PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 30, 2025

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: "Aa1"
S&P: "AA+"
Fitch: "AAA"
(See "RATINGS" herein)

In the opinion of Norton Rose Fulbright US LLP, San Francisco, California, Bond Counsel, under existing law, interest on the Bonds is exempt from personal income taxes imposed by the State of California. Bond Counsel expresses no opinion with respect to the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Such interest is not intended to be excluded from gross income for federal income tax purposes. See "TAX MATTERS."

$87,665,000*
CITY AND COUNTY OF SAN FRANCISCO
TAXABLE GENERAL OBLIGATION BONDS
(HEALTH AND RECOVERY, 2020)
SERIES 2025G

Dated: Date of Delivery | **Due: As shown on the inside front cover page hereof**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The City and County of San Francisco (the "City") is issuing its Taxable General Obligation Bonds (Health and Recovery, 2020), Series 2025G (the "Bonds"). The Bonds will be issued by the City under the Government Code of the State of California and the Charter of the City and County of San Francisco. The Bonds are being issued pursuant to certain resolutions adopted by the Board of Supervisors of the City (the "Board of Supervisors") and duly approved by the Mayor of the City. The issuance of the Bonds has been authorized at an election of registered voters of the City on November 3, 2020, at which more than two-thirds of the persons voting on Proposition A voted to authorize the issuance and sale of general obligation bonds to provide funds for the purposes authorized in such proposition. See "THE BONDS – Authority for Issuance; Purposes." The proceeds of the Bonds will be used to finance certain public improvements as described herein, and to pay certain costs related to the issuance of the Bonds. See "THE BONDS – Authority for Issuance; Purposes" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedule on the inside front cover page hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing June 15, 2026. Principal will be paid at maturity as shown on the inside front cover page hereof. See "THE BONDS – Payment of Interest and Principal." The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the City Treasurer, as paying agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration."

The Bonds will not be subject to optional redemption prior to their stated maturity dates.* See "THE BONDS – No Optional Redemption."

The Board of Supervisors at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, an *ad valorem* tax upon the taxable property of the City sufficient to pay principal of and interest on the Bonds as they become due. See "SECURITY FOR THE BONDS."

BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED BY THE CITY AT 8:15 A.M.* CALIFORNIA TIME ON NOVEMBER 5, 2025*, AS PROVIDED IN THE OFFICIAL NOTICE OF SALE INVITING BIDS DATED OCTOBER 30, 2025. See "SALE OF THE BONDS" herein.

MATURITY SCHEDULE
(See Inside Front Cover Page)

The Bonds are offered when, as and if issued by the City and accepted by the initial purchaser, subject to the approval of legality by Norton Rose Fulbright US LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by its City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California and Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Co-Disclosure Counsel. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about November 19, 2025.*

Dated: November __, 2025.

* Preliminary, subject to change.

MATURITY SCHEDULE*

$87,665,000*
CITY AND COUNTY OF SAN FRANCISCO
TAXABLE GENERAL OBLIGATION BONDS
(HEALTH AND RECOVERY, 2020)
SERIES 2025G

(Base CUSIP† Number: 79773K)

Maturity Date (June 15)	Principal Amount*	Interest Rate	Price‡	Yield‡	CUSIP† Suffix
2026	$86,040,000				
2027	1,625,000				

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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City or their agents or counsel assume responsibility for the accuracy of such numbers.

‡ The initial purchaser provided its reoffering prices and yields. The City takes no responsibility for the accuracy thereof.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchaser or purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein, other than that provided by the City, has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

In connection with the offering of the Bonds, the initial purchaser may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The initial purchaser may offer and sell the Bonds to certain dealers and dealer banks at yields higher or prices lower than the initial public offering yields and/or prices stated on the inside front cover page hereof. Such initial public offering yields and/or prices may be changed from time to time by the initial purchaser.

This Official Statement contains forecasts, projections, estimates and other forward-looking statements that are based on current expectations. The words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, seismic events, public health emergencies, and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the City with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 in reliance upon the exemption provided thereunder by Section 3(a)2 for the issuance and sale of municipal securities.

The City maintains a website and social media accounts. The information presented on such website and social media accounts is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are not incorporated herein and are not part of this Official Statement by such references.

SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

CITY AND COUNTY OF SAN FRANCISCO

MAYOR

Daniel Lurie

BOARD OF SUPERVISORS

Rafael Mandelman, *Board President, District 8*

Connie Chan, *District 1*
Stephen Sherrill, *District 2*
Danny Sauter, *District 3*
Vacant, *District 4*
Bilal Mahmood, *District 5*

Matt Dorsey, *District 6*
Myrna Melgar, *District 7*
Jackie Fielder, *District 9*
Shamann Walton, *District 10*
Chyanne Chen, *District 11*

CITY ATTORNEY

David Chiu

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Carmen Chu, *City Administrator*
Greg Wagner, *Controller*
Anna Van Degna, *Director, Controller's Office of Public Finance*

PROFESSIONAL SERVICES

Paying Agent and Registrar

Treasurer of the City and County of San Francisco

Bond Counsel

Norton Rose Fulbright US LLP
San Francisco, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Co-Disclosure Counsel

Hawkins Delafield & Wood LLP
San Francisco, California

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

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OFFICIAL STATEMENT

$87,665,000[*]
CITY AND COUNTY OF SAN FRANCISCO
TAXABLE GENERAL OBLIGATION BONDS
(HEALTH AND RECOVERY, 2020)
SERIES 2025G

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the public offering by the City and County of San Francisco (the "City") of its Taxable General Obligation Bonds (Health and Recovery, 2020), Series 2025G (the "Bonds"). The Board of Supervisors of the City (the "Board of Supervisors") at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, an *ad valorem* tax upon the taxable property of the City sufficient to pay principal of and interest on the Bonds as they become due. See "SECURITY FOR THE BONDS."

Quotations from and summaries and explanations of the Bonds, the resolutions providing for the issuance and payment of the Bonds, and provisions of the Constitution and statutes of the State of California (the "State"), the charter of the City (the "Charter") and City ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Bonds are available from the City through the Controller's Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 338, San Francisco, California 94102-4682. Reference is made herein to various other documents, reports, websites, etc., which were either prepared by parties other than the City, or were not prepared, reviewed and approved by the City with a view towards making an offering of public securities, and such materials are therefore not incorporated herein by such references nor deemed a part of this Official Statement.

Except as described in the immediately following paragraph, this Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the City with respect to the Bonds, the City has no obligation to update the information in this Official Statement. See "CONTINUING DISCLOSURE" and Appendix D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

THE CITY AND COUNTY OF SAN FRANCISCO

General. The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about an hour's drive to the south, and the Napa-Sonoma wine country is about an hour's drive to the north. The California Department of Finance estimates the City's population as of January 1, 2025 was 842,027.

The San Francisco Bay Area consists of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (collectively, the "Bay Area"). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include technology, retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and

[*] Preliminary, subject to change.

financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, healthcare, higher education and agriculture. The California State Supreme Court is also based in San Francisco.

The City benefits from a highly skilled, educated and professional labor force. The City estimated the per capita personal income of the City for fiscal year 2023-24 was $167,542. The San Francisco Unified School District ("SFUSD"), which is a separate legal entity from the City, operated 64 elementary schools, eight alternative learning schools serving grades transitional kindergarten through eight, 13 middle schools, 14 high schools, 11 early education schools, six County and Court schools, three continuation schools as of the 2024-25 academic year. For the 2024-25 academic year, 11 fiscally independent charter schools operated within SFUSD's boundaries for which SFUSD is the charter-approving agency. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the UC College of the Law, San Francisco (formerly University of California Hastings College of the Law), the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the California College of the Arts, the San Francisco Conservatory of Music, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County, is owned by the City and is operated by the San Francisco Airport Commission (the "Airport Commission"), and is a principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific Rim traffic. The City is also served by the Bay Area Rapid Transit District ("BART," an electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway ("Muni"), operated by the San Francisco Municipal Transportation Agency ("SFMTA"), provides bus and streetcar service within the City. The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities, and natural resource protection.

Government. . San Francisco is a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California and is the only consolidated city and county in the State. Voters approved the City's current Charter at the November 1995 election. The City is governed by a Board of Supervisors elected from 11 districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. The City's FY26 & FY27 Original Budget (as defined in Appendix A) for fiscal years 2025-26 and 2026-27 totals approximately $16.0 billion and $16.2 billion, respectively. The General Fund portion of the FY26 & FY27 Original Budget is approximately $7.0 billion in fiscal year 2025-26 and $7.4 billion in fiscal year 2026-27, with the balance allocated to all other funds, including enterprise fund departments, such as the Airport Commission, SFMTA, the Port Commission and the San Francisco Public Utilities Commission ("SFPUC"). According to the Controller of the City (the "Controller"), at the start of fiscal year 2025-26, total net assessed valuation of taxable property in the City was approximately $357.8 billion.

More detailed information about the City's governance, organization and finances may be found in Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in Appendix B – "ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

THE BONDS

Authority for Issuance; Purposes

General. The Bonds will be issued under the Government Code of the State and the Charter. The City authorized the issuance of the Bonds by (i) Resolution No. 234-21, adopted by the Board of Supervisors on May 18, 2021, and duly approved by the Mayor of the City on May 28, 2021 (the "Authorizing Resolution"), and (ii) Resolution No. 332-25, adopted by the Board of Supervisors on July 15, 2025, and duly approved by the Mayor of the City on July 23, 2025 (the "Sale Resolution," and together with the Authorizing Resolution, the "Resolutions").

Proposition A (2020) and the Bonds. The Bonds will constitute the third issuance of bonds from an aggregate authorized amount of $487,500,000 of City and County of San Francisco General Obligation Bonds (Health and Recovery, 2020), duly approved by more than two-thirds of the voters voting on Proposition A at an election held on November 3, 2020 ("Proposition A (2020)"), to provide funds for the purposes authorized in Proposition A (2020), which are summarized as follows: to finance the acquisition or improvement of real property, including to stabilize, improve, and make permanent investments in supportive housing facilities, shelters, and/or facilities that deliver services to persons experiencing mental health challenges, substance use disorder, and/or homelessness; improve the accessibility, safety and quality of parks, open spaces and recreation facilities; improve the accessibility, safety and condition of the City's streets and other public right-of-way and related assets; and to pay related costs. The City has previously issued, pursuant to Proposition A (2020), its (i) Tax-Exempt General Obligation Bonds (Health and Recovery, 2020), Series 2021D-1 Bonds in the aggregate principal amount of $194,255,000, (ii) Taxable General Obligation Bonds (Health and Recovery, 2020), Series 2021D-2 Bonds in the aggregate principal amount of $64,250,000, and (iii) Tax-Exempt General Obligation Bonds (Health and Recovery, 2020), Series 2023A Bonds in the aggregate principal amount of $28,785,000. After the issuance of the Bonds, $112,545,000* of unissued bonds will remain authorized under Proposition A (2020).

Bond Oversight. The Administrative Code of the City (the "Administrative Code") and Proposition A (2020), provide that, to the extent permitted by law, 0.1% of the gross proceeds of all proposed general obligation bonds, including the Bonds, be deposited by the Controller and used to fund the costs of the City's independent Citizens' General Obligation Bond Oversight Committee (the "Oversight Committee"). The Oversight Committee was created by the adoption by the voters in 2002 of Proposition F (adopted by the voters March 5, 2002), to review and oversee the delivery of general obligation bond-funded projects. A year later, the voters passed Proposition C, which authorized the Oversight Committee to review and give input on the work of the City services auditor, including the City's whistleblower program. The Oversight Committee has nine members appointed by the Mayor, Board of Supervisors, Controller and the Civil Grand Jury. The purpose of the Oversight Committee is to inform the public concerning the expenditure of general obligation bond proceeds in accordance with the voter authorization.

Form and Registration

The Bonds will be issued in the principal amounts set forth on the inside front cover page hereof, in denominations of $5,000 each or any integral multiple thereof, and will be dated their date of delivery. The Bonds will be issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company ("DTC"), which is required to remit payments of principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See Appendix E – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

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* Preliminary, subject to change.

Payment of Interest and Principal

Interest on the Bonds will be payable on each June 15 and December 15 to maturity or prior redemption, commencing June 15, 2026, at the interest rates shown on the inside front cover page hereof. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Treasurer of the City (the "City Treasurer") will act as initial paying agent and registrar with respect to the Bonds. To the extent the City Treasurer deems it necessary or desirable, the City Treasurer is authorized to appoint one or more agents to serve as paying agent under the supervision of the City Treasurer to the extent permitted by law. The interest on the Bonds will be payable in lawful money of the United States to the person whose name appears on the Bond registration books of the City Treasurer as the owner thereof as of the close of business on the last day of the month immediately preceding an interest payment date (the "Record Date"), whether or not such day is a business day. Each Bond authenticated on or before May 31, 2026 will bear interest from the date of delivery. Every other Bond will bear interest from the interest payment date next preceding its date of authentication unless it is authenticated as of a day during the period from the Record Date next preceding any interest payment date to the interest payment date, inclusive, in which event it will bear interest from such interest payment date; provided, that if, at the time of authentication of any Bond, interest is then in default on the Bonds, such Bond will bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Bonds or from the date of delivery of the Bonds if the first interest payment is not made.

The Bonds will mature on the dates shown on the inside front cover page hereof. The principal of the Bonds will be payable in lawful money of the United States to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the City Treasurer.

No Optional Redemption*

The Bonds will not be subject to optional redemption prior to their stated maturity dates.

Project Account

The Resolutions establish a project account for the bonds issued under Proposition A (2020) designated as the "General Obligation Bonds (Health and Recovery, 2020) Project Account" (the "Proposition A (2020) Project Account"), including the Bonds, and within the Proposition A (2020) Project Account, a subaccount for the Bonds (the "Series 2025G Project Subaccount"). The Series 2025G Project Subaccount will be maintained by the City Treasurer as a separate account, segregated and distinct from all other accounts. The City Treasurer may establish such accounts and subaccounts within the Proposition A (2020) Project Account as may be necessary or convenient in connection with the administration of projects or the bonds issued under the Resolutions.

All of the proceeds of the sale of the Bonds (excluding any premium and accrued interest received thereon, unless otherwise determined by the Director of Public Finance) will be deposited by the City Treasurer to the credit of the Series 2025G Project Subaccount and applied exclusively to the objects and purposes specified in Proposition A (2020).

When such objects and purposes have been accomplished, any moneys remaining in the Series 2025G Project Subaccount will be transferred to the Proposition A (2020) Bond Account established under the Resolutions and such funds will be applied to the scheduled payment of the principal of and interest on the Bonds (see "SECURITY FOR THE BONDS – Flow of Funds Under the Resolutions"). Amounts in the Series 2025G Project Subaccount may be applied to the payment of costs of issuance of the Bonds, including, without limitation, bond and financial printing expenses, mailing and publication expenses, rating agency fees, and the fees and expenses of paying agents, registrars, financial consultants, bond counsel and disclosure counsel.

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* Preliminary, subject to change.

Defeasance

Payment of all or any portion of the Bonds may be provided for prior to such Bonds' respective stated maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust company designated by the City Treasurer to act as escrow agent with respect thereto): (a) an amount of cash equal to the principal amount of all of such Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to such Bonds' respective stated maturities and in respect of which notice of such redemption will have been given as described above or an irrevocable election to give such notice will have been made by the City, the amount to be deposited will be the principal amount thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such Redemption Date; or (b) Defeasance Securities (as defined below) not subject to call, except as described in the definition below, maturing and paying interest at such times and in such amounts, together with interest earnings and cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the Redemption Date, as the case may be, and any premium due on the Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such redemption will be given as described above or an irrevocable election to give such notice will have been made by the City; then, all obligations of the City with respect to said outstanding Bonds will cease and terminate, except only the obligation of the City to pay or cause to be paid from the funds deposited as described in this paragraph, to the owners of said Bonds all sums due with respect thereto, and the tax covenant obligations of the City with respect to the Bonds; provided, that the City will have received an opinion of nationally recognized bond counsel that provision for the payment of said Bonds has been made as required by the Resolutions.

As used in this section, the following terms have the meanings given below:

"Defeasance Securities" means any of the following which at the time are legal investments under the laws of the State of California for the moneys proposed to be invested therein: (1) United States Obligations (as defined below); and (2) Pre-refunded fixed interest rate municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee or paying agent has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or United States Obligations; (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund or the redemption account) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus sign or other modifier), at the time of original deposit to the escrow fund, by any two Rating Agencies (as defined below) not lower than the rating then maintained by the respective Rating Agency on such United States Obligations.

"United States Obligations" means (i) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including without limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that have been stripped by request to the Federal Reserve Bank of New York in book-entry form, or (ii) any security issued by an agency or instrumentality of the United States of America that is selected by the Director of Public Finance that results in the escrow fund being rated by any two Rating Agencies at the time of the initial deposit to the escrow fund and upon any substitution or subsequent deposit to the escrow fund, not lower than the rating then maintained by the respective Rating Agency on United States Obligations described in (i) herein.

"Rating Agencies" means Moody's Ratings, Fitch Ratings, and S&P Global Ratings, or any other nationally-recognized bond rating agency that is the successor to any of the foregoing rating agencies or that is otherwise established after the date of adoption of the Resolutions.

ESTIMATED SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds in connection with the Bonds:

Estimated Sources of Funds	
Principal Amount of Bonds	
Net Original Issue Premium	
Total Estimated Sources of Funds	
Estimated Uses of Funds	
Deposit to Series 2025G Project Subaccount(1)	
Oversight Committee(2)	
Costs of Issuance(3)	
Total Estimated Uses of Funds	

(1) The City's Charter requires 0.2% of all Series 2025G Project Subaccount deposits to be set aside for the City's Office of the Controller's City Services Auditor ("CSA") fee.

(2) See "THE BONDS – Authority for Issuance; Purposes – Bond Oversight."

(3) Includes fees for services of rating agencies, the Municipal Advisor, Bond Counsel, Co-Disclosure Counsel, costs to the City, initial purchasers discount, printing costs, and other miscellaneous costs associated with the issuance of the Bonds.

DEBT SERVICE SCHEDULES

The scheduled debt service payable with respect to the Bonds is as follows:

City and County of San Francisco
Taxable General Obligation Bonds
(Health and Recovery, 2020),
Series 2025G

Payment Date	Principal	Interest	Total Debt Service	Fiscal Year Total
Total				

The consolidated scheduled debt service payable with respect to the Bonds and the City's other general obligation bonds is shown in the table below (assuming no early redemptions).

Consolidated Scheduled Debt Service on the Bonds and the City's Other General Obligation Bonds[1]

Fiscal Year (June 30)	Total Debt Service on the Bonds	Other General Obligation Bonds Debt Service[2]	Total Debt Service
2026		$334,793,380	
2027		272,984,880	
2028		268,927,208	
2029		269,439,522	
2030		269,865,313	
2031		229,713,027	
2032		229,405,816	
2033		192,578,270	
2034		170,400,610	
2035		160,864,008	
2036		122,896,381	
2037		110,410,979	
2038		110,405,236	
2039		102,761,611	
2040		101,098,871	
2041		94,071,966	
2042		94,073,292	
2043		94,070,628	
2044		94,069,644	
2045		94,068,532	
2046		54,294,213	
2047		19,392,526	
2048		19,390,465	
2049		10,095,434	
2050		10,098,172	
2051		10,094,617	
2052		10,098,588	
2053		10,101,387	
2054		10,097,708	
2055		10,097,333	
2056		10,094,512	
2057		10,097,618	
2058		10,096,979	
2059		6,352,105	
2060		6,344,238	
2061		2,213,193	
2062		2,210,638	
2063		2,212,905	
2064		2,214,450	
Total		**$3,632,496,251**	

(1) Amounts are rounded off to the nearest dollar. Totals may not add up due to rounding of individual components.
(2) As of October 15, 2025 (less debt service payments relating to the Bonds). See Table A-28 in Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES."

SECURITY FOR THE BONDS

General

Pursuant to the Resolutions, for the purpose of paying the principal of and interest on the Bonds, the Board of Supervisors at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, or until there is a sum set apart for that purpose in the Treasury of the City sufficient to meet all sums coming due for payment of principal of and interest on the Bonds, a tax sufficient to pay the annual principal of and interest on the Bonds as the same become due. In fixing such tax levy for each fiscal year, the Board of Supervisors will take into account amounts then on deposit in the Tax Revenues Subaccount relating to the Bonds (as defined below under "Flow of Funds Under the Resolutions"), if such amounts will be available to pay debt service on the Bonds. Said tax will be in addition to all other taxes levied for City purposes, will be collected at the time and in the same manner as other taxes of the City are collected, and will be used only for the payment of the Bonds and the interest thereon. Under the framework of the constitutional provisions and statutes applicable to California general obligation bonds, including the Bonds, taxes levied to pay debt service on the Bonds may not be used for any other purpose and are not available to support general City operations. See "Property Taxation" below.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. In general, if overall assessed values of taxable property in the City were to decline, then the City, in order to generate sufficient tax revenues to pay debt service on the Bonds and other general obligation bonds, would increase tax rates applicable to the Bonds and other general obligations bonds. See "Property Taxation" below.

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. See "Statutory Lien on Taxes (Senate Bill 222)" below.

Pursuant to the Resolutions, the City will pledge the Proposition A (2020) Bond Account (as defined under "Flow of Funds Under the Resolutions") and all subaccounts and amounts on deposit therein for the payment of the principal of and interest on bonds issued under the Resolutions (including the Bonds) when and as the same become due. See "Pledge" below.

Under the Resolutions, the City is not obligated to pay the debt service from any sources other than as described above. This Official Statement, including Appendix A hereto, provides information on the City's overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolutions and that should not be considered available to pay debt service on the Bonds.

Flow of Funds Under the Resolutions

Proposition A (2020) Bond Account. The Resolutions provide for the establishment with the City Treasurer of a special bond account for all bonds issued under Proposition A (2020) designated as the "General Obligation Bonds (Heath and Recovery, 2020) Bond Account" (the "Proposition A (2020) Bond Account"), including the Bonds, and within the Proposition A (2020) Bond Account, a subaccount for the Bonds (the "Series 2025G Bond Subaccount"), to be held separate and apart from all other accounts of the City.

The Proposition A (2020) Bond Account and all subaccounts therein will be administered by the City Treasurer with all disbursements of funds therefrom subject to the authorization of the Controller. Pursuant to the applicable sale resolution, the Controller or the City Treasurer, as applicable, may establish such additional accounts and subaccounts within the Proposition A (2020) Bond Account or with any agent, including but not limited to any paying agent or fiscal agent, as may be necessary or convenient in connection with the administration of any series of bonds issued under the Resolutions, to provide for the payment of principal and interest on such series of bonds.

The City Treasurer will deposit in the Series 2025G Bond Subaccount from the proceeds of sale of the Bonds any moneys received on account of original issue premium and interest accrued on the Bonds to the date of payment of the purchase price thereof, and such other moneys, if any, as may be specified in the applicable sale resolution. So long as any of the bonds are outstanding under the Resolutions, moneys in the Proposition A (2020) Bond Account will be used and applied by the City Treasurer solely for the purpose of paying the principal of and interest on such bonds as such principal and interest become due and payable, or for purchase of such bonds if permitted by the applicable sale resolution; provided, however, that when all of the principal of and interest on such bonds have been paid, any moneys then remaining in the Proposition A (2020) Bond Account will be transferred to the City for any legally permitted purpose. The Board of Supervisors will take such actions annually as are necessary or appropriate to cause the debt service on the bonds issued under the Resolutions due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor.

Pursuant to the Authorizing Resolution, all taxes collected by the City for the payment of debt service on the Bonds will be deposited in a special subaccount within the Proposition A (2020) Bond Account relating to the Bonds, to be designated as the "Tax Revenues Subaccount."

***Series 2025G Bond Subaccount*.** The Resolutions provide that (i) on or prior to the date on which any payment of principal of or interest on the Bonds is due, including any Bonds subject to mandatory redemption on such date, the City Treasurer will allocate to and deposit in the Series 2025G Bond Subaccount, from amounts held in the Proposition A (2020) Bond Account, an aggregate amount which, when added to any available moneys contained in such Series 2025G Bond Subaccount, is sufficient to pay principal of and interest on the Bonds on such date, and (ii) on or prior to the date on which the Bonds to be redeemed at the option of the City, the City Treasurer may allocate to and deposit in the Redemption Account established under the Resolutions, from amounts held in the Proposition A (2020) Bond Account, an amount which, when added to any available moneys contained in the related Redemption Account, is sufficient to pay principal, interest and premium, if any, with respect to the Bonds on such date. The City Treasurer may make such other provision for the payment of principal of and interest and any redemption premium on the Bonds as is necessary or convenient to permit the optional redemption of the Bonds. See "THE BONDS – No Optional Redemption" herein.

Amounts in the Series 2025G Bond Subaccount may be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may (i) commingle any of the moneys held in the Series 2025G Bond Subaccount with other City moneys or (ii) deposit amounts credited to the Series 2025G Bond Subaccount into a separate fund or funds for investment purposes only; provided, that all of the moneys held in the Series 2025 G Bond Subaccount will be accounted for separately notwithstanding any such commingling or separate deposit by the City Treasurer. See Appendix C – "CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER – INVESTMENT POLICY." All interest earned on amounts on deposit in the Series 2025G Bond Subaccount will be retained in the Series 2025G Bond Subaccount.

Interest. On or before June 15 and December 15 (commencing June 15, 2026 with respect to the Bonds) in each year that any of the bonds issued under the Authorizing Resolution are outstanding (or, for any series of bonds issued under the Authorizing Resolution bearing interest at variable rates, on such other dates as may be provided by the applicable sale resolution), the City Treasurer will set aside in the Proposition A (2020) Bond Account and the appropriate subaccounts therein relating to each series of such bonds an amount which, when added to the amount contained in the Proposition A (2020) Bond Account and subaccounts therein on that date, if any, will be equal to the aggregate amount of the interest becoming due and payable on each series of such bonds outstanding on such interest payment date.

Principal. On or before June 15 in each year that any of the bonds issued under the Authorizing Resolution are outstanding, the City Treasurer will set aside in the Proposition A (2020) Bond Account and the appropriate subaccounts therein relating to each series of such bonds an amount which will be equal to the principal on each series of such bonds outstanding that will become due and payable on said June 15.

All moneys in the Proposition A (2020) Bond Account will be used and withdrawn by the City Treasurer solely for the purpose of paying the principal of and interest on each series of bonds issued under the Authorizing Resolution as the same become due and payable. On June 15 and December 15 in each year that any such bond is outstanding, the City Treasurer will allocate, transfer and apply to the various subaccounts in the Proposition A (2020) Bond Account created pursuant to the applicable sale resolution, on such date on which payment of principal or interest on any series of bonds is due, from moneys on deposit in the Proposition A (2020) Bond Account, an amount equal to the amount of principal of, premium, if any, or interest due on said date with respect to each series of the bonds then outstanding. Unless other provision is made pursuant to the Authorizing Resolution for the payment of any bond, all amounts held in the various subaccounts of the Proposition A (2020) Bond Account created pursuant to a sale resolution will be used and applied by the City Treasurer to pay principal of, premium, if any, and interest due on the series of the bonds to which such subaccount relates, as and when due.

Pledge

Pursuant to the Resolutions, the City will pledge the Proposition A (2020) Bond Account and all subaccounts and amounts on deposit therein for the payment of the principal of and interest on bonds issued under the Resolutions (including the Bonds) when and as the same become due, including the principal of any term bonds required to be paid upon the mandatory sinking fund redemption thereof. In addition, the payment of such principal and interest will be secured by the statutory lien of California Government Code Section 53515, to the extent applicable to the amounts of *ad valorem* taxes on deposit in the Proposition A (2020) Bond Account. Each and every series of bonds issued under the Resolutions, including the Bonds, will be equally and ratably secured by this pledge, the foregoing statutory lien, and the taxes collected as described above.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. Section 53515 of the California Government Code provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time such bonds are executed and delivered. Section 53515 of the California Government Code further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. See "CERTAIN RISK FACTORS – Limitation on Remedies; Bankruptcy."

Property Taxation

General. The City levies property taxes for general operating purposes as well as for the payment of voter-approved general obligation bonds. Taxes levied to pay debt service for general obligation bonds may only be applied for that purpose. As a county under State law, the City also levies property taxes on behalf of all local agencies with overlapping jurisdiction within the boundaries of the City. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. At the start of fiscal year 2025-26, the total net assessed valuation of taxable property within the City was approximately $357.8 billion. For additional information on the property taxation system, assessed values and appeals to assessed values, see Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Property Taxation."

Local property taxation is the responsibility of various City officers. The Assessor-Recorder computes the value of locally assessed taxable property. After the assessed roll is closed on June 30th, the Controller issues a Certificate of Assessed Valuation in August which certifies the taxable assessed value for that fiscal year. The Controller also compiles a schedule of tax rates including the 1.0% tax authorized by Article XIIIA of the State Constitution (and mandated by statute), tax surcharges needed to repay voter-approved general obligation bonds, and tax surcharges imposed by overlapping jurisdictions that have been authorized to levy taxes on property located in the City. The Board of Supervisors approves the schedule of tax rates each year by ordinance adopted no later than the last working day of September. The Treasurer and Tax Collector prepare and mail tax bills to taxpayers and collect the taxes on behalf of the City and other overlapping taxing agencies that levy taxes on taxable property located in the City. The City Treasurer holds and invests City tax funds, including taxes collected for payment of general obligation bonds, and is charged with the payment of principal and interest on such bonds, including the Bonds, when due.

Of the $357.8 billion total net assessed valuation of taxable property within the City at the start of fiscal year 2025-26, $341.8 billion (approximately 95.5%) represents secured valuations and $16.0 billion (approximately 4.5%) represents unsecured valuations. Approximately 67.8% of fiscal year 2025-26 secured assessed valuation was derived from residential property (single or multi-family properties), approximately 28.6% from commercial property (hotel, office, retail, miscellaneous), and the balance from state assessed property, industrial, or other land uses. Proposition 13 limits to 2% per year any increase in the assessed value of property, unless it is sold or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

Under Article XIIIA of the State Constitution added by Proposition 13 in 1978, property must be reassessed to full cash value at the time of sale. Taxpayers can appeal the Assessor-Recorder's determination of their property's assessed value, and the appeals may be retroactive and for multiple years. The State prescribes the assessment valuation methodologies and the adjudication process that counties must employ in connection with counties' property assessments.

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in assessment appeals as the economy rebounds. See "CERTAIN RISK FACTORS – Factors Affecting Property Tax Security for the Bonds" below. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Property Taxation – Assessed Valuations, Tax Rates and Tax Delinquencies."

In addition, appeals activity is reviewed each year and incorporated into the current and subsequent years' budget projections of property tax revenues. Historical information on refunds of prior years' property taxes from the discretionary General Fund appeals reserve fund are listed in Table A-7 of Appendix A attached hereto.

Tax Levy and Collection Process. Generally, property taxes levied by the City on real property become a lien on that property by operation of law. A tax levied on personal property does not automatically become a lien against real property without an affirmative act of the City taxing authority. Real property tax liens have priority over all other liens against the same property regardless of the time of their creation by virtue of express provision of law.

Property subject to *ad valorem* taxes is entered as secured or unsecured on the assessment roll maintained by the Assessor-Recorder. The secured roll is that part of the assessment roll containing State-assessed property and property (real or personal) on which liens are sufficient, in the opinion of the Assessor-Recorder, to secure payment of the taxes owed. Other property is placed on the "unsecured roll." The method of collecting delinquent taxes is substantially different for the two classifications of property.

The City has four ways of collecting unsecured personal property taxes: (1) pursuing civil action against the taxpayer; (2) filing a certificate in the Office of the Clerk of the Court specifying certain facts, including the date of mailing a copy thereof to the affected taxpayer, in order to obtain a judgment against the taxpayer; (3) filing a certificate of delinquency for recording in the Assessor-Recorder's Office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes. A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared "tax defaulted" and subject to eventual sale by the Treasurer and Tax Collector of the City. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

Teeter Plan. In October 1993, the Board of Supervisors of the City passed a resolution that adopted the Alternative Method of Tax Apportionment (the "Teeter Plan"). The Teeter Plan method authorizes the City Controller to allocate to the City's taxing agencies 100% of the secured property taxes billed but not yet collected. In return, as the delinquent property taxes and associated penalties and interest are collected, the City's General Fund retains such amounts. The City has funded payment of accrued and current delinquencies through authorized internal borrowing. The City also maintains a "Tax Loss Reserve" for the Teeter Plan. Information on this Tax Loss Reserve is as shown on Table A-8 in Appendix A attached hereto.

Taxation of Utility Property. A portion of the City's total net assessed valuation consists of utility property subject to assessment by the State Board of Equalization. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other State-assessed property values are allocated to the counties by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City itself) according to statutory formulae generally based on the distribution of taxes in the prior year. The fiscal year 2025-26 valuation of property assessed by the State Board of Equalization is approximately $4.9 billion.

CERTAIN RISK FACTORS

The Resolutions provide that the Bonds are payable from and secured by a voter-approved dedicated property tax levy on all taxable property in the City. Under the Resolutions, the City is not obligated to pay the debt service from any other sources. This Official Statement, including Appendix A hereto, provides information on the City's overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolutions and that should not be considered available to pay debt service on the Bonds. See "SECURITY FOR THE BONDS" herein.

New information about the City's finances and operations and events impacting the City, both expected and unexpected, is frequently available throughout the year and the City cannot predict with certainty the timing or ultimate outcome of such matters or the impact of such matters on the City's finances. Such information and events expected in the coming weeks include, but are not limited to, but are not limited to, (i) the City's Annual Comprehensive Financial Report for fiscal year ended June 30, 2025, currently expected to be issued in November or December of 2025, and (ii) the Five-Year Plan update for Fiscal Years 2026-27 through 2029-30, currently expected to be issued in December of 2025. See " – Material City Financial Challenges" below and Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" attached hereto.

Factors Affecting Property Tax Security for the Bonds

The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. Issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase.

Discussed below are certain factors that may affect the City's ability to levy and collect sufficient taxes to pay scheduled debt service on the Bonds each year. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" for additional information on these factors.

Total Assessed Value of Taxable Property in the City. The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the City's general obligation bonds. The total net assessed valuation of taxable property in the City at the start of fiscal year 2025-26 was approximately $357.8 billion, compared to approximately $348.7 billion in fiscal year 2024-25. See Table A-6 in Appendix A attached hereto. During economic downturns, declining market values of real estate, increased foreclosures, and increases in requests submitted to the Assessor-Recorder and the Assessment Appeals Board for reductions in assessed value have generally caused a reduction in the assessed value of some properties in the City. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Property Taxation – Assessed Valuations, Tax Rates, and Tax Delinquencies."

Natural and economic forces can affect the assessed value of taxable property in the City. The City is located in a seismically active region, and damage from an earthquake in or near the City could cause moderate to extensive or total damage to taxable property. See "– Seismic Risks" below. Other natural or man-made disasters, such as flood and sea level rise (see "– Climate Change, Risk of Sea Level Rise and Flooding Damage" below), fire, toxic dumping, acts of terrorism or public health emergencies, such as the COVID-19 pandemic (see "– Public Health Emergencies" below), could also cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the Bay Area's economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Concentration of Taxable Property Ownership. The more property (by assessed value) owned by any single assessee, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. As of July 1, 2025, no single parcel comprised more than approximately 0.77% of the $357.8 billion total net assessed valuation of taxable property within the City (in compiling this information, any owners of multiple parcels are not aggregated). See Table A-9 in Appendix A and see Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Property Taxation – Tax Levy and Collection."

Property Tax Rates. One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The total tax rate per $100 of assessed value (including the basic countywide 1% rate required by statute) is discussed further in Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Property Taxation – Assessed Valuations, Tax Rates and Tax Delinquencies."

Debt Burden on Owners of Taxable Property in the City. Another measure of the debt burden on local taxpayers is total debt as a percentage of taxable property value. Under Section 9.106 of the Charter, the issuance of general obligation bonds by the City is limited to 3.00% of the assessed value of all taxable real and personal property located within the City's boundaries. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's gross general obligation debt limit for fiscal year 2025-26 is approximately $10.7 billion, based on a total net assessed valuation of taxable property in the City at the start of fiscal year 2025-26 of approximately $357.8 billion. As of October 15, 2025, the City had outstanding approximately $2.58 billion in aggregate principal amount of general obligation bonds, which equals approximately 0.7% of the initial assessed valuations for fiscal year 2025-26. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds."

Additional Debt; Authorized but Unissued Bonds. Issuance of additional authorized bonds can cause the overall property tax rate to increase. As of October 15, 2025, the City had authorized and unissued general obligation bond authority of approximately $1.27 billion. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Authorized but Unissued City GO Bonds." In addition, the City expects that it will propose further bond measures to the voters from time to time to help meet its capital needs. The City's most recently adopted 10-year capital plan (fiscal years 2026 through 2035) identifies $52.1 billion of capital needs for all City departments, including $6.7 billion in projects for General Fund-supported departments. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Capital Plan."

Limitations on Development. Construction and development in the City could be limited by governmental or legal limits on growth and/or challenges in the approval of certain residential and commercial projects. For example, San Francisco voters passed Proposition M in November 1986 which created an annual limit on the construction of new office space throughout the City (i.e., 950,000 square feet per year). Proposition M amended the Office Development Annual Limit Program (the "Annual Limit Program") under the City's Planning Code, which Annual Limit Program governs the approval of all development projects that contain more than 25,000 gross square feet of office space. The central provision of the Annual Limit Program is a "metering limit" designed to restrict the amount of office space authorized in a given year. No office project subject to the metering limit can be entitled without receiving an allocation under the Annual Limit Program. In doing so, the Annual Limit Program aims to ensure a manageable rate of new development and to guard against typical "boom and bust" cycles, among other goals.

In March 2020, voters of the City approved Proposition E, amending existing citywide limits on new office development. Proposition E links the amount of new office space that can be approved annually in San Francisco to the City's performance on building new affordable housing. Proposition E allows projects that provide affordable housing and space for community arts or local retail, particularly in the Central South of Market (SoMa) neighborhood, to proceed sooner by borrowing from future allocations. Proposition E also changes the City's criteria for approving new office developments.

The above-described limitations are not expected to impact property tax revenues in the near term. See " – Material City Financial Challenges," below.

Material City Financial Challenges

The following discussion highlights certain challenges facing the City and is not meant to be an exhaustive discussion of challenges facing the City (see, for example, "– Seismic Risks" and "– Climate Change, Risk of Sea Level Rise and Flooding Damage" below). See also Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" attached hereto.

The City continues to face material financial challenges, including actual and projected revenue losses, resulting from a variety of factors, including continuing remote work by a significant portion of the workforce (which has led to vacancies and declining property taxes for certain office buildings, lower real estate property transfer taxes, and reductions in taxes based on employees physically located in the City), continued weakness in the local hospitality and convention industries (resulting in declines in hotel and sales taxes from pre-pandemic levels), reduced funding to the City in State budgets, fiscal effects of federal policy changes (including uncertainty about receipt of outstanding FEMA reimbursements and other federal funding), potential losses from litigation challenging the City's business taxes, and uncertain general economic conditions. The City has experienced the largest increase in office vacancy among major urban office markets in the United States, from approximately 5.6% in the fourth quarter of 2019 to approximately 35.3% in the third quarter of 2025 according to the Controller's Office report on the status of the City economy through September 2025. The high vacancy rate, along with continuing uncertainty regarding the return-to-office plans of major office tenants, has reduced both the volume of office transactions, and the per-square foot value of these sales. As further described in Appendix A hereto, the conditions discussed above have contributed to projected budget deficits (absent corrective actions) in the hundreds of millions of dollars in future fiscal years, rising to approximately $1.35 billion in fiscal year 2029-30 (based on the March 2025 Five-Year Plan Update, defined below).

On December 18, 2024, the Mayor's Office, Controller's Office and Board of Supervisors Budget and Legislative Analyst's Office issued the "Proposed Five-Year Financial Plan Fiscal Years 2025-26 through 2029-30" (the "December 2024 Five-Year Plan"). The City anticipated significant budget deficits in each of the next five years without proactive measures taken to address the imbalance between revenues and expenditures. The December 2024 Five-Year Plan projected that, over the next five years, the City's revenue outlook would improve, supported by recent changes in San Francisco's tax structure and modest economic growth. However, this improvement would be constrained by post-pandemic economic realities and the depletion of one-time funding sources. At the same time, the cost of City services was projected to grow significantly, surpassing revenue growth each year of the five-year period. In March 2025, the Mayor, Board of Supervisors Budget Analyst, and Controller issued the Budget Outlook Update (March Five-Year Update) (the "March 2025 Five-Year Plan Update"). Compared to the December 2024 Five-Year Plan, the March 2025 Five-Year Plan Update projected an approximately $19.1 million shortfall in fiscal year 2025-26 followed by reduced shortfalls in fiscal years 2026-27, 2027-28, 2028-29, and 2029-30. For fiscal years 2025-26 and 2026-27, the March 2025 Five-Year Plan Update projected an $817.5 million shortfall, or $58.5 million less than the $875.9 million shortfall projected in the December 2024 Five-Year Plan. The March 2025 Five-Year Plan Update projected that long term structural shortfalls would remain, growing to approximately $1.35 billion by fiscal year 2029-30, which is $122.7 million less than the December 2024 Five-Year Plan projection. The updates in the March 2025 Five-Year Plan Update are the result of modest improvements in the projected fiscal year 2024-25 fund balance, a modest net increase to the revenue forecast, and nominal updates to other citywide expenditures since the December 2024 Five-Year Plan. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports" and " – City Budget – March 2025 Five-Year Plan Update."

On May 12, 2025, the Controller's Office released the Nine-Month Budget Status Report (the "May 2025 Nine-Month Report"). The May 2025 Nine-Month Report notes that the Controller projects a $483.4 million General Fund ending balance in fiscal year 2024-25, a $53.9 million improvement from the $429.5 million balance contained in the March 2025 Five-Year Plan Update described above. Application of this additional fund balance would decrease the projected shortfall in the fiscal year 2025-26 and 2026-27 budget to $781.5 million (from $817.5 million) and by $18.0 million in fiscal year 2027-28. The May 2025 Nine-Month Report notes that risks to this projection remain from economic uncertainty and potential changes affecting federal revenue. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports – May 2025 Nine-Month Report."

On June 10, 2025, the Controller issued the Revenue Letter (the "June 2025 Revenue Letter") relating to the Mayor's proposed budget for fiscal years 2025-26 and 2026-27 (the "FY26 & FY27 Proposed Budget"). While the Controller found the revenue assumptions in the FY26 & FY27 Proposed Budget to be reasonable and make meaningful progress toward closing the structural deficit, the Controller noted that the City faces several material financial risks in upcoming fiscal years. These risks include: the projected structural budget gap following depletion of one-time funds; economic risk; federal funding risk to Medicaid and FEMA reimbursements; and State budget revenue. The FY26 & FY 27 Original Budget was finally adopted by the Mayor and Board of Supervisors on July 24, 2025, which addressed the then-current $817.5 million two-year shortfall through nearly $150 million of annual on-going projected revenue increases, coupled with reductions to capital, baselines, positions, and funding to community-based organizations, and the use of fund balance and reserves. The FY26 & FY27 Original Budget does not assume changes related to the 2025 federal budget, which was signed into law on July 4, 2025, as H.R. 1. Preliminary estimates of the effects of H.R.1 on health revenues indicate annual revenue losses exceeding $300 million within the next decade. To the extent any such revenue losses materialize, the City will need to address them in future budget deliberations, which might include reallocation of other available funds to replace the lost revenues, reductions in services previously funded from the lost revenues and/or other measures. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports" and " – City Budget."

On October 9, 2025, the Controller's Office issued its most recent report on the status of the City economy through September 2025. The report highlights that, over the summer, the City's economy continued to show a weakening job market, mirroring national trends, along with some recovery in activity downtown. Employment in the San Francisco Metro Division has trended down over the past year, though most of the job losses from June to August were seasonal employees in State and Local public education. Declines in tech employment are continuing, though at slower rates than in 2023 or 2024. On the other hand, there continue to be signs of downtown recovery. MUNI metro ridership and BART ridership to downtown are continuing to improve, though office attendance and employee foot traffic trends are more flat. The housing market continues to be another sign of local recovery. San Francisco's apartment rents are among the fastest-growing in the country. Housing sale prices, which have not seen much growth, are holding steady amidst Statewide declines. See APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports – Controller's Report on the Status of the City Economy."

Significant capital investments are proposed in the City's most recently adopted 10-year capital plan for fiscal years 2026-2035, which sets forth approximately $52.1 billion of capital needs for all City departments. However, identified funding resources are below those necessary to maintain and enhance the City's physical infrastructure. As a result, over $7.6 billion in capital needs, including enhancements, are deferred from the capital plan's 10-year horizon. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds."

In addition, the City faces long-term challenges with respect to the management of pension and post-employment retirement obligations. The City has taken major steps to address long-term unfunded liabilities for employee pension and other post-employment benefits, including retiree health obligations, yet significant liabilities remain. In recent years, the City and voters have adopted changes that should mitigate these unfunded liabilities over time, including adoption of lower-cost benefit tiers, increases to employee and employer contribution requirements, and establishment of a trust fund to set-aside funding for future retiree health costs. The financial benefit from these changes will phase in over time, however, leaving ongoing financial challenges for the City in the shorter term. Further, the size of these liabilities is based on a number of assumptions, including but not limited to assumed investment returns and actuarial assumptions. It is possible that actual results will differ materially from current assumptions, and such changes in investment returns or other actuarial assumptions could increase budgetary pressures on the City.

Further, while the City has adopted a number of measures to better position its operating budget for future economic downturns, these measures may not be sufficient. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – City Budget" and " – Budgetary Risks."

There is no assurance that other challenges not discussed in this Official Statement may not become material to investors in the future. For more information, see Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in Appendix B – "ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2024."

Seismic Risks

General. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes within about three miles of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away, as well as a number of other significant faults in the region. Significant seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

California Earthquake Probabilities Study. In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey ("U.S.G.S."), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more earthquakes of magnitude 6.7 (the magnitude of the 1994 Northridge earthquake) or larger will occur in the San Francisco Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled The HayWired Earthquake Scenario, which estimated that property damage and direct business disruption losses from a magnitude 7.0 earthquake on the Hayward Fault would be more than $82 billion (in 2016 dollars). Most of the losses are expected to be attributable to shaking damage, liquefaction, and landslides (in that order). Eighty percent of shaking damage is expected to be caused by the magnitude 7.0 mainshock, with the rest of the damage resulting from aftershocks occurring over a 2-year period thereafter. Such earthquakes could be very destructive. In addition to the potential damage to City-owned buildings and facilities (on which the City does not generally carry earthquake insurance), due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City's economy, tax receipts, infrastructure and residential and business real property values.

Earthquake Safety Implementation Program ("ESIP"). The ESIP began in early 2012, evolving out of the key recommendations of the Community Action Plan for Seismic Safety ("CAPSS"), a 10-year-long study evaluating the seismic vulnerabilities the City faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact of earthquakes to all of San Francisco's buildings and recommended a 30-year plan for action. As a result of this plan, the City mandated the retrofit of nearly 5,000 soft-story buildings (i.e., generally, structures with structural weakness due to large openings in their perimeter walls and due to a lack of interior partition walls at the ground level) housing over 111,000 residents by September 2021. As of August 31, 2025, 95% of these soft-story buildings have been brought into compliance. Currently, the

City is implementing a façade ordinance requiring owners of 5-story or higher buildings to submit inspection reports every 10 years. The first set of inspections focus on pre-1910 buildings. Inspection reports for more recent buildings will be phased in over the next four years. Future tasks will address the seismic vulnerability of older nonductile concrete and concrete tilt-up buildings, which are at high risk of severe damage or collapse in an earthquake. This retrofit program is currently in development.

Vulnerability Study of the Northern Waterfront Seawall. In early 2016, the Port Commission of the City (the "Port Commission") commissioned an earthquake vulnerability study of the Northern Waterfront Seawall. The three-mile Seawall was constructed over 100 years ago and sits on reclaimed land, rendering it vulnerable to seismic risk. The Seawall provides flood and wave protection to downtown San Francisco, and stabilizes hundreds of acres of filled land. Preliminary findings of the study indicates that a strong earthquake may cause most of the Seawall to settle and move outward toward the Bay, which would significantly increase earthquake damage and disruption along the waterfront. The Port Commission estimated that seismic retrofitting of the Seawall could cost as much as $3 billion, with another $2 billion or more needed to prepare the Seawall for rising sea levels. The study estimated that approximately $1.6 billion in Port assets and $2.1 billion of rents, business income, and wages are at risk from major damage to the Seawall. Additionally, the Port Commission, together with the U.S. Army Corps of Engineers, have developed a draft plan to fortify the Port's Seawall from sea level rise, which estimates the total cost of that project at $13.5 billion. See "– Climate Change, Risk of Sea Level Rise and Flooding Damage" below. See also Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Authorized but Unissued City GO Bonds."

Tall Buildings Safety Strategy Report and Executive Directive. The City commissioned a first in the nation "Tall Buildings Study" by the Applied Technology Council to consider the impact of earthquakes on buildings taller than 240 feet. The final report following the study, released in January 2019, evaluated best practices for geotechnical engineering, seismic risks, standards for post-earthquake structural evaluations, barriers to re-occupancy, and costs and benefits of higher performance goals for new construction. The study estimates that for a tall building designed to current seismic standards, it might take two to six months to mobilize for and repair damage from a major earthquake, depending on the building location, geologic conditions, and the structural and foundation systems. The report identified and summarized sixteen recommendations for reducing seismic risk prior to earthquakes for new and existing buildings, reducing seismic risk following earthquakes, and improving the City's understanding of its tall building seismic risk.

On January 24, 2019, then-Mayor London N. Breed issued an executive directive instructing City departments to work with community stakeholders, develop regulations to address geotechnical and engineering issues, clarify emergency response and safety inspection roles, and establish a Disaster Recovery Task Force for citywide recovery planning, including a comprehensive recovery plan for the financial district and surrounding neighborhoods. In November 2019, an exercise was conducted to test post-earthquake building safety inspection protocol and logistics. The City was the first jurisdiction to test this Statewide program. In consultation with the Structural Engineers Association of Northern California, Administrative Bulletin AB-111 – "Guidelines for Preparation of Geotechnical and Earthquake Ground Motion Reports for Foundation Design and Construction of Tall Buildings" was adopted on June 15, 2020, which presented requirements and guidelines for developing geotechnical site investigations and preparing geotechnical reports for the foundation design and construction of tall buildings in the City.

The City obtains and maintains commercial insurance only in certain limited circumstances, including when required by bond or lease financing transactions and for other limited purposes. The City does not maintain commercial earthquake coverage, with certain minor exceptions. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Legal Matters and Risk Management."

Climate Change, Risk of Sea Level Rise and Flooding Damage

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

The *Fifth National Climate Assessment*, published by the U.S. Global Change Research Program in November 2023 ("NCA5"), which assessed the variability of climate impacts across individual regions of the United States, found that the City is vulnerable to impacts from sea level rise, with flooding potentially exacerbated by storm surges, extreme precipitation and high tides. Sea levels are anticipated to continue to rise due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting. The NCA5 utilizes a projected flood risk from 3 feet of sea level rise in the San Francisco Bay Area, consistent with an Intermediate scenario in the year 2100. Coastal areas, including the City, are vulnerable to floods impacting private development and public infrastructure, as well as roads, utilities, and emergency services.

Sea levels will continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the ocean. Between 1854 and 2016, sea level rose about nine inches according to the tidal gauge at Fort Point, a location underneath the Golden Gate Bridge. Weather and tidal patterns, including 100-year or more storms and king tides, may exacerbate the effects of climate related sea level rise. Coastal areas like the City are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, the City could lose considerable tax revenues and many residents, businesses, and governmental operations along the waterfront could be displaced, and the City could be required to mitigate these effects at a potentially material cost.

Adapting to sea level rise is a key component of the City's policies. The City and its enterprise departments have been preparing for future sea level rise for many years and have issued a number of public reports. For example, in March 2016, the City released a report entitled "Sea Level Rise Action Plan," identifying geographic zones at risk of sea level rise and providing a framework for adaptation strategies to confront these risks. That study showed an upper range of end-of-century projections for permanent sea level rise, including the effects of temporary flooding due to a 100-year storm, of up to 108 inches above the 2015 average high tide. To implement this Plan, the Mayor's Sea Level Rise Coordinating Committee, co-chaired by the Planning Department and Office of Resilience and Capital Planning, joined the Port, the Public Utilities Commission and other public agencies in moving several initiatives forward. This included a Citywide Sea Level Rise Vulnerability and Consequences Assessment to identify and evaluate sea level rise impacts across the City and in various neighborhoods that was released in February 2020.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several state agencies, including the California Natural Resource Agency, the Governor's Office of Planning and Research, and the California Energy Commission) published a report, that was formally adopted in March 2018, entitled "Rising Seas in California: An Update on Sea Level Rise Science" (the "Sea Level Rise Report") to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report provides the basis for State guidance to state and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicated that the effects of sea level rise are already being felt in coastal California with more extensive coastal flooding during storms, exacerbated tidal flooding, and increased coastal erosion. In addition, the report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets poses a particular risk of sea level rise for the California coastline. The City has incorporated the projections from the 2018 report into its Guidance for Incorporating Sea Level Rise Guidance into ongoing Capital Planning. The Guidance requires that City projects over $5 million consider mitigation and/or adaptation measures.

In March 2020, a consortium of State and local agencies, led by the Bay Area Conservation and Development Commission, released a detailed study entitled, "Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study," on how sea level rise could alter the Bay Area. The study stated that a 48-inch increase in the bay's water level in coming decades could cause more than 100,000 Bay Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The study further argued that without a far-sighted, nine-county response, the region's economic and transportation systems could be undermined along with the environment. For example, runways at SFO could largely be under water.

The City has already incorporated site specific adaption plans in the conditions of approval for certain large waterfront development projects, such as the Candlestick/Hunters Point Shipyard, Treasure Island, Pier 70 and Mission Rock projects. Also, the City has partnered with the US Army Corps of Engineers to develop a plan to fortify the Port's Seawall from sea level rise. A draft plan estimates the total cost of that project at $13.5 billion; and, subject to US Army Corps of Engineers and Congressional approval, 65% of the cost would be eligible for federal funding. The City is developing a financing strategy to provide the remaining funds, including using funding from the November 2018 approved Proposition A, authorizing the issuance of up to $425 million in general obligation bonds for repair and improvement projects on the Seawall. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Authorized but Unissued City GO Bonds."

Portions of the San Francisco Bay Area, including the City, are built on fill that was placed over saturated silty clay known as "Bay Mud." This Bay Mud is soft and compressible, and the consolidation of the Bay Mud under the weight of the existing fill is ongoing. A report issued in March 2018 by researchers at UC Berkeley and the University of Arizona suggested that flooding risk from climate change could be exacerbated in the San Francisco Bay Area due to the sinking or settling of the ground surface, known as subsidence. The study claimed that the risk of subsidence is more significant for certain parts of the City built on fill.

Projections of the effects of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the Bonds. While the effects of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

In September 2017, the San Francisco City Attorney filed a lawsuit on behalf of the People of the State of California in San Francisco Superior Court against the five largest investor-owned oil companies seeking to have the companies pay into an abatement fund to help fund infrastructure for climate change adaptation. Following litigation regarding defendants' removal of the case to federal court, the City's case was remanded to and coordinated with similar municipal lawsuits and the State of California's lawsuit in San Francisco Superior Court in 2024. In June 2024, the San Francisco City Attorney filed the current Second Amended Complaint seeking abatement funds, damages, and other remedies. The Superior Court has since held that personal jurisdiction is appropriate over non-resident defendants sued in the City's case and denied an "anti-SLAPP" motion to strike by Chevron. The appellate courts denied the non-resident defendants' personal jurisdiction writs and upheld the denial of the anti-SLAPP motion. The defendants have filed demurrers and motions to strike, which the Superior Court has set for hearings in November 2025. While the City believes that the claims in this lawsuit are meritorious, it can give no assurance regarding whether the lawsuit will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.

In 2020, the City adopted, and the Federal Emergency Management Agency approved, the City's Hazards and Climate Resilience Plan ("HCR"), a combined hazard mitigation and climate adaptation plan, which sets forth a roadmap for the City to address the impacts of natural hazards and climate change on its assets and citizens, and proposes over 90 strategies to reduce risks and adapt to climate change impacts. The HCR is intended to complement the City's CAP (defined below) and is updated every five years to include the latest understanding of natural hazards and climate change impacts, local risks, and the actions the City will take to improve the resilience of its buildings, communities, and infrastructure. The 2025 update to the HCR was adopted by the Board of Supervisors on July 22, 2025 and approved by the Mayor on August 1, 2025.

In September 2021, the City adopted a set of emissions reduction targets for the coming decades: achieve net-zero greenhouse gas emissions generated by the City by 2040 and reduce emissions associated with consumption of all goods and services in the City (regardless of where emissions originate) 80% by 2050. In December 2021, the Mayor released the City's Climate Action Plan (the "CAP") detailing the actions needed to accomplish these targets, developed through a multi-agency and stakeholder process led by the San Francisco Department of Environment (the "Department of Environment"). The Department of Environment contracted with the UC Berkeley's Center for Law, Energy & the Environment (the "CLEE") to assess options for funding the equitable implementation of the CAP. CLEE released its report entitled "Funding San Francisco Climate Action" in November 2022 (the "CLEE Report").

The CAP is a roadmap of goals, strategies and actions to achieve emission reductions across six sectors: energy supply, building operations, transportation and land use, housing, responsible production and consumption, and healthy ecosystems. Key strategies include, but are not limited to, provision of 100% carbon-free energy, decarbonization of buildings, and increases in the public transit, active transportation, and vehicle electrification networks. The CAP estimated the cost of each of its strategies to range from $1 million to $500 million, but does not include specific cost estimates for each of the individual actions within these strategies. However, independent analyses conclude that significant investments will be required to realize CAP goals. Based on these independent analyses, the CLEE Report presented a rough estimate of CAP costs based on an assumption that the highest-cost strategies have an average high cost of $5 billion (this assumption is purely for scoping purposes and costs could be much higher in the most capital-intensive sectors, like public transit). The CLEE Report estimated that implementing the CAP across its six identified sectors could cost in the aggregate anywhere between a low of $2.291 billion to a high of $21.914 billion to be funded from a variety of sources, including a significant portion by the City.

CAP implementation would require a diverse mix of revenue streams (including the City's General Fund revenues) across several decades to support significant capital investment. In many cases, these build on existing revenue strategies in use by the City – such as the issuance of general obligation bonds and revenue bonds and refuse collection fees that pay for recycling programs – to drive specific emissions-reducing actions. In other cases, CAP implementation will require development of new revenue-generation mechanisms, drawing on the resources of residents and businesses, federal and state governments, and private and philanthropic partners. In addition, the CAP includes a number of policy, regulatory, and planning actions that are key enabling actions that will impose little or no cost to the City, but nonetheless remain high priorities for aggressive emissions reduction. While the City's climate initiative and the implementation of the CAP is a policy goal, the City cannot give any assurance that financial resources will be available in amounts needed to fund all of the initiatives, or whether the City will achieve its policy goals.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the City has been the subject of cybersecurity incidents which have resulted in or could have resulted in adverse consequences to the City's Systems Technology and which required a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City invests in multiple forms of cybersecurity and operational safeguards. In November 2016, the City adopted a City-wide Cyber Security Policy ("Cyber Policy") to support, maintain, and secure critical infrastructure and data systems. The objectives of the Cyber Policy include the protection of critical infrastructure and information, managing risk, improving cyber security event detection and remediation, and facilitating cyber awareness across all City departments. The City's Department of Technology has established a cybersecurity team to work across all City departments to implement the Cyber Policy. The City's Cyber Policy is reviewed periodically.

The City has also appointed a City Chief Information Security Officer ("CCISO"), who is directly responsible for understanding the business and related cybersecurity needs of the City's 54 departments. The CCISO is responsible for identifying, evaluating, responding, and reporting on information security risks in a manner that meets compliance and regulatory requirements, and aligns with and supports the risk posture of the City.

While City cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the City's Systems Technology and cause material disruption to the City's operations and the provision of City services. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause the City to incur material costs related to such legal claims or proceedings.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats, including the outbreak and spread of COVID-19. The spread of COVID-19 and actions to contain its spread had significant adverse health and financial impacts throughout the world, including the City.

While COVID-19 case rates have significantly declined, vaccination rates have increased, relevant emergency orders have been lifted, and the national and local economy has been improving, the impact and secondary effects of the COVID-19 pandemic continue and are uncertain in many respects. The COVID-19 pandemic has had and may continue to have material adverse impacts on the City's economy and certain aspects of the City's financial condition. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the City's operations and finances. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Material City Financial Challenges," " – Periodic Financial Reporting; Recent Reports," and " – City Budget – Fiscal Cliff Reserve."

Limitation on Remedies; Bankruptcy

General. The rights of the owners of the Bonds are subject to limitations on legal remedies against the City, including applicable bankruptcy or similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise, and consequently may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the City were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the City (including *ad valorem* tax revenues) or to enforce any obligation of the City, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the City may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, in such a proceeding, as part of such a plan, the City may be able to eliminate the obligation of the City to raise taxes if necessary to pay the Bonds. There also may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any City bankruptcy proceeding, the fact of a City bankruptcy proceeding, could have an adverse effect on the liquidity and market price of the Bonds.

As stated above, if the City were to go into bankruptcy, the bankruptcy petition would be filed under Chapter 9 of the Bankruptcy Code. Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. For purposes of the language of Chapter 9, the City is a municipality. State law provides that the *ad valorem* taxes levied to pay the principal and interest on the Bonds shall be used for the payment of principal and interest of the City’s general obligation bonds and for no other purpose. If this restriction on the expenditure of such *ad valorem* taxes is respected in a bankruptcy case, then the *ad valorem* tax revenue could not be used by the City for any purpose other than to make payments on the Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016, as part of Senate Bill 222), the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. See “SECURITY FOR THE BONDS.” Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the City, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed (unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code).

Special Revenues. If the tax revenues that are pledged to the payment of the Bonds (see “SECURITY FOR THE BONDS”) are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The City has specifically pledged the taxes for payment of the Bonds. Additionally, the *ad valorem* taxes levied for payment of the Bonds are permitted under the State Constitution only where the applicable bond proposition is approved by at least two-thirds of the votes cast. State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the City is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the City before the remaining revenues are paid to the owners of the Bonds.

***Possession of Revenues; Remedies*.** If the City goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the City does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

State Law Limitations on Appropriations

Article XIIIB of the State Constitution limits the amount that local governments can appropriate annually (the "Gann Limit"). Should the City exceed the Gann Limit, the City would be required to seek voter approval to exceed such limit, shift spending to capital or other exempt expenditure types, or issue tax rebates. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Budgetary Risks" and " – Constitutional and Statutory Limitations on Taxes and Expenditures – Article XIIIB of the California Constitution."

Changes in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives or that the State Legislature or the City's Board of Supervisors will not enact legislation that will amend the laws or the Constitution of the State or the Charter, respectively, in a manner that could result in a reduction of the City's revenue. See, for example, Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Constitutional and Statutory Limitations on Taxes and Expenditures – Articles XIIIC and XIIID of the California Constitution."

Under the State Constitution, the voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. Under the City's Charter, the voters of the City can restrict or revise the powers of the City through the approval of a Charter amendment. The City is unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, or their potential impact on the City.

State of California Financial Condition

Approximately 13% of general fund revenues appropriated in the City's FY26 & FY27 Original Budget for fiscal years 2025-26 and 2026-27 is derived from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other counties in the State. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Budgetary Risks – Impact of the State of California Budget on Local Finances."

The State has recently been experiencing budgetary challenges, and the City cannot predict the extent of the budgetary problems the State may encounter in this or in any future fiscal years, nor is it clear what measures could be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the outcome of any elections impacting fiscal matters, the outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control.

Impact of Federal Government on Local Finances

The City's finances may be adversely impacted by fiscal matters at the federal level. The City receives substantial federal funds for assistance payments, social service programs and other programs. A portion of the City's assets are also invested in securities of the United States government. Federal policies on the federal debt ceiling, taxes, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift dramatically from one administration to another. From time to time, such changes can result in dramatic shifts in the level of federal funding for various policy priorities, leading to unpredictability in near-term and future federal funding. For example, changes to or termination or replacement of the Affordable Care Act, could increase costs to the City, and the City's financial condition may also be impacted by the withholding of federal grants or other funds flowing to "sanctuary jurisdictions." Since January 20, 2025, the new federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President's immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences, among others. Several federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. In some cases, federal agencies have denied the City reimbursement of costs expended prior to those terminations. Litigation has been brought challenging certain actions by the federal administration. Notwithstanding, the threat to the City's federal funding remains ongoing. The City cannot predict the outcome of current or future federal executive orders, administrative actions, budgets or legislation and the ultimate impact that such matters will have on the City's finances and operations. There can be no assurances that the current Presidential administration will not adopt new federal policies, or revise existing policies, or otherwise takes action, in a manner that materially adversely impacts the City's finances and operations. The City also cannot predict the impact of an extended continuation of the current impasse in the U.S. Congress and shutdown of the federal government. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports" and "– Budgetary Risks – Impact of Federal Government on Local Finances." See also Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – General Fund Revenues," "– Other City Tax Revenues" and "– Investment of City Funds."

Other Events

Seismic events, wildfires, drought, tsunamis, storms, other natural or man-made events and civil unrest may adversely impact persons and property within San Francisco, and damage City infrastructure and adversely impact the City's finances and/or ability to provide municipal services.

In August 2013, a massive wildfire in Tuolumne County and the Stanislaus National Forest burned over 257,135 acres (the "Rim Fire"), which area included portions of the City's Hetch Hetchy Project.

The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generation and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact on drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately $1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately $40 million in damage to parts of the City's water and power infrastructure located in the region. Certain portions of the Hetch Hetchy Project are old and deteriorating, and outages at critical points of the project could disrupt water delivery to significant portions of the region and/or cause significant costs and liabilities to the City.

Many areas of northern California have suffered from wildfires in more recent years, including the Tubbs fire which burned across several counties north of the Bay Area in October 2017 (part of a series of fires covering approximately 245,000 acres and causing 44 deaths and approximately $14 billion in damage), the Camp fire which burned across Butte County, California in November 2018 (covering almost 240 square miles and resulting in numerous deaths and over $16 billion in property damage), the Kincade Fire which burned across Sonoma County, California in late 2019 (covering over 77,000 acres), and the CZU Lightning Complex fires which burned across San Mateo and Santa Cruz County, California in mid-2020 (covering over 85,000 acres). Spurred by findings that certain of these fires were caused, in part, by faulty powerlines owned by PG&E, the power company subsequently adopted mitigation strategies which results in pre-emptive distribution circuit and high power transmission line shutoffs during periods of extreme fire danger (i.e., high winds, high temperatures and low humidity) to portions of the Bay Area, including the City. Parts of the City have experienced several blackout days as a result of PG&E's wildfire prevention strategy. Future shutoffs are expected to continue and it is uncertain what effects future PG&E shutoffs will have on the local economy.

Since 2017, California has experienced numerous significant wildfires. In addition to their direct impact on health and safety and property damage in California, the smoke from these wildfires has impacted and future wildfires may impact the quality of life in the Bay Area and the City and may have short-term and future impacts on commercial and tourist activity in the City, as well as the desirability of the City and the Bay Area as places to live, potentially negatively affecting real estate trends and values.

In December 2022 and January 2023, the San Francisco Bay Area experienced heavy winter storms. According to the National Weather Service for the San Francisco Bay Area, on December 31, 2022, downtown San Francisco received 5.45 inches of rain, which is the second wettest day in the area since records began in 1849 (with the daily record being 5.54 inches on November 5, 1994). The rains caused widespread flooding, road closures and mudslides throughout the region.

With certain exceptions, the City believes that it is more economical to manage its risks internally and administer, adjust, settle, defend, and pay claims from budgeted resources (i.e., "self-insurance"). The City obtains and maintains commercial insurance in certain circumstances, including when required by bond or lease financing transactions and for other limited purposes. The City does not maintain commercial earthquake coverage, with certain minor exceptions. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Legal Matters and Risk Management."

TAX MATTERS

General. The issuance and delivery of the Bonds is subject to the delivery of an opinion of Bond Counsel that under existing State of California law, interest on the Bonds is exempt from personal income taxes imposed by the State of California.

Below is a general summary of the United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion below is based upon laws, Treasury Regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly with retroactive effect) or possibly a differing interpretation. No assurance can be given that future changes in the law will not alter the statements herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, the discussion below does not purport to cover all aspects of United States federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax-exempt organizations, financial institutions, broker-dealers and persons that have hedged the risk of owning the Bonds). Such discussion is therefore limited to certain issues relating to initial investors that will hold the Bonds as "capital assets" within the meaning of Section 1221 of the Code, and that acquire such Bonds for investment and not as a dealer or for resale. Except as specifically discussed below, the discussion below addresses the United States federal income tax consequences applicable only to beneficial owners of the Bonds that are “United States persons” within the meaning of Section 7701(a)(30) of the Code (“United States persons”) and does not address any consequence to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed herein, and no assurance can be given that the IRS will not take contrary positions.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

Payments of Stated Interest on the Bonds. The stated interest paid on the Bonds will be included in the gross income, as defined in Section 61 of the Code, of the beneficial owners of the Bonds, and will be subject to U.S. federal income taxation when received or accrued, depending on the tax accounting method used by the beneficial owners thereof.

Original Issue Discount. If a substantial amount of the Bonds of any stated maturity is purchased at original issuance for a purchase price (the “Issue Price”) that is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Bonds of such maturity will be treated as being issued with “original issue discount.” The amount of the original issue discount will equal the excess of the principal amount payable on such Bonds at maturity over the Issue Price of such Bonds, and the amount of the original issue discount on the Bonds will be amortized over the life of the Bonds using the “constant yield method” provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the Bonds that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner’s gross income while the beneficial owner holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such beneficial owner.

Premium. If a beneficial owner purchases a Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Bond with “amortizable bond premium” equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such premium for the taxable year. Bond premium on a Bond held by a beneficial owner who does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies, and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Holders of the Bonds should consult their tax advisors concerning this additional tax, as it may apply to interest earned with respect to the Bonds as well as gain on the sale of a Bond.

Disposition of Bonds and Market Discount. A beneficial owner of Bonds will generally recognize gain or loss on the redemption, sale or exchange of Bonds equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner's adjusted tax basis in the Bonds. Generally, the beneficial owner's adjusted tax basis in the Bonds will be the beneficial owner's initial cost, increased by the original issue discount previously included in the beneficial owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner's holding period for the Bonds.

Under current law, a purchaser of Bonds who did not purchase the Bonds in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of the Bonds, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for the Bonds by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of Bonds could have a material effect on the market value of the Bonds.

Legal Defeasance. If the issuer of the Bonds elects to defease the Bonds by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Bonds (a "legal defeasance"), under current tax law, a beneficial owner of Bonds may be deemed to have sold or exchanged its Bonds. In the event of such a legal defeasance, a beneficial owner of Bonds generally would recognize gain or loss in the manner described above. Ownership of the Bonds after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Bonds.

Backup Withholding. Under Section 3406 of the Code, a beneficial owner of the Bonds that is a United States person may, under certain circumstances, be subject to "backup withholding" on payments of current or accrued interest on the Bonds or with respect to proceeds received from the disposition of the Bonds. This withholding applies if such beneficial owner of Bonds: (i) fails to furnish to the payor such beneficial owner's social security number or other taxpayer identification number ("TIN"); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply to beneficial owners that are corporations or that fall within certain categories and (if and when required) demonstrate that fact. Beneficial owners of the Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption. The backup withholding tax is not an additional tax, and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the Service.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided that such income is not "effectively connected" with the conduct of a United States trade or business, within the meaning of Section 864 of the Code. Where interest on the Bonds received by nonresident aliens and foreign corporations is not treated as effectively connected income, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as "portfolio interest" within the meaning of Sections 871 and 881 of the Code. Interest will be treated as portfolio interest under such sections if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person, and provides the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country that the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable on the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of Section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest with respect to the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments with respect to the Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, no backup withholding under Section 1441 and 1442 of the Code and no backup withholding under Section 3406 of the Code will be required with respect to beneficial owners or intermediaries that have furnished Form W-8BEN, Form W-8BEN-E, Form W-8EXP or Form W-8IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain United States persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent the foreign financial institution from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of the interest on and principal of the Bonds and sales proceeds of Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to "foreign passthru payments" but no earlier than two years after the date of publication of final regulations defining the term "foreign passthru payment." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

Reporting of Interest Payments. Subject to certain exceptions, interest payments made to beneficial owners of the Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099-INT (or other appropriate reporting form), which will reflect the name, address and TIN of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Bond for U.S. federal income tax purposes.

Proposed Form of Opinion. The proposed form of opinion of Bond Counsel regarding the Bonds is attached in Appendix F.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult with its own tax advisor as to particular tax consequences to it of purchasing, owning and disposing of the Bonds, including the applicability and effect of any state, local or foreign tax law, and of any proposed change in applicable law.

OTHER LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax status of the interest on the Bonds (see "TAX MATTERS" herein) are subject to the legal opinion of Norton Rose Fulbright US LLP, San Francisco, California, Bond Counsel to the City. The signed legal opinion of Bond Counsel (the "Bond Opinion"), dated and premised on facts existing and law in effect as of the date of original delivery of the Bonds, will be delivered to the initial purchaser of the Bonds at the time of original delivery of the Bonds. The proposed form of the Bond Opinion is set forth in Appendix F hereto.

The Bond Opinion will speak only as of its date, and subsequent distributions of the Bond Opinion by recirculation of this Official Statement or otherwise will create no implication that Bond Counsel has reviewed or express any opinion concerning any of the matters referred to in the opinion subsequent to its date. In rendering their opinion, Bond Counsel will rely upon certificates and representations of facts to be contained in the transcript of proceedings for the Bonds, which Bond Counsel will not have independently verified. The opinions contained in the Bond Opinion are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, the opinions contained in the Bond Opinion represents legal judgment of Bond Counsel based upon their review of existing law that they deem relevant to such opinions and in reliance upon the certifications and opinions referenced above.

Bond Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California and Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Co-Disclosure Counsel.

Co-Disclosure Counsel have served as co-disclosure counsel to the City and in such capacity have advised the City with respect to applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Co-Disclosure Counsel are not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and have not undertaken to independently verify any of such statements or information. Rather, the City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the delivery of the Bonds, Co-Disclosure Counsel will each deliver a letter to the City which advises the City, subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to attention of such firm which caused them to believe that this Official Statement as of its date and as of the date of delivery of the Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No purchaser or holder of the Bonds, or other person or party other than the City, will be entitled to or may rely on such letter or Co-Disclosure Counsel's having acted in the role of co-disclosure counsel to the City.

PROFESSIONALS INVOLVED IN THE OFFERING

Fieldman, Rolapp & Associates, Inc., Irvine, California, served as the Municipal Advisor (the "Municipal Advisor") to the City with respect to the sale of the Bonds. The Municipal Advisor has participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed and assisted the City in other matters relating to the planning, structuring, and sale of the Bonds. The Municipal Advisor has not independently verified any of the data contained herein and has not conducted an independent investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assume, no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor, Bond Counsel and Co-Disclosure Counsel will all receive compensation for services rendered in connection with the Bonds contingent upon the sale and delivery of the Bonds. The City Treasurer is acting as paying agent and registrar with respect to the Bonds.

ABSENCE OF LITIGATION RELATING TO THE BONDS

No litigation is pending or threatened concerning the validity of the Bonds, the ability of the City to levy the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Bonds and other documents and certificates in connection therewith. The City will furnish to the initial purchaser of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds. For information regarding certain litigation and other related matters concerning the City and its operations, see Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES."

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2024-25 which is due not later than March 27, 2026 and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board. The notices of enumerated events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in Appendix D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the initial purchaser of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

As of May 6, 2021, the City was party to certain continuing disclosure undertakings relating to municipal securities which require the City to file notice filings on EMMA within ten days in the event of the incurrence of financial obligations and certain other events, if material. On May 6, 2021, the City extended for two years certain liquidity facilities relating to series 1 and 1-T and series 2 and 2-T of its commercial paper program. On July 1, 2021, the City filed on EMMA an event notice relating to these extensions.

For fiscal year 2021-22, although the City's Annual Comprehensive Financial Report was posted on EMMA, it was not linked to all of the CUSIP numbers for the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2022A and 2022B. The City has taken action to link such Annual Comprehensive Financial Report to the applicable CUSIP numbers.

The City may, from time to time, but is not obligated to, post its Annual Comprehensive Financial Report and other financial information on the City's investor information website located at https://www.sf.gov/controllers-office-public-finance.

RATINGS

Moody's Ratings ("Moody's"), S&P Global Ratings ("S&P"), and Fitch Ratings ("Fitch"), have assigned municipal bond ratings of "Aa1," "AA+," and "AAA," respectively, to the Bonds. Certain information not included in this Official Statement was supplied by the City to the rating agencies to be considered in evaluating the Bonds. The ratings reflect only the views of each rating agency, and any explanation of the significance of any rating may be obtained only from the respective credit rating agencies: Moody's, at www.moodys.com; S&P, at www.spglobal.com; and Fitch, at www.fitchratings.com. The information presented on the website of each rating agency is not incorporated by reference as part of this Official Statement. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. No assurance can be given that any rating issued by a rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the ratings obtained may have an adverse effect on the market price or marketability of the Bonds. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

SALE OF THE BONDS

The Bonds are scheduled to be sold by competitive bid on November 5, 2025*, as provided in an Official Notice of Sale, dated October 30, 2025 (the "Official Notice of Sale"). The Official Notice of Sale provides that all the Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial purchaser of the Bonds will represent to the City that the Bonds have been reoffered to the public at the prices and/or yields to be stated on the inside front cover page hereof, and the City will take no responsibility for the accuracy of those prices or yields. The initial purchaser may offer and sell Bonds to certain dealers and others at yields that differ from those that will be stated on the inside front cover page hereof. The offering prices or yields may be changed from time to time by the initial purchaser.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement contains forecasts, projections, estimates and other forward-looking statements that are based on current expectations. The words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. This Official Statement is not to be construed as a contract or agreement between the City and the initial purchaser or owners and beneficial owners of any of the Bonds.

The preparation and distribution of this Official Statement have been duly authorized by the Board of Supervisors of the City.

CITY AND COUNTY OF SAN FRANCISCO

By: ______________________________

Greg Wagner
Controller

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* Preliminary, subject to change.

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES

The Resolutions provide that the Bonds are payable from and secured by a voter-approved dedicated property tax levy on all taxable property in the City, and the City is empowered under the law to set such tax rate for the Bonds at the level needed to generate sufficient property tax revenues to pay the debt service on the Bonds. Under the Resolutions, the City is not obligated to pay the debt service from any other sources, nor are any property or assets of the City otherwise pledged to the repayment of the Bonds. This Appendix A provides information on the City's overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolutions and are not available to pay debt service on the Bonds. See "SECURITY FOR THE BONDS" in the forepart of this Official Statement.

This Appendix A provides general information about the City's governance structure, budget processes, property taxation system and tax and other revenue sources, City expenditures, labor relations, employment benefits and retirement costs, investments, bonds, and other long-term obligations.

The various reports, documents, websites, and other information referred to herein are not incorporated by such references. The City has referred to certain specified documents in this Appendix A which are hosted on the City's website. A wide variety of other information, including financial information, concerning the City is available from the City's publications, websites, social media accounts, and its departments. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded and shall not be deemed a part of or incorporated by reference into this Appendix A and should not be considered in making a decision to buy the Bonds.

Certain information contained in this Appendix A may reference other enterprise departments of the City including San Francisco International Airport ("SFO" or the "Airport"), Public Utilities Commission ("SFPUC"), Municipal Transportation Agency ("MTA") and other enterprise departments. Descriptions of such enterprises are included for informational purposes only, but no property, funds, or resources of such enterprises are available or pledged as security for repayment of the Bonds.

The information presented in this Appendix A contains, among other information, City budgetary forecasts, projections, estimates and other statements that are based on current expectations as of the date of the Preliminary Official Statement. The words "expects," "forecasts," "projects," "budgets," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify such information as "forward-looking statements." Such budgetary forecasts, projections and estimates are not intended as representations of fact or intended as guarantees of results. Any such forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated, or projected.

APPENDIX A
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TABLES

MATERIAL CITY FINANCIAL CHALLENGES

The following is a quick summary of high-level material financial challenges facing the City. This summary is not intended to be an exhaustive treatment of the subject, and investors are advised to read the entire Official Statement to obtain information essential to make an informed investment decision.

The City continues to face material financial challenges, including actual and projected revenue losses, resulting from a variety of factors, including continuing remote work by a significant portion of the workforce (which has led to declining property taxes for certain office buildings, lower real estate property transfer taxes, and reductions in taxes based on employees physically located in the City), continuing weakness in the local hospitality and convention industries (resulting in declines in hotel and sales taxes), and uncertain general economic conditions. As described herein, these conditions have resulted in projected budget deficits (absent corrective actions) in the hundreds of millions of dollars in future fiscal years, rising to approximately $1.35 billion in fiscal year 2029-30. See also, "BUDGETARY RISKS" below.

FY26 & FY27 ORIGINAL BUDGET

The fiscal years 2025-26 and 2026-27 proposed budget (the "FY26 & FY 27 Proposed Budget") was finally adopted by the Mayor and Board of Supervisors (the "Board") on July 24, 2025. See "CITY BUDGET – Budget Process" for additional detail. The FY26 & FY 27 Original Budget reflects $16.0 billion of expenditures (all funds) in fiscal year 2025-26 and $16.2 billion in fiscal year 2026-27. The FY26 & FY27 Original Budget addresses the then-current projected $817.5 million two-year shortfall through nearly $150.0 million of annual on-going projected revenue increases, coupled with reductions to capital, baselines, positions, and funding to community-based organizations, and the use of fund balance and reserves. For information concerning recent reports relating to the FY26 & FY27 Original Budget, see "PERIODIC FINANCIAL REPORTING; RECENT REPORTS."

PERIODIC FINANCIAL REPORTING; RECENT REPORTS

The City Charter and Administrative Code provide for the preparation of a number of periodic financial reports. These reports include:

<u>Controller Revenue Letter</u>: The Controller Revenue Letter is issued in June of each year, and addresses the Controller's view of the accuracy of economic assumptions underlying the revenue estimates in the Mayor's Proposed Budget. See "CITY BUDGET - FY26 & FY27 Proposed Budget and Revenue Letter."

<u>Budget Status Reports</u>: Each year, the Controller issues six-month and nine-month budget status reports to apprise the City's policymakers of the current budgetary status, including projected year-end revenues, expenditures and fund balances. See "CITY BUDGET – FY26 & FY27 Original Budget and Revenue Letter" and the description below of the Nine-Month Budget Status Report issued by the Controller's Office on May 12, 2025 (the "May 2025 Nine-Month Report").

<u>Five-Year Financial Plan</u>: The Five-Year Financial Plan (the "Five-Year Plan") is required under Proposition A, a charter amendment approved by voters in November 2009. The Charter requires the City to forecast expenditures and revenues for the next five fiscal years, propose actions to balance revenues and expenditures during each year of the Five-Year Plan, and discuss strategic goals and corresponding resources for City departments. Proposition A required that a Five-Year Plan be adopted every two years. Charter Section 9.119 requires that by March 1 of each odd-numbered year, the Mayor submit a Five-Year Plan to the Board. The City's Administrative Code requires that by March 1 of each even-numbered year, the Mayor, Board of Supervisor's Budget Analyst, and Controller submit an updated estimate for the remaining four years of the most recently adopted Five-Year Plan. See the "CITY BUDGET – March 2025 Five-Year Plan Update."

Following is a description of certain recently issued reports, with the most recent reports presented first.

Controller's Report on the Status of the City Economy

On October 9, 2025, the Controller's Office issued its most recent report on the status of the City economy through September 2025. Over the summer San Francisco's economy continued to show a weakening job market, mirroring national trends, along with some recovery in activity downtown. Employment in the San Francisco Metro Division has trended down over the past year, though most of the job losses from June to August were seasonal employees in State and Local public education. Declines in tech employment are continuing, though at slower rates than in 2023 or 2024. On the other hand, there continue to be signs of downtown recovery. MUNI metro ridership and BART ridership to downtown are continuing to improve, though office attendance and employee foot traffic trends are more flat. The housing market continues to be another sign of local recovery. San Francisco's apartment rents are among the fastest-growing in the country. Housing sale prices, which have not seen much growth, are holding steady amidst Statewide declines.

FY26 & FY27 Revenue Letter

On June 10, 2025, the Controller issued the Revenue Letter relating to the FY26 & FY27 Proposed Budget (the "June 2025 Revenue Letter"). While the Controller found the revenue assumptions in the FY26 & FY27 Proposed Budget to be reasonable and makes meaningful progress toward closing the structural deficit, the Controller noted that the City faces several key financial risks in upcoming fiscal years. These risks include: the projected structural budget gap following depletion of one-time funds; economic risk; federal funding risk to Medicaid and Federal Emergency Management Agency ("FEMA") reimbursements; and State budget revenue risk. See "CITY BUDGET - FY26 & FY 27 Proposed Budget and Revenue Letter."

May 2025 Nine-Month Report

On May 12, 2025, the Controller's Office released the Nine-Month Budget Status Report (the "May 2025 Nine-Month Report"). The May 2025 Nine-Month Report notes that the Controller projects a $483.4 million General Fund ending balance in fiscal year 2024-25, a $53.9 million improvement from the $429.5 million balance contained in the March 2025 Five-Year Plan Update described below. Application of this additional current year fund balance would decrease the projected shortfall in the fiscal year 2025-26 and 2026-27 budget to $781.5 million (from $817.5 million) and by $18.0 million in fiscal year 2027-28.

The May 2025 Nine-Month Report notes that City departments are now projected to end the year with a $145.4 million net surplus including:

- A total of $123.1 million in operating surplus identified by departments includes a net $75.8 million revenue surplus and $47.3 million in expenditure savings, primarily generated as a result of personnel savings. The Department of Public Health is projected to have a $106.3 million surplus, including $102.1 million in revenue above budget due to surplus patient revenue at the San Francisco Health Network and Zuckerberg San Francisco General Hospital and an unusual number of prior year Medicare settlement payments, partially offset by a patient revenue shortfall at Laguna Honda Hospital due to lower than projected patient census resulting from a pause on new admissions during recertification. Expenditure savings at the Human Services Agency and Administrative Services are offset by revenue shortfalls at Public Works and City Planning and overspending at the Sheriff's department.

- The Police, Fire, Emergency Management and Sheriff's departments, and the Public Utilities Commission, will require additional supplemental appropriations for overtime. To the extent these are not funded by reallocation of existing expenditure appropriation, such supplementals could reduce available fund balance. Any additional supplemental appropriations using projected revenue surpluses or expenditure savings displayed in the May 2025 Nine-Month Report will reduce fund balance available to solve the budget year shortfalls.

- The May 2025 Nine-Month Report projections assume no changes to federal revenue for the current fiscal year related to the new federal administration's funding freezes or rescission of funds, but this remains a source of budgetary uncertainty. Since January 20, 2025, the new federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President's immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences. Several federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. In some cases, federal agencies have denied the City reimbursement of costs expended prior to those terminations. The City has filed and joined in litigation challenging many of these actions and continues to evaluate its options to appeal federal agency decisions to terminate grants and deny reimbursements. But those efforts and the threat to the City's federal funding remain ongoing. Other federal agencies continue to initiate processes to implement the administration's desired funding cuts. The City Attorney has filed lawsuits to protect federal funds received by the City and will continue to work with the Mayor's Office and City departments to protect the City's interests.

March 2025 Five-Year Plan Update

On March 31, 2025, the Mayor, Board of Supervisors Budget Analyst, and Controller issued the Budget Outlook Update (March Five-Year Update) (the "March 2025 Five-Year Plan Update"). Compared to the December 2024 Five-Year Plan, the March 2025 Five-Year Plan Update projected an approximately $19.1 million shortfall in fiscal year 2025-26 followed by reduced shortfalls in fiscal years 2026-27, 2027-28, 2028-29, and 2029-30. For fiscal years 2025-26 and 2026-27 the March 2025 Five-Year Plan Update projected an $817.5 million shortfall, or $58.5 million less than the $875.9 million shortfall projected in the December 2024 Five-Year Plan. March 2025 Five-Year Plan Update projected that long term structural shortfalls remain, growing to $1.35 billion by fiscal year 2029-30, which is $122.7 million less than the December 2024 Five-Year Plan projection. The updates in the March 2025 Five-Year Plan Update are the result of modest improvements in the projected fiscal year 2024-25 fund balance, a modest net increase to the revenue forecast, and nominal updates to other citywide expenditures since the December 2024 Five-Year Plan.

See "CITY BUDGET –December 2024 Five-Year Plan" and "- March 2025 Five-Year Plan Update" for additional information.

Upcoming Reports

Significant upcoming reports include the 2024-25 Annual Comprehensive Financial Report, expected to be issued in November or December 2025, and a Five-Year Plan update for fiscal years 2026-27 through 2029-30, expected to be issued in December 2025. The financial pressures described in this Official Statement result in challenges with respect to revenue and expense forecasting, and there can be no assurances that future reports will not identify increasing expenses and/or decreasing revenues, potentially resulting in increased deficit projections as compared to prior reports. In addition, the City has commenced utilizing additional tools in connection with the forecasting of potential property tax losses, which may result in additional annual projected property tax losses in the tens of millions of dollars. See "GENERAL FUND REVENUES - PROPERTY TAXATION - Assessed Valuations, Tax Rates, and Tax Delinquencies."

CITY BUDGET

Overview

The City manages the operations of various departments, commissions and authorities, including the enterprise fund departments, and funds such departments and enterprises through its annual budget process. Each year the Mayor prepares budget legislation for the City departments, which must be approved by the Board of Supervisors. General Fund revenues consist largely of local property tax, business tax, sales tax, other local taxes and charges for services. A significant portion of the City's revenue also comes in the form of intergovernmental transfers from the State and federal governments. The City's fiscal position is thus affected by the health of the local real estate market, the local business and tourist economy, and, by budgetary decisions made by the State and federal governments which depend, in turn, on the health of the larger State and national economies. All these factors are almost wholly outside the control of the Mayor, the Board of Supervisors and other City officials. In addition, the State Constitution limits the City's ability to raise taxes and property-based fees without a vote of City residents. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein. Also, the fact that the City's annual budget must be prepared before the State and federal budgets adds uncertainty to the budget process and necessitates flexibility so that spending decisions can be adjusted during the course of the fiscal year. See "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

The FY26 & FY 27 Original Budget was finally adopted by the Mayor and Board of Supervisors on July 24, 2025. The fiscal year 2025-26 budget appropriates annual revenues, fund balance, transfers and reserves of $16.0 billion, of which the City's General Fund accounts for $7.0 billion. The fiscal year 2026-27 budget appropriates revenues, fund balance, transfers and reserves of $16.2 billion, of which $7.4 billion represents the General Fund budget. See "CITY BUDGET – FY26 & FY27 Proposed Budget and Revenue Letter" for further details on the budget. Table A-1 shows Final Revised Budget revenues and appropriations for the City's General Fund for fiscal years 2022-23 through 2023-24, and the Original Budget for fiscal year 2024-25. See "GENERAL FUND REVENUES – PROPERTY TAXATION –Tax Levy and Collection," "GENERAL FUND REVENUES – OTHER CITY TAX REVENUES" and "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

See "CITY FINANCIAL CHALLENGES" and "BUDGETARY RISKS" for discussions of factors that may adversely impact the revenue and expenditure levels assumed in the FY26 & FY27 Original Budget.

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TABLE A-1
Budgeted General Fund Revenues and Appropriations for
Fiscal Years 2022-23 through 2026-27
(000s)

	2022-23 Final Revised Budget[5]	2023-24 Final Revised Budget[5]	2024-25 Original Budget[6]	2025-26 Original Budget [7]	2026-27 Original Budget [7]
Prior-Year Budgetary Fund Balance & Reserves	$ 3,214,031	$ 2,963,605	$ 301,875	$ 187,156	$ 300,521
Budgeted Revenues					
Property Taxes	$ 2,379,530	$ 2,510,000	$ 2,469,580	$ 2,437,000	$ 2,422,170
Business Taxes[1]	902,246	851,077	883,000	1,139,600	1,371,500
Other Local Taxes[2]	1,050,820	1,098,880	1,109,170	1,002,170	1,076,350
Licenses, Permits and Franchises	26,749	30,240	31,802	23,126	23,051
Fines, Forfeitures and Penalties	3,088	3,028	3,921	6,038	3,608
Interest and Investment Earnings	38,660	111,757	146,715	151,882	132,661
Rents and Concessions	12,913	14,571	14,145	18,502	25,271
Grants and Subventions	1,536,227	1,462,866	1,321,363	1,372,885	1,327,085
Charges for Services	243,298	275,495	351,423	405,243	409,151
Other	23,307	32,153	19,444	18,909	17,932
Total Budgeted Revenues	$ 6,216,838	$ 6,390,067	$ 6,350,563	$ 6,575,355	$ 6,808,779
Expenditure Appropriations					
Public Protection	$ 1,681,489	$ 1,747,925	$ 1,837,737	$ 1,923,582	$ 1,962,039
Public Works, Transportation & Commerce	275,941	254,637	232,734	177,859	192,418
Human Welfare & Neighborhood Development	1,621,981	1,686,647	1,641,289	1,670,511	1,737,353
Community Health	1,118,010	1,099,022	1,144,476	1,233,759	1,295,276
Culture and Recreation	180,475	198,594	190,338	204,503	221,058
General Administration & Finance	351,738	346,074	352,660	342,691	369,936
General City Responsibilities	201,959	211,665	194,821	201,002	242,836
Total Expenditure Appropriations	$ 5,431,593	$ 5,544,564	$ 5,594,055	$ 5,743,907	$ 6,020,916
Budgetary reserves and designations, net	$ 46,496	$ 62,362	$ 14,570	$ 28,420	$ 22,876
Transfers In	$ 194,984	$ 229,393	$ 206,499	$ 258,508	$ 279,762
Transfers Out[3]	(1,315,702)	(1,355,235)	(1,250,314)	(1,248,692)	(1,345,270)
Net Transfers In/Out	($1,120,718)	($1,125,842)	($ 043,815)	($ 990,184)	($1,065,508)
Budgeted Excess (Deficiency) of Sources Over (Under) Uses	$ 2,832,062	$ 2,620,904	-		-
Variance of Actual vs. Budget	131,543	192,130	-		-
Total Actual Budgetary Fund Balance[4]	$ 2,963,605	$ 2,813,034	-		-

(1) Business tax includes the overpaid executive tax beginning in FY 2025-26 and FY 2026-27 proposed budgets. Prior to that, it is included in "other local taxes."

(2) Other Local Taxes includes sales, hotel, utility users, parking, transfer, sugar sweetened beverage, stadium admissions, access line, and cannabis. See note 1 about overpaid executive taxes.

(3) Transfers Out is primarily related to transfers to support Charter-mandated spending requirements and hospitals.

(4) Fiscal year 2022-23 and fiscal year 2023-24 Final Revised Budget reflects prior year actual budgetary fund balance.

(5) Fiscal year 2022-23 and 2023-24 Final Revised Budgets are based on respective Annual Comprehensive Financial Reports.

(6) Fiscal year 2024-25 amounts represent the Original Budget, adopted July 30, 2024.

(7) Fiscal year 2025-26, 2026-27 are based on the Original Budget, adopted July 24, 2025

Source: Office of the Controller, City and County of San Francisco.

Budget Process

The following paragraphs contain a description of the City's customary budget process. The City's fiscal year commences on July 1 and ends on June 30. The City's budget process for each fiscal year begins in the middle of the preceding fiscal year as departments prepare their budgets and seek any required approvals from the applicable City board or commission. Departmental budgets are consolidated by the City Controller, and then transmitted to the Mayor no later than the first working day of March. By the first working day of May, the Mayor is required to submit a proposed budget to the Board of Supervisors for certain specified departments, based on criteria set forth in the Administrative Code. On or before the first working day of June, the Mayor is required to submit a proposed budget, including all departments, to the Board of Supervisors.

Under the Charter, following the submission of the Mayor's Proposed Budget, the City Controller must provide an opinion to the Board of Supervisors regarding the economic assumptions underlying the revenue estimates and the reasonableness of such estimates and revisions in the proposed budget (the City Controller's "Revenue Letter"). The City Controller may also recommend reserves that are considered prudent given the proposed resources and expenditures contained in the Mayor's Proposed Budget. The Revenue Letter and other information from the Controller's website are not incorporated herein by reference. The City's Capital Planning Committee (composed of other City officials) also reviews the proposed budget and provides recommendations based on the budget's conformance with the City's adopted ten-year capital plan. For a further discussion of the Capital Planning Committee and the City's ten-year capital plan, see "CAPITAL FINANCING AND BONDS – Capital Plan" herein.

The City is required by the Charter to adopt, each year, a budget which is balanced in each fund. During its budget approval process, the Board of Supervisors has the power to reduce or augment any appropriation in the proposed budget, provided the total budgeted appropriation amount in each fund is not greater than the total budgeted appropriation amount for such fund submitted by the Mayor. The Board of Supervisors approves the budget by adoption of the Budget and Appropriation Ordinance (also referred to herein as the "Original Budget") typically by no later than August 1 of each fiscal year.

The Budget and Appropriation Ordinance becomes effective with or without the Mayor's signature after 10 days; however, the Mayor has line-item veto authority over specific items in the budget. Additionally, in the event the Mayor were to disapprove the entire Budget and Appropriation Ordinance, the Charter directs the Mayor to promptly return the ordinance to the Board of Supervisors, accompanied by a statement indicating the reasons for disapproval and any recommendations which the Mayor may have. Any Budget and Appropriation Ordinance so disapproved by the Mayor shall become effective only if, subsequent to its return, it is passed by a two-thirds vote of the Board of Supervisors.

Following the adoption and approval of the Budget and Appropriation Ordinance, the City makes various revisions throughout the fiscal year (the Original Budget plus any changes made to date are collectively referred to herein as the "Revised Budget"). A "Final Revised Budget" is prepared at the end of the fiscal year upon release of the City's Annual Comprehensive Financial Report ("ACFR") to reflect the year-end revenue and expenditure appropriations for that fiscal year.

Multi-Year Budgeting and Planning

The City's budget involves multi-year budgeting and financial planning, including:

1. Fixed two-year budgets are approved by the Board of Supervisors. For fiscal year 2025-26, all departments except for MTA, SFPUC, SFO, and the Port will have budgets open again for amendments.

2. A five-year financial plan and update, which forecasts General Fund revenues and expenses and summarizes expected public service levels and funding requirements for that period. The

December 2024 Five-Year Plan, including a forecast of expenditures and revenues and proposed actions to balance them in light of strategic goals, was issued by the Mayor, the Budget Analyst for the Board of Supervisors and the Controller's Office on December 18, 2024, for fiscal year 2025-26 through fiscal year 2029-30. See "CITY BUDGET – December 2024 Five-Year Plan" section below.

3. The Controller's Office proposes to the Mayor and Board of Supervisors financial policies addressing reserves, use of volatile revenues, debt and financial measures in the case of disaster recovery and the City is required to adopt budgets consistent with these policies once approved. The Controller's Office may recommend additional financial policies or amendments to existing policies no later than October 1. Key financial policies that have been enacted include:

   - Non-Recurring Revenue Policy – This policy limits the Mayor's and Board's ability to use for operating expenses the following nonrecurring revenues: extraordinary year-end General Fund balance, the General Fund share of revenues from prepayments provided under long-term leases, concessions, or contracts, otherwise unrestricted revenues from legal judgments and settlements, and other unrestricted revenues from the sale of land or other fixed assets. Under the policy, these nonrecurring revenues may only be used for nonrecurring expenditures that do not create liability for, or expectation of, substantial ongoing costs, including but not limited to discretionary funding of reserves, acquisition of capital equipment, capital projects included in the City's capital plans, development of affordable housing, and discretionary payment of pension, debt, or other long-term obligations.

   - Rainy Day and Budget Stabilization Reserve Policies – These reserves were established to support the City's budget in years when revenues decline. These and other reserves are discussed under "Rainy Day Reserve" and "Budget Stabilization Reserve" below.

Role of Controller in Budgetary Analysis and Projections

As Chief Fiscal Officer and City Services Auditor, the City Controller monitors spending for all officers, departments and employees charged with receipt, collection or disbursement of City funds. Under Charter Section 3.105, no obligation to expend City funds can be incurred without a prior certification by the Controller that sufficient revenues are or will be available to meet such obligation as it becomes due in the then-current fiscal year, which ends June 30. The Controller monitors revenues throughout the fiscal year, and if actual revenues are less than estimated, the City Controller may freeze department appropriations or place departments on spending "allotments" which will constrain department expenditures until estimated revenues are realized. If revenues are in excess of what was estimated, or budget surpluses are created, the Controller can certify these surplus funds as a source for supplemental appropriations that may be adopted throughout the year upon approval of the Mayor and the Board of Supervisors. The City's actual expenditures are often different from the estimated expenditures in the Original Budget due to supplemental appropriations, continuing appropriations of prior years, and unexpended current-year funds. If the Controller estimates revenue shortfalls that exceed applicable reserves and any other allowances for revenue shortfalls in the adopted City budget, upon receipt of such estimates, the Mayor is to inform the Board of Supervisors of actions to address this shortfall. The Board of Supervisors may adopt an ordinance to reflect the Mayor's proposal or alternative proposals in order to balance the budget.

General Fund Results: Audited Financial Statements

The City issued the ACFR, which includes the City's audited financial statements, for fiscal year 2023-24 on November 27, 2024. The 2024-25 Annual Comprehensive Financial Report is expected to be issued in late November or December 2025.

Fiscal year 2023-24 General Fund balance increased from fiscal year 2022-23. As of June 30, 2024, the net available budgetary basis General Fund balance was $903.7 million, which is $51.6 million more than the $852.1 million available as of June 30, 2023. The portion of General Fund balance available for appropriation increased from the prior year by $51.5 million as a result of steps taken during fiscal year 2023-24 to de-appropriate and otherwise hold spending of previously budgeted funds. This increase, however, was more than offset by the reduction in fund balance not available for appropriation, resulting in a decline in total GAAP and budgetary basis fund balance.

The City prepares its budget on a modified accrual basis, which is also referred to as "budget basis" in the ACFR. Accruals for incurred liabilities, such as claims and judgments, workers' compensation, accrued vacation and sick leave pay are funded only as payments are required.

Table A-2 is extracted from information in the City's published ACFRs. Audited financial statements can be obtained from the City Controller's website https://sf.gov/annual-comprehensive-financial-reports-acfr. Information from the City Controller's website is not incorporated herein by reference. Excluded from this Statement of General Fund Revenues and Expenditures in Table A-2 are fiduciary funds, internal service funds, special revenue funds (which relate to proceeds of specific revenue sources which are legally restricted to expenditures for specific purposes), and all of the enterprise fund departments of the City, each of which prepares separate audited financial statements. See "CITY BUDGET – Five-Year Financial Plan: FY 2025-26 through FY 2029-30" for a summary of the most recent projections.

On a GAAP basis, the General Fund balance as of June 30, 2024 was $2.6 billion. Table A-3 focuses on the City's fund balances; General Fund balances are shown on both a budget basis and a GAAP basis with comparative financial information for the fiscal years ended June 30, 2020 through June 30, 2024.

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TABLE A-2
Statement of Revenues, Expenditures and Changes in General Fund Fund Balances[1]
Fiscal Years 2019-20 through 2023-24
(000s)

Revenues:	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Property Taxes	$ 2,075,002	$ 2,332,864	$ 2,336,071	$ 2,459,052	$ 2,526,392
Business Taxes	822,154	722,642	861,172	850,593	868,932
Other Local Taxes[2]	996,180	709,018	1,115,553	1,108,545	1,036,816
Licenses, Permits and Franchises	25,318	12,332	32,078	28,953	29,702
Fines, Forfeitures and Penalties	3,705	4,508	5,755	3,191	6,484
Interest and Investment Income	65,459	(1,605)	(93,447)	68,319	180,387
Rents and Concessions	9,816	5,111	10,668	11,775	11,764
Intergovernmental	1,183,341	1,607,803	1,795,395	1,339,711	1,393,646
Charges for Services	229,759	230,048	238,438	243,234	281,393
Other	62,218	46,434	23,265	29,677	42,268
Total Revenues	$ 5,472,952	$ 5,669,155	$ 6,324,948	$ 6,143,050	$ 6,377,784
Expenditures:					
Public Protection	$ 1,479,195	$ 1,498,514	$ 1,562,797	$ 1,654,953	$ 1,730,773
Public Works, Transportation & Commerce	203,350	204,973	232,078	265,019	241,299
Human Welfare and Neighborhood Development	1,252,865	1,562,982	1,478,115	1,577,163	1,617,231
Community Health	909,261	1,056,590	1,002,047	967,381	947,867
Culture and Recreation	155,164	145,405	159,056	172,832	186,187
General Administration & Finance	304,073	314,298	298,742	301,748	293,959
General City Responsibilities	129,941	113,913	156,870	189,570	168,497
Total Expenditures	$ 4,433,849	$ 4,896,675	$ 4,889,705	$ 5,128,666	$ 5,185,813
Excess of Revenues over Expenditures	$ 1,039,103	$ 772,480	$ 1,435,243	$ 1,014,384	$ 1,191,971
Other Financing Sources (Uses):					
Transfers In	$ 87,618	$ 343,498	$ 84,107	$ 119,361	$ 155,223
Transfers Out	(1,157,822)	(1,166,855)	(1,209,383)	(1,316,074)	(1,354,857)
Other	-	(338)	(74,928)	(74,677)	(76,864)
Total Other Financing Sources (Uses)	($1,070,204)	($ 823,695)	($1,200,204)	($1,271,390)	($1,276,498)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	($ 31,101)	($ 51,215)	$ 235,039	($ 257,006)	($ 84,524)
Total Fund Balance at Beginning of Year	$ 2,717,023	$ 2,685,922	$ 2,670,104	$ 2,905,143	$ 2,648,137
Cumulative effect of accounting change		35,397	-		
Total Fund Balance at End of Year -- GAAP Basis	$ 2,685,922	$ 2,670,104	$ 2,905,143	$ 2,648,137	$ 2,563,610
Assigned for Subsequent Year's Appropriations and Unassigned Fund Balance, Year End					
-- GAAP Basis	$ 395,776	$ 179,077	$ 325,664	$ 150,628	$ 228,515
-- Budget Basis	$ 896,172	$ 901,980	$ 1,016,157	$ 852,147	$ 903,673

(1) Summary of financial information derived from City ACFRs. Fund balances include amounts reserved for rainy day (Economic Stabilization and One-time Spending accounts), encumbrances, appropriation carryforwards and other purposes (as required by the Charter or appropriate accounting practices) as well as unreserved designated and undesignated available fund balances (which amounts constitute unrestricted General Fund balances).

(2) Other Local Taxes includes sales, hotel, utility users, parking, transfer, sugar sweetened beverage, stadium admissions, access line, cannabis, and overpaid executive taxes.

Sources: Annual Comprehensive Financial Reports; Office of the Controller, City and County of San Francisco.

In addition to the reconciliation of GAAP versus budget-basis fund balance, Table A-3 shows the City's various reserve balances as designations of fund balance. Key reserves are described further below.

Rainy Day Reserve

The City maintains a Rainy Day Reserve, as shown on the first and second line of Table A-3 below. Charter Section 9.113.5 requires that if total General Fund revenues for the current year exceed total General Fund revenues for the prior year by more than five percent, then the City must deposit anticipated General Fund revenues in excess of that five percent growth into three accounts within the Rainy Day Reserve (see below) and for other lawful governmental purposes. Similarly, if budgeted revenues exceed current year revenues by more than five percent, the budget must allocate deposits to the Rainy Day Reserve. Proposition C, passed by the voters in November 2014, divided the existing Rainy Day Economic Stabilization Account into a City Rainy Day Reserve ("City Reserve") and a School Rainy Day Reserve ("School Reserve") for SFUSD, with each reserve account receiving 50% of the existing balance at the time. Deposits to the reserve are allocated as follows:

- 37.5% of the excess revenues to the City Reserve;
- 12.5% of the excess revenues to the School Reserve (not shown in Table A-3 because it is it is reserved for SFUSD and not part of the General Fund,);
- 25% of the excess revenues to the Rainy Day One-Time or Capital Expenditures account; and
- 25% of the excess revenues may be used for any lawful governmental purpose.

The FY26 & FY27 Original Budget maintains balances in the City Rainy Day Reserve of $114.5 million, $0 in the City Rainy Day One-Time Reserve, and $1.0 million in the SFUSD's Rainy Day Economic Stabilization Reserve as shown in Table A-3. Under Proposition C, the City is not eligible to withdraw from the Rainy Day Reserve in either budget year.

The combined balances of the Rainy Day Reserve's Economic Stabilization account and the Budget Stabilization Reserve are subject to a cap of 10% of actual total General Fund revenues. Amounts in excess of that cap in any year will be placed in the Budget Stabilization One-Time Reserve, which is eligible to be allocated to capital and other one-time expenditures. Monies in the City Reserve are available to provide budgetary support in years when General Fund revenues are projected to decrease from prior-year levels (or, in the case of a multi-year downturn, the highest of any previous year's total General Fund revenues). Monies in the Rainy Day One-Time Reserve are available for capital and other one-time spending initiatives.

Budget Stabilization Reserve

The City maintains a Budget Stabilization Reserve, as shown on the third line of Table A-3 below. The Budget Stabilization Reserve augments the Rainy Day Reserve and is funded through the dedication of 75% of certain volatile revenues, including Real Property Transfer Tax ("RPTT") receipts in excess of the rolling five-year annual average (adjusting for the effect of any rate increases approved by voters), funds from the sale of assets, and year-end unassigned General Fund balances beyond the amount assumed as a source in the subsequent year's budget.

The City is ineligible to make withdrawals from the Budget Stabilization Reserve in either budget year but will make a $30.0 million deposit because transfer tax is expected to exceed its prior five-year average in FY 2026-27, bringing this reserve up to a balance of $305.2 million in FY 2026-27. When the combined balance of the Budget Stabilization Reserve and Rainy Day Reserve exceeds 10 percent of General Fund revenues, the excess is deposited in the Budget Stabilization One-Time Reserve. While the $54.8 million balance of this reserve was budgeted in FY 2022-23, stronger than anticipated performance through year-end meant the reserve was ultimately not needed that year. The entire $54.8 million balance of this reserve was previously budgeted in the FY 2025-26 budget, and the recently adopted budget pushes out the depletion of this reserve into FY 2026-27.

The Budget Stabilization Reserve has the same withdrawal requirements as the Rainy Day Reserve. Withdrawals are structured to occur over a period of three years: in the first year of a downturn, a maximum of 30% of the combined value of the Rainy Day Reserve and Budget Stabilization Reserve could be drawn; in the second year, the maximum withdrawal is 50%; and, in the third year, the entire remaining balance may be drawn. No deposits are required in years when the City is permitted to withdraw.

Salaries, Benefits and Litigation Reserves

The City maintains two reserves to offset potential expenses, which are available to City departments through a Controller's Office review and approval process. These are shown in the "assigned, not available for appropriation," and "assigned and unassigned, available for appropriation" sections of Table A-3 below. These include the Salaries and Benefit Reserve (balance of $1.8 million as of fiscal year 2023-24) and the Litigation Reserve. The Litigation Reserve and Public Health Management Reserve (balance of $282.7 million in fiscal year 2023-24) are combined for reporting purposes. The purpose of the latter is to manage patient revenue volatility in the Department of Public Health.

General Reserve

The City maintains a General Reserve, shown as part of "Unassigned for General Reserve" in the "assigned and unassigned, available for appropriation" section of Table A-3 below. The fiscal year 2023-24 balance of $135.7 million includes $128.1 million of General Reserve, as well as two smaller, unrelated reserves. On December 16, 2014, the Board of Supervisors adopted financial policies which increased the City's General Reserve from 2% to 3% of General Fund revenues between fiscal year 2017-18 and fiscal year 2020-21 while reducing the required deposit to 1.5% of General Fund revenues in years when the City appropriates a withdrawal from the Rainy Day reserve. The intent of this policy change was to increase reserves available during a multi-year downturn. In fiscal years 2020-21 and 2021-22, the City withdrew from the Rainy Day Reserve and reset its General Fund Reserve deposit requirement to 1.5% of General Fund revenues, growing to 3.0 percent of General Fund revenues in 0.25 percent annual increments thereafter. In FY 2025-26, the General Reserve required funding level is 2.5 percent of General Fund revenue, growing to 2.75 percent in FY 2026-27. The deposit amounts are $27.6 million and $22.9 million for FY 2025-26 and FY 2026-27, respectively, given budgeted revenue levels and replenishment of current year withdrawals. See "CITY BUDGET – May 2025 Nine-Month Report" for a summary of the most recent projections.

Fiscal Cliff Reserve

The Fiscal Cliff Reserve was created for the purpose of managing projected budget shortfalls following the spend down of federal and state pandemic stimulus funds and other one-time sources. The Mayor's FY 2024-25 and FY 2025-26 proposed budget amended this reserve to include managing business tax revenue shortfalls as an additional eligible use. The FY26 & FY27 Original Budget includes spending $25.0 million of the reserve in FY 2025-26 and $15.0 million in FY 2026-27 and shifting the remaining $142.4 million balance of this reserve into a newly created Federal and State Revenue Risk Reserve through administrative provisions of the FY 2025-26 Annual Appropriations Ordinance, as described below.

Federal and State Revenue Risk Reserve

The FY 2025-26 Annual Appropriation Ordinance establishes the Federal and State Revenue Risk Reserve for the purpose of managing revenue shortfalls related to changes in federal and state funding. This reserve is funded by combining the $40.1 million balance of the Federal and State Emergency Grant Disallowance Reserve, the $142.4 million balance of the Fiscal Cliff Reserve, and all revenue escheated to the

General Fund from City Option Medical Reimbursement Accounts in FY 2025-26, which is estimated to be $225.0 million, for a starting balance of $408.4 million.

Operating Cash Reserve

Although not shown in Table A-3, under the City Charter, the Treasurer, upon recommendation of the City Controller, is authorized to transfer legally available moneys to the City's operating cash reserve from any unencumbered funds then held in the City's pooled investment fund (which contains cash for all pool participants, including city departments and external agencies such as San Francisco Unified School District and City College). The operating cash reserve is available to cover cash flow deficits in various City funds, including the City's General Fund. From time to time, the Treasurer has transferred unencumbered moneys in the pooled investment fund to the operating cash reserve to cover temporary cash flow deficits in the General Fund and other City funds. Any such transfers must be repaid within the same fiscal year in which the transfer was made, together with interest at the rate earned on the pooled funds at the time the funds were used. See "INVESTMENT OF CITY FUNDS – Investment Policy" herein.

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TABLE A-3
Summary of General Fund Fund Balances
Fiscal Years 2019-20 through 2023-24
(000s)

	2019-20	2020-21	2021-22	2022-23	2023-24
Restricted for rainy day (Economic Stabilization account)(1)	$ 229,069	$ 114,539	$ 114,539	$ 114,539	$ 114,539
Committed for budget stabilization (citywide) (2)	362,607	320,637	320,637	330,010	330,010
Committed for Recreation & Parks savings reserve	803	-	-	-	
Assigned, not available for appropriation					
Assigned for encumbrances	$ 394,912	$ 407,137	$ 462,668	$ 424,301	$ 431,461
Assigned for appropriation carryforward	630,759	753,776	940,213	840,748	569,737
Assigned for salaries and benefits(3)	25,371	5,088	17,921	27,927	1,807
Assigned for Self-Insurance(4)	-	42,454	45,567	46,496	43,362
Assigned for Hotel Tax Loss Contingency	-	6,000	3,500	3,500	-
Total Fund Balance Not Available for Appropriation	$1,643,521	$1,649,631	$1,905,045	$1,787,521	$1,490,916
Assigned and unassigned, available for appropriation					
Assigned for litigation & contingencies(3)	$ 160,314	$ 173,591	$ 235,133	$ 259,230	$ 282,731
Assigned for subsequent year's budget	370,405	173,989	307,743	122,701	226,708
Unassigned for General Reserve(5)	78,498	78,333	57,696	64,707	135,714
Unassigned - Budgeted for use second budget year	84	-	149,695	291,710	228,502
Unassigned - Projected for use third and fourth budget year	-	-	163,400	81,190	154,861
Unassigned - COVID-19 Contingency Reserve(6)	507,400	113,500	13,999	-	-
Unassigned - Conditional Increment Reserve	-	-	-	-	402
Unassigned - Federal & State Emergency Revenue Reserve(6)	-	100,000	81,300	81,300	81,300
Unassigned - Fiscal Cliff Reserve(6)	-	293,900	229,750	220,432	182,425
Unassigned - Business Tax Stabilization Reserve	-	149,000	29,454	29,454	29,454
Unassigned - Gross Receipts Prepayment Reserve	-	26,000	-	-	-
Unassigned - Public Health Use in FY 2023-24	-	-	-	21,213	-
Unassigned - Other Reserve	3,000	13,807	1,021	1,021	21
Unassigned - Available for future appropriation	18,283	31,784	39,795	3,126	-
Total Fund Balance Available for Appropriation	$1,137,984	$1,153,904	$1,308,986	$1,176,084	$1,322,118
Total Fund Balance, Budget Basis	$2,781,505	$2,803,535	$3,214,031	$2,963,605	$2,813,034
Budget Basis to GAAP Basis Reconciliation					
Total Fund Balance - Budget Basis	$2,781,505	$2,803,535	$3,214,031	$2,963,605	$2,813,034
Unrealized gain or loss on investments	36,626	3,978	(156,403)	(158,859)	(79,138)
Nonspendable fund balance	1,274	2,714	4,134	1,174	1,001
Cumulative Excess Property Tax Revenues Recognized on Budget Basis	(20,655)	(31,745)	(32,874)	(40,685)	(54,052)
Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis	(139,590)	(120,569)	(118,791)	(111,163)	(114,312)
Inventories	33,212	17,925	-	-	-
Pre-paid lease revenue	(6,450)	(5,734)	(4,954)	(5,935)	(2,923)
Total Fund Balance, GAAP Basis	$2,685,922	$2,670,104	$2,905,143	$2,648,137	$2,563,610

(1) See "Rainy Day Reserve" for additional information.
(2) See "Budget Stabilization Reserve" for additional information.
(3) See "Salaries, Benefits and Litigation Reserves" for additional information.
(4) Due to GASB 84 implementation, the self-insurance and other general City activities from the former Payroll (Agency) Fund became part of the General Fund. The balance represents a fund collected and restricted for self-insurance purpose.
(5) See "General Reserve" for additional information.
(6) See "COVID Response and Economic Loss Reserve, Federal and State Emergency Grant Disallowance Reserve, and Fiscal Cliff Reserve" for additional information.

Source: Office of the Controller, City and County of San Francisco.

Recent Reports

The following sections describe recent reports on the City's financial condition, presented with the most recent report first, followed by prior reports.

FY26 & FY 27 Original Budget and Revenue Letter

The FY26 & FY27 Original Budget was finally adopted by Mayor and the Board of Supervisors on July 24, 2025. See "CITY BUDGET – Budget Process" for additional detail. The FY26 & FY 27 Original Budget reflects $16.0 billion of expenditures (all funds) in fiscal year 2025-26 and $16.2 billion in fiscal year 2026-27. The FY26 & FY27 Original Budget addresses the then-current $817.5 million two-year shortfall through nearly $150.0 million of annual on-going projected revenue increases, coupled with reductions to capital, baselines, positions, and funding to community-based organizations, and the use of fund balance and reserves.

The Charter requires that the Controller comment on revenue estimates assumed in the Mayor's fiscal year 2025-26 and fiscal year 2026-27 proposed budget. These comments were issued in the Revenue Letter on June 10, 2025 (the "June 2025 Revenue Letter").

While the Controller found the revenue assumptions in the Mayor's proposed budget to be reasonable and makes meaningful progress toward closing the structural deficit, the Controller noted that the City faces several material financial risks in upcoming fiscal years. These risks include: the projected structural budget gap following depletion of one-time funds; economic risk; federal funding risk to Medicaid and FEMA reimbursements; and State budget revenue risk.

Key findings in the June 2025 Revenue Letter included:

- Tax Revenue. Overall General Fund tax revenue grows by $138.8 million (or 3.1%) in FY 2025-26 compared to the May 2025 Nine-Month Report and $291.3 million (or 6.4%) in FY 2026-27. Business tax grows significantly in this period, reflecting overall strength in the technology and professional services sectors, as well as administrative changes related to Proposition M approved by the voters in November 2024. The tax forecast assumes the pace of the City's commercial real estate "reset" accelerates, resulting in transfer tax growth that triggers a deposit to the Budget Stabilization Reserve and related declines in property tax given market values below assessed values for most sales. The pace and volume of assessment appeals decisions and refunds will also continue to grow, exerting downward pressure on revenues. Other economically sensitive taxes, such as sales and hotel taxes, are projected to grow during the coming two years but remain below pre-pandemic levels.

- Public Health Revenue. The Proposed FY26 & FY27 budget significantly increases public health-related revenues, growing by $259.1 million in fiscal year 2025-26 and $313.9 million in fiscal year 2026-27. Strength in public health revenue is primarily driven by changes in state funding formulas, increases in service volume and census, and various revenue improvement initiatives. Shifts in state funding allocations include two supplemental Medi-Cal payment programs (the Enhanced Payment Program and Quality Incentive Pool Program), as well as rate changes for Distinct Part/Nursing Facility for skilled nursing facilities. DPH revenue includes increases in patient census at Zuckerberg San Francisco General Hospital and Laguna Honda Hospital, as well as increases in billable encounters in Whole Person Integrated Care and Primary Care. Finally, the expansion of electronic health records to Behavioral Health Services is anticipated to improve revenue capture. See "BUDGETARY RISKS - Impact of Federal Government on Local Finances."

- Ongoing Solutions. The proposed budget makes meaningful progress toward closing the structural deficit, with approximately $250 to $300 million in ongoing savings; however, hard budgetary choices remain. The March 2025 Five Year Plan Update forecasted a structural gap of $959 million in FY 2027-28. The Controller's Office preliminary review of the mix of ongoing and one-time solutions indicates the shortfall is likely to be approximately $650 to $700 million in FY 2027-28, growing in subsequent years. Roughly half of the ongoing solutions are comprised of increased tax and public health revenue while the remaining are driven by reductions to grants to community-based organizations, reductions in citywide personnel costs, and other initiatives.

The FY26 & FY 27 Proposed Budget makes significant reductions in authorized full-time equivalent ("FTE") positions in FY 2025-26 and FY 2026-27, respectively, in all funds, including approximately 400 in the General Fund. These reductions reverse more than a decade-long trend of increasing budgeted and funded positions. Despite position cuts, however, overall salary and fringe benefits costs are growing due to negotiated wage increases and health and retirement benefit obligations. Labor agreements include raises of 4.5% for miscellaneous employees in FY 2025-26 and 4.5% in FY 2026-27 and 3% for public safety in FY 2025-26. Health rates are increasing by 7.7% in FY 2025-26 and 7.8% in FY 2026-27 and employer contributions to retirement are growing from 14.9% in the current year to 16.5% in FY 2025-26 and 16.4% in FY 2026-27.

Continued improvement in the structural deficit will require further citywide expenditure reductions in future years.

- One-Time Solutions. The FY26 & FY27 Proposed Budget assumes the use of $571.5 million of General Fund one-time sources over the two budget years, $126.7 million more than assumed in the March 2025 Update to the Five-Year Financial Plan. The Controller's Office finds the use of one-time funds to increase reserve balances to be prudent and commensurate with known financial risks. These sources include the draw down of $377.5 million in prior year fund balance, $105.3 million of reserves, and $88.7 million of FEMA reimbursements. Consistent with the March 2025 Update to the Five-Year Financial Plan, the budget maintains $139.9 million of fund balance designated for FY 2027-28 and other future year budgets. This budget complies with the City's nonrecurring revenue policy in Administrative Code Section 10.61, which requires that one-time sources be spent on one-time uses.

- Reserve Deposits. The FY26 & FY27 Proposed Budget creates a Federal and State Revenue Risk reserve of approximately $400 million, increases economic stabilization reserves to $419.7 million, and makes required deposits to the General Reserve. The Controller's Office finds the use of one-time funds to increase reserve balances to be prudent and commensurate with known financial risks. In addition to using $105.3 million of reserve to balance (including $62.8 million included in the previous year's adopted FY 2024-25 and FY 2025-26 budget and an additional $42.5 million assumed in the current proposed budget), the proposed budget makes deposits to several reserves. The new Federal and State Revenue Risk Reserve consolidates remaining balances of the Federal and State Emergency Grant Disallowance Reserve and Fiscal Cliff Reserve with anticipated future revenue escheated from City Option Medical Reimbursement Accounts for a total expected balance of $408.4 million. Given revenue uncertainty and the one-time nature of escheatment revenue, it is prudent to reserve these funds for a known risk rather than appropriate them for on-going costs. The level of reserve is believed to be commensurate to risk; the projected balance of the Federal and State Revenue Risk Reserve represents approximately 10% of the City's annual operating federal and state pass-through revenues and could be used to temporarily backstop cuts in both state and federal budgets.

  Additionally, the FY26 & FY27 Proposed Budget makes a required $30.0 million deposit to the Budget Stabilization Reserve in FY 2026-27, triggered by the expectation that transfer tax will exceed the prior five-year average. The City is not eligible to withdraw from Economic Stabilization Reserves. The proposed budget also makes required General Reserve deposits of $27.6 million and $22.9 million in FY 2025-26 and FY 2026-27. These deposits to the Budget Stabilization Reserve and General Reserve are required by Financial Policies previously adopted by the Mayor and Board of Supervisors.

- The final adopted budget will require active monitoring and management by departments, the Mayor, and the Board of Supervisors given economic and financial risks. These risks include the possibility of a slowing local economic recovery or a recession, as well as risks associated with both state and federal revenue streams. Additionally, close management and monitoring of personnel spending will be required for departments to stay within budgets as the budget deletes many vacant positions while maintaining or increasing expected attrition savings.

May 2025 Nine-Month Report

On May 12, 2025, the Controller's Office released the Nine-Month Budget Status Report (the "May 2025 Nine-Month Report"). The May 2025 Nine-Month Report notes that the Controller projects a $483.4 million General Fund ending balance in fiscal year 2024-25, a $53.9 million improvement from the $429.5 million balance contained in the March 2025 Five-Year Plan Update described below. Application of this additional current year fund balance would decrease the projected shortfall in the fiscal year 2025-26 and 2026-27 budget to $781.5 million (from $817.5 million) and by $18.0 million in fiscal year 2027-28. The May 2025 Nine-Month Report notes that risks to this projection remain from economic uncertainty and potential changes affecting federal revenue.

Citywide revenues are projected to be $32.7 million below the FY25 & FY26 Original Budget in the May 2025 Nine-Month Report, no change from the March 2025 Five-Year Plan Update projections. Property tax is projected to be $34.0 million below the FY25 & FY26 Original Budget, reflecting high volumes of assessment appeals filed and refunds paid, partially offset by increased excess ERAF. Business tax revenue is projected to be $46.2 million above budget given the strength of tax year 2024 returns to date and the postponement of some litigation reserve deposits to fiscal year 2025-26 to smooth revenue across fiscal years. Shortfalls in hotel tax and both state and local sales tax revenues reflect year-to- date weakness in cash receipts. The May 2025 Nine-Month Report notes these shortfalls are partially offset by strength in real property transfer tax revenue and interest income.

The May 2025 Nine-Month Report notes that City departments are now projected to end the year with a $145.4 million net surplus including:

- A total of $123.1 million in operating surplus identified by departments includes a net $75.8 million revenue surplus and $47.3 million in expenditure savings, primarily generated as a result of personnel savings. The Department of Public Health is projected to have a $106.3 million surplus, including $102.1 million in revenue above budget due to surplus patient revenue at the San Francisco Health Network and Zuckerberg San Francisco General Hospital and an unusual number of prior year Medicare settlement payments, partially offset by a patient revenue shortfall at Laguna Honda Hospital due to lower than projected patient census resulting from a pause on new admissions during recertification. Expenditure savings at the Human Services Agency and Administrative Services are offset by revenue shortfalls at Public Works and City Planning and overspending at the Sheriff's department.

- The Police, Fire, Emergency Management and Sheriff's departments, and the Public Utilities Commission, will require additional supplemental appropriations for overtime. To the extent these are not funded by reallocation of existing expenditure appropriation, such supplementals could reduce available fund balance. Any additional supplemental appropriations using projected revenue surpluses or expenditure savings displayed in the May 2025 Nine-Month Report will reduce fund balance available to solve the budget year shortfalls.

- The May 2025 Nine-Month Report projections assume no changes to federal revenue for the current fiscal year related to the new federal administration's funding freezes or rescission of funds, but this remains a source of budgetary uncertainty. Since January 20, the new federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President's immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences. Several federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. In some cases, federal agencies have denied the City reimbursement of costs expended prior to those terminations. The City has filed and joined in litigation challenging many of these actions and continues to evaluate its options to appeal federal agency decisions to terminate grants and deny reimbursements. But those efforts and the threat to the City's federal funding remain ongoing. Other federal agencies continue to initiate processes to implement the administration's desired funding cuts. The City Attorney has filed lawsuits to protect federal funds received by the City and will continue to work with the Mayor's Office and City departments to protect the City's interests. See "BUDGET RISKS - Impact of Federal Government on Local Finances."

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The following table shows changes in the projected variances from the FY25 & FY26 Original Budget in the December 2024 Five-Year Plan, the February 2025 Six-Month Report, the March 2025 Five-Year Plan Update and the May 2025 Nine-Month Report.

TABLE A-4
May 2025 Nine-Month Report
Fiscal Year 2024-25 General Fund Variances
Compared to FY25 & FY26 Original Budget
Surplus/(Shortfall)($ Millions)

	Dec. 2024 Five-Year Plan	Feb. 2025 Six-Month Report	March 2025 Five-Year Plan Update	May 2025 Nine-Month Report	Change from March 2025 ($)
Fiscal Year 2023-24 Ending Fund Balance	$455.2	$455.2	$455.2	$455.2	-
Appropriation in the FY 2024-25 Budget	(455.2)	(455.2)	(455.2)	(455.2)	-
A. Prior Year Fund Balance vs Budgeted Levels	-	-	-	-	-
Citywide Revenue	(45.7)	(114.1)	(32.7)	(32.7)	0.0
Baseline Contributions	(6.1)	(0.3)	(18.8)	(12.6)	6.2
Departmental Operations	-	97.7	97.7	145.4	47.7
B. Current Year Revenues and Expenditures	(51.9)	(16.7)	46.1	100.1	53.9
General Reserve Appropriated - Source	-	0.5	0.5	6.0	5.4
New Expenditures Supported by General Reserve - Use	-	(0.5)	(0.5)	(6.0)	(5.4)
C. Supplemental Appropriations & Use of Reserves	-	-	-	-	-
D. Previously Unappropriated Fund Balance	154.9	154.9	154.9	154.9	-
E. Fund Balance Previously Appropriated in FY 2025-26	228.5	228.5	228.5	228.5	-
F. FY 2024-25 Projected Ending Balance	331.5	366.7	429.5	483.4	53.9

March 2025 Five-Year Plan Update

On March 31, 2025, the Mayor, Board of Supervisors Budget Analyst, and Controller issued the Budget Outlook Update (March Five-Year Update) (the "March 2025 Five-Year Plan Update"). Compared to the December 2024 Five-Year Plan, the March 2025 Five-Year Plan Update projected an approximately $19.1 million shortfall in fiscal year 2025-26 followed by reduced shortfalls in fiscal years 2026-27, 2027-28, 2028-29, and 2029-30. For fiscal years 2025-26 and 2026-27 the March 2025 Five-Year Plan Update projected an $817.5 million shortfall, or $58.5 million less than the $875.9 million shortfall projected in the December 2024 Five-Year Plan. The March 2025 Five-Year Plan Update projected that long term structural shortfalls remain, growing to $1.35 billion by fiscal year 2029-30, which is $122.7 million less than the December 2024 Five-Year Plan projection. The following table contains the updated shortfall projections from the March 2025 Five-Year Plan Update.

TABLE A-5(a)
March 2025 Five-Year Plan Update
General Fund-Supported Projected Budgetary
Surplus/(Shortfall) ($ Millions)

	Change from AAO Budget			Projection		
	2025-26	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
SOURCES Increase / (Decrease)	**(200.4)**	**(6.4)**	**216.1**	**325.4**	**425.6**	**597.9**
Uses						
Baselines & Reserves	(13.5)	(65.5)	(164.6)	(248.9)	(273.2)	(272.2)
Salaries & Benefits	(8.8)	(184.9)	(363.7)	(620.4)	(805.5)	(910.9)
Citywide Operating Budget Costs	(7.4)	(19.1)	(125.0)	(234.5)	(315.3)	(391.5)
Departmental Costs	(42.2)	3.6	(108.0)	(180.3)	(290.1)	(371.8)
USES Decrease / (Increase)	**(71.9)**	**(265.9)**	**(761.3)**	**(1,284.1)**	**(1,684.1)**	**(1,946.4)**
Projected Cumulative Surplus /(Shortfall)	**(272.3)**	**(272.3)**	**(545.2)**	**(958.7)**	**(1,258.5)**	**(1,348.5)**
Two-Year Deficit		**$(817.5)**				

Financial provisions in the City's labor contracts and local law are dependent on the projections in the March 2025 Five-Year Plan Update. The fiscal year 2025-26 projected deficit in the March 2025 Five-Year Plan Update of $272.3 million is below the $300.0 million threshold established in public safety labor contracts, which, if exceeded, would have delayed negotiated wage increases by six months. However, the fiscal year 2025-26 projected deficit is above the deficit thresholds for several voter-adopted baselines, which has resulted in the suspension of requirements to increase the Student Success Fund, Office of Early Care and Education (OECE), Street Tree Maintenance Fund, and the Dignity Fund baselines.

The March 2025 Five-Year Plan Update identified a number of significant uncertainties and outstanding policy choices remain that could affect the City's financial condition over the next five years, including:

- Risk of Recession. Recent independent forecasts show lower GDP growth and higher risk of economic downturn. The March 2025 Five-Year Plan Update does not project a recession.

- Potential Fiscal effects of Federal Policy Changes. With the exception of reduced levels of FEMA reimbursement for COVID-19, the March 2025 Five-Year Plan Update projections assume no changes to federal revenue related to the new federal administration's proposed funding freezes or rescission of funds, but this remains a source of budgetary uncertainty. Health care services are the single largest program funded through the federal budget, largely via Medicaid and Medicare. Changes to these programs would affect City revenues and expenditures. See "BUDGET RISKS - Impact of Federal Government on Local Finances."

- State Budget Impacts: The March 2025 Five-Year Plan Update does not assume significant changes in state funding levels. Risks have emerged that could materially affect the state's outlook, including the imposition of tariffs, immigration enforcement actions, and federal spending cuts. More than a quarter of state expenses are paid by the federal government; any cuts to federal education and health care spending would have to be offset by unrealistic levels of state spending increases.

- Labor Negotiations: The March 2025 Five-Year Plan Update projection maintains the average inflation projection of the California Department of Finance SF Metropolitan Statistical Area CPI and Moody's SF Metropolitan Area CPI as noted above. Miscellaneous contracts are open beginning in fiscal year 2027-28 and public safety contracts are open beginning in fiscal year 2026-27. All open contracts assume these inflation factors. Every 1% increase in wages above plan assumptions for miscellaneous employees would increase the General Fund deficit by approximately $32.9 million in fiscal year 2027-28 and fiscal years after.

December 2024 Five-Year Plan

The Five-Year Financial Plan (the "Five-Year Plan") is required under Proposition A, a charter amendment approved by voters in November 2009. The Charter requires that, every two years, the City must forecast expenditures and revenues for the next five fiscal years, propose actions to balance revenues and expenditures during each year of the Plan, and discuss strategic goals and corresponding resources for City departments. The Charter also requires that by March 1 of each odd-numbered year, the Mayor submit a Five-Year Plan to the Board. The City's Administrative Code requires that by March 1 of each even-numbered year, the Mayor, Board of Supervisor's Budget Analyst, and Controller submit an updated estimate for the remaining four years of the most recently adopted Five-Year Plan.

On December 18, 2024, the Mayor's Office, Controller's Office, and Board of Supervisors Budget and Legislative Analyst's Office issued the "Proposed Five-Year Financial Plan Fiscal Years 2025-26 through 2029-30" (the "December 2024 Five-Year Plan"). The December 2024 Five-Year Plan projected that that, over the next five years, the City's revenue outlook will improve, supported by recent changes in San Francisco's tax structure and modest economic growth. However, this improvement will be constrained by post-pandemic economic realities and the depletion of one-time funding sources. At the same time, the cost of City services is projected to grow significantly, surpassing revenue growth each year of the five-year period.

The City anticipates budget deficits in each of the next five years without proactive measures taken to address the imbalance between revenues and expenditures. Unlike the significant budget shortfalls that followed the 2001 and 2008 recessions, the current outlook highlights longer-term structural challenges, even without the occurrence of another recession. Given this economic context, the fiscal strategies outlined emphasize implementing ongoing spending reductions to balance the budget in each year. These reductions are grouped into the main categories of labor, infrastructure, and contracts.

The following table is excerpted from the December 2024 Five-Year Plan and sets forth projected changes from the Annual Appropriations Ordinance ("AAO") Budget for fiscal year 2025-26. (The AAO is the legislation adopted after the Board of Supervisors reviews and amends the Mayor's Proposed Budget that enacts the annual budget).

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TABLE A-5(b)
Five-Year Financial Plan
Fiscal Years 2025-26 through 2029-30
Base Case - Summary of General Fund-Supported Projected Budgetary Surplus/(Shortfall)
Projections as of December 18, 2024
($ Millions)

	Change from AAO Budget	Projection				
	2025-26	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**
SOURCES Increase / (Decrease)	**$(203.2)**	**$(9.2)**	**$132.9**	**$225.8**	**$350.4**	**$518.6**
Uses						
Baselines & Reserves	(1.5)	(53.6)	(147.1)	(232.1)	(255.8)	(254.0)
Salaries & Benefits	0.4	(175.7)	(350.4)	(607.0)	(795.3)	(943.1)
Citywide Operating Budget Costs	(7.0)	(18.7)	(125.0)	(235.4)	(316.1)	(392.5)
Departmental Costs	(41.8)	4.0	(133.1)	(204.6)	(317.8)	(400.2)
Uses Decrease / (Increase)	**$(50.0)**	**$(244.0)**	**$(755.7)**	**$(1,279.1)**	**$(1,684.9)**	**$(1,989.8)**
Projected Cumulative Surplus /(Shortfall)	**$(253.2)**	**$(253.2)**	**$(622.7)**	**$(1,053.3)**	**$(1,334.5)**	**$(1,471.2)**

Recession Planning Scenarios: The December 2024 Five-Year Plan contains a planning scenario which assumes a hypothetical recession beginning in late fiscal year 2024-25, with revenues declines by the average percent decline seen in the prior recessions in the early 2000's and in 2008 and following years. Projected net revenue losses (after taking into account reduced reserve deposits and the use of $389.7 million in economic stabilization reserves) would result in a net remaining deficit of approximately $1.3 billion over the five-year period.

BUDGETARY RISKS

In addition to the budgetary risks described below, see "CITY BUDGET – FY26 & FY27 Original Budget and Revenue Letter".

Threat of Recession

An economic recession could adversely impact the City's economy and the financial condition of the General Fund. During the "Great Recession" that occurred nationally from December 2007 to June 2009 (according to the U.S. National Bureau of Economic Research), California real GDP growth slowed for five consecutive quarters from the third quarter of 2008 to the third quarter of 2009 and did not return to pre-recession level of output until three years later in the third quarter of 2012. The unemployment rate rose steadily from 4.9% in the fourth quarter of 2006 to peak at 12.3% in the fourth quarter of 2010 and did not return to the pre-recession level until the second quarter of 2017.

Impact of Commuting Pattern Changes on Business Taxes

The persistence of remote work results in continued pressure on the City's General Fund revenues. Approximately half of workers in major tax-paying sectors such as professional services, financial services, and information live outside of the City. Continued high levels of telecommuting and work from anywhere policies may affect how much of any business's gross receipts are apportionable to the City; however November 2024 Proposition M shifted gross receipts away from payroll-based formulas toward worldwide and citywide sales.

The number of people entering the City as workers and visitors continues to improve. From September 2024 to September 2025, average weekday MUNI train boardings increased 25.4% to reach a post-pandemic high of 116,500, or 71.2% of the ridership in September 2019. Exits at downtown BART stations increased 8%

between September 2024 and September 2025, reaching a post-pandemic high of 58,519 average weekday exits, or 40% of the ridership in September 2019. Office attendance in the Bay Area, as measured by the security firm Kastle Systems, has improved and averaged about 44% of pre-pandemic levels over the past year. Whereas, downtown foot traffic, as measured by the analytics firm Placer.ai, remained unchanged at 57% of pre-pandemic levels between September 2024 and September 2025. Visitor foot traffic was 73% in September 2025, slightly up from 72% in September 2024.

Businesses owe gross receipts tax only on their employees physically working within the City. For certain categories of businesses, the gross receipts tax is also dependent on their San Francisco payroll. Thus, the sharp rise in telecommuting has resulted in reduced business taxes and, if the change becomes permanent, could negatively impact the City for the foreseeable future. Although some City residents who previously commuted out of the City are now telecommuting from within the City, many of these residents work for employers who do not have a nexus in the City, and thus are not subject to business taxes.

Office Vacancy in San Francisco; Impact on Property Taxes and Other Revenues

According to Jones Lang LaSalle (JLL), San Francisco's office overall vacancy rose by 30 basis points from 35.4% in Q1 2025 to 35.7% in Q2 2025. This marks a dramatic shift from the 5.2% vacancy rate recorded in Q4 2019, representing the steepest increase among major U.S. office markets. Despite the elevated vacancy rate, direct asking rents remained relatively flat at $73.30 per square foot in Q2 2025. Persistent uncertainty around return-to-office policies has continued to dampen both transaction volumes and asset valuations. CoStar data shows that downtown office sales have averaged just nine transactions per quarter since 2020—less than half the pre-pandemic average of 22. The average market sale price across the city stood at $459 per square foot in Q2 2025, a 42% decline from the peak of $790 in Q4 2019.

The market value of commercial real estate reflects the current and future income that the market expects the property to generate. If expectations of future income streams are reduced, then the market value of office properties will be reduced.

A reduction in demand from tenants is not the only thing that could reduce the market value of San Francisco office buildings in the near future. Using an income valuation approach, the market value of properties is commonly estimated as the property's net operating income, divided by its capitalization rate (its effective rate of return). Capitalization rates are generally calculated from the sales of comparable properties, and vary across markets, and over time, according to changes in investors' perception of risk, and the risk-free rate of return. When investors perceive greater risk, they require a higher rate of return, and the spread between that asset's capitalization rate and the risk-free rate widens. When the capitalization rate rises, for whatever reason, the market value of a property will decline, all other things being equal.

The market value of a property is important for property tax revenue because a property's assessed value – the basis of its property tax liability – may not exceed its market value. If a property owner believes a property is assessed above its market value, they can request a reduction in assessment from the Assessor, and/or appeal a decision to the Assessment Appeals Board. The gap between current market and assessed values is narrowed somewhat by the effect of Proposition 13, which caps growth in assessed value at 2% per year unless a sale or new construction prompts a reassessment. Given that market values have typically increased at much higher rates over the years, properties that have not been recently sold have been assessed below market value. In other words, Proposition 13 effectively cushions the City's property tax base from downturns in property markets, at the cost of reduced growth in property tax revenue during periods of strong economic growth.

Given assessment appeal hearing timelines, there is a significant lag between the filing of appeals and completion of hearings at the Assessment Appeals Board ("AAB"). As of June 30, 2025, the City is holding $325.8 million in AAB reserves for the General Fund's portion of refunds on approximately $53.1 billion in prior years' assessed value reductions, plus interest. Reserve balances are projected to grow given the capacity for hearings and requests for delays from commercial property owners' agents. General Fund property tax revenue in the Adopted Budget is net of AAB reserve deposits of $129.1 million for fiscal 2025-26 and $188.5 million for fiscal year 2026-27.

The City cannot predict the actual level of revenue losses, however the City will continue to account for these trends in its periodic reports.

Business Tax Litigation

As of June 30, 2024 ACFR, the City has reserved $572 million of tax collections for litigation risk associated with its various taxes, including approximately $292 million for gross receipts tax and $238 million for homelessness gross receipts tax. The majority of the litigation and claims relate to the validity, methodology and/or calculation of the various business taxes. The amount of claims and litigation continues to increase. Although more than 15,000 businesses pay the gross receipts tax that accrues to the General Fund, the top ten payers accounted for 28.8% of the revenue in tax year 2024. The top ten payers accounted for 35.1% of all business taxes – including gross receipts, homelessness gross receipts, commercial rents, and overpaid executive gross receipts taxes – in tax year 2023. The legal issues raised vary by claimant and are at various stages of the claims and litigation process. As of April 2025,the total business tax liability has increased to more than $770 million and reserves for litigation risk has increased to more than $660 million.

In general, there will be multiple years of tax payments at issue in a single dispute, which can result in large liability changes at the time of the dispute. To smooth out large changes that have occurred in fiscal year 2024-25, the City is reserving only 75% of the total liability in fiscal year 2024-25 to be replenished to the full 100% of the liability in fiscal year 2025-26, reducing forecasted revenue by approximately $105 million in that fiscal year. In anticipation of additional litigation, budgeted revenue is reduced by $12.5 million in fiscal year 2025-26 and $25 million in fiscal year 2026-27.

The City is vigorously defending itself in these matters. However, there can be no assurances that the final determination of particular claims or litigation matters would not be applicable to other similarly situated taxpayers in the City and thus have broader applicability, and correspondingly increase the City's financial exposure. The City can make no assurances that the actual final impact to the City of the current and potential future claims and litigation related to the City's various business taxes will not significantly exceed amounts currently reserved.

Impact of the State of California Budget on Local Finances

Revenues from the State represent approximately 13% of the General Fund revenues appropriated in the Original Budget for fiscal years 2025-26 and 2026-27, and thus changes in State revenues could have a material impact on the City's finances. In a typical year, the Governor releases two primary proposed budget documents: 1) the Governor's Proposed Budget required to be submitted in January; and 2) the "May Revise" to the Governor's Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. Following that process, the State Legislature adopts, and the Governor signs, the State budget. City policy makers review and estimate the impact of both the Governor's Proposed and May Revise Budgets prior to the City adopting its own budget.

The Governor signed the 2025 Budget Act on at the end of June which contained a host of changes to health and behavioral health programs, many of them changes to Medi-Cal that would increase the amount of uncompensated care provided by the Department of Public Health to undocumented adults, including a freeze on new enrollment effective January 1, 2026 and new $30 monthly premiums effective July 1, 2027. While the effect of these changes on Medi-Cal enrollment is not yet known, the potential revenue loss is estimated in the tens of millions annually and is not assumed in the budget. The state budget cuts HHAP (Homeless Housing, Assistance, and Prevention) grant funding to local governments in half in FY 2026-27; as the City's budget assumed a total cut of $39 million in that year, this represents an improvement.

The State Budget does not reflect the impact of substantial cuts in H.R. 1 the federal legislation enacted in July 2025. Given the uncertainty of the scope and fiscal effects of H.R.1, the state budget provides authority for the State Department of Finance to reduce any item of appropriation to align with reduced federal funding, providing for much swifter mid-year budget amendments than occur through the typical legislative process. The City's adopted budget creates a Federal and State Revenue Risk reserve by combining remaining balances of existing reserves and one-time revenues for an estimated balance of $400 million to manage state and federal revenue risks anticipated but not yet known.

Potential City Acquisition of PG&E Distribution Assets

On January 29, 2019, PG&E filed for Chapter 11 bankruptcy protection to shield itself from potential wildfire liability that was estimated in excess of $30 billion. Taxes and fees paid by PG&E to the City total approximately $75 million annually and include property taxes, franchise fees and business taxes, as well as the utility user taxes it remits on behalf of its customers. On June 20, 2020, the United States Bankruptcy Court for the Northern District of California confirmed PG&E's Plan of Reorganization, and on July 1, 2020 PG&E announced that it had emerged from Chapter 11 bankruptcy.

During the pendency of the PG&E bankruptcy, on September 6, 2019 the City submitted a non-binding indication of interest to PG&E and PG&E Corporation to purchase substantially all of PG&E's electric distribution and transmission assets needed to provide retail electric service to all electricity customers within the geographic boundaries of the City (the "Target Assets") for a purchase price of $2.5 billion (such transaction, the "Proposed Transaction"). In a letter dated October 7, 2019, PG&E declined the City's offer. On November 4, 2019, the City sent PG&E a follow-up letter reiterating its interest in acquiring the Target Assets. To demonstrate public support for the Proposed Transaction, on January 14, 2020, the City's Board of Supervisors and SFPUC's Commission conditionally authorized the sale of up to $3.065 billion of Power Enterprise Revenue Bonds to finance the acquisition of the Target Assets and related costs, subject to specific conditions set forth in each authorizing resolution.

On July 27, 2021, the City submitted a petition with the California Public Utilities Commission (the "CPUC") seeking formal determination of the value of PG&E's local electric infrastructure. The matter is pending before the CPUC and the City can give no assurance about whether or when the CPUC will hold a hearing on the matter.

The City is unable to predict whether it will be able to consummate a final negotiated acquisition price for the Target Assets and, if so, the terms thereof. Any such final terms would be subject to approval by the Board of Supervisors and SFPUC. If consummated, it is expected that such new electric system would be wholly supported by its own revenues. No revenues or funds of the City's General Fund would be available to pay for system operations, or would any City General Fund secured bonds issued to acquire the Target Assets. The City is committed to acquiring PG&E's assets and expects to continue its pursuit with the newly reorganized entity.

Impact of Federal Government on Local Finances

The City receives substantial federal funds for assistance payments, social service programs and other programs. A portion of the City's assets are also invested in securities of the United States government. The City's finances may be adversely impacted by fiscal matters at the federal level, including but not limited to cuts to federal spending.

In the event Congress and the President fail to enact appropriations, budgets or debt ceiling increases on a timely basis in the future, such events could have a material adverse effect on the financial markets and economic conditions in the United States and an adverse impact on the City's finances. The City cannot predict the outcome of future federal budget deliberations and the impact that such budgets will have on the City's finances and operations. The City also cannot predict the impact of an extended continuation of the current impasse in the U.S. Congress and shutdown of the federal government. The City's General Fund and hospitals, which are supported by the General Fund, collectively receive over $1 billion annually in federal subventions for entitlement programs, the large majority of which are reimbursements for care provided to Medicaid and Medicare recipients. In addition, tens of thousands of San Franciscans receive federal subsidies to purchase private insurance on the State's health care exchange, Covered California. Changing these subsidies and altering provisions of the Affordable Care Act are expected to have significant effects on future health care costs.

There can be no assurances that the new Presidential administration will not adopt new federal policies, or revise existing policies, or otherwise takes action, in a manner that materially adversely impacts the City's finances. Projections assume no changes to federal revenue related to the new federal administration's proposed funding freezes or rescission of funds, but this remains a source of budgetary uncertainty. Since January 20, 2025, the new federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President's immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences. Litigation has been brought challenging certain actions by the federal administration. Notwithstanding, the threat to the City's federal funding remains ongoing.

On February 19, 2025, the President issued Executive Order 14159, Protecting the American People from Invasion, targeting sanctuary cities and purporting to prohibit use of federal funds by such cities in certain ways related to undocumented immigrants. The City, along with other jurisdictions across the country, has filed litigation challenging the legality of the Executive Order. This matter is pending, and the potential adverse impact of enforcement of the Executive Order on City finances, if any, cannot be predicted at this time.

The FY26 & FY27 Original Budget does not assume changes related to the 2025 federal budget, which was signed into law on July 4, 2025, as H.R. 1. The expansive scope of the bill reshapes federal policy across every sector of the American economy, and the ultimate effect of its funding shifts and tax policy changes will take years to become known. The single largest and most direct effect on City finances will be changes to funding and access to healthcare coverage, which will significantly increase the number of uninsured and reduce federal support for providing uncompensated and emergency care. Preliminary estimates of the effects of H.R.1 on health revenues indicate annual revenue losses exceeding $300 million within the next decade. To the extent any such revenue losses materialize, the City will need to address them in future budget deliberations, which might include reallocation of other available funds to replace the lost revenues, reductions in services previously funded from the lost revenues and/or other measures.

Under the bill, states would lose Medicaid funding for adults who do not meet work requirements; enrollment periods would be shortened and eligibility determinations more frequent; and their ability to finance a portion of Medicaid spending through taxes collected from health care providers would be cut nearly in half. The Congressional Budget Office estimated these changes will increase the number of uninsured people by over ten million in 2034, and that, while federal costs would decrease, state costs to implement and administer the new requirements would increase substantially. Depending on the degree of state cost sharing, local administrative cost increases could be in the tens of millions per year. Reduced funding for Affordable Care Act (ACA) expansion and changes to ACA Health Insurance Marketplaces would add to the uninsured population. This bill represents the largest set of cuts to Medicaid since inception and could result in thousands of San Francisco residents disenrolling from the Medi-Cal program and reduced funding for the Department of Public Health.

The federal government provided significant funding to local governments to respond to the public health emergency and mitigate the fiscal effect of the COVID-19 pandemic. The City spent the entirety of its General Fund allocations of Coronavirus Aid, Relief, and Economic Security Act and American Rescue Plan Act State and Local Fiscal Recovery Fund monies as of fiscal year 2021-22 and is awaiting reimbursement of emergency response costs submitted to the FEMA. The FY26 & FY27 Original Budget assumes FEMA reimbursements of $80.0 million for COVID-19 in FY 2025-26. In late May, San Francisco received emails from FEMA indicating disallowance of 97% of the $415.0 million in COVID-19 non-congregate shelter (i.e., Shelter-in-Place hotel) costs submitted for reimbursement, for which the City has already received $148.0 million. The City plans to appeal such determinations; however, the timing and outcome are currently unknown.

There can be no assurances that the City will not be required to refund all or a portion of the disallowed amounts, which would materially exacerbate the City's financial challenges. See "PERIODIC FINANCIAL REPORTING; RECENT REPORTS."

GENERAL FUND REVENUES

The revenues discussed below are General Fund resources, unless otherwise noted.

PROPERTY TAXATION

Property Taxation System – General

The City receives approximately one-third of its total General Fund operating revenues from local property taxes. Property tax revenues result from the application of the appropriate tax rate to the taxable assessed value of property in the City. The City levies property taxes for general operating purposes as well as for the payment of voter-approved bonds. As a county under State law, the City also levies property taxes on behalf of all local agencies with overlapping jurisdiction within the boundaries of the City.

Local property taxation is the responsibility of various City officers. The Assessor identifies all taxable property in the City and County of San Francisco, computes the value of locally assessed taxable property, and applies all legal exemptions. After the assessed roll is closed on June 30, the Controller issues a Certificate of Assessed Valuation in August which certifies the taxable assessed value at the beginning of that fiscal year. The Controller also applies the tax rate factors, including the 1.0% tax authorized by Article XIIIA of the State Constitution (and mandated by statute), and tax factors needed to repay voter-approved general obligation bonds on property located in the City. Typically, the Board of Supervisors approves the schedule of tax rates each year by resolution no later than the last working day of September. The Treasurer and Tax Collector prepares and mails tax bills to taxpayers and collects the taxes on behalf of the City and other overlapping taxing agencies that levy taxes on taxable property located in the City. The Treasurer holds and invests City tax funds, including taxes collected for payment of general obligation bonds, and is charged with payment of principal and interest on such bonds when due. The State Board of Equalization assesses certain special classes of property, as described below. See "Taxation of State-Assessed Utility Property" below.

Assessed Valuations, Tax Rates, and Tax Delinquencies

The property tax rate is comprised of two components: 1) the 1.0% countywide portion, and 2) all voter-approved overrides which fund debt service for general obligation bond indebtedness. Table A-6 provides a recent history of assessed valuations of taxable property within the City. Lingering impacts of the COVID-19 pandemic, which triggered business changes such as extended work-from-home policies that resulted in less demand for office spaces, and the substantial increases in borrowing costs (interest rates) resulted in a reduction in property values for certain asset classes in the City and may result in future reductions, which could be material.

The total tax rate shown in Table A-6 includes taxes assessed on behalf of the City as well as the SFUSD, County Office of Education ("SFCOE"), SFCCD, Bay Area Air Quality Management District ("BAAQMD"), and San Francisco Bay Area Rapid Transit District ("BART"), all of which are legal entities separate from the City. See also, Table A-32: "Statement of Direct and Overlapping Debt and Long-Term Obligations." In addition to *ad valorem* taxes, voter-approved special assessment taxes or direct charges may also appear on a property tax bill.

Additionally, although no additional rate is levied, a portion of property taxes collected within the City is allocated to OCII, the successor agency to the San Francisco Redevelopment Agency, and a number of tax increment financing districts. Property tax revenues attributable to the growth in assessed value of taxable property (known as "tax increment") within the adopted redevelopment project areas may be utilized by OCII to pay for outstanding and enforceable obligations and a portion of administrative costs of the agency, reducing tax revenues from those parcels located within project areas to the City and other local taxing agencies, including SFUSD and SFCCD. Taxes collected for payment of debt service on general obligation bonds are not affected or diverted. OCII received $125.8 million of property tax increment in fiscal year 2024-25 for recognized obligations, diverting about $69.9 million that would have otherwise been apportioned to the City's General Fund.

The percentage collected of property tax (current year levies excluding supplemental and direct charges) was 98.56% for fiscal year 2024-25.

TABLE A-6
Assessed Valuation of Taxable Property
Fiscal Years 2016-17 through 2025-26
($000s)

Fiscal Year	Net Assessed[1] Valuation (NAV)	% Change from Prior Year	Total Tax Rate per $100[2]	Total Tax Levy[3]	Total Tax Collected[3]	% Collected June 30
2016-17	$211,532,524	8.8%	1.179	$2,492,789	$2,471,486	99.1%
2017-18	234,074,597	10.7%	1.172	2,732,615	2,709,048	99.1%
2018-19	259,329,479	10.8%	1.163	2,999,794	2,977,664	99.3%
2019-20	281,073,307	8.4%	1.180	3,509,022	3,475,682	99.0%
2020-21	299,686,811	6.6%	1.198	3,823,246	3,785,038	99.0%
2021-22	307,712,666	2.7%	1.182	3,864,100	3,832,546	99.2%
2022-23	331,431,694	7.7%	1.180	4,067,270	4,032,813	99.2%
2023-24	346,366,619	4.5%	1.178	4,261,226	4,215,823	98.9%
2024-25	348,713,889	0.7%	1.171	4,083,810	4,025,051	98.6%
2025-26	357,842,539[4]	2.6%	1.183	4,225,180[4]	N/A	N/A

(1) Net Assessed Valuation (NAV) is Total Assessed Value for Secured and Unsecured Rolls, less Non-reimbursable Exemptions and Homeowner Exemptions.

(2) Annual tax rate for unsecured property is the same rate as the previous year's secured tax rate.

(3) The Total Tax Levy and Total Tax Collected through fiscal year 2023-24 is based on year-end current year secured and unsecured levies as adjusted through roll collections, excluding supplemental assessments, as included in the statistical report received from the Office of the Treasurer and Tax Collector. Beginning with fiscal year 2024-25, the amounts are prepared by the Office of the Controller and also exclude direct charge levies as they do not correlate to the assessed valuations of properties.

(4) Based on initial assessed valuations for fiscal year 2025-26.

Source: Office of the Controller, City and County of San Francisco.

At the start of fiscal year 2025-26, the total net assessed valuation of taxable property within the City was approximately $357.8 billion. Of this total, $341.8 billion (95.5%) represents secured valuations and $16.0 billion (4.5%) represents unsecured valuations. See "Tax Levy and Collection" below for a further discussion of secured and unsecured property valuations.

Proposition 13 limits to 2% per year the increase in the assessed value of property, unless it is sold, or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than the current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

Under Article XIIIA of the State Constitution added by Proposition 13 in 1978, property sold after March 1, 1975 must be reassessed to full cash value at the time of sale. Taxpayers can appeal the Assessor's determination of their property's assessed value, and the appeals may be retroactive and for multiple years. The State prescribes the assessment valuation methodologies and the adjudication process that counties must employ in connection with counties' property assessments.

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in assessment appeals as the economy rebounds. During the severe economic downturn of fiscal years 2009-10 and 2010-11, reductions of up to approximately 30% of the assessed valuations appealed were granted. Successful assessment appeals result in property tax refunds and so as with appeals activity the total value of refunds typically increases as a result of economic downturns. Other taxing agencies such as SFUSD, SFCOE, SFCCD, BAAQMD, and BART share proportionately in any refunds paid as a result of successful appeals. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. In the period following the Great Recession, assessment appeals increased significantly as did associated reductions, and a similar trend is developing post-pandemic. For scale, in the wake of the Great Recession, the reductions in residential property assessed value reached upwards of $2 billion in 2010-11 when the roll topped $157 billion.

The FY25 & FY26 Original Budget assumes declines in commercial assessed values in the City resulting from the continuance of work from home patterns and interest rates currently affecting the City's businesses, and that such declines could be material. The City's most recent economic reports have noted continuation of these trends.

Appeals activity is reviewed each year and incorporated into the current and subsequent years' budget projections of property tax revenues. Refunds of prior years' property taxes from the discretionary General Fund appeals reserve fund for fiscal years 2014-15 through 2023-24 are listed in Table A-7 below.

TABLE A-7
Refunds of Prior Years' Property Tax Revenues
General Fund
Fiscal Years 2014-15 through 2023-24
($000s)

Fiscal Year	Amount Reduced
2014-15	$16,304
2015-16	16,199
2016-17	33,397
2017-18	24,401
2018-19	30,071
2019-20	17,900
2020-21*	10,729
2021-22	16,479
2022-23	23,070
2023-24	36,822

Source: Office of the Controller, City and County of San Francisco.
*Amount reduced in fiscal year 2020-21 and forward reflects both Teetered and non-teetered property tax amounts.

A property's annual assessed value is determined as of January 1 preceding the start of the fiscal year for which taxes are billed and paid. Under California's Proposition 13, a property's annual assessed value is the lesser of (1) its base year value (fair market value as of the date of change in ownership or completion of new construction), factored for inflation at no more than two percent per year; or (2) its fair market value as of that January 1. A qualifying taxpayer can seek assessed value adjustment from the Assessment Appeals Board ("AAB"), from the Assessor's Office, or both. If a property's fair market value is assessed below its factored base year value, the reduced value is enrolled on a temporary basis (for one year) and is commonly referred to as a "Proposition 8" reduction, after the 1978 initiative, or simply as a "decline in value" reduction. If a property receives such a temporary reduction, the Assessor is required to annually review the property's temporary reduction for each subsequent January 1 lien date, until such time as the market value again exceeds the property's factored base year value, at which point the Assessor reestablishes the factored base year value as the taxable value to be enrolled for that January 1 lien date.

COVID-19's impact on San Francisco real property values first arose on the 2021 Assessment Roll, resulting in an almost 4-times increase in the total count of Proposition 8 reductions granted compared to the 2020 Assessment Roll (up from 2,059 to 8,212) and more than 8-times increase in the value of the reductions (up from $272 million to $2.18 billion). For the January 1, 2025 lien date, the Assessor's Office completed 10,739 "decline-in-value" reviews. The total count and value of Proposition 8 reductions for the 2025 Assessment Roll were 9,375 and $4.84 billion, respectively.

The two most significant factors driving changes beginning with the 2021 Assessment Roll were Proposition 8 reductions for hotel and condominium properties. In response to COVID-19, the Assessor's Office performed proactive reviews of commercial properties, which resulted in temporary reductions of $1.01 billion for 26 hotel properties on the 2021 Assessment Roll. For the 2025 Assessment Roll, the Assessor reviewed and applied Proposition 8 assessed value reductions for 25 hotel properties, totaling $1.29 billion. Meanwhile, condominiums accounted for the largest share of new reductions since the onset of the pandemic at over 70% of the total value of temporary reductions (excluding hotels) on the 2021 and 2022 Assessment Rolls, but declining as a percentage of the total value of temporary reductions (excluding hotels) each year since, now accounting for just over half (51%) of the total value of temporary reductions (excluding hotels).

In order to more efficiently address a subset of regular open appeals on certain classes of residential property with an assessed value below $5 million, in December 2024, the Assessor's Office applied the same regression model it uses for determining Proposition 8 reductions to condos and dwellings with open appeals. This year the project expanded from solely condominiums to also include dwellings (single-family residences). Stipulation letters were sent to 710 condos and 361 dwellings containing a recommended value and instructions about how to withdraw their open appeal if they accepted said value. Taxpayers were given roughly a month to withdraw their appeals and accept the recommended value, which 385 condos and 132 dwellings did according to Assessor records. An additional 108 from these two pools subsequently withdrew with a modicum of appraiser interaction. Taken together, the result of these 1,179 withdrawals is a temporary downward adjustment of the enrolled value for these properties totaling approximately $86 million.

As referenced above, taxpayers may also seek assessed value adjustments from the AAB, whether or not they seek and/or receive such an adjustment from the Assessor through the Assessor's informal review process. Supplemental and Base Year Appeals are to establish a property's base value. Escape and Regular Appeals are filed to contest a property's value as of January 1. The majority of appeals (typically 70 plus percent) filed are Regular Appeals. For regular, annual secured property tax assessments, the period for property owners to file an appeal is between July 2nd and September 15th. If September 15th falls on a Saturday or Sunday, applications filed or postmarked the next business day are considered timely. The AAB generally is required to resolve appeals applications within two (2) years of filing, unless the applicant signs a waiver to extend the statutory period. Appeals may also be resolved when the Assessor and a property owner stipulate to a corrected value, which the AAB may approve, or reject and require a hearing in which it determines the value. Upon hearing a supplemental or base year appeal to establish a base value, the AAB may decide to increase, decrease, or not change an assessment. In the case of an escape or regular appeal, the AAB may lower the taxable value or maintain the factored base year value but cannot increase the value above the factored base year value. If an escape or regular appeal results in a change in value, the result is a decline-in-value reduction. The new assessed value will be used to determine the property taxes for the year that was appealed. Subsequently, as with any decline-in-value reduction, each year, the Assessor examines the property to see if the market value has risen back to the Proposition 13 base year value, or higher, and if so, reestablishes the Proposition 13 base year value. This does not apply to appeals to establish a property's base value.

Not all filed appeals receive a hearing or result in a property tax assessment reduction. A large majority of all assessment appeals are withdrawn and these withdrawn appeals may or may not receive a reduction. Similarly, not all assessment appeals heard result in a reduction. City revenue estimates take into account projected property tax losses from pending and future assessment appeals that are based on historical results as to appeals.

Appeals have increased considerably since fiscal year 2019-20 as a result of the impacts of the COVID pandemic and its aftermath as described herein. As of June 30, 2025, the total number of open appeals before the AAB was approximately 9,183. This reflects approximately 8,880 applications the AAB received during the fiscal year 2024-25 assessment appeals period (July 2-September 16, 2024) and 9,281 applications received by the period ending June 30, 2025. The City expects newly filed appeals during the fiscal year 2025-26 filing period to approximate last year's levels. (During the July 2-September 15 filing period in fiscal year 2023-24, the City received 7,576 applications.)

As of June 30, 2025, the difference between the assessed value and the taxpayer's opinion of values for all the open applications was approximately $112.6 billion. Assuming the City did not contest any taxpayer appeals and the AAB upheld all the taxpayers' requests, a negative total property tax revenue impact of about $1.3 billion would result. The General Fund's portion of that hypothetical loss of $1.3 billion in property tax revenues would be approximately $626.0 million. In practice, the City has contested virtually all taxpayer appeals resulting in substantially lower impacts to the City's property tax revenues resulting from assessment appeals.

Tax Levy and Collection

As the local tax-levying agency under State law, the City levies property taxes on all taxable property within the City's boundaries for the benefit of all overlapping local agencies, including SFUSD, SFCCD, the BAAQMD and BART. The total tax levy for all taxing entities to begin fiscal year 2025-26 was $4.2 billion, not including supplemental, escape and special assessments that may be assessed during the year. Of total property tax revenues on an Actual Budgetary Basis allocated in fiscal year 2024-25 (including supplemental and escape property taxes), per pre-audit numbers, the City received $2.5 billion in the General Fund and $278.7 million in special revenue funds designated for children's programs, libraries and open space. SFUSD and SFCCD received approximately $258.6 million and $48.5 million, respectively, and the local ERAF received $450.1 million (before adjusting for the vehicle license fees ("VLF") backfill shift). The Successor Agency received $125.8 million. The remaining portion was allocated to various other governmental bodies, various special funds, general obligation bond debt service funds, and other taxing entities. Taxes levied to pay debt service for general obligation bonds issued by the City, SFUSD, SFCCD and BART may only be applied for that purpose. The City's General Fund was allocated about 47.5% of total property tax revenue before adjusting for the tax increment financing districts, VLF backfill shift, and excess ERAF.

Generally, property taxes levied by the City on real property become a lien on that property by operation of law. A tax levied on personal property does not automatically become a lien against real property without an affirmative act of the City taxing authority. Real property tax liens have priority over all other liens against the same property regardless of the time of their creation by virtue of express provision of law.

Property subject to ad valorem taxes is entered as secured or unsecured on the assessment roll maintained by the Assessor-Recorder. The secured roll is that part of the assessment roll containing State-assessed property and property (real or personal) on which liens are sufficient, in the opinion of the Assessor-Recorder, to secure payment of the taxes owed. Other property is placed on the "unsecured roll."

The method of collecting delinquent taxes is substantially different for the two classifications of property. The City has four ways of collecting unsecured personal property taxes: 1) pursuing civil action against the taxpayer; 2) filing a certificate in the Office of the Clerk of the Court specifying certain facts, including the date of mailing a copy thereof to the affected taxpayer, in order to obtain a judgment against the taxpayer; 3) filing a certificate of delinquency for recording in the Assessor-Recorder's Office in order to obtain a lien on certain property of the taxpayer; and 4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes.

A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared "tax defaulted" and subject to eventual sale by the Treasurer and Tax Collector of the City. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

In October 1993, the Board of Supervisors passed a resolution that adopted the Alternative Method of Tax Apportionment (the "Teeter Plan"). This resolution changed the method by which the City apportions property taxes among itself and other taxing agencies. Additionally, the Teeter Plan was extended to include the allocation and distribution of special taxes levied for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) in June 2017 (effective fiscal year 2017-18) and for the Bay Restoration Authority Parcel Tax, SFUSD School Facilities Special Tax, SFUSD School Parcel Tax, and City College Parcel Tax in October 2017 (effective fiscal year 2018-19). The Teeter Plan method authorizes the City Controller to allocate to the City's taxing agencies 100% of the secured property taxes billed but not yet collected. In return, as the delinquent property taxes and associated penalties and interest are collected, the City's General Fund retains such amounts. Prior to adoption of the Teeter Plan, the City could only allocate secured property taxes actually collected (property taxes billed minus delinquent taxes). Delinquent taxes, penalties and interest were allocated to the City and other taxing agencies only when they were collected. The City has funded payment of accrued and current delinquencies through authorized internal borrowing. The City also maintains a Tax Loss Reserve for the Teeter Plan as shown on Table A-8. The Tax Loss Reserve sets aside 1% of the total of all taxes and assessments levied for which the Teeter Plan is the applicable distribution method. The purpose of the Tax Loss Reserve is to cover losses that may occur. The Tax Loss Reserve has grown in recent years as the assessed values on the secured roll have grown.

TABLE A-8
Teeter Plan
Tax Loss Reserve Fund Balance
Fiscal Years 2014-15 through 2023-24
($000s)

Year Ended	Amount Funded
2014-15	$20,569
2015-16	22,882
2016-17	24,882
2017-18	25,567
2018-19	29,126
2019-20	31,968
2020-21	35,298
2021-22	35,951
2022-23	38,041
2023-24	39,723

Source: Office of the Controller, City and County of San Francisco.

Assessed valuations of the aggregate ten largest assessment parcels in the City for the fiscal year beginning July 1, 2025 are shown in Table A-9. The City cannot determine from its assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the Office of the Assessor-Recorder.

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TABLE A-9
Top 10 Parcels Total Assessed Value
July 1, 2025

Assessee[1]	Location	Type	Total Assessed Value[2]
Sutter Bay Hospitals[3]	1101 Van Ness Ave	Hospital	$ 2,754,970,876
Transbay Tower LLC	415 Mission St	Office	1,951,770,071
GSW Arena LLC	1 Warriors Way A	Entertainment Comp	1,544,077,883
Park Tower Owner LLC	250 Howard St	Office	1,186,471,863
KRE Exchange Owner LLC	1800 Owens St	Office	1,181,992,820
Hwa 555 Owners LLC	555 California St	Office	1,159,518,020
Elm Property Venture LLC	101 California St	Office	1,123,892,319
PPF Paramount One Market Plaza Owner LP	55 Spear St	Office	949,697,266
SFDC 50 Fremont LLC	50 Fremont St	Office	784,545,353
Sutter Bay Hospitals Dba Ca Pacific Med[3]	3555 Cesar Chavez St/555 San Jose	Hospital	761,393,708
			$13,398,330,179

(1) Certain parcels fall within OCII project areas.
(2) Represents the Total Assessed Valuation (TAV) as of the Basis of Levy, which excludes assessments processed during the fiscal year, TAV includes land & improvements, personal property, and fixtures. Values reflect information as January 1, 2025, lien date.
(3) Nonprofit organization; parcel is largely exempt from property taxes.
Source: Office of the Assessor-Recorder, City and County of San Francisco.

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Taxation of State-Assessed Utility Property

A portion of the City's total net assessed valuation consists of utility property subject to assessment by the State Board of Equalization. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other State-assessed property values are taxed at a special countrywide rates and allocated to the counties by the State Board of Equalization. Tax revenues are distributed to taxing jurisdictions (including the City itself) according to statutory formula are generally based on the distribution of taxes in the prior year. The fiscal year 2025-26 valuation of property assessed by the State Board of Equalization in the City is approximately $4.9 billion.

OTHER CITY TAX REVENUES

In addition to property taxes, the City has several other major tax revenue sources, as described below. For a discussion of State constitutional and statutory limitations on taxes that may be imposed by the City, including a discussion of Proposition 62 and Proposition 218, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein.

The following section contains a brief description of other major City-imposed taxes as well as taxes that are collected by the State and shared with the City. The City's General Fund is also supported by other sources of revenue, including charges for services, fines and penalties, and transfers-in, which are not discussed below.

See Table A-10 below for a summary of revenue source as a percentage of total General Fund revenue based on the Original Budget for fiscal year 2025-26.

TABLE A-10
General Fund Revenue Overview
Fiscal Year 2025-26
($000s)

Revenues	FY 2025-26 Mayor's Original Budget	
	Revenues	Percentage of Total
Property Taxes	$ 2,437,000	37.1%
Business Taxes	1,139,600	17.3
Other Local Taxes[1]	1,002,170	15.2
Licenses, Permits and Franchises	23,126	0.4
Fines, Forfeitures and Penalties	6,038	0.1
Interest and Investment Income	151,882	2.3
Rents and Concessions	18,502	0.3
Intergovernmental	1,372,885	20.9
Charges for Services	405,243	6.2
Other	18,909	0.3
Total Revenues	$ 6,575,355	100.0%

(1) Other Local Taxes includes sales, hotel, utility users, parking, transfer, sugar sweetened beverage, stadium admissions, access line, and cannabis taxes.
Source: Office of the Controller, City and County of San Francisco.

Business Taxes

Through tax year 2014, businesses in the City were subject to payroll expense and business registration taxes. Proposition E (November 2012) changed business registration tax rates and introduced a gross receipts tax which phased in over a five-year period beginning January 1, 2014, intending to replace the then existing 1.5% tax on business payrolls over the same period. Overall, the ordinance increased the number and types of businesses in the City that pay business tax and registration fees from approximately 7,500 to 15,000. In November 2020, voters passed Proposition F, which eliminated the payroll tax and modified gross receipt tax rates. Most gross receipt tax rates increased by 40% for tax year 2021 over the prior year. Much smaller increases were scheduled for 2023 and 2024, should the City's taxable gross receipts in 2021 and 2022 reach at least 90% and 95%, respectively, of 2019 taxable gross receipts. The 2023 tax increase was suspended for one year because the City's 2021 taxable gross receipts did not reach the 90% threshold and the 2024 tax increase is suspended for one year because the City's 2022 taxable gross receipts did not reach the 95% threshold. In some industries that were particularly hurt during the pandemic, such as retail, trade and food services, Proposition F resulted in lowered tax rates through 2022 for gross receipts under $25 million. Subsequent legislation extended the lowered rate to these businesses for an additional two years. Proposition F also reduced business registration fees for businesses with less than $1 million in gross receipts and raised the small business exemption for gross receipts taxes to $2 million.

Business tax revenue (gross receipts, payroll, business registration, and tax on executive pay) for fiscal year 2023-24 is $996.2 million, representing a decrease of $62.9 million (-5.9%) from fiscal year 2022-23.

In November 2024, voters in the City approved Proposition M. In connection with Proposition M, the Controller prepared an analysis of the projected impacts of Proposition M on business tax revenue. The Controller projected that, over the first three fiscal years, between fiscal years 2024-25 and 2026-27, Proposition M will reduce revenues by approximately $40 million annually. The Controller noted that, while uncertain this projected loss may be smaller if Proposition M helps enable the City to reduce reserves for disputed taxes in the future. Beginning in 2027, scheduled rate increases are projected to generate positive revenues of approximately $50 million annually in fiscal year 2028-29 and thereafter. By fiscal year 2029-30, the total positive revenue resulting from the rate increases are projected to offset the reduced revenue in the first three years, making the total amount of business tax revenue over that period comparable to law prior to the enactment of Proposition M. After fiscal year 2029-30, the Controller projected that Proposition M will generate additional revenue of approximately $50 million annually. Projected revenue impacts above assume a reduction in business license fees of $10 million annually, which is the subject of recently introduced legislation.

Proposition M amended the City's existing Business and Tax Regulations Code in several key areas:

• Increased the small business exemption from the gross receipts tax from $2.25 million to $5.0 million,

• Consolidated the number of tax schedules from 14 business activity categories to 7 business activity categories for the gross receipts and homelessness gross receipts taxes,

• Adjusted tax rates for gross receipts, homelessness gross receipts, administrative office, and overpaid executive gross receipts taxes in 2025, and increases tax rates on gross receipts, administrative office, and overpaid executive gross receipts taxes in 2027 and 2028; currently scheduled tax rate increases after 2024 would not occur under this proposal,

• Shifted the City's calculation of San Francisco gross receipts for most business activities away from payroll expenses and towards sales; the only exceptions are business activities whose San Francisco gross receipts calculation is already entirely based on sales,

• Requires the Office of the Treasurer and Tax Collector to establish an advance determination process to provide written guidance to taxpayers, and makes other implementation changes,

• Creates new tax credits for businesses paying stadium operator admission taxes, grocery retailers, and new lessees in certain newly constructed buildings, and

• Makes changes to business registration fees.

Additionally, Proposition M requires that the Controller report on the impact of the various changes made by the initiative in September 2026 and September 2027.

TABLE A-11
Business Tax Revenues - All Funds[(1)]
Fiscal Years 2022-23 through 2026-27
($000s)

Fiscal Year[(2)]	Revenue	Change	Change %
2022-23	$1,059,195	195,685	22.7%
2023-24	996,247	(62,947)	-5.9
2024-25 Original Budget[(3)]	1,025,500	29,253	2.9
2025-26 Original Budget[(4)]	1,142,100	116,600	11.4
2026-27 Original Budget[(4)]	1,374,000	231,900	20.3

(1) Figures exclude Homelessness Gross Receipts and Commercial Rent taxes.
(2) Figures for fiscal year 2022-23 through fiscal year 2023-24 are actuals. Includes gross receipts and payroll taxes allocated to special revenue funds for the Community Challenge Grant program as well as business registration tax.
(3) Original Budget amounts are from the FY 2024-25 and FY 2025-26 budget, adopted July 31, 2024.
(4) Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24,2025.
Source: Office of the Controller, City and County of San Francisco.

Transient Occupancy Tax (Hotel Tax)

Pursuant to the San Francisco Business and Tax Regulation Code, a 14.0% transient occupancy tax is imposed on occupants of hotel rooms and is remitted by hotel operators to the City monthly. Hotel tax revenue in fiscal year 2023-24 was $287.6 million (all funds), an increase of $4.1 million (1.4%) from fiscal year 2022-23. The fiscal year 2025-26 budget is $298 million, a decrease of $25.3 million (-7.8%) from the fiscal year 2024-25 budget. Table A-12 includes hotel tax in all funds. Slightly less than 90% of the City's hotel tax is allocated to the General Fund, with 10.7% allocated to arts and cultural organizations and approximately $5 million for debt service on hotel tax revenue bonds.

Fiscal year 2023-24 hotel tax revenue performed better than fiscal year 2022-23, as leisure visits and convention activity continue to recover. Fiscal year 2023-24 enplanements at SFO increased by 9.0% from the prior year, as international and domestic enplanements improved by 210% and 4.7%, respectively. The return of conferences and conventions has played a key role in the recovery of hotel tax revenues, particularly because conventions drive up hotel tax room rates through compression pricing. In fiscal year 2022-23, there were 33 conferences with over 286,000 attendees. In fiscal year 2023-24, a total of 38 conferences with over 390,000 attendees took place at the Moscone Convention Center. In the first three quarters of FY 2024-25, San Francisco hosted 25 conferences with about 240,000 attendees. An additional ten conferences are planned in the fourth quarter, for a total estimated attendance of almost 360,000 this fiscal year. This is compared to 54 events with over 723,000 attendees in FY 2018-19. The number of events and attendees for FY 2025-26 and FY 2026-27 is expected to grow.

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TABLE A-12
Transient Occupancy Tax Revenues - All Funds[(1)]
Fiscal Years 2022-23 through 2026-27
($000s)

Fiscal Year[(2)]	Tax Rate	Revenue	Change	
2022-23	14.0%	$283,453	$104,320	58.2%
2023-24	14.0	287,553	4,100	1.4
2024-25 Original Budget[(3)]	14.0	323,443	35,890	12.5
2025-26 Original Budget[(4)]	14.0	298,183	(25,260)	-7.8
2026-27 Original Budget[(4)]	14.0	311,868	13,685	4.6

(1) Amounts include the portion of hotel tax revenue used to pay debt service on hotel tax revenue bonds, as well as the portion of hotel tax revenue dedicated to arts and cultural programming reflecting the passage of Proposition E in November 2018, which took effect January 1, 2019.
(2) Figures for fiscal year 2020-21 through fiscal year 2023-24 are actuals.
(3) Original Budget amounts are from the FY 2024-25 and FY 2025-26 budget, adopted July 31, 2024.
(4) Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.
Source: Office of the Controller, City and County of San Francisco.

Real Property Transfer Tax

Real property transfer tax ("RPTT") is imposed on all real estate transfers recorded in the City. Transfer tax revenue is more sensitive to economic and real estate cycles than most other City revenue sources. Transfer tax rates are $5.00 per $1,000 of the sale price of the property being transferred for properties valued at $250,000 or less; $6.80 per $1,000 for properties valued from more than $250,000 to $999,999; $7.50 per $1,000 for properties valued from $1.0 million to less than $5.0 million; $22.50 per $1,000 for properties valued from $5.0 million to less than $10.0 million; $55.00 per $1,000 for properties valued from $10.0 million to less than $25.0 million and $60.00 per $1,000 for properties valued at $25.0 million or more.

The City has experienced the largest increase in office vacancy among major urban office markets in the United States, from 5.6% in the 4th quarter of 2019 to 35.7% in the second quarter of 2025. The high vacancy rate, along with continuing uncertainty regarding the return-to-office plans of major office tenants, has reduced both the volume of office transactions, and the per-square foot value of these sales. According to CoStar, downtown office sales transactions have averaged nine per quarter since 2020, down from an average of 22 per quarter before the pandemic. The average market sale price across the city stood at $459 per square foot in Q2 2025, a 42% decline from the peak of $790 in Q4 2019.

Due to the highly progressive nature of the tax, the volatility of RPTT is attributable mainly to the sales of high-value (largely commercial) properties over $10 million. The overall number of transactions over $10 million dropped from 101 transfers in fiscal year 2021-22 to 55 transfers in fiscal year 2022-23 and 56 transfers in fiscal year 2023-24. Based on data through the end of April 2025, the estimated number of transactions over $10 million will increase to 73 in fiscal year 2024-25. The number of transactions under $10 million also declined from 10,086 transfers in fiscal year 2021-22 to 6,714 transfers in fiscal year 2022-23, and further declining to 6,487 transfers in fiscal year 2023-24. Based on data through the end of April 2025, the estimated number of transactions under $10 million is 5,731 in fiscal year 2024-25.

The FY26 & FY27 Original Budget projects increases from fiscal year 2023-24 and FY 2024-25 forecast, anticipating increases in transfers as buyers and sellers begin to come into agreement about market prices of large real estate transactions in an office market reset.

TABLE A-13
Real Property Transfer Tax Receipts - All Funds
Fiscal Years 2022-23 through 2026-27
($000s)

Fiscal Year[1]	Revenue	Change	
2022-23	$186,247	$(334,112)	-64.2%
2023-24	177,700	(8,547)	-4.6
2024-25 Original Budget[2]	218,850	41,150	23.2
2025-26 Original Budget[3]	267,550	48,700	22.3
2026-27 Original Budget[3]	316,260	48,710	18.2

(1) Figures for fiscal year 2022-23 through fiscal year 2023-24 are actuals.
(2) Original Budget amounts are from the fiscal year 2024-25 and fiscal year 2025-26 budget, adopted July 31, 2024.
(3) Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.
Source: Office of the Controller, City and County of San Francisco.

Sales and Use Tax

The sales tax rate on retail transactions in the City is 8.6250%, of which 1.00% represents the City's local share ("Bradley-Burns" portion). The State collects the City's local sales tax on retail transactions along with State and special district sales taxes, and then remits the local sales tax collections to the City.

The components of San Francisco's 8.6250% sales tax rate are shown in Table A-14. In addition to the 1% portion of local sales tax, the State subvenes (i.e. transfers) portions of sales tax back to counties through 2011 realignment (1.0625%), 1991 realignment (0.5%), and public safety sales tax (0.5%). The subventions are discussed in more detail under "INTERGOVERNMENTAL REVENUES" herein.

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TABLE A-14
San Francisco's Sales & Use Tax Rate

State Sales Tax	**6.00%**
State General Fund	3.9375
Local Realignment Fund 2011*	1.0625
Local Revenue Fund* (to counties for health & welfare)	0.50
Public Safety Fund (to counties & cities)*	0.50
Local Sales Tax	**1.25%**
Local Sales Tax (to General Fund)*	1.00
Local Transportation Tax (TDA)	0.25
Special District Use Tax	**1.375%**
2020 Peninsula Corridor Joint Powers Board Transactions and Use Tax (JPBF)	0.125
SF County Transportation Authority	0.50
Bay Area Rapid Transit (BART)	0.50
SF Public Financing Authority (Schools)	0.25
TOTAL Sales Tax Rate	**8.625%**

* Represents portions of the sales tax allocated to the City.
Source: Office of the Controller, City and County of San Francisco.

The local sales tax (the 1% portion) revenue in fiscal year 2023-24 was $190.5 million, a decrease of $7.4 million (3.7%) from fiscal year 2022-23. The fiscal year 2024-25 budget is $193.7 million, an increase of $3.2 million (1.7%) from fiscal year 2023-24. FY 2025-26 local sales tax revenue is budgeted at $189.6 million, which is $4.1 million (2.1%), lower than what was budgeted in FY 2024-25. FY 2026-27 local sales tax revenue is budgeted at $195.3 million, which is $5.7 million (3.0%), higher than the proposed FY 2025-26 budget. The entirety of sales tax revenue is recorded in the General Fund.

Historically, sales tax revenues have been highly correlated to growth in tourism, business activity and population. This revenue is significantly affected by changes in the economy and spending patterns. In recent years, online retailers have contributed significantly to sales tax receipts, offsetting sustained declines in point-of-sale purchases.

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TABLE A-15
Sales and Use Tax Revenues
Fiscal Years 2022-23 through 2026-27
General Fund
($000s)

Fiscal Year[1]	Tax Rate	City Share	Revenue	Change	
2022-23	8.625%	1.00%	$197,911	$9,574	5.1%
2023-24	8.625	1.00	190,528	(7,383)	-3.7
2024-25 Original Budget[2]	8.625	1.00	193,690	3,162	1.7
2025-26 Original Budget[3]	8.625	1.00	189,550	(4,140)	-2.1
2026-27 Original Budget[3]	8.625	1.00	195,260	5,710	3.0

(1) Figures for fiscal year 2020-21 through fiscal year 2023-24 are actuals.
(2) Original Budget amounts are from the fiscal year 2024-25 and fiscal year 2025-26 budget, adopted July 31, 2024.
(3) Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.
Source: Office of the Controller, City and County of San Francisco.

Other Local Taxes

The City imposes a number of other general purpose taxes:

- Utility Users Tax (“UUT”) - A 7.5% tax on non-residential users of gas, electricity, water, steam and telephone services.

- Access Line Tax (“ALT”) – As of July 1, 2025, a charge of $4.36 on every telecommunications line, $32.82 on every trunk line, and $590.99 on every high-capacity line in the City. The ALT replaced the Emergency Response Fee (“ERF”) in 2009. The tax is collected from telephone communications service subscribers by the telephone service supplier.

- Parking Tax - A 25% tax for off-street parking spaces. The tax is paid by occupants and remitted monthly to the City by parking facility operators. In accordance with Charter Section 16.110, 80% of parking tax revenues are transferred from the General Fund to the MTA’s Enterprise Funds to support public transit.

- Sugar Sweetened Beverage Tax – A one cent per ounce tax on the distribution of sugary beverages. This measure was adopted by voters on November 9, 2016 (Proposition V) and took effect on January 1, 2018.

- Stadium Admission Tax – A tax between $0.25 and $1.50 per seat or space in a stadium for any event, with some specific exclusions.

- Cannabis Tax – A gross receipts tax of 1% to 5% on marijuana business and permits the City to tax businesses that do not have a physical presence in the City. This measure was adopted by voters in November 2018 (Proposition D). The tax was originally slated to go into effect on January 1, 2021, but the Board has delayed the imposition of the tax several times. The cannabis tax will now take effect beginning January 1, 2026.

- Franchise Tax – A tax for the use of City streets and rights-of-way on cable TV, electric, natural gas, and steam franchises.

Table A-16 reflects the City's actual tax receipts for fiscal years 2022-23 through 2023-24 and budgets for fiscal years 2024-25, 2025-26 and 2026-27, respectively.

As with the larger tax revenues described above, the City anticipates these sources will be impacted by the pace of economic recovery. See "See "PERIODIC FINANCIAL REPORTING; RECENT REPORTS" for recent financial reports and projections.

TABLE A-16
Other Local Taxes
Fiscal Years 2022-23 through 2026-27
General Fund
($000s)

Tax	2022-23 Actuals(1)	2023-24 Actuals(1)	2024-25 Original Budget(2)	2025-26 Original Budget(3)	2026-27 Original Budget(3)
Utility Users Tax	$110,661	$121,931	$110,730	$116,370	$117,530
Access Line Tax	53,171	64,609	53,730	54,480	55,390
Parking Tax	82,716	86,178	86,900	88,800	90,610
Sugar Sweetened Beverage Tax	12,870	11,625	12,700	11,630	11,630
Stadium Admissions Tax	5,984	8,567	7,400	8,600	8,600
Cannabis Tax	N/A	N/A	-	-	3,710

(1) Figures for fiscal year 2022-23 through fiscal year 2023-24 are actuals.
(2) Original Budget amounts are from the fiscal year 2024-25 and fiscal year 2025-26 budget, adopted July 31, 2024.
(3) Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.
Source: Office of the Controller, City and County of San Francisco.

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INTERGOVERNMENTAL REVENUES

State Subventions Based on Taxes

The City receives allocations (i.e. subventions) of State sales tax and VLF revenue for 1991 Health and Welfare Realignment, 2011 Public Safety Realignment, and Prop 172 Public Safety Sales Tax. These subventions fund programs that are substantially supported by the General Fund. See "GENERAL FUND REVENUES – OTHER CITY TAX REVENUES – Sales and Use Tax" above.

- Health and Welfare Realignment, enacted in 1991, restructured the state-county partnership by giving counties increased responsibilities and dedicated funding to administer certain public health, mental health and social service programs.

- Public Safety Realignment (AB 109), enacted in early 2011, transfers responsibility for supervising certain kinds of felony offenders and state prison parolees from state prisons and parole agents to county jails and probation officers.

- State Proposition 172, enacted in November 1993, provided for the continuation of a one-half percent sales tax for public safety expenditures. This revenue is a function of the City's proportionate share of Statewide sales activity. These revenues are allocated to counties by the State separately from the local one-percent sales tax discussed above. Disbursements are made to counties based on the county ratio, which is the county's percent share of total statewide sales taxes in the most recent calendar year.

Table A-17 reflects the City's actual receipts for fiscal years 2022-23 and 2023-24 and budgeted amounts of fiscal years 2024-25 through 2026-27.

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TABLE A-17
Selected State Subventions - All Funds
Fiscal Years 2022-23 Through 2026-27
($Millions)

Tax	2022-23 Actuals[(1)]	2023-24 Actuals[(1)]	2024-25 Original Budget[(2)]	2025-26 Original Budget[(3)]	2026-27 Original Budget[(4)]
Health and Welfare Realignment					
General Fund	$290.7	$264.6	$283.6	$272.8	$279.3
Hospital Fund	67.9	63.4	63.6	64.4	65.4
Total - Health and Welfare	**$358.6**	**$328.0**	**$347.2**	**$337.2**	**$344.6**
Public Safety Realignment (General Fund)	$58.6	$53.9	$55.4	$53.5	$54.9
Public Safety Sales Tax (Prop 172) (General Fund)	$94.9	$97.2	$99.6	$97.2	$100.5

(1) Figures for fiscal year 2022-23 through fiscal year 2023-24 are actuals.
(2) Original Budget amounts are from the fiscal year 2024-25 and fiscal year 2025-26 budget, adopted July 31, 2024.
(3) Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.
Source: Office of the Controller, City and County of San Francisco.

CITY GENERAL FUND PROGRAMS AND EXPENDITURES

General Fund Expenditures by Major Service Area

As a consolidated city and county, the City budgets General Fund expenditures in seven major service areas as described in Table A-18 below:

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TABLE A-18
Expenditures by Major Service Area
Fiscal Years 2022-23 through 2026-27
($000s)

Major Service Areas	2022-23 Final Budget(1)	2023-24 Final Budget(1)	2024-25 Original Budget(2)	2025-26 Original Budget(3)	2026-27 Original Budget(3)
Public Protection	$ 1,681,489	$1,747,925	$ 1,837,737	$ 1,923,582	$ 1,962,039
Human Welfare & Neighborhood Development	1,621,981	1,686,647	1,641,289	1,670,511	1,737,353
Community Health	1,118,010	1,099,022	1,144,476	1,223,759	1,295,276
General Administration & Finance	351,738	346,074	352,660	342,691	369,936
Culture & Recreation	180,475	198,594	190,338	204,503	221,058
General City Responsibilities	201,959	211,665	194,821	201,002	242,836
Public Works, Transportation & Commerce	275,941	254,637	232,734	177,859	192,418
Total(2)	$5,431,593	$ 5,544,564	$ 5,594,055	$ 5,743,907	$ 6,020,916

(1) Figures for fiscal year 2022-23 through fiscal year 2023-24 are as reflected in ACFR.
(2) Fiscal year 2024-25 amounts are from Original Budget, adopted July 31, 2024.
(3) Fiscal year 2025-26 and 2026-27 amounts are from FY26 & FY27 Original Budget, adopted July 24, 2025.
Source: Office of the Controller, City and County of San Francisco.

Public Protection primarily includes the Police Department, the Fire Department, and the Sheriff's Office which is primarily responsible for City jails rather than law enforcement. Human Welfare & Neighborhood Development includes the Department of Human Services' aid assistance, aid payments, and City grant programs. Community Health includes the Public Health Department, which also operates San Francisco General Hospital and Laguna Honda Hospital.

The Laguna Honda Hospital and Rehabilitation Center ("Laguna Honda") is a skilled nursing facility owned and operated by the City through its Department of Public Health, serving up to 660 patients, most of whom are low income or extremely low-income residents. Beginning in March 2022, the City had a series of disputes with the Centers for Medicare and Medicaid Services ("CMS"), an agency within the federal Department of Health & Human Services, over conditions at Laguna Honda which potentially put federal funding at risk. Although the disputes were generally resolved, and Laguna Honda is now fully recertified and will continue to receive Medicare and Medicaid payments, Laguna Honda will continue to be reviewed for compliance with conditions of participation in Medicare and Medicaid programs as is normal for facilities regulated by CMS and CDPH. There can be no assurances that federal funding will continue to be available in the amounts projected by the City. See "BUDGETARY RISKS - Impact of Federal Government on Local Finances."

The General Fund provides significant funding to the MTA. A financially stable MTA is considered vital to the City's economy, specifically the downtown corridor. The FY26 & FY27 Original Budget provides approximately $600 million of such funding in each fiscal year, which constitutes approximately 37% of MTA's total budget. In July 2025, the Office of the Controller released a report entitled "Muni Funding Working Group - Solving for Muni's Funding Needs," which described potential policy options identified by MTA staff and discussed by the Muni Funding Working Group (described below) to address MTA's projected deficit for fiscal year 2026-27 (projected at the time to be approximately $320 million). The MTA funding deficit is due in large measure to declining revenues and ridership stemming from the shift to remote work, the exhaustion of COVID-19 pandemic relief and slower growth of General Fund support.

The Muni Funding Working Group (composed of elected officials, labor, business and transit advocacy representatives) generally supported addressing the deficit through revenue-raising options over service cuts. Of the revenue-raising options, members supported revenue raising ballot measures. Based on this outcome, MTA focused on two revenue measures. First, Senate Bill (SB) 63, a regional revenue measure developed by State Senators Wiener and Arreguin that puts a 14-year regional transportation sales tax on the November 2026 ballot in Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara Counties. If approved by voters, the sales tax would be levied at a rate of one cent in San Francisco and one-half cent in each of the other four counties. The measure would generate roughly $1 billion annually across the region, including an estimated $170M in FY30-31. In addition, San Francisco Mayor Daniel Lurie signed Executive Directive 25-04 "Heart of the City" which includes among the 100-day actions to "Explore and align on a sufficient, fair and supportable Parcel Tax structure to fund Muni while continuing to make transit safe, reliable, affordable, accountable and efficiently budgeted."

On September 10, 2025, Governor Gavin Newsom announced the state's intention to proceed to negotiate an interim loan (the "State Loan") for MTA, BART, Caltrain and other Bay Area transit agencies to provide short term budget relief to the agencies. The total amount of the State Loan and MTA's portion are not known at this time. In addition, terms and security provisions are subject to negotiation.

The City can give no assurance that the State Loan will be finalized, nor whether any proposed solutions which the MTA Board of Directors, the Board of Supervisors, and the Mayor implement would fully address MTA's financial challenges. If either of these funding solutions are unsuccessful the MTA would be required to make significant service cuts or request additional transfers from the General Fund.

For budgetary purposes, enterprise funds (which are not shown on the table above) are characterized as either self-supported funds or General Fund-supported funds. General Fund-supported funds include the Convention Facility Fund, the Cultural and Recreation Film Fund, the Gas Tax Fund, the Golf Fund, the General Hospital Fund, MTA, and the Laguna Honda Hospital Fund. These funds are supported by transfers from the General Fund to the extent their dedicated revenue streams are insufficient to support the desired level of services.

Voter-Mandated Spending Requirements

The Charter requires funding for voter-mandated spending requirements, which are also referred to as "baselines," "set-asides," or "mandates". The chart below identifies the required and budgeted levels of funding for key mandates including special taxes and dedications of taxes. The spending requirements are formula-driven, variously based on projected aggregate General Fund discretionary revenue, property tax revenues, total budgeted spending, staffing levels, or population growth. Table A-19 reflects fiscal year 2025-26 and 2026-27 spending requirements. These mandates are generally budgeted as transfers out of the General Fund or allocations of revenue.

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TABLE A-19
Baselines & Set-Asides
FY 2024-25 and FY 2026-27
($ millions)

	2024-25 Original Budget[1]	2025-26 Original Budget[2]	2026-27 Proposed Budget[2]
General Fund Aggregate Discretionary Revenue (ADR)	**$4,532.2**	**$4,660.0**	**$4,935.2**
MUNICIPAL TRANSPORTATION AGENCY			
Municipal Railway Baseline - 7.0675% ADR - GF Transfer	320.3	329.4	348.8
Parking & Traffic Baseline - 2.5070% ADR - GF Transfer	113.6	116.8	123.7
Population Adjustment - GF Transfer	74.5	90.5	92.4
Parking Tax In-Lieu - 80% Parking Tax - GF Transfer	69.5	71.0	72.5
Traffic Congestion Mitigation Fund - Special Tax (50%)	8.4	9.9	9.9
Subtotal Municipal Transportation Agency	**577.9**	**607.7**	**637.4**
LIBRARY PRESERVATION FUND			
Library Preservation Fund Baseline - 2.2858% ADR - GF Transfer	103.6	106.5	112.8
Library Preservation Fund Property Tax - $0.025 per $100 NAV	79.3	79.3	78.4
Subtotal Library	**182.9**	**185.9**	**191.2**
RECREATION & PARKS			
Open Space Property Tax - $0.025 per $100 NAV	79.3	79.3	78.4
Recreation & Parks Baseline MOE Required GF Support	85.2	88.2	93.2
Recreation & Support GF Support Budgeted	87.2	91.0	96.1
Subtotal Recreation and Park	**166.6**	**170.4**	**174.5**
CHILDREN'S SERVICES			
Children & Youth Fund			
Property Tax - $0.4 per $100 NAV	126.9	126.9	125.4
Children's Services Baseline Requirement - 4.8296% ADR	218.9	225.1	238.4
Children's Services Baseline Expenditures Budgeted	220.4	245.4	241.8
Transitional Aged Youth Baseline Requirement - 0.5800% ADR	26.3	27.0	28.6
Transitional Aged Youth Baseline Expenditures Budgeted	37.9	28.1	28.5
Babies & Families First Fund			
Commercial Rents Tax (85%)	159.2	156.7	157.1
Early Care and Education Baseline Requirement	76.6	76.9	82.4
Early Care and Education Expenditures Budgeted	77.3	78.0	83.0
Public Education Enrichment Fund - 3.0567% ADR			
Public Education Enrichment Fund Total - GF Transfer	138.5	142.5	150.9
1/3 Annual Contribution to Preschool for All	46.2	47.5	50.3
2/3 Annual Contribution to SFUSD	92.4	95.0	100.6
Public Education Services Baseline - 0.2898% ADR - GF (50%) and CYF (50%) Transfer	13.1	13.5	14.3
Student Success Fund (SFUSD) - GF Transfer	35.0	35.0	45.0
Fair Wages for Educators Fund (SFUSD) - Parcel Tax	53.0	54.0	54.0
Subtotal Children and Youth Services	**861.3**	**880.2**	**899.9**
HOMELESSNESS & HOUSING			
Our City, Our Home Fund			
Homelessness Gross Receipts Tax	274.1	335.9	359.9
Our City, Our Home Baseline Requirement	215.0	215.0	215.0
Our City, Our Home Baseline Expenditures Budgeted	422.6	366.0	382.2
Housing Trust Fund - GF Transfer	47.3	48.8	51.9
Affordable Housing Opportunity Fund - GF Transfer	-	-	8.3
Housing Activation Fund - Empty Homes Tax	-	-	-
Subtotal Homelessness and Housing	**743.9**	**750.7**	**802.3**
ARTS			
Hotel Tax for Arts Fund - Hotel Tax	35.8	33.0	34.5
Property Tax - Municipal Symphony - $0.00125 per $100 NAV	4.4	4.5	4.6
Subtotal Arts	**40.2**	**37.5**	**39.1**
OTHER			
Small Business Assistance Fund - Commercial Vacancy Tax	1.0	2.0	2.0
Dignity Fund - GF Transfer	59.1	59.1	62.1
Street Tree Maintenance Fund - GF Transfer	23.0	23.0	24.4
City Services Auditor - 0.2% of Citywide Budget - Work Order	26.8	26.3	26.6
Subtotal Other	**109.9**	**110.4**	**115.1**
Total Baselines, Set Asides and Special Taxes	**2,682.8**	**2,742.8**	**2,859.4**

[1] Fiscal year 2024-25 and 2025-26 amounts represent the Mayor's Proposed Budget, May 30, 2024.

In November 2024, voters in the City approved two initiatives (Proposition G and Proposition J) which impose additional mandatory spending requirements. In connection with the propositions, the Controller prepared an analysis of the projected impacts of the propositions on City finances.

Proposition G creates the Affordable Housing Opportunity Fund for Seniors, Families, and People with Disabilities for the Mayor's Office of Housing and Community Development to provide rental subsidies to extremely low-income households. The FY26 & FY27 Original Budget makes the required deposit of $8.25 million in FY 2026-27. Thereafter, the City's annual deposits to the fund will increase by the annual percentage change in ADR or 3.0%, whichever is smaller. However, the City may temporarily suspend increases in any year in which a General Fund deficit of $250 million is forecasted.

EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS

The cost of salaries and benefits for City employees represents slightly less than half of the City's expenditures, totaling $7.3 billion and $7.6 billion in fiscal years 2025-26 and 2026-27 in the FY26 & FY27 Original Budget. For the General Fund, the combined salary and benefits in the FY26 & FY27 Original Budget is $3.4 billion in fiscal year 2025-26 and $3.5 billion in fiscal year 2026-27.

This section discusses the organization of City workers into bargaining units, the status of employment contracts, and City expenditures on employee-related costs including salaries, wages, medical benefits, retirement benefits and the City's retirement system, and post-employment health and medical benefits. SFUSD, SFCCD and the San Francisco Superior Court, called Trial Court below, are not City employees.

Labor Relations

The City's FY25 & FY26 Original Budget includes approximately 38,500 full-time and part-time positions, of which approximately 32,500 are funded positions. City workers are represented by 36 different labor unions. The largest unions in the City are the Service Employees International Union, Local 1021 ("SEIU"); the International Federation of Professional and Technical Engineers, Local 21 ("IFPTE"); and the unions representing Police, Fire, Deputy Sheriffs, and Transit Workers.

Wages, hours and working conditions of City employees are determined by collective bargaining pursuant to State law (the Meyers-Milias-Brown Act, California Government Code Sections 3500-3511) and the City Charter. San Francisco is unusual among California's cities and counties in that nearly all of its employees, including managerial and executive-level employees, are represented by labor organizations.

The City's employee selection procedures are established and maintained through a civil service system. In general, selection procedures and other merit system issues, with the exception of discipline, are not subject to arbitration. Disciplinary actions are generally subject to grievance arbitration, with the exception of sworn police officers and fire fighters.

Further, the City Charter requires binding arbitration to resolve negotiations in the event of an impasse. If an impasse is reached, the parties are required to convene a tripartite arbitration panel, chaired by an impartial third-party arbitrator, which sets the disputed terms of the new agreement. The award of the arbitration panel is final and binding. This process applies to all City employees except Registered Nurses and a small group of unrepresented employees, whose working conditions and compensation are established annually by ordinance. Wages, hours and working conditions of nurses are not subject to interest arbitration but are subject to Charter-mandated economic limits.

Since 1976, no City employees have participated in a union-authorized strike. On July 24, 2023, the California Public Employment Relations Board ("PERB") ruled in favor of SEIU and IFPTE, concluding that City Charter sections A8.346 and A8.409 prohibiting strikes by City employees are invalid, affirming an earlier ruling of an administrative law judge that such City Charter provisions violate the Meyers-Milias-Brown Act.

The City filed a notice of appeal to the California Court of Appeal with respect to the PERB decision. On May 23, 2025, the California Court of Appeal denied the City's writ of extraordinary relief, leaving the PERB decision invalidating Charter prohibition on strikes for non-sworn employees. However, every Memoranda of Understanding ("MOUs") with every union representing non-sworn employees contain no-strike provisions and are currently in effect.

In May 2024, the City negotiated three-year agreements (for fiscal years 2024-25 through 2026-27) with 27 labor unions. The City negotiated a 1.5% base wage increase due on July 1, 2024, and 1.5% on January 4, 2025, with an additional 1% base wage increase at the close of business on June 30, 2025. For fiscal year 2025-26, the parties agreed to a base wage increase of 1% on July 1, 2025, 1.5% on January 3, 2026, and 2% at the close of business on June 30, 2026. For fiscal year 2026-27, the parties agreed to a base wage increase of 2% on January 2, 2027, and 2.5% at the close of business on June 30, 2027. The City additionally negotiated a minimum base wage of $25.00 an hour implemented on July 1, 2024, impacting members of SEIU Local 1021 Citywide and Laborers, Local 261. For fiscal year 2025-26, the Unrepresented Employee Ordinance, upon approval by June 30, 2025 will provide a wage increase of 1% on July 1, 2025, 1.5% on January 3, 2026, and 2% at close of business on June 30, 2026.

Also, in May 2024, the MTA negotiated three-year agreements (for fiscal years 2024-25 through 2026-27) with the unions that represent Transit Operators, Mechanics, Station Agents, Parking Control Officers and others, collectively referred to as Service-Critical. The parties agreed to the same wage increase schedule as provided in the City agreements.

In 2023, the City negotiated a 2.5% base wage increase with labor organizations representing sworn members of the Police and Fire departments due on July 1, 2023, and 2.25% on January 6, 2024. For fiscal year 2024-25, the parties agreed to a base wage increase of 3.0% on January 4, 2025, with a provision to delay the increase by six months if the City's budget deficit for fiscal year 2024-25, as projected in the March 2024 Joint Report, exceeds $300 million. The March 2024 Joint Report forecasted a deficit $235.9 million, below the $300 million threshold. Therefore, no wage delay was triggered. For fiscal year 2025-2026, the parties agreed to a base wage increase of 3.0% on July 1, 2025, with a provision to delay the increase by one year if the City's budget deficit for fiscal year 2025-26, as projected in the March 2025 Joint Report, exceeds $300 million. The City will commence bargaining with the Police and Fire unions in the fall of 2025 with any negotiated wage increases predicted to come into effect on or after July 1, 2026.

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TABLE A-20
Employee Organizations as of August 28, 2025

CITY AND COUNTY OF SAN FRANCISCO (All Funds)

Organization	City Budgeted Positions	Expiration Date of MOU
Automotive Machinists, Local 1414	520	30-Jun-27
Bricklayers, Local 3	4	30-Jun-27
Building Inspectors' Association	85	30-Jun-27
Carpenters, Local 22	114	30-Jun-27
Carpet, Linoleum & Soft Tile	4	30-Jun-27
Cement Masons, Local 300	39	30-Jun-27
Deputy Probation Officers' Association (DPOA)	107	30-Jun-27
Deputy Sheriffs' Association (DSA)	798	30-Jun-27
Electrical Workers, Local 6	938	30-Jun-27
Firefighters' Association, Local 798	1,993	30-Jun-26
Glaziers, Local 718	14	30-Jun-27
Hod Carriers, Local 36	2	30-Jun-27
Ironworkers, Local 377	14	30-Jun-27
Laborers, Local 261	1,186	30-Jun-27
Municipal Attorneys' Association (MAA)	525	30-Jun-27
Municipal Executives' Association (MEA) Fire	12	30-Jun-26
Municipal Executives' Association (MEA) Miscellaneous	1,755	30-Jun-27
Municipal Executives' Association (MEA) Police	14	30-Jun-26
Operating Engineers, Local 3 Miscellaneous	63	30-Jun-27
Operating Engineers, Local 3 Supervising Probation	27	30-Jun-27
Pile Drivers, Local 34	23	30-Jun-27
Plumbers, Local 38	370	30-Jun-27
Police Officers' Association (POA)	2,364	30-Jun-26
Professional and Technical Engineers, Local 21	7,370	30-Jun-27
Roofers, Local 40	12	30-Jun-27
SEIU, Local 1021 Misc	13,081	30-Jun-27
SEIU, Local 1021 Nurses	1,954	30-Jun-27
SF City Workers United	139	30-Jun-27
SFDA Investigators Association	46	30-Jun-27
Sheet Metal Workers, Local 104	38	30-Jun-27
Sheriffs' Supervisory and Management Association (MSA)	119	30-Jun-27
Stationary Engineers, Local 39	703	30-Jun-27
Teamsters, Local 853	185	30-Jun-27
Teamsters, Local 856, Multi	97	30-Jun-27
Teamsters, Local 856, Supervising Nurses	131	30-Jun-27
Theatrical Stage Emp, Local 16	33	30-Jun-27
TWU, Local 200	422	30-Jun-27
TWU, Local 250-A, Auto Service Work	123	30-Jun-27
TWU, Local 250-A, Miscellaneous	112	30-Jun-27
TWU, Local 250-A, Transit Fare Inspectors	76	30-Jun-27
TWU, Local 250-A, Transit Operator	2,522	30-Jun-27
Union of American Physicians and Dentists (UAPD)	207	30-Jun-27
Unrepresented Employees	91	30-Jun-26
Other	950	
	39,381	

San Francisco Employees' Retirement System

History and Administration

The San Francisco City & County Employees' Retirement System ("SFERS" or "Retirement System") is charged with administering a defined-benefit pension plan that covers substantially all City employees and certain other employees. The Retirement System was initially established by approval of City voters on November 2, 1920 and the State Legislature on January 12, 1921 and is currently codified in the City Charter. The Charter provisions governing the Retirement System may be revised only by a Charter amendment, which requires an affirmative public majority vote at a duly called election.

The Retirement System is administered by the Retirement Board consisting of seven members, three appointed by the Mayor, three elected from among the members of the Retirement System, at least two of whom must be actively employed, and a member of the Board of Supervisors appointed by the President of the Board of Supervisors.

The Retirement Board appoints an Executive Director and an Actuary to aid in the administration of the Retirement System. The Executive Director serves as Chief Executive Officer and Chief Investment Officer of SFERS. The Actuary's responsibilities include advising the Retirement Board on actuarial matters and monitoring of actuarial service providers. The Retirement Board retains an independent consulting actuarial firm to prepare the annual valuation reports and other analyses. The independent consulting actuarial firm is currently Cheiron, Inc., a nationally recognized firm selected by the Retirement Board pursuant to a competitive process.

Membership

Retirement System members include eligible employees of the City, SFUSD, SFCCD, and the San Francisco Trial Courts. The Retirement System estimates that the total non-retired membership as of July 1, 2024 was 48,521, compared to 46,657 as of July 1, 2023. Total non-retired membership as of July 1, 2024 included 11,930 terminated vested members and 1,173 reciprocal members. Terminated vested members are former employees who have vested rights in future benefits from SFERS. Reciprocal members are individuals who have established membership in a reciprocal pension plan such as California Public Employees' Retirement System ("CalPERS") and may be eligible to receive a reciprocal pension from the Retirement System in the future. Monthly retirement allowances are paid to approximately 32,654 retired members and beneficiaries. Benefit recipients include retired members, vested members receiving a vesting allowance, and qualified survivors.

Table A-21 shows various member counts in the total Retirement System (City, SFUSD, SFCCD, and San Francisco Trial Courts) as of the five most recent actuarial valuation dates, July 1, 2020 through July 1, 2024. The number of retirees supported by each active member can be an important indicator of growing plan maturity and sensitivity to investment returns, assumption changes, and other changes to the Retirement System. In particular, if the ratio of retirees to active members grows, it indicates that any actuarial losses on retiree liabilities or assets are likely to place a relatively greater burden on employers and active members. The ratio for SFERS had been relatively stable but increased modestly in 2021 and again in 2022 with the two-year decline in number of active members. Although the City has been actively filling vacant positions, the ratio remains elevated above pre-pandemic levels.

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TABLE A-21
Employees' Retirement System
July 1, 2020 through July 1, 2024

As of July 1st	Active Members	Vested Members	Reciprocal Members	Total Non-retired	Retirees & Continuants	Retiree to Active Ratio
2020	34,521	9,478	1,071	45,070	30,128	0.87
2021	33,644	10,066	1,060	44,770	30,854	0.92
2022	33,199	11,066	1,019	45,284	31,719	0.96
2023	34,016	11,461	1,180	46,657	32,104	0.94
2024	35,418	11,930	1,173	48,521	32,654	0.92

Sources: SFERS' annual Actuarial Valuation Report dated July 1st. See the Retirement System's website, mysfers.org, under Publications. The information on such website is not incorporated herein by reference.

Notes: Member counts are for the entire Retirement System and include non-City employees. The "Retiree to Active Ratio" compares the number of retirees collecting benefits to the active number of employees contributing to the retirement plan.

Funding Practices

Employer and employee (member) contributions are mandated by the Charter. Sponsoring employers are required to contribute 100% of the actuarially determined contribution approved by the Retirement Board. The Charter specifies that employer contributions consist of the normal cost (the present value of the benefits that SFERS expects to become payable in the future attributable to a current year's employment) plus an amortization of the unfunded liability over a period not to exceed 20 years. The Retirement Board sets the funding policy subject to the Charter requirements.

The Retirement Board adopts the economic and demographic assumptions used in the annual valuations. Demographic assumptions such as retirement, termination and disability rates are based upon periodic demographic studies performed by the consulting actuarial firm approximately every five years. Economic assumptions are reviewed each year by the Retirement Board after receiving an economic experience analysis from the consulting actuarial firm.

The Board adopted the current demographic assumptions at its December 9, 2020 Retirement Board meeting based on the experience study dated August 12, 2020. The current discount rate of 7.20% (the rate used to determine the present value of the retirement plan's future liability) was adopted at the November 10, 2021 Board meeting, effective for the July 1, 2021 actuarial valuation. The Board most recently voted to maintain these assumptions (for the July 1, 2024 actuarial valuation) at its November 13, 2024 meeting. In the long term, the true cost of a pension plan is determined by actual results and not by assumptions.

While employee contribution rates are mandated by the Charter, sources of payment of employee contributions (i.e. City or employee) may be the subject of collective bargaining agreements with each union or bargaining unit. Since July 1, 2011, substantially all employee groups have agreed through collective bargaining for employees to contribute all employee contributions through pre-tax payroll deductions.

Prospective purchasers of the City's debt obligations should carefully review and assess the assumptions regarding the performance of the Retirement System. Audited financial statements and actuarial reports may be found on the Retirement System's website, www.mysfers.org, under Publications. The information on such website is not incorporated herein by reference. There is a risk that actual results could differ materially from assumptions. In addition, prospective purchasers of the City's debt obligations are cautioned that the information and assumptions speak only as of the respective dates contained in the underlying source documents and are therefore subject to change.

Annual Valuation and Employer Contribution History

Table A-22 shows total Retirement System liabilities, assets and percent funded for the last five actuarial valuations as well as total contributions for the last five fiscal years ending June 30, 2024. Information is shown for all employers in the Retirement System (City & County, SFUSD, SFCCD and San Francisco Trial Courts). "Actuarial Liability" reflects the actuarial accrued liability of the Retirement System measured for purposes of determining the funding contribution. "Market Value of Assets" reflects the fair market value of assets held in trust for payment of pension benefits. "Actuarial Value of Assets" refers to the plan assets with investment returns different than expected smoothed over five years to provide a more stable contribution rate. The "Market Percent Funded" column is determined by dividing the market value of assets by the actuarial accrued liability. The "Actuarial Percent Funded" column is determined by dividing the actuarial value of assets by the actuarial accrued liability. "Employee and Employer Contributions" reflects the sum of mandated employee and employer contributions received by the Retirement System in the fiscal year ended June 30 prior to the July 1 valuation date.

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TABLE A-22
Employees' Retirement System
July 1, 2020 through July 1, 2024

(Dollar amounts in 000s)

As of July 1st	Actuarial Liability	Market Value of Assets	Actuarial Value of Assets	Market Percent Funded	Actuarial Percent Funded	Employee & Employer Contributions in prior FY	Employer Contribution Rates[1] in prior FY
2020	$29,499,918	$26,620,218	$26,695,844	90.2%	90.5%	$1,143,634	25.19%
2021	31,905,275	35,673,834	30,043,222	111.8	94.2	1,245,957	26.90
2022	33,591,565	32,798,524	32,275,474	97.6	96.1	1,191,934	24.41
2023	35,351,967	33,688,428	34,137,005	95.3	96.6	1,086,567	21.35
2024	37,314,504	35,417,666	36,038,298	94.9	96.6	1,100,130	18.24

(1) Employer contribution rates are shown prior to employer/employee cost-sharing provisions of 2011 Proposition C. Employer contribution rates for fiscal years 2024-25 and 2025-26 are 16.91% and 16.53%, respectively.

Sources: SFERS' audited year-end financial statements and required supplemental information.
SFERS' annual Actuarial Valuation Report dated July 1st. See the Retirement System's website, mysfers.org, under Publications.
The information on such website is not incorporated herein by reference.

Note: Information above reflects entire Retirement System, not just the City and County of San Francisco.

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Note that at the July 1, 2024 valuation date, the market percent funded ratio is slightly lower than the actuarial percent funded ratio, reflecting net asset returns lower than the long-term rate of return assumptions that have not yet been recognized in the smoothed actuarial value of assets. The Retirement System's investment portfolio return was -2.9% in fiscal year 2021-22, 4.3% in fiscal year 2022-23, and 8.0% in fiscal year 2023-24. Global markets remain volatile due to continued uncertainty about the economy, interest rates, inflation, and geopolitical risk.

The actuarial liability is measured by an independent consulting actuary in accordance with Actuarial Standards of Practice. In addition, an actuarial audit is conducted every five years in accordance with Retirement Board policy. The most recent actuarial audit was completed in July 2024.

The fiscal year 2023-24 employer contribution was 18.24% (estimated to be 16.14% after cost-sharing). The 2023-24 fiscal year City employer contributions to the Retirement System were $631.7 million, which includes $386.3 million from the General Fund, in the budget. The fiscal year 2024-25 employer contribution rate was 16.91% (estimated to be 15.31% after cost-sharing), with a total budget of $625.8 million, which includes $382.3 million from the General Fund. The fiscal year 2025-26 employer contribution rate is 16.53% (expected to be 14.93% after cost-sharing), with an estimated total budget of $630.4 million. The continued declines in the contribution rate reflect the completion of prior amortization layers and the five-year phase-in of investment gains from fiscal year 2020-21, offset by the impact of lower investment returns in fiscal year 2021-22 and 2022-23, the partial supplemental COLA in FY 2023-24 because actual investment returns were greater than expected, and the impact of the Charter Amendments adopted by the voters to reduce the age factor for firefighters and added new retirement benefits for nurses and 911 operators. Employer contribution rates anticipate annual increases in pensionable payroll of 3.25%. As discussed under "CITY BUDGET–Five-Year Financial Plan Update: FY2025-26 through FY2029-30," increases in retirement costs are projected in the City's Five-Year Financial Plan.

Risks to City's Retirement Plan

In its July 2024 actuarial report, Cheiron identifies three primary risks to the Retirement System as required by Actuarial Standards of Practice No. 51 (Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions). The material risks identified were as follows: investment risk, interest rate risk, and supplemental cost of living adjustment ("COLA") risk. Investment risk is the potential for investment returns to be different than expected, while interest rate risk is the potential for longer-term trends to impact economic assumptions such as inflation and wage increases but particularly the discount rate. Supplemental COLA risk is the potential for the cost of future supplemental COLAs to increase contribution rates.

Supplemental COLAs are mandated by the Charter when investment returns exceed expectations. If the pension plan is less than fully funded on a market-value basis, certain groups of retirees may not receive a supplemental COLA at all or their supplemental COLA may be limited. Supplemental COLAs are capped at 3.5% less any basic COLA. As the majority of retirees have annual basic COLAs capped at 2.0%, a supplemental COLA when granted typically represents a 1.5% increase in benefit.

Cheiron's July 2024 report provides stress testing of the supplemental COLA provision and shows that the current funding policy of amortizing new supplemental COLAs over five years manages the risk with contributions remaining very close to baseline and a relatively stable funded status.

Governmental Accounting Standards Board ("GASB") Disclosures

The Retirement System discloses accounting and financial reporting information under GASB Statement No. 67, *Financial Reporting for Pension Plans*. The City discloses accounting and financial information about the Retirement System under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In general, the City's funding of its pension obligations is not affected by the GASB 68 reporting of the City's pension liability. Funding requirements are specified in the City Charter and are described in "Funding Practices" above.

Total Pension Liability reported under GASB Statements No. 67 and 68 differs from the Actuarial Liability calculated for funding purposes in several ways, including the following differences. First, Total Pension Liability measured at fiscal year-end is a roll-forward of liabilities calculated at the beginning of the year and is based upon a beginning of year census adjusted for significant events that occurred during the year. Second, Total Pension Liability is based upon a discount rate determined by a blend of the assumed investment return, to the extent the fiduciary net position is available to make payments, and a municipal bond rate, to the extent that the fiduciary net position is unavailable to make payments. There have been no differences between the discount rate and assumed investment return since the end of fiscal year 2015. The third distinct difference is that Total Pension Liability includes a provision for supplemental COLAs that may be granted in the future, while Actuarial Liability for funding purposes includes only supplemental COLAs that have already been granted as of the valuation date.

Table A-23 below shows for the five most recent fiscal years the collective Total Pension Liability, Plan Fiduciary Net Position (market value of assets), and Net Pension Liability for all employers who sponsor the Retirement System. The City's audited financial statements disclose only its own proportionate share of the Net Pension Liability and other required GASB 68 disclosures.

TABLE A-23
Employees' Retirement System
GASB 67/68 Disclosures
Fiscal Years 2019-2020 through 2023-24
(Dollar amounts in 000s)

As of July 1st	Collective Total Pension Liability (TPL)	Discount Rate	Plan Fiduciary Net Position	Plan Net Position as % of TPL	Collective Net Pension Liability (NPL)	City and County's Proportionate Share of NPL
2020	$32,031,018	7.40%	$26,620,218	83.1%	$5,410,800	$5,107,271
2021	33,088,765	7.40	35,673,834	107.8	(2,585,069)	(2,446,563)
2022	35,489,639	7.20	32,798,524	92.4	2,691,115	2,552,997
2023	37,332,835	7.20	33,688,428	90.2	3,644,407	3,456,687
2024	39,404,561	7.20	35,417,666	89.9	3,986,895	3,775,718

Sources: SFERS fiscal year-end GSAB 67/68 Reports as of each June 30
Note: Collective amounts include all employees (City and County, SFUSD, SFCCD, Trail Courts)

NPL can be quite volatile. The large decline at fiscal year-end 2021 is due to the 33.7% investment portfolio return during that year, while the increase at fiscal year-end 2022 is due to both the -2.9% return and the reduction in discount rate from 7.4% to 7.2%. NPL increased again at year-end 2023 due to asset returns below the long-term assumed rate, the November 2022 Charter amendment that increased the June 30, 2023 TPL by $59 million, and differences between expected and actual demographic assumptions including salary increases. The NPL increased by about $342 million as of July 1, 2024, primarily due to liability experience losses of $480 million, offset by an investment experience gain of $171 million.

Asset Management

The assets of the Retirement System, (the "Fund") are invested in a broadly diversified manner across the institutional global capital markets. In addition to U.S. equities and fixed income securities, the Fund holds international equities, global sovereign and corporate debt, global public and private real assets, absolute return strategies (including hedge funds), and an array of alternative investments including private equity, venture capital limited partnerships, and private credit.

Annualized investment return (net of fees and expenses) for the Retirement System for the five years ending June 30, 2024 was 8.44%. For the ten-year and twenty-year periods ending June 30, 2024, annualized investment returns were 8.03% and 7.98% respectively.

The investments, their allocation, transactions and proxy votes are regularly reviewed by the Retirement Board and monitored by an internal staff of investment professionals who in turn are advised by external consultants who are specialists in the areas of investments detailed above. A description of the Retirement System's investment policy, a description of asset allocation targets and current investments, and the Annual Report of the Retirement System are available upon request from the Retirement System by writing to the San Francisco Retirement System, 1145 Market Street, 5th Floor, San Francisco, California 94103, or by calling (415) 487-7000. These documents are not incorporated herein by reference.

Voter Approved Changes to the Retirement Plan

SFERS plan benefits are established under the Charter and approved directly by the voters, rather than through the collective bargaining process. Changes to retirement benefits require a voter-approved Charter amendment.

In 2011, voters approved Proposition C which aimed to reduce future pension costs. Proposition C introduced new lower-cost benefit tiers for all members hired on and after January 7, 2012 and also restricted the payment of any new supplemental COLAs to when SFERS is fully funded. Since 2011, the fully funded requirement for Supplemental COLAs has been removed from all members hired before January 7, 2012. First the October 2015 Superior Court judgement removed the fully funded requirement for pre-Proposition C members retired on and after November 6, 1996. Then in November 2022, voters approved Proposition A which removed the fully funded requirement for retirees who commenced benefits prior to November 6, 1996. However, for this older group of retirees only, the amount of supplemental COLA is capped at $200 per month for retirees with annual pensions exceeding $50,000 when SFERS is not fully funded.

The Proposition C fully funded restriction remains in effect for retirees hired on and after January 7, 2012. In addition, for these post-2011 hires, the supplemental COLA is temporary and reverts to zero in any year in which no supplemental COLA is paid.

In November 2024, voters again approved two expansions of benefits. Measure H restored pre-2012 retirement age factors to firefighters while retaining the three-year final average compensation requirement for these post-2011 hires. Measure I increased retirement benefits for 911 Operators by moving their future service to the Miscellaneous Safety benefit tier. Measure I also allows Registered Nurses to purchase previously ineligible service worked prior to becoming a member of SFERS.

Impact on the Retirement System from Changes in the Economic Environment

As of June 30, 2024, the audited market value of Retirement System assets was $35.4 billion. As of January 31, 2025, the estimated value of SFERS' investment portfolio was $36.7 billion. These values represent, as of the date specified, the estimated value of the Retirement System's portfolio if it were liquidated on that date. The Retirement System cannot be certain of the value of certain of its portfolio assets and, accordingly, the market value of the portfolio could be lower or higher. Moreover, appraisals for classes of assets that are not publicly traded are based on estimates which typically lag changes in actual market value by three to six months. Representations of market valuations are audited at each fiscal year end as part of the annual audit of the Retirement System's financial statements.

The Retirement System investment portfolio is structured for long-term performance. The Retirement System continually reviews investment and asset allocation policies as part of its regular operations and continues to rely on an investment policy which is consistent with the principles of diversification and the search for long-term value. Market fluctuations are an expected investment risk for any long-term strategy. Significant market fluctuations are expected to have significant impact on the value of the Retirement System investment portfolio.

A decline in the value of SFERS Trust assets over time, without a commensurate decline in the pension liabilities, will result in an increase in the contribution rate for the City. No assurance can be provided by the City that contribution rates will not increase in the future, and that the impact of such increases will not have a material impact on City finances.

Other Employee Retirement Benefits

As noted above, various City employees are members of CalPERS, an agent multiple-employer public employee defined benefit plan for safety members and a cost-sharing multiple-employer plan for miscellaneous members. The City makes certain payments to CalPERS in respect of such members, at rates determined by the CalPERS board. Section A8.510 of the Charter requires the City to pay the full amount required by the actuarial valuations. The actual total employer contributions to CalPERS were $52.0 million in fiscal year 2021-22. In addition to the required amounts, the City elected to pay an additional amount of $8.4 million in fiscal years 2017-18, 2018-19 and 2019-2020; $5.0 million in fiscal year 2021-22; and $16.7 million in fiscal year 2022-23 in order to reduce its unfunded liability. A discussion of other post-employment benefits, including retiree medical benefits, is provided below under "Medical Benefits – Post-Employment Health Care Benefits" and "GASB 75 Reporting Requirements."

Medical Benefits

Administration through San Francisco Health Service System; Audited System Financial Statements

Medical and COBRA benefits for eligible active City employees and eligible dependents, for retired City employees and eligible dependents, and for surviving spouses and domestic partners of covered City employees (the "City Beneficiaries") are administered by the San Francisco Health Service System (the "San Francisco Health Service System" or "SFHSS") pursuant to City Charter Sections 12.200 et seq. and A8.420 et seq. Pursuant to such Charter Sections, the SFHSS also administers medical benefits to active and retired employees of SFUSD, SFCCD and the San Francisco Superior Court; however, the City is only required to fund medical benefits for City Beneficiaries.

The San Francisco Health Service System is overseen by the City's Health Service Board (the "Health Service Board"). The plans (the "SFHSS Medical Plans") for providing medical care to the City Beneficiaries are determined annually by the Health Service Board and approved by the Board of Supervisors pursuant to Charter Section A8.422.

The San Francisco Health Service System oversees a trust fund (the "Health Service System Trust Fund") established pursuant to Charter Sections 12.203 and A8.428 through which medical benefits for the City Beneficiaries are funded. The San Francisco Health Service System issues an annual, publicly available, independently audited financial report that includes financial statements for the Health Service System Trust Fund. This report may be obtained through the SFHSS website at sfhss.org, by writing to the San Francisco Health Service System, 1145 Market Street, Third Floor, San Francisco, California 94103. Audited annual financial statements for prior years are posted to the SFHSS website, however the information available on the SFHSS website is not incorporated in this Official Statement by reference.

Under the City Charter, the Health Service System Trust Fund is not a fund through which assets are accumulated to finance post-employment healthcare benefits (an "OPEB Trust Fund"). Thus, GASB Statement Number 45, Financial Reporting for Postemployment Benefit Plans Other Than Pensions ("GASB 45") and GASB Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions ("GASB 75"), which apply to OPEB Trust Funds, do not apply to the San Francisco Health Service System Trust Fund. However, the City has been funding post-employment healthcare benefits ("OPEB") in a separate fund, the Retiree Health Care Trust Fund ("RHCTF") for the purpose of prefunding future OPEB payments as described below.

Determination of Employer and Employee Contributions for Medical Benefits

According to the City Charter Section A8.428, the City's contribution towards SFHSS Medical Plans for active employees and retirees is determined by the results of an annual survey of the amount of premium contributions provided by the ten most populous counties in California (other than the City) for health care. The survey is commonly called the 10-County Average Survey and is used to determine "the average contribution made by each such County toward the providing of health care plans, exclusive of dental or optical care, for each employee of such County." The "average contribution" is used to calculate the City's required contribution to the Health Service System Trust Fund for retirees.

Unions representing the majority of City employees negotiate through collective bargaining rather than applying the "average contribution" to determine the amount the City is required to contribute for active employees. To the extent annual medical premiums exceed the contributions made by the City as required by the Charter and union agreements, such excess must be paid by SFHSS Beneficiaries. Medical benefits for City Beneficiaries who are retired or otherwise not employed by the City (e.g., surviving spouses and surviving domestic partners of City retirees) ("Nonemployee City Beneficiaries") are funded through contributions from such Nonemployee City Beneficiaries and the City as determined pursuant to Charter Section A8.428. The San Francisco Health Service System medical benefit eligibility requirements for Nonemployee City Beneficiaries are described below under "– Post-Employment Health Care Benefits."

City Contribution for Retirees

The City contributes the full employer contribution amount for medical coverage for eligible retirees who were hired on or before January 9, 2009 pursuant to Charter Section A8.428. For retirees who were hired on or after January 10, 2009, the City contributes a portion of the medical coverage costs based on five coverage/employer contribution classifications that reflect certain criteria outlined in the Table below.

Retiree Medical Coverage/Employer Contribution for Those Hired On or After January 10, 2009	
Years of Credited Service at Retirement	Percentage of Employer Contribution Established in Charter Section A8.428 Subsection (b)(3)
Less than 5 years of Credited Service with the Employers (except for the surviving spouses or surviving domestic partners of active employees who died in the line of duty)	No Retiree Medical Benefits Coverage
At least 5 but less than 10 years of Credited Service with the Employers; or greater than 10 years of Credited Service with the Employers but not eligible to receive benefits under Subsections (a)(4), (b)(5) **(A8.428 Subsection (b)(6))**	0% - Access to Retiree Medical Benefits Coverage. Including Access to Dependent Coverage
At least 10 but less than 15 years of Credited Service with the Employers **(AB.428 Subsection (b)(5))**	50%
At least 15 but less than 20 years pf Credited Service with the Employers **(AB.428 Subsection (b)(5))**	75%

At least 20 years of Credited Service with the Employer; Retired Persons who retired for disability; surviving spouses or surviving domestic partners of active employees who died in the line of duty **(AB.428 Subsection (b)(4))**	100%

Health Care Reform

The following discussion is based on the current status of the Patient Protection and Affordable Care Act (the "ACA"). Many attempts have been made to completely repeal the ACA; however full repeal has been unsuccessful thus far.

Three ACA taxes and one fee have impacted SFHSS rates for medical coverage. The three ACA taxes were repealed in 2020 and 2021; however, Congress revived and extended the Patient-Centered Outcomes Research Institute ("PCORI") Fee, which had expired in 2019. The PCORI fee, adopted in the ACA, is paid by issuers of health insurance policies and plan sponsors of self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The fee is based on the average number of lives covered under the policy or plan. The fee applies to policy or plan years ending on or after October 1, 2012, and before October 1, 2029.

Employer Contributions for San Francisco Health Service System Benefits

For fiscal year 2023-24, based on the most recent audited financial statements, the San Francisco Health Service System received approximately $939 million from participating employers for San Francisco Health Service System benefit costs. Of this total, the City contributed approximately $806 million; approximately $230 million of this $806 million amount was for health care benefits for approximately 24,269 retired City employees and their eligible dependents, and approximately $576 million was for benefits for approximately 32,023 active City employees and their eligible dependents.

The 2024 aggregate (employee and employer) cost of medical benefits offered by SFHSS to the City increased by 10.3%. The increase is comparable to California benchmarks due to several factors including contracting by SFHSS that maintains competition among the health plans, implementing value-based models such as Accountable Care Organizations, use of generic prescription, and implementing flex-funded plans using narrow networks. Flex-funding eliminates the typical margins added by health plans; however, more risk is assumed by the city, and reserves are required to protect against this risk.

Post-Employment Health Care Benefits

The eligibility of former City employees for retiree health care benefits ("OPEB Benefits") and City and employee contributions to the Retiree Health Care Trust Fund ("RHCTF") are governed by the Charter (Section A8.432(a-b)). San Francisco voters have passed three different propositions to set these eligibility and contribution requirements: Proposition B passed on June 3, 2008; Proposition C passed on November 8, 2011; and Proposition A passed on November 5, 2013.

Employees hired before January 10, 2009, and a spouse or dependent are potentially eligible for health benefits following retirement at age 50 and completion of five years of City service. OPEB Benefit coverage and the City's required contributions for employees hired on or after January 10, 2009, is described above under "Medical Benefits: City Contribution for Retirees". Unlike employee pension contributions that are made to individual accounts, contributions to the RHCTF are non-refundable, even if an employee separates from the City and does not receive OPEB Benefits from the City.

Employee and City contributions to the RHCTF are a fixed percentage of pay that varies depending on the employee's hire date, the year in which the payment is made, and whether the RHCTF is fully funded. Employees hired before January 10, 2009, are required to make contributions equal to 1% of their salary to the

RHCTF and employees hired on or after January 10, 2009, are required to make contributions equal to 2% of their salary. The City pays all OPEB Benefits on a pay-as-you-go basis each year and is required to contribute an amount equal to 1% of total pay to the RHCTF.

The City may not make disbursements from the RHCTF until it is fully funded, subject to the following exception. If the sum of the City's annual RHCTF contributions and OPEB Benefit payments (together, the "OPEB Cost") is projected to exceed 10% of payroll, the RHCTF Board may authorize stabilization disbursements from the RHCTF to the extent necessary to reduce the City's OPEB Cost to 10% of payroll provided that such stabilization disbursement does not exceed 10% of the balance in the RHCTF as of the prior year. The City has never had to make a disbursement from the RHCTF, and OPEB Cost as a percentage of payroll for fiscal year 2023-24 was 6.2%.

GASB 75 Reporting Requirements

In June 2015, GASB issued GASB 75. GASB 75 revises and establishes new accounting and financial reporting requirements for governments that provide their employees with OPEBs. The new standard is effective for periods beginning after June 15, 2017. The City implemented the provisions of GASB 75 in its audited financial statements for fiscal year 2017-18. According to GASB's Summary of GASB 75, GASB 75 requires recognition of the entire OPEB liability, a more comprehensive measure of OPEB expense, and new note disclosures and required supplementary information to enhance decision-usefulness and accountability.

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TABLE A-24
Five-Year Trend
Fiscal Years 2020-21 to 2024-25
($000s)

Fiscal Year	(A) Paygo Benefit Payments	(B) Trust Contributions	(A + B = C) Annual OPEB Cost	(D) Annual OPEB Expense	(C / D = E) Annual OPEB Cost as % of Annual OPEB Expense	Plan Fiduciary Net Position	Plan Fiduciary Net Position as % of TOL	Net OPEB Liability
2020-21	$206,439	$39,555	$245,994	$320,684	76.7%	$488,989	11.3%	$3,823,335
2021-22	211,025	41,841	252,866	272,001	93.0	718,777	16.3	3,691,121
2022-23	215,408	45,241	260,649	256,974	101.4	739,880	16.5	3,746,270
2023-24	229,922	48,779	278,701	261,158	106.7	938,866	19.3	3,924,832
2024-25	248,806	52,126	300,932	259,579	115.9	1,222,650	23.8	3,921,799

Source: Postretirement Health Plan GASB 74/75 Reports produced by Cheiron in December 2021, December 2023, October 2024, and October 2025.

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Total City Employee Benefits Costs

Table A-25 provides historical and budget information for all health benefits costs paid including pension, health, dental and other miscellaneous benefits. Historically, approximately 50% of health benefit costs are paid from the General Fund. For all fiscal years shown, a "pay-as-you-go" approach was used by the City for health care benefits.

Table A-25 below provides a summary of the City's employee benefit actual costs for fiscal years 2022-23 through 2023-24 and budgeted costs for fiscal years 2024-25 through 2026-27.

TABLE A-25
Employee Benefit Costs, All Funds
Fiscal Years 2022-23 through 2026-27
($000s)

	2022-23 Actual(1)	2023-24 Actual(1)	2024-25 Budget(1)	2025-26 Budget(1)	2026-27 Budget(1)
SFERS and PERS Retirement Contributions	$ 755,995	$ 679,959	$ 683,761	$ 691,113	$ 714,955
Social Security & Medicare	260,233	281,694	303,615	315,784	327,908
Health - Medical + Dental, active employees(2)	583,588	633,720	698,030	741,804	797,813
Health - Retiree Medical(2)	215,885	230,515	249,251	265,500	284,285
Other Benefits(3)	19,149	14,362	29,251	15,883	15,344
Total Benefit Costs	$ 1,834,849	$ 1,840,251	$1,963,909	$2,030,084	$2,140,305

(1) Figures for fiscal year 2022-23 through fiscal year 2023-24 are actuals. Figures for fiscal year 2024-25 are from the Final Budget, July 31, 2024. See "PERIODIC FINANCIAL REPORTING; RECENT REPORTS" for recent financial reports and projections.

(2) Does not include Health Service System administrative costs. Does include flexible benefits that may be used for health insurance.

(3) "Other Benefits" includes unemployment insurance premiums, life insurance and other miscellaneous employee benefits.

Source: Office of the Controller, City and County of San Francisco.

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INVESTMENT OF CITY FUNDS

Investment Pool

The Treasurer of the City (the "Treasurer") is authorized by Charter Section 6.106 to invest funds available under California Government Code Title 5, Division 2, Part 1, Chapter 4. In addition to the funds of the City, the funds of various City departments and local agencies located within the boundaries of the City, including the school and community college districts, airport, public utilities commission, and public hospitals, are deposited into the City and County's Pooled Investment Fund (the "Pool"). The funds are commingled for investment purposes.

Investment Policy

The management of the Pool is governed by the Investment Policy administered by the Office of the Treasurer and Tax Collector in accordance with California Government Code Sections 27000, 53601, 53635, et. al. In order of priority, the objectives of this Investment Policy are safety, liquidity and return on investments. Safety of principal is the foremost objective of the investment program. The investment portfolio maintains sufficient liquidity to meet all expected expenditures for Pool participants for at least the next six months. The Office of the Treasurer and Tax Collector also attempts to generate a market rate of return, without undue compromise of the first two objectives.

The Investment Policy is reviewed and monitored annually by a Treasury Oversight Committee, which is established by the Board of Supervisors. The Committee consists of the following members, who are nominated by the Treasurer and confirmed by the Board of Supervisors:

- Seat 1 is held by the Controller or the Controller's designee.
- Seat 2 is held by the County Superintendent of Schools or the Superintendent's designee.
- Seat 3 is held by the Chancellor of the Community College District or the Chancellor's designee.
- Seats 4 and 5 are held by employees of City departments or local agencies that participate in the City's pooled fund. These are currently held by the San Francisco International Airport and the San Francisco Public Utilities Commission.
- Seats 6 and 7 are held by members of the public who have expertise in, or an academic background in public finance

A complete copy of the Treasurer's Investment Policy, dated May 2024, is included as an Appendix to this Official Statement.

Investment Portfolio

As of September 30, 2025, the City's surplus investment fund consisted of the investments classified in Table A-26 and had the investment maturity distribution presented in Table A-27.

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TABLE A-26
Investment Portfolio
Pooled Funds
As of September 30, 2025

Type of Investment	Par Value	Book Value	Market Value
U.S. Treasuries	$3,762,000,000	$3,753,502,294	$3,754,358,183
Federal Agencies	6,467,204,000	6,463,135,082	6,479,872,222
Public Time Deposits	60,000,000	60,000,000	60,000,000
Negotiable Certificates of Deposit	3,120,000,000	3,120,000,000	3,122,644,860
Commercial Paper	1,543,450,000	1,525,737,529	1,526,233,265
Medium Term Notes	174,595,000	174,187,187	174,884,728
Money Market Funds	1,216,945,761	1,216,945,761	1,216,945,761
Supranationals	261,823,000	260,293,917	261,285,508
Secured Bank Deposit	362,344,940	362,344,940	362,344,940
Total	$16,968,362,702	$16,936,146,710	$16,958,569,468

September Earned Income Yield: 3.838%
Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco
From Citibank-Custodial Safekeeping, MaxQ Analytics.

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TABLE A-27
Investment Maturity Distribution
Pooled Funds
As of September 30, 2025

Maturity in Months			Par Value	Percentage
0	to	1	$ 2,799,740,702	16.50%
1	to	2	486,424,000	2.87%
2	to	3	851,000,000	5.02%
3	to	4	570,000,000	3.36%
4	to	5	513,600,000	3.03%
5	to	6	971,730,000	5.73%
6	to	12	3,557,576,000	20.97%
12	to	24	3,012,063,000	17.75%
24	to	36	1,659,003,000	9.78%
36	to	48	1,491,957,000	8.79%
48	to	60	1,055,269,000	6.22%
			$16,968,362,702	100.00%

Weighted Average Maturity: 480 Days

Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco
From Citibank-Custodial Safekeeping, MaxQ Analytics.

Further Information

A report detailing the investment portfolio and investment activity, including the market value of the portfolio, is submitted to the Mayor and the Board of Supervisors monthly. The monthly reports and annual reports are available on the Treasurer's web page: www.sftreasurer.org. The monthly reports and annual reports are not incorporated by reference herein.

CAPITAL FINANCING AND BONDS

Capital Plan

In October 2005, the Board of Supervisors adopted, and the Mayor approved, Ordinance No. 216-05, which established a new capital planning process for the City. The legislation requires that the City develop and adopt a 10-year capital expenditure plan for City-owned facilities and infrastructure. It also created the Capital Planning Committee (the "CPC") and the Capital Planning Program ("CPP"). The CPC makes recommendations to the Mayor and Board of Supervisors on the City's capital expenditures and plans. The CPC reviews and submits the Capital Plan, Capital Budget, and issuances of long-term debt for approval. The CPC is chaired by the City Administrator and includes the President of the Board of Supervisors, the Mayor's Budget Director, the Controller, the City Planning Director, the Director of Public Works, the Airport Director, the Executive Director of the MTA, the General Manager of the SFPUC, the General Manager of the Recreation and Parks Department, and the Executive Director of the Port. To help inform CPC recommendations, the CPC staff, under the direction of the City Administrator, review and prioritize funding needs; project and coordinate funding sources and uses; and provide policy analysis and reports on interagency capital planning.

The City Administrator, in conjunction with the CPC, is directed to develop and submit a 10-year capital plan every other fiscal year for approval by the Board of Supervisors. The Capital Plan is a fiscally constrained long-term finance strategy that prioritizes projects based on a set of funding principles. It provides an assessment of the City's infrastructure and other funding needs over 10 years, highlights investments required to meet these needs, and recommends a plan of finance to fund these investments. Although the Capital Plan provides cost estimates and proposes methods to finance such costs, the document does not reflect any commitment by the Board of Supervisors to expend such amounts or to adopt any specific financing method. The Capital Plan is required to be updated and adopted biennially, along with the City's Five-Year Financial Plan and the Five-Year Information & Communication Technology Plan. The CPC is also charged with reviewing the annual capital budget submission and all long-term financing proposals and providing recommendations to the Board of Supervisors relating to the compliance of any such proposal or submission with the adopted Capital Plan.

The Capital Plan is required to be submitted to the Mayor and the Board of Supervisors by each March 1 in odd-numbered years and adopted by the Board of Supervisors and the Mayor on or before May 1 of the same year.

The fiscal years 2026-2035 Capital Plan (the "Adopted Capital Plan") was approved by the CPC on February 24, 2025, and was adopted by the Board of Supervisors on April 15, 2025. The Adopted Capital Plan contains $52.1 billion in capital investments over the coming decade for all City departments, including $6.7 billion in projects for General Fund-supported departments. The Adopted Capital Plan proposes $2.7 billion for General Fund pay-as-you-go capital projects through fiscal year 2034-35. The next capital plan update is expected in Spring 2027. Major capital projects for General Fund-supported departments included in the Capital Plan consist of critical seismic projects, and relocation of staff from seismically vulnerable facilities; upgrades to public health, police, and fire facilities; transportation and utility system improvements; street and right-of-way improvements; the removal of barriers to accessibility; and park improvements, among other capital projects. $2.3 billion of the capital projects are expected to be financed with general obligation bonds and other long-term obligations, subject to planning policy constraints. The balance is expected to be funded by federal and State funds, the General Fund and other sources.

In addition to the City General Fund-supported capital spending, the Adopted Capital Plan recommends over $26.8 billion in enterprise fund department projects to continue major transit, economic development and public utility projects such as MTA facilities, seawall strengthening, terminal 1 and 3 upgrades at San Francisco International Airport, water, sewer, and power enterprise improvements, and building adequate facilities to support the City's growing transit fleet, among others. Approximately $13.5 billion of enterprise fund department capital projects are anticipated to be financed with revenue bonds. The balance is expected to be funded by general obligation bonds, federal and State funds, user/operator fees, General Fund and other sources.

While significant investments are proposed in the City's Adopted Capital Plan, identified resources remain below those necessary to maintain and enhance the City's physical infrastructure. As a result, approximately $7.6 billion in capital needs including enhancements are deferred from the plan's horizon.

Failure to make the capital improvements and repairs recommended in the City's Adopted Capital Plan may have the following impacts: (i) failing to meet federal, State or local legal mandates; (ii) failing to provide for the imminent life, health, safety and security of occupants and the public; (iii) failing to prevent the loss of use of the asset; (iv) impairing the value of the City's assets; (v) increasing future repair and replacement costs; and (vi) harming the local economy.

Tax-Supported Debt Service – City General Obligation Bonds

Under the State Constitution and the Charter, City bonds secured by *ad valorem* property taxes ("general obligation bonds" or "GO bonds") can only be authorized by two-thirds approval of the voters. In addition to the City's general obligation bonds, BART, SFUSD and SFCCD also have outstanding general obligation bonds as shown in Table A-32.

Table A-28 shows the annual amount of debt service payable on the City's outstanding GO bonds.

TABLE A-28
General Obligation Bonds Debt Service
As of October 15, 2025[(1)(2)(3)]

Fiscal Year	Principal	Interest	Annual Debt Service
2025-26	$ 223,161,279	$ 111,632,101	$ 334,793,380
2026-27	170,470,840	102,514,040	272,984,880
2027-28	174,249,035	94,678,173	268,927,208
2028-29	182,776,751	86,662,771	269,439,522
2029-30	191,745,095	78,120,219	269,865,313
2030-31	160,526,950	69,186,077	229,713,027
2031-32	167,290,000	62,115,816	229,405,816
2032-33	137,660,000	54,918,270	192,578,270
2033-34	121,295,000	49,105,610	170,400,610
2034-35	116,765,000	44,099,008	160,864,008
2035-36	83,560,000	39,336,381	122,896,381
2036-37	74,445,000	35,965,979	110,410,979
2037-38	77,415,000	32,990,236	110,405,236
2038-39	72,890,000	29,871,611	102,761,611
2039-40	74,190,000	26,908,871	101,098,871
2040-41	70,225,000	23,846,966	94,071,966
2041-42	73,320,000	20,753,292	94,073,292
2042-43	76,570,000	17,500,628	94,070,628
2043-44	79,975,000	14,094,644	94,069,644
2044-45	83,500,000	10,568,532	94,068,532
2045-46	47,390,000	6,904,213	54,294,213
2046-47	14,325,000	5,067,526	19,392,526
2047-48	14,945,000	4,445,465	19,390,465
2048-49	6,300,000	3,795,434	10,095,434
2049-50	6,535,000	3,563,172	10,098,172
2050-51	6,780,000	3,314,617	10,094,617
2051-52	7,050,000	3,048,588	10,098,588
2052-53	7,330,000	2,771,387	10,101,387
2053-54	7,615,000	2,482,708	10,097,708
2054-55	7,915,000	2,182,333	10,097,333
2055-56	8,225,000	1,869,512	10,094,512
2056-57	8,555,000	1,542,618	10,097,618
2057-58	8,895,000	1,201,979	10,096,979
2058-59	5,505,000	847,105	6,352,105
2059-60	5,705,000	639,238	6,344,238
2060-61	1,790,000	423,193	2,213,193
2061-62	1,885,000	325,638	2,210,638
2062-63	1,990,000	222,905	2,212,905
2063-64	2,100,000	114,450	2,214,450
TOTAL	**$ 2,582,864,950**	**$ 1,049,631,301**	**$ 3,632,496,251**

(1) This table only includes the City's General Obligation Bonds and does not include any of the overlapping debt as shown in Table A-32.

(2) Totals reflect rounding to nearest dollar.

(3) Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of assessed value.

Sources: Office of Public Finance, City and County of San Francisco

Authorized but Unissued City GO Bonds

Certain GO bonds authorized by the City's voters as discussed below have not yet been issued. Such bonds may be issued at any time by action of the Board of Supervisors, without further approval by the voters.

In November 1992, voters approved Proposition A ("1992 Proposition A") which authorized the issuance of up to $350.0 million in GO bonds to support San Francisco's Seismic Safety Loan Program ("SSLP"), which provides loans for the seismic strengthening of privately-owned unreinforced masonry affordable housing, market-rate residential, commercial and institutional buildings. Between 1994 and 2015, the City issued $89.3 million of bonds under the original 1992 Proposition A authorization. In November 2016, voters approved Proposition C ("2016 Proposition C"), which amended the 1992 Proposition A authorization (together, the "1992A/2016A Propositions") to broaden the scope of the remaining $260.7 million authorization by adding the eligibility to finance the acquisition, improvement, and rehabilitation to convert at-risk multi-unit residential buildings to affordable housing, as well as the needed seismic, fire, health, and safety upgrades and other major rehabilitation for habitability, and related costs. Currently $47.5 million remains authorized and unissued.

In November 2018, voters approved Proposition A ("2018 Embarcadero Seawall Improvement Proposition"), authorizing the issuance of up to $425.0 million in general obligation bonds for repair and improvement projects along the City's Embarcadero and Seawall to protect the waterfront, BART and Muni, buildings, historic piers, and roads from earthquakes, flooding, and sea level rise. Currently, $216.3 million remains authorized and unissued.

In November 2019, voters approved Proposition A ("2019 Affordable Housing Proposition"), which authorized the issuance of up to $600.0 million in general obligation bonds to finance the construction, development, acquisition, and preservation of affordable housing for certain vulnerable San Francisco residents; to assist in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the displacement of residents; to repair and reconstruct distressed and dilapidated public housing developments and their underlying infrastructure; to assist the City's middle-income residents or workers in obtaining affordable rental or home ownership opportunities including down payment assistance and support for new construction of affordable housing for SFUSD and City College of San Francisco employees; and to pay related costs. Currently, $107.5 million remains authorized and unissued.

In March 2020, voters approved Proposition B ("2020 Earthquake Safety and Emergency Response Proposition") which authorized the issuance of up to $628.5 million in general obligation bonds to aid fire, earthquake and emergency response by improving, constructing, and/or replacing: deteriorating cisterns, pipes, tunnels, and related facilities to ensure firefighters a reliable water supply for fires and disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public safety facilities, and to pay related costs. Currently, $243.0 million remains authorized and unissued.

In November 2020, voters approved Proposition A ("2020 Health and Recovery Bond"), which authorized the issuance of up to $487.5 million in general obligation bonds to fund permanent investments in transitional supportive housing facilities, shelters, and/or facilities that serve individuals experiencing homelessness, mental health challenges, or substance use; improve the safety and quality of parks; and improve the safety and condition of streets and other public rights of way. Currently, approximately $200.2 million remains authorized and unissued.

In March 2024, voters approved Proposition A ("2024 Affordable Housing Proposition"), which authorized the issuance of up to $300.0 million in general obligation bonds to construct, develop, acquire, and/or rehabilitate housing, including workforce housing and senior housing, that will be affordable to households ranging from extremely low-income to moderate-income households. Currently, approximately $152.8 million remains authorized and unissued.

In November 2024, voters approved Proposition B ("2024 Healthy, Safe, and Vibrant SF Bond"), which authorized the issuance of up to $390.0 million in general obligation bonds to finance the acquisition or improvement of temporary shelters, particularly for families; facilities that deliver healthcare services, including preventive care and behavioral health services, such as the Chinatown Public Health Center; critical repairs, renovations, and seismic upgrades at Zuckerberg San Francisco General Hospital and Trauma Center and Laguna Honda Hospital; and pedestrian and street safety improvements, streetscape enhancements, and other public space improvements. Currently, approximately $306.4 million remains authorized and unissued.

Table A-29 on the following page lists for each of the City's voter-authorized general obligation bond programs, the amounts issued and outstanding, and the amount of remaining authorization for which bonds have not yet been issued. Series are grouped by program authorization in chronological order. The authorized and unissued column refers to total program authorization that can still be issued and does not refer to any particular series.

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TABLE A-29
General Obligation Bonds
As of October 15, 2025(1)(2)

Bond Authorization Name	Election Date	Authorized Amount	Series	Bonds Issued	Bonds Outstanding	Authorized & Unissued
Seismic Safety Loan Program	11/3/92	$350,000,000	1994A	$35,000,000	$-	
			2007A	$30,315,450	$8,429,950	
			2015A	$24,000,000	-	
Reauthorization to Repurpose for Affordable Housing	11/8/16		2019A	$72,420,000	$66,690,000	
			2020C	$102,580,000	$90,240,000	
			2025E	$38,220,000	$35,300,000	$47,464,550
Clean & Safe Neighborhood Parks	2/5/08	$185,000,000	2008B	$42,520,000	-	
			2010B	$24,785,000	-	
			2010D	$35,645,000	$17,885,000	
			2012B	$73,355,000	-	
			2016A	$8,695,000	$4,905,000	
San Francisco General Hospital & Trauma Center Earthquake Safety	11/4/08	$887,400,000	2009A	$131,650,000	-	
			2010A	$120,890,000	-	
			2010C	$173,805,000	$87,210,000	
			2012D	$251,100,000	-	
			2014A	$209,955,000	-	
Earthquake Safety and Emergency Response Bond	6/8/10	$412,300,000	2010E	$79,520,000	-	
			2012A	$183,330,000	-	
			2012E	$38,265,000	-	
			2013B	$31,020,000	-	
			2014C	$54,950,000	-	
			2016C	$25,215,000	$14,740,000	
Road Repaving & Street Safety	11/8/11	$248,000,000	2012C	$74,295,000	-	
			2013C	$129,560,000	-	
			2016E	$44,145,000	$25,810,000	
Clean & Safe Neighborhood Parks	11/6/12	$195,000,000	2013A	$71,970,000	-	
			2016B	$43,220,000	$15,925,000	
			2018A	$76,710,000	-	
			2019B	$3,100,000	-	
Earthquake Safety and Emergency Response Bond	6/3/14	$400,000,000	2014D	$100,670,000	-	
			2016D	$109,595,000	$49,730,000	
			2018C	$189,735,000	-	

Transportation and Road Improvement	11/4/14	$500,000,000	2015B	$67,005,000	-	
			2018B	$174,445,000	-	
			2020B	$135,765,000	$90,310,000	
			2021C-1	$104,785,000	$78,805,000	
			2021C-2	$18,000,000	-	
Affordable Housing Bond	11/3/15	$310,000,000	2016F	$75,130,000	$33,625,000	
			2018D	$142,145,000	$76,900,000	
			2019C	$92,725,000	$19,495,000	
Public Health and Safety Bond	6/7/16	$350,000,000	2017A	$173,120,000	-	
			2018E	$49,955,000	-	
			2020D-1	$111,925,000	$73,025,000	
			2020D-2	$15,000,000	-	
Embarcadero Seawall Earthquake Safety	11/6/18	$425,000,000	2020A	$49,675,000	-	
			2023B	$39,020,000	-	
			2025A-1	$15,085,000	$15,085,000	
			2025A-2	$104,910,000	$102,955,000	$216,310,000
Affordable Housing Bond	11/5/19	$600,000,000	2021A	$254,585,000	$156,405,000	
			2023C	$170,780,000	$101,945,000	
			2025C	$67,095,000	-	$107,540,000
Earthquake Safety and Emergency Response Bond	3/3/20	$628,500,000	2021B-1	$69,215,000	$60,915,000	
			2021B-2	$11,500,000	-	
			2021E-1	$74,090,000	$56,355,000	
			2021E-2	$13,000,000	-	
			2025B-1	$197,030,000	$194,230,000	
			2025B-2	$20,680,000	-	$242,985,000
Health and Recovery Bond	11/4/20	$487,500,000	2021D-1	$194,255,000	$155,655,000	
			2021D-2	$64,250,000	-	
			2023A	$28,785,000	$25,265,000	$200,210,000
Affordable Housing Bond	3/5/24	$300,000,000	2025D	$147,230,000	$77,425,000	$152,770,000
Health, Safe and Vibrant SF Bond	11/5/24	$390,000,000	2025F	$83,635,000	$83,635,000	$306,365,000
SUBTOTAL		$6,668,700,000		$5,395,055,450	$1,818,894,950	$1,273,644,550

General Obligation Refunding Bonds	Dated Issued			Bonds Issued	Bonds Outstanding	
Series 2020-R1	5/7/20			$195,250,000	$121,845,000	
Series 2021-R1	5/6/21			$91,230,000	$58,675,000	
Series 2021-R2	9/16/21			$86,905,000	$11,250,000	
Series 2022-R1	5/18/22			$327,300,000	$251,610,000	
Series 2024-R1	5/22/24			$340,615,000	$320,590,000	
SUBTOTAL				$1,041,300,000	$763,970,000	
TOTALS		$6,668,700,000		$6,436,355,450	$2,582,864,950	$1,273,644,550

(1) Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.

(2) Of the $35,000,000 authorized by the Board of Supervisors in February 2007, $30,315,450 has been drawn upon to date pursuant to the Credit Agreement described under "General Obligation Bonds."

Source: Office of Public Finance, City and County of San Francisco.

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General Fund Lease Obligations

The Charter requires that any lease-financing agreements with a nonprofit corporation or another public agency must be approved by a majority vote of the City's electorate, except (i) leases approved prior to April 1, 1977, (ii) refunding lease financings expected to result in net savings, and (iii) certain lease financing for capital equipment. The Charter does not require voter approval of lease financing agreements with for-profit corporations or entities.

Table A-30 sets forth the aggregate annual lease payment obligations supported by the City's General Fund with respect to outstanding long-term lease revenue bonds, certificates of participation, and equipment lease purchase agreements as of October 15, 2025.

TABLE A-30
Debt Service on Lease Revenue Bonds and Certificates of Participation
As of October 15, 2025[1][2]

Fiscal Year	Principal	Interest[3]	Annual Payment Obligation
2025-26[4]	$ 82,708,229	$ 72,478,695	$ 155,186,924
2026-27	85,138,731	68,257,360	153,396,092
2027-28	80,980,000	64,079,200	145,059,200
2028-29	84,815,000	60,036,920	144,851,920
2029-30	88,665,000	55,934,166	144,599,166
2030-31	82,535,000	51,967,689	134,502,689
2031-32	76,420,000	48,501,353	124,921,353
2032-33	78,355,000	45,254,504	123,609,504
2033-34	81,695,000	41,757,222	123,452,222
2034-35	75,870,000	38,319,384	114,189,384
2035-36	77,070,000	34,776,880	111,846,880
2036-37	78,235,000	31,147,245	109,382,245
2037-38	81,715,000	27,464,808	109,179,808
2038-39	85,370,000	23,611,290	108,981,290
2039-40	89,215,000	19,566,628	108,781,628
2040-41	93,160,000	15,396,887	108,556,887
2041-42	81,005,000	11,035,011	92,040,011
2042-43	47,150,000	7,696,206	54,846,206
2043-44	47,215,000	5,629,756	52,844,756
2044-45	24,765,000	3,993,400	28,758,400
2045-46	14,775,000	3,002,800	17,777,800
2046-47	15,370,000	2,411,800	17,781,800
2047-48	14,390,000	1,797,000	16,187,000
2048-49	14,970,000	1,221,400	16,191,400
2049-50	15,565,000	622,600	16,187,600
TOTAL[5]	**$ 1,597,151,960**	**$ 735,960,206**	**$ 2,333,112,166**

(1) Includes privately placed lease purchase financings and excludes the 833 Bryant lease and commercial paper.
(2) Actual payment dates are used to project outstanding payment obligations.
(3) Totals reflect rounding to nearest dollar.
(4) Includes payments made to date in the current fiscal year.
(5) For purposes of this table, the interest rate on the Lease Revenue Bonds Series 2008-1, and 2008-2 (Moscone Center Expansion Project) is assumed to be 6.0%. These bonds are in variable rate mode.

Source: Office of Public Finance, City and County of San Francisco.

Voter-Approved Lease Revenue Bonds

The City electorate has approved several lease revenue bond propositions, and the City has issued the lease revenue bonds set forth in Table 31. There are approximately $114.1 million of authorized but unissued voter-approved lease revenue bonds. The following lease programs have remaining authorization:

In 1987, voters approved Proposition F, which authorizes the City to lease finance (without limitation as to maximum aggregate principal amount) the construction of new parking facilities, including garages and surface lots, in eight of the City's neighborhoods. In July 2000, the City issued $8.2 million in lease revenue bonds to finance the construction of the North Beach Parking Garage, which was opened in February 2002. There is no current plan to issue additional bonds at this time.

In 1990, voters approved Proposition C ("1990 Proposition C"), which amended the Charter to authorize the City to lease purchase equipment through a nonprofit corporation without additional voter approval but with certain restrictions. The City and County of San Francisco Finance Corporation (the "Corporation") was incorporated for that purpose. 1990 Proposition C provides that the outstanding aggregate principal amount of obligations with respect to lease financings may not exceed $20.0 million, with such amount increasing by five percent each fiscal year. As of July 1, 2024, the total authorized and unissued amount for such financings was $105 million. There is no current plan to issue additional bonds at this time.

In 1994, voters approved Proposition B ("1994 Proposition B"), which authorized the issuance of up to $60.0 million in lease revenue bonds for the acquisition and construction of a combined dispatch center for the City's emergency 911 communication system and for the emergency information and communications equipment for the center. In 1997 and 1998, the Corporation issued $22.6 million and $23.3 million of 1994 Proposition B lease revenue bonds, respectively, leaving $14.1 million in remaining authorization. There is no current plan to issue additional series of bonds under 1994 Proposition B.

In 2000, voters approved Proposition C ("2000 Proposition C"), which extended a two and one-half cent per $100.0 in assessed valuation property tax set-aside for the benefit of the Recreation and Park Department (the "Open Space Fund"). 2000 Proposition C also authorized the issuance of lease revenue bonds or other forms of indebtedness payable from the Open Space Fund. In August 2018 the City issued refunding lease revenue bonds to refund Series 2006 and 2007 Open Space Fund lease revenue bonds.

In 2007, voters approved Proposition D, which amended the Charter and renewed the Library Preservation Fund. Proposition D continued the two and one-half cent per $100.0 in assessed valuation property tax set-aside and established a minimum level of City appropriations, moneys that are maintained in the Library Preservation Fund. Proposition D also authorized the issuance of revenue bonds or other evidences of indebtedness. In August 2018 the City issued refunding lease revenue bonds to refund Series 2009A Branch Library Improvement Project lease revenue bonds.

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Table A-31 below lists the City's outstanding certificates of participation, lease purchase financings, and voter-authorized lease revenue bonds.

TABLE A-31
Outstanding Certificates of Participation and Lease Revenue Bonds[1]
As of October 15, 2025[1][2]

Issue Name	Final Maturity	Original Principal	Outstanding Principal
CERTIFICATES OF PARTICIPATION			
Series 2009D - Taxable BABs (525 Golden Gate Avenue)	2041	$ 129,550,000	$ 120,210,000
Series 2013B - Non-AMT (Port Facilities Project)	2038	4,830,000	4,830,000
Series 2013C - AMT (Port Facilities Project)	2043	32,870,000	18,415,000
Series 2016A (War Memorial Veterans Building)	2032	16,125,000	7,775,000
Series 2017A - Taxable (Hope SF)	2047	28,320,000	23,250,000
Series 2017B (Moscone Convention Center Expansion Project)	2042	412,355,000	332,515,000
Series 2019A (49 South Van Ness Project)	2050	247,810,000	232,225,000
Refunding Series 2019-R1 (Multiple Capital Improvement Projects)	2035	116,460,000	68,210,000
Refunding Series 2020-R1 (Multiple Capital Improvement Projects)	2033	70,640,000	48,335,000
Series 2020 (Animal Care & Control Project)	2041	47,075,000	40,590,000
Series 2021A (Multiple Capital Improvement Projects)	2041	76,020,000	67,880,000
Series 2023A - Taxable (Affordable Housing & Community Facilities)	2043	103,410,000	97,760,000
Series 2023B (Multiple Capital Improvement Projects)	2043	80,040,000	75,025,000
Refunding Series 2024-R1 (Multiple Capital Improvement Projects)	2045	214,585,000	204,635,000
Series 2024A (Multiple Capital Improvement Projects)	2044	123,345,000	116,435,000
Series 2025A (Music Concourse Garage Project)	2045	19,565,000	19,565,000
Series 2025B (Treasure Island – Stage 2 Infrastructure Projects)	2045	46,935,000	46,935,000
SUBTOTAL CERTIFICATES OF PARTICIPATION		**$ 1,769,935,000**	**$ 1,524,590,000**
LEASE PURCHASE FINANCINGS			
2010 Lease Purchase Financing (SFGH Emergency Backup Generators)	2025	$ 22,549,489	$ 1,137,354
2016 Lease Purchase Financing (Public Safety Radio Replacement Project)	2026	34,184,136	5,499,606
SUBTOTAL LEASE PURCHASE FINANCINGS		**$ 56,733,625**	**$ 6,636,960**
FINANCE CORPORATION LEASE REVENUE BONDS			
Refunding Series 2008-1 (Moscone Center Expansion Project) - Variable	2030	$ 72,670,000	$ 17,400,000
Refunding Series 2008-2 (Moscone Center Expansion Project) - Variable	2030	72,670,000	17,400,000
Refunding Series 2018A (Open Space Fund - Various Park Projects)	2029	34,950,000	12,460,000
Refunding Series 2018B (Branch Library Improvement Program)	2028	13,355,000	4,610,000
SUBTOTAL LEASE REVENUE BONDS		**$ 193,645,000**	**$ 51,870,000**
TOTAL		**$ 2,020,313,625**	**$ 1,583,096,960**

(1) Excludes commercial paper and California HFA Revenue Bonds (San Francisco Supportive Housing - 833 Bryant Apartments) ($26,485,000)
(2) Actual payment dates are used to project outstanding payment obligations.
Source: Office of Public Finance, City and County of San Francisco.

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Board Authorized and Unissued Long-Term Certificates of Participation

Certain issuances have been authorized as supplements to a lease ("Master Lease"), which currently supports the City's outstanding Certificates of Participation ("COPs"), Series 2019-R1, Series 2020-R1, Series 2021A, Series 2023A, Series 2023B, Series 2024-R1 and Series 2024A, by and between the City and a third-party trustee, currently U.S. Bank National Association. Properties leased pursuant to the Master Lease currently include the City-owned Laguna Honda Hospital campus located at 375 Laguna Honda Boulevard, San Francisco; the San Bruno Jail Complex located at 1 Moreland Drive, San Bruno; and One South Van Ness Property located at 1 South Van Ness Avenue, San Francisco.

Treasure Island Improvement Project: In October of 2013, the Board authorized, and the Mayor approved the issuance of not to exceed $13.5 million of City and County of San Francisco Certificates of Participation to finance the cost of additions and improvements to the utility infrastructure at Treasure Island. At this time, the City anticipates issuing the first tranche of COPs to fund this project in fiscal year 2025-26 or later.

Housing Trust Fund Project: In April 2016, the Board authorized and the Mayor approved the issuance of not to exceed $95.0 million of City and County of San Francisco Certificates of Participation (Affordable Housing Projects) authorized under the Master Lease to provide funds to assist in the development, acquisition, construction or rehabilitation of affordable rental housing projects. The City previously issued commercial paper (which is no longer outstanding) for a portion of the authorized projects. Currently, the City does not anticipate issuing additional commercial paper or COPs under this authorization.

Hall of Justice Relocation Projects: In October 2019, the Board authorized and the Mayor approved the issuance of not to exceed $62.0 million principal amount of City and County of San Francisco Certificates of Participation (Multiple Capital Projects) authorized under the Master Lease to finance or refinance tenant improvements involving the construction, acquisition, improvement, renovation, and retrofitting of City-owned properties as needed for the Hall of Justice Improvement Project enabling staff and offices to be consolidated in acquired City-owned properties. The City funded $4.6 million in project fund and related financing costs related to this authorization for the 444 Sixth Street acquisition as part of the Certificates of Participation, Series 2021A issuance. The City expects to issue the remainder of the long-term COPs in fiscal year 2025-26 or later.

HOPE SF Project: In December 2019, the Board authorized, and the Mayor approved the issuance of not to exceed $83.6 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease to finance or refinance certain capital improvements, including but not limited to certain properties generally known as Hunters View, Sunnydale, and Potrero Terrace and Annex housing developments. The City anticipates issuing the first long-term COPs under this authorization in fiscal year 2026-27 or later.

Critical Repairs and Recovery Stimulus (FY2022): In July 2021, the Board authorized and the Mayor approved the issuance of not to exceed $67.5 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities and works utilized by various City departments and local economic stimulus projects. The City issued COPs to fund $31.9 million of projects and related financing costs for this authorization as part of the Certificates of Participation Series 2023B issuance. The City expects to issue the remainder of the long-term COPs in fiscal year 2025-26 or later.

Critical Repairs, Recovery Stimulus and Street Resurfacing Projects (FY2023): In July 2022, the Board authorized and in August 2022 the Mayor approved the issuance of not to exceed $140.0 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of (a) street resurfacing and reconstruction, (b) critical repairs, including renovations and improvements to City-owned buildings, facilities and works utilized by various City departments and (c) local economic stimulus projects. The City funded $48.4 million for projects as well as related financing costs for this authorization as part of the Certificates of Participation Series 2023B issuance. The City expects to issue the remainder of the long-term COPs in fiscal year 2025-26 or later.

Affordable Housing and Community Development Projects: In May 2023 the Board authorized and in June 2023 the Mayor approved the issuance of not to exceed $146.8 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvement, affordable housing and community facility development projects. The City funded $102.0 million in project funds for this authorization as part of the Certificates of Participation, Series 2023A issuance. The City expects to issue the remainder of the long-term COPs in fiscal year 2026-27 or later.

Critical Repairs and Street Resurfacing Projects (FY2024): In September 2023 the Board authorized and the Mayor approved the issuance of not to exceed $77.2 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities, streets, and works utilized by various City departments. The City expects to issue its first series of long-term COPs associated with this authorization in fiscal year 2025-26 or later.

Critical Repairs and Street Resurfacing Projects (FY2025): In September 2024 the Board authorized and the Mayor approved the issuance of not to exceed $61.4 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities, streets, and works utilized by various City departments. The City expects to issue its first series of long-term COPs associated with this authorization in fiscal year 2026-27 or later.

Street Resurfacing and Curb Ramp Projects (FY2026 & FY2027). In September 2025 the Board authorized and the Mayor approved the issuance of not to exceed $65.0 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of street resurfacing and curb ramp improvement projects. The City expects to issue its first series of long-term COPs associated with this authorization in fiscal year 2026-27 or later.

Treasure Island Stage 2 Certificates of Participation. In May 2024, legislation amending the Development Agreement and Disposition and Development Agreement for the Treasure Island development project was approved by the Board of Supervisors. This amendment includes a proposal for the City to issue Certificates of Participation to fund $115 million in infrastructure improvements related to Stage 2 of the Treasure Island development project ("Project Costs"). The City funded $52.2 million of Project Costs and related financing costs as part of the first tranche of this debt with the issuance of the Series 2025B Certificates of Participation in March of 2025.

Commercial Paper Program

In March 2009, the Board of Supervisors authorized, and the Mayor approved, a not-to-exceed $150.0 million Lease Revenue Commercial Paper Certificates of Participation Program, Series 1 and 1-T and Series 2 and 2-T (the "Original CP Program"). In July of 2013, the Board of Supervisors authorized, and the Mayor approved an additional $100.0 million of Lease Revenue Commercial Paper Certificates of Participation, Series 3 and 3-T and Series 4 and 4-T (the "Second CP Program" and together with the Original CP Program, the "City CP Program") that increased the total authorization of the City CP Program to $250.0 million.

Commercial Paper Notes (the "CP Notes") are issued from time to time to pay approved project costs in connection with the acquisition, improvement, renovation and construction of real property and the acquisition of capital equipment and vehicles. Projects are eligible to access the CP Program once the Board of Supervisors and the Mayor have approved the project and the long-term, permanent financing for the project.

The Original CP Program notes are secured by a $150.0 million revolving credit agreement with Wells Fargo, which expires in March 2026.

The Second CP Program notes are secured by a $100.0 million revolving letter of credit issued by Bank of the West, which expires in April 2026.

As of October 15, 2025, the outstanding principal amount of CP Notes is $51.1 million. The interest rate for the $36.4 million outstanding tax-exempt CP Notes is 2.52%. The interest rate for the $14.8 million outstanding taxable CP Notes is 4.14%. The projects with Board of Supervisors authorized and unissued Certificates of Participation currently utilizing the CP Program include HOPE SF, Critical Repairs & Recovery Stimulus, Affordable Housing & Community Development, Street Resurfacing & Reconstruction, and Hall of Justice Relocation Project - Tenant Improvements. Additionally, the acquisition of police vehicles was funded through the City's CP Program which is expected to be paid down over time. The following is a summary of the outstanding liability by project associated with the CP Notes.

Project	**CP Notes Outstanding as of 10/15/2025**
HOPE SF	$4,246,130
Affordable Housing & Community Development	548,828
Critical Repairs & Recovery Stimulus	21,805,123
Police Vehicle Acquisition	1,393,379
HOJ Relocation – Tenant Improvements	1,971,831
Street Resurfacing & Reconstruction	21,140709
TOTAL*	**$51,106,000**

**** Projects may not sum to total due to rounding.***

Asian Art Museum Assurance Agreement

The Asian Art Museum of San Francisco ("Museum") is a charitable trust department of the City and houses the collection of the City's Asian art objects. The City owns the Museum and the art collection. Under the City Charter the City is required to provide sufficient funds each year to maintain, display and provide security for the art collection. In fiscal year 2025-26 the City budgeted $12.7 million for the Museum. The Asian Art Museum Foundation of San Francisco ("Foundation") is a non-profit public benefit corporation that serves as the fundraising arm of the Museum.

In connection with a Loan Agreement, dated February 1, 2011 ("Asian Art Museum CEDA Loan"), by and among the Foundation, the California Enterprise Development Authority ("CEDA") and JPMorgan Chase Bank, National Association ("Bank"), the City entered into an Assurance Agreement ("Assurance Agreement") with the Bank. (The Asian Art Museum CEDA Loan was a part of a restructuring of previous debt of the Foundation.) Under the terms of the Assurance Agreement, the City Controller is required under certain circumstances to seek a supplemental budgetary appropriation from the Board of Supervisors to pay scheduled debt service on the Asian Art Museum CEDA Loan. The Board of Supervisors and Mayor retain the sole discretion to approve any Controller request. The principal amount of the Asian Art Museum CEDA Loan outstanding as of July 7, 2025 is approximately $68.5 million and annual debt service is approximately $6.2 million through 2040.

Based on information provided to the Controller by the Foundation, the City is aware that fundraising and development for arts and cultural institutions, including the Museum, continues to be a challenging environment following the COVID pandemic. Currently, the City is engaged in discussions with the Foundation to understand the Foundation's financial position, its operations and outstanding obligations.

Overlapping Debt

Table A-32 shows bonded debt and long-term obligations as of October 15, 2025, sold in the public capital markets, except for those financings otherwise noted in the table, by the City and those public agencies whose boundaries overlap the boundaries of the City in whole or in part. Long-term obligations of non-City agencies generally are not payable from revenues of the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. In the table, lease obligations of the City which support indebtedness incurred by others are included. As noted below, the Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City.

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TABLE A-32
Statement of Direct and Overlapping Debt and Long-Term Obligations
As of October 15, 2025

2025-26 Assessed Valuation (includes unitary utility valuation):	$	358,424,092,463[1]
GENERAL OBLIGATION BONDED DEBT		
San Francisco City and County	**$**	**2,582,864,950**
San Francisco Unified School District		1,008,390,000
San Francisco Community College District		590,475,000
TOTAL GENERAL OBLIGATION BONDED DEBT	$	4,181,729,950
LEASE OBLIGATIONS BONDS		
San Francisco City and County	$	1,583,096,960
TOTAL LEASE OBLIGATION BONDED DEBT	$	1,583,096,960[2]
TOTAL COMBINED DIRECT DEBT	$	5,691,591,910
OVERLAPPING TAX AND ASSESSMENT DEBT		
Bay Area Rapid Transit District General Obligation Bond (33.728%)	$	965,086,835
San Francisco Community Facilities District No. 6		112,070,000
San Francisco Community Facilities District No. 7		25,735,000
San Francisco Community Facilities District No. 2009-1, Improvement Areas 1 and 2		1,892,593
San Francisco Community Facilities District No. 2014-1 Transbay Transit Center		555,635,000
San Francisco Community Facilities District No. 2016-1 Treasure Island, Improvement Areas 1 and 2		98,415,000
San Francisco Special Tax District No. 2020-1 Mission Rock Facilities		149,980,000
City of San Francisco Assessment District No. 95-1		75,000
ABAG Community Facilities District No. 2004-1 Seismic Safety Improvements		7,415,000
ABAG Community Facilities District No. 2006-1 San Francisco Rincon Hill		4,055,000
ABAG Community Facilities District No. 2006-2 San Francisco Mint Plaza		2,385,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$	1,922,744,428
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to the San Francisco Redevelopment Agency	$	714,591,505
Transbay Joint Powers Authority		217,475,000
TOTAL OVERLAPPING INCREMENT DEBT	$	932,066,505
OVERLAPPING INCREMENT DEBT:		
San Francisco Infrastructure and Revitalization Financing District No. 1	$	36,820,000
TOTAL OVERLAPPING TAX INCREMENT REVENUE DEBT	$	36,820,000
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	$	8,656,457,843[3]

Ratios to 2025-26 Assessed Valuation ($358,424,092,463)	**Actual Ratio**
Direct General Obligation Bonded Debt ($4,181,729,950)	1.17%[4]
Combined Direct Debt ($5,764,826,910)	1.61%
Total Direct and Overlapping Bonded Debt	2.42%
Ratio to 2025-26 Redevelopment Incremental Valuation ($45,743,416,351)	
Total Overlapping Tax Increment Debt	2.04%

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(1) Includes $581,553,268 homeowner's exemption for FY25-26.

(2) Excludes 833 Bryant lease.

(3) Excludes tax and revenue anticipation notes, enterprise revenue bonds and airport improvement corporation bonds, as well as the issue to be sold.

(4) The Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City. The City's general obligation debt as a percentage of FY25-26 AV is 0.7%.

Source: California Municipal Statistics Inc., City and County of San Francisco

CITY GOVERNMENT

City Charter

San Francisco is constituted as a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California (the "State") and is the only consolidated city and county in the State. In addition to its powers under its charter in respect of municipal affairs granted under the State Constitution, San Francisco generally can exercise the powers of both a city and a county under State law. On April 15, 1850, several months before California became a state, the original charter was granted by territorial government to the City. New City charters were adopted by the voters on May 26, 1898, effective January 8, 1900, and on March 26, 1931, effective January 8, 1932. In November 1995, voters approved the current charter, which went into effect in most respects on July 1, 1996 ("Charter").

The City is governed by a Board of Supervisors consisting of eleven members elected from supervisorial districts (the "Board of Supervisors"), and a Mayor elected at large who serves as chief executive officer (the "Mayor"). Members of the Board of Supervisors and the Mayor each serve a four-year term. The Mayor and members of the Board of Supervisors are subject to term limits as established by the Charter. Members of the Board of Supervisors may serve no more than two successive four-year terms and may not serve another term until four years have elapsed since the end of the second successive term in office. The Mayor may serve no more than two successive four-year terms, with no limit on the number of non- successive terms of office. The City Attorney, Assessor-Recorder, District Attorney, Treasurer and Tax Collector, Sheriff, and Public Defender are also elected directly by the citizens and may serve unlimited four-year terms. The Charter provides a civil service system for most City employees. School functions are carried out by the San Francisco Unified School District (grades TK-12) ("SFUSD") and the San Francisco Community College District (post-secondary) ("SFCCD"). Each is a separate legal entity with a separately elected governing board.

Unique among California cities, San Francisco as a charter city and county provides the services of both a city and a county. Public services include police, fire and public safety; public health, mental health and other social services; courts, jails, and juvenile justice; public works, streets, and transportation, including a port and airport; construction and maintenance of all public buildings and facilities; water, sewer, and power services; parks and recreation; libraries and cultural facilities and events; zoning and planning, and many others. Employment costs are relatively fixed by labor and retirement agreements, and account for slightly less than 50% of all City expenditures. In addition, voters have approved Charter amendments that impose certain spending mandates and tax revenue set-asides, which dictate expenditure or service levels for certain programs, and allocate specific revenues or specific proportions thereof to other programs, including transportation services, children's services and public education, and libraries.

Under its original charter, the City committed to a policy of municipal ownership of utilities. The Municipal Railway, when acquired from a private operator in 1912, was the first such city-owned public transit system in the nation. In 1914, the City obtained its municipal water system, including the Hetch Hetchy watershed near Yosemite. In 1927, the City dedicated Mills Field Municipal Airport at a site in what is now San Mateo County 14 miles south of downtown San Francisco, which would grow to become today's San Francisco International Airport. In 1969, the City acquired the Port of San Francisco (the "Port") in trust from the State. Substantial expansions and improvements have been made to these enterprises since their original acquisition. SFO, the Port, SFPUC (which includes the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Project), MTA (which operates the San Francisco Municipal Railway or "Muni" and the Department of Parking and Traffic ("DPT"), including twenty one public parking garages), and the City-owned hospitals (Zuckerberg San Francisco General and Laguna Honda), are collectively referred to herein as the "enterprise fund departments," as they are not integrated into the City's General Fund operating budget. However, certain enterprise fund departments, including San Francisco General Hospital, Laguna Honda Hospital, and the MTA, annually receive significant General Fund transfers.

The Charter distributes governing authority among the Mayor, the Board of Supervisors, the various other elected officers, the City Controller and other appointed officers, and the boards and commissions that oversee the various City departments. The Mayor appoints most commissioners subject to a two-thirds vote of the Board of Supervisors, unless otherwise provided in the Charter. The Mayor appoints each department head from among persons nominated to the position by the appropriate commission and may remove department heads.

Mayor

In November 2024, Daniel Lurie was elected as the City's 46th Mayor. He took office on January 8, 2025, succeeding Mayor Breed.

Board of Supervisors

Table A-33 lists the members of the Board of Supervisors effective January 8, 2025. The Supervisors are elected for staggered four-year terms and are elected by district. Vacancies are filled by appointment by the Mayor.

TABLE A-33
Board of Supervisors

Name	First Elected or Appointed	Current Term Expires
Connie Chan, District 1	2021	2029
Stephen Sherill, District 2	2024	2027
Danny Sauter, District 3	2025	2029
Vacant, District 4(1)	N/A	N/A
Bilal Mahmood, District 5	2025	2029
Matt Dorsey, District 6	2022	2027
Myrna Melgar, District 7	2021	2029
Rafael Mandelman, Board President, District 8	2018	2027
Jackie Felder, District 9	2025	2029
Shamann Walton, District 10	2019	2027
Chyanne Chen, District 11	2025	2029

(1) Former District 4 Supervisor Joel Engardio was recalled in a special election held on September 16, 2025.

Other Elected and Appointed City Officers

The City Attorney, an elected position, represents the City in all legal proceedings in which the City has an interest. On November 4, 2024, David Chiu was re-elected to serve as the San Francisco City Attorney.

The Assessor-Recorder, a citywide elected position, administers the property tax assessment system of the City. On February 8, 2021, Joaquín Torres, formerly the Director of the Office of Economic and Workforce Development, was sworn in as the new Assessor-Recorder. Mr. Torres ran and was elected by voters in a special election on February 15, 2022 to his current term as Assessor-Recorder.

The Treasurer is responsible for the deposit and investment of all City moneys, and also acts as Tax Collector for the City. José Cisneros was re-elected to a four-year term as Treasurer of the City in November 2024 for a term that extends through January 2029. Mr. Cisneros has served as Treasurer since September 2004, following his appointment by then-Mayor Newsom.

The City Controller is responsible for timely accounting, disbursement, and other disposition of City moneys, certifies the accuracy of budgets, estimates the cost of ballot measures, provides payroll services for the City's employees, and, as the Auditor for the City, directs performance and financial audits of City activities.

On January 10, 2024, Mayor Breed appointed Greg Wagner, formerly the Chief Operating Officer of the City's Department of Public Health, to a ten-year term as Controller of the City. Mr. Wagner's appointment was confirmed by the Board of Supervisors on January 23, 2024, in accordance with the Charter.

The City Administrator has overall responsibility for the management and implementation of policies, rules and regulations promulgated by the Mayor, the Board of Supervisors and the voters. The City Administrator oversees the General Services Agency which consists of 25 departments, divisions, and programs that include the Public Works Department, Department of Technology, Office of Contract Administration/Purchasing, Real Estate, County Clerk, Fleet Management, Convention Facilities, Animal Care and Control, Medical Examiner, and Treasure Island. Carmen Chu was sworn in as the City Administrator on February 2, 2021.

THE SUCCESSOR AGENCY

The San Francisco Redevelopment Agency (the "Former Agency") was organized in 1948 by the Board of Supervisors pursuant to the Redevelopment Law. The Former Agency's mission was to eliminate physical and economic blight within specific geographic areas of the City designated by the Board of Supervisors. The Former Agency had redevelopment plans for nine redevelopment project areas.

As a result of ABx1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, (collectively, the "Dissolution Act"), redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy "enforceable obligations" of the former redevelopment agencies all under the supervision of a new oversight board, the State Department of Finance and the State Controller.

Pursuant to Ordinance No. 215-12 passed by the Board of Supervisors of the City on October 2, 2012 and signed by the Mayor on October 4, 2012, the Board of Supervisors (i) officially gave the following name to the successor to the Former Agency: the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco,"(the "Successor Agency") also referred to as the "Office of Community Investment & Infrastructure" ("OCII"), (ii) created the Successor Agency Commission as the policy body of the Successor Agency, (iii) delegated to the Successor Agency Commission the authority to act to implement the surviving redevelopment projects, the replacement housing obligations of the Former Agency and other enforceable obligations and the authority to take actions that ABx1 26 and AB 1484 require or allow and (iv) established the composition and terms of the members of the Successor Agency Commission.

Because of the existence of enforceable obligations, the Successor Agency is authorized to continue to implement, through the issuance of tax allocation bonds, certain major redevelopment projects that were previously administered by the Former Agency. The Successor Agency exercises land use, development and design approval authority for the developed projects. The Successor Agency, in addition to other various City agencies and entities, also may issue community facilities district bonds from time to time to facilitate development in the major approved development projects in accordance with the terms of such enforceable obligations. See also, Table A-32: "Statement of Direct and Overlapping Debt and Long-Term Obligations."

CITY INFRASTRUCTURE FINANCING DISTRICTS

San Francisco has formed numerous special financing districts in order to finance infrastructure improvements benefiting the public in newly developing areas of the City. Projects that may be financed by revenues from special finance districts include, but are not limited to streets, water and sewer systems, libraries, parks, and public safety facilities. Pursuant to California Government Code Section 53395 *et seq*. ("IFD Law"), the Board of Supervisors has formed Infrastructure Financing Districts, Infrastructure Revitalization Financing Districts, and Enhanced Infrastructure Financing Districts (collectively "IFDs") within the geographic boundaries of the City.

Under IFD Law, municipalities may fund improvements within the IFD geographic boundary. IFDs capture increases in property tax revenue stemming from growth in assessed value as a result of new development and use that revenue to finance infrastructure projects and improvements. Each district has its own plan of finance for the allocation and use of tax increment.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES

Several constitutional and statutory limitations on taxes, revenues and expenditures exist under State law which limit the ability of the City to impose and increase taxes and other revenue sources and to spend such revenues, and which, under certain circumstances, would permit existing revenue sources of the City to be reduced by vote of the City electorate. These constitutional and statutory limitations, and future limitations, if enacted, could potentially have an adverse impact on the City's general finances and its ability to raise revenue, or maintain existing revenue sources, in the future. However, *ad valorem* property taxes required to be levied to pay debt service on general obligation bonds were authorized and approved in accordance with all applicable constitutional limitations. A summary of the currently effective limitations is set forth below.

Article XIIIA of the California Constitution

Article XIIIA of the California Constitution, known as "Proposition 13," was approved by the California voters in June of 1978. It limits the amount of *ad valorem* tax on real property to 1% of "full cash value," as determined by the county assessor. Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when "purchased, newly constructed or a change in ownership has occurred" (as such terms are used in Article XIIIA) after the 1975 assessment. Furthermore, all real property valuation may be increased or decreased to reflect the inflation rate, as shown by the CPI or comparable data, in an amount not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors. Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on 1) indebtedness approved by the voters prior to July 1, 1978, 2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or 3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district voting on the proposition, but only if certain accountability measures are included in the proposition.

The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher or lower than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate persons with disabilities and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City. Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Article XIIIB of the California Constitution

Article XIIIB was enacted by California voters as an initiative constitutional amendment in November 1979. Article XIIIB limits the annual appropriations from the proceeds of taxes of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population, and services rendered by the governmental entity. However, no limit is imposed on the appropriation of local revenues and taxes to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters. Article XIIIB includes a requirement that if an entity's average revenues over two consecutive years exceed the amount permitted to be spent, the excess would have to be returned by revising tax or fee schedules over the following two years. With voter approval, the appropriations limit can be raised for up to four years.

Articles XIIIC and XIIID of the California Constitution

Proposition 218, an initiative constitutional amendment, approved by the voters of the State in 1996, added Articles XIIIC and XIIID to the State Constitution, which affect the ability of local governments, including charter cities such as the City, to levy and collect both existing and future taxes, assessments, fees, and charges. Proposition 218 does not affect the levy and collection of taxes for voter-approved debt. However, Proposition 218 affects the City's finances in other ways. Article XIIIC requires that all new local taxes be submitted to the electorate for approval before such taxes become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes require a two- thirds vote. Under Proposition 218, the City can only continue to collect taxes that were imposed after January 1, 1995 if voters subsequently approved such taxes by November 6, 1998. All of the City's local taxes subject to such approval have been either reauthorized in accordance with Proposition 218 or discontinued. The voter approval requirements of Article XIIIC reduce the City's flexibility to manage fiscal problems through new, extended, or increased taxes. No assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

In addition, Article XIIIC addresses the initiative power in matters of local taxes, assessments, fees, and charges. Pursuant to Article XIIIC, the voters of the City could, by initiative, repeal, reduce or limit any existing or future local tax, assessment, fee, or charge, subject to certain limitations imposed by the courts and additional limitations with respect to taxes levied to repay bonds. The City raises a substantial portion of its revenues from various local taxes which are not levied to repay bonded indebtedness, and which could be reduced by initiative under Article XIIIC. No assurance can be given that the voters of the City will not approve initiatives that repeal, reduce, or prohibit the imposition or increase of local taxes, assessments, fees or charges. See "GENERAL FUND REVENUES — OTHER CITY TAX REVENUES" herein, for a discussion of other City taxes that could be affected by Proposition 218.

With respect to the City's general obligation bonds (City bonds secured by *ad valorem* property taxes), the State Constitution and the laws of the State impose a duty on the Board of Supervisors to levy a property tax sufficient to pay debt service coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of the City's general obligation bonds or to otherwise interfere with performance of the duty of the City with respect to such taxes which are pledged as security for payment of those bonds.

Article XIIID contains several provisions making it generally more difficult for local agencies, such as the City, to levy and maintain "assessments" (as defined in Article XIIID) for local services and programs. The City has created a number of special assessment districts both for neighborhood business improvement purposes and community benefit purposes and has caused limited obligation bonds to be issued in 1996 to finance construction of a new public right of way. The City cannot predict the future impact of Proposition 218 on the finances of the City, and no assurance can be given that Proposition 218 will not have a material adverse impact on the City's revenues.

Proposition 1A

Proposition 1A, a constitutional amendment proposed by the State Legislature and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate, or change the allocation of local sales tax revenues, subject to certain exceptions. As set forth under the laws in effect as of November 3, 2004, Proposition 1A generally prohibits the State from shifting any share of property tax revenues allocated to local governments for any fiscal year to schools or community colleges. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years. If the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A also provides that if the State reduces the annual vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties, and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing aid to cities and spending on other State programs, or other actions, some of which could be adverse to the City.

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increases a school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies (but see "THE SUCCESSOR AGENCY" above). While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Due to the prohibition with respect to the State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A (2004). However, borrowings and reallocations from local governments during 2009 are not subject to Proposition 22 prohibitions. In addition, Proposition 22 supersedes Proposition 1A of 2006. Accordingly, the State is prohibited from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local governments except pursuant to specified procedures involving public notices and hearings.

Proposition 26

On November 2, 2010, the voters of the State approved Proposition 26 ("Proposition 26"), revising certain provisions of Articles XIIIA and XIIIC of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption was repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIIIC of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances and parking violations; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. Fees, charges, and payments that are made pursuant to a voluntary contract that are not "imposed by a local government" are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

Future Initiatives and Changes in Law

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time-to-time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

On April 25, 2013, the California Supreme Court in *McWilliams v. City of Long Beach* (April 25, 2013, No. S202037), held that the claims provisions of the Government Claims Act (Government Code Section 900 *et. seq*.) govern local tax and fee refund actions (absent another State statue governing the issue), and that local ordinances were without effect. The effect of the McWilliams case is that local governments could face class actions over disputes involving taxes and fees. Such cases could expose local governments to significant refund claims in the future. The City cannot predict whether any such class claims will be filed against it in the future, the outcome of any such claim or its impact on the City.

LEGAL MATTERS AND RISK MANAGEMENT

Pending Litigation

There are a number of lawsuits and claims routinely pending against the City. Included among these are a number of actions which if successful would be payable from the City's General Fund. Except as otherwise described in this Appendix A as to certain litigation, in the opinion of the City Attorney, such suits and claims presently pending will not materially impair the ability of the City to pay debt service on its General Fund lease obligations or other debt obligations, nor have an adverse impact on City finances.

Ongoing Investigations

Community Challenge Grant Program Investigation. On August 29, 2023, the San Francisco District Attorney charged Lanita Henriquez, who served as the director of the San Francisco Community Challenge Grant Program under the Office of the San Francisco City Administrator, and Rudolph Dwayne Jones, a former City official who occasionally served as a prime contractor and a subcontractor to the SFPUC, with counts of misappropriation of public monies, bribery, and financial conflict of interest in a government contract. It is alleged that Ms. Henriquez and Mr. Jones misappropriated public money between 2016 and 2020, that Mr. Jones wrote Ms. Henriquez multiple checks in 2017 and 2018 totaling $25,000, while Ms. Henriquez directed government grant contracts exceeding $1.4 million to entities controlled by Mr. Jones, in which entities Ms. Henriquez also had a financial stake, between 2016 and 2020.

The San Francisco District Attorney has not alleged any impropriety in connection with the sole grant program Ms. Henriquez administered for the SFPUC and the SFPUC has confirmed that there are no active direct contracts between the SFPUC and Mr. Jones or his affiliated entities. The SFPUC has, however, identified four subcontracts between Mr. Jones or his affiliated entities and other SFPUC prime contractors that were effective on the date that Mr. Jones was charged, and directed each of the four prime contractors retaining Mr. Jones and/or any entities affiliated with Mr. Jones, to terminate or cancel any subcontract, service order, or other contractual arrangement such parties.

The FBI investigation is ongoing, and the City can give no assurance when the FBI will complete its investigation. The San Francisco District Attorney's Office Public Integrity Task Force has also independently investigated certain of the matters described here, and the City can give no assurance when this task force will complete its investigation.

Human Rights Commission Investigation. On October 11, 2024, Sheryl Davis the Executive Director of Human Rights Commission ("HRC"), resigned her post amid allegations of the misuse of public funds. Mawuli Tugbenyoh was subsequently appointed Executive Director of the HRC in September 2025 after serving as acting director of the department. Following the allegations, the Mayor announced the imposition of tighter financial controls regarding spending for the Commission.

In September 2025, the Controller's Office issued a report with the results of a joint audit and investigation by the Controller's Office and City's Attorney's Office. The audit found that:

> "…under the leadership of Ms. Davis, HRC demonstrated a pattern and practice of evading existing controls and avoiding scrutiny from city oversight agencies, raising serious concerns about transparency, accountability, and financial integrity. This created a workplace where misconduct went unchallenged and ethical norms were disregarded, even as the department worked to improve oversight. Under new leadership, the department has begun to implement some of our recommended changes, such as ensuring all purchasing and training staff been trained."

The report includes nine recommendations for HRC to improve its internal controls and compliance with City purchasing rules and two recommendations for the Controller's Accounting Operations and Supplier Division and Office of Contract Administration to enhance their monitoring of city departments to ensure adherence to city policies.

AB 218 and AB 2777 (Sexual Abuse Victims Acts)

Assembly Bill 218, which is called the "California Child Victims Act", became effective in January 2020, and Assembly Bill 2777, which is called the "Sexual Abuse and Cover Up Accountability Act", became effective in January 2023. These bills allow alleged victims of sexual abuse to bring claims which previously had been barred by the applicable statute of limitations. Although there are certain, existing claims against the City as a result of the enactment of these laws, the City is still in the process of evaluating whether these types of claims might have a material impact on the City's finances. The City can give no assurances that additional claims will not be brought against the City as a result of these laws or that any additional claims will not have a material impact on the City's finances.

Risk Retention Program

Citywide risk management is coordinated by the Risk Management Division of the City Administrator's Office. With certain exceptions, it is the general policy of the City to first evaluate self-insurance and not purchase commercial liability insurance for the risks of losses to which it is exposed. The City believes that it is more economical to manage its risks internally and administer, adjust, settle, defend, and pay claims from budgeted resources (i.e., "self-insurance"). The City obtains commercial insurance in certain circumstances, including when required by bond or lease financing covenants and for other limited purposes. The City Controller actuarially determines liability and workers' compensation risk exposures as permitted under State law. The City does not maintain commercial earthquake coverage, with certain minor exceptions.

The City's decision to obtain commercial insurance depends on various factors. For property insurance, these factors include whether the facility is currently under construction or if the property is owned by a self-supporting enterprise fund department. For new construction projects, the City has utilized traditional insurance, owner-controlled insurance programs or contractor-controlled insurance programs. Under the latter two approaches, the insurance program provides certain coverages for the entire construction project. When a traditional insurance program is used, the City requires each contractor to provide its own insurance to satisfactorily cover the scope of work. The majority of the City's commercial insurance coverage is purchased for enterprise fund departments and other similar revenue-generating departments (i.e. the Airport, MTA, SFPUC, the Port and Convention Facilities, etc.). The remainder of the commercial insurance coverage is for General Fund departments that are required to provide coverage for bond-financed facilities, coverage for collections at City-owned museums and to meet statutory requirements for bonding of various public officials, and other limited purposes where required by contract or other agreement., The City purchases Cyber Liability insurance for most departments and certain enterprise fund departments providing critical City services and/or managing high volumes of confidential/personal data.

Through coordination between the City Controller and the City Attorney's Office, the City's general liability risk exposure is actuarially determined and is addressed through appropriations in the City's budget and also reflected in the ACFR. The appropriations are sized based on actuarially determined anticipated claim payments and the projected timing of disbursement.

The City is self-insured for the financial risk and liability to provide workers' compensation benefits to its employees. The administration of workers' compensation claims and disbursement of all benefit payments is managed by the Workers' Compensation Division of the City's Department of Human Resources and its contracted third-party claims administrator. Estimates of future workers' compensation costs are based on the following criteria: (i) the frequency and severity of historical claim filings; (ii) average claim losses by expense category; (iii) gross payroll and workforce composition; (iv) benefit cost inflation, including increases to the statewide average weekly wage, and medical cost growth; and (v) regulatory developments that impact benefit cost and delivery. The Workers’ Compensation Division determines and allocates workers’ compensation costs to departments based upon actual claim benefit expenditures and an allocated share of overhead expenses for self-insurance administration. The City continues to develop and implement programs to lower or mitigate workers’ compensation costs.

APPENDIX B

ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CITY AND COUNTY OF SAN FRANCISCO
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

Annual Comprehensive Financial Report
Year ended June 30, 2024

Prepared by:
Office of the Controller

Greg Wagner
Controller

CITY AND COUNTY OF SAN FRANCISCO

Annual Comprehensive Financial Report
Year Ended June 30, 2024

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- City and County of San Francisco Organization Chart
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OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller

ChiaYu Ma
Deputy Controller

November 27, 2024

The Honorable Mayor London N. Breed
The Honorable Members of the Board of Supervisors
Residents of the City and County of San Francisco
San Francisco, California

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City and County of San Francisco, California (the City) for the year (FY) ended June 30, 2024, with the independent auditor's report. The report is submitted in compliance with City Charter sections 2.115 and 3.105, and California Government Code Sections 25250 and 25253. The Office of the Controller prepared the ACFR in conformance with the principles and standards for accounting and financial reporting set forth by the Governmental Accounting Standards Board (GASB).

The City is responsible for the accuracy of the data and for the completeness and fairness of its presentation. The existing comprehensive structure of internal accounting controls in the City provides reasonable assurance that the financial statements are free of any material misstatements. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of material misstatements. I believe that the reported data is accurate in all material respects and that its presentation fairly depicts the City's financial position and changes in its financial position as measured by the financial activity of its various funds. I am confident that the included disclosures provide the reader with an understanding of the City's financial affairs.

The City's Charter requires an annual audit of the Controller's records. The records have been audited by Macias Gini & O'Connell LLP and are presented in the basic financial statements in this ACFR. The ACFR also incorporates financial statements of various City enterprise funds and component units that issue separate financial statements, including the San Francisco International Airport, the San Francisco Water Enterprise, Hetch Hetchy Water and Power, the Municipal Transportation Agency, the San Francisco Wastewater Enterprise, the Port of San Francisco, the City and County of San Francisco Finance Corporation, the San Francisco County Transportation Authority, the City and County of San Francisco Health Service System, the San Francisco City and County Employees' Retirement System, the City and County of San Francisco Retiree Health Care Trust, and the Successor Agency to the San Francisco Redevelopment Agency.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) section of the ACFR. The MD&A provides a narrative overview and analysis of the basic financial statements and is presented after the independent auditor's report.

SAN FRANCISCO GOVERNMENT:

Profile of San Francisco Government

The City and County of San Francisco was established in 1850 and is the only legal subdivision of the State of California with the governmental powers of both a city and a county. The City's legislative power is exercised through a Board of Supervisors, while its executive power is vested upon a Mayor and other appointed and elected officials. Key public services provided by the City include public safety and protection, public transportation, water and sewer, parks and recreation, public health, social services and land-use and planning regulation. The heads of most of these departments are appointed by the Mayor and advised by commissions and boards appointed by City elected officials.

Elected officials include the Mayor, Members of the Board of Supervisors, Assessor-Recorder, City Attorney, District Attorney, Public Defender, Sheriff, Superior Court Judges, and Treasurer. Since 2000, the eleven-member Board of Supervisors has been elected through district elections. The eleven district elections are staggered for five and six seats at a time and held in even-numbered years. Board members serve four-year terms and vacancies are filled by Mayoral appointment.

Recent Economic and Financial Results

The COVID-19 pandemic led to structural changes in the San Francisco labor market that persist today. The shift towards remote work during the pandemic allowed businesses and workers to see the feasibility and productivity of this arrangement. This resulted in perhaps the most important change in San Francisco's economy: fallen office attendance, and with the reduced need for space, rising office vacancy.

Local economic indicators for FY 2023-24 remained stable, at levels similar to FY 2022-23. Office attendance stayed between 40% and 45% of pre-pandemic levels, about the same as the prior fiscal year. Office vacancy rates increased modestly to above 33% by the end of the fiscal year, which far exceeds vacancy rates experienced after the Dot-Com recession and Great Recession. The number of employed San Francisco residents declined to about 530,000 in June 2024, a decline of 11,000 workers since June 2023. The average unemployment rate increased from 2.7% in FY 2022-23 to 3.6% in FY 2023-24, which is still lower than either the national or California unemployment rates. BART exits at downtown San Francisco stations increased slightly to 35% of pre-pandemic levels. Although domestic and international travel at San Francisco International Airport reached 84.4% and 102.9%, respectively, of pre-pandemic levels, the hotel occupancy rate fluctuated throughout the year, reaching a low of 50%, and never exceeded the pre-pandemic average rate of 80%.

The City's financial results were mixed in FY 2023-24. In the General Fund, business taxes reflected ongoing weakness in office-using sectors. However, gross receipt tax revenue of the business taxes increased from $800.4 million in FY 2022-23 to $820.1 million in FY 2023-24 primarily due to a tax increase on some businesses in tax year 2024. After reaching a historic high of $520.3 million in FY 2021-22, real property transfer tax collections dropped to the lowest level in more than a decade to $177.7 million in FY 2023-24, as few large office buildings traded hands, and those that did, traded at reduced prices. The hospitality sector made only modest gains, with hotel tax revenue in governmental funds growing from $279.0 million in FY 2022-23 to $283.0 million in FY 2023-24. Sales tax revenue, which reflects general spending in the City, declined from $197.9 million to $190.5 million over the same period for General Fund. Overall General Fund tax revenue growth was driven by an increase in property tax revenue of $67.3 million over the prior year, offset primarily by a decline of $81.6 million in the Overpaid Executive Tax because, for administrative reasons, the prior fiscal year had six quarters of tax payments versus four in the current year.

The City's bottom-line financial results for the fiscal year continue to be strong, although lower than the prior year, reflecting stagnant economic trends and heavy use of previous year's resources to balance the adopted FY 2023-24 budget. General Fund cash increased by 2.6 percent to $3.80 billion and the total Generally Accepted Accounting Principles (GAAP) fund balance decreased by 3.2 percent to $2.56 billion. However, the City ended the year stronger than forecasted as modest overall increases in tax revenues were complemented by cost savings and revenues in departmental operations. As a result, the City only needed to use $37.6 million of its Fiscal Cliff Reserve compared to the $90.2 million assumed in the FY 2023-24 budget. There were neither deposits to nor uses of the City's primary rainy day and budget stabilization reserves, which do not include one-time reserves and total $389.7 million, or 6.1 percent of revenues.

Projected Economic and Financial Conditions in Subsequent Years

The City remains focused on supporting its continued economic, financial, and operational health and recovery while managing challenges driven by economic shifts locally and nationally.

At the request of Mayor London Breed and Board of Supervisors President Aaron Peskin, in February 2024, the Office of the Treasurer & Tax Collector and the Office of the Controller released a memo entitled "Recommended Reforms to the Business Tax System" outlining a series of tax reform recommendations to

inform a potential measure for the November 2024 ballot. After a process that engaged many stakeholders across the City, Proposition M was approved by voters in November 2024. The purpose of the measure was to design a business tax system that better reflects a post-COVID economy by reducing the risk of tax loss from remote work and business relocation, and by placing greater weight on sales in the City over payroll. In addition, shifting the tax burden across a greater number of businesses to reduce the concentration of business taxes on a small number of very large payers, is expected to reduce volatility in revenue. The tax structure is simplified to create greater predictability for both businesses and the City. Specifically, the measure decreases the Overpaid Executive Tax by 80% and balances the lost revenue with increases to the Gross Receipts tax rate. Tax collections will decrease initially as the economy recovers until 2027 and 2028 when tax rates will increase by 4% and 3%, respectively. Changes in tax rates are intended to promote equity between businesses sizes and categories.

FY 2023-24 revenue results and initial FY 2024-25 data indicate the pace of the City's recovery from the pandemic continues to be gradual. Future growth will be driven by economic fundamentals such as interest rates, employment, and both domestic and international political factors. The City's most recent budget forecast, issued in November 2024, projects that the City's largest revenue source, property tax, will remain flat in the next two fiscal years as it adjusts to reductions in assessed values and will not reach FY 2023-24 levels until FY 2029-30. Business tax revenue is expected to increase, although because of changes adopted in Proposition M, the forecast is uncertain. Tourism and convention-related revenue growth will likely be slow, with hotel revenue not anticipated to reach pre-pandemic levels within the forecast period. The City will continue to face broad economic challenges: office vacancy rates that are not projected to reach pre-pandemic levels within the next ten years; the persistence of remote office work; sustained interest rates above pre-pandemic levels; and weakness in the technology sector on which the City relies.

OTHER INFORMATION:

San Francisco's Budgetary Process

The budget is adopted at the account, authority or project level of expenditure within each department, and the department, fund, account, authority or project is the legal level of budgetary control. The notes to the budgetary comparison schedule in the required supplementary information section summarize the budgetary roles of City officials and the timetable for their various budgetary actions according to the City Charter.

The City has historically adopted annual budgets for all governmental funds and typically adopts project-length budgets for capital projects and certain debt service funds. The voters adopted amendments to the Charter in 2009 designed to further strengthen the City's long-range financial planning. As a result of these changes, the City is required to adopt a "rolling" two-year budget each year unless the Board of Supervisors authorizes a "fixed" two-year budget for a given fund, in which case authorization occurs every two years. For the fiscal year periods of 2022-23 and 2023-24, there were four departments on a two-year fixed budget, while the majority of the City's budget remains on a rolling cycle.

As further required by these amendments, the Board of Supervisors and Mayor adopt a five-year financial plan every two years. The latest plan was issued in January 2023 and updated in March 2023. Additionally, these Charter changes provided a mechanism for the Controller to propose, and the Board to adopt, various binding financial policies, which can only be suspended by a supermajority of the Board. Financial policies have now been adopted under these provisions governing the City's budget reserve practices, the use of non-recurring revenues, and limits on the use of debt paid from the General Fund.

Internal and Budgetary Controls

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

The City maintains budgetary controls to ensure that legal provisions of the annual budget are in compliance and expenditures do not exceed budgeted amounts. Controls are exercised by integrating the budgetary accounts in fund ledgers for all budgeted funds. An encumbrance system is also used to account for purchase orders and other contractual commitments. Encumbered balances of appropriations at year-end are carried forward and are not reappropriated in the following year's budget.

Independent Audit

The City's Charter requires an annual audit of the Controller's records. These records, represented in the basic financial statements included in the ACFR have been audited by the nationally recognized certified public accounting firm, Macias Gini & O'Connell LLP. The various enterprise funds, the Health Service System, the Employees' Retirement System, the Retiree Health Care Trust, the San Francisco County Transportation Authority, the San Francisco Finance Corporation, and the Successor Agency to the San Francisco Redevelopment Agency have been separately audited. The independent auditor's report on our current year's financial statements is presented in the Financial Section.

Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023. This was the 42nd consecutive year, beginning with the year ended June 30, 1982, that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The ACFR must satisfy both GAAP and applicable legal requirements.

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

Acknowledgements

I would like to express my appreciation to the entire staff of the Controller's Office and the broader group of City financial staff whose professionalism, dedication, and efficiency are responsible for the preparation of this report, and more broadly the City's financial operations during this past year. I would also like to thank Macias Gini & O'Connell LLP for their invaluable professional support in the preparation of the ACFR. Finally, I want to thank the Mayor and the Board of Supervisors for their leadership in directing the policy and operations of our city government.

Respectfully submitted,

Greg Wagner
Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

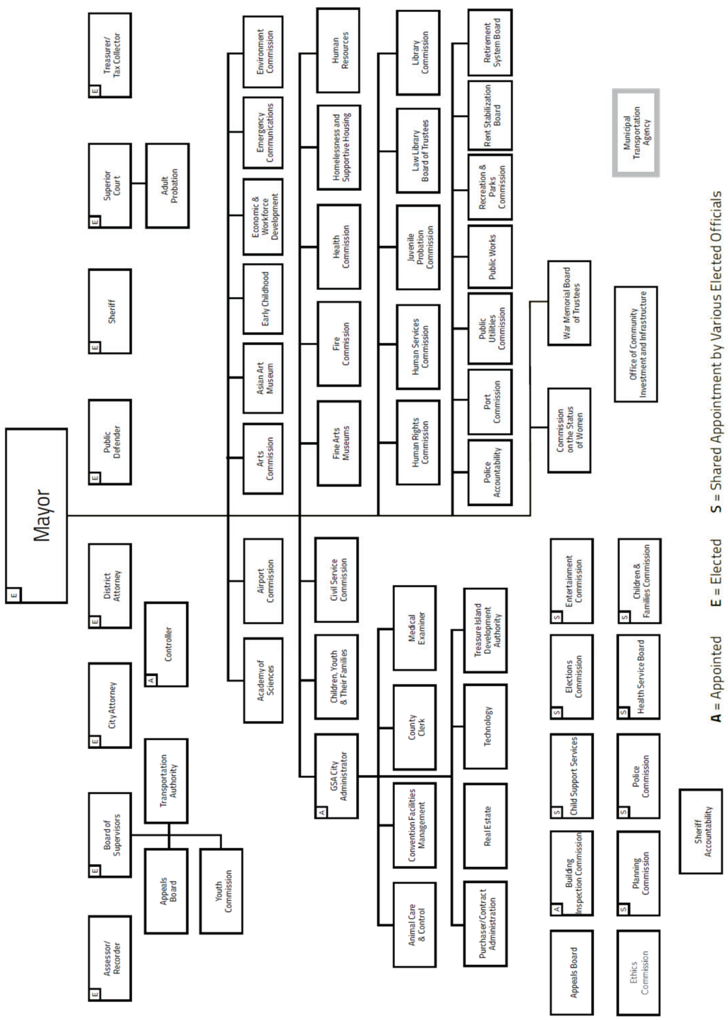
**City and County of San Francisco
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill
Executive Director/CEO

CITY AND COUNTY OF SAN FRANCISCO
Organization Chart
As of June 30, 2024



CITY AND COUNTY OF SAN FRANCISCO

List of Principal Officials
As of June 30, 2024

ELECTED OFFICIALS

Mayor	London Breed
Board of Supervisors:	
President	Aaron Peskin
Supervisor	Dean Preston
Supervisor	Shamann Walton
Supervisor	Rafael Mandelman
Supervisor	Connie Chan
Supervisor	Hillary Ronen
Supervisor	Myrna Melgar
Supervisor	Catherine Stefani
Supervisor	Joel Engardio
Supervisor	Matt Dorsey
Supervisor	Ahsha Safai
Assessor/Recorder	Joaquín Torres
City Attorney	David Chiu
District Attorney	Brooke Jenkins
Public Defender	Manohar Raju
Sheriff	Paul Miyamoto
Superior Courts	
Presiding Judge	Judge Anne-Christine Massullo
Treasurer	José Cisneros

APPOINTED OFFICIALS

City Administrator	Carmen Chu
Controller	Greg Wagner

DEPARTMENT DIRECTORS/ADMINISTRATORS

Airport	Ivar C. Satero
Appeals Board	Julie Rosenberg
Arts Commission	Ralph Remington
Asian Art Museum	Jay Xu
Board of Supervisors	Angela Calvillo
Assessment Appeals Board	Alistair Gibson
County Transportation Authority	Tilly Chang
Building Inspection	Patrick O'Riordan
California Academy of Sciences	Scott D. Sampson
Child Support Services	Karen M. Roye
Children, Youth and Their Families	Maria Su
Civil Service	Sandra Eng
Early Childhood	Ingrid Mezquita
Economic and Workforce Development	Sarah Dennis Phillips
Elections	John Arntz
Emergency Management	Mary Ellen Carroll
Entertainment	Maggie Weiland
Environment	Tyrone Jue
Ethics	Patrick Ford
Fine Arts Museums	Thomas P. Campbell

CITY AND COUNTY OF SAN FRANCISCO

List of Principal Officials
As of June 30, 2024

DEPARTMENT DIRECTORS/ADMINISTRATORS (Continued)

Fire	Jeanine Nicholson
General Services Agency	
Animal Care and Control	Virginia Donohue
Convention Facilities Management	Kenneth Bukowski
County Clerk	Diane Rea
Medical Examiner	Christopher Liverman
Public Works	Carla Short
Purchaser/Contract Administration	Sailaja Kurella
Real Estate	Andrico Penick
Department of Technology	Michael Makstman
Health Service System	Abbie Yant
Homelessness and Supportive Housing	Shireen McSpadden
Human Resources	Carol Isen
Human Rights	Sheryl Evans Davis
Human Services	Trent Rhorer
Aging and Adult Services	Kelly Dearman
Juvenile Probation	Katherine Weinstein Miller
Law Library Board of Trustees	Marcia Bell
Library	Michael Lambert
Municipal Transportation Agency	Jeffrey Tumlin
Planning	Rich Hillis
Police	William Scott
Police Accountability	Paul Henderson
Port	Elaine Forbes
Public Health	Grant Colfax
Public Utilities	Dennis Herrera
Recreation and Park	Phil Ginsburg
Residential Rent Board	Christina Varner
Retirement System	Alison Romano
Sheriff Accountability	Terry Wiley
Small Business	Katy Tang
Status of Women	Kimberly Ellis
Office of Community Investment and Infrastructure	Thor Kaslofsky
Superior Court	Brandon E. Riley
Adult Probation	Cristel Tullock
War Memorial	Kate Sofis

DISCRETELY PRESENTED COMPONENT UNIT

Treasure Island Development Authority	Robert P. Beck

FINANCIAL SECTION

- Independent Auditor’s Report
- Management’s Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining Financial Statements and Schedules
- Other Information

Certified Public Accountants

Independent Auditor's Report

Honorable Mayor and Members of the Board of Supervisors
City and County of San Francisco, California

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City and County of San Francisco, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the San Francisco County Transportation Authority, San Francisco International Airport (major fund), and Municipal Transportation Agency (major fund), which collectively represent the following percentages of the assets, net position/fund balances, and revenues/additions of the following opinion units.

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/ Additions
Governmental activities	0.9%	3.0%	1.7%
Business-type activities	52.2%	56.7%	43.5%
Aggregate discretely presented component unit and remaining fund information	0.3%	0.0%	0.8%

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the City's proportionate share of the net pension liability/(asset), the schedules of changes in net pension liability and related ratios, the schedules of changes in total pension liability and related ratios, the schedules of employer contributions – pension plans, the schedules of changes in net other postemployment benefits liability/(asset) and related ratios, the schedules of employer contributions – other postemployment healthcare benefits plans, and the budgetary comparison schedule – General Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The City's management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, other information and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 27, 2024

CITY AND COUNTY OF SAN FRANCISCO

Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2024

This section of the City and County of San Francisco's (the City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information in our transmittal letter.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by approximately $14.22 billion (net position). Of this balance, $10.87 billion represents the City's net investment in capital assets, $4.64 billion represents restricted net position, and unrestricted net position has a deficit of $1.29 billion. The City's total net position increased by $819.3 million, or 6.1 percent, from the previous fiscal year. Of this amount, total restricted net position and unrestricted net position increased by $507.2 million or 12.3 percent and $371.8 million or 22.3 percent, respectively, offset by a decrease in net investment in capital assets of $59.6 million or 0.5 percent.

The City's governmental funds reported total revenues of $9.13 billion, which is a $460.1 million or 5.3 percent increase from the prior year. Within this, revenues from property taxes, business taxes, fine, forfeitures, and penalties, interest and investment income and intergovernmental revenues grew by approximately $97.7 million, $69.0 million, $78.8 million, $260.7 million and $63.2 million, respectively, offset by decreases in other local taxes and other revenues of $67.1 million and $108.1 million, respectively. Governmental funds expenditures totaled $8.90 billion for this period, a $473.7 million or 5.6 percent increase, reflecting increases in demand for governmental services of $286.6 million, debt service of $54.8 million and capital outlay of $132.3 million.

The City's total short-term debt increased by $262.3 million in this fiscal year. The decrease of $12.9 million in the governmental activities was due to the reclassification of $22.0 million in Commercial Paper (CP) scheduled for repayment by the Certificates of Participation Series 2024A in November 2024, to long-term debt on the financial statements as of June 30, 2024. The short-term debt in the business-type activities increased by $275.2 million. The Airport repaid all its outstanding CP by issuance of Series 2023C/D and Series 2024A/B/C revenue bonds. The Water Enterprise and the Hetch Hetchy Water and Power issued a total of $190.0 million and $90.7 million of CP to fund their capital projects and repaid $371.5 million and $116.4 million of CP, respectively. The Wastewater Enterprise's CP issuance of $341.4 million in fiscal year 2023-24 was repaid by the 2024 Series CD revenue bonds in July 2024 and was reclassed to long term-debt on the financial statements as of June 30, 2024.

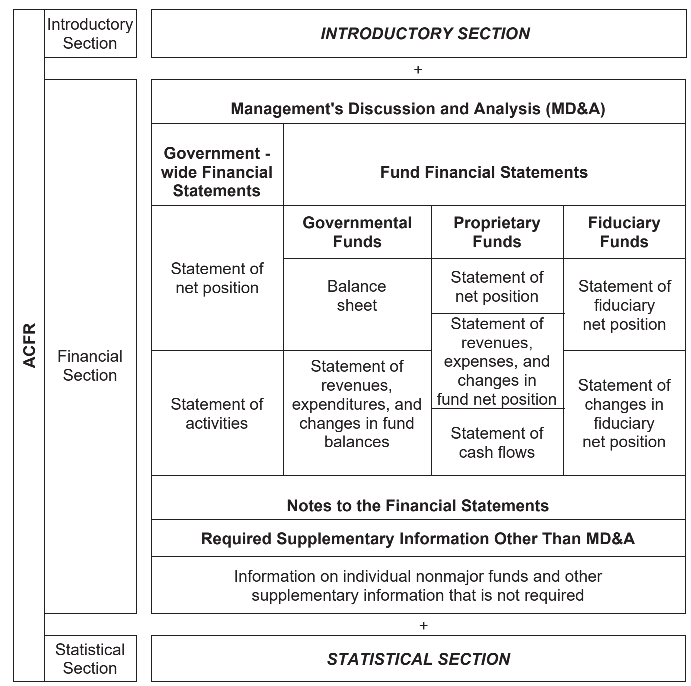
The City's governmental activities long-term debt including lease and subscription liabilities decreased by $181.1 million. The City issued $340.6 million of general obligation refunding bonds with bond premium of $42.1 million to refinance certain general obligation bonds for debt service savings. A total of $398.0 million certificates of participation with bond premium of $26.4 million was issued by the City, to finance $103.4 million of affordable housing and community facilities projects within the City, $80.0 million for multiple capital improvement projects within the City, including retirements of certain CP of the City issued for such purpose and $214.6 million to refund certain certificates of participation for debt service savings. The City, through the Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and Special Tax District No. 2020-1 (Mission Rock Facilities and Services) issued a total of $9.2 million tax incremental revenue bonds and $8.8 million development special tax bonds with bond premium of $19 thousand and bond discount of $189 thousand to fund the acquisition of certain public facilities and improvement for the Treasure Island/Yerba Buena Island Development project and to finance the acquisition and construction of affordable housing on Treasure Island. An additional $7.5 million in CP were also issued for the Department of Public Health projects. The $22.0 million in the City's CP notes were repaid by the Certificates of Participation Series 2024A in fiscal year 2024-25 which has been reclassed to long-term debt. The increase in debt was offset by $1.02 billion scheduled debt service payments and amortization of bond premium and discount of $83.0 million. In addition, GASB 87 and GASB 96 requires recognizing lease liabilities of $579.4 million and subscription liabilities of $46.4 million with a net increase of $83.2 million and $11.1 million, respectively due to principal payments made were less than any new leases and subscriptions that commenced during the year.

The business-type activities long-term debt including lease and subscription liabilities increased by $1.11 billion. The Airport issued $1.72 billion in revenue refunding bonds with bond premium of $113.1 million to refund certain outstanding revenue bonds and repay outstanding CP notes. The Water Enterprise issued $928.9 million of revenue refunding bonds with bond premium of $136.5 million to refund certain outstanding revenue bonds, refinance $373.0 million of CP and for new money for various projects of the Water Enterprise and Hetch Hetchy Water capital projects. The Hetch Hetchy Water and Power issued $123.9 million of Power revenue bonds with bond premium of $7.3 million to refinance the CP for Power capital projects. The Water and the Wastewater Enterprises also drew down additional loan of $99.0 million from the State of California to fund various water and sewer system improvement projects. The Wastewater Enterprise received loans from the United States Environmental Protection Agency under the Water Infrastructure Finance and Innovation Act (WIFIA) of $800.1 million to fund a portion of the cost of its Biosolids Digester Facility Project. The Wastewater Enterprise reclassed $341.4 million of CP repaid by revenue bonds issued in fiscal year 2024-25, from short-term debt to long-term debt. The increase in debt was partially offset by $2.00 billion in refunded bonds and scheduled debt service payments and $179.4 million of bond premium and discount amortization. In addition, GASB 87 and GASB 96 requires recognizing lease liabilities of $232.9 million and subscription liabilities of $8.0 million with a net increase of $2.7 million and $5.2 million, respectively due to principal payments made were less than the new leases and subscriptions that commenced during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the financial statements. This report also contains other **supplementary information** in addition to the basic financial statements themselves. These various elements of the Annual Comprehensive Financial Report (ACFR) are related as shown in the graphic below.

Organization of City and County of San Francisco Annual Comprehensive Financial Report



The following table summarizes the major features of the financial statements. The overview section below also describes the structure and contents of each of the statements in more detail.

	Government - wide Financial Statements	Fund Financial Statements		
		Governmental Funds	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the City for basic governmental services	The day-to-day operating activities of the City for business-type enterprises	Instances in which the City administers resources on behalf of others, such as employee benefits
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of balance information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Balances of spendable resources	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	All resources held in a trustee or custodial capacity for others
Type of inflow and outflow information	All inflows and outflows during year, regardless of when cash is received or paid	Near-term inflows and outflows of spendable resources	All inflows and outflows during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate development authority, the Treasure Island Development Authority (TIDA), for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. Included within the governmental activities of the government-wide financial statements are the San Francisco County Transportation Authority (Transportation Authority), several infrastructure financing districts and infrastructure and revitalization financing districts, and San Francisco Finance Corporation. Included within the business-type activities of the government-wide financial statements is the operation of the San Francisco Parking Authority. Although legally separate from the City, these component units are blended with the primary government because of their governance or financial relationships to the City. The City also considers the Successor Agency to the Redevelopment Agency (Successor Agency) and various Community Facilities Districts as fiduciary component units of the City.

Fund Financial Statements

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

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

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

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the San Francisco International Airport (SFO or Airport), San Francisco Water Enterprise (Water), Hetch Hetchy Water and Power (Hetch Hetchy), San Francisco Municipal Transportation Agency (SFMTA), San Francisco General Hospital (SFGH), San Francisco Wastewater Enterprise (Wastewater), Port of San Francisco (Port), and the Laguna Honda Hospital (LHH), all of which are considered to be major funds of the City.

- **Internal Service funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, management information and telecommunication services, printing and mail services, and for lease-purchases of equipment by the San Francisco Finance Corporation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's net pension liability (asset), pension contributions, net OPEB liability, and OPEB contributions.

The City adopts a rolling two-year budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

CITY AND COUNTY OF SAN FRANCISCO

Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2024

Combining Statements and Schedules

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

Condensed Statement of Net Position
(in thousands)

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	$ 10,071,536	$ 9,823,170	$ 9,166,236	$ 8,695,483	$ 19,237,772	$ 18,518,653
Capital assets	8,066,041	7,803,629	26,518,571	25,146,242	34,584,612	32,949,871
Total assets	18,137,577	17,626,799	35,684,807	33,841,725	53,822,384	51,468,524
Deferred outflows of resources:	1,754,934	1,471,655	1,407,646	1,194,152	3,162,580	2,665,807
Liabilities:						
Current liabilities	3,468,324	3,186,880	2,547,818	2,287,448	6,016,142	5,474,328
Noncurrent liabilities	9,848,431	9,413,014	24,077,838	22,575,386	33,926,269	31,988,400
Total liabilities	13,316,755	12,599,894	26,625,656	24,862,834	39,942,411	37,462,728
Deferred inflows of resources:	761,760	976,014	2,060,255	2,294,394	2,822,015	3,270,408
Net position:						
Net investment in capital assets *	4,797,684	4,491,155	6,445,958	6,851,218	10,875,656	10,935,272
Restricted *	3,113,571	3,062,057	1,595,086	1,195,544	4,639,626	4,132,463
Unrestricted (deficit) *	(2,097,259)	(2,030,666)	365,498	(168,113)	(1,294,744)	(1,666,540)
Total net position	$ 5,813,996	$ 5,522,546	$ 8,406,542	$ 7,878,649	$ 14,220,538	$ 13,401,195

* See Note 10(d) to the basic financial statements.

Analysis of Net Position

The City's total net position, which may serve as a useful indicator of the government's financial position, was $14.22 billion at the end of fiscal year 2023-24, a 6.1 percent increase over the prior year. The City's governmental activities account for $5.81 billion of this total and $8.41 billion stem from its business-type activities.

The largest portion of the City's net position is the $10.88 billion in net investment in capital assets (e.g. land, buildings, and equipment) which includes the reclassification of $368.0 million from governmental activities to business-type activities related to the City's general obligation bonds and certificates of participation that fund various enterprise fund department's projects. This reflects a $59.6 million or 0.5 percent decrease over the prior year. With that, an increase of $306.5 million in the governmental activities and decreases of $405.3 million in the business-type activities, highlighted by decreases of $330.7 million at Airport and $195.1 million at Water Enterprise offset by increases of $20.5 million at Hetch Hetchy Water and Power Enterprise and $148.1 million at SFMTA, respectively. Since the City uses capital assets to provide services, these assets are not available for future spending. Further, the resources required to pay the outstanding debt must come from other sources since the capital assets themselves cannot be liquidated to pay that liability.

Another portion of the City's net position is the $4.64 billion that represents restricted resources that are subject to external limitations regarding their use. The remaining portion of total net position is a deficit of $1.29 billion, which consists of a $2.10 billion deficit in governmental activities and $365.5 million unrestricted net position in business-type activities. The governmental activities deficit is largely due to recording net liabilities related to pension and other postemployment benefits (see Note 9). This deficit also included $437.0 million in long-term bonds liabilities that fund the LHH rebuild project, certain park facilities and Embarcadero seawall earthquake safety projects at the Port, improvement projects for reliable emergency water supply for the Water Enterprise, and road paving and street safety in SFMTA (see Note 10(d)).

Condensed Statement of Activities
(in thousands)

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	$ 1,178,918	$ 889,685	$ 4,865,739	$ 4,395,388	$ 6,044,657	$ 5,285,073
Operating grants and contributions	1,867,598	1,762,809	535,623	444,009	2,403,221	2,206,818
Capital grants and contributions	109,202	150,625	387,080	235,952	496,282	386,577
General revenues:						
Property taxes	3,216,572	3,167,382	-	-	3,216,572	3,167,382
Business taxes	1,359,887	1,290,918	-	-	1,359,887	1,290,918
Sales and use tax	298,778	309,385	-	-	298,778	309,385
Hotel room tax	283,020	278,961	-	-	283,020	278,961
Utility users tax	121,931	110,661	-	-	121,931	110,661
Other local taxes	492,533	564,753	-	-	492,533	564,753
Interest and investment income	420,223	157,267	326,355	108,704	746,578	265,971
Other	69,536	99,471	201,681	240,145	271,217	339,616
Total revenues	9,418,198	8,781,917	6,316,478	5,424,198	15,734,676	14,206,115
Expenses						
Public protection	1,903,640	1,671,702	-	-	1,903,640	1,671,702
Public works, transportation and commerce	501,421	446,286	-	-	501,421	446,286
Human welfare and neighborhood development	3,090,344	2,883,425	-	-	3,090,344	2,883,425
Community health	1,256,673	1,206,314	-	-	1,256,673	1,206,314
Culture and recreation	590,549	537,393	-	-	590,549	537,393
General administration and finance	477,594	482,618	-	-	477,594	482,618
Distributions to other governments	51,597	49,113	-	-	51,597	49,113
General City responsibilities	160,887	175,522	-	-	160,887	175,522
Unallocated Interest on long-term debt	173,043	155,749	-	-	173,043	155,749
Airport	-	-	1,416,013	1,278,517	1,416,013	1,278,517
Transportation	-	-	1,660,266	1,439,742	1,660,266	1,439,742
Port	-	-	148,226	127,817	148,226	127,817
Water	-	-	739,346	666,970	739,346	666,970
Power	-	-	570,557	544,742	570,557	544,742
Hospitals	-	-	1,621,045	1,419,409	1,621,045	1,419,409
Sewer	-	-	554,132	343,018	554,132	343,018
Total expenses	8,205,748	7,608,122	6,709,585	5,820,215	14,915,333	13,428,337
Increase/(decrease) in net position before transfers	1,212,450	1,173,795	(393,107)	(396,017)	819,343	777,778
Transfers	(921,000)	(885,106)	921,000	885,106	-	-
Change in net position	291,450	288,689	527,893	489,089	819,343	777,778
Net position at beginning of year, as previously reported	5,522,546	5,331,019	7,878,649	7,496,160	13,401,195	12,827,179
Cumulative effect of accounting change	-	(97,162)	-	(106,600)	-	(203,762)
Net position at beginning of year, as restated	5,522,546	5,233,857	7,878,649	7,389,560	13,401,195	12,623,417
Net position at end of year	$ 5,813,996	$ 5,522,546	$ 8,406,542	$ 7,878,649	$14,220,538	$13,401,195

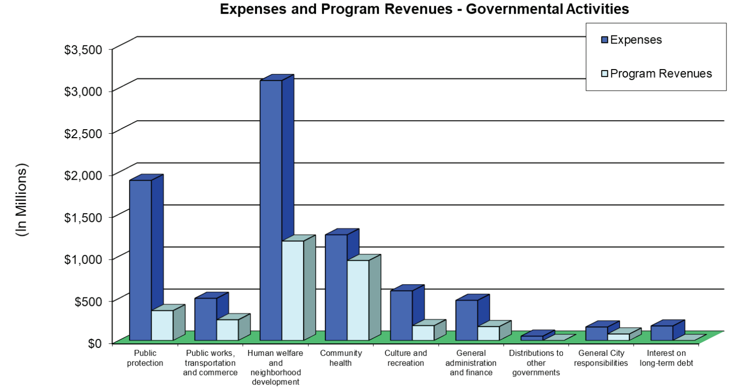
Analysis of Changes in Net Position

The City's change in net position was $819.3 million in fiscal year 2023-24, a 5.3 percent increase from the prior fiscal year, as noted above. The increase in the change in net position was due to increases of $2.8 million and $38.8 million from governmental activities and business-type activities, respectively.

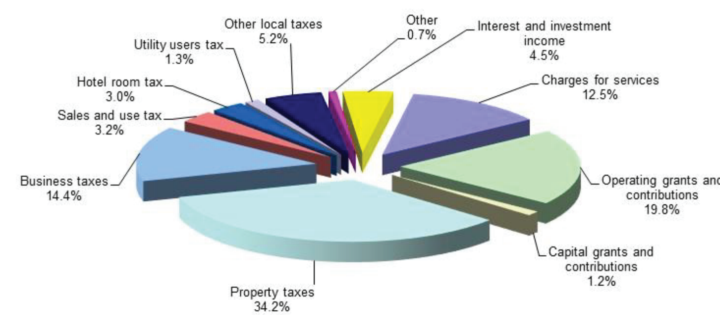
The City's governmental activities experienced a $636.3 million or 7.2 percent growth in total revenues with an increase in total expenses of $597.6 million or 7.9 percent this fiscal year. Business-type activities revenues increased by $892.3 million or 16.4 percent, and total expenses increased by $889.4 million, or 15.3 percent. The net transfer to business-type activities increased by $35.9 million. The major components of increased revenue citywide are increased charges for services of $759.6 million, operating grants and

contributions of $196.4 million and interest and investment income of $480.6 million, offset by decreases of other local taxes of $72.2 million, sales and use taxes of $10.6 million and other revenues of $68.4 million. Discussion of these and other changes is presented in the governmental activities and business-type activities sections that follow.

Expenses and Program Revenues - Governmental Activities



Revenues By Source - Governmental Activities



Governmental Activities. Governmental activities increased the City's total net position by $291.5 million. Key factors contributing to the changes are discussed below.

Overall, total revenues from governmental activities were $9.42 billion, a $636.3 million or 7.2 percent increase over the prior year. For the same period, expenses totaled $8.21 billion, a $597.6 million or 7.9 percent increase before transfers of $921.0 million.

Property tax revenues rose by $49.2 million or 1.6 percent mainly due to $34.5 million more collections of secured and unsecured property taxes and $16.1 million growth of in-lieu of vehicle license fee. Business tax revenues improved by $69.0 million or 5.3 percent partly due to tax rate for year 2024 increased between 2.8 percent and 3.5 percent on some important business activities, such as Information, Financial Services, and Professional, Scientific, and Technical Services. Business registration tax was also slightly better by $4.0 million but was totally offset by a decrease of $5.5 million Payroll Tax collection, a tax eliminated since November 2020 Proposition F, which restructured the City's business taxes.

Charges for services surged by $289.2 million or 32.5 percent primarily driven by the recognition of $309.7 million in opioid settlement funds in fiscal year 2023-24. The City is a participant in nine distinct opioid settlement agreements that allow it to receive settlement funds for use in opioid remediation activities. Of these agreements, CVS, the Distributors, Janssen, Kroger, Mallinckrodt, and Walmart, are settled under the national settlement agreement framework. Allergan and Teva have entered into separate agreements specifically with San Francisco, distinct from the national settlements. Walgreens is unique in that it is part of both a national settlement agreement and an individual settlement with San Francisco. The City received $81.2 million in cash and $1.25 million in naloxone hydrochloride nasal spray products in fiscal year 2023-24. The remaining $227.3 million of settlement funds is scheduled to be collected through fiscal year 2038-39. Other moderate gains in rents and concessions, medical services, public safety charges owing to slightly improved economic activities and service level, were totally offset by a drop of $77.4 million in development impact fees, inclusionary housing fees and contributions from property owners with special tax bonds issued by community facilities district to fund improvement projects performed by the City for the district.

Interest and investment income jumped by $263.0 million, principally due to $108.0 million interest earnings from the Pool's substantial increase in the average annualized yield to 3.21 percent in fiscal year 2023-24 as the Federal Reserve (Fed) effective interest rates were steadily rising during the period. In addition, the Pool's investment valuation at year end resulted in a net improvement of $157.6 million because the yield curve remained inverted and shifted downward given the market's anticipation of the Fed easing monetary policy and the impact of lower yielding securities rolling down the yield curve as well as lower yielding securities maturing during the period.

Total grants and contributions had a slight increase of $63.4 million or 3.3 percent. Operating grants and contributions were higher by $104.8 million or 5.9 percent, largely due to an increase of $57.5 million in FEMA reimbursement of COVID-19 expenses and $39.9 million in State Prop 63 Mental Health services revenues. Capital grants and contributions declined by $41.1 million or 27.5 percent mostly because $68.8 million for property acquisitions was funded by federal grants for human welfare projects in fiscal year 2022-23, and $11.2 million in capital grants for human welfare departments was funded in fiscal year 2023-24.

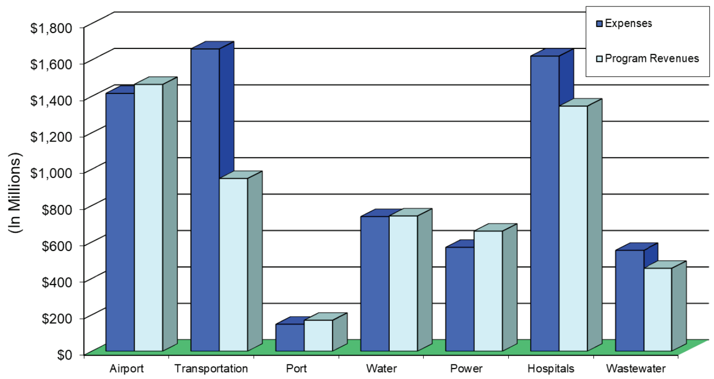
Other local taxes dropped by $72.2 million, or 12.8 percent, primarily attributed to a decline of $81.6 million Overpaid Executive Tax (OET), a new tax effective in tax year 2022 with six quarters of collections in fiscal year 2022-23 versus the usual four quarters in fiscal year 2023-24. Other revenues also decreased by $29.9 million or 30.1 percent mostly due to a drop in donations received in fiscal year 2023-24.

Net transfers from governmental activities to business-type activities were $921.0 million, a $35.9 million or 4.1 percent increase from the prior year. Major changes included an increase in net transfers to the SFMTA of $73.1 million, of which $21.5 million was related to increased voter mandated funding requirements tied to aggregate discretionary revenue and the remaining $51.6 million was additional support for various transit and traffic improvement projects. In addition, there was a $38.7 million transfer of General Obligation Bond proceeds to the Port to fund Embarcadero Seawall Earthquake Safety projects in the prior fiscal year

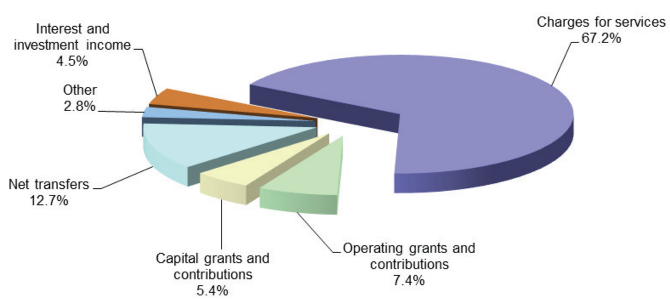
versus no similar issuance and transfer in the current fiscal year. Net transfers to Laguna Honda increased by $47.5 million to support salary, fringe, pharmaceutical and other expenses and was partly offset by a net decrease of $37.9 million in transfers to San Francisco General Hospital. The transfer from the San Francisco International Airport to the General Fund also increased by $6.9 million due to stronger concession, parking, and transportation revenues driven by the rise in air travel.

Total governmental expenses grew by $597.6 million or 7.9 percent, mainly attributed to higher pension expenses of $401.1 million resulted from increased differences between expected and actual experience, service cost and interest cost and partly offset by an increase in investment income. Salaries and fringe expenses were also higher by $209.6 million due to citywide cost-of-living adjustments as per the memorandum of understanding with various labor unions by about 4.75 percent. In addition, more vacant positions were filled because of stepped up hiring efforts compared to prior fiscal year. These increases were partly offset by a decrease of about $81.4 million in estimated claim expense as per the actuary. The service area with the largest increase in expense was public safety, which increased by $231.9 million from the prior year resulted from a significant increase in their share of pension expenses and actual salaries expense. Departments in human welfare and neighborhood development functions had a combined increase of $206.9 million, most of which was increases for non-personnel expenses including city grants, aid assistance payments and issuance of loans with related allowances. Departments for public works, transportation and commerce, health and culture and recreation functions each had expense increases of about $50 million to $55 million.

Expenses and Program Revenues - Business-Type Activities



Revenues and Transfers By Source - Business-type Activities



Business-type activities increased the City's net position by $527.9 million and key factors contributing to this increase are as follows:

- The San Francisco International Airport had an increase in net position at fiscal year-end of $270.4 million, compared to a $56.1 million decrease in the prior year, a difference of $326.5 million. Fiscal year 2023-24 operating revenues totaled $1,401.4 million, operating expenses totaled $976.6 million, nonoperating net expense totaled $162.7 million, capital contributions totaled $63.9 million, and net transfer-out totaled $55.6 million. Compared to the prior year, operating revenues increased $337.3 million, or 31.7 percent, operating expenses increased $73.8 million, or 8.2 percent, nonoperating net expenses decreased by $34.7 million, or 17.6 percent, capital contributions increased by $35.2 million, or 122.8 percent, and net transfer-out increased by $6.9 million, or 14.2 percent. The increase in operating revenues was primarily driven by an increase of $283.7 million in aviation primarily due to amounts contributed by the airlines for the deposit in the new Operating Revenue and Capital Improvement Fund (ORCIF) based on the new ten-year Lease and Use Agreement that became effective on July 1, 2023. Concession revenues also increased by $33.9 million due to higher passenger volume. The increase in operating expenses was primarily due to an increase in personnel services of $32.6 million due to cost-of-living adjustments, health insurance and increase in overtime due to mandatory staff minimum level requirements, $17.1 million in contractual services due to increased expenses for various professional services contracts, such as parking and curbside management, and $7.5 million in repairs and maintenance expenses due to as-needed repair and maintenance services. The decrease in nonoperating net expenses is primarily due to an increase in investment income of $114.2 million due to fair value adjustments offset by an increase in interest expense of $14.8 million, an increase in write-off of capital assets of $24.5 million, a decrease in nonoperating revenues of $24.7 million due to the fact that there was no American Rescue Plan Act (ARPA) grant received in fiscal year 2023-24, and an increase in other nonoperating expenses of $24.4 million due to a significant rise in capital spending (under the capitalization threshold), driven by resumption of capital projects halted by COVID-19. The capital contributions increase was primarily due to grants received from the Federal Aviation Administration's Airport Improvement Program for the rehabilitation of two of the Airport taxiways and the Power Distribution Replacement Project. Transfers out increased due to higher service payments to the City resulting from higher revenues from increased passenger traffic.

- The City's Water Enterprise reported an increase in net position of $57.6 million at the end of fiscal year 2023-24, compared to an increase of $58.6 million at the end of the previous year, a $1.0 million difference. Operating revenues totaled $676.9 million, operating expenses totaled $529.4 million, nonoperating activities totaled a net expense of $142.8 million, capital contributions totaled $53.6 million, and net transfer out totaled $0.7 million. Compared to the prior year, operating revenues decreased $14.2 million, or 2.1 percent, operating expenses increased $69.1 million, or 15.0 percent, nonoperating net expenses decreased by $12.1 million, or 7.8 percent, capital contributions increased by $50.9 million, or 1,872.7 percent, and net transfer-out decreased by $19.2 million, or 96.3 percent. The decrease in operating revenues was mainly driven by a higher Wholesale Balancing Account adjustment to increase revenues in prior year, offset by adopted rate increase of 9.7 percent for wholesale customers and 5.0 percent for retail customers beginning July 1, 2023. The increase in operating expenses is primarily due to a $30.4 million increase in general and administrative expenses mainly due to an increase in judgment and claims expenses based on actuarial estimates, $24.1 million in personnel services due to pension expenses based on actuarial estimates, and $11.1 million in other operating expenses due to SF Recycled Water and Mountain Tunnel Improvement project spending. Nonoperating net expense decreased primarily due to higher interest and investment income. Capital contributions increased due to receipts from a developer of assets relating to the Treasure Island, Yerba Buena, and Pier 70 Development projects. Net transfer-out decreased primarily due to a $20.0 million transfer to Hetch Hetchy Water to fund various Mountain Tunnel Improvement projects in fiscal year 2022-23.

- Hetch Hetchy Water and Power and CleanPowerSF ended fiscal year 2023-24 with a net position increase of $121.2 million, compared to a $82.8 million increase the prior year, a difference of $38.4 million. Operating revenues totaled $630.4 million, operating expenses totaled $556.1 million, nonoperating activities totaled a net revenue of $17.7 million, capital contributions totaled $29.2 million, and net transfer out of $66 thousand. Compared to the prior year, operating revenues increased $47.0 million, or 8.0 percent, operating expenses increased $19.7 million, or 3.7 percent, nonoperating net revenue increased $4.5 million, or 34.2 percent, capital contributions increased $26.7 million, or 1,051.9 percent, and net transfer decreased by $20.0 million, or 100.3 percent. This enterprise consists of three segments: Hetchy Water upcountry operations and water system, which reported a $9.1 million increase in net position, Hetchy Power (also known as the Power Enterprise), which reported a $51.6 million increase in net position, and CleanPowerSF, which reported a $60.5 million increase in net position. Hetchy Water operating revenues decreased by $3.2 million mainly due to a decrease in water assessment fees from the Water Enterprise to fund upcountry water-related costs, operating expenses decreased by $6.1 million mainly due to lower project spending on the Mountain Tunnel Improvement Project, and nonoperating net revenue increased $1.3 million. Hetchy Power's operating revenues increased by $10.3 million mainly due to average rate increases, lower allowance for uncollectible, resale of excess capacity, which collectively resulted in increased revenues of $26.2 million, partially offset by a decrease of $15.9 million from wholesale revenue from Congestion Revenue Right credits from California Independent System Operator. On the operating expenses side, Hetchy Power reported an increase of $9.0 million mainly attributed to an increase of $14.2 million in project spending for the Winter Storm Projects and an increase of $8.9 million in personnel services, partially offset by a decrease of $14.7 million in general and administrative expenses due to lower judgments and claims expenses. CleanPowerSF's operating revenues increased by $39.8 million mostly due to a 15.0 percent average rate increase in electricity sales to retail and commercial customers. Operating expenses for CleanPowerSF increased by $16.7 million mainly due to increases in purchased electricity and transmission, distribution, and other power costs due to volatile and increased pricing in power market.

- The City's Wastewater Enterprise's net position decreased by $61.4 million, compared to an increase of $36.2 million in the prior year, a $97.6 million change. Operating revenues totaled $395.0 million, operating expenses totaled $462.0 million, nonoperating activities totaled a net expense of $42.3 million, capital contributions totaled $48.1 million, and net transfer-out totaled $209 thousand. Compared to the prior year, operating revenues increased $31.1 million, or 8.6 percent, operating expenses increased $200.7 million, or 76.8 percent, nonoperating net expenses decreased by $26.9 million, or 38.9 percent, capital contributions increased by $45.3 million, or 1,654.7 percent, and net transfer-out increased by $0.3 million. Operating revenues increased primarily due to a 9.0 percent rate adopted on July 1, 2023. The increase in operating expenses was primarily driven by a $178.1 million rise in general and administrative expenses largely attributed to judgments and claims based on the actuarial report, along with increased project costs associated with Water Infrastructure Finance and Innovation Act (WIFIA) Headworks New Grit Removal/Influent Pump and Biosolids Digester projects. Capital contributions increased due to receipts from a developer of assets relating to the Treasure Island, Yerba Buena, and Pier 70 Development projects

- The Port ended fiscal year 2023-24 with a net position increase of $62.2 million, compared to an increase of $79.6 million in the prior year, a $17.4 million difference. Operating revenues totaled $134.6 million, operating expenses totaled $143.6 million, nonoperating activities totaled a net revenue of $56.5 million, and capital contributions totaled $14.7 million. Compared to the prior year, operating revenues increased $5.9 million, or 4.6 percent, operating expenses increased $20.4 million, or 16.6 percent, nonoperating net revenues increased $21.8 million, or 62.7 percent, and capital contributions decreased by $24.6 million, or 62.6 percent. Operating revenues increased primarily due to cash collected from a developer related to the recovery of expenses. Operating expenses increased primarily due to personnel and pension costs, contractual services related to preliminary contractual conceptual design work, feasibility analyses, hazardous material removal costs, demolition costs, and demolition as well as pollution remediation expenses on the Pier 68 Shipyard Upland project and the Hyde Street Harbor Fuel Pipeline project. Nonoperating revenues increased primarily from interest and investment income from steady interest rate increases. Capital contributions decreased due to a $38.9 million reduction in contribution from the City's second issuance of the Seawall Bond to support early projects, adaptation strategies, and the San Francisco Waterfront Coastal Flood Study offset by a $14.2 million increase in Port's acceptance of the horizontal infrastructure from the developer of Pier 70.

- The SFMTA had an increase in net position of $63.3 million for fiscal year 2023-24, compared to an increase of $158.1 million in the prior year, a $ 94.8 million change. Operating revenues totaled $352.8 million, operating expenses totaled $1.64 billion, nonoperating activities totaled a net revenue of $457.9 million, capital contributions $177.6 million, and net transfer in totaled $719.3 million. Compared to the prior year, operating revenues increased by $2.6 million, or 0.7 percent, operating expenses increased $220.7 million, or 15.5 percent, nonoperating net revenues increased $71.4 million, or 18.5 percent, capital contributions decreased by $21.6 million, or 10.8 percent, and net transfer-in increased by $73.4 million, or 11.4 percent. The increase in operating expenses was driven by an $80.5 million increase in personnel expenses from salaries and pension expenses, a $49.7 million increase in depreciation and amortization expenses, mostly from the Central Subway Project infrastructure, a $41.4 million contractual services attributable to equipment maintenance and service contracts related to garage operators and vehicle towing, and a $33.1 million general and administrative expense increase mainly due to an increase in claim liability per actuarial report. The increase in nonoperating net revenues was mainly due to a $48.7 million increase in drawdowns from the federal ARPA grants compared to prior year and a $19.8 million increase in interest and investment income. The decrease in capital contribution was due to decrease in capital expenditures incurred and billable to the grantors in fiscal year 2023-24 compared to the prior year. The increase in net transfer in was mainly due to funding from City's General Fund for revenue baseline subsidy and transfers from San Francisco County Transportation Authority.

- LHH, the City's skilled nursing care hospital, had an increase in net position of $32.8 million at the end of fiscal year 2023-24, compared to an increase of $15.0 million at the end of the previous year, a $17.8 million difference. The LHH's loss before transfers for the year was $128.5 million, an increase of $20.5 million. The increase in loss was primarily driven by a lower net patient services revenue due to no new admissions during the recertification process for LHH effective 4/14/2022 until recertification on 5/30/2024. Net transfers increased by approximately $38.3 million mainly due to increase in transfer from General Fund to support LHH operations.

- SFGH, the City's acute care hospital, ended fiscal year 2023-24 with a net position decrease of $18.3 million, compared to an increase of $114.8 million the prior year, a $133.1 million change. Operating revenues increased $102.3 million, or 10.3 percent from prior year, mainly driven by an increase in net patient service revenue due to increased Medi-Cal and Medicare revenue. Medi-Cal revenue included increased Specialty Pharmacy volumes and the full transition of capitation to fee-for-service. Medicare revenue included higher volumes in both inpatient and outpatient services. Operating expenses increased $217.0 million, or 20.2 percent mainly due to a $176.0 million increase in personnel expenses related to increased OPEB and pension expense based on actuarial estimates, and a $23.3 million increase in contractual services due to higher service volumes under the UCSF main contract and increased nursing registry costs, driven by a greater need for temporary staffing to cover vacancies and the higher cost of registry services. Net nonoperating revenues increased $10.3 million, mainly due to an increase in interest and investment income. Net transfers decreased by $28.7 million due to an increase in General Fund clawback which varies each year depending on the surplus in the budgetary fund balance.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

At the end of fiscal year 2023-24, combined fund balances in governmental funds totaled $6.18 billion, a decrease of $324.8 million or 5.0 percent from the prior year. Of the total fund balances, $1.83 billion is assigned and $555.0 million is unassigned. The assigned and unassigned balances of $2.39 billion, or 38.6 percent, represent the portion of total fund balance that the City could potentially take administrative or legislative action to change prior appropriation decisions to make them available to meet the City's needs. Within these fund balance classifications, the General Fund has an assigned fund balance of $1.56 billion. The remainder of the governmental fund balances includes $1.1 million nonspendable for items that are not expected to be converted to cash such as advances, $3.46 billion restricted for programs at various levels and $330.0 million committed for other reserves.

The General Fund is the chief operating fund of the City. As a measure of liquidity, both the sum of assigned and unassigned fund balances and total fund balance can be compared to total fund expenditures. As of the end of the fiscal year, assigned and unassigned fund balances totaled $2.12 billion while total fund balance was $2.56 billion. Combined assigned and unassigned fund balances represent 39.1 percent of total expenditures, while total fund balance represents 47.4 percent of total expenditures. For the year, the General Fund's total revenues exceeded expenditures by $965.5 million, before transfers and other items of $1.05 billion, resulting in total fund balance decreasing by $84.5 million. Overall, property tax revenues increased by $67.3 million, federal grants revenues grew by $85.0 million, of which $64.7 million was FEMA reimbursement for COVID response cost claims received in the current fiscal year and $24.3 million was the increased federal share of the In-Home Supportive Services program. The Pool's average annualized yield rate doubled to 3.21 percent as the Federal Reserve continued to raise interest rates in fiscal year 2023-24, resulting in a $112.1 million increase in interest and investment income. Charges for services also increased by $38.2 million, the majority of which were MediCal payments. This growth was partly offset by a $68.8 million decline in local taxes primarily due to the Overpaid Executive Tax, which became effective in tax year 2022 and for which six quarters of revenue were collected during implementation in 2022-23, versus four quarters in fiscal year 2023-24. In addition, State grant revenues dropped by $31.4 million primarily driven by a decline in statewide sales tax allocations for mental health programs due to the State's other program mandates as well as the sunset of the Whole Person Care Pilot program.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the business-type activities section of the government-wide financial statements but with some additional detail.

At the end of fiscal year 2023-24, the unrestricted net position for the proprietary funds was as follows: Airport: $384.4 million, Water Enterprise: $153.9 million, Hetch Hetchy Water and Power: $395.1 million, Wastewater Enterprise: $156.8 million, and Port: $276.1 million. In addition, the following funds had net deficits in unrestricted net position: SFMTA: $289.7 million, San Francisco General Hospital: $503.3 million, and Laguna Honda Hospital: $207.8 million.

The following table shows actual revenues, expenses and the results of operations for the current fiscal year in the City's proprietary funds (in thousands). This shows that the total net position for these funds

increased by approximately $527.9 million due to the current year's financial activities. The reasons for this change are discussed in the previous section on the City's business-type activities.

	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating Revenues (Expenses)	Capital Contributions	Interfund Transfers, Net	Change In Net Position
Airport	$ 1,401,390	$ 976,556	$ 424,834	$ (162,710)	$ 63,909	$ (55,600)	$ 270,433
Water	676,890	529,356	147,534	(142,822)	53,599	(736)	57,575
Hetch Hetchy	630,438	556,069	74,369	17,667	29,200	(66)	121,170
Municipal Transportation Agency	352,802	1,644,285	(1,291,483)	457,942	177,559	719,296	63,314
General Hospital	1,095,838	1,292,882	(197,044)	81,791	-	96,993	(18,260)
Wastewater Enterprise	395,041	462,043	(67,002)	(42,264)	48,080	(209)	(61,395)
Port	134,589	143,593	(9,004)	56,531	14,733	(32)	62,228
Laguna Honda Hospital	178,751	325,953	(147,202)	18,676	-	161,354	32,828
Total	$ 4,865,739	$ 5,930,737	$(1,064,998)	$ 284,811	$ 387,080	$ 921,000	$ 527,893

General Fund Budgetary Highlights

The City's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects and supplemental appropriations approved during the fiscal year.

Actual revenues and other resources were $33.8 million below the final budget. The City realized $59.6 million, $33.8 million, $30.8 million, $29.8 million and $26.9 million revenues above budget in interest and investment income, State health/ mental health subventions, other local taxes, property taxes, social service subventions and MediCal, Medicare and health service charges. Actual interest and investment income was $59.6 million higher than anticipated as the Pool's average annualized yield increased to 3.21 percent in fiscal year 2023-24. State health/mental health subventions were better than budget by $33.8 million mainly due to a revenue surplus in Short-Doyle Medi-Cal programs. The $30.8 million surplus in other local taxes was due to $24.4 million of Overpaid Executive Tax, a new tax with little historical data available for use in projections. In addition, the Access Line Tax was $9.0 million above budget as settlements of tax litigation favorable to the City allowed recognition of revenue deferred in prior years. Property tax was higher by $29.8 million, of which $24.3 million in residual property tax increment was returned to the City due to obligations to the Successor Agency of the Redevelopment Agency being less than expected. Actuals for social service subventions from State and MediCal, Medicare and health service charges also outperformed budget due to higher caseloads than assumed in the budget and larger prior year settlements of MediCal revenues and ambulance billings.

These favorable budget variances were offset by revenue shortfalls of $121.9 million, $51.7 million and $44.3 million in federal grants and subventions, hotel room tax and real property transfer tax. The $121.9 million shortfall in federal grant revenues was predominantly due to the fact that only $73.3 million in FEMA disaster relief reimbursements were received, compared to $170.0 million originally budgeted. The City continues to expect additional reimbursements from FEMA in future years. Smaller variances include a $25.1 million shortfall in matching federal revenue for children's services, stage 1 childcare, and CalWORKS related to actual casework mix. Hotel room taxes were $51.7 million less than budget due to a weaker recovery than projected. The budget assumed an annual average Revenue Per Available Room (RevPAR) of $178.60, but FY 2023-24 actuals were $155.08, as the budget was generally more optimistic about recovery in the hospitality industry, which experienced an exceptionally weak convention year and tepid growth in business and leisure travel. Property transfer tax was $44.3 million lower than budget. The budget assumed that transfer tax would return to the prior long-term rate-adjusted average by fiscal year 2026-27, taking FY 2022-23 levels as a low, to reflect a multi-year recovery in the commercial real estate sector. While the budget anticipated $95.4 million in commercial sales, actuals were $44.9 million.

Differences between the final budget and actual (budgetary basis) expenditures resulted in $227.8 million in expenditure savings. Highlights of the variance include:

- $47.2 million savings in the human welfare and neighborhood development service area largely due to expenditures below budget for community-based organization services and salaries and fringe mainly from the Human Services Agency, Department of Homelessness and Supporting Housing, Mayor's Office, Early Childhood Education, and Department of Children, Youth and Their Families.

- $43.7 million savings in general city responsibilities for community-based organization relief, general city services, and other mandatory fringe benefits including life insurance and retiree health subsidy.

- $25.7 million savings in general administration and finance, primarily in non-personnel services and salaries and fringe benefits. The City Attorney's Office spent $8.4 million less than budgeted, followed by General Services Agency - Administration Services of $4.5 million, Planning of $4.2 million and Treasurer/Tax Collector of $1.9 million. Ethics, Elections and Human Resources each had savings of over $1 million.

- $15.6 million savings in community health primarily in professional services and salaries and fringe for Behavioral Health, Health Network Services and the Public Health Administration Division.

- The remaining savings in public works, transportation and commerce, culture and recreation and public protection departments were largely due to lower than budgeted salaries and fringe benefits, overhead, capital outlay and services provided by other departments. The City also has $62.4 million in budgetary reserves and designation for self-insurance funds.

These changes in operating revenues and expenditures, as well as appropriations of reserves, resulted in a net available budgetary fund balance of $903.7 million at the end of fiscal year 2023-24. Within unassigned fund balances, the City's fiscal year 2024-25 and 2025-26 Adopted Original Budget assumed $228.5 million as a source in fiscal year 2025-26 and $584.2 million designated for various purposes (see also Note to the Required Supplementary Information for additional budgetary fund balance details). The Adopted 2024-25 and 2025-26 Budget spent $138.0 million of reserves, including $38.3 million of Federal and State Emergency Grant Disallowance Reserve, and the remaining balances of a number of other reserves: $54.8 million Budget Stabilization One-Time Reserve, $29.4 million Business Tax Stabilization Reserve, and $15.5 million in the Free City College Reserve.

<u>Capital Assets</u>

The City's capital assets for its governmental and business-type activities as of June 30, 2024, increased by $1.63 billion, 5.0 percent, to $34.58 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets, bridges, and intangible assets. Governmental activities contributed $262.4 million or 16.1 percent to this total while $1,372.3 million or 83.9 percent was from business-type activities. Details are shown in the table below.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 966,022	$ 936,793	$ 360,682	$ 360,765	$ 1,326,704	$ 1,297,558
Construction in progress	738,195	616,327	5,286,024	4,864,424	6,024,219	5,480,751
Facilities and improvements	4,305,443	4,401,005	15,287,195	14,474,718	19,592,638	18,875,723
Machinery and equipment	145,552	136,864	2,069,347	1,905,717	2,214,899	2,042,581
Infrastructure	1,213,053	1,101,023	3,245,711	3,273,550	4,458,764	4,374,573
Right-to-use assets	602,422	512,708	228,225	222,777	830,647	735,485
Intangible assets	95,354	98,909	41,387	44,291	136,741	143,200
Total	$ 8,066,041	$ 7,803,629	$ 26,518,571	$ 25,146,242	$ 34,584,612	$ 32,949,871

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

- Under governmental activities, net capital assets increased by $262.4 million or 3.4 percent. About $149.9 million worth of construction in progress work was substantially completed and capitalized as facilities and improvements and infrastructure. Of the completed projects, about $65.1 million in the

pavement improvement and sewer replacement projects, approximately $18.8 million for the Mission Street Tiny Cabins, Crocker Soccer Field, and Golden Gate Park Golf Clubhouse. The remaining completed projects are mainly public works. Right-to-use assets increased by $89.7 million mostly from new leases and subscriptions commenced in fiscal year 2024.

- Under business-type activities, net capital assets increased by $1.37 billion or 5.5 percent. The increases primarily due to the following:

- The Airport's net capital assets increased by $201.8 million or 2.9 percent primarily from construction and capital improvement activities. Construction activity continues on major projects such as the Terminal 1 (T1) Redevelopment Program, Terminal 3 West's Renovation, the Courtyard 3 Connector project, and the International Terminal Phase 2 project.

- The Water Enterprise's net capital assets increased by $125.5 million or 2.2 percent, reflecting an increase in construction and capital improvement activities. Major additions to construction work in progress included San Joaquin Pipeline Valve & Safety Entry Improvements, Mountain Tunnel Improvement projects, and New CDD Headquarters. Facilities, improvements, machinery, and equipment increased by $47.0 mainly due to additions relating to various Water Main Replacement projects. As of June 30, 2024, Water Enterprise's Water System Improvement Program was 99.0 percent completed with $4.8 billion of project appropriations expended. The program consists of 35 local projects located within San Francisco and 52 regional projects spread over seven different counties from the Sierra Foothills to San Francisco. As of June 30, 2024, 35 local projects were completed. For regional projects, 48 projects are completed and for the remaining 4 projects the expected completion date is June 2032.

- The Wastewater Enterprise net capital assets reported an increase of $802.1 million or 17.1 percent reflecting an increase in construction and capital improvement activities. The Sewer System Improvement Program (SSIP) includes three phases over 20 years to improve the existing wastewater system. As of June 30, 2024, 49 projects were completed, 1 project in multiple phases, 5 projects in pre-construction phase, 7 projects in construction phase, and 8 projects in close-out phase. The New Headworks (Grit) Replacement Project is on-going construction.

- Hetch Hetchy's net capital assets increased by $127.9 million or 14.8 percent to $995.3 million primarily from construction and capital improvement activities, and additions of facilities, improvements, machinery, and for the Cluster 7 Mitigation and Transmission Line Clearance Mitigation Projects.

At the end of the year, the City's business-type activities had approximately $1.37 billion in commitments for various capital projects. Of this, Water Enterprise had an estimated $225.7 million, SFMTA had $232.6 million, Wastewater had $667.7 million, Airport had $96.7 million, Hetch Hetchy had $65.3 million, Port had $31.1 million, Laguna Honda Hospital had $45.2 million, and the General Hospital had $9.9 million.

For government-wide financial statement presentation, all depreciable/amortizable capital assets were depreciated/amortized from acquisition date or lease/subscription inception date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the City's capital assets can be found in Note 7 to the Basic Financial Statements.

<u>Debt Administration</u>

At June 30, 2024, the City had total long-term and commercial paper debt outstanding of $25.85 billion. Of this amount, $2.46 billion which includes $233.5 million of bond premium represents general obligation bonds secured by ad valorem property taxes without limitation as to rate or amount upon all property subject to taxation by the City. The remaining $23.39 billion represents revenue bonds, commercial paper notes, certificates of participation, leases and other debts of the City secured solely by specified revenue sources. As noted previously, the City's total debt including all bonds, loans, commercial paper notes, leases and other debts increased by $1.20 billion or 4.8 percent during the fiscal year.

For the year ended June 30, 2024, in the long-term debt excluding short-term CP notes, the net decrease in the governmental activities was $181.1 million and the net increase in business-type activities was $1.11 billion as discussed in the highlights above.

The City's Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is three percent of the assessed value of taxable property in the City - estimated at $346.95 billion in value as of the close of the fiscal year. As of June 30, 2024, the City had $2.46 billion in authorized, outstanding general obligation bonds, which is equal to approximately 0.67 percent of gross (0.71 percent of net) taxable assessed value of property. As of June 30, 2024, there were an additional $1.56 billion in bonds that were authorized but unissued. If all these general obligation bonds were issued and outstanding in full, the total debt burden would be approximately 1.09 percent of gross (1.16 percent of net) taxable assessed value of property.

The City's underlying ratings on general obligation bonds as of June 30, 2024, were:

S&P Global Ratings	AAA
Moody's Investors Service, Inc.	Aaa
Fitch Ratings	AAA

During the fiscal year, S&P Global Ratings (S&P) and Moody's Investors Service (Moody's) affirmed the City's issuer ratings of "AAA" and "Aaa", respectively, and updated the rating outlook from stable to negative. Fitch Ratings upgraded the City's general obligation bonds ratings of "AA+" to "AAA", with a stable rating outlook on all the City's outstanding general obligation bonds. In October 2024, Moody's downgraded the City's issuer and general obligation bonds long-term ratings to "Aa1" from "Aaa", impacting approximately $2.23 billion of outstanding general obligation bonds. See Note (19) Subsequent Events.

The City's business-type activities carried underlying debt ratings for the SFMTA of "A+" from S&P and "Aa3" from Moody's. Moody's, Fitch Ratings and S&P affirmed their underlying long-term credit ratings on the outstanding debt of the Airport of "A1", "A+" and "A+", respectively. The Water Enterprise carried underlying ratings of "Aa2" and "AA-" from Moody's and S&P, respectively. The Wastewater Enterprise carried underlying ratings of "Aa2" and "AA" from Moody's and S&P, respectively. The Hetch Hetchy Power Enterprise's power revenue bonds have been rated "AA-" by Fitch Ratings and "AA" by S&P as of June 30, 2024. In May 2024, Fitch affirmed its "A" rating and stable outlook on the Port's outstanding revenue bonds.

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

Economic factors and future budgets and rates

San Francisco's stalling job market began to stabilize throughout fiscal year 2023-24. The San Francisco Metropolitan Division gained 2,800 jobs between July 2023 and July 2024, equivalent to a 0.2% annual growth rate. Despite the job growth, the City's unemployment rate rose during fiscal year 2023-2024, from 3.3% in July 2023 to 4.0% in July 2024.

From July 2024 to October 2024, the San Francisco Metropolitan Division gained 2,900 jobs, and the City's unemployment rate dropped from 4.0% to 3.7%. The City's unemployment rate in October was the second-lowest among California's 58 counties.

Job gains during fiscal year 2023-24 were seen in the Education & Health, and Leisure & Hospitality sectors, while losses were concentrated in the tech-heavy Information and Professional, Scientific, and Technical Services sectors. This marks a reversal to the pattern of job loss seen during the pandemic. From 2020 to 2022, Information and Professional Services added jobs, while Leisure & Hospitality, Personal Services, and Retail Trade saw heavy losses.

In addition to tech layoffs, the persistence of work-from-home remains a headwind for the City's economic recovery. The weekly Kastle return-to-office indicator was flat during fiscal year 2023-24. It showed attendance in San Francisco offices at 42% of 2019 levels in both July 2023 and July 2024. There was some in improvement in monthly BART ridership to downtown San Francisco. It rose from 33% of normal in July 2023, to 35% of normal in July 2024. MUNI metro weekday ridership has been steadily falling since peaking at 59% of normal in May 2024 and has now dropped to 50% of the 2019 level in August 2024.

The City's office vacancy rate rose from 30% in the first quarter of fiscal year 2023-24 to a then-record high 34% in the final quarter of fiscal year 2023-24, according to the office brokerage firm JLL. Hotel revenues in the City in July 2024 were 70% of September 2019 levels, down from 75% in July 2023.

The approved FY 2024-25 and FY 2025-26 budget was balanced assuming continued but slow economic recovery from the pandemic. Most economically sensitive taxes, such as sales and hotel taxes, are projected to grow slowly during the coming two years, but in most cases remain below pre-pandemic levels. Remote work and high interest rates are projected to continue to have significant impacts on the City's property, business, and property transfer taxes. The proposed budget assumes $1 billion of General Fund-related one-time solutions over the two budget years, including drawdown of prior year fund balance, close out of prior year appropriations, reserve drawdowns, and short-term cost shifts to other funds. Given additional weakness in key revenues, including hotel and sales taxes, identified during the FY 2023-24 close, and the increased risk to property tax revenues from anticipated reductions in assessed property values, and the minimal progress the approved budget made towards closing the City's projected structural budget gap, departments have been instructed to constrain spending in the current year, and policymakers will need to confront the need to make material expenditure reductions in the coming budget cycle.

Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2024

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Below are the contacts for questions about this report or requests for additional financial information.

City and County of San Francisco
Office of the Controller
1 Dr. Carlton B. Goodlett Place, Room 316
San Francisco, CA 94102-4694

Department and Component Unit Financial Statements

San Francisco International Airport
Office of the Airport Deputy Director
Business and Finance Division
PO Box 8097
San Francisco, CA 94128

Port of San Francisco
Public Information Officer
Pier 1, The Embarcadero
San Francisco, CA 94111

San Francisco Water Enterprise
Hetch Hetchy Water and Power
San Francisco Wastewater Enterprise
Chief Financial Officer
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

Laguna Honda Hospital
Chief Financial Officer
375 Laguna Honda Blvd.
San Francisco, CA 94116

Municipal Transportation Agency
SFMTA Chief Financial Officer
1 South Van Ness Avenue, 7th Floor
San Francisco, CA 94103

Health Service System
Chief Financial Officer
1145 Market Street, Suite 300
San Francisco, CA 94103

Zuckerberg San Francisco
General Hospital and Trauma Center
Chief Financial Officer
1001 Potrero Avenue, Suite 2A5
San Francisco, CA 94110

San Francisco
Employees' Retirement System
Executive Director
1145 Market Street, 5th Floor
San Francisco, CA 94103

Successor Agency to the
San Francisco Redevelopment Agency
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Retiree Health Care Trust
c/o Employees' Retirement System
1145 Market Street, 5th Floor
San Francisco, CA 94103

San Francisco County Transportation Authority
Deputy Director for Administration and Finance
1455 Market Street, 22nd Floor
San Francisco, CA 94103

San Francisco Finance Corporation
Office of Public Finance
City Hall, Room 338
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Statement of Net Position
June 30, 2024
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
ASSETS				
Current assets:				
Deposits and investments with City Treasury	$ 7,810,251	$ 3,399,554	$ 11,209,805	$ -
Deposits and investments outside City Treasury	345,410	36,167	381,577	-
Receivables (net of allowance for uncollectible amounts of $460,944 for the primary government):				
Property taxes and penalties	136,582	-	136,582	-
Other local taxes	405,968	-	405,968	-
Federal and state grants and subventions	432,218	273,768	705,986	6,788
Charges for services	129,402	398,863	528,265	6,438
Interest and other	157,877	250,663	408,540	-
Leases	4,861	182,938	187,799	2,098
Due from component units	18,839	-	18,839	-
Inventories	-	118,427	118,427	-
Other assets	18,590	21,118	39,708	4,421
Restricted assets:				
Deposits and investments with City Treasury	-	853,523	853,523	-
Deposits and investments outside City Treasury	4,405	241,647	246,052	-
Grants and other receivables	-	226,818	226,818	-
Total current assets	9,464,403	6,003,486	15,467,889	19,745
Noncurrent assets:				
Loan receivables (net of allowance for uncollectible amounts of $2,909,767)	282,068	-	282,068	-
Leases receivable	79,521	1,347,630	1,427,151	14,591
Long-term opioid settlement receivable	227,281	-	227,281	-
Advance to component unit	-	7,041	7,041	-
Other assets	-	41,169	41,169	-
Net pension asset	18,263	-	18,263	-
Restricted assets:				
Deposits and investments with City Treasury	-	917,846	917,846	-
Deposits and investments outside City Treasury	-	828,807	828,807	-
Grants and other receivables	-	20,257	20,257	-
Capital assets:				
Land and other assets not being depreciated/amortized.	1,705,123	5,658,749	7,363,872	34,846
Facilities, infrastructure and equipment, net of depreciation/amortization	6,360,918	20,859,822	27,220,740	86,399
Total capital assets	8,066,041	26,518,571	34,584,612	121,245
Total noncurrent assets	8,673,174	29,681,321	38,354,495	135,836
Total assets	18,137,577	35,684,807	53,822,384	155,581
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	509	115,544	116,053	-
Pensions	1,389,850	928,274	2,318,124	7
OPEB	364,575	363,828	728,403	-
Total deferred outflows of resources	$ 1,754,934	$ 1,407,646	$ 3,162,580	$ 7

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position (Continued)

June 30, 2024
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
LIABILITIES				
Current liabilities:				
Accounts payable	$ 734,524	$ 314,145	$ 1,048,669	$ 1,352
Accrued payroll	222,827	163,536	386,363	191
Accrued vacation and sick leave pay	139,836	93,997	233,833	-
Accrued workers' compensation	73,490	54,236	127,726	-
Estimated claims payable	148,638	76,655	225,293	-
Bonds, loans, leases, and other payables	331,662	649,638	981,300	-
Accrued interest payable	26,012	78,467	104,479	-
Unearned grant and subvention revenues	197,871	-	197,871	-
Due to primary government	-	-	-	16,780
Internal balances	100,741	(100,741)	-	-
Unearned revenues and other liabilities	1,492,723	706,779	2,199,502	2,451
Liabilities payable from restricted assets:				
Bonds, loans, leases, and other payables	-	27,253	27,253	-
Accrued interest payable	-	67,090	67,090	-
Other	-	416,763	416,763	-
Total current liabilities	3,468,324	2,547,818	6,016,142	20,774
Noncurrent liabilities:				
Accrued vacation and sick leave pay	114,039	70,794	184,833	-
Accrued workers' compensation	309,292	233,067	542,359	-
Estimated claims payable	185,689	146,385	332,074	-
Bonds, loans, leases, and other payables	4,562,201	20,282,432	24,844,633	-
Advance from primary government	-	-	-	7,041
Unearned revenues and other liabilities	16,667	139,159	155,826	-
Net pension liability	2,473,968	1,479,736	3,953,704	4
Net other postemployment benefits (OPEB) liability	2,186,575	1,726,265	3,912,840	-
Total noncurrent liabilities	9,848,431	24,077,838	33,926,269	7,045
Total liabilities	13,316,755	26,625,656	39,942,411	27,819
DEFERRED INFLOWS OF RESOURCES				
Unamortized gain on refunding of debt	128,639	85,559	214,198	-
Pensions	212,983	109,203	322,186	6
OPEB	328,836	263,131	591,967	-
Leases	82,053	1,602,362	1,684,415	16,206
Public-private partnerships	9,249	-	9,249	-
Total deferred inflows of resources	761,760	2,060,255	2,822,015	16,212
NET POSITION				
Net investment in capital assets, Note 10(d)	4,797,684	6,445,958	10,875,656	121,245
Restricted for:				
Reserve for rainy day	114,539	-	114,539	-
Debt service	150,786	285,932	436,718	-
Capital projects, Note 10(d)	324,619	1,296,948	1,552,536	-
Community development	698,199	-	698,199	-
Transportation Authority activities	65,292	-	65,292	-
Building inspection programs	55,575	-	55,575	-
Children and families	721,272	-	721,272	-
Culture and recreation	305,776	-	305,776	-
Grants	475,858	-	475,858	-
Other purposes	201,655	12,206	213,861	-
Total restricted	3,113,571	1,595,086	4,639,626	-
Unrestricted (deficit), Note 10(d)	(2,097,259)	365,498	(1,294,744)	(9,688)
Total net position	$ 5,813,996	$ 8,406,542	$ 14,220,538	$ 111,557

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Activities

Year Ended June 30, 2024
(In Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
Primary government:								
Governmental activities:								
Public protection	$ 1,903,640	$ 121,608	$ 232,967	$ 1,147	$ (1,547,918)	$ -	$ (1,547,918)	$ -
Public works, transportation and commerce	501,421	109,064	69,764	67,995	(254,598)	-	(254,598)	-
Human welfare and neighborhood development	3,090,344	147,158	1,023,720	11,210	(1,908,256)	-	(1,908,256)	-
Community health	1,256,673	425,354	524,631	1,117	(305,571)	-	(305,571)	-
Culture and recreation	590,549	151,761	2,900	22,099	(413,789)	-	(413,789)	-
General administration and finance	477,594	152,485	7,460	5,634	(312,015)	-	(312,015)	-
Distributions to other governments	51,597	-	-	-	(51,597)	-	(51,597)	-
General city responsibilities	160,887	71,488	6,156	-	(83,243)	-	(83,243)	-
Unallocated interest on long-term debt and cost of issuance	173,043	-	-	-	(173,043)	-	(173,043)	-
Total governmental activities	8,205,748	1,178,918	1,867,598	109,202	(5,050,030)	-	(5,050,030)	-
Business-type activities:								
Airport	1,416,013	1,401,390	-	63,909	-	49,286	49,286	-
Transportation	1,660,266	352,802	418,380	177,559	-	(711,525)	(711,525)	-
Port	148,226	134,589	20,756	14,733	-	21,852	21,852	-
Water	739,346	676,890	12,414	53,599	-	3,557	3,557	-
Power	570,557	630,438	26	29,200	-	89,107	89,107	-
Hospitals	1,621,045	1,274,589	71,791	-	-	(274,665)	(274,665)	-
Sewer	554,132	395,041	12,256	48,080	-	(98,755)	(98,755)	-
Total business-type activities	6,709,585	4,865,739	535,623	387,080	-	(921,143)	(921,143)	-
Total primary government	$ 14,915,333	$ 6,044,657	$ 2,403,221	$ 496,282	(5,050,030)	(921,143)	(5,971,173)	-
Component unit:								
Treasure Island Development Authority	$ 24,830	$ 12,457	$ 3,357	$ 65,928				$ 56,912
General Revenues								
Taxes:								
Property taxes					3,216,572	-	3,216,572	-
Business taxes					1,359,887	-	1,359,887	-
Sales and use tax					298,778	-	298,778	-
Hotel room tax					283,020	-	283,020	-
Utility users tax					121,931	-	121,931	-
Parking tax					86,178	-	86,178	-
Real property transfer tax					177,700	-	177,700	-
Other local taxes					228,655	-	228,655	-
Interest and investment income					420,223	326,355	746,578	178
Other					69,536	201,681	271,217	6,094
Transfers - internal activities of primary government					(921,000)	921,000	-	-
Total general revenues and transfers					5,341,480	1,449,036	6,790,516	6,272
Change in net position					291,450	527,893	819,343	63,184
Net position at beginning of year					5,522,546	7,878,649	13,401,195	48,373
Net position at end of year					$ 5,813,996	$ 8,406,542	$ 14,220,538	$ 111,557

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

CITY AND COUNTY OF SAN FRANCISCO

Balance Sheet
Governmental Funds
June 30, 2024
(In Thousands)

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Deposits and investments with City Treasury	$ 3,804,150	$ 3,929,147	$ 7,733,297
Deposits and investments outside City Treasury	116	345,294	345,410
Receivables (net of allowance for uncollectible amounts of $395,646):			
Property taxes and penalties	128,572	8,010	136,582
Other local taxes	285,612	120,356	405,968
Federal and state grants and subventions	210,822	221,396	432,218
Charges for services	110,112	19,235	129,347
Interest and other	72,695	43,229	115,924
Leases	77,588	-	77,588
Due from other funds	34,495	23,171	57,666
Due from component units	8,038	10,801	18,839
Loans receivable (net of allowance for uncollectible amounts of $2,909,767)	20,575	261,493	282,068
Long-term opioid settlement receivable	-	269,027	269,027
Other assets	4,368	14,222	18,590
Total assets	$ 4,757,143	$ 5,265,381	$ 10,022,524
Liabilities:			
Accounts payable	$ 431,617	$ 292,465	$ 724,082
Accrued payroll	179,655	39,275	218,930
Unearned grant and subvention revenues	28,635	169,236	197,871
Due to other funds	859	157,548	158,407
Unearned revenues and other liabilities	1,152,337	340,341	1,492,678
Bonds, loans, leases, and other payables	-	33,314	33,314
Total liabilities	1,793,103	1,032,179	2,825,282
Deferred inflows of resources	400,430	618,107	1,018,537
Fund balances:			
Nonspendable	1,001	81	1,082
Restricted	114,539	3,346,783	3,461,322
Committed	330,010	-	330,010
Assigned	1,555,806	275,507	1,831,313
Unassigned	562,254	(7,276)	554,978
Total fund balances	2,563,610	3,615,095	6,178,705
Total liabilities, deferred inflows of resources and fund balances	$ 4,757,143	$ 5,265,381	$ 10,022,524

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

CITY AND COUNTY OF SAN FRANCISCO

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024
(In Thousands)

Fund balances – total governmental funds	$ 6,178,705
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,018,178
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	(5,729,611)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources and are recognized as revenues in the period the amounts become available in the governmental funds.	933,903
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.	(24,829)
Deferred inflows of resources in governmental activities related to refunding of debt are not financial resources and, therefore, are not reported in the governmental funds.	(128,476)
Net pension asset/liability and pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the governmental funds.	(1,262,103)
Net OPEB liability and OPEB related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the governmental funds.	(2,106,684)
Internal service funds are used by management to charge the costs of lease financing, equipment maintenance services, printing and mailing services, and telecommunications and information systems to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	(65,087)
Net position of governmental activities	$ 5,813,996

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024
(In Thousands)

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	$ 2,526,392	$ 728,372	$ 3,254,764
Business taxes	868,932	490,955	1,359,887
Sales and use tax	190,528	108,250	298,778
Hotel room tax	251,203	31,817	283,020
Utility users tax	121,931	-	121,931
Parking tax	86,178	-	86,178
Real property transfer tax	177,700	-	177,700
Other local taxes	209,276	19,379	228,655
Licenses, permits and franchises	29,702	15,018	44,720
Fines, forfeitures, and penalties	6,484	116,600	123,084
Interest and investment income	180,387	237,208	417,595
Rents and concessions	11,764	189,785	201,549
Intergovernmental:			
Federal	391,658	258,503	650,161
State	1,000,064	339,080	1,339,144
Other	1,924	10,512	12,436
Charges for services	281,393	153,559	434,952
Other	42,268	56,955	99,223
Total revenues	6,377,784	2,755,993	9,133,777
Expenditures:			
Current:			
Public protection	1,730,773	114,341	1,845,114
Public works, transportation and commerce	241,299	312,969	554,268
Human welfare and neighborhood development	1,617,231	1,464,957	3,082,188
Community health	947,867	276,055	1,223,922
Culture and recreation	186,187	367,533	553,720
General administration and finance	293,959	126,549	420,508
General City responsibilities	168,497	-	168,497
Distributions to other governments	-	51,597	51,597
Debt service:			
Principal retirement	68,279	240,845	309,124
Interest and other fiscal charges	8,585	159,851	168,436
Bond issuance costs	-	5,586	5,586
Payment to refunded bond escrow agent	-	159,798	159,798
Capital outlay	149,638	203,583	353,221
Total expenditures	5,412,315	3,483,664	8,895,979
Excess (deficiency) of revenues over (under) expenditures	965,469	(727,671)	237,798
Other financing sources (uses):			
Transfers in	155,223	609,527	764,750
Transfers out	(1,354,857)	(328,809)	(1,683,666)
Issuance of bonds:			
Face value of bonds issued	-	201,455	201,455
Face value of refunding debt issued	-	555,200	555,200
Discount on issuance of bonds	-	(189)	(189)
Premium on issuance of bonds	-	68,510	68,510
Payment to refunded bond escrow agent	-	(618,741)	(618,741)
Inception of leases and subscriptions	149,638	488	150,126
Total other financing sources (uses)	(1,049,996)	487,441	(562,555)
Net changes in fund balances	(84,527)	(240,230)	(324,757)
Fund balances at beginning of year	2,648,137	3,855,325	6,503,462
Fund balances at end of year	$ 2,563,610	$ 3,615,095	$ 6,178,705

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

CITY AND COUNTY OF SAN FRANCISCO

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024
(In Thousands)

Net changes in fund balances - total governmental funds	$ (324,757)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization and contributed capital assets.	244,316
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Certain long-term liabilities reported in the prior year statement of net position were paid during the current period resulting in expenditures in the governmental funds. This is the amount by which the increase in long-term liabilities exceeded expenditures in funds that do not require the use of current financial resources.	(120,160)
Property taxes are recognized as revenues in the period the amounts become available. This is the current period amount by which the deferred inflows of resources decreased in the governmental funds.	(38,192)
Other revenues that were unavailable are reported as deferred inflows of resources in the governmental funds. This is the current period amount by which deferred inflows of resources increased in the governmental funds.	297,749
Governmental funds report revenues and expenditures primarily pertaining to long-term loan activities, which are not reported in the statement of activities. These activities are reported at the government-wide level in the statement of net position. This is the net revenues reported in the governmental funds.	(12)
Changes to net pension asset/liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	52,457
Changes to net OPEB liability and OPEB related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	42,184
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt, leases and subscriptions consume the current financial resources of governmental funds. These transactions, however, have no effect on net position. This is the amount by which principal retirement and payments to escrow for refunded debt exceeded bond, lease and subscription proceeds in the current period.	172,969
Bond premiums and discounts are reported in the governmental funds when the bonds are issued, and are capitalized and amortized in the statement of net position. This is the amount of bond premiums and discounts capitalized during the current period.	(68,321)
Interest expense in the statement of activities differs from the amount reported in the governmental funds because of additional accrued and accreted interest; amortization of bond premiums, discounts and refunding losses and gains.	11,823
The activities of internal service funds are reported with governmental activities.	21,394
Change in net position of governmental activities	$ 291,450

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position - Proprietary Funds

June 30, 2024

(In Thousands)

	Business-Type Activities - Enterprise Funds									
	Major Funds									
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total	Governmental Activities - Internal Service Funds
ASSETS										
Current assets:										
Deposits and investments with City Treasury	$ 1,008,580	$ 380,201	$ 421,652	$ 639,134	$ 186,307	$ 376,658	$ 387,022	$ -	$ 3,399,554	$ 76,954
Deposits and investments outside City Treasury	27,678	193	41	8,095	7	152	1	-	36,167	-
Receivables (net of allowance for uncollectible amounts of $65,298):										
Federal and state grants and subventions	-	366	2,238	204,179	5,617	-	646	60,722	273,768	-
Charges for services	61,484	105,604	67,820	5,867	83,598	48,338	10,263	15,889	398,863	55
Interest and other	16,563	9,754	5,093	13,194	188,336	3,896	12,863	964	250,663	207
Leases	125,253	3,246	-	9,807	408	226	43,882	116	182,938	13,745
Due from other funds	-	102	4,380	96,812	-	82	576	-	101,952	-
Inventories	744	7,825	1,889	87,825	12,982	3,657	1,933	1,572	118,427	-
Other assets	5,134	-	7,536	227	-	8,142	79	-	21,118	-
Restricted assets:										
Deposits and investments with City Treasury	714,796	-	-	792	-	-	44,524	93,411	853,523	-
Deposits and investments outside City Treasury	147,613	40,065	6,849	10	-	41,778	5,303	29	241,647	4,405
Grants and other receivables	92,591	133,369	169	-	-	689	-	-	226,818	-
Total current assets	2,200,436	680,725	517,667	1,065,942	477,255	483,618	507,092	172,703	6,105,438	95,366
Noncurrent assets:										
Other assets	-	14,948	22,744	-	-	1,429	2,048	-	41,169	-
Leases receivable	753,061	35,817	-	83,652	7,213	1,019	465,982	886	1,347,630	61,063
Advance to component unit	-	-	7,041	-	-	-	-	-	7,041	-
Restricted assets:										
Deposits and investments with City Treasury	519,375	71,015	82,062	213,781	-	31,613	-	-	917,846	-
Deposits and investments outside City Treasury	693,879	63,185	7,202	4,606	5	59,930	-	-	828,807	-
Grants and other receivables	5,103	-	-	2,522	-	388	-	12,244	20,257	-
Capital assets:										
Land and other assets not being depreciated/amortized	589,154	720,805	436,755	789,248	37,238	2,926,407	118,971	40,171	5,658,749	313
Facilities, infrastructure, and equipment, net of depreciation/amortization	6,547,135	5,057,662	558,496	5,246,060	82,247	2,562,003	373,102	433,117	20,859,822	47,550
Total capital assets	7,136,289	5,778,467	995,251	6,035,308	119,485	5,488,410	492,073	473,288	26,518,571	47,863
Total noncurrent assets	9,107,707	5,963,432	1,114,300	6,339,869	126,703	5,582,789	960,103	486,418	29,681,321	108,926
Total assets	11,308,143	6,644,157	1,631,967	7,405,811	603,958	6,066,407	1,467,195	659,121	35,786,759	204,292
DEFERRED OUTFLOWS OF RESOURCES										
Unamortized loss on refunding of debt	25,489	89,186	-	730	-	-	139	-	115,544	509
Pensions	135,732	93,526	28,696	316,880	209,626	42,685	19,035	82,094	928,274	24,218
OPEB	54,277	29,974	8,086	131,361	84,903	12,816	7,439	34,972	363,828	9,433
Total deferred outflows of resources	215,498	212,686	36,782	448,971	294,529	55,501	26,613	117,066	1,407,646	34,160

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position - Proprietary Funds (Continued)

June 30, 2024

(In Thousands)

	Business-Type Activities - Enterprise Funds									
	Major Funds									
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total	Governmental Activities - Internal Service Funds
LIABILITIES										
Current liabilities:										
Accounts payable	$ 100,674	$ 25,353	$ 43,492	$ 76,536	$ 37,840	$ 18,841	$ 5,552	$ 5,857	$ 314,145	$ 10,442
Accrued payroll	22,321	13,444	5,359	55,753	41,541	8,119	2,839	14,160	163,536	3,897
Accrued vacation and sick leave pay	13,452	7,585	3,723	32,975	21,003	6,583	1,915	6,761	93,997	3,004
Accrued workers' compensation	3,150	2,188	645	34,545	7,226	1,685	808	3,989	54,236	266
Estimated claims payable	2,850	5,716	2,010	37,037	-	28,742	300	-	76,655	-
Due to other funds	-	-	-	806	-	405	-	-	1,211	-
Unearned revenues and other liabilities	247,045	15,050	14,696	68,179	282,084	9,623	20,943	49,159	706,779	452
Accrued interest payable	-	37,924	2,692	5,659	87	30,300	1,252	553	78,467	1,183
Bonds, loans, leases, and other payables	136,966	332,723	94,812	23,466	7,898	41,992	4,703	7,078	649,638	32,560
Liabilities payable from restricted assets:										
Bonds, loans, leases, and other payables	27,253	-	-	-	-	-	-	-	27,253	-
Accrued interest payable	67,090	-	-	-	-	-	-	-	67,090	-
Other	165,274	39,896	32,894	37,508	-	135,740	-	5,451	416,763	-
Total current liabilities	786,075	479,879	200,323	372,464	397,679	282,030	38,312	93,008	2,649,770	51,804
Noncurrent liabilities:										
Accrued vacation and sick leave pay	11,478	6,418	3,494	23,592	14,487	5,506	1,460	4,359	70,794	2,951
Accrued workers' compensation	10,950	8,814	2,988	145,547	34,968	7,327	2,639	19,834	233,067	1,112
Estimated claims payable	2,977	17,057	2,053	37,757	-	86,341	200	-	146,385	-
Unearned revenues and other liabilities	1	5,762	764	-	-	17,078	115,544	10	139,159	-
Bonds, loans, leases, and other payables	9,749,473	5,174,245	327,184	582,142	13,542	4,248,306	131,324	56,216	20,282,432	78,696
Net pension liability	208,295	152,643	45,985	506,378	338,782	67,299	28,928	131,426	1,479,736	38,108
Net other postemployment benefits (OPEB) liability	249,579	158,301	40,341	660,685	383,100	49,260	29,886	155,113	1,726,265	46,558
Total noncurrent liabilities	10,232,753	5,523,240	422,809	1,956,101	784,879	4,481,117	309,981	366,958	24,077,838	167,425
Total liabilities	11,018,828	6,003,119	623,132	2,328,565	1,182,558	4,763,147	348,293	459,966	26,727,608	219,229
DEFERRED INFLOWS OF RESOURCES										
Unamortized gain on refunding of debt	42,549	31,854	-	-	-	10,255	-	901	85,559	163
Pensions	15,623	13,305	5,238	33,931	24,693	4,055	2,245	10,113	109,203	2,845
OPEB	35,135	22,334	8,730	91,573	76,875	5,809	4,610	18,065	263,131	7,027
Leases	963,990	36,583	-	81,402	7,465	1,203	510,778	941	1,602,362	6,668
Total deferred inflows of resources	1,057,297	104,076	13,968	206,906	109,033	21,322	517,633	30,020	2,060,255	16,703
NET POSITION										
Net investment in capital assets	(1,934,425)	350,430	576,573	5,480,239	98,053	1,148,814	317,705	408,569	6,445,958	7,760
Restricted:										
Debt service	157,855	44,724	-	-	-	-	-	83,353	285,932	-
Capital projects	833,330	200,632	59,955	125,056	12,100	31,782	34,093	-	1,296,948	-
Other purposes	6,403	-	-	3,679	-	-	-	2,124	12,206	-
Unrestricted (deficit)	384,353	153,862	395,121	(289,663)	(503,257)	156,843	276,084	(207,845)	365,498	(5,240)
Total net position	$ (552,484)	$ 749,648	$ 1,031,649	$ 5,319,311	$ (393,104)	$ 1,337,439	$ 627,882	$ 286,201	$ 8,406,542	$ 2,520

CITY AND COUNTY OF SAN FRANCISCO

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds

Year Ended June 30, 2024
(In Thousands)

	Business-Type Activities - Enterprise Funds									
	Major Funds									
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total	Governmental Activities - Internal Service Funds
Operating revenues:										
Aviation	$ 913,990	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 913,990	$ -
Water and power service	-	650,233	630,078	-	-	-	-	-	1,280,311	-
Passenger fees	-	-	-	96,614	-	-	-	-	96,614	-
Net patient service revenue	-	-	-	-	1,077,190	-	-	173,192	1,250,382	-
Sewer service	-	-	-	-	-	384,851	-	-	384,851	-
Rents and concessions	204,100	8,556	360	12,642	3,109	739	97,960	-	327,466	489
Parking and transportation	194,076	-	-	182,572	-	-	21,222	-	397,870	-
Other charges for services	-	-	-	32,335	-	-	-	-	32,335	202,019
Other revenues	89,224	18,101	-	28,639	15,539	9,451	15,407	5,559	181,920	-
Total operating revenues	1,401,390	676,890	630,438	352,802	1,095,838	395,041	134,589	178,751	4,865,739	202,508
Operating expenses:										
Personnel services	316,285	159,779	82,405	973,126	711,410	105,835	46,429	234,073	2,629,342	75,348
Contractual services	114,854	20,128	23,902	197,125	340,339	23,885	24,356	41,100	785,689	50,889
Light, heat and power	26,815	-	362,845	-	-	-	4,183	-	393,843	-
Materials and supplies	19,175	23,195	4,266	81,794	162,973	14,474	1,648	21,641	329,166	18,471
Depreciation and amortization	358,872	155,172	24,999	278,974	17,399	82,722	26,100	12,771	957,009	25,564
General and administrative	7,206	93,444	42,531	30,846	1,197	195,581	2,539	-	373,344	537
Services provided by other departments	29,659	77,638	15,121	103,767	55,626	39,546	31,928	16,368	369,653	21,303
Other	103,690	-	-	(21,347)	3,938	-	6,410	-	92,691	1,733
Total operating expenses	976,556	529,356	556,069	1,644,285	1,292,882	462,043	143,593	325,953	5,930,737	193,845
Operating income (loss)	424,834	147,534	74,369	(1,291,483)	(197,044)	(67,002)	(9,004)	(147,202)	(1,064,998)	8,663
Nonoperating revenues (expenses):										
Operating grants:										
Federal	-	19,609	19	196,341	5,296	12,247	281	1,943	235,736	-
State / other	-	(7,195)	7	222,039	64,552	9	20,475	-	299,887	71
Interest and investment income	156,780	25,097	22,903	47,394	12,836	25,528	30,102	5,715	326,355	4,200
Interest expense	(365,105)	(208,230)	(13,467)	(15,981)	(893)	(91,584)	(4,376)	(1,317)	(700,953)	(3,283)
Other nonoperating revenues	119,967	29,657	9,226	8,149	-	12,041	10,306	12,335	201,681	681
Other nonoperating expenses	(74,352)	(1,760)	(1,021)	-	-	(505)	(257)	-	(77,895)	-
Total nonoperating revenues (expenses)	(162,710)	(142,822)	17,667	457,942	81,791	(42,264)	56,531	18,676	284,811	1,669
Income (loss) before capital contributions and transfers	262,124	4,712	92,036	(833,541)	(115,253)	(109,266)	47,527	(128,526)	(780,187)	10,332
Capital contributions	63,909	53,599	29,200	177,559	-	48,080	14,733	-	387,080	-
Transfers in	-	505	42	719,296	110,143	-	-	170,115	1,000,101	300
Transfers out	(55,600)	(1,241)	(108)	-	(13,150)	(209)	(32)	(8,761)	(79,101)	(2,384)
Change in net position	270,433	57,575	121,170	63,314	(18,260)	(61,395)	62,228	32,828	527,893	8,248
Net position (deficit) at beginning of year	(822,917)	692,073	910,479	5,255,997	(374,844)	1,398,834	565,654	253,373	7,878,649	(5,728)
Net position (deficit) at end of year	$ (552,484)	$ 749,648	$ 1,031,649	$ 5,319,311	$ (393,104)	$ 1,337,439	$ 627,882	$ 286,201	$ 8,406,542	$ 2,520

CITY AND COUNTY OF SAN FRANCISCO

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2024
(In Thousands)

	Business-Type Activities - Enterprise Funds									
	Major Funds									
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total	Governmental Activities - Internal Service Funds
Cash flows from operating activities:										
Cash received from customers, including cash deposits	$ 1,213,234	$ 641,482	$ 623,026	$ 406,550	$ 1,044,307	$ 386,984	$ 55,144	$ 182,479	$ 4,553,206	$ 217,862
Cash received from tenants for rent	-	8,343	341	3,254	5,441	708	90,554	-	108,641	-
Cash paid for employees' services	(356,167)	(151,655)	(78,598)	(974,795)	(695,804)	(104,126)	(51,624)	(249,746)	(2,662,515)	(71,414)
Cash paid to suppliers for goods and services	(296,025)	(194,099)	(451,954)	(457,980)	(550,336)	(116,262)	(78,772)	(88,102)	(2,233,530)	(93,356)
Cash paid for judgments and claims	-	(18,216)	(4,856)	(24,911)	-	(6,851)	-	-	(54,834)	-
Net cash provided by (used in) operating activities	561,042	285,855	87,959	(1,047,882)	(196,392)	160,453	15,302	(155,369)	(289,032)	53,092
Cash flows from noncapital financing activities:										
Operating grants	-	13,400	157	325,699	66,109	13,688	862	1,418	421,333	71
Transfers in	-	505	42	612,666	110,143	-	-	160,522	883,878	300
Transfers out	(55,600)	(1,241)	(108)	-	(13,150)	(209)	(32)	(8,761)	(79,101)	(2,384)
Other noncapital financing sources	6,586	-	3,921	25,131	-	-	4,446	-	40,084	-
Other noncapital financing uses	(49,786)	(1,760)	(976)	-	-	(505)	(11)	-	(53,038)	-
Net cash provided by (used in) noncapital financing activities	(98,800)	10,904	3,036	963,496	163,102	12,974	5,265	153,179	1,213,156	(2,013)
Cash flows from capital and related financing activities:										
Capital grants and other proceeds restricted for capital purposes	23,601	-	-	156,217	-	-	752	12,337	192,907	-
Transfers in	-	-	-	106,630	-	-	-	9,593	116,223	-
Bond sale proceeds and loans received	17,489	478,582	131,230	-	-	825,298	-	-	1,452,599	-
Proceeds from sale/transfer of capital assets	-	1,569	4	(88)	-	79	2	-	1,566	-
Proceeds from commercial paper borrowings	447,000	191,150	91,635	-	-	341,373	-	-	1,071,158	-
Proceeds from passenger facility charges	111,617	-	-	-	-	-	-	-	111,617	-
Acquisition of capital assets	(538,431)	(228,113)	(119,822)	(368,927)	(31,400)	(871,699)	(9,248)	(25,168)	(2,192,808)	(963)
Retirement of leases, subscriptions, bonds and loans	(116,636)	(512,629)	(119,574)	(13,080)	(2,067)	(380,473)	(4,567)	(6,547)	(1,155,573)	(40,315)
Bond issue costs paid	-	(4,545)	(765)	-	-	(195)	-	-	(5,505)	-
Interest paid on debt	(405,179)	(215,877)	(13,190)	(17,063)	(843)	(115,311)	(4,626)	(2,422)	(774,511)	(3,006)
Federal interest income subsidy from Build America Bonds	-	22,909	332	-	-	3,911	-	-	27,152	-
Other capital financing sources	-	-	-	12,957	-	-	6,020	-	18,977	-
Net cash used in capital and related financing activities	(460,539)	(266,954)	(30,150)	(123,354)	(34,310)	(197,017)	(11,667)	(12,207)	(1,136,198)	(44,284)
Cash flows from investing activities:										
Purchases of investments with trustees	(750,027)	(1,081,634)	(165,218)	-	-	(1,898,189)	-	-	(3,895,068)	-
Proceeds from sale of investments with trustees	744,919	1,015,279	155,462	-	-	1,860,653	-	-	3,776,313	-
Interest and investment income	131,532	17,141	13,489	42,509	12,836	18,001	26,974	5,438	267,920	260
Other investing activities	-	-	-	-	-	-	-	-	-	2,384
Net cash provided by (used in) investing activities	126,424	(49,214)	3,733	42,509	12,836	(19,535)	26,974	5,438	149,165	2,644
Net increase (decrease) in cash and cash equivalents	128,127	(19,409)	64,578	(165,231)	(54,764)	(43,125)	35,874	(8,959)	(62,909)	9,439
Cash and cash equivalents-beginning of year	2,147,432	514,901	451,464	1,031,649	241,083	522,224	400,776	102,399	5,411,928	71,920
Cash and cash equivalents-end of year	$ 2,275,559	$ 495,492	$ 516,042	$ 866,418	$ 186,319	$ 479,099	$ 436,650	$ 93,440	$ 5,349,019	$ 81,359

CITY AND COUNTY OF SAN FRANCISCO

Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Business-Type Activities - Enterprise Funds									
	Major Funds									
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	$ 424,834	$ 147,534	$ 74,369	$ (1,291,483)	$ (197,044)	$ (67,002)	$ (9,004)	$ (147,202)	$ (1,064,998)	$ 8,663
Adjustments for non-cash and other activities:										
Depreciation and amortization	358,872	155,172	24,999	278,974	17,399	82,722	26,100	12,771	957,009	25,564
Provision for uncollectibles	-	2,263	(921)	-	-	2,807	(5,198)	-	(1,049)	-
Write-off of capital assets	-	58	217	-	-	47,795	-	-	48,070	-
Other	2,910	4,776	4,925	-	-	6,647	-	-	19,258	56
Changes in assets and deferred outflows of resources/liabilities and deferred inflows of resources:										
Receivables, net	8,265	(17,141)	(12,592)	(2,780)	(18,182)	(18,287)	14,738	9,172	(36,807)	14,813
Due from other funds	-	13	187	-	17	-	(576)	(1,767)	(2,126)	-
Inventories	2,488	366	(49)	(3,109)	(653)	(317)	(58)	2	(1,330)	-
Other assets	(109)	-	4,169	71	-	-	203	-	4,334	-
Accounts payable	25,019	2,682	(6,900)	(292)	13,932	(4,366)	(2,592)	(9,006)	18,477	(146)
Accrued payroll	2,936	1,637	523	5,370	5,044	488	144	686	16,828	216
Accrued vacation and sick leave pay	743	418	492	483	(2,544)	427	(127)	(487)	(595)	350
Accrued workers' compensation	1,533	1,267	176	7,061	(273)	1,014	564	(85)	11,257	38
Estimated claims payable	-	3,148	(2,821)	(9,806)	-	110,733	(130)	-	101,124	-
Due to other funds	-	(2,440)	(1,946)	213	-	(2,101)	-	-	(6,274)	-
Unearned revenues and other liabilities	(214,685)	(15,856)	1,340	(18,659)	(30,257)	1,817	1,437	(3,647)	(278,510)	262
Related to leases	(6,668)	(319)	-	-	2,788	(38)	(6,626)	(18)	(10,881)	(53)
Net pension liability/asset and pension related deferred outflows and inflows of resources	(5,749)	(1,324)	(465)	8,580	(13,946)	1,689	1,103	(780)	(10,892)	2,482
Net OPEB liability and OPEB related deferred outflows and inflows of resources	(39,347)	3,601	2,256	(22,505)	27,327	(3,575)	(4,676)	(15,008)	(51,927)	847
Total adjustments	136,208	138,321	13,590	243,601	652	227,455	24,306	(8,167)	775,966	44,429
Net cash provided by (used in) operating activities	$ 561,042	$ 285,855	$ 87,959	$ (1,047,882)	$ (196,392)	$ 160,453	$ 15,302	$ (155,369)	$ (289,032)	$ 53,092
Reconciliation of cash and cash equivalents to the statement of net position:										
Deposits and investments with City Treasury:										
Unrestricted	$ 1,008,580	$ 380,201	$ 421,652	$ 639,134	$ 186,307	$ 376,658	$ 387,022	$ -	$ 3,399,554	$ 76,954
Restricted	1,234,171	71,015	82,062	214,573	-	31,613	44,524	93,411	1,771,369	-
Deposits and investments outside City Treasury:										
Unrestricted	27,678	193	41	8,095	7	152	1	-	36,167	-
Restricted	841,492	103,250	14,051	4,616	5	101,708	5,303	29	1,070,454	4,405
Total deposits and investments	3,111,921	554,659	517,806	866,418	186,319	510,131	436,850	93,440	6,277,544	81,359
Adjustments: Investments outside City Treasury not meeting the definition of cash equivalents and fair value adjustments	(836,362)	(59,167)	(1,764)	-	-	(31,032)	(200)	(0)	(928,525)	-
Cash and cash equivalents at end of year on statement of cash flows	$ 2,275,559	$ 495,492	$ 516,042	$ 866,418	$ 186,319	$ 479,099	$ 436,650	$ 93,440	$ 5,349,019	$ 81,359
Non-cash capital and related financing activities:										
Acquisition of capital assets on accounts payable and via leases and subscriptions	$ 157,194	$ 39,896	$ 32,894	$ -	$ -	$ 135,740	$ 2,829	$ -	$ 368,553	$ 39,534
Donated inventory	-	-	-	-	2,856	-	-	-	2,856	-
Capital contributions and other non-cash capital items	-	53,599	29,200	-	-	48,080	14,321	-	145,200	-
Bond refunding through fiscal agent	1,832,037	590,874	-	-	-	-	-	-	2,422,911	-
Interfund loan	-	-	-	-	-	405	-	-	405	-
Sale of land promissory note	-	11,512	-	-	-	-	-	-	11,512	-

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024
(In Thousands)

	Pension, Other Employee and Other Post-Employment Benefit Trust Funds	Private-Purpose Trust Fund	Custodial Funds	
			External Investment Pool	Other Custodial Funds
Assets:				
Deposits and investments with City Treasury	$ 150,088	$ 184,634	$ 1,716,939	$ 1,194,152
Deposits and investments outside City Treasury:				
Cash and deposits	20,032	-	-	181,065
Short-term investments	389,017	-	-	-
Debt securities	3,265,742	-	-	-
Equity securities	11,292,000	-	-	-
Real assets	5,242,404	-	-	-
Private equity and other alternative investments	16,442,468	-	-	-
Foreign currency contracts, net	(447)	-	-	-
Invested securities lending collateral	843,391	-	-	-
Receivables:				
Employer and employee contributions	63,570	-	-	-
Brokers, general partners and others	149,665	-	-	-
Federal and state grants and subventions	-	-	-	8,262
Charges for services	-	-	-	3
Taxes	-	-	-	176,318
Interest and other	29,856	3,693	16,810	11,777
Loans (net of allowance for uncollectible amounts)	-	1,471	-	-
Net OPEB asset	-	4,425	-	-
Other assets	7,384	2,000	-	-
Restricted assets:				
Deposits and investments outside City Treasury	-	294,471	-	28,858
Capital assets:				
Land and other assets not being depreciated	-	552	-	-
Total assets	37,895,170	491,246	1,733,749	1,600,435
Deferred outflows of resources:				
Unamortized loss on refunding of debt	-	31,336	-	-
Pensions	-	13,559	-	-
OPEB	2,379	2,316	-	-
Total deferred outflows of resources	2,379	47,211	-	-
Liabilities:				
Accounts payable	55,996	47,391	-	18,352
Estimated claims payable	36,543	-	-	-
Due to the primary government	-	2,059	-	-
Custodial obligations to State of California	-	-	-	1,929
Taxes payable to other governments	-	-	-	198,308
Accrued interest payable	-	13,747	-	-
Payable to brokers	146,058	-	-	-
Payable to borrowers of securities	843,380	-	-	-
Other liabilities	4,272	1,124	-	117,002
Long-term obligations	-	891,042	-	-
Net pension liability	-	39,202	-	-
Net OPEB liability	12,346	-	-	-
Total liabilities	1,098,595	994,565	-	335,591
Deferred inflows of resources:				
Pensions	-	3,169	-	-
OPEB	1,922	541	-	-
Total deferred inflows of resources	1,922	3,710	-	-
Net position restricted for:				
Pensions	35,417,666	-	-	-
Postemployment healthcare benefits	1,270,046	-	-	-
External pool participants	-	-	1,733,749	-
Individuals, organizations, and other governments	109,320	(459,818)	-	1,264,844
Total net position	$ 36,797,032	$ (459,818)	$ 1,733,749	$ 1,264,844

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2024
(In Thousands)

	Pension, Other Employee and Other Post-Employment Benefit Trust Funds	Private-Purpose Trust Fund	Custodial Funds: External Investment Pool	Custodial Funds: Other Custodial Funds
Additions:				
Property taxes	$ -	$ 134,025	$ -	$ 5,412,717
Charges for services	-	6,288	-	-
Contributions:				
Employee contributions	716,536	-	-	-
Employer contributions	1,909,841	-	-	-
Contributions to pooled investments	-	-	4,926,732	-
Total contributions	2,626,377	140,313	4,926,732	5,412,717
Investment income (expenses):				
Interest	122,571	21,793	68,780	85,846
Dividends	96,293	-	-	-
Net appreciation in fair value of investments	2,591,678	-	-	-
Securities lending income	38,775	-	-	-
Total investment income	2,849,317	21,793	68,780	85,846
Less investment expenses:				
Other investment expenses	(93,759)	-	-	-
Net investment income	2,755,558	21,793	68,780	85,846
Custodial additions	-	-	-	143,040
Other additions	-	6,219	-	52,310
Total additions, net	5,381,935	168,325	4,995,512	5,693,913
Deductions:				
Neighborhood development	-	155,077	-	-
Interest on debt	-	42,142	-	35,827
Benefit payments	3,293,369	-	-	-
Refunds of contributions	26,201	-	-	-
Distribution from pooled investments	-	-	4,704,755	-
Property taxes distributed to other governments	-	-	-	5,371,243
Custodial distributions to State	-	-	-	14,512
Other custodial deductions	-	-	-	221,730
Administrative expenses	26,930	12,466	-	-
Total deductions	3,346,500	209,685	4,704,755	5,643,312
Change in net position	2,035,435	(41,360)	290,757	50,601
Net position (deficit) at beginning of year	34,761,597	(418,458)	1,442,992	1,214,243
Net position (deficit) at end of year	$ 36,797,032	$ (459,818)	$ 1,733,749	$ 1,264,844

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

Notes to Basic Financial Statements
June 30, 2024
(Dollars in Thousands)

(1) THE FINANCIAL REPORTING ENTITY

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

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

Blended Component Units

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

San Francisco County Transportation Authority (Transportation Authority) – The voters of the City created the Transportation Authority in 1989 to impose voter-approved sales and use tax of one-half of one percent, for a period not to exceed 20 years, to fund essential traffic and transportation projects. In 2003, the voters approved Proposition K, extending the citywide one-half of one percent sales tax with a new 30-year plan. A board consisting of the eleven members of the City's Board of Supervisors serving ex officio governs the Transportation Authority. The Transportation Authority is reported in a special revenue fund in the City's basic financial statements. Financial statements for the Transportation Authority can be obtained from their finance and administrative offices at 1455 Market Street, 22nd Floor, San Francisco, CA 94103.

Infrastructure Financing Districts and Infrastructure and Revitalization Financing Districts (Tax Increment Financing Districts or "TIFD") – An infrastructure financing district (IFD) and an infrastructure and revitalization financing district (IRFD) are legally constituted government entities formed under California law, and with the approval of the Board of Supervisors. Several TIFDs have been established for the purpose of financing public infrastructure and affordable housing. The Board of Supervisors acts as the legislative body as it does for the City and is able to impose its will to allocate tax increments to the TIFDs, issue debt, as well as to appoint, hire, reassign, or dismiss City employees who administrate the TIFDs. There is also a financial burden relationship between the City and these TIFDs due to the allocation of tax increment revenues by the City to the TIFDs. As such, TIFDs are a blended component unit of the City. The TIFDs are reported in a special revenue fund in the City's basic financial statements. Separate financial statements are not prepared for TIFDs. Further information can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Mission Rock Special Tax District (STD) – Mission Rock STD is a legally constituted governmental entity established pursuant to the San Francisco Special Tax Financing Law, which incorporates the State's Mello-Roos law. The Board of Supervisors acts as the legislative body as it does for the City and is able to impose its will to authorize the levy of special taxes and issuance of special tax debts, as well as to appoint, hire, reassign, or dismiss City employees who administrate Mission Rock STD. Pursuant to the Pledge Agreement between the City and Mission Rock STD, certain increment taxes allocated to the City's Infrastructure Financing District (IFD) No. 2, Project Area I are pledged toward the debt service of Mission Rock STD Special Tax Bonds once a minimum of one hundred thousand dollars in increment taxes have been collected within a Sub-Project Area. The allocation of tax increment revenues to Mission Rock STD created a financial burden relationship between the City and Mission Rock STD. Mission Rock STD is reported in a special revenue fund. Separate financial statements are not prepared for Mission Rock STD. Further information can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

San Francisco City and County Finance Corporation (Finance Corporation) – The Finance Corporation was created in 1990 by a vote of the electorate to allow the City to lease-purchase $20.0 million (plus 5.0 percent per year growth) of equipment using tax-exempt obligations. Although legally separate from the City, the Finance Corporation is reported as if it were part of the primary government because its sole purpose is to provide lease financing to the City. The Finance Corporation is governed by a three-member board of directors approved by the Mayor and the Board of Supervisors. The Finance Corporation is reported as an internal service fund. Financial statements for the Finance Corporation can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

San Francisco Parking Authority (Parking Authority) – The Parking Authority was created in October 1949 to provide services exclusively to the City. Upon creation of the Parking and Traffic Commission (PTC) in 1998, the responsibility to oversee the City's off-street parking operations was transferred from the Parking Authority to the PTC. The PTC consists of five commissioners appointed by the Mayor. The responsibility for overseeing the operations of the PTC became the responsibility of the Municipal Transportation Agency (SFMTA) in November 1999. Separate financial statements are not prepared for the Parking Authority. Further information about the Parking Authority can be obtained from the SFMTA Chief Financial Officer at 1 South Van Ness Avenue, 3rd Floor, San Francisco, CA 94103.

Discretely Presented Component Unit

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

The TIDA's governing body is not substantively the same as that of the City and does not provide services entirely or almost entirely to the City. The TIDA is reported in a separate column to emphasize that it is legally separate from the City. The City is financially accountable for the TIDA through the appointment of the TIDA's Board and the ability of the City to approve the TIDA's budget. Disclosures related to the TIDA, where significant, are separately identified throughout these notes. Separate financial statements are not prepared for TIDA. Further information about TIDA can be obtained from their administrative offices at 1 Avenue of the Palms, Suite 241, Treasure Island, San Francisco, CA 94130.

Fiduciary Component Units

Successor Agency to the Redevelopment Agency of the City and County of San Francisco (Successor Agency) – The Successor Agency was created on February 1, 2012, to serve as a custodian for the assets and to wind down the affairs of the former San Francisco Redevelopment Agency (Agency) pursuant to California Redevelopment Dissolution Law. The Successor Agency is governed by the Successor Agency Commission, commonly known as the Commission on Community Investment and Infrastructure, and is a separate public entity from the City. The Commission has five members, which serve at the pleasure of the City's Mayor and are subject to confirmation by the Board of Supervisors. The City is financially accountable for the Successor Agency through the appointment of the Commission and a requirement that the Board of Supervisors approve the Successor Agency's annual budget.

The financial statements present the Successor Agency and its component units, entities for which the Successor Agency is considered to be financially accountable. The City and County of San Francisco Redevelopment Financing Authority (Financing Authority) is a joint powers authority formed between the former Agency and the City to facilitate the long-term financing of the former Agency activities. The

Financing Authority is included as a blended component unit in the Successor Agency's financial statements because the Financing Authority provides services entirely to the Successor Agency.
In order to facilitate construction and rehabilitation in the City, seven Community Facilities Districts (CFDs) were formed by the former Agency and Successor Agency. The Successor Agency can impose its will on the CFDs but does not have a financial benefit or burden from the CFDs. The CFDs are fiduciary component units of the Successor Agency and financial activities of the CFDs are included as custodial funds of the City.

Per the Redevelopment Dissolution Law, certain actions of the Successor Agency are also subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies: four City representatives appointed by the Mayor of the City subject to confirmation by the Board of Supervisors of the City (such members represent a voting majority of the Oversight Board); the Vice Chancellor of the San Francisco Community College District; a Board member of the Bay Area Rapid Transit District; and the Executive Director of Policy and Operations of the San Francisco Unified School District.

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported in a fiduciary fund (private-purpose trust fund). Complete financial statements can be obtained from the Successor Agency's finance department at 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.

Community Facilities Districts and Special Tax Districts – A community facilities district (CFD) is a legally constituted governmental entity formed under the State's Mello-Roos law and with approval of the Board of Supervisors. A special tax district (STD) is established pursuant to the San Francisco Special Tax Financing Law, which incorporates the Mello-Roos law. Several CFDs and STDs were established for the sole purpose of financing facilities and services. Although there is no financial benefit or burden relation between the City and a CFD or STD, the Board of Supervisors acts as the legislative body as it does for the City and is able to impose its will to authorize the levy of special taxes and issuance of special tax debts, as well as to appoint, hire, reassign, or dismiss City employees who administrate the CFD or STD. CFDs and STDs are fiduciary component units of the City because assets are held by the City for the benefit of the CFD or STD. The combined activities of all CFDs and STDs are presented as a custodial fund. Separate financial statements are not prepared for CFDs and STDs. Further information can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Non-Disclosed Organizations

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

(2) Summary of Significant Accounting Policies

(a) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

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

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

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

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

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

Property taxes, other local taxes, grants and subventions, licenses, charges for services, rents and concessions, and interest and investment income associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental fund:

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

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

- The ***San Francisco International Airport Fund*** accounts for the activities of the City-owned commercial service airport in the San Francisco Bay Area.

- The ***San Francisco Water Enterprise Fund*** accounts for the activities of the San Francisco Water Enterprise (Water Enterprise). The Water Enterprise is engaged in the distribution of water to the City and certain suburban areas.

- The ***Hetch Hetchy Water and Power Enterprise Fund*** accounts for the activities of Hetch Hetchy Water and Power (Hetch Hetchy) and CleanPowerSF. Hetch Hetchy is engaged in the collection and conveyance of approximately 85.0% of the City's water supply and in the generation and transmission of electricity. CleanPowerSF aggregates the buying power of customers in San Francisco to purchase renewable energy.

- The ***Municipal Transportation Agency Fund*** accounts for the activities of the Municipal Transportation Agency (SFMTA). The SFMTA was established by Proposition E, passed by the City's voters in November 1999. The SFMTA includes the San Francisco Municipal Railway (Muni) and the operations of Sustainable Streets, which includes the Parking Authority. Muni was established in 1912 and is responsible for the operations of the City's public transportation system. Sustainable Streets is responsible for proposing and implementing street and traffic changes and oversees the City's off-street parking operations. Sustainable Streets is a separate department of the SFMTA. The parking garages fund accounts for the activities of various nonprofit corporations formed by the Parking Authority to provide financial and other assistance to the City to acquire land, construct facilities, and manage various parking facilities.

- The ***General Hospital Medical Center Fund*** accounts for the activities of the San Francisco General Hospital (SFGH), a City-owned acute care hospital.

- The ***San Francisco Wastewater Enterprise Fund*** was created after the San Francisco voters approved a proposition in 1976, authorizing the City to issue $240.0 million in bonds for the purpose of acquiring, constructing, improving, and financing improvements to the City's municipal sewage treatment and disposal system.

- The ***Port of San Francisco Fund*** accounts for the operation, development, and maintenance of seven and one-half miles of waterfront property of the Port of San Francisco (Port). This was established in 1969 after the San Francisco voters approved a proposition to accept the transfer of the Harbor of San Francisco from the State of California.

- The ***Laguna Honda Hospital Fund*** accounts for the activities of Laguna Honda Hospital (LHH), the City-owned skilled nursing facility, which specializes in serving elderly and disabled residents.

Additionally, the City reports the following fund types:

- The ***Special Revenue Funds*** are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

- The ***Capital Projects Funds*** are used to account for financial resources that are restricted, committed or assigned to expenditures for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary fund types.

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

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

- The ***Pension, Other Employee and Other Postemployment Benefit Trust Funds*** reflect the activities of the Employees' Retirement System (Retirement System), the Health Service System and the Retiree Health Care Trust Fund. The Retirement System accounts for employee contributions, City contributions, and the earnings and profits from investments. It also accounts for the disbursements made for employee retirement benefits, withdrawals, disability and death benefits as well as administrative expenses. The Health Service System accounts for contributions from active and retired employees and surviving spouses, City contributions, and the earnings and profits from investments. It also accounts for the disbursements to various health plans and health care providers for the medical expenses of beneficiaries. The Retiree Health Care Trust Fund currently accounts for other postemployment benefit contributions from the City and the San Francisco Community College District, together with the earnings and profits from investments.

- The ***Private-Purpose Trust Fund*** accounts for the custodial responsibilities that are assigned to the Successor Agency with the passage of the Redevelopment Dissolution Law.

- The ***Custodial Funds*** account for the external portion of the Treasurer's Office investment pool and resources held by the City in a custodial capacity on behalf of the State of California and other governmental agencies; individuals; and human welfare, community health, and transportation programs. The external portion of the Treasurer's Office investment pool represents funds held for the San Francisco Community College District, San Francisco Unified School District, and the Trial Courts of the State of California.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges to other City departments from the General Fund, Water Enterprise and Hetch Hetchy. These charges have not been eliminated because elimination would distort the direct costs and program revenues reported in the statement of activities.

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

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

(c) Deposits and Investments

Investment in the Treasurer's Pool

The Treasurer invests on behalf of most funds of the City and external participants in accordance with the City's investment policy and the California State Government Code. The City Treasurer, who reports

on a monthly basis to the Board of Supervisors, manages the Treasurer's pool. In addition, the function of the County Treasury Oversight Committee is to review and monitor the City's investment policy and to monitor compliance with the investment policy and reporting provisions of the law through an annual audit.

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

The San Francisco Unified School District (School District), San Francisco Community College District (Community College District), and the City are involuntary participants in the City's investment pool. As of June 30, 2024, involuntary participants accounted for approximately 92.5 percent of the pool. Voluntary participants accounted for 7.5 percent of the pool. Further, the School District, Community College District, the Trial Courts of the State of California, and medical reimbursement recipients are external participants of the City's pool. On June 30, 2024, $2.62 billion was held on behalf of these external participants. The total percentage share of the City's pool that relates to these four external participants is 16.2 percent. Internal participants accounted for 83.8 percent of the pool.

Investment Valuation

Investments are carried at fair value, except for certain non-negotiable investments that are reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates, such as collateralized certificates of deposit and public time deposits. The fair value of investments is determined monthly and is based on current market prices. The fair value of participants' position in the pool approximates the value of the pool shares. The method used to determine the value of participants' equity is based on the book value of the participants' percentage participation. In the event that a certain fund overdraws its share of pooled cash, the overdraft is covered by the General Fund and a payable to the General Fund is established in the City's basic financial statements.

Retirement System – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Securities that do not have an established market are reported at estimated fair value derived from third-party pricing services. Purchases and sales of investments are recorded on a trade date basis.

The fair values of the partnership interests, which include private equity, real assets, private credit, and some public equity investments are based on net asset values (NAV) provided by the general partners and investment managers.

The Absolute Return Program invests in limited partnerships and other alternative investment vehicles. The most common investment strategies include, but are not limited to equity, credit, macro, emerging markets, quantitative, multi-strategy, special situations/other, co-investments and commodities. These investments are valued using their respective NAV and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are typically valued on a monthly basis by each fund's independent administrator and for certain illiquid investments, where no market exists, the General Partner may provide pricing input. The management assumptions are based upon the nature of the investment and the underlying business. Investments have the potential to become illiquid under stressed market conditions and, in certain circumstances, investors may be subject to redemption restrictions which can impede the timely return of capital. The valuation techniques vary based upon underlying investment type but are predominantly derived from observed market prices.

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

(Dollars in Thousands)

Investment Income

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

It is the City's policy to charge interest at month end to those funds that have a negative average daily cash balance. In certain instances, City management has determined that the interest expense related to the fund should be allocated to the General Fund. On a budget basis, the interest expense is recorded in the General Fund. On a GAAP basis, the interest expense is recorded in the fund and then a transfer from the General Fund for an amount equal to the interest expense is made to the fund. This is the case for certain other funds, LHH, SFGH, and the internal service funds.

Interest income related to certain funds in fiduciary activities that are recorded in the General Fund on a budget basis is recorded as other income instead of as a transfer on the GAAP basis.

(d) Loans Receivable

The Mayor's Office of Housing (MOH) and the Mayor's Office of Community Development (MOCD) administer several housing and small business subsidy programs and issue loans to qualified applicants. In addition, the Department of Building Inspection manages other receivables from organizations. Management has determined through policy that many of these loans may be forgiven or renegotiated and extended long into the future if certain terms and conditions of the loans are met. At June 30, 2024, it was determined that $2,909.8 million of the $3,191.8 million loan portfolio is not expected to be ultimately collected.

For the purposes of the fund financial statements, the governmental funds expenditures relating to long-term loans arising from loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, with an offset to a deferred inflow of resources. For purposes of the government-wide financial statements, long-term loans are not offset by deferred inflows of resources.

(e) Inventories

Inventories recorded in the proprietary funds primarily consist of construction materials and maintenance supplies, as well as pharmaceutical supplies maintained by the hospitals. Generally, proprietary funds value inventory at cost or average cost and expense supply inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The governmental fund types use the purchase method to account for supply inventories, which are not material. This method records items as expenditures when they are acquired.

(f) Capital Assets

Capital assets, which include land, facilities and improvements, machinery and equipment, infrastructure assets, and intangible assets, are reported in the applicable governmental or business-

type activities columns in the government-wide financial statements and in the proprietary and private-purpose trust funds. Capital assets, except for intangible assets, are defined as assets with an initial individual cost of more than $5 and have an estimated life that extends beyond a single reporting period or more than a year. Intangible assets have a capitalization threshold of $100. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and other governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities prior to July 1, 2021 is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. Amortization of right-to-use assets under leases and subscriptions is included in depreciation and amortization.

Facilities and improvements, infrastructure, machinery and equipment, easements, and intangible assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Facilities and improvements	15 to 175
Infrastructure	15 to 70
Machinery and equipment	2 to 75
Intangible assets	Varies with type

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

(g) Accrued Vacation and Sick Leave Pay

Vacation pay, which may be accumulated up to ten weeks depending on an employee's length of service, is payable upon termination. Sick leave may be accumulated up to six months. Unused amounts accumulated prior to December 6, 1978, are vested and payable upon termination of employment by retirement or disability caused by industrial accident or death.

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

(h) Bond Issuance Costs, Premiums, Discounts, and Interest Accretion

In the government-wide financial statements, the proprietary fund type and fiduciary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund or fiduciary fund statement of net position. Bond issuance costs related to prepaid insurance costs, bond premiums and discounts for San Francisco International Airport, San Francisco Water Enterprise, Hetch Hetchy Water and Power, SFMTA, and San Francisco Wastewater Enterprise are amortized over the life of the bonds using the effective interest method. The remaining bond prepaid insurance costs, bond premiums and discounts are calculated using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from refunding of debt are reported as deferred inflows or outflows of resources and amortized over the shorter of the life of the refunded debt or refunding debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources and uses, respectively. Issuance costs including bond insurance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interest accreted on capital appreciation bonds is reported as accrued interest payable in the government-wide, proprietary fund and fiduciary fund financial statements.

(i) Fund Balances and Net Position

Governmental Fund Balance

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in one of five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The five fund balance classifications are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash, such as prepaid amounts, as well as certain long-term receivables that would otherwise be classified as unassigned.

- *Restricted* – includes amounts that can only be used for specific purposes due to constraints imposed by external resource providers, by the City's Charter, or by enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- *Committed* – includes amounts that can only be used for specific purposes pursuant to an ordinance passed by the Board of Supervisors and signed by the Mayor. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

- *Assigned* – includes amounts that are not classified as nonspendable, restricted, or committed, but are intended to be used by the City for specific purposes. Intent is expressed by legislation or by action of the Board of Supervisors or the City Controller to which legislation has delegated the authority to assign amounts to be used for specific purposes.

- *Unassigned* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Encumbrances

The City establishes encumbrances to record the amount of purchase orders, contracts, and other obligations, which have not yet been fulfilled, cancelled, or discharged. Encumbrances outstanding at year end are recorded as part of restricted or assigned fund balance.

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation/amortization and the outstanding balances of debt, including debt related deferred outflows and inflows of resources, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

- *Restricted Net Position* – This category represents net position that has external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted Net Position* – This category represents net position of the City, not restricted for any project or other purpose.

(j) Interfund Transfers

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

- Charges for services are recorded as revenues of the performing fund and expenditures/expenses of the requesting fund. Unbilled costs are recognized as an asset of the performing fund and a liability of the requesting fund at the end of the fiscal year.

- Reimbursements for expenditures, initially made by one fund, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

(k) Pollution Remediation Obligations

Pollution remediation obligations are measured at their current value using a cost-accumulation approach, based on the pollution remediation outlays expected to be incurred to settle those obligations. Each obligation or obligating event is measured as the sum of probability-weighted amounts in a range of possible estimated amounts. Some estimates of ranges of possible cash flows may be limited to a few discrete scenarios or a single scenario, such as the amount specified in a contract for pollution remediation services.

(l) Cash Flows

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

(m) Pensions

For purposes of measuring the net pension liability (asset) and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SFERS and the California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

(n) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability (asset) and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Health Care Trust Fund (RHCTF) and California Employers' Retiree Benefit Trust Fund Program (CERBT) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

(o) Restricted Assets

Certain proceeds of the City's governmental activities, enterprise and internal service funds bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because the use of the proceeds is limited by applicable bond covenants and resolutions. Restricted assets account for the principal and interest amounts accumulated to pay debt service, unspent bond proceeds, and amounts restricted for future capital projects.

(p) Deferred Outflows and Inflows of Resources

The City records deferred outflows or inflows of resources in its governmental, proprietary, fiduciary, and government-wide financial statements. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods.

In governmental fund statements, deferred inflows of resources consist of revenues not collected within the availability period after fiscal year end. In government-wide financial statements, deferred outflows and inflows of resources are recorded for unamortized losses and gains on refunding of debt, amounts related to pensions and OPEB, lease-related items, and items related to public-private partnerships.

(q) Leases and Subscription-Based Information Technology Arrangements

Leases are defined as the right-to-use an underlying asset for a specified period. The City is a lessee and lessor for various noncancellable leases. Subscription-based information technology arrangements (SBITAs) are defined as a contract that conveys control of the right to use another entity's IT software, alone or in combination with tangible capital assets for a specified period. The City has noncancellable subscription arrangements (similar to a lease) for the right to use various information technology hardware and software (SBITAs).

Measurement of Lease Amounts as Lessee or Subscriber

As lessee or subscriber, the City recognizes a lease liability or subscription liability and an intangible right-to-use asset at the beginning of a lease or subscription. The lease assets or subscription assets are valued based on the net present value of the future lease payments or subscription payments at inception, using the City's incremental borrowing rate. For SBITAs, subscription assets also include qualified software implementation costs. Subsequently, the lease asset or subscription asset is amortized on a straight-line basis over the shorter of the lease or subscription term or the useful life of the underlying asset. If the City is reasonably certain of exercising a purchase option contained in a lease or SBITA, the lease asset or subscription asset will be amortized over the useful life of the underlying asset.

Measurement of Lease Amounts as Lessor

As lessor, at the beginning of the lease term, the City recognizes a lease receivable based on the net present value of future lease payments to be received for the lease term and a deferred inflow of resources based on the net present value plus any payments received at or before the commencement of the lease term that relate to future periods with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. Amortization of the receivable is reported as lease and interest revenues. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

Remeasurement

The City monitors changes in circumstances that may require remeasurement of a lease or SBITA. When certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability, the receivable or liability is remeasured and a corresponding adjustment is made to the deferred inflow of resources, lease asset or subscription asset, respectively.

Short-term Leases or SBITAs

For short-term lease contracts or SBITAs, generally those with a maximum possible term of 12 months or less, the City recognizes revenue or expense based on the payment provisions of the lease contract or SBITA. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

(r) Estimates

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

(Dollars in Thousands)

(3) Reconciliation of Government-wide and Fund Financial Statements

(a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

Total fund balances of the City's governmental funds, $6,178,705, differs from net position of governmental activities, $5,813,996, reported in the statement of net position. The difference primarily results from the long-term economic focus in the statement of net position versus the current financial resources focus in the governmental funds balance sheet.

	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassi-fications and Eliminations	Statement of Net Position Totals
Assets					
Deposits and investments with City Treasury	$ 7,733,297	$ -	$ 76,954	$ -	$ 7,810,251
Deposits and investments outside City Treasury	345,410	-	4,405	-	349,815
Receivables, net					
Property taxes and penalties	136,582	-	-	-	136,582
Other local taxes	405,968	-	-	-	405,968
Federal and state grants and subventions	432,218	-	-	-	432,218
Charges for services	129,347	-	55	-	129,402
Interest and other	115,924	-	207	41,746	157,877
Leases	77,588	-	6,794	-	84,382
Due from other funds	57,666	-	-	(57,666)	-
Due from component units	18,839	-	-	-	18,839
Loans receivable, net	282,068	-	-	-	282,068
Long-term opioid settlement receivable	269,027	-	-	(41,746)	227,281
Capital assets, net	-	8,018,178	47,863	-	8,066,041
Net pension asset	-	18,263	-	-	18,263
Other assets	18,590	-	-	-	18,590
Total assets	10,022,524	8,036,441	136,278	(57,666)	18,137,577
Deferred outflows of resources					
Unamortized loss on refunding of debt	-	-	509	-	509
Pensions	-	1,365,632	24,218	-	1,389,850
OPEB	-	355,142	9,433	-	364,575
Total deferred outflows of resources	-	1,720,774	34,160	-	1,754,934
Liabilities					
Accounts payable	724,082	-	10,442	-	734,524
Accrued payroll	218,930	-	3,897	-	222,827
Accrued vacation and sick leave pay	-	247,920	5,955	-	253,875
Accrued workers' compensation	-	381,404	1,378	-	382,782
Estimated claims payable	-	334,327	-	-	334,327
Accrued interest payable	-	24,829	1,183	-	26,012
Unearned grant and subvention revenues	197,871	-	-	-	197,871
Due to other funds	158,407	-	-	(57,666)	100,741
Unearned revenues and other liabilities	1,492,678	16,667	45	-	1,509,390
Bonds, loans, leases, and other payables	33,314	4,749,293	111,256	-	4,893,863
Net pension liability	-	2,435,860	38,108	-	2,473,968
Net OPEB liability	-	2,140,017	46,558	-	2,186,575
Total liabilities	2,825,282	10,330,317	218,822	(57,666)	13,316,755
Deferred inflows of resources					
Unavailable revenue	943,152	(943,152)	-	-	-
Unamortized gain on refunding of debt	-	128,476	163	-	128,639
Pensions	-	210,138	2,845	-	212,983
OPEB	-	321,809	7,027	-	328,836
Leases	75,385	-	6,668	-	82,053
PPP	-	9,249	-	-	9,249
Total deferred inflows of resources	1,018,537	(273,480)	16,703	-	761,760
Fund balances/ net position					
Total fund balances/ net position	$ 6,178,705	$ (299,622)	$ (65,087)	$ -	$ 5,813,996

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

Cost of capital assets	$11,406,109
Accumulated depreciation/amortization	(3,387,931)
	$ 8,018,178

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

Accrued vacation and sick leave pay	$ (247,920)
Accrued workers' compensation	(381,404)
Estimated claims payable	(334,327)
Arbitrage rebate liability	(16,667)
Bonds, loans, leases, and other payables	(4,749,293)
	$(5,729,611)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	$ (24,829)

Deferred inflows of resources related to debt refundings in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.

Unamortized gain on refunding of debt	$ (128,476)

Net pension asset is not received in the current period and, therefore, is not reported in the governmental funds. Net pension liability is not due and payable in the current period, and accordingly is not reported as a fund liability. Deferred outflows (inflows) of resources related to pensions are not financial resources, and therefore, are not reported in the governmental funds.

Net pension asset	$ 18,263
Net pension liability	(2,435,860)
Deferred outflows of resources related to pensions	1,365,632
Deferred inflows of resources related to pensions	(210,138)
	$(1,262,103)

Net OPEB liability is not due and payable in the current period, and accordingly is not reported as a fund liability. Deferred outflows (inflows) of resources related to OPEB are not financial resources, and therefore, are not reported in the governmental funds.

Net OPEB liability	$(2,140,017)
Deferred outflows of resources related to OPEB	355,142
Deferred inflows of resources related to OPEB	(321,809)
	$(2,106,684)

Because the focus of governmental funds is on the availability of resources, some assets will not be available to pay for current period expenditures and thus are not included in fund balance.

Revenue not collected within 60 days of the end of the current fiscal period	$ 943,152
PPP	(9,249)
	$ 933,903

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

Net position before adjustments	$ 2,520
Adjustments for internal balances with the San Francisco Finance Corporation:	
Receivables from other governmental and enterprise funds	(68,014)
Unearned revenues and other liabilities	407
	$ (65,087)

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2024
(Dollars in Thousands)

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

The net change in fund balances for governmental funds, $(324,757), differs from the change in net position for governmental activities, $291,450, reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below.

	Total Governmental Funds	Long-term Revenues/ Expenses (3)	Capital-related Items (4)	Internal Service Funds (5)	Long-term Debt Transactions (6)	Statement of Activities Totals
Revenues						
Property taxes	$ 3,254,764	$ (38,192)	$ -	$ -	$ -	$ 3,216,572
Business taxes	1,359,887	-	-	-	-	1,359,887
Sales and use tax	298,778	-	-	-	-	298,778
Hotel room tax	283,020	-	-	-	-	283,020
Utility users tax	121,931	-	-	-	-	121,931
Parking tax	86,178	-	-	-	-	86,178
Real property transfer tax	177,700	-	-	-	-	177,700
Other local taxes	228,655	-	-	-	-	228,655
Licenses, permits and franchises	44,720	(2)	-	-	-	44,718
Fines, forfeitures, and penalties	123,084	227,605	-	-	-	350,689
Interest and investment income	417,595	-	-	2,628	-	420,223
Rents and concessions	201,549	1	-	-	-	201,550
Intergovernmental:						
Federal	650,161	(4,882)	-	-	-	645,279
State	1,339,144	6,425	-	71	-	1,345,640
Other	12,436	1,496	-	-	-	13,932
Charges for services	434,952	43	-	-	-	434,995
Other	99,223	67,063	3,812	57	-	170,155
Total revenues	9,133,777	259,557	3,812	2,756	-	9,399,902
Expenditures/ Expenses						
Current:						
Public protection	1,845,114	38,895	19,671	(40)	-	1,903,640
Public works, transportation and commerce	554,268	(10,906)	(41,941)	-	-	501,421
Human welfare and neighborhood development	3,082,188	7,928	228	-	-	3,090,344
Community health	1,223,922	(15,834)	48,585	-	-	1,256,673
Culture and recreation	553,720	9,455	42,324	(14,950)	-	590,549
General administration and finance	420,508	(5,060)	62,146	-	-	477,594
General City responsibilities	168,497	1,053	-	(8,663)	-	160,887
Distributions to other governments	51,597	-	-	-	-	51,597
Debt service:						
Principal retirement	309,124	-	-	-	(309,124)	-
Interest and other fiscal charges	168,436	-	-	2,931	(11,823)	159,544
Bond issuance costs	5,586	-	-	-	-	5,586
Payment to refunded bond escrow agent	159,798	-	-	-	(151,885)	7,913
Capital outlay	353,221	-	(353,221)	-	-	-
Total expenditures	8,895,979	25,531	(222,208)	(20,722)	(472,832)	8,205,748
Excess (deficiency) of revenues over (under) expenditures	237,798	234,026	226,020	23,478	472,832	1,194,154
Other financing sources (uses) / changes in net position						
Net transfers in (out)	(918,916)	-	-	(2,084)	-	(921,000)
Issuance of bonds:						
Face value of bonds issued	201,455	-	-	-	(201,455)	-
Face value of refunding debt issued	555,200	-	-	-	(555,200)	-
Discount on issuance of bonds	(189)	-	-	-	189	-
Premium on issuance of bonds	68,510	-	-	-	(68,510)	-
Payment to refunded bond escrow agent	(618,741)	-	-	-	618,741	-
Inception of leases and subscriptions	150,126	-	-	-	(150,126)	-
Total other financing sources (uses)	(562,555)	-	-	(2,084)	(356,361)	(921,000)
Capital contributions	-	-	18,296	-	-	18,296
Net change for the year	$ (324,757)	$ 234,026	$ 244,316	$ 21,394	$ 116,471	$ 291,450

(Dollars in Thousands)

(3) Property taxes are recognized as revenues in the period the amount becomes available. This is the current period amount by which the deferred inflows of resources decreased in the governmental funds.	$ (38,192)
Other revenues that were unavailable are reported as deferred inflows of resources in the governmental funds. This is the current period amount by which deferred inflows of resources increased in the governmental funds.	297,749
	$ 259,557
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Certain long-term liabilities reported in the prior year statement of net position were paid during the current period resulting in expenditures in the governmental funds. This is the amount by which the increase in long-term liabilities exceeded expenditures in funds that do not require the use of current financial resources.	$ (120,160)
Changes to net pension asset/liability and pension related deferred outflows and inflows of resources do not provide financial resources and, therefore, are not reported as expenditures in governmental funds.	52,457
Changes to net OPEB liability and OPEB related deferred outflows and inflows of resources do not provide financial resources and, therefore, are not reported as expenditures in governmental funds.	42,184
Governmental funds report revenues and expenditures primarily pertaining to long-term loan activities, which are not reported in the statement of activities. These activities are reported at the government-wide level in the statement of net position. This is the net revenues reported in the governmental funds.	(12)
	$ (25,531)

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

Capital expenditures	$ 595,400
Depreciation expense	(355,217)
Capital assets acquired by donation or funded by other revenues	3,810
Gain on lease termination	2
Capital contributions	18,296
Write-off of construction in progress	(17,975)
Difference	$ 244,316

(5) Internal service funds are used by management to charge the costs of certain activities, such as lease financing, equipment maintenance services, printing and mailing services, and telecommunications and information systems to individual funds. The adjustments for internal service funds "close" those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.	$ 21,394

(6) Bond premiums/discounts are a source/use of funds in the governmental funds when the bonds are issued, but are capitalized in the statement of net position. This is the amount of premiums/discounts capitalized during the current period.

Premiums	$ (68,510)
Discounts	189
Net amount capitalized	$ (68,321)

Repayment of bond, loans and other debt, lease and subscription principal are reported as expenditures in governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in expenses in the statement of activities. The City's bonded debt was reduced because principal payments were made to bond holders.

Bond and other debt principal payments made	$ 225,291
Payments to escrow for refunded debt	770,626
Lease principal payments made	60,522
Subscription principal payments made	23,311
	1,079,750

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

Refunding general obligation bonds	$ (340,615)
Certificates of participation	(183,450)
Refunding certificates of participation	(214,585)
Special tax bonds	(8,795)
Increment tax bonds	(9,210)
Leases	(143,747)
Subscriptions	(6,379)
	(906,781)
	$ 172,969

Interest expense in the statement of activities differs from the amount reported in governmental funds because (1) additional accrued and accreted interest was calculated for bonds, loans, leases and other payables, and (2) amortization of bond premiums, discounts and refunding losses and gains are not expended within the fund statements.

Increase in accrued interest	$ (2,383)
Gain on refundings	(59,737)
Amortization of bond premiums	82,311
Amortization of bond refunding losses and gains	5,230
Amortization of bond discounts	(5)
Increase in arbitrage rebate liability	(13,593)
	$ 11,823

(4) EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

During fiscal year 2024, the City implemented the following accounting standards:

In April 2022, the GASB issued Statement No. 99, Omnibus 2022. GASB Statement No. 99 addresses a variety of topics. The requirements related to extension of the use of the London Interbank Offered Rate, accounting for Supplemental Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, and terminology updates related to Statement No. 53 and Statement No. 63 were adopted by the City for the year ended June 30, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023. Application of this statement did not have a significant impact on the City for the year ended June 30, 2024

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections. GASB Statement No. 100 defines various types of accounting changes and prescribes accounting, reporting, and disclosure requirements for accounting changes and error corrections. It improves the consistency and comparability of financial information by requiring retrospective restatements where applicable. The new standard is effective for periods beginning after June 15, 2023. Application of this statement did not have a significant impact on the City for the year ended June 30, 2024.

In addition, the City is currently analyzing its accounting practices to determine the potential impact of the following pronouncements:

In June 2022, the GASB issued Statement No. 101, Compensated Absences. GASB Statement No. 101 requires that liabilities for compensated absences be recognized if the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means and establishes definitions, guidance, and disclosure requirements related to compensated absences. The new standard is effective for periods beginning after December 15, 2023. Application of this statement is effective for the City's year ending June 30, 2025.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This statement requires state and local governments to disclose significant risks related to concentrations or constraints that could lead to substantial impacts. The new standard is effective for periods beginning after June 15, 2024. Application of this statement is effective for the City's year ending June 30, 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement 1) introduces revisions to MD&A, 2) updates the presentation of proprietary funds, distinguishing between operating and non-operating revenues and expenses, 3) requires the display of inflows and outflows related to each unusual or infrequent item separately, 4) requires presentation of each major component unit separately in the government-wide statement of net position and statement of activities, and 5) requires presentation of budgetary comparison information in required supplementary information. The new standard is effective for periods beginning after June 15, 2025. Application of this statement is effective for the City's year ending June 30, 2026.

In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This statement requires certain types of capital assets, such as lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements to be disclosed separately by major classes of underlying assets in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements are also required to be disclosed separately. Furthermore, the statement requires intangible assets other than those three types to be disclosed separately by major class. Finally, the statement requires additional disclosures for capital assets held for sale. The new standard is effective for periods beginning after June 15, 2025. Application of this statement is effective for the City's year ending June 30, 2026.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2024
(Dollars in Thousands)

(5) DEPOSITS AND INVESTMENTS

(a) Cash, Deposits and Investments Presentation

Total City cash, deposits and investments, at fair value, are as follows:

	Primary Government			
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Deposits and investments with City Treasury	$ 7,810,251	$ 3,399,554	$ 3,245,813	$ 14,455,618
Deposits and investments outside City Treasury	345,410	36,167	37,675,672	38,057,249
Restricted assets:				
Deposits and investments with City Treasury	-	1,771,369	-	1,771,369
Deposits and investments outside City Treasury	4,405	1,070,454	323,329	1,398,188
Total deposits and investments	$ 8,160,066	$ 6,277,544	$ 41,244,814	$ 55,682,424
Cash and deposits				$ (76,998)
Investments				55,759,422
Total deposits and investments				$ 55,682,424

(b) Investment Policies

Treasurer's Pool

The City's investment policy addresses the Treasurer's safekeeping and custody practices with financial institutions in which the City deposits funds, types of permitted investment instruments, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity. The objectives of the policy, in order of priority, are safety, liquidity, and earning a market rate of return on public funds. The City has established a Treasury Oversight Committee (Oversight Committee) as defined in the City Administrative Code section 10.80-3, comprised of various City officials, representatives of agencies with large cash balances, and members of the public, to monitor and review the management of public funds maintained in the investment pool in accordance with Sections 27130 to 27137 of the California Government Code. The Treasurer prepares and submits an investment report to the Mayor, the Board of Supervisors, members of the Oversight Committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost, and fair value.

The investment policy places maturity limits based on the type of security. Investments held by the Treasurer during the year did not include repurchase agreements or reverse repurchase agreements. The table below identifies the investment types that are authorized by the City's investment policy dated May 2024.

The table also identifies certain provisions of the City's investment policy that address interest rate risk and concentration of credit risk.

(Dollars in Thousands)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasuries	5 years	100%	100%
Federal Agencies	5 years	100%	100%
State and Local Government Agency Obligations**	5 years	20% *	5% *
Public Time Deposits	6 months *	$80 million*	$20 million*
Negotiable Certificates of Deposit/Yankee Certificates of Deposit**	4-5 years*	5%*	10%*
	3-4 years*	5%*	10%*
	2-3 years*	5%*	10%*
	Up to 2 years*	Up to 30%	10%*
Bankers Acceptances	180 days	40%	30%
Commercial Paper**	270 days	25% *	10%
Medium Term Notes**	4-5 years*	5%*	10%*
	3-4 years*	5%*	10%*
	2-3 years*	5%*	10%*
	Up to 2 years*	Up to 30%	10%*
Repurchase Agreements (Government Securities)	1 year	None	None
Repurchase Agreements (Securities permitted by CA Government Code, Sections 53601 and 53635)	1 year	10%	None
Reverse Repurchase Agreements / Securities Lending	45 days *	None	$75 million *
Money Market (Institutional Government Funds)	N/A	20%	N/A
Supranationals	5 years	30%	None
State of California Local Agency Investment Fund (LAIF)	N/A	Statutory	None

* Represents restriction on which the City's investment policy is more restrictive than the California Government Code.
** Total exposure to credit limited to 30% of total portfolio par value calculated by the combined percentage exposure for these instruments.

The Treasurer also holds for safekeeping bequests, trust funds, and lease deposits for other City departments. The bequests and trust funds consist of stocks and debentures. Those instruments are valued at par, cost, or fair value at the time of donation.

Other Funds

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

Employees' Retirement System

The Retirement System's investments are invested pursuant to investment policy guidelines as established by the Retirement Board. The investment objective is to generate an annualized net-of-fee return that meets the assumed actuarial rate of return over a full market cycle, subject to liquidity needs and other risk considerations. The Retirement Board has established percentage guidelines for types of investments to ensure the portfolio is diversified.

Investment managers retained by the Retirement System follow specific investment guidelines and are evaluated against specific market benchmarks that represent their investment style. The Retirement System invests in securities with contractual cash flows, such as asset-backed securities, commercial mortgage-backed securities, and collateralized mortgage obligations. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be affected by shifts in the market's perception of the issuers and changes in interest rates.

The investment policy permits investments in domestic and international debt and equity securities, foreign currency contracts, derivative instruments, private equity, real assets, private credit, and absolute return investments, which include investments in a variety of commingled partnership vehicles.

The Retirement Board's asset allocation policies for the year ended June 30, 2024, are as follow:

Asset Class	Target Allocation from January 2021 - June 2024	Target Allocation effective as of July 2024
Global Equity	37.0 %	32.0 %
Treasuries	8.0 %	8.0 %
Liquid Credit	5.0 %	12.0 %
Private Credit	10.0 %	10.0 %
Private Equity	23.0 %	20.0 %
Real Assets	10.0 %	10.0 %
Absolute Return	10.0 %	10.0 %
Cash	0.0 %	1.0 %
Leverage	-3.0 %	-3.0 %
	100.0 %	100.0 %

The Retirement System is not directly involved in repurchase or reverse repurchase agreements. However, external investment managers retained by the Retirement System may employ repurchase arrangements if the securities purchased or sold comply with the manager's investment guidelines. The Retirement System monitors the investment activity of its investment managers to ensure compliance with guidelines. In addition, the Retirement System's securities lending cash collateral separately managed account is authorized to use repurchase arrangements. As of June 30, 2024, $339,468 (or 40.3% of reinvested cash collateral) consisted of tri-party repurchase agreements.

Retiree Health Care Trust Fund (RHCTF)

The RHCTF maintains cash in the Treasurer's Pool. The RHCTF's investments outside of the City Treasury are invested pursuant to investment policy guidelines as established by the RHCTF Board. The investment strategy of the RHCTF is designed to ensure the prudent investment of assets in such a manner as to provide real growth of assets over time while protecting the value of the assets from undue volatility or risk of loss. The RHCTF allocates its investments among numerous investment managers and in accordance with the investment policy approved by the RHCTF Board.

For the Community College District's Sub-Trust, the RHCTF Board anticipated that illiquid investments will not be appropriate given the portfolio liquidity needs. The current allocation offers a higher liquidity, lower risk levels profile for the Community College.

The RHCTF Board has established percentage guidelines for types of investments to ensure the portfolio is diversified, as follows:

	Target Allocation Since February 13, 2023	
Asset Class	**City and County of San Francisco Sub-Trust**	**Community College District Sub-Trust**
Equities		
U.S. Equity Large Cap	25.0%	31.0%
U.S. Equity Small Cap	2.0%	3.0%
Developed Market Equity	13.0%	18.0%
Emerging Market Equity	10.0%	16.0%
Credit		
High Yield Bonds	3.0%	3.0%
Bank Loans	3.0%	3.0%
Emerging Market Bonds	-	3.0%
Rate Sensitive		
Short-Term Treasury Inflation-Protected Securities (TIPS)	5.0%	3.0%
Investment Grade Corporate Bonds	7.0%	15.0%
Private Markets		
Private Equity	10.0%	-
Private Credit	5.0%	-
Core Private Real Estate	5.0%	-
Core Private Infrastructure	2.0%	-
Risk Mitigating Strategies		
Global Macro	10.0%	-
Long-Term Government Bonds	-	5.0%
	100.0%	100.0%

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2024
(Dollars in Thousands)

(c) Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City's Treasury pool and investments held by fiscal agents do not value any of its investments using Level 3 inputs). The inputs or methodology used for valuing securities are not an indication of risk associated with investing in those securities.

The following is a summary of inputs used in valuing the City's investments as of June 30, 2024:

			Fair Value Measurements Using		
	Fair Value 6/30/2024		**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Primary Government:					
Investments in City Treasury:					
U.S. Treasuries	$ 3,483,519		$ -	$ 3,483,519	$ -
U.S. Agencies - Discount	139,502		-	139,502	-
U.S. Agencies - Coupon (no call option)	5,210,148		-	5,210,148	-
U.S. Agencies (callable option)	1,585,544		-	1,585,544	-
Negotiable Certificates of Deposit	2,211,343		-	2,211,343	-
Supranationals	523,558		-	523,558	-
Commercial Paper	1,007,028		-	1,007,028	-
Public Time Deposits	30,000	*	-	-	-
Money Market Mutual Funds	2,149,897	*	-	-	-
Secured Bank Deposit	100,190	*	-	-	-
Subtotal Investments in City Treasury	16,440,729		$ -	$ 14,160,642	$ -
Investments Outside City Treasury:					
(Governmental and Business-Type)					
U.S. Treasury Notes	$ 675,891		$ 675,891	$ -	$ -
U.S. Treasury SLGS	17,910		17,910	-	-
U.S. Agencies	157,221		30,502	126,719	-
State and Local Agencies	2,332		-	2,332	-
Corporate Notes	31,061		-	31,061	-
Supranationals	874		-	874	-
Negotiable Certificates of Deposit	5,512		-	5,512	-
Commercial Paper	87,771		87,771	-	-
Commercial Paper	1,240	*	-	-	-
Certificates of Deposit	200	*	-	-	-
U.S. Treasury Money Market Funds	64,783	*	-	-	-
Money Market Mutual Funds	799,323	*	-	-	-
Subtotal Investments Outside City Treasury	1,844,118		$ 812,074	$ 166,498	$ -

* Not subject to fair value hierarchy

(Dollars in Thousands)

	Fair Value 6/30/2024	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Employees' Retirement System Investments				
Short-Term Investments	$ 370,394	$ 368,713	$ 1,462	$ 219
Debt Securities:				
U.S. Government and Agency Securities	1,953,414	1,924,945	28,469	-
Other Debt Securities	950,618	71,969	725,525	153,124
Equity Securities:				
Domestic Equity	3,251,381	3,250,361	1,020	-
International Equity	1,445,935	1,445,935	-	-
Foreign Currency Contracts, net	(447)	-	-	(447)
Invested Securities Lending Collateral*	842,981	-	503,965	339,016
Subtotal	8,814,276	$ 7,061,923	$ 1,260,441	$ 491,912
Investments measured at the net asset value (NAV)				
Short-Term Investments	7,050			
Fixed Income invested in:				
Other Debt Securities	101,004			
Equity Funds invested in:				
Domestic	5,341,134			
International	533,023			
Real Assets	5,208,475			
Private Credit	3,152,084			
Private Equity	10,029,898			
Absolute Return	3,046,230			
Total investments measured at the NAV	27,418,898			
Subtotal Investments in Employees' Retirement System **	36,233,174			
Retiree Health Care Trust Investments measured at the NAV				
Short-Term Investments	11,573			
Fixed Income:				
Debt Index Funds	260,706			
Equities:				
Domestic	424,508			
International	296,019			
Private Equity	53,829			
Real Estate	33,929			
Private Equity	20,647			
Infrastructure	19,678			
Risk Mitigating Strategies	120,102			
Subtotal Investments in Retiree Health Care Trust **	1,240,991			
Total Investments	**$ 55,759,012**			

* This figure excludes $410 cash collateral to be invested on July 1, 2024 due to lending and investment activities.
** Excludes investments with City Treasury

Investments Held in City Treasury

U.S. Treasury Bills and Notes totaling $3.48 billion, U.S. Government Agencies totaling $6.94 billion, Negotiable Certificates of Deposit totaling $2.21 billion, Supranationals totaling $523.6 million and Commercial Paper totaling $1.01 billion, in fiscal year 2024, are valued using a variety of techniques such as matrix pricing, market corroborated pricing inputs such as yield curve, indices, and other market related data and are classified in Level 2 of the fair value hierarchy.

Public Time Deposits totaling $30.0 million, Money Market Mutual Funds totaling $2.15 billion and Secured Bank Deposit totaling $100.2 million, in fiscal year 2024, have maturities of one year or less from fiscal year end and are exempt from Statement No. 72.

Investments Held Outside City Treasury

U.S. Treasuries, U.S. Agencies, and Commercial Paper are valued using quoted prices in active markets and classified in Level 1 of the fair value hierarchy. Certain U.S. Agencies, State and Local Agencies, Corporate Notes, Supranationals, and Negotiable Certificates of Deposit are valued using a variety of techniques such as matrix pricing, market corroborated pricing inputs such as yield curve, indices, and other market related data and classified in Level 2. Money Market Mutual Funds, Certificates of Deposit, and certain Commercial Paper are not subject to the fair value hierarchy.

Employees' Retirement System Investments

Investments at Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In some cases, a valuation technique may have multiple inputs used to measure fair value, and each input might fall into a different level of the fair value hierarchy. The level in the fair value hierarchy within which a fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the measurement. The prices used in determining the fair value hierarchy are obtained from various pricing sources by the Retirement System's custodian bank.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the various pricing vendors for these securities. Debt securities including short-term instruments are priced based on evaluated prices. Such evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities. For equity securities not traded on an active exchange, or if the closing price is not available, corroborated indicative quotes obtained from pricing vendors are generally used. Debt and equity securities classified in Level 3 of the fair value hierarchy are securities whose stated market prices are unobservable by the marketplace. Many of these securities are priced using uncorroborated indicative quotes, adjusted prices based on inputs from different sources, or evaluated prices using unobservable inputs, such as extrapolated data, proprietary models, and indicative quotes from pricing vendors.

Investments at Net Asset Value (NAV)

The equity and debt funds are commingled funds that are priced at net asset value by industry vendors and fund families. NAV is the fair value of all securities owned by a fund, minus its total liabilities, divided by the number of shares issued and outstanding. The NAV of an open-end fund is its price.

The fair value of the Retirement System's investments in private equity, real assets, private credit, absolute return, and some public equity investments are based on NAV provided by the investment managers and general partners (hereinafter collectively referred to as the "General Partners"). Such value generally represents the Retirement System's proportionate share of the net assets of the limited partnerships. The partnership financial statements are audited annually as of December 31, and the NAV is adjusted by additional contributions to and distributions from the partnership, the Retirement System's share of net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partners.

(Dollars in Thousands)

The General Partners may use one or more valuation methodologies outlined in FASB ASC 820, *Fair Value Measurement*. For some investments, little market activity may exist. The General Partners' determination of fair value is then based on the best information available in the circumstances and may involve subjective assumptions and estimates, including the General Partners' assessment of the information that market participants would use in valuing the investments. The General Partners may take into consideration a combination of internal and external factors, including but not limit to, appropriate risk adjustments for nonperformance and liquidity. Such fair value estimates involve subjective judgments of unrealized gains and losses.

The values provided by the General Partners may differ significantly from the values that would have been used had a ready market existed for these investments.

Private credit investment strategies include capital preservation, return maximization and opportunistic. Investments in the asset class are achieved primarily through limited partnerships. Private credit investments are mostly illiquid, and distributions are received over the life of the investments. These investments are not typically redeemed, nor do they have set redemption schedules. The real asset holdings are mostly illiquid. Distributions are received over the life of the investments, which could equal or exceed ten years. They are not typically redeemed, nor do they have set redemption schedules. Private equity investment strategies include buyout, venture capital, growth capital, and special situations. Investments in the asset class are achieved primarily through limited partnerships, but may also include direct and co-investment opportunities. Private equity investments are mostly illiquid, and distributions are received over the life of the investments, which could equal or exceed ten years. These investments are not typically redeemed, nor do they have set redemption schedules.

Absolute return investment strategies include equity, credit, macro, emerging markets, quantitative, multi-strategy, special situations/other, co-investments and commodities. Investments are achieved through limited partnerships. Investments have the potential to become illiquid under stressed market conditions and, in certain circumstances, investors may be subject to redemption restrictions that differ from the standard terms and conditions summarized here, which can impede the return of capital according to those terms and conditions.

The table below provides a summary of the terms and conditions upon which the Retirement System may redeem its debt and equity funds, private equity, real assets, private credit, and absolute return investments.

Investment Type	NAV as of June 30, 2024	Unfunded Commitment	Redemption Frequency	Redemption Notice Period	NAV Lock Up and Years
Debt securities	$ 44,274	N/A	Monthly	On a business day (BD) at least 15 days prior to the last BD of the month	
	50,722		Daily	1 business day	
	6,008		N/A	N/A	
Total:	**$ 101,004**				
Public equity	396,885	N/A	Semi-monthly	6 business days	
	989,352		Semi-monthly	9 business days	
	43,737		Semi-annually*	60 calendar days	
	821		Semi-annually*	90 calendar days	
	216,589		Semi-annually	60 calendar days	
	531,076		Semi-annually	90 calendar days	
	1,241,936		Monthly	30 calendar days	
	119,570		Quarterly	60 calendar days	
	393,289		Quarterly	30 calendar days	
	773,315		Quarterly	45 calendar days	
	948,062		Quarterly	90 calendar days	$288,545 / No lock up $178,000 / Lock up ends fiscal year 2025 $481,517 / Lock up ends fiscal year 2026
	219,526		Annually	60 calendar days	
Total:	**$ 5,874,158**				
Absolute return	1,582,516	128,956	Monthly	5-95 Days	No lock up
	930,823		Quarterly	45-180 Days	$905,066 / No lock up $25,757 / Less than 2 years
	512,664		Semi-annually	60-90 Days	No lock up
	20,227		N/A	N/A	No lock up
Total:	**$ 3,046,230**				
Real assets	672,726	2,054,771	Quarterly, subject to available liquidity	90 calendar days	N/A
	4,535,749		Illiquid	N/A	N/A
Total:	**$ 5,208,475**				
Private credit	121,686	2,151,246	Capital returned on a realized basis	90 days	One year hard lock followed by one year soft lock (both expired)
	289,115		Capital returned on a realized basis	90 days	One year hard lock (expired)
	476,627		Capital returned on a realized basis subject to 3-year maximum	180 days	N/A
	60,962		Quarterly, subject to 33% investor-level gate	30 days	One year hard lock (expired)
	2,203,694		Illiquid	N/A	N/A
Total:	**$ 3,152,084**				
Private equity	10,029,898	3,436,071	Illiquid	N/A	N/A

* The Retirement System has requested full redemption as of June 30, 2024. Proceeds are expected as remaining investments are sold.

(Dollars in Thousands)

Retiree Health Care Trust Fund

Investments at Net Asset Value (NAV)

At June 30, 2024, the RHCTF had cash and investments in the City Treasury pool, commingled funds, mutual funds, and money market funds. The funds are priced at net asset value (NAV) by industry vendors and fund families. NAV is the fair value of all securities owned by a fund, minus its total liabilities, divided by the number of shares issued and outstanding.

The fair value of the RHCTF's investments in private equity, real estate, private credit, risk mitigating, and infrastructure are based on NAV provided by the investment managers and general partners (hereinafter collectively referred to as the "General Partners"). Such value generally represents the RHCTF's proportionate share of the net assets of the limited partnerships. The partnership financial statements are audited annually as of December 31 and the NAV is adjusted by additional contributions to and distributions from the partnership, the RHCTF's share of net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partners.

The General Partners may use one or more valuation methodologies outlined in FASB ASC 820, *Fair Value Measurement.* For some investments, little market activity may exist. The General Partners' determination of fair value is then based on the best information available in the circumstances and may involve subjective assumptions and estimates, including the General Partners' assessment of the information that market participants would use in valuing the investments. The General Partners may take into consideration a combination of internal and external factors, including but not limit to, appropriate risk adjustments for nonperformance and liquidity. Such fair value estimates involve subjective judgments of unrealized gains and losses.

The values provided by the General Partners may differ significantly from the values that would have been used had a ready market existed for these investments.

(d) Investment Risks

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by FDIC insurance by pledging government and/or local agency securities as collateral. The fair value of such pledged securities must equal at least 110% and be of the type authorized in California Government Code, Section 53651 (a) through (i). The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. At June 30, 2024, all banks with funds deposited by the Treasurer secured deposits with sufficient collateral or FDIC insurance.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. Information about the sensitivity to the fair values of the City's investments to interest rate fluctuations is provided by the following tables, which shows the distribution of the City's investments by maturity. The Retirement System's and Retiree Health Care Trust Fund's interest rate risk information is discussed in sections (f) and (g), respectively, of this note.

			Investment Maturities			
	S&P Rating	Fair Value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
Primary Government:						
Investments in City Treasury:						
U.S. Treasury Notes	AA+	$ 3,483,519	$ 1,363,335	$ 2,120,184	$ -	$ -
U.S. Agencies	A-1+,AA+	6,935,194	2,318,460	4,616,734	-	-
Negotiable Certificates of Deposit	A-1, A-1+	2,211,343	2,211,343	-	-	-
Money Market Mutual Funds	AAAm	2,149,897	2,149,897	-	-	-
Public Time Deposits	NR	30,000	30,000	-	-	-
Supranationals	AAA	523,558	354,566	168,992		
Commercial Paper	A-1, A-1+	1,007,028	1,007,028	-	-	-
Secured Bank Deposit	NR	100,190	100,190	-	-	-
Less: Employees' Retirement System						
Investments with City Treasury	n/a	(31,027)	(31,027)	-		
Less: Retiree Health Care Trust						
Investments with City Treasury	n/a	(2,306)	(2,306)	-	-	-
Subtotal pooled investments		16,407,396	$ 9,501,486	$ 6,905,910	$ -	$ -
Investments Outside City Treasury:						
(Governmental and Business - Type)						
U.S. Treasury Money Market Funds	AAAm	$ 64,783	$ 64,783	$ -	$ -	$ -
U.S. Treasury Notes	AA+,A-1+	675,891	216,798	459,093	-	-
U.S. Treasury SLGS	NR	17,910	17,910	-	-	-
U.S. Agencies	AA+	157,221	43,078	114,143	-	-
State and Local Agencies	AAA, AA, AA-, NR	2,332	538	1,794	-	-
Supranationals	AAA	874	-	874	-	-
Corporate Notes	AA-,A+,A-1+	31,061	11,973	19,088	-	-
Money Market Mutual Funds	AAAm,A-1	799,323	799,323	-	-	-
Commercial Paper	A-1+,A-1	89,011	89,011	-	-	-
Negotiable Certificates of Deposit	A+	5,512	-	5,512	-	-
Certificates of Deposit	NR	200	200	-	-	-
Subtotal investments outside City Treasury		1,844,118	$ 1,243,614	$ 600,504	$ -	$ -
Retiree Health Care Trust Investments		1,243,297				
Employees' Retirement System investments		36,264,611				
Total Investments		**$ 55,759,422**				

As of June 30, 2024, the investments in the City Treasury had a weighted average maturity of 457 days.

(Dollars in Thousands)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to pay the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The S&P Global Ratings (S&P) rating for each of the investment types are shown in the table above.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments; however, it is the practice of the City Treasurer that all investments are insured, registered or held by the Treasurer's custodial agent in the City's name. The governmental and business-type activities also have investments with trustees related to the issuance of bonds that are uninsured, unregistered and held by the counterparty's trust departments but not in the City's name. These amounts are included in the investments outside City Treasury shown in the table above.

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code and/or its investment policy. U.S. Treasury and agency securities explicitly guaranteed by the U.S. government are not subject to single issuer limitation.

As of June 30, 2024, the City Treasurer has investments that represent 5.0% or more of the total Pool in the following:

Federal Farm Credit Bank..21.3%
Federal Home Loan Bank 13.7%

In addition, the following major fund holds investments with trustees that represent 5.0% or more of the funds' investments outside City Treasury as of June 30, 2024:

Airport:
Freddie Mac Multifamily Structured Pass-Through Certificates…6.6%

Hetch Hetchy Water and Power:
Toronto Dominion Bank...21.2%
Toyota Motor Corporation..6.9%

Wastewater Enterprise:
Toronto Dominion Bank...19.1%
Toyota Motor Corporation..8.7%

Water Enterprise:
Toyota Motor Corporation..51.2%
Toronto Dominion Bank...11.6%

(e) Treasurer's Pool

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of and for the year ended June 30, 2024:

Statement of Net Position	
Net position held in trust for all pool participants	$ 16,226,987
Equity of internal pool participants	$ 13,603,692
Equity of external pool participants	2,623,295
Total equity	$ 16,226,987
Statement of Changes in Net Position	
Net position at July 1, 2023	$ 16,026,407
Net change in investments by pool participants	200,580
Net position at June 30, 2024	$ 16,226,987

The following provides a summary of key investment information for the Treasurer's Pool as of June 30, 2024:

Type of Investment	Rates	Maturities	Par Value	Carrying Value
Pooled Investments:				
U.S. Treasuries	0.38% - 5.32%	07/15/24 - 02/28/29	$ 3,640,000	$ 3,483,519
U.S. Agencies	0.39% - 6.03%	07/01/24 - 06/11/29	7,062,437	6,935,194
Public Time Deposits	5.26% - 5.36%	07/08/24 - 12/16/24	30,000	30,000
Negotiable Certificates of Deposit	5.36% - 6.05%	07/01/24 - 05/05/25	2,211,000	2,211,343
Commercial Paper	5.32% - 5.88%	07/01/24 - 01/29/25	1,026,500	1,007,028
Money Market Mutual Funds	5.18% - 5.25%	07/01/24 - 07/01/24	2,149,897	2,149,897
Supranationals	0.57% - 5.20%	07/01/24 - 02/15/29	532,714	523,558
Secured Bank Deposit	5.35% - 5.35%	07/01/24 - 07/01/24	100,190	100,190
			$16,752,738	16,440,729
Carrying amount of deposits with Treasurer				(213,742)
Total cash and investments with Treasurer				$ 16,226,987

(Dollars in Thousands)

(f) Retirement System's Investments

The Retirement System's investments as of June 30, 2024, are summarized as follows:

Fixed Income Investments:	
Short-term investments	$ 377,444
City investment pool	31,027
Debt securities:	
U.S. government and agency securities	1,953,414
Other debt securities	1,051,622
Subtotal debt securities	3,005,036
Total fixed income investments	3,413,507
Equity securities:	
Domestic	8,592,515
International	1,978,958
Total equities securities:	10,571,473
Real assets	5,208,475
Private credit	3,152,084
Private equity	10,029,898
Absolute return	3,046,230
Foreign currency contracts, net	(447)
Invested securities lending collateral	843,391
Total Retirement System Investments	$ 36,264,611

Interest Rate Risk

The Retirement System does not have a specific policy to manage interest rate risk. Below is a table depicting the segmented time distribution for fixed income investments based upon the expected maturity (in years) as of June 30, 2024:

		Maturities			
Investment Type	Fair Value	Less than 1 year	1-5 years	6-10 years	10+ years
Asset-Backed Securities	$ 17,311	$ -	$ 2,708	$ 1,799	$ 12,804
Bank Loans	152,837	2,551	100,577	49,709	-
City Investment Pool	31,027	17,996	13,031	-	-
Collateralized Bonds	11,435	-	-	6,834	4,601
Commercial Mortgage-Backed	76,007	330	5,120	4,791	65,766
Commingled and Other Fixed Income Funds	176,518	2,384	5,177	94,997	73,960
Corporate Bonds	370,774	9,137	152,441	153,921	55,275
Corporate Convertible Bonds	4,265	611	3,217	214	223
Government Bonds	2,021,260	382,409	985,663	547,559	105,629
Government Mortgage-Backed Securities	26,817	-	-	-	26,817
Municipal/Provincial Bonds	1,650	-	1,310	340	-
Non-Government Backed Collateralized Mortgage Obligations	145,850	-	-	-	145,850
Options	1	1	-	-	-
Short-Term Investment Funds	377,443	377,443	-	-	-
Swaps*	(46)	(205)	227	(16)	(52)
Total	$ 3,413,149	$ 792,657	$ 1,269,471	$ 860,148	$ 490,873

*$358 Credit default swaps are excluded because they are not subject to interest rate risk.

Credit Risk

Fixed income investment managers retained by the Retirement System follow specific investment guidelines and are evaluated against specific market benchmarks that represent their investment style. Fixed income managers typically are limited within their portfolios to no more than 5% exposure in any single security, with the exception of United States Treasury and government agency securities. The Retirement System's credit risk policy is embedded in the individual investment manager guidelines.

Investments are classified and rated using the lower of (1) S&P Global Ratings (S&P) rating or (2) Moody's Investors Service (Moody's) rating corresponding to the equivalent S&P rating. If only a Moody's rating is available, the rating equivalent to S&P is used for the purpose of this disclosure.

The following table illustrates the Retirement System's exposure to credit risk as of June 30, 2024. Investments issued or explicitly guaranteed by the U.S. government of $1.92 billon as of June 30, 2024, are exempt from the credit rating disclosures and are excluded from the table below.

Credit Rating	Fair Value	Fair Value as a Percentage of Total
AAA	$ 389,246	26.3 %
AA	14,468	1.0 %
A	45,117	3.0 %
BBB	137,283	9.3 %
BB	157,347	10.6 %
B	247,993	16.8 %
CCC	33,567	2.3 %
CC	4,569	0.3 %
C	512	0.0 %
D	6,543	0.4 %
Not Rated	444,330	30.0 %
Total	$ 1,480,975	100.0 %

The securities listed as "Not Rated" include short-term investment funds, government mortgage-backed securities, and investments that invest primarily in rated securities, such as commingled funds and money market funds, but do not themselves have a specific credit rating. Excluding these investments, the "not rated" component of credit would be approximately 6.3% for 2024.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Retirement System's investment in a single issuer. Securities issued or guaranteed by the U.S. government or its agencies are exempt from this limit. As of June 30, 2024, the Retirement System had no investments of a single issuer that equaled or exceeded 5% of total Retirement System's investments or net position.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government may not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Retirement System does not have a specific policy addressing custodial credit risk for investments, but investments are generally insured, registered, or held by the Retirement System or its agent in the Retirement System's name. As of June 30, 2024, $166.82 million of the Retirement System's investments were exposed to custodial credit risk because they were not insured or registered in the name of the Retirement System, and were held by the counterparty's trust department or agent but not in the Retirement System's name.

Foreign Currency Risk

The Retirement System's exposure to foreign currency risk derives from its positions in foreign currency denominated cash, equity, fixed income, private equity, real assets, and private credit. The Retirement System's investment policy allows public equity and debt separate account managers with international mandates to enter into foreign exchange contracts in the course of implementing their investment mandates.

The Retirement System's net exposures to foreign currency risk as of June 30, 2024, are as follows:

Foreign Currency Risk Analysis as of June 30, 2024

Currency	Cash	Equities	Fixed Income	Private Equities	Real Assets	Private Credit	Foreign Currency Contracts	Total
Argentina peso	$ -	$ -	$ (3)	$ -	$ -	$ -	$ -	$ (3)
Australian dollar	-	12,909	113	37,129	3,888	-	(743)	53,296
Brazil real	-	10,955	4,706	-	-	-	2,871	18,532
Canadian dollar	-	24,422	210	-	-	-	(1,132)	23,500
Chilean peso	-	1,988	581	-	-	-	129	2,698
Chinese yuan renminbi	219	8,969	5,761	-	-	-	(11,761)	3,188
Colombian peso	-	-	4,887	-	-	-	(3,209)	1,678
Czech koruna	-	-	(88)	-	-	-	2,400	2,312
Danish krone	-	65,037	-	-	-	-	-	65,037
Dominican Rep peso	-	-	1,910	-	-	-	(947)	963
Egyptian pound	1,462	-	-	-	-	-	-	1,462
Euro	-	436,402	56,723	99,019	394,856	153,490	(72,269)	1,068,221
Hong Kong dollar	-	41,846	-	-	-	-	(50)	41,796
Hungarian forint	-	4,228	904	-	-	-	282	5,414
Indian rupee	-	36,228	-	-	-	-	1,536	37,764
Indonesian rupiah	-	4,858	4,572	-	-	-	(999)	8,431
Israeli shekel	-	-	-	-	-	-	(69)	(69)
Japanese yen	-	87,100	3,997	-	36,616	-	8,158	135,871
Malaysian ringgit	-	-	3,660	-	-	-	133	3,793
Mexican peso	-	875	10,304	-	-	-	(1,615)	9,564
New Taiwan dollar	-	58,620	-	-	-	-	(1,889)	56,731
New Zealand dollar	-	-	-	-	-	-	378	378
Norwegian krone	-	1,163	-	-	-	-	40	1,203
Peruvian sol	-	-	2,377	-	-	-	(1,605)	772
Philippines peso	-	1,047	-	-	-	-	26	1,073
Polish zloty	-	2,680	(54)	-	-	-	4,695	7,321
Pound sterling	-	189,780	9,028	109,404	61,451	-	(8,440)	361,223
Romanian leu	-	-	1,325	-	-	-	316	1,641
Singapore dollar	-	3,602	-	-	-	-	(428)	3,174
South African rand	-	8,364	6,412	-	-	-	(3,769)	11,007
South Korean won	-	25,582	-	-	-	-	(1,523)	24,059
Swedish krona	-	47,432	-	-	-	-	3,500	50,932
Swiss franc	-	90,142	-	-	-	-	(1,782)	88,360
Thailand baht	-	3,442	2,799	-	-	-	1,415	7,656
Turkish lira	-	1,654	1,519	-	-	-	1,696	4,869
UAE dirham	-	9,584	-	-	-	-	-	9,584
Uruguayan peso	-	-	273	-	-	-	-	273
Total	$ 1,681	$ 1,178,909	$ 121,916	$ 245,552	$ 496,811	$ 153,490	$ (84,655)	$ 2,113,704

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2024
(Dollars in Thousands)

Money-Weighted Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of investment expenses, adjusted for the changing amounts actually invested, was 7.87%.

Derivative Instruments

As of June 30, 2024, the derivative instruments held by the Retirement System are considered investments and not hedges for accounting purposes. The gains and losses arising from this activity are recognized as incurred in the statement of changes in fiduciary net position. All investment derivatives discussed below are included within the investment risk schedules, which precede this subsection. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

The fair value of the exchange traded derivative instruments, such as futures, options, rights, and warrants are based on quoted market prices. The fair values of forward foreign currency contracts are determined using a pricing service, which uses published foreign exchange rates as the primary source. The fair values of swaps are determined by the Retirement System's investment managers based on quoted market prices of the underlying investment instruments or by an external pricing service using various proprietary methods.

The table below presents the notional amounts, the fair values, and the related net appreciation (depreciation) in the fair value of derivative instruments that were outstanding at June 30, 2024.

Derivative Type / Contracts	Notional Amount	Fair Value	Net Appreciation (Depreciation) in Fair Value
Forwards			
Foreign Exchange Contracts	$ 226,859	$ (447)	$ 582
Futures			
Bond Futures Long	23,968	201	294
Bond Futures Short	(2,243)	(21)	(21)
Equity Index Futures Long	552	(2)	(29)
Treasury Futures Long	58,303	195	323
Treasury Futures Short	(1,768)	(12)	(114)
Options			
Interest Rate Contracts	-	(8)	1,297
Foreign Exchange Contracts	200	9	-
Swaps			
Credit Contracts	11,432	358	215
Currency Contracts	110	109	(307)
Interest Rate Contracts	181,620	(172)	488
Total Return Contracts	9,995	17	(12,987)
Rights/Warrants			
Equity Contracts	73,347 shares	79,381	18,640
Total		$ 79,608	$ 8,381

All investment derivatives are reported as investments at fair value in the statement of fiduciary net position. Rights, warrants, and equity index futures are reported in equity securities. Foreign exchange contracts are reported in foreign currency contracts, which also include spot contracts that are not derivatives. All other derivative contracts are reported in other debt securities. All changes in fair value are reported as net appreciation (depreciation) in fair value of investments in the statement of changes in fiduciary net position.

Counterparty Credit Risk

The Retirement System is exposed to credit risk on non-exchange traded derivative instruments that are in asset positions. The table below presents those investments being classified and rated using the lower of (1) S&P Global Ratings (S&P) rating or (2) Moody's Investors Service (Moody's) rating corresponding to the equivalent S&P rating. If only a Moody's rating is available, the rating equivalent to S&P is used for the purpose of this disclosure.

Credit Rating	Fair Value
AA	$ 127
A	1,919
BBB	472
Total	$ 2,518

Custodial Credit Risk

The custodial credit risk disclosure for exchange traded derivative instruments is made in accordance with the custodial credit risk disclosure requirements of GASB Statement No. 40. At June 30, 2024, all of the Retirement System's investments in derivative instruments are held in the Retirement System's name and are not exposed to custodial credit risk.

Interest Rate Risk

The table below describes the maturity periods of the derivative instruments exposed to interest rate risk at June 30, 2024.

		Maturities			
Derivative Type / Contracts	Fair Value	Less than 1 year	1-5 years	6-10 years	10+ years
Futures					
Treasury Futures Long	$ 195	$ 195	$ -	$ -	$ -
Treasury Futures Short	(12)	(12)	-	-	-
Options					
Interest Rate Contracts	(8)	(8)	-	-	-
Foreign Exchange Contracts	9	9	-	-	-
Swaps					
Currency Contracts	109	-	109	-	-
Interest Rate Contracts	(172)	(222)	118	(16)	(52)
Total Return Contracts	17	17	-	-	-
Total	$ 138	$ (21)	$ 227	$ (16)	$ (52)

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (Continued)
June 30, 2024
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The following table details the reference rate, notional amount, and fair value of interest rate swaps that are highly sensitive to changes in interest rates as of June 30, 2024:

Investment Type	Reference Rate	Notional Value	Fair Value
Interest Rate Swap	Receive Fixed 0.25%, Pay Variable 1-Day SOFR	$ 22,200	$ (176)
Interest Rate Swap	Receive Fixed 0.48%, Pay Variable 6-Month PRIBOR	637	(23)
Interest Rate Swap	Receive Fixed 0.57%, Pay Variable 6-Month WIBOR	1,269	(69)
Interest Rate Swap	Receive Fixed 1.48%, Pay Variable 6-Month PRIBOR	1,138	(135)
Interest Rate Swap	Receive Fixed 2.56%, Pay Variable 6-Month BUBOR	1,894	(140)
Interest Rate Swap	Receive Fixed 2.75%, Pay Variable 6-Month EURIBOR	4,180	(12)
Interest Rate Swap	Receive Fixed 3.50%, Pay Variable 3-Month KLIBOR	231	(2)
Interest Rate Swap	Receive Fixed 3.75%, Pay Variable 6-Month CORRA	1,242	(7)
Interest Rate Swap	Receive Fixed 4.00%, Pay Variable 1-Day SOFR	70,000	82
Interest Rate Swap	Receive Fixed 4.00%, Pay Variable 1-Day SONIA	3,666	15
Interest Rate Swap	Receive Fixed 4.68%, Pay Variable 6-Month PRIBOR	578	32
Interest Rate Swap	Receive Fixed 4.72%, Pay Variable 6-Month PRIBOR	462	14
Interest Rate Swap	Receive Fixed 4.74%, Pay Variable 6-Month PRIBOR	813	25
Interest Rate Swap	Receive Fixed 4.75%, Pay Variable 6-Month BBSW	2,271	13
Interest Rate Swap	Receive Fixed 4.81%, Pay Variable 28-Day MXIBR	1,438	(17)
Interest Rate Swap	Receive Fixed 5.26%, Pay Variable 3-Month JIBAR	630	(17)
Interest Rate Swap	Receive Fixed 5.43%, Pay Variable 6-Month WIBOR	1,169	15
Interest Rate Swap	Receive Fixed 5.60%, Pay Variable 3-Month COOVIBR	82	(15)
Interest Rate Swap	Receive Fixed 7.13%, Pay Variable 28-Day MXIBR	191	(37)
Interest Rate Swap	Receive Fixed 9.03%, Pay Variable 3-Month COOVIBR	839	26
Interest Rate Swap	Receive Fixed 9.06%, Pay Variable 28-Day MXIBR	930	(20)
Interest Rate Swap	Receive Fixed 10.28%, Pay Variable 1-Day BIDOR	1,926	(54)
Interest Rate Swap	Receive Fixed 10.79%, Pay Variable 1-Day BIDOR	1,242	(27)
Interest Rate Swap	Receive Fixed 11.46%, Pay Variable 1-Day BIDOR	1,494	(9)
Interest Rate Swap	Receive Fixed 11.95%, Pay Variable 1-Day BIDOR	1,080	-
Interest Rate Swap	Receive Fixed 12.00%, Pay Variable 1-Day BIDOR	3,853	(18)
Interest Rate Swap	Receive Variable 1-Day SOFR, Pay Fixed 3.75%	4,100	54
Interest Rate Swap	Receive Variable 1-Day SOFR, Pay Fixed 3.75%	12,800	176
Interest Rate Swap	Receive Variable 1-Day SOFR, Pay Fixed 3.99%	200	(1)
Interest Rate Swap	Receive Variable 1-Day SOFR, Pay Fixed 4.00%	34,600	134
Interest Rate Swap	Receive Variable 1-Day SOFR, Pay Fixed 4.06%	100	(1)
Interest Rate Swap	Receive Variable 1-Day TONA, Pay Fixed 0.85%	1,554	18
Interest Rate Swap	Receive Variable 3-Month COOVIBR, Pay Fixed 1.20%	784	13
Interest Rate Swap	Receive Variable 6-Month CLICP, Pay Fixed 5.67%	848	(10)
Interest Rate Swap	Receive Variable 6-Month EURIBOR, Pay Fixed 2.50%	1,179	1
Total Interest Rate Swaps		$181,620	$ (172)

(Dollars in Thousands)

Foreign Currency Risk

At June 30, 2024, the Retirement System is exposed to foreign currency risk on its derivative investments denominated in foreign currencies. Below is the derivative instruments foreign currency risk analysis as of June 30, 2024:

Currency	Forwards	Rights/ Warrants	Swaps	Futures	Total
Argentina peso	$ -	$ -	$ (3)	$ -	$ (3)
Australian dollar	(743)	-	13	-	(730)
Brazil real	2,871	3	(107)	-	2,767
Canadian dollar	(1,132)	-	(7)	5	(1,134)
Chilean peso	129	-	(10)	-	119
Chinese yuan renminbi	(11,761)	-	-	-	(11,761)
Colombian peso	(3,209)	-	24	-	(3,185)
Czech koruna	2,400	-	(88)	-	2,312
Dominican Rep peso	(947)	-	-	-	(947)
Euro	(72,269)	81	37	176	(71,975)
Hong Kong dollar	(50)	-	-	-	(50)
Hungarian forint	282	-	(141)	-	141
Indian rupee	1,536	-	-	-	1,536
Indonesian rupiah	(999)	-	-	-	(999)
Israeli shekel	(69)	-	-	-	(69)
Japanese yen	8,158	-	18	-	8,176
Malaysian ringgit	133	-	(2)	-	131
Mexican peso	(1,615)	-	(74)	-	(1,689)
New Taiwan dollar	(1,889)	-	-	-	(1,889)
New Zealand dollar	378	-	-	-	378
Norwegian krone	40	-	-	-	40
Peruvian sol	(1,605)	-	-	-	(1,605)
Philippines peso	26	-	-	-	26
Polish zloty	4,695	-	(54)	-	4,641
Pound sterling	(8,440)	-	15	(1)	(8,426)
Romanian leu	316	-	-	-	316
Singapore dollar	(428)	-	-	-	(428)
South African rand	(3,769)	-	(17)	-	(3,786)
South Korean won	(1,523)	-	-	-	(1,523)
Swedish krona	3,500	-	-	-	3,500
Swiss franc	(1,782)	-	-	-	(1,782)
Thailand baht	1,415	-	-	-	1,415
Turkish lira	1,696	-	-	-	1,696
Total	$ (84,655)	$ 84	$ (396)	$ 180	$ (84,787)

Contingent Features

At June 30, 2024, the Retirement System held no positions in derivatives containing contingent features.

Securities Lending

The Retirement System lends U.S. government obligations, domestic and international bonds, and equities to various brokers with a simultaneous agreement to return collateral for the same securities plus a fee in the future. The securities lending agent manages the securities lending program and receives securities and cash as collateral. Cash and non-cash collateral is pledged at 102% to 110% depending on security type.

The Retirement System does not have the ability to pledge or sell collateral securities unless a borrower defaults. The securities collateral is not reported on the statement of fiduciary net position. As of June 30, 2024, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes them exceed the amounts they owe the Retirement System. As with other extensions of credit, the Retirement System may bear the risk of delay in recovery or of rights in the collateral should the borrower of securities fail financially. However, the lending agent indemnifies the Retirement System against all borrower defaults.

As of June 30, 2024, the Retirement System has lent $1.62 billion in securities and received collateral of $843.4 million and $885.5 million in cash and securities, respectively, from borrowers. The cash collateral is invested in a separate account managed by the lending agent using investment guidelines approved by the Retirement Board. Due to the increase in the fair value of assets held in the separately managed account, the Retirement System's invested cash collateral was valued at $843.0 million. The net unrealized gain of $11 thousand is presented as part of the net appreciation in fair value of investments in the statement of changes in fiduciary net position in the year in which the unrealized gains and losses occur. The Retirement System is exposed to investment risk including the possible loss of principal value in the separately managed cash collateral reinvestment account due to the fluctuation in the fair value of the assets held in the account.

The Retirement System's securities lending transactions as of June 30, 2024 are summarized in the following table.

Investment Type	Fair Value of Loaned Securities	Cash Collateral	Fair Value of Non-Cash Collateral
Securities on Loan for Cash Collateral			
U.S. Corporate Fixed Income	$ 102,125	$ 104,912	$ -
U.S. Equities	183,571	187,135	-
U.S. Government Fixed Income	490,340	501,316	-
International Fixed Income	4,058	4,256	-
International Equities	42,523	45,761	-
Securities on Loan for Non-Cash Collateral			
U.S. Corporate Fixed Income	6,523	-	7,044
U.S. Equities	106,320	-	114,569
U.S. Government Fixed Income	647,446	-	722,056
International Fixed Income	5,515	-	5,731
International Equities	32,063	-	36,104
	$ 1,620,484	$ 843,380	$ 885,504

(Dollars in Thousands)

The following table presents the segmented time distribution for the reinvested cash collateral account based upon the expected maturity (in years) as of June 30, 2024.

Investment Type	Fair Value	Maturities Less Than 1 Year	Maturities 1-5 Years
Certificate of Deposit	$ 165,600	$ 165,600	$ -
Commercial Paper	295,433	287,645	7,788
Corporate Bonds	42,933	42,933	-
Tri-party Repo	339,468	339,468	-
Cash	(453)	(453)	-
Total *	$ 842,981	$ 835,193	$ 7,788

The Retirement System's exposure to credit risk in its reinvested cash collateral account as of June 30, 2024 is as follows:

Credit Rating	Fair Value	Fair Value as a Percentage of Total
A-1	205,808	24.4 %
AA	26,815	3.2 %
A	271,343	32.2 %
Not Rated *	339,015	40.2 %
Total	$ 842,981	100.0 %

* This figure includes $339,468 in tri-party repurchase agreements and $452 in payable.

Investments in Real Assets

Real assets investments represent the Retirement System's interests in real assets limited partnerships and separate accounts. The changes in these investments during the year ended June 30, 2024, are summarized as follows:

Beginning of the year	$ 5,207,943
Capital investments	515,731
Equity in net earnings	(7,235)
Net appreciation in fair value	(105,059)
Capital distributions	(402,905)
End of the year	$ 5,208,475

(g) Retiree Health Care Trust Fund

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The RHCTF does not have a specific policy to manage interest rate risk but invests in a diversified portfolio of stocks and bonds with a goal of reducing sensitivity to any one interest rate regime.

As of June 30, 2024, the weighted average maturities in years for the RHCTF's fixed income investments were as follows:

Investment Type	Weighted Average Maturity in Years	Fair Value
US Debt Index Fund	8.4	$ 101,055
Government Bond Index Fund	22.5	2,235
Inflation Protected Debt Index Fund	2.5	61,082
Emerging Markets Debt Fund	11.6	1,337
Multi-Sector Debt Fund	6.9	94,998
City Investment Pool	1.3	2,306
Treasury Money Market Fund	0.1	11,573

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The RHCTF's investments in the US Debt Index Fund, Government Bond Index Fund, Inflation Protected Debt Index Fund, Emerging Markets Debt Fund, Multi-Sector Debt Fund, City investment pool and Treasury Money Market Fund are not rated. Although those funds may invest in rated securities, and securities issued or explicitly guaranteed by the U.S. Government that are exempt from the credit rating disclosures, the funds do not themselves have a specific credit rating.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Securities issued or explicitly guaranteed by the U.S. Government are excluded from this disclosure. As of June 30, 2024, the RHCTF had only commingled funds and a partnership investment that equaled or exceeded 5% of the plan's fiduciary net position. However, there is no position within the funds or partnership investment that has equal to or greater than 5% at the issuer level and likely very little, if any, overlap.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the RHCTF would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The RHCTF does not have a specific policy addressing custodial credit risk for investments, but investments are generally insured, registered, or held by the RHCTF's custodial agent in the RHCTF's name. As of June 30, 2024, none of the RHCTF's investments were exposed to custodial credit risk because they were either insured or registered in the name of the RHCTF and were held by the custodian bank's trust department or agent. Investments in the City pool are held by the City's custodial agent and are not subject to custodial credit risk.

Foreign Currency Risk

The RHCTF allows investments in international equity. The RHCTF's investments in the commingled funds are denominated in U.S. dollars, but may consist of underlying securities that are denominated in foreign currencies. The RHCTF's investment managers value investments denominated in foreign currencies by converting them into U.S. dollars using the most appropriate exchange rates as identified by each manager. Also, the cost of purchases and proceeds from sales of investments, interest and dividend income are translated into U.S. dollars using the spot market rate of exchange prevailing on the respective dates of such transactions.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 15.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Unfunded Investments Commitments

The RHCTF has unfunded commitments to contribute capital for private equity in the amount of $112.08 million, and private credit in the amount of $27.04 million as of June 30, 2024.

(6) PROPERTY TAXES

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

Since the passage of California's Proposition 13, beginning with fiscal year 1978-1979, general property taxes are based either on a flat 1.0% rate applied to the adjusted 1975-1976 value of the property and new construction value added after the 1975-1976 valuation or on a flat 1.0% rate of the sales price of the property for changes in ownership. Taxable values on properties (exclusive of increases related to sales and construction) can rise or be adjusted at the lesser of 2.0% per year or the inflation rate as determined by the Board of Equalization's California Consumer Price Index.

The Proposition 13 limitations on general property taxes do not limit taxes levied to pay the interest and redemption charges on any indebtedness approved by the voters prior to June 6, 1978 (the date of passage of Proposition 13). Proposition 13 was amended in 1986 to allow property taxes in excess of the 1.0% tax rate limit to fund general obligation bond debt service when such bonds are approved by two-thirds of the local voters. In 2000, California voters approved Proposition 39, which set the approval threshold at 55.0% for school facilities-related bonds. These "override" taxes for the City's debt service amounted to approximately $380.5 million for the year ended June 30, 2024.

Taxable valuation for the year ended June 30, 2024, (net of non-reimbursable exemptions, reimbursable exemptions, and tax increment allocations to the Successor Agency) was approximately $323.05 billion, an increase of 4.26% compared to the prior fiscal year. The secured tax rate was $1.1777 per $100 of assessed valuation. After adjusting for a State mandated property tax shift to schools, the tax rate is comprised of about $0.65 for general government, about $0.35 for other taxing entities including the San Francisco Unified School District, San Francisco County Office of Education, San Francisco Community College District, the Bay Area Air Quality Management District, and the San Francisco Bay Area Rapid Transit District, and $0.1777 for voter-approved bond debt service for four of the taxing entities. Delinquencies in the current year on secured taxes and unsecured taxes amounted to 1.03% and 1.79%, respectively, of the current year tax levy, for an average delinquency rate of 1.07% of the current year tax levy.

As established by the Teeter Plan, the Controller allocates to the City and other agencies 100.0% of the secured annual and escape property taxes billed but not yet collected by the City; in return, as the delinquent property taxes and associated penalties and interest are collected, the City retains such tax amounts in the custodial fund. To the extent the custodial fund balances are higher than required; transfers may be made to benefit the City's General Fund on a budgetary basis. The balance of the tax loss reserve as of June 30, 2024, was $39.7 million, which is included in the custodial fund for reporting purposes. The City has funded payment of accrued and current delinquencies, together with the required reserve, from interfund borrowing.

(Dollars in Thousands)

(7) CAPITAL ASSETS

Primary Government

Capital asset activity of the primary government for the year ended June 30, 2024, was as follows:

Governmental Activities:	Balance July 1, 2023	Increases [1]	Decreases [1]	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	936,793	$ 29,229	$ -	966,022
Intangible assets	906	-	-	906
Construction in progress	616,327	289,719	(167,851)	738,195
Total capital assets, not being depreciated/amortized	1,554,026	318,948	(167,851)	1,705,123
Capital assets, being depreciated/amortized:				
Facilities and improvements	6,267,085	58,331	-	6,325,416
Machinery and equipment	666,307	42,586	(74)	708,819
Infrastructure	1,629,925	193,651	-	1,823,576
Right-to-use assets [2]	669,590	190,839	(24,164)	836,265
Intangible assets	153,063	7,544	-	160,607
Total capital assets, being depreciated/amortized	9,385,970	492,951	(24,238)	9,854,683
Less accumulated depreciation/amortization for:				
Facilities and improvements	1,866,080	153,893	-	2,019,973
Machinery and equipment	529,443	33,898	(74)	563,267
Infrastructure	528,902	81,621	-	610,523
Right-to-use assets [2]	156,882	100,270	(23,309)	233,843
Intangible assets	55,060	11,099	-	66,159
Total accumulated depreciation/amortization	3,136,367	380,781	(23,383)	3,493,765
Total capital assets, being depreciated/amortized, net	6,249,603	112,170	(855)	6,360,918
Governmental activities capital assets, net	$ 7,803,629	$ 431,118	$ (168,706)	$ 8,066,041

[1] The increases and decreases include transfers of categories of capital assets from construction in progress to depreciable categories.
[2] See Note 17 for additional information.

Total Business-type Activities:	Balance July 1, 2023	Increases [1]	Decreases [1]	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	$ 360,765	$ -	$ (83)	360,682
Intangible assets	12,043	-	-	12,043
Construction in progress	4,864,424	2,322,004	(1,900,404) [3]	5,286,024
Total capital assets, not being depreciated/amortized	5,237,232	2,322,004	(1,900,487)	5,658,749
Capital assets, being depreciated/amortized:				
Facilities and improvements	23,306,977	1,423,121	(175,111)	24,554,987
Machinery and equipment	4,169,418	421,069	(134,385)	4,456,102
Infrastructure	4,177,247	125,811	(56,094)	4,246,964
Right-to-use assets [2]	269,061	34,336	(18,007)	285,390
Intangible assets	123,301	3,069	(9,609)	116,761
Total capital assets, being depreciated/amortized	32,046,004	2,007,406	(393,206)	33,660,204
Less accumulated depreciation/amortization for:				
Facilities and improvements	8,832,259	573,575	(138,042)	9,267,792
Machinery and equipment	2,263,701	254,959	(131,905)	2,386,755
Infrastructure	903,697	97,556	-	1,001,253
Right-to-use assets [2]	46,284	24,946	(14,065)	57,165
Intangible assets	91,053	5,973	(9,609)	87,417
Total accumulated depreciation/amortization	12,136,994	957,009	(293,621)	12,800,382
Total capital assets, being depreciated/amortized, net	19,909,010	1,050,397	(99,585)	20,859,822
Business-type activities capital assets, net	$ 25,146,242	$ 3,372,401	$ (2,000,072)	$ 26,518,571

[1] The increases and decreases include transfers of categories of capital assets from construction in progress to depreciable categories.
[2] See Note 17 for additional information.
[3] For fiscal year 2024, decreases in construction in progress were higher than increases to the total capital assets primarily due to $48.1 million in capital project write-offs.

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:		
Public protection	$	31,471
Public works, transportation and commerce		110,038
Human welfare and neighborhood development		29,806
Community health		55,739
Culture and recreation		59,796
General administration and finance		68,367
Capital assets held by the City's internal service funds charged to the various functions on a prorated basis		25,564
Total depreciation/amortization expense - governmental activities	$	380,781
Business-type Activities:		
Airport	$	358,872
Water		155,172
Power		24,999
Transportation		278,974
Hospitals		30,170
Wastewater		82,722
Port		26,100
Total depreciation/amortization expense - business-type activities	$	957,009

Equipment is generally estimated to have useful lives of 2 to 40 years, except for certain equipment of the Water Enterprise that has an estimated useful life of up to 75 years. Facilities and improvements are generally estimated to have useful lives from 15 to 50 years, except for utility type assets of the Water Enterprise, Hetch Hetchy, the Wastewater Enterprise, the SFMTA, and the Port that have estimated useful lives from 51 to 175 years. These long-lived assets include reservoirs, aqueducts, pumping stations of Hetch Hetchy, Cable Car Barn facilities and structures of SFMTA, and pier substructures of the Port, which totaled $5.62 billion as of June 30, 2024. Hetch Hetchy Water and Power had intangible assets of water rights having estimated useful lives from 51 to 100 years, which totaled $45.6 million as of June 30, 2024. The Airport had $6.9 million in intangible assets of permanent easements. In addition, the Water Enterprise had utility type assets with useful lives over 100 years, which totaled $6.8 million as of June 30, 2024.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2024
(Dollars in Thousands)

Component Unit

Capital asset activity of the component unit for the year ended June 30, 2024, was as follows:

Treasure Island Development Authority:	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	$ 34,344	$ -	$ -	$ 34,344
Construction in progress	502	-	-	502
Total capital assets, not being depreciated	34,846	-	-	34,846
Capital assets, being depreciated:				
Facilities and improvements	4,844	51,968	-	56,812
Machinery and equipment	36	2,835	-	2,871
Infrastructure	21,440	11,125	-	32,565
Total capital assets, being depreciated	26,320	65,928	-	92,248
Less accumulated depreciation for:				
Facilities and improvements	623	466	-	1,089
Machinery and equipment	36	38	-	74
Infrastructure	2,481	2,205	-	4,686
Total accumulated depreciation	3,140	2,709	-	5,849
Total capital assets, being depreciated, net	23,180	63,219	-	86,399
Component unit capital asssets, net	$ 58,026	$ 63,219	$ -	$ 121,245

During the year ended June 30, 2024, TIDA received $65.9 million completed assets, which included storm drain treatment pump stations, road improvements, parks, waterfront plaza, and ferry terminal in fiscal year 2023-24 from the Treasure Island Development Project. For the overall Treasure Island Development Project, construction began in late 2018, with the complete buildout of the project occurring over fifteen to twenty years. For additional information, refer to Note 15.

(Dollars in Thousands)

(8) BONDS, LOANS, LEASES AND OTHER PAYABLES

The changes in short-term obligations for governmental and business-type activities for the year ended June 30, 2024, are as follows:

Commercial Paper	July 1, 2023	Additional Obligation	Current Maturities	June 30, 2024
Governmental activities:				
Multiple Capital Projects *	$ 38,790	$ 310,009	$ (315,485)	$ 33,314
Governmental activities short-term obligations	$ 38,790	$ 310,009	$ (315,485)	$ 33,314
Business-type activities:				
San Francisco International Airport	$ 503,225	$ 447,000	$ (950,225)	$ -
San Francisco Water Enterprise	371,459	190,000	(371,459)	190,000
Hetch Hetchy Water and Power	116,352	90,654	(116,352)	90,654
San Francisco Wastewater Enterprise**	-	341,373	-	341,373
Business-type activities short-term obligations	$ 991,036	$ 1,069,027	$ (1,438,036)	$ 622,027

* The $22.0 million in outstanding CP in the Multiple Capital Projects was repaid by the Certificates of Participation Series 2024A that were issued in November 2024. The $22.0 million CP has been reclassed to long-term debt in the financial statements as of June 30, 2024

** The $341.4 million in outstanding CP by the Wastewater Enterprise was repaid by the 2024 Wastewater Revenue Bonds Series CD that were issued in July 2024. The $341.4 million CP has been reclassed to long-term debt in the financial statements as of June 30, 2024.

City and County of San Francisco Commercial Paper Program

The City launched a commercial paper (CP) program to pay for project costs in connection with the acquisition, improvement, renovation and construction of real property and the acquisition of capital equipment and vehicles (Resolution No. 85-09) in March 2009, when the Board of Supervisors established a $150.0 million commercial paper program. Pursuant to Resolution 247-13, the authorization of the commercial paper program was increased from $150.0 million to $250.0 million in July 2013. The City currently has revolving credit agreements (RCA) supporting the $250.0 million program.

CP is an alternative form of short-term (or interim) financing for certain capital projects, vehicles and equipment, that permits the City to pay project costs as project expenditures are incurred. The CP has a fixed maturity date from one to 270 days and in the City's general practice, matures between 14 to 90 days. On the maturity date of a CP note, the note may be rolled (or refinanced) with the re-issuance of CP notes for additional periods of up to 270 days until the CP is refunded with the issuance of long-term obligations.

The City issues CP in series based on the bank providing the applicable credit facility. The City's CP program has had several credit facilities. The issuance of Commercial Paper Certificates of Participation Series 1&2 (Series 1&2) is supported by an RCA issued by Wells Fargo Bank (WFB RCA) in the maximum principal and interest commitment not to exceed $150.0 million and $13.5 million, respectively. The WFB RCA will only support the Commercial Paper Certificates of Participation Series 2 and it will not support in any respect the payment of the principal of and interest with respect to any Series 1/1-T Commercial Paper Certificates. Additionally, no letter of credit, revolving line of credit, or similar facility established by any bank or financial institution with respect to any other obligation of the City is anticipated to be available in any respect to pay the principal of and interest with respect to any Series 1/1-T Commercial Paper Certificates. The WFB RCA stipulates a quarterly commitment fee of 0.25%, on the maintenance of ratings of at least "AA+" by Fitch, "AA+" by S&P, and "Aa1" by Moody's. The WFB RCA is scheduled to expire on March 30, 2026.

The Commercial Paper Certificates of Participation Series 3 (Series 3) is supported by an RCA with Bank of the West (BOTW RCA), in the maximum principal and interest commitment not to exceed $100.0 million and $9.0 million, respectively. The BOTW RCA stipulates a semiannual commitment fee of 0.12%, on the maintenance of ratings at least "AA-" by Fitch, "AA-" by S&P, and "Aa3" by Moody's. The BOTW RCA is scheduled to expire on April 30, 2026.

In fiscal year 2024, the City issued $310.0 million and retired $315.5 million of CP notes to provide interim financing for the development, acquisition, construction or rehabilitation of affordable rental housing projects; to finance and refinance capital projects at certain HOPE SF properties; to fund approved capital improvement projects, including but not limited to certain projects generally known as the Homeless Services Center, Laguna Honda Hospital Wings Reuse Project, and AITC Immunization and Travel Clinic Relocation; to finance critical repairs, renovations and improvements to City-owned buildings, facilities and works utilized by various City departments; to provide financing for the acquisition of police vehicles; and to finance and refinance improvement and equipping of certain existing real property including the existing Hall of Justice facilities and related facilities. As of June 30, 2024, the outstanding principal of taxable and tax-exempt CP of governmental activities was $8.8 million and $24.5 million with an interest rate of 5.45% and 3.55%, respectively.

In November 2024, the $22.0 million outstanding CP was repaid by the Certificates of Participation Series 2024A (Series 2024A) (Multiple Capital Improvement Projects) with the principal amount of $123.3 million. The $22.0 million in outstanding CP has been reclassed to long-term debt in the financial statements as of June 30, 2024. See Note (19) Subsequent Events.

Events of default under the RCA for Commercial Paper Series 2, consist of failure by the City to pay any Reimbursement Obligation or interest thereon to the Bank; failure by the City to perform certain covenants, including the failure to make rental payments under the Sublease, which is an agreement by which the City is obligated to make annual rental payments to a trustee by leasing back City-owned property from the trustee; the City fails to make payment on any other Special Lease Obligation Debt; City files for bankruptcy or has certain types of involuntary cases or proceedings filed against it that remain undismissed or unstayed for 60 days; a non-appealable judgment or legislation or order or decree invalidates the Agreement or Certificates; City is downgraded below investment grade; City sustains unsatisfied judgment of $25.0 million or more. Upon the occurrence and during the continuance of an Event of Default, advances and all other amounts outstanding under the credit facility shall bear interest at the default rate, the Commitment shall automatically and immediately terminate with respect to all outstanding Certificates and the Bank's obligation to make any Revolving Loan or Advances shall terminate; the Bank may exercise any other rights or remedies available by law or under contract. The RCA for Series 2 has no acceleration provision.

Events of default under the RCA for Commercial Paper Series 3, consist of failure by the City to pay any Reimbursement Obligation to the Bank; failure by the City to perform certain covenants, including the failure to make rental payments under the Sublease, which is an agreement by which the City is obligated to make annual rental payments to a trustee by leasing back City-owned property from the trustee; the City fails to make payment on any other material debt; City or trustee files for bankruptcy or has certain types of involuntary cases or proceedings filed against it that remain undismissed or unstayed for 60 days; City is downgraded below "BBB+/Baa1"; City sustains satisfied judgment of $25.0 million or more; the IRS declares the interest taxable with respect to any Certificate issued as tax-exempt; any governmental authority of appropriate jurisdiction declares a moratorium with respect to any of the debt of the City. Upon the occurrence of an event of default under the RCA, the Credit Bank may terminate the RCA. No additional Certificates shall be issued, the available Commitment shall immediately be reduced to the then outstanding principal amount of Certificates, and the available Commitment shall further be reduced in a similar manner as and when such Certificates mature. Revolving Bank Certificate, and some or all of Reimbursement Obligations or other Obligations may be converted to Term Loans at the Default Rate. For any special event of default, the RCA shall automatically and immediately terminate with respect to all outstanding Certificates and the Bank shall have no obligation to make any revolving loan. The RCA for Series 3 has no acceleration provision.

(Dollars in Thousands)

San Francisco International Airport

In May 1997, the Airport adopted Resolution No. 97-0146, as amended, and supplemented (the 1997 Note Resolution), authorizing the issuance of subordinate CP in an aggregate principal amount not to exceed the lesser of $600.0 million or the stated amount of the letter(s) of credit (LOC) securing the CP.

The Airport issues CP in series based on tax status that are divided into subseries according to the bank providing the applicable direct-pay LOC. In addition to the applicable LOC, the CP notes are further secured by a pledge of the Net Revenues of the Airport, subject to the prior payment of the Airport's Second Series Revenue Bonds (the Senior Bonds) outstanding from time to time under Resolution No. 91-0210, adopted by the Airport on December 3, 1991, as amended and supplemented (the 1991 Master Bond Resolution).

Net Revenues are generally defined in the 1997 Note Resolution as all revenues earned by the Airport from or with respect to its construction, possession, management, supervision, maintenance, extension, operation, use and control of the Airport (not including certain amounts specified in the 1997 Note Resolution), less Operation and Maintenance Expenses (as defined in the 1997 Note Resolution).

The CP notes are special, limited obligations of the Airport, and the payment of the principal of and interest on the CP is secured by a pledge of, lien on and security interest in the Net Revenues and amounts in the funds and accounts as provided in the 1997 Note Resolution, subject to the prior payment of principal of and interest on the Senior Bonds. The CP notes are secured on a parity with any other bonds or other obligations from time to time outstanding under the 1997 Note Resolution.

As of June 30, 2024, the CP program was supported by six direct-pay LOC with a combined maximum stated principal amount of $600.0 million, from Bank of America, N.A. ($100.0 million, expires April 28, 2028), Sumitomo Mitsui Banking Corporation, acting through its New York Branch ($100.0 million, expires April 7, 2027), BMO Bank N.A. ($100.0 million, expires April 30, 2027), Sumitomo Mitsui Banking Corporation, acting through its New York Branch ($100.0 million, expires June 6, 2028), Barclays Bank PLC ($125.0 million, expires April 23, 2027), and Bank of America, N.A. ($75.0 million, expires May 4, 2026). Each of the LOC supports a separate subseries of CP notes.

As of June 30, 2024, there were no obligations outstanding under the 1997 Note Resolution. In June 2024, the Series 2024A/B/C Bonds funded an escrow to repay $434.0 million of CP notes as an in-substance defeasance. This escrow repaid the $434.0 million of CP notes, plus interest due thereupon, in August 2024.

During fiscal year 2023-24, the Airport issued new money CP notes in the aggregate principal amount of $399.0 million (AMT), $35.0 million (Non-AMT), and $13.0 million (Taxable) to fund capital improvement projects.

The following table summarizes CP activity during the year ended June 30, 2024:

Commercial Paper	Interest rate	July 1, 2023	Increases	Decreases	June 30, 2024
Commercial paper (Taxable)...	5.35% - 5.69%	$ 5,450	$ 13,000	$ (18,450)	$ -
Commercial paper (AMT)	2.32% - 3.85%	457,225	399,000	(856,225)	-
Commercial paper (Non-AMT)	2.85% - 3.75%	40,550	35,000	(75,550)	-
Total		$ 503,225	$ 447,000	$ (950,225)	$ -

The table presents the CP notes' net increase and decrease activities during fiscal year 2023-24. $100.3 million of CP notes from the July 1, 2023 balance was repaid by the Series 2023C/D bond proceeds in November 2023, and $397.5 million of CP notes from the July 1, 2023 balance was repaid by the Series 2023C/D bond proceeds in February 2024. $18.5 million of CP notes were repaid by the Series 2024A/B/C bonds in June 2024. As of June 30, 2024, funds from the Series 2024A/B/C bonds issued in June 2024 were on deposit in escrow to repay $434.0 million in CP notes in August 2024.

Events of default for the CP notes include nonpayment events, bankruptcy events, noncompliance with covenants, and default under the 1991 Master Bond Resolution. The CP notes are not subject to acceleration.

Events of default with respect to the LOC supporting the CP notes include nonpayment events (both on CP notes and Senior Bonds), bankruptcy events, noncompliance with covenants, default on debt in excess of a specified threshold amount, default under the 1997 Note Resolution, or a determination of taxability of interest on the tax-exempt CP notes. A downgrade of the Airport's Senior Bonds to below "Baa1" by Moody's or "BBB+" by S&P or Fitch or the withdrawal or suspension of any such rating for credit related reasons is an event of termination with respect to all of the LOC supporting the CP notes. Remedies include the LOC bank's ability to stop issuance of the CP notes it supports and to require a final drawing on the LOC. If not repaid when due, drawings under the respective LOC supporting the CP notes are amortized over a three- or five-year period.

San Francisco Water Enterprise

The San Francisco Public Utilities Commission and the Board of Supervisors have authorized the issuance of up to $500.0 million in CP pursuant to the voter-approved 2002 Proposition E. As of June 30, 2024, the amount outstanding under Proposition E was $190.0 million. CP interest rates ranged from 2.2% to 5.5%. With maturities up to 270 days, the Water Enterprise intends to maintain the program by remarketing the CP upon maturity over the near-to-medium term, at which time outstanding CP will likely be refunded with revenue bonds. This is being done to take advantage of the continued low interest rate environment. If the CP interest rates rise to a level that exceeds these benefits, the Water Enterprise will refinance the CP with long-term, fixed rate debt. The Water Enterprise had $310.0 million in unused authorization as of June 30, 2024.

The CP notes can be issued in the aggregate principal amounts of up to $500.0 million and may be marketed and re-marketed with maturities up to 270 days and are secured by three separate bank LOC and one revolving note, as set forth below. The CP notes and the revolving notes are payable from revenues and are secured on a parity lien basis with each other. The CP notes and the revolving notes, collectively, are secured on a basis subordinate to the payment of debt service on outstanding bonds and SRF Loans. As of June 30, 2024, the CP notes are secured by the following series. Series A-1/A-1-T, a $100.0 million LOC from Sumitomo Mitsui Banking Corporation, acting through its New York Branch, expires on May 16, 2025. The agreement for the Series A-1/A-1-T credit facility stipulates a quarterly commitment fee of 0.33%, on the maintenance of ratings of at least "AA-" by S&P and "Aa3" by Moody's. Series A-2/A-2-T, a $200.0 million LOC from Sumitomo Mitsui Banking Corporation, acting through its New York Branch, which expires on June 14, 2027. The agreement for the Series A-2/A-2-T credit facility stipulates a quarterly commitment fee of 0.29%, on the maintenance of ratings of at least "AA-" by S&P and "Aa3" by Moody's. Series A-3/A-3-T, a $100.0 million LOC from Barclays Bank PLC which expires on July 19, 2024. The agreement for the Series A-3/A-3-T credit facility stipulates a quarterly commitment fee of 0.29%, on the maintenance of ratings of at least "AA-" by S&P and "Aa3" by Moody's.

BofA Securities, Inc., J.P. Morgan Securities LLC and Wells Fargo Bank, National Association, serve as dealers for the CP notes. The annual fee paid to the dealer equals 0.05% of the average outstanding principal amount of the Notes managed by the Dealer.

The revolving notes were issued pursuant to a $100.0 million RCA with U.S. Bank National Association which expires on July 18, 2024. The RCA stipulates an unutilized quarterly commitment fee of 0.21%, on the maintenance of ratings of at least "AA-" by S&P and "Aa3" by Moody's. The RCA had $0 outstanding as of June 30, 2024.

The CP reimbursement agreement and the CP revolving credit and term loan agreements for the Water Enterprise, contain a provision that in the event advances (or drawings) remain unpaid, such advances (or drawings) will convert into term loans and will be subject to the repayment provisions relating thereto.

Significant events of default include payment defaults; material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements (not cured within applicable grace periods); and bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amounts plus interest coverage, and/or termination of the respective agreement. As of June 30, 2024, there were no such events described herein.

Hetch Hetchy Water and Power

Effective March 2019, under Charter Sections 9.107(6) and 9.107(8), and 2018 Proposition A, the San Francisco Public Utilities Commission and Board of Supervisors authorized the issuance of up to $250.0 million in CP for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities of Hetchy Power. Interest rates for the CP ranged from 2.8% to 3.7% in fiscal year 2023-24. Hetch Hetchy Water and Power had $90.7 million CP outstanding and $159.3 million in unused authorization as of June 30, 2024.

The CP notes can be issued in the aggregate principal amounts of up to $250.0 million and may be marketed and re-marketed with maturities up to 270 days and are secured by two separate bank credit facilities, as set forth below. The CP notes are payable from revenues and are secured on a parity lien basis with each other and with the outstanding 2011 QECBs and 2015 NCREBs, collectively the "Subordinate Obligations." The Subordinate Obligations are secured on a subordinate basis to the payment of debt service on the Power Revenue Bonds.

As of June 30, 2024, the CP Notes are secured by the following series: Series A-1 is secured by a $125.0 million LOC from Bank of America N.A. which expires on March 6, 2026. The agreement for the Series A-1 facility stipulates a quarterly commitment fee of 0.31%, on the maintenance of ratings of at least "AA-" by S&P and "AA-" by Fitch Ratings. Series A-2 is secured by a $125.0 million LOC from Bank of America N.A. which expires on March 6, 2026. The agreement for the Series A-2 credit facility stipulates a quarterly commitment fee of 0.29%, on the maintenance of ratings of at least "AA-" by S&P and "AA-" by Fitch Ratings.

Barclays Capital Inc., Goldman Sachs & Co. LLC, and RBC Capital Markets, LLC serve as dealers for the CP notes. The annual fee is 0.05% paid to Barclays Capital LLC and Goldman Sachs & Co. LLC and 0.045% paid to RBC Capital markets, LLC on the average outstanding principal amount of the CP notes managed by the respective dealer.

The CP reimbursement agreements for the Hetch Hetchy Water and Power contain a provision that in the event advances (or drawings) remain unpaid, such advances (or drawings) will convert into term loans and will be subject to the repayment provisions relating thereto.

Significant events of default include payment defaults; material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements; and bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2024, there were no such events described herein.

San Francisco Wastewater Enterprise

Under the voter-approved 2002 Proposition E, the San Francisco Public Utilities Commission and Board of Supervisors authorized the issuance of up to $750.0 million in CP for the purpose of reconstructing, expanding, repairing, or improving the Wastewater Enterprise's facilities. The Wastewater Enterprise has $341.4 million CP outstanding and $408.6 million in unused authorization as of June 30, 2024. The $341.4 million was repaid by the 2024 Series CD Wastewater Revenue Bonds issued in July 2024 and has been reclassed to long-term debt in the financial statements as of June 30, 2024. See Note (19) Subsequent Events.

The CP notes can be issued in the aggregate principal amounts of up to $750.0 million and may be marketed and re-marketed with maturities up to 270 days and are secured by six separate bank credit facilities, as set forth below. The CP notes are payable from revenues and are secured on a parity lien basis with each other, collectively the "Subordinate Obligations". The Subordinate Obligations are secured on a subordinate basis to the payment of debt service on the Wastewater Revenue Bonds.

As of June 30, 2024, the CP notes are secured by the following series: Series A-1 secured by a $150.0 million LOC from Sumitomo Mitsui Bank expires on March 2, 2029. The agreement for the Series A-1 facility stipulates a commitment fee of 0.30%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P. Series A-2 secured by a $150.0 million LOC facility stipulates a commitment fee of 0.27%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P. Series A-4 secured by a $75.0 million liquidity facility from TD Bank expires on July 3, 2028. The agreement for the Series A-4 facility stipulates a commitment fee of 0.21% on the maintenance of ratings of at least "Aa2" by Moody's and "AA" by S&P. Series A-6 secured by a $200.0 million State Street Bank expires on October 14, 2024. The agreement for the Series A-6 facility stipulates a commitment fee of 0.32%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P. Series A-7 secured by a $100.0 million LOC from Sumitomo Mitsui Bank expires on May 31, 2027. The agreement for the Series A-7 facility stipulates a commitment fee of 0.30%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P.

Series R-1 secured by a $75.0 million RCA with U.S. Bank National Association expires on July 18, 2024. The RCA stipulates an unutilized quarterly commitment fee of 0.19%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P. The RCA had $0 outstanding as of June 30, 2024.

Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, and U.S. Bancorp Investments, Inc. serve as dealers for the CP notes. The annual fee is 0.05% paid to Morgan Stanley & Co. LLC, and U.S Bancorp Investments, Inc. and 0.045% paid to RBC Capital Markets, LLC.

The CP reimbursement agreements and the CP revolving credit and term loan agreements for the Wastewater Enterprise, contain a provision that in the event advances (or drawings) remain unpaid, such advances (or drawings) will convert into term loans and will be subject to the repayment provisions relating thereto.

Significant events of default include payment defaults; material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements (not cured within applicable grace periods); bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2024, there were no such events described herein.

(Dollars in Thousands)

Long-Term Obligations

The following is a summary of long-term obligations of the City as of June 30, 2024:

GOVERNMENTAL ACTIVITIES

Type Of Obligation and Purpose	Final Maturity Date	Remaining Interest Rates	Amount
GENERAL OBLIGATION BONDS [a]:			
Affordable housing	2048	0.728% - 6.00%	$ 404,915
Earthquake safety and emergency response	2046	2.25% - 5.00%	190,600
Clean and safe neighborhood parks	2035	2.00% - 6.26%	43,700
Health and recovery	2048	4.00% - 5.00%	187,155
Preservation and seismic safety (PASS) program	2060	0.766% - 4.321%	159,625
Public health and safety	2045	4.00% - 5.00%	75,385
Road repaving and street safety	2035	2.25% - 3.00%	28,005
San Francisco General Hospital	2030	5.45% - 6.26%	102,840
Seismic safety loan program	2031	3.36% - 5.83%	10,346
Transportation and road improvement	2046	2.00% - 5.00%	176,500
Refunding	2036	4.00% - 5.00%	851,225
General obligation bonds			2,230,296
LEASE REVENUE BONDS:			
San Francisco Finance Corporation [b], [e] & [f]	2030	2.68% - 5.00% *	68,630
SALES TAX REVENUE BONDS			
SFCTA revenue bonds [g]	2034	3.00% - 4.00%	179,640
CERTIFICATES OF PARTICIPATION:			
Certificates of participation [c] & [d]	2050	2.00% - 6.375%	1,206,865
SPECIAL TAX BONDS:			
Development special tax bonds [h]	2052	3.00% - 5.25%	115,025
INCREMENT TAX BONDS:			
Tax increment revenue bonds [i]	2053	5.00%	38,135
OTHER LONG-TERM OBLIGATIONS:			
Loans [d], [f]	2045	4.50%	19,358
Lease purchase - Public Safety Radio Replacement [d]	2027	1.6991%	9,089
Governmental activities total long-term obligations			$ 3,867,038

* Includes the Moscone Center West Expansion Project Refunding Bonds Series 2008-1 & 2, both of which were financed with variable rate bonds that reset weekly. The rate on June 30, 2024, for Series 2008-1 & 2 averaged 2.68%.

Debt service payments are made from the following sources:

(a) Property tax recorded in the Debt Service Fund.
(b) Lease revenues from participating departments in the General and Special Revenue Funds.
(c) Revenues recorded in the Special Revenue Funds.
(d) Revenues recorded in the General Fund.
(e) Hotel taxes and other revenues recorded in the General and Special Revenue Funds.
(f) User-charge reimbursements from the General and Special Revenue Funds.
(g) Sales tax revenues by the San Francisco County Transportation Authority.
(h) Certain tax increment revenue by Infrastructure Financing District and special tax revenue by Special Tax District.
(i) Tax increment revenue by the Infrastructure and Revitalization Financing District.

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

BUSINESS-TYPE ACTIVITIES

Entity and Type of Obligation	Final Maturity Date	Remaining Interest Rates	Amount
San Francisco International Airport:			
Revenue bonds *	2058	1.98% - 5.75%*	$ 8,936,700
San Francisco Water Enterprise:			
Revenue bonds	2052	0.26% - 6.95%	4,634,065
Certificates of participation	2042	6.36% - 6.49%	89,232
State Revolving fund loans	2057	1.00% - 1.10%	259,970
Hetch Hetchy Water and Power:			
Energy and revenue bonds	2054	3.00% - 5.00%	285,299
Certificates of participation	2042	6.36% - 6.49%	12,148
Municipal Transportation Agency:			
Revenue bonds	2051	0.654% - 5.00%	416,420
Loans	2047	3.30%	10,620
San Francisco General Hospital:			
Certificates of participation	2026	5.55%	3,321
San Francisco Wastewater Enterprise:			
Revenue bonds	2052	1.00% - 5.82%	2,369,600
Certificates of participation	2042	6.36% - 6.49%	23,595
State Revolving fund loans	2056	0.80% - 1.80%	317,662
WIFIA Loans	2062	1.45%	922,431
Port of San Francisco:			
Revenue bonds	2044	1.89% - 5.0%	36,705
Certificates of participation	2043	4.75% - 5.25%	24,025
Loans	2037	4.50%	5,742
Laguna Honda Hospital:			
Certificates of participation	2031	3.00% - 5.00%	56,430
Business-type activities total long-term obligations			$ 18,403,965

* Includes Second Series Revenue Bonds Issue 2018B and 2018C, which were issued as variable rate bonds in a weekly mode. For the year ended June 30, 2024, the average interest rates on Issue 2018B and 2018C, were 2.52% and 2.45%, respectively.

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

Debt Compliance

The City believes it is in compliance with all significant limitations and restrictions contained in the various bond indentures.

(Dollars in Thousands)

Legal Debt Limit and Legal Debt Margin

As of June 30, 2024, the City's general obligation bond debt limit (3% of valuation subject to taxation) was $10.41 billion. The total amount of debt applicable to the debt limit was $2.46 billion. The resulting legal debt margin was $7.95 billion.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the actual earnings from the investment of tax-exempt bond proceeds, which exceed related interest earnings if such investments were invested at a rate equal to the yield of the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issuance. The City has evaluated each series of tax-exempt general obligation bonds, lease revenue bonds, and certificates of participation, and other direct loans issued by the City and the Finance Corporation. The City has recognized an arbitrage liability of $17.2 million, and the Finance Corporation does not have an arbitrage liability as of June 30, 2024. Each enterprise fund has performed a similar analysis of its debt which was subject to arbitrage rebate requirements. The enterprise funds have recognized an arbitrage liability of $9.6 million as of June 30, 2024.

Conduit Debt Obligations

Mortgage Revenue Bonds

The City, through the Mayor's Office of Housing and Community Development and the former San Francisco Redevelopment Agency has issued various mortgage revenue bonds for the financing of multifamily rental housing and to facilitate affordable housing construction and rehabilitation in the City. These obligations were issued on behalf of various property owners and developers who retain full responsibility for the payment of the debt. These bonds are secured by the related project revenues and other sources of funds, and are not considered obligations of the City. No commitments beyond the maintenance of the tax-exempt status of the conduit debt obligation were extended by the City for any of the mortgage revenue bonds. As of June 30, 2024, the total obligation outstanding was $2.00 billion.

San Francisco International Airport Special Facilities Lease Revenue Bonds

In February 2019, the Airport issued San Francisco International Airport Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC), Series 2019A (AMT) and Series 2019B (Federally Taxable) (the "Fuel Bonds"), in an aggregate principal amount of $125.0 million to refund all of the then-outstanding special facilities lease revenue bonds previously issued by the Airport for the benefit of SFO FUEL COMPANY LLC (SFO Fuel), finance capital improvements to the jet fuel distribution and related facilities at San Francisco International Airport, pay capitalized interest on a portion of the Series 2019A Bonds, make a deposit to a reserve account for the Fuel Bonds, and pay costs of issuance. As of June 30, 2024, the outstanding balance was $87.7 million. The 2019 Fuel Bonds have a final maturity of January 1, 2047.

SFO Fuel, a special purpose limited liability company formed by certain airlines operating at the Airport, is required to pay facilities rent to the Airport pursuant to a lease agreement between the Airport and SFO Fuel with respect to the on-Airport jet fuel distribution facilities in an amount equal to debt service payments on the Fuel Bonds and any required bond reserve account deposits. The principal and interest on the Fuel Bonds are paid solely from the facilities rent payable by SFO Fuel to the Airport. The lease payments, and therefore the Fuel Bonds, are payable from charges imposed by SFO Fuel on air carriers for into-plane fueling at the Airport and are not payable from or secured by the Net Revenues of the Airport. The Airport assigned its right to receive the facilities rent to the Fuel Bonds trustee to pay and secure the payment of the Fuel Bonds. Neither the Airport nor the City is obligated

in any manner for the repayment of the Fuel Bonds other than from the facilities rent received from SFO Fuel.

Community Facilities District and Special Tax Districts Bonds

Community Facilities District No. 2014-1 (Transbay Transit Center)

The following is a summary of long-term obligations of the City and County of San Francisco Community Facilities District No. 2014-1 (CFD 2014-1) as of June 30, 2024:

Bonds	Remaining Interest Rate	Final Maturity Date	Amount
Special Tax Bonds Series 2017A	3.00% - 4.00%	2049	$ 34,285
Special Tax Bonds Series 2017B	3.00% - 4.00%	2049	162,860
Special Tax Bonds Series 2019A	3.148% - 4.25%	2050	32,165
Special Tax Bonds Series 2019B	3.108% - 4.371%	2050	150,535
Special Tax Bonds Series 2020B	1.844% - 3.572%	2051	79,050
Special Tax Bonds Series 2021B	1.115% - 3.482%	2051	33,160
Special Tax Bonds Series 2022A	5.00%	2053	30,645
Special Tax Bonds Series 2022B	4.928% - 6.332%	2052	46,520
Total obligations			$ 569,220

The Special Tax Bonds of CFD 2014-1 are secured under the provisions of a Fiscal Agent Agreement and will be payable solely from Special Tax Revenues and funds pledged under that agreement. These bonds are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision thereof are pledged for the payment of the principal or interest on Special Tax Bonds of CFD 2014-1.

Community Facilities District No. 2016-1 (Treasure Island)

The following is a summary of long-term obligations of the City and County of San Francisco Community Facilities District No. 2016-1 (CFD 2016-1) as of June 30, 2024:

Bonds	Remaining Interest Rate	Final Maturity Date	Amount
Improvement Area No.1 Special Tax Bonds Series 2020	4.00%	2051	$ 16,695
Improvement Area No.1 Special Tax Bonds Series 2021	4.00%	2052	41,340
Improvement Area No.2 Special Tax Bonds Series 2022A	4.00%	2053	24,990
Improvement Area No.2 Special Tax Bonds Series 2023A	5.00% - 5.50%	2054	16,975
Total obligations			$ 100,000

In December 2023, the City, on behalf of Improvement Area No. 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) issued Special Tax Bonds, Series 2023A in the original par amount of $16.98 million (the 2023A IA2 Bonds). The 2023A Bonds were issued to fund the acquisition of certain public facilities and improvements for the Treasure Island/Yerba Buena Island Development Project. The 2023A Bonds bear interest rates ranging from 5.00% to 5.50%, with principal amortizing from September 1, 2024, through September 1, 2053.

The Special Tax Bonds of CFD 2016-1 Improvement Area No. 1 and Improvement Area No. 2 were issued in order to finance infrastructure and development costs for the Treasure Island/Yerba Buena Island Development Project. The bonds are secured under the provisions of their respective Fiscal Agent Agreements and will be payable solely from Special Tax Revenues and funds pledged under those agreements. These bonds are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision thereof are pledged for the payment of the principal or interest on Special Tax Bonds of CFD 2016-1.

(Dollars in Thousands)

Special Tax District No. 2020-1 (Mission Rock Facilities and Services)

The following is a summary of long-term obligations of the City and County of San Francisco Special Tax District No. 2020-1 as of June 30, 2024:

Bonds	Remaining Interest Rate	Final Maturity Date	Amount
Office Special Tax Bonds Series 2023B	5.00% - 5.75%	2054	$ 19,090
Shoreline (Tax Zone 1) Special Tax Bonds Series 2023C	5.00% - 5.75%	2054	18,010
Total obligations			$ 37,100

In December 2023, the City, on behalf of the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) issued Special Tax Bonds, Series 2023B (Office Special Tax Bonds) and Series 2023C (Shoreline Tax Zone 1 Special Tax Bonds) (the 2023B Bonds and 2023C Bonds) in the original par amounts of $19.1 million and $18.0 million, respectively. The 2023B Bonds and 2023C Bonds were issued to fund horizonal improvements for Phases 1A and 1B of the Mission Rock Project. The 2023B Bonds bear interest rates ranging from 5.00% to 5.75%, with principal amortizing from September 1, 2024, through September 1, 2053. The 2023C Bonds bear interest rates ranging from 5.00% to 5.75%, with principal amortizing from September 1, 2024, through September 1, 2053.

The 2023B Bonds and 2023C Bonds are secured under provisions of their respective Fiscal Agent Agreements and will be payable solely from the Revenues and funds pledged under those agreements. Revenues for 2023B Bonds and 2023C Bonds generally consist of Office Special Tax Revenues and Shoreline (tax zone 1) Special Tax Revenues, respectively. The 2023B Bonds and 2023C Bonds are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision thereof are pledged for the payment of the principal or interest on the 2023B Bonds or the 2023C Bonds.

Changes in Long-Term Obligations

The changes in long-term obligations for the year ended June 30, 2024, are as follows:

	July 1, 2023	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2024	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 2,587,798	$ 340,615	$ (698,117)	$ 2,230,296	$ 156,061
Lease revenue bonds	83,085	-	(14,455)	68,630	13,105
Sales tax revenue bonds	194,185	-	(14,545)	179,640	15,125
Certificates of participation	1,102,005	398,035	(293,175)	1,206,865	47,670
Special tax bonds	106,230	8,795	-	115,025	785
Increment tax bonds	29,390	9,210	(465)	38,135	715
Subtotal	4,102,693	756,655	(1,020,757)	3,838,591	233,461
Issuance premiums:					
Add: unamortized premiums	382,368	68,510	(82,989)	367,889	-
Less: unamortized discounts	-	(189)	5	(184)	-
Total bonds payable, net	4,485,061	824,976	(1,103,741)	4,206,296	233,461
Loans	19,900	-	(542)	19,358	565
Others	12,619	-	(3,530)	9,089	3,590
Commercial paper notes - long-term *	14,535	7,451	-	21,986	-
Accrued vacation and sick leave pay	246,242	174,486	(166,853)	253,875	139,836
Accrued workers' compensation	377,790	79,195	(74,203)	382,782	73,490
Estimated claims payable	415,686	-	(81,359)	334,327	148,638
Lease liabilities	496,196	146,558	(63,385)	579,369	59,296
Subscription liabilities	35,338	43,102	(32,003)	46,437	23,422
Arbitrage rebate liability	3,074	14,169	-	17,243	576
Governmental activities long-term obligations	$ 6,106,441	$ 1,289,937	$ (1,525,616)	$ 5,870,762	$ 682,874

* CP notes repaid by long-term debt in fiscal year 2025 were reclassed to long-term debt

(Dollars in Thousands)

	July 1, 2023	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2024	Amounts Due Within One Year
Business-type Activities:					
Bonds payable:					
Revenue bonds	$15,499,555	$ 2,771,770	$ (1,629,930)	$16,641,395	$ 355,015
Revenue notes	347,465	-	(347,465)	-	-
Clean renewable energy bonds	38,984	-	(1,590)	37,394	1,629
Certificates of participation	222,823	-	(14,072)	208,751	14,753
Subtotal	16,108,827	2,771,770	(1,993,057)	16,887,540	371,397
Issuance premiums / discounts:					
Add: unamortized premiums	1,614,978	256,910	(179,392)	1,692,496	-
Less: unamortized discounts	(115)	-	8	(107)	-
Total bonds payable, net	17,723,690	3,028,680	(2,172,441)	18,579,929	371,397
Commercial paper notes - long-term*	985,586	341,373	(985,586)	341,373	-
Notes, loans, and other payables	621,836	899,049	(4,460)	1,516,425	6,463
Accrued vacation and sick leave pay	165,386	70,997	(71,592)	164,791	93,997
Accrued workers' compensation	276,046	73,809	(62,552)	287,303	54,236
Estimated claims payable	120,361	158,272	(55,593)	223,040	76,655
Lease liabilities	230,185	20,121	(17,397)	232,909	14,689
Subscription liabilities	2,787	9,965	(4,719)	8,033	3,688
Arbitrage rebate liability	188	9,386	-	9,574	-
Business-type activities long-term obligations	$20,126,065	$ 4,611,652	$ (3,374,340)	$21,363,377	$ 621,125

* CP notes repaid by long-term debt in fiscal year 2025 were reclassed to long-term debt

Internal Service Funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the above totals for governmental activities. Also, for the governmental activities, claims and judgments, workers' compensation and compensated absences are generally liquidated by the General Fund.

Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2024, for governmental and business-type activities are as follows:

Governmental Activities (1)

Fiscal Year Ending June 30	General Obligation Bonds		Lease Revenue Bonds		Other Long-Term Obligations		Total	
	Principal	Interest (2)	Principal	Interest (3)	Principal	Interest	Principal	Interest
2025	$ 156,061	$ 94,822	$ 13,105	$ 2,366	$ 68,450	$ 65,788	$ 237,616	$ 162,976
2026	160,466	86,700	13,730	1,881	68,178	64,205	242,374	152,786
2027	155,116	79,384	14,375	1,373	69,539	61,067	239,030	141,824
2028	159,544	72,290	8,735	888	70,939	57,937	239,218	131,115
2029	167,842	64,990	9,140	545	74,381	54,591	251,363	120,126
2030-2034	691,842	217,091	9,545	221	419,549	224,302	1,120,936	441,614
2035-2039	313,790	110,076	-	-	328,341	147,242	642,131	257,318
2040-2044	230,615	63,719	-	-	298,021	71,016	528,636	134,735
2045-2049	129,445	22,332	-	-	120,164	25,369	249,609	47,701
2050-2054	29,725	9,705	-	-	50,550	3,606	80,275	13,311
2055-2059	31,840	3,838	-	-	-	-	31,840	3,838
2060-2064	4,010	124	-	-	-	-	4,010	124
Total	$ 2,230,296	$ 825,071	$ 68,630	$ 7,274	$ 1,568,112	$ 775,123	$ 3,867,038	$ 1,607,468

Business-Type Activities (1)

Fiscal Year Ending June 30	Revenue and Clean Renewable Bonds (4) (5)		Certificates of Participation (5)		Other Long-Term Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 356,644	$ 774,305	$ 14,753	$ 11,502	$ 6,463	$ 3,335	$ 377,860	$ 789,142
2026	411,393	765,056	14,298	10,681	11,011	8,876	436,702	784,613
2027	455,856	748,016	13,775	9,918	14,638	14,620	484,269	772,554
2028	480,555	726,040	14,430	9,150	14,851	14,407	509,836	749,597
2029	464,414	701,742	15,025	8,425	18,113	15,244	497,552	725,411
2030-2034	2,599,957	3,158,803	55,115	32,348	93,177	85,309	2,748,249	3,276,460
2035-2039	3,166,165	2,487,324	46,425	18,475	97,788	91,686	3,310,378	2,597,485
2040-2044	3,453,920	1,695,156	34,930	3,668	130,032	84,943	3,618,882	1,783,767
2045-2049	3,551,055	883,779	-	-	283,211	70,898	3,834,266	954,677
2050-2054	1,674,940	139,229	-	-	397,952	46,916	2,072,892	186,145
2055-2059	63,890	5,290	-	-	378,773	19,093	442,663	24,383
2060-2064	-	-	-	-	70,416	1,291	70,416	1,291
Total	$ 16,678,789	$ 12,084,740	$ 208,751	$ 104,167	$ 1,516,425	$ 456,618	$ 18,403,965	$ 12,645,525

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

(2) The interest is before the federal subsidy for the General Obligation Bonds Series 2010C and Series 2010D. The subsidy is approximately $7.8 million and $1.6 million, respectively, through the year ending 2030. The federal sequester reduction was 5.7% in fiscal year 2024. Future interest subsidy may be reduced as well.

(3) Includes the Moscone Center Expansion Project Lease Revenue Refunding Bonds Series 2008-1 & 2 which bear interest at a weekly rate. An assumed rate of 2.68%, together with liquidity fee of 0.27% and remarketing fee of 0.05% were used to project the interest rate payment in this table.

(4) Debt service for the Airport is per debt service requirement. In the event the letters of credit securing the Airport's outstanding variable rate bonds had to be withdrawn upon to pay such bonds and the amount drawn had to be repaid by the Airport pursuant to the terms of the related agreement with banks providing such letters of credit, the total interest would be $190.8 million less.

(5) The interest is before the federal subsidy for the Revenue Bonds, Certificates of Participation, Clean Renewable Energy, and Energy Conservation Bonds by the San Francisco Water, San Francisco Wastewater and Hetch Hetchy Water and Power. Federal subsidy was reduced by 5.7% or a total reduction of $16.2 million, $1.9 million, and $181, respectively, over the life of the bonds, assuming the sequestration rate will remain the same.

(Dollars in Thousands)

Governmental Activities Long-term Liabilities

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition or improvement of real property and construction of affordable housing. General obligation bonds have been issued for both governmental and business-type activities. The net authorized and unissued governmental activities general obligation bonds for the year ended June 30, 2024, are as follows:

Governmental Activities - General Obligation Bonds

Authorized and unissued as of June 30, 2023	$ 1,257,530
Increase in authorization in this fiscal year:	
Affordable Housing Bonds	300,000
Total authorized and unissued as of June 30, 2024	$ 1,557,530

The increase in the authorized and unissued amount over the last year reflect the $300 million of 2024 Affordable Housing (Measure A) General Obligation Bonds approved by at least two-thirds of voters at an election held on March 5, 2024. The proceeds of the Affordable housing bonds will be used to construct, develop, acquire, and/or rehabilitate housing, including workforce housing and senior housing, that will be affordable to households ranging from extremely low-income to moderate-income households and to pay related costs.

In May 2024, the City issued General Obligation Bonds Series 2024-R1 (the Series 2024-R1) in the amount of $340.6 million with interest rate of 5.0% and principal maturing from June 2025 through June 2036 to refund certain outstanding general obligation bonds of the City and to pay certain costs related to the issuance of the Series 2024-R1.

General Obligation Bonds, Series 2024-R1

Description of Bonds	Bonds	Cash Defeasance	Principal Refunded Total	Maturities Refunded	Price	Redemption Date 6/21/2024	Redemption Date 8/20/2024
Transportation and Road Improvement S2015B	$ 18,475	$ 12,970	$ 31,445	2025-2035	100%	41.25%	58.75%
Refunding Bonds S2015-R1	140,205	-	140,205	2025-2030	100%	0.00%	100.00%
Public Health and Safety S2017A	84,605	6,065	90,670	2025-2036	100%	6.69%	93.31%
Clean & Safe Neighborhood Parks S2018A	19,335	16,065	35,400	2025-2037	100%	45.38%	54.62%
Transportation and Road Improvement S2018B	43,980	36,525	80,505	2025-2037	100%	45.37%	54.63%
Earthquake Safety and Emergency Response Bond S2018C	62,235	48,500	110,735	2025-2038	100%	43.80%	56.20%
Public Health & Safety S2018E	14,900	14,575	29,475	2025-2038	100%	50.75%	49.25%
Total	$ 383,735	$ 134,700	$ 518,435				

On the date of delivery of the Series 2024-R1 bonds, a portion of the proceeds of the bonds in the amount of $340.6 million plus funds transferred from the debt service fund related to the refunded bonds in the amount of $9.9 million and excess levy in the amount of $134.2 million were deposited with the Wilmington Trust N.A., as escrow agent. The funds deposited and held with the escrow agent, together with investment earnings thereon, were enough to pay the principal and interest on the Series 2024-R1 bonds on June 21, 2024, and August 20, 2024, and the cost of issuance on the Series 2024-R1 bonds.

The refunding resulted in the recognition of a deferred accounting gain of $44.4 million for the year ended June 30, 2024. The City in effect, reduced its aggregate debt service payments by $34.7 million and obtained a net present value savings of $25.5 million or 4.9% of the refunded bonds.

The General Obligation Bonds debt service payments are funded through ad valorem taxes on property. The City is obligated to levy ad valorem taxes without limitation as to rate or amount on all real property subject to taxation (except in certain limited circumstances) for the payment of general obligation bonds.

No City property is pledged to the repayment of general obligation bonds nor is the City required to maintain a reserve fund for the payment of principal and interest.

An event of default is the non-payment of interest or principal, when due. Remedies include mandamus action for payment. General Obligation Bonds are not subject to acceleration.

Certificates of Participation

In November 2023, City issued Certificates of Participation Series 2023A (the Series 2023A) (Affordable Housing and Community Facilities Projects) and Certificates of Participation Series 2023B (the Series 2023B) (Multiple Capital Improvement Projects) in the amount of $103.4 million and $80.0 million, respectively. The proceeds of the Series 2023A will be used to provide funds to finance and refinance certain capital improvement, affordable housing and community facilities projects within the City including site acquisition, demolition and site preparation, design work, construction, repairs, renovations, improvements, and the equipment of such facilities and pay costs of execution and delivery of the Series 2023A. The Series 2023A was issued with interest rates ranging from 6.0% to 6.375% and will mature from October 2024 to October 2043. The proceeds of the Series 2023B will be used to finance and refinance, including through the retirement of certain CP notes of the City issued for these purposes, certain capital improvement projects within the City, including but not limited to certain projects within the City's capital plan, generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities, streets and works utilized by various City departments, and local economic stimulus projects, generally consisting of repairs, renovations, improvements and street reconstruction, repaving, and other improvement designed to help build a more resilient and equitable San Francisco as part of the City's recovery from the COVID-19 pandemic and pay costs of execution and delivery of the Series 2023B. The Series 2023B was issued with interest rates ranging from 4.0% to 5.0% and will mature from October 2024 to October 2043.

In May 2024, the City issued $214.6 million Refunding Certificates of Participation Series 2024-R1 (the Certificates) the proceeds of which, together with the $15.8 million from the debt service funds of the refunded certificates deposited with the escrow agent, will be used to provide funds to prepay certain certificates of participation issued to finance various capital projects of the City and pay the costs of execution and delivery of the Certificates. The Certificates bear interest rates ranging from 4.0% to 5.0% and will mature from April 2025 through April 2045. The refunding resulted in an accounting gain of $15.3 million and a net present value saving of $11.9 million or 4.7% of refunded bonds.

As of June 30, 2024, the City has a total of $1.21 billion of certificates of participation, excluding business-type activities, payable by pledged revenues from the base rental payments payable by the City. A Reserve Fund has been established for payment of certain COP issuances, equivalent to either 50% or 100% of the lesser of maximum annual debt service, 125% of average annual debt service, or 10% of the original principal amount of the COPs. The total debt service requirement on the certificates of participation is $1.80 billion payable through April 1, 2050. For the year ended June 30, 2024, principal and interest paid by the City totaled $41.0 million and $48.8 million, respectively.

An event of default on every outstanding series of Certificates of Participation, includes: (i) the failure to make lease payments when due; or (ii) failure to observe covenants under the respective Project Lease. In an event of default, the trustee may enforce all of its rights and remedies under the Project Lease, including reletting the leased property for the account of the City, or hold the Project Lease and sue each year for rent. Certificates of Participation are not subject to acceleration.

(Dollars in Thousands)

Lease Revenue Bonds

The changes in governmental activities - lease revenue bonds for the year ended June 30, 2024, were as follows:

Governmental Activities - Lease Revenue Bonds

Authorized and unissued as of June 30, 2023	$ 209,454
Increase in authorization in this fiscal year:	
Current year annual increase in Finance Corporation's equipment program	4,765
Authorized and unissued as of June 30, 2024	$ 214,219

Finance Corporation

The purpose of the Finance Corporation is to provide a means to publicly finance, through lease financings, the acquisition, construction and installation of facilities, equipment, and other tangible real and personal property for the City's general governmental purposes.

The Finance 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 an Indenture and Equipment Lease Agreement. These assets are then recorded in the basic financial statements of the City. Since the sole purpose of the bond proceeds is to provide lease financing to the City, any amount that is not applied towards the acquisition or construction of real and personal property such as unapplied acquisition fund, bond issuance costs, funds withheld pursuant to a reserve fund requirement, and amounts designated for capitalized interest are recorded as unearned revenues in the internal service fund until such time it is used for its intended purpose. The unearned amounts are eliminated in the governmental activities statement of net position.

The lease revenue bonds are payable by pledged revenues from the base rental payments payable by the City, pursuant to a Master Lease Agreement between the City and the Finance Corporation for the use of equipment and facilities acquired, constructed, and improved by the Finance Corporation. The total debt service requirement remaining on the lease revenue bonds is $75.9 million payable through June 2030. For the year ended June 30, 2024, principal and interest paid by the Finance Corporation in the form of lease payments by the City totaled $14.5 million and $2.4 million, respectively.

Equipment Lease Program - In the June 5, 1990, election, the voters of the City approved Proposition C, which amended the City Charter to allow the City to lease-purchase up to $20.0 million of equipment through a nonprofit corporation using tax-exempt obligations. Beginning July 1, 1991, the Finance Corporation was authorized to issue lease revenue bonds up to $20.0 million in aggregate principal amount outstanding plus 5% annual adjustment each July 1. As of June 30, 2024, all the previously issued equipment lease revenue bonds have been repaid. $100.1 million of unused authorization is still available for new issuance.

Events of Default and Remedies

*Moscone Lease Revenue Refunding Bonds, Series 2008-1 and 2008-*2 - Events of default as specified in the Letter of Credit Agreements include: (i) the City fails to pay when due the amounts of any drawing, the principal or interest on any Liquidity Advance, or otherwise fails to pay the Credit Bank when due; (ii) the City fails to observe any covenant under Credit Agreement; (iii) the San Francisco Finance Corporation fails to observe any covenant or warranty under Credit Agreement; (iv) the City defaults on any appropriation debt; (v) the City files for bankruptcy; (vi) downgrade of the City's rating on the Bonds or any other Lease Obligation Debt below "BBB" (or its equivalent). Upon the occurrence of an Event of Default, the bank's remedies are as follows: (i) by notice require the City to post collateral up to the Available Amount of the letter of credit (except the City has no such right upon bankruptcy event), (ii) declare all Obligations due and payable (except such declaration is automatic upon bankruptcy event),

(iii) by notice to Trustee declare Event of Default and cause a mandatory tender of bonds, thereby causing the letter of credit to expire 15 days thereafter; (iv) pursue other rights under the Indenture and otherwise available under equity and law.

Open Space Fund Lease Revenue Refunding Bonds, Series 2018A and Branch Library Improvement Program Lease Revenue Refunding Bonds, Series 2018B - Events of default as specified in the Project Lease include: (i) failure to make lease payments when due, (ii) or failure to observe covenants under the Project Lease. In an event of default, the trustee may enforce all of its rights and remedies under the Project Lease, including reletting property for account of the City, or sue each year for rent. The bonds are not subject to acceleration.

San Francisco County Transportation Authority Long-Term Debt

In November 2017, the San Francisco County Transportation Authority (SFCTA) issued Senior Sales Tax Revenue Bonds, Series 2017 (the Series 2017 Bonds) with a par value of $248.3 million to finance the cost of construction, acquisition and improvement of certain transit, street, and traffic facilities and other transportation projects, repay a portion of the outstanding amount of a revolving credit agreement, pay capitalized interest on a portion of the Series 2017 Bonds and pay cost of issuance of the Series 2017 Bonds. The Series 2017 Bonds bear interest rates ranging from 3.0% to 4.0% and have final maturity date of February 1, 2034. The outstanding principal on June 30, 2024, is $179.6 million. The Series 2017 Bonds are repaid and secured by a pledge of Prop K half-cent sales tax and other legally available revenues of the SFCTA. Based on the total sales tax revenue of $108.3 million for the year ended June 30, 2024, the total debt service payments of $20.6 million on the Series 2017 Bonds, the SFCTA's senior debt service coverage ratio was 507% or 5.07 times. Events of default for the bonds include nonpayment events, bankruptcy events, and noncompliance with covenants. The Series 2017 Bonds are not subject to acceleration.

In October 2021, the SFCTA entered into a Revolving Credit Agreement (RCA) with U.S. Bank National Association for $125.0 million. The amount borrowed under the RCA assumes a rate of interest equal to the sum of Securities Industry and Financial Markets Association Index plus a fixed credit spread (subject to adjustment if the Transportation Authority's credit rating changes) and unborrowed amounts under the RCA are subject to a commitment fee of 0.20%.The RCA is secured by a lien on the SFCTA's sales tax revenues subordinate to the lien on the sales tax revenues securing the Series 2017 Bonds and will expire in November 2024.The SFCTA will use the RCA to fund the capital projects and programs included in the Prop K Expenditure Plan. As of June 30, 2024, the SFCTA has no outstanding balance in the RCA. Events of Default under the RCA include nonpayment events, noncompliance with covenants, default on other specified debt, bankruptcy events, specified litigation events, or a ratings downgrade below "Baa2" by Fitch, "BBB" by Moody's or "BBB" by S&P. Remedies include acceleration (subject in some, but not all, circumstances to a 270-day notice period) and the termination of the right of the SFCTA to borrow under the RCA.

Events of Default and Remedies - Other Long-Term Obligations

Marina West Harbor Loans - Events of default include the failure to make loan payments within 30 days of the due date, or failure to observe or comply with requirements under the Agreement within 180 days of receipt of written notice. Remedies by the Department of Boating and Waterways by the State of California includes the repossession of the project area, declaring that the loan is immediately due and payable, and the exercise of all other rights and remedies available by law. The Marina West Harbor Loan is subject to an acceleration provision.

Public Safety Radio Lease Financing - Events of default include the failure to make lease payments when due, or failure to observe covenants under the Lease Purchase Financing Agreement. Remedies of the lender are repossessing the leased equipment, enforcing rights under the Lease, and other remedies available by law. The Public Safety Radio Lease Financing has no acceleration provision.

Special Tax District No. 2020-1 (Mission Rock Facilities and Services)

The following is a summary of long-term obligations of the City and County of San Francisco Special Tax District No. 2020-1 as of June 30, 2024:

Bonds	Remaining Interest Rates	Final Maturity Date	Amount
Development Special Tax Bonds Series 2021A	4.00%	2052	$ 41,950
Development Special Tax Bonds Series 2021B	4.00% - 5.25%	2050	54,280
Development Special Tax Bonds Series 2021C	4.00%	2052	10,000
Development Special Tax Bonds Series 2023A	5.00% - 5.75%	2051	8,795
Total obligations			$ 115,025

In December 2023, the City, on behalf of the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) issued Special Tax Bonds, Series 2023A (Development Special Tax Bonds) (the 2023A Bonds) in the original par amounts of $8.8 million. The 2023A Bonds were issued to fund horizonal improvements for Phases 1A and 1B of the Mission Rock Project. The 2023A Bonds bear interest rates ranging from 5.00% to 5.75%, with principal amortizing from September 1, 2024, through September 1, 2050.

The 2023A Bonds were issued on a parity basis to the outstanding City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Development Special Tax Bonds, Series 2021A and Development Special Tax Bonds, Series 2021B and 2021C. The Development Special Tax Bonds of STD 2020-1 were issued in order to finance infrastructure and development costs for the Mission Rock Development Project. The bonds are secured under the provisions of a Fiscal Agent Agreement and will be payable solely from the Revenues and funds pledged under that agreement. Revenues generally consist of Special Tax Revenues and certain tax increment of the City's Infrastructure Financing District No. 2, Project Area I pledged to the bonds under a Pledge Agreement. The bonds are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision thereof are pledged for the payment of the principal or interest on Special Tax Bonds of STD 2020-1.

The District is obligated to fund the 2021A Reserve Fund for the benefit of the 2021A bonds, the 2021C Bonds and any other 2021A Related parity Bonds in an amount equal to the 2021A Reserve Requirement, or the lesser of: (i) maximum annual debt service on the 2021A Bonds, 2021C Bonds and any 2021A Related Parity Bonds; (ii) 125% of average annual debt service on the 2021A Bonds, 2021C Bonds and any 2021A Related Parity Bonds; or (iii) 10% of the outstanding principal amount of the 2021A Bonds, 2021C Bonds and any 2021A Related Parity Bonds.

The District is obligated to fund the 2021B Reserve Fund for the benefit of the 2021B bonds and any 2021B Related Parity Bonds in an amount equal to the 2021B Reserve Requirement, or the lesser of: (i) maximum annual debt service on the 2021B Bonds and any 2021B Related Parity Bonds; (ii) 125% of average annual debt service on the 2021B bonds and any 2021B Related Parity Bonds; or (iii) 10% of the outstanding principal amount of the 2021B Bond and any 2021B Related Parity Bonds.

The District is obligated to fund the 2023A Reserve Fund for the benefit of the 2023A bonds and any 2023A Related Parity Bonds in an amount equal to the 2023A Reserve Requirement, or the lesser of: (i) maximum annual debt service on the 2023A Bonds, and any 2023A Related Parity Bonds; (ii) 125% of average annual debt service on the 2023A Bonds and any 2023A Related Parity Bonds; or (iii) 10% of the outstanding principal amount of the 2023A Bonds and any 2023A Related Parity Bonds.

As authorized under the Special Tax Financing Law, the City covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Development Special Tax or installment thereof

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (Continued)
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not paid when due. If by May 1 of each fiscal year, the City determines that any single Leasehold Interest in a Taxable Parcel subject to the Development Special Taxes is delinquent in the payment of one or more installments, then the City shall cause notice to be sent to the owner of the Leasehold Interest within 45 days of such determination, and (if the delinquency remains unsecured) foreclosure proceedings shall be commenced by the City within 60 days of such determination. The City may defer any of such actions if (i) the District is participating in the Teeter Plan, (ii) the amount in the 2021A Reserve Fund is at least equal to the 2021A Reserve Requirement, (iii) the amount in the 2023A Reserve Fund is at least equal to the 2023A Reserve Requirement, and (iv) the amount in the reserve account for any Parity Bonds that are not 2021A Related Parity Bonds is at least equal to the required amount. The principal of the Bonds shall not be subject to acceleration.

Infrastructure and Revitalization Financing District No. 1 (Treasure Island)

The following is a summary of long-term obligations of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) as of June 30, 2024:

Bonds	Remaining Interest Rates	Final Maturity Date	Amount
Tax Increment Revenue Bonds, Series 2022A (Facilities Increment)	5.00%	2053	$ 23,885
Tax Increment Revenue Bonds, Series 2022B (Housing Increment)	5.00%	2053	5,040
Tax Increment Revenue Bonds, Series 2023A (Facilities Increment)	5.00% - 5.50%	2054	7,615
Tax Increment Revenue Bonds, Series 2023B (Housing Increment)	5.50%	2054	1,595
Total obligations			$ 38,135

In December 2023, the City, on behalf of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) issued Tax Increment Revenue Bonds, Series 2023A (Facilities Increment) and Series 2023B (Housing Increment) (the 2023A IRFD Bonds and 2023B IRFD Bonds) in the original par amounts of $7.62 million and $1.60 million, respectively. The 2023A IRFD Bonds were issued to fund the acquisition of certain public facilities and improvements for the Treasure Island/Yerba Buena Island Development Project, and the 2023B IRFD Bonds were issued to finance the acquisition and construction of affordable housing on Treasure Island. The 2023A IRFD Bonds bear interest rates ranging from 5.00% to 5.50%, with principal amortizing from September 1, 2024, through September 1, 2053. The 2023B IRFD Bonds bear an interest rate of 5.50%, with principal amortizing from September 1, 2024, through September 1, 2053.

The 2023A IRFD Bonds and 2023B IRFD Bonds were issued on a parity basis to the outstanding City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022A (Facilities Increment) and Series 2022B (Housing Increment), respectively. These bonds are secured under provisions of supplemental Indentures of Trust and are payable solely from Pledged Facilities Increment and Pledged Housing Increment, respectively, pledged under those agreements. Revenues generally consist of tax increment of the City's Infrastructure Revitalization and Financing District No. 1, Project Areas A, B, C, D, and E. These bonds are not a debt of the City, the State, or any political subdivision (other than the IRFD).

The District is obligated to fund the 2022 Facilities Reserve Fund for the benefit of the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any other 2022 Related Facilities Bonds in an amount equal to the least of (a) Maximum Annual Debt Service on the Series 2022A Facilities Bonds and 2022 Related Facilities Bonds, if any, (b) 125% of average Annual Debt Service on the Series 2022A Facilities Bonds and 2022 Related Facilities Bonds, if any and (c) 10% of the original principal of the Series 2022A Facilities Bonds and 2022 Related Facilities Bonds.

The District is also obligated to fund the 2022 Housing Reserve Fund for the benefit of the Series 2023B Housing Bonds, the Series 2022B Housing Bonds and any future 2022 Related Housing Bonds in an amount equal to the least of (a) Maximum Annual Debt Service on the Series 2022B Housing Bonds and 2022 Related Housing Bonds, if any, (b) 125% of average Annual Debt Service on the Series 2022B Housing Bonds and 2022 Related Housing Bonds, if any and (c) 10% of the original principal of the Series 2022B Housing Bonds and 2022 Related Housing Bonds.

(Dollars in Thousands)

Events of default as specified in the Indenture of Trust for the Facilities Bonds consist of (i) default by the IRFD in the due and punctual payment of principal and interest or redemption premium (if any) on the Bonds when due and payable; (ii) default by the IRFD in the observance of any of the covenants, agreements, or conditions in the Indenture or Facilities Bonds; and (iii) IRFD files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the U.S. In an Event of Default, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Facilities Bonds then Outstanding the Trustee shall (i) declare the principal of the Facilities Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Facilities Bonds to the contrary notwithstanding, and (ii) exercise any other remedies available to the Trustee and the Owners of the Facilities Bonds in law or at equity.

Events of default as specified in the Indenture of Trust for the Housing Bonds consist of (i) default by the IRFD in the due and punctual payment of principal and interest or redemption premium (if any) on the Bonds when due and payable; (ii) default by the IRFD in the observance of any of the covenants, agreements, or conditions in the Indenture or Housing Bonds; and (iii) IRFD files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the U.S. In an Event of Default, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Housing Bonds then Outstanding the Trustee shall (i) declare the principal of the Housing Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Housing Bonds to the contrary notwithstanding, and (ii) exercise any other remedies available to the Trustee and the Owners of the Housing Bonds in law or at equity.

Business-Type Activities Long-Term Liabilities

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

San Francisco International Airport

Second Series Revenue Bonds (Capital Plan Bonds)

Pursuant to resolutions adopted between fiscal years 2008 and 2024, as of June 30, 2024, the Airport has authorized the issuance of up to $10.8 billion of San Francisco International Airport Second Series Revenue Bonds (Capital Plan Bonds) to finance and refinance the construction, acquisition, equipping, and development of capital projects undertaken by the Airport, including retiring all or a portion of the Airport's outstanding subordinate commercial paper notes (CP) issued for capital projects, funding debt service reserves, funding capitalized interest, and for paying costs of issuance. As of June 30, 2024, $4.2 billion of the authorized capital plan bonds remained unissued.

Second Series Revenue Refunding Bonds

Pursuant to resolutions adopted between fiscal years 2004-2005 and 2023-2024, as of June 30, 2024, the Airport has authorized the issuance of up to $17.1 billion of San Francisco International Airport Second Series Revenue Refunding Bonds for the purposes of refunding outstanding 1991 Master Bond Resolution Bonds and outstanding CP, funding debt service reserves, and paying costs of issuance, including any related bond redemption premiums. As of June 30, 2024, $5.5 billion of the authorized refunding bonds remained authorized but unissued.

During fiscal year 2023-24, the Airport issued the following bonds for refunding and other purposes under the 1991 Master Bond Resolution:

In November 2023, the Airport issued its fixed rate Second Series Revenue Refunding Bonds, Series 2023C/D in an aggregate principal amount of $794.3 million to refund $241.8 million of its Series 2013A Bonds, to repay $497.8 million of its CP, to fund capitalized interest, make a deposit to the debt service reserve, and to pay costs of issuance. All the $794.3 million constitute the Second Series Revenue Refunding Bonds.

The proceeds of the Series 2023C/D Bonds (consisting of $794.3 million par amount and original issue premium of $25.0 million, less an underwriters' discount of $1.3 million), together with $1.1 million accumulated in the debt service fund were used to deposit $638.8 million into an escrow fund with the Senior Trustee to refund $241.8 million in revenue bonds as described below and repay $397.5 million in CP, $100.3 million to repay $100.3 million of CP, $35.0 million in capitalized interest accounts, $43.9 million in the debt service reserve fund, and $1.1 million to pay cost of issuance.

The following table shows the outstanding balance after the bonds were refunded with the issuance of Series 2023C/D Bonds:

	Interest Rate	June 30, 2023	Amount Refunded	June 30, 2024
Second Series Revenue Bonds Issue:				
Series 2013A (AMT)	5.25% - 5.50%	$ 241,790	$ 241,790	$ -
Total		$ 241,790	$ 241,790	$ -

In aggregate, the Series 2023C/D refunding of bonds resulted in the recognition of a deferred accounting gain of $4.2 million for the fiscal year ended June 30, 2024. The Series 2023C/D refunding of bonds decreased the Airport's aggregate gross debt service payments by approximately $12.9 million over the life of the bonds and obtained an economic gain (the difference between the present values of the debt service on the old debt and the new debt) of $10.0 million.

In June 2024, the Airport issued its fixed rate Second Series Revenue Refunding Bonds, Series 2024A/B/C, in aggregate principal amount of $924.7 million to refund $473.6 million of its Series 2014A Bonds and Series 2014B Bonds, to repay $452.5 million of its CP, to fund capital projects, to fund capitalized interest, to make a deposit to a debt service reserve, and to pay cost of issuance. Of the aggregate principal amount of $924.7 million, $895.4 million constitutes Second Series Revenue Refunding Bonds and $29.3 million constitutes Capital Plan Bonds.

The proceeds of the Series 2024A/B/C Bonds (consisting of $924.7 million par amount and original issue premium of $88.0 million, less an underwriters' discount of $1.5 million), together with $3.9 million accumulated in the debt service fund were used to deposit $909.1 million into an escrow fund with the Senior Trustee to refund $473.6 million in revenue bonds as described below and to repay $434.0 million in CP, $18.5 million to repay $18.5 million of CP, $15.3 million into project funds, $37.6 million in capitalized interest accounts, $33.5 million in the debt service reserve account, and $1.1 million to pay cost of issuance.

(Dollars in Thousands)

The following table shows the outstanding balance after the bonds were refunded with the issuance of Series 2024A/B/C Bonds:

	Interest Rate	June 30, 2023	Amount Refunded	June 30, 2024
Series 2014A (AMT)	5.00%	$ 376,310	$ 376,310	$ -
Series 2014B (Non-AMT Governmental Purpose)	5.00%	97,290	97,290	-
Total		$ 473,600	$ 473,600	$ -

In aggregate, the Series 2024A/B/C refunding resulted in the recognition of a deferred accounting gain of $36.2 million for the fiscal year ended June 30, 2024. The Series 2024A/B/C refunding decreased the Airport's aggregate gross debt service payments by approximately $62.1 million over the life of the bonds and obtained an economic gain (the difference between the present values of the debt service on the old debt and the new debt) of $37.0 million.

Variable Rate Demand Bonds

As of June 30, 2024, the Airport had an outstanding aggregate principal amount of $276.3 million, consisting of Second Series Variable Rate Revenue Refunding Bonds, Series 2018B and Series 2018C, (collectively, the "Variable Rate Bonds") with final maturity dates of May 1, 2058 (Series 2018B and 2018C). The Variable Rate Bonds are long-term, tax-exempt bonds that currently bear interest at a rate that is adjusted weekly, and that are subject to tender at par at the option of the holder thereof on seven days' notice. Any tendered Variable Rate Bonds are remarketed by the applicable remarketing agent in the secondary market to other investors. The interest rate on the Variable Rate Bonds can be converted to other interest rate modes, including a term rate or fixed rates to maturity, upon appropriate notice by the Airport.

The scheduled payment of the principal of and interest on, and payment of purchase price of, the Variable Rate Bonds is secured by separate irrevocable letters of credit issued to the Senior Trustee for the benefit of the applicable bondholders by the banks identified in the table below.

Amounts drawn under a letter of credit that are not reimbursed by the Airport constitute "Repayment Obligations" under the 1991 Master Bond Resolution and are accorded the status of other outstanding bonds to the extent provided in the Resolution. The commitment fees for the letters of credit range between 0.34% and 0.37% per annum. As of June 30, 2024, there were no unreimbursed draws under these facilities.

The letters of credit securing the Variable Rate Bonds included in long-term debt as of June 30, 2024, are as follows:

	Series 2018B	Series 2018C
Principal amount	$ 138,170	$ 138,170
Expiration date	June 3, 2026	April 5, 2027
Credit provider	Barclays (1)	SMBC (2)

(1) Barclays Bank PLC
(2) Sumitomo Mitsui Banking Corporation, acting through its New York branch

Hotel Special Facility Bonds

Pursuant to resolutions adopted in fiscal years 2016-17, 2017-18 and 2018-19, the Airport authorized the issuance of $260.0 million of Special Facility Bonds to finance an on-Airport Hotel. These resolutions also designated the on-Airport Hotel as a "Special Facility" under the 1991 Master Bond

Resolution, which allows the hotel revenues to be segregated from the Airport's other revenues and used to pay hotel operating expenses and debt service on the Hotel Special Facility Bonds through the Hotel Special Facility Bond trustee. In June 2018, the Airport issued its fixed rate Special Facility Revenue Bonds (San Francisco International Airport Hotel), Series 2018 (Hotel Special Facility Bonds), in the aggregate principal amount of $260.0 million to finance the on-Airport Hotel and to fund a capitalized interest account.

The Hotel Special Facility Bonds are issued pursuant to a Trust Agreement (Hotel Trust Agreement). In February 2021, the Hotel Special Facility Bonds, and the trust agreement were amended and restated, including to delay the initial principal repayment until April 1, 2025 (instead of April 1, 2022) and temporarily reduce the interest rate on the Hotel Special Facility Bonds from 3.00% to 0.086% from April 1, 2020, through September 30, 2023. The interest rate then began increasing incrementally until it will be restored to 3.00% beginning on April 1, 2029. In addition, the amendments provided that October 1, 2020, is no longer an interest payment date, and there is no requirement to pay interest accrued on the Hotel Special Facility Bonds until October 1, 2023. The maximum principal amount of the Hotel Special Facility Bonds is not limited by the Hotel Trust Agreement, but the Airport must satisfy an additional bonds test prior to the issuance of any such bonds.

The Hotel Special Facility Bonds are limited obligations of the Airport. Under the Hotel Trust Agreement, the Airport has pledged the Revenues of the on-Airport Hotel, together with other assets, to the payment of the principal of and interest on the Hotel Special Facility Bonds. Revenues are generally defined in the Hotel Trust Agreement as all revenue and income of any kind derived directly or indirectly from operations at the on-Airport Hotel (not including certain amounts specified in the Hotel Trust Agreement). Operating expenses of the on-Airport Hotel are payable prior to payment of principal of and interest on the Hotel Special Facility Bonds. The Airport does not maintain a reserve account for the Hotel Special Facility Bonds. The Hotel Special Facility Bonds are subject to acceleration upon the occurrence of an event of default. Events of default include nonpayment events, bankruptcy events, noncompliance with covenants, condemnation of the hotel, or a failure by the Airport to maintain a third-party manager for the hotel. The Hotel Special Facility Bonds are not payable from or secured by the Airport's Net Revenues (as defined under the 1991 Master Bond Resolution). However, because the Airport is the owner of the on-Airport Hotel, the Airport is obligated to repay the Hotel Special Facility Bonds from the net revenues of the hotel.

Because the Airport is the issuer of the Hotel Special Facility Bonds and the sole beneficiary of the trust entity serving as holder of the Hotel Special Facility Bonds, neither the Hotel Special Facility Bonds debt service payments nor the Airport's receipts from the trust are included in the accompanying financial statements. The financial statements net the interest income received from the trust against the combined interest expenses of the Hotel Special Facility Bonds and the Series 2018B/C Bonds.

As of June 30, 2024, the Airport had $260.0 million of outstanding Hotel Special Facility Bonds.

Debt Service Reserves and Requirements

Issue 1 Reserve Account - As of June 30, 2024, the reserve requirement for the Issue 1 Reserve Account was $621.6 million, which was satisfied by $624.9 million of cash and investment securities, and reserve fund surety policies in the initial principal amount of $41.8 million. All of the providers of such reserve policies have one or more credit ratings below the Airport's rating or are no longer rated.

2017 Reserve Account - As of June 30, 2024, the reserve requirement for the 2017 Reserve Account was $39.3 million, which was satisfied by $57.8 million in cash and investment securities.

Series Not Secured by Reserve Accounts - The Airport does not maintain reserve accounts for its Second Series Variable Rate Revenue Refunding Bonds, Series 2018B/C, all of which are secured by letters of credit.

(Dollars in Thousands)

Cash Defeasance of Bonds

In May 2024, the Airport legally defeased $0.2 million of its Series 2018D Bonds, $1.4 million of its Series 2019A Bonds and $8.7 million of its Series 2019E Bonds, using monies previously deposited by the Airport in the Debt Service Holding Fund.

The outstanding balance of Series 2018D, 2019A and 2019E Bonds for the year ended June 30, 2024, is as follows:

Bond Series	June 30, 2023	Cash Defeasance Amount	June 30, 2024
2018D	$ 722,800	$ 190	$ 722,610
2019A	1,176,215	1,410	1,174,805
2019E	773,475	8,660	764,815

In June 2024, the Airport legally defeased $18.5 million of its Series 2024C Bonds, using monies previously deposited by the Airport in the Debt Service Holding Fund. The Series 2024C Bonds were issued during fiscal year 2023-24.

The outstanding balance for Series 2024C Bonds for the fiscal year ended June 30, 2024, is as follows:

Bond Series	June 30, 2023	Cash Defeasance Amount	June 30, 2024
2024C	$ -	$ 18,540	$ -

Events of default for the bonds include nonpayment events, bankruptcy events, and noncompliance with covenants, including the rate covenants described below. The bonds are not subject to acceleration.

Payment of principal, interest and purchase price of bonds that bear interest at variable interest rates are supported by letters of credit. Events of default with respect to the letters of credit supporting the bonds include nonpayment events, bankruptcy events, noncompliance with covenants, default on debt in excess of a specified threshold amount, default under the 1991 Master Bond Resolution, or a determination of taxability of interest on tax-exempt bonds supported by the letter of credit. A downgrade of the Airport's Senior Bonds to below "Baa1" by Moody's or "BBB+" by S&P or Fitch or withdrawal or suspension of a bond rating for credit-related reasons by any rating agency is an event of termination under the letters of credit supporting the bonds. Remedies include the letter of credit bank's ability to cause a mandatory tender of the supported bonds or to accelerate amounts due and payable to the bank; provided that payments made on a parity with the bonds are capped based on provisions in the 1991 Master Bond Resolution. If there are no default events pending, drawings under the respective letters of credit supporting the bonds are amortized over a three- or five-year period; provided that payments made on a parity with the bonds are capped based on provisions in the 1991 Master Bond Resolution.

San Francisco Water Enterprise

Water Revenue Bonds 2023 Series AB

In July 2023, the Water Enterprise issued tax-exempt revenue bonds, 2023 Series AB in the aggregate principal amount of $414.0 million. The purpose of the 2023 Series AB Bonds was to refund approximately $373.0 million aggregate principal amount of CP notes and to provide approximately $59.3 million new money for various capital projects of the Water Enterprise, and capital projects of Hetch Hetchy Water. The bonds carried "Aa2" and "AA-" ratings from Moody's and S&P, respectively.

The 2023 Series AB bonds include serial and term bonds with coupons of 5.0% to 5.3% and final maturities in 2055.

The $349.5 million 2023 Series A bonds were issued as tax-exempt bonds to refund approximately $305.6 million of CP notes for Water Enterprise capital projects and to provide approximately $59.3 million new money for various capital projects for the Water Enterprise. The Series A bonds were issued as serial and term bonds with coupons of 5.0% to 5.3% and a final maturity of 2052.

The $64.5 million Series B bonds were issued as tax-exempt bonds to refund approximately $67.3 million of CP notes for Hetch Hetchy Water capital projects and approximately $42 in new money for Hetch Hetchy Water capital projects. The Series B bonds were issued as serial and term bonds with coupons of 5.0% to 5.3% and have a final maturity of 2052.

Water Revenue Refunding Bonds 2023 Series CD

In August 2023, the Water Enterprise issued tax-exempt revenue bonds, 2023 Series CD refunding bonds in the aggregate amount of $514.9 million. The 2023 Series C (WSIP, Green) bonds were issued for the purpose of paying the purchase price of a portion of the 2015 Series A revenue bonds maturing on or after November 1, 2028, a portion of the 2016 Series A revenue bonds maturing on or after November 1, 2031, a portion of the 2017 Series D revenue bonds maturing on or after November 1, 2031, a portion of the 2019 Series A (WSIP, Green) revenue bonds maturing on or after November 1, 2026, and a portion of the 2020 Series E (WSIP, Green) revenue bonds maturing on November 1, 2041 that were tendered for cash, and advance refund portions of 2019 Series A maturing on or after November 1, 2024.

The 2023 Series D (Local Water) bonds were issued for the purpose of paying the purchase price of a portion of the 2020 Series G bonds maturing on or after November 1, 2026, that were tendered for cash and advance refund portions of 2020 Series G bonds maturing on or after November 1, 2024. The 2023 Series CD bonds include serial bonds with interest rates of 4.0% to 5.0% and have a final maturity in 2043. The Series CD bonds have a true interest cost of 3.2%. The refunding resulted in the recognition of a deferred accounting gain of $33.4 million, gross debt service savings of approximately $85.4 million and an economic gain of $58.5 million or 9.5% of refunded principal.

Clean Water State Revolving Fund (CWSRF) Loan and Grant

In September 2017, the San Francisco Public Utilities Commission (SFPUC) entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan and Grant to fund the Water Enterprise's SF Westside Recycled Water Project. The CWSRF loan is in the amount of $191.1 million, which includes $15.0 million of principal forgiveness, or a grant. It will bear an interest rate of 1.0% for a 30-year term, with loan repayment beginning one year after substantial completion of project construction. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The principal outstanding as of June 30, 2024, was $154.2 million.

Drinking Water State Revolving Fund (DWSRF) Loan

In April 2022, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Drinking Water State Revolving Fund (DWSRF) Loan to fund the Enterprise's Mountain Tunnel Improvement Project. The DWSRF loan is in the amount of $238.2 million. It will bear an interest rate of 1.1% for a 30-year term, with interest payments beginning annually after the initial loan proceed draw occurs and loan principal repayment beginning one year after substantial completion of project construction. Power Enterprise is responsible for repayment for its share of SRF Loan debt service costs representing up to its allocable share of the cost of the Mountain Tunnel Project by a Memorandum of Understanding that will be executed with the Water Enterprise. The DWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The principal outstanding as of June 30, 2024, was $105.8 million.

Events of Default and Remedies

Water Revenue Bonds, and State Revolving Fund Loans – Significant events of default as specified in the Water Enterprise Indenture (applicable to Water Revenue Bonds and SRF Loan), include non-payment, material breach of warranty, representation, or indenture covenants (not cured within applicable grace periods), and bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners, by aggregate amount of the bond obligations or of a credit provider), declaring the principal and the interest accrued thereon, to be due and payable immediately. As of June 30, 2024, there were no such events described herein.

Hetch Hetchy Water and Power

Power Revenue Bonds 2023 Series A

In October 2023, the Hetch Power issued tax-exempt power revenue bonds, 2023 Series A in the amount of $123.9 million with an interest rate of 5.0% and final maturity of November 1, 2053. Proceeds of the bonds were used to finance or refinance the Power Enterprise projects through the retirements of CP issued as interim financing for such projects in furtherance of the Power Capital Improvement Program, to fund capitalize interest, and to pay the cost of issuance of the 2023 Series A bonds.

Events of Default and Remedies

Power Revenue Bonds and Energy Bonds - Significant events of default as specified in the Power Enterprise Indenture and Equipment Lease/Purchase Agreement include non-payment, material breach of warranty, representation, or indenture covenants (not cured within applicable grace periods), and bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners by aggregate amount of the bond obligations) declare the principal and the interest accrued thereon to be due and payable immediately. As of June 30, 2024, there were no such events described herein.

Wastewater Enterprise

Lake Merced Green Infrastructure Project CWSRF Loan

In January 2016, then amended in May 2016, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan to fund the Lake Merced Green Infrastructure Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is $7.4 million. The loan bears an interest rate of 1.6% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; completion was in October 2020. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The SFPUC has received loan disbursements to date totaling $6.1 million and a construction period interest of $0.2 million transferred to principal. As of June 30, 2024, the principal amount outstanding of the loan was $5.8 million.

Southeast Plant (SEP) 521/522 and Disinfection Upgrade Project CWSRF Loan

In September 2017, then amended in December 2017 and May 2018, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP 521/522 and Disinfection Upgrade Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is $40.0 million. The loan bears an interest rate of 1.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with

loan repayment beginning one year after substantial completion of each project's construction; substantial completion occurred in July 2019. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling $39.7 million. As of June 30, 2024, the principal amount outstanding of the loan was $35.4 million.

North Point Facility Outfall Rehabilitation Project CWSRF Loan

In September 2017, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the North Point Facility Outfall Rehabilitation Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is $20.2 million. The loan bears an interest rate of 1.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion occurred in February 2018. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling $17.7 million. As of June 30, 2024, the principal amount outstanding of the loan was $14.7 million.

Southeast Plant (SEP) Primary/Secondary Clarifier Upgrade Project CWSRF Loan

In September 2017, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP Primary/Secondary Clarifier Upgrade Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is $34.4 million. The loan bears an interest rate of 0.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion occurred in June 2018. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling $29.2 million. As of June 30, 2024, the principal amount outstanding of the loan was $24.4 million.

Oceanside (OSP) Digester Gas Utilization Upgrade Project

In May 2020, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the OSP Digester Gas Utilization Upgrade Project of the Sewer System Improvement Program. The CWSRF loan is in the amount of $54.4 million, which includes $4.0 million of principal forgiveness, or a grant. The loan bears an interest rate of 1.4% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling $33.2 million, which included a loan forgiveness grant of $4.0 million. As of June 30, 2024, the principal amount outstanding of the loan was $30.1 million.

Southeast Plant (SEP) Biosolids Digester Facilities Project

In May 2020, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP Biosolids Digester Facilities Project of the Sewer System Improvement Program. The CWSRF loan is in the amount of $132.0 million, which includes $4.0 million of principal forgiveness, or a grant. The loan bears an interest rate of 1.4% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion is expected in May 2026. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling $132.0 million, which includes a $4.0 million loan forgiveness grant. As of June 30, 2024, the principal amount outstanding of the loan was $128.0 million.

Southeast Plant (SEP) New Headworks (Grit) Replacement Project

In May 2021, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP New Headworks (Grit) Replacement Project of the Sewer System Improvement Program. The CWSRF loan is in the amount of $112.0 million. The loan bears an interest rate of 1.1% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion is expected in April 2027. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling $64.7 million and a receivable for reimbursement of $13.9 million. As of June 30, 2024, the principal amount outstanding of the loan was $79.3 million.

WIFIA Loan Agreement-Biosolids Digester Facility Project

In July 2018, the SFPUC entered into a Water Infrastructure Finance and Innovation Act (WIFIA) Loan Agreement (WIFIA Loan) with the United States Environmental Protection Agency in the amount of $699.2 million. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise's Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise's net revenues and is on a parity lien basis with the SFPUC's outstanding Wastewater Revenue Bonds and CWSRF Loans entered into with the California State Water Resources Control Board.

The original 2018 loan bears a fixed interest rate of 3.09% for a 35-year term, with loan repayment expected to begin in fiscal year 2026, after substantial completion of the project construction. In June 2020, the SFPUC re-executed the WIFIA Loan Agreement to have a fixed interest rate of 1.45% for a 35-year term. All other terms of the WIFIA Loan Agreement were unchanged.

In March 2023, the SFPUC received disbursement of $122.3 million in respect to eligible project costs and a capitalized interest of $74 added to principal. In January 2024, the SFPUC received a second disbursement of $440.0 million in respect to eligible project costs. As of June 30, 2024, the principal amount of loan outstanding including capitalized interest was $567.5 million.

WIFIA Loan Agreement-Southeast Treatment Plant Improvements

In June 2020, the SFPUC entered into a WIFIA Loan with the United States Environmental Protection Agency in the amount of $513.9 million. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise's SEP New Headworks Replacement Project and additional costs of the revised Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise's net revenues and is on a parity lien basis with the SFPUC's outstanding Wastewater Revenue Bonds and CWSRF Loans entered into with the California State Water Resources Control Board. The loan will bear a fixed interest rate of 1.45% for a 35-year term, with loan repayment expected to begin in fiscal year 2025, after substantial completion of project construction. In January 2024, the SFPUC received disbursement of $352.6 million in respect to eligible project costs. As of June 30, 2024, the principal outstanding of the loan including capitalized interest was $354.9 million.

WIFIA Master Loan Agreement and Project 1 Loan Agreement

In April 2023, the SFPUC entered into a Loan Agreement with the United States Environmental Protection Agency. The WIFIA Master Agreement and Project 1 Loan was entered into pursuant to the WIFIA authorized by Congress in 2014. The SFPUC entered the WIFIA Master Loan Agreement with the EPA in an amount not to exceed $791.3 million to provide partial funding for projects in the Wastewater Enterprise Capital Plan. The Master Agreement defines the general terms for funding a series of WIFIA loans, the first of which is the "Project 1 Loan Agreement". The incurrence of the Project 1 Loan Agreement, in an aggregate initial principal amount not to exceed $369.3 million will provide partial funding for six Wastewater Enterprise capital improvement projects. Those projects are Westside Pump Station Reliability Improvements, North Shore Pump Station Wet Weather Improvements, Wawona Area Stormwater Improvement, New Treasure Island Wastewater Treatment Plant, Folsom Area Stormwater Improvement, and Yosemite Creek Daylighting. Proceeds of the loan will fund 49% of project costs plus eligible expenses. The Project 1 Loan is on a parity lien basis with the SFPUC's outstanding Wastewater Revenue Bonds and CWSRF Loans entered into with the California State Water Resources Control Board. The loan will bear a fixed interest rate of 3.65% for a 32-year term, with loan repayment expected to begin in fiscal year 2033. The EPA has approved $90.8 million in project costs as of June 30, 2024.The SFPUC has not yet submitted any requests for loan disbursements to date and there is no outstanding loan principal as of June 30, 2024.

Events of Default and Remedies

Wastewater Revenue Bonds, SRF Loans, and WIFIA Loan – Significant events of default as specified in the Wastewater Enterprise Indenture (applicable to Wastewater Revenue Bonds, SRF Loans and WIFIA loan) include non-payment, material breach of warranty, representation, or indenture covenants which are not cured within applicable grace periods, and bankruptcy and insolvency events. The trustee, upon written request, by majority of the owners (by aggregate amount of the bond obligations or of a credit provider), shall declare the principal and interest accrued thereon, to be due and payable immediately. As of June 30, 2024, there were no such events described herein.

(Dollars in Thousands)

(9) EMPLOYEE BENEFIT PROGRAMS

(a) Retirement Plans

General Information About the Pension Plans – The San Francisco City and County Employees' Retirement System (Retirement System) administers a cost-sharing multiple-employer defined benefit pension plan (SFERS Plan), which covers substantially all of the employees of the City and County of San Francisco, and certain classified and certificated employees of the San Francisco Community College and Unified School Districts, and San Francisco Trial Court employees other than judges. The San Francisco City and County Charter and the Administrative Code are the authority which establishes and amends the benefit provisions and employer obligations of the SFERS Plan. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the SFERS Plan. That report may be obtained on the Retirement System's website at http://mysfers.org or by writing to the San Francisco City and County Employees' Retirement System, 1145 Market Street, 5th Floor, San Francisco, CA 94103 or by calling (415) 487-7000.

Replacement Benefits Plan – The Replacement Benefits Plan (RBP) is a qualified excess benefit plan established in October 1989. Internal Revenue Code Section 415(m) provides for excess benefit arrangements that legally permit benefit payments above the Section 415 limits, provided that the payments are not paid from the SFERS Trust. The RBP allows the City to pay SFERS retirees any portion of the Charter-mandated retirement allowance that exceeds the annual Section 415(b) limit. The RBP plan does not meet the criteria of a qualified trust under GASB Statement No. 73 because RBP assets are subject to the claims of the employer's general creditors under federal and State law in the event of insolvency.

In addition, some City employees are eligible to participate in the Public Employees' Retirement Fund (PERF) of the California Public Employees' Retirement System (CalPERS) Safety Plan, an agent multi-employer pension plan, or the CalPERS Miscellaneous Rate Plan, included in CalPERS public agency cost-sharing multiple-employer pension plan. Some employees of the Transportation Authority, a blended component unit, and the Successor Agency, a fiduciary component unit, are eligible to participate in a CalPERS Miscellaneous Rate Plan or a CalPERS Public Employees' Pension Reform Act (PEPRA) Miscellaneous Rate Plan, both rate plans are included in CalPERS public agency cost-sharing multiple-employer pension plan. In addition, some employees of the Treasure Island Development Authority, a discretely presented component unit, are eligible to participate in the CalPERS Miscellaneous Rate Plan included in CalPERS public agency cost-sharing multiple-employer pension plan.

CalPERS acts as a common investment and administrative agent for various local and State governmental agencies within the State of California . Benefit provisions and other requirements are established by State statute, employer contract with CalPERS, by City resolution and resolution of component units. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits

SFERS – The SFERS Plan provides service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and provides annual cost-of-living adjustments (COLA) after retirement. The SFERS Plan also provides pension continuation benefits to qualified survivors. The Retirement System pays benefits according to the category of employment and the type of benefit coverage provided by the City. The four main categories of SFERS Plan members are:

- Miscellaneous Non-Safety Members – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- Sheriff's Department and Miscellaneous Safety Members – sheriffs assuming office on and after January 7, 2012, and undersheriffs, deputized personnel of the Sheriff's Department, and miscellaneous safety employees hired on and after January 7, 2012.
- Firefighter Members – firefighters and other employees whose principal duties are in fire prevention and suppression work or who occupy positions designated by law as firefighter member positions.
- Police Members – police officers and other employees whose principal duties are in active law enforcement or who occupy positions designated by law as police member positions.

The membership groups and the related service retirement benefits are summarized as follows:

Miscellaneous Non-Safety Members			
	Tier I	Tier II	Tier III
Eligible Members	Prior to July 1, 2010	On or after July 2010, and prior to January 7, 2012	On or after January 7, 2012
Pension Service Retirement	- At least 50 years old with 20 years of credited service. - Age 60 with 10 or more years of credited service.		- At least 53 years old with 20 years of credited service. - Age 60 with 10 or more years of credited services.
Allowance	Final compensation (highest one-year average monthly compensation) multiplied by years of credited service times age factor up to maximum of 75% of final compensation.	Final compensation (highest two-year average monthly compensation) multiplied by years of credited service times age factor up to maximum of 75% of final compensation.	Final compensation (highest three-year average monthly compensation) multiplied by years of credited service times age factor up to maximum of 75% of final compensation.
Disability Retirement Benefit	10 or more years of credited service and member sustains an injury or illness that prevent them from performing member's duties.		
Death Benefits	- Death prior to retirement: o If qualified for service retirement, qualified surviving spouse and qualified domestic partner receive continuation benefits equal to 50% to 100% of the member's retirement allowance that the member would have received had he or she retired on the date of death. o If not qualified for service retirement, a lump sum death payment equal to 6 months' earnable salary plus the member's accumulated contributions is provided upon the death of an active employee to the member's named beneficiary or estate. - Death benefit after retirement: o Upon the death of a retired member, the Retirement System provides continuation benefits to a qualified surviving spouse or qualified domestic partner equal to 50% of the member's retirement allowance as of the date of death.		
Cost-of-Living Adjustment (COLA)	- Basic COLA: o Retirees receive basic COLA each July 1. The majority of adjustments are determined by changes in the Consumer Price Index (CPI) with increases capped at 2%. - Supplemental COLA [1]: o When there are sufficient "excess" investment earnings in the SFERS Plan. o Maximum benefit adjustment each July 1 is 3.5% including the Basic COLA.		

(Dollars in Thousands)

<table>
<tr><th></th><th colspan="3">Firefighter Members and Police Members</th><th>Sheriff's Department Members and Miscellaneous Safety Members</th></tr>
<tr><th></th><th>Tier I</th><th>Tier II</th><th>Tier III</th><th></th></tr>
<tr><td>Eligible Members</td><td>On or after November 2, 1976, and prior to July 1, 2010</td><td>On or after July 1, 2010, and prior to January 7, 2012</td><td>On or after January 7, 2012</td><td>On or after January 7, 2012</td></tr>
<tr><td>Pension Service Retirement</td><td colspan="4">At least 50 years old w ith 5 years of credited service</td></tr>
<tr><td>Allow ance</td><td>Final compensation (highest one-year average monthly compensation) multiplied by years of credited service times age factor up to maximum of 90% of final compensation.</td><td>Final compensation (highest tw o-year average monthly compensation) multiplied by years of credited service times age factor up to maximum of 90% of final compensation.</td><td colspan="2">Final compensation (highest three-year average monthly compensation) multiplied by years of credited service times age factor up to maximum of 90% of final compensation.</td></tr>
<tr><td>Disability Retirement Benefit</td><td colspan="4">- Ordinary disability retirement (non-job related) 10 or more years of credited service and member sustains an injury or illness that prevent them from performing member's duties. The disability retirement benefit is calculated using 1.5% of the memeber's average final compensation (defined by plan) multiplied by years of credited service subject to a minimum of 33.3% and a maximum of 75% to 90%
- Industrial disability retirement (job-related) no minimum service requirement if their disability is caused by an illness or injury that they receive w hile performing their duties. The industrial disability retirement benefit is based on the member's average final compensation (defined by plan) multiplied by the permanent disability rating (from 50% to 90%) or the member's service retirement benefit if the member is eligible for a service retirement.</td></tr>
<tr><td>Death Benefits

(w ork-related)</td><td colspan="4">- Death prior to retirement:
o If qualified for service retirement, qualified surviving spouse and qualified domestic partner receive continuation benefits equal to 50% to 100% of the member's retirement allow ance that the member w ould have received had he or she retired on the date of death.
o If not qualified for service retirement, salary continuation is proivded to the qualified survivor until such time as the member w ould have qualified for service retirment had he or she lived at w hich time a continuation benefit equal to 100% of the member's service retirment allow ance is provided to the qualified survivor.
o If not qualified for service retirement and no survivor continuation benefits are payable, a lum sum distribution of member contributions and interest plus 6 months compensation earnable paid to designated Plan beneficiary or estate.
- Death benefit after retirement:
o Upon the death of a retired member, the Retirement System provides continuation benefits to a qualified surviving spouse or qualified domestic partner equal to 75% of the member's retirement benefit at the date of death.</td></tr>
<tr><td>Death Benefits

(non-w ork-related)</td><td colspan="4">- Death prior to retirement:
o If qualified for service retirement, qualified surviving spouse and qualified domestic partner receive continuation benefits equal to 50% of the member's retirement allow ance that the member w ould have received had he or she retired on the date of death.
o If not qualified for service retirement, a continuation benefit payable to qualified survivor equal to 50% of the service retirement payable to member or the non-job-related disability retirement payable to member based on the deceased member years of credited service.
o If not qualified for service retirement and no survivor continuation benefits are payable, a lum sum distribution of member contributions and interest plus 6 months compensation earnable paid to designated Plan beneficiary or estate.
- Death benefit after retirement:
o Upon the death of a retired member, the Retirement System provides continuation benefits to a qualified surviving spouse or qualified domestic partner equal to 50% of the member's retirement benefit at the date of death.</td></tr>
<tr><td>Cost-of-Living Adjustment (COLA)</td><td colspan="4">- Basic COLA:
o Retirees receive basic COLA each July 1. The majority of adjustments are determined by changes in the Consumer Price Index (CPI) w ith increases capped at 2%.
- Supplemental COLA [1]:
o When there are sufficient "excess" investment earnings in the SFERS Plan.
- Maximum benefit adjustment each July 1 is 3.5% including the Basic COLA.</td></tr>
</table>

[1] - Proposition A passed on November 8, 2022, eliminated the full funding requirement for Supplemental COLA benefit payments to members who retired before November 6, 1996 (Pre96 Retirees). Furthermore, Pre96 Retirees' base retirement allowances were

adjusted to account for Supplemental COLAs not received in 2013, 2014, 2017, 2018 and 2019 due to the full funding requirement. Effective with Proposition A, all Supplemental COLA retirement benefits paid to members hired before January 7, 2012, will continue into the future even when an additional Supplemental COLA is not payable in any given year. For members hired on and after January 7, 2012, a Supplemental COLA will only be paid to retirees when there are sufficient "excess" investment earnings in the Plan and the Plan is also fully funded on a market value of asset basis and in addition for these members, Supplemental COLAs will not be permanent adjustments to retirement benefits. That is, in years when a Supplemental COLA is not paid, all previously paid Supplemental COLAs will expire.

CalPERS – CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on a final compensation, which is the highest average pay rate and special compensation during any consecutive one-year or three-year period. The cost-of-living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California PEPRA, which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013, are known as "PEPRA" members.

The CalPERS' provisions and benefits in effect at June 30, 2024, are summarized as follows:

CalPERS' Provisions and Benefits*

	City Safety Plan	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 50, 2% @ 55, or 3% @ 55	2% @ 57 or 2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Required employee contribution rates	7.00% to 9.00%	11.50% to 14.50%
Required employer contribution rates	25.95%	25.95%

** The City Miscellaneous Plan and the Treasure Island Miscellaneous Plan have no current active employees.*

	Transportation Authority Miscellaneous Plan		Successor Agency Miscellaneous Plan	
	Prior to	On or after	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 62	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Required employee contribution rates	6.92%	7.75%	6.92%	8.00%
Required employer contribution rates	12.47%	7.68%	13.00%	7.91%

(Dollars in Thousands)

At June 30, 2024, the following current and former employees were covered by the benefit terms under each pension plan:

	SFERS Plan	City CalPERS Miscellaneous Plan	City CalPERS Safety Plan	Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	Treasure Island Development Authority CalPERS Miscellaneous Plan
Inactive employees or beneficiaries currently receiving benefits.............	32,654	59	1,350	18	190	1
Inactive employees entitled to but not yet receiving benefits.....................	13,103	1	238	71	102	-
Active employees.............................	35,418	-	576	35	37	-
Total...	81,175	60	2,164	124	329	1

Contributions

For the year ended June 30, 2024, the City's actuarial determined contributions were as follows:

SFERS Plan..	$ 636,991
City CalPERS Miscellaneous Plan...	-
City CalPERS Safety Plan...	44,859
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans........	737
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans..............	2,842
Treasure Island Development Authority CalPERS Miscellaneous Plan...............	-
Total..	$ 685,429

<u>SFERS</u> – Contributions are made to the basic SFERS Plan by both the City and the participating employees. Employee contributions are mandatory as required by the Charter. Employee contribution rates for fiscal year 2023-24 varied from 7.50% to 11.50% as a percentage of gross covered salary. For the year ended June 30, 2024, most employee groups agreed through collective bargaining for employees to contribute the full amount of the employee contributions on a pretax basis. The City is required to contribute at an actuarially determined rate. Based on the July 1, 2022, actuarial report, the required employer contribution rates for fiscal year 2023-24 were 15.24% to 18.24%.

<u>CalPERS</u> – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the PERF are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by public employees during the year, with an additional amount to finance any unfunded accrued liability.

<u>Replacement Benefits Plan</u> – The RBP is and will remain unfunded and the rights of any participant and beneficiary are limited to those specified in the RBP. The RBP constitutes an unsecured promise by the City to make benefit payments in the future to the extent funded by the City. The City paid $4.6 million replacement benefits in the year ended June 30, 2024.

Pension liabilities are financed by governmental funds, enterprise funds, fiduciary funds and discrete component unit that are responsible for the charges.

Net Pension Liability (Asset)

The table below shows how the net pension liability (NPL) or (net pension asset) (NPA) as of June 30, 2024, is distributed.

	Net Pension Asset	Net Pension Liability	Total
Governmental activities...	$ (18,263)	$ 2,473,968	$ 2,455,705
Business-type activities..	-	1,479,736	1,479,736
Fiduciary funds..	-	39,202	39,202
Component Unit - Treasure Island Development Authority..	-	4	4
Total..	$ (18,263)	$ 3,992,910	$ 3,974,647

As of June 30, 2024, the City's NPL/(NPA) is comprised of the following:

	Proportionate Share	Share of Net Pension Liability (Asset)
SFERS Plan..	94.8491%	$ 3,456,687
City CalPERS Miscellaneous Plan..	-0.1464%	(18,263)
City CalPERS Safety Plan..	N/A	360,919
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans.	0.0318%	3,964
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans..........	0.3412%	39,202
Treasure Island Development Authority CalPERS Miscellaneous Plan.........	0.0000%	4
Replacement Benefits Plan..	N/A	132,134
Total..		$ 3,974,647

The City's NPL/(NPA) for each of its cost-sharing plans is measured as a proportionate share of the plans' NPL/(NPA). The City's NPL/(NPA) for each of its cost-sharing plans is measured as of June 30, 2023, and the total pension liability for each cost-sharing plan used to calculate the NPL/(NPA) was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The City's proportion of the NPL/(NPA) for the SFERS Plan was based on the City's long-term share of contributions to SFERS relative to the projected contributions of all participating employers, actuarially determined. The City's proportions of the NPL/(NPA) for the CalPERS plans were actuarially determined as of the valuation date.

The City's proportionate share and NPL/(NPA) of each of its cost-sharing plans as of June 30, 2023 and 2022 were as follows:

	June 30, 2023 (Measurement Date)		June 30, 2022 (Measurement Date)	
	Proportionate Share	Share of Net Pension Liability (Asset)	Proportionate Share	Share of Net Pension Liability (Asset)
SFERS Plan..	94.8491%	$ 3,456,687	94.8676%	$ 2,552,996
City CalPERS Miscellaneous Plan...	-0.1464%	(18,263)	-0.1503%	(17,362)
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans.	0.0318%	3,964	0.0294%	3,394
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans..........	0.3412%	39,202	0.3232%	37,328
Treasure Island Development Authority CalPERS Miscellaneous Plan.........	0.0000%	4	0.0001%	11
Total..		$ 3,481,594		$ 2,576,367

(Dollars in Thousands)

The City's NPL for the CalPERS City Safety Plan (agent plan) is measured as the total pension liability, less the CalPERS Safety Plan's fiduciary net position. The change in the NPL for the City CalPERS Safety Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022 (MD)	$ 1,678,023	$ 1,322,431	$ 355,592
Change in year:			
Service cost	27,527	-	27,527
Interest on the total pension liability	115,061	-	115,061
Changes of assumptions	762	-	762
Differences between expected and actual experience	17,649	-	17,649
Contributions from the employer	-	66,840	(66,840)
Contributions from employees	-	7,600	(7,600)
Net investment income	-	82,204	(82,204)
Benefit payments, including refunds of employee contributions	(85,292)	(85,292)	-
Administrative expense	-	(972)	972
Net changes during measurement period	75,707	70,380	5,327
Balance at June 30, 2023 (MD)	$ 1,753,730	$ 1,392,811	$ 360,919

The City's pension liability for the Replacement Benefits Plan is measured as the total pension liability as there are no assets in the plan. The change in the total pension liability for the City Replacement Benefits Plan is as follows:

	Increase (Decrease)
	Total Pension Liability
Balance at June 30, 2022 (MD)	$ 155,931
Change in year:	
Service cost	1,299
Interest	5,462
Differences between expected and actual experience	(23,541)
Assumption changes	(2,403)
Benefit payments	(4,614)
Net changes during measurement period	(23,797)
Balance at June 30, 2023 (MD)	$ 132,134

Pension Expenses/(Benefits) and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the City recognized pension expense/(benefit) including amortization of deferred outflows/inflows related to pension items as follows:

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Fiduciary Funds	Treasure Island Development Authority	Total
SFERS Plan	$ 386,360	$ 273,359	$ -	$ -	$ 659,719
City CalPERS Miscellaneous Plan	3,051	-	-	-	3,051
City CalPERS Safety Plan	64,904	-	-	-	64,904
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	1,225	-	-	-	1,225
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	-	-	3,743	-	3,743
Treasure Island Development Authority CalPERS Miscellaneous Plan	-	-	-	5	5
Replacement Benefits Plan	12,154	(4,597)	-	-	7,557
Total pension expense/(benefit)	$ 467,694	$ 268,762	$ 3,743	$ 5	$ 740,204

At June 30, 2024, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	SFERS Plan		CalPERS City Miscellaneous Plan		CalPERS Transportation Authority Miscellaneous Plan		CalPERS Successor Agency Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 636,991	$ -	$ -	$ -	$ 737	$ -	$ 2,842	$ -
Change in assumptions	447,365	204,119	-	1,103	239	-	2,367	311
Difference between expected and actual experience	371,417	-	-	788	203	32	2,003	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	52,018	40,775	6,357	2,295	425	70	-	2,858
Net difference between projected and actual earnings on plan investments	654,185	-	-	2,957	642	-	6,347	-
Total	$ 2,161,976	$ 244,894	$ 6,357	$ 7,143	$ 2,246	$ 102	$ 13,559	$ 3,169

	CalPERS Treasure Island Development Authority Miscellaneous Plan		City CalPERS Safety Plan		Replacement Benefits Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ -	$ -	$ 44,859	$ -	$ -	$ -	$ 685,429	$ -
Change in assumptions	-	-	2,176	-	10,312	27,213	462,459	232,746
Difference between expected and actual experience	-	-	7,844	914	11,379	33,616	392,846	35,350
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	7	6	-	-	8,304	8,304	67,111	54,308
Net difference between projected and actual earnings on plan investments	-	-	62,671	-	-	-	723,845	2,957
Total	$ 7	$ 6	$ 117,550	$ 914	$ 29,995	$ 69,133	$ 2,331,690	$ 325,361

(Dollars in Thousands)

At June 30, 2024, the City reported $685.4 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as an adjustment to net pension liability/(asset) in the reporting year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in the reporting year as follows:

Year Ending June 30	SFERS Plan	CalPERS City Miscellaneous Plan	CalPERS Transportation Authority Miscellaneous Plan	CalPERS Successor Agency Miscellaneous Plan	CalPERS Treasure Island Development Authority Miscellaneous Plan	CalPERS Safety Plan	Replacement Benefits Plan	Total
2025.......	$ 7,978	$ 1,230	$ 519	$ 1,502	$ 1	$ 20,305	$ (3,220)	$ 28,315
2026.......	(196,185)	601	339	1,171	-	6,367	(12,183)	(199,890)
2027.......	1,281,982	(2,532)	531	4,693	-	43,395	(18,547)	1,309,522
2028.......	186,316	(85)	18	182	-	1,710	(5,188)	182,953
Total	$ 1,280,091	$ (786)	$ 1,407	$ 7,548	$ 1	$ 71,777	$ (39,138)	$ 1,320,900

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2023 is provided below, assumptions were consistent with the July 1, 2022 actuarial valuation.

<u>**Actuarial Assumptions**</u>

	SFERS Plan		CalPERS Miscellaneous and Safety Plans
Valuation date..	July 1, 2022 updated to June 30, 2023		June 30, 2022 updated to June 30, 2023
Measurement date..................................	June 30, 2023		June 30, 2023
Actuarial cost method.............................	Entry-age normal cost method		Entry-age normal cost method
Investment rate of return.........................	7.20%, net of pension plan investment expenses		6.90%, net of pension plan investment expenses, includes inflation
Municipal bond yield................................	3.65% as of June 30, 2023 Bond Buyer 20-Bond GO Index, June 29, 2023		
Inflation..	2.50%		2.30%
Projected salary increases.......................	3.25% plus merit component based employee classification and years of service		Varies by Entry Age and Service
Discount rate...	7.20% as of June 30, 2023		6.90% as of June 30, 2022
Basic COLA..	Old Miscellaneous and		
	All New Plans..	2.00%	Miscellaneous Contract COLA up to 2.30% until Purchasing Protection Allowance Floor on Purchasing Power applies. Safety standard COLA 2.0%
	Old Police and Fire:		
	Pre 7/1/75 Retirements..................................	1.90%	
	Chapters A8.595 and A8.596.........................	2.50%	
	Chapters A8.559 and A8.585.........................	3.60%	

For SFERS, mortality rates for healthy Miscellaneous members were based upon adjusted PubG-2010 Employee and Retiree tables for non-annuitants and retirees, respectively. Mortality rates for Safety members were based upon adjusted PubS-2010 Employee and Retiree tables for non-annuitants and retirees, respectively. Mortality rates were then projected generationally from the base year using the MP-2019 projection scale.

The actuarial assumptions used in the SFERS valuation at the June 30, 2023, measurement date were based upon the results of an experience study for the period July 1, 2014, through June 30, 2019, and a review of economic experience study as of July 1, 2022.

For CalPERS, the mortality table used was developed based on CalPERS' specific data. The rates incorporate generational mortality to capture ongoing mortality improvements using 80% of Scale MP 2020 published by the Society of Actuaries. All other actuarial assumptions were based on the results of the 2021 actuarial experience study. The experience study report from November 2021 that can be obtained at CalPERS' website https://www.calpers.ca.gov under Forms and Publications.

The CalPERS discount was 6.90% as of the June 30, 2023, measurement date.

CalPERS Plans subsequent event, during the time period between the valuation date and the publication of the CalPERS report, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost-of-living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the net pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, the long-term price inflation assumption of 2.3% per annum is appropriate.

For the Replacement Benefits Plan, beginning of the year measurement is also based on the census data used in the actuarial valuation as of July 1, 2022.

Discount Rates

<u>SFERS</u> – The discount rate used to measure SFERS's total pension liability as of June 30, 2023, was 7.20%. The projection of cash flows used to determine the discount rate assumed that plan members and employers' contributions will continue to be made at the rates specified in the Charter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for July 1, 2022, actuarial valuation.

While the contributions and measure of Actuarial Liability in the funding valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members who were hired before Proposition C passed, a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the Actuarial Value of Assets. For members who were hired after Proposition C passed, the Market Value of Assets must also exceed the Actuarial Liability for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the amount of excess earnings and the basic COLA amount for each membership group. Most members receive a 1.50% Supplemental COLA when a full Supplemental COLA is granted.

No Supplemental COLA was payable as of July 1, 2023 due to the unfavorable investment returns for fiscal year 2022-23.

The table below shows the net assumed Supplemental COLAs for members with a 2.00% basic COLA for sample years.

Assumed Supplemental COLA
for Members with a 2.00% Basic COLA

Year Ending June 30	96 - Prop C	Before 11/6/96 or After Prop C
2025+	0.75%	0.50%

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

(Dollars in Thousands)

Based on these assumptions, the Retirement System's fiduciary net position was projected to be available to make projected future benefit payments for current members through 2104. Projected benefit payments are discounted at the long-term expected return on assets of 7.20% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.65% to the extent they are not available. The single equivalent rate used to determine the total pension liability as of June 30, 2023, is 7.20%.

The long-term expected rate of return on pension plan investments was 7.20%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced by the Retirement System. Expected future returns were determined by using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Target allocation and best estimates of geometric long-term expected real rates of return (net expected returns of pension plan investment expense and inflation) for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	4.6%
Treasuries	8.0%	1.7%
Liquid Credit	5.0%	3.5%
Private Credit	10.0%	5.8%
Private Equity	23.0%	7.8%
Real Assets	10.0%	5.3%
Absolute Return	10.0%	4.4%
Leverage	-3.0%	1.4%

CalPERS - The discount rate used to measure each of the CalPERS Miscellaneous Rate Plans and the Safety Plan total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects long-term expected real rates of return by asset class.

Asset Class	Target Allocation	Real Return[1],[2]
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real estate	15.00%	3.21%
Leverage	-5.00%	-0.59%

(1) An expected price inflation of 2.30% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management study.

Replacement Benefits Plan – The discount rate was 3.65% as of June 30, 2023. This reflects the yield for a 20-year, tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The Municipal Bond Yield is the Bond Buyer 20-Year GO Index as of June 30, 2023. This is the rate used to determine the total pension liability as of June 30, 2023.

The inflation assumption of 2.50% compounded annually was used for projecting the annual IRC Section 415(b) limitations. However, the actual IRC Section 415(b) limitations published by the IRS of $265 thousand was used for the 2023 measurement date.

The SFERS assumptions about Basic and Supplemental COLAs previously discussed also apply to the Replacement Benefits Plan, including the impact of the State Appeals Court determination that the full funding requirement for payment of Supplemental COLA included in Proposition C was unconstitutional and the impact is accounted for as a change in benefits.

At June 30, 2024, the membership in the RBP had a total of 427 active members and 150 retirees and beneficiaries currently receiving benefits.

(Dollars in Thousands)

Sensitivity of Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the NPL/(NPA) for each of the City's cost-sharing retirement plans, calculated using the discount rate, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

Cost-Sharing Pension Plans Proportionate Share of Net Pension Liability/(Asset)	1% Decrease Share of NPL/(NPA) @ 6.20%	Current Share of NPL/(NPA) @ 7.20%	1% Increase Share of NPL/(NPA) @ 8.20%
SFERS	$ 8,107,768	$ 3,456,687	$ (378,110)
	1% Decrease Share of NPL/(NPA) @ 5.90%	**Current Share of NPL/(NPA) @ 6.90%**	**1% Increase Share of NPL/(NPA) @ 7.90%**
City CalPERS Miscellaneous Plan	$ (15,889)	$ (18,263)	$ (20,218)
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	6,730	3,964	1,687
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	54,722	39,202	26,427
Treasure Island Development Authority CalPERS Miscellaneous Plan	15	4	(5)

The following presents the NPL for the City's CalPERS Safety Plan (agent multiple-employer plan) and the total pension liability for the City's Replacement Benefits Plan, calculated using the discount rate, in effect as of the measurement date, as well as what the net/total pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

Agent Pension Plan	1% Decrease @ 5.90%	Measurement Date @ 6.90%	1% Increase @ 7.90%
City CalPERS Safety Plan	$ 588,026	$ 360,919	$ 173,044
Single Employer Plan	**1% Decrease @ 2.65%**	**Measurement Date @ 3.65%**	**1% Increase @ 4.65%**
Replacement Benefits Plan	$ 156,516	$ 132,134	$ 112,920

Detailed information about the CalPERS Safety Plan's fiduciary net position is available in a separately issued CalPERS financial report, copies may be obtained from the CalPERS website at www.calpers.ca.gov.

Deferred Compensation Plan

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

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

Health Service System

The Health Service System was established in 1937. Health care benefits of employees, retired employees and surviving spouses are financed by beneficiaries and by the City through the Health Service System. The employers' contribution, which includes the San Francisco Community College District, San Francisco Unified School District and the San Francisco Superior Court, amounted to approximately $939.1 million in fiscal year 2023-24. The employers' contribution is mandated and determined by Charter provision based on similar contributions made by the ten most populous counties in California and the contribution models negotiated with the unions. Included in this amount is $272.9 million to provide postemployment health care benefits for 31,057 retired participants, of which $230.1 million related to City employees. The City's liability for postemployment health care benefits is enumerated below. The City's contribution is paid out of current available resources and funded on a pay-as-you-go basis. The Health Service System issues a publicly available financial report that includes financial statements. That report may be obtained by writing to the San Francisco Health Service System, 1145 Market Street, Suite 300, San Francisco, CA 94103 or from the City's website https://sfhss.org.

(b) Postemployment Health Care Benefits

City (excluding the Transportation Authority and the Successor Agency)

The City maintains a defined benefit other postemployment benefits plan (the OPEB Plan). The OPEB Plan provides postemployment medical, dental and vision insurance benefits to eligible employees, retired employees, surviving spouses, and domestic partners. Health benefit provisions are established and may be amended through negotiations between the City and the respective bargaining units.

GASB Statement No. 75 requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

San Francisco Health Service System OPEB Plan

Valuation Date (VD)	June 30, 2022 updated to June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

The City prefunds its OPEB obligations through the Retiree Health Care Trust Fund (RHCTF) that allows participating employers to prefund certain postemployment benefits other than pensions for their covered employees. The RHCTF is an agent multiple-employer trust fund and has two participating employers: (i) the City and County of San Francisco and (ii) the San Francisco Community College District. The RHCTF is administered by the City and is presented as an other postemployment benefit trust fund herein. The RHCTF's administrator, the City and County of San Francisco's Retirement System (SFERS), issues a publicly available financial report consisting of financial statements and required supplementary information for the RHCTF in aggregate. The report may be obtained by writing to SFERS, 1145 Market Street, 5th Floor, San Francisco, CA 94103 or from the website https://sfrhctf.org.

(Dollars in Thousands)

Former employees of the City and County of San Francisco who were members of the Health Service System and who retire under SFERS or CalPERS are eligible for postretirement health benefits from the City and County of San Francisco. Effective with Proposition B, passed June 3, 2008, employees hired on or after January 10, 2009, must retire within 180 days of separation in order to be eligible for retiree healthcare benefits from the City. The eligibility requirements are as follows:

City and County of San Francisco's Retirement System (SFERS)

Normal Retirement	Miscellaneous	Age 50 with 20 years of credited service [1]
		Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
Disabled Retirement [2]	Any age with 10 years of credited service	
Terminated Vested	5 years of credited service at separation	

California Public Employees' Retirement System (CalPERS) – the Safety Plan of the City and County of San Francisco

Normal Retirement	Age 50 with 5 years of credited service
Disabled Retirement [2]	Any age with 5 years of credited service
Terminated Vested	5 years of credited service at separation

[1] Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012 under Charter Section 8.603.
[2] No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses / domestic partners of those killed in the line of duty.

Retiree healthcare benefits are administered by the San Francisco Health Service System and include the following:

Medical: PPO – Blue Shield (self-insured) and UHC Medicare Advantage (fully-insured)
HMO – Kaiser (fully-insured) and Blue Shield (flex-funded), and Health Net (flex-funded)

Dental: Delta Dental, DeltaCare USA and UnitedHealthcare Dental

Vision: Vision benefits are provided under the medical insurance plans and are administered by Vision Service Plan.

Projections of the sharing of benefit related costs are based on an established pattern of practice.

As of the June 30, 2022, valuation date, the following current and former employees were covered by the benefit terms under the healthcare plan:

	City Plan
Active plan members	31,621
Inactive employees entitled to but not yet receiving benefit payments	2,211
Inactive employees or beneficiaries currently receiving benefit payments	23,624
Total	57,456

San Francisco County Transportation Authority and Successor Agency

The Transportation Authority's defined benefit postemployment healthcare plan provides healthcare benefits to eligible employees and their surviving spouses. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 and meeting program vesting requirements or being converted to disability status and retiring directly from the Transportation Authority. Dental and vision benefits are not available to retirees. The Transportation Authority is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for the provision of healthcare insurance programs for both active and retired employees.

Effective February 1, 2012, upon the operation of law to dissolve the former Agency, the Successor Agency assumed the former Agency's other postemployment benefits plan. The Successor Agency sponsors a defined benefit plan providing OPEB to employees who retire directly from the former Agency and/or the Successor Agency. The Successor Agency pays 100% of the premiums of CalPERS medical plan to eligible employees that satisfied the required services years and minimum age.

The Transportation Authority and the Successor Agency participate in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent multiple-employer postemployment health plan, to prefund other postemployment benefits through CalPERS. CalPERS issues publicly available financial reports for all plans it administers and a separate GASB Statement No. 75 report for CERBT that can be found on CalPERS website www.calpers.ca.gov.

Projections of the sharing of benefit related costs are based on an established pattern of practice.

As of the June 30, 2023, actuarial valuation, the following current and former employees were covered by the benefit terms under the healthcare plan:

	Transportation Authority	Successor Agency
Active plan members	39	35
Inactive employees entitled to but not yet receiving benefit payments	-	1
Inactive employees or beneficiaries currently receiving benefit payments	8	100
Total	47	136

Contributions

The City's benefits provided under the OPEB Plan are currently paid through "pay-as-you-go" funding. Additionally, under the City Charter, active officers and employees of the City who commenced employment on or after January 10, 2009, shall contribute to the RHCTF a percentage of compensation not to exceed 2% of pre-tax compensation. The City shall contribute 1% of compensation for officers and employees who commenced employment on or after January 10, 2009, until the City's actuary has determined that the City's portion of the RHCTF is fully funded. At that time, the City's 1% contribution shall cease, and officers and employees will each contribute 50% of the normal cost and shall not exceed 2% of pre-tax compensation.

Starting July 1, 2016, active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute 0.25% of pre-tax compensation into the RHCTF. Beginning on July 1st of each subsequent year, the active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute an additional 0.25% of pre-tax compensation up to a maximum of 1%. Starting July 1, 2016, the City contributes 0.25% of compensation into the RHCTF for each officer and employee who commenced employment on or before January 9, 2009. Beginning on July 1st of each subsequent year, the City contributes an additional 0.25% of compensation, up to a maximum of 1% for each officer and employee who commenced employment on or before January 9, 2009. When the City's actuary has determined that the City's portion of the

(Dollars in Thousands)

RHCTF is fully funded, the City's 1% contribution shall cease, and officers and employees will each contribute 50% of the normal cost and shall not exceed 1% of pre-tax compensation. Additional or existing contribution requirements may be established or modified by amendment to the City's Charter.

For the year ended June 30, 2024, the City's funding was based on "pay-as-you-go" plus a contribution of $48.8 million to the RHCTF. The "pay-as-you-go" portion paid by the City was $229.9 million for a total contribution subsequent to the measurement date of $278.7 million for the year ended June 30, 2024.

The Transportation Authority's contribution requirements are established and may be amended by the Board. The Transportation Authority makes contributions on an actuarial basis, funding the full actuarially determined contributions (ADC). The Transportation Authority's employees are not required to contribute to the OPEB plan. For the year ended June 30, 2024, the Transportation Authority contributed $242 thousand to the CERBT plan. The Successor Agency's OPEB funding policy is to contribute 100% or more of the ADC annually by contributing to the CERBT. For the year ended June 30, 2024, the Successor Agency contributed $893 thousand to the plan. There are no employee contributions to the Successor Agency's plan. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

OPEB liabilities are financed by governmental funds, enterprise funds and fiduciary funds that are responsible for the charges.

Net OPEB Liability/(Asset)

The table below shows how the net OPEB liability/(asset) as of June 30, 2024, is distributed.

	Net OPEB Asset	Net OPEB Liability	Total
Governmental activities	$ -	$ 2,186,575	$ 2,186,575
Business-type activities	-	1,726,265	1,726,265
Fiduciary funds	(4,425)	12,346	7,921
Total	$ (4,425)	$ 3,925,186	$ 3,920,761

As of June 30, 2024, the City's net OPEB liability (asset) is comprised of the following:

	Share of Net OPEB Liability (Asset)
City defined benefit healthcare plan	$ 3,924,832
Transportation Authority defined benefit healthcare plan	354
Successor Agency defined benefit healthcare plan	(4,425)
Total	$ 3,920,761

The changes in the City OPEB Plan's net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022 (MD)	$ 4,486,151	$ 739,881	$ 3,746,270
Changes during the measurement period			
Service cost	145,520	-	145,520
Interest	311,626	-	311,626
Differences between expected and actual experience	135,809	-	135,809
Changes of assumptions	-	-	-
Contributions - employer	-	260,649	(260,649)
Contributions - member	-	73,426	(73,426)
Net investment income	-	80,490	(80,490)
Benefit payments, including refunds of member contributions	(215,408)	(215,408)	-
Administrative expense	-	(172)	172
Net changes during the measurement period	377,547	198,985	178,562
Balance at June 30, 2023 (MD)	$ 4,863,698	$ 938,866	$ 3,924,832

The changes in net OPEB liability (asset) for the plans of the Transportation Authority and Successor Agency are as follows:

	Transportation Authority			Successor Agency		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2022 (MD)	$ 2,057	$ 2,158	$ (101)	$ 11,371	$ 13,489	$ (2,118)
Changes during the measurement period						
Service cost	117	-	117	324	-	324
Interest	157	-	157	703	-	703
Differences between expected and actual experience	(99)	-	(99)	(682)	-	(682)
Changes of assumptions	513	-	513	713	-	713
Contributions from the employer	-	95	(95)	-	2,429	(2,429)
Benefit payments	(96)	(96)	-	(890)	(890)	-
Administrative expense	-	(1)	1	-	(7)	7
Net investment income	-	139	(139)	-	943	(943)
Net changes during the measurement period	592	137	455	168	2,475	(2,307)
Balance at June 30, 2023 (MD)	$ 2,649	$ 2,295	$ 354	$ 11,539	$ 15,964	$ (4,425)

(Dollars in Thousands)

OPEB Expenses/(Benefits) and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the City recognized OPEB expense/(benefit) including amortization of deferred outflows/inflows related to OPEB items as follows:

	Primary Government			
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
City defined benefit healthcare plan	$ 198,353	$ 60,830	$ 1,974	$ 261,157
Transportation Authority defined benefit healthcare plan	161	-	-	161
Successor Agency defined benefit healthcare plan	-	-	(150)	(150)
Total OPEB expense/ (benefit)	$ 198,514	$ 60,830	$ 1,824	$ 261,168

As of June 30, 2024, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	City Plan		Transportation Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 278,701	$ -	$ 242	$ -
Differences between expected and actual experience	168,622	454,990	149	504
Changes in assumptions	114,089	-	479	128
Changes in proportion	138,267	138,267	-	-
Net difference between projected and actual earnings on plan investments	30,040	-	193	-
Total	**$ 729,719**	**$ 593,257**	**$ 1,063**	**$ 632**

	Successor Agency		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 893	$ -	$ 279,836	$ -
Differences between expected and actual experience	-	530	168,771	456,024
Changes in assumptions	467	11	115,035	139
Changes in proportion	-	-	138,267	138,267
Net difference between projected and actual earnings on plan investments	956	-	31,189	-
Total	**$ 2,316**	**$ 541**	**$ 733,098**	**$ 594,430**

At June 30, 2024, the City reported $278.7 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as an adjustment to net OPEB liability/(asset) in the reporting year ending June 30, 2025.

Amounts reported as deferred outflows/inflows will be amortized annually and recognized in OPEB expense as follows:

Year ending June 30:	City	Transportation Authority	Successor Agency	Total
2025	$ (65,870)	$ 37	$ 128	$ (65,705)
2026	(28,240)	21	154	(28,065)
2027	(37,721)	99	605	(37,017)
2028	(33,043)	(5)	(5)	(33,053)
2029	22,635	(10)	-	22,625
Thereafter	-	47	-	47
Total	$ (142,239)	$ 189	$ 882	$ (141,168)

(Dollars in Thousands)

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the City Plan's total OPEB liability as of June 30, 2023 (measurement date) is provided below:

Key Actuarial Assumptions

Valuation Date	June 30, 2022 updated to June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 7.24% trending down to ultimate rate of 3.94% in 2075 Medicare trend starts at 7.24% trending down to ultimate rate of 3.94% in 2075 10-County average trend starts at 5.00% trending down to ultimate rate of 3.94% in 2075 Vision and dental expenses trend remains a flat 3.0% for all years
Expected Rate of Return on Plan Assets	7.00%
Discount Rate	7.00%
Salary Increase Rate	Wage Inflation Component: 3.25% Additional Merit Component (dependent on years of service): Police: 0.50% - 7.50% Fire: 0.50% - 14.00% Muni Drivers: 0.00% - 16.00% Craft: 0.50% - 3.75% Misc: 0.30% - 5.50%
Inflation Rate	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ended June 30, 2019.

Non-Annuitants

		Adjustment Factor	
	Published Table	Male	Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

		Adjustment Factor	
	Published Table	Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044

Disabled Retirees

		Adjustment Factor	
	Published Table	Male	Female
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995

Beneficiaries

		Adjustment Factor	
	Published Table	Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubG-2010 Employee	1.031	0.977

The mortality rates in the base tables are projected generationally from the base year using the modified version of the MP-2019 projection scale.

The Transportation Authority net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined using an actuarial valuation as of June 30, 2023. The Successor Agency's net OPEB asset was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. A summary of the actuarial assumptions and methods used to calculate the total OPEB liability are as follows:

	June 30, 2023 Measurement Date	
Key Actuarial Assumptions	**Transportation Authority**	**Successor Agency**
Actuarial Valuation Date	June 30, 2023	June 30, 2023
Discount Rate	6.00%	6.25%
General Inflation	2.80% per annum	2.50%
Salary Increases	2.80% per annum, in aggregate	2.75%; Merit based on 2021 CalPERS Experience Study
Investment Rate of Return	6.00%	6.25%
Mortality, Turnover, Disability, and Retirement	CalPERS Experience Study for the period from 1999 to 2019	CalPERS 2021 Experience Study. Mortality projected fully generational with Scale MP-2021
Healthcare Cost Trend Rate	Various initial all grading down to 4.00%	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare (non-Kaiser)- 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076

Sensitivity of Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability (asset) for each plan calculated using the healthcare cost trend rate, as well as what the plan's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

	June 30, 2023 (measurement year)		
Plan	**1% Decrease**	**Healthcare Trend**	**1% Increase**
City	$ 3,337,723	$ 3,924,832	$ 4,653,341
Transportation Authority	(51)	354	869
Successor Agency	(5,496)	(4,425)	(3,159)

Discount Rate

City OPEB Plan - The discount rate used to measure the total OPEB liability as of June 30, 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member and employer contributions will continue to be made at the rates specified in the Charter, and disbursements from the RHCTF will continue to be limited by the Charter until it is fully funded. Based on those assumptions, it was determined that the OPEB Plan's fiduciary net position was projected to be available to make all future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Dollars in Thousands)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return is based on the RHCTF's investment consultant's 10 and 20-year capital market assumptions for the RHCTF's asset allocation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
U.S. Large Cap	25.0%	8.7%
U.S. Small Cap	2.0%	9.3%
Developed Market Equity	13.0%	9.8%
Emerging Market Equity	10.0%	10.0%
Credit		
Bank Loans	3.0%	7.0%
High Yield Bonds	3.0%	7.3%
Rate Securities		
Investment Grade Bonds	7.0%	4.7%
Short-term Treasury Inflation-Protected Securities (TIPS)	5.0%	3.6%
Private Markets		
Private Equity	10.0%	11.0%
Private Debt	5.0%	9.0%
Core Private Real Estate	5.0%	6.5%
Core Private Infrastructure	2.0%	7.8%
Risk Mitigating Strategies		
Global Macro	10.0%	5.7%
Total	100.0%	

Transportation Authority and Successor Agency - The discount rates used to measure the total OPEB liability of the Transportation Authority and the Successor Agency were 6.00% and 6.25%, respectively. The projections of cash flows used to determine the discount rates assumed that Transportation Authority and Successor Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the OPEB plans' investments was applied to all periods of projected benefit payments to determine the total OPEB liability of each plan.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Transportation Authority		Successor Agency	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Global Equity	59.00%	5.25%	49.00%	4.56%
Fixed Income	25.00%	0.99%	23.00%	1.56%
Treasury Inflation Protection Securities	5.00%	0.45%	5.00%	-0.08%
Real Estate Investment Trusts	8.00%	4.50%	20.00%	4.06%
Commodities	3.00%	3.00%	3.00%	1.22%
Total	100.00%		100.00%	

The following presents the net OPEB liability (asset) calculated using the discount rate, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate for each plan:

	June 30, 2023 (measurement year)		
Plan	**1% Decrease 6.00%**	**Discount Rate 7.00 %**	**1% Increase 8.00%**
City	$ 4,593,631	$ 3,924,832	$ 3,376,391

	June 30, 2023 (measurement year)		
	1% Decrease 5.00%	**Discount Rate 6.00%**	**1% Increase 7.00%**
Transportation Authority	$ 770	$ 354	$ 13

	June 30, 2023 (measurement year)		
	1% Decrease 5.25%	**Discount Rate 6.25%**	**1% Increase 7.25%**
Successor Agency	$ (3,244)	$ (4,425)	$ (5,429)

(Dollars in Thousands)

(10) Fund Balances and Net Position

(a) Governmental Fund Balances

Fund balances for all the major and nonmajor governmental funds as of June 30, 2024, were distributed as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Imprest Cash, Advances, and Long-Term Receivables..	$ 1,001	$ 81	$ 1,082
Restricted			
Rainy Day..	114,539	-	114,539
Public Protection			
Police..	-	9,696	9,696
Sheriff..	-	1,340	1,340
Other Public Protection...	-	43,934	43,934
Public Works, Transportation & Commerce................	-	179,202	179,202
Human Welfare & Neighborhood Development.............	-	1,763,197	1,763,197
Affordable Housing..	-	164,560	164,560
Community Health...	-	128,874	128,874
Culture & Recreation...	-	356,732	356,732
General Administration & Finance..............................	-	51,158	51,158
Capital Projects..	-	432,168	432,168
Debt Service...	-	215,922	215,922
Total Restricted..	114,539	3,346,783	3,461,322
Committed			
Budget Stabilization..	330,010	-	330,010
Assigned			
Public Protection			
Police..	17,744	1,894	19,638
Sheriff..	9,495	599	10,094
Other Public Protection...	75,042	255	75,297
Public Works, Transportation & Commerce................	73,959	101,308	175,267
Human Welfare & Neighborhood Development.............	199,053	125,578	324,631
Affordable Housing..	114,328	-	114,328
Community Health...	188,307	-	188,307
Culture & Recreation...	17,224	22,992	40,216
General Administration & Finance..............................	83,085	22,881	105,966
General City Responsibilities....................................	37,794	-	37,794
Self-Insurance...	43,362	-	43,362
Capital Projects..	185,167	-	185,167
Litigation and Contingencies.....................................	282,731	-	282,731
Subsequent Year's Budget..	228,515	-	228,515
Total Assigned..	1,555,806	275,507	1,831,313
Unassigned...	562,254	(7,276)	554,978
Total...	$ 2,563,610	$ 3,615,095	$ 6,178,705

(b) General Fund Stabilization and Other Reserves

Rainy Day Reserve

The City maintains a “Rainy Day” or economic stabilization reserve under Charter Section 9.113.5, with separate accounts for the benefit of the City (the City Reserve) and the San Francisco Unified School District (the School Reserve). In any year when the City projects that total General Fund revenues for the upcoming budget year are going to be more than five percent higher than the General Fund revenues for the current year, the City automatically deposits one-half of the “excess revenues” in the Rainy Day Reserve. Seventy-five percent of the deposit is placed in the City Reserve and twenty-five percent is placed in the School Reserve. The total amount of money in the Rainy Day Reserve may not exceed ten percent of the City’s actual total General Fund revenues. The City may spend money from the City Reserve for any lawful governmental purpose, but only in years when the City projects that total General Fund revenues for the upcoming year will be less than the current year’s total General Fund revenues, i.e., years when the City expects to take in less money than it had taken in for the current year. In those years, the City may spend up to half the money in the City Reserve, but no more than is necessary to bring the City's total available General Fund revenues up to the level of the current year. The School District may withdraw up to half the money in the School Reserve when it expects to collect less money per student than the previous fiscal year and would have to lay off a significant number of employees. The School District’s Board can override those limits and withdraw any amount in the School Reserve by a two-thirds vote. The City does not expect to routinely spend money from the Rainy Day Reserve after evaluating its recent General Fund revenues trends and its most recent update to the Five-Year Financial Plan covering fiscal years 2024-25 through 2027-28.

Budget Stabilization Reserve

The City sets aside as an additional reserve 75 percent of (1) real estate transfer taxes in excess of the average collected over the previous five years, (2) proceeds from the sale of land and capital assets, and (3) ending unassigned General Fund balances. The City will be able to spend those funds in years in which revenues decline or grow by less than two percent, after using the amount legally available from the Rainy Day Reserve. The City, by a resolution of the Board of Supervisors adopted by a two-thirds vote, may temporarily suspend these provisions following a natural disaster that has caused the Mayor or the Governor to declare an emergency, or for any other purpose. The City does not expect to routinely spend money from the Budget Stabilization Reserve after evaluating its recent General Fund revenues trends and its most recent update to the Five-Year Financial Plan covering fiscal years 2024-25 through 2027-28.

(c) Encumbrances

At June 30, 2024, encumbrances recorded in the General Fund and nonmajor governmental funds were $431.5 million and $873.7 million, respectively.

(d) Restricted Net Position

The City issued general obligation bonds and certificates of participation for the purpose of rebuilding and improving Laguna Honda Hospital. General obligation bonds were also issued for the purpose of reconstructing and improving waterfront parks and facilities on Port property and for the seismic strengthening and repair of the Embarcadero Seawall managed by the Port and for the retrofit and improvement work to ensure a reliable water supply managed by the Water Enterprise in an emergency or disaster and for certain street improvements managed by the SFMTA. These capital assets are reported in the City’s business-type activities. However, the debt service will be paid with governmental revenues and as such these general obligation bonds and certificates of participation are reported with unrestricted net position in the City’s governmental activities. In accordance with GASB guidance, the City reclassified $437.0 million of unrestricted net position of governmental activities, of which $368.0 million reduced net investment in capital assets and $69.0 million reduced net position restricted for capital projects to reflect the total column of the primary government as a whole perspective.

(Dollars in Thousands)

(e) Deficit Fund Balances and Net Position

The San Francisco County Transportation Authority had a deficit of $5.6 million as of June 30, 2024. This decrease in fund balance was primarily due to continuous spending for Sales Tax Program projects and no short-term debt issuance in fiscal year 2023-24 together with deferral of revenues from funding sources.

The Senior Citizens Program Fund had a deficit of $1.6 million as of June 30, 2024. The deficit relates to unavailable revenue in various programs, which is expected to be collected beyond 60 days of the end of fiscal year 2023-24.

The Central Shops Internal Service Fund had a deficit in total net position of $15.9 million as of June 30, 2024, mainly due to the accrual of other postemployment benefits liability. The operating deficit is expected to be reduced in future years through anticipated rate increases or reductions in operating expenses. The rates are reviewed and updated annually.

Prior to February 1, 2012, the California Redevelopment Law provided tax increment financing as a source of revenue to redevelopment agencies to fund redevelopment activities. Due to the nature of the redevelopment financing, the former Agency liabilities exceeded assets. Therefore, the former Agency historically carried a deficit, which was expected to be reduced as future tax increment revenues were received and used to reduce its outstanding long-term debt. This deficit was transferred to the Successor Agency on February 1, 2012. The Successor Agency can only receive tax increment to the extent that it can show on an annual basis that it has incurred indebtedness that must be repaid with tax increment. At June 30, 2024, the Successor Agency has a deficit of $459.8 million, which will be eliminated with future redevelopment property tax revenues distributed from the Redevelopment Property Tax Trust Fund administered by the City's Controller.

(11) UNAVAILABLE RESOURCES IN GOVERNMENTAL FUNDS

The deferred inflows of resources balance in governmental funds as of June 30, 2024, consists of the following unavailable resources:

	General Fund	Other Governmental Funds	Total Governmental Funds
Grant and subvention revenues	$ 114,312	$ 121,611	$ 235,923
Property tax	127,610	7,722	135,332
Teeter Plan	54,052	-	54,052
SB 90	4,634	-	4,634
PG&E franchise tax	3,862	-	3,862
Loans	20,575	261,493	282,068
Leases	75,385	-	75,385
Opioid settlement	-	227,281	227,281
Total	$ 400,430	$ 618,107	$ 1,018,537

California Senate Bill 90 (SB90) was adopted in 1972 and added to the State Constitution in 1979. When the Governor or Legislature mandates a new program or higher level of service upon local agencies and school districts, SB90 requires the State to reimburse local agencies and school districts for the cost of these new programs or higher levels of service. The balance in deferred inflows of resources is the value of reimbursement claims submitted to the State, which are subject to audit for unallowable costs.

As described in Note 6, under the Teeter Plan the City is allocated secured property tax revenue, which has been billed but not collected. Collections which have not occurred within the availability period are included in deferred inflows of resources in the General Fund.

(Dollars in Thousands)

(12) Opioid Settlement

In 2021 and 2022, nationwide settlements were reached to resolve all opioid litigation brought by states and local political subdivisions against major pharmaceutical distributors and manufacturers, including CVS, the Distributors (McKesson, Cardinal Health, and AmerisourceBergen), Janssen, Kroger, Mallinckrodt, Walmart, Allergan, Teva, and Walgreens. The City is a participant in nine distinct opioid settlement agreements, which allow the City to receive settlement funds for use primarily in opioid remediation activities. Of the nine settlements, six—CVS, the Distributors, Janssen, Kroger, Mallinckrodt, and Walmart—are settled under the national settlement agreement framework. Meanwhile, Allergan and Teva have entered into separate agreements specifically with the City, distinct from the national settlements. Walgreens is unique in that it is part of both a national settlement agreement and an individual settlement with the City.

As of June 30, 2024, the City had recognized the entire $316.8 million in revenues. Approximately $88.3 million has been received in cash and another $1.25 million in Naloxone Hydrochloride Nasal Spray products. The City had recorded the remaining $227.3 million in receivables on a government-wide basis. On a governmental fund basis, the remaining $227.3 million was recorded as a receivable with an offset to unavailable revenue under deferred inflows as of June 30, 2024. These deferred inflows will be recognized as revenue when the funds are made available.

The minimum future payments to be received as of June 30, 2024 on long-term receivables are as follows:

June 30,	Governmental Activities
2025	$ 33,160
2026	29,365
2027	29,115
2028	27,084
2029	27,453
2030-2034	61,227
2035-2039	19,877
Total	$ 227,281

(13) Detailed Information for Enterprise Funds

(a) San Francisco International Airport

San Francisco International Airport (the Airport or SFO), which is owned and operated by the City, is the principal commercial service airport for the San Francisco Bay Area. A five-member Commission is responsible for the operation, development and management of the Airport. The Airport is located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County, between the Bayshore Freeway (U.S. Highway 101) and the San Francisco Bay. The Airport is also a major origin and destination point and one of the nation's principal gateways for Pacific traffic.

The Airport has pledged all of the Net Revenues (as defined in bond resolutions adopted by the Airport Commission) to repay the following obligations, when due, in order of priority, (1) the San Francisco International Airport Second Series Revenue Bonds (Senior Bonds) and a portion of amounts due to reimburse drawings under the letters of credit securing the Senior Bonds, (2) the Subordinate Commercial Paper Notes and any other obligations (Subordinate Bonds) and amounts due to reimburse drawings under the letters of credit securing the Commercial Paper Notes, (3) remaining amounts due to reimburse drawings under the letters of credit securing the Senior Bonds.

During fiscal year 2023-24, the original principal amount of the Senior Bonds and Commercial Paper Notes issued, principal and interest remaining due on outstanding Senior Bonds and Commercial Paper Notes, principal and interest paid on such obligations, and applicable Net Revenues are as set forth in the table below.

Bonds issued with revenue pledge	$ 1,718,975
Bond principal and interest remaining due at end of the fiscal year	16,324,490
Commercial paper issued with subordinate revenue pledge	447,000
Net revenues	828,989
Bond principal and interest paid in the fiscal year	473,864
Commercial paper principal, interest and fees paid in the fiscal year	9,035

In addition, pursuant to the Hotel Trust Agreement, the Airport has pledged all of the Revenues of the on-Airport Hotel and certain other assets pledged under the Amended and Restated Hotel Trust Agreement, to repay the Hotel Special Facility Bonds. This pledge is in force so long as the Hotel Special Facility Bonds are outstanding. The Hotel Special Facility Bonds mature in fiscal year 2057-58 and are subject to mandatory sinking fund redemption each year starting in 2025. The Hotel Special Facility Bonds are not payable from or secured by the Net Revenues of the Airport.

Reserves and Debt Service - Under the terms of the 1991 Master Bond Resolution, the Airport may establish one or more reserve accounts with different reserve requirements to secure one or more series of Senior Bonds. Accordingly, the Airport has established two reserve accounts in the Reserve Fund: the Issue 1 Reserve Account, and the 2017 Reserve Account, all held by the trustee for the Senior Bonds. The reserve requirement for the Issue 1 Reserve Account is equal to the maximum annual debt service accruing in any year during the life of all participating series of bonds secured by the Issue 1 Reserve Account. The reserve requirement for the 2017 Reserve Account is equal to the lesser of: (i) the maximum amount of aggregate annual debt service for all 2017 Reserve Series Bonds in any fiscal year during the period from the date of calculation to the final scheduled maturity of the 2017 Reserve Series Bonds, (ii) 10% of the outstanding aggregate principal amount of all 2017 Reserve Series Bonds (provided that the issue price of a Series of 2017 Reserve Series Bonds will be used in this calculation if such Series was sold with an original issue discount that exceeded 2% of the principal of such Series on its original date of sale), and (iii) 125% of the average aggregate annual debt service for all 2017 Reserve Series Bonds. As of June 30, 2024, only the Series 2017D, 2019B, and 2019D Bonds are secured by the 2017 Reserve Account. Alternatively, the Airport may establish a separate reserve account with a different reserve requirement to secure an individual series of Senior Bonds or may issue Senior Bonds without a reserve account.

(Dollars in Thousands)

While revenue bonds are outstanding, the Airport may not create liens on its property essential to operations, may not dispose of any property essential to maintaining revenues or operating the Airport, and must maintain specified levels of insurance or self-insurance.

Under the terms of the 1991 Master Bond Resolution, the Airport has covenanted that it will establish and at all times maintain rentals, rates, fees, and charges for the use of the Airport and for services rendered by the Airport so that:

(i) Net revenues in each fiscal year will be at least sufficient (i) to make all required debt service payments and deposits in such fiscal year with respect to the bonds, any subordinate bonds, and any general obligation bonds issued by the City for the benefit of the Airport (there have been no such general obligation bonds outstanding for more than 30 years) and (ii) to make the annual service payment to the City, and

(ii) Net revenues, together with any transfer from the Contingency Account to the Revenue Account (both held by the City Treasurer), in each fiscal year will be at least equal to 125% of aggregate annual debt service with respect to the bonds for such fiscal year.

The methods required by the 1991 Master Bond Resolution for calculating debt service coverage differs from GAAP, which are used to determine amounts reported in the Airport's financial statements.

Passenger Facility Charges –The Airport, as authorized by the Federal Aviation Administration (FAA) pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (the Act), as amended, imposes a Passenger Facility Charge (PFC) of $4.50 for each enplaned passenger at the Airport. Under the Act, air carriers are responsible for the collection of PFC and are required to remit PFC revenues to the Airport in the following month after they are recorded by the air carrier. As of June 30, 2024, the FAA has approved several Airport applications to collect and use PFCs in a total cumulative collection amount of $2.3 billion, of which $1.5 billion are active applications with a final charge expiration date estimated to be December 1, 2030. For the year ended June 30, 2024, the Airport reported $99.6 million of PFC revenue, which is included in other nonoperating revenues in the accompanying basic financial statements.

Commitments and Contingencies - Purchase commitments for construction, material and services as of June 30, 2024, are as follows:

Construction	$ 96,650
Operating	37,064
Total	$ 133,714

Business Concentrations - The Airport leases facilities within the terminal buildings of the Airport to the airlines pursuant to the Lease and Use Agreement and to other businesses at the Airport to operate concessions pursuant to concession leases. For the year ended June 30, 2024, revenues realized from the following Airport tenant exceeded five percent of the Airport's total operating revenues:

United Airlines	21.7%

(b) Port of San Francisco

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

Pledged Revenues – The Port's revenue is derived primarily from property rentals to commercial and industrial enterprises and from maritime operations, which include cargo, ship repair, fishing, harbor services, cruise, and other maritime activities. Substantially, all of the Port's property rental customers are located within the boundaries of the City. Port revenues are held in a separate fund (Harbor Fund) and are appropriated for expenditure pursuant to the budget and fiscal provisions of the City Charter, consistent with trust requirements. Under the public trust doctrine, the Burton Act, and the transfer agreement between the City and the State, these revenues may be spent only for uses and purposes of the public trust.

The Port has pledged future net revenues to repay its revenue bonds. As of June 30, 2024, the total principal and interest remaining to be paid on the bonds is $51.9 million. The principal and interest payments made in 2024 were $3.3 million and net revenue for the year ended June 30, 2024, was $53.9 million.

The Port has entered into a loan agreement with the California Division of Boating and Waterways for $3.5 million to finance certain Hyde Street Harbor improvements. The loan is subordinate to all bonds payable by the Port and is secured by gross revenues as defined in the loan agreement. The total principal and interest remaining to be paid on this loan is $1.2 million. Annual principal and interest payments were $0.2 million in 2024 and pledged harbor revenues were $0.2 million for the year ended June 30, 2024.

Commitments and Contingencies – The Port is presently planning various development and capital projects that involve a commitment to expend significant funds. As of June 30, 2024, the Port's purchase commitments for construction-related services, materials and supplies, and other services were $31.1 million for capital projects and $3.8 million for general operations.

South Beach Harbor Project Commitments – On May 1, 2019, the Successor Agency transferred South Beach Harbor operations to the Port. Under San Francisco Bay Conservation and Development Commission (BCDC) Permit Amendment No. 17 for the South Beach Harbor Project, certain public access and other improvements were to be completed by December 31, 2017. Construction estimates prepared by a Port consultant in 2014 indicate that the required uncompleted work would cost approximately $7.9 million. The Port has worked with the water recreation community to develop an alternative public access improvement proposal for BCDC consideration. Port management believes that the alternative proposal will provide significant public access improvements that are relevant to the project area and at a lower cost. On December 18, 2020, BCDC issued Amendment No. 20 for the South Beach Harbor Permit (1984.002.20) requiring amended project work to be completed by December 31, 2024, including installation of a new guest dock, kayak launch, and hoists located at Pier 40. Completion of these improvements has been delayed and thus, Port will seek a corresponding time extension amendment from BCDC. The new kayak launch and hoists are on track to be installed by August 2025, while construction of the new guest dock is expected to follow in late 2025/early 2026.

Pollution Remediation Obligations – The Port's financial statements include liabilities, established and adjusted periodically, based on new information, in accordance with applicable GAAP, for the estimated costs of compliance with environmental laws and regulations and remediation of known contamination. As future development planning is undertaken, the Port evaluates its overall provisions for environmental liabilities in conjunction with the nature of future activities contemplated for each site and accrues a liability, if necessary. It is, therefore, reasonably possible that in future reporting periods current estimates of environmental liabilities could materially change.

Port lands are subject to environmental risk elements typical of sites with a mix of light industrial activities dominated by transportation, transportation-related and warehousing activities. Due to the historical placement of fill of varying quality, and widespread use of aboveground and underground tanks and pipelines containing and transporting fuel, elevated levels of petroleum hydrocarbons and lead are commonly found on Port properties. Consequently, any significant construction, excavation, or other activity that disturbs the soil, fill material or bay sediment may encounter hazardous materials and/or generate hazardous waste.

(Dollars in Thousands)

The Port has identified certain environmental issues related to the Port's properties, including polychlorinated biphenyls (PCBs), polycyclic aromatic hydrocarbons (PAHs) and other oil contamination. The Port may be required to perform certain clean-up work if it intends to develop or lease the property, or at such time as required by the City or State. There are sites where groundwater contamination may be later identified, where the Port has primary or secondary responsibility. The potential liability for all such risk cannot be reasonably made at this time.

Pier 70 – For over 150 years, there were ironworks, steelworks, shipbuilding and repair, and other industrial operations at this 66-acre site. Between 2007 and 2010, the Port conducted a comprehensive community-based planning process for the redevelopment of Pier 70. This culminated in the Preferred Master Plan for Pier 70, which involved rehabilitation and reuse of the historical buildings, preservation of ship repair facilities, new development, park and open space, and pollution remediation.

Between 2009 and 2013, with financial assistance from the U.S. Department of Commerce, the Port completed a comprehensive investigation of soil and groundwater conditions, a risk assessment and feasibility study, and a Remedial Action Plan (RAP). The RAP consists of capping site soils and establishing institutional controls to reduce or eliminate human health risks related to contamination. The Port subsequently developed a Risk Management Plan (RMP), which established institutional controls (e.g. use restrictions, soil handling requirements, health and safety plans, etc.) and engineering controls (e.g. capping contaminated soil) to protect the public and prevent an adverse impact to the environment. The RMP specifies how future development, operation, and maintenance of the area will implement the remedy by covering existing site soil with buildings, streets, plazas, hardscape, or new landscaping, thereby minimizing or eliminating exposure to contaminants in soil. The Regional Water Quality Control Board approved the RMP in January 2014. Over the past several years, developers have completed the installation of durable covers, removal of hazardous materials, and it is expected that most of the required capping will be accomplished through site development. As part of the RMP, annual site inspections, monitoring and reporting, annual vulnerability assessments, and a revised RMP will be required.

The Port evaluates cost estimates annually based on additional information and transaction events that may impact the pollution remediation outlays. The accrued cost for pollution remediation at Pier 70 is estimated to be $5.5 million on June 30, 2024. These are obligations not assumed by the Port development partners. As of June 30, 2024, $2.5 million is the estimated cost to install a sediment cap offshore along the former Pier 70 Shipyard and adjacent to Crane Cove Park, $2.8 million is the estimated cost to perform additional remediation involving the Pier 70 Undeveloped Upland area, while $0.2 million is the estimated cost for RMP management and reporting.

Mission Bay Ferry Landing - The Port's Mission Bay Ferry Landing (MBFL) project is located adjacent to the south side of the former Pier 64. The MBFL project consists of approximately eight acres of in-water area, dredging, ferry berths, and a few hundred feet of armored shoreline. The Port completed phase one of MBFL construction in November 2020. A marine mattress and additional sand layer will be part of the phase two construction to protect the sand layer from erosion. Construction for phase two is scheduled for fiscal year 2024-25. As of June 30, 2024, the Port estimated this pollution remediation obligation to be $3.7 million. This estimate is not intended to reflect an admission of liability.

Hyde St. Harbor/Wharf J10 Petroleum Discharge - In Spring 2020, petroleum sheens were observed at the shoreline near the Hyde Street Harbor office including the Wharf J10 shoreline. In July 2020, the US Coast Guard issued a Notice of Federal Interest (NOFI). In September 2020, the United States Environmental Protection Agency (EPA) issued a Cleanup Order to the Port, as the landowner, to investigate and mitigate the petroleum seep. The Port's investigation discovered red-dye renewable diesel fuel in soil, groundwater, and in petroleum seepage into the Bay. In March 2021, the EPA issued a Cleanup Order to the potentially responsible company, a tenant of the Port, to investigate and mitigate the release. In April 2021, the potentially responsible company performed integrity testing on underground pipelines, which supplied renewable diesel fuel to the Hyde Street Harbor Fuel Dock. In March 2023, the potentially responsible company submitted a draft Feasibility & Remedial Action Plan to propose remedial action alternatives, and submitted a revised version in September 2023,

recommending soil excavation in areas where concentrated products exist, along with post- excavation groundwater monitoring. The State Water Board approved the Remedial Action Plan in December 2023. The proposed schedule is for remediation work to begin in late 2024, with active site monitoring continuing into 2025, and monitoring and reporting possibly continuing for up to approximately 15 years. As of June 30, 2024, the Port has estimated the potential remaining remediation obligation to be approximately $4.5 million.

Other environmental conditions on Port property include polycyclic aromatic hydrocarbons and oil contamination at various sites. As of June 30, 2024, pollution remediation liabilities are estimated at $2.3 million for the rest of the Port's properties.

A summary of environmental liabilities, included in noncurrent liabilities, at June 30, 2024, is as follows:

	Environmental Remediation
Environmental liabilities at July 1, 2023..............	$ 10,925
Current year claims and changes in estimates....	5,105
Environmental liabilities at June 30, 2024...........	$ 16,030

(c) San Francisco Water Enterprise

The San Francisco Water Enterprise (Water Enterprise) was established in 1930. The Water Enterprise, which consists of a system of reservoirs, storage tanks, water treatment plants, pump stations, and pipelines, is engaged in the collection, transmission and distribution of water to the City and certain suburban areas. In fiscal year 2023-24, the Water Enterprise sold water, approximately 63,854 million gallons annually, to a total population of approximately 2.7 million people who reside primarily in four Bay Area counties (San Francisco, San Mateo, Santa Clara and Alameda).

The San Francisco Public Utilities Commission, established in 1932, provides the operational oversight for the Water Enterprise, Hetch Hetchy Water and Power (Hetch Hetchy and CleanPowerSF), and the San Francisco Wastewater Enterprise. Under Proposition E, the City's Charter Amendment approved by the voters in June 2008, the Mayor nominates candidates subject to qualification requirements to the Commission and the Board of Supervisors votes to approve the nominees by a majority (at least six members).

Pledged Revenues – The Water Enterprise has pledged future revenues to repay various bonds and State Revolving Fund loans. Proceeds from the revenue bonds and State Revolving Fund loans provided financing for various capital construction projects and to refund previously issued bonds. These bonds and State Revolving Fund loans are payable solely from revenues of the Water Enterprise and are payable through fiscal year 2057-58.

(Dollars in Thousands)

The outstanding amount of revenue bonds and State Revolving Fund loan, total principal and interest remaining, principal and interest paid during 2024 and applicable revenues for 2024 are as follows:

Bonds issued with revenue pledge .... $	4,634,065
Principal and interest remaining due at end of the fiscal year	7,714,756
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge…………	259,970
Principal and interest paid net of capitalized interest and Build America Bonds subsidy during the year	306,369
Net revenues	337,985
Funds available for revenue bond debt service*	555,585

* Includes other available funds budgetary balances that are non-GAAP

Water Balancing Account – During fiscal year 2023-24, the wholesale revenue requirement, net of adjustments, charged to wholesale customers was $334.3 million. Such amounts are subject to final review by wholesale customers, along with a trailing wholesale balancing account compliance audit of the wholesale revenue requirement calculation. As of June 30, 2024, the Wholesale Customers owed the Enterprise $26.1 million under the Water Supply Agreement.

Commitments and Contingencies – As of June 30, 2024, the Water Enterprise had outstanding commitments with third parties of $248.5 million for various capital projects and other purchase agreements.

Environmental Issue –As of June 30, 2024, the pollution remediation liability of $1.3 million is related to the Pacific Rod & Gun Club site construction projects for the full value of construction.

(d) Hetch Hetchy Enterprise

San Francisco Hetch Hetchy Water and Power (Hetch Hetchy or the Enterprise) was established as a result of the Raker Act of 1913, which granted water and power resources rights-of-way on the Tuolumne River in Yosemite National Park and Stanislaus National Forest to the City. CleanPowerSF, launched in May 2016, provides green electricity from renewable sources to residential and commercial customers in San Francisco and was reported as part of Hetch Hetchy starting fiscal year 2016. Hetch Hetchy is a stand-alone enterprise comprised of three funds, Hetchy Power (the Power Enterprise), CleanPowerSF and Hetchy Water, the portion of the Water Enterprise's operations, specifically the upcountry water supply and transmission service. Hetch Hetchy is engaged in the collection and conveyance of approximately 85.0% of the City's water supply and in the generation and transmission of electricity from that resource, as well as the City Power services including energy efficiency and renewable.

Approximately 55.0% of the electricity generated by Hetchy Power is used to provide electric service to the City's municipal customers (including the SFMTA, the Recreation and Park Department, the Port, the Airport and its tenants, SFGH, streetlights, Moscone Convention Center, and the Water and Wastewater Enterprises). The majority of the remaining 45.0% balance of electricity is sold to CleanPowerSF and the wholesale electric market. As a result of the 1913 Raker Act, energy produced above the City's Municipal Load is sold first to the Districts (Modesto Irrigation District and Turlock Irrigation District) to cover their agricultural pumping and municipal load needs and any remaining energy is either sold to other municipalities and/or government agencies (not for resale) or sold into the California Independent System Operator (CAISO). Hetch Hetchy operation is an integrated system of reservoirs, hydroelectric power plants, aqueducts, pipelines, and transmission lines.

Hetch Hetchy also purchases wholesale electric power from various energy providers that are used in conjunction with owned hydro resources to meet the power requirements of its customers. Operations and business decisions can be greatly influenced by market conditions, State and federal power matters before the California Public Utilities Commission (CPUC), the CAISO, and the Federal Energy

Regulatory Commission (FERC). Therefore, Hetch Hetchy serves as the City's representative at CPUC, CAISO, and FERC forums and continues to monitor regulatory proceedings.

Segment Information – Hetch Hetchy Power issued debt to finance its improvements. The Hetch Hetchy Water fund, the Hetch Hetchy Power fund, and CleanPowerSF fund are reported for in a single enterprise. However, investors in the debt rely solely on the revenue generated by the individual activities for repayment. Summary financial information for Hetch Hetchy is presented below:

Condensed Statements of Net Position	Hetch Hetchy Water	Hetch Hetchy Power	CleanPowerSF	Total
Assets*:				
Current assets..	$ 50,137	$ 250,213	$ 212,937	$ 513,287
Receivables from other funds and component units..........	-	11,421	-	11,421
Noncurrent restricted cash and investments....................	31,330	57,934	-	89,264
Other noncurrent assets..	-	10,843	11,763	22,606
Capital assets..	237,624	757,752	13	995,389
Total assets..	319,091	1,088,163	224,713	1,631,967
Deferred outflows of resources:				
Pensions..	11,929	14,580	2,187	28,696
Other postemployment benefits..	3,191	3,899	996	8,086
Total deferred outflows of resources............................	15,120	18,479	3,183	36,782
Liabilities:				
Current liabilities..	8,198	150,692	38,079	196,969
Noncurrent liabilities..	37,918	380,135	8,110	426,163
Total liabilities..	46,116	530,827	46,189	623,132
Deferred inflows of resources:				
Pensions..	1,941	2,372	925	5,238
Other postemployment benefits..	2,897	3,541	2,292	8,730
Total deferred inflows of resources................................	4,838	5,913	3,217	13,968
Net position:				
Net investment in capital assets..	233,276	343,297	-	576,573
Restrictricted for capital projects..	31,330	28,625	-	59,955
Unrestricted..	18,651	197,980	178,490	395,121
Total net position..	$ 283,257	$ 569,902	$ 178,490	$ 1,031,649

* Certain amounts presented herein have been reclassified from the Statement of Net Position

Condensed Statements of Revenues, Expenses, and Changes in Fund Net Position	Hetch Hetchy Water	Hetch Hetchy Power	CleanPowerSF	Total
Operating revenues..	$ 49,492	$ 214,352	$ 366,594	$ 630,438
Depreciation expense..	(6,522)	(18,460)	(17)	(24,999)
Other operating expenses..	(37,428)	(182,141)	(311,501)	(531,070)
Operating income	5,542	13,751	55,076	74,369
Nonoperating revenues (expenses):..................................				
Federal and state grants..	-	26	-	26
Interest and investment income..	3,255	13,744	5,904	22,903
Interest expense..	(3)	(14,472)	-	(14,475)
Other nonoperating revenues net of expenses...........	293	9,411	(491)	9,213
Capital contributions..	-	29,200	-	29,200
Transfer in (out), net..	42	(108)	-	(66)
Change in net position..	9,129	51,552	60,489	121,170
Net position at beginning of year, as restated....................	274,128	518,350	118,001	910,479
Net position at end of year..	$ 283,257	$ 569,902	$ 178,490	$ 1,031,649

(Dollars in Thousands)

Condensed Statements of Cash Flows	Hetch Hetchy Water	Hetch Hetchy Power	CleanPowerSF	Total
Net cash provided by (used in):				
Operating activities	$ 12,299	$ 19,680	$ 55,980	$ 87,959
Noncapital financing activities	367	1,909	760	3,036
Capital and related financing activities	(25,790)	(4,342)	(18)	(30,150)
Investing activities	1,083	(1,188)	3,838	3,733
Increase (decrease) in cash and cash equivalents	(12,041)	16,059	60,560	64,578
Cash and cash equivalents at beginning of year	91,857	257,810	101,797	451,464
Cash and cash equivalents at end of year	$ 79,816	$ 273,869	$ 162,357	$ 516,042

Pledged Revenues – Hetch Hetchy Power has pledged future power revenues to repay the 2011 Qualified Energy Conservation Bonds (QECBs) and the 2015 New Clean Renewable Energy Bonds (NCREBs). Additionally, Hetch Hetchy Power has pledged future power revenues for 2015 Series AB, 2021 Series AB, and 2023 Series A power revenue bonds. Proceeds from the bonds provided financing for various capital construction and facility energy efficiency projects. 2015 Series AB, 2021 Series AB, and 2023 Series A power revenue bonds are payable through fiscal year 2045-46, 2051-52, and 2053-54, respectively, and are solely payable from net revenues of Hetch Hetchy Power on a senior lien basis to the 2011 QECBs and the 2015 NCREBs.

The outstanding amount of revenue bonds issued, total principal and interest remaining, principal and interest paid during fiscal year 2023-24, applicable net revenues, and funds available for debt service are as follows:

Hetch Hetchy Power	
Bonds issued with revenue pledge	$ 285,299
Bond principal and interest remaining due at end of the fiscal year	526,808
Bond principal and interest paid in the fiscal year*	3,458
Net revenues	50,471
Funds available for revenue bond debt service	166,641

* Per Indenture, debt service for coverage is calculated using the amount of principal and interest paid during the year for the 2015 Series AB, 2021 Series AB, and 2023 Series A power revenue bonds net of capitalized interest if any, which have a senior lien on Power Enterprise revenues; principal and interest paid during the year for the 2015 Series AB, 2021 Series AB, and 2023 Series A power revenue bonds was $2,565, net of capitalized interest.

Commitments and Contingencies – As of June 30, 2024, Hetch Hetchy had outstanding commitments with third parties of $155.0 million for various capital projects and other purchase agreements for materials and services.

Hetch Hetchy Water

To meet certain requirements of the Don Pedro Reservoir operating license, the City entered into an agreement with the Modesto Irrigation District and Turlock Irrigation District (collectively the Districts) in which the Districts would be responsible for an increase in water flow releases from the reservoir in exchange for annual payments from the City, which are included in Hetchy Water's operating expenses. Total payments were $5.7 million in fiscal year 2023-24. The payments are to be made for the duration of the license but may be terminated with one year's prior written notice after 2001. The City and the Districts have also agreed to monitor the fisheries, in the lower Tuolumne River, for the duration of the license. A maximum monitoring expense of $1.4 million is to be shared between the City and the Districts over the term of the license. The City's share of the monitoring costs is 52.0% and the Districts are responsible for 48.0% of the costs.

Hetch Hetchy Power

Upon expiration of the City's previous Interconnection Agreement with PG&E, the City began taking service in 2015 under the Wholesale Distribution Tariff (WDT) for distribution service and under the

CAISO Open-Access Transmission Tariff for transmission service. The FERC-regulated Wholesale Distribution Tariff is implemented by PG&E through the City specific Service Agreements and Interconnection Agreements. The terms of these agreements have been in contention since the effective date. The City is continuing to negotiate with PG&E and, where necessary, filing complaints and protests at FERC. In September 2020, PG&E filed a revised WDT. Under the terms of the new WDT, the City would pay substantially higher rates, at least twice to potentially four times the current charges, and be required to install costly and inefficient equipment not needed for technical, safety or reliability of operations. In addition, Hetchy Power would no longer be allowed to connect to the "network" grid in the center of San Francisco; have new secondary interconnections; and/or serve any small, typically unmetered loads, such as streetlights, traffic signal and bus shelters.

Staff prepare regular reporting to the Board of Supervisors outlining on-going disputes with PG&E over project requirements, costs and delays. During fiscal year 2023-24, Hetch Hetchy Power purchased distribution services for $27.9 million from PG&E under the terms of the service agreements and Interconnection Agreements that implement the WDT. The City continues to litigate and dispute these terms at FERC and in the court systems; and pursue the purchase of PG&E's electric grid in San Francisco.

Hetchy Power may purchase or sell energy and other related products (such as ancillary services, spinning reserves, resource adequacy products, and congestion revenue rights) with different market entities through the Western System Power Pool (WSPP) and the CAISO. During fiscal year 2023-24, Hetchy Power purchased $11.9 million of power and other related products. There was $6.5 million or 149,000 MWh of excess power sales after meeting Hetch Hetchy's obligations in fiscal year 2023-24.

Hetchy Power (Buyer) purchases energy, capacity, and environmental attributes from a local solar photovoltaic project located at Sunset Reservoir (the facility) pursuant to the 2009 25-year PPA with SFCity1, LP, owned by Duke Energy (Seller). In November 2010, the facility commenced commercial operation and began to provide Hetchy Power energy generated by the facility.

The Power Purchase Agreement (PPA) sets the starting purchase price of generated energy at $235/MWh, increasing by 3% each year throughout the term of the agreement, and it is expected that the facility will generate 6,560 MWh per year on average. The rate for fiscal year ended June 30, 2024 was $354/MWh. In the event that the facility generates more energy than expected due to better than normal meteorological conditions, the PPA requires the Buyer to purchase all the excess energy but generation in excess of 120% of expected is purchased at no cost. The PPA also requires the Seller to generate a minimum amount of energy from the facility annually. If energy production falls below 50% of expected, the Seller must provide replacement power, and if energy falls below 90% of expected the price for energy generated is lowered. In fiscal year 2023-24, purchases of energy under the Agreement were $2.2 million, or 6,269 MWh.

Hetchy Power and CleanPowerSF participate in the CAISO energy markets which requires the SFPUC to have a contract with a certified Scheduling Coordinator (SC). In June 2022, CleanPowerSF renewed a 5-year contract with APX, Inc with contract amount not to exceed $134.7 million to fulfill this requirement. APX, Inc provides a number of services including but not limited to an interface with the CAISO's energy scheduling portal, manage invoice payments to the CAISO and communications between the CAISO and the SFPUC, and dispatch of the Hetch Hetchy plant 24 hours a day, seven days a week. The contract also provides that APX, Inc will act as the SC for renewable generation plants under some of CleanPowerSF's Power Purchase Agreements. Hetchy Power's share was $0.5 million as of June 30, 2024. CleanPowerSF's share was $0.3 million June 30, 2024.

On January 6, 2023, Amendment No. 1 was requested and approved to increase this contact by $125.0 million, increasing the total contract to $259.7 million, with no change to the agreement duration. On March 17, 2023, Amendment No. 2, was approved to increase the contract by $636.0 million for a total not to exceed contract amount of $895.7 million, with no change to the agreement duration. The drivers for these Amendments were higher than anticipated power prices, due to extreme weather, draught conditions, and global energy shortages.

CleanPowerSF

CleanPowerSF regularly adds new short-term and medium-term contracts with multiple counterparties pursuant to master agreements, including the WSPP Master Agreement, to purchase renewable, carbon-free and conventional energy and resource adequacy capacity. CleanPowerSF has also entered into long-term contracts for renewable energy and capacity with renewable energy developers including sPower, Terra-Gen, NextEra, Intersect Power and EDF Renewables. These contracts have been entered to allow CleanPowerSF to meet its existing retail sales obligations, to support future retail sales from anticipated load growth, and to comply with State requirement that 65% of CleanPowerSF's Renewables Portfolio Standard (RPS) compliance targets be fulfilled by RPS-eligible electricity from contracts of 10 or more years. Citywide enrollment was completed in 2020. Since it began serving customers in 2016, CleanPowerSF's cumulative opt-out rate is 4.6% of all enrolled accounts. The total power purchase cost, net of wholesale sales, was $270.3 million in fiscal year 2023-24.

CleanPowerSF contracts with Calpine Energy Solutions to provide meter data management, billing and customer care support. Calpine is responsible for calculating and providing CleanPowerSF charges to PG&E, which in turn bills both CleanPowerSF and PG&E customers for electricity transmission, distribution, and CleanPowerSF generation services. PG&E remits payments received from customers for CleanPowerSF charges to the City. During fiscal year 2023-24, amount paid was $4.7 million.

In March 2018, CleanPowerSF entered into a five-year, $75.0 million Credit Agreement with JPMorgan Chase Bank, National Association (Bank) to provide letters of credit or loans from the Bank to guarantee certain power purchase agreement payment obligations of CleanPowerSF and to meet working capital needs, if necessary. In November 2021, the Credit Agreement decreased the available amount from $75.0 million to $20.0 million, and the stated term of the agreement was extended to March 2024. Additional changes to the agreement effected by the November 2021 Amendments include elimination of target reserve requirements, revisions to debt service coverage (allowing for a liquidity test two times in the aggregate for any consecutive four quarters) and rate-setting covenants, changes to ongoing reporting requirements to the Bank, and changes to events of default, including the addition of an event of default if CleanPowerSF's long-term unenhanced credit rating is downgraded below investment grade or suspended, withdrawn or otherwise unavailable. In May 2022, CleanPowerSF executed another amendment to its Credit Agreement to eliminate and change certain financial covenants contained in the 2018 Credit Agreement. Specifically, this Amendment eliminated the covenant of the Commission to maintain a specified debt service coverage ratio and changed such financial covenant to commit the Commission to maintain a specified level of Day Liquidity on Hand (as defined in the Credit Agreement). In March 2024 CleanPowerSF executed a fourth amendment to the Credit Agreement increasing the available amount from $20.0 million to $75.0 million and extended the agreement end date from March 2024 to March 2027. The Credit Agreement is secured by CleanPowerSF's net revenues; there is no pledge of, or lien on net revenues that ranks senior to the obligations under the Credit Agreement. The Bank issued letters of credit in the face amounts totaling $6.2 million for fiscal year ended June 30, 2024. CleanPowerSF did not draw on the Credit Agreement during fiscal year 2023-24. Accordingly, the uncommitted credit capacity under the Credit Agreement was $68.8 million during fiscal year 2023-24.

Original financial covenants include that CleanPowerSF maintain a Debt Service Coverage Ratio as defined in the Credit Agreement of not less than 1.05 for each fiscal quarter, as determined for the four consecutive fiscal quarter periods ended on the last day of such fiscal quarter. CleanPowerSF was in compliance with all covenants and requirements of the Credit Agreement as amended as of June 30, 2024.

Significant events of default under the Credit Agreement, include 1) non-payment, 2) material breach of warranty, representation, or other non-remedied breach of covenants as specified in the agreement and 3) bankruptcy and insolvency events, which could result in all outstanding loans under the Credit Agreement to be immediately due and payable; or the immediate termination of the Bank's commitment to issue letters of credit or make loans under the Credit Agreement.

In June 2018. the CPUC established the Disadvantaged Communities-Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) program to address barriers to solar adoption faced by low-income electric customers in neglected communities. The DAC-GT program provides a 20% rate discount on 100% RPS eligible electricity service to income-qualified customers residing in Disadvantaged Communities (DACs) as defined by the California Environmental Protection Agency's (Cal EPA). Similar to DAC-GT, the CSGT program allows primarily for the DACs to benefit from the development of solar generation projects located in their own or nearby DACs. CSGT projects must also have a local community-based sponsor that supports site selection and customer enrollment.

The CPUC approved CleanPowerSF's application to establish DAC-GT and CSGT programs in April 2021 and to receive funds to cover program administration and a portion of electricity supply costs. CleanPowerSF began enrolling customers in the DAC-GT program branded as "SuperGreen Saver" on June 1, 2022. The CSGT program was expected to start serving customers during fiscal year 2025-26, but the CPUC discontinued the program. As of June 30, 2024, CleanPowerSF received $0.1 million from a combination of ratepayer funds and California Cap and Trade Auction proceeds.

(e) San Francisco Municipal Transportation Agency

The San Francisco Municipal Transportation Agency (SFMTA) is governed by the SFMTA Board of Directors, who are appointed by the Mayor and Board of Supervisors. The SFMTA's financial statements include the entire City's surface transportation network that encompasses pedestrians, bicycling, transit (Muni), traffic and on- and off-street parking, regulation of the taxi industry, and two nonprofit parking garage corporations operated by separate nonprofit corporations whose operations are interrelated.

The SFMTA was established by voter approval of the addition of Article VIIIA to the Charter of the City (the Charter) in 1999 (Proposition E). The purpose of the Charter amendment was to consolidate all surface transportation functions within a single City department and to provide the transportation system with the resources, independence, and focus necessary to improve transit service and the City's transportation system. The voters approved additional Charter amendments: (1) in 2007 (Proposition A), which increased the autonomy of and revenue to the SFMTA; (2) in 2010 (Proposition G), which increased management flexibility related to labor contracts; (3) in 2014 (Proposition A), which provided $500 million in general obligation bonds for transportation and street infrastructure; (4) in 2014 (Proposition B), which increases General Fund allocation to SFMTA based on the City's population increase; and (5) in 2019 (Proposition D), which imposes tax on fares charged by commercial shared and private rides to fund transportation operations and infrastructure for traffic congestion mitigation in the City.

Muni is one of America's oldest public transit agencies, the largest in the Bay Area, and eighth largest system in the United States. Operating historic streetcars, modern light rail vehicles, diesel buses, alternative fuel vehicles, electric trolley coaches, and the world-famous cable cars, Muni's fleet is among the most diverse in the world.

The SFMTA's Sustainable Streets initiates and coordinates improvements to the City's streets, transit, bicycles, pedestrians, and parking infrastructure. It manages 21 City-owned garages and 18 metered parking lots.

Nonprofit corporations provide operational oversight to two garages, namely Japan Center Garage Corporation (Japan Center) and Portsmouth Plaza Parking Corporation (Portsmouth). Of these two garages, Portsmouth garage is owned by the Recreation and Park Department but managed by the SFMTA. The SFMTA approves and oversees the budget and capital improvements and as authorized by the City Charter, set the parking rates in garages under SFMTA's jurisdiction including the two parking garages. The financial statements of these nonprofit garages, which are audited by other auditors, are provided to the SFMTA and accounted for in the parking garages account. The nonprofit corporations' annual financial statements are publicly available.

(Dollars in Thousands)

Pledged Revenue - The SFMTA has pledged future revenues to repay various bonds. Proceeds from the revenue bonds provided financing for various capital construction projects and refunded previously issued bonds. These bonds are payable from all SFMTA operating revenues except for City General Fund allocations and restricted sources and are payable through fiscal year 2050-51.

Annual principal and interest payments for fiscal year 2023-24 were 52.2% of funds available for revenue bond debt service. The original amount of revenue bonds issued, total principal and interest remaining, principal and interest paid during fiscal year 2023-24, applicable net revenues, and funds available for bond debt service are as follows:

Bonds issued with revenue pledge	$ 457,065
Principal and interest remaining due at end of the year	642,728
Principal and interest paid during the year	27,656
Net revenues for the year	25,288
Funds available for revenue bond debt service	52,944

General Fund Subsidy - The amount of operating allocation provided to the SFMTA each year is limited to the amount set by the City Charter and budgeted by the City. Such allocation is recognized as revenue in the year received. In fiscal year 2023-24, the amount of General Fund subsidy to the SFMTA was $577.9 million.

Commitments and Contingencies - As of June 30, 2024, the SFMTA has outstanding commitments of approximately $232.6 million with third parties for various capital projects. Grant funding is available for the majority of this amount. The SFMTA also has outstanding commitments of approximately $99.5 million with third parties for noncapital expenditures. Various local funding sources are used to finance these expenditures.

In addition, the SFMTA is involved in various lawsuits, claims, and disputes that have arisen in SFMTA's routine conduct of business. In the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or changes in net position of the SFMTA.

(f) Laguna Honda Hospital

General Fund Subsidy - The Laguna Honda Hospital (LHH) is a skilled nursing facility which specializes in serving elderly and disabled residents. The operations of LHH are subsidized by the City's General Fund. It is the City's policy to fund operating deficits of the enterprise on a budgetary basis; however, the amount of operating subsidy provided is limited to the amount budgeted by the City. Any amount not required for the purpose of meeting an enterprise fund deficit shall be transferred back to the General Fund at the end of each fiscal year, unless otherwise approved by the Board of Supervisors. For the year ended June 30, 2024, the subsidy for LHH was $148.8 million.

Net Patient Services Revenue - Net patient services revenues are recorded at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and State government programs and other third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Patient accounts receivable are recorded net of estimated allowances, which include allowances for contractuals and bad debt. These allowances are based on current payment rates, including per diems, Diagnosis-Related Group (DRG) reimbursement amounts and payment received as a percentage of gross charges.

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

party payors with whom such agreements have been established. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. LHH believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medi-Cal programs.

During the year ended June 30, 2024, LHH's patient receivables and charges for services were as follows:

Patient Receivables, Net

	Medi-Cal	Medicare	Other	Total
Gross Accounts Receivable	$ 40,328	$ 3,185	$ 70	$ 43,583
Less:				
Contractual Allowance	(25,625)	(2,024)	(45)	(27,694)
Total, Net Accounts Receivable	$ 14,703	$ 1,161	$ 25	$ 15,889

Net Patient Service Revenue

	Medi-Cal	Medicare	Other	Total
Gross Patient Service Revenue	$ 340,859	$ 23,855	$ 527	$ 365,241
Less:				
Contractual Allowance	(177,577)	(15,318)	846	(192,049)
Total, Net Patient Service Revenue	$ 163,282	$ 8,537	$ 1,373	$ 173,192

Because Medi-Cal reimbursement rates are less than LHH's established charge rates, LHH is eligible to receive supplemental federal funding. For the year ended June 30, 2024, LHH accrued and recognized $38.7 million of revenue as a result of matching federal funds to local funds.

Unearned Credits and Other Liabilities - As of June 30, 2024, LHH recorded approximately $49.1 million in other liabilities for third-party payor payable.

As of June 30, 2024, LHH has entered into various purchase contracts totaling $45.2 million that are related to the old building remodel.

(g) San Francisco General Hospital

General Fund Subsidy - San Francisco General Hospital Medical Center (SFGH) is an acute care hospital. The operations of SFGH are subsidized by the City's General Fund. It is the City's policy to fully fund enterprise operations on a budgetary basis; however, the amount of operating subsidy provided is limited to the amount budgeted by the City. Any amount not required for the purpose of meeting an enterprise fund deficit shall be transferred back to the General Fund at the end of each fiscal year, unless otherwise approved by the Board of Supervisors. For the year ended June 30, 2024, the subsidy for SFGH was $99.9 million.

Net Patient Services Revenue - Net patient service revenues are recorded at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and State government programs and other third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

(Dollars in Thousands)

Patient accounts receivable are recorded net of estimated allowances, which include allowances for contractuals, bad debt, and administrative write-offs. These allowances are based on current payment rates, including per diems, DRG amounts and payments received as a percentage of gross charges.

Third-Party Payor Agreements - SFGH has agreements with third-party payors that provide for reimbursement to SFGH at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between SFGH established rates and amounts reimbursed by third-party payors. Major third-party payors with whom such agreements have been established are Medicare, Medi-Cal, and the State of California through the Section 1115 Medicaid Waiver and Short-Doyle mental health programs. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. SFGH believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigation involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medi-Cal programs.

During the year ended June 30, 2024, SFGH's patient receivables and charges for services were as follows:

Patient Receivables, Net

	Medi-Cal	Medicare	Other	Total
Gross Accounts Receivable............................	$ 318,893	$ 202,350	$ 119,971	$ 641,214
Less:				
Provision for Contractual Allowances.........	(289,238)	(178,787)	(77,555)	(545,580)
Provision for Bad Debts............................	-	-	(12,036)	(12,036)
Total, Net Accounts Receivable......................	$ 29,655	$ 23,563	$ 30,380	$ 83,598

Net Patient Service Revenue

	Medi-Cal	Medicare	Other	Total
Gross Patient Service Revenue......................	$ 2,430,632	$ 1,287,054	$ 975,684	$ 4,693,370
Less:				
Provision for Contractual Allowances.........	(2,046,617)	(1,045,511)	(447,145)	(3,539,273)
Provision for Bad Debts............................	-	-	(76,907)	(76,907)
Total, Net Patient Service Revenue..................	$ 384,015	$ 241,543	$ 451,632	$ 1,077,190

California's Section 1115 Medicaid Waiver (Waiver), titled "Medi-Cal 2020" expired on December 31, 2021. Medi-Cal 2020 was replaced by a new Waiver entitled "CalAIM", California's "…long-term commitment to transform and strengthen Medi-Cal, offering Californians a more equitable, coordinated, and person-centered approach to maximizing their health and life trajectory".

In addition to fee-for-service cost-based reimbursements for inpatient hospital services, CalAIM includes a wide range of patient centered care programs, including Enhanced Care Management, Community Supports, and the renewal of the Global Payment Program (GPP) among other service delivery and payment reform initiatives.

Payments received under CalAIM's GPP are utilization based and not dependent on Certified Public Expenditures (CPEs). However, GPP claims are subject to State and federal audit and final reconciliation. SFGH has established reserves for the uncertainty of future financial impact of potential audit and reconciliation adjustments.

Revenues recognized under current and previous Medi-Cal Waivers is approximately $140.6 million for the year ended June 30, 2024.

In addition, SFGH is reimbursed by the State of California, under the Short-Doyle Program, for mental health services provided to qualifying residents based on an established rate per unit of service not to exceed an annual negotiated contract amount. During the year ended June 30, 2024, reimbursement under the Short-Doyle Program amounted to approximately $6.4 million and is included in net patient service revenue.

Unearned Revenues and Other Liabilities - As of June 30, 2024, SFGH recorded approximately $282.1 million in unearned credits and other liabilities, which was comprised of $208.5 million in unearned credits mainly related to receipts under DSH/Safety Net Care Pool, the Medicare Accelerated payment program and AB915 programs, and $57.3 million in Third Party Settlements payable and $16.3 million in grant received in advance.

Charity Care - SFGH provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Charges foregone based on established rates were $340.0 million and estimated costs and expenses to provide charity care were $84.2 million in fiscal year 2023-24.

Contract with the University of California San Francisco - The City contracts on a year-to-year basis on behalf of SFGH with the University of California (UC). Under the contract, SFGH serves as a teaching facility for UC professional staff, medical students, residents, and interns who, in return, provide medical and surgical specialty services to SFGH's patients. The total amount for services rendered under the contract for the year ended June 30, 2024, was approximately $264.6 million.

SFGH Rebuild - The Rebuild projects have been completed and the General Obligation Bonds are accounted for as governmental activity and transactions are accounted for in the City's Governmental Capital Project Funds.

Gift - From fiscal year 2014-15 through fiscal year 2015-16, SFGH received $62.4 million from the San Francisco General Hospital Foundation for the acquisition of furniture, fixtures and equipment (FF&E) for the new hospital. As of June 30, 2024, SFGH has spent $50.3 million from the gift on acquisition of FF&E as stipulated by the donor and recorded the remaining $12.1 million as Restricted Net Position.

Commitments and Contingencies - As of June 30, 2024, SFGH had outstanding commitments with third parties for capital projects totaling $9.9 million.

(h) San Francisco Wastewater Enterprise

The San Francisco Wastewater Enterprise (Wastewater Enterprise) was established in 1977, following the transfer of all sewage-system-related assets and liabilities of the City to the Wastewater Enterprise pursuant to bond resolution, to account for the City's municipal sewage treatment and disposal system.

The Wastewater Enterprise primary responsibility is to protect the public health and the surrounding bay and ocean receiving waters by collecting, transmitting, treating, and discharging storm and sanitary flows generated in the service area. This includes 1,139 miles of combined, sanitary, and storm collection system pipes including: gravity mains, force mains, culverts, transport storage boxes, and tunnels. In addition, the Wastewater Enterprise serves, on a contractual basis, certain municipal customers located outside of the City limits, including the North San Mateo County Sanitation District No. 3, Bayshore Sanitary District, and the City of Brisbane. The Wastewater Enterprise recovers cost of service through user fees based on the volume and strength of sanitary flow. As of June 30, 2024, the Wastewater Enterprise serves approximately 149,455 residential accounts, which discharge about 15.3 million units of sanitary flow per year (measured in hundreds of cubic feet, or ccf) and approximately 27,643 non-residential accounts, which discharge about 5.6 million units of sanitary flow per year.

(Dollars in Thousands)

Pledged Revenues - Wastewater Enterprise has pledged future revenues to repay various revenue bonds, State Revolving Fund (SRF) loans, and Water Infrastructure Finance and Innovation Act (WIFIA) loans. Proceeds from the revenue bonds, revenue notes, SRF, and WIFIA loans provided financing for various capital construction projects, and to refund previously issued bonds. The bonds, SRF, and WIFIA loans are payable through fiscal years 2052, 2056, and 2062, respectively, and are solely from revenues of the Enterprise.

The outstanding amount of revenue bonds issued, SRF loans, and WIFIA loans, total principal and interest remaining, principal and interest paid during fiscal year 2023-24, applicable net revenues, and funds available for bond debt service are as follows:

Bonds issued with revenue pledge	$ 2,369,600
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge	317,662
WIFIA loans with revenue pledge	922,431
Principal and interest remaining due at end of the fiscal year	5,462,786
Principal and interest paid in the fiscal year	91,601
Net revenues	188,709
Funds available for revenue bond and loans debt service	354,681

Commitments and Contingencies – As of June 30, 2024, the Wastewater Enterprise had outstanding commitments, with third parties, for capital projects and for materials and services totaling $675.8 million.

Pollution Remediation Obligations – As of June 30, 2024, the Wastewater Enterprise recorded $6.5 million in pollution remediation liability, for the Yosemite Creek site.

(14) SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO

As discussed in Note 1, the financial statements present the Successor Agency and its component unit, an entity for which the Successor Agency is considered to be financially accountable. The City and County of San Francisco Redevelopment Financing Authority (Financing Authority) is a joint powers authority formed between the former Agency and the City to facilitate the long-term financing of the former Agency's activities. The Financing Authority is included as a blended component unit in the Successor Agency's financial statements because the Financing Authority provides services entirely to the Successor Agency.

Pursuant to the Dissolution Law, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into the Successor Agency's Redevelopment Property Tax Trust Fund (Trust Fund) administered by the City's Controller for the benefit of holders of the former Agency's enforceable obligations and the taxing entities that receive pass-through payments. Any remaining funds in the Trust Fund, plus any unencumbered redevelopment cash and funds from asset sales are distributed by the City to the local agencies in the project area unless needed to pay enforceable obligations.

In September 2015, the State passed Senate Bill 107 (SB 107), which clarifies and updates existing law governing the dissolution of redevelopment agencies. SB 107 includes specific language that allows the Successor Agency to issue bonds or other indebtedness for the purposes of low and moderate income housing and infrastructure in the City by allowing the pledge of revenues available in the Trust Fund that are not otherwise pledged subject to the approval of the Oversight Board. SB 107 also declares that Mission Bay North, Mission Bay South, Hunters Point Shipyard Phase 1, Candlestick Point - Hunters Point Shipyard Phase 2, and Transbay projects are finally and conclusively approved as enforceable obligations.

(a) Summary of the Successor Agency's Long-Term Obligations

Type of Obligation	Final Maturity Date	Remaining Interest Rate	Amount
Hotel tax revenue bonds [(a)]	2025	5.00%	$ 4,455
Tax allocation revenue bonds [(b)]	2054	1.29% - 8.41%	783,289
Total long-term bonds			$ 787,744

Debt service payments are made from the following sources:

(a) Hotel occupancy tax revenues from the occupancy of guest rooms in the hotels within the City.
(b) Redevelopment property tax revenues from the Bayview Hunters Point, Western Addition, Rincon Point South Beach, Yerba Buena Center, India Basin, South of Market, Golden Gateway, Mission Bay South, Transbay, and Mission Bay North project areas.

(Dollars in Thousands)

Issuance of Successor Agency Bonds – Under the Dissolution Law, a successor agency is authorized to issue bonds to satisfy its obligations under certain enforceable obligations entered into by the former redevelopment agency prior to dissolution, subject to approval by the California Department of Finance (DOF). On December 24, 2013, the DOF released its letter approving the issuance of bonds by the Successor Agency.

On September 14, 2023, the Successor Agency issued $24,505 of Taxable Third Lien Tax Allocation Bonds, Affordable Housing Projects, Series 2023 A (2023 Series A Bonds) and $35,210 of Third Lien Tax Allocation Bonds, Transbay Infrastructure Projects, Series 2023 B (2023 Series B Bonds). The 2023 Series A Bonds will be used to finance the development and/or construction of affordable housing, bear fixed interest rates ranging from 5.28% to 5.92% and have a final maturity date of August 1, 2041. The 2023 Series B Bonds will be used to finance infrastructure and improvements in the Transbay Project Area, bear fixed interest rates ranging from 5.00% to 5.25% and have a final maturity date of August 1, 2053.

Pledged Revenues for Bonds – The Tax Allocation Bonds are equally and ratably secured by the pledge and lien of the redevelopment property tax revenues (i.e., the former tax increment). These revenues have been pledged until the year 2054, the final maturity date of the bonds. The total principal and interest remaining on these bonds is approximately $1.26 billion. The redevelopment property tax revenues recognized during the year ended June 30, 2024, were $134.0 million against the total debt service payment of $80.8 million.

The Hotel Tax Revenue Bonds are secured by the pledge and lien of the hotel tax revenue received by the Successor Agency from the City. These revenues have been pledged until the year 2025, the final maturity of the bonds. The total principal and interest remaining on the Hotel Tax Revenue Bonds is approximately $4.7 million. The hotel tax revenue recognized during the year ended June 30, 2024, was $4.5 million against the total debt service payment of $4.7 million.

Events of Default and Remedies – The Successor Agency shall be considered to be in default if it fails to make any principal, interest, or redemption payment when due. For Tax Allocation Bonds, in the event of default, the trustee may declare the principal and accrued interest to be due and payable immediately. For Hotel Tax Bonds, in the event of default, the Successor Agency must immediately transfer to the trustee all revenues held and thereafter received to be used for expenses necessary to protect the bondholders and payment of interest and principal.

The changes in long-term obligations for the Successor Agency for the year ended June 30, 2024, are as follows:

	July 1, 2023	Additional Obligations, Interest Accretion and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2024
Bonds payable:				
Tax revenue bonds	$ 757,038	$ 59,715	$ (33,464)	$ 783,289
Hotel Tax Revenue Bonds	8,675	-	(4,220)	4,455
Less unamortized amounts:				
For issuance premiums	35,574	2,540	(2,394)	35,720
For issuance discounts	(2,379)	-	143	(2,236)
Total bonds payable	798,908	62,255	(39,935)	821,228
Accreted interest payable	75,608	7,800	(15,831)	67,577 [1]
Accrued vacation and sick leave pay	2,043	1,000	(806)	2,237
Successor Agency - long-term obligations	$ 876,559	$ 71,055	$ (56,572)	$ 891,042

[1] Amounts represent interest accretion on Capital Appreciation Bonds.

As of June 30, 2024, the debt service requirements to maturity for the Successor Agency, excluding accrued vacation and sick leave, are as follows:

June 30,	Tax Revenue Bonds Principal	Tax Revenue Bonds Interest *	Hotel Tax Revenue Bonds Principal	Hotel Tax Revenue Bonds Interest
2025	$ 38,082	$ 48,943	$ 4,455	$ 223
2026	42,728	37,206	-	-
2027	43,462	35,906	-	-
2028	44,590	34,755	-	-
2029	45,986	33,304	-	-
2030-2034	232,604	141,646	-	-
2035-2039	156,831	92,163	-	-
2040-2044	124,306	46,998	-	-
2045-2049	37,510	8,110	-	-
2050-2054	17,190	2,349	-	-
Total	$ 783,289	$ 481,380	$ 4,455	$ 223

* Including payment of accreted interest

(b) Commitments and Contingencies Related to the Successor Agency

Encumbrances - At June 30, 2024, the Successor Agency had outstanding encumbrances totaling approximately $39.8 million.

Risk Management - The Successor Agency obtained coverage for personal injury, automobile liability, public official errors and omissions and employment practices liability with limits of $10.0 million per occurrence ($5.0 million per occurrence for automobile liability and an annual aggregate limit of $5.0 million for employment practices liability) and a $25 deductible.

Notes and Mortgages Receivable – During the process of selling land to developers and issuing mortgage revenue bonds, the Successor Agency may defer receipt of land sale proceeds and mortgage revenue bond financing fees from various private developers in exchange for notes receivable, which aid the developers' financing arrangements. The Successor Agency recognizes all revenues and interest on the above-described arrangements when earned, net of any amounts deemed to be uncollectible. During the year ended June 30, 2024, the Successor Agency disbursed $92.5 million to the developers through this arrangement and recorded an allowance against these receivables. At June 30, 2024, the gross value of the notes and mortgage receivable was $293.0 million and the allowance for uncollectible amounts was $291.5 million.

Special Assessment Debt without Commitment - Various community facility district bonds have been issued by the former Agency on behalf of various property owners who retain full responsibility for the repayment of the debt. When these obligations are issued, they are secured by special assessment taxes, and, in the opinion of management, are not considered obligations of the Successor Agency or the City and are therefore not included in the financial statements. Debt service payments will be made by the property owners. At June 30, 2024, the Successor Agency had outstanding community facility district bonds totaling $148.1 million.

(15) Treasure Island Development Authority

The Treasure Island Development Authority (TIDA) is a nonprofit public benefit corporation. TIDA was authorized in accordance with the Treasure Island Conversion Act of 1997. TIDA is governed by the seven members of the TIDA Board of Directors who are appointed by the Mayor, subject to confirmation by the City's Board of Supervisors. The specific purpose of TIDA is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the property known as Naval Station Treasure Island for the public interest, convenience, welfare and common benefit of the inhabitants of the City.

The services provided by TIDA include administering the acquisition of the former Naval Station Treasure Island from the U.S. Navy and implementing the Treasure Island Development Project; renting existing Treasure Island facilities including commercial facilities and approximately 450 housing units to generate revenues to cover operating costs; maintaining Treasure Island utilities, facilities and other infrastructure; and overseeing the U.S. Navy's remediation activities on the former naval base.

In early 2000, TIDA initiated a master developer selection process, culminating in the selection of Treasure Island Community Development, LLC (TICD) in March 2003. TIDA and TICD entered into an Exclusive Negotiating Agreement in 2003, and began work on the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (Development Plan). The Development Plan was endorsed by the TIDA Board and the City's Board of Supervisors in December 2006. In May 2010, the TIDA Board and Board of Supervisors both unanimously endorsed a package of legislation that included an Update to the Development Plan and Term Sheet, terms of an Economic Development Conveyance Memorandum of Agreement (EDC MOA Term Sheet), and a Term Sheet between TIDA and the Treasure Island Homeless Development Initiative (TIHDI) now called One Treasure Island.

In April 2011, the TIDA Board and the Planning Commission certified the environmental impact report for the project and approved various project entitlements, including amendments to the Planning Code, Zoning Maps and General Plan, as well as a Development Agreement, Disposition and Development Agreement and Interagency Cooperation Agreement. These entitlements include detailed plans for land uses, phasing, infrastructure, transportation, sustainability, housing – including affordable housing, jobs and equal opportunity programs, community facilities and project financing. In June 2011, the Board of Supervisors unanimously upheld the certification of the project's environmental impact report and approved the project entitlements. These project approvals established the framework and cleared the way for realization of a new environmentally sustainable community on Treasure Island and the thousands of construction and permanent jobs the construction will bring.

The development plan for the project anticipates a new San Francisco neighborhood consisting of up to 8,000 new residential housing units, new commercial and retail space, a hotel, and 290 acres of parks and public open space, including shoreline access and cultural uses. Transportation amenities being built for the project will enhance mobility on Yerba Buena Island and Treasure Island as well as link the islands to mainland San Francisco. Some amenities include a combined police/fire emergency services building; utility improvements including new water, sewer, storm, gas, electrical and communications infrastructure with new water storage reservoirs and a wastewater treatment plant; new and upgraded streets, public byways, bicycle, transit, and pedestrian facilities; and a new ferry terminal.

On May 29, 2015, the Navy made the first transfer of property to TIDA consisting of 275 acres on Yerba Buena and Treasure Islands and the offshore submerged lands. This has been followed by four smaller transfers from 2016 through 2019. The full conveyance of the former base is not anticipated prior to 2030, as TIDA and the Navy are currently reviewing the future conveyance schedule.

(Dollars in Thousands)

Infrastructure

Existing structures on Yerba Buena were demolished between February and August 2016, and structures in the first area of development on Treasure Island were demolished between July 2016 and February 2017. The first infrastructure construction projects on Yerba Buena Island, including the new water reservoirs and new roadways were completed in the third quarter of 2021, and utilities and street improvements are complete.

On Treasure Island, geotechnical improvement of soil conditions in the first subphase area on Treasure Island were substantially completed in 2020, and new roadway, sewer, storm water, water, power, and electrical infrastructure were completed in 2023. New ferry landing facilities were completed and ferry service initiated in March of 2022. New infrastructure in both the Yerba Buena Island and initial Treasure Island subphase areas have been accepted by the City and County of San Francisco.

The developer has begun geotechnical improvement in the second subphase area. The geotechnical improvement of the site of the new wastewater treatment plant and electrical switchyard on Treasure Island is complete, the new electrical switchyard is operational, and the San Francisco Public Utilities Commission (SFPUC) has begun construction of the new wastewater treatment facility which is anticipated to be completed in the fall of 2025.

Housing

The first residential project on Yerba Buena Island called the Bristol, a 124-unit condominium building, received its Temporary Certificate of Occupancy in spring 2022 and move-ins began in June 2022. Two additional residential flats and townhome sites on Yerba Buena Island broke ground in 2022 and have begun to receive Temporary Certificates of Occupancy.

The first residential project on Treasure Island, Maceo May Apartments, a 105-unit, 100% affordable building developed by Chinatown Community Development Center in partnership with Swords to Plowshares broke ground in the fall of 2020 and move-ins began in Spring 2023. The second affordable housing development on Treasure Island, Star View Court, a 100% affordable 138-unit building developed by Mercy Housing in partnership with Catholic Charities, broke ground in fall 2022, received its Temporary Certificate of Occupancy in May 2024, and move-ins began in July 2024. Pre-development funding was approved and pre-development has begun for the next two affordable housing parcels on Treasure Island Parcel E1.2, where two separate buildings – a senior housing site and a behavioral health program site – will be developed, and Parcel IC4.3 which will support a 150 unit family development with 1-, 2-, 3-, and 4-bedroom units.

On Treasure Island, several market rate housing projects are under construction, including the Isle House (250-unit apartment building) which just received its Certificate of Occupancy and began lease-up, Hawkins (178-unit apartment building) to be completed in late 2024, and 490 Avenue of the Palms (148-unit condominium development) expected to be completed in late spring 2025.

Parks and Open Space

The first three parks on Yerba Buena Island, the Boulders Dog Park, Signal Park, and Panorama Park have been completed, accepted by TIDA, and are now open to the public. The first installation under the Treasure Island Art Program, a sculpture called the Point of Infinity by artist Hiroshi Sugimoto, was finished and installed at Hilltop Park in May 2023. Causeway Park and Waterfront Plaza, together referred to as “Treasure Island Landing” are also complete and open to the public. The first two blocks of Cityside Park are under construction and scheduled for completion in the spring of 2025 and the developer is scheduled to break ground soon on the Cultural Park and the Clipper Cove Beach Park.

The complete build-out of the project is anticipated to occur over fifteen to twenty years.

As of June 30, 2024, TIDA has the following payable to other City departments:

Payable to	Purpose	Current	Noncurrent	Total
SFCTA	YBI and mobility management expenses	$ 8,742	$ -	$ 8,742
General Fund	Cash Coverage	8,038	-	8,038
Hetch Hetchy	Energy efficiency project	-	7,041	7,041
		$ 16,780	$ 7,041	$ 23,821

(16) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

"Due to" and "due from" balances have primarily been recorded when funds overdraw their share of pooled cash or when there are transactions between entities where one or both entities do not participate in the City's pooled cash or when there are short-term loans between funds. The composition of interfund balances as of June 30, 2024, is as follows:

Due to/from other funds (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 34,495
Nonmajor Governmental Funds	Nonmajor Governmental Funds	22,941
	Municipal Transportation Agency	230
		23,171
San Francisco Water Enterprise	Nonmajor Governmental Funds	102
Hetch Hetchy Water and Power Enterprise	General Fund	859
	Nonmajor Governmental Funds	3,116
	San Francisco Wastewater Enterprise	405
		4,380
Municipal Transportation Agency	Nonmajor Governmental Funds	96,812
Port of San Francisco	Municipal Transportation Agency	576
San Francisco Wastewater Enterprise	Nonmajor Governmental Funds	82
Total		$ 159,618

In addition to routine short-term loans, Hetch Hetchy serves as the City's agency for energy efficiency projects and maintains the Sustainable Energy Account (SEA) to sponsor and financially support such projects at various City departments. In this role, Hetch Hetchy may secure low-interest financing to supplement funds available in the SEA fund. At June 30, 2024, Hetch Hetchy loaned $3.1 million to other City funds.

The SFMTA has a receivable from nonmajor governmental funds of $96.8 million for capital and operating grants.

Due from component units:

Receivable Entity	Payable Entity	Amount
General Fund	Component unit – TIDA	$ 8,038 (1)
Nonmajor Governmental Funds	Component unit – TIDA	8,742 (1)
Nonmajor Governmental Funds	Successor Agency	2,059

Advance to component units:

Receivable Entity	Payable Entity	Amount
Hetch Hetchy Water and Power Enterprise	Component unit – TIDA	$ 7,041 (1)

(1) See discussion at Note 15.

Transfers Out: / **Transfers In: Funds (in thousands)**

Funds	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Water Enterprise	Hetch Hetchy Water and Power Enterprise	Municipal Transportation Agency	San Francisco General Hospital Medical Center	Laguna Honda Hospital	Total
General fund	$ -	$ 515,773	$ 300	$ 505	$ -	$ 577,878	$ 99,879	$ 160,522	$ 1,354,857
Nonmajor Governmental Funds	81,974	92,282	-	-	-	141,418	3,542	9,593	328,809
Internal Service Funds	2,384	-	-	-	-	-	-	-	2,384
San Francisco International Airport	55,600	-	-	-	-	-	-	-	55,600
Water Enterprise	-	1,199	-	-	42	-	-	-	1,241
Hetch Hetchy Water and Power Enterprise	76	32	-	-	-	-	-	-	108
San Francisco General Hospital Medical Center	13,150	-	-	-	-	-	-	-	13,150
Wastewater Enterprise	-	209	-	-	-	-	-	-	209
Port of San Francisco	-	32	-	-	-	-	-	-	32
Laguna Honda Hospital	2,039	-	-	-	-	-	6,722	-	8,761
Total transfers out	$ 155,223	$ 609,527	$ 300	$ 505	$ 42	$ 719,296	$ 110,143	$ 170,115	$ 1,765,151

The $1.35 billion General Fund transfer out includes a total of $826.6 million in operating subsidies to SFMTA, SFGH, and Laguna Honda Hospital (see Note 13). The transfer of $515.8 million from the General Fund to the nonmajor governmental funds is to provide support to various City programs such as the Public Library and Children and Families Fund, as well as to provide resources for the payment of debt service. The transfers between the nonmajor governmental funds are mainly to provide support for various City programs and to provide resources for the payment of debt service.

San Francisco International Airport transferred $55.6 million to the General Fund, representing a portion of concession revenues. General Fund received $2.0 million from Laguna Honda Hospital and $12.8 million from SFGH for interest earned by the General Fund but credited to Laguna Honda Hospital and SFGH, respectively. General Fund also received $0.4 million from SFGH to reappropriate funds.

SFGH received $3.5 million from nonmajor governmental funds for various improvement projects and $6.7 million from Laguna Honda Hospital, of which $1.3 million for fiscal year 2023-24 shortfall and $5.4 million to reappropriate funds. In return, Laguna Honda Hospital received $9.6 million from nonmajor governmental funds for relocation project.

SFMTA received $141.4 million transfers from nonmajor governmental funds, of which $106.6 million was for capital activities, $34.8 million was for operating activities.

The Water Enterprise transferred $1,167 to the Arts Commission for the arts enrichment fund, $42 to Hetch Hetchy Water and Power Enterprise to fund various Mountain Tunnel Improvement projects, and $32 to nonmajor governmental funds for the Surety Bond Program. In turn, the Water Enterprise received $505 from General Fund, of which $500 for research on environmental impacts in Hunter's Point Shipyard and $5 for Mayor's Office's minimum compensation ordinance.
The Wastewater Enterprise transferred $177 to Culture and Recreation Fund for art enrichment allocation and $32 to nonmajor governmental funds for the Surety Bond Program.

The $108 Hetch Hetchy Water and Power Enterprise transfer out includes $76 to General Fund for Public Power Expansion Project and $32 to nonmajor governmental funds for the Surety Bond Program.

The Port of San Francisco transferred $32 to nonmajor governmental funds for the Surety Bond Program.

The Internal Service Funds received $300 from General Fund for the DT project and transferred $2.4 million to General Fund for interest earned by the General Fund but credited to the Internal Service Funds.

(17) LEASES, COMMITMENTS AND CONTINGENT LIABILITIES

Leases and Similar Subscription-Based Information Technology Arrangements

Primary Government

City as Lessee and Subscriber

The City has entered into long-term leases for land, office space, communication site, data processing, machinery, and other equipment. The terms and conditions for theses leases vary, which ranges between 1 – 80 years. The City also has noncancellable subscription arrangements (similar to a lease) for the right to use various information technology hardware and software (SBITAs). The terms and conditions for theses subscriptions vary, which ranges between 1 – 10 years.

A summary of intangible right-to-use assets during the year ended June 30, 2024, is as follows (in thousands):

Governmental Activities:	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Right-to-use assets:				
Land	$ 1,675	$ -	$ -	$ 1,675
Building/Facility	615,223	146,666	(12,224)	749,665
Equipment	1,165	-	(882)	283
Others	1,214	-	(1,214)	-
Subscription assets	50,313	44,173	(9,844)	84,642
Total right-to-use assets	669,590	190,839	(24,164)	836,265
Less accumulated amortization:				
Right-to-use assets:				
Land	278	138	-	416
Building/Facility	138,219	70,813	(12,115) *	196,917
Equipment	834	112	(730)	216
Others	810	404	(1,214)	-
Subscription assets	16,741	28,803	(9,250)	36,294
Total accumulated amortization	156,882	100,270	(23,309)	233,843
Governmental activities right-to-use assets, net	$ 512,708	$ 90,569	$ (855)	$ 602,422

* Building/Facility accumulated amortization increases included $109 lease modification.

(Dollars in Thousands)

Business-Type Activities:	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Right-to-use assets:				
Land	$ 24,029	$ -	$ (605)	$ 23,424
Building/Facility	221,851	3,525	(8,850)	216,526
Equipment	15,028	20,284	(3,994)	31,318
Subscription assets	8,153	10,527	(4,558)	14,122
Total lease assets	269,061	34,336	(18,007)	285,390
Less accumulated amortization:				
Right-to-use assets:				
Land	1,258	394	(605)	1,047
Building/Facility	33,548	13,028	(8,830)	37,746
Equipment	6,349	7,738	(75)	14,012
Subscription assets	5,129	3,786	(4,555)	4,360
Total accumulated amortization	46,284	24,946	(14,065)	57,165
Business-type activities right-to-use assets, net	$ 222,777	$ 9,390	$ (3,942)	$ 228,225

Future annual lease and subscription payments are as follows:

Governmental Activities

Fiscal Years	Principal	Interest	Total
2025	$ 82,718	$ 14,575	$ 97,293
2026	71,986	12,595	84,581
2027	52,640	11,225	63,865
2028	47,580	10,217	57,797
2029	35,684	9,405	45,089
2030-2034	142,890	36,808	179,698
2035-2039	127,876	20,090	147,966
2040-2044	55,126	7,237	62,363
2045-2049	9,306	180	9,486
Total	$ 625,806	$ 122,332	$ 748,138

Business-type Activities

Fiscal	Airport			Port			General Hospital Medical Center			Laguna Honda Hospital			Municipal Transportation Agency		
Years	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	$ 704	$ 31	$ 735	$ 1,574	$ 1,561	$ 3,135	$ 5,715	$ 386	$ 6,101	$ 53	$ 8	$ 61	$ 8,961	$ 2,739	$ 11,700
2026	371	13	384	1,777	1,521	3,298	4,956	262	5,218	58	6	64	8,156	2,572	10,728
2027	-	-	-	2,052	1,474	3,526	4,246	146	4,392	64	5	69	6,286	2,414	8,700
2028	-	-	-	2,102	1,424	3,526	2,095	60	2,155	71	3	74	5,679	2,314	7,993
2029	-	-	-	2,153	1,373	3,526	885	20	905	30	1	31	4,931	2,220	7,151
2030-2034	-	-	-	11,575	6,055	17,630	222	1	223	-	-	-	27,377	9,636	37,013
2035-2039	-	-	-	13,049	4,577	17,626	-	-	-	-	-	-	34,274	6,787	41,061
2040-2044	-	-	-	14,711	2,912	17,623	-	-	-	-	-	-	33,010	3,278	36,288
2045-2049	-	-	-	16,585	1,036	17,621	-	-	-	-	-	-	-	2,217	2,217
2050-2054	-	-	-	303	-	303	-	-	-	-	-	-	-	2,570	2,570
2055-2059	-	-	-	-	-	-	-	-	-	-	-	-	-	2,980	2,980
2060-2064	-	-	-	-	-	-	-	-	-	-	-	-	-	3,454	3,454
2065-2069	-	-	-	-	-	-	-	-	-	-	-	-	-	4,004	4,004
2070-2074	-	-	-	-	-	-	-	-	-	-	-	-	-	4,642	4,642
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-	23,207	10,840	34,047
Total	$ 1,075	$ 44	$ 1,119	$ 65,881	$ 21,933	$ 87,814	$ 18,119	$ 875	$ 18,994	$ 276	$ 23	$ 299	$ 151,881	$ 62,667	$ 214,548

Fiscal	San Francisco Water Enterprise			Hetch hetchy Water and Power			San Francisco Wastewater Enterprise			Total Business-type Activities		
Years	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	$ 1,181	$ 59	$ 1,240	$ 96	$ 8	$ 104	$ 93	$ 2	$ 95	$ 18,377	$ 4,794	$ 23,171
2026	701	34	735	98	5	103	93	1	94	16,210	4,414	20,624
2027	135	26	161	36	4	40	-	-	-	12,819	4,069	16,888
2028	122	23	145	37	3	40	-	-	-	10,106	3,827	13,933
2029	85	21	106	38	2	40	-	-	-	8,122	3,637	11,759
2030-2034	418	77	495	38	8	46	-	-	-	39,630	15,777	55,407
2035-2039	436	29	465	43	3	46	-	-	-	47,802	11,396	59,198
2040-2044	51	1	52	9	-	9	-	-	-	47,781	6,191	53,972
2045-2049	-	-	-	-	-	-	-	-	-	16,585	3,253	19,838
2050-2054	-	-	-	-	-	-	-	-	-	303	2,570	2,873
2055-2059	-	-	-	-	-	-	-	-	-	-	2,980	2,980
2060-2064	-	-	-	-	-	-	-	-	-	-	3,454	3,454
2065-2069	-	-	-	-	-	-	-	-	-	-	4,004	4,004
2070-2074	-	-	-	-	-	-	-	-	-	-	4,642	4,642
Thereafter	-	-	-	-	-	-	-	-	-	23,207	10,840	34,047
Total	$ 3,129	$ 270	$ 3,399	$ 395	$ 33	$ 428	$ 186	$ 3	$ 189	$ 240,942	$ 85,848	$ 326,790

In fiscal year 2023-24, the City's governmental activities and business-type activities recognized $10.5 million and $5.4 million, respectively, in interest expense for the related leases and subscriptions.

Variable lease and subscription payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease and subscription IT liability. Such amounts are recognized as lease expense or subscription expense, respectively, in the period in which the obligation for those payments is incurred.

Certain equipment or facility rental leases require the City to make variable lease payments that based on usage, index, and insurance payments made by the lessor, these amounts are generally determined annually. The amounts recognized as expense for variable lease payments not included in the measurement of the lease liability for governmental activities and business-type activities were $9.0 million and $1.4 million, respectively, during the year ended June 30, 2024.

As of June 30, 2024, no variable subscription payments were noted for the City's subscription IT arrangements.

City as Lessor

The City has leased facilities, easements, communication site and equipment to varies tenants. The terms and conditions for these leases vary, which range between 1- 75 years.

The Airport leases terminal space (except for regulated leases), non-terminal buildings, and land to tenants under various operating leases, a majority of which is non-cancellable and terminate at various dates as late as 2053.

(Dollars in Thousands)

Principal and interest requirements to maturity for the lease receivable at June 30, 2024, are as follows:

Governmental Activities

Fiscal Years	Principal	Interest	Total
2025………..	$ 4,861	$ 1,585	$ 6,446
2026………..	4,678	1,500	6,178
2027………..	4,196	1,421	5,617
2028………..	4,166	1,344	5,510
2029………..	4,005	1,269	5,274
2030-2034….	17,927	5,267	23,194
2035-2039….	16,714	3,606	20,320
2040-2044….	17,015	1,955	18,970
2045-2049….	8,156	467	8,623
2050-2054….	463	248	711
2055-2059….	513	199	712
2060-2064….	568	144	712
2065-2069….	629	83	712
2070-2074….	491	19	510
Total…………	$ 84,382	$ 19,107	$ 103,489

Business-type Activities -excluded regulated leases

Fiscal Years	Airport Principal	Airport Interest	Airport Total	Port Principal	Port Interest	Port Total	General Hospital Medical Center Principal	General Hospital Medical Center Interest	General Hospital Medical Center Total	Laguna Honda Hospital Principal	Laguna Honda Hospital Interest	Laguna Honda Hospital Total
2025………..	$ 125,253	$ 26,768	$ 152,021	$ 43,882	$ 11,694	$ 55,576	$ 408	$ 146	554	$ 116	$ 17	$ 133
2026………..	126,056	22,680	148,736	40,894	10,761	51,655	333	141	474	122	15	137
2027………..	129,189	18,505	147,694	35,618	9,883	45,501	219	138	357	128	13	141
2028………..	121,833	14,313	136,146	27,408	9,154	36,562	76	135	211	135	11	146
2029………..	119,860	10,416	130,276	23,642	8,571	32,213	46	134	180	142	8	150
2030-2034….	215,907	20,694	236,601	86,069	36,652	122,721	247	653	900	359	8	367
2035-2039….	10,559	4,142	14,701	62,821	28,296	91,117	273	627	900	-	-	-
2040-2044….	9,490	3,010	12,500	39,237	22,431	61,668	303	597	900	-	-	-
2045-2049….	10,698	1,802	12,500	36,692	17,615	54,307	335	565	900	-	-	-
2050-2054….	9,469	468	9,937	15,267	14,089	29,356	371	529	900	-	-	-
2055-2059….	-	-	-	16,217	11,899	28,116	411	489	900	-	-	-
2060-2064….	-	-	-	19,969	9,790	29,759	454	446	900	-	-	-
2065-2069….	-	-	-	21,321	6,642	27,963	503	397	900	-	-	-
2070-2074….	-	-	-	25,390	3,555	28,945	557	343	900	-	-	-
Thereafter…..	-	-	-	15,437	429	15,866	3,085	711	3,796	-	-	-
Total…………	$ 878,314	$ 122,798	$ 1,001,112	$ 509,864	$ 201,461	$ 711,325	$ 7,621	$ 6,051	$ 13,672	$ 1,002	$ 72	$ 1,074

Fiscal Years	Municipal Transportation Agency Principal	Municipal Transportation Agency Interest	Municipal Transportation Agency Total	San Francisco Water Enterprise Principal	San Francisco Water Enterprise Interest	San Francisco Water Enterprise Total	San Francisco Wastewater Enterprise Principal	San Francisco Wastewater Enterprise Interest	San Francisco Wastewater Enterprise Total	Total Business-type Activities Principal	Total Business-type Activities Interest	Total Business-type Activities Total
2025………..	$ 9,807	$ 2,037	$ 11,844	$ 3,246	$ 807	$ 4,053	$ 226	$ 32	$ 258	$ 182,938	$ 41,501	$ 224,439
2026………..	11,969	1,801	13,770	2,676	748	3,424	241	26	267	182,291	36,172	218,463
2027………..	11,362	1,519	12,881	2,409	695	3,104	257	19	276	179,182	30,772	209,954
2028………..	11,642	1,233	12,875	2,423	645	3,068	215	12	227	163,732	25,503	189,235
2029………..	11,726	936	12,662	2,215	595	2,810	306	13	319	157,937	20,673	178,610
2030-2034….	5,219	3,503	8,722	10,897	2,348	13,245	-	-	-	318,698	63,858	382,556
2035-2039….	3,178	3,072	6,250	8,246	1,280	9,526	-	-	-	85,077	37,417	122,494
2040-2044….	3,518	2,732	6,250	363	921	1,284	-	-	-	52,911	29,691	82,602
2045-2049….	3,894	2,356	6,250	-	1,056	1,056	-	-	-	51,619	23,394	75,013
2050-2054….	4,311	1,939	6,250	-	1,224	1,224	-	-	-	29,418	18,249	47,667
2055-2059….	4,772	1,478	6,250	240	1,179	1,419	-	-	-	21,640	15,045	36,685
2060-2064….	5,283	967	6,250	898	748	1,646	-	-	-	26,604	11,951	38,555
2065-2069….	5,848	402	6,250	1,291	617	1,908	-	-	-	28,963	8,058	37,021
2070-2074….	930	8	938	1,778	433	2,211	-	-	-	28,655	4,339	32,994
Thereafter…..	-	-	-	2,381	181	2,562	-	-	-	20,903	1,321	22,224
Total…………	$ 93,459	$ 23,983	$ 117,442	$ 39,063	$ 13,477	$ 52,540	$ 1,245	$ 102	$ 1,347	$ 1,530,568	$ 367,944	$ 1,898,512

In fiscal year 2023-24, the City's governmental activities recognized $5.5 million in lease revenue and $1.7 million in interest income for the related leases and the City's business-type activities recognized $166.8 million in lease revenue and $35.2 million in interest income for the related leases.

Variable payments include percentage of sales or payments depended on an index made by the lessee; these amounts are generally determined periodically. The City did not incur revenue related to residual value guarantees or lease termination penalties. The amounts recognized as revenue for variable lease payments not included in the measurement of the lease receivable for governmental activities and business-type activities were $4.6 million and $21.0 million, respectively, during the year ended June 30, 2024.

Regulated Leases

Certain regulated leases are subject to external laws, regulations or legal rulings and are exempted from the GASB 87 recognition, subject to the conditions that:

(a) Lease rates cannot exceed a reasonable amount,

(b) Lease rates should be similar for similar situated lessees, and

(c) The lessor cannot deny potential lessees if facilities are available.

Such regulated leases at the Airport include:

(a) The Lease and Use Agreements with certain airlines regarding the use of spaces within the terminal buildings and equipment on an exclusive or preferential use basis, among other uses; and

(b) Non-terminal aeronautical buildings and land leases.

Based on the airlines' operation needs, an airline may lease terminal space under the Lease and Use Agreement, such as office space, ticket counter space, baggage makeup space, baggage claim space, and other operation spaces on a combination of exclusive, preferential, and common use basis. The Airport provides holdrooms on a preferential or common use basis to the airlines and adjusts the preferential assignment from time to time pursuant to the Lease and Use Agreements. For the year ended June 30, 2024, United Airlines accounted for 46.8% of total enplaned passengers at the Airport, followed by Alaska Airlines (10.4%), Delta Air Lines (8.1%), and American Airlines (6.8%), with no other airlines accounting for more than 5% of enplaned passengers. Non-terminal buildings and lands are leased on an exclusive basis.

The payments under the Lease and Use Agreements are recalculated at the end of each fiscal year and therefore are variable payments. Total inflow of resources for regulated leases during year ended June 30, 2024, was $349.1 million, including approximately $34.0 million of fixed payments and $315.1 million of variable payments. The additional exclusive and preferential use payments are the actual billed amount during fiscal year 2023-24, which was adjusted up by $84.5 million during the year-end true-up process.

(Dollars in Thousands)

Below is a summary of the total number of regulated leases for fiscal year 2023-24, including which assets are subject to preferential or exclusive use by counterparties:

	Number of Leases
Lease and Use Agreement	
Preferential and exclusive rental [(a)]	8
Exclusive rental only	36
Non-space rental, only common use	7
Subtotal	51
Other Regulated [(b)]	7
Total	58

Notes:
(a) Includes preferential gate holdroom leases.
(b) Includes cargo, fuel, fixed-base facility leases, hangar leases, ground leases, and flight support services leases.

Lease revenues and interest revenues recognized during the year ended June 30, 2024, for regulated leases is presented below:

Expected minimum payments [(a)]	$	30,926
Additional fixed payments [(b)]		3,114
Total fixed payments		34,040
Additional exclusive use payments [(c)]		164,767
Additional preferential use payments [(d)]		65,732
Year-end true-ups		84,541
Total regulated lease payments	$	349,080

Notes:
(a) Does not include Lease and Use Agreement, the rental rates under which are recalculated annually and considered variable payments.
(b) Includes additional rent above the expected minimum payments after adjusmet by CPI and reappraisals.
(c) Includes Lease and Use Agreement exclusive use rental revenues, other regulated leases that were charged by Airport's Rates and Charges rate, and percentage fee revenues above Minimum Annual Guarantee.
(d) Includes Lease and Use Agreement preferential use rental revenues.

Below is a schedule of expected future minimum payments under these agreements for each of the subsequent five years and in five-year increments thereafter:

Fiscal Years	Expected Future Minimum Payments [(a)]
2025	$ 29,731
2026	16,131
2027	1,644
2028	1,644
2029	1,644
2030-2034	8,221
2035-2039	8,221
2040-2044	8,221
2045-2049	4,521
Total	$ 79,978

Note:
(a) Does not include Lease and Use Agreement, the rental rates under which are recalculated annually and considered variable payments.

Sublease

City has a non-cancelable building lease at the 555-575 Polk Street location. The second floor is the City's community justice court/center and the ground floor is subleased to the State's Administrative Office of the Courts (State AOC) for use by the Superior Courts. The 15-year master lease and sublease will both end in 2026. City's rental payments in fiscal year 2023-24 were $0.6 million and received $0.3 million from State AOC.

The Port has a non-cancelable lease (sublease) for its offices at Pier 1 from the master tenant. The master lease, as amended in fiscal year 2015-16, allows the master tenant an option to extend the lease term for an additional 15 years. Among other things, the amended provisions include a grant to the Port, as sub-lessee, a one-time early termination right in 2031, and if such termination is not exercised, a 15-year extension option, for a term coterminous with the master lease if the master lease is also extended. The Port has an option to purchase the leasehold premises at a price equal to the present value of the remaining base rent due from the Port to the master tenant, effective through the expiration date of the sublease. On February 1, 2021, the sublease adopted a market rate adjustment, resulting in an increase in future minimum annual payments. The Port's rental payments in fiscal year 2023-24 were $4.2 million.

Component Unit

Component Unit as Lessor

The component unit has leased facilities, easements, communication site and equipment to various tenants. The terms and conditions for these leases varies, which ranges between 1- 75 years.

	Treasure Island Development Authority		
Fiscal Years	**Principal**	**Interest**	**Total**
2025	$ 2,098	$ 287	$ 2,385
2026	1,134	259	1,393
2027	843	237	1,080
2028	600	225	825
2029	612	214	826
2030-2034......	3,124	910	4,034
2035-2039......	3,365	634	3,999
2040-2044......	1,540	387	1,927
2045-2049......	199	351	550
2050-2054......	244	314	558
2055-2059......	283	284	567
2060-2064......	325	253	578
2065-2069......	372	218	590
2070-2074......	425	178	603
Thereafter.......	1,525	232	1,757
Total..............	$ 16,689	$ 4,983	$ 21,672

The total amount for lease revenue and interest income recognized during fiscal year 2023-24 were $2.5 million and $0.3 million, respectively, related to these leases. Variable payments include percentage of sales or payments depended on an index made by the lessee; these amounts are generally determined periodically. The component unit did not incur revenue related to residual value guarantees or lease termination penalties. During fiscal year 2023-24, the Treasure Island Development Authority recognized $0.5 million in total variable lease revenue.

Public-Private Partnership Arrangement for the Yerba Buena Gardens

As of June 30, 2024, capital improvements were completed on the Yerba Buena Gardens pursuant to a public-private partnership arrangement with Yerba Buena Gardens Conservancy (Conservancy), under which the Conservancy manages, operates, repairs, maintains, and improves the premises for 40 years. The Conservancy collects all revenues during the 40-year operations period. The City reported the completed capital improvements as capital assets with a carrying amount of $9.1 million and a related deferred inflow of resources of $9.2 million.

A summary of public-private partnership capital assets during the year ended June 30, 2024, is as follows (in thousands):

Governmental Activities:	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Building/Facility..	$ 4,146	$ 3,017	$ -	$ 7,163
Equipment..	277	344	-	621
Infrastructure..	1,642	167	-	1,809
Total public-private partnership assets....	6,065	3,528	-	9,593
Less accumulated amortization:				
Building/Facility..	122	198	-	320
Equipment..	20	62	-	82
Infrastructure..	43	63	-	106
Total accumulated amortization..............	185	323	-	508
Governmental activities public-private partnership, net…...................................	$ 5,880	$ 3,205	$ -	$ 9,085

Other Commitments

The Retirement System has unfunded commitments to contribute capital for real assets in the amount of $2.05 billion, private equity in the amount of $3.44 billion, private credit in the amount of $2.15 billion, and absolute return investments in the amount of $129.0 million, which totaled $7.77 billion as of June 30, 2024.

The Retiree Health Care Trust Fund has unfunded commitments to contribute capital for private equity in the amount of $112.1 million, and private credit in the amount of $27.0 million as of June 30, 2024.

In February 2011, the Asian Art Museum Foundation (Foundation) entered into an agreement with JP Morgan Chase Bank to refinance its obligations of $97.0 million. To facilitate the refinancing, the City entered into an assurance agreement which, in the event of nonpayment by the Foundation, requires the City to seek an appropriation to make debt payments as they become due. Since the City has not legally guaranteed the debt, and the City believes that the likelihood of nonpayment by the Foundation is remote, no amount is recorded in the City's financial statements related to this agreement.

(Dollars in Thousands)

(18) Risk Management

Risk Retention Program Description

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

SFO:

Under the 1991 Master Bond Resolution, the Airport is required to procure or provide and maintain insurance, or to self-insure, against such risks as are usually insured by other major airports in amounts adequate for the risk insured against, as determined by the Airport. The Airport is not required to, nor does it carry insurance or self-insure against any risks due to land movement or seismic activity. The Airport has an ongoing loss prevention program, a construction safety officer, property loss control, and ongoing employee training programs. The Airport has instituted a Risk Management Program by implementing a comprehensive risk identification, assessment, and treatment protocol to address key risks that may adversely affect the Airport's ability to meet its business goals and objectives. The Airport carries aviation liability insurance coverage of $1.0 billion with $250.0 million in War Perils Liability, subject to a deductible of $10 per occurrence.

The Airport also carries commercial property insurance on a replacement value on all facilities at the Airport owned by the Airport, subject to a limit of $1.0 billion per occurrence subject to a deductible of $500 per occurrence. This policy includes flood coverage up to a $10.0 million sub-limit. The Airport also carries business interruption and extra expenses insurance up to a $100.0 million pooled sub-limit.

Additionally, tenants and contractors on all contracts are required to carry insurance including commercial general and automobile liability insurance, naming the Airport as additionally insured as appropriate. The Airport is self-insured as part of the City's workers' compensation program. From current revenues, the Airport pays losses from workers' compensation claims of Airport employees, the deductible portion of insured losses, and losses from other uninsured risks. The Airport carries public officials and employment practices liability coverage of $5.0 million, subject to a deductible of $100 per occurrence for public officials' and public entity liability matters, and $250 per occurrence for each employment practices' liability matters. The Airport also carries insurance for excess auto, public employee dishonesty, fine arts, cyber liability, and watercraft liability for Airport fire and rescue vessels, and target range liability for the San Francisco Police Department's firearms range located at the Airport.

Port of San Francisco:

The Port carries the following insurance (listed coverage limits and related deductible amounts are effective July 1, 2023): 1) marine general liability coverage of $100.0 million, subject to a deductible of $100 per occurrence, inclusive of hull protection and indemnity coverage of $1.0 million per occurrence; 2) machinery and equipment breakdown coverage, including business interruption, of $100.0 million, subject to a deductible of $25; 3) commercial property insurance for Port facilities, subject to a maximum coverage of $500.0 million and a deductible of $5.0 million per occurrence (increased from a maximum of $300.0 million, before July 1, 2023); 4) public officials and employee practices liability coverage of $5.0 million, subject to a deductible of $50 per occurrence; and 5) special events for cruise terminals at Pier 27, 29 and 35 coverage of $1.0 million and no deductible. The Port also carries insurance coverage for employee dishonesty, auto liability, property damage for certain high value Port vehicles, water

pollution, and data processing equipment and is included in the Citywide Cyber Liability insurance. In addition to the above, the Port requires most of its tenants, licensees, and contractors on all contracts to carry commercial general liability insurance in various amounts naming the Port and the City as additional insured parties. Tenants whose operations pose a significant environmental risk are also required to post an environmental oversight deposit and an environmental performance deposit.

SFMTA:

The SFMTA risk treatment program encompasses both self-insured and insured methods. Insurance purchase is generally coordinated through the City's Risk Management Division, and in some specific cases, directly by the agency. Self-insurance is when the City manages the risks internally and administers, adjusts, settles, defends, and pays claims from budgeted resources, i.e., pay-as-you-go. SFMTA's general policy is to first evaluate self-insurance for the risks of loss to which it is exposed. When economically more viable or when required by debt financing covenants, SFMTA purchases insurance as necessary.

Risks	Coverage
a. General/Transit Liability	Self-insured
b. Property	Self-insured and purchase insurance
c. Workers' Compensation	Self-insured
d. Employee (transit operators)	Purchase insurance
e. Directors and Officers	Purchase insurance
f. Active Assailant	Purchase insurance

The SFMTA is self-insured for general and transit liability. Through coordination with the Controller and City Attorney's Office, the SFMTA's general liability payments are addressed through pay-as-you-go funding as part of the budgetary process as well as a reserve that is increased each year by approximately $3.0 million. As of June 30, 2024, the reserve was $38.8 million. In addition, the annual budget for claims was $8.1 million for fiscal year 2023-24. Claim liabilities are actuarially determined anticipated claims and projected timing of disbursement, considering recent claim settlement trends, inflation, and other economic social factors.

The SFMTA purchases property insurance on many of its facilities. Also, insurance is purchased for scheduled City parking garages covering blanket property and business interruptions. Damages to facilities and property outside of the specified schedules are self-insured. For SFMTA contractors, SFMTA requires each contractor to provide its own insurance, the traditional insurance ensuring that the full scope of work be covered with satisfactory levels to limit the risk exposure to City and SFMTA's property. SFMTA has purchased group life insurance and a Group Felonious Assault Coverage Insurance for transit operators per a Memorandum of Understanding with the Transport Workers' Union and has purchased insurance to cover errors and omissions of its board members and senior management. SFMTA has purchased an active assailant insurance to cover third party bodily injury, property damage, business interruption and crisis management.

SFPUC:

The Risk Management program for the San Francisco Water, Hetch Hetchy Water and Power and Wastewater Enterprises (Enterprises) includes both self-insured (i.e., self-retention) and insured exposures at risk. Risk assessments and purchasing of insurance coverage are collaboratively coordinated by SFPUC Risk Management and the City's Office of Risk Management. With certain exceptions, the City and the Enterprises' general approach is to first evaluate the exposure at risk for self-insurance. Based on this analysis, internal mitigation strategies and financing through a self-retention mechanism is generally more economical as the SFPUC in coordination with the City Attorney's Office, administers, adjusts, settles, defends, and pays claims from budgeted resources (i.e., pay-as-you-go fund). When economically more viable or when required by debt financing covenants, the Enterprises obtain commercial insurance. The Enterprises do not maintain commercial earthquake coverage, with certain minor exceptions, such as a sub-limit for fire-sprinkler leakage due to earthquake under the SFPUC Property Insurance program.

(Dollars in Thousands)

The coverage approach for the Water and Hetch Hetchy is summarized below:

Risk	Coverage
a. General Liability	Self-Insured
b. Workers' Compensation	Self-Insured through Citywide Pool
c. Property	Purchased Insurance and Self-Insured
d. Public Officials Liability	Purchased Insurance
e. Employment Practices Liability	Purchased Insurance
f. Cyber Liability	Purchased Insurance
g. Crime	Purchased Insurance
h. Electronic Data Processing	Purchased Insurance and Self-Insured
i. Surety Bonds	Purchased and Contractual Risk Transfer
j. Errors and Omissions	Purchased and Contractual Risk Transfer
k. Builders' Risk	Contractual Risk Transfer

The coverage approach for the Wastewater is summarized below:

Risk	Coverage
a. General Liability	Self-Insured
b. Workers' Compensation	Self-Insured through Citywide Pool
c. Property	Purchased Insurance and Self-Insured
d. Public Officials Liability	Purchased Insurance
e. Employment Practices Liability	Purchased Insurance
f. Cyber Liability	Purchased Insurance
g. Crime	Purchased Insurance
h. Electronic Data Processing	Purchased Insurance and Self-Insured
i. Surety Bonds	Purchased and Contractual Risk Transfer
j. Errors and Omissions	Purchased and Contractual Risk Transfer
k. Builders' Risk	Contractual Risk Transfer
l. Tenants' and Users' Liability Insurance Policy	Purchased Insurance
m. Active Assailant Policy	Purchased Insurance

Settlements have not exceeded insurance coverage during the past three years.

Estimated Claims Payable

Numerous lawsuits are pending or threatened against the City. The City's liability as of June 30, 2024, has been actuarially determined and includes an estimate of incurred but not reported losses and allocated loss adjustment expenses.

Changes in the reported estimated claims payable since July 1, 2022, resulted from the following activity:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2022-2023	$ 464,036	$ 219,401	$ (147,390)	$ 536,047
2023-2024	536,047	158,272	(136,952)	557,367

Breakdown of the estimated claims payable on June 30, 2024, is as follows:

Governmental activities:	
Current portion of estimated claims payable........................	$ 148,638
Long-term portion of estimated claims payable....................	185,689
Total	$ 334,327
Business-type activities:	
Current portion of estimated claims payable........................	$ 76,655
Long-term portion of estimated claims payable....................	146,385
Total	$ 223,040

Workers' Compensation

The City self-insures for workers' compensation coverage. The City's liability as of June 30, 2024, has been actuarially determined and includes an estimate of incurred but not reported losses. The total amount estimated to be payable for claims incurred as of June 30, 2024, was $670.1 million, which is reported in the appropriate individual funds in accordance with the City's accounting policies.

Changes in the reported accrued workers' compensation since July 1, 2022, resulted from the following activity:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2022-2023	$ 613,129	$ 169,773	$ (129,066)	$ 653,836
2023-2024	653,836	153,004	(136,755)	670,085

Breakdown of the accrued workers' compensation liability on June 30, 2024, is as follows:

Governmental activities:	
Current portion of accrued workers' compensation liability......	$ 73,490
Long-term portion of accrued workers' compensation liability..	309,292
Total	$ 382,782
Business-type activities:	
Current portion of accrued workers' compensation liability......	$ 54,236
Long-term portion of accrued workers' compensation liability..	233,067
Total	$ 287,303

(19) Subsequent Events

(a) Debt Issuance

In July 2024, the SFPUC issued its San Francisco Wastewater Revenue Bonds, 2024 Series A (SSIP) (Green Bonds) (Federally Taxable), 2024 Series B (Non-SSIP) (Federally Taxable), 2024 C (SSIP) (Green Bonds) and 2024 Series D (Non-SSIP) with a total principal of $1.14 billion to finance or refinance Wastewater Enterprise projects through new money and the refunding and retirement of CP issued as interim financing for such projects in furtherance of the Wastewater Capital Improvement Program.

In July 2024, the SFPUC on behalf of the Water Enterprise, entered into an Amended and Restated Revolving Credit Agreement with U.S. Bank National Association to provide a revolving line of credit in the principal amount of up to $100.0 million. The commitment expiration date under the Revolving Credit Agreement is July 16, 2027.

In July 2024, the SFPUC on behalf of the Water Enterprise, entered into a Second Amendment to Reimbursement Agreement, together with an Omnibus Amendment and Extension of Stated Expiration Date to the Irrevocable Letter of Credit with Barclays Bank PLC that, among other things, amends the Stated Expiration Date of the A-3 LOC to July 15, 2027.

In August 2024, the escrow for the Airport repaid $434.0 million of CP notes, plus interest due thereupon, which were funded by Series 2024A/B/C bonds. In the normal course of its business, the Airport issued CP notes to finance certain projects in the Capital Improvement Plan on three occasions. In August 2024, the Airport issued $65.0 million of AMT and Non-AMT CP notes. In October 2024, it issued $168.5 million of AMT, Non-AMT, and Taxable CP notes. And in October 2024, it issued $141.5 million of AMT CP notes.

In October 2024, the SFCTA entered into a new Revolving Credit Agreement (RCA) with U.S. Bank National Association (U.S. Bank) for $185.0 million. Amount borrowed under the RCA assumes a rate of interest equal to the sum of Securities Industry and Financial Markets Association (SIFMA) Index plus a fixed credit spread (subject to adjustment if the Transportation Authority’s credit rating changes) and unborrowed amounts under the RCA are subject to a commitment fee of 0.20%. The SFCTA’s new RCA expires on October 29, 2027. The RCA is secured by a lien on the SFCTA’s sales tax revenues subordinate to the lien on the sales tax revenues securing the SFCTA’s Series 2017 Bonds. The SFCTA will use the RCA to fund the capital projects and programs included in the Expenditure Plan.

In October 2024, the SFPUC issued $45.0 million in Power Enterprise CP notes to finance a portion of the design, acquisition, and construction of various capital projects in furtherance of the SFPUC’s Power Enterprise capital improvement program. The CP notes are expected to be refinanced with proceeds of Power’s revenue bonds in fiscal year 2026, which is preliminary and subject to change.

In November 2024, the City issued Certificates of Participation Series 2024A (Multiple Capital Improvement Projects) (Series 2024A Certificates) with the principal amount of $123.3 million. The Series 2024A Certificates were issued to finance and refinance certain capital improvement projects of the Department of Public Health, including through the retirement of certain CP notes of the City issued for such purpose, and pay the costs of issuance for the Series 2024A Certificates. The Series 2024A Certificates bear interest rates ranging from 3.0% to 5.0%. The final maturity is April 1, 2044.

(b) Others

Ratings Downgrade

In October 2024, Moody’s downgraded the City’s issuer and general obligation bonds long-term ratings to “Aa1” from “Aaa”, impacting approximately $2.23 billion of outstanding general obligation bonds.

Concurrently, Moody’s downgraded the City’s lease-backed obligations to “Aa2” from “Aa1” or “Aa3” from “Aa2”, depending on the previous rating and Moody’s view as to essentiality of the leased assets and other factors. The latter change impacts an estimated $1.6 billion of outstanding lease-backed debt. Moody’s also revised the outlook from negative to stable.

In October 2024, S&P Global Ratings lowered its long and short-term ratings on the Series 2008-1 and 2008-2 Moscone Center Expansion Project Lease Revenue Refunding Bonds (the “Bonds”). The Bonds have long-term and short-term ratings from S&P Global Ratings (“S&P”) based on two irrevocable direct-pay letters of credit provided by TD Bank, N.A. On October 15, 2024, S&P lowered its long-term and short-term credit rating on TD Bank, N.A. from “AA-/A-1+” to “A+/A-1.” On October 18, 2024, S&P lowered its long-term (joint support) and short-term ratings on the Bonds from “AAA/A-1+” to “AA+/A-1.”

Elections

On November 5, 2024, the San Francisco voters approved the following propositions that will have a fiscal impact on the City:

Measure B – An ordinance that authorizes the City to issue up to $390.0 million in general obligation bonds to finance the acquisition or improvement of real property, including: temporary shelters, particularly for families; facilities that deliver healthcare services, including preventive care and behavioral health services, such as the Chinatown Public Health Center; critical repairs, renovations, and seismic upgrades at San Francisco General Hospital and Trauma Center and Laguna Honda Hospital; pedestrian and street safety improvements, streetscape enhancements, and other public space improvements; and to pay related costs.

Measure G – A City charter amendment that requires the City to appropriate at least $8.25 million a year to pay for rental subsidies for affordable housing developments serving extremely low-income households of seniors, families, and persons with disabilities.

Measure H – A City charter amendment on how pension benefits are calculated for members of the Fire Department hired on or after January 7, 2012, by lowering the age these members can receive the highest pension from 58 to 55 and make those benefits the same as members hired before January 7, 2012. The financial implications analysis of the amendment provided by the San Francisco Employees' Retirement System (SFERS) indicates that the changes will increase normal costs by 3.5% of covered payroll and will result in an estimated $34.4 million increase in unfunded actuarial liabilities (UAL). The increase in UAL represents the amount of money needed today to immediately fund the increased benefits that have already been earned by the firefighters. The UAL will not be immediately funded but instead amortized over 15 years. There will be no further payments to the UAL after year 15.

Measure I – A City charter amendment that allows registered nurses who are members of the San Francisco Employees’ Retirement System (SFERS) and meet certain requirements to purchase credits toward their total pension years of service for time previously worked as per diem nurses, and to allow 911 dispatchers, supervisors, and coordinators to increase their pension benefits by joining the SFERS Miscellaneous Safety Plan for time worked starting in January 2025. Further analysis provided by the SFERS indicates the financial impact of the Charter Amendment, estimating a net increase in unfunded actuarial liabilities (UAL) of up to $56.6 million for registered nurses if all eligible nurses purchase the maximum of three years of service credit. The UAL will be amortized over 20 years. For public safety communications personnel, the amendment would have no change to the UAL.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of the City's Proportionate Share of the Net Pension Liability/(Asset)
June 30, 2024
(Dollars in Thousands)

For the year ended June 30, 2024

	City SFERS Plan	CalPERS Miscellaneous Plans: City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability (asset)	94.8491%	-0.1464%	0.0318%	0.3142%	0.00003%
Proportionate share of the net pension liability (asset)	$ 3,456,687	$ (18,263)	$ 3,964	$ 39,202	$ 4
Covered payroll	$ 3,810,429	$ -	$ 5,088	$ 6,405	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	90.72%	N/A	77.91%	612.05%	N/A
Plan fiduciary net position as a percentage of total pension liability	90.20%	76.21%	76.21%	76.21%	76.21%

For the year ended June 30, 2023

	City SFERS Plan	CalPERS Miscellaneous Plans: City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability (asset)	94.8676%	-0.1503%	0.0294%	0.3232%	0.0001%
Proportionate share of the net pension liability (asset)	$ 2,552,996	$ (17,362)	$ 3,394	$ 37,328	$ 11
Covered payroll	$ 3,553,859	$ -	$ 4,706	$ 6,633	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	71.84%	N/A	72.12%	562.76%	N/A
Plan fiduciary net position as a percentage of total pension liability	92.40%	76.68%	76.68%	76.68%	76.68%

For the year ended June 30, 2022

	City SFERS Plan	CalPERS Miscellaneous Plans: City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability (asset)	94.6421%	-0.4126%	0.0160%	0.4073%	0.0001%
Proportionate share of the net pension liability (asset)	$ (2,446,565)	$ (22,316)	$ 868	$ 22,028	$ 6
Covered payroll	$ 3,434,713	$ -	$ 4,826	$ 7,430	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	-71.23%	N/A	17.99%	296.47%	N/A
Plan fiduciary net position as a percentage of total pension liability	107.80%	88.29%	88.29%	88.29%	88.29%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of the City's Proportionate Share of the Net Pension Liability/(Asset) (Continued)
June 30, 2024
(Dollars in Thousands)

For the year ended June 30, 2021

	City SFERS Plan	CalPERS Miscellaneous Plans: City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.3903%	-0.1489%	0.0244%	0.2967%	0.0002%
Proportionate share of the net pension liability (asset)	$ 5,107,273	$ (16,206)	$ 2,659	$ 32,279	$ 21
Covered payroll	$ 3,378,945	$ 179	$ 4,423	$ 6,745	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	151.15%	-9053.63%	60.12%	478.56%	N/A
Plan fiduciary net position as a percentage of total pension liability	83.10%	75.10%	75.10%	75.10%	75.10%

For the year ended June 30, 2020

	City SFERS Plan	CalPERS Miscellaneous Plans: City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.1288%	-0.1541%	0.0230%	0.2908%	0.0002%
Proportionate share of the net pension liability (asset)	$ 4,213,809	$ (15,793)	$ 2,352	$ 29,803	$ 25
Covered payroll	$ 3,186,405	$ 359	$ 4,396	$ 6,384	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	132.24%	-4399.16%	53.50%	466.84%	N/A
Plan fiduciary net position as a percentage of total pension liability	85.30%	75.26%	75.26%	75.26%	75.26%

For the year ended June 30, 2019

	City SFERS Plan	CalPERS Miscellaneous Plans: City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.1042%	-0.1573%	0.0215%	0.2820%	0.0003%
Proportionate share of the net pension liability (asset)	$ 4,030,207	$ (15,154)	$ 2,069	$ 27,178	$ 28
Covered payroll	$ 3,045,153	$ 390	$ 4,039	$ 5,742	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	132.35%	-3885.64%	51.22%	473.32%	N/A
Plan fiduciary net position as a percentage of total pension liability	85.20%	75.26%	75.26%	75.26%	75.26%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of the City's Proportionate Share of the Net Pension Liability/(Asset) (Continued)
June 30, 2024
(Dollars in Thousands)

	For the year ended June 30, 2018				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.0674%	-0.1388%	0.0216%	0.2751%	0.0003%
Proportionate share of the net pension liability (asset)	$ 4,697,131	$ (13,766)	$ 2,142	$ 27,280	$ 28
Covered payroll	$ 2,880,112	$ 344	$ 4,202	$ 5,042	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	163.09%	-4001.74%	50.97%	541.05%	N/A
Plan fiduciary net position as a percentage of total pension liability	81.78%	73.31%	73.31%	73.31%	73.31%

	For the year ended June 30, 2017				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.2175%	-0.1469%	0.0204%	0.2691%	0.0003%
Proportionate share of the net pension liability (asset)	$ 5,476,654	$ (12,711)	$ 1,765	$ 23,281	$ 27
Covered payroll	$ 2,681,695	$ 329	$ 3,644	$ 3,769	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	204.22%	-3863.53%	48.44%	617.70%	N/A
Plan fiduciary net position as a percentage of total pension liability	77.61%	74.06%	74.06%	74.06%	74.06%

	For the year ended June 30, 2016				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	93.9032%	-0.2033%	0.0188%	0.2413%	0.0004%
Proportionate share of the net pension liability (asset)	$ 2,156,049	$ (13,956)	$ 1,288	$ 16,563	$ 24
Covered payroll	$ 2,529,879	$ 319	$ 3,684	$ 3,427	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	85.22%	-4374.92%	34.96%	483.31%	0.00%
Plan fiduciary net position as a percentage of total pension liability	89.90%	78.40%	78.40%	78.40%	78.40%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of the City's Proportionate Share of the Net Pension Liability/(Asset) (Continued)
June 30, 2024
(Dollars in Thousands)

	For the year ended June 30, 2015				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	93.7829%	-0.1829%	0.0208%	0.2550%	N/A
Proportionate share of the net pension liability (asset)	$ 1,660,365	$ (11,381)	$ 1,299	$ 15,870	$ -
Covered payroll	$ 2,398,979	$ 303	$ 3,264	$ 3,962	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	69.21%	-3756.11%	39.80%	400.56%	-
Plan fiduciary net position as a percentage of total pension liability	91.84%	80.43%	80.43%	80.43%	-

Notes to Schedule:

SFERS Plan

Benefit Changes – Benefit changes as a result of Proposition A increase the Total Pension Liability by approximately $59.1 million. There were no changes in benefits during the measurement periods 2018 - 2022. The impact of benefit changes for the year ended June 30, 2017, which was $1.22 billion, was recognized immediately as pension expense.

Changes of Assumptions – There were no changes in the discount rate for the measurement period ended June 30, 2023. For the measurement period ended June 30, 2022, the discount rate was decreased from 7.40% to 7.20%. There were no changes in the discount rate for the measurement periods ended June 30, 2021 and 2020. For the measurement period ended June 30, 2019, the discount rate was decreased from 7.50% to 7.40% There were no changes in the discount rate for the measurement period ended June 30, 2018. For the measurement ended June 30, 2017, the discount rate was increased from 7.46% to 7.50%.

CalPERS Miscellaneous Plans

Benefit Changes – There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specific time period (a.k.a. Golden Handshakes).

Changes of Assumptions – There was no discount rate change for the measurement period ended June 30, 2023. For the measurement period ended June 30, 2022, the discount rate was decreased from 7.15% to 6.90%. There was no change in the discount rate for the measurement period ended June 30, 2021.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Net Pension Liability and Related Ratios
June 30, 2024
(Dollars in Thousands)

City CalPERS Safety Plan	2024	2023	2022	2021	2020
Total pension liability:					
Service cost	$ 27,527	$ 27,820	$ 27,940	$ 29,508	$ 30,109
Interest on the total pension liability	115,061	109,898	107,607	102,990	98,555
Changes of benefit terms	762	-	-	-	-
Changes of assumptions	-	45,696	-	-	-
Differences between expected and actual experience	17,649	(19,162)	2,028	(1,465)	(7,134)
Benefit payments, including refunds of employee contributions	(85,292)	(77,028)	(71,533)	(66,815)	(62,934)
Net change in total pension liability	75,707	87,224	66,042	64,218	58,596
Total pension liability, beginning	1,678,023	1,590,799	1,524,757	1,460,539	1,401,943
Total pension liability, ending	$1,753,730	$1,678,023	$1,590,799	$1,524,757	$1,460,539
Plan fiduciary net position:					
Plan to plan resource movement	$ -	$ -	$ -	$ -	$ -
Contributions from the employer	66,840	55,172	51,620	49,455	43,789
Contributions from employees	7,600	7,885	8,342	8,947	9,141
Net investment income/(loss)	82,204	(109,224)	269,621	57,048	71,212
Benefit payments, including refunds of employee contributions	(85,292)	(77,028)	(71,533)	(66,815)	(62,934)
Administrative expenses	(972)	(901)	(1,188)	(1,611)	(772)
Other miscellaneous income/(expense)	-	-	-	-	2
Net change in plan fiduciary net position	70,380	(124,096)	256,862	47,024	60,438
Plan fiduciary net position, beginning	1,322,431	1,446,527	1,189,665	1,142,641	1,082,203
Plan fiduciary net position, ending	$1,392,811	$1,322,431	$1,446,527	$1,189,665	$1,142,641
Plan net pension liability, ending	$ 360,919	$ 355,592	$ 144,272	$ 335,092	$ 317,898
Plan fiduciary net position as a percentage of the total pension liability	79.42%	78.81%	90.93%	78.02%	78.23%
Covered payroll	$ 80,535	$ 85,571	$ 93,702	$ 92,968	$ 94,522
Plan net pension liability as a percentage of the covered payroll	448.15%	415.55%	153.97%	360.44%	336.32%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Net Pension Liability and Related Ratios (Continued)
June 30, 2024
(Dollars in Thousands)

City CalPERS Safety Plan	2019	2018	2017	2016	2015
Total pension liability:					
Service cost	$ 34,006	$ 33,886	$ 31,141	$ 30,987	$ 32,688
Interest on the total pension liability	94,305	88,729	85,094	80,057	76,177
Changes of assumptions	2,492	75,057	-	(19,949)	-
Differences between expected and actual experience	6,909	(14,353)	950	(14,218)	-
Benefit payments, including refunds of employee contributions	(56,625)	(51,579)	(47,774)	(44,699)	(41,387)
Net change in total pension liability	81,087	131,740	69,411	32,178	67,478
Total pension liability, beginning	1,320,856	1,189,116	1,119,705	1,087,527	1,020,049
Total pension liability, ending	$1,401,943	$1,320,856	$1,189,116	$ 1,119,705	$ 1,087,527
Plan fiduciary net position:					
Plan to plan resource movement	$ (3)	$ -	$ -	$ (4)	$ -
Contributions from the employer	31,189	30,575	23,640	20,718	20,613
Contributions from employees	9,359	10,307	14,310	15,061	15,216
Net investment income	85,351	104,383	4,731	20,469	138,628
Benefit payments, including refunds of employee contributions	(56,625)	(51,579)	(47,774)	(44,699)	(41,387)
Administrative expenses	(1,585)	(1,366)	(567)	(1,048)	-
Other miscellaneous income/(expense)	(3,011)	-	-	-	-
Net change in plan fiduciary net position	64,675	92,320	(5,660)	10,497	133,070
Plan fiduciary net position, beginning	1,017,528	925,208	930,868	920,371	787,301
Plan fiduciary net position, ending	$1,082,203	$1,017,528	$ 925,208	$ 930,868	$ 920,371
Plan net pension liability, ending	$ 319,740	$ 303,328	$ 263,908	$ 188,837	$ 167,156
Plan fiduciary net position as a percentage of the total pension liability	77.19%	77.04%	77.81%	83.14%	84.63%
Covered payroll	$ 106,765	$ 107,812	$ 110,139	$ 109,462	$ 111,311
Plan net pension liability as a percentage of the covered payroll	299.48%	281.35%	239.61%	172.51%	150.17%

Notes to Schedule:

Benefit Changes – In 2022, SB 1168 increased the standard retiree lump sum death benefit from $500 to $2,000 for any death occurring on or after July 1, 2023. The impact is included in the changes of benefit terms.

The figures above do not include any liability impact that may have resulted from plan changes which occurred on or after the June 30, 2022, valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions – There was no discount rate change for the measurement period ended June 30, 2023. The discount rate decreased from 7.15% to 6.90% for the measurement period ended June 30, 2022. None in 2019 - 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There was no change in the discount rate for the measurement period ended June 30, 2021. The discount rate decreased from 7.65% to 7.15% for the measurement period ended June 30, 2017.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Total Pension Liability and Related Ratios

June 30, 2024*
(Dollars in Thousands)

City Replacement Benefits Plan	2024	2023	2022	2021	2020	2019	2018	2017
Plan total pension liability:								
Service cost	$ 1,299	$ 2,894	$ 2,571	$ 1,976	$ 1,286	$ 1,298	$ 1,605	$ 956
Interest	5,462	4,726	4,076	4,776	3,538	2,998	2,218	2,112
Changes of benefits	-	-	-	-	-	-	-	10,310
Differences between expected and actual experience	(23,541)	(24,639)	24,547	7,800	13,588	564	15,326	-
Changes of assumptions	(2,403)	(42,151)	7,274	37,013	29,565	5,540	(10,290)	11,516
Benefit payments	(4,614)	(4,473)	(4,097)	(3,634)	(2,958)	(2,442)	(3,164)	(1,332)
Net change in total pension liability	(23,797)	(63,643)	34,371	47,931	45,019	7,958	5,695	23,562
Total pension liability, beginning	155,931	219,574	185,203	137,272	92,253	84,295	78,600	55,038
Plan total pension liability, ending:	$ 132,134	$ 155,931	$ 219,574	$ 185,203	$ 137,272	$ 92,253	$ 84,295	$ 78,600
Covered-employee payroll	$ 3,848,752	$ 3,589,396	$ 3,470,495	$ 3,414,923	$ 3,225,854	$ 3,082,273	$ 2,919,519	$ 2,719,691
Plan total pension liability as a percentage of the covered-employee payroll	3.43%	4.34%	6.33%	5.42%	4.26%	2.99%	2.89%	2.89%

Notes to Schedule:

No assets are accumulated in a trust that meet the criteria in GASB Statement No. 73 to pay related benefits.

Benefit Changes – There were no changes to benefits terms for the measurement period ended June 30, 2023.

Changes of Assumptions – The discount rate was changed from 3.54% to 3.65% in the measurement period ended June 30, 2023. The discount rate was changed from 2.16% to 3.54% in the measurement period ended June 30, 2022. No change in discount rate for the measurement period ended June 30, 2021. The discount rate decreased from 2.21% in the measurement period ended June 30, 2020, to 2.16% in the measurement period ended June 30, 2021. The discount rate was changed from 3.87% in the measurement period ended June 30, 2018, to 3.50% in the measurement period ended June 30, 2019.

* Fiscal year 2016-17 was the first year of implementation of GASB Statement No. 73, therefore only eight years of information is shown.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans

June 30, 2024
(Dollars in Thousands)

For the year ended June 30, 2024	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 636,991	$ -	$ 737	$ 2,842	$ -	$ 44,859
Contributions in relation to the actuarially determined contributions	(636,991)	-	(737)	(2,842)	-	(44,859)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,109,863	$ -	$ 5,647	$ 6,691	$ -	$ 75,124
Contributions as a percentage of covered payroll	15.50%	N/A	13.05%	42.47%	N/A	59.71%

For the year ended June 30, 2023	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 638,003	$ -	$ 689	$ 2,934	$ 2	$ 50,754
Contributions in relation to the actuarially determined contributions	(638,003)	-	(689)	(2,934)	(2)	(50,754)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,810,429	$ -	$ 5,088	$ 6,405	$ -	$ 80,535
Contributions as a percentage of covered payroll	16.74%	N/A	13.54%	45.81%	N/A	63.02%

For the year ended June 30, 2022	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 729,578	$ -	$ 628	$ 2,611	$ 9	$ 49,808
Contributions in relation to the actuarially determined contributions	(729,578)	-	(628)	(2,611)	(9)	(49,808)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,553,859	$ -	$ 4,706	$ 6,633	$ -	$ 85,571
Contributions as a percentage of covered payroll	20.53%	N/A	13.34%	39.36%	N/A	58.21%

For the year ended June 30, 2021	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 791,736	$ -	$ 606	$ 2,299	$ 8	$ 51,185
Contributions in relation to the actuarially determined contributions	(791,736)	-	(606)	(2,299)	(8)	(51,185)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,434,713	$ -	$ 4,826	$ 7,430	$ -	$ 93,702
Contributions as a percentage of covered payroll	23.05%	N/A	12.56%	30.94%	N/A	54.63%

(Dollars in Thousands)

For the year ended June 30, 2020

		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 701,307	$ 10	$ 539	$ 2,012	$ 7	$ 40,778
Contributions in relation to the actuarially determined contributions	(701,307)	(10)	(539)	(2,012)	(7)	(40,778)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,378,945	$ 179	$ 4,423	$ 6,745	$ -	$ 92,968
Contributions as a percentage of covered payroll	20.76%	5.59%	12.19%	29.83%	N/A	43.86%

For the year ended June 30, 2019

		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 607,408	$ 28	$ 479	$ 1,637	$ 7	$ 34,933
Contributions in relation to the actuarially determined contributions	(607,408)	(28)	(479)	(1,637)	(7)	(34,933)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,186,405	$ 359	$ 4,396	$ 6,384	$ -	$ 94,522
Contributions as a percentage of covered payroll	19.06%	7.80%	10.89%	25.64%	N/A	36.96%

For the year ended June 30, 2018

		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 582,568	$ 42	$ 403	$ 1,283	$ 6	$ 30,743
Contributions in relation to the actuarially determined contributions	(582,568)	(42)	(403)	(1,283)	(6)	(30,743)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,045,153	$ 390	$ 4,039	$ 5,742	$ -	$ 106,765
Contributions as a percentage of covered payroll	19.13%	10.77%	9.99%	22.34%	N/A	28.80%

For the year ended June 30, 2017

		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 519,073	$ 35	$ 293	$ 970	$ 2	$ 27,190
Contributions in relation to the actuarially determined contributions	(519,073)	(35)	(293)	(970)	(2)	(27,190)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,880,112	$ 344	$ 4,202	$ 5,042	$ -	$ 107,812
Contributions as a percentage of covered payroll	18.02%	10.17%	6.97%	19.24%	N/A	25.22%

For the year ended June 30, 2016

		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 496,343	$ 33	$ 280	$ 828	$ 2	$ 23,640
Contributions in relation to the actuarially determined contributions	(496,343)	(33)	(280)	(828)	(2)	(23,640)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,681,695	$ 329	$ 3,644	$ 3,769	$ -	$ 110,139
Contributions as a percentage of covered payroll	18.51%	10.03%	7.68%	21.97%	N/A	21.46%

For the year ended June 30, 2015

		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
Actuarially determined contributions [1] **	$ 556,511	$ 31	$ 400	$ 598	$ 2	$ 20,718
Contributions in relation to the actuarially determined contributions [1]	(556,511)	(31)	(400)	(598)	(2)	(20,718)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,529,879	$ 319	$ 3,684	$ 3,427	$ -	$ 109,462
Contributions as a percentage of covered payroll	22.00%	9.72%	10.86%	17.45%	N/A	18.93%

(1) Contractually required contributions is an actuarially determined contribution for all cost-sharing plans.

** In fiscal year 2014-15, the actuarially determined contributions were based on an estimate. The City made a $0.1 million adjustment to align the estimated employer contribution amount with the actual employer contribution per the 2015 agent-multiple employer CalPERS report for the CalPERS Safety Plan. Due to the early implementation of GASB Statement No. 82, the City decreased the actuarially determined contributions for the City SFERS plan to deduct the employer pickup in the amount of $8.6 million.

(Dollars in Thousands)

Methods and assumptions used to determine FY 2023-24 contribution rates to SFERS Plan

Valuation date	July 1, 2021
Actuarial cost method	Entry-age normal cost method
Amortization method	Level annual percentage of payroll
Remaining amortization period	Closed 15-year period
Asset valuation method	5 year smoothed market
Investment rate of return	7.20% (net of investment expenses)
Inflation	2.50%
Projected salary increase	Wage inflation component: 3.25%

Methods and assumptions used to determine FY 2022-23 contribution rates to SFERS Plan

Valuation date	July 1, 2020
Actuarial cost method	Entry-age normal cost method
Amortization method	Level annual percentage of payroll
Remaining amortization period	Closed 15-year period
Asset valuation method	5 year smoothed market
Investment rate of return	7.40% (net of investment expenses)
Inflation	2.50%
Projected salary increase	Wage inflation component: 3.25%

Methods and assumptions used to determine FY 2021-22 contribution rates to SFERS Plan

Valuation date	July 1, 2019
Actuarial cost method	Entry-age normal cost method
Amortization method	Level annual percentage of payroll
Remaining amortization period	Closed 15-year period
Asset valuation method	5 year smoothed market
Investment rate of return	7.40% (net of investment expenses)
Inflation	2.75%
Projected salary increase	Wage inflation component: 3.50%

Methods and assumptions used to determine FY 2020-21 contribution rates to SFERS Plan

Valuation date	July 1, 2018
Actuarial cost method	Entry-age normal cost method
Amortization method	Level annual percentage of payroll
Remaining amortization period	Closed 15-year period
Asset valuation method	5 year smoothed market
Investment rate of return	7.40% (net of investment expenses)
Inflation	3.00% compounded annually
Projected salary increase	Wage inflation component: 3.50%

Methods and assumptions used to determine FY 2019-20 contribution rates to SFERS Plan

Valuation date	July 1, 2017
Actuarial cost method	Entry-age normal cost method
Amortization method	Level annual percentage of payroll
Remaining amortization period	Closed 15-year period
Asset valuation method	5 year smoothed market
Investment rate of return	7.50% (net of investment expenses)
Inflation	3.00% compounded annually
Projected salary increase	Wage inflation component: 3.50%

Methods and assumptions used to determine FY 2018-19 contribution rates to SFERS Plan

Valuation date	July 1, 2016
Actuarial cost method	Entry-age normal cost method
Amortization method	Level annual percentage of payroll
Remaining amortization period	Closed 15-year period
Asset valuation method	5 year smoothed market
Investment rate of return	7.50% (net of investment expenses)
Inflation	3.25% compounded annually
Projected salary increase	Wage inflation component: 3.75%

Methods and assumptions used to determine FY 2017-18 contribution rates to SFERS Plan

Valuation date	July 1, 2015
Actuarial cost method	Entry-age normal cost method
Amortization method	Level annual percentage of payroll
Remaining amortization period	Closed 15-year period
Asset valuation method	5 year smoothed market
Investment rate of return	7.50% (net of investment expenses)
Inflation	3.25% compounded annually
Projected salary increase	Wage inflation component: 3.75%

Methods and assumptions used to determine FY 2016-17 contribution rates to SFERS Plan

Valuation date	July 1, 2014
Actuarial cost method	Entry-age normal cost method
Amortization method	Level annual percentage of payroll
Remaining amortization period	Closed 15-year period
Asset valuation method	5 year smoothed market
Investment rate of return	7.50% (net of investment expenses)
Inflation	3.25% compounded annually
Projected salary increase	Wage inflation component: 3.75%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans (Continued)
June 30, 2024
(Dollars in Thousands)

Methods and assumptions used to determine FY 2015-16 contribution rates to SFERS Plan

Valuation date...............................	July 1, 2013
Actuarial cost method....................	Entry-age normal cost method
Amortization method......................	Level annual percentage of payroll
Remaining amortization period........	Rolling 15-year period
Asset valuation method..................	5 year smoothed market
Investment rate of return.................	7.58% (net of investment expenses)
Inflation...	3.33% compounded annually
Projected salary increase...............	Wage inflation component: 3.83%

Methods and assumptions used to determine FY 2014-15 contribution rates to SFERS Plan

Valuation date...............................	July 1, 2012
Actuarial cost method....................	Entry-age normal cost method
Amortization method......................	Level annual percentage of payroll
Remaining amortization period........	Rolling 15-year period
Asset valuation method..................	5 year smoothed market
Investment rate of return.................	7.58% (net of investment expenses)
Inflation...	3.33% compounded annually
Projected salary increase...............	Wage inflation component: 3.83%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans (Continued)
June 30, 2024
(Dollars in Thousands)

Methods and assumptions used to determine FY 2023-24 contribution rates to CalPERS plans

Valuation date...............................	June 30, 2021
Actuarial cost method....................	Entry-age normal cost method
Amortization method......................	Level percent of payroll
Amortization period........................	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method..................	Actuarial Value of Assets
Investment rate of return.................	6.80%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase...............	Varies by Entry-Age and Service
Inflation...	2.300%
Payroll growth...............................	2.800%

Methods and assumptions used to determine FY 2022-23 contribution rates to CalPERS plans

Valuation date...............................	June 30, 2020
Actuarial cost method....................	Entry-age normal cost method
Amortization method......................	Level percent of payroll
Amortization period........................	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method..................	Actuarial Value of Assets
Investment rate of return.................	7.00%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase...............	Varies by Entry-Age and Service
Inflation...	2.500%
Payroll growth...............................	2.750%

Methods and assumptions used to determine FY 2021-22 contribution rates to CalPERS plans

Valuation date...............................	June 30, 2019
Actuarial cost method....................	Entry-age normal cost method
Amortization method......................	Level percent of payroll
Amortization period........................	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method..................	Actuarial Value of Assets
Investment rate of return.................	7.00%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase...............	Varies by Entry-Age and Service
Inflation...	2.500%
Payroll growth...............................	2.750%

Methods and assumptions used to determine FY 2020-21 contribution rates to CalPERS plans

Valuation date...............................	June 30, 2018
Actuarial cost method....................	Entry-age normal cost method
Amortization method......................	Level percent of payroll
Amortization period........................	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method..................	Actuarial Value of Assets
Investment rate of return.................	7.00%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase...............	Varies by Entry-Age and Service
Inflation...	2.500%
Payroll growth...............................	2.750%

(Dollars in Thousands)

Methods and assumptions used to determine FY 2019-20 contribution rates to CalPERS plans

Valuation date	June 30, 2017
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.25%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.625%
Payroll growth	2.875%

Methods and assumptions used to determine FY 2018-19 contribution rates to CalPERS plans

Valuation date	June 30, 2016
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.375%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.75%
Payroll growth	3.00%

Methods and assumptions used to determine FY 2017-18 contribution rates to CalPERS plans

Valuation date	June 30, 2015
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.75%
Payroll growth	3.00%

Methods and assumptions used to determine FY 2016-17 contribution rates to CalPERS plans

Valuation date	June 30, 2014
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.75%
Payroll growth	3.00%

Methods and assumptions used to determine FY 2015-16 contribution rates to CalPERS plans

Valuation date	June 30, 2013
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Market Value
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Methods and assumptions used to determine FY 2014-15 contribution rates to CalPERS plans

Valuation date	June 30, 2012
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	7 years as of the valuation date (Miscellaneous) 25 years as of the valuation date (Safety)
Asset valuation method	15-year smoothed market
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios
Other Postemployment Healthcare Benefits Plan
June 30, 2024
(Dollars in Thousands)

	2024		
	City Plan	Successor Agency	Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 145,520	$ 324	$ 117
Interest (includes interest on service cost)	311,626	703	157
Changes of benefit terms	-	-	-
Differences between expected and actual experience	135,809	(682)	(99)
Changes of assumptions	-	713	513
Benefit payments, including refunds of member contributions	(215,408)	(890)	(96)
Net change in total OPEB liability	**377,547**	**168**	**592**
Total OPEB liability - beginning	**4,486,151**	**11,371**	**2,057**
Total OPEB liability - ending	**$ 4,863,698**	**$ 11,539**	**$ 2,649**
Plan fiduciary net position			
Contributions - employer	$ 260,649	$ 2,429	$ 96
Contributions - member	73,426	-	-
Net investment income	80,490	943	138
Benefit payments, including refunds of member contributions	(215,408)	(890)	(96)
Administrative expense	(172)	(7)	(1)
Net change in plan fiduciary net position	**198,985**	**2,475**	**137**
Plan fiduciary net position - beginning	**739,881**	**13,489**	**2,158**
Plan fiduciary net position - ending	**938,866**	**15,964**	**2,295**
Net OPEB liability/(asset) - ending	**$ 3,924,832**	**$ (4,425)**	**$ 354**
Plan fiduciary net position as a percentage of the total OPEB liability	19.3%	138.3%	86.6%
Covered payroll	$ 4,524,099	$ 6,405	$ 4,854
Net OPEB liability/(asset) as a percentage of covered payroll	86.8%	-69.1%	7.3%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)
June 30, 2024
(Dollars in Thousands)

	2023		
	City Plan	Successor Agency	Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 154,800	$ 314	$ 123
Interest (includes interest on service cost)	306,758	694	150
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(224,065)	-	(3)
Changes of assumptions	49,784	-	(99)
Benefit payments, including refunds of member contributions	(211,025)	(854)	(70)
Net change in total OPEB liability	**76,252**	**154**	**101**
Total OPEB liability - beginning	**4,409,899**	**11,217**	**1,956**
Total OPEB liability - ending	**$ 4,486,151**	**$ 11,371**	**$ 2,057**
Plan fiduciary net position			
Contributions - employer	$ 252,866	$ 1,689	$ 70
Contributions - member	66,455	-	-
Net investment loss	(87,003)	(2,080)	(334)
Benefit payments, including refunds of member contributions	(211,025)	(854)	(70)
Administrative expense	(190)	(6)	(1)
Net change in plan fiduciary net position	**21,103**	**(1,251)**	**(335)**
Plan fiduciary net position - beginning	**718,778**	**14,740**	**2,493**
Plan fiduciary net position - ending	**739,881**	**13,489**	**2,158**
Net OPEB liability/(asset) - ending	**$ 3,746,270**	**$ (2,118)**	**$ (101)**
Plan fiduciary net position as a percentage of the total OPEB liability	16.5%	118.6%	104.9%
Covered payroll	$ 4,184,087	$ 6,633	$ 5,032
Net OPEB liability/(asset) as a percentage of covered payroll	89.5%	-31.9%	-2.0%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)
June 30, 2024
(Dollars in Thousands)

	2022		
	City Plan	Successor Agency	Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 155,840	$ 348	$ 90
Interest (includes interest on service cost)	300,122	831	124
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(151,949)	(1,337)	183
Changes of assumptions	-	(164)	-
Benefit payments, including refunds of member contributions	(206,439)	(880)	(63)
Net change in total OPEB liability	**97,574**	**(1,202)**	**334**
Total OPEB liability - beginning	**4,312,325**	**12,419**	**1,622**
Total OPEB liability - ending	**$ 4,409,899**	**$ 11,217**	**$ 1,956**
Plan fiduciary net position			
Contributions - employer	$ 245,994	$ 2,259	$ 63
Contributions - member	61,582	-	-
Net investment income	128,916	3,039	538
Benefit payments, including refunds of member contributions	(206,439)	(880)	(63)
Administrative expense	(265)	(6)	(1)
Net change in plan fiduciary net position	**229,788**	**4,412**	**537**
Plan fiduciary net position - beginning	**488,990**	**10,328**	**1,956**
Plan fiduciary net position - ending	**718,778**	**14,740**	**2,493**
Net OPEB liability/(asset) - ending	**$ 3,691,121**	**$ (3,523)**	**$ (537)**
Plan fiduciary net position as a percentage of the total OPEB liability	16.3%	131.4%	127.5%
Covered payroll	$ 3,955,498	$ 7,430	$ 4,420
Net OPEB liability/(asset) as a percentage of covered payroll	93.3%	-47.4%	-12.1%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)
June 30, 2024
(Dollars in Thousands)

	2021		
	City Plan	Successor Agency	Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 141,642	$ 344	$ 92
Interest (includes interest on service cost)	314,907	830	114
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(381,922)	-	(1)
Changes of assumptions	151,725	(248)	-
Benefit payments, including refunds of member contributions	(196,445)	(902)	(61)
Net change in total OPEB liability	**29,907**	**24**	**144**
Total OPEB liability - beginning	**4,282,418**	**12,395**	**1,478**
Total OPEB liability - ending	**$ 4,312,325**	**$ 12,419**	**$ 1,622**
Plan fiduciary net position			
Contributions - employer	$ 235,963	$ 2,901	$ 61
Contributions - member	60,236	-	-
Net investment income	22,746	285	67
Benefit payments, including refunds of member contributions	(196,445)	(902)	(61)
Administrative expense	(113)	(7)	(1)
Net change in plan fiduciary net position	**122,387**	**2,277**	**66**
Plan fiduciary net position - beginning	**366,603**	**8,051**	**1,890**
Plan fiduciary net position - ending	**488,990**	**10,328**	**1,956**
Net OPEB liability/(asset) - ending	**$ 3,823,335**	**$ 2,091**	**$ (334)**
Plan fiduciary net position as a percentage of the total OPEB liability	11.3%	83.2%	120.6%
Covered payroll	$ 3,951,792	$ 6,745	$ 4,355
Net OPEB liability/(asset) as a percentage of covered payroll	96.7%	31.0%	-7.7%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)
June 30, 2024
(Dollars in Thousands)

	2020		
	City Plan	Successor Agency	Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 133,736	$ 335	$ 118
Interest (includes interest on service cost)	283,520	812	143
Changes of benefit terms	-	-	-
Differences between expected and actual experience	194,068	-	(596)
Changes of assumptions	-	-	(63)
Benefit payments, including refunds of member contributions	(185,839)	(906)	(60)
Net change in total OPEB liability/(asset)	**425,485**	**241**	**(458)**
Total OPEB liability - beginning	**3,856,933**	**12,154**	**1,936**
Total OPEB liability - ending	**$ 4,282,418**	**$ 12,395**	**$ 1,478**
Plan fiduciary net position			
Contributions - employer	$ 218,625	$ 2,967	$ 138
Contributions - member	51,024	-	-
Net investment income	26,959	407	106
Benefit payments, including refunds of member contributions	(185,839)	(906)	(60)
Administrative expense	(132)	(3)	(1)
Net change in plan fiduciary net position	**110,637**	**2,465**	**183**
Plan fiduciary net position - beginning	**255,966**	**5,586**	**1,707**
Plan fiduciary net position - ending	**366,603**	**8,051**	**1,890**
Net OPEB liability/(asset) - ending	**$ 3,915,815**	**$ 4,344**	**$ (412)**
Plan fiduciary net position as a percentage of the total OPEB liability	8.6%	65.0%	127.9%
Covered payroll	$ 3,763,446	$ 6,384	$ 4,039
Net OPEB liability/(asset) as a percentage of covered payroll	104.0%	68.1%	-10.2%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)
June 30, 2024
(Dollars in Thousands)

	2019		
	City Plan	Successor Agency	Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 127,850	$ 164	$ 122
Interest (includes interest on service cost)	290,029	701	129
Changes of benefit terms	-	-	(5)
Differences between expected and actual experience	(385,732)	267	-
Changes of assumptions	111,119	1,572	-
Benefit payments, including refunds of member contributions	(178,019)	(812)	(58)
Net change in total OPEB liability	**(34,753)**	**1,892**	**188**
Total OPEB liability - beginning	**3,891,686**	**10,262**	**1,748**
Total OPEB liability - ending	**$ 3,856,933**	**$ 12,154**	**$ 1,936**
Plan fiduciary net position			
Contributions - employer	$ 203,858	$ 2,145	$ 144
Contributions - member	41,682	-	-
Net investment income	14,105	339	119
Benefit payments, including refunds of member contributions	(178,019)	(812)	(58)
Administrative expense	(137)	(11)	(1)
Net change in plan fiduciary net position	**81,489**	**1,661**	**204**
Plan fiduciary net position - beginning	**174,477**	**3,925**	**1,503**
Plan fiduciary net position - ending	**255,966**	**5,586**	**1,707**
Net OPEB liability - ending	**$ 3,600,967**	**$ 6,568**	**$ 229**
Plan fiduciary net position as a percentage of the total OPEB liability	6.6%	46.0%	88.2%
Covered payroll	$ 3,583,448	$ 5,742	$ 4,045
Net OPEB liability as a percentage of covered payroll	100.5%	114.4%	5.7%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)
June 30, 2024*
(Dollars in Thousands)

	2018		
	City Plan	**Successor Agency**	**Transportation Authority**
Total OPEB Liability			
Service cost (BOY)	$ 125,195	$ 159	$ 122
Interest (includes interest on service cost)	272,942	692	117
Benefit payments, including refunds of member contributions	(165,470)	(797)	(64)
Net change in total OPEB liability	**232,667**	**54**	**175**
Total OPEB liability - beginning	**3,659,019**	**10,208**	**1,573**
Total OPEB liability - ending	**$ 3,891,686**	**$ 10,262**	**$ 1,748**
Plan fiduciary net position			
Contributions - employer	$ 183,898	$ 1,097	$ 166
Contributions - member	31,686	-	-
Net investment income	17,368	353	134
Benefit payments, including refunds of member contributions	(165,470)	(797)	(64)
Administrative expense	(109)	(3)	(1)
Net change in plan fiduciary net position	**67,373**	**650**	**235**
Plan fiduciary net position - beginning	**107,104**	**3,275**	**1,268**
Plan fiduciary net position - ending	**174,477**	**3,925**	**1,503**
Net OPEB liability - ending	**$ 3,717,209**	**$ 6,337**	**$ 245**
Plan fiduciary net position as a percentage of the total OPEB liability	4.5%	38.2%	86.0%
Covered payroll	$ 3,393,658	$ 5,042	$ 3,946
Net OPEB liability as a percentage of covered payroll	109.5%	125.7%	6.2%

* Fiscal year 2017-18 was the first year of implementation of GASB No. 75, therefore only seven years of information is shown.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions
Other Postemployment Healthcare Benefits Plan
Year Ended June 30, 2024
(Dollars in Thousands)

	For the year ended June 30, 2024		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 278,701	$ 143	$ 96
Contributions in relation to the charter required contribution or ADC	(278,701)	(893)	(242)
Contribution deficiency/(excess)	$ -	$ (750)	$ (146)
Covered payroll	$ 4,956,257	$ 6,691	$ 4,909
Contributions as a percentage of covered payroll	5.62%	13.35%	4.93%

	For the year ended June 30, 2023		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 260,649	$ 116	$ 64
Contributions in relation to the charter required contribution or ADC	(260,649)	(2,429)	(64)
Contribution deficiency/(excess)	$ -	$ (2,313)	$ -
Covered payroll	$ 4,524,099	$ 6,405	$ 4,854
Contributions as a percentage of covered payroll	5.76%	37.92%	1.32%

	For the year ended June 30, 2022		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 252,866	$ 824	$ 55
Contributions in relation to the charter required contribution or ADC	(252,866)	(1,689)	(70)
Contribution deficiency/(excess)	$ -	$ (865)	$ (15)
Covered payroll	$ 4,184,087	$ 6,633	$ 5,032
Contributions as a percentage of covered payroll	6.04%	25.46%	1.39%

	For the year ended June 30, 2021		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 245,994	$ 813	$ 51
Contributions in relation to the charter required contribution or ADC	(245,994)	(2,259)	(63)
Contribution deficiency/(excess)	$ -	$ (1,446)	$ (12)
Covered payroll	$ 3,955,498	$ 7,430	$ 4,420
Contributions as a percentage of covered payroll	6.22%	30.40%	1.43%

	For the year ended June 30, 2020		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 235,962	$ 802	$ 138
Contributions in relation to the charter required contribution or ADC	(235,962)	(2,901)	(61)
Contribution deficiency/(excess)	$ -	$ (2,099)	$ 77
Covered payroll	$ 3,951,792	$ 6,745	$ 4,355
Contributions as a percentage of covered payroll	5.97%	43.01%	1.40%

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions
Other Postemployment Healthcare Benefits Plans (Continued)
Year Ended June 30, 2024*
(In Thousands)

	For the year ended June 30, 2019		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 218,625	$ 812	$ 138
Contributions in relation to the charter required contribution or ADC	(218,625)	(2,967)	(138)
Contribution deficiency/(excess)	$ -	$ (2,155)	$ -
Covered payroll	$ 3,763,446	$ 6,384	$ 4,039
Contributions as a percentage of covered payroll	5.81%	46.48%	3.42%

	For the year ended June 30, 2018		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 203,858	$ 813	$ 143
Contributions in relation to the charter required contribution or ADC	(203,858)	(2,145)	(143)
Contribution deficiency/(excess)	$ -	$ (1,332)	$ -
Covered payroll	$ 3,583,448	$ 5,742	$ 4,045
Contributions as a percentage of covered payroll	5.69%	37.36%	3.54%

	For the year ended June 30, 2017		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 183,898	$ 804	$ 165
Contributions in relation to the charter required contribution or ADC	(183,898)	(1,097)	(165)
Contribution deficiency/(excess)	$ -	$ (293)	$ -
Covered payroll	$ 3,393,658	$ 5,042	$ 3,946
Contributions as a percentage of covered payroll	5.42%	21.76%	4.18%

* Fiscal year 2017-18 was the first year of implementation of GASB No. 75, and only eight years of information is available for the City plan, Successor Agency plan and the Transportation Authority plan.

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions
Other Postemployment Healthcare Benefits Plans (Continued)
Year Ended June 30, 2024
(In Thousands)

Notes to Schedule:

The City Plan, Transportation Authority and Successor Agency calculate the annual required contributions on an actuarially determined basis. The methods and assumptions used to determine the fiscal year 2023-24 contribution rates for the plans are as follows:

Actuarial Assumptions	City Plan for the year ended June 30, 2022
Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 7.74% trending down to ultimate rate of 3.93% in 2076
	Medicare trend starts at 7.74% trending down to ultimate rate of 3.94% in 2076
	10-County average trend starts at 5.00% trending down to ultimate rate of 3.94% in 2076
	Vision and expenses trend remains a flat 3.0% for all years
Expected Rate of Return on Plan Assets	7.00%
Discount Rate	7.00%
Salary Increase Rate	Wage Inflation Component: 3.25%
	Additional Merit Component (dependent on years of service):
	Police: 0.50% - 7.50%
	Fire: 0.50% - 14.00%
	Muni Drivers: 0.00% - 16.00%
	Craft: 0.50% - 3.75%
	Misc: 0.30% - 5.50%
Inflation Rate	Wage Inflation: 3.25% compounded annually
	Consumer Price Inflation: 2.50% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ended June 30, 2019.

Non-Annuitants

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044

Disabled Retirees

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995

Beneficiaries

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubG-2010 Employee	1.031	0.977

Required Supplementary Information (Unaudited) – Schedules of Employer Contributions Other Postemployment Healthcare Benefits Plans (Continued)

Year Ended June 30, 2024
(In Thousands)

Actuarial Assumptions	Transportation Authority	Successor Agency
Actuarial Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry age normal cost method	Entry age normal cost method
Asset Valuation Method		Actuarial value of assets
General Inflation	2.75% per annum	2.50%
Salary Increases	2.75% per annum, in aggregate	2.75%; Merit based on 2017 CalPERS Experience Study
Investment Rate of Return	7.59%	6.25%
Mortality, Turnover, Disability, and Retirement	CalPERS Experience Study for the period from 1997 to 2015	CalPERS 2017 Experience Study for the period from 1997 to 2015 Post-retirement mortality projected fully generational with Scale MP-2020
Healthcare Cost Trend Rate	Initial 14% for non-medicare eligibles, 24.25% for spouse/domestic partner medicare eligibles and 6.5% medicare eligibles, all grading down to 4.0%	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076; Medicare (non-Kaiser)- 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076

Required Supplementary Information (Unaudited) – Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Budgetary Fund Balance, July 1	$ 224,247	$ 2,963,605	$ 2,963,605	$ -
Resources (Inflows):				
Property taxes	2,510,000	2,510,000	2,539,760	29,760
Business taxes	851,100	851,077	868,932	17,855
Other local taxes:				
Sales and use tax	200,050	200,050	190,528	(9,522)
Hotel room tax	302,910	302,910	251,203	(51,707)
Utility users tax	111,420	111,420	121,931	10,511
Parking tax	84,100	84,100	86,178	2,078
Real property transfer tax	221,960	221,960	177,700	(44,260)
Other local taxes	178,440	178,440	209,276	30,836
Licenses, permits and franchises:				
Licenses and permits	14,609	14,558	12,171	(2,387)
Franchise tax	15,682	15,682	17,528	1,846
Fines, forfeitures, and penalties	3,014	3,028	6,483	3,455
Interest and investment income	121,071	111,757	171,364	59,607
Rents and concessions:				
Garages - Recreation and Park	8,384	8,384	6,487	(1,897)
Rents and concessions - Recreation and Park	5,637	5,637	5,661	24
Other rents and concessions	550	550	381	(169)
Intergovernmental:				
Federal grants and subventions	509,079	509,465	387,562	(121,903)
State subventions:				
Social service subventions	159,318	161,468	190,383	28,915
Health / mental health subventions	234,962	234,962	268,741	33,779
Health and welfare realignment	375,238	375,238	365,981	(9,257)
Public safety sales tax	100,420	100,420	97,160	(3,260)
Other grants and subventions	94,182	77,405	82,442	5,037
Other	3,917	3,908	1,924	(1,984)
Charges for services:				
General government service charges	99,682	100,222	87,730	(12,492)
Public safety service charges	43,326	43,427	39,288	(4,139)
Recreation charges - Recreation and Park	29,040	30,190	25,139	(5,051)
MediCal, Medicare and health service charges	100,817	101,656	128,552	26,896
Other financing sources:				
Transfers from other funds	211,296	229,393	228,995	(398)
Other resources (inflows)	17,532	32,153	16,159	(15,994)
Subtotal - Resources (Inflows)	6,607,736	6,619,460	6,585,639	(33,821)
Total amounts available for appropriation	6,831,983	9,583,065	9,549,244	(33,821)

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Charges to Appropriations (Outflows):				
Public Protection				
Adult Probation	$ 49,506	$ 46,191	$ 45,312	$ 879
District Attorney	80,745	79,210	78,501	709
Emergency Management	92,758	88,977	84,807	4,170
Fire Department	463,339	473,171	473,028	143
Juvenile Probation	33,123	28,570	27,078	1,492
Police Accountability	9,638	9,368	9,310	58
Police Department	673,123	683,060	682,935	125
Public Defender	50,674	50,898	50,525	373
Sheriff	255,287	254,332	254,332	-
Sheriff Accountability	1,757	1,379	1,194	185
Superior Court	32,782	32,769	32,685	84
Subtotal - Public Protection	1,742,732	1,747,925	1,739,707	8,218
Public Works, Transportation and Commerce				
Appeals Board	1,143	1,143	1,086	57
Building Inspection	-	133	133	-
Economic and Workforce Development	124,602	124,998	117,421	7,577
Municipal Transportation Agency	-	314	314	-
Public Utilities Commission	-	462	460	2
Public Works	117,167	127,587	122,588	4,999
Subtotal - Public Works, Transportation and Commerce	242,912	254,637	242,002	12,635
Human Welfare and Neighborhood Development				
Children, Youth and Their Families	76,844	93,395	91,481	1,914
Early Childhood	15,085	17,987	15,434	2,553
Homelessness and Supportive Housing	352,020	345,325	334,867	10,458
Human Rights Commission	16,424	27,494	27,284	210
Human Services	1,046,987	1,052,391	1,029,113	23,278
Rent Arbitration Board	-	37	37	-
Mayor's Office	77,208	135,319	128,128	7,191
Status of Women	13,767	14,699	13,063	1,636
Subtotal - Human Welfare and Neighborhood Development	1,598,335	1,686,647	1,639,407	47,240
Community Health				
Public Health	1,119,897	1,099,022	1,083,421	15,601
Culture and Recreation				
Academy of Sciences	7,460	7,293	6,445	848
Arts Commission	13,167	13,454	13,220	234
Asian Art Museum	11,020	11,072	10,699	373
Fine Arts Museums	21,907	21,494	21,367	127
Law Library	1,795	1,799	1,702	97
Library	-	99	99	-
Recreation and Park Commission	136,532	142,881	134,471	8,410
War Memorial	491	502	502	-
Subtotal - Culture and Recreation	192,372	198,594	188,505	10,089

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
General Administration and Finance				
Assessor/Recorder	$ 33,870	$ 36,711	$ 36,011	$ 700
Board of Supervisors	23,427	23,010	22,689	321
City Attorney	32,687	32,090	23,718	8,372
Civil Service	1,081	1,079	960	119
Controller	14,194	13,903	13,623	280
Elections	22,733	23,253	21,975	1,278
Ethics	7,538	10,268	8,750	1,518
General Services Agency - Administrative Services	79,513	77,922	73,413	4,509
Health Service System	469	482	132	350
Human Resources	20,010	24,252	23,021	1,231
Mayor's Office	8,276	8,373	8,073	300
Planning	46,377	46,505	42,280	4,225
Retirement System	1,922	1,786	1,495	291
Telecommunications and Information Services	7,272	6,841	6,536	305
Treasurer/Tax Collector	37,830	39,599	37,742	1,857
Subtotal - General Administration and Finance	337,199	346,074	320,418	25,656
General City Responsibilities				
General City Responsibilities	166,713	211,665	168,012	43,653
Other financing uses:				
Debt service	33,668	1,828	5	1,823
Transfers to other funds	1,309,515	1,355,235	1,354,733	502
Budgetary reserves and designations	88,640	62,362	-	62,362
Total charges to appropriations	6,831,983	6,963,989	6,736,210	227,779
Total Sources less Current Year Uses	$ -	$ 2,619,076	$ 2,813,034	$ 193,958

Budgetary fund balance, June 30 before reserves and designations	$ 2,813,034
Reserves and designations made from budgetary fund balance not available for appropriation	(1,490,916)
Reserve for Litigation and Contingencies and General Reserve	(418,445)
Net Available Budgetary Fund Balance, June 30	$ 903,673

Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation"	$ 9,549,244
Difference - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,963,605)
Property tax revenue - Teeter Plan net change from prior year	(13,367)
Change in unrealized gain/(loss) on investments	79,722
Interest earnings / charges from other funds assigned to General Fund as interest adjustment	(72,249)
Interest earnings from other funds assigned to General Fund as other revenues	27,288
Grants, subventions and other receivables received after 60-day recognition period	(338)
Change in prepaid lease revenue, leases receivable, and deferred inflows related to leases	84
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(228,995)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - General Fund	$ 6,377,784

Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations"	$ 6,736,210
Difference - budget to GAAP:	
Recognition of expenditures for advances and imprest cash and capital asset acquisition for internal service fund	57
Intergovernmental expense offset	(118,857)
Recognition of expenditures at lease initiation	149,638
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,354,733)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - General Fund	$ 5,412,315

Notes to Budgetary Schedule:

(a) Budgetary Data

The City adopts two-year rolling budgets annually for all governmental funds on a substantially modified accrual basis of accounting except for capital project funds and certificates of participation and other debt service funds, which substantially adopt project length budgets.

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

The Administrative Code Chapter 3 outlines the City's general budgetary procedures, with Section 3.3 detailing the budget timeline. A summary of the key budgetary steps is summarized as follows:

Original Budget

(1) Departments and Commissions conduct hearings to obtain public comment on their proposed annual budgets beginning in December and submit their budget proposals to the Controller's Office no later than February 21.

(2) The Controller's Office consolidates the budget estimates and transmits them to the Mayor's Office no later than the first working day of March. Staff of the Mayor's Office analyze, review and refine the budget estimates before transmitting the Mayor's Proposed Budget to the Board of Supervisors.

(3) By the first working day of May, the Mayor submits the Proposed Budget for selected departments to the Board of Supervisors. The selected departments are determined by the Controller in consultation with the Board President and the Mayor's Budget Director. Criteria for selecting the departments include (1) that they are not supported by the City's General Fund or (2) that they do not rely on the State's budget submission in May for their revenue sources.

(4) By the first working day of June, the Mayor submits the complete Proposed Budget to the Board of Supervisors along with a draft of the Annual Appropriation Ordinance prepared by the Controller's Office.

(5) Within five working days of the Mayor's proposed budget transmission to the Board of Supervisors, the Controller reviews the estimated revenues and assumptions in the Mayor's Proposed Budget and provides an opinion as to their accuracy and reasonableness. The Controller also may make a recommendation regarding prudent reserves given the Mayor's proposed resources and expenditures.

(6) The designated Committee (usually the Budget Committee) of the Board of Supervisors conducts hearings, hears public comment, and reviews the Mayor's Proposed Budget. The Committee recommends an interim budget reflecting the Mayor's budget transmittal and, by June 30, the Board of Supervisors passes interim appropriation and salary ordinances.

(7) Not later than the last working day of July, the Board of Supervisors adopts the budget through passage of the Annual Appropriation Ordinance, the legal authority for enactment of the budget.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2024
(In Thousands)

Final Budget

The final budgetary data presented in the budgetary comparison schedule reflects the following changes to the original budget:

(1) Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year. In certain circumstances, other programs and regular annual appropriations may be carried forward after appropriate approval. Annually appropriated funds, not authorized to be carried forward, lapse at the end of the fiscal year. Appropriations carried forward from the prior year are included in the final budgetary data.

(2) Appropriations may be adjusted during the year with the approval of the Mayor and the Board of Supervisors, e.g. supplemental appropriations. Additionally, the Controller is authorized to make certain transfers of surplus appropriations within a department. Such adjustments are reflected in the final budgetary data.

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

Budgetary data, as revised, is presented as required supplementary information for the General Fund. Final budgetary data excludes the amount reserved for encumbrances for appropriate comparison to actual expenditures.

(b) Budgetary Results Reconciled to Results in Accordance with Generally Accepted Accounting Principles

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

The major differences between the Budget basis "actual" and GAAP basis are timing differences. Timing differences represent transactions that are accounted for in different periods for Budget basis and GAAP basis reporting. Certain revenues accrued on a Budget basis have been deferred for GAAP reporting. These primarily relate to the accounting for property tax revenues under the Teeter Plan (Note 6), revenues not meeting the 60-day availability period and other assets not available for budgetary appropriation.

Required Supplementary Information (Unaudited) –
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2024
(In Thousands)

The fund balance of the General Fund as of June 30, 2024, on a Budget basis is reconciled to the fund balance on a GAAP basis as follows:

Fund Balance - Budget Basis	$	2,813,034
Unrealized Gains/ (Losses) on Investments		(79,138)
Cumulative Excess Property Tax Revenues Recognized on a Budget Basis		(54,052)
Cumulative Excess Health, Human Services, Franchise and Other Revenues Recognized on a Budget Basis		(114,312)
Pre-paid Lease Revenue, Lease Receivables, and Deferred Inflows (net)		(2,923)
Nonspendable Fund Balance (Assets Reserved for Not Available for Appropriation)		1,001
Fund Balance - GAAP basis	$	2,563,610

General Fund budget basis fund balance as of June 30, 2024 is composed of the following:

Not available for appropriations:				
Restricted Fund Balance:				
Rainy Day - Economic Stabilization Reserve	$	114,539		
Committed Fund Balance:				
Budget Stabilization Reserves		330,010		
Assigned for Encumbrances		431,461		
Assigned for Appropriation Carryforward		569,737		
Assigned for Self-Insurance		43,362		
Assigned for Subsequent Years' Budgets:				
Salaries and Benefits Costs (MOU)		1,807		
Subtotal			$	1,490,916
Available for appropriations:				
Assigned for Litigation and Contingences		282,731		
Assigned balance subsequently appropriated as part of the General Fund budget for use in fiscal year 2024-25		226,708		
Unassigned - General Reserve		135,714		
Unassigned - Federal & State Emergency Revenue Reserve		81,300		
Unassigned - Conditional Increment Reserve		402		
Unassigned - Fiscal Cliff Reserve		182,425		
Unassigned - Business Tax Stabilization Reserve		29,454		
Unassigned - Other Reserves		21		
Unassigned - Budget for use in fiscal year 2025-26		228,502		
Unassigned - Projected for use in fiscal year 2026-27		154,861		
Unassigned - Available for future appropriations		-		
Subtotal				1,322,118
Fund Balance, June 30, 2024 - Budget basis			$	2,813,034

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Building Inspection Fund – Accounts for the revenues and expenditures of the Bureau of Building Inspection which provides enforcement and implementation of laws regulating the use, occupancy, location and maintenance of buildings. This fund shall be used by the Department of Building Inspection to defray the costs of the Bureau of Building Inspection in processing and reviewing permits applications and plans, filed inspections, code enforcement and reproduction of documents.

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

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

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

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

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

Environmental Protection Fund – Accounts for revenues received from state, federal and other sources for the preservation of the environment, recycling, and reduction of toxic waste from the City's waste stream.

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

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

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

Golf Fund – Accounts for the revenue and expenditures related to the City's six golf courses.

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

SPECIAL REVENUE FUNDS (Continued)

Low and Moderate Income Housing Asset Fund – Accounts for the former Redevelopment Agency's affordable housing assets upon its dissolution on January 31, 2012.

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

Our City Our Home Fund – Accounts for revenue from City's homelessness gross receipts tax, dedicated for homelessness services and affordable housing, which was authorized by voters through November 2018 Proposition C.

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

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

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

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

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

Senior Citizens Program Fund – Accounts for grant revenues from the federal and state government to be used to promote the well-being of San Francisco senior citizens.

Tax Increment Financing Districts Fund – Accounts for the activities of various Infrastructure Financing Districts and Infrastructure and Revitalization Districts which have been established for the purpose of financing public infrastructure and affordable housing. In addition, the fund accounts for the activities of Special Tax District or Community Facilities District to which the City has pledged certain tax increment revenues for debt service purposes.

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

DEBT SERVICE FUNDS

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

General Obligation Bond Fund – Accounts for property taxes and other revenues, (including the tobacco settlement revenues in excess of the $100 million required to fund the Laguna Honda Hospital construction project) for periodic payment of interest and principal of general obligation bonds and related costs. Provisions are made in the general property tax levy for monies sufficient to meet these requirements in accordance with Article XIII of the State Constitution (Proposition 13).

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

Other Bond Funds – Accounts for funds and debt service for the revolving fund loans operated and managed by the Mayor's Office of Community Development to assist with economic development efforts in low income neighborhoods (Facade Improvement Program) and for the interim financing of revolving credit facility for the Transbay Joint Powers Authority on the Transbay Transit Center project.

CAPITAL PROJECTS FUNDS

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

City Facilities Improvement Fund – Accounts for bond proceeds, capital lease financing, federal and local funds and transfers from other funds which are designated for various buildings and general improvements. Expenditures for acquisition and construction of public buildings and improvements are made in accordance with bond requirements and appropriation ordinances. Also accounts for activities reported in the Moscone Convention Center Fund in the prior year.

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

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

PERMANENT FUND

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

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

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund Bequest Fund	Total Nonmajor Governmental Funds
Assets:					
Deposits and investments with City Treasury	$ 3,367,515	$ 188,175	$ 368,798	$ 4,659	$ 3,929,147
Deposits and investments outside City Treasury	143,262	60,394	141,638	-	345,294
Receivables:					
Property taxes and penalties	3,492	4,518	-	-	8,010
Other local taxes	120,356	-	-	-	120,356
Federal and state grants and subventions	203,839	-	17,557	-	221,396
Charges for services	19,235	-	-	-	19,235
Interest and other	34,884	4,152	4,160	33	43,229
Due from other funds	307	-	22,864	-	23,171
Due from component units	10,801	-	-	-	10,801
Loans receivable (net of allowance for uncollectible amounts)	261,493	-	-	-	261,493
Long-term opioid settlement receivable	269,027	-	-	-	269,027
Other assets	14,222	-	-	-	14,222
Total assets	$ 4,448,433	$ 257,239	$ 555,017	$ 4,692	$ 5,265,381
Liabilities:					
Accounts payable	$ 254,593	$ 4	$ 37,867	$ 1	$ 292,465
Accrued payroll	37,674	-	1,601	-	39,275
Unearned grant and subvention revenues	163,653	-	5,583	-	169,236
Due to other funds	124,327	40	33,181	-	157,548
Unearned revenues and other liabilities	299,124	36,887	4,330	-	340,341
Bonds, loans, leases, and other payables	5,309	-	28,005	-	33,314
Total liabilities	884,680	36,931	110,567	1	1,032,179
Deferred inflows of resources	601,439	4,386	12,282	-	618,107
Fund balances:					
Nonspendable	81	-	-	-	81
Restricted	2,694,002	215,922	432,168	4,691	3,346,783
Assigned	275,507	-	-	-	275,507
Unassigned	(7,276)	-	-	-	(7,276)
Total fund balances	2,962,314	215,922	432,168	4,691	3,615,095
Total liabilities, deferred inflows of resources and fund balances	$ 4,448,433	$ 257,239	$ 555,017	$ 4,692	$ 5,265,381

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2024
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund Bequest Fund	Total Nonmajor Governmental Funds
Revenues:					
Property taxes	$ 348,252	$ 380,120	$ -	$ -	$ 728,372
Business taxes	490,955	-	-	-	490,955
Sales and use tax	108,250	-	-	-	108,250
Hotel room tax	31,817	-	-	-	31,817
Other local taxes	19,379	-	-	-	19,379
Licenses, permits, and franchises	15,018	-	-	-	15,018
Fines, forfeitures, and penalties	100,441	16,159	-	-	116,600
Interest and investment income	192,683	19,485	24,859	181	237,208
Rents and concessions	189,583	-	202	-	189,785
Intergovernmental:					
Federal	257,472	-	1,031	-	258,503
State	310,831	660	27,589	-	339,080
Other	10,339	-	173	-	10,512
Charges for services	153,559	-	-	-	153,559
Other	48,593	1,260	6,032	1,070	56,955
Total revenues	2,277,172	417,684	59,886	1,251	2,755,993
Expenditures:					
Current:					
Public protection	114,341	-	-	-	114,341
Public works, transportation and commerce	312,969	-	-	-	312,969
Human welfare and neighborhood development	1,464,957	-	-	-	1,464,957
Community health	276,055	-	-	-	276,055
Culture and recreation	367,435	-	-	98	367,533
General administration and finance	126,549	-	-	-	126,549
Distributions to other governments	51,597	-	-	-	51,597
Debt service:					
Principal retirement	16,649	224,196	-	-	240,845
Interest and other fiscal charges	13,855	144,434	1,562	-	159,851
Bond issuance costs	2,255	2,637	694	-	5,586
Payment to refunded bond escrow agent	-	159,798	-	-	159,798
Capital outlay	-	-	203,583	-	203,583
Total expenditures	2,746,662	531,065	205,839	98	3,483,664
Excess (deficiency) of revenues over (under) expenditures	(469,490)	(113,381)	(145,953)	1,153	(727,671)
Other financing sources (uses):					
Transfers in	493,200	91,642	24,685	-	609,527
Transfers out	(313,091)	-	(15,689)	(29)	(328,809)
Issuance of bonds:					
Face value of bonds issued	121,415	-	80,040	-	201,455
Face value of refunding debt issued	-	555,200	-	-	555,200
Discount on issuance of bonds	(189)	-	-	-	(189)
Premium on issuance of bonds	148	66,223	2,139	-	68,510
Payment to refunded bond escrow agent	-	(618,741)	-	-	(618,741)
Inception of leases and subscriptions	488	-	-	-	488
Total other financing sources (uses)	301,971	94,324	91,175	(29)	487,441
Net changes in fund balances	(167,519)	(19,057)	(54,778)	1,124	(240,230)
Fund balances at beginning of year	3,129,833	234,979	486,946	3,567	3,855,325
Fund balances at end of year	$ 2,962,314	$ 215,922	$ 432,168	$ 4,691	$ 3,615,095

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds
June 30, 2024
(In Thousands)

	Building Inspection Fund	Children and Families Fund	Community / Neighborhood Development Fund	Community Health Services Fund	Convention Facilities Fund	Culture and Recreation Fund
Assets:						
Deposits and investments with City Treasury	$ 68,222	$ 721,809	$ 679,204	$ 121,010	$ 64,649	$ 58,393
Deposits and investments outside City Treasury	5	-	69,125	-	-	2,775
Receivables:						
Property taxes and penalties	-	1,509	-	-	-	-
Other local taxes	-	39,672	261	-	-	-
Federal and state grants and subventions	26	1,542	31,253	53,231	-	100
Charges for services	227	256	2	15	6,259	159
Interest and other	769	8,250	7,833	1,527	430	171
Due from other funds	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectible amounts)	146	-	260,901	-	-	-
Long-term opioid settlement receivable	-	-	-	269,027	-	-
Other assets	-	-	14,021	-	-	-
Total assets	$ 69,395	$ 773,038	$ 1,062,600	$ 444,810	$ 71,338	$ 61,598
Liabilities:						
Accounts payable	$ 1,732	$ 32,708	$ 35,530	$ 49,156	$ 1,050	$ 4,360
Accrued payroll	3,194	1,549	1,804	3,433	70	611
Unearned grant and subvention revenues	-	-	48,744	3,095	-	2,022
Due to other funds	-	-	40	303	-	-
Unearned revenues and other liabilities	8,894	16,069	1,106	-	5,170	1,067
Bonds, loans, leases, and other payables	-	-	3,551	-	-	-
Total liabilities	13,820	50,326	90,775	55,987	6,290	8,060
Deferred inflows of resources	147	2,728	270,524	259,949	-	100
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	55,428	719,984	575,983	128,874	65,048	42,205
Assigned	-	-	125,318	-	-	11,233
Unassigned	-	-	-	-	-	-
Total fund balances	55,428	719,984	701,301	128,874	65,048	53,438
Total liabilities, deferred inflows of resources and fund balances	$ 69,395	$ 773,038	$ 1,062,600	$ 444,810	$ 71,338	$ 61,598

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
June 30, 2024
(In Thousands)

	Environmental Protection Fund	Gasoline Tax Fund	General Services Fund	Gift and Other Expendable Trusts Fund	Golf Fund	Human Welfare Fund
Assets:						
Deposits and investments with City Treasury	$ 6,104	$ 107,179	$ 34,606	$ 22,220	$ 11,959	$ 91,367
Deposits and investments outside City Treasury	-	-	-	-	-	-
Receivables:						
Property taxes and penalties	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-
Federal and state grants and subventions	975	8,872	600	-	-	13,876
Charges for services	32	1,139	326	267	735	-
Interest and other	-	703	677	90	133	1,115
Due from other funds	14	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectible amounts)	-	-	-	-	-	-
Long-term opioid settlement receivable	-	-	-	-	-	-
Other assets	-	-	22	97	-	-
Total assets	$ 7,125	$ 117,893	$ 36,231	$ 22,674	$ 12,827	$ 106,358
Liabilities:						
Accounts payable	$ 607	$ 6,969	$ 2,613	$ 1,466	$ 1,727	$ 22,822
Accrued payroll	270	836	828	56	427	466
Unearned grant and subvention revenues	4,536	-	3,308	504	-	58,469
Due to other funds	-	510	-	-	-	-
Unearned revenues and other liabilities	-	-	62	5	-	64
Bonds, loans, leases, and other payables	-	-	-	-	-	-
Total liabilities	5,413	8,315	6,811	2,031	2,154	81,821
Deferred inflows of resources	599	1,139	301	264	-	4,664
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	1,113	108,439	6,238	20,379	-	19,613
Assigned	-	-	22,881	-	10,673	260
Unassigned	-	-	-	-	-	-
Total fund balances	1,113	108,439	29,119	20,379	10,673	19,873
Total liabilities, deferred inflows of resources and fund balances	$ 7,125	$ 117,893	$ 36,231	$ 22,674	$ 12,827	$ 106,358

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
June 30, 2024
(In Thousands)

	Low and Moderate Income Housing Asset Fund	Open Space and Park Fund	Our City Our Home Fund	Public Library Fund	Public Protection Fund	Public Works, Transportation and Commerce Fund
Assets:						
Deposits and investments with City Treasury	$ 54,951	$ 81,312	$ 743,292	$ 175,442	$ 89,426	$ 130,275
Deposits and investments outside City Treasury	-	-	-	-	111	-
Receivables:						
Property taxes and penalties	-	992	-	991	-	-
Other local taxes	-	-	58,396	-	-	2,571
Federal and state grants and subventions	-	-	-	-	40,822	-
Charges for services	-	-	270	7	4,428	4,288
Interest and other	656	821	8,945	686	93	447
Due from other funds	-	-	-	-	-	4
Due from component units	-	-	-	-	-	2,059
Loans receivable (net of allowance for uncollectible amounts)	446	-	-	-	-	-
Long-term opioid settlement receivable	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	$ 56,053	$ 83,125	$ 810,903	$ 177,126	$ 134,880	$ 139,644
Liabilities:						
Accounts payable	$ 4,628	$ 991	$ 41,542	$ 7,394	$ 11,073	$ 5,100
Accrued payroll	83	1,618	1,943	6,401	2,963	7,486
Unearned grant and subvention revenues	-	-	-	5,908	36,596	447
Due to other funds	-	-	-	-	-	281
Unearned revenues and other liabilities	119	9,778	239,394	9,770	42	5,632
Bonds, loans, leases, and other payables	-	-	-	-	1,758	-
Total liabilities	4,830	12,387	282,879	29,473	52,432	18,946
Deferred inflows of resources	446	948	249	951	24,730	4,055
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	50,777	69,790	527,775	145,616	54,970	15,335
Assigned	-	-	-	1,086	2,748	101,308
Unassigned	-	-	-	-	-	-
Total fund balances	50,777	69,790	527,775	146,702	57,718	116,643
Total liabilities, deferred inflows of resources and fund balances	$ 56,053	$ 83,125	$ 810,903	$ 177,126	$ 134,880	$ 139,644

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
June 30, 2024
(In Thousands)

	Real Property Fund	San Francisco County Transportation Authority Fund	Senior Citizens Program Fund	Tax Increment Financing Districts Fund	War Memorial Fund	Total
Assets:						
Deposits and investments with City Treasury	$ 52,707	$ 40,823	$ -	$ 3,162	$ 9,403	$ 3,367,515
Deposits and investments outside City Treasury	235	41,255	-	29,756	-	143,262
Receivables:						
Property taxes and penalties	-	-	-	-	-	3,492
Other local taxes	-	19,456	-	-	-	120,356
Federal and state grants and subventions	-	47,483	5,059	-	-	203,839
Charges for services	530	-	-	-	295	19,235
Interest and other	62	1,229	-	155	92	34,884
Due from other funds	-	289	-	-	-	307
Due from component units	-	8,742	-	-	-	10,801
Loans receivable (net of allowance for uncollectible amounts)	-	-	-	-	-	261,493
Long-term opioid settlement receivable	-	-	-	-	-	269,027
Other assets	-	82	-	-	-	14,222
Total assets	$ 53,534	$ 159,359	$ 5,059	$ 33,073	$ 9,790	$ 4,448,433
Liabilities:						
Accounts payable	$ 4,085	$ 17,277	$ 1,489	$ 160	$ 114	$ 254,593
Accrued payroll	2,572	409	-	-	655	37,674
Unearned grant and subvention revenues	-	24	-	-	-	163,653
Due to other funds	-	119,221	3,570	402	-	124,327
Unearned revenues and other liabilities	1,934	-	-	-	18	299,124
Bonds, loans, leases, and other payables	-	-	-	-	-	5,309
Total liabilities	8,591	136,931	5,059	562	787	884,680
Deferred inflows of resources	22	28,032	1,591	-	-	601,439
Fund balances:						
Nonspendable	-	81	-	-	-	81
Restricted	44,921	-	-	32,511	9,003	2,694,002
Assigned	-	-	-	-	-	275,507
Unassigned	-	(5,685)	(1,591)	-	-	(7,276)
Total fund balances	44,921	(5,604)	(1,591)	32,511	9,003	2,962,314
Total liabilities, deferred inflows of resources and fund balances	$ 53,534	$ 159,359	$ 5,059	$ 33,073	$ 9,790	$ 4,448,433

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds
Year Ended June 30, 2024
(In Thousands)

	Building Inspection Fund	Children and Families Fund	Community / Neighborhood Development Fund	Community Health Services Fund	Convention Facilities Fund	Culture and Recreation Fund
Revenues:						
Property taxes	$ -	$ 177,657	$ -	$ -	$ -	$ -
Business taxes	-	189,407	2,891	-	-	-
Sales and use tax	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	31,817
Other local taxes	-	-	2,237	-	-	-
Licenses, permits, and franchises	8,024	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	311	86,976	-	-
Interest and investment income	4,311	35,389	59,364	5,440	3,073	2,337
Rents and concessions	-	-	940	-	64,472	772
Intergovernmental:						
Federal	-	8,624	38,877	73,649	-	-
State	25	13,353	30,470	97,587	-	178
Other	-	-	1,509	-	-	2,247
Charges for services	46,556	214	15,076	1,703	-	9,460
Other	225	5,371	24,764	1,695	7	1,097
Total revenues	59,141	430,015	176,439	267,050	67,552	47,908
Expenditures:						
Current:						
Public protection	-	-	-	-	-	-
Public works, transportation and commerce	82,832	176	23,559	3,822	12	863
Human welfare and neighborhood development	-	454,052	541,130	1,481	-	3,746
Community health	-	-	-	204,948	-	-
Culture and recreation	-	-	282	-	63,627	22,956
General administration and finance	-	-	7,467	-	-	16,590
Distributions to other governments	-	51,597	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	542
Interest and other fiscal charges	-	-	1,452	-	-	918
Bond issuance costs	-	-	1,322	-	-	-
Total expenditures	82,832	505,825	575,212	210,251	63,639	45,615
Excess (deficiency) of revenues over (under) expenditures	(23,691)	(75,810)	(398,773)	56,799	3,913	2,293
Other financing sources (uses):						
Transfers in	5,100	158,155	45,830	-	45,440	5,564
Transfers out	(253)	(28,589)	(20,408)	(25)	(32,659)	(1,580)
Issuance of bonds:						
Face value of bonds issued	-	-	103,410	-	-	-
Discount on issuance of bonds	-	-	-	-	-	-
Premium on issuance of bonds	-	-	129	-	-	-
Inception of leases and subscriptions	-	-	-	-	-	-
Total other financing sources (uses)	4,847	129,566	128,961	(25)	12,781	3,984
Net changes in fund balances	(18,844)	53,756	(269,812)	56,774	16,694	6,277
Fund balances at beginning of year	74,272	666,228	971,113	72,100	48,354	47,161
Fund balances at end of year	$ 55,428	$ 719,984	$ 701,301	$ 128,874	$ 65,048	$ 53,438

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Environmental Protection Fund	Gasoline Tax Fund	General Services Fund	Gift and Other Expendable Trusts Fund	Golf Fund	Human Welfare Fund
Revenues:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	1,768	-	-	245
Fines, forfeitures, and penalties	4	-	-	883	-	3
Interest and investment income	81	5,132	1,400	1,132	624	5,054
Rents and concessions	-	-	898	-	4,867	-
Intergovernmental:						
Federal	127	-	100	-	7	45,084
State	6,805	67,698	4,253	-	2	40,183
Other	-	-	-	-	-	-
Charges for services	955	193	1,231	20	9,771	147
Other	115	47	2,007	976	-	728
Total revenues	8,087	73,070	11,657	3,011	15,271	91,444
Expenditures:						
Current:						
Public protection	14	-	215	10	-	-
Public works, transportation and commerce	-	62,869	-	1,563	-	5,605
Human welfare and neighborhood development	9,856	-	68	764	-	154,242
Community health	-	-	-	107	-	-
Culture and recreation	-	-	844	1,016	20,386	-
General administration and finance	-	13	10,357	67	-	-
Distributions to other governments	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	9,870	62,882	11,484	3,527	20,386	159,847
Excess (deficiency) of revenues over (under) expenditures	(1,783)	10,188	173	(516)	(5,115)	(68,403)
Other financing sources (uses):						
Transfers in	1,515	47	127	-	7,285	71,452
Transfers out	(81)	(4,824)	(384)	(734)	(1,180)	(452)
Issuance of bonds:						
Face value of bonds issued	-	-	-	-	-	-
Discount on issuance of bonds	-	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-	-
Inception of leases and subscriptions	-	-	-	-	-	-
Total other financing sources (uses)	1,434	(4,777)	(257)	(734)	6,105	71,000
Net changes in fund balances	(349)	5,411	(84)	(1,250)	990	2,597
Fund balances at beginning of year	1,462	103,028	29,203	21,629	9,683	17,276
Fund balances at end of year	$ 1,113	$ 108,439	$ 29,119	$ 20,379	$ 10,673	$ 19,873

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Low and Moderate Income Housing Asset Fund	Open Space and Park Fund	Our City Our Home Fund	Public Library Fund	Public Protection Fund	Public Works, Transportation and Commerce Fund
Revenues:						
Property taxes	$ -	$ 78,868	$ -	$ 78,868	$ -	$ -
Business taxes	-	-	298,657	-	-	-
Sales and use tax	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	17,142
Licenses, permits, and franchises	-	-	-	-	461	-
Fines, forfeitures, and penalties	-	-	-	-	12,149	115
Interest and investment income	4,914	3,343	35,874	7,330	4,074	5,665
Rents and concessions	4,165	-	183	-	-	-
Intergovernmental:						
Federal	-	-	-	-	47,559	-
State	-	140	-	1,861	32,452	1,053
Other	-	-	-	5	27	3,261
Charges for services	-	-	-	184	21,031	45,701
Other	1,366	6	170	777	8,629	381
Total revenues	10,445	82,357	334,884	89,025	126,382	73,318
Expenditures:						
Current:						
Public protection	-	-	233	-	113,869	-
Public works, transportation and commerce	-	3,135	3,377	15,718	-	44,781
Human welfare and neighborhood development	23,976	-	240,834	-	6,985	15,198
Community health	-	-	71,000	-	-	-
Culture and recreation	-	68,984	-	166,893	-	60
General administration and finance	-	3	1,366	3	3,136	858
Distributions to other governments	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	45	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	23,976	72,122	316,810	182,614	124,035	60,897
Excess (deficiency) of revenues over (under) expenditures	(13,531)	10,235	18,074	(93,589)	2,347	12,421
Other financing sources (uses):						
Transfers in	-	1,180	-	103,820	30	23,001
Transfers out	(9)	(15,011)	-	(5,394)	(4,498)	(23,060)
Issuance of bonds:						
Face value of bonds issued	-	-	-	-	-	-
Discount on issuance of bonds	-	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-	-
Inception of leases and subscriptions	-	-	-	-	-	-
Total other financing sources (uses)	(9)	(13,831)	-	98,426	(4,468)	(59)
Net changes in fund balances	(13,540)	(3,596)	18,074	4,837	(2,121)	12,362
Fund balances at beginning of year	64,317	73,386	509,701	141,865	59,839	104,281
Fund balances at end of year	$ 50,777	$ 69,790	$ 527,775	$ 146,702	$ 57,718	$ 116,643

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Real Property Fund	San Francisco County Transportation Authority Fund	Senior Citizens Program Fund	Tax Increment Financing Districts Fund	War Memorial Fund	Total
Revenues:						
Property taxes	$ -	$ -	$ -	12,859	$ -	$ 348,252
Business taxes	-	-	-	-	-	490,955
Sales and use tax	-	108,250	-	-	-	108,250
Hotel room tax	-	-	-	-	-	31,817
Other local taxes	-	-	-	-	-	19,379
Licenses, permits, and franchises	-	4,520	-	-	-	15,018
Fines, forfeitures, and penalties	-	-	-	-	-	100,441
Interest and investment income	2,379	3,861	-	1,380	526	192,683
Rents and concessions	109,120	-	-	-	4,166	189,583
Intergovernmental:						
Federal	-	37,332	6,113	-	-	257,472
State	-	8,452	6,319	-	-	310,831
Other	852	2,438	-	-	-	10,339
Charges for services	622	-	-	-	695	153,559
Other	116	116	-	-	-	48,593
Total revenues	113,089	164,969	12,432	14,239	5,387	2,277,172
Expenditures:						
Current:						
Public protection	-	-	-	-	-	114,341
Public works, transportation and commerce	-	57,053	-	7,577	27	312,969
Human welfare and neighborhood development	-	-	12,625	-	-	1,464,957
Community health	-	-	-	-	-	276,055
Culture and recreation	1,265	-	-	-	21,122	367,435
General administration and finance	78,781	-	-	7,908	-	126,549
Distributions to other governments	-	-	-	-	-	51,597
Debt service:						
Principal retirement	-	15,642	-	465	-	16,649
Interest and other fiscal charges	5	4,924	-	6,511	-	13,855
Bond issuance costs	-	-	-	933	-	2,255
Total expenditures	80,051	77,619	12,625	23,394	21,149	2,746,662
Excess (deficiency) of revenues over (under) expenditures	33,038	87,350	(193)	(9,155)	(15,762)	(469,490)
Other financing sources (uses):						
Transfers in	-	8,490	120	-	16,044	493,200
Transfers out	(26,714)	(145,751)	-	(1,350)	(135)	(313,091)
Issuance of bonds:						
Face value of bonds issued	-	-	-	18,005	-	121,415
Discount on issuance of bonds	-	-	-	(189)	-	(189)
Premium on issuance of bonds	-	-	-	19	-	148
Inception of leases and subscriptions	-	488	-	-	-	488
Total other financing sources (uses)	(26,714)	(136,773)	120	16,485	15,909	301,971
Net changes in fund balances	6,324	(49,423)	(73)	7,330	147	(167,519)
Fund balances at beginning of year	38,597	43,819	(1,518)	25,181	8,856	3,129,833
Fund balances at end of year	$ 44,921	$ (5,604)	$ (1,591)	32,511	$ 9,003	$ 2,962,314

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds
Year Ended June 30, 2024
(In Thousands)

	Building Inspection Fund				Children and Families Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ 127,220	$ 178,696	$ 177,657	$ (1,039)
Business taxes	-	-	-	-	189,000	189,407	189,407	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	7,718	7,718	8,024	306	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Interest and investment income	1,922	1,922	2,514	592	12,007	23,017	24,929	1,912
Rents and concessions	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal	-	-	-	-	8,359	8,359	8,371	12
State	-	26	26	-	10,918	11,534	11,423	(111)
Other	-	-	-	-	-	-	-	-
Charges for services	47,057	47,163	46,556	(607)	2,000	92	92	-
Other	1,250	656	225	(431)	5,650	5,734	5,370	(364)
Total revenues	57,947	57,485	57,345	(140)	355,154	416,839	417,249	410
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	85,900	87,540	82,832	4,708	-	176	176	-
Human welfare and neighborhood development	-	-	-	-	490,922	464,247	454,052	10,195
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
General administration and finance	-	-	-	-	-	-	-	-
Distributions to other governments	-	-	-	-	-	51,597	51,597	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	85,900	87,540	82,832	4,708	490,922	516,020	505,825	10,195
Excess (deficiency) of revenues over (under) expenditures	(27,953)	(30,055)	(25,487)	4,568	(135,768)	(99,181)	(88,576)	10,605
Other financing sources (uses):								
Transfers in	-	-	-	-	156,655	158,155	158,155	-
Transfers out	-	-	-	-	(28,350)	(28,411)	(28,411)	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	(11,871)	-	-	-
Total other financing sources (uses)	-	-	-	-	116,434	129,744	129,744	-
Net changes in fund balances	(27,953)	(30,055)	(25,487)	4,568	(19,334)	30,563	41,168	10,605
Budgetary fund balances, July 1	27,953	76,835	76,835	-	19,334	691,280	691,280	-
Budgetary fund balances, June 30	$ -	$ 46,780	$ 51,348	$ 4,568	$ -	$ 721,843	$ 732,448	$ 10,605

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Community / Neighborhood Development Fund				Community Health Services Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	2,500	2,891	2,891	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	2,500	2,237	2,237	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	272	311	39	57,507	85,732	85,732	-
Interest and investment income	-	33,997	33,997	-	1,770	4,590	4,590	-
Rents and concessions	30	940	940	-	-	-	-	-
Intergovernmental:								
Federal	6,141	39,818	39,818	-	87,037	77,866	77,866	-
State	6,224	28,575	28,575	-	170,640	105,184	105,184	-
Other	-	1,910	1,910	-	-	-	-	-
Charges for services	17,320	15,161	15,076	(85)	130	1,703	1,703	-
Other	26,591	24,764	24,764	-	2,131	1,254	1,603	349
Total revenues	61,306	150,565	150,519	(46)	319,215	276,329	276,678	349
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	10,636	23,559	23,559	-	-	3,822	3,822	-
Human welfare and neighborhood development	87,480	538,675	536,223	2,452	632	1,481	1,481	-
Community health	-	-	-	-	318,583	203,699	203,699	-
Culture and recreation	2,259	282	282	-	-	-	-	-
General administration and finance	11,642	7,468	7,468	-	-	-	-	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	17,196	17,196	-	-	-	-	-
Interest and other fiscal charges	-	1,452	1,452	-	-	-	-	-
Bond issuance costs	-	546	546	-	-	-	-	-
Total expenditures	112,017	589,178	586,726	2,452	319,215	209,002	209,002	-
Excess (deficiency) of revenues over (under) expenditures	(50,711)	(438,613)	(436,207)	2,406	-	67,327	67,676	349
Other financing sources (uses):								
Transfers in	44,480	45,830	45,830	-	-	-	-	-
Transfers out	(8,850)	(15,503)	(15,503)	-	-	-	-	-
Issuance of commercial paper	-	671	671	-	-	-	-	-
Issuance of bonds	-	102,763	102,763	-	-	-	-	-
Budget reserves and designations	(39)	-	-	-	-	-	-	-
Total other financing sources (uses)	35,591	133,761	133,761	-	-	-	-	-
Net changes in fund balances	(15,120)	(304,852)	(302,446)	2,406	-	67,327	67,676	349
Budgetary fund balances, July 1	15,120	1,024,037	1,024,037	-	-	96,044	96,044	-
Budgetary fund balances, June 30	$ -	$ 719,185	$ 721,591	$ 2,406	$ -	$ 163,371	$ 163,720	$ 349

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2024
(In Thousands)

	Convention Facilities Fund				Culture and Recreation Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	34,499	31,817	31,817	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	11,000	-	-	-
Interest and investment income	-	270	270	-	-	533	533	-
Rents and concessions	52,422	52,211	64,472	12,261	1,375	817	770	(47)
Intergovernmental:								
Federal	-	-	-	-	60	20	20	-
State	-	-	-	-	130	158	158	-
Other	-	-	-	-	3,387	2,247	2,247	-
Charges for services	-	-	-	-	9,961	9,550	9,460	(90)
Other	-	8	8	-	1,796	1,097	1,097	-
Total revenues	52,422	52,489	64,750	12,261	62,208	46,239	46,102	(137)
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	-	12	12	-	1,175	863	863	-
Human welfare and neighborhood development	-	-	-	-	3,234	3,746	3,746	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	82,960	70,232	63,627	6,605	41,733	23,479	22,956	523
General administration and finance	-	-	-	-	17,574	16,590	16,590	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	27,712	506	506	-	409	542	542	-
Interest and other fiscal charges	-	-	-	-	1,049	916	916	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	110,672	70,750	64,145	6,605	65,174	46,136	45,613	523
Excess (deficiency) of revenues over (under) expenditures	(58,250)	(18,261)	605	18,866	(2,966)	103	489	386
Other financing sources (uses):								
Transfers in	-	-	-	-	1,402	5,564	5,564	-
Transfers out	-	(29,404)	(29,404)	-	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(29,404)	(29,404)	-	1,402	5,564	5,564	-
Net changes in fund balances	(58,250)	(47,665)	(28,799)	18,866	(1,564)	5,667	6,053	386
Budgetary fund balances, July 1	58,250	53,233	53,233	-	1,564	49,866	49,866	-
Budgetary fund balances, June 30	$ -	$ 5,568	$ 24,434	$ 18,866	$ -	$ 55,533	$ 55,919	$ 386

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2024
(In Thousands)

	Environmental Protection Fund				Gasoline Tax Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	4	4	-	-	-	-	-
Interest and investment income	-	-	-	-	42	1,224	2,268	1,044
Rents and concessions	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal	1,000	127	127	-	-	-	-	-
State	5,510	6,682	6,682	-	61,931	67,400	67,698	298
Other	-	-	-	-	-	-	-	-
Charges for services	1,121	989	976	(13)	-	-	-	-
Other	2,022	2,053	104	(1,949)	-	-	47	47
Total revenues	9,653	9,855	7,893	(1,962)	61,973	68,624	70,013	1,389
Expenditures:								
Current:								
Public protection	-	14	14	-	-	-	-	-
Public works, transportation and commerce	-	-	-	-	62,400	64,559	62,718	1,841
Human welfare and neighborhood development	11,092	11,650	9,856	1,794	-	-	-	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
General administration and finance	-	-	-	-	-	13	13	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	11,092	11,664	9,870	1,794	62,400	64,572	62,731	1,841
Excess (deficiency) of revenues over (under) expenditures	(1,439)	(1,809)	(1,977)	(168)	(427)	4,052	7,282	3,230
Other financing sources (uses):								
Transfers in	1,439	1,565	1,515	(50)	-	47	47	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,439	1,565	1,515	(50)	-	47	47	-
Net changes in fund balances	-	(244)	(462)	(218)	(427)	4,099	7,329	3,230
Budgetary fund balances, July 1	-	2,173	2,173	-	427	105,795	105,795	-
Budgetary fund balances, June 30	$ -	$ 1,929	$ 1,711	$ (218)	$ -	$ 109,894	$ 113,124	$ 3,230

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2024
(In Thousands)

	General Services Fund				Gift and Other Expendable Trusts Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	1,828	1,768	1,768	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	906	906	-
Interest and investment income	90	720	720	-	-	277	277	-
Rents and concessions	-	898	898	-	-	-	-	-
Intergovernmental:								
Federal	-	100	100	-	-	-	-	-
State	1,224	4,137	4,137	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Charges for services	1,645	1,231	1,231	-	-	20	20	-
Other	1,762	2,103	2,103	-	1,041	976	976	-
Total revenues	6,549	10,957	10,957	-	1,041	2,179	2,179	-
Expenditures:								
Current:								
Public protection	310	215	215	-	-	10	10	-
Public works, transportation and commerce	-	-	-	-	-	1,659	1,659	-
Human welfare and neighborhood development	-	68	68	-	-	764	764	-
Community health	-	-	-	-	255	107	107	-
Culture and recreation	-	844	844	-	786	1,016	1,016	-
General administration and finance	9,873	10,380	10,380	-	-	67	67	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	10,183	11,507	11,507	-	1,041	3,623	3,623	-
Excess (deficiency) of revenues over (under) expenditures	(3,634)	(550)	(550)	-	-	(1,444)	(1,444)	-
Other financing sources (uses):								
Transfers in	159	63	127	64	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	159	63	127	64	-	-	-	-
Net changes in fund balances	(3,475)	(487)	(423)	64	-	(1,444)	(1,444)	-
Budgetary fund balances, July 1	3,475	30,165	30,165	-	-	22,110	22,110	-
Budgetary fund balances, June 30	$ -	$ 29,678	$ 29,742	$ 64	$ -	$ 20,666	$ 20,666	$ -

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2024
(In Thousands)

	Golf Fund				Human Welfare Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	200	200	245	45
Fines, forfeitures, and penalties	-	-	-	-	-	-	3	3
Interest and investment income	-	161	449	288	288	5,167	5,167	-
Rents and concessions	4,678	4,678	4,867	189	-	-	-	-
Intergovernmental:								
Federal	-	7	7	-	63,598	45,698	45,698	-
State	-	2	2	-	71,074	41,171	42,005	834
Other	-	-	-	-	-	-	-	-
Charges for services	9,350	9,156	9,771	615	114	147	147	-
Other	-	-	-	-	2,245	727	727	-
Total revenues	14,028	14,004	15,096	1,092	137,519	93,110	93,992	882
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	-	-	-	-	-	5,605	5,605	-
Human welfare and neighborhood development	-	-	-	-	209,231	154,249	154,242	7
Community health	-	-	-	-	-	-	-	-
Culture and recreation	21,134	20,431	20,386	45	-	-	-	-
General administration and finance	-	-	-	-	-	-	-	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	21,134	20,431	20,386	45	209,231	159,854	159,847	7
Excess (deficiency) of revenues over (under) expenditures	(7,106)	(6,427)	(5,290)	1,137	(71,712)	(66,744)	(65,855)	889
Other financing sources (uses):								
Transfers in	-	-	-	-	71,712	71,452	71,452	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	71,712	71,452	71,452	-
Net changes in fund balances	(7,106)	(6,427)	(5,290)	1,137	-	4,708	5,597	889
Budgetary fund balances, July 1	7,106	10,051	10,051	-	-	20,401	20,401	-
Budgetary fund balances, June 30	$ -	$ 3,624	$ 4,761	$ 1,137	$ -	$ 25,109	$ 25,998	$ 889

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2024

(In Thousands)

	Low and Moderate Income Housing Asset Fund				Open Space and Park Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ 79,520	$ 79,520	$ 78,868	$ (652)
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Interest and investment income	-	3,545	3,545	-	-	272	2,057	1,785
Rents and concessions	5,000	4,165	4,165	-	-	-	-	-
Intergovernmental:								
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	145	145	140	(5)
Other	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other	-	1,367	1,367	-	-	6	6	-
Total revenues	5,000	9,077	9,077	-	79,665	79,943	81,071	1,128
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	-	-	-	-	-	3,135	3,135	-
Human welfare and neighborhood development	5,000	23,943	23,943	-	-	-	-	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	71,216	70,789	68,492	2,297
General administration and finance	-	-	-	-	-	3	3	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	5,000	23,943	23,943	-	71,216	73,927	71,630	2,297
Excess (deficiency) of revenues over (under) expenditures	-	(14,866)	(14,866)	-	8,449	6,016	9,441	3,425
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net changes in fund balances	-	(14,866)	(14,866)	-	8,449	6,016	9,441	3,425
Budgetary fund balances, July 1	-	71,617	71,617	-	(8,449)	76,072	76,072	-
Budgetary fund balances, June 30	$ -	$ 56,751	$ 56,751	$ -	$ -	$ 82,088	$ 85,513	$ 3,425

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2024

(In Thousands)

	Our City Our Home Fund				Public Library Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ 79,520	$ 79,520	$ 78,868	$ (652)
Business taxes	293,500	298,657	298,657	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Interest and investment income	12,596	27,659	27,659	-	222	507	1,350	843
Rents and concessions	-	217	217	-	4	4	-	(4)
Intergovernmental:								
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	250	1,866	1,861	(5)
Other	-	-	-	-	-	5	5	-
Charges for services	-	-	-	-	175	172	183	11
Other	-	170	170	-	-	777	777	-
Total revenues	306,096	326,703	326,703	-	80,171	82,851	83,044	193
Expenditures:								
Current:								
Public protection	-	234	234	-	-	-	-	-
Public works, transportation and commerce	-	3,377	3,377	-	-	15,718	15,718	-
Human welfare and neighborhood development	234,591	240,834	240,834	-	-	-	-	-
Community health	95,145	71,001	71,001	-	-	-	-	-
Culture and recreation	-	-	-	-	198,222	167,482	166,893	589
General administration and finance	2,240	1,366	1,366	-	-	3	3	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	331,976	316,812	316,812	-	198,222	183,203	182,614	589
Excess (deficiency) of revenues over (under) expenditures	(25,880)	9,891	9,891	-	(118,051)	(100,352)	(99,570)	782
Other financing sources (uses):								
Transfers in	-	-	-	-	102,810	103,820	103,820	-
Transfers out	-	-	-	-	-	(569)	(569)	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	(825)	(825)	-	825
Total other financing sources (uses)	-	-	-	-	101,985	102,426	103,251	825
Net changes in fund balances	(25,880)	9,891	9,891	-	(16,066)	2,074	3,681	1,607
Budgetary fund balances, July 1	25,880	529,971	529,971	-	16,066	146,719	146,719	-
Budgetary fund balances, June 30	$ -	$ 539,862	$ 539,862	$ -	$ -	$ 148,793	$ 150,400	$ 1,607

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Public Protection Fund				Public Works, Transportation and Commerce Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	18,470	17,142	17,142	-
Licenses, permits, and franchises	1,490	461	461	-	-	-	-	-
Fines, forfeitures, and penalties	5,788	12,149	12,149	-	-	382	412	30
Interest and investment income	-	342	342	-	-	1,395	1,395	-
Rents and concessions	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal	53,928	49,281	49,281	-	-	-	-	-
State	37,463	35,816	35,816	-	-	1,053	1,053	-
Other	-	27	27	-	550	3,293	3,293	-
Charges for services	3,221	21,943	21,943	-	32,665	45,626	45,146	(480)
Other	588	8,629	8,629	-	-	381	381	-
Total revenues	102,478	128,648	128,648	-	51,685	69,272	68,822	(450)
Expenditures:								
Current:								
Public protection	89,955	113,869	113,869	-	-	-	-	-
Public works, transportation and commerce	-	-	-	-	46,334	60,527	44,781	15,746
Human welfare and neighborhood development	8,257	6,985	6,985	-	18,368	16,284	15,198	1,086
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	60	60	-
General administration and finance	4,799	3,136	3,136	-	2,285	858	858	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	45	45	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	103,011	124,035	124,035	-	66,987	77,729	60,897	16,832
Excess (deficiency) of revenues over (under) expenditures	(533)	4,613	4,613	-	(15,302)	(8,457)	7,925	16,382
Other financing sources (uses):								
Transfers in	-	30	30	-	22,861	23,001	23,001	-
Transfers out	(1,354)	(990)	(990)	-	(19,890)	(19,384)	(19,384)	-
Issuance of commercial paper	-	1,077	1,077	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	(3,101)	(3,099)	-	3,099
Total other financing sources (uses)	(1,354)	117	117	-	(130)	518	3,617	3,099
Net changes in fund balances	(1,887)	4,730	4,730	-	(15,432)	(7,939)	11,542	19,481
Budgetary fund balances, July 1	1,887	80,174	80,174	-	15,432	108,066	108,066	-
Budgetary fund balances, June 30	$ -	$ 84,904	$ 84,904	$ -	$ -	$ 100,127	$ 119,608	$ 19,481

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Real Property Fund				San Francisco County Transportation Authority Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	112,357	106,165	108,250	2,085
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	10,222	8,500	8,490	(10)
Licenses, permits, and franchises	-	-	-	-	4,646	4,646	4,520	(126)
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Interest and investment income	-	150	159	9	1,622	1,967	3,861	1,894
Rents and concessions	14,077	108,892	109,089	197	-	-	-	-
Intergovernmental:								
Federal	-	18	18	-	37,180	49,664	37,332	(12,332)
State	-	5	5	-	13,039	12,932	8,452	(4,480)
Other	1,846	1,846	852	(994)	4,645	4,875	2,438	(2,437)
Charges for services	927	927	622	(305)	-	-	-	-
Other	532	532	115	(417)	-	66	116	50
Total revenues	17,382	112,370	110,860	(1,510)	183,711	188,815	173,459	(15,356)
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	-	-	-	-	237,822	228,313	202,316	25,997
Human welfare and neighborhood development	-	-	-	-	-	-	-	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	1,265	1,265	-	-	-	-	-
General administration and finance	530	82,626	78,781	3,845	-	-	-	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	17,004	818	-	818	14,545	14,545	15,642	(1,097)
Interest and other fiscal charges	-	5	5	-	7,186	7,280	4,924	2,356
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	17,534	84,714	80,051	4,663	259,553	250,138	222,882	27,256
Excess (deficiency) of revenues over (under) expenditures	(152)	27,656	30,809	3,153	(75,842)	(61,323)	(49,423)	11,900
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(24,580)	(24,580)	-	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	75,000	60,000	-	(60,000)
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(24,580)	(24,580)	-	75,000	60,000	-	(60,000)
Net changes in fund balances	(152)	3,076	6,229	3,153	(842)	(1,323)	(49,423)	(48,100)
Budgetary fund balances, July 1	152	39,132	39,132	-	43,819	43,819	43,819	-
Budgetary fund balances, June 30	$ -	$ 42,208	$ 45,361	$ 3,153	$ 42,977	$ 42,496	$ (5,604)	$ (48,100)

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2024

(In Thousands)

	Senior Citizens Program Fund				Tax Increment Financing Districts Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ 12,859	$ 12,859	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	1,264	1,264	-
Rents and concessions	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal	5,861	6,895	6,895	-	-	-	-	-
State	2,967	5,610	5,610	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	8,828	12,505	12,505	-	-	14,123	14,123	-
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	-	-	-	-	-	7,607	7,607	-
Human welfare and neighborhood development	8,828	12,505	12,505	-	-	-	-	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
General administration and finance	-	-	-	-	-	7,908	7,908	-
Distributions to other governments	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	465	465	-
Interest and other fiscal charges	-	-	-	-	-	6,511	6,511	-
Bond issuance costs	-	-	-	-	-	677	677	-
Total expenditures	8,828	12,505	12,505	-	-	23,168	23,168	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	(9,045)	(9,045)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,350)	(1,350)	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	17,580	17,580	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	16,230	16,230	-
Net changes in fund balances	-	-	-	-	-	7,185	7,185	-
Budgetary fund balances, July 1	-	-	-	-	-	25,268	25,268	-
Budgetary fund balances, June 30	$ -	$ -	$ -	$ -	$ -	$ 32,453	$ 32,453	$ -

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2024

(In Thousands)

	War Memorial Fund				Total			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ 286,260	$ 350,595	$ 348,252	$ (2,343)
Business taxes	-	-	-	-	485,000	490,955	490,955	-
Sales and use tax	-	-	-	-	112,357	106,165	108,250	2,085
Hotel room tax	-	-	-	-	34,499	31,817	31,817	-
Other local taxes	-	-	-	-	31,192	27,879	27,869	(10)
Licenses, permits, and franchises	-	-	-	-	15,882	14,793	15,018	225
Fines, forfeitures, and penalties	-	-	-	-	74,295	99,445	99,517	72
Interest and investment income	-	99	282	183	30,559	109,078	117,628	8,550
Rents and concessions	3,290	3,961	4,166	205	80,876	176,783	189,584	12,801
Intergovernmental:								
Federal	-	-	-	-	263,164	277,853	265,533	(12,320)
State	-	-	-	-	381,515	322,296	318,827	(3,469)
Other	-	-	-	-	10,428	14,203	10,772	(3,431)
Charges for services	514	618	695	77	126,200	154,498	153,621	(877)
Other	-	-	-	-	45,608	51,300	48,585	(2,715)
Total revenues	3,804	4,678	5,143	465	1,977,835	2,227,660	2,226,228	(1,432)
Expenditures:								
Current:								
Public protection	-	-	-	-	90,265	114,342	114,342	-
Public works, transportation and commerce	-	28	28	-	444,267	506,500	458,208	48,292
Human welfare and neighborhood development	-	-	-	-	1,077,635	1,475,431	1,459,897	15,534
Community health	-	-	-	-	413,983	274,807	274,807	-
Culture and recreation	20,801	21,939	21,122	817	439,111	377,819	366,943	10,876
General administration and finance	-	-	-	-	48,943	130,418	126,573	3,845
Distributions to other governments	-	-	-	-	-	51,597	51,597	-
Debt service:								
Principal retirement	-	-	-	-	59,670	34,072	34,351	(279)
Interest and other fiscal charges	-	-	-	-	8,235	16,209	13,853	2,356
Bond issuance costs	-	-	-	-	-	1,223	1,223	-
Total expenditures	20,801	21,967	21,150	817	2,582,109	2,982,418	2,901,794	80,624
Excess (deficiency) of revenues over (under) expenditures	(16,997)	(17,289)	(16,007)	1,282	(604,274)	(754,758)	(675,566)	79,192
Other financing sources (uses):								
Transfers in	16,237	16,237	16,044	(193)	417,755	425,764	425,585	(179)
Transfers out	-	-	-	-	(58,444)	(120,191)	(120,191)	-
Issuance of commercial paper	-	-	-	-	-	1,748	1,748	-
Issuance of bonds	-	-	-	-	75,000	180,343	120,343	(60,000)
Budget reserves and designations	-	-	-	-	(15,836)	(3,924)	-	3,924
Total other financing sources (uses)	16,237	16,237	16,044	(193)	418,475	483,740	427,485	(56,255)
Net changes in fund balances	(760)	(1,052)	37	1,089	(185,799)	(271,018)	(248,081)	22,937
Budgetary fund balances, July 1	760	9,027	9,027	-	228,776	3,311,855	3,311,855	-
Budgetary fund balances, June 30	$ -	$ 7,975	$ 9,064	$ 1,089	$ 42,977	$ 3,040,837	$ 3,063,774	$ 22,937

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds
Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
BUILDING INSPECTION FUND				
Public Works, Transportation and Commerce				
Building Inspection	$ 85,900	$ 87,540	$ 82,832	$ 4,708
Total Building Inspection Fund	85,900	87,540	82,832	4,708
CHILDREN AND FAMILIES FUND				
Public Works, Transportation and Commerce				
Public Works	-	176	176	-
Human Welfare and Neighborhood Development				
Child Support Services	13,515	13,517	13,110	407
Children, Youth and Their Families	248,404	241,365	231,577	9,788
Early Childhood	229,003	209,365	209,365	-
	490,922	464,247	454,052	10,195
Distributions to Other Governments				
Distributions to Other Governments	-	51,597	51,597	-
Total Children and Families Fund	490,922	516,020	505,825	10,195
COMMUNITY / NEIGHBORHOOD DEVELOPMENT FUND				
Public Works, Transportation and Commerce				
Economic and Workforce Development	10,128	15,152	15,152	-
Municipal Transportation Agency	-	81	81	-
Public Utilities Commission	-	9	9	-
Public Works	508	8,317	8,317	-
	10,636	23,559	23,559	-
Human Welfare and Neighborhood Development				
Children, Youth and Their Families	-	370	370	-
Early Childhood	6,768	5,017	5,017	-
Homelessness and Supportive Housing	-	9,972	9,972	-
Human Rights Commission	-	4,166	4,166	-
Mayor's Office	62,987	503,991	503,991	-
Rent Arbitration Board	17,725	15,159	12,707	2,452
	87,480	538,675	536,223	2,452
Culture and Recreation				
Arts Commission	-	232	232	-
Recreation and Park Commission	2,259	50	50	-
	2,259	282	282	-
General Administration and Finance				
General Services Agency - Administrative Services	2,915	1,935	1,935	-
Planning	8,727	5,533	5,533	-
	11,642	7,468	7,468	-
Total Community / Neighborhood Development Fund	112,017	569,984	567,532	2,452

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
COMMUNITY HEALTH SERVICES FUND				
Public Works, Transportation and Commerce				
Public Works	-	3,822	3,822	-
Human Welfare and Neighborhood Development				
Homelessness and Supportive Housing	632	1,481	1,481	-
Community Health				
Public Health	318,583	203,699	203,699	-
Total Community Health Services Fund	319,215	209,002	209,002	-
CONVENTION FACILITIES FUND				
Public Works, Transportation and Commerce				
Public Works	-	12	12	-
Culture and Recreation				
General Services Agency - Administrative Services	82,960	70,232	63,627	6,605
Total Convention Facilities Fund	82,960	70,244	63,639	6,605
CULTURE AND RECREATION FUND				
Public Works, Transportation and Commerce				
Economic and Workforce Development	1,175	712	712	-
Public Works	-	151	151	-
	1,175	863	863	-
Human Welfare and Neighborhood Development				
Mayor's Office	3,234	3,746	3,746	-
Culture and Recreation				
Arts Commission	17,608	12,817	12,817	-
Asian Art Museum	392	340	340	-
Fine Arts Museums	1,161	1,620	1,620	-
Recreation and Park Commission	22,572	8,702	8,179	523
	41,733	23,479	22,956	523
General Administration and Finance				
General Services Agency - Administrative Services	17,574	16,590	16,590	-
Total Culture and Recreation Fund	63,716	44,678	44,155	523
ENVIRONMENTAL PROTECTION FUND				
Public Protection				
Sheriff	-	14	14	-
Human Welfare and Neighborhood Development				
Environment	11,092	11,650	9,856	1,794
Total Environmental Protection Fund	11,092	11,664	9,870	1,794

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GASOLINE TAX FUND				
Public Works, Transportation and Commerce				
Municipal Transportation Agency	-	1,721	1,721	-
Public Utilities Commission	-	1,909	1,909	-
Public Works	62,400	60,929	59,088	1,841
	62,400	64,559	62,718	1,841
General Administration and Finance				
Telecommunications and Information Services	-	13	13	-
Total Gasoline Tax Fund	62,400	64,572	62,731	1,841
GENERAL SERVICES FUND				
Public Protection				
District Attorney	310	192	192	-
Juvenile Probation	-	23	23	-
	310	215	215	-
Human Welfare and Neighborhood Development				
Homelessness and Supportive Housing	-	68	68	-
Culture and Recreation				
Fine Arts Museums	-	844	844	-
General Administration and Finance				
Assessor/Recorder	3,307	2,406	2,406	-
Board of Supervisors	18	29	29	-
City Attorney	-	54	54	-
General Services Agency - Administrative Services	886	4,029	4,029	-
Human Resources	146	134	134	-
Mayor's Office	150	974	974	-
Telecommunications and Information Services	3,318	1,608	1,608	-
Treasurer/Tax Collector	2,048	1,146	1,146	-
	9,873	10,380	10,380	-
Total General Services Fund	10,183	11,507	11,507	-

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GIFT AND OTHER EXPENDABLE TRUSTS FUND				
Public Protection				
Police Department	-	10	10	-
Public Works, Transportation and Commerce				
Economic and Workforce Development	-	447	447	-
Public Works	-	1,212	1,212	-
	-	1,659	1,659	-
Human Welfare and Neighborhood Development				
Environment	-	8	8	-
Homelessness and Supportive Housing	-	352	352	-
Human Services	-	295	295	-
Mayor's Office	-	99	99	-
Status of Women	-	10	10	-
	-	764	764	-
Community Health				
Public Health	255	107	107	-
Culture and Recreation				
Arts Commission	-	162	162	-
Fine Arts Museums	-	222	222	-
Library	5	1	1	-
Recreation and Park Commission	781	555	555	-
War Memorial	-	76	76	-
	786	1,016	1,016	-
General Administration and Finance				
General Services Agency - Administrative Services	-	64	64	-
Telecommunications and Information Services	-	3	3	-
	-	67	67	-
Total Gift and Other Expendable Trusts Fund	1,041	3,623	3,623	-
GOLF FUND				
Culture and Recreation				
Recreation and Park Commission	21,134	20,431	20,386	45
Total Golf Fund	21,134	20,431	20,386	45

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
HUMAN WELFARE FUND				
Public Works, Transportation and Commerce				
Public Works	-	5,605	5,605	-
Human Welfare and Neighborhood Development				
Early Childhood	2,234	2,132	2,132	-
Homelessness and Supportive Housing	114,939	73,775	73,775	-
Human Services	91,858	78,139	78,139	-
Status of Women	200	203	196	7
	209,231	154,249	154,242	7
Total Human Welfare Fund	209,231	159,854	159,847	7
LOW AND MODERATE INCOME HOUSING ASSET FUND				
Human Welfare and Neighborhood Development				
Mayor's Office	5,000	23,943	23,943	-
Total Low and Moderate Income Housing Asset Fund	5,000	23,943	23,943	-
OPEN SPACE AND PARK FUND				
Public Works, Transportation and Commerce				
Public Works	-	3,135	3,135	-
Culture and Recreation				
Recreation and Park Commission	71,216	70,789	68,492	2,297
General Administration and Finance				
General Services Agency - Administrative Services	-	3	3	-
Total Open Space and Park Fund	71,216	73,927	71,630	2,297
OUR CITY OUR HOME FUND				
Public Protection				
Adult Probation	-	51	51	-
Emergency Management	-	181	181	-
Fire Department	-	2	2	-
	-	234	234	-
Public Works, Transportation and Commerce				
Public Works	-	3,377	3,377	-
Human Welfare and Neighborhood Development				
Homelessness and Supportive Housing	234,591	176,594	176,594	-
Mayor's Office	-	64,240	64,240	-
	234,591	240,834	240,834	-
Community Health				
Public Health	95,145	71,001	71,001	-
General Administration and Finance				
Controller	1,270	406	406	-
Treasurer/Tax Collector	970	960	960	-
	2,240	1,366	1,366	-
Total Our City Our Home Fund	331,976	316,812	316,812	-

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PUBLIC LIBRARY FUND				
Public Works, Transportation and Commerce				
Public Works	-	15,718	15,718	-
Culture and Recreation				
Arts Commission	-	5	5	-
Library	198,222	167,477	166,888	589
	198,222	167,482	166,893	589
General Administration and Finance				
Telecommunications and Information Services	-	3	3	-
Total Public Library Fund	198,222	183,203	182,614	589
PUBLIC PROTECTION FUND				
Public Protection				
Adult Probation	3,585	1,694	1,694	-
District Attorney	8,014	9,311	9,311	-
Emergency Management	40,943	34,023	34,023	-
Fire Department	-	5,311	5,311	-
Juvenile Probation	16,115	14,274	14,274	-
Police Department	15,352	44,194	44,194	-
Public Defender	1,844	2,691	2,691	-
Sheriff	4,102	2,371	2,371	-
	89,955	113,869	113,869	-
Human Welfare and Neighborhood Development				
Children, Youth and Their Families	8,257	5,062	5,062	-
Status of Women	-	1,923	1,923	-
	8,257	6,985	6,985	-
General Administration and Finance				
City Attorney	4,799	3,077	3,077	-
General Services Agency - Administrative Services	-	59	59	-
	4,799	3,136	3,136	-
Total Public Protection Fund	103,011	123,990	123,990	-
PUBLIC WORKS, TRANSPORTATION AND COMMERCE FUND				
Public Works, Transportation and Commerce				
Municipal Transportation Agency	-	66	66	-
Public Works	46,334	60,441	44,695	15,746
Public Utilities Commission	-	20	20	-
	46,334	60,527	44,781	15,746
Human Welfare and Neighborhood Development				
Environment	18,368	16,284	15,198	1,086
Culture and Recreation				
Arts Commission	-	8	8	-
Recreation and Park Commission	-	52	52	-
	-	60	60	-
General Administration and Finance				
Controller	862	593	593	-
Planning	550	18	18	-
Treasurer/Tax Collector	873	247	247	-
	2,285	858	858	-
Total Public Works, Transportation and Commerce Fund	66,987	77,729	60,897	16,832

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REAL PROPERTY FUND				
Culture and Recreation				
Recreation and Park Commission	-	1,265	1,265	-
General Administration and Finance				
General Services Agency - Administrative Services	530	82,626	78,781	3,845
Total Real Property Fund	530	83,891	80,046	3,845
SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY FUND				
Public Works, Transportation and Commerce				
Board of Supervisors	237,822	228,313	202,316	25,997
Total SF County Transportation Authority Fund	237,822	228,313	202,316	25,997
SENIOR CITIZENS PROGRAM FUND				
Human Welfare and Neighborhood Development				
Human Services	8,828	12,505	12,505	-
Total Senior Citizens Program Fund	8,828	12,505	12,505	-
TAX INCREMENT FINANCING DISTRICTS FUND				
Public Works, Transportation and Commerce				
Port	-	7,607	7,607	-
General Administration and Finance				
General Services Agency - Administrative Services	-	7,908	7,908	-
Total Tax Increment Financing Districts Fund	-	15,515	15,515	-
WAR MEMORIAL FUND				
Public Works, Transportation and Commerce				
Public Works	-	28	28	-
Culture and Recreation				
War Memorial	20,801	21,939	21,122	817
Total War Memorial Fund	20,801	21,967	21,150	817
Total Special Revenue Funds With Legally Adopted Budgets	$ 2,514,204	$ 2,930,914	$ 2,852,367	$ 78,547

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Debt Service Funds
June 30, 2024
(In Thousands)

	General Obligation Bond Fund	Certificates of Participation Funds	Other Bond Funds	Total
Assets:				
Deposits and investments with City Treasury	$ 188,175	$ -	$ -	$ 188,175
Deposits and investments outside City Treasury	18	60,194	182	60,394
Receivables:				
Property taxes and penalties	4,518	-	-	4,518
Interest and other	3,896	255	1	4,152
Total assets	$ 196,607	$ 60,449	$ 183	$ 257,239
Liabilities:				
Accounts payable	$ -	$ 4	$ -	$ 4
Due to other funds	-	40	-	40
Unearned revenues and other liabilities	36,471	416	-	36,887
Total liabilities	36,471	460	-	36,931
Deferred inflows of resources	4,386	-	-	4,386
Fund balances:				
Restricted	155,750	59,989	183	215,922
Total fund balances	155,750	59,989	183	215,922
Total liabilities, deferred inflows of resources and fund balances	$ 196,607	$ 60,449	$ 183	$ 257,239

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Debt Service Funds
Year Ended June 30, 2024
(In Thousands)

	General Obligation Bond Fund	Certificates of Participation Funds	Other Bond Funds	Total
Revenues:				
Property taxes	$ 380,120	$ -	$ -	$ 380,120
Fines, forfeitures, and penalties	16,159	-	-	16,159
Interest and investment income	15,412	4,063	10	19,485
Intergovernmental				
State	660	-	-	660
Other	1,260	-	-	1,260
Total revenues	413,611	4,063	10	417,684
Expenditures:				
Debt service:				
Principal retirement	179,681	40,985	3,530	224,196
Interest and other fiscal charges	95,054	49,181	199	144,434
Bond issuance costs	1,371	1,266	-	2,637
Payment to refunded bond escrow agent	144,039	15,759	-	159,798
Total expenditures	420,145	107,191	3,729	531,065
Deficiency of revenues under expenditures	(6,534)	(103,128)	(3,719)	(113,381)
Other financing sources (uses):				
Transfers in	54	87,699	3,889	91,642
Issuance of bonds:				
Face value of refunding debt issued	340,615	214,585	-	555,200
Premium on issuance of refunding debt	42,096	24,127	-	66,223
Payment to refunded bond escrow agent	(381,322)	(237,419)	-	(618,741)
Total other financing sources (uses)	1,443	88,992	3,889	94,324
Net changes in fund balances	(5,091)	(14,136)	170	(19,057)
Fund balances at beginning of year	160,841	74,125	13	234,979
Fund balances at end of year	$ 155,750	$ 59,989	$ 183	$ 215,922

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Debt Service Fund
Year Ended June 30, 2024
(In Thousands)

	General Obligation Bond Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	$ 390,983	$ 390,983	$ 380,120	$ (10,863)
Fines, forfeitures, and penalties	18,240	18,240	16,159	(2,081)
Interest and investment income	-	-	12,425	12,425
Intergovernmental				
State	700	700	660	(40)
Other	5,811	5,811	1,260	(4,551)
Total revenues	415,734	415,734	410,624	(5,110)
Expenditures:				
Debt service:				
Principal retirement	310,776	179,681	179,681	-
Interest and other fiscal charges	105,121	95,054	95,054	-
Bond issuance costs	-	894	894	-
Payment to refunded bond escrow agent	-	144,039	144,039	-
Total expenditures	415,897	419,668	419,668	-
Deficiency of revenues under expenditures	(163)	(3,934)	(9,044)	(5,110)
Other financing sources (uses):				
Transfers in	-	54	54	-
Issuance of bonds:				
Face value of refunding debt issued	-	340,615	340,615	-
Premium on issuance of refunding debt	-	41,619	41,619	-
Payment to refunded bond escrow agent	-	(381,322)	(381,322)	-
Total other financing sources (uses)	-	966	966	-
Net changes in fund balance	(163)	(2,968)	(8,078)	(5,110)
Budgetary fund balance, July 1	163	165,445	165,445	-
Budgetary fund balance, June 30	$ -	$ 162,477	$ 157,367	$ (5,110)

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Capital Projects Funds
June 30, 2024
(In Thousands)

	City Facilities Improvement Fund	Recreation and Park Projects Fund	Street Improvement Fund	Total
Assets:				
Deposits and investments with City Treasury	$ 356,684	$ 12,114	$ -	$ 368,798
Deposits and investments outside City Treasury	115,219	-	26,419	141,638
Receivables:				
Federal and state grants and subventions	-	12,209	5,348	17,557
Interest and other	4,123	153	(116)	4,160
Due from other funds	-	-	22,864	22,864
Total assets	$ 476,026	$ 24,476	$ 54,515	$ 555,017
Liabilities:				
Accounts payable	$ 26,484	$ 4,399	$ 6,984	$ 37,867
Accrued payroll	1,237	48	316	1,601
Unearned grant and subvention revenues	-	5,583	-	5,583
Due to other funds	3,037	-	30,144	33,181
Unearned revenues and other liabilities	66	-	4,264	4,330
Bonds, loans, leases, and other payables	28,005	-	-	28,005
Total liabilities	58,829	10,030	41,708	110,567
Deferred inflows of resources	-	8,504	3,778	12,282
Fund balances:				
Restricted	417,197	5,942	9,029	432,168
Total fund balances	417,197	5,942	9,029	432,168
Total liabilities, deferred inflows of resources and fund balances	$ 476,026	$ 24,476	$ 54,515	$ 555,017

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Capital Projects Funds
Year Ended June 30, 2024
(In Thousands)

	City Facilities Improvement Fund	Recreation and Park Projects Fund	Street Improvement Fund	Total
Revenues:				
Interest and investment income	$ 23,497	$ 611	$ 751	$ 24,859
Rents and concessions	-	-	202	202
Intergovernmental:				
Federal	-	-	1,031	1,031
State	-	24,948	2,641	27,589
Other	-	-	173	173
Other	-	6,032	-	6,032
Total revenues	23,497	31,591	4,798	59,886
Expenditures:				
Debt service:				
Interest and other fiscal charges	1,557	1	4	1,562
Bond issuance costs	436	-	258	694
Capital outlay	119,693	34,407	49,483	203,583
Total expenditures	121,686	34,408	49,745	205,839
Deficiency of revenues under expenditures	(98,189)	(2,817)	(44,947)	(145,953)
Other financing sources (uses):				
Transfers in	513	-	24,172	24,685
Transfers out	(15,034)	(3)	(652)	(15,689)
Issuance of bonds:				
Face value of bonds issued	49,970	-	30,070	80,040
Premium on issuance of bonds	1,335	-	804	2,139
Total other financing sources (uses)	36,784	(3)	54,394	91,175
Net changes in fund balances	(61,405)	(2,820)	9,447	(54,778)
Fund balances at beginning of year	478,602	8,762	(418)	486,946
Fund balances at end of year	$ 417,197	$ 5,942	$ 9,029	$ 432,168

CITY AND COUNTY OF SAN FRANCISCO

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

Central Shops Fund – Accounts for Central Shops equipment (primarily vehicle) maintenance service charges and the related billings to various departments.

Finance Corporation – Accounts for the lease financing services provided by the Finance Corporation to City departments. The City established the Finance Corporation Internal Service fund because its sole purpose is to provide lease financing to the City.

Reproduction Fund – Accounts for printing, design and mail services required by various City departments and agencies.

Telecommunications and Information Fund – Accounts for centralized telecommunications activities in the City's Wide Area Network, radio communication and telephone systems. In addition, it accounts for application support provided to many department-specific and citywide systems, management of the City's Web site, operations of the City's mainframe computers and technology training provided to the City, the related billings to various departments for specific services performed and operating support from the General Fund.

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Net Position
Internal Service Funds
June 30, 2024
(In Thousands)

	Central Shops Fund	Finance Corporation	Reproduction Fund	Telecommunications & Information Fund	Total
Assets:					
Current assets:					
Deposits and investments with City Treasury	$ 7,598	$ -	$ 2,183	$ 67,173	$ 76,954
Receivables:					
Charges for services	30	-	25	-	55
Interest and other	27	15	-	165	207
Leases	-	13,359	-	386	13,745
Restricted assets:					
Deposits and investments outside City Treasury	-	4,405	-	-	4,405
Total current assets	7,655	17,779	2,208	67,724	95,366
Noncurrent assets:					
Receivables: Leases	-	54,655	-	6,408	61,063
Capital assets:					
Land and other assets not being depreciated/amortized	74	-	-	239	313
Facilities and equipment, net of depreciation/amortization	191	-	529	46,830	47,550
Total capital assets	265	-	529	47,069	47,863
Total noncurrent assets	265	54,655	529	53,477	108,926
Total assets	7,920	72,434	2,737	121,201	204,292
Deferred outflows of resources:					
Unamortized loss on refunding of debt	-	509	-	-	509
Pensions	6,064	-	-	18,154	24,218
OPEB	3,355	-	-	6,078	9,433
Total deferred outflows of resources	9,419	509	-	24,232	34,160
Liabilities:					
Current liabilities:					
Accounts payable	1,105	37	281	9,019	10,442
Accrued payroll	852	-	140	2,905	3,897
Accrued vacation and sick leave pay	509	-	-	2,495	3,004
Accrued workers' compensation	-	-	-	266	266
Bonds, loans, leases, and other payables	-	13,105	70	19,385	32,560
Accrued interest payable	-	574	1	608	1,183
Unearned revenues and other liabilities	-	407	11	34	452
Total current liabilities	2,466	14,123	503	34,712	51,804
Noncurrent liabilities:					
Accrued vacation and sick leave pay	480	-	-	2,471	2,951
Accrued workers' compensation	-	-	-	1,112	1,112
Bonds, loans, leases, and other payables	-	58,657	-	20,039	78,696
Net pension liability	9,199	-	-	28,909	38,108
Net other postemployment benefits (OPEB) liability	17,832	-	-	28,726	46,558
Total noncurrent liabilities	27,511	58,657	-	81,257	167,425
Total liabilities	29,977	72,780	503	115,969	219,229
Deferred inflows of resources:					
Unamortized gain on refunding of debt	-	163	-	-	163
Pensions	549	-	-	2,296	2,845
OPEB	2,737	-	-	4,290	7,027
Leases	-	-	-	6,668	6,668
Total deferred inflows of resources	3,286	163	-	13,254	16,703
Net position:					
Net investment in capital assets	265	-	458	7,037	7,760
Unrestricted (deficit)	(16,189)	-	1,776	9,173	(5,240)
Total net position	$ (15,924)	$ -	$ 2,234	$ 16,210	$ 2,520

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2024
(In Thousands)

	Central Shops Fund	Finance Corporation	Reproduction Fund	Telecom-munications & Information Fund	Total
Operating revenues:					
Charges for services	$ 44,820	$ -	$ 10,681	$ 146,518	$ 202,019
Rents and concessions	-	-	-	489	489
Total operating revenues	44,820	-	10,681	147,007	202,508
Operating expenses:					
Personnel services	16,178	-	2,871	56,299	75,348
Contractual services	6,234	-	6,293	38,362	50,889
Materials and supplies	15,107	-	339	3,025	18,471
Depreciation and amortization	65	-	199	25,300	25,564
General and administrative	93	-	15	429	537
Services provided by other departments	3,132	-	862	17,309	21,303
Other	-	-	-	1,733	1,733
Total operating expenses	40,809	-	10,579	142,457	193,845
Operating income	4,011	-	102	4,550	8,663
Nonoperating revenues (expenses):					
Operating grants: State / other	71	-	-	-	71
Interest and investment income	58	1,698	42	2,402	4,200
Interest expense	-	(2,322)	(1)	(960)	(3,283)
Other, net	-	624	2	55	681
Total nonoperating revenues (expenses)	129	-	43	1,497	1,669
Income before transfers	4,140	-	145	6,047	10,332
Transfers in	-	-	-	300	300
Transfers out	(58)	-	(42)	(2,284)	(2,384)
Change in net position	4,082	-	103	4,063	8,248
Net position (deficit) at beginning of year	(20,006)	-	2,131	12,147	(5,728)
Net position (deficit) at end of year	$ (15,924)	$ -	$ 2,234	$ 16,210	$ 2,520

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2024
(In Thousands)

	Central Shops Fund	Finance Corporation	Reproduction Fund	Telecom-munications & Information Fund	Total
Cash flows from operating activities:					
Cash received from customers	$ 44,864	$ 14,990	$ 10,688	$ 147,320	$ 217,862
Cash paid for employees' services	(17,078)	-	(2,880)	(51,456)	(71,414)
Cash paid to suppliers for goods and services	(24,842)	(277)	(7,639)	(60,598)	(93,356)
Net cash provided by operating activities	2,944	14,713	169	35,266	53,092
Cash flows from noncapital financing activities:					
Operating grants	71	-	-	-	71
Transfers in	-	-	-	300	300
Transfers out	(58)	-	(42)	(2,284)	(2,384)
Net cash provided by (used in) noncapital financing activities	13	-	(42)	(1,984)	(2,013)
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	-	(56)	(907)	(963)
Retirement of lease, subscriptions and bonds	-	(14,455)	(72)	(25,788)	(40,315)
Interest paid on debt	-	(2,440)	(1)	(565)	(3,006)
Net cash used in capital and related financing activities	-	(16,895)	(129)	(27,260)	(44,284)
Cash flows from investing activities:					
Interest and investment income	-	138	-	122	260
Other investing activities	58	-	42	2,284	2,384
Net cash provided by investing activities	58	138	42	2,406	2,644
Change in cash and cash equivalents	3,015	(2,044)	40	8,428	9,439
Cash and cash equivalents at beginning of year	4,583	6,449	2,143	58,745	71,920
Cash and cash equivalents at end of year	$ 7,598	$ 4,405	$ 2,183	$ 67,173	$ 81,359
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	$ 4,011	$ -	$ 102	$ 4,550	$ 8,663
Adjustments for non-cash and other activities:					
Depreciation and amortization	65	-	199	25,300	25,564
Other	-	-	2	54	56
Changes in assets and deferred outflows of resources/liabilities and deferred inflows of resources:					
Receivables, net	44	14,455	1	313	14,813
Accounts payable	(276)	-	(130)	260	(146)
Accrued payroll	4	-	(9)	221	216
Accrued vacation and sick leave pay	57	-	-	293	350
Accrued workers' compensation	-	-	-	38	38
Unearned revenue and other liabilities	-	258	4	-	262
Related to leases	-	-	-	(53)	(53)
Net pension liability and pension related deferred outflows and inflows of resources	317	-	-	2,165	2,482
Net OPEB liability and OPEB related deferred outflows and inflows of resources	(1,278)	-	-	2,125	847
Total adjustments	(1,067)	14,713	67	30,716	44,429
Net cash provided by operating activities	$ 2,944	$ 14,713	$ 169	$ 35,266	$ 53,092
Reconciliation of cash and cash equivalents to the combining statement of net position:					
Deposits and investments with City Treasury:					
Unrestricted	$ 7,598	$ -	$ 2,183	$ 67,173	$ 76,954
Deposits and investments outside City Treasury:					
Restricted	-	4,405	-	-	4,405
Total deposits and investments	7,598	4,405	2,183	67,173	81,359
Cash and cash equivalents at end of year on statement of cash flows	$ 7,598	$ 4,405	$ 2,183	$ 67,173	$ 81,359
Non-cash capital and related financing activities:					
Acquisition of capital assets via leases and subscriptions	$ -	$ -	$ -	$ 39,534	$ 39,534

CITY AND COUNTY OF SAN FRANCISCO

FIDUCIARY FUNDS

Pension and Other Employee Benefit Trust Funds are used to record assets from employee and employer contributions and investment earnings which are held for employee benefits.

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.

Retiree Health Care Trust - Accounts for the contributions from employees, City contributions and the earnings and profits from investment of monies. Disbursements are to be made for benefits, expenses and other charges properly allocable to the trust fund.

Custodial Funds are used to report fiduciary activities that are not reported in Pension and Other Employee Benefit Trust Funds, Private-Purpose Trust Funds, or Investment Trust Funds.

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.

Community Facilities Districts Fund – Accounts for the activities of various Community Facilities Districts and Special Tax Districts which have been established for the purpose of financing facilities and services.

Deposits Fund – Accounts for external 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.

Medical Reimbursement Accounts Fund – Accounts for balances in Medical Reimbursement Accounts held by the City pursuant to the Health Care Security Ordinance.

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.

Successor Agency Custodial Fund – Accounts for the custodial funds of the Successor Agency.

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.

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

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Fiduciary Net Position
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds
June 30, 2024
(In Thousands)

	Pension Trust Fund	Other Employee Benefit Trust Fund	Other Post-employment Benefit Trust Fund	
	Employees' Retirement System	**Health Service System**	**Retiree Health Care Trust**	**Total**
Assets:				
Deposits and investments with City Treasury	$ 31,027	$ 116,755	$ 2,306	$ 150,088
Deposits and investments outside City Treasury:				
Cash and deposits	20,032	-	-	20,032
Short-term investments	377,444	-	11,573	389,017
Debt securities	3,005,036	-	260,706	3,265,742
Equity securities	10,571,473	-	720,527	11,292,000
Real assets	5,208,475	-	33,929	5,242,404
Private equity and other alternative investments	16,228,212	-	214,256	16,442,468
Foreign currency contracts, net	(447)	-	-	(447)
Invested securities lending collateral	843,391	-	-	843,391
Receivables:				
Employer and employee contributions	24,742	30,755	8,073	63,570
Brokers, general partners and others	130,971	-	18,694	149,665
Interest and other	26,695	1,732	1,429	29,856
Other assets	-	7,384	-	7,384
Total assets	36,467,051	156,626	1,271,493	37,895,170
Deferred outflows related to OPEB	2,379	-	-	2,379
Liabilities:				
Accounts payable	49,356	6,491	149	55,996
Estimated claims payable	-	36,543	-	36,543
Payable to brokers	144,760	-	1,298	146,058
Payable to borrowers of securities	843,380	-	-	843,380
Other liabilities	-	4,272	-	4,272
Net OPEB liability	12,346	-	-	12,346
Total liabilities	1,049,842	47,306	1,447	1,098,595
Deferred inflows related to OPEB	1,922	-	-	1,922
Net position restricted for:				
Pensions	35,417,666	-	-	35,417,666
Postemployment healthcare benefits	-	-	1,270,046	1,270,046
Individuals, organizations, and other governments	-	109,320	-	109,320
Restricted for pension and other employee benefits	$ 35,417,666	$ 109,320	$ 1,270,046	$ 36,797,032

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds
Year Ended June 30, 2024
(In Thousands)

	Pension Trust Fund Employees' Retirement System	Other Employee Benefit Trust Fund Health Service System	Other Post-employment Benefit Trust Fund Retiree Health Care Trust	Total
Additions:				
Employee contributions	$ 427,512	$ 205,693	$ 83,331	$ 716,536
Employer contributions	672,618	939,068	298,155	1,909,841
Total contributions	1,100,130	1,144,761	381,486	2,626,377
Investment income (expenses):				
Interest	103,757	5,441	13,373	122,571
Dividends	96,293	-	-	96,293
Net appreciation in fair value of investments	2,441,921	1,958	147,799	2,591,678
Securities lending income	38,775	-	-	38,775
Total investment income	2,680,746	7,399	161,172	2,849,317
Less investment expenses:				
Other investment expenses	(93,048)	-	(711)	(93,759)
Net investment income	2,587,698	7,399	160,461	2,755,558
Total additions, net	3,687,828	1,152,160	541,947	5,381,935
Deductions:				
Benefit payments	1,905,845	1,147,584	239,940	3,293,369
Refunds of contributions	26,201	-	-	26,201
Administrative expenses	26,544	-	386	26,930
Total deductions	1,958,590	1,147,584	240,326	3,346,500
Change in net position	1,729,238	4,576	301,621	2,035,435
Net position at beginning of year	33,688,428	104,744	968,425	34,761,597
Net position at end of year	$ 35,417,666	$ 109,320	$ 1,270,046	$ 36,797,032

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Fiduciary Net Position
Fiduciary Funds
Custodial Funds
June 30, 2024
(In Thousands)

	Assistance Program Fund	Community Facilities Districts Fund	Deposits Fund
Assets:			
Deposits and investments with City Treasury	$ 19,307	$ 69	$ 26,886
Deposits and investments outside City Treasury:			
Cash and deposits	-	180,904	161
Federal and state grants and subventions	-	-	-
Charges for services	-	-	3
Taxes	-	-	-
Interest and other	206	916	25
Restricted assets:			
Deposits and investments outside City Treasury	-	-	-
Total assets	19,513	181,889	27,075
Liabilities:			
Accounts payable	-	9,150	537
Custodial obligations to State of California	-	-	-
Taxes payable to other governments	-	-	-
Other liabilities	-	-	-
Total liabilities	-	9,150	537
Net position restricted for:			
Individuals, organizations, and other governments	$ 19,513	$ 172,739	$ 26,538

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Fiduciary Net Position
Fiduciary Funds
Custodial Funds (Continued)
June 30, 2024
(In Thousands)

	Medical Reimbursement Accounts Fund	State Revenue Collection Fund	Successor Agency Custodial Fund
Assets:			
Deposits and investments with City Treasury	$ 906,356	$ 1,944	$ 51,210
Deposits and investments outside City Treasury:			
Cash and deposits	-	-	-
Federal and state grants and subventions	-	-	-
Charges for services	-	-	-
Taxes	-	-	-
Interest and other	9,656	1	530
Restricted assets:			
Deposits and investments outside City Treasury	-	-	28,858
Total assets	916,012	1,945	80,598
Liabilities:			
Accounts payable	2,081	16	57
Custodial obligations to State of California	-	1,929	-
Taxes payable to other governments	-	-	-
Other liabilities	-	-	-
Total liabilities	2,081	1,945	57
Net position restricted for:			
Individuals, organizations, and other governments	$ 913,931	$ -	$ 80,541

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Fiduciary Net Position
Fiduciary Funds
Custodial Funds (Continued)
June 30, 2024
(In Thousands)

	Tax Collection Fund	Other	Total
Assets:			
Deposits and investments with City Treasury	$ 131,934	$ 56,446	$ 1,194,152
Deposits and investments outside City Treasury:			
Cash and deposits	-	-	181,065
Federal and state grants and subventions	-	8,262	8,262
Charges for services	-	-	3
Taxes	176,318	-	176,318
Interest and other	12	431	11,777
Restricted assets:			
Deposits and investments outside City Treasury	-	-	28,858
Total assets	308,264	65,139	1,600,435
Liabilities:			
Accounts payable	6	6,505	18,352
Custodial obligations to State of California	-	-	1,929
Taxes payable to other governments	191,256	7,052	198,308
Other liabilities	117,002	-	117,002
Total liabilities	308,264	13,557	335,591
Net position restricted for:			
Individuals, organizations, and other governments	$ -	$ 51,582	$ 1,264,844

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Custodial Funds
Year Ended June 30, 2024
(In Thousands)

	Assistance Program Fund	Community Facilities Districts Fund	Deposits Fund
Additions:			
Property taxes	$ -	$ 44,846	$ -
Interest and investment income	931	11,505	1,275
Custodial additions	1,137	-	25,920
Other additions	-	52,310	-
Total additions, net	2,068	108,661	27,195
Deductions:			
Interest on debt	-	35,827	-
Property taxes distributed to other governments	-	-	-
Custodial distributions to State	-	-	-
Other custodial deductions	1,133	65,736	26,444
Total deductions	1,133	101,563	26,444
Change in net position	935	7,098	751
Net position at beginning of year	18,578	165,641	25,787
Net position at end of year	$ 19,513	$ 172,739	$ 26,538

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Custodial Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Medical Reimbursement Accounts Fund	State Revenue Collection Fund	Successor Agency Custodial Fund
Additions:			
Property taxes	$ -	$ -	$ 20,259
Interest and investment income	43,931	43	3,360
Custodial additions	25,392	14,469	2,727
Other additions	-	-	-
Total additions, net	69,323	14,512	26,346
Deductions:			
Interest on debt	-	-	-
Property taxes distributed to other governments	-	-	-
Custodial distributions to State	-	14,512	-
Other custodial deductions	32,457	-	19,680
Total deductions	32,457	14,512	19,680
Change in net position	36,866	-	6,666
Net position at beginning of year	877,065	-	73,875
Net position at end of year	$ 913,931	$ -	$ 80,541

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Custodial Funds (Continued)
Year Ended June 30, 2024
(In Thousands)

	Tax Collection Fund	Other	Total
Additions:			
Property taxes	$ 5,124,421	$ 223,191	$ 5,412,717
Interest and investment income	23,393	1,408	85,846
Custodial additions	-	73,395	143,040
Other additions	-	-	52,310
Total additions, net	5,147,814	297,994	5,693,913
Deductions:			
Interest on debt	-	-	35,827
Property taxes distributed to other governments	5,147,814	223,429	5,371,243
Custodial distributions to State	-	-	14,512
Other custodial deductions	-	76,280	221,730
Total deductions	5,147,814	299,709	5,643,312
Change in net position	-	(1,715)	50,601
Net position at beginning of year	-	53,297	1,214,243
Net position at end of year	$ -	$ 51,582	$ 1,264,844

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Fund Balance – General Fund
Fiscal Years 2019-20 through 2023-24
(In Thousands)

	2019-20	2020-21	2021-22	2022-23	2023-24
Restricted for rainy day (Economic Stabilization account)	$229,069	$114,539	$114,539	$114,539	$114,539
Committed for budget stabilization (citywide)	362,607	320,637	320,637	330,010	330,010
Committed for Recreation & Parks savings reserve	803	-	-	-	-
Assigned, not available for appropriation					
Assigned for encumbrances	394,912	407,137	462,668	424,301	431,461
Assigned for appropriation carryforward	630,759	753,776	940,213	840,748	569,737
Assigned for salaries and benefits	25,371	5,088	17,921	27,927	1,807
Assigned for Self-Insurance	-	42,454	45,567	46,496	43,362
Assigned for Hotel Tax Loss Contingency	-	6,000	3,500	3,500	-
Total Fund Balance Not Available for Appropriation	1,643,521	1,649,631	1,905,045	1,787,521	1,490,916
Assigned and unassigned, available for appropriation					
Assigned for litigation and contingencies	160,314	173,591	235,133	259,230	282,731
Assigned for subsequent year's budget	370,405	173,989	307,743	122,701	226,708
Unassigned for General Reserve	78,498	78,333	57,696	64,707	135,714
Unassigned - Budgeted for use second budget year	84	-	149,695	291,710	228,502
Unassigned - Projected for use third and fourth budget year	-	-	163,400	81,190	154,861
Unassigned - Contingency for second budget year	510,400	-	-	-	-
Unassigned - COVID-19 Response and Economic Contingency Reserve	-	113,500	13,999	-	-
Unassigned - Federal & State Emergency Revenue Reserve	-	100,000	81,300	81,300	81,300
Unassigned - Conditional Increment Reserve	-	-	-	-	402
Unassigned - Fiscal Cliff Reserve	-	293,900	229,750	220,432	182,425
Unassigned - Business Tax Stabilization Reserve	-	149,000	29,454	29,454	29,454
Unassigned - Gross Receipts Prepayment Reserve	-	26,000	-	-	-
Unassigned - Other Reserve	-	13,807	1,021	22,234	21
Unassigned - Available for future appropriation	18,283	31,784	39,795	3,126	-
Total Fund Balance Available for Appropriation	1,137,984	1,153,904	1,308,986	1,176,084	1,322,118
Total Fund Balance, Budget Basis	2,781,505	2,803,535	3,214,031	2,963,605	2,813,034
Budgeted Basis to GAAP Basis Reconciliation					
Total Fund Balance - Budget Basis	2,781,505	2,803,535	3,214,031	2,963,605	2,813,034
Unrealized gain or loss on investments	36,626	3,978	(156,403)	(158,859)	(79,138)
Nonspendable fund balance	1,274	2,714	4,134	1,174	1,001
Cumulative Excess Property Tax Revenues Recognized on Budget Basis	(20,655)	(31,745)	(32,874)	(40,685)	(54,052)
Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis	(139,590)	(120,569)	(118,791)	(111,163)	(114,312)
Inventories	33,212	17,925	-	-	-
Pre-paid lease revenue, lease receivables, and deferred inflows (net)	(6,450)	(5,734)	(4,954)	(5,935)	(2,923)
Total Fund Balance, GAAP Basis	$2,685,922	$2,670,104	$2,905,143	$2,648,137	$2,563,610

CITY AND COUNTY OF SAN FRANCISCO

General Fund Schedule of Revenues, Expenditures, and Changes In Fund Balance[1]

Fiscal Years 2019-20 through 2023-24
(In Thousands)

	2019-20	2020-21	2021-22	2022-23	2023-24
Revenues:					
Property Taxes[2]	$ 2,075,002	$ 2,332,864	$ 2,336,071	$ 2,459,052	$ 2,526,392
Business Taxes	822,154	722,642	861,172	850,593	868,932
Other Local Taxes[3]	996,180	709,018	1,115,553	1,108,545	1,036,816
Licenses, Permits And Franchises	25,318	12,332	32,078	28,953	29,702
Fines, Forfeitures, And Penalties	3,705	4,508	5,755	3,191	6,484
Interest And Investment Income	65,459	(1,605)	(93,447)	68,319	180,387
Rents And Concessions	9,816	5,111	10,668	11,775	11,764
Intergovernmental	1,183,341	1,607,803	1,795,395	1,339,711	1,393,646
Charges For Services	229,759	230,048	238,438	243,234	281,393
Other	62,218	46,434	23,265	29,677	42,268
Total Revenues	5,472,952	5,669,155	6,324,948	6,143,050	6,377,784
Expenditures:					
Public Protection	1,479,195	1,498,514	1,562,797	1,654,953	1,730,773
Public Works, Transportation and Commerce	203,350	204,973	232,078	265,019	241,299
Human Welfare and Neighborhood Development	1,252,865	1,562,982	1,478,115	1,577,163	1,617,231
Community Health	909,261	1,056,590	1,002,047	967,381	947,867
Culture and Recreation	155,164	145,405	159,056	172,832	186,187
General Administration & Finance	304,073	314,298	298,742	301,748	293,959
General City Responsibilities	129,941	113,913	156,870	189,570	168,497
Total Expenditures	4,433,849	4,896,675	4,889,705	5,128,666	5,185,813
Excess Of Revenues Over Expenditures	1,039,103	772,480	1,435,243	1,014,384	1,191,971
Other Sources (Uses):					
Transfers In	87,618	343,498	84,107	119,361	155,223
Transfers Out	(1,157,822)	(1,166,855)	(1,209,383)	(1,316,074)	(1,354,857)
Other	-	(338)	(74,928)	(74,677)	(76,864)
Total Other Sources (Uses)	(1,070,204)	(823,695)	(1,200,204)	(1,271,390)	(1,276,498)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(31,101)	(51,215)	235,039	(257,006)	(84,527)
Total Fund Balance at Beginning of Year	2,717,023	2,685,922	2,670,104	2,905,143	2,648,137
Cumulative Effect of accounting change	-	35,397	-	-	-
Total Fund Balances at End of Year - GAAP Basis	$ 2,685,922	$ 2,670,104	$ 2,905,143	$ 2,648,137	$ 2,563,610
Assigned for Subsequent Year's Appropriations and Unassigned Fund Balance, Year End					
-- GAAP Basis	$ 395,776	$ 179,077	$ 325,664	$ 150,628	$ 228,515
-- Budget Basis	896,172	901,980	1,016,157	852,147	903,673

[1] Summary of financial information derived from City ACFRs. Fund balances include amounts reserved for rainy day (Economic Stabilization and One-time Spending amounts), encumbrances, appropriation carryforwards and other purposes (as required by the Charter or appropriate accounting practices) as well as unreserved designated and undesignated available fund balances (which amounts constitute unrestricted General Fund balances). Other includes debt service net of capital outlay and inception of leases/SBITAs.

[2] The City recognized $548.0 million of "Excess Educational Revenue Augmentation Fund (ERAF)" revenue in FY 2018-19, representing FY16-17, FY17-18, and FY18-19 (3 fiscal years) of ERAF. Please see "GENERAL FUND REVENUES - Property Taxation" for more information about Excess ERAF.

[3] Other Local Taxes includes sales, hotel, utility users, parking, sugar sweetened beverage, stadium admissions, access line, and cannabis taxes (effective January 1, 2022).

STATISTICAL SECTION

CITY AND COUNTY OF SAN FRANCISCO

Statistical Section

This section of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources:
Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY AND COUNTY OF SAN FRANCISCO

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2015 (1)	2016	2017	2018 (3)	2019	2020	2021 (4)	2022 (5)	2023 (6)	2024
Governmental activities										
Net investment in capital assets	$ 2,684,808	$ 2,750,782	$ 2,873,927	$ 3,311,218	$ 3,681,341	$ 3,853,271	$ 3,927,209	$ 4,183,166	$ 4,491,155	$ 4,797,684
Restricted for:										
Reserve for rainy day	114,969	120,106	125,689	143,977	324,977	229,069	114,539	114,359	114,539	114,539
Debt service	87,772	83,029	108,179	136,132	104,720	113,765	136,571	152,808	156,851	150,786
Capital projects	28,263	198,962	257,634	196,598	186,015	297,975	256,804	299,063	319,105	324,619
Community development	297,094	433,398	434,691	427,684	624,127	628,484	1,267,587	1,255,903	998,679	698,199
Transportation Authority activities	13,486	15,657	16,189	17,499	21,554	28,673	42,420	56,868	72,024	65,292
Building inspection programs	109,512	134,663	150,109	155,448	166,510	162,182	130,927	101,447	74,418	55,575
Children and families	100,892	105,177	115,284	134,548	181,248	187,538	511,810	621,973	669,822	721,272
Culture, recreation, grants and other purposes	209,399	240,524	265,444	319,595	415,236	470,912	505,112	582,898	656,619	983,289
Unrestricted (deficit)	(2,358,981)	(2,073,235)	(2,560,735)	(2,950,722)	(2,804,237)	(2,838,247)	(3,133,782)	(2,037,466)	(2,030,666)	(2,097,259)
Total governmental activities net position	$ 1,287,214	$ 2,009,063	$ 1,786,411	$ 1,891,977	$ 2,901,491	$ 3,133,622	$ 3,759,197	$ 5,331,019	$ 5,522,546	$ 5,813,996
Business-type activities										
Net investment in capital assets	$ 5,117,679	$ 5,690,741	$ 5,752,069	$ 6,176,022	$ 6,764,333	$ 7,013,098	$ 7,003,396	$ 6,763,452	$ 6,851,218	$ 6,445,958
Restricted for:										
Debt service	100,923	127,073	202,262	294,499	331,118	316,671	242,381	158,479	171,232	285,932
Capital projects	358,745	340,896	394,634	515,072	556,980	523,169	510,813	651,052	1,014,138	1,296,948
Other purposes	35,986	70,505	93,696	294,122	165,675	116,861	301,944	358,526	10,174	12,206
Unrestricted (deficit)	(335,083)	(231,379)	(670,759)	(1,492,713)	(1,117,385)	(1,004,826)	(1,162,508)	(435,349)	(168,113)	365,498
Total business-type activities net position	$ 5,278,250	$ 5,997,836	$ 5,771,902	$ 5,787,002	$ 6,700,721	$ 6,964,973	$ 6,896,026	$ 7,496,160	$ 7,878,649	$ 8,406,542
Primary government										
Net investment in capital assets (2)	$ 7,520,698	$ 8,151,422	$ 8,321,778	$ 9,157,665	$ 10,048,870	$ 10,474,620	$ 10,561,206	$ 10,561,965	$ 10,935,272	$ 10,875,656
Restricted for:										
Reserve for rainy day	114,969	120,106	125,689	143,977	324,977	229,069	114,539	114,359	114,539	114,539
Debt service	188,695	210,102	310,441	430,631	435,838	430,436	378,952	311,287	328,083	436,718
Capital projects (2)	330,213	423,132	569,948	569,115	692,052	793,888	646,400	771,576	1,208,105	1,552,536
Community development	297,094	433,398	434,691	427,684	624,127	628,484	1,267,587	1,255,903	998,679	698,199
Transportation Authority activities	13,486	15,657	16,189	17,499	21,554	28,673	42,420	56,868	72,024	65,292
Building inspection programs	109,512	134,663	150,109	155,448	166,510	162,182	130,927	101,447	74,418	55,575
Children and families	100,892	105,177	115,284	134,548	181,248	187,538	511,810	621,973	669,822	721,272
Culture, recreation, grants and other purposes	245,385	311,029	359,140	613,717	580,911	587,773	807,056	941,424	666,793	995,495
Unrestricted (deficit) (2)	(2,355,480)	(1,897,787)	(2,844,956)	(3,971,305)	(3,473,875)	(3,424,068)	(3,805,674)	(1,909,623)	(1,666,540)	(1,294,744)
Total primary government activities net position	$ 6,565,464	$ 8,006,899	$ 7,558,313	$ 7,678,979	$ 9,602,212	$ 10,098,595	$ 10,655,223	$ 12,827,179	$ 13,401,195	$ 14,220,538

Notes:

(1) In fiscal year 2015, the City adopted the provisions of GASB Statement Nos.68 and 71. As restatement of all prior periods is not practical, the cumulative effect of applying these statements is reported as a restatement of beginning net position as of July 1, 2014.

(2) Certain net position reclassifications were made to reflect the primary government as a whole perspective since fiscal year 2019. See Note 10(d) in the Notes to Basic Financial Statements for details.

(3) In fiscal year 2018, the City adopted the provisions of GASB Statement No. 75. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017.

(4) In fiscal year 2021, the City adopted the provisions of GASB Statement No. 84. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2020.

(5) In fiscal year 2022, the City adopted the provisions of GASB Statement Nos. 87 and 89. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement No. 87 is reported as a restatement of beginning net position as of July 1, 2021.

(6) In fiscal year 2023, the City adopted the provisions of GASB Statement Nos. 94 and 96. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement Nos. 94 and 96 is reported as a restatement of beginning net position as of July 1, 2022.

CITY AND COUNTY OF SAN FRANCISCO

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2015 (1)	2016	2017	2018 (2)	2019	2020	2021 (3)	2022 (4)	2023 (5)	2024
Expenses										
Governmental activities:										
Public protection	$ 1,108,200	$ 1,222,549	$ 1,692,224	$ 1,496,749	$ 1,496,341	$ 1,661,262	$ 1,744,103	$ 1,252,725	$ 1,671,702	$ 1,903,640
Public works, transportation and commerce	270,454	418,978	387,423	321,577	331,717	362,133	530,087	336,059	446,286	501,421
Human welfare and neighborhood development	1,073,652	1,233,403	1,543,047	1,552,060	1,720,425	2,137,968	2,384,993	2,332,530	2,883,425	3,090,344
Community health	735,040	747,071	868,628	914,512	960,422	1,148,208	1,241,282	1,151,847	1,206,314	1,256,673
Culture and recreation	355,676	311,028	539,516	425,668	594,219	519,015	467,251	398,314	537,393	590,549
General administration and finance	249,823	246,383	337,209	430,711	330,358	416,370	475,428	335,772	482,618	477,594
Distributions to other governments	-	-	-	-	-	-	-	47,296	49,113	51,597
General City responsibilities	94,577	113,490	145,247	118,956	156,907	119,693	100,077	129,138	175,522	160,887
Unallocated interest on long-term debt and cost of issuance	115,030	115,357	113,264	138,048	153,220	145,600	144,334	155,467	155,749	173,043
Total governmental activities expenses	4,002,452	4,408,259	5,626,558	5,398,281	5,743,609	6,510,249	7,087,555	6,139,148	7,608,122	8,205,748
Business-type activities:										
Airport	853,338	900,621	1,122,802	1,092,154	1,067,265	1,344,734	1,294,064	1,175,430	1,278,517	1,416,013
Transportation	1,018,251	1,106,420	1,468,586	1,304,254	1,304,358	1,438,417	1,327,418	1,076,249	1,439,742	1,660,266
Port	88,436	91,449	118,361	102,667	123,116	131,884	142,126	110,108	127,817	148,226
Water	438,885	470,254	572,509	536,068	536,480	576,140	627,875	606,409	666,970	739,346
Power	149,438	153,472	198,621	202,366	314,471	392,669	411,605	477,202	544,742	570,557
Hospitals	996,395	1,050,618	1,370,154	1,294,045	1,236,823	1,332,648	1,376,112	1,300,196	1,419,409	1,621,045
Sewer	239,556	244,289	273,077	264,298	304,010	296,842	318,976	326,952	343,018	554,132
Total business-type activities expenses	3,784,299	4,017,123	5,124,110	4,795,852	4,886,523	5,513,334	5,498,176	5,072,546	5,820,215	6,709,585
Total primary government expenses	$ 7,786,751	$ 8,425,382	$ 10,750,668	$ 10,194,133	$ 10,630,132	$ 12,023,583	$ 12,585,731	$ 11,211,694	$ 13,428,337	$ 14,915,333
Program Revenues										
Governmental activities:										
Charges for services:										
Public protection	$ 70,444	$ 86,164	$ 83,896	$ 87,614	$ 121,848	$ 105,508	$ 85,593	$ 101,317	$ 103,361	$ 121,608
Public works, transportation and commerce	128,661	130,410	148,804	157,416	164,578	138,328	136,455	102,094	133,565	109,064
Human welfare and neighborhood development	96,012	273,986	164,755	82,925	134,839	212,743	207,974	237,611	170,535	147,158
Community health	93,130	90,078	68,601	104,335	101,678	107,078	120,141	87,248	91,056	425,354
Culture and recreation	98,302	98,205	97,614	125,776	136,928	127,196	42,676	92,549	135,998	151,761
General administration and finance	89,403	52,417	45,385	73,235	99,278	97,130	80,780	108,893	188,245	152,485
General City responsibilities	37,031	45,922	37,367	54,136	56,027	66,885	57,943	55,587	66,925	71,488
Operating grants and contributions	1,165,340	1,289,902	1,263,262	1,279,900	1,392,516	1,518,051	1,925,539	2,185,343	1,762,809	1,867,598
Capital grants and contributions	48,233	24,795	19,493	63,181	233,184	146,400	130,937	105,459	150,625	109,202
Total governmental activities program revenues	1,826,556	2,091,879	1,929,177	2,028,518	2,440,876	2,519,319	2,788,038	3,076,101	2,803,119	3,155,718
Business-type activities:										
Charges for services:										
Airport	815,364	866,991	926,800	1,063,802	980,443	943,879	515,416	821,253	1,064,104	1,401,390
Transportation	499,584	495,296	500,030	511,984	505,159	390,285	207,288	315,543	350,188	352,802
Port	95,296	99,733	113,353	109,769	122,033	108,863	94,330	120,951	128,667	134,589
Water	426,047	419,516	460,331	525,639	542,391	583,351	581,612	573,117	691,091	676,890
Power	147,803	164,736	189,979	191,963	345,386	421,284	391,171	480,447	583,477	630,438
Hospitals	894,718	922,320	873,221	967,936	1,014,124	1,092,622	1,070,390	1,167,993	1,213,925	1,274,589
Sewer	256,002	261,775	277,341	315,096	331,081	344,128	327,665	368,882	363,936	395,041
Operating grants and contributions	191,101	199,623	270,167	217,506	251,757	455,673	710,059	545,636	444,009	535,623
Capital grants and contributions	357,819	374,924	353,046	456,166	467,069	361,266	231,890	185,816	235,952	387,080
Total business-type activities program revenues	3,683,734	3,804,914	3,964,268	4,359,861	4,559,443	4,701,351	4,129,821	4,579,638	5,075,349	5,788,442
Total primary government program revenues	$ 5,510,290	$ 5,896,793	$ 5,893,445	$ 6,388,379	$ 7,000,319	$ 7,220,670	$ 6,917,859	$ 7,655,739	$ 7,878,468	$ 8,944,160

Notes:

(1) In fiscal year 2014-15, the City adopted the provisions of GASB Statement Nos. 68 and 71. As restatement of all prior periods is not practical, the cumulative effect of applying these statements is reported as a restatement of beginning net position as of July 1, 2014.

(2) In fiscal year 2017-18, the City adopted the provisions of GASB Statement No. 75. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017.

(3) In fiscal year 2020-21, the City adopted the provisions of GASB Statement No. 84. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2020.

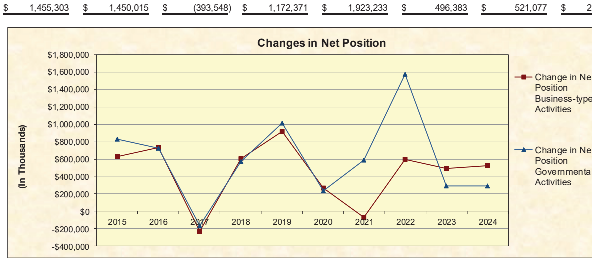
(4) In fiscal year 2021-22, the City adopted the provisions of GASB Statement Nos. 87 and 89. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement No. 87 is reported as a restatement of beginning net position as of July 1, 2021.

(5) In fiscal year 2022-23, the City adopted the provisions of GASB Statement Nos. 94 and 96. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement Nos. 94 and 96 is reported as a restatement of beginning net position as of July 1, 2022.

CITY AND COUNTY OF SAN FRANCISCO

CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2015 (1)	2016	2017	2018 (2)	2019	2020	2021 (3)	2022 (4)	2023 (5)	2024
Net (expenses)/revenue										
Governmental activities	$ (2,175,896)	$ (2,316,380)	$ (3,697,381)	$ (3,369,763)	$ (3,302,733)	$ (3,990,930)	$ (4,299,517)	$ (3,063,047)	$ (4,805,003)	$ (5,050,030)
Business-type activities	(100,565)	(212,209)	(1,159,842)	(435,991)	(327,080)	(811,983)	(1,368,355)	(492,908)	(744,866)	(921,143)
Total primary government net expenses	$ (2,276,461)	$ (2,528,589)	$ (4,857,223)	$ (3,805,754)	$ (3,629,813)	$ (4,802,913)	$ (5,667,872)	$ (3,555,955)	$ (5,549,869)	$ (5,971,173)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 1,640,383	$ 1,808,917	$ 1,951,696	$ 2,363,863	$ 2,581,308	$ 2,733,334	$ 2,972,067	$ 3,004,800	$ 3,167,382	$ 3,216,572
Business taxes	611,932	660,926	702,331	899,142	919,552	833,931	1,894,604	1,326,675	1,290,918	1,359,887
Sales and use tax	240,424	270,051	291,395	293,916	329,296	279,453	233,393	293,155	309,385	298,778
Hotel room tax	394,262	387,661	370,344	382,176	408,348	280,970	37,698	174,609	278,961	283,020
Utility users tax	98,979	98,651	101,203	94,460	93,918	94,231	81,367	105,225	110,661	121,931
Other local taxes	451,994	399,882	542,567	424,187	515,435	474,859	453,852	676,304	564,753	492,533
Interest and investment income (loss)	20,737	24,048	35,240	46,020	178,350	142,181	10,688	(160,687)	157,267	420,223
Other	46,906	59,266	182,933	71,834	88,788	63,552	67,838	80,295	99,471	69,536
Transfers - internal activities of primary government	(504,791)	(671,173)	(647,942)	(753,283)	(802,748)	(679,450)	(861,966)	(866,631)	(885,106)	(921,000)
Special item	-	-	-	116,690	-	-	-	-	-	-
Total governmental activities	3,000,826	3,038,229	3,529,767	3,939,005	4,312,247	4,223,061	4,889,541	4,633,745	5,093,692	5,341,480
Business-type activities:										
Interest and investment income (loss)	25,999	28,566	28,547	39,010	182,666	151,319	(3,066)	(108,628)	108,704	326,355
Other	200,148	240,636	257,419	246,827	237,045	245,466	440,508	327,454	240,145	201,681
Transfers - internal activities of primary government	504,791	671,173	647,942	753,283	802,748	679,450	861,966	866,631	885,106	921,000
Special item	-	-	-	-	18,340	-	-	-	-	-
Total business-type activities	730,938	940,375	933,908	1,039,120	1,240,799	1,076,235	1,299,408	1,085,457	1,233,955	1,449,036
Total primary government	$ 3,731,764	$ 3,978,604	$ 4,463,675	$ 4,978,125	$ 5,553,046	$ 5,299,296	$ 6,188,949	$ 5,719,202	$ 6,327,647	$ 6,790,516
Change in Net Position										
Governmental activities	$ 824,930	$ 721,849	$ (167,614)	$ 569,242	$ 1,009,514	$ 232,131	$ 590,024	$ 1,570,698	$ 288,689	$ 291,450
Business-type activities	630,373	728,166	(225,934)	603,129	913,719	264,252	(68,947)	592,549	489,089	527,893
Total primary government	$ 1,455,303	$ 1,450,015	$ (393,548)	$ 1,172,371	$ 1,923,233	$ 496,383	$ 521,077	$ 2,163,247	$ 777,778	$ 819,343



Notes:

(1) In fiscal year 2014-15, the City adopted the provisions of GASB Statement Nos. 68 and 71. As restatement of all prior periods is not practical, the cumulative effect of applying these statements is reported as a restatement of beginning net position as of July 1, 2014.

(2) In fiscal year 2017-18, the City adopted the provisions of GASB Statement No.75. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017.

(3) In fiscal year 2020-21, the City adopted the provisions of GASB Statement No.84. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2020.

(4) In fiscal year 2021-22, the City adopted the provisions of GASB Statement Nos. 87 and 89. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement No. 87 is reported as a restatement of beginning net position as of July 1, 2021.

(5) In fiscal year 2022-23, the City adopted the provisions of GASB Statement Nos. 94 and 96. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement Nos. 94 and 96 is reported as a restatement of beginning net position as of July 1, 2022.

CITY AND COUNTY OF SAN FRANCISCO

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	$ 24,786	$ 522	$ 525	$ 1,512	$ 1,259	$ 1,274	$ 2,714	$ 4,134	$ 1,174	$ 1,001
Restricted	114,969	120,106	125,689	143,977	324,977	229,069	114,539	114,539	114,539	114,539
Committed	142,815	187,170	327,607	371,698	397,563	363,410	320,637	320,637	330,010	330,010
Assigned	705,076	879,567	1,088,288	1,291,499	1,361,787	1,581,761	1,562,035	2,012,745	1,724,903	1,555,806
Unassigned	157,550	241,797	328,594	413,255	631,437	510,408	670,179	453,088	477,511	562,254
Total general fund	$ 1,145,196	$ 1,429,162	$ 1,870,703	$ 2,221,941	$ 2,717,023	$ 2,685,922	$ 2,670,104	$ 2,905,143	$ 2,648,137	$ 2,563,610
All other governmental funds										
Nonspendable	$ 329	$ 82	$ 82	$ 82	$ 140	$ 82	$ 82	$ 124	$ 356	$ 81
Restricted	1,110,836	1,443,956	1,701,020	2,232,040	2,309,105	2,229,282	3,384,275	3,615,837	3,565,843	3,346,783
Assigned	66,740	66,085	78,413	124,076	114,640	125,319	224,658	259,607	291,062	275,507
Unassigned	(34,158)	(103,811)	(245,445)	(904)	(331)	(729)	(1,920)	(1,041)	(1,936)	(7,276)
Total other governmental funds	$ 1,143,747	$ 1,406,312	$ 1,534,070	$ 2,355,294	$ 2,423,554	$ 2,353,954	$ 3,607,095	$ 3,874,527	$ 3,855,325	$ 3,615,095

CITY AND COUNTY OF SAN FRANCISCO

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Property taxes	$ 1,642,159	$ 1,798,776	$ 1,937,694	$ 2,171,601	$ 2,765,473	$ 2,654,937	$ 2,964,753	$ 2,998,200	$ 3,157,038	$ 3,254,764
Business taxes	611,932	660,926	702,331	899,142	919,552	833,931	1,894,604	1,326,675	1,290,918	1,359,887
Sales and use tax	240,424	267,443	291,710	296,209	329,296	279,453	233,393	293,155	309,385	298,778
Hotel room tax	394,262	387,661	370,344	382,176	408,348	280,970	37,698	174,609	278,961	283,020
Utility users tax	98,979	98,651	101,203	94,460	93,918	94,231	81,367	105,225	110,661	121,931
Other local taxes	451,994	399,882	542,567	424,187	515,435	474,859	453,829	676,327	564,753	492,533
Licenses, permits and franchises	42,959	43,722	44,397	43,180	43,416	38,472	27,186	46,834	43,156	44,720
Fines, forfeitures and penalties	28,154	36,169	30,798	34,220	48,896	43,830	74,273	44,581	44,322	123,084
Interest and investment income (loss)	20,583	23,931	35,089	45,890	177,832	141,638	10,688	(160,819)	156,887	417,595
Rent and concessions	99,102	135,865	100,544	105,284	155,346	118,865	76,313	131,450	184,208	201,549
Intergovernmental:										
Federal	465,196	416,823	411,369	421,024	442,328	590,697	907,362	1,096,707	635,680	650,161
State	751,574	776,866	823,012	875,402	964,916	990,264	1,105,834	1,207,042	1,293,904	1,339,144
Other	15,774	85,872	13,814	16,993	13,630	26,483	26,890	20,081	8,938	12,436
Charges for services	359,044	392,665	378,437	415,569	437,540	398,405	376,113	397,270	387,553	434,952
Other	123,605	264,722	188,311	186,034	246,010	214,359	182,826	186,499	207,346	99,223
Total revenues	5,345,741	5,789,974	5,971,620	6,411,371	7,561,936	7,181,394	8,453,129	8,543,836	8,673,710	9,133,777
Expenditures:										
Public protection	1,210,157	1,269,000	1,323,577	1,378,754	1,460,186	1,551,125	1,576,456	1,644,421	1,749,187	1,845,114
Public works, transportation and commerce	293,999	416,152	332,693	441,868	428,378	488,697	458,154	471,415	505,421	554,268
Human welfare and neighborhood development	1,095,419	1,252,588	1,424,425	1,499,216	1,698,081	2,070,388	2,339,937	2,539,914	2,998,446	3,082,188
Community health	753,832	776,612	712,495	815,762	918,330	1,026,915	1,170,730	1,181,711	1,168,603	1,223,922
Culture and recreation	352,852	364,909	390,038	424,794	453,554	460,157	417,106	464,643	513,127	553,720
General administration and finance	251,370	277,729	303,113	312,441	346,154	392,629	395,792	377,185	439,767	420,508
Distributions to other governments	-	-	-	-	-	-	-	47,296	49,113	51,597
General City responsibilities	98,658	114,684	121,447	110,920	144,808	129,941	113,913	156,870	189,570	168,497
Debt service:										
Principal retirement	200,497	252,456	283,356	381,141	326,416	296,875	356,986	439,550	400,960	309,124
Interest and other fiscal charges	121,371	119,723	125,091	136,925	168,839	150,646	154,958	173,656	181,463	168,436
Bond issuance costs	2,734	7,108	2,695	8,934	876	4,455	7,864	3,330	5,747	5,586
Payment to refunded bond escrow agent	-	-	-	-	-	8,905	7,167	7,768	-	159,798
Capital outlay	412,740	223,904	297,089	337,741	323,979	454,137	275,638	250,764	220,917	353,221
Total expenditures	4,793,629	5,074,865	5,316,019	5,848,496	6,269,601	7,034,870	7,274,701	7,758,523	8,422,321	8,895,979
Excess of revenues over expenditures	552,112	715,109	655,601	562,875	1,292,335	146,524	1,178,428	785,313	251,389	237,798

CITY AND COUNTY OF SAN FRANCISCO

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other financing sources (uses):										
Transfers in	556,287	580,737	641,123	625,147	853,553	701,391	963,647	757,902	702,230	764,750
Transfers out	(1,061,086)	(1,251,800)	(1,222,163)	(1,398,562)	(1,654,966)	(1,380,325)	(1,825,686)	(1,626,205)	(1,587,557)	(1,683,666)
Issuance of bonds and loans:										
Face value of bonds issued	155,620	472,325	276,570	1,293,595	72,420	393,310	823,665	468,380	267,975	201,455
Face value of refunding debt issued	293,910	123,600	-	-	-	222,315	161,870	414,205	-	555,200
Face value of loans issued	136,763	-	46,000	-	-	-	-	-	-	-
Premium on issuance of bonds	69,833	32,845	12,432	76,243	-	73,759	93,427	124,411	6,364	68,510
Discount on issuance of bonds	-	-	-	-	-	-	-	-	-	(189)
Payment to refunded bond escrow agent	(359,225)	(131,935)	-	-	-	(257,675)	(193,579)	(463,448)	-	(618,741)
Proceeds from sale of capital assets	-	-	122,000	-	-	-	-	-	-	-
Other financing sources - capital leases	7,750	5,650	37,736	2,027	-	-	-	-	-	-
Inception of lease and subscriptions	-	-	-	-	-	-	-	41,913	72,033	150,126
Total other financing sources (uses)	(200,148)	(168,578)	(86,302)	598,450	(728,993)	(247,225)	23,344	(282,842)	(538,955)	(562,555)
Special item	-	-	-	11,137	-	-	-	-	-	-
Net change in fund balances	$ 351,964	$ 546,531	$ 569,299	$ 1,172,462	$ 563,342	$ (100,701)	$ 1,201,772	$ 502,471	$ (287,566)	$ (324,757)
Debt service as a percentage of noncapital expenditures	7.55%	7.98%	8.46%	9.75%	8.51%	7.06%	7.42%	8.50%	7.39%	5.75%
Debt service as a percentage of total expenditures	6.71%	7.33%	7.68%	8.86%	7.90%	6.36%	7.04%	7.90%	6.92%	5.37%

CITY AND COUNTY OF SAN FRANCISCO

ASSESSED VALUE OF TAXABLE PROPERTY (1)(3)(4)

Last Ten Fiscal Years
(In Thousands)

	Assessed Value			Exemptions (2)			Total Taxable	Total
Fiscal Year	Real Property	Personal Property	Total	Non-reim-bursable	Reim-bursable	Redevelopment Tax Increments	Assessed Value	Direct Tax Rate
2015	$ 186,530,855	$ 4,392,133	$ 190,922,988	$ 8,173,599	$ 656,490	$ 15,730,217	$ 166,362,682	1.00%
2016	197,889,670	4,667,489	202,557,159	8,252,472	654,116	15,798,019	177,852,552	1.00%
2017	216,357,277	5,003,459	221,360,736	9,061,126	647,177	17,057,074	194,595,359	1.00%
2018	240,129,959	5,033,413	245,163,372	11,372,719	638,914	20,790,719	212,361,020	1.00%
2019	268,211,395	5,398,846	273,610,241	15,056,415	627,379	21,989,616	235,936,831	1.00%
2020	289,711,888	7,346,098	297,057,986	17,689,802	617,454	23,132,814	255,617,916	1.00%
2021	311,911,097	6,935,352	318,846,449	18,672,211	605,611	21,679,824	277,888,803	1.00%
2022	321,740,412	6,903,321	328,643,733	20,331,278	599,790	22,430,502	285,282,163	1.00%
2023	346,030,954	7,029,571	353,060,525	21,043,071	585,760	21,589,228	309,842,466	1.00%
2024	361,822,180	7,350,003	369,172,183	22,222,997	582,566	23,321,439	323,045,181	1.00%

Source:
Controller, City and County of San Francisco

Notes:

(1) Assessed value of taxable property represents all property within the City. The maximum tax rate is 1% of the full cash value or $1/$100 of the assessed value, excluding the tax rate for debt service.

(2) Exemptions are summarized as follows:

(a) Non-reimbursable exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).

(b) Reimbursable exemptions arise from Article XII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3) (k).

(c) Tax increments were allocations made to the former San Francisco Redevelopment Agency under authority of California Constitution, Article XVI and Section 33675 of the California Health & Safety Code. Actual allocations are limited under an indebtedness agreement between the City and Redevelopment Agency.

(3) Does not include SB-813 supplemental property taxes.

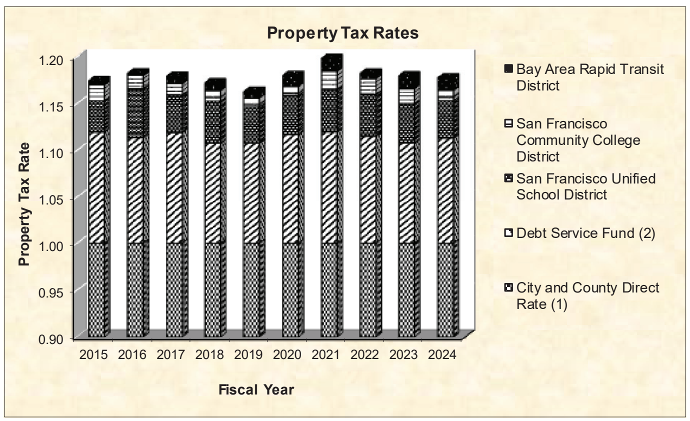
(4) Based on year end actual assessed values.

CITY AND COUNTY OF SAN FRANCISCO

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years
(Rate Per $100 of Assessed Value)

		Overlapping Rates				
Fiscal Year	City and County Direct Rate (1)	Debt Service Fund (2)	San Francisco Unified School District	San Francisco Community College District	Bay Area Rapid Transit District	Total
2015	1.00000000	0.11945760	0.03326497	0.01707743	0.00450000	1.1743
2016	1.00000000	0.11346583	0.05246647	0.01407283	0.00260000	1.1826
2017	1.00000000	0.11894004	0.03982180	0.01245918	0.00800000	1.1792
2018	1.00000000	0.10740904	0.04517555	0.01135485	0.00840000	1.1723
2019	1.00000000	0.10748997	0.03869354	0.00982024	0.00700000	1.1630
2020	1.00000000	0.11669015	0.04160439	0.00979486	0.01200000	1.1801
2021	1.00000000	0.11972733	0.04510041	0.01973594	0.01390000	1.1985
2022	1.00000000	0.11463663	0.04503343	0.01681493	0.00600000	1.1825
2023	1.00000000	0.10761763	0.04216026	0.01595993	0.01400000	1.1797
2024	1.00000000	0.11295032	0.04025720	0.01108630	0.01340000	1.1777



Notes:

(1) Proposition 13 allows each county to levy a maximum tax of $1 per $100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

(2) On June 6, 1978, California voters approved a constitutional amendment to Article XIIIA of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

CITY AND COUNTY OF SAN FRANCISCO

PRINCIPAL PROPERTY ASSESSEES

Current Fiscal Year and Nine Fiscal Years Ago
(Dollar in Thousands)

		Fiscal Year 2024			Fiscal Year 2015		
Assessee	Type of Business	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value (2)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
Transbay Towers LLC	Office, Commercial	$ 1,874,332	1	0.54%	$ -		-
Sutter Bay Hospitals	Office, Commercial	1,825,841	2	0.53%	-		-
GSW Arena LLC	Entertainment Complex	1,334,865	3	0.39%	-		-
Park Tower Owner LLC	Office, Commercial	1,140,400	4	0.33%	-		-
KRE Exchange Owner LLC	Office, Commercial	1,135,881	5	0.33%	-		-
HWA 555 Owners LLC	Office, Commercial	1,114,465	6	0.32%	945,282	1	0.48%
Elm Property Venture LLC	Office, Commercial	1,080,122	7	0.31%	-		-
PPF Paramount One Market Plaza Owner LP	Office, Commercial	912,827	8	0.26%	774,392	2	0.40%
SHR St. Francis LLC	Hotel	785,863	9	0.23%	-		-
SFDC 50 Fremont LLC	Office, Commercial	754,081	10	0.22%	-		-
Union Investment Real Estate GMBH	Office, Commercial	-		-	457,498	3	0.23%
Emporium Mall LLC	Retail, Commercial	-		-	432,617	4	0.22%
SPF China Basin Holdings LLC	Office, Commercial	-		-	425,167	5	0.22%
SHC Embarcadero LLC	Office, Commercial	-		-	399,011	6	0.20%
Wells REIT II - 333 Market St LLC	Office, Commercial	-		-	397,044	7	0.20%
Post-Montgomery Associates	Office, Commercial	-		-	389,025	8	0.20%
PPF Off One Maritime Plaza LP	Office, Commercial	-		-	369,052	9	0.19%
Westin St. Francis Ltd.	Hotel				368,599	10	0.19%
Total		$ 11,958,677		3.46%	$ 4,957,687		2.53%

Source: Assessor, City and County of San Francisco

Notes:

(1) Data for fiscal year 2023-2024 updated as of August 1, 2023.

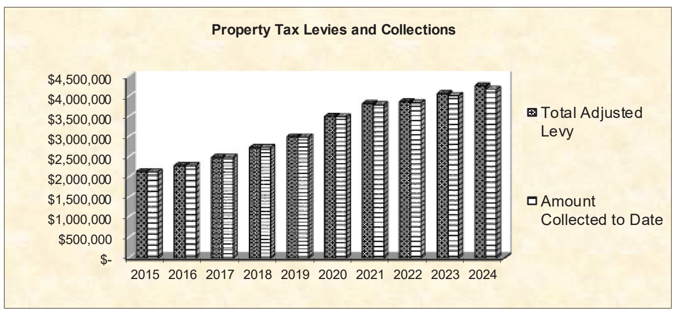
(2) Assessed values for fiscal years 2023-2024 and 2014-2015 are from the tax rolls of calendar year 2023 and 2014, respectively.

CITY AND COUNTY OF SAN FRANCISCO

PROPERTY TAX LEVIES AND COLLECTIONS (1) (2)

Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Total Adjusted Levy	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Original Levy	Collections in Subsequent Years (3)	Total Collections to Date: Amount	Total Collections to Date: Percentage of Adjusted Levy
2015	$2,139,050	$ 2,113,968	98.83%	$ 21,166	$ 2,135,134	99.82%
2016	2,290,280	2,268,876	99.07	19,156	2,288,032	99.90
2017	2,492,789	2,471,486	99.15	21,966	2,493,452	100.03
2018	2,732,615	2,709,048	99.14	29,002	2,738,050	100.20
2019	2,999,794	2,977,664	99.26	17,194	2,994,858	99.84
2020	3,509,022	3,475,682	99.05	21,020	3,496,702	99.65
2021	3,823,246	3,785,038	99.00	9,800	3,794,838	99.26
2022	3,864,100	3,832,546	99.18	7,066	3,839,612	99.37
2023	4,067,270	4,032,813	99.15	(12,876)	4,019,937	98.84
2024	4,261,226	4,215,823	98.93	(35,627)	4,180,196	98.10



Source: Controller, City and County of San Francisco

Notes:

(1) Includes San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, Bay Area Air Quality Management District, and the Successor Agency to the San Francisco Redevelopment Agency.

(2) Does not include SB-813 supplemental property taxes.

(3) Redemption roll collections or prior year reductions of secured annual taxes w ithin the fiscal year. Prior year reductions occur w hen an exemption gets applied or an Assessment Appeals Board decision reduces a prior year assessed value.

CITY AND COUNTY OF SAN FRANCISCO

RATIOS OF OUTSTANDING DEBT BY TYPE

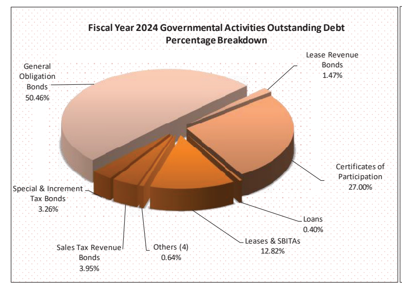
Last Ten Fiscal Years
(In Thousands, except per capita amount)

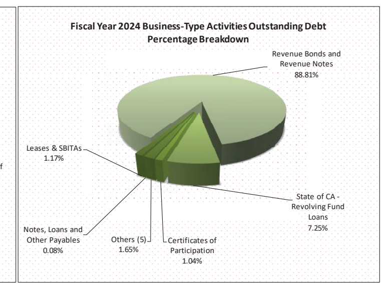
Governmental Activities

Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	Loans	Leases & SBITAs	Others (4)	Sales Tax Revenue Bonds	Special & Increment Tax Bonds	Subtotal
2015	$ 2,096,765	$ 216,527	$ 507,504	$ 163,837	$ -	$ -	$ -	$ -	$ 2,984,633
2016	2,227,515	197,217	623,956	143,059	-	-	-	-	3,191,747
2017	2,281,894	182,783	582,759	162,876	-	32,586	-	-	3,242,898
2018	2,693,252	171,667	987,014	47,462	-	30,654	268,917	-	4,198,966
2019	2,488,987	133,592	944,447	22,365	-	27,102	267,701	-	3,884,194
2020	2,351,707	127,138	1,191,336	21,385	-	23,490	253,566	-	3,968,622
2021	2,754,452	114,309	1,289,507	20,914	-	19,820	239,040	-	4,438,042
2022	2,893,380	100,835	1,250,691	20,418	511,317	16,089	224,114	112,107	5,128,951
2023	2,841,285	86,895	1,205,896	19,900	531,534	12,619	208,774	142,211	5,049,114
2024	2,463,793	71,762	1,318,374	19,358	625,806	31,075	193,014	159,353	4,882,535

Business-Type Activities

Fiscal Year	Revenue Bonds and Revenue Notes	State of CA - Revolving Fund Loans	Certificates of Participation	Notes, Loans and Other Payables	Leases & SBITAs	Others (5)	Subtotal	Total Primary Government	Percentage of Personal Income (1) (2)	Per Capita (1) (3)
2015	$ 10,040,660	$ -	$ 355,113	$ 7,840	$ -	$ 1,174	$ 10,404,787	$ 13,389,420	14.95%	$ 15,533
2016	10,078,794	-	343,270	8,180	-	266	10,430,510	13,622,257	14.17	15,549
2017	11,185,043	-	330,924	9,241	-	-	11,525,208	14,768,106	13.93	16,798
2018	13,194,466	22,607	318,019	14,196	-	-	13,549,288	17,748,254	15.37	20,153
2019	14,935,423	88,032	304,547	18,763	-	-	15,346,765	19,230,959	16.35	21,815
2020	15,613,982	161,820	274,068	19,692	-	-	16,069,562	20,038,184	16.32	23,019
2021	15,995,962	215,966	260,138	19,001	-	-	16,491,067	20,929,109	16.13	25,777
2022	16,935,628	424,420	245,609	17,933	235,905	-	17,859,495	22,988,446	18.25	28,459
2023	17,493,248	604,673	230,442	17,163	232,972	985,586	19,564,084	24,613,198	18.75	30,425
2024	18,364,590	1,500,063	215,339	16,362	240,942	341,373	20,678,669	25,561,204	18.96	31,759





Notes:

(1) See Demographic and Economic Statistics, for personal income and population data.
(2) 2021, 2022 and 2023 were updated from last year's ACFR with newly available data.
(3) 2020, 2021, 2022 and 2023 were updated from last year's ACFR with newly available data.
(4) The "Others" in 2024 consists of Lease Purchase and CP that were repaid by certificates of participation in FY 2025 and were reclassified as long-term debt.
(5) The "Others" in 2023 and 2024 consists of CP that were repaid by revenue bonds in FY 2025 and were reclassified as long-term debt.

CITY AND COUNTY OF SAN FRANCISCO

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(In Thousands, except per capita amount)

Fiscal Year	General Obligation Bonds [1]	Less: Amounts Restricted for Debt Service	Total	Per Capita [2] [3]	Percentage of Taxable Assessed Value [4]
2015	$ 2,096,765	$ 91,292	$ 2,005,473	$ 2,327	1.10%
2016	2,227,515	86,754	2,140,761	2,444	1.10%
2017	2,281,894	111,892	2,170,002	2,468	1.02%
2018	2,693,252	127,766	2,565,486	2,913	1.10%
2019	2,488,987	104,149	2,384,838	2,705	0.92%
2020	2,351,707	118,506	2,233,201	2,565	0.80%
2021	2,754,452	141,107	2,613,345	3,219	0.87%
2022	2,893,380	152,146	2,741,234	3,394	0.89%
2023	2,841,285	160,841	2,680,444	3,313	0.81%
2024	2,463,793	155,750	2,308,043	2,868	0.67%

Notes:

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements. In compliance with GASB Statement No. 65, the amount for general obligation bonds was restricted to exclude bond refunding gains or losses.

(2) Population data can be found in Demographic and Economic Statistics.

(3) Fiscal years 2020 ,2021, 2022 and 2023 were updated from last year's ACFR with newly available data.

(4) Taxable property data can be found in Assessed Value of Taxable Property. Assessed value used is Total Assessed Value less Non-reimbursable Exemptions to calculate %.

CITY AND COUNTY OF SAN FRANCISCO

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year 2015	2016	2017	2018	2019
Debt limit	$ 5,482,482	$ 5,829,141	$ 6,368,988	$ 7,013,720	$ 7,756,615
Total net debt applicable to limit [1]	2,096,765	2,227,514	2,281,894	2,693,252	2,488,987
Legal debt margin	$ 3,385,717	$ 3,601,627	$ 4,087,094	$ 4,320,468	$ 5,267,628
Total net debt applicable to the limit as a percentage of debt limit	38.24%	38.21%	35.83%	38.40%	32.09%

	Fiscal Year 2020	2021	2022	2023	2024
Debt limit	$ 8,381,046	$ 9,005,227	$ 9,249,374	$ 9,960,524	$ 10,408,476
Total net debt applicable to limit [1]	2,351,707	2,754,452	2,893,380	2,841,285	2,463,793
Legal debt margin	$ 6,029,339	$ 6,250,775	$ 6,355,994	$ 7,119,239	$ 7,944,683
Total net debt applicable to the limit as a percentage of debt limit	28.06%	30.59%	31.28%	28.53%	23.67%

Legal Debt Margin Calculation for Fiscal Year 2024

Total assessed value	$ 369,172,183
Less: non-reimbursable exemptions [2]	22,222,997
Assessed value [2]	$ 346,949,186
Debt limit (three percent of valuation subject to taxation)[3]	$ 10,408,476
Debt applicable to limit - general obligation bonds	2,463,793
Legal debt margin	$ 7,944,683

Notes:

(1) Per outstanding general obligation bonds adjusted with bond premium and discount.

(2) Source: Assessor, City and County of San Francisco

(3) City's Administrative Code Section 2.60 Limitations on Bonded Indebtedness.
"There shall be a limit on outstanding general obligation bond indebtedness of three percent of the assessed value of all taxable real and personal property, located within the City and County."

CITY AND COUNTY OF SAN FRANCISCO

DIRECT AND OVERLAPPING DEBT
(In Thousands)

2023-24 Assessed Valuation as of August 1, 2023: $344,487,688 (includes unitary utility valuation)

GENERAL OBLIGATION BONDED DEBT:	Debt 6/30/24
San Francisco City and County General and School Purposes	$ 2,230,296
San Francisco Unified School District Bonds	932,935
San Francisco Community College District	642,020
TOTAL GENERAL OBLIGATION BONDED DEBT	$ 3,805,251
LEASE OBLIGATION BONDS:	
San Francisco City and County	$ 1,493,335
TOTAL LEASE OBLIGATION BONDED DEBT	$ 1,493,335
TOTAL COMBINED DIRECT DEBT	$ 5,298,586
OVERLAPPING TAX AND ASSESSMENT DEBT:	
Bay Area Rapid Transit District General Obligation Bonds (33.728%)	$ 824,844
San Francisco Community Facilities District No. 6	119,775
San Francisco Community Facilities District No. 7	28,370
San Francisco Community Facilities District No. 2009-1, Improvement Areas 1 and 2	2,198
San Francisco Community Facilities District No. 2014-1 Transbay Transit Center	569,220
San Francisco Community Facilities District No. 2016-1 Treasure Island I.A. 1 and 2	100,000
San Francisco Community Facilities District No. 2020-1 Mission Rock	152,125
City of San Francisco Assessment District No. 95-1	145
ABAG Community Facilities District No. 2004-1 Seismic Safety Improvements	8,175
ABAG Community Facilities District No. 2006-1 San Francisco Rincon Hill	4,475
ABAG Community Facilities District No. 2006-2 San Francisco Mint Plaza	2,595
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$ 1,811,922
OVERLAPPING TAX INCREMENT DEBT:	
Successor Agency to the San Francisco Redevelopment Agency	$ 783,289
Transbay Joint Powers Authority	227,445
TOTAL OVERLAPPING INCREMENT DEBT	$ 1,010,734
OVERLAPPING TAX INCREMENT REVENUE DEBT:	
San Francisco Infrastructure and Revitalization Financing District No. 1	$ 38,135
TOTAL OVERLAPPING TAX INCREMENT REVENUE DEBT	$ 38,135
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	$ 8,159,377 (1)

(1) Excludes tax and revenue anticipation notes, enterprise revenue bonds and airport improvement corporation bonds.

Ratios to 2023-24 Assessed Valuation ($344,487,688):	
Direct General Obligation Bonded Debt ($3,805,251)	1.10%
Combined Direct Debt ($5,298,586)	1.54%
Total Direct and Overlapping Bonded Debt	2.37%
Ratio to 2023-24 Redevelopment Incremental Valuation ($44,580,507):	
Total Overlapping Tax Increment Debt	2.27%

Source: California Municipal Statistics, Inc

CITY AND COUNTY OF SAN FRANCISCO

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(In Thousands)

San Francisco International Airport (1)

Fiscal Year	Operating Revenues (2)	Less: Operating Expenses (3)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2015	$ 824,482	$ 392,361	$ 432,121	$ 181,645	$ 211,804	$ 393,449	1.10
2016	880,948	412,114	468,834	208,860	185,297	394,157	1.19
2017	934,692	543,019	391,673	194,225	210,330	404,555	0.97
2018	1,075,118	505,018	570,100	201,295 (4)	204,046 (4)	405,341	1.41
2019	1,072,368	495,222	577,146	214,710 (4)	221,749 (4)	436,459	1.32
2020	1,031,129	618,954	412,175	210,595	268,573	479,168	0.86
2021	540,309 (4)	583,250	(42,941)	5,600	284,661	290,261	-0.15
2022	843,926	453,181	390,745	5,860	282,749	288,609	1.35
2023	1,127,161	547,275	579,886	1,240	407,421	408,661	1.42
2024	1,512,850	617,684	895,166	87,750	386,113	473,863	1.89

(1) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the Airport Commission's 1991 Master Bond Resolution which authorized the sale and issuance of these bonds.
(2) Operating revenues consist of Airport operating revenues and interest and investment income.
(3) In accordance with GASB Statement No. 44, Airport operating expenses related to the pledged revenues exclude interest, depreciation and amortization.
(4) Principal and interest payments were updated in FY2018 through FY2019. Operating Revenue was updated FY2021.

San Francisco Water Department (5)

Fiscal Year	Gross Revenues (6)	Less: Operating Expenses (7)	Adjustments(9)	Net Available Revenue	Debt Service Principal	Debt Service Interest (8)	Debt Service Total	Coverage
2015	$ 431,836	$ 296,950	$ 310,139	$ 445,025	$ 25,850	$ 166,462	$ 192,312	2.31
2016	423,111	314,786	283,568	391,893	29,695	189,500	219,195	1.79
2017	464,662	421,827	351,605	394,440	41,310	166,502	207,812	1.90
2018	532,087	370,147	337,643	499,583	48,875	185,084	233,959	2.14
2019	558,041	357,094	332,034	532,981	76,665	184,973	261,638	2.04
2020	593,868	398,117	386,127	581,878	100,970	168,240	269,210	2.16
2021	581,141	448,690	335,287	467,738	76,440	171,987	248,427	1.88
2022	565,317	401,612 (10)	246,741	410,446	108,500	170,852	279,352	1.47
2023	705,443	438,837	300,158	566,764	125,285	181,777	307,062	1.85
2024	704,041	502,318	355,456	557,179	135,075	171,294	306,369	1.82

(5) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.
(6) Gross Revenues consist of charges for services, rental income and other income, investing activities and capacity fees.
(7) In accordance with GASB Statement No. 44, Water Department operating expenses related to the pledged revenues exclude interest. FY2019 was updated with new available data.
(8) Interest payment was restated to exclude capitalized interest and includes "springing" amendments.
(9) Adjustments column included adjustment to investing activities, depreciation and non-cash expenses, changes in working capital and other available funds presented in the published Annual Disclosure Reports.
(10) Operating Expenses were updated in FY2022.

Municipal Transportation Agency

Fiscal Year	Gross Pledged - Charges (11)(12)	Less: Operating Expenses(13)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2015	$ 626,312	$ 527,125	$ 99,187	$ 7,695	$ 6,945	$ 14,640	6.78
2016	619,650	563,750	55,900	7,340	9,155	16,495	3.39
2017	614,619	572,162	42,457	7,640	8,865	16,505	2.57
2018	652,919	587,355	65,564	12,350	15,602	27,952	2.35
2019	686,346	576,970	109,376	10,055	14,636	24,691	4.43
2020	764,755	666,018	98,737	10,545	14,261	24,806	3.98
2021	793,328	598,342	194,986	9,150	14,176	23,326	8.36
2022	726,203	575,068	151,135	3,520	14,160	17,680	8.55
2023	692,706	656,124	36,582	8,865	13,973	22,838	1.60
2024	762,845	709,900	52,945	13,945	13,711	27,656	1.91

(11) The gross revenues consist of transit fares, parking fines and fees, rental income, advertising revenue, investment income, parking meter revenues (but only to the extent bonds or other parity obligations have financed traffic regulation and control functions), plus operating grants from Transportation Development Act (codified as Sections 99200 et seq. of the California Public Utilities Code), AB 1107 (codified at Section 29140 et seq. of the Public Utilities Code), and State Transit Assistance except for a portion that are restricted to application for paratransit purpose and therefore do not constitute pledged revenues.
(12) FY2020 to FY2024 gross revenues include federal pandemic support and effective FY2021 include amounts received from proceeds of the Traffic Congestion Mitigation Tax levied by the City pursuant to the City's Traffic Congestion Mitigation Tax Ordinance (Article 32 of the City's Business and Tax Regulations Code).
(13) The operating expenses exclude expenses funded by the City's General Fund support and paratransit restricted grants. In accordance with GASB Statement No. 44, operating expenses related to the pledged revenues exclude interest, depreciation, amortization and non-cash expenses.

CITY AND COUNTY OF SAN FRANCISCO

PLEDGED-REVENUE COVERAGE (Continued)

Last Ten Fiscal Years
(In Thousands)

San Francisco Wastewater Enterprise [14]

Fiscal Year	Gross Revenues [15]	Less: Operating Expenses [16]	Adjustments [17]	Net Available Revenue	Debt Service Principal	Debt Service Interest [18]	Debt Service Total	Coverage
2015	$ 257,209	$ 216,485	$ 190,236	$ 230,960	$ 30,895	$ 30,006	$ 60,901	3.79
2016	262,960	221,553	198,524	239,931	31,115	28,907	60,022	4.00
2017	279,668	244,220	216,095	251,543	20,870	39,537	60,407	4.16
2018	317,413	238,906	231,515	310,022	20,015	26,988	47,003	6.60
2019	351,782	259,813	161,677	253,646	22,435	37,912	60,347	4.20
2020	356,265	262,259	287,798	381,804	23,324	39,475	62,799	6.08
2021	325,008	290,737	271,906	306,177	25,698	56,367	82,065	3.73
2022	360,756	255,010	205,089	310,835	25,363	61,257	86,620	3.59
2023	365,667	254,283	202,059	313,443	36,826	61,985	98,811	3.17
2024	419,959	452,231	388,458	356,186	30,596	61,005	91,601	3.89

(14) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.
(15) Gross revenues consist of charges for services, rental income and other income.
(16) In accordance with GASB Statement No. 44, Wastewater Enterprise operating expenses related to the pledged revenues exclude interest. FY2018 was updated with new available data.
(17) Adjustments include depreciation and non-cash expense, changes in working capital, investment income, SRF loan payments, and other available funds that are printed in published Annual Disclosure Reports. FY2018 was updated with new available data.
(18) Interest payment was restated to exclude capitalized interest and includes a "springing" amendment.

Port of San Francisco [19]

Fiscal Year	Total Operating Revenues [20]	Less: Operating Expenses [21]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2015	$ 96,265	$ 60,896	$ 35,369	$ 1,400	$ 2,771	$ 4,171	8.48
2016	100,699	64,896	35,803	1,225	2,951	4,176	8.57
2017	114,854	89,882	24,972	1,265	2,904	4,169	5.99
2018	111,999	79,027	32,972	1,325	2,849	4,174	7.90
2019	128,222	87,500	40,722	1,390	2,787	4,177	9.75
2020	108,454	89,544	18,910	1,455	2,718	4,173	4.53
2021	89,734	112,283	(22,549)	1,660	1,615	3,275	-6.89
2022	122,777	79,567	43,210	1,705	1,569	3,274	13.20
2023	137,056	94,975 [22]	42,081	1,745	1,529	3,274	12.85
2024	158,741	114,454	44,287	1,785	1,482	3,267	13.56

(19) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.
(20) Total revenues consist of operating revenues and interest and investment income.
(21) In accordance with GASB Statement No. 44, operating expenses related to the pledged-revenue stream exclude interest, depreciation and amortization. Details regarding outstanding debt can be found in the notes to the financial statements. Operating expenses, as defined by the bond indenture, also excludes amortized dredging costs. FY2019 - 2023 Operating expenses exclude South Beach Harbor fund.
(22) Operating expenses were updated in FY2023.

Hetch Hetchy Water and Power [23]

Fiscal Year [27]	Gross Revenues [24]	Less: Operating Expenses [25]	Adjustments [26]	Net Available Revenue	Debt Service [27] Principal	Debt Service [27] Interest	Debt Service [27] Total	Coverage
2015	$ 117,704	$ 105,222	$ 38,714	$ 51,196	$ 1,321	$ 625	$ 1,946	26.31
2016	122,954	110,012	20,102	33,044	-	-	-	-
2017	122,187	116,935	58,176	63,428	-	-	-	-
2018	122,251	119,395	64,356	67,212	710	1,860	2,570	26.15
2019	152,873	122,687	40,827	71,013	730	1,839	2,569	27.64
2020	151,835	148,127	76,853	80,561	755	1,813	2,568	31.37
2021	142,696	139,566	31,048	34,178	785	1,782	2,567	13.31
2022	176,897	142,716	64,445	98,626	815	3,602	4,417	22.33
2023	208,887	181,769	135,281	162,399	850	6,847	7,697	21.10
2024	226,341	175,660	115,960	166,641	880	10,241	11,121	14.98

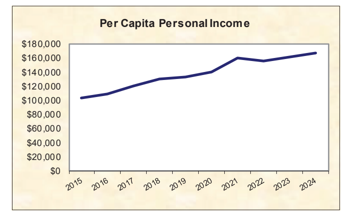
(23) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.
(24) Gross revenues consists of charges for power services, rental income and other income.
(25) Operating expenses only include power operating expense.
(26) Adjustments include adjustments to investment income, depreciation, non-cash items and changes to working capital. FY2020 was revised with new data.
(27) For FY2016 and FY2017 revenue bond debt service excludes state revolving fund loans, commercial paper and certificates of participation.

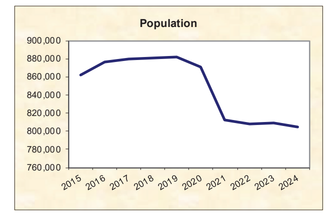
CITY AND COUNTY OF SAN FRANCISCO

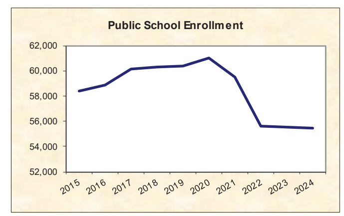
DEMOGRAPHIC AND ECONOMIC STATISTICS

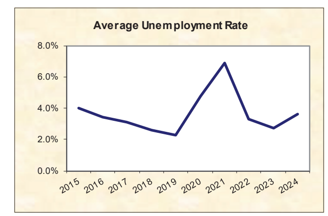
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income (In Thousands) [2]	Per Capita Personal Income [3]	Median Age [4]	Public School Enrollment [5]	Average Unemployment Rate [6]
2015	862,004	$89,533,450	$103,867	37.8	58,414	4.0%
2016	876,103	96,161,308	109,760	37.9	58,865	3.4%
2017	879,166	106,006,635	120,576	38.1	60,133	3.1%
2018	880,696	115,444,581	131,083	38.1	60,263	2.6%
2019	881,549	117,635,944	133,442	38.3	60,390	2.3%
2020	870,518 [7]	122,788,484	141,052 [9]	38.2	61,031	4.8%
2021	811,935 [7]	129,774,521 [8]	159,834 [9]	38.2	59,498	6.9%
2022	807,774 [7]	125,970,097 [8]	155,947 [9]	38.5	55,592	3.3%
2023	808,988 [7]	131,292,367 [8]	162,292 [9]	38.9	55,537	2.7%
2024	804,842 [7]	134,844,875 [8]	167,542 [9]	39.1 [10]	55,452	3.6%









Sources:
(1) US Census Bureau. Fiscal years 2020, 2021, 2022,and 2023 w ere updated from last year's ACFR w ith new ly available data.
(2) US Bureau of Economic Analysis. Fiscal years 2021, 2022, and 2023 w ere updated from last year's ACFR w ith new ly available data.
(3) US Bureau of Economic Analysis. Fiscal years 2020, 2021, 2022 and 2023 w ere updated from last year's ACFR w ith new ly available data.
(4) US Census Bureau, American Community Survey
(5) California Department of Education
(6) California Employment Development Department

Note:
(7) 2024 population w as estimated by multiplying the estimated 2023 population by the 2021 - 2022 population grow th rate. Fiscal years 2020, 2021, 2022, and 2023 w ere updated from last year's ACFR w ith new ly available data.
(8) Personal income w as estimated by assuming that its percentage of state personal income in 2023 remained at the 2022 level of 4.19 percent. Fiscal years 2021, 2022 and 2023 w ere updated from last year's ACFR w ith new ly available data.
(9) Per capita personal income for 2024 w as estimated by dividing the personal income for 2023 by the reported population in 2023. Fiscal years 2020, 2021, 2022, and 2023 are updated from last year's ACFR w ith new ly available data. 2024 w as estimated by multiplying the latest quarterly State income by 1000 and dividing by the estimated 2024 population.
(10) Median age for 2024 w as estimated by averaging the median age in 2022 and 2023.

CITY AND COUNTY OF SAN FRANCISCO

Principal Employers
Current Year and Nine Years Ago

Employer	Year 2022 [(1)(a)] Employees	Rank	Percentage of Total City Employment	Year 2013 [(2)] Employees	Rank	Percentage of Total City Employment
City and County of San Francisco	35,643	1	6.62%	25,458	1	4.18%
UCSF Health	29,475	2	5.48%	20,100	2	3.30%
Salesforce	11,953	3	2.22%	-	-	-
United Airlines	10,000	4	1.86%	-	-	-
San Francisco Unified School District	8,842	5	1.64%	8,189	4	1.35%
Sutter Health	6,134	6	1.14%	-	-	-
Wells Fargo & Co.	5,886	7	1.09%	8,200	3	1.35%
Kaiser Permanente	4,676	8	0.87%	3,492	10	0.57%
Allied Universal	3,827	9	0.71%	-	-	-
Uber Technologies Inc	3,413	10	0.64%	-	-	-
PG&E Corporation	-	-	-	4,394	7	0.72%
California Pacific Medical Center	-	-	-	5,934	6	0.98%
Gap, Inc	-	-	-	6,000	5	0.99%
State of California	-	-	-	4,108	8	0.67%
San Francisco State University	-	-	-	3,707	9	0.61%
Total Top 10 Employers	119,849		22.27%	89,582		14.72%
Total City and County Employment [(3)]	538,142			608,600		

Source:

(1) City and County of San Francisco data provided by Office of Controller's Payroll and Personnel Services Division. The San Francisco Unified School District data is from the "Facts At A Glance 2022-2023"within the SFUSD Website. All other data is obtained from the San Francisco Business Times Book of Lists
(2) FY 2013-14 Annual Comprehensive Financial Report - City and County of San Francisco
(3) State of California Employee Development Department

Note:

(a) The latest data as of calendar year-end 2022 is presented

CITY AND COUNTY OF SAN FRANCISCO

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION [(1)]
Last Ten Fiscal Years

Function	Fiscal Year 2015 [(2)]	2016 [(2)]	2017	2018	2019 [(3)]	2020	2021	2022	2023	2024
Public Protection										
Fire Department	1,494	1,575	1,620	1,646	1,667	1,677	1,641	1,678	1,801	1,806
Police	2,784	2,871	3,013	2,971	3,053	3,203	3,048	2,881	2,849	2,934
Sheriff	1,015	1,006	1,056	1,001	1,020	1,031	1,008	1,000	1,002	995
Other	1,049	1,077	1,081	1,138	1,146	1,161	1,131	1,154	1,163	1,190
Total Public Protection	6,342	6,529	6,770	6,756	6,886	7,072	6,828	6,713	6,815	6,925
Public Works, Transportation and Commerce										
Municipal Transportation Agency	4,685	4,931	5,160	5,178	5,338	5,477	5,520	5,584	5,806	5,650
Airport Commission	1,473	1,493	1,541	1,586	1,587	1,592	1,610	1,601	1,584	1,682
Department of Public Works	852	925	981	1,027	1,057	1,071	1,063	1,050	546	1,165
Public Utilities Commission	1,618	1,634	1,637	1,648	1,676	1,690	1,667	1,708	1,718	1,724
Other	626	627	637	631	621	626	607	604	633	649
Total Public Works, Transportation and Commerce	9,254	9,610	9,956	10,070	10,279	10,456	10,467	10,547	10,287	10,870
Community Health										
Public Health	6,284	6,602	6,806	6,857	6,866	6,886	7,161	7,359	7,739	7,720
Total Community Health	6,284	6,602	6,806	6,857	6,866	6,886	7,161	7,359	7,739	7,720
Human Welfare and Neighborhood Development										
Human Services	1,964	2,046	2,068	2,099	2,094	2,141	2,160	2,204	2,250	2,262
Other	246	242	375	386	394	411	426	499	596	619
Total Human Welfare and Neighborhood Development	2,210	2,288	2,443	2,485	2,488	2,552	2,586	2,703	2,846	2,881
Culture and Recreation										
Recreation and Park Commission	893	916	935	934	927	940	912	925	947	987
Public Library	661	662	683	698	696	701	700	700	707	717
War Memorial	58	65	68	69	71	71	62	67	68	67
Other	214	215	211	214	213	212	200	198	202	206
Total Culture and Recreation	1,826	1,858	1,897	1,915	1,907	1,924	1,874	1,890	1,924	1,977
General Administration and Finance										
Administrative Services	750	803	830	845	871	917	913	962	979	974
City Attorney	308	306	307	307	309	310	310	311	320	316
Telecommunications and Information Services	209	221	228	232	225	220	224	229	252	259
Controller	219	253	263	257	251	250	248	251	249	250
Human Resources	143	152	155	148	166	172	177	203	193	205
Treasurer/Tax Collector	226	219	219	207	207	208	205	198	207	201
Mayor	50	55	56	58	63	78	76	81	82	83
Other	615	658	695	697	699	738	709	734	731	740
Total General Administration and Finance	2,520	2,667	2,753	2,751	2,791	2,893	2,862	2,969	3,013	3,028
General City Responsibilities										
General City Responsibilities	-	-	-	-	-	1	-	-	-	-
Subtotal annually funded positions	28,436	29,554	30,625	30,834	31,217	31,784	31,778	32,181	32,624	33,401
Capital project funded positions	1,721	1,789	2,124	2,211	2,300	2,409	2,441	2,513	2,698	2,794
Total annually funded positions	30,157	31,343	32,749	33,045	33,517	34,193	34,219	34,694	35,322	36,195

Source: Controller, City and County of San Francisco

Note:

(1) Data represent budgeted and funded full-time equivalent positions.
(2) 2015 and 2016 has been updated with newly available data.
(3) 2019 has been updated with newly available data.

CITY AND COUNTY OF SAN FRANCISCO

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year 2015	2016	2017	2018	2019	2020 (1)	2021	2022	2023	2024
Public Protection										
Fire and Emergency Communications										
Total response time, measured in seconds, of first unit to highest priority incidents requiring possible medical care, 90th percentile	492	461	460	474	475	489	515	515	524	531
Police										
Median Response Time to Priority A (Highest Priority) Calls (Minutes, Call Entry to On-Scene)(2)(3)	N/A	N/A	6.90	7.20	7.30	5.48	5.81	6.64	6.85	5.96
Number of homicides per 100,000 population	6.60	6.20	7.90	4.90	5.10	4.75	6.00	6.17	6.60	5.31
Public Works, Transportation, and Commerce										
General Services Agency - Public Works										
Percentage of San Franciscans who rate cleanliness of neighborhood streets as good or very good (Biennial City Survey)(4)	N/A	N/A	51%	N/A	44%	N/A	N/A	N/A	32%	N/A
Number of blocks of City streets repaved	474	721	704	608	664	438	415	504	507	506
Municipal Transportation Agency										
Muni on-time performance	57.0%	59.8%	57.3%	56.5%	55.0%	52.3%	47.0%	50.9%	56.5%	58.0%
Percentage of scheduled service hours delivered	97.00%	99.00%	98.90%	97.50%	94.30%	N/A	90.00%	92.50%	98.30%	99.00%
Airport										
Percent change in air passenger volume	4.0%	6.0%	3.0%	7.0%	-0.3%	-29.0%	-60.0%	135.0%	20.0%	5.0%
Culture and Recreation										
Recreation and Park										
Citywide average park score	86%	87%	89%	89%	92%	92%	N/A	91%	91%	91%
Public Library										
How patrons rate the quality of library staff assistance at the Main and Branch libraries and Bookmobiles on a scale of 1-10 (5)	N/A	N/A	9.30	9.20	8.90	8.40	N/A	N/A	N/A	9.42
Circulation of materials at San Francisco libraries (6)	10,684,760	10,778,428	10,814,015	11,092,406	11,730,624	10,924,062	8,359,441	11,432,696	12,530,166	14,046,149
Asian and Fine Arts Museums										
Number of visitors to City-owned art museums (7)	1,712,076	1,830,284	1,730,378	1,678,682	1,601,223	809,076	355,224	947,742	1,565,583	1,379,918

Source: Controller, City and County of San Francisco

Notes:

(1) The COVID- 19 Pandemic impacted some departments' ability to collect data.
(2) FY2015 and FY2016 median response data are not available. FY2017 through FY2024 reflects, in a decimal format, the time from the entry of a 911 call's information to the officer's arrival time.
(3) FY2017 to FY2019 were updated with newly available information.
(4) FY2015, FY2019 and FY2023 were updated with newly available information.
(5) FY2015 to FY2020 were updated with newly available information.
(6) The "Circulation of materials at San Francisco Libraries" measure is the sum of the "Circulation of eBooks and eMedia" and "Circulation of physical books and materials" measures.
(7) The "Number of visitors to City-owned art museums" measure is the sum of the "Number of museum visitors (AAM)", "Number of de Young visitors (FAM)", and "Number of Legion of Honor visitors (FAM) measures. FY2021 was updated with newly available information.

N/A = Information is not available.

CITY AND COUNTY OF SAN FRANCISCO

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police protection (1)										
Number of stations	10	10	10	10	10	10	10	10	10	10
Number of police officers	2,203	2,332	2,315	2,292	2,291	2,267	2,185	2,023	1,881	1,881
Fire protection (2)										
Number of stations	47	47	47	47	47	47	47	47	45	48
Number of firefighters	907	995	1,029	1,044	1,040	1,024	954	967	1,008	1,322
Public works										
Miles of street (3)	1,287	1,287	1,287	1,287	1,304	1,372	1,404	1,407	1,407	1,417
Number of streetlights (4)	44,907	44,498	44,686	44,891	44,832	44,631	42,737	43,202	43,205	43,376
Water (4)										
Number of services	174,111	174,083	174,394	175,054	175,805	176,379	176,246	177,072	177,613	178,961
Average daily consumption (million gallons)	190	171	175	190	185	191	189	181	170	174
Miles of water mains	1,499	1,489	1,488	1,489	1,719	1,719	1,719	1,719	1,719	1,724
Sewers (4)										
Miles of collecting sewers and transport/storage sewers	1,010	1,010	1,010	1,010	1,010	1,123	1,125	1,131	1,131	1,139
Recreation and cultures										
Number of parks (5)	223	223	224	224	224	224	225	226	226	232
Number of libraries (6)	28	28	28	28	28	28	28	28	28	28
Number of library volumes (million) (6)	3.6	3.8	3.9	3.7	3.5	3.9	3.5	4.4	4.9	4.8
Public school education (7)										
Attendance centers	116	117	117	117	117	122	122	122	122	122
Number of classrooms	3,160	3,219	3,219	3,219	3,216	3,216	3,215	3,215	3,208	3,205
Number of teachers, full-time equivalent	3,281	3,339	3,272	3,196	3,886	3,518	3,419	3,808	3,351	3,403
Number of students	58,414	58,865	60,133	60,263	60,390	61,031	58,705	55,592	48,785	48,736

Sources:

(1) Police Commission, City and County of San Francisco
(2) Fire Commission, City and County of San Francisco - Includes fire fighters/paramedics, and incident support specialists
(3) Department of Public Works, City and County of San Francisco
(4) Public Utilities Commission, City and County of San Francisco. Combining miles of collecting and transport/storage sewers
(5) Parks and Recreation Commission, City and County of San Francisco. FY2015 to FY2023 updated with the newly available information.
(6) Library Commission, City and County of San Francisco
(7) San Francisco Unified School District

APPENDIX C

CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER
INVESTMENT POLICY

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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER & TAX COLLECTOR

INVESTMENT POLICY

Effective May 2024

1.0 Policy

It is the policy of the Office of the Treasurer & Tax Collector of the City and County of San Francisco (Treasurer's Office) to invest public funds in a manner which will preserve capital, meet the daily cash flow demands of the City, and provide a market rate of return while conforming to all state and local statutes governing the investment of public funds.

2.0 Scope

This investment policy applies to all funds over which the Treasurer's Office has been granted fiduciary responsibility and direct control for their management.

3.0 Prudence

The standard of prudence to be used by the Treasurer's Office shall be the Prudent Investor Standard as set forth by California Government Code, Section 53600.3 and 27000.3. The Section reads as follows: The Prudent Investor Standard states that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Treasurer's Office, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Treasurer's Office.

This standard of prudence shall be applied in the context of managing those investments that fall under the Treasurer's direct control. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective

The primary objectives, in priority order, of the Treasurer's Office's investment activities shall be:

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the Treasurer's Office shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, the Treasurer's Office will diversify its investments.

4.2 Liquidity: The Treasurer's Office investment portfolio will remain sufficiently liquid to enable the Treasurer's Office to meet cash flow needs which might be reasonably anticipated.

4.3 Return on Investments: The portfolio shall be designed with the objective of generating a market rate of return without undue compromise of the first two objectives.

5.0 Delegation of Authority

The Treasurer of the City and County of San Francisco (Treasurer) is authorized by Charter Section 6.106 to invest funds available under California Government Code Title 5, Division 2, Part 1, Chapter 4, Article 1. The Treasurer shall submit any modification to this Investment Policy to the Treasury Oversight Committee members within five (5) working days of the adoption of the change.

6.0 Authorized Broker/Dealer Firms

The City seeks to employ a fair and unbiased broker-dealer selection process, which culminates in an array of small / medium and large-sized firms that provide the best investment opportunities and service to the City.

The Treasurer's Office will evaluate and classify broker-dealers based on the qualifications of the firm and firm's assigned broker.

When evaluating Broker-Dealers, the Treasurer's Office will strongly consider the Minority / Historically Disadvantaged status of both the firm's ownership and the assigned broker.

All broker-dealers are encouraged to apply for consideration. All applicants will be evaluated and classified based on the qualifications of the firm and the firm's assigned individual. \

All approved broker-dealers will be re-assessed on an on-going basis.

The inclusion of a Broker-Dealer on TTX's approved list does not guarantee that the firm will be successful in doing business with TTX.

All securities shall be purchased and sold in a competitive environment and investment decisions will be made based on best execution.

The Treasurer's Office will not do business with a firm which has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices.

7.0 Authorized & Suitable Investments

Investments will be made pursuant to the California Government Code (including Section 53601 et seq.) and this investment policy to ensure sufficient liquidity to meet all anticipated disbursements.

Unless otherwise noted, the maximum maturity from the settlement date can be no longer than five years with a trade date no longer than 45 days from settlement date. .

All exposure limits defined below will be measured against total portfolio par value (unless otherwise specified) and at time of purchase.

Types of investment vehicles not authorized by this investment policy are prohibited.

In an effort to limit credit exposure, the Treasurer's Office will maintain Eligible Issuer, Eligible Counterparty and Eligible Money Market lists for security types where appropriate. These lists are intended to guide investment decisions. Investments, at time of purchase, are limited solely to issuers, counterparties and money market funds listed; however, investment staff may choose to implement further restrictions at any time. The total exposure to credit in the portfolio shall be limited to 30% of the total portfolio par value and is calculated by the combined percentage exposure for State and Local Government Agency Obligations, Negotiable Certificates of Deposits/Yankee Certificates of Deposit, Commercial Paper, and Medium Term Notes. This limitation will be calculated at time of purchase.

The Treasurer's Office shall establish a Credit Committee comprised of the Treasurer, Chief Assistant Treasurer, Chief Investment Officer and additional investment personnel at the Treasurer's discretion. The Committee shall review and approve all eligible issuers and counterparties prior to inclusion on the aforementioned Eligible Issuer, Eligible Counterparty and Eligible Money Market lists. The Committee shall also be charged with determining the collateral securing the City's repurchase agreements.

In the event of a downgrade of the issuer's credit rating below the stated requirements herein, the Credit Committee shall convene and determine the appropriate action.

In addition, the Treasurer's Office shall conduct an independent credit review, or shall cause an independent credit review to be conducted, of the collateralized CD issuers to determine the creditworthiness of the financial institution. The credit review shall include an evaluation of the issuer's financial strength, experience, and capitalization, including, but not limited to leverage and capital ratios relative to benchmark and regulatory standards (See Section 7.4). The following policy shall govern unless a variance is specifically authorized by the Treasurer and reviewed by the Treasury Oversight Committee pursuant to Section 5.0.

7.1 U.S. Treasuries

United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
100% of the portfolio value	100%	100%	5 years

7.2 Federal Agencies

Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum

100% of the portfolio value	100%	100%	5 years

7.3 State and Local Government Agency Obligations

The Treasurer's Office may purchase bonds, notes, warrants, or other evidences of indebtedness of any local or State agency within the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or State, or by a department, board, agency, or authority of the local agency or State.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
20% of the portfolio value	5%	No Limit	5 years

Issuer Minimum Credit Rating: Issuers must possess either a short-term rating of the highest ranking or long-term credit rating (dependent upon maturity length) of the second highest ranking or better (irrespective of +/-) from at least one NRSRO (Nationally Recognized Statistical Rating Organization). This limitation applies to all local and State agencies within the 50 United States with the exception of the State of California.

7.4 Public Time Deposits (Term Certificates of Deposit)

The Treasurer's Office may invest in either:

1. Non-negotiable time deposits (Certificates of Deposit or CDs) that have FDIC or similar deposit insurance; or

2. Fully collateralized CDs in approved financial institutions.

The Treasurer's Office will invest in CDs and Time Deposits only with those firms having at least one branch office within the boundaries of the City and County of San Francisco. As required by Government Code Section 53649, the Treasurer's Office shall have a signed agreement with any depository accepting City funds.

For Public Time Deposits not employing deposit insurance (such as FDIC), the Treasurer's Office is authorized to accept two forms of collateral:

A. Deposit Collateral. Collateralized CDs are required to be fully collateralized with 110% of the type of collateral authorized in California Government Code, Section 53651 (a) through (i). The Treasurer's Office, at its discretion, may waive the collateralization requirements for any portion that is covered by deposit insurance.

B. Letters of Credit Issued by the Federal Home Loan Bank of San Francisco. As authorized by Section 53651 (p) of the California Government Code, Letter of Credit may be accepted as collateral and shall conform to the requirements of Section 53651.6 of the California Government Coded include the following terms:

(1) The Administrator, as defined by Section 53630 (g) of the California Government Code, shall be the beneficiary of the letter of credit; and

(2) The letter of credit shall be clean and irrevocable, and shall provide that the Administrator may draw upon it up to the total amount in the event of the failure of the depository savings association or federal association or if the depository savings association or federal association refuses to permit the withdrawal of funds by a treasurer.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
$80mm	$20mm	N/A	6 months

Issuer Minimum Credit Rating (applies to collateralized CDs only): Maintenance of the minimum standards for “well-capitalized” status as established by the Federal Reserve Board. The current standards are as follows:

- Tier 1 risk-based capital ratio of 8% or greater
- Combined Tier 1 and Tier 2 capital ratio of 10% or greater
- Leverage ratio of 5% or greater

Failure to maintain minimum standards may result in early termination, subject to the discretion of the Treasurer’s Office.

7.5 Negotiable Certificates of Deposit / Yankee Certificates Of Deposit

Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Yankee certificates of deposit are negotiable instruments that are issued by a branch of a foreign bank.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
30% of the portfolio value	10%	N/A	5 years

Maturity Allocation Buckets:

a. More than 4 years to Maturity: No more than 5% of Pool Par Value;
b. 3 to 4 years to Maturity: No more than 5% of Pool Par Value; and
c. 2 to 3 years to Maturity: No more than 5% of Pool Par Value.

Percentage of Pool Par Value is determined at the time a security is purchased. If subsequent to purchases, a Maturity bucket exceeds the 5% allocation, investment staff may continue to hold existing positions.

Issuer Minimum Credit Rating: Issuers must possess either a short-term rating of the highest ranking or long-term credit rating (dependent upon maturity length) of A or better (irrespective of +/-) from at least one NRSRO. Issuers bearing a long-term credit of A shall be limited to a 3 year maturity maximum and exposure will be limited to no more than 10% of the portfolio par value, in aggregate with the A rated exposure in Medium Term Notes, for maturities over 1 year.

The purchase of Canadian Yankee CDs shall be limited to maturities of less than 400 days.

7.6 Bankers Acceptances

Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
40% of the portfolio value	30%	No Limit	180 days

Issuer Minimum Credit Rating: None

7.7 Commercial Paper

Obligations issued by a corporation or bank to finance short-term credit needs, such as accounts receivable and inventory, which may be unsecured or secured by pledged assets.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
25% of the portfolio value	10%	None	270 days

Issuer Minimum Credit Rating: Issuers must possess a short-term credit rating of the highest ranking (irrespective of +/-) from at least one NRSRO.

7.8 Medium Term Notes

Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state, and operating within the U.S.

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
30% of the portfolio value	10%	5%	5 Years

Maturity Allocation Buckets:

d. More than 4 years to Maturity: No more than 5% of Pool Par Value;
e. 3 to 4 years to Maturity: No more than 5% of Pool Par Value; and
f. 2 to 3 years to Maturity: No more than 5% of Pool Par Value.

Percentage of Pool Par Value is determined at the time a security is purchased. If subsequent to purchases, a Maturity bucket exceeds the 5% allocation, investment staff may continue to hold existing positions.

Issuer Minimum Credit Rating: Issuers must possess either a short-term rating of the highest ranking or long-term credit rating (dependent upon maturity length) of A or better (irrespective of +/-) from at least one NRSRO. Issuers bearing a long-term credit of A shall be limited to a 3 year maturity maximum and exposure will be limited to no more than 10% of the portfolio par value, in aggregate with the A rated exposure in Medium Term Notes, for maturities over 1 year.

7.9 Repurchase Agreements

To the extent that the Treasurer's Office utilizes this investment vehicle, said collateral shall be delivered to a third-party custodian, so that recognition of ownership of the City and County of San Francisco is perfected.

Type of Collateral	Allocation Maximum	Issuer Limit Maximum	Maturity/Term Maximum
Government securities	No Limit	N/A	1 year
Securities permitted by CA Government Code, Sections 53601 and 53635	10%	N/A	1 year

7.10 Reverse Repurchase and Securities Lending Agreements

This procedure shall be limited to occasions when the cost effectiveness dictates execution, specifically to satisfy cash flow needs or when the collateral will secure a special rate. A reverse repurchase agreement shall not exceed 45 days; the amount of the agreement shall not exceed $75MM; and the offsetting purchase shall have a maturity not to exceed the term of the repo.

7.11 Money Market Funds

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.).

Fund Type	Allocation Maximum	Issuer Limit Maximum	Percentage of Fund's Net	Maturity/Term Maximum

			Assets Maximum	
Institutional Government	20% of Total Pool assets	N/A	5%	N/A

Issuer Minimum Credit Rating: Fund must be rated in the highest rating category from not less than two NRSROs .

7.12 Local Agency Investment Fund (LAIF)

Investments in LAIF, a California state investment fund available to California municipalities, are authorized.

7.13 Supranationals

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by:

- International Bank for Reconstruction and Development;
- International Finance Corporation; or
- Inter-American Development Bank;

Allocation Maximum	Issuer Limit Maximum	Issue Limit Maximum	Maturity/Term Maximum
30%	None	None	5 years

Issuer Minimum Credit Rating: Issuers must possess either a short-term credit rating of the highest ranking or long-term credit rating (dependent upon maturity length) of the second highest ranking or better (irrespective of +/-) from at least one NRSRO.

8.0 Interest and Expense Allocations

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets, managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated and charged to the Pooled Investment Fund on a quarterly basis, with the exception of San Francisco International Airport costs which are charged directly through a work order.

The San Francisco Controller allocates the net interest earnings of the Pooled Investment Fund. The earnings are allocated monthly based on average balances.

9.0 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer's Office shall be conducted on a delivery-versus-payment (DVP) basis pursuant to approved custodial safekeeping agreements. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

10.0 Deposit and Withdrawal of Funds

California Government Code Section 53684 et seq. provides criteria for outside local agencies, where the Treasurer does not serve as the agency's treasurer, to invest in the County's Pooled Investment Fund, subject to the consent of the Treasurer. Currently, no government agency outside the geographical boundaries of the City and County of San Francisco shall have money invested in City pooled funds.

The Treasurer will honor all requests to withdraw funds for normal cash flow purposes that are approved by the San Francisco Controller. Any requests to withdraw funds for purposes other than cash flow, such as for external investing, shall be subject to the consent of the Treasurer. In accordance with California Government Code Sections 27136 et seq. and 27133(h) et seq., such requests for withdrawals must first be made in writing to the Treasurer. These requests are subject to the Treasurer's consideration for the stability and predictability of the Pooled Investment Fund, or the adverse effect on the interests of the other depositors in the Pooled Investment Fund. Any withdrawal for such purposes shall be at the value shown on the Controller's books as of the date of withdrawal.

11.0 Limits on Receipt of Honoraria, Gifts and Gratuities

In accordance with California Government Code Section 27133(d) et seq., this Investment Policy hereby establishes limits for the Treasurer, individuals responsible for management of the portfolios, and members of the Treasury Oversight Committee on the receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or others persons with whom the Treasurer conducts business. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of those limits must report the gifts, dates and firms to the Treasurer and complete the appropriate State disclosure.

These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the California Fair Political Practices Commission. Members of the Treasury Oversight Committee also must abide by the following sections of the Treasurer's Office Statement of Incompatible Activities: Section III(A)(l)(a), (b) and (c) entitled "Activities that Conflict with Official Duties," and Section III(C) entitled "Advance Written Determination".

12.0 Reporting

In accordance with the provisions of California Government Code Section 53646, which states that the Treasurer may render a quarterly report or a monthly report on the status of the investment portfolio to the Board of Supervisors, Controller and Mayor; the Treasurer regularly submits a monthly report. The report includes the investment types, issuer, maturity date, par value, and dollar amount invested; market value as of the date of the report and the source of the valuation; a statement of compliance with the investment policy or an explanation for non-compliance; and a statement of the ability or inability to meet expenditure requirements for six months, as well as an explanation of why moneys will not be available if that is the case.

13.0 Social Responsibility

In addition to and subordinate to the objectives set forth in Section 4.0 herein, investment of funds should be guided by the following socially responsible investment goals when investing in corporate securities and depository institutions. Investments shall be made in compliance with the forgoing socially responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to investments permitted by state law.

13.1 Social and Environmental Concerns

Investments are encouraged in entities that support community well-being through safe and environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation. Investments are discouraged in entities that manufacture tobacco products, firearms, or nuclear weapons. In addition, investments are encouraged in entities that offer banking products to serve all members of the local community, and investments are discouraged in entities that finance high-cost check-cashing, deferred deposit (payday-lending) businesses and organizations involved in financing, either directly or indirectly, the Dakota Access Pipeline or, as determined by the Treasurer, similar pipeline projects. Prior to making investments, the Treasurer's Office will verify an entity's support of the socially responsible goals listed above through direct contact or through the use of a third party such as the Investors Responsibility Research Center, or a similar ratings service. The entity will be evaluated at the time of purchase of the securities.

13.2 Community Investments

Investments are encouraged in entities that promote community economic development. Investments are encouraged in entities that have a demonstrated involvement in the development or rehabilitation of low income affordable housing, and have a demonstrated commitment to reducing predatory mortgage lending and increasing the responsible servicing of mortgage loans. Securities investments are encouraged in financial institutions that have a Community Reinvestment Act (CRA) rating of either Satisfactory or Outstanding, as well as financial institutions that are designated as a Community Development Financial Institution (CDFI) by the United States Treasury Department, or otherwise demonstrate commitment to community economic development.

13.3 City Ordinances

All depository institutions are to be advised of applicable City contracting ordinances, and shall certify their compliance therewith, if required.

14.0 Treasury Oversight Committee

A Treasury Oversight Committee was established by the San Francisco Board of Supervisors in Ordinance No. 316-00. The duties of the Committee shall be the following:

(a) Review and monitor the investment policy described in California Government Code Section 27133 and prepared annually by the Treasurer.

(b) Cause an annual audit to be conducted to determine the Treasurer's compliance with California Government Code Article 6 including Sections 27130 through 27137 and City Administrative Code Section 10.80-1. The audit may examine the structure of the investment portfolio and risk. This audit may be a part of the County Controller's usual audit of the Treasurer's Office by internal audit staff or the outside audit firm reviewing the Controller's Annual Report.

(c) Nothing herein shall be construed to allow the Committee to direct individual decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the Treasurer. (See California Government Code, Section 27137.)

APPENDIX

Glossary

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASK/OFFER: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The CAFR is the City's official annual financial report. It consists of three major sections: introductory, financial, and statistical. The introductory section furnishes general information on the City's structure, services, and environment. The financial section contains all basic financial statements and required supplementary information, as well as information on all individual funds and discretely presented component units not reported separately in the basic financial statements. The financial section may also include supplementary information not required by GAAP. The statistical section provides trend data and nonfinancial data useful in interpreting the basic financial statements and is especially important for evaluating economic condition.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DEPOSITORY INSTITUTIONS: These institutions hold City and County moneys in the forms of certificates of deposit (negotiable or term), public time deposits and public demand accounts.

DERIVATIVES: (l) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FDIC DEPOSIT INSURANCE COVERAGE: The FDIC is an independent agency of the United States government that protects against the loss of insured deposits if an FDIC-insured bank or savings association fails. Deposit insurance is backed by the full faith and credit of the United States government. Since the FDIC was established, no depositor has ever lost a single penny of FDIC-insured funds. FDIC insurance covers funds in deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit (CDs). FDIC insurance does not, however, cover other financial products and services that insured banks may offer, such as stocks, bonds, mutual fund shares, life insurance policies, annuities or municipal securities. There is no need for depositors to apply for FDIC insurance or even to request it. Coverage is automatic. To ensure funds are fully protected, depositors should understand their deposit insurance coverage limits. The FDIC provides separate insurance coverage for deposits held in different ownership categories such as single accounts, joint accounts, Individual Retirement Accounts (IRAs) and trust accounts.
Basic FDIC Deposit Insurance Coverage Limits*
Single Accounts (owned by one person) $250,000 per owner
Joint Accounts (two or more persons) $250,000 per co-owner
IRAs and certain other retirement accounts $250,000 per owner
Trust Accounts $250,000 per owner per beneficiary subject to specific limitations and requirements**
*The financial reform bill, officially named the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010, made the $250,000 FDIC coverage limit permanent.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL FUNDS RATE: The rate of interest that depository institutions lend monies overnight to other depository institutions. Also referred to as the overnight lending rate. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC): Freddie Mac's mission is to provide liquidity, stability and affordability to the housing market. Congress defined this mission in (their) 1970 charter. Freddie Mac buys mortgage loans from banks, thrifts and other financial intermediaries, and re-sells these loans to investors, or keeps them for their own portfolio, profiting from the difference between their funding costs and the yield generated by the mortgages.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

GOVERNMENT SECURITIES: Obligations of the U.S. Government and its agencies and instrumentalities.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NRSRO: Nationally Recognized Statistical Rating Organization; Credit rating agencies that are registered with the SEC. Such agencies provide an opinion on the creditworthiness of an entity and the financial obligations issued by an entity.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PAR VALUE: The principal amount of a bond returned by the maturity date.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PUBLIC TIME DEPOSITS (Term Certificates Of Deposit): Time deposits are issued by depository institutions against funds deposited for a specified length of time. Time deposits include instruments such as deposit notes. They are distinct from certificates of deposit (CDs) in that interest payments on time deposits are calculated in a manner similar to that of corporate bonds whereas interest payments on CDs are calculated similar to that of money market instruments.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

QUALIFIED INSTITUTIONAL BUYER: A purchaser of securities that is deemed financially sophisticated and is legally recognized by securities market regulators to need less protection from issuers than most public investors.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

RULE 144A. A safe harbor exemption from the registration requirements of Section 5 of the Securities Act for certain offers and sales of qualifying securities by certain persons other than the issuer of the securities. The exemption applies to resales of securities to qualified institutional buyers, who are commonly referred to as "QIBs."

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE l5(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$____________
CITY AND COUNTY OF SAN FRANCISCO
TAXABLE GENERAL OBLIGATION BONDS
(HEALTH AND RECOVERY, 2020)
SERIES 2025G

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco (the "City") in connection with the issuance of the bonds captioned above (the "Bonds"). The City authorized the issuance of the Bonds by (i) Resolution No. 234-21, adopted by the Board of Supervisors of the City on May 18, 2021, and duly approved by the Mayor of the City on May 28, 2021, and (ii) Resolution No. 332-25, adopted by the Board of Supervisors of the City on July 15, 2025, and duly approved by the Mayor of the City on July 23, 2025. The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the City, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"Holder" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) and Section 5(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at *http://emma.msrb.org*.

"Participating Underwriter" shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City's fiscal year (which is June 30), commencing with the report for the 2024-25 Fiscal Year (which is due not later than March 27, 2026), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the City, the City shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

(a) the audited general purpose financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental entities;

(b) a summary of budgeted general fund revenues and appropriations;

(c) a summary of the assessed valuation of taxable property in the City;

(d) a summary of the *ad valorem* property tax levy and delinquency rate;

(e) a schedule of aggregate annual debt service on tax-supported indebtedness of the City; and

(f) summary of outstanding and authorized but unissued tax-supported indebtedness of the City.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-10 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 11-18 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

11. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
12. Modifications to rights of Bondholders;
13. Unscheduled or contingent Bond calls;
14. Release, substitution, or sale of property securing repayment of the Bonds;
15. Non-payment related defaults;
16. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
17. Appointment of a successor or additional trustee or the change of name of a trustee; or

18. Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) The City shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(13) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolutions.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the City and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Date: November __, 2025

CITY AND COUNTY OF SAN FRANCISCO

____
Greg Wagner
Controller

Approved as to form:

DAVID CHIU
CITY ATTORNEY

By: ____________________________
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT A

FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of City:	CITY AND COUNTY OF SAN FRANCISCO
Name of Bond Issue:	$__________ CITY AND COUNTY OF SAN FRANCISCO TAXABLE GENERAL OBLIGATION BONDS (HEALTH AND RECOVERY, 2020), SERIES 2025G
Date of Issuance:	November __, 2025

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated November __, 2025. The City anticipates that the Annual Report will be filed by _____________.

Dated:_______________

CITY AND COUNTY OF SAN FRANCISCO

By: [to be signed only if filed]
Title: ______________________

APPENDIX E

DTC AND THE BOOK ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-10 of this Appendix E, concerning The Depository Trust Company ("DTC") and DTC's book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the City, and "Agent" means the Paying Agent.

1. The Depository Trust Company ("DTC") will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Delivery Date]

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Re: $_______ City and County of San Francisco Taxable General Obligation Bonds (Health and Recovery, 2020), Series 2025G

Greetings:

We have acted as Bond Counsel to the City and County of San Francisco (the "City") in connection with the issuance of the City's Taxable General Obligation Bonds (Health and Recovery, 2020), Series 2025G (the "Bonds"). The Bonds will be issued under the Government Code of the State of California and the Charter of the City. The City authorized the issuance and sale of the 2025G Bonds by Resolution No. 234-21 (the "Authorizing Resolution") and Resolution No. 332-25 (the "Sale Resolution"). The Authorizing Resolution and the Sale Resolution are herein together referred to as the "Resolutions." Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Resolutions.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the City in connection with the issuance and sale of the Bonds, including the Resolutions. We have also examined such certificates of officers of the City and others as we have considered necessary for the purposes of the opinions set forth herein. These opinions are limited to the laws of the State of California and the federal laws of the United States of America.

Based upon the foregoing, as of the date hereof, we are of the opinion that:

1. The Bonds constitute valid and binding obligations of the City.

2. The Board of Supervisors of the City has the power and is obligated to levy property taxes without limitation as to rate or amount upon all property within the City's boundaries subject to taxation by the City (except for certain property which is taxable at limited rates) for payment of the Bonds and the interest thereon.

3. Interest on the Bonds is exempt from personal income taxes imposed by the State of California.

We express no opinion regarding federal tax consequences or other State of California tax consequences caused by the ownership of, or the accrual or receipt of interest on, the Bonds.

The opinion expressed in paragraph 1 above is qualified to the extent the enforceability of the Bonds may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the Bonds is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, to the exercise of judicial discretion, to the limitations on legal remedies against governmental entities in the

State of California, and to the application of laws relating to conflicts of interest to which governmental entities are subject.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of any specific result; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,