the proceeds from the 2001 Series A issuance, \$85,000 was used to refund the Department's outstanding tax-exempt commercial paper. As of September 2001, the Department had no commercial paper outstanding.

**SAN FRANCISCO WATER DEPARTMENT**

Notes to Financial Statements

June 30, 2001 and 2000

(dollars in thousands)

*(d) Environmental Issue*

In August 2001, the CRWQCB issued a final directive instructing the Commission to execute a remedial action plan by mid-2004, that addresses environmental contamination located at certain real property owned by the Department. 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 clean up associated with this plan is estimated at \$22,783 and has been accrued in the accompanying financial statements.

SAN FRANCISCO WATER ENTERPRISE  
HISTORIC WATER SALES  
FISCAL YEARS ENDED JUNE 30  
(in MGD)

<b><u>Retail Customers (Metered Delivery)</u></b>	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2001 (percentage share)</u></b>
Residential	46.9	47.0	48.0	47.5	47.7	18.69%
Commercial	22.8	22.2	22.2	22.5	22.4	8.78
Industrial	0.7	0.7	0.7	0.7	0.6	0.24
Docks & Shipping	0.0	0.0	0.0	0.0	0.0	0.02
Municipal (paying)	2.8	2.9	2.9	1.5	1.4	0.56
Outside <sup>1</sup>	<u>2.7</u>	<u>2.3</u>	<u>1.1</u>	<u>4.7</u>	<u>4.7</u>	<u>1.83</u>
Subtotal – Retail Customers	75.9	75.1	74.9	76.9	76.8	30.13
Municipal (non-billed) <sup>2</sup>	4.5	4.2	3.1	3.5	3.6	1.39
<b><u>Suburban Purchasers</u></b>						
California Water Service Co (CalWater) <sup>3</sup>	34.3	31.9	33.5	35.5	36.8	14.42
Hayward Municipal Water	17.8	17.1	17.8	18.7	18.4	7.19
City of Palo Alto	13.6	12.2	13.0	13.8	13.8	5.40
Alameda County Water	12.5	11.5	12.0	12.6	11.8	4.60
City of Mt. View	10.9	9.7	10.2	10.1	11.1	4.35
City of Sunnyvale	11.4	9.4	11.2	9.9	9.8	3.84
City of Redwood City	10.9	10.4	11.4	11.9	11.8	4.62
City of Milpitas	7.0	7.0	6.8	7.2	7.1	2.76
Estero Municipal Improvement District	5.6	5.1	5.6	5.6	5.9	2.31
City of Burlingame	4.8	4.8	4.6	4.9	4.9	1.91
Other Suburban Purchasers	<u>41.7</u>	<u>38.9</u>	<u>44.6</u>	<u>43.4</u>	<u>43.5</u>	<u>17.09</u>
Subtotal – Suburban Purchasers	<u>170.5</u>	<u>158.0</u>	<u>170.7</u>	<u>173.5</u>	<u>174.9</u>	<u>68.49</u>
Total	250.9	237.3	248.7	254.0	255.3	100.0%

<sup>1</sup> Includes commercial and residential retail accounts outside of San Francisco.

<sup>2</sup> Represents deliveries to general fund departments of the City.

<sup>3</sup> Includes service provided by CalWater to Bear Gulch, San Carlos, San Mateo and South San Francisco.

Source: Public Utilities Commission, Customer Service Division.

**SAN FRANCISCO WATER ENTERPRISE  
PERCENTAGE RATE INCREASES (DECREASES)  
1988 TO DATE**

<u>Date</u>	<u>City (Retail Purchasers)</u>	<u>Wholesale (Suburban Purchasers)</u>
July 1988	15.0%	15.0%
July 1989	0.0	33.3
July 1990	14.0	27.6
July 1991	14.0 <sup>1</sup>	39.7
July 1992	18.0 <sup>1</sup>	19.2
July 1993	13.7	(33.2)
July 1994	14.0	19.1
July 1995	0.0	0.0
July 1996	7.6	0.0
July 1997	0.0	0.0
July 1998	0.0	(13.0)
July 1999	0.0	35.0
July 2000	0.0	4.4
July 2001	8.7	2.8

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<sup>1</sup> Does not include 18 cents per unit water purchase surcharge.  
Source: Public Utilities Commission, Finance Bureau.

## OUTSTANDING PARITY BONDS

<u>Bond Issue</u>	<u>Purpose</u>	<u>Outstanding Principal Amount</u>
\$70,145,682 San Francisco Water Revenue Bonds, 1991 Series A (the "1991 Bonds")	Repairs and replacements of water facilities	\$12,530,000 <sup>2</sup>
\$107,180,000 San Francisco Water Revenue Bond, 1992 Refunding Series A (the "1992 Bonds")	Refunding the 1987 Bonds	\$96,190,000
\$131,470,000 San Francisco Water Revenue Bonds, 1996 Series A (the "1996 Bonds")	Refunding a portion of the 1991 Bonds; replacements and reconstruction of water system; treatment plant improvements	\$128,335,000
TOTAL		\$237,061,000

*Subordinate Debt.* In 1999 the Commission began issuing Commercial Paper to fund construction costs, of which approximately \$85 million has been issued to date. It is anticipated that all or a portion of the Commercial Paper will be refunded with a portion of the proceeds of the 2001 Bonds to be sold in July, 2001. The Commercial Paper was issued pursuant to a resolution providing that the total amount of outstanding Commercial Paper plus any Bonds issued under Proposition A and Proposition B may not exceed \$304 million. Therefore, the Commission will have authorization to issue up to an additional \$164 million of Commercial Paper following the issuance of 2001 Bonds (assuming that the 2001 Bonds refund the Commercial Paper in full) to finance the System Reliability Project and Safe Water Project. The Commercial Paper is secured and payable on a basis subordinate to the payment of debt service on the Bonds.

The Commission has made timely payment of the principal and interest on the Commercial Paper as it has become due and payable. No Event of Default has occurred or is continuing on the part of the Commission with respect to the outstanding Commercial Paper.

<sup>1</sup> As of January 2, 2001, except for the principal amount of the 1991 bonds, which includes the accreted value of capital appreciation bonds as of May 1, 2001.

<sup>2</sup> Includes accreted value of the capital appreciation bonds.

**SAN FRANCISCO WATER ENTERPRISE**  
**HISTORICAL REVENUES, O&M AND DEBT SERVICE COVERAGE**  
**FOR FISCAL YEARS ENDING JUNE 30**  
**(\$000's)**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Unappropriated Balance as of 7/1	18,366	28,680	34,949	27,342	28,999
Retail Water Sales Revenue	62,689	62,202	62,863	63,761	62,930
Suburban Resale Revenue	60,934	56,106	52,117	72,140	76,157
Interest Income	3,711	4,093	3,660	4,924	9,708
Other Miscellaneous Income <sup>1</sup>	8,317	11,617	12,697	13,478	14,475
Gain on Sale of Fixed Assets <sup>2</sup>	0	2,136	3,014	65	126,364
<b>Total Revenues</b>	<b>135,651</b>	<b>136,154</b>	<b>134,351</b>	<b>154,368</b>	<b>289,634</b>
Operation and Maintenance Expenses					
Labor and Fringe Benefits	23,541	28,153	29,399	34,042	35,487
COWCAP <sup>3</sup>	1,033	1,172	1,351	1,564	1,350
Non-Personal Services	4,554	4,226	8,055	4,984	4,501
Materials and Supplies	5,097	4,760	5,434	6,151	5,648
Equipment	638	1,165	1,641	1,309	3,107
Services of PUC and Other Departments	25,766	32,901	41,470	44,352	41,652
Hetch Hetchy Assessments	19,037	19,037	19,037	19,037	19,037
<b>Total Operation and Maintenance Expense</b>	<b>79,666</b>	<b>91,414</b>	<b>106,387</b>	<b>111,439</b>	<b>110,782</b>
Net Revenues	55,985	44,740	27,964	42,929	178,852
Debt Service					
1987 Water Revenue Bonds	10,344	8,533	0	0	0
1991 Water Revenue Bonds <sup>4</sup>	3,538	2,017	2,019	2,011	2,011
1992 Water Revenue Bonds <sup>5</sup>	0	3,250	9,883	9,869	9,862
1996 Water Revenue Bonds	3,975	6,830	7,009	8,194	8,191
<b>Total Water Revenue Bond Debt Service</b>	<b>17,857</b>	<b>20,630</b>	<b>18,911</b>	<b>20,074</b>	<b>20,064</b>
General Obligation Bonds	1,409	1,410	1,406	848	0
<b>Total Debt Service</b>	<b>19,266</b>	<b>20,040</b>	<b>20,317</b>	<b>20,922</b>	<b>20,064</b>
Debt Service Coverage (Revenue) <sup>6</sup>	4.16x	3.46x	3.17x	3.50x	4.06x
Debt Service Coverage (Revenue & G.O. Bonds) <sup>6</sup>	3.86x	3.23x	2.95x	3.36x	4.06x

<sup>1</sup> Represents miscellaneous Revenues includes rents, leases and concessions.

<sup>2</sup> Not included in debt service coverage calculations below because land sale income is excluded from the definition of Revenues in the Indenture.

<sup>3</sup> County Wide Cost Allocation Plan.

<sup>4</sup> 1991 Water Revenue Bonds partially refunded by 1996 Water Revenue Bonds.

<sup>5</sup> Debt Service on the 1992 Water Revenue was paid from an escrow fund until November 1, 1997.

<sup>6</sup> Coverage calculated using unappropriated fund balances and Net Revenues in accordance with the rate covenant contained in the Indenture. Excludes income from land sales in accordance the definition of Revenues in the Indenture.

Source: Public Utilities Commission, Finance Bureau.