

January 28, 2011

The Honorable Mayor Edwin Lee  
The Honorable Members of the Board of Supervisors  
Citizens of the City and County of San Francisco  
San Francisco, California

Ladies and Gentlemen:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City and County of San Francisco, California (the City) for the fiscal year ended June 30, 2010 (FY 2009-2010), with the independent auditor's report. The report is submitted in compliance with City Charter sections 2.115 and 3.105, and California Government Code Sections 25250 and 25253. The Office of the Controller prepared the CAFR in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

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

The City's Charter requires an annual audit of the Controller's records. The records have been audited by Macias Gini & O'Connell LLP and are presented in this CAFR. The CAFR also incorporates financial statements for San Francisco International Airport, the San Francisco Water Enterprise, Hetch Hetchy Water and Power, the Municipal Transportation Agency, the San Francisco Wastewater Enterprise, the Port of San Francisco, the City of San Francisco Market Corporation, the City and County of San Francisco Finance Corporation, the San Francisco County Transportation Authority, the City and County of San Francisco Health Service System, the San Francisco City and County Employees' Retirement System, and the San Francisco Redevelopment Agency.

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

**KEY FINANCIAL REPORT SECTIONS:**

The **Introductory Section** includes information about the organizational structure of the City, the City's economy, major initiatives, status of City services, and cash management.

The **Financial Section** includes the MD&A, Basic Financial Statements, notes to the Basic Financial Statements, and required supplementary information. The Basic Financial Statements include the government-wide financial statements that report on all City financial operations, and also include fund financial statements that present information for all City funds. The independent auditor's report on the Basic Financial Statements is also included.

The financial statements of several enterprise activities and of all component units of government are included in this CAFR. Some component units' financials are blended with the City's, such as: the San Francisco County Transportation Authority, the San Francisco Finance Corporation, and the San Francisco Parking Authority. The reason for this is that the primary government is financially accountable for the operations of these agencies. In other instances, namely, for the San Francisco Redevelopment Agency and the Treasure Island Development Authority, financial reporting is shown separately. Supplemental combining statements and schedules for non-major governmental funds, internal service funds and fiduciary funds are also presented in the financial section.

The **Statistical Section** includes up to ten years of historical financial data and miscellaneous social and economic information that conforms to GASB standards for reporting—Statement No. 44. This section may be of special interest to prospective investors in our bonds.

## **SAN FRANCISCO'S ECONOMY:**

### **Overview of Recent Trends**

San Francisco's economy continued to suffer in FY 2009-2010 from the effects of the recession, which struck the state and the nation in later 2007. While the previous fiscal year had been one of sharp economic decline for the City, FY 2009-2010 showed little worsening, but also no meaningful economic recovery. Unemployment began the fiscal year in July 2009 at 9.6%, and closed the fiscal year at the same rate.

Since the 1970s, San Francisco has shown a pattern of entering recessions later than the rest of the state and nation, and recovering later as well. This recession has been no exception. The national recession, which started in December 2007, did not notably affect the San Francisco job market until October 2008. Beginning in the latter half of FY 2009-2010, the U.S. economy began to see private sector job growth. However, the San Francisco Metropolitan Division, of which the City and County of San Francisco is the largest part, continued to see slow employment declines throughout the fiscal year.

With unemployment remaining at historically high levels, other local economic indicators also did not recover in FY 2009-2010. Despite growth in some areas, housing prices, residential and commercial rent, hotel revenues, industry employment, and retail sales all remained significantly below their pre-recession peaks.

Despite the length and severity of the recession, San Francisco has continued to fare better than the rest of California. Throughout FY 2009-2010, San Francisco's unemployment rate ranked between the 5<sup>th</sup> and 9<sup>th</sup> lowest of California's 58 counties. The state's unemployment rate was 12.3% in June 2010, while San Francisco's rate was 2.7 percentage points lower, at 9.6%. California was one of the handful of states that has been hit hardest by the recession, largely because of the breadth of its housing bubble, and subsequent high level of home foreclosures. San Francisco's recovery will be largely conditioned by improvements in the broader regional and state economies.

In the past, San Francisco has been slow to add employment after recessions. In the recession of the early 1990s, the City lost private sector employment for four consecutive years. During the early 2000s, employment also declined for four consecutive years. Nevertheless, San Francisco's long-term economic fundamentals—the education and creativity of its workforce; its environment, technological base, and cultural amenities—remain among the strongest of any city in the United States. These competitive advantages are likely to secure the City's continued prosperity after the current recession ends.

**Significant Economic Outcomes**

Several aspects of San Francisco's recent economic performance over the past several years are discussed in more detail in the following section.

***Population: Rising Despite the Recession***

Since 2000, the California Department of Finance and the U.S. Census Bureau have released different estimates of San Francisco's population. For both calendar years 2008 and 2009, both sources indicated a relatively sizable rise in San Francisco's population over the prior years' levels. According to the Census Bureau, San Francisco had 815,358 residents as of July 1, 2009, a 0.8% increase over July 1, 2008. The Department of Finance reported San Francisco's population as 846,610 as of January 1, 2009, a 1.3% increase over the same date in 2008.

In addition, the Department of Finance has estimated San Francisco's population to be 856,095 as of January 1, 2010, a 1.1% increase over the same date in 2009. The fact that San Francisco is increasing its population—largely through migration—during the worst recession in several decades is likely due to comparatively worse economic conditions elsewhere in the state. Over the past decade, many residents of San Francisco have left the City for other, more rapidly-growing locations of California. During the recession, those areas have become less attractive to potential migrants.

***Employment Base: Job Losses Have Slowed, But No Employment Growth***

The wage and salaried employment base of San Francisco fell by 2,800 jobs between June 2009 and June 2010, a decline of 0.5%. This decline compares with a 4.9% drop in employment during FY 2008-2009, and suggests that San Francisco's employment picture has stabilized, but not recovered, in the past year. Since the City increased employment through 2008, if employment grows during 2010-2011, it will mean that this recession will actually have been comparatively mild in San Francisco. The City lost over 15% of its employment during the 2000-2004 recession, and over 7% of its employment during the 1990-1994 recession. The very high levels of unemployment witnessed in San Francisco, which exceed the unemployment in either past recession, may again have more to do with the lack of opportunities elsewhere in the state.

***Taxable Sales: Stabilization and Slow Growth***

Unlike the job market, San Francisco's taxable sales have returned to growth, with 4<sup>th</sup> quarter FY 2009-2010 sales tax revenue up 3.4% over the last quarter of FY 2008-2009. That total was still below the total for the same quarter of FY 2006-2007, however, indicating how much sales tax revenue has declined during the recession.

As San Francisco entered the recession after most of California, the City's taxable sales base grew through most of 2008. However, as of the second quarter of FY2008-2009, the City saw annual declines in taxable sales and its associated sales tax revenue. Actual taxable sales declined by double digits until the 3<sup>rd</sup> quarter of 2009-2010, before stabilizing and finally returning to growth in the last quarter.

**San Francisco's Major Industries**

During both periods of expansion and recession, San Francisco's economy is driven by the global competitiveness of two primary sets of industry clusters: knowledge-based businesses centered around professional, financial, and information services, and experience-based businesses centered on tourism. San Francisco's continued economic growth will continue to hinge on the competitiveness of these key elements of its economy. In addition, a new set of emerging technology-based industries has helped diversify San Francisco's economy in recent years. Every major sector of the City's economy suffered employment declines during the recession. However, in FY 2009-2010, some sectors showed signs of recovery.

***Financial, Professional, and Business Services***

The core of San Francisco's knowledge-based economy is its large downtown concentration of corporate headquarters, banks and financial services companies, and professional services such as law firms and consultants. The competitiveness of these industry clusters is important to San Francisco's long-term economic outlook.

In June 2010, San Francisco held over 170,000 private sector jobs in financial activities and business and professional services, according to the Bureau of Labor Statistics. As a group, employment in these industries declined by approximately 2,500 jobs between June 2009 and June 2010, a 1.5% overall reduction. In California, employment in these sectors declined by 0.1% during the same period, highlighting San Francisco's later recovery. Nationally these industries grew by 0.5%.

***Tourism and Hospitality***

The other major segment of San Francisco's economic base is the tourism and hospitality industry. Like the downtown office sector, tourism experienced a strong recovery after the recession of the early 2000s, but experienced declines during the recession. Unlike the downtown office sectors, and the overall economy, the leisure and hospitality sector added jobs in San Francisco in FY 2009-2010.

There were approximately 78,250 people working in the leisure and hospitality sector in San Francisco in June 2010, according to the Bureau of Labor Statistics. This represents a gain of 1,500 jobs, or a 1.8% increase for the year. San Francisco's performance closely matched the state's 1.8% growth in the same sector, versus national growth in this sector of only 0.2%.

However, job growth in leisure and hospitality did not translate into growth for the hotel sector, which is a key barometer of San Francisco tourism. Hotel room average occupancy did rise 78.2% for the fiscal year, a growth of nearly 3 percentage points over FY 2008-2009. However, revenue per available hotel room night declined significantly during FY 2009-2010, to \$155 per room-night, down from \$172 per room-night in FY 2008-2009.

***Emerging Industries: Biotechnology, Digital Media, and Clean Technology***

Recombinant genetic engineering, the central innovation that created the biotechnology industry, was co-invented by a researcher at the University of California, San Francisco (UCSF) in the 1970s. Between UCSF, Stanford University, the University of California at Berkeley, and other local research institutions, the Bay Area is the leading biomedical research region in the world.

Until recently, however, few biotechnology companies were located in San Francisco itself. This has begun to change with the growth of the Mission Bay redevelopment area. Mission Bay now houses a new UCSF campus, and growing amounts of lab and incubator space for researchers and start-up companies. By FY 2009-2010, San Francisco was home to 52 life sciences companies and has 6% of the Bay Area's occupied space for biotechnology, up from just 1% in 2003. As Mission Bay continues to develop, it is expected that San Francisco's biotechnology industry will continue to grow.

These emerging technology industries, and the educational services that support San Francisco's knowledge economy, have continued to add jobs during the recession. For the eighteen months from July 2008 to December 2009, San Francisco added over 1,300 net jobs in software and internet publishing, 200 net jobs in biotechnology, 80 net jobs in environmental consulting, and over 800 net jobs in higher education.

**SAN FRANCISCO GOVERNMENT:****Profile of San Francisco Government**

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

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

**San Francisco's Budgetary Process**

The City adopts annual budgets for all governmental funds and typically adopts project-length budgets for capital projects and certain debt service funds. The budget is adopted at the character level of expenditure within each department, and the department level and fund is the legal level of budgetary control. Note 2(c) to the Basic Financial Statements summarizes the budgetary roles of City officials and the timetable for their various budgetary actions according to the City Charter.

The voters adopted Proposition A in November 2009, which institutes a series of changes designed to improve the City's long-term financial management. The measure requires the City to prepare and regularly update a five-year financial plan by July 1<sup>st</sup>, 2011, adopt a two-year budget by August 1<sup>st</sup>, 2012, and provides a mechanism for the Controller to propose and the Board to adopt a set of binding financial policies. The Board approved the first set of these policies, governing the City's budget reserve practices, early in 2010.

**Key Government Initiatives**

San Francisco's economy depends on investments in infrastructure that benefit City residents, workers, visitors, and businesses. These economic foundations range from housing and commercial development, to transportation infrastructure, investments in health and human services, and the City's quality of life. The City is taking steps to strengthen this infrastructure, to support San Francisco's economic recovery and long-term prosperity. Some important initiatives are described below.

**Key Initiatives: Housing and Commercial Development**

San Francisco's recovery and future economic growth depends on meeting the demand for new residential and commercial space. Despite the recession, the City continued to make significant progress on these objectives.

***Treasure Island Redevelopment***

On August 17, 2010, the City and the Navy signed the terms for the conveyance of former Naval Station Treasure Island (NSTI) from the Navy to the City. The terms of the agreement include a guaranteed payment to the Navy of \$55 million followed by an interim payment of another \$50 million, plus an additional share of potential further profits. The City, acting by and through the Treasure Island Development Authority (TIDA) as the local reuse authority, is responsible for the long-term redevelopment

of Treasure Island. Over the past decade, the City has crafted redevelopment plans for what has been widely heralded as one of the most environmentally sustainable developments in U.S. history.

These plans include a mixed-use development containing a new commercial town center and residential neighborhood with up to 8,000 new homes (30% of which will be below market rate homes including for hundreds of formerly homeless through the nationally-recognized Treasure Island Homeless Development Initiative), two hotels, and hundreds of acres of parks and open space. The project will generate thousands of construction jobs annually for the 10-20 year life of the project. Once realized, Treasure Island will generate over 3,000 permanent jobs. The project is on track to complete its environmental review and to have final approvals in the first half of 2011, with construction beginning as early as the end of 2011.

### ***Hunters Point Shipyard Redevelopment***

The redevelopment project for the Hunters Point Shipyard, a former naval base, includes plans for a master-planned community totaling approximately 500 acres, located along the southeastern waterfront of San Francisco. The redevelopment plan amendments for the Shipyard and Bayview Hunters Point were approved by the Board in August 2010 along with other necessary land use, financing and land transfer legislation to provide for the integrated planning and development of the Shipyard and the Candlestick Point (approximately 280 acres) consistent with Proposition G approved by the voters in 2008. Development of the Shipyard is a public-private partnership between the City, the Redevelopment Agency and a private development team.

The first phase of the Shipyard's development is already underway and includes up to 1,600 homes, 27% to 40% of which will be affordable, and 26 acres of open space. The balance of the Shipyard development will be built in conjunction with Candlestick Point as one development project. This second phase of the program provides for an additional 10,500 new housing units, 32% of which will be affordable, including the rebuilding of the Alice Griffith public housing development. The second phase also includes up to three million square feet of research and development space centered around a clean tech business incubator and the headquarters for the United Nations Global Compact Sustainability Center, which will be located in the project area. The redevelopment plan also includes over 300 acres of parks and open space, including a complete renovation of the Candlestick Point State Recreation area, and a potential stadium site.

### **Key Initiatives: Transportation Infrastructure**

San Francisco's economic recovery and future development will raise demand for transportation and create a need for increased infrastructure investment. The City is planning for this growth across all modes, including bus, rail, and air.

#### ***The Transbay Transit Center***

Rising freeway congestion in the Bay Area make it critical for the region to have the ability to rapidly bring large numbers of workers into a transit-accessible employment center. Downtown San Francisco can serve this function better than any other area in the region, and the Transbay Center will significantly strengthen this capacity. Plans for a multi-modal hub located in the City's core – the Transbay Transit Center – are targeted to meet this need.

The Transbay Transit Center will initially provide expanded bus service to and from surrounding counties at the site of the former Transbay Terminal in downtown San Francisco. The Transbay Transit Center Program also includes a below-grade extension of Caltrain to the new Transit Center building and pedestrian connections to the City's MUNI Metro and the Bay Area Rapid Transit (BART) subways. The new Transit Center will eventually accommodate not only buses and commuter trains, but also a California High-Speed Rail Line. The Program was environmentally cleared in 2005 and demolition of the Transbay Terminal began in 2010. The new Center will open in 2017.

Adjacent to the Transbay Transit Center will be a mixed use Transit Tower, the development of which will fund much of the transit infrastructure. The project's design and development competition resulted in three teams responding, including some of the world's most prominent architects and developers. In May 2008, the Transbay Joint Powers Authority (TJPA) Board of Directors officially agreed to hire Pelli Clarke Pelli Architects to design the proposed Transbay Transit Center, and its partner Hines to develop the Transit Tower.

The Transbay Transit Center is a singular expression of transit-oriented development. It includes plans for very tall nearby buildings that will effectively shift the heart of downtown, and create the "Grand Central of the West". The Center will be critical for the future of the local and regional economy. Rising freeway congestion in the Bay Area makes it critical for the region to have the ability to rapidly bring large numbers of workers into a transit-accessible employment center. Downtown San Francisco can serve this function better than any other area in California, and the Transbay Transit Center will significantly strengthen this capacity.

The Program is overseen by the TJPA, a six-member Board on which the City has three members. The TJPA is legally separate and financially independent and is not a component unit of the City.

### ***Expanded Capacity at San Francisco International Airport***

In 2008, to accommodate growth in passenger traffic and airline demand for gates, SFO embarked on a \$383 million project to renovate Terminal 2 into a state-of-the-art domestic terminal. The terminal, which formerly housed international flights, closed when SFO's current International Terminal opened in December 2000. The overhaul and re-opening of Terminal 2 is a significant stimulus for the City and the Bay Area, generating an estimated 2,750 jobs. When completed in mid-April 2011, Terminal 2 will be home to American Airlines and Virgin America.

### ***Subway System Expansion***

The Central Subway is Phase 2 of the San Francisco Municipal Transportation Agency's Third Street Light Rail Program, one of the most significant capital investments for the nation's seventh largest transit system. Phase 1 of the 6.8-mile project, the T Third Line, began operating in April 2007 and restored light rail service to the low auto ownership population along the Third Street corridor of San Francisco for the first time in 50 years.

The Central Subway will provide rail service into Chinatown, the most densely populated area of the country not currently served by modern rail transportation. The new, 1.7-mile light rail line will serve regional destinations including Chinatown, Union Square, Moscone Convention Center, Yerba Buena, SoMa and AT&T Park, as well as connect to BART and Caltrain, the Bay Area's two largest regional commuter rail services.

The majority of funding for the Central Subway will be provided by the Federal Transit Administration's (FTA) New Starts program, with a total commitment over the life of the project of \$948.4 million. Environmental clearance of the project was granted by the FTA in November 2008 and obtained FTA approval to enter Final Design on January 7, 2010. Utility relocation for the future Moscone Station and Subway Portal began in January 2010. The Central Subway is slated to open to the public in 2018.

### **Key Initiatives: Health and Human Services**

Public health and human services are important to the long-run productivity of the workforce. The City offers a host of health and safety net services, including operation of two public hospitals, the administration of federal, state, and local entitlement programs, and a vast array of community-based health and human services.

***Access to Healthcare***

The City launched the Healthy San Francisco program in 2007 with the goal of increasing access to healthcare for San Francisco residents. The program creates a mandate for many businesses in San Francisco to either provide employer-paid health insurance for their employees or to pay into an expansion of the City's public health network. The program is funded with a mix of grants, employer-paid fees, and through a redirection of local funds allocated for public health services.

During this past fiscal year, the City's Department of Public Health has focused on expanding enrollment and broadening the medical provider network participating in the program. The provider network now includes a number of private and nonprofit community health care associations and hospitals. By the end of FY 2009-2010, over 53,400 uninsured adult residents had enrolled in the program, or approximately 89% of the City's estimated adult uninsured population.

***Rebuilding the City's Public Hospitals***

The City is in the process of replacing and modernizing both of its public hospitals, Laguna Honda Rehabilitation Center and San Francisco General Hospital.

The replacement of Laguna Honda Hospital was largely completed in FY 2009-2010. The \$585 million project has been funded with a mix of General Obligation bonds, tobacco settlement revenues, and certificates of participation. Three new seismically-safe buildings, which will be home to 780 residents, began occupancy in December 2010.

The voters approved a General Obligation bond measure to fund the replacement of San Francisco General Hospital in November 2008. This \$887 million project is required given changes to state law governing seismic requirements for hospitals. It will replace the existing facility with a new nine-story building on the existing hospital campus. The hospital is the only trauma center in San Francisco, and also acts as the safety net hospital for our residents. Preliminary excavation and utility work on the site has already commenced, with completion expected in 2015.

**Key Initiatives: Quality of Life**

In recent years, the City has completed renovation and expansion of a number of recreational and cultural facilities that serve those that live, work, and visit the City. The experiences generated by these institutions is one of the keys to maintaining the high quality of life that, in turn, serves to attract and retain the City's many visitors and residents.

***America's Cup and San Francisco's Waterfront***

On December 31, 2010, the BMW Oracle Racing team selected San Francisco to host the 34<sup>th</sup> America's Cup in 2013. The event will provide an unparalleled opportunity to showcase San Francisco and boost the City's economy by creating nearly 9,000 jobs and generating an estimated \$1.4 billion in economic impact to the City and the region. The infrastructure improvements necessary to host the event will remain in place after the completion of the event, and will represent a significant physical investment in the City's northern waterfront.

***San Francisco Museum of Modern Art (SFMOMA) Expansion***

In the fall of 2009, Doris and Donald Fisher announced that their extraordinary collection of 1,100 contemporary artworks will be housed at SFMOMA – an unparalleled opportunity for San Francisco. In respect to expansion plans, the City recently approved terms for the exchange of the City's existing fire station on Howard Street in return for a newly constructed, replacement fire station on Folsom Street. The agreement, which was approved by the Board in the summer of 2010, allows for SFMOMA to proceed with a \$480 million campaign and expansion on Howard Street, while providing the City with a modern replacement for its outdated fire station. The agreement translates to a gift from museum leadership to the City of over \$10 million and construction of the new fire station is expected to begin in 2011.



SFMOMA recently announced that they have raised \$250 million for their plan to add 100,000 square feet of new gallery and public space to the museum. Completion of fire station is expected by the end of 2012 and completion of the museum expansion is expected by the end of 2016.

***Parks and Libraries***

San Francisco voters have approved a number of bond measures to fund capital improvements to the City's parks and libraries during the past decade, most recently with the approval of a \$185 million general obligation bond for improvements to neighborhood parks in February 2008. This most-recent parks improvement measure includes funds for seismic improvement, disability access, and facility renovation at key facilities and parks throughout the City, and is scheduled for completion by FY 2013-2014.

A comprehensive capital improvement program intended to renovate the City's branch library system is proceeding, with planned improvements at over half of the City's branches now complete. The \$187 million program, funded with a mix of general obligation and lease-revenue bonds, focuses on seismic safety, accessibility, and modernization of facilities for current uses. The program is scheduled for completion in FY 2010-2011.

**SUMMARY:****Poised for Recovery**

The economic recession that had begun earlier elsewhere in the State continued to have significant impacts on San Francisco's economy throughout FY 2009-2010. Unemployment rates remained high, retail sales began a slow recovery, while housing and commercial real estate remained well below peak levels.

Corresponding tax revenue declines forced reductions in general government services and resulted in the need for mid-year budget corrections to maintain a Charter-required balanced budget. These pressures on the City's General Fund budget are expected to continue into FY 2010-2011.

As discussed above, however, San Francisco is investing in the foundations of economic development and is poised for recovery after the current recession ends. Significant investments in infrastructure and land-use projects will provide needed jobs and economic stimulus in the short-term, with long-term benefits resulting to the City and region's economic competitiveness. These investments are complemented by a number of initiatives aimed at improving the quality of life of those who live in and visit the City. In the longer term, the City and region's longstanding advantages in workforce educational attainment, research and development, entrepreneurial talent, venture capital financing, and quality of life are likely to ensure it remains among the most competitive regional economies in the world.

**Certificate of Achievement Award**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the 28<sup>th</sup> consecutive year (fiscal years ended June 30, 1982 – 2009) that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

**Acknowledgements**

I would like to express my appreciation to the entire staff of the Controller's Office whose professionalism, dedication, and efficiency are responsible for the preparation of this report. I would also like to thank Macias Gini & O'Connell LLP for their invaluable professional support in the preparation of the CAFR. Finally, I want to thank the Mayor and the Board of Supervisors for their interest and support in planning and conducting the City's financial operations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B. Rosenfield', with a long horizontal flourish extending to the right.

Ben Rosenfield  
Controller