

**CITY AND COUNTY OF SAN FRANCISCO**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT REPORTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**CITY AND COUNTY OF SAN FRANCISCO  
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### Independent Auditor’s Report

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

#### Report on the Audit of the Financial Statements

##### 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 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 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 schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Walnut Creek, California

November 27, 2024, except for our report on the schedule of expenditures of federal awards,  
as to which the date is February 18, 2025

# 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) Single Audit Report 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 reclassified 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 and bond discount of \$189 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 in the City's CP notes were repaid by the Certificates of Participation Series 2024A in fiscal year 2024-25 which has been reclassified 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.

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

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 reclassified \$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.

**CITY AND COUNTY OF SAN FRANCISCO**

**Management's Discussion and Analysis (Unaudited) (Continued)**

Year Ended June 30, 2024

**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 basic financial statements are related as shown in the graphic below.

**Organization of City and County of San Francisco Basic Financial Statements**

<b>ACFR</b>	Introductory Section	<b>INTRODUCTORY SECTION</b>			
		+			
	Financial Section	<b>Management's Discussion and Analysis (MD&amp;A)</b>			
		<b>Government - wide Financial Statements</b>	<b>Fund Financial Statements</b>		
			<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
		Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
				Statement of revenues, expenses, and changes in fund net position	
		Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of cash flows	Statement of changes in fiduciary net position
	<b>Notes to the Financial Statements</b>				
<b>Required Supplementary Information Other Than MD&amp;A</b>					
Information on individual nonmajor funds and other supplementary information that is not required					
	+				
Statistical Section	<b>STATISTICAL SECTION</b>				

**CITY AND COUNTY OF SAN FRANCISCO**

**Management’s Discussion and Analysis (Unaudited) (Continued)**

Year Ended June 30, 2024

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.

	<b>Government - wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	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
<b>Accounting basis and measurement focus</b>	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
<b>Type of balance information</b>	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
<b>Type of inflow and outflow information</b>	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.

# CITY AND COUNTY OF SAN FRANCISCO

## Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

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.

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

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
<b>Assets:</b>						
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.....	<u>18,137,577</u>	<u>17,626,799</u>	<u>35,684,807</u>	<u>33,841,725</u>	<u>53,822,384</u>	<u>51,468,524</u>
<b>Deferred outflows of resources:</b>	<u>1,754,934</u>	<u>1,471,655</u>	<u>1,407,646</u>	<u>1,194,152</u>	<u>3,162,580</u>	<u>2,665,807</u>
<b>Liabilities:</b>						
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.....	<u>13,316,755</u>	<u>12,599,894</u>	<u>26,625,656</u>	<u>24,862,834</u>	<u>39,942,411</u>	<u>37,462,728</u>
<b>Deferred inflows of resources:</b>	<u>761,760</u>	<u>976,014</u>	<u>2,060,255</u>	<u>2,294,394</u>	<u>2,822,015</u>	<u>3,270,408</u>
<b>Net position:</b>						
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.....	<u>\$ 5,813,996</u>	<u>\$ 5,522,546</u>	<u>\$ 8,406,542</u>	<u>\$ 7,878,649</u>	<u>\$ 14,220,538</u>	<u>\$ 13,401,195</u>

\* 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

**CITY AND COUNTY OF SAN FRANCISCO**

**Management's Discussion and Analysis (Unaudited) (Continued)**

Year Ended June 30, 2024

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
<b>Revenues</b>						
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.....	<u>9,418,198</u>	<u>8,781,917</u>	<u>6,316,478</u>	<u>5,424,198</u>	<u>15,734,676</u>	<u>14,206,115</u>
<b>Expenses</b>						
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.....	<u>8,205,748</u>	<u>7,608,122</u>	<u>6,709,585</u>	<u>5,820,215</u>	<u>14,915,333</u>	<u>13,428,337</u>
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.....	<u>291,450</u>	<u>288,689</u>	<u>527,893</u>	<u>489,089</u>	<u>819,343</u>	<u>777,778</u>
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.....	<u>5,522,546</u>	<u>5,233,857</u>	<u>7,878,649</u>	<u>7,389,560</u>	<u>13,401,195</u>	<u>12,623,417</u>
Net position at end of year.....	<u>\$ 5,813,996</u>	<u>\$ 5,522,546</u>	<u>\$ 8,406,542</u>	<u>\$ 7,878,649</u>	<u>\$ 14,220,538</u>	<u>\$ 13,401,195</u>

**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

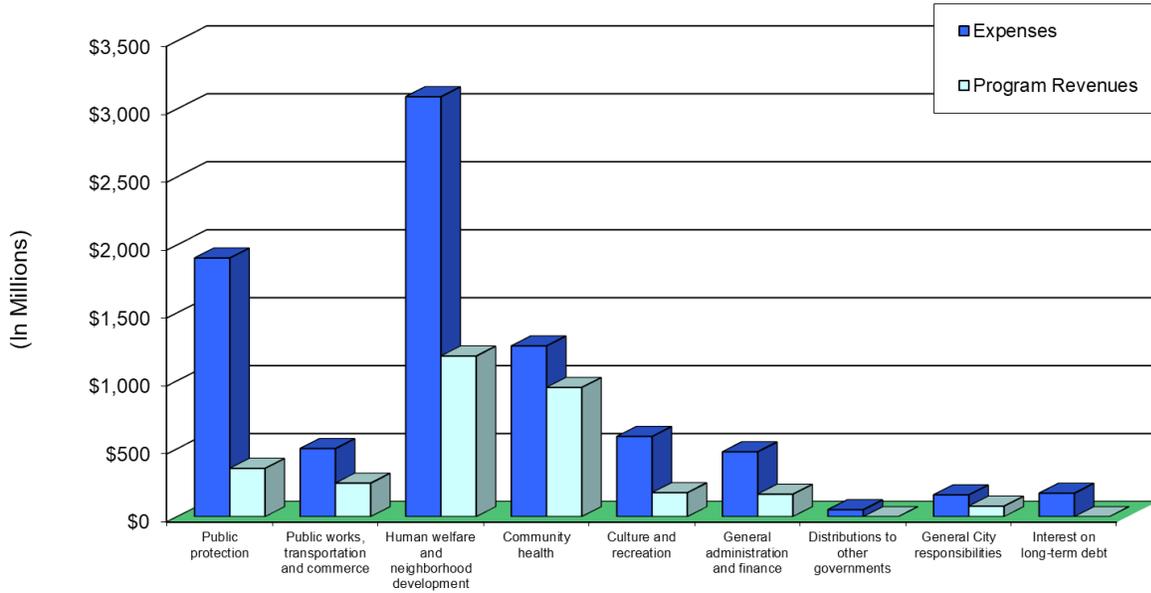
**CITY AND COUNTY OF SAN FRANCISCO**

**Management’s Discussion and Analysis (Unaudited) (Continued)**

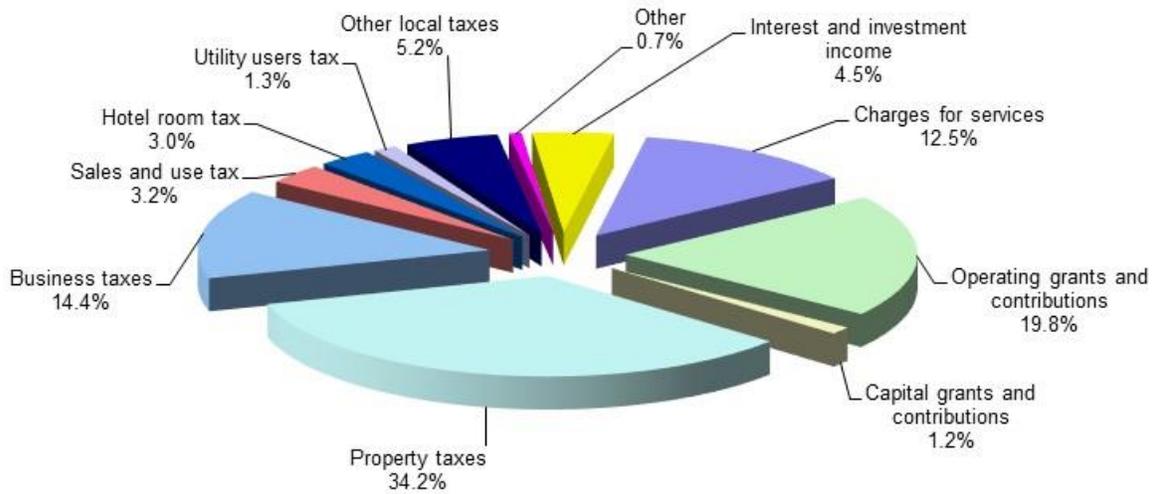
Year Ended June 30, 2024

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**



## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

**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

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

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.

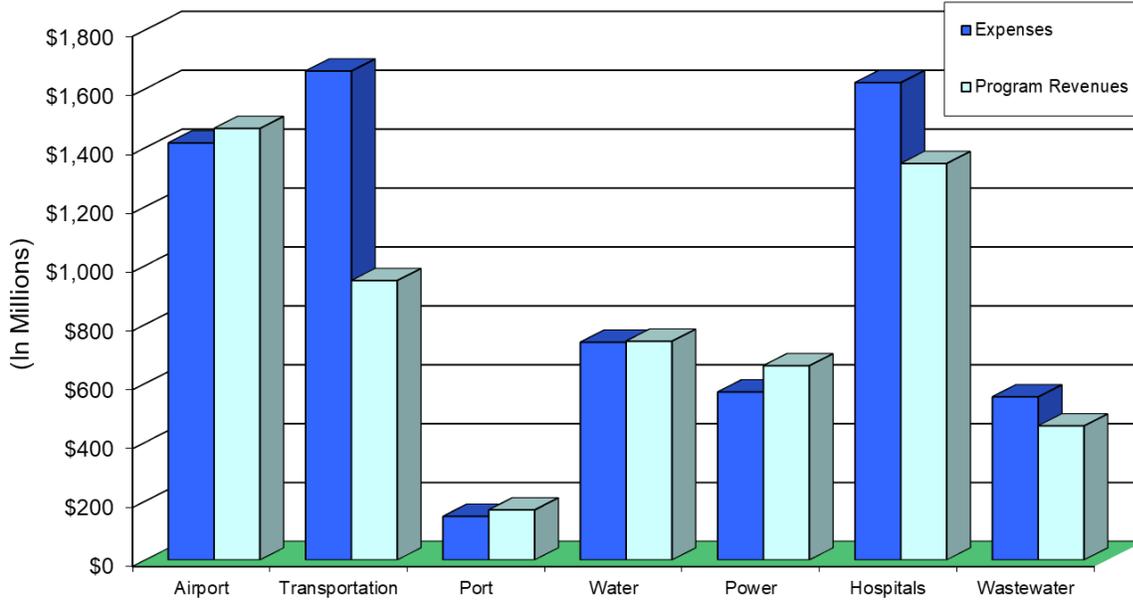
Total governmental expenses grew by \$597.6 million or 7.9 percent, mainly attributed to higher pension expenses of \$401.1 million resulted from increased differences between expected and actual experience, service cost and interest cost and partly offset by an increase in investment income. Salaries 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.

**CITY AND COUNTY OF SAN FRANCISCO**

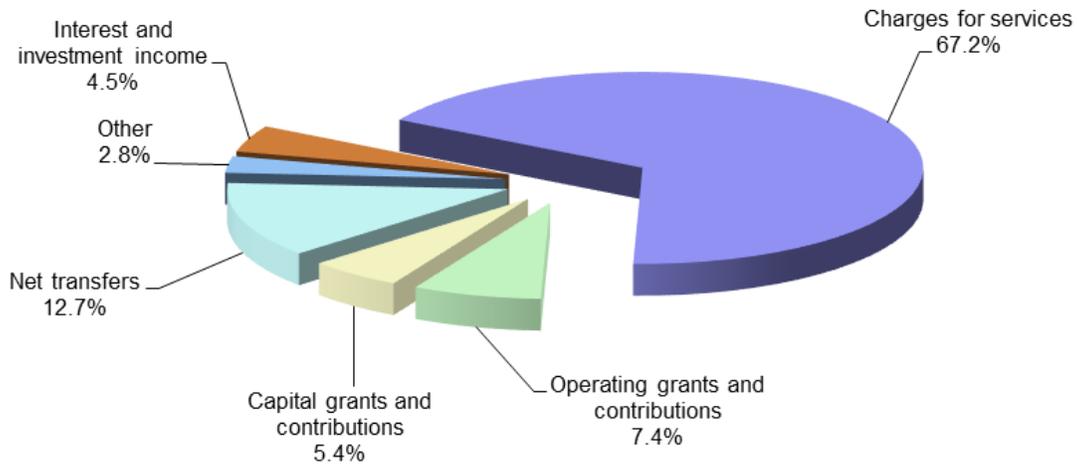
**Management's Discussion and Analysis (Unaudited) (Continued)**

Year Ended June 30, 2024

**Expenses and Program Revenues - Business-Type Activities**



**Revenues and Transfers By Source - Business-type Activities**



## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

**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,

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

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.

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

- 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.

# CITY AND COUNTY OF SAN FRANCISCO

## Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

### 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

**CITY AND COUNTY OF SAN FRANCISCO**

**Management’s Discussion and Analysis (Unaudited) (Continued)**

Year Ended June 30, 2024

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.....	<u>\$ 4,865,739</u>	<u>\$ 5,930,737</u>	<u>\$(1,064,998)</u>	<u>\$ 284,811</u>	<u>\$ 387,080</u>	<u>\$ 921,000</u>	<u>\$ 527,893</u>

**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

**CITY AND COUNTY OF SAN FRANCISCO**

**Management’s Discussion and Analysis (Unaudited) (Continued)**

Year Ended June 30, 2024

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 \$701.6 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.

**Capital Assets**

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.....	<u>\$ 8,066,041</u>	<u>\$ 7,803,629</u>	<u>\$ 26,518,571</u>	<u>\$ 25,146,242</u>	<u>\$ 34,584,612</u>	<u>\$ 32,949,871</u>

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

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

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.

#### **Debt Administration**

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,

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

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.

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued)

Year Ended June 30, 2024

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 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.

# CITY AND COUNTY OF SAN FRANCISCO

## 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, 13<sup>th</sup> 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, 7<sup>th</sup> Floor  
San Francisco, CA 94103

##### ***Health Service System***

Chief Financial Officer  
1145 Market Street, Suite 300  
San Francisco, CA 94103

##### ***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, 5<sup>th</sup> Floor  
San Francisco, CA 94103

##### ***Successor Agency to the San Francisco Redevelopment Agency***

1 South Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, CA 94103

##### ***Retiree Health Care Trust***

c/o Employees' Retirement System  
1145 Market Street, 5<sup>th</sup> Floor  
San Francisco, CA 94103

##### ***San Francisco County Transportation Authority***

Deputy Director for Administration and Finance  
1455 Market Street, 22<sup>nd</sup> 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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**CITY AND COUNTY OF SAN FRANCISCO**

**Statement of Net Position**

June 30, 2024

(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
<b>ASSETS</b>				
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.....	<u>9,464,403</u>	<u>6,003,486</u>	<u>15,467,889</u>	<u>19,745</u>
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. Facilities, infrastructure and equipment, net of depreciation/amortization.....	1,705,123	5,658,749	7,363,872	34,846
Total capital assets.....	<u>6,360,918</u>	<u>20,859,822</u>	<u>27,220,740</u>	<u>86,399</u>
Total noncurrent assets.....	<u>8,673,174</u>	<u>29,681,321</u>	<u>38,354,495</u>	<u>135,836</u>
Total assets.....	<u>18,137,577</u>	<u>35,684,807</u>	<u>53,822,384</u>	<u>155,581</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
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.....	<u>\$ 1,754,934</u>	<u>\$ 1,407,646</u>	<u>\$ 3,162,580</u>	<u>\$ 7</u>

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
<b>LIABILITIES</b>				
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.....	<u>3,468,324</u>	<u>2,547,818</u>	<u>6,016,142</u>	<u>20,774</u>
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.....	<u>9,848,431</u>	<u>24,077,838</u>	<u>33,926,269</u>	<u>7,045</u>
Total liabilities.....	<u>13,316,755</u>	<u>26,625,656</u>	<u>39,942,411</u>	<u>27,819</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
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.....	<u>761,760</u>	<u>2,060,255</u>	<u>2,822,015</u>	<u>16,212</u>
<b>NET POSITION</b>				
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.....	<u>3,113,571</u>	<u>1,595,086</u>	<u>4,639,626</u>	<u>-</u>
Unrestricted (deficit), Note 10(d).....	(2,097,259)	365,498	(1,294,744)	(9,688)
Total net position.....	<u>\$ 5,813,996</u>	<u>\$ 8,406,542</u>	<u>\$ 14,220,538</u>	<u>\$ 111,557</u>

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

**CITY AND COUNTY OF SAN FRANCISCO**

**Statement of Activities**  
**Year Ended June 30, 2024**  
(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Treasure Island Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
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.....	<u>8,205,748</u>	<u>1,178,918</u>	<u>1,867,598</u>	<u>109,202</u>	<u>(5,050,030)</u>	<u>-</u>	<u>(5,050,030)</u>	<u>-</u>
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.....	<u>6,709,585</u>	<u>4,865,739</u>	<u>535,623</u>	<u>387,080</u>	<u>-</u>	<u>(921,143)</u>	<u>(921,143)</u>	<u>-</u>
Total primary government.....	<u>\$ 14,915,333</u>	<u>\$ 6,044,657</u>	<u>\$ 2,403,221</u>	<u>\$ 496,282</u>	<u>(5,050,030)</u>	<u>(921,143)</u>	<u>(5,971,173)</u>	<u>-</u>
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.....					<u>5,341,480</u>	<u>1,449,036</u>	<u>6,790,516</u>	<u>6,272</u>
Change in net position.....					<u>291,450</u>	<u>527,893</u>	<u>819,343</u>	<u>63,184</u>
Net position at beginning of year.....					<u>5,522,546</u>	<u>7,878,649</u>	<u>13,401,195</u>	<u>48,373</u>
Net position at end of year.....					<u>\$ 5,813,996</u>	<u>\$ 8,406,542</u>	<u>\$ 14,220,538</u>	<u>\$ 111,557</u>

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

**CITY AND COUNTY OF SAN FRANCISCO**

**Balance Sheet  
Governmental Funds  
June 30, 2024  
(In Thousands)**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
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.....	<u>\$ 4,757,143</u>	<u>\$ 5,265,381</u>	<u>\$ 10,022,524</u>
<b>Liabilities:</b>			
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.....	<u>1,793,103</u>	<u>1,032,179</u>	<u>2,825,282</u>
Deferred inflows of resources.....	<u>400,430</u>	<u>618,107</u>	<u>1,018,537</u>
<b>Fund balances:</b>			
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.....	<u>2,563,610</u>	<u>3,615,095</u>	<u>6,178,705</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$ 4,757,143</u>	<u>\$ 5,265,381</u>	<u>\$ 10,022,524</u>

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net 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.	<u>(65,087)</u>
Net position of governmental activities	<u><u>\$ 5,813,996</u></u>

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

**CITY AND COUNTY OF SAN FRANCISCO**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2024  
(In Thousands)**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
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.....	<u>42,268</u>	<u>56,955</u>	<u>99,223</u>
Total revenues.....	<u>6,377,784</u>	<u>2,755,993</u>	<u>9,133,777</u>
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.....	<u>149,638</u>	<u>203,583</u>	<u>353,221</u>
Total expenditures.....	<u>5,412,315</u>	<u>3,483,664</u>	<u>8,895,979</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>965,469</u>	<u>(727,671)</u>	<u>237,798</u>
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.....	<u>149,638</u>	<u>488</u>	<u>150,126</u>
Total other financing sources (uses).....	<u>(1,049,996)</u>	<u>487,441</u>	<u>(562,555)</u>
Net changes in fund balances.....	<u>(84,527)</u>	<u>(240,230)</u>	<u>(324,757)</u>
Fund balances at beginning of year.....	<u>2,648,137</u>	<u>3,855,325</u>	<u>6,503,462</u>
Fund balances at end of year.....	<u>\$ 2,563,610</u>	<u>\$ 3,615,095</u>	<u>\$ 6,178,705</u>

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

**CITY AND COUNTY OF SAN FRANCISCO**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**  
Year Ended June 30, 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.	<u>21,394</u>
Change in net position of governmental activities	<u>\$ 291,450</u>

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									Governmental Activities - Internal Service 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	
<b>ASSETS</b>										
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.....	<u>2,200,436</u>	<u>680,725</u>	<u>517,667</u>	<u>1,065,942</u>	<u>477,255</u>	<u>483,618</u>	<u>507,092</u>	<u>172,703</u>	<u>6,105,438</u>	<u>95,366</u>
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.....	<u>6,547,135</u>	<u>5,057,662</u>	<u>558,496</u>	<u>5,246,060</u>	<u>82,247</u>	<u>2,562,003</u>	<u>373,102</u>	<u>433,117</u>	<u>20,859,822</u>	<u>47,550</u>
Total capital assets.....	<u>7,136,289</u>	<u>5,778,467</u>	<u>995,251</u>	<u>6,035,308</u>	<u>119,485</u>	<u>5,488,410</u>	<u>492,073</u>	<u>473,288</u>	<u>26,518,571</u>	<u>47,863</u>
Total noncurrent assets.....	<u>9,107,707</u>	<u>5,963,432</u>	<u>1,114,300</u>	<u>6,339,869</u>	<u>126,703</u>	<u>5,582,789</u>	<u>960,103</u>	<u>486,418</u>	<u>29,681,321</u>	<u>108,926</u>
Total assets.....	<u>11,308,143</u>	<u>6,644,157</u>	<u>1,631,967</u>	<u>7,405,811</u>	<u>603,958</u>	<u>6,066,407</u>	<u>1,467,195</u>	<u>659,121</u>	<u>35,786,759</u>	<u>204,292</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>										
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.....	<u>215,498</u>	<u>212,686</u>	<u>36,782</u>	<u>448,971</u>	<u>294,529</u>	<u>55,501</u>	<u>26,613</u>	<u>117,066</u>	<u>1,407,646</u>	<u>34,160</u>

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 (Continued)**  
June 30, 2024  
(In Thousands)

	Business-Type Activities - Enterprise Funds									Governmental Activities - Internal Service 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	
<b>LIABILITIES</b>										
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.....	<u>786,075</u>	<u>479,879</u>	<u>200,323</u>	<u>372,464</u>	<u>397,679</u>	<u>282,030</u>	<u>38,312</u>	<u>93,008</u>	<u>2,649,770</u>	<u>51,804</u>
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.....	<u>10,232,753</u>	<u>5,523,240</u>	<u>422,809</u>	<u>1,956,101</u>	<u>784,879</u>	<u>4,481,117</u>	<u>309,981</u>	<u>366,958</u>	<u>24,077,838</u>	<u>167,425</u>
Total liabilities.....	<u>11,018,828</u>	<u>6,003,119</u>	<u>623,132</u>	<u>2,328,565</u>	<u>1,182,558</u>	<u>4,763,147</u>	<u>348,293</u>	<u>459,966</u>	<u>26,727,608</u>	<u>219,229</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
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.....	<u>1,057,297</u>	<u>104,076</u>	<u>13,968</u>	<u>206,906</u>	<u>109,033</u>	<u>21,322</u>	<u>517,633</u>	<u>30,020</u>	<u>2,060,255</u>	<u>16,703</u>
<b>NET POSITION</b>										
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.....	<u>\$ (552,484)</u>	<u>\$ 749,648</u>	<u>\$ 1,031,649</u>	<u>\$ 5,319,311</u>	<u>\$ (393,104)</u>	<u>\$ 1,337,439</u>	<u>\$ 627,882</u>	<u>\$ 286,201</u>	<u>\$ 8,406,542</u>	<u>\$ 2,520</u>

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

**CITY AND COUNTY OF SAN FRANCISCO**

**Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds**

Year Ended June 30, 2024

(In Thousands)

	Business-Type Activities - Enterprise Funds								Governmental Activities - Internal Service 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
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.....	<u>1,401,390</u>	<u>676,890</u>	<u>630,438</u>	<u>352,802</u>	<u>1,095,838</u>	<u>395,041</u>	<u>134,589</u>	<u>178,751</u>	<u>4,865,739</u>	<u>202,508</u>
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.....	<u>976,556</u>	<u>529,356</u>	<u>556,069</u>	<u>1,644,285</u>	<u>1,292,882</u>	<u>462,043</u>	<u>143,593</u>	<u>325,953</u>	<u>5,930,737</u>	<u>193,845</u>
Operating income (loss).....	<u>424,834</u>	<u>147,534</u>	<u>74,369</u>	<u>(1,291,483)</u>	<u>(197,044)</u>	<u>(67,002)</u>	<u>(9,004)</u>	<u>(147,202)</u>	<u>(1,064,998)</u>	<u>8,663</u>
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).....	<u>(162,710)</u>	<u>(142,822)</u>	<u>17,667</u>	<u>457,942</u>	<u>81,791</u>	<u>(42,264)</u>	<u>56,531</u>	<u>18,676</u>	<u>284,811</u>	<u>1,669</u>
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.....	<u>270,433</u>	<u>57,575</u>	<u>121,170</u>	<u>63,314</u>	<u>(18,260)</u>	<u>(61,395)</u>	<u>62,228</u>	<u>32,828</u>	<u>527,893</u>	<u>8,248</u>
Net position (deficit) at beginning of year.....	<u>(822,917)</u>	<u>692,073</u>	<u>910,479</u>	<u>5,255,997</u>	<u>(374,844)</u>	<u>1,398,834</u>	<u>565,654</u>	<u>253,373</u>	<u>7,878,649</u>	<u>(5,728)</u>
Net position (deficit) at end of year.....	<u>\$ (552,484)</u>	<u>\$ 749,648</u>	<u>\$ 1,031,649</u>	<u>\$ 5,319,311</u>	<u>\$ (393,104)</u>	<u>\$ 1,337,439</u>	<u>\$ 627,882</u>	<u>\$ 286,201</u>	<u>\$ 8,406,542</u>	<u>\$ 2,520</u>

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Cash Flows - Proprietary Funds**  
Year Ended June 30, 2024  
(In Thousands)

	Business-Type Activities - Enterprise Funds									Governmental Activities - Internal Service 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	
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.....	<u>561,042</u>	<u>285,855</u>	<u>87,959</u>	<u>(1,047,882)</u>	<u>(196,392)</u>	<u>160,453</u>	<u>15,302</u>	<u>(155,369)</u>	<u>(289,032)</u>	<u>53,092</u>
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.....	<u>(98,800)</u>	<u>10,904</u>	<u>3,036</u>	<u>963,496</u>	<u>163,102</u>	<u>12,974</u>	<u>5,265</u>	<u>153,179</u>	<u>1,213,156</u>	<u>(2,013)</u>
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.....	<u>(460,539)</u>	<u>(266,954)</u>	<u>(30,150)</u>	<u>(123,354)</u>	<u>(34,310)</u>	<u>(197,017)</u>	<u>(11,667)</u>	<u>(12,207)</u>	<u>(1,136,198)</u>	<u>(44,284)</u>
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.....	<u>126,424</u>	<u>(49,214)</u>	<u>3,733</u>	<u>42,509</u>	<u>12,836</u>	<u>(19,535)</u>	<u>26,974</u>	<u>5,438</u>	<u>149,165</u>	<u>2,644</u>
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.....	<u>2,147,432</u>	<u>514,901</u>	<u>451,464</u>	<u>1,031,649</u>	<u>241,083</u>	<u>522,224</u>	<u>400,776</u>	<u>102,399</u>	<u>5,411,928</u>	<u>71,920</u>
Cash and cash equivalents-end of year.....	<u>\$ 2,275,559</u>	<u>\$ 495,492</u>	<u>\$ 516,042</u>	<u>\$ 866,418</u>	<u>\$ 186,319</u>	<u>\$ 479,099</u>	<u>\$ 436,650</u>	<u>\$ 93,440</u>	<u>\$ 5,349,019</u>	<u>\$ 81,359</u>

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

**CITY AND COUNTY OF SAN FRANCISCO**

**Statement of Cash Flows – Proprietary Funds (Continued)**  
 Year Ended June 30, 2024  
 (In Thousands)

	Business-Type Activities - Enterprise Funds								Governmental Activities - Internal Service 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
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
<b>Assets:</b>				
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.....	<u>37,895,170</u>	<u>491,246</u>	<u>1,733,749</u>	<u>1,600,435</u>
<b>Deferred outflows of resources:</b>				
Unamortized loss on refunding of debt.....	-	31,336	-	-
Pensions.....	-	13,559	-	-
OPEB.....	2,379	2,316	-	-
Total deferred outflows of resources.....	<u>2,379</u>	<u>47,211</u>	<u>-</u>	<u>-</u>
<b>Liabilities:</b>				
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.....	<u>1,098,595</u>	<u>994,565</u>	<u>-</u>	<u>335,591</u>
<b>Deferred inflows of resources:</b>				
Pensions.....	-	3,169	-	-
OPEB.....	1,922	541	-	-
Total deferred inflows of resources.....	<u>1,922</u>	<u>3,710</u>	<u>-</u>	<u>-</u>
<b>Net position restricted for:</b>				
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.....	<u>\$ 36,797,032</u>	<u>\$ (459,818)</u>	<u>\$ 1,733,749</u>	<u>\$ 1,264,844</u>

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Changes in Fiduciary Net 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	Other Custodial Funds
<b>Additions:</b>				
Property taxes.....	\$ -	\$ 134,025	\$ -	\$ 5,412,717
Charges for services.....	-	6,288	-	-
<b>Contributions:</b>				
Employee contributions.....	716,536	-	-	-
Employer contributions.....	1,909,841	-	-	-
Contributions to pooled investments.....	-	-	4,926,732	-
Total contributions.....	<u>2,626,377</u>	<u>140,313</u>	<u>4,926,732</u>	<u>5,412,717</u>
<b>Investment income (expenses):</b>				
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.....	<u>2,849,317</u>	<u>21,793</u>	<u>68,780</u>	<u>85,846</u>
<b>Less investment expenses:</b>				
Other investment expenses.....	(93,759)	-	-	-
Net investment income.....	<u>2,755,558</u>	<u>21,793</u>	<u>68,780</u>	<u>85,846</u>
Custodial additions.....	-	-	-	143,040
Other additions.....	-	6,219	-	52,310
Total additions, net.....	<u>5,381,935</u>	<u>168,325</u>	<u>4,995,512</u>	<u>5,693,913</u>
<b>Deductions:</b>				
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.....	<u>3,346,500</u>	<u>209,685</u>	<u>4,704,755</u>	<u>5,643,312</u>
Change in net position.....	<u>2,035,435</u>	<u>(41,360)</u>	<u>290,757</u>	<u>50,601</u>
Net position (deficit) at beginning of year.....	<u>34,761,597</u>	<u>(418,458)</u>	<u>1,442,992</u>	<u>1,214,243</u>
Net position (deficit) at end of year.....	<u>\$ 36,797,032</u>	<u>\$ (459,818)</u>	<u>\$ 1,733,749</u>	<u>\$ 1,264,844</u>

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

# CITY AND COUNTY OF SAN FRANCISCO

## Notes to Basic Financial Statements

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, 22<sup>nd</sup> 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.

## CITY AND COUNTY OF SAN FRANCISCO

### Notes to Basic Financial Statements (Continued)

June 30, 2024

(Dollars in Thousands)

*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, 3<sup>rd</sup> 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

## CITY AND COUNTY OF SAN FRANCISCO

### Notes to Basic Financial Statements (Continued)

June 30, 2024

(Dollars in Thousands)

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, 5<sup>th</sup> 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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(Dollars in Thousands)

**(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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(Dollars in Thousands)

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.

## CITY AND COUNTY OF SAN FRANCISCO

### Notes to Basic Financial Statements (Continued)

June 30, 2024

(Dollars in Thousands)

- 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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(Dollars in Thousands)

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(Dollars in Thousands)

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.

***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-

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
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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.

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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.

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- *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.

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**(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.

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***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.

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**(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
<b>Assets</b>					
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.....	<u>10,022,524</u>	<u>8,036,441</u>	<u>136,278</u>	<u>(57,666)</u>	<u>18,137,577</u>
<b>Deferred outflows of resources</b>					
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.....	<u>-</u>	<u>1,720,774</u>	<u>34,160</u>	<u>-</u>	<u>1,754,934</u>
<b>Liabilities</b>					
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.....	<u>2,825,282</u>	<u>10,330,317</u>	<u>218,822</u>	<u>(57,666)</u>	<u>13,316,755</u>
<b>Deferred inflows of resources</b>					
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.....	<u>1,018,537</u>	<u>(273,480)</u>	<u>16,703</u>	<u>-</u>	<u>761,760</u>
<b>Fund balances/ net position</b>					
Total fund balances/ net position.....	<u>\$ 6,178,705</u>	<u>\$ (299,622)</u>	<u>\$ (65,087)</u>	<u>\$ -</u>	<u>\$ 5,813,996</u>

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(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)
	<u>\$ 8,018,178</u>

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)
	<u>\$(5,729,611)</u>

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 .....	<u>\$ (128,476)</u>
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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)
	<u>\$(1,262,103)</u>

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)
	<u>\$(2,106,684)</u>

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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 .....	<u>(9,249)</u>
	<u>\$ 933,903</u>

- (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 .....	<u>407</u>
	<u>\$ (65,087)</u>

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**(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
<b>Revenues</b>						
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.....	<u>9,133,777</u>	<u>259,557</u>	<u>3,812</u>	<u>2,756</u>	<u>-</u>	<u>9,399,902</u>
<b>Expenditures/ Expenses</b>						
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.....	<u>8,895,979</u>	<u>25,531</u>	<u>(222,208)</u>	<u>(20,722)</u>	<u>(472,832)</u>	<u>8,205,748</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>237,798</u>	<u>234,026</u>	<u>226,020</u>	<u>23,478</u>	<u>472,832</u>	<u>1,194,154</u>
<b>Other financing sources (uses) / changes in net position</b>						
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).....	<u>(562,555)</u>	<u>-</u>	<u>-</u>	<u>(2,084)</u>	<u>(356,361)</u>	<u>(921,000)</u>
Capital contributions.....	-	-	18,296	-	-	18,296
<b>Net change for the year.....</b>	<u>\$ (324,757)</u>	<u>\$ 234,026</u>	<u>\$ 244,316</u>	<u>\$ 21,394</u>	<u>\$ 116,471</u>	<u>\$ 291,450</u>

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(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.	<u>297,749</u> <u>\$ 259,557</u>
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.	<u>(12)</u> <u>\$ (25,531)</u>
(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.....	<u>(17,975)</u>
Difference.....	<u>\$ 244,316</u>
(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.	<u>\$ 21,394</u>

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**Notes to Basic Financial Statements (Continued)**  
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(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 .....	<u>\$ (68,321)</u>

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.....	<u>23,311</u>
	<u>1,079,750</u>

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.....	<u>(6,379)</u>
	<u>(906,781)</u>
	<u>\$ 172,969</u>

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.....	<u>(13,593)</u>
	<u>\$ 11,823</u>

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**(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.

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**(5) DEPOSITS AND INVESTMENTS**

**(a) Cash, Deposits and Investments Presentation**

Total City cash, deposits and investments, at fair value, are as follows:

	Primary Government			Total
	Governmental Activities	Business-type Activities	Fiduciary Funds	
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
<b>Total deposits and investments</b>	<b>\$ 8,160,066</b>	<b>\$ 6,277,544</b>	<b>\$ 41,244,814</b>	<b>\$ 55,682,424</b>
Cash and deposits.....				\$ (76,998)
Investments.....				55,759,422
<b>Total deposits and investments.....</b>				<b>\$ 55,682,424</b>

**(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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
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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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
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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 %
	<u>100.0 %</u>	<u>100.0 %</u>

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.

**CITY AND COUNTY OF SAN FRANCISCO**  
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**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:

<b>Asset Class</b>	<b>Target Allocation Since February 13, 2023</b>	
	<b>City and County of San Francisco Sub-Trust</b>	<b>Community College District Sub-Trust</b>
<b>Equities</b>		
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%
<b>Credit</b>		
High Yield Bonds	3.0%	3.0%
Bank Loans	3.0%	3.0%
Emerging Market Bonds	-	3.0%
<b>Rate Sensitive</b>		
Short-Term Treasury Inflation-Protected Securities (TIPS)	5.0%	3.0%
Investment Grade Corporate Bonds	7.0%	15.0%
<b>Private Markets</b>		
Private Equity	10.0%	-
Private Credit	5.0%	-
Core Private Real Estate	5.0%	-
Core Private Infrastructure	2.0%	-
<b>Risk Mitigating Strategies</b>		
Global Macro	10.0%	-
Long-Term Government Bonds	-	5.0%
	<b>100.0%</b>	<b>100.0%</b>

**CITY AND COUNTY OF SAN FRANCISCO**  
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**(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 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)
<b>Primary Government:</b>				
<b>Investments in City Treasury:</b>				
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	<u>16,440,729</u>	<u>\$ -</u>	<u>\$ 14,160,642</u>	<u>\$ -</u>
<b>Investments Outside City Treasury:</b>				
(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	<u>1,844,118</u>	<u>\$ 812,074</u>	<u>\$ 166,498</u>	<u>\$ -</u>

\* Not subject to fair value hierarchy

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	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)
<b>Employees' Retirement System Investments</b>				
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	<u>8,814,276</u>	<u>\$ 7,061,923</u>	<u>\$ 1,260,441</u>	<u>\$ 491,912</u>
<b>Investments measured at the net asset value (NAV)</b>				
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	<u>27,418,898</u>			
Subtotal Investments in Employees' Retirement System **	<u>36,233,174</u>			
<b>Retiree Health Care Trust Investments measured at the NAV</b>				
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 **	<u>1,240,991</u>			
<b>Total Investments</b>	<u><b>\$ 55,759,012</b></u>			

\* This figure excludes \$410 cash collateral to be invested on July 1, 2024 due to lending and investment activities.

\*\* Excludes investments with City Treasury

**CITY AND COUNTY OF SAN FRANCISCO**  
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***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

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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.

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.

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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	
<b>Total:</b>	<b>\$ 101,004</b>				
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			
<b>Total:</b>	<b>\$ 5,874,158</b>				
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
<b>Total:</b>	<b>\$ 3,046,230</b>				
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
<b>Total:</b>	<b>\$ 5,208,475</b>				
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
<b>Total:</b>	<b>\$ 3,152,084</b>				
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.

**CITY AND COUNTY OF SAN FRANCISCO**  
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***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.

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	S&P Rating	Fair Value	Investment Maturities			
			Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
<b>Primary Government:</b>						
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		<u>16,407,396</u>	<u>\$ 9,501,486</u>	<u>\$ 6,905,910</u>	<u>\$ -</u>	<u>\$ -</u>
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		<u>1,844,118</u>	<u>\$ 1,243,614</u>	<u>\$ 600,504</u>	<u>\$ -</u>	<u>\$ -</u>
Retiree Health Care Trust Investments		1,243,297				
Employees' Retirement System investments		<u>36,264,611</u>				
<b>Total Investments</b>		<u><b>\$ 55,759,422</b></u>				

As of June 30, 2024, the investments in the City Treasury had a weighted average maturity of 457 days.

**CITY AND COUNTY OF SAN FRANCISCO**  
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***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%

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**(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.....	<u>\$ 16,226,987</u>
Equity of internal pool participants.....	\$ 13,603,692
Equity of external pool participants.....	<u>2,623,295</u>
Total equity.....	<u>\$ 16,226,987</u>

**Statement of Changes in Net Position**

Net position at July 1, 2023.....	\$ 16,026,407
Net change in investments by pool participants.....	<u>200,580</u>
Net position at June 30, 2024.....	<u>\$ 16,226,987</u>

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
<b>Pooled Investments:</b>				
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
			<u>\$16,752,738</u>	<u>16,440,729</u>
Carrying amount of deposits with Treasurer.....				<u>(213,742)</u>
Total cash and investments with Treasurer.....				<u>\$ 16,226,987</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
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**(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	<u>1,051,622</u>
Subtotal debt securities	<u>3,005,036</u>
Total fixed income investments	<u>3,413,507</u>
Equity securities:	
Domestic	8,592,515
International	<u>1,978,958</u>
Total equities securities:	<u>10,571,473</u>
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	<u>843,391</u>
Total Retirement System Investments	<u>\$ 36,264,611</u>

**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:

Investment Type	Fair Value	Maturities			
		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 Commingled and Other	76,007	330	5,120	4,791	65,766
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	<u>\$ 3,413,149</u>	<u>\$ 792,657</u>	<u>\$ 1,269,471</u>	<u>\$ 860,148</u>	<u>\$ 490,873</u>

\*\$358 Credit default swaps are excluded because they are not subject to interest rate risk.

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**Notes to Basic Financial Statements (Continued)**  
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***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 billion 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 %
<b>Total</b>	<b>\$ 1,480,975</b>	<b>100.0 %</b>

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

**CITY AND COUNTY OF SAN FRANCISCO**  
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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
<b>Total</b>	<b>\$ 1,681</b>	<b>\$ 1,178,909</b>	<b>\$ 121,916</b>	<b>\$ 245,552</b>	<b>\$ 496,811</b>	<b>\$ 153,490</b>	<b>\$ (84,655)</b>	<b>\$ 2,113,704</b>

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***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		<u>\$ 79,608</u>	<u>\$ 8,381</u>

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.

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**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	<u>\$ 2,518</u>

**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.

Derivative Type / Contracts	Fair Value	Maturities			
		Less than 1 year	1-5 years	6-10 years	10+ years
<b>Futures</b>					
Treasury Futures Long	\$ 195	\$ 195	\$ -	\$ -	\$ -
Treasury Futures Short	(12)	(12)	-	-	-
<b>Options</b>					
Interest Rate Contracts	(8)	(8)	-	-	-
Foreign Exchange Contracts	9	9	-	-	-
<b>Swaps</b>					
Currency Contracts	109	-	109	-	-
Interest Rate Contracts	(172)	(222)	118	(16)	(52)
Total Return Contracts	17	17	-	-	-
<b>Total</b>	<u>\$ 138</u>	<u>\$ (21)</u>	<u>\$ 227</u>	<u>\$ (16)</u>	<u>\$ (52)</u>

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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		<u>\$181,620</u>	<u>\$ (172)</u>

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**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
<b>Total</b>	<b>\$ (84,655)</b>	<b>\$ 84</b>	<b>\$ (396)</b>	<b>\$ 180</b>	<b>\$ (84,787)</b>

**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.

**CITY AND COUNTY OF SAN FRANCISCO**  
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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
<b>Securities on Loan for Cash Collateral</b>			
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	-
<b>Securities on Loan for Non-Cash Collateral</b>			
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
	<u>\$ 1,620,484</u>	<u>\$ 843,380</u>	<u>\$ 885,504</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
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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.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturities</b>	
		<b>Less Than 1 Year</b>	<b>1-5 Years</b>
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)	-
<b>Total *</b>	<b>\$ 842,981</b>	<b>\$ 835,193</b>	<b>\$ 7,788</b>

The Retirement System's exposure to credit risk in its reinvested cash collateral account as of June 30, 2024 is as follows:

<b>Credit Rating</b>	<b>Fair Value</b>	<b>Fair Value as a Percentage of Total</b>
A-1	205,808	24.4 %
AA	26,815	3.2 %
A	271,343	32.2 %
Not Rated *	339,015	40.2 %
<b>Total</b>	<b>\$ 842,981</b>	<b>100.0 %</b>

\* 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)
<b>End of the year</b>	<b>\$ 5,208,475</b>

**CITY AND COUNTY OF SAN FRANCISCO**  
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**(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:

<b>Investment Type</b>	<b>Weighted Average Maturity in Years</b>	<b>Fair Value</b>
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.

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***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.

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**(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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
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**(7) CAPITAL ASSETS**

**Primary Government**

Capital asset activity of the primary government for the year ended June 30, 2024, was as follows:

	<b>Balance July 1, 2023</b>	<b>Increases <sup>(1)</sup></b>	<b>Decreases <sup>(1)</sup></b>	<b>Balance June 30, 2024</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land.....	936,793	\$ 29,229	\$ -	966,022
Intangible assets.....	906	-	-	906
Construction in progress.....	<u>616,327</u>	<u>289,719</u>	<u>(167,851)</u>	<u>738,195</u>
Total capital assets, not being depreciated/amortized..	<u>1,554,026</u>	<u>318,948</u>	<u>(167,851)</u>	<u>1,705,123</u>
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 <sup>(2)</sup> .....	669,590	190,839	(24,164)	836,265
Intangible assets.....	<u>153,063</u>	<u>7,544</u>	<u>-</u>	<u>160,607</u>
Total capital assets, being depreciated/amortized.....	<u>9,385,970</u>	<u>492,951</u>	<u>(24,238)</u>	<u>9,854,683</u>
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 <sup>(2)</sup> .....	156,882	100,270	(23,309)	233,843
Intangible assets.....	<u>55,060</u>	<u>11,099</u>	<u>-</u>	<u>66,159</u>
Total accumulated depreciation/amortization.....	<u>3,136,367</u>	<u>380,781</u>	<u>(23,383)</u>	<u>3,493,765</u>
Total capital assets, being depreciated/amortized, net.	<u>6,249,603</u>	<u>112,170</u>	<u>(855)</u>	<u>6,360,918</u>
Governmental activities capital assets, net.....	<u>\$ 7,803,629</u>	<u>\$ 431,118</u>	<u>\$ (168,706)</u>	<u>\$ 8,066,041</u>

<sup>(1)</sup> The increases and decreases include transfers of categories of capital assets from construction in progress to depreciable categories.

<sup>(2)</sup> See Note 17 for additional information.

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**Notes to Basic Financial Statements (Continued)**  
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<b>Total Business-type Activities:</b>	<b>Balance July 1, 2023</b>	<b>Increases <sup>(1)</sup></b>	<b>Decreases <sup>(1)</sup></b>	<b>Balance June 30, 2024</b>
<b>Capital assets, not being depreciated/amortized:</b>				
Land.....	\$ 360,765	\$ -	\$ (83)	360,682
Intangible assets.....	12,043	-	-	12,043
Construction in progress.....	<u>4,864,424</u>	<u>2,322,004</u>	<u>(1,900,404)</u> <sup>(3)</sup>	<u>5,286,024</u>
Total capital assets, not being depreciated/amortized..	<u>5,237,232</u>	<u>2,322,004</u>	<u>(1,900,487)</u>	<u>5,658,749</u>
<b>Capital assets, being depreciated/amortized:</b>				
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 <sup>(2)</sup> .....	269,061	34,336	(18,007)	285,390
Intangible assets.....	<u>123,301</u>	<u>3,069</u>	<u>(9,609)</u>	<u>116,761</u>
Total capital assets, being depreciated/amortized.....	<u>32,046,004</u>	<u>2,007,406</u>	<u>(393,206)</u>	<u>33,660,204</u>
<b>Less accumulated depreciation/amortization for:</b>				
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 <sup>(2)</sup> .....	46,284	24,946	(14,065)	57,165
Intangible assets.....	<u>91,053</u>	<u>5,973</u>	<u>(9,609)</u>	<u>87,417</u>
Total accumulated depreciation/amortization.....	<u>12,136,994</u>	<u>957,009</u>	<u>(293,621)</u>	<u>12,800,382</u>
Total capital assets, being depreciated/amortized, net..	<u>19,909,010</u>	<u>1,050,397</u>	<u>(99,585)</u>	<u>20,859,822</u>
Business-type activities capital assets, net.....	<u>\$ 25,146,242</u>	<u>\$ 3,372,401</u>	<u>\$ (2,000,072)</u>	<u>\$ 26,518,571</u>

<sup>(1)</sup> The increases and decreases include transfers of categories of capital assets from construction in progress to depreciable categories.

<sup>(2)</sup> See Note 17 for additional information.

<sup>(3)</sup> 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.

**CITY AND COUNTY OF SAN FRANCISCO**  
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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.....	<u>\$ 380,781</u>
Business-type Activities:	
Airport.....	\$ 358,872
Water.....	155,172
Power.....	24,999
Transportation.....	278,974
Hospitals.....	30,170
Wastewater.....	82,722
Port.....	<u>26,100</u>
Total depreciation/amortization expense - business-type activities.....	<u>\$ 957,009</u>

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**  
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**Component Unit**

Capital asset activity of the component unit for the year ended June 30, 2024, was as follows:

	<b>Balance July 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>
<b>Treasure Island Development Authority:</b>				
Capital assets, not being depreciated:				
Land.....	\$ 34,344	\$ -	\$ -	\$ 34,344
Construction in progress.....	502	-	-	502
Total capital assets, not being depreciated.....	<u>34,846</u>	<u>-</u>	<u>-</u>	<u>34,846</u>
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.....	<u>26,320</u>	<u>65,928</u>	<u>-</u>	<u>92,248</u>
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.....	<u>3,140</u>	<u>2,709</u>	<u>-</u>	<u>5,849</u>
Total capital assets, being depreciated, net.....	<u>23,180</u>	<u>63,219</u>	<u>-</u>	<u>86,399</u>
Component unit capital assets, net.....	<u>\$ 58,026</u>	<u>\$ 63,219</u>	<u>\$ -</u>	<u>\$ 121,245</u>

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.

**CITY AND COUNTY OF SAN FRANCISCO**  
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**(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..	<u>\$ 38,790</u>	<u>\$ 310,009</u>	<u>\$ (315,485)</u>	<u>\$ 33,314</u>
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..	<u>\$ 991,036</u>	<u>\$ 1,069,027</u>	<u>\$ (1,438,036)</u>	<u>\$ 622,027</u>

\* 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 reclassified 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 reclassified 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.

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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 reclassified 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.

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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:

<u>Commercial Paper</u>	<u>Interest rate</u>	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
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		<u>\$ 503,225</u>	<u>\$ 447,000</u>	<u>\$ (950,225)</u>	<u>\$ -</u>

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

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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%,

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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 QEGBs 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.

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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 reclassified 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.

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**Long-Term Obligations**

The following is a summary of long-term obligations of the City as of June 30, 2024:

**GOVERNMENTAL ACTIVITIES**

<u>Type Of Obligation and Purpose</u>	<u>Final Maturity Date</u>	<u>Remaining Interest Rates</u>	<u>Amount</u>
<b>GENERAL OBLIGATION BONDS <sup>(a)</sup>:</b>			
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 .....			<u>2,230,296</u>
<b>LEASE REVENUE BONDS:</b>			
San Francisco Finance Corporation <sup>(b), (e) &amp; (f)</sup> .....	2030	2.68% - 5.00% *	68,630
<b>SALES TAX REVENUE BONDS</b>			
SFCTA revenue bonds <sup>(g)</sup> .....	2034	3.00% - 4.00%	179,640
<b>CERTIFICATES OF PARTICIPATION:</b>			
Certificates of participation <sup>(c) &amp; (d)</sup> .....	2050	2.00% - 6.375%	1,206,865
<b>SPECIAL TAX BONDS:</b>			
Development special tax bonds <sup>(h)</sup> .....	2052	3.00% - 5.25%	115,025
<b>INCREMENT TAX BONDS:</b>			
Tax increment revenue bonds <sup>(i)</sup> .....	2053	5.00%	38,135
<b>OTHER LONG-TERM OBLIGATIONS:</b>			
Loans <sup>(d), (f)</sup> .....	2045	4.50%	19,358
Lease purchase - Public Safety Radio Replacement <sup>(d)</sup> .....	2027	1.6991%	9,089
Governmental activities total long-term obligations.....			<u><u>\$ 3,867,038</u></u>

\* 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.

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**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's in compliance with all significant limitations and restrictions contained in the various bond indentures.

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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

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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:

<b>Bonds</b>	<b>Remaining Interest Rate</b>	<b>Final Maturity Date</b>	<b>Amount</b>
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			<u>\$ 569,220</u>

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:

<b>Bonds</b>	<b>Remaining Interest Rate</b>	<b>Final Maturity Date</b>	<b>Amount</b>
Improvement Area No.1 Special TaxBonds Series 2020	4.00%	2051	\$ 16,695
Improvement Area No.1 Special TaxBonds Series 2021	4.00%	2052	41,340
Improvement Area No.2 Special TaxBonds Series 2022A	4.00%	2053	24,990
Improvement Area No.2 Special TaxBonds Series 2023A	5.00% - 5.50%	2054	16,975
Total obligations			<u>\$ 100,000</u>

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

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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.

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:

<b>Bonds</b>	<b>Remaining Interest Rate</b>	<b>Final Maturity Date</b>	<b>Amount</b>
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			<u>\$ 37,100</u>

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 horizontal 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.

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**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
<b>Governmental activities:</b>					
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..	<u>\$ 6,106,441</u>	<u>\$ 1,289,937</u>	<u>\$ (1,525,616)</u>	<u>\$ 5,870,762</u>	<u>\$ 682,874</u>

\* CP notes repaid by long-term debt in fiscal year 2025 were reclassified to long-term debt

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	July 1, 2023	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2024	Amounts Due Within One Year
<b>Business-type Activities:</b>					
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 renew able 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 reclassified 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.

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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:

Fiscal Year Ending June 30	<b>Governmental Activities <sup>(1)</sup></b>							
	General Obligation		Lease Revenue		Other Long-Term		Total	
	Bonds		Bonds		Obligations			
	Principal	Interest <sup>(2)</sup>	Principal	Interest <sup>(3)</sup>	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

Fiscal Year Ending June 30	<b>Business-Type Activities <sup>(1)</sup></b>							
	Revenue and Clean		Certificates		Other Long-Term		Total	
	Renewable Bonds <sup>(4) (5)</sup>		of Participation <sup>(5)</sup>		Obligations			
	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.

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**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	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.

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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.

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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),

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(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.

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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:

<b>Bonds</b>	<b>Remaining Interest Rates</b>	<b>Final Maturity Date</b>	<b>Amount</b>
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			<u>\$ 115,025</u>

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 horizontal 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

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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:

<b>Bonds</b>	<b>Remaining Interest Rates</b>	<b>Final Maturity Date</b>	<b>Amount</b>
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			<u>\$ 38,135</u>

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

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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.

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.

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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:

	<u>Interest Rate</u>	<u>June 30, 2023</u>	<u>Amount Refunded</u>	<u>June 30, 2024</u>
Second Series Revenue Bonds Issue:				
Series 2013A (AMT)	5.25% - 5.50%	\$ 241,790	\$ 241,790	\$ -
Total		<u>\$ 241,790</u>	<u>\$ 241,790</u>	<u>\$ -</u>

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.

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The following table shows the outstanding balance after the bonds were refunded with the issuance of Series 2024A/B/C Bonds:

	<b>Interest Rate</b>	<b>June 30, 2023</b>	<b>Amount Refunded</b>	<b>June 30, 2024</b>
Series 2014A (AMT)	5.00%	\$ 376,310	\$ 376,310	\$ -
Series 2014B (Non-AMT Governmental Purpose)	5.00%	97,290	97,290	-
Total		<u>\$ 473,600</u>	<u>\$ 473,600</u>	<u>\$ -</u>

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:

	<b>Series 2018B</b>	<b>Series 2018C</b>
Principal amount	\$ 138,170	\$ 138,170
Expiration date	June 3, 2026	April 5, 2027
Credit provider	Barclays <sup>(1)</sup>	SMBC <sup>(2)</sup>

(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

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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.

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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:

<u>Bond Series</u>	<u>June 30, 2023</u>	<u>Cash Defeasance Amount</u>	<u>June 30, 2024</u>
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:

<u>Bond Series</u>	<u>June 30, 2023</u>	<u>Cash Defeasance Amount</u>	<u>June 30, 2024</u>
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.

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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.

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*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

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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

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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.

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*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.

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**(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, 5<sup>th</sup> 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](http://www.calpers.ca.gov).

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**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:

<b>Miscellaneous Non-Safety Members</b>			
	<b>Tier I</b>	<b>Tier II</b>	<b>Tier III</b>
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	<ul style="list-style-type: none"> <li>- At least 50 years old with 20 years of credited service.</li> <li>- Age 60 with 10 or more years of credited service.</li> </ul>		<ul style="list-style-type: none"> <li>- At least 53 years old with 20 years of credited service.</li> <li>- Age 60 with 10 or more years of credited services.</li> </ul>
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	<ul style="list-style-type: none"> <li>- Death prior to retirement: <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul> </li> <li>- Death benefit after retirement: <ul style="list-style-type: none"> <li>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.</li> </ul> </li> </ul>		
Cost-of-Living Adjustment (COLA)	<ul style="list-style-type: none"> <li>- Basic COLA: <ul style="list-style-type: none"> <li>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%.</li> </ul> </li> <li>- Supplemental COLA <sup>(1)</sup>: <ul style="list-style-type: none"> <li>o When there are sufficient “excess” investment earnings in the SFERS Plan.</li> <li>o Maximum benefit adjustment each July 1 is 3.5% including the Basic COLA.</li> </ul> </li> </ul>		

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	Firefighter Members and Police Members			Sheriff's Department Members and Miscellaneous Safety Members
	Tier I	Tier II	Tier III	
Eligible Members	On or after November 2, 1976, and prior to July 1, 2010	On or after July 1, 2010, and prior to January 7, 2012	On or after January 7, 2012	On or after January 7, 2012
Pension Service Retirement	At least 50 years old with 5 years of credited service			
Allowance	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.	Final compensation (highest two-year average monthly compensation) multiplied by years of credited service times age factor up to maximum of 90% of final compensation.	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.	
Disability Retirement Benefit	<ul style="list-style-type: none"> <li>- 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 member'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%</li> <li>- Industrial disability retirement (job-related) no minimum service requirement if their disability is caused by an illness or injury that they receive while 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.</li> </ul>			
Death Benefits (work-related)	<ul style="list-style-type: none"> <li>- Death prior to retirement: <ul style="list-style-type: none"> <li>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.</li> <li>o If not qualified for service retirement, salary continuation is provided to the qualified survivor until such time as the member would have qualified for service retirement had he or she lived at which time a continuation benefit equal to 100% of the member's service retirement allowance is provided to the qualified survivor.</li> <li>o If not qualified for service retirement and no survivor continuation benefits are payable, a lump sum distribution of member contributions and interest plus 6 months compensation earnable paid to designated Plan beneficiary or estate.</li> </ul> </li> <li>- Death benefit after retirement: <ul style="list-style-type: none"> <li>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.</li> </ul> </li> </ul>			
Death Benefits (non-work-related)	<ul style="list-style-type: none"> <li>- Death prior to retirement: <ul style="list-style-type: none"> <li>o If qualified for service retirement, qualified surviving spouse and qualified domestic partner receive continuation benefits equal to 50% of the member's retirement allowance that the member would have received had he or she retired on the date of death.</li> <li>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.</li> <li>o If not qualified for service retirement and no survivor continuation benefits are payable, a lump sum distribution of member contributions and interest plus 6 months compensation earnable paid to designated Plan beneficiary or estate.</li> </ul> </li> <li>- Death benefit after retirement: <ul style="list-style-type: none"> <li>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.</li> </ul> </li> </ul>			
Cost-of-Living Adjustment (COLA)	<ul style="list-style-type: none"> <li>- Basic COLA: <ul style="list-style-type: none"> <li>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%.</li> </ul> </li> <li>- Supplemental COLA <sup>(1)</sup>: <ul style="list-style-type: none"> <li>o When there are sufficient "excess" investment earnings in the SFERS Plan.</li> </ul> </li> <li>- Maximum benefit adjustment each July 1 is 3.5% including the Basic COLA.</li> </ul>			

<sup>(1)</sup> - 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

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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\***

	<b>City Safety Plan</b>	
	Prior to	On or after
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hire date		
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.

	<b>Transportation Authority Miscellaneous Plan</b>		<b>Successor Agency Miscellaneous Plan</b>	
	Prior to	On or after	Prior to	On or after
	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hire date				
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%

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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.....	<u>81,175</u>	<u>60</u>	<u>2,164</u>	<u>124</u>	<u>329</u>	<u>1</u>

**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.....	<u>\$ 685,429</u>

**SFERS** – 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%.

**CalPERS** – 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.

**Replacement Benefits Plan** – 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.

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**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.

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Total</u>
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.....	<u>\$ (18,263)</u>	<u>\$ 3,992,910</u>	<u>\$ 3,974,647</u>

As of June 30, 2024, the City's NPL/(NPA) is comprised of the following:

	<u>Proportionate Share</u>	<u>Share of Net Pension Liability (Asset)</u>
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 & PEPRAs Miscellaneous Plans.	0.0318%	3,964
Successor Agency CalPERS Classic & PEPRAs Miscellaneous Plans.....	0.3412%	39,202
Treasure Island Development Authority CalPERS Miscellaneous Plan.....	0.0000%	4
Replacement Benefits Plan.....	N/A	132,134
Total.....		<u>\$ 3,974,647</u>

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:

	<u>June 30, 2023</u> <u>(Measurement Date)</u>		<u>June 30, 2022</u> <u>(Measurement Date)</u>	
	<u>Proportionate Share</u>	<u>Share of Net Pension Liability (Asset)</u>	<u>Proportionate Share</u>	<u>Share of Net Pension Liability (Asset)</u>
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 & PEPRAs Miscellaneous Plans.	0.0318%	3,964	0.0294%	3,394
Successor Agency CalPERS Classic & PEPRAs Miscellaneous Plans.....	0.3412%	39,202	0.3232%	37,328
Treasure Island Development Authority CalPERS Miscellaneous Plan.....	0.0000%	4	0.0001%	11
Total.....		<u>\$ 3,481,594</u>		<u>\$ 2,576,367</u>

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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:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
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.....	<u>75,707</u>	<u>70,380</u>	<u>5,327</u>
Balance at June 30, 2023 (MD) .....	<u>\$ 1,753,730</u>	<u>\$ 1,392,811</u>	<u>\$ 360,919</u>

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:

	<b>Increase (Decrease)</b>	
	<b>Total Pension Liability</b>	
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.....		<u>(23,797)</u>
Balance at June 30, 2023 (MD).....	<u>\$</u>	<u>132,134</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
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***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 & PEPR Miscellaneou s Plans...	1,225	-	-	-	1,225
Successor Agency CalPERS Classic & PEPR Miscellaneou s Plans.....	-	-	3,743	-	3,743
Treasure Island Development Authority CalPERS Miscellaneou s 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

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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	CaIPERS City Miscellaneous Plan	CaIPERS Transportation Authority Miscellaneous Plan	CaIPERS Successor Agency Miscellaneous Plan	CaIPERS Treasure Island Development Authority Miscellaneous Plan	CaIPERS 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.

Actuarial Assumptions

	SFERS Plan	CaIPERS 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 CaIPERS, the mortality table used was developed based on CaIPERS' 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 CaIPERS' website <https://www.calpers.ca.gov> under Forms and Publications.

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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**

SFERS – 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**

<u>Year Ending</u> <u>June 30</u>	<u>96 - Prop C</u>	<u>Before 11/6/96 or</u> <u>After Prop C</u>
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.

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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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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.

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The table below reflects long-term expected real rates of return by asset class.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return<sup>(1),(2)</sup></u>
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%

<sup>(1)</sup> An expected price inflation of 2.30% used for this period.

<sup>(2)</sup> 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.

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***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.

<b>Cost-Sharing Pension Plans</b>	<b>1% Decrease</b>	<b>Current Share</b>	<b>1% Increase</b>
<b>Proportionate Share of Net Pension Liability/(Asset)</b>	<b>Share of</b>	<b>of NPL/(NPA)</b>	<b>Share of</b>
	<b>NPL/(NPA)</b>	<b>@ 7.20%</b>	<b>NPL/(NPA)</b>
	<b>@ 6.20%</b>		<b>@ 8.20%</b>
SFERS.....	\$ 8,107,768	\$ 3,456,687	\$ (378,110)
	<b>1% Decrease</b>	<b>Current Share</b>	<b>1% Increase</b>
	<b>Share of</b>	<b>of NPL/(NPA)</b>	<b>Share of</b>
	<b>NPL/(NPA)</b>	<b>@ 6.90%</b>	<b>NPL/(NPA)</b>
	<b>@ 5.90%</b>		<b>@ 7.90%</b>
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.

<b>Agent Pension Plan</b>	<b>1% Decrease @</b>	<b>Measurement</b>	<b>1% Increase @</b>
	<b>5.90%</b>	<b>Date @ 6.90%</b>	<b>7.90%</b>
City CalPERS Safety Plan.....	\$ 588,026	\$ 360,919	\$ 173,044
<b>Single Employer Plan</b>	<b>1% Decrease @</b>	<b>Measurement</b>	<b>1% Increase @</b>
	<b>2.65%</b>	<b>Date @ 3.65%</b>	<b>4.65%</b>
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](http://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.

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**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>.

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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 <sup>1</sup> Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
Disabled Retirement <sup>2</sup>	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 <sup>2</sup>	Any age with 5 years of credited service
Terminated Vested	5 years of credited service at separation

<sup>1</sup> 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.

<sup>2</sup> 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:

	<b>City Plan</b>
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.....	<u>57,456</u>

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***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](http://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:

	<b>Transportation Authority</b>	<b>Successor Agency</b>
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 1<sup>st</sup> 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 1<sup>st</sup> 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

**CITY AND COUNTY OF SAN FRANCISCO**  
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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.

	<u>Net OPEB Asset</u>	<u>Net OPEB Liability</u>	<u>Total</u>
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.....	<u>\$ (4,425)</u>	<u>\$ 3,925,186</u>	<u>\$ 3,920,761</u>

As of June 30, 2024, the City’s net OPEB liability (asset) is comprised of the following:

	<u>Share of Net OPEB Liability (Asset)</u>
City defined benefit healthcare plan.....	\$ 3,924,832
Transportation Authority defined benefit healthcare plan.....	354
Successor Agency defined benefit healthcare plan.....	(4,425)
Total.....	<u>\$ 3,920,761</u>

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The changes in the City OPEB Plan's net OPEB liability are as follows:

	Increase (Decrease)		
	Plan		
	Total OPEB Liability	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).....	<u>\$ 4,863,698</u>	<u>\$ 938,866</u>	<u>\$ 3,924,832</u>

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).....	<u>\$ 2,649</u>	<u>\$ 2,295</u>	<u>\$ 354</u>	<u>\$ 11,539</u>	<u>\$ 15,964</u>	<u>\$ (4,425)</u>

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***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			Total
	Governmental Activities	Business-type Activities	Fiduciary Funds	
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).....	<u>\$ 198,514</u>	<u>\$ 60,830</u>	<u>\$ 1,824</u>	<u>\$ 261,168</u>

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.....	<u>\$ 729,719</u>	<u>\$ 593,257</u>	<u>\$ 1,063</u>	<u>\$ 632</u>

	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.....	<u>\$ 2,316</u>	<u>\$ 541</u>	<u>\$ 733,098</u>	<u>\$ 594,430</u>

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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:

<b>Year ending June 30:</b>	<b>City</b>	<b>Transportation Authority</b>	<b>Successor Agency</b>	<b>Total</b>
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	<u>\$ (142,239)</u>	<u>\$ 189</u>	<u>\$ 882</u>	<u>\$ (141,168)</u>

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**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**

<b>Valuation Date</b>	June 30, 2022 updated to June 30, 2023
<b>Measurement Date</b>	June 30, 2023
<b>Actuarial Cost Method</b>	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
<b>Healthcare Cost Trend Rates</b>	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
<b>Expected Rate of Return on Plan Assets</b>	7.00%
<b>Discount Rate</b>	7.00%
<b>Salary Increase Rate</b>	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%
<b>Inflation Rate</b>	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
<b>Mortality Tables</b>	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	Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044

Disabled Retirees

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995

Beneficiaries

	Published Table	Adjustment Factor	
		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.

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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:

Key Actuarial Assumptions	June 30, 2023 Measurement Date	
	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:

Plan	June 30, 2023 (measurement year)		
	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.

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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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
<b>Equities</b>		
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%
<b>Credit</b>		
Bank Loans	3.0%	7.0%
High Yield Bonds	3.0%	7.3%
<b>Rate Securities</b>		
Investment Grade Bonds	7.0%	4.7%
Short-term Treasury Inflation-Protected Securities (TIPS)	5.0%	3.6%
<b>Private Markets</b>		
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%
<b>Risk Mitigating Strategies</b>		
Global Macro	10.0%	5.7%
Total	<u>100.0%</u>	

**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.

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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:

<u>Asset Class</u>	<u>Transportation Authority</u>		<u>Successor Agency</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.00%</u>		<u>100.00%</u>	

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:

<u>Plan</u>	<u>June 30, 2023 (measurement year)</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>6.00%</u>	<u>7.00 %</u>	<u>8.00%</u>
City	\$ 4,593,631	\$ 3,924,832	\$ 3,376,391

	<u>June 30, 2023 (measurement year)</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>5.00%</u>	<u>6.00%</u>	<u>7.00%</u>
Transportation Authority	\$ 770	\$ 354	\$ 13

	<u>June 30, 2023 (measurement year)</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
Successor Agency	\$ (3,244)	\$ (4,425)	\$ (5,429)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
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**(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:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable</b>			
Imprest Cash, Advances, and Long-Term Receivables..	\$ 1,001	\$ 81	\$ 1,082
<b>Restricted</b>			
Rainy Day.....	114,539	-	114,539
<b>Public Protection</b>			
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.....	<u>114,539</u>	<u>3,346,783</u>	<u>3,461,322</u>
<b>Committed</b>			
Budget Stabilization.....	<u>330,010</u>	<u>-</u>	<u>330,010</u>
<b>Assigned</b>			
<b>Public Protection</b>			
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.....	<u>228,515</u>	<u>-</u>	<u>228,515</u>
Total Assigned.....	<u>1,555,806</u>	<u>275,507</u>	<u>1,831,313</u>
Unassigned.....	<u>562,254</u>	<u>(7,276)</u>	<u>554,978</u>
<b>Total.....</b>	<u><u>\$ 2,563,610</u></u>	<u><u>\$ 3,615,095</u></u>	<u><u>\$ 6,178,705</u></u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
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**(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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
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**(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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
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**(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:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
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.....	<u>\$ 400,430</u>	<u>\$ 618,107</u>	<u>\$ 1,018,537</u>

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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
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**(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:

<b>June 30,</b>	<b>Governmental Activities</b>
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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
 June 30, 2024  
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**(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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
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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 .....		<u>37,064</u>
Total .....	\$	<u>133,714</u>

**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%
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**(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.

## CITY AND COUNTY OF SAN FRANCISCO

### Notes to Basic Financial Statements (Continued)

June 30, 2024

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**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.

**CITY AND COUNTY OF SAN FRANCISCO**  
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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,

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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:

	<b>Environmental Remediation</b>
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.

**CITY AND COUNTY OF SAN FRANCISCO**  
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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

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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:

<b>Condensed Statements of Net Position</b>	Hetch Hetchy Water	Hetch Hetchy Power	CleanPowerSF	Total
<b>Assets*:</b>				
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.....	<u>319,091</u>	<u>1,088,163</u>	<u>224,713</u>	<u>1,631,967</u>
<b>Deferred outflows of resources:</b>				
Pensions.....	11,929	14,580	2,187	28,696
Other postemployment benefits.....	3,191	3,899	996	8,086
Total deferred outflows of resources.....	<u>15,120</u>	<u>18,479</u>	<u>3,183</u>	<u>36,782</u>
<b>Liabilities:</b>				
Current liabilities.....	8,198	150,692	38,079	196,969
Noncurrent liabilities.....	37,918	380,135	8,110	426,163
Total liabilities.....	<u>46,116</u>	<u>530,827</u>	<u>46,189</u>	<u>623,132</u>
<b>Deferred inflows of resources:</b>				
Pensions.....	1,941	2,372	925	5,238
Other postemployment benefits.....	2,897	3,541	2,292	8,730
Total deferred inflows of resources.....	<u>4,838</u>	<u>5,913</u>	<u>3,217</u>	<u>13,968</u>
<b>Net position:</b>				
Net investment in capital assets.....	233,276	343,297	-	576,573
Restricted for capital projects.....	31,330	28,625	-	59,955
Unrestricted.....	18,651	197,980	178,490	395,121
Total net position.....	<u>\$ 283,257</u>	<u>\$ 569,902</u>	<u>\$ 178,490</u>	<u>\$ 1,031,649</u>

\* Certain amounts presented herein have been reclassified from the Statement of Net Position

<b>Condensed Statements of Revenues, Expenses, and Changes in Fund Net Position</b>	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
<b>Nonoperating revenues (expenses):</b>				
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.....	<u>9,129</u>	<u>51,552</u>	<u>60,489</u>	<u>121,170</u>
Net position at beginning of year, as restated.....	<u>274,128</u>	<u>518,350</u>	<u>118,001</u>	<u>910,479</u>
Net position at end of year.....	<u>\$ 283,257</u>	<u>\$ 569,902</u>	<u>\$ 178,490</u>	<u>\$ 1,031,649</u>

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<b>Condensed Statements of Cash Flows</b>	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.....	<u>\$ 79,816</u>	<u>\$ 273,869</u>	<u>\$ 162,357</u>	<u>\$ 516,042</u>

**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

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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 contract 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.

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**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.

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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 VIII A 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.

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**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 contractals 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-

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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:

<b>Patient Receivables, Net</b>				
	<u>Medi-Cal</u>	<u>Medicare</u>	<u>Other</u>	<u>Total</u>
Gross Accounts Receivable.....	\$ 40,328	\$ 3,185	\$ 70	\$ 43,583
Less:				
Contractual Allowance.....	<u>(25,625)</u>	<u>(2,024)</u>	<u>(45)</u>	<u>(27,694)</u>
Total, Net Accounts Receivable.....	<u>\$ 14,703</u>	<u>\$ 1,161</u>	<u>\$ 25</u>	<u>\$ 15,889</u>

<b>Net Patient Service Revenue</b>				
	<u>Medi-Cal</u>	<u>Medicare</u>	<u>Other</u>	<u>Total</u>
Gross Patient Service Revenue.....	\$ 340,859	\$ 23,855	\$ 527	\$ 365,241
Less:				
Contractual Allowance.....	<u>(177,577)</u>	<u>(15,318)</u>	<u>846</u>	<u>(192,049)</u>
Total, Net Patient Service Revenue.....	<u>\$ 163,282</u>	<u>\$ 8,537</u>	<u>\$ 1,373</u>	<u>\$ 173,192</u>

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.

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Patient accounts receivable are recorded net of estimated allowances, which include allowances for contractals, 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:

<b>Patient Receivables, Net</b>				
	<b>Medi-Cal</b>	<b>Medicare</b>	<b>Other</b>	<b>Total</b>
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)
<b>Total, Net Accounts Receivable.....</b>	<b>\$ 29,655</b>	<b>\$ 23,563</b>	<b>\$ 30,380</b>	<b>\$ 83,598</b>

<b>Net Patient Service Revenue</b>				
	<b>Medi-Cal</b>	<b>Medicare</b>	<b>Other</b>	<b>Total</b>
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)
<b>Total, Net Patient Service Revenue.....</b>	<b>\$ 384,015</b>	<b>\$ 241,543</b>	<b>\$ 451,632</b>	<b>\$ 1,077,190</b>

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.

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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.

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**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.

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**(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**

<b>Type of Obligation</b>	<b>Final Maturity Date</b>	<b>Remaining Interest Rate</b>	<b>Amount</b>
Hotel tax revenue bonds <sup>(a)</sup> .....	2025	5.00%	\$ 4,455
Tax allocation revenue bonds <sup>(b)</sup> .....	2054	1.29% - 8.41%	<u>783,289</u>
Total long-term bonds.....			<u>\$ 787,744</u>

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.

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**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.

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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 <sup>(1)</sup>
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

<sup>(1)</sup> 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		Hotel Tax Revenue Bonds	
	Principal	Interest *	Principal	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.

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**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.

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**(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.

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***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.

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As of June 30, 2024, TIDA has the following payable to other City departments:

<u>Payable to</u>	<u>Purpose</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
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
		<u>\$ 16,780</u>	<u>\$ 7,041</u>	<u>\$ 23,821</u>

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**(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):**

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
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
<b>Total</b>		<b>\$ 159,618</b>

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.

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**Due from component units:**

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Component unit – TIDA	\$ 8,038 <sup>(1)</sup>
Nonmajor Governmental Funds	Component unit – TIDA	8,742 <sup>(1)</sup>
Nonmajor Governmental Funds	Successor Agency	2,059

**Advance to component units:**

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Hetch Hetchy Water and Power Enterprise	Component unit – TIDA	\$ 7,041 <sup>(1)</sup>

(1) See discussion at Note 15.

<u>Funds</u>	<u>Transfers In: Funds (in thousands)</u>								
	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.....	<u>\$ 155,223</u>	<u>\$ 609,527</u>	<u>\$ 300</u>	<u>\$ 505</u>	<u>\$ 42</u>	<u>\$ 719,296</u>	<u>\$ 110,143</u>	<u>\$ 170,115</u>	<u>\$ 1,765,151</u>

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.

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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.

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**(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 these 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 these 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):

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Governmental Activities:				
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.....	<u>50,313</u>	<u>44,173</u>	<u>(9,844)</u>	<u>84,642</u>
Total right-to-use assets.....	<u>669,590</u>	<u>190,839</u>	<u>(24,164)</u>	<u>836,265</u>
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.....	<u>16,741</u>	<u>28,803</u>	<u>(9,250)</u>	<u>36,294</u>
Total accumulated amortization.....	<u>156,882</u>	<u>100,270</u>	<u>(23,309)</u>	<u>233,843</u>
Governmental activities right-to-use assets, net.....	<u>\$ 512,708</u>	<u>\$ 90,569</u>	<u>\$ (855)</u>	<u>\$ 602,422</u>

\* Building/Facility accumulated amortization increases included \$109 lease modification.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(Dollars in Thousands)

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
<b>Business-Type Activities:</b>				
<b>Right-to-use assets:</b>				
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.....	<u>269,061</u>	<u>34,336</u>	<u>(18,007)</u>	<u>285,390</u>
<b>Less accumulated amortization:</b>				
<b>Right-to-use assets:</b>				
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.....	<u>46,284</u>	<u>24,946</u>	<u>(14,065)</u>	<u>57,165</u>
Business-type activities right-to-use assets, net.....	<u>\$ 222,777</u>	<u>\$ 9,390</u>	<u>\$ (3,942)</u>	<u>\$ 228,225</u>

Future annual lease and subscription payments are as follows:

Governmental Activities

<b>Fiscal Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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.....	<u>\$ 625,806</u>	<u>\$ 122,332</u>	<u>\$ 748,138</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
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**Business-type Activities**

Fiscal Years	Airport			Port			General Hospital Medical Center			Laguna Honda Hospital			Municipal Transportation Agency		
	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	\$ 8,361	\$ 2,739	\$ 11,100
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
<b>Total.....</b>	<b>\$ 1,075</b>	<b>\$ 44</b>	<b>\$ 1,119</b>	<b>\$ 65,881</b>	<b>\$ 21,933</b>	<b>\$ 87,814</b>	<b>\$ 18,119</b>	<b>\$ 875</b>	<b>\$ 18,994</b>	<b>\$ 276</b>	<b>\$ 23</b>	<b>\$ 299</b>	<b>\$ 151,881</b>	<b>\$ 62,667</b>	<b>\$ 214,548</b>

Fiscal Years	San Francisco Water Enterprise			Hetch hetchy Water and Power			San Francisco Wastewater Enterprise			Total Business-type Activities		
	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	11,386	59,188
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
<b>Total.....</b>	<b>\$ 3,129</b>	<b>\$ 270</b>	<b>\$ 3,399</b>	<b>\$ 395</b>	<b>\$ 33</b>	<b>\$ 428</b>	<b>\$ 186</b>	<b>\$ 3</b>	<b>\$ 189</b>	<b>\$ 240,942</b>	<b>\$ 85,848</b>	<b>\$ 326,790</b>

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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(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.....	<u>\$ 84,382</u>	<u>\$ 19,107</u>	<u>\$ 103,489</u>

Business-type Activities -excluded regulated leases

Fiscal Years	Airport			Port			General Hospital Medical Center			Laguna Honda Hospital		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	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.....	<u>\$ 878,314</u>	<u>\$ 122,798</u>	<u>\$ 1,001,112</u>	<u>\$ 509,864</u>	<u>\$ 201,461</u>	<u>\$ 711,325</u>	<u>\$ 7,621</u>	<u>\$ 6,051</u>	<u>\$ 13,672</u>	<u>\$ 1,002</u>	<u>\$ 72</u>	<u>\$ 1,074</u>

Fiscal Years	Municipal Transportation Agency			San Francisco Water Enterprise			San Francisco Wastewater Enterprise			Total Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	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.....	<u>\$ 93,459</u>	<u>\$ 23,983</u>	<u>\$ 117,442</u>	<u>\$ 39,063</u>	<u>\$ 13,477</u>	<u>\$ 52,540</u>	<u>\$ 1,245</u>	<u>\$ 102</u>	<u>\$ 1,347</u>	<u>\$ 1,530,568</u>	<u>\$ 367,944</u>	<u>\$ 1,898,512</u>

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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(Dollars in Thousands)

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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(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 <sup>(a)</sup>	8
Exclusive rental only	36
Non-space rental, only common use	7
Subtotal	51
Other Regulated <sup>(b)</sup>	7
Total	58

Notes:

<sup>(a)</sup> Includes preferential gate holdroom leases.

<sup>(b)</sup> 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 <sup>(a)</sup>	\$	30,926
Additional fixed payments <sup>(b)</sup>		3,114
Total fixed payments		34,040
Additional exclusive use payments <sup>(c)</sup>		164,767
Additional preferential use payments <sup>(d)</sup>		65,732
Year-end true-ups		84,541
Total regulated lease payments	\$	349,080

Notes:

<sup>(a)</sup> Does not include Lease and Use Agreement, the rental rates under which are recalculated annually and considered variable payments.

<sup>(b)</sup> Includes additional rent above the expected minimum payments after adjustment by CPI and reappraisals.

<sup>(c)</sup> 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.

<sup>(d)</sup> Includes Lease and Use Agreement preferential use rental revenues.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(Dollars in Thousands)

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:

<u>Fiscal Years</u>	<u>Expected Future Minimum Payments <sup>(a)</sup></u>
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.....	<u>\$ 79,978</u>

Note:

<sup>(a)</sup> 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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(Dollars in Thousands)

**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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
(Dollars in Thousands)

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
<b>Total public-private partnership assets....</b>	<b>6,065</b>	<b>3,528</b>	<b>-</b>	<b>9,593</b>
<b>Less accumulated amortization:</b>				
Building/Facility.....	122	198	-	320
Equipment.....	20	62	-	82
Infrastructure.....	43	63	-	106
<b>Total accumulated amortization.....</b>	<b>185</b>	<b>323</b>	<b>-</b>	<b>508</b>
<b>Governmental activities public-private partnership, net.....</b>	<b>\$ 5,880</b>	<b>\$ 3,205</b>	<b>\$ -</b>	<b>\$ 9,085</b>

**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.

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**(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

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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.

<u>Risks</u>	<u>Coverage</u>
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

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coverage, with certain minor exceptions, such as a sub-limit for fire-sprinkler leakage due to earthquake under the SFPUC Property Insurance program.

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

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Breakdown of the estimated claims payable on June 30, 2024, is as follows:

<u>Governmental activities:</u>	
Current portion of estimated claims payable.....	\$ 148,638
Long-term portion of estimated claims payable.....	<u>185,689</u>
Total .....	<u><u>\$ 334,327</u></u>
 <u>Business-type activities:</u>	
Current portion of estimated claims payable.....	\$ 76,655
Long-term portion of estimated claims payable.....	<u>146,385</u>
Total .....	<u><u>\$ 223,040</u></u>

**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:

<u>Fiscal Year</u>	<u>Beginning Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Fiscal Year Liability</u>
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:

<u>Governmental activities:</u>	
Current portion of accrued workers' compensation liability.....	\$ 73,490
Long-term portion of accrued workers' compensation liability..	<u>309,292</u>
Total .....	<u><u>\$ 382,782</u></u>
 <u>Business-type activities:</u>	
Current portion of accrued workers' compensation liability.....	\$ 54,236
Long-term portion of accrued workers' compensation liability..	<u>233,067</u>
Total .....	<u><u>\$ 287,303</u></u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2024  
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**(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.

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**Notes to Basic Financial Statements (Continued)**  
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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				
	City SFERS Plan	CalPERS Miscellaneous Plans			
		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				
	City SFERS Plan	CalPERS Miscellaneous Plans			
		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				
	City SFERS Plan	CalPERS Miscellaneous Plans			
		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				
	City SFERS Plan	CalPERS Miscellaneous Plans			
		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)

<b>City CalPERS Safety Plan</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total pension liability:</b>					
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.....	<u>1,678,023</u>	<u>1,590,799</u>	<u>1,524,757</u>	<u>1,460,539</u>	<u>1,401,943</u>
Total pension liability, ending.....	<u>\$1,753,730</u>	<u>\$1,678,023</u>	<u>\$1,590,799</u>	<u>\$1,524,757</u>	<u>\$1,460,539</u>
<b>Plan fiduciary net position:</b>					
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.....	<u>1,322,431</u>	<u>1,446,527</u>	<u>1,189,665</u>	<u>1,142,641</u>	<u>1,082,203</u>
Plan fiduciary net position, ending.....	<u>\$1,392,811</u>	<u>\$1,322,431</u>	<u>\$1,446,527</u>	<u>\$1,189,665</u>	<u>\$1,142,641</u>
<b>Plan net pension liability, ending.....</b>	<u>\$ 360,919</u>	<u>\$ 355,592</u>	<u>\$ 144,272</u>	<u>\$ 335,092</u>	<u>\$ 317,898</u>
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)

<u>City CalPERS Safety Plan</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability:</b>					
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.....	<u>1,320,856</u>	<u>1,189,116</u>	<u>1,119,705</u>	<u>1,087,527</u>	<u>1,020,049</u>
Total pension liability, ending.....	<u>\$ 1,401,943</u>	<u>\$ 1,320,856</u>	<u>\$ 1,189,116</u>	<u>\$ 1,119,705</u>	<u>\$ 1,087,527</u>
<b>Plan fiduciary net position:</b>					
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.....	<u>1,017,528</u>	<u>925,208</u>	<u>930,868</u>	<u>920,371</u>	<u>787,301</u>
Plan fiduciary net position, ending.....	<u>\$ 1,082,203</u>	<u>\$ 1,017,528</u>	<u>\$ 925,208</u>	<u>\$ 930,868</u>	<u>\$ 920,371</u>
<b>Plan net pension liability, ending.....</b>	<u>\$ 319,740</u>	<u>\$ 303,328</u>	<u>\$ 263,908</u>	<u>\$ 188,837</u>	<u>\$ 167,156</u>
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
<b>Plan total pension liability:</b>								
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
<b>Plan total pension liability, ending:</b> .....	<b>\$ 132,134</b>	<b>\$ 155,931</b>	<b>\$ 219,574</b>	<b>\$ 185,203</b>	<b>\$ 137,272</b>	<b>\$ 92,253</b>	<b>\$ 84,295</b>	<b>\$ 78,600</b>
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				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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%

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2024  
(Dollars in Thousands)

	For the year ended June 30, 2020					
	City SFERS Plan	CalPERS Miscellaneous Plans				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
Actuarially determined contributions	\$ 701,307	\$ 10	\$ 539	\$ 2,012	\$ 7	\$ 40,778
Contributions in relation to the actuarially determined contributions	<u>(701,307)</u>	<u>(10)</u>	<u>(539)</u>	<u>(2,012)</u>	<u>(7)</u>	<u>(40,778)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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					
	City SFERS Plan	CalPERS Miscellaneous Plans				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
Actuarially determined contributions	\$ 607,408	\$ 28	\$ 479	\$ 1,637	\$ 7	\$ 34,933
Contributions in relation to the actuarially determined contributions	<u>(607,408)</u>	<u>(28)</u>	<u>(479)</u>	<u>(1,637)</u>	<u>(7)</u>	<u>(34,933)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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					
	City SFERS Plan	CalPERS Miscellaneous Plans				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
Actuarially determined contributions	\$ 582,568	\$ 42	\$ 403	\$ 1,283	\$ 6	\$ 30,743
Contributions in relation to the actuarially determined contributions	<u>(582,568)</u>	<u>(42)</u>	<u>(403)</u>	<u>(1,283)</u>	<u>(6)</u>	<u>(30,743)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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					
	City SFERS Plan	CalPERS Miscellaneous Plans				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
Actuarially determined contributions	\$ 519,073	\$ 35	\$ 293	\$ 970	\$ 2	\$ 27,190
Contributions in relation to the actuarially determined contributions	<u>(519,073)</u>	<u>(35)</u>	<u>(293)</u>	<u>(970)</u>	<u>(2)</u>	<u>(27,190)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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%

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2024  
(Dollars in Thousands)

	For the year ended June 30, 2016					
	City SFERS Plan	CalPERS Miscellaneous Plans				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
Actuarially determined contributions	\$ 496,343	\$ 33	\$ 280	\$ 828	\$ 2	\$ 23,640
Contributions in relation to the actuarially determined contributions	<u>(496,343)</u>	<u>(33)</u>	<u>(280)</u>	<u>(828)</u>	<u>(2)</u>	<u>(23,640)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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					
	City SFERS Plan	CalPERS Miscellaneous Plans				CalPERS Safety Plan
		City	Transportation Authority	Successor Agency	Treasure Island	
Actuarially determined contributions <sup>(1) **</sup>	\$ 556,511	\$ 31	\$ 400	\$ 598	\$ 2	\$ 20,718
Contributions in relation to the actuarially determined contributions <sup>(1)</sup>	<u>(556,511)</u>	<u>(31)</u>	<u>(400)</u>	<u>(598)</u>	<u>(2)</u>	<u>(20,718)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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%

<sup>(1)</sup> 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.

**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 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%

**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 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**

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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**

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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**

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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**

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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%

**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 2019-20 contribution rates to CalPERS plans**

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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**

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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**

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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**

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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%

**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 CalPERS plans**

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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**

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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)**

	<b>2024</b>		
	<b>City Plan</b>	<b>Successor Agency</b>	<b>Transportation Authority</b>
<b><u>Total OPEB Liability</u></b>			
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)
<b>Net change in total OPEB liability</b>	<b>377,547</b>	<b>168</b>	<b>592</b>
<b>Total OPEB liability - beginning</b>	<b>4,486,151</b>	<b>11,371</b>	<b>2,057</b>
<b>Total OPEB liability - ending</b>	<b>\$ 4,863,698</b>	<b>\$ 11,539</b>	<b>\$ 2,649</b>
<b><u>Plan fiduciary net position</u></b>			
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)
<b>Net change in plan fiduciary net position</b>	<b>198,985</b>	<b>2,475</b>	<b>137</b>
<b>Plan fiduciary net position - beginning</b>	<b>739,881</b>	<b>13,489</b>	<b>2,158</b>
<b>Plan fiduciary net position - ending</b>	<b>938,866</b>	<b>15,964</b>	<b>2,295</b>
<b>Net OPEB liability/(asset) - ending</b>	<b>\$ 3,924,832</b>	<b>\$ (4,425)</b>	<b>\$ 354</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	19.3%	138.3%	86.6%
<b>Covered payroll</b>	\$ 4,524,099	\$ 6,405	\$ 4,854
<b>Net OPEB liability/(asset) as a percentage of covered payroll</b>	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)

	<b>2023</b>		
	<b>City Plan</b>	<b>Successor Agency</b>	<b>Transportation Authority</b>
<b><u>Total OPEB Liability</u></b>			
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	<u>(211,025)</u>	<u>(854)</u>	<u>(70)</u>
<b>Net change in total OPEB liability</b>	<b>76,252</b>	<b>154</b>	<b>101</b>
<b>Total OPEB liability - beginning</b>	<b>4,409,899</b>	<b>11,217</b>	<b>1,956</b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 4,486,151</u></b>	<b><u>\$ 11,371</u></b>	<b><u>\$ 2,057</u></b>
<b><u>Plan fiduciary net position</u></b>			
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	<u>(190)</u>	<u>(6)</u>	<u>(1)</u>
<b>Net change in plan fiduciary net position</b>	<b>21,103</b>	<b>(1,251)</b>	<b>(335)</b>
<b>Plan fiduciary net position - beginning</b>	<b>718,778</b>	<b>14,740</b>	<b>2,493</b>
<b>Plan fiduciary net position - ending</b>	<b><u>739,881</u></b>	<b><u>13,489</u></b>	<b><u>2,158</u></b>
<b>Net OPEB liability/(asset) - ending</b>	<b><u>\$ 3,746,270</u></b>	<b><u>\$ (2,118)</u></b>	<b><u>\$ (101)</u></b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	16.5%	118.6%	104.9%
<b>Covered payroll</b>	\$ 4,184,087	\$ 6,633	\$ 5,032
<b>Net OPEB liability/(asset) as a percentage of covered payroll</b>	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)

	<b>2022</b>		
	<b>City Plan</b>	<b>Successor Agency</b>	<b>Transportation Authority</b>
<b><u>Total OPEB Liability</u></b>			
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)
<b>Net change in total OPEB liability</b>	<b>97,574</b>	<b>(1,202)</b>	<b>334</b>
<b>Total OPEB liability - beginning</b>	<b>4,312,325</b>	<b>12,419</b>	<b>1,622</b>
<b>Total OPEB liability - ending</b>	<b>\$ 4,409,899</b>	<b>\$ 11,217</b>	<b>\$ 1,956</b>
<b><u>Plan fiduciary net position</u></b>			
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)
<b>Net change in plan fiduciary net position</b>	<b>229,788</b>	<b>4,412</b>	<b>537</b>
<b>Plan fiduciary net position - beginning</b>	<b>488,990</b>	<b>10,328</b>	<b>1,956</b>
<b>Plan fiduciary net position - ending</b>	<b>718,778</b>	<b>14,740</b>	<b>2,493</b>
<b>Net OPEB liability/(asset) - ending</b>	<b>\$ 3,691,121</b>	<b>\$ (3,523)</b>	<b>\$ (537)</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	16.3%	131.4%	127.5%
<b>Covered payroll</b>	\$ 3,955,498	\$ 7,430	\$ 4,420
<b>Net OPEB liability/(asset) as a percentage of covered payroll</b>	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
<b><u>Total OPEB Liability</u></b>			
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	<u>(196,445)</u>	<u>(902)</u>	<u>(61)</u>
<b>Net change in total OPEB liability</b>	<b>29,907</b>	<b>24</b>	<b>144</b>
<b>Total OPEB liability - beginning</b>	<b><u>4,282,418</u></b>	<b><u>12,395</u></b>	<b><u>1,478</u></b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 4,312,325</u></b>	<b><u>\$ 12,419</u></b>	<b><u>\$ 1,622</u></b>
<b><u>Plan fiduciary net position</u></b>			
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)
<b>Net change in plan fiduciary net position</b>	<b><u>122,387</u></b>	<b><u>2,277</u></b>	<b><u>66</u></b>
<b>Plan fiduciary net position - beginning</b>	<b><u>366,603</u></b>	<b><u>8,051</u></b>	<b><u>1,890</u></b>
<b>Plan fiduciary net position - ending</b>	<b><u>488,990</u></b>	<b><u>10,328</u></b>	<b><u>1,956</u></b>
<b>Net OPEB liability/(asset) - ending</b>	<b><u>\$ 3,823,335</u></b>	<b><u>\$ 2,091</u></b>	<b><u>\$ (334)</u></b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	11.3%	83.2%	120.6%
<b>Covered payroll</b>	\$ 3,951,792	\$ 6,745	\$ 4,355
<b>Net OPEB liability/(asset) as a percentage of covered payroll</b>	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)

	<b>2020</b>		
	<b>City Plan</b>	<b>Successor Agency</b>	<b>Transportation Authority</b>
<b><u>Total OPEB Liability</u></b>			
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)
<b>Net change in total OPEB liability/(asset)</b>	<b>425,485</b>	<b>241</b>	<b>(458)</b>
<b>Total OPEB liability - beginning</b>	<b>3,856,933</b>	<b>12,154</b>	<b>1,936</b>
<b>Total OPEB liability - ending</b>	<b>\$ 4,282,418</b>	<b>\$ 12,395</b>	<b>\$ 1,478</b>
 <b><u>Plan fiduciary net position</u></b>			
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)
<b>Net change in plan fiduciary net position</b>	<b>110,637</b>	<b>2,465</b>	<b>183</b>
<b>Plan fiduciary net position - beginning</b>	<b>255,966</b>	<b>5,586</b>	<b>1,707</b>
<b>Plan fiduciary net position - ending</b>	<b>366,603</b>	<b>8,051</b>	<b>1,890</b>
 <b>Net OPEB liability/(asset) - ending</b>	<b>\$ 3,915,815</b>	<b>\$ 4,344</b>	<b>\$ (412)</b>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>8.6%</b>	<b>65.0%</b>	<b>127.9%</b>
 <b>Covered payroll</b>	<b>\$ 3,763,446</b>	<b>\$ 6,384</b>	<b>\$ 4,039</b>
<b>Net OPEB liability/(asset) as a percentage of covered payroll</b>	<b>104.0%</b>	<b>68.1%</b>	<b>-10.2%</b>

**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)

	<b>2019</b>		
	<b>City Plan</b>	<b>Successor Agency</b>	<b>Transportation Authority</b>
<b><u>Total OPEB Liability</u></b>			
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)
<b>Net change in total OPEB liability</b>	<b>(34,753)</b>	<b>1,892</b>	<b>188</b>
<b>Total OPEB liability - beginning</b>	<b>3,891,686</b>	<b>10,262</b>	<b>1,748</b>
<b>Total OPEB liability - ending</b>	<b>\$ 3,856,933</b>	<b>\$ 12,154</b>	<b>\$ 1,936</b>
 <b><u>Plan fiduciary net position</u></b>			
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)
<b>Net change in plan fiduciary net position</b>	<b>81,489</b>	<b>1,661</b>	<b>204</b>
<b>Plan fiduciary net position - beginning</b>	<b>174,477</b>	<b>3,925</b>	<b>1,503</b>
<b>Plan fiduciary net position - ending</b>	<b>255,966</b>	<b>5,586</b>	<b>1,707</b>
 <b>Net OPEB liability - ending</b>	<b>\$ 3,600,967</b>	<b>\$ 6,568</b>	<b>\$ 229</b>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	6.6%	46.0%	88.2%
 <b>Covered payroll</b>	\$ 3,583,448	\$ 5,742	\$ 4,045
<b>Net OPEB liability as a percentage of covered payroll</b>	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		
	<u>City Plan</u>	<u>Successor Agency</u>	<u>Transportation Authority</u>
<b><u>Total OPEB Liability</u></b>			
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)
<b>Net change in total OPEB liability</b>	<b>232,667</b>	<b>54</b>	<b>175</b>
<b>Total OPEB liability - beginning</b>	<b>3,659,019</b>	<b>10,208</b>	<b>1,573</b>
<b>Total OPEB liability - ending</b>	<b>\$ 3,891,686</b>	<b>\$ 10,262</b>	<b>\$ 1,748</b>
 <b><u>Plan fiduciary net position</u></b>			
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)
<b>Net change in plan fiduciary net position</b>	<b>67,373</b>	<b>650</b>	<b>235</b>
<b>Plan fiduciary net position - beginning</b>	<b>107,104</b>	<b>3,275</b>	<b>1,268</b>
<b>Plan fiduciary net position - ending</b>	<b>174,477</b>	<b>3,925</b>	<b>1,503</b>
 <b>Net OPEB liability - ending</b>	<b>\$ 3,717,209</b>	<b>\$ 6,337</b>	<b>\$ 245</b>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	4.5%	38.2%	86.0%
 <b>Covered payroll</b>	\$ 3,393,658	\$ 5,042	\$ 3,946
<b>Net OPEB liability as a percentage of covered payroll</b>	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)	<u>\$ -</u>	<u>\$ (750)</u>	<u>\$ (146)</u>
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)	<u>\$ -</u>	<u>\$ (2,313)</u>	<u>\$ -</u>
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)	<u>\$ -</u>	<u>\$ (865)</u>	<u>\$ (15)</u>
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)	<u>\$ -</u>	<u>\$ (1,446)</u>	<u>\$ (12)</u>
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)	<u>\$ -</u>	<u>\$ (2,099)</u>	<u>\$ 77</u>
Covered payroll	\$ 3,951,792	\$ 6,745	\$ 4,355
Contributions as a percentage of covered payroll	5.97%	43.01%	1.40%

**CITY AND COUNTY OF SAN FRANCISCO**  
**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
Contributions in relation to the charter required contribution or ADC	(218,625)	(2,967)	(138)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ (2,155)</u>	<u>\$ -</u>
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
Contributions in relation to the charter required contribution or ADC	(203,858)	(2,145)	(143)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ (1,332)</u>	<u>\$ -</u>
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
Contributions in relation to the charter required contribution or ADC	(183,898)	(1,097)	(165)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ (293)</u>	<u>\$ -</u>
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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**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:

<u>Actuarial Assumptions</u>	<u>City Plan for the year ended June 30, 2022</u>
<b>Valuation Date</b>	June 30, 2022
<b>Measurement Date</b>	June 30, 2022
<b>Actuarial Cost Method</b>	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
<b>Healthcare Cost Trend Rates</b>	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
<b>Expected Rate of Return on Plan Assets</b>	7.00%
<b>Discount Rate</b>	7.00%
<b>Salary Increase Rate</b>	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%
<b>Inflation Rate</b>	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
<b>Mortality Tables</b>	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	Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044

Disabled Retirees

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995

Beneficiaries

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubG-2010 Employee	1.031	0.977

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions**  
**Other Postemployment Healthcare Benefits Plans (Continued)**  
Year Ended June 30, 2024  
(In Thousands)

<b>Actuarial Assumptions</b>	<b>Transportation Authority</b>	<b>Successor Agency</b>
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

**CITY AND COUNTY OF SAN FRANCISCO**

**Required Supplementary Information (Unaudited) –  
Budgetary Comparison Schedule - General Fund  
Year Ended June 30, 2024  
(In Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>Budgetary Fund Balance, July 1</b>	\$ 224,247	\$ 2,963,605	\$ 2,963,605	\$ -
<b>Resources (Inflows):</b>				
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).....	<u>17,532</u>	<u>32,153</u>	<u>16,159</u>	<u>(15,994)</u>
Subtotal - Resources (Inflows)	<u>6,607,736</u>	<u>6,619,460</u>	<u>6,585,639</u>	<u>(33,821)</u>
Total amounts available for appropriation.....	<u>6,831,983</u>	<u>9,583,065</u>	<u>9,549,244</u>	<u>(33,821)</u>

**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)
<b>Charges to Appropriations (Outflows):</b>				
<b>Public Protection</b>				
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	<u>1,742,732</u>	<u>1,747,925</u>	<u>1,739,707</u>	<u>8,218</u>
<b>Public Works, Transportation and Commerce</b>				
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	<u>242,912</u>	<u>254,637</u>	<u>242,002</u>	<u>12,635</u>
<b>Human Welfare and Neighborhood Development</b>				
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	<u>1,598,335</u>	<u>1,686,647</u>	<u>1,639,407</u>	<u>47,240</u>
<b>Community Health</b>				
Public Health.....	1,119,897	1,099,022	1,083,421	15,601
<b>Culture and Recreation</b>				
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	<u>192,372</u>	<u>198,594</u>	<u>188,505</u>	<u>10,089</u>

**CITY AND COUNTY OF SAN FRANCISCO**

**Required Supplementary Information (Unaudited) –  
Budgetary Comparison Schedule - General Fund (Continued)**

Year Ended June 30, 2024  
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
<b>General Administration and Finance</b>				
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.....	<u>37,830</u>	<u>39,599</u>	<u>37,742</u>	<u>1,857</u>
Subtotal - General Administration and Finance	<u>337,199</u>	<u>346,074</u>	<u>320,418</u>	<u>25,656</u>
<b>General City Responsibilities</b>				
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.....	<u>88,640</u>	<u>62,362</u>	<u>-</u>	<u>62,362</u>
Total charges to appropriations.....	<u>6,831,983</u>	<u>6,963,989</u>	<u>6,736,210</u>	<u>227,779</u>
Total Sources less Current Year Uses.....	<u>\$ -</u>	<u>\$ 2,619,076</u>	<u>\$ 2,813,034</u>	<u>\$ 193,958</u>
<b>Budgetary fund balance, June 30 before reserves and designations</b>			\$ 2,813,034	
Reserves and designations made from budgetary fund balance not available for appropriation			(1,787,521)	
Reserve for Litigation and Contingencies and General Reserve			<u>(323,937)</u>	
<b>Net Available Budgetary Fund Balance, June 30</b>			<u>\$ 701,576</u>	
<b>Sources/inflows of resources</b>				
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.....			<u>(228,995)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - General Fund.....			<u>\$ 6,377,784</u>	
<b>Uses/outflows of resources</b>				
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.....			<u>(1,354,733)</u>	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - General Fund.....			<u>\$ 5,412,315</u>	

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
Year Ended June 30, 2024  
(In Thousands)

**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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**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
		<hr/>
Fund Balance - GAAP basis.....	\$	<u>2,563,610</u>

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
		<hr/>
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 years xxxx.....		154,861
Unassigned - Available for future appropriations.....		-
		<hr/>
Subtotal.....		1,322,118
		<hr/>
Fund Balance, June 30, 2024 - Budget basis.....	\$	<u>2,813,034</u>

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



**CITY AND COUNTY OF SAN FRANCISCO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Passed through State of California Department of Public Health</b>				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	22-10282	\$ 2,389,321	\$ -
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	19-10345	231,076	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	23-10341	467,194	-
<b>Passed through State of California Department of Aging</b>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CF-2223-06	320,619	311,674
<b>Passed through State of California Department of Social Services</b>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	none	53,256,923	2,207,013
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	none	283,519	-
Subtotal SNAP Cluster			<u>54,559,331</u>	<u>2,518,687</u>
Child and Adult Care Food Program	10.558	04029-CACFP-38	655,060	-
<b>Passed through State of California Department of Education</b>				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	04029-SFSP-38	120,444	-
<b>Passed through State of California Department of Food and Agriculture</b>				
Senior Farmers Market Nutrition Program	10.576	none	69,000	69,000
<b>U.S. DEPARTMENT OF AGRICULTURE Total</b>			<b>57,793,156</b>	<b>2,587,687</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>				
<b>Direct Program</b>				
Economic Development Cluster				
COVID-19 Economic Adjustment Assistance	11.307	--	272,035	20,697
<b>U.S. DEPARTMENT OF COMMERCE Total</b>			<b>272,035</b>	<b>20,697</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b>Direct Program</b>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	--	24,826,088	19,185,847
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	--	1,790,456	1,790,456
Subtotal CDBG - Entitlement Grants Cluster			<u>26,616,544</u>	<u>20,976,303</u>
Emergency Solutions Grant Program	14.231	--	1,661,783	1,488,690
Home Investment Partnerships Program	14.239	--	3,489,228	-
Housing Opportunities for Persons with AIDS	14.241	--	9,640,038	5,873,610
Economic Development Initiative, Community Project Funding, and Miscellaneous grants	14.251	--	44,123	-
Continuum of Care Program	14.267	--	39,464,368	34,437,003
<b>Passed through San Francisco Housing Authority</b>				
Housing Voucher Cluster				
COVID-19 Section 8 Housing Choice Vouchers	14.871	EHV	1,265,734	1,265,734
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Total</b>			<b>82,181,818</b>	<b>64,041,340</b>
<b>U.S. DEPARTMENT OF INTERIOR</b>				
<b>Direct Program</b>				
NPS Cooperative Agreement				
	15.000	--	989,784	-
<b>Passed through State of California Coastal Conservancy</b>				
Coastal Wetlands Planning, Protection and Restoration	15.614	F22AP00603	332,881	-
<b>Passed through State of California Department of Parks &amp; Recreation</b>				
Historic Preservation Fund Grants-In-Aid	15.904	CK7BAVKBDW28	44,000	-
<b>U.S. DEPARTMENT OF INTERIOR Total</b>			<b>1,366,665</b>	<b>-</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY AND COUNTY OF SAN FRANCISCO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<b>Direct Program</b>				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	--	\$ 342,247	\$ 74,208
Bulletproof Vest Partnership Program	16.607	--	141,315	-
Public Safety Partnership and Community Policing Grants	16.710	--	1,573,060	-
Special Data Collections and Statistical Studies	16.734	--	1,389,641	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	--	506,907	-
DNA Backlog Reduction Program	16.741	--	547,131	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	--	223,157	-
Justice Reinvestment Initiative	16.827	--	197,813	83,022
STOP School Violence	16.839	--	655,995	-
Equitable Sharing Program	16.922	--	188,701	-
<b>Passed through State of California Governor's Office of Emergency Services</b>				
Crime Victim Assistance	16.575	HA 22 05 0380	90,272	-
Crime Victim Assistance	16.575	KI 22 05 0380	106,253	-
Crime Victim Assistance	16.575	UV22 01 0380	132,320	-
Crime Victim Assistance	16.575	UV23 02 0380	89,602	-
Crime Victim Assistance	16.575	WV22 41 0380	352,248	-
Crime Victim Assistance	16.575	WV23 42 0380	745,449	-
Crime Victim Assistance	16.575	XC22 05 0380	182,479	-
Crime Victim Assistance	16.575	XC23 06 0380	123,483	-
Crime Victim Assistance	16.575	XE22 05 0380	137,917	-
Crime Victim Assistance	16.575	XE23 01 0380	94,490	-
Subtotal Crime Victim Assistance			<u>2,054,513</u>	<u>-</u>
Violence Against Women Formula Grants	16.588	PU22 04 0380	40,187	-
Violence Against Women Formula Grants	16.588	PU23 02 0380	47,969	-
Violence Against Women Formula Grants	16.588	WV22 05 0380	62,683	-
Subtotal Violence Against Women Formula Grants			<u>150,839</u>	<u>-</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ21170380	1,537	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ22 05 0380	59,178	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ22180380	57,867	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ23190380	5,077	-
Subtotal Paul Coverdell Forensic Sciences Improvement Grant Program			<u>123,659</u>	<u>-</u>
<b>Passed through National Association of VOCA Assistance</b>				
Crime Victim Assistance/Discretionary Grants	16.582	15POVC-21-GK-00412-NONF	1,374	-
<b>Passed through San Diego Association of Governments</b>				
Project Safe Neighborhoods	16.609	S1132492	299,567	-
<b>U.S. DEPARTMENT OF JUSTICE Total</b>			<b>8,395,919</b>	<b>157,230</b>
<b>U.S. DEPARTMENT OF LABOR</b>				
<b>Passed through State of California Department of Employment Development</b>				
Workforce Innovation and Opportunity Act (WIOA) Cluster				
WIOA Adult Program	17.258	AA311035	1,032,492	507,022
WIOA Youth Activities	17.259	AA311035	1,212,948	701,655
WIOA Youth Activities	17.259	AA411035	193,052	193,050
Subtotal WIOA Youth Activities			<u>1,406,000</u>	<u>894,705</u>
WIOA Dislocated Worker Formula Grants	17.278	AA311035	1,545,360	1,102,021
WIOA Dislocated Worker Formula Grants	17.278	AA411035	273,387	-
Subtotal WIOA Dislocated Worker Formula Grants			<u>1,818,747</u>	<u>1,102,021</u>
Subtotal WIOA Cluster			<u>4,257,239</u>	<u>2,503,748</u>
<b>Passed through Jobs for the Future</b>				
H-1B Job Training Grants	17.268	21-197	196,721	24,219
<b>Passed through NOVA</b>				
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	001-2064-22	7,147	-
<b>U.S. DEPARTMENT OF LABOR Total</b>			<b>4,461,107</b>	<b>2,527,967</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<b>Passed through Metropolitan Transportation Commission</b>				
Highway Planning and Construction	20.205	CK7BAVKBDW28	279,198	-
<b>Passed through State of California Department of Transportation (CALTRANS)</b>				
Highway Planning and Construction	20.205	BRLS-5934(177)	20,000	-
Highway Planning and Construction	20.205	BUILDL-5934(185)	1,590,632	-
Highway Planning and Construction	20.205	FERPL18-5934(186)	157,207	-
Highway Planning and Construction	20.205	STPL-6216(003)	45,820	-
Subtotal Highway Planning and Construction			<u>2,092,857</u>	<u>-</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY AND COUNTY OF SAN FRANCISCO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</b>				
<b>Passed through State of California Office of Traffic Safety</b>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	PT23169	\$ 37,775	\$ -
State and Community Highway Safety	20.600	PT24173	63,526	-
Subtotal State and Community Highway Safety			<u>101,301</u>	<u>-</u>
National Priority Safety Programs	20.616	MC24011	10,799	-
Subtotal Highway Safety Cluster			<u>112,100</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT23169	32,529	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT24173	40,293	-
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>72,822</u>	<u>-</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION Total</b>			<b>2,277,779</b>	<b>-</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<b>Direct Program</b>				
Equitable Sharing	21.016	--	37,554	-
COVID-19 Emergency Rental Assistance Program	21.023	--	(299,566)	-
COVID-19 Local Assistance and Tribal Consistency Fund	21.032	--	50,000	-
<b>Passed through California Volunteers</b>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	none	5,806,274	-
<b>Passed through State of California Department of Housing and Community Development</b>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	L4JQPJ7N5NT4	15,814,702	-
<b>Passed through State of California Water Resources Control Board</b>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	U00022-01	20,524,114	-
Subtotal COVID-19 Coronavirus State and Local Fiscal Recovery Funds			<u>42,145,090</u>	<u>-</u>
<b>U.S. DEPARTMENT OF THE TREASURY Total</b>			<b>41,933,078</b>	<b>-</b>
<b>U.S. NATIONAL ENDOWMENT FOR THE ARTS</b>				
<b>Direct Program</b>				
Promotion of the Arts Grants to Organizations and Individuals	45.024	--	20,000	-
<b>U.S. NATIONAL ENDOWMENT FOR THE ARTS Total</b>			<b>20,000</b>	<b>-</b>
<b>U.S. SMALL BUSINESS ADMINISTRATION</b>				
<b>Passed through Humboldt State University Sponsored Pgm</b>				
Small Business Development Centers	59.037	F3310	88,511	-
Small Business Development Centers	59.037	F3510	61,882	-
Subtotal Small Business Development Centers			<u>150,393</u>	<u>-</u>
<b>U.S. SMALL BUSINESS ADMINISTRATION Total</b>			<b>150,393</b>	<b>-</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
<b>Direct Program</b>				
Water Infrastructure Finance and Innovation (WIFIA)	66.958	--	792,567,725	-
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY Total</b>			<b>792,567,725</b>	<b>-</b>
<b>U.S. DEPARTMENT OF ENERGY</b>				
<b>Direct Program</b>				
Conservation Research and Development	81.086	--	127,439	-
<b>U.S. DEPARTMENT OF ENERGY Total</b>			<b>127,439</b>	<b>-</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Passed through State of California Department of Rehabilitation</b>				
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	32023	225,856	-
<b>U.S. DEPARTMENT OF EDUCATION Total</b>			<b>225,856</b>	<b>-</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY AND COUNTY OF SAN FRANCISCO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Direct Program</b>				
Environmental Public Health and Emergency Response	93.070	--	\$ 332,073	\$ -
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	--	610,078	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	--	274,823	26,992
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	--	248,426	-
Viral Hepatitis Prevention and Control	93.270	--	369,390	-
Drug Abuse and Addiction Research Programs	93.279	--	124,158	-
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	--	1,249,997	-
Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B	93.686	--	2,891,257	2,012,512
Capacity Building Assistance (CBA) for High-Impact HIV Prevention	93.834	--	1,165,196	-
Allergy and Infectious Diseases Research	93.855	--	72,107	-
HIV Emergency Relief Project Grants	93.914	--	14,280,332	12,495,859
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	--	294,233	123,484
HIV Prevention Activities Health Department Based	93.940	--	8,646,165	228,398
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	--	1,333,403	-
Block Grants for Community Mental Health Services	93.958	--	157,018	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	--	837,673	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	--	2,655,174	-
<b>Passed through National Association of County and City Health Officials</b>				
Medical Reserve Corps Small Grant Program	93.008	Grant 5 HITEP150032-02-00	3,802	-
Medical Reserve Corps Small Grant Program	93.008	MRCSG101005-04-00	372	-
Subtotal Medical Reserve Corps Small Grant Program			<u>4,174</u>	<u>-</u>
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	2022-011401	56,301	-
<b>Passed through State of California Department of Aging</b>				
<b>Aging Cluster</b>				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-2324-06	13,593	13,593
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	AP-2324-06	43,712	43,712
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-2324-06	84,839	84,839
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AP-2324-06	1,019,298	513,382
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AP-2122-06-A3	925,500	925,500
Subtotal Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			<u>1,944,798</u>	<u>1,438,882</u>
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AP-2324-06	2,605,875	2,384,616
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AP-2122-06-A3	215,844	215,844
Subtotal Special Programs for the Aging, Title III, Part C, Nutrition Services			<u>2,821,719</u>	<u>2,600,460</u>
National Family Caregiver Support, Title III, Part E	93.052	AP-2324-06	526,957	526,957
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	AP-2122-06-A3	279,186	279,186
Subtotal National Family Caregiver Support, Title III, Part E			<u>806,143</u>	<u>806,143</u>
Nutrition Services Incentive Program	93.053	AP-2324-06	2,066,950	2,066,950
Subtotal Aging Cluster			<u>7,781,754</u>	<u>7,054,579</u>
Medicare Enrollment Assistance Program	93.071	MI-2223-06	21,060	21,060
Medicare Enrollment Assistance Program	93.071	MI-2324-06	63,833	63,833
Subtotal Medicare Enrollment Assistance Program			<u>84,893</u>	<u>84,893</u>
State Health Insurance Assistance Program	93.324	HI-2122-06	83,816	83,816
State Health Insurance Assistance Program	93.324	HI-2425-06	44,098	44,098
Subtotal State Health Insurance Assistance Program			<u>127,914</u>	<u>127,914</u>
<b>Passed through Regents Of The University Of California</b>				
Global AIDS	93.067	11580sc04	13,762	-
Global AIDS	93.067	11626sc05	8,261	-
Global AIDS	93.067	11644sc06	2,065	-
Global AIDS	93.067	11644sc07	2,065	-
Global AIDS	93.067	11644sc08	2,754	-
Global AIDS	93.067	11644sc09, 11644sc10, 11644sc11	32,383	-
Global AIDS	93.067	12518sc02	6,890	-
Global AIDS	93.067	12518sc03	11,083	-
Global AIDS	93.067	13184sc02	6,162	-
Global AIDS	93.067	13184sc03	10,646	-

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY AND COUNTY OF SAN FRANCISCO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	13788sc	\$ 7,112	\$ -
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	13788sc01	84,495	-
Subtotal Coordinated Services and Access to Research for Women, Infants, Children, and Youth			91,607	-
Mental Health Research Grants	93.242	12855sc02	13,054	-
Mental Health Research Grants	93.242	14832sc	36,571	-
Drug Abuse and Addiction Research Programs	93.279	14864sc	14,001	-
Allergy and Infectious Diseases Research	93.855	11324sc07 & 11324sc08	41,678	-
Allergy and Infectious Diseases Research	93.855	13793sc01 & 13793sc02	15,441	-
Allergy and Infectious Diseases Research	93.855	13800sc01	13,906	-
Allergy and Infectious Diseases Research	93.855	2023-1886 A1	5,156	-
<b>Passed through State of California Department of Public Health</b>				
Public Health Emergency Preparedness	93.069	22-10678	562,405	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	19-10807 A1	57,717	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	19-10808 A1	38,307	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	21-10808	51,301	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	23-10632	48,295	-
Immunization Cooperative Agreements	93.268	22-11052	274,337	-
COVID-19 Immunization Cooperative Agreements	93.268	22-11052	1,322,270	-
Subtotal Immunization Cooperative Agreements			1,596,607	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	ELCPHLSHARP-08	6,939	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19ELC38	223,225	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	22-11264	1,884,212	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19ELC96	3,424,336	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	22-11052	176,771	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	WFD-038	1,157,603	-
Subtotal COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			1,334,374	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	22-38-90893-00	68,170	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	22-38-90899-00	52,644	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	23-38-90899-00	127,604	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	CHVP 23-38	1,111,081	-
COVID-19 Maternal, Infant and Early Childhood Home Visiting Grant	93.870	CHVP ARP 22-38	125,463	-
Subtotal Maternal, Infant and Early Childhood Home Visiting Grant			1,236,544	-
National Bioterrorism Hospital Preparedness Program	93.889	22-10678	203,939	-
HIV Care Formula Grants	93.917	18-10886	2,230,442	2,143,882
HIV Care Formula Grants	93.917	23-10980	697,325	661,641
Subtotal HIV Care Formula Grants			2,927,767	2,805,523
Preventive Health and Health Services Block Grant	93.991	22-38-90848-00	215,670	-
Maternal and Child Health Services Block Grant to the States	93.994	202338	211,631	-
Maternal and Child Health Services Block Grant to the States	93.994	21-10791	395,500	-
Subtotal Maternal and Child Health Services Block Grant to the States			607,131	-
<b>Passed through University Of California San Francisco</b>				
Global AIDS	93.067	13199sc01	7,094	-
Global AIDS	93.067	13199sc02, 13199sc03	29,167	-
Global AIDS	93.067	14113sc00, 14113sc01	3,442	-
Mental Health Research Grants	93.242	14171sc01	23,525	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	13276sc	49,814	-
Lung Diseases Research	93.838	R01HL161049	33,593	-
Allergy and Infectious Diseases Research	93.855	14429sc01	6,395	-
<b>Passed through State of California Department of Social Services</b>				
Guardianship Assistance	93.090	none	2,916,451	-
COVID-19 Guardianship Assistance	93.090	none	47,766	-
Subtotal Guardianship Assistance			2,964,217	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	none	896,537	291,658
Temporary Assistance for Needy Families	93.558	none	71,454,672	6,234,539

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY AND COUNTY OF SAN FRANCISCO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	AUSAA2022-04	\$ 180,430	\$ 180,430
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	HAU2023-06	639,556	629,701
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	none	1,972,453	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	ORSA2006	4,280	4,280
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	ORSA2106	7,777	7,777
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	RSS21-06	42,313	39,694
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	RSS22-06	253,325	94,513
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	RSS23-06	110,384	3,794
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	SOR22-06	1,813	-
<b>CCDF Cluster</b>				
Child Care and Development Block Grant	93.575	C2AP-3044	1,431,477	1,431,477
Child Care and Development Block Grant	93.575	CAPP-2048	46,407	46,407
Child Care and Development Block Grant	93.575	CAPP-3049	1,261,749	1,261,749
Child Care and Development Block Grant	93.575	CLPC-3036	120,862	120,862
Child Care and Development Block Grant	93.575	FGRT-23-GAN-CCD-QCC-038	268,471	268,471
Child Care and Development Block Grant	93.575	FGRT-23-GAN-CCD-WFP-034	489,249	489,249
COVID-19 Child Care and Development Block Grant	93.575	none	269,632	269,632
Subtotal Child Care and Development Block Grant			<u>3,887,847</u>	<u>3,887,847</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CAPP-2048	19,457	19,457
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CAPP-3049	322,997	322,997
Subtotal Child Care Mandatory and Matching Funds of the Child Care and Development Fund			<u>342,454</u>	<u>342,454</u>
Subtotal CCDF Cluster			<u>4,230,301</u>	<u>4,230,301</u>
Community-Based Child Abuse Prevention Grants	93.590	none	49,421	-
Adoption and Legal Guardianship Incentive Payments	93.603	none	136,319	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	none	1,588,952	46,564
Foster Care Title IV-E	93.658	none	25,253,721	5,030,075
COVID-19 Foster Care Title IV-E	93.658	none	91,624	60,873
Subtotal Foster Care Title IV-E			<u>25,345,345</u>	<u>5,090,948</u>
Adoption Assistance	93.659	none	11,228,984	-
COVID-19 Adoption Assistance	93.659	none	175,807	-
Subtotal Adoption Assistance			<u>11,404,791</u>	<u>-</u>
Social Services Block Grant	93.667	none	1,216,847	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	none	883,594	675,782
COVID-19 Elder Abuse Prevention Interventions Program	93.747	none	511,896	249,770
Medicaid Cluster				
Medical Assistance Program	93.778	none	103,512,092	3,479,413
<b>Passed through State of California Department of Public Health</b>				
Medical Assistance Program	93.778	202338	6,655,609	-
Medical Assistance Program	93.778	23-10277	741,923	-
<b>Passed through State of California Department of Health Care Services</b>				
Medical Assistance Program	93.778	871214	83,771	-
Medical Assistance Program	93.778	23-01	524,068	-
Medical Assistance Program	93.778	23-01 & 23-02	1,159,744	-
Subtotal Medicaid Cluster			<u>112,677,207</u>	<u>3,479,413</u>
Block Grants for Community Mental Health Services	93.958	letter dated 8/29/22	3,368,336	1,068,145
COVID-19 Block Grants for Community Mental Health Services	93.958	Letter dated 12/6/2021	991,352	374,509
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Letter dated 06/20/2022	8,366,774	3,538,682
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	93.959	Letter dated 11/15/2021	1,385,109	1,059,003
Subtotal Block Grants for Prevention and Treatment of Substance Abuse			<u>9,751,883</u>	<u>4,597,685</u>
<b>Passed through Public Health Foundation Enterprise</b>				
Injury Prevention and Control Research and State and Community Based Programs	93.136	0890.0103	11,475	-
Mental Health Research Grants	93.242	1033.0101	63,139	-
Mental Health Research Grants	93.242	0761.0104	25,992	-
Drug Abuse and Addiction Research Programs	93.279	0526.0105	17,368	-
Drug Abuse and Addiction Research Programs	93.279	0752.0104	73,043	-
Drug Abuse and Addiction Research Programs	93.279	0760.0102	40,692	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	187.2211	159,146	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	0187.3408	14,284	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	187.2210	9,364	-
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	0950.0101	970	-

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY AND COUNTY OF SAN FRANCISCO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>				
Allergy and Infectious Diseases Research	93.855	0014.0111	\$ 52,364	\$ -
Allergy and Infectious Diseases Research	93.855	0014.0112	79,616	-
Child Health and Human Development Extramural Research	93.865	1085.0101	66,880	-
<b>Passed through Florida State University</b>				
Child Health and Human Development Extramural Research	93.865	R000003157	13,309	-
Subtotal Child Health and Human Development Extramural Research			<u>80,189</u>	<u>-</u>
<b>Passed through State of California Department of Health and Human Services Agency</b>				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	68-0317191	631,549	631,549
<b>Passed through SF Community Clinic Consortium</b>				
Health Center Program Cluster				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H80CS00049	304,144	-
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS00049	782,084	-
Subtotal Health Center Program Cluster			<u>1,086,228</u>	<u>-</u>
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00163	132,760	-
<b>Passed through Oregon Health &amp; Science University</b>				
Drug Abuse and Addiction Research Programs	93.279	1017225_SFDPH	26,834	-
<b>Passed through The University of Texas Southwestern</b>				
Drug Abuse and Addiction Research Programs	93.279	GMO230401 PO000002962A	33,541	-
<b>Passed through SFGH Foundation</b>				
Congressional Directives	93.493	826-006	576,801	-
<b>Passed through State of California Department of Child Support Services</b>				
Child Support Services	93.563	none	8,370,103	-
<b>Passed through Family Health International (FHI360)</b>				
Allergy and Infectious Diseases Research	93.855	PO21000680	16,574	-
<b>Passed through Fred Hutchinson Cancer Research Center</b>				
Allergy and Infectious Diseases Research	93.855	0001140338	32,280	-
Allergy and Infectious Diseases Research	93.855	0001148463	25,442	-
Allergy and Infectious Diseases Research	93.855	0001173296	49,682	-
<b>Passed through RTI International</b>				
Allergy and Infectious Diseases Research	93.855	2-312-0217681-66232L	10,134	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Total</b>			<b>321,047,812</b>	<b>52,891,206</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<b>Direct Program</b>				
Assistance to Firefighters Grant	97.044	--	73,645	-
Port Security Grant Program	97.056	--	463,305	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	--	3,951,990	-
Securing the Cities Program	97.106	--	2,523,170	-
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	--	1,152,059	-
Financial Assistance for Targeted Violence and Terrorism Prevention	97.132	--	209,579	-
<b>Passed through State of California Department of Parks &amp; Recreation</b>				
Boating Safety Financial Assistance	97.012	C22L0614	48,000	-
<b>Passed through State of California Governor's Office of Emergency Services</b>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4683	551,346	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4699	15,718	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4558-DR-CA	3,366,725	-
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4482	77,646,865	294,566
Subtotal Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>81,580,654</u>	<u>294,566</u>
Emergency Management Performance Grants	97.042	2022-0005	233,542	-
Homeland Security Grant Program	97.067	2020-0095	4,111,807	174,614
Homeland Security Grant Program	97.067	2021-0081	10,213,994	5,198,444
Homeland Security Grant Program	97.067	2022-0043	11,941,347	6,223,418
Homeland Security Grant Program	97.067	2023-0042	3,604,213	1,295,071
Subtotal Homeland Security Grant Program			<u>29,871,361</u>	<u>12,891,547</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY Total</b>			<b>120,107,305</b>	<b>13,186,113</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARD</b>			<b>\$ 1,432,928,087</b>	<b>\$ 135,412,240</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

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**CITY AND COUNTY OF SAN FRANCISCO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

**1. GENERAL**

The schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the City and County of San Francisco (City). All federal awards received directly from federal agencies as well as federal awards passed through other non-federal agencies are included in this Schedule except for assistance related to Medical Assistance (Medi-Cal) and Medicare Hospital Insurance (Medicare) (see Note 4).

The City's basic financial statements include the operations of the San Francisco County Transportation Authority (Authority), the San Francisco International Airport (Airport), the Municipal Transportation Agency (MTA), and the Successor Agency to the San Francisco Redevelopment Agency (Successor Agency). The expenditures of the Authority, the Airport, the MTA, and the Successor Agency are not included in the schedule of expenditures of federal awards for the year ended June 30, 2024. Federal expenditures for these entities are separately audited.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the modified accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds as described in Note 2(b) of the City's basic financial statements, with the exception of the Economic Adjustment Assistance Program described in Note 5. The City did not elect to use the 10% de minimis cost rate as covered in U.S. Code of Federal Regulations, Title 2 section 200.414 Indirect (F&A) costs.

**3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS AND BASIC FINANCIAL STATEMENTS**

Expenditures of federal awards are reported in the City's basic financial statements as expenditures in the governmental funds, and as expenses for noncapital expenditures and as additions to capital assets for capital related expenditures in the proprietary funds. Amounts reported in the accompanying Schedule agree or can be reconciled with amounts reported in the related federal award reports and the City's basic financial statements.

**4. MEDI-CAL AND MEDICARE**

Direct Medi-Cal and Medicare expenditures are excluded from the Schedule. These expenditures represent fees for services and are not included in the Schedule or in determining major programs. The City assists the State in determining eligibility and provides Medi-Cal and Medicare services through City-owned facilities. Administrative costs related to Medi-Cal and Medicare are, however, included in the Schedule under the Medical Assistance Program (Assistance Listing Number 93.778).

**5. ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM**

For the purpose of calculating federal expenditures for the Schedule, the Economic Adjustment Assistance Program (Assistance Listing Number 11.307) reports non-loan expenditures and grants for revolving loan funds (RLF). Federal expenditures for RLF loans are calculated as the federal share of the sum of RLF loans outstanding and cash and investment balance in the RLF at the end of the fiscal year or through the date of release by the U.S. Department of Commerce of its federal interest in the RLF award, and administrative expenses paid out of RLF income and the unpaid principal of all loans written off during the year. The table below provides the breakdown of expenditures included in the Schedule.

	Office of Economic and Workforce Development
Non-loan expenditures	\$ 52,035
Outstanding RLF loans	91,667
Cash and investments in RLF	89,695
Administrative expenses	-
Principal written off	38,638
Total reported in the Schedule	272,035
Federal share of RLF	100%

**CITY AND COUNTY OF SAN FRANCISCO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**6. CALIFORNIA DEPARTMENT OF AGING (CDA) SINGLE AUDIT REPORTING REQUIREMENTS**

The terms and conditions of agency contracts with CDA require agencies to display State-funded expenditures discretely along with the related federal expenditures. CDA grant expenditures that involve federal funding have been presented in the Schedule. The following schedule is presented using the modified accrual basis of accounting. For State grants not involving federal funding, the amounts are to be displayed separately. The following schedule is presented to comply with these requirements.

Federal Grantor Pass-through Grantor Program Title	Grant / Contract No.	Assistance Listing No.	Expenditures	
			State	Federal
<b>U.S. Department of Agriculture</b>				
<i>Passed through State of California, Department of Aging:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	CF-2223-06	10.561	\$ 41,379	\$ 320,619
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through State of California, Department of Aging:</i>				
Special Programs for the Aging-Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	AP-2324-06	93.041	-	13,593
Special Programs for the Aging-Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	AP-2324-06	93.042	-	43,712
Special Programs for the Aging Title III, Part D - Disease Prevention and Health Promotion Services	AP-2324-06	93.043	-	84,839
Special Programs for the Aging-Title III, Part B - Grants for Supportive Services and Senior Centers	AP-2324-06	93.044	-	1,019,298
Special Programs for the Aging-Title III, Part C - Nutrition Services	AP-2324-06	93.045	1,868,706	2,605,875
National Family Caregiver Support, Title III, Part E	AP-2324-06	93.052	-	526,957
Nutritional Services Incentive Program	AP-2324-06	93.053	-	2,066,950
Medicare Enrollment Assistance Program	MI-2223-06	93.071	-	21,060
Medicare Enrollment Assistance Program	MI-2324-06	93.071	-	63,833
State Health Insurance Assistance Program	HI-2122-06	93.324	179,779	83,816
State Health Insurance Assistance Program	HI-2425-06	93.324	63,244	44,098
Special Programs for the Aging-Title III, Part B - Grants for Supportive Services and Senior Centers - COVID-19 American Rescue Plan Act	AP-2122-06-A3	93.044	-	925,500
Special Programs for the Aging-Title III, Part C - Nutrition Services - COVID-19 American Rescue Plan Act	AP-2122-06-A3	93.045	-	215,844
National Family Caregiver Support, Title III, Part E - COVID-19 American Rescue Plan Act	AP-2122-06-A3	93.052	-	279,186
			2,153,108	\$ 8,315,180
<b>State Award - California Department of Aging</b>				
State Health Facilities Citation Penalties Account, General Fund Allocation	AP-2324-06		41,637	
Skilled Nursing Facility (SNF) Quality and Accountability Fund (QAF) Allocation	AP-2324-06		22,181	
Ombudsman State General Fund	AP-2324-06		128,952	
Baseline Admin State General Fund	AP-2324-06		100,000	
Ombudsman Public Health L&C Program Fund	AP-2324-06		4,670	
Total Expenditures of CDA Awards			\$ 2,450,548	

\* The Aging Cluster reflected on the City's SEFA includes the assistance listing numbers defined by the State of California Department of Aging. This is different from part 5 of the 2024 OMB Compliance Supplement, as permitted by the Uniform Guidance in 2 CFR 200.217.

**CITY AND COUNTY OF SAN FRANCISCO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**7. PROGRAM TOTALS**

The following table summarizes programs funded by various sources or grants whose totals are not shown on the Schedule.

<b>ALN / Program Title / Federal Grantor or Pass-Through Grantor</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures</b>
<b>(1) ALN 93.067 - Global AIDS</b>		
Regents of the University of California	11580sc04	\$ 13,762
Regents of the University of California	11626sc05	8,261
Regents of the University of California	11644sc06	2,065
Regents of the University of California	11644sc07	2,065
Regents of the University of California	11644sc08	2,754
Regents of the University of California	11644sc09, 11644sc10, 11644sc11	32,383
Regents of the University of California	12518sc02	6,890
Regents of the University of California	12518sc03	11,083
Regents of the University of California	13184sc02	6,162
Regents of the University of California	13184sc03	10,646
University of California San Francisco	13199sc01	7,094
University of California San Francisco	13199sc02, 13199sc03	29,167
University of California San Francisco	14113sc00, 14113sc01	3,442
	Program Total	<u>\$ 135,774</u>
<b>(2) ALN 93.136 - Injury Prevention and Control Research and State and Community Based Programs</b>		
U.S. Department of Health and Human Services	-	\$ 274,823
Public Health Foundation Enterprise	0890.0103	11,475
State of California Department of Public Health	19-10807 A1	57,717
State of California Department of Public Health	19-10808 A1	38,307
State of California Department of Public Health	21-10808	51,301
State of California Department of Public Health	23-10632	48,295
	Program Total	<u>\$ 481,918</u>
<b>(3) ALN 93.242 - Mental Health Research Grants</b>		
Public Health Foundation Enterprise	1033.0101	\$ 63,139
Public Health Foundation Enterprise	0761.0104	25,992
Regents of the University of California	12855sc02	13,054
Regents of the University of California	14832sc	36,571
University of California San Francisco	14171sc01	23,525
	Program Total	<u>\$ 162,281</u>
<b>(4) ALN 93.243 - Substance Abuse and Mental Health Services Projects of Regional and National Significance</b>		
U.S. Department of Health and Human Services	-	\$ 248,426
University of California San Francisco	13276sc	49,814
	Program Total	<u>\$ 298,240</u>
<b>(5) ALN 93.279 - Drug Abuse and Addiction Research Programs</b>		
U.S. Department of Health and Human Services	-	\$ 124,158
Oregon Health & Science University	1017225_SFDPH	26,834
Public Health Foundation Enterprise	0526.0105	17,368
Public Health Foundation Enterprise	0752.0104	73,043
Public Health Foundation Enterprise	0760.0102	40,692
Regents of the University of California	14864sc	14,001
The University of Texas Southwestern	GMO230401 PO0000002962A	33,541
	Program Total	<u>\$ 329,637</u>
<b>(6) ALN 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)</b>		
Public Health Foundation Enterprise	187.2211	\$ 159,146
Public Health Foundation Enterprise	0187.3408	14,284
Public Health Foundation Enterprise	187.2210	9,364
State of California Department of Public Health	ELCPHLSHARP-08	6,939
State of California Department of Public Health	COVID-19ELC38	223,225
State of California Department of Public Health	22-11264	1,884,212
State of California Department of Public Health	COVID-19ELC96	3,424,336
	Program Total	<u>\$ 5,721,506</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**7. PROGRAM TOTALS (Continued)**

<b>ALN / Program Title / Federal Grantor or Pass-Through Grantor</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures</b>
<b>(7) ALN 93.421 - Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health</b>		
National Association of County and City Health Officials	2022-011401	\$ 56,301
Public Health Foundation Enterprise	0950.0101	970
	Program Total	<u>\$ 57,271</u>
<b>(8) ALN 93.566 - Refugee and Entrant Assistance State/Replacement Designee Administered Programs</b>		
State of California Department of Public Health	22-38-90893-00	\$ 68,171
State of California Department of Public Health	22-38-90899-00	52,644
State of California Department of Public Health	23-38-90899-00	127,604
State of California Department of Social Services	AUSAA2022-04	180,430
State of California Department of Social Services	HAU2023-06	639,556
State of California Department of Social Services	none	1,972,453
State of California Department of Social Services	ORSA2006	4,280
State of California Department of Social Services	ORSA2106	7,777
State of California Department of Social Services	RSS21-06	42,313
State of California Department of Social Services	RSS22-06	253,325
State of California Department of Social Services	RSS23-06	110,384
State of California Department of Social Services	SOR22-06	1,813
	Program Total	<u>\$ 3,460,750</u>
<b>(9) ALN 93.778 - Medical Assistance Program</b>		
State of California Department of Health Care Services	871214	\$ 83,771
State of California Department of Health Care Services	23-01	524,068
State of California Department of Health Care Services	23-01 & 23-02	1,159,744
State of California Department of Public Health	202338	6,655,609
State of California Department of Public Health	23-10277	741,923
State of California Department of Social Services	none	103,512,092
	Program Total	<u>\$ 112,677,207</u>
<b>(10) ALN 93.855 - Allergy and Infectious Diseases Research</b>		
U.S. Department of Health and Human Services	-	\$ 72,107
Family Health International (FHI360)	PO21000680	16,574
Fred Hutchinson Cancer Research Center	0001140338	32,280
Fred Hutchinson Cancer Research Center	0001148463	25,442
Fred Hutchinson Cancer Research Center	0001173296	49,682
Public Health Foundation Enterprise	0014.0111	52,364
Public Health Foundation Enterprise	0014.0112	79,616
Regents of the University of California	11324sc07 & 11324sc08	41,678
Regents of the University of California	13793sc01 & 13793sc02	15,441
Regents of the University of California	13800sc01	13,906
Regents of the University of California	2023-1886 A1	5,156
RTI International	2-312-0217681-66232L	10,134
University of California San Francisco	14429sc01	6,395
	Program Total	<u>\$ 420,775</u>
<b>(11) ALN 93.918 - Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease</b>		
U.S. Department of Health and Human Services	-	\$ 294,233
San Francisco Community Clinic Consortium	H76HA00163	132,760
	Program Total	<u>\$ 426,993</u>
<b>(12) ALN 93.958 - Block Grants for Community Mental Health Services</b>		
U.S. Department of Health and Human Services	-	\$ 157,018
State of California Department of Health Care Services	letter dated 8/29/22	3,368,336
State of California Department of Health Care Services	Letter dated 12/6/2021	991,352
	Program Total	<u>\$ 4,516,706</u>

**CITY AND COUNTY OF SAN FRANCISCO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2024**

**8. CALIFORNIA DEPARTMENT OF EDUCATION (CDE) REPORTING REQUIREMENTS**

The terms and conditions of contracts with CDE require agencies to display State-funded expenditures discretely along with the related federal expenditures. CDE grant expenditures that involve federal funding have been presented in the Schedule. The following schedule is presented using the modified accrual basis of accounting. For State grants not involving federal funding, the amounts are to be displayed separately.

Federal Grantor / Pass-through Grantor ALN / Contract No. / Program Title	Award Amount			Expenditures	
	State	Federal	Total	State	Federal
<b>U.S. Department of Agriculture</b>					
<i>Passed through State of California, Department of Education:</i>					
ALN 10.559					
Contract No. 04029-SFSP-38					
Summer Food Service Program for Children	\$ -	\$ 120,444	\$ 120,444	\$ -	\$ 120,444
<b>State Award - California Department of Education</b>					
Contract No. 23-25276-68478-00					
California State Preschool Program Quality					
Rating and Improvement System Block Grant	1,177,039	-	1,177,039	1,177,039	-
Total	<u>\$1,177,039</u>	<u>\$120,444</u>	<u>\$1,297,483</u>	<u>\$1,177,039</u>	<u>\$120,444</u>

**CITY AND COUNTY OF SAN FRANCISCO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**9. CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS) REPORTING REQUIREMENTS**

The terms and conditions of contracts with CDSS require agencies to display State-funded expenditures discretely along with the related federal expenditures for assistance listing numbers 10.558, 93.575 and 93.596 whose contracts were previously administered by the California Department of Education. CDSS grant expenditures that involve federal funding have been presented in the Schedule. The following schedule is presented using the modified accrual basis of accounting. For State grants not involving federal funding, the amounts are to be displayed separately. Additionally, for subawards connected to child care services, entities must report the name of the subawardees and the related contracts, including contract numbers and amounts. This information is reflected in the supplemental table below:

Federal Grantor Pass-through Grantor Program Title	Grant / Contract No.	Assistance Listing No.	Award Amount			Expenditures	
			State	Federal	Total	State	Federal
<b>U.S. Department of Agriculture</b>							
<i>Passed through State of California, Department of Social Services:</i>							
Child and Adult Care Food Program	04029-CACFP-38	10.558	\$ -	\$ 655,060	\$ 655,060	\$ -	\$ 655,060
<b>U.S. Department of Health and Human Services</b>							
<i>Passed through State of California, Department of Social Services:</i>							
Child Care and Development Block Grant <sup>1</sup>	CAPP-2048	93.575	768,771	1,230,475	1,999,246	134,924	46,407
Child Care and Development Block Grant <sup>2</sup>	CAPP-3049	93.575	859,686	1,322,707	2,182,393	851,135	1,261,749
Child Care and Development Block Grant <sup>3</sup>	C2AP-3044	93.575	5,475,880	1,431,477	6,907,357	5,475,880	1,431,477
Child Care and Development Block Grant <sup>4</sup>	none	93.575	66,582	665,820	732,402	26,963	269,632
Child Care and Development Block Grant <sup>5</sup>	CLPC-3036	93.575	8,735	120,862	129,597	8,735	120,862
Child Care and Development Block Grant <sup>6</sup>	FGRT-23-GAN-CCD-QCC-038	93.575	-	268,471	268,471	-	268,471
Child Care and Development Block Grant <sup>7</sup>	FGRT-23-GAN-CCD-WFP-034	93.575	-	489,249	489,249	-	489,249
Child Care Mandatory and Matching Funds of the Child Care and Development Fund <sup>1</sup>	CAPP-2048	93.596	-	257,560	257,560	-	19,457
Child Care Mandatory and Matching Funds of the Child Care and Development Fund <sup>2</sup>	CAPP-3049	93.596	-	257,560	257,560	-	322,997
			<b>\$ 7,179,654</b>	<b>\$ 6,699,241</b>	<b>\$ 13,878,895</b>	<b>\$ 6,497,637</b>	<b>\$ 4,885,361</b>
<b>State Award - California Department of Social Services</b>							
Child Care Providers United (CCPU)			2,361,541	-	2,361,541	1,533,221	-
Total Expenditures of CDSS Awards			<b>\$ 9,541,195</b>	<b>\$ 6,699,241</b>	<b>\$ 16,240,436</b>	<b>\$ 8,030,858</b>	<b>\$ 4,885,361</b>

Grant / Contract No.	Subrecipient	State	Federal	Total
<sup>1</sup> CAPP-2048	Children's Council of San Francisco	\$ 134,924	\$ 65,864	\$ 200,788
<sup>2</sup> CAPP-3049	Children's Council of San Francisco	851,135	1,584,746	2,435,881
<sup>3</sup> C2AP-3044	Children's Council of San Francisco	5,475,880	1,431,477	6,907,357
<sup>4</sup> none	Children's Council of San Francisco	26,963	269,632	296,595
<sup>5</sup> CLPC-3036	Children's Council of San Francisco	8,735	120,862	129,597
<sup>6</sup> FGRT-23-GAN-CCD-QCC-038	Children's Council of San Francisco	-	134,236	134,236
	Wu Yee Children's Services	-	134,235	134,235
<sup>7</sup> FGRT-23-GAN-CCD-WFP-034	Children's Council of San Francisco	-	489,249	489,249
		<b>\$ 6,497,637</b>	<b>\$ 4,230,301</b>	<b>\$ 10,727,938</b>

**10. COSTS INCURRED IN PRIOR YEARS UNDER ASSISTANCE LISTING NO. 97.036**

The City manages grants under Assistance Listing No. 97.036 for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program. Nonfederal entities must record expenditures for this program on the SEFA when (1) FEMA has approved the nonfederal entity's underlying projects, and (2) the nonfederal entity has incurred the eligible expenditures. FEMA's approval of a subaward is indicated when FEMA obligates the federal share of the eligible project cost to the recipient. Federal awards expended in years subsequent to the fiscal year in which the projects are approved are to be recorded on the nonfederal entity's SEFA in those subsequent years. For the year ended June 30, 2024, the City's SEFA reflects a total of \$81,580,654 in federal expenditures under Assistance Listing Number 97.036, of which \$81,264,745 represents costs incurred in prior fiscal years.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, 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, and have issued our report thereon dated November 27, 2024, except for our report on the schedule of expenditures of federal awards, as to which the date is February 18, 2025. Our report includes a reference to other auditors who audited the financial statements of the San Francisco County Transportation Authority, San Francisco International Airport, and Municipal Transportation Agency, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Walnut Creek, California  
November 27, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City and County of San Francisco, California’s (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2024. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

***Other Matter – Federal Expenditures Not Included in the Compliance Audit***

The City’s basic financial statements include the operations of the San Francisco County Transportation Authority (Authority), the San Francisco International Airport (Airport), the Municipal Transportation Agency (MTA), and the Successor Agency to the San Francisco Redevelopment Agency (Successor Agency), whose expenditures in federal awards are not included in the City’s schedule of expenditures of federal awards for the year ended June 30, 2024. Our audit, described below, did not include the operations of these organizations. We were engaged to perform an audit in accordance with the Uniform Guidance, and report on the results separately to the Successor Agency. The Authority, the Airport, and the MTA engaged other auditors to perform an audit in accordance with the Uniform Guidance.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City’s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Macias Gini & O'Connell LLP*

Walnut Creek, California  
February 18, 2025

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**CITY AND COUNTY OF SAN FRANCISCO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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**Section I – Summary of Auditor’s Results**

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Financial Statements:

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America: .....	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified? .....	None reported
• Significant deficiency(ies) identified? .....	None reported
Noncompliance material to financial statements noted? .....	No

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified? .....	None reported
• Significant deficiency(cies) identified? .....	None reported
Type of auditor’s report issued on compliance for major federal programs .....	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? .....	No

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number(s)</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program .....	10.561
Housing Opportunities for Persons with AIDS.....	14.241
Continuum of Care Program.....	14.267
Coronavirus State and Local Fiscal Recovery Funds .....	21.027
Water Infrastructure Finance and Innovation (WIFIA).....	66.958
Guardianship Assistance.....	93.090
CCDF Cluster .....	93.575, 93.596
Foster Care Title IV-E.....	93.658
HIV Emergency Relief Project Grants .....	93.914
HIV Care Formula Grants.....	93.917
Block Grants for Community Mental Health Services .....	93.958
Homeland Security Grant Program .....	97.067
Dollar threshold used to distinguish between Types A and B programs	\$4,298,784
Auditee qualified as a low-risk auditee? .....	Yes

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**Section II - Financial Statement Findings**

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None reported.

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**Section III - Federal Awards Findings**

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None reported.

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# OFFICE OF THE CONTROLLER

## CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner  
Controller

ChiaYu Ma  
Deputy Controller

### STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS

**Reference Number:** 2023-001  
**Program Title:** Adoption Assistance  
**Assistance Listing Number:** 93.659  
**Finding Category:** Eligibility  
**Finding Classification:** Significant Deficiency in Internal Controls over Compliance

**Finding Description:** The City's Human Services Agency (Department) administers the Adoptions Assistance program and oversees the assessments and continued reassessments of participant eligibility. We tested a statistically valid sample of 60 participants selected from a population of 1,087 receiving AAP benefits for the period of July 1, 2022 through June 30, 2023. Of the 60 cases tested, seven cases did not contain documentary evidence of supervisory review of reassessments performed by eligibility caseworkers.

**Status of Corrective Action:** Corrective Action was implemented. In order to carry out the actions of the AAP audit corrective action plan for the fiscal year ended June 30, 2023, the Department has provided training to eligibility workers and supervisors to ensure consistency in the business process in the use of checklists. Additionally, the Department utilizes monthly reports in CalSAWs system as a tool for staff to process monthly renewals and for supervisors to track their completion. The Department has also completed its goal of having all case files converted to digital format.

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