

CITY AND COUNTY OF SAN FRANCISCO

FIDUCIARY FUNDS

Fiduciary Funds include all Trust and Agency Funds which account for assets held by the City as a trustee or as an agent for individuals or other governmental units.

Trust Funds

Employees' Retirement System -- Accounts for the contributions from employees, City contributions and the earnings and profits from investments of monies. Disbursements are made for retirements, withdrawal, disability, and death benefits of the employees as well as administrative expenses.

Health Service System -- Accounts for the contributions from active and retired employees, and surviving spouses, City contributions and the earnings and profits from investment of monies. Disbursements are made for medical expenses and to various health plans of the beneficiaries.

Agency Funds

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

Assistance Program Fund -- Accounts for collections and advances received as an agent under various human welfare and community health programs. Monies are disbursed in accordance with legal requirements and program regulations.

Deposits Fund -- Accounts for all deposits under the control of the City departments. Dispositions of the deposits are governed by the terms of the statutes and ordinances establishing the deposit requirement.

Payroll Deduction Fund -- Accounts for monies held for payroll charges including federal, state and other payroll related deductions.

State Revenue Collection Fund -- Accounts for various fees, fines and penalties collected by City departments for the State of California which are passed through to the State.

Tax Collection Fund -- Accounts for monies received for current and delinquent taxes which must be held pending authority for distribution. Included are prepaid taxes, disputed taxes, duplicate payment of taxes, etc. This fund also accounts for monies deposited by third parties pending settlement of litigation and claims. Upon final settlement, monies are disbursed as directed by the courts or by parties to the dispute.

Transit Fund -- Accounts for the quarter of one percent sales tax collected by the State Board of Equalization and deposited with the County of origin for local transportation support. The Metropolitan Transportation Commission, the regional agency responsible for administration of these monies, directs their use and distribution.

Other Agency Funds -- Accounts for monies held as agent for a variety of purposes.

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds
June 30, 2004
(In Thousands)

	<u>Pension Trust Fund</u>	<u>Other Employee Benefit Trust Fund</u>	<u>Total</u>
	<u>Employees' Retirement System</u>	<u>Health Service System</u>	
ASSETS			
Deposits and investments with City Treasury.....	\$ 2,574	\$ 84,613	\$ 87,187
Deposits and investments outside City Treasury.....	12,421,630	-	12,421,630
Receivables:			
Payroll contribution.....	-	8,533	8,533
Interest and other.....	139,111	105	139,216
Invested securities lending collateral.....	1,356,618	-	1,356,618
Deferred charges and other assets.....	-	584	584
Total assets.....	<u>13,919,933</u>	<u>93,835</u>	<u>14,013,768</u>
Liabilities			
Accounts payable.....	6,967	10,110	17,077
Estimated claims payable.....	-	14,547	14,547
Obligations under fixed coupon dollar reverse repurchase agreeen	199,000	-	199,000
Payable to brokers.....	446,432	-	446,432
Securities lending collateral.....	1,356,618	-	1,356,618
Deferred credits and other liabilities.....	3,558	27,802	31,360
Total liabilities.....	<u>2,012,575</u>	<u>52,459</u>	<u>2,065,034</u>
Net Assets			
Held in trust for pension benefits and other purposes.....	<u>\$ 11,907,358</u>	<u>\$ 41,376</u>	<u>\$ 11,948,734</u>

CITY AND COUNTY OF SAN FRANCISCO
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds
Year ended June 30, 2004
(In Thousands)

	Pension Trust Fund	Other Employee Benefit Trust Fund	
	Employees' Retirement System	Health Service System	Total
Additions:			
Employees' contributions.....	\$ 170,550	\$ 57,109	\$ 227,659
Employer contributions.....	-	345,381	345,381
Total contributions.....	<u>170,550</u>	<u>402,490</u>	<u>573,040</u>
Investment income:			
Interest.....	161,531	846	162,377
Dividends.....	95,691	-	95,691
Net increase/(decrease) in fair value of investments.....	1,470,606	(608)	1,469,998
Securities lending income.....	15,391	-	15,391
Fixed coupon dollar reverse repurchase agreement income.....	3,083	-	3,083
Total investment income.....	<u>1,746,302</u>	<u>238</u>	<u>1,746,540</u>
Less investment expenses:			
Securities lending borrower rebates and expenses.....	(8,786)	-	(8,786)
Fixed coupon dollar reverse repurchase finance charges and expenses	(1,928)	-	(1,928)
Other expenses.....	(24,700)	-	(24,700)
Total investment expenses.....	<u>(35,414)</u>	<u>-</u>	<u>(35,414)</u>
Total additions, net.....	<u>1,881,438</u>	<u>402,728</u>	<u>2,284,166</u>
Deductions:			
Benefit payments.....	488,448	399,522	887,970
Refunds of contributions.....	7,935	-	7,935
Administrative expenses.....	10,710	-	10,710
Total deductions.....	<u>507,093</u>	<u>399,522</u>	<u>906,615</u>
Change in net assets.....	1,374,345	3,206	1,377,551
Net assets at beginning of year.....	10,533,013	38,170	10,571,183
Net assets at end of year.....	<u>\$ 11,907,358</u>	<u>\$ 41,376</u>	<u>\$11,948,734</u>

CITY AND COUNTY OF SAN FRANCISCO

FIDUCIARY FUNDS

Combining Statement of Changes in Assets and Liabilities - Agency Funds

Year ended June 30, 2004

(In Thousands)

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>
Assistance Program Fund				
ASSETS				
Deposits and investments with City Treasury.....	\$ 8,321	\$ 43,505	\$ 50,212	\$ 1,614
Receivables:				
Interest and other.....	147	68	147	68
Total assets.....	<u>\$ 8,468</u>	<u>\$ 43,573</u>	<u>\$ 50,359</u>	<u>\$ 1,682</u>
LIABILITIES				
Accounts payable.....	\$ 793	\$ 8,223	\$ 8,023	\$ 993
Agency obligations.....	7,675	40,940	47,926	689
Total liabilities.....	<u>\$ 8,468</u>	<u>\$ 49,163</u>	<u>\$ 55,949</u>	<u>\$ 1,682</u>
 Deposits Fund				
ASSETS				
Deposits and investments with City Treasury.....	\$ 24,565	\$ 40,901	\$ 39,234	\$ 26,232
Deferred charges and other assets.....	24,869	800	11	25,658
Total assets.....	<u>\$ 49,434</u>	<u>\$ 41,701</u>	<u>\$ 39,245</u>	<u>\$ 51,890</u>
LIABILITIES				
Accounts payable.....	\$ 686	\$ 16,586	\$ 16,761	\$ 511
Agency obligations.....	48,748	40,867	38,236	51,379
Total liabilities.....	<u>\$ 49,434</u>	<u>\$ 57,453</u>	<u>\$ 54,997</u>	<u>\$ 51,890</u>
 Payroll Deduction Fund				
ASSETS				
Deposits and investments with City Treasury.....	\$ -	\$ 10,538	\$ 662	\$ 9,876
Receivables:				
Payroll Contribution.....	51,849	-	26,388	25,461
Total assets.....	<u>\$ 51,849</u>	<u>\$ 10,538</u>	<u>\$ 27,050</u>	<u>\$ 35,337</u>
LIABILITIES				
Accounts payable.....	\$ 44,924	\$ -	\$ 15,167	\$ 29,757
Agency obligations.....	6,925	5,926	7,271	5,580
Total liabilities.....	<u>\$ 51,849</u>	<u>\$ 5,926</u>	<u>\$ 22,438</u>	<u>\$ 35,337</u>

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

FIDUCIARY FUNDS

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds (Continued)**

Year ended June 30, 2004

(In Thousands)

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
State Revenue Collection Fund				
ASSETS				
Deposits and investments with City Treasury.....	\$ 1,252	\$ 8,606	\$ 9,354	\$ 504
Total assets.....	<u>\$ 1,252</u>	<u>\$ 8,606</u>	<u>\$ 9,354</u>	<u>\$ 504</u>
LIABILITIES				
Accounts payable.....	\$ 175	\$ 9,288	\$ 9,284	\$ 179
Agency obligations.....	1,077	8,510	9,262	325
Total liabilities.....	<u>\$ 1,252</u>	<u>\$ 17,798</u>	<u>\$ 18,546</u>	<u>\$ 504</u>
 Tax Collection Fund				
ASSETS				
Deposits and investments with City Treasury.....	\$ 41,617	\$ 1,531,485	\$ 1,526,774	\$ 46,328
Deposits and investments outside City Treasury.....	1,005	-	1,005	-
Receivables:				
Interest and other.....	86,157	89,049	85,821	89,385
Total assets.....	<u>\$ 128,779</u>	<u>\$ 1,620,534</u>	<u>\$ 1,613,600</u>	<u>\$ 135,713</u>
LIABILITIES				
Accounts payable.....	\$ 470	\$ 35,601	\$ 35,146	\$ 925
Agency obligations.....	128,309	1,479,400	1,472,921	134,788
Total liabilities.....	<u>\$ 128,779</u>	<u>\$ 1,515,001</u>	<u>\$ 1,508,067</u>	<u>\$ 135,713</u>
 Transit Fund				
ASSETS				
Deposits and investments with City Treasury.....	\$ 2,666	\$ 36,964	\$ 36,977	\$ 2,653
Receivables:				
Interest and other.....	16	45	56	5
Total assets.....	<u>\$ 2,682</u>	<u>\$ 37,009</u>	<u>\$ 37,033</u>	<u>\$ 2,658</u>
LIABILITIES				
Accounts payable.....	\$ 758	\$ 7,363	\$ 7,366	\$ 755
Agency obligations.....	1,924	33,999	34,020	1,903
Total liabilities.....	<u>\$ 2,682</u>	<u>\$ 41,362</u>	<u>\$ 41,386</u>	<u>\$ 2,658</u>

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

FIDUCIARY FUNDS

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds (Continued)**

Year ended June 30, 2004

(In Thousands)

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>
Other Agency Funds				
ASSETS				
Deposits and investments with City Treasury.....	\$ 8,917	\$ 70,509	\$ 67,326	\$ 12,100
Receivables:				
Interest and other.....	133	819	126	826
Total assets.....	<u>\$ 9,050</u>	<u>\$ 71,328</u>	<u>\$ 67,452</u>	<u>\$ 12,926</u>
LIABILITIES				
Accounts payable.....	\$ 4,881	\$ 69,510	\$ 64,287	\$ 10,104
Due to other funds.....	-	30	30	-
Agency obligations.....	4,169	65,469	66,816	2,822
Total liabilities.....	<u>\$ 9,050</u>	<u>\$ 135,009</u>	<u>\$ 131,133</u>	<u>\$ 12,926</u>
Total Agency Funds				
ASSETS				
Deposits and investments with City Treasury.....	\$ 87,338	\$ 1,742,508	\$ 1,730,539	\$ 99,307
Deposits and investments outside City Treasury.....	1,005	-	1,005	-
Receivables:				
Payroll contribution.....	51,849	-	26,388	25,461
Interest and other.....	86,453	89,981	86,150	90,284
Deferred charges and other assets.....	24,869	800	11	25,658
Total assets.....	<u>\$ 251,514</u>	<u>\$ 1,833,289</u>	<u>\$ 1,844,093</u>	<u>\$ 240,710</u>
LIABILITIES				
Accounts payable.....	\$ 52,687	\$ 146,571	\$ 156,034	\$ 43,224
Due to other funds.....	-	30	30	-
Agency obligations.....	198,827	1,675,111	1,676,452	197,486
Total liabilities.....	<u>\$ 251,514</u>	<u>\$ 1,821,712</u>	<u>\$ 1,832,516</u>	<u>\$ 240,710</u>