<u>REMARKETING – NOT A NEW ISSUE</u> **Ratings: See "RATINGS" herein**

REMARKETING SUPPLEMENT DATED MAY 31, 2022
SUPPLEMENTING OFFICIAL STATEMENT DATED SEPTEMBER 4, 2008, AS SUPPLEMENTED

The opinions of Jones Hall, A Professional Law Corporation, San Francisco, California and Leslie M. Lava, Esq., Sausalito, California, delivered in connection with the original issuance of the Series 2008 Bonds stated, among other things, that interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on corporations, such interest is taken into account in determining certain income and earnings. On the date of the original issuance of the Series 2008 Bonds, Jones Hall, A Professional Law Corporation and Leslie M. Lava, Esq. were also of the opinion that interest on the Series 2008 Bonds is exempt from California personal income taxes. See APPENDIX D – "FORM OF ORIGINAL APPROVING OPINIONS OF CO-BOND COUNSEL DELIVERED ON SEPTEMBER 11, 2008" herein.

On October 8, 2014, Fulbright & Jaworski LLP, Los Angeles, California (the "Prior Remarketing Bond Counsel"), delivered its opinion that, among other things, the remarketing of the Series 2008-1 Bonds on October 8, 2014 did not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2008-1 Bonds or the treatment of the interest on the Series 2008-1 Bonds for purposes of the federal alternative minimum tax on individuals and corporations. See APPENDIX E – "FORM OF NO ADVERSE EFFECT OPINION OF PRIOR REMARKETING BOND COUNSEL DELIVERED ON OCTOBER 8, 2014" herein.

In connection with the substitution of the letters of credit and the remarketing of the Series 2008 Bonds described below, Jones Hall, A Professional Law Corporation, San Francisco, California ("Bond Counsel") will deliver its opinion that, among other things, the delivery of the Series 2008 Credit Facilities will not, in and of itself, result in the inclusion of interest on the Series 2008 Bonds in gross income for federal income tax purposes. See "TAX MATTERS" in this Remarketing Supplement.

CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE REFUNDING BONDS, SERIES 2008-1 AND 2008-2
(MOSCONE CENTER EXPANSION PROJECT)

$29,100,000	$29,100,000
SERIES 2008-1 BONDS	SERIES 2008-2 BONDS
Price: 100%	Price: 100%
CUSIP[†]: 79765X PD2	CUSIP[†]: 79765X PC4

Date of Original Issue: September 11, 2008
Date of Letter of Credit Substitution and Remarketing: June 1, 2022 **Due: April 1, 2030**

Purpose of Remarketing Supplement: This Remarketing Supplement dated May 31, 2022 (this "Remarketing Supplement") provides the holders of the Series 2008 Bonds (as defined below) certain information updating the Official Statement, dated September 4, 2008, as supplemented by the Remarketing Supplement dated October 6, 2014 (as so supplemented, the "Official Statement") relating to the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "Series 2008-1 Bonds") and the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the "Series 2008-2 Bonds," and together with the Series 2008-1 Bonds, the "Series 2008 Bonds"). This Remarketing Supplement contains certain information regarding (i) TD Bank, N.A. (the "Series 2008 Credit Provider"), (ii) an irrevocable, direct-pay letter of credit to be issued by the Series 2008 Credit Provider (the "Series 2008-1 Credit Facility") to replace the existing letter of credit securing the Series 2008-1 Bonds (the "Prior Series 2008-1 Credit Facility"), issued by State Street Bank and Trust Company (the "Prior Series 2008 Credit Provider"), and (iii) an irrevocable, direct-pay letter of credit to be issued by the Series 2008 Credit Provider (the "Series 2008-2 Credit Facility," and together with the Series 2008-1 Credit Facility, the "Series 2008 Credit Facilities," and each, a "Series 2008 Credit Facility") to replace the existing letter of credit securing the Series 2008-2 Bonds (the "Prior Series 2008-2 Credit Facility," and together with the Prior Series 2008-1 Credit Facility, the "Prior Series 2008 Credit Facilities," and each, a "Prior Series 2008 Credit Facility") issued by the Prior Series 2008 Credit Provider. See "THE SERIES 2008 CREDIT FACILITIES AND THE SERIES 2008 CREDIT PROVIDER." The substitution of the Series 2008 Credit Facilities will cause a mandatory tender for purchase and remarketing of the Series 2008 Bonds on June 1, 2022 (the "Substitution Date").

This Remarketing Supplement is to be read in conjunction with the Official Statement. Information in the Official Statement relating to the Series 2008 Bonds should continue to be referred to unless otherwise updated or supplemented by means of this Remarketing Supplement. The principal purpose of this Remarketing Supplement is to provide certain information in connection with the substitution of the letters of credit for the Series 2008 Bonds. While certain financial or operating data with respect to the City and County of San Francisco (the "City") has been included in this Remarketing Supplement, neither the City and County of San Francisco Finance Corporation (the "Coporation") nor the City is obligated to provide any moneys for the purchase of tendered Series 2008 Bonds (other than moneys received pursuant to the remarketing of such Series 2008 Bonds or from drawings under the related Series 2008 Credit Facility). Investors should make any decision with respect to the purchase, holding or tender of the Series 2008 Bonds based primarily upon the credit of the Series 2008 Credit Provider. Prospective purchasers of the Series 2008 Bonds that wish to make a full evaluation of the financial status of the Series 2008 Credit Provider are advised to obtain the financial statements of the Series 2008 Credit Provider.

The Series 2008 Bonds were issued by the Corporation pursuant to an Indenture of Trust, dated as of September 1, 2008 (the "Original Indenture"), by and between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee"), to refund certain outstanding bonds of the Corporation. The Series 2008 Bonds were originally issued on September 11, 2008 in the Weekly Rate. The Corporation and the Trustee will enter into a First Supplement to Indenture of Trust, dated as of June 1, 2022 (the "First Supplement," and together with the Original Indenture, the "Indenture") in connection with certain amendments to the Original Indenture and delivery of the Series 2008 Credit Facilities. The Series 2008 Bonds will continue to bear interest at the Weekly Rate. Bondholders have the right to tender the Series 2008 Bonds for purchase at the times and subject to the conditions described in the Official Statement. The interest rate on the Series 2008 Bonds may be adjusted from a Weekly Rate to a Daily Rate, another Variable Rate or a Fixed Rate, as determined in accordance with the Indenture. Upon an adjustment in interest rate mode as described in the Official Statement, the Series 2008 Bonds will be subject to mandatory tender for purchase and remarketing in accordance with the Indenture, all as described herein and in the Official Statement. **This Remarketing Supplement only provides information on the terms of the Series 2008 Bonds while the Series 2008 Bonds bear interest at the Weekly Rate or the Daily Rate.**

Substitution of Letter of Credit; Mandatory Tender for Purchase and Remarketing: On the Substitution Date, the Series 2008 Credit Provider will issue the Series 2008 Credit Facilities to replace the Prior Series 2008 Credit Facilities. Each of the Series 2008 Credit Facilities will expire on May 31, 2027, unless it is extended or it earlier expires as described herein. See "THE SERIES 2008 CREDIT FACILITIES AND THE SERIES 2008 CREDIT PROVIDER." The substitution of the Series 2008 Credit Facilities will cause a mandatory tender for purchase and remarketing of the Series 2008 Bonds on the Substitution Date. Payment of the Purchase Price of each series of the Series 2008 Bonds tendered for purchase on the Substitution Date and not remarketed will be payable from funds drawn under the related Prior Series 2008 Credit Facility. At all times after the Substitution Date, payment of the principal of, interest on and Purchase Price of each series of the Series 2008 Bonds will be payable from funds drawn under the related Series 2008 Credit Facility.

Ratings: Moody's Investors Service ("Moody's"), Fitch, Inc. ("Fitch") and S&P Global Ratings ("S&P") have assigned ratings on the Series 2008 Bonds of "Aa1/VMIG 1," "AAA/F1+," and "AAA/A-1+," respectively, with the understanding that on the Substitution Date, the Series 2008 Credit Facilities will be issued by the Series 2008 Credit Provider. The short-term ratings on the Series 2008 Bonds are based on the rating agencies' analysis of the credit strength of the Series 2008 Credit Provider. The long-tem ratings on the Series 2008 Bonds are based on the rating agencies' analysis of the credit strength of both the Series 2008 Credit Provider and the City. Moody's, Fitch and S&P have also assigned underlying ratings on the Series 2008 Bonds of "Aa2," "AA," and "AA+," respectively. See "RATINGS" herein.

Remarketing Agent: J.P. Morgan Securities LLC serves as remarketing agent for the Series 2008-1 Bonds and the Series 2008-2 Bonds (the "Series 2008 Remarketing Agent").

The Series 2008 Bonds are limited obligations of the Corporation payable solely from Revenues which consist principally of certain Base Rental Payments to be made by the City pursuant to a Project Lease, dated as of September 1, 2008, as amended by the First Amendment to Project Lease, dated as of June 1, 2022 (as amended, the "Project Lease"), each by and between the Corporation and the City, and other amounts held in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application of such amounts for the purposes and on the terms and conditions set forth in the Indenture. The Corporation is obligated to pay the principal or redemption price of, and interest on, the Series 2008 Bonds only from the funds described in the Indenture and neither the Corporation nor any member of its Board of Directors shall incur any liability or any other obligation in respect of the Series 2008 Bonds. The obligation of the City to make Base Rental Payments under the Project Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Series 2008 Bonds nor the obligation of the City to make Base Rental Payments under the Project Lease constitutes a debt of the City, the State of California or any political subdivision thereof within the meaning of the Constitution of the State of California or any statutory debt limitation or restriction.

Legal Matters: The substitution of the Series 2008 Credit Facilities for the Prior Series 2008 Credit Facilities is subject to receipt by the Trustee of an opinion of Bond Counsel to the effect that the delivery of the Series 2008 Credit Facilities to the Trustee is authorized under the Indenture, and that the delivery of the Series 2008 Credit Facilities will not adversely affect the exclusion of interest on the Series 2008 Bonds from gross income for federal income tax purposes, and certain other conditions. Certain legal matters will be passed upon for the Corporation by Dannis Woliver Kelley, San Diego, California, and the City by the City Attorney. Hawkins Delafield & Wood LLP, San Francisco, California and Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, are acting as Co-Disclosure Counsel to the City. Chapman and Cutler LLP, Chicago, Illinois, is acting as counsel to the Series 2008 Credit Provider.

J.P. Morgan
Remarketing Agent

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The information contained in this Remarketing Supplement, including the Appendices attached hereto, has been obtained from the City and the Corporation and other sources which are deemed reliable, except that the information contained solely under "THE SERIES 2008 CREDIT FACILITIES AND THE SERIES 2008 CREDIT PROVIDER" and APPENDIX A – "FORM OF THE SERIES 2008 CREDIT FACILITIES" has been obtained from the Series 2008 Credit Provider. No representation or warranty is made, however, as to the accuracy or completeness of such information, and nothing contained in this Remarketing Supplement is, or shall be relied upon as, a promise or representation by the Series 2008 Remarketing Agent. This Remarketing Supplement is submitted in connection with the sale of securities described herein, and may not be reproduced or used, in whole or in part, for any other purpose. The information contained herein is subject to change without notice, and neither the delivery of this Remarketing Supplement nor any sale made hereunder shall under any circumstances create any implication that there have not been changes in the affairs of the City or the Corporation since the date hereof.

No broker, dealer, salesperson or any other person has been authorized by the Corporation, the City, the Series 2008 Remarketing Agent or the Series 2008 Credit Provider to give any information or to make any representation other than as contained in this Remarketing Supplement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. The Series 2008 Remarketing Agent has reviewed the information in this Remarketing Supplement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but does not guarantee the accuracy or completeness of such information. This Remarketing Supplement does not constitute an offer or reoffering of any securities other than those described on the cover page, or an offer to sell or a solicitation of an offer to buy by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

IN CONNECTION WITH THIS OFFERING, THE SERIES 2008 REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2008 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Remarketing Supplement contains forecasts, projections, estimates and other forward-looking statements that are based on current expectations. The words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, public health emergencies, such as the COVID-19 pandemic, changes in social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, seismic events and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date of this Remarketing Supplement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the City with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The City maintains a website and social media accounts. The information presented on such website and social media accounts is not incorporated by reference as part of this Remarketing Supplement and should not be relied upon in making investment decisions with respect to the Series 2008 Bonds. Various other websites referred to in this Remarketing Supplement also are not incorporated herein and are not part of this Remarketing Supplement by such references, for purposes of Securities and Exchange Commission Rule 15c2-12.

TABLE OF CONTENTS

Page

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REMARKETING SUPPLEMENT

$29,100,000 **CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION** **LEASE REVENUE REFUNDING BONDS, SERIES 2008-1** **(MOSCONE CENTER EXPANSION PROJECT)**	**$29,100,000** **CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION** **LEASE REVENUE REFUNDING BONDS, SERIES 2008-2** **(MOSCONE CENTER EXPANSION PROJECT)**

SUMMARY DESCRIPTION OF TRANSACTION

General

This Remarketing Supplement dated May 31, 2022 (this "Remarketing Supplement") provides the holders of the Series 2008 Bonds (as defined below) certain information updating the Official Statement, dated September 4, 2008, as supplemented by the Remarketing Supplement dated October 6, 2014 (as so supplemented, the "Official Statement"), relating to the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "Series 2008-1 Bonds") and the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the "Series 2008-2 Bonds," and together with the Series 2008-1 Bonds, the "Series 2008 Bonds"). This Remarketing Supplement contains certain information regarding (i) TD Bank, N.A. (the "Series 2008 Credit Provider"), (ii) an irrevocable, direct-pay letter of credit to be issued by the Series 2008 Credit Provider (the "Series 2008-1 Credit Facility"), to replace the existing irrevocable, direct-pay letter of credit securing the Series 2008-1 Bonds (the "Prior Series 2008-1 Credit Facility") issued by State Street Bank and Trust Company (the "Prior Series 2008 Credit Provider"), and (iii) an irrevocable, direct-pay letter of credit to be issued by the Series 2008 Credit Provider (the "Series 2008-2 Credit Facility," and together with the Series 2008-1 Credit Facility, the "Series 2008 Credit Facilities," and each, a "Series 2008 Credit Facility"), to replace the existing irrevocable, direct-pay letter of credit securing the Series 2008-2 Bonds (the "Prior Series 2008-2 Credit Facility," and together with the Prior Series 2008-1 Credit Facility, the "Prior Series 2008 Credit Facilities," and each, a "Prior Series 2008 Credit Facility") also issued by the Prior Series 2008 Credit Provider.

Concurrently with the issuance of the Series 2008 Bonds on September 11, 2008, the City and County of San Francisco (the "City") and the City and County of San Francisco Finance Corporation (the "Corporation") caused to be delivered to the Trustee (as defined below), (1) an irrevocable, direct-pay letter of credit relating to the Series 2008-1 Bonds (the "Initial Series 2008-1 Credit Facility"), issued by Bank of America, N.A., to support the payment of principal of, interest on and the purchase price of the Series 2008-1 Bonds upon the optional or mandatory tender of the Series 2008-1 Bonds and (2) the Prior Series 2008-2 Credit Facility relating to the Series 2008-2 Bonds, issued by the Prior Series 2008 Credit Provider, to support the payment of principal of, interest on and the purchase price of the Series 2008-2 Bonds upon the optional or mandatory tender of the Series 2008-2 Bonds. On October 8, 2014, the City and the Corporation caused to be delivered to the Trustee the Prior Series 2008-1 Credit Facility issued by the Prior Series 2008 Credit Provider to replace the Initial Series 2008-1 Credit Facility. The substitution of the Initial Series 2008-1 Credit Facility caused a mandatory tender for purchase and remarketing of the Series 2008-1 Bonds on October 8, 2014. On or around the October 8, 2014, the City, the Corporation and the Prior Series 2008 Credit Provider extended the expiration date of the Prior Series 2008-2 Credit Facility, which extension did not cause a mandatory tender for purchase and remarketing of the Series 2008-2 Bonds.

On June 1, 2022 (the "Substitution Date"), the City and the Corporation will cause to be delivered to the Trustee the Series 2008 Credit Facilities, to be issued by the Series 2008 Credit Provider, to replace the Prior Series 2008 Credit Facilities. The substitution of the Series 2008 Credit Facilities will cause a mandatory tender for purchase and remarketing of the Series 2008 Bonds on the Substitution Date. Payment of the

Purchase Price of each of the Series 2008 Bonds tendered for purchase on the Substitution Date and not remarketed will be payable from funds drawn under the related Prior Series 2008 Credit Facility. From and after the Substitution Date, payment of the principal of, interest on and Purchase Price of a series of the Series 2008 Bonds will be payable from funds drawn under the related Series 2008 Credit Facility. See "THE SERIES 2008 CREDIT FACILITIES AND THE SERIES 2008 CREDIT PROVIDER" herein.

While information about the City has been included in this Remarketing Supplement, including Appendices B and C hereto, neither the Corporation nor the City is obligated to provide any moneys for the purchase of tendered Series 2008 Bonds (other than moneys received pursuant to the remarketing of such Series 2008 Bonds or from drawings under the related Series 2008 Credit Facility). Investors should make any decision with respect to the purchase, holding or tender of the Series 2008 Bonds based primarily upon the credit of the Series 2008 Credit Provider. Prospective purchasers of the Series 2008 Bonds that wish to make a full evaluation of the financial status of the Series 2008 Credit Provider are advised to obtain the financial statements of the Series 2008 Credit Provider.

This Remarketing Supplement should be read in conjunction with the Official Statement. To the extent the information in this Remarketing Supplement conflicts with information in the Official Statement, this Remarketing Supplement shall govern. No attempt has been made to update the Official Statement except as specifically set forth in this Remarketing Supplement. Information in the Official Statement relating to the Series 2008 Bonds should continue to be referred to unless otherwise updated or supplemented by means of this Remarketing Supplement.

Each capitalized term used herein and not otherwise defined shall have the corresponding meaning as set forth in the Official Statement, and references herein and in the Official Statement to the "Series 2008-1 Credit Provider," the "Series 2008-2 Credit Provider," the "Series 2008-1 Credit Facility," the "Series 2008-2 Credit Facility," the "Credit Agreement" or "Credit Agreements" each relating to the Series 2008 Bonds should be read as referring to TD Bank, N.A., the two irrevocable, direct-pay letters of credit to be issued by TD Bank, N.A. relating to the Series 2008-1 Bonds and the Series 2008-2 Bonds, respectively, the Letter of Credit and Reimbursement Agreement, dated as of June 1, 2022 (the "Series 2008-1 Credit Agreement"), relating to the Series 2008-1 Bonds, among the City, the Corporation and TD Bank, N.A., and the Letter of Credit and Reimbursement Agreement, dated as of June 1, 2022 (the "Series 2008-2 Credit Agreement," and together with the Series 2008-1 Credit Agreement, the "Series 2008 Credit Agreements," and each, a "Series 2008 Credit Agreement") relating to the Series 2008-2 Bonds, among the City, the Corporation and TD Bank, N.A., respectively. The summary descriptions of the documents contained herein are qualified in their entirety by reference to such documents, copies of which will be available for inspection at the corporate trust office of the Trustee in San Francisco, California. All such descriptions are further qualified in their entirety by reference to bankruptcy laws and laws relating to or affecting generally the enforcement of creditors' rights.

The Series 2008 Bonds and Certain Provisions of the Bond Documents

The Series 2008 Bonds were issued by the City on September 11, 2008 pursuant to an Indenture of Trust, dated as of September 1, 2008 (the "Original Indenture"), between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee). The proceeds of the Series 2008 Bonds were applied to refund the Corporation's Lease Revenue Bonds, Series 2000-1, Series 2000-2 and Series 2000-3, which were issued to finance a portion of the costs of acquiring, constructing and improving a free-standing expansion to the Moscone Convention Center (the "Project") located on the northwest corner of Howard and Fourth Streets in the City. The Corporation and the Trustee will enter into a First Supplement to Indenture of Trust, dated as of June 1, 2022 (the "First Supplement," and together with the Original Indenture, the "Indenture"), in connection with certain amendments to the Original Indenture and delivery of the Series 2008 Credit Facilities.

The Corporation and the City entered into a Project Lease, dated as of September 1, 2008, as amended by the First Amendment to Project Lease, dated as of June 1, 2022 (as amended, the "Project Lease"), pursuant to which the Corporation leases the Project to the City. The Corporation holds a leasehold interest in the

Project pursuant to a Site and Facilities Lease, dated as of September 1, 2008 (the "Site Lease"), between the City, as lessor, and the Corporation, as lessee. Under the Project Lease, the City is required, so long as it has the benefit of the use and occupancy of the Project, to pay to the Corporation specified rental payments ("Base Rental") in amounts sufficient to pay, when due, the principal of and interest on the Series 2008 Bonds, and to pay certain "Additional Rental" (which is not pledged to the payment of debt service on the Series 2008 Bonds).

The Series 2008 Bonds were issued pursuant to the Indenture as variable rate obligations initially bearing interest at a Weekly Rate and the Series 2008 Bonds will continue to bear interest at the Weekly Rate upon remarketing. The interest rate on the Series 2008 Bonds may be adjusted from a Weekly Rate to a Daily Rate, another Variable Rate or a Fixed Rate, as determined in accordance with the Indenture. **This Remarketing Supplement only provides information on the terms of the Series 2008 Bonds while the Series 2008 Bonds bear interest at the Weekly Rate or the Daily Rate. If the interest on the Series 2008 Bonds is converted to another interest rate mode, the Series 2008 Bonds would be subject to mandatory tender for purchase and the Corporation would circulate new disclosure for the related remarketing of the Series 2008 Bonds.**

The Indenture requires the Trustee to draw on a Series 2008 Credit Facility in an amount and at such times (as such times are set forth in each Series 2008 Credit Facility) required to pay in full the principal of and interest on the related Series 2008 Bonds (excluding any Bank Bonds registered in the name of the Series 2008 Credit Provider or its designee or Series 2008 Bonds registered in the name of the Corporation or the City).

Each Series 2008 Credit Facility is a direct-pay letter of credit, and the Trustee will make such draw at such time as is required to receive amounts needed on each Interest Payment Date, maturity date, mandatory sinking fund redemption date, other redemption date and the date (if any) on which the related Series 2008 Bonds are declared due and payable due to the occurrence of an Event of Default under the Indenture. The Trustee will pay the principal of and interest on the related Series 2008 Bonds (excluding any Outstanding Bank Bonds registered in the name of the Series 2008 Credit Provider or its designee) when due and payable solely from moneys drawn under the Series 2008 Credit Facility. The Trustee will also draw moneys under a Series 2008 Credit Facility (each of which also constitutes a Liquidity Facility under the Indenture) for the purpose of paying the Purchase Price of any of the related Series 2008 Bonds (excluding any Outstanding Bank Bonds registered in the name of the Liquidity Provider or its designee or in the name of the Corporation or the City) to the extent required by the Indenture. Pending application as aforesaid, except as required by the Indenture in connection with paying the Purchase Price of the related Series 2008 Bonds, all moneys drawn under a Series 2008 Credit Facility will be deposited in a special fund designated the "Credit Facility Bond Payment Fund." The Credit Facility Bond Payment Fund was established and is maintained by the Trustee and held in trust apart from all other moneys and securities held under the Indenture or otherwise, and the Trustee has the exclusive and sole right of withdrawal from the Credit Facility Bond Payment Fund for the exclusive benefit of the Owners of the bonds with respect to which such drawing was made. Moneys drawn on a Series 2008 Credit Facility and deposited in the Credit Facility Bond Payment Fund for the payment of debt service will be used only to pay debt service on the related Series 2008 Bonds or returned to the Series 2008 Credit Provider if not so needed. Moneys in the Credit Facility Bond Payment Fund must be held in cash and must not be invested.

The Series 2008 Bonds are limited obligations of the Corporation payable solely from Revenues which consist principally of certain Base Rental Payments to be made by the City pursuant to the Project Lease and other amounts held in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application of such amounts for the purposes and on the terms and conditions set forth in the Indenture. The Corporation is obligated to pay the principal or redemption price of, and interest on, the Series 2008 Bonds only from the funds described in the Indenture and neither the Corporation nor any member of its Board of Directors shall incur any liability or any other obligation in respect of the Series 2008 Bonds. The obligation of the City to make Base Rental Payments under the Project Lease does not constitute an obligation of the City for

which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Series 2008 Bonds nor the obligation of the City to make Base Rental Payments under the Project Lease constitutes a debt of the City, the State of California or any political subdivision thereof within the meaning of the Constitution of the State of California or any statutory debt limitation or restriction.

Neither the City nor the Corporation is obligated to provide any moneys for the purchase of tendered Series 2008 Bonds other than moneys received pursuant to the remarketing of such Series 2008 Bonds or from drawings under the related Series 2008 Credit Facility. See "Failure of the Series 2008 Credit Provider" and "REMARKETING" below.

Alternate Credit Facility

The Indenture authorizes the Corporation, at its option, to provide for the delivery to the Trustee of an Alternate Credit Facility for each series of the Series 2008 Bonds in substitution for all or a portion of the Credit Facility or Liquidity Facility then in effect on: (1) any date when the Outstanding Series 2008 Bonds bear interest at either a Daily Rate or a Weekly Rate; and (2) when the Outstanding Series 2008 Bonds do not bear interest at either a Daily Rate or a Weekly Rate, on (a) any Conversion Date, (b) any Interest Payment Date with respect to any Series 2008 Bonds bearing interest at a Monthly Rate and (c) any date on which all Series 2008 Bonds bearing interest at a Long Rate are permitted to be optionally redeemed pursuant to the Indenture.

The Corporation will give written notice of its intention to exercise such option to the Trustee, the Liquidity Provider and the Credit Provider, if any, at least forty-five (45) days before the proposed effective date of such Alternate Credit Facility. On or before the date of the delivery of an Alternate Credit Facility to the Trustee, the Corporation will furnish to the Trustee (i) an Opinion of Bond Counsel substantially to the effect that the delivery of such Alternate Credit Facility to the Trustee is authorized under the Indenture and complies with the terms of the Indenture and will not, in and of itself, result in the inclusion of interest on the Series 2008 Bonds in gross income for federal income tax purposes, (ii) an Opinion of Counsel addressed to the Trustee stating that the delivery of such Alternate Credit Facility will not adversely affect the exemption of the Series 2008 Bonds from registration under the Securities Act of 1933, as amended, or that the Series 2008 Bonds have been so registered; (iii) an Opinion of Counsel addressed to the Trustee to substantially the same effect as the opinion previously delivered by such counsel to the Credit Provider or Liquidity Facility in connection with the delivery of the Credit Facility or Liquidity Facility being replaced; and (iv) the written consent of the provider of the Liquidity Facility or the Credit Facility, as the case may be, not being replaced if the Alternate Credit Facility will not be in substitution for both the Liquidity Facility and the Credit Facility. Such substitution may be made only if the existing Liquidity Facility may be drawn upon to pay the Purchase Price of the Series 2008 Bonds that will be tendered, and the draw to pay the Purchase Price of the Series 2008 Bonds being tendered will be made on such existing Liquidity Facility. Not fewer than ten (10) days prior to the proposed mandatory tender date, the Trustee will mail (by first class mail) a written notice thereof to the Owners of the Series 2008 Bonds at their addresses as they appear on the registration books of the Trustee on the day on which notice is received by the Trustee from the Corporation as provided above. Such notice will set forth the information required by the Indenture for mandatory tender notices.

Failure of the Series 2008 Credit Provider

In the event the Series 2008 Credit Provider fails to honor a draw on a Series 2008 Credit Facility to pay principal of and interest on the related Series 2008 Bonds, the Trustee will pay principal of and interest on such Series 2008 Bonds with amounts available for that purpose under the Indenture, consisting primarily of amounts on deposit in the Revenue Fund (generally consisting of Base Rental payments made by the City under the Project Lease). In the event amounts available under the Indenture are insufficient to pay principal of and interest on such Series 2008 Bonds, the Corporation's failure to pay debt service on the Series 2008 Bonds will constitute an Event of Default under the Indenture. However, the Corporation's obligation to pay debt service on such Series 2008 Bonds is a limited obligation of the Corporation and the Base Rental payments are a limited obligation of the City.

The Indenture provides that the Tender Agent will purchase tendered Series 2008 Bonds with moneys in the Bond Purchase Fund established under the Indenture in the following order: (i) first, moneys paid to it by the applicable Series 2008 Remarketing Agent as proceeds of the remarketing of tendered Series 2008 Bonds and (ii) second, moneys furnished to the Tender Agent by the Trustee and derived from drawings under the related Series 2008 Credit Facility. In the event amounts in the Bond Purchase Fund are insufficient for the purchase of Series 2008 Bonds tendered for purchase, whether as a result of a failure by the Series 2008 Credit Provider to honor a draw or otherwise, no purchase of such Series 2008 Bonds will be consummated and the Tender Agent will return all tendered Series 2008 Bonds to the owners. In that case, the Indenture authorizes the applicable Series 2008 Remarketing Agent to continue remarketing such Series 2008 Bonds at a rate not in excess of the Maximum Interest Rate. However, there is no assurance that the applicable Series 2008 Remarketing Agent will be able to remarket the tendered Series 2008 Bonds in this circumstance, and the Corporation is not obligated to provide any moneys for the purchase of tendered Series 2008 Bonds other than those received pursuant to the remarketing of such Series 2008 Bonds or from drawings under the related Series 2008 Credit Facility.

Neither the City nor the Corporation is obligated to provide any moneys for the purchase of tendered Series 2008 Bonds other than moneys received pursuant to the remarketing of such Series 2008 Bonds or from drawings under the related Series 2008 Credit Facility. The Indenture provides that neither the failure of the Series 2008 Credit Provider to honor a properly presented draw on a Series 2008 Credit Facility nor the bankruptcy, insolvency, receivership or dissolution of the Series 2008 Credit Provider will constitute an Event of Default under the Indenture or, in and of itself, create any right of redemption or tender with respect to the Series 2008 Bonds. Prospective purchasers of the Series 2008 Bonds should evaluate the financial strength of the Series 2008 Credit Provider based upon the information contained and referred to in "THE SERIES 2008 CREDIT FACILITIES AND THE SERIES 2008 CREDIT PROVIDER" and other information available upon request from the Series 2008 Credit Provider, and should not rely upon any governmental supervision by any regulatory entity or any rating by any rating agency.

THE CITY AND COUNTY OF SAN FRANCISCO

General. The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the Napa-Sonoma wine country is about an hour's drive to the north. The City estimates the City's population in fiscal year 2020-21 was 851,916.

The San Francisco Bay Area consists of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (collectively, the "Bay Area"). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include technology, retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, healthcare and higher education. The California State Supreme Court is also based in San Francisco.

The COVID-19 pandemic is a significant development that has materially adversely affected the City's economy and certain aspects of the City's financial condition. Many aspects of the City's finances and operations and the local economy have been and may continue to be materially adversely impacted by the COVID-19 pandemic. To date, City economic and tax revenue losses associated with the COVID-

19 pandemic have been significant. Although City operations have stabilized and certain revenues have recovered, a resurgence of the pandemic may affect the City's ability to sustain regular operations at current levels, and may materially adversely impact the financial condition of the City. The projections and other forward-looking statements in this Remarketing Supplement are based on current expectations and are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. See "CERTAIN RISK FACTORS RELATING TO THE CITY AND COUNTY OF SAN FRANCISCO – Public Health Emergencies" and APPENDIX B – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Public Health Emergency – COVID-19" herein. The City may post certain reports and other information relating to the COVID-19 pandemic when available on its investor information website located at https://sfcontroller.org/continuing-secondary-market-disclosure.

The City has historically been a major convention and tourist destination. However, the COVID-19 pandemic has significantly adversely impacted, and may continue to adversely impact tourism and convention activities in the City. In 2021, the San Francisco Travel Association, a nonprofit membership organization ("SFTA"), reported 14.8 million visitors to the City, up 25% from 2020, but down 44% from a record high of 26.2 million visitors in 2019. Total spending by visitors in 2021 increased to $3.1 billion from $2.8 billion in 2020, but was down 70% from $10.3 billion in 2019, including spending on meetings and conventions.

The City is also a leading center for financial activity in the State. The headquarters of the Twelfth Federal Reserve District and the Eleventh District Federal Home Loan Bank are located in the City.

The City benefits from a highly skilled, educated and professional labor force. The City estimates the per-capita personal income of the City for fiscal year 2020-21 was $173,097. The San Francisco Unified School District ("SFUSD"), which is a separate legal entity from the City, operates 64 elementary schools serving grades TK-5, 8 alternative configured schools serving grades TK-8, 13 middle schools serving grades 6-8, 14 high schools serving grades 9-12, 12 early education schools, 3 continuation/alternative schools, and 5 County and Court Schools in academic year 2021-22. There are also 11 active charter schools authorized by SFUSD and operating within the boundaries of SFUSD. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), UC Hastings Law, the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the San Francisco Art Institute, the San Francisco Conservatory of Music, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County, is owned by the City and is operated by the San Francisco Airport Commission (the "Airport Commission"), and is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific Rim traffic. In fiscal year 2020-21 SFO serviced approximately 13.7 million passengers (compared to approximately 40.5 million passengers in fiscal year 2019-20 and 57 million passengers in fiscal year 2018-19) and handled 471,793 metric tons of cargo (compared to 490,073 metric tons in fiscal year 2019-20 and 564,485 metric tons in fiscal year 2018-19). The City is also served by the Bay Area Rapid Transit District ("BART," an electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway ("Muni"), operated by the San Francisco Municipal Transportation Agency ("SFMTA"), provides bus and streetcar service within the City (investors should note that telecommuting resulting from emergency stay-at-home orders caused ridership into and within the City to decline significantly as described in APPENDIX B – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Budgetary Risks – Commuting Pattern Changes"). The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities, and natural resource protection.

Government. San Francisco is a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California and is the only consolidated city and county in the State. Voters approved the City's current Charter at the November 1995 election. The City is governed by a Board of Supervisors elected from 11 districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. The City's original budget for fiscal years 2021-22 and 2022-23 totals $13.2 billion and $12.8 billion, respectively. The General Fund portion of each year's original budget is $6.4 billion in fiscal year 2021-22 and $6.3 billion in fiscal year 2022-23, with the balance allocated to all other funds, including enterprise fund departments, such as the Airport Commission, SFMTA, the Port Commission and the San Francisco Public Utilities Commission ("SFPUC"). According to the Controller, at the start of fiscal year 2021-22, total net assessed valuation of taxable property in the City was approximately $312 billion, which represents an increase of 4.1% over fiscal year 2020-21.

More detailed information about the City's governance, organization and finances may be found in APPENDIX B – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in APPENDIX C – "ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2021." Certain general risk factors relating to the City are described in "CERTAIN RISK FACTORS RELATING TO THE CITY AND COUNTY OF SAN FRANCISCO."

The obligation of the City to make Base Rental Payments under the Project Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Series 2008 Bonds nor the obligation of the City to make Base Rental Payments under the Project Lease constitutes a debt of the City, the State of California or any political subdivision thereof within the meaning of the Constitution of the State of California or any statutory debt limitation or restriction. This Remarketing Supplement, including Appendices B and C hereto, provides certain information on the City's overall operations and finances and therefore includes information on revenues and other funds that are not pledged to the Series 2008 Bonds and that should not be considered available to pay debt service on the Series 2008 Bonds.

REMARKETING

The Remarketing Agent

J.P. Morgan Securities LLC is the exclusive remarketing agent (the "Series 2008 Remarketing Agent") for the Series 2008-1 Bonds and the Series 2008-2 Bonds. The Series 2008 Remarketing Agent has agreed to use its best efforts to remarket each series of the Series 2008 Bonds subject to certain conditions set forth in the remarketing agreement relating to each series of the Series 2008 Bonds (each, a "Series 2008 Remarketing Agreement"). The Series 2008 Remarketing Agent may purchase for its own account Series 2008 Bonds tendered but not remarketed.

Remarketing of the Series 2008 Bonds

The Indenture provides that the Series 2008 Remarketing Agent will offer for sale and use its best efforts to find purchasers for the Series 2008 Bonds tendered for purchase, either as the result of an optional tender or a mandatory tender, and such Series 2008 Bonds registered in the name of the Series 2008 Credit Provider or its designee, and any such sale will be made at an interest rate not in excess of the Maximum Interest Rate and at a price equal to 100% of the principal amount thereof plus accrued interest to the Tender Date, in accordance with the terms of the Indenture.

Disclosure Concerning Sale of Series 2008 Bonds by Series 2008 Remarketing Agent

Potential Conflict of Interest. The Series 2008 Remarketing Agent's responsibilities with respect to the Series 2008 Bonds include determining the interest rate on such Series 2008 Bonds from time to time and remarketing such Series 2008 Bonds that are subject to optional or mandatory tender by the owners thereof (subject, in each case to the terms of the related Series 2008 Remarketing Agreement). The Series 2008 Remarketing Agent is appointed by the Corporation and is paid by the Corporation for its services. As a result, the interests of the Series 2008 Remarketing Agent may differ from those of existing holders and potential purchasers of the Series 2008 Bonds.

Purchase of Series 2008 Bonds by the Series 2008 Remarketing Agent. The Series 2008 Remarketing Agent may purchase for its own account the Series 2008 Bonds tendered but not remarketed. The Series 2008 Remarketing Agent may also make a market in the Series 2008 Bonds by routinely purchasing and selling Series 2008 Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the Series 2008 Remarketing Agent is not required to make a market in the Series 2008 Bonds. If the Series 2008 Remarketing Agent purchases Series 2008 Bonds for its own account, the Series 2008 Remarketing Agent may offer those Series 2008 Bonds at a discount to par to some investors. The Series 2008 Remarketing Agent may also sell any Series 2008 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2008 Bonds. The purchase of Series 2008 Bonds by the Series 2008 Remarketing Agent may create the appearance that there is greater third-party demand for the Series 2008 Bonds in the market than is actually the case. The practices described above also may reduce the supply of Series 2008 Bonds that may be tendered in a remarketing.

Offer and Sale of Series 2008 Bonds. The Series 2008 Remarketing Agent is required to determine on certain dates the applicable rate of interest that, in its judgment, is the lowest rate that would cause the Series 2008 Bonds to have market values equal to the principal amounts thereof, plus accrued interest, under prevailing market conditions as of the date of determination. The interest rates will reflect, among other factors, the level of market demand for such Series 2008 Bonds (including whether the Series 2008 Remarketing Agent is willing to purchase such Series 2008 Bonds for its own account). The Series 2008 Remarketing Agreement and the Indenture require that the Series 2008 Remarketing Agent use its best efforts to sell tendered bonds at par, plus accrued interest. There may or may not be Series 2008 Bonds tendered and remarketed on the date the Series 2008 Remarketing Agent determines the interest rate on such Series 2008 Bonds. As owner of Series 2008 Bonds, the Series 2008 Remarketing Agent may sell Series 2008 Bonds at varying prices, including at a discount to par, to different investors on the date the interest rates on the Series 2008 Bonds are set or any other date. The Series 2008 Remarketing Agent is not obligated to advise purchasers in a remarketing if they do not have third-party buyers for all of such Series 2008 Bonds at the remarketing price.

Limited Opportunity to Sell Series 2008 Bonds. While the Series 2008 Remarketing Agent may buy and sell Series 2008 Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Series 2008 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2008 Bonds other than by tendering through the Tender Agent, as set forth in the Indenture and described in the Official Statement. See also "SUMMARY DESCRIPTION OF TRANSACTION – Failure of the Series 2008 Credit Provider" above.

Removal or Resignation of the Series 2008 Remarketing Agent; Termination of Remarketing Activities. Under certain circumstances the Series 2008 Remarketing Agent may be removed or may resign or cease its remarketing efforts, without successors having been named, subject to the terms of the Series 2008 Remarketing Agreement. In the event there is no Series 2008 Remarketing Agent, the Tender Agent may assume such duties, as described in the Indenture.

THE SERIES 2008 CREDIT FACILITIES AND THE SERIES 2008 CREDIT PROVIDER

General

The payment of the principal of and interest on the Series 2008-1 Bonds and the Purchase Price of the Series 2008-1 Bonds upon the optional or mandatory tender thereof will be supported by the Series 2008-1 Credit Facility. The Series 2008-1 Credit Facility has a stated expiration date of May 31, 2027, subject to earlier termination or extension as described below.

The payment of the principal of and interest on the Series 2008-2 Bonds and the Purchase Price of the Series 2008-2 Bonds upon the optional or mandatory tender thereof will be supported by the Series 2008-2 Credit Facility. The Series 2008-1 Credit Facility has a stated expiration date of May 31, 2027, subject to earlier termination or extension as described below.

A form of the 2008 Credit Facilities is attached hereto as APPENDIX A – "FORM OF THE SERIES 2008 CREDIT FACILITIES."

The Series 2008 Credit Facilities

Under each Series 2008 Credit Facility, the Series 2008 Credit Provider irrevocably authorizes the Trustee, from time to time, to draw on the applicable Series 2008 Credit Facility in accordance with its terms in an aggregate amount of $29,549,655 (the "Original Stated Amount"), representing $29,100,000 in principal and $449,655 in interest, representing at least forty-seven (47) days of interest, calculated on the basis of a 365-day year and actual days elapsed, using an assumed rate of interest equal to 12% per annum (the "Cap Interest Rate").

Under each Series 2008 Credit Facility, the Available Amount (as hereinafter defined) will be reduced automatically by the amount of any drawing honored by the Series 2008 Credit Provider under a Series 2008 Credit Facility; provided, however, that the amount of any interest drawing under a Series 2008 Credit Facility, less the amount of the reduction in the Available Amount attributable to interest, will be automatically reinstated effective as of the opening of business on the sixth (6th) day after the date of such drawing unless the Trustee has received from the Series 2008 Credit Provider by telecopy or in writing on or before the close of business on the fifth (5th) day after the date of such drawing notice that the Series 2008 Credit Provider has not been reimbursed in full for such drawing and as a consequence thereof the related Series 2008 Credit Facility will not be so reinstated and the Series 2008 Credit Provider will direct the Trustee to cause a mandatory tender of the related Series 2008 Bonds. After payment by the Series 2008 Credit Provider of a liquidity drawing, the obligation of the Series 2008 Credit Provider to honor drawings under a Series 2008 Credit Facility will be automatically reduced by the amount of such drawing. In addition, prior to the date all of a series of Series 2008 Bonds are converted to an interest rate other than the Daily Rate or Weekly Rate, in the event of the remarketing of such Series 2008 Bonds (or portions thereof) previously purchased with the proceeds of a liquidity drawing, the Series 2008 Credit Provider's obligation to honor drawings under the relevant Series 2008 Credit Facility will be automatically reinstated concurrently with receipt by the Series 2008 Credit Provider of a reinstatement certificate and an amount equal to the amount specified in such reinstatement certificate.

Upon receipt by the Series 2008 Credit Provider of a certificate of the Trustee in connection with a redemption of a series of Series 2008 Bonds, the amount available to be drawn under the related Series 2008 Credit Facility will automatically and permanently be reduced, such that following the reduction, the Available Amount on such Series 2008 Credit Facility will be at least equal to the aggregate principal amount of the related series of Series 2008 Bonds outstanding, plus forty-seven (47) days' interest thereon at the Cap Interest Rate.

Under each Series 2008 Credit Facility, the "Available Amount" means the Original Stated Amount less (a) the amount of all prior permanent reductions pursuant to drawings and less (b) the amount of any reduction thereof pursuant to a reduction certificate required under a Series 2008 Credit Facility, to the extent such reduction is not already accounted for by a reduction in the Available Amount pursuant to clause (a) above; plus (c) the amount of all reinstatements as above provided.

Prior to the stated expiration date, the Series 2008 Credit Provider and the Trustee may extend the stated expiration date of a Series 2008 Credit Facility from time to time at the request of the City by delivering to the Trustee an amendment to the relevant Series 2008 Credit Facility designating the date to which the stated expiration date is being extended. Any date to which a stated expiration date has been extended may be further extended in a like manner.

The Series 2008 Credit Agreements

The City, the Corporation and the Series 2008 Credit Provider will execute the Series 2008 Credit Agreement prior to the letter of credit substitution and remarketing of the Series 2008 Bonds which, among other things, sets the terms and conditions under which the Corporation is required to repay the Series 2008 Credit Provider any amounts drawn by the Trustee under such Series 2008 Credit Facility.

Events of Default. The Series 2008 Credit Agreement describes certain events which constitute an "Event of Default" under the Series 2008 Credit Agreement. Upon the occurrence of an Event of Default, the Series 2008 Credit Provider may exercise certain remedies, including without limitation, causing a mandatory tender of all Outstanding Series 2008 Bonds pursuant to the Indenture.

Termination. Each Series 2008 Credit Facility provides that it will terminate upon the earliest of (a) May 31, 2027 (as the same may be extended from time to time); (b) the date which is one Business Day following the Conversion Date of the applicable series of Series 2008 Bonds; (c) the date which is one Business Day following receipt by the Series 2008 Credit Provider from the Trustee of a notice that (i) no related Series 2008 Bonds remain Outstanding within the meaning of the Indenture or (ii) all drawings required to be made under the Indenture and available under such Series 2008 Credit Facility have been made and honored or (iii) a substitute letter of credit has been issued to replace the Series 2008 Credit Facility pursuant to the Indenture and the related Series 2008 Credit Agreement, terminating such Series 2008 Credit Facility, in accordance with the terms of the Indenture and the related Series 2008 Credit Agreement; (d) the date of a draw against the Series 2008 Credit Facility upon the maturity or acceleration of the related Series 2008 Bonds in accordance with the Indenture; and (e) the date which is 15 days following receipt by the Trustee of a Notice of Default from the Series 2008 Credit Provider, stating that an Event of Default as defined in the applicable Series 2008 Credit Agreement has occurred and directing the Trustee to cause a mandatory tender of the applicable Series 2008 Bonds.

The Series 2008 Credit Provider

The following information has been obtained from the Series 2008 Credit Provider and is not to be construed as a representation by the Corporation, the City or the Series 2008 Remarketing Agent. The delivery of this Remarketing Supplement shall not create any implication that there has been no change in the affairs of the Series 2008 Credit Provider since the date of this Remarketing Supplement, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

TD Bank, N.A. (referred to in this Remarketing Supplement as the "Series 2008 Credit Provider") is a national banking association organized under the laws of the United States, with its main office located in Wilmington, Delaware. The Series 2008 Credit Provider is an indirect, wholly-owned subsidiary of The Toronto-Dominion Bank ("TD") and offers a full range of banking services and products to individuals, businesses and governments throughout its market areas, including commercial, consumer and trust services and indirect automobile dealer financing. The Series 2008 Credit Provider operates banking offices in

Connecticut, Delaware, the District of Columbia, Florida, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, North Carolina, New York, Pennsylvania, Rhode Island, South Carolina, Vermont and Virginia. As of March 31, 2022, the Series 2008 Credit Provider had consolidated assets of $417.3 billion, consolidated deposits of $366.8 billion and stockholder's equity of $44.5 billion, based on regulatory accounting principles.

Additional information regarding the foregoing, and the Series 2008 Credit Provider and TD, is available from the filings made by TD with the U.S. Securities and Exchange Commission (the "SEC"), which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. In addition, the SEC maintains a website at http://www.sec.gov, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning TD and the Series 2008 Credit Provider contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Series 2008 Credit Facilities to be issued on the Substitution Date will be issued by the Series 2008 Credit Provider and will be the obligation of the Series 2008 Credit Provider and not TD.

The Series 2008 Credit Provider will provide copies of the publicly available portions of the most recent quarterly Call Report of the Series 2008 Credit Provider delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

TD Bank, N.A.
1701 Route 70 East
Cherry Hill, New Jersey 08034
Attn: Corporate and Public Affairs

Information regarding the financial condition and results of operations of the Series 2008 Credit Provider is contained in the quarterly Call Reports of the Series 2008 Credit Provider delivered to the Comptroller of the Currency and available online at https://cdr.ffiec.gov/public. General information regarding the Series 2008 Credit Provider may be found in periodic filings made by TD with the SEC. TD is a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare certain filings with the SEC in accordance with the disclosure requirements of Canada, its home country. Canadian disclosure requirements are different from those of the United States. TD's financial statements are prepared in accordance with International Financial Reporting Standards, and may be subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies prepared in accordance with United States generally accepted accounting principles.

The delivery of the Series 2008 Credit Facilities on the Substitution Date shall not create any implication that there has been no change in the affairs of TD or the Series 2008 Credit Provider since the date of this Remarketing Supplement, or that the information contained or referred to herein is correct as of any time subsequent to its date.

NEITHER TD NOR ANY OTHER SUBSIDIARY OF TD OTHER THAN THE SERIES 2008 CREDIT PROVIDER IS OBLIGATED TO MAKE PAYMENTS UNDER THE SERIES 2008 CREDIT FACILITIES.

The Series 2008 Credit Provider is responsible only for the information contained in this section of this Remarketing Supplement and did not participate in the preparation of, or in any way verify the information contained in, any other part of this Remarketing Supplement. Accordingly, the Series 2008 Credit Provider assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of this Remarketing Supplement.

CERTAIN RISK FACTORS RELATING TO THE CITY AND COUNTY OF SAN FRANCISCO

Investors should make any decision with respect to the purchase, holding or tender of the Series 2008 Bonds based primarily upon the credit of the Series 2008 Credit Provider. Prospective purchasers of the Series 2008 Bonds that wish to make a full evaluation of the financial status of the Series 2008 Credit Provider are advised to obtain the financial statements of the Series 2008 Credit Provider.

While certain financial or operating data with respect to the City has been included in this Remarketing Supplement, neither the Corporation nor the City is obligated to provide any moneys for the purchase of tendered Series 2008 Bonds (other than moneys received pursuant to the remarketing of such Series 2008 Bonds or from drawings under the related Series 2008 Credit Facility). This Remarketing Supplement, including Appendices B and C hereto, provides information on the City's overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Series 2008 Bonds under the Indenture and that should not be considered available to pay debt service on the Series 2008 Bonds.

The following risk factors relating to the operations and finances of the City should be read in conjunction with the various other risk factors described in the Official Statement relating to the Series 2008 Bonds. See "CERTAIN RISK FACTORS" in the Official Statement.

City Financial Challenges

The following discussion highlights certain challenges facing the City and is not meant to be an exhaustive discussion of challenges facing the City (see also, for example, "Seismic Risks" and "Climate Change, Risk of Sea Level Rise and Flooding Damage" below). While the City had strong economic and financial performance during the recovery from the great recession and despite significant City initiatives to improve public transportation systems, expand access to healthcare and modernize parks and libraries, the City faces several financial challenges and risks described below. **In particular, the City faced and may in the future face significant adverse financial and budgetary challenges due to the COVID-19 pandemic.** See "Public Health Emergencies" below and APPENDIX B – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Public Health Emergency – COVID-19."

Significant capital investments are proposed in the City's adopted 10-year capital plan. The City's most recent adopted 10-year capital plan sets forth $38.0 billion of capital needs for all City departments. However, identified funding resources are below those necessary to maintain and enhance the City's physical infrastructure. As a result, over $7.5 billion in capital needs and enhancements are deferred from the capital plan's 10-year horizon.

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

Further, while the City has adopted a number of measures to better position its operating budget for future economic downturns, these measures may not be sufficient, and there remain numerous risks relating to increased costs and decreased revenues in future years. See APPENDIX B – "CITY AND COUNTY OF SAN FRANCISCO – ORGANIZATION AND FINANCES – Budgetary Risks."

There is no assurance that other challenges not discussed in this Remarketing Supplement may not become material to investors in the future. For more information, see APPENDIX B – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in APPENDIX C – "ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2021."

Seismic Risks

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

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

Earthquake Safety Implementation Plan (ESIP). ESIP began in early 2012, evolving out of the key recommendations of the Community Action Plan for Seismic Safety (CAPSS), a 10-year-long study evaluating the seismic vulnerabilities the City faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact to all of San Francisco's buildings and recommended a 30-year plan for action. As a result of this plan, the City has mandated the retrofit of nearly 5,000 soft-story buildings housing over 111,000 residents by September 2021 (the original deadline of September 2020 was extended to this date in light of the COVID-19 pandemic). Approximately 86% of the buildings in the program have received a certificate of completion. Future tasks will address the seismic vulnerability of older nonductile concrete buildings, which are at high risk of severe damage or collapse in an earthquake.

Vulnerability Study of the Northern Waterfront Seawall. In early 2016, the Port Commission of the City (the "Port Commission") commissioned an earthquake vulnerability study of the Northern Waterfront

Seawall. The three-mile Seawall was constructed over 100 years ago and sits on reclaimed land, rendering it vulnerable to seismic risk. The Seawall provides flood and wave protection to downtown San Francisco, and stabilizes hundreds of acres of filled land. Preliminary findings of the study indicate that a strong earthquake may cause most of the Seawall to settle and move outward toward the Bay, which would significantly increase earthquake damage and disruption along the waterfront. The Port Commission estimates that seismic retrofitting of the Seawall could cost as much as $3 billion, with another $2 billion or more needed to prepare the Seawall for rising sea levels. The study estimates that approximately $1.6 billion in Port assets and $2.1 billion of rents, business income, and wages are at risk from major damage to the Seawall. See "Climate Change, Risk of Sea Level Rise and Flooding Damage" below. In November 2018, voters of the City approved Proposition A, authorizing the issuance of up to $425 million in general obligation bonds for repair and improvement projects on the Seawall. See also APPENDIX B – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Authorized but Unissued City GO Bonds."

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

On January 24, 2019, Mayor London N. Breed issued an executive directive instructing City departments to work with community stakeholders, develop regulations to address geotechnical and engineering issues, clarify emergency response and safety inspection roles, and establish a Disaster Recovery Task Force for citywide recovery planning, including a comprehensive recovery plan for the financial district and surrounding neighborhoods by the end of the year. All of these tasks are currently underway. In November 2019, an exercise was conducted to test post-earthquake building safety inspection protocol and logistics. San Francisco was the first jurisdiction to test this Statewide program. The City's Disaster Recovery Taskforce had its kickoff meeting in February 2020 to evaluate plans for development of a Disaster Recovery Framework and Downtown Resilience Plan, following several months of groundwork by a consultant team. In consultation with the Structural Engineers Association of Northern California, Administrative Bulletin AB-111 – "Guidelines for Preparation of Geotechnical and Earthquake Ground Motion Reports for Foundation Design and Construction of Tall Buildings" was adopted on June 15, 2020, which presented requirements and guidelines for developing geotechnical site investigations and preparing geotechnical reports for the foundation design and construction of tall buildings in the City.

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

Climate Change, Risk of Sea Level Rise and Flooding Damage

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

The *Fourth National Climate Assessment*, published by the U.S. Global Change Research Program in November 2018 ("NCA4"), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that the continued increase in the frequency and extent of high-tide flooding due to sea level rise threatens coastal public infrastructure. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines.

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

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

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

In March 2020, a consortium of State and local agencies, led by the Bay Area Conservation and Development Commission, released a detailed study entitled, "Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study," on how sea level rise could alter the Bay Area. The study states that a 48-inch increase in the bay's water level in coming decades could cause more than 100,000 Bay

Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The study further argues that without a far-sighted, nine-county response, the region's economic and transportation systems could be undermined along with the environment. Runways at SFO could largely be under water.

The City has already incorporated site specific adaption plans in the conditions of approval for certain large waterfront development projects, such as the Candlestick/Hunters Point Shipyard, Treasure Island, Pier 70 and Mission Rock projects. Also, the City has started the process of planning to fortify the Port's Seawall from sea level rise, including an initial investment of about $8 million during fiscal year 2017-18 and consideration of financing options. The City expects short-term upgrades to cost over $500 million and long-term upgrades to cost more than $5 billion. In November 2018, voters of the City approved Proposition A, authorizing the issuance of up to $425 million in general obligation bonds for repair and improvement projects on the Seawall. See APPENDIX B – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Authorized but Unissued City GO Bonds."

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

Projections of the effects of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the Series 2008 Bonds. While the effects of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

In September 2017, the City filed a lawsuit against the five largest investor-owned oil companies seeking to have the companies pay into an equitable abatement fund to help fund investment in sea level rise adaptation infrastructure. In July 2018, the United States District Court, Northern District of California denied the plaintiffs' motion for remand to state court, and then dismissed the lawsuit. The City appealed these decisions to the United States Court of Appeals for the Ninth Circuit, which in May 2020 vacated the District Court's order that found the case arose under federal law, remanding the case back to the Northern District to determine if there were any other grounds for federal jurisdiction. In June 2021, the U.S. Supreme Court declined to review the Ninth Circuit's decision, and the case awaits a ruling from the Ninth Circuit on the oil companies' appeal in a similar lawsuit, which may result in a remand to State court, where the City's lawsuit was originally filed. While the City believes that its claims are meritorious, the City can give no assurance regarding whether it will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, “Systems Technology”). As a recipient and provider of personal, private, or sensitive information, the City has been the subject of cybersecurity incidents which have resulted in or could have resulted in adverse consequences to the City’s Systems Technology and required a response action to mitigate the consequences. For example, in November 2016, the SFMTA was subject to a ransomware attack which disrupted some of the SFMTA’s internal computer systems. Although the attack neither interrupted Muni train services nor compromised customer privacy or transaction information, SFMTA took the precaution of turning off the ticket machines and fare gates in the Muni Metro subway stations from Friday, November 25 until the morning of Sunday, November 27.

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

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

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

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization (“WHO”) announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The spread of COVID-19 and actions to contain its spread have had significant adverse health and financial impacts throughout the world, including the City. See APPENDIX B – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Public Health Emergency – COVID-19.”

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Uncertain too are any additional actions that may be taken by federal and State governmental authorities to contain or mitigate the effects of the outbreak. The COVID-19 pandemic has had and may continue to have material adverse impacts on the City’s economy and certain aspects of the City’s financial condition. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the City’s operations and finances.

Limitation on Remedies; Bankruptcy

The rights of the owners of the Series 2008 Bonds are subject to limitations on legal remedies against the Corporation and the City, including applicable bankruptcy or similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect. Bankruptcy proceedings, if initiated, could subject the owners of the Series 2008 Bonds to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise, and consequently may entail risks of delay, limitation or modification of the rights of the owners of the Series 2008 Bonds.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the Corporation or the City were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the Corporation or the City, as applicable, or to enforce any obligation of the Corporation or the City, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the Corporation or the City, as applicable, may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Series 2008 Bonds and other transaction documents related to the Series 2008 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the Corporation or the City that could result in delays or reductions in payments on the Series 2008 Bonds. Moreover, regardless of any specific adverse determinations in any bankruptcy proceeding of the Corporation or the City, the fact of a bankruptcy proceeding of the Corporation or the City, could have an adverse effect on the liquidity and market price of the Series 2008 Bonds.

State Law Limitations on Appropriations

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

Other Factors

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

In September 2010, a PG&E high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. PG&E owns, operates and maintains numerous gas transmission and distribution pipelines throughout the City.

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

The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generation and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact to drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately $1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately

$40 million in damage to parts of the City's water and power infrastructure located in the region. Certain portions of the Hetch Hetchy Project are old and deteriorating, and outages at critical points of the project could disrupt water delivery to significant portions of the region and/or cause significant costs and liabilities to the City.

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

In August and September of 2020, California experienced numerous significant wildfires. In addition to their direct impact on health and safety and property damage in California, the smoke from these wildfires has impacted the quality of life in the Bay Area and the City and may have short-term and future impacts on commercial and tourist activity in the City, as well as the desirability of the City and the Bay Area as places to live, potentially negatively affecting real estate trends and values.

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

In addition to these factors, high housing costs and cost of living in the Bay Area may adversely impact the quality of life of City residents and tourism, and may adversely impact the City's finances and operations.

TAX MATTERS

The opinions of Jones Hall, A Professional Law Corporation, San Francisco, California and Leslie M. Lava, Esq., Sausalito, California, delivered in connection with the original issuance of the Series 2008 Bonds stated, among other things, that interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on corporations, such interest is taken into account in determining certain income and earnings. On the date of the original issuance of the Series 2008 Bonds, Jones Hall, A Professional Law Corporation and Leslie M. Lava, Esq. were also of the opinion that interest on the Series 2008 Bonds is exempt from California personal income taxes. See APPENDIX D – "FORM OF ORIGINAL APPROVING OPINIONS OF CO-BOND COUNSEL DELIVERED ON SEPTEMBER 11, 2008" herein.

On October 8, 2014, Fulbright & Jaworski LLP, Los Angeles, California ("Prior Remarketing Bond Counsel"), delivered its opinion that, among other things, the remarketing of the Series 2008-1 Bonds on October 8, 2014 did not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2008-1 Bonds or the treatment of the interest on the Series 2008-1 Bonds for purposes of the federal alternative minimum tax on individuals and corporations. See APPENDIX E – "FORM

OF NO ADVERSE EFFECT OPINION OF PRIOR REMARKETING BOND COUNSEL DELIVERED ON OCTOBER 8, 2014" herein.

In connection with the delivery of the Series 2008 Credit Facilities and the remarketing of the Series 2008 Bonds, Jones Hall, A Professional Law Corporation, San Francisco, California ("Bond Counsel"), will deliver its opinion that, among other things, the delivery of the Series 2008 Credit Facilities will not, in and of itself, result in the inclusion of interest on the Series 2008 Bonds in gross income for federal income tax purposes. Bond Counsel will express no opinion as to the current exclusion from gross income of interest on the Series 2008 Bonds for federal income tax purposes or the treatment of the interest on the Series 2008 Bonds for purposes of the federal alternative minimum tax on individuals and corporations. See APPENDIX D – "PROPOSED FORM OF OPINION OF BOND COUNSEL" herein. Further, Bond Counsel has not been engaged to make, and has not made, any inquiry or investigation with respect to any circumstances that may have occurred since the date of issuance of the Series 2008 Bonds that would adversely affect the exclusion from gross income of interest on the Series 2008 Bonds for federal income tax purposes or the treatment of the interest on the Series 2008 Bonds for purposes of the federal alternative minimum tax on individuals and corporations other than the delivery of the Series 2008 Credit Facilities.

RATINGS

Moody's Investors Service ("Moody's"), Fitch, Inc. ("Fitch") and S&P Global Ratings ("S&P") have assigned ratings on the Series 2008 Bonds of "Aa1/VMIG 1," "AAA/F1+," and "AAA/A-1+," respectively, with the understanding that on the Substitution Date, the Series 2008 Credit Facilities will be issued by the Series 2008 Credit Provider. The short-term ratings on the Series 2008 Bonds are based on the rating agencies' analysis of the credit strength of the Series 2008 Credit Provider. The long-term ratings on the Series 2008 Bonds are based on the rating agencies' analysis of the credit strength of both the Series 2008 Credit Provider and the City. Moody's, Fitch and S&P have also assigned underlying ratings on the Series 2008 Bonds of "Aa2," "AA," and "AA+," respectively. The ratings issued reflect only the views of such rating agencies, and any explanation of the significance of such ratings should be obtained from Moody's, Fitch and S&P, respectively. No assurance can be given that any rating issued by the rating agencies will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Series 2008 Bonds.

While the Series 2008 Bonds bear interest at the Weekly Rate or the Daily Rate, the City, the Corporation and the Series 2008 Remarketing Agent have undertaken no responsibility either to bring to the attention of the holders of the Series 2008 Bonds any proposed change in or withdrawal or any rating or to oppose any such proposed revision or withdrawal. See "EXEMPTION FROM CONTINUING DISCLOSURE" below.

EXEMPTION FROM CONTINUING DISCLOSURE

The Series 2008 Bonds were issued on September 11, 2008 and are exempt from the continuing disclosure requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") as set forth in paragraph (d)(5) of the Rule.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the remarketing of the Series 2008 Bonds are subject to delivery by Bond Counsel of an opinion that the delivery of the Series 2008 Credit Facilities is permitted under the Indenture and complies with the terms of such Indenture, and that the delivery of the Series 2008 Credit Facilities will not, in and of itself, result in the inclusion of interest on the Series 2008 Bonds in gross income for federal income tax purposes. The proposed form of such opinion is attached hereto as APPENDIX F. Certain legal matters will be passed upon for the Corporation by Dannis Woliver Kelley, San Diego, California and for the City by the City Attorney. Hawkins Delafield & Wood LLP, San Francisco, California and Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, are acting as Co-Disclosure Counsel to the City. Certain legal matters will be passed upon for the Series 2008 Credit Provider by Chapman and Cutler LLP, Chicago, Illinois.

The various legal opinions to be delivered concurrently with the remarketing of the Series 2008 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. The rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the Series 2008 Credit Provider, the Series 2008 Credit Facilities and the Series 2008 Credit Agreements and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and statements herein are qualified in their entirety by reference to said documents for full and complete statements of the provisions.

The preparation and distribution of this Remarketing Supplement have been duly authorized by the Corporation.

CITY AND COUNTY OF SAN FRANCISCO
FINANCE CORPORATION

By: /s/ Bree Mawhorter
President

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APPENDIX A

FORM OF THE SERIES 2008 CREDIT FACILITIES

[FORM OF IRREVOCABLE DIRECT-PAY LETTER OF CREDIT]

June 1, 2022

Wells Fargo Bank, National Association, as trustee
(the *"Trustee"*)
____
____
____

Ladies and Gentlemen:

TD Bank, N.A. (the *"Bank"*) hereby establishes in your favor as Trustee under the Indenture of Trust, dated as of September 1, 2008 (as amended, restated, supplemented or otherwise modified from time to time, the *"Indenture"*), between the City and County of San Francisco Finance Corporation (the *"Corporation"*) and the Trustee for the benefit of the holders of the Bonds (as hereinafter defined) our Irrevocable Direct-Pay Letter of Credit No. _______________ (this *"Letter of Credit"*) for the account of the City and County of San Francisco (the *"City"*), in the amount of U.S. $29,549,655 (the *"Original Stated Amount"*) to pay principal of and accrued interest on, or the purchase price of, the Corporation's Lease Revenue Refunding Bonds, Series 2008-[1][2] (Moscone Center Expansion Project) (the *"Bonds"*) in accordance with the terms hereof (said U.S. $29,549,655 having been calculated to be equal to U.S. $29,100,000, the principal amount of the Bonds, plus U.S. $449,655, which is at least 47 days' accrued interest on said principal amount of the Bonds at the rate of 12% per annum (the *"Cap Interest Rate"*) and assuming a year of 365 days).

We hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of our close of business on: (a) May 31, 2027 (as extended from time to time, the *"Stated Expiration Date"*); (b) the date which is one (1) Business Day (as hereinafter defined) following the Conversion Date as such date is defined and specified in your certificate in the form of Annex A hereto (the *"Notice of Conversion Date"*); (c) the date which is one (1) Business Day following receipt from you of a certificate in the form set forth as Annex B hereto (the *"Notice of Termination"*); (d) the date of a Stated Maturity Drawing (as hereinafter defined) or an Acceleration Drawing (as hereinafter defined) hereunder; and (e) the date which is fifteen (15) days following receipt by you of a Notice of Default from us in the form of Exhibit D to the hereinafter defined Reimbursement Agreement stating that an Event of Default as defined in the Reimbursement Agreement dated as of June 1, 2022 (together with any amendments, restatements or supplements thereto, the *"Reimbursement Agreement"*), among the City, the Corporation and the Bank has occurred and directing you to cause a mandatory tender of the Bonds (the earliest of such dates is referred to herein as the *"Termination Date"*).

Payments under this Letter of Credit are available to you against presentation of the following documents (the *"Payment Documents"*) presented to the Bank as described below:

A certificate (with all blanks appropriately completed) (i) in the form attached as Annex C hereto (an *"Interest Drawing"*), (ii) in the form attached as Annex D hereto (a *"Redemption Drawing and Reduction*

Certificate"), (iii) in the form attached as Annex E hereto (a *"Liquidity Drawing"*), (iv) in the form attached as Annex F hereto (a *"Stated Maturity Drawing"*) or (v) if the form of Annex K hereto (as *"Acceleration Drawing"* and together with Interest Drawings, Redemption Drawings, Liquidity Drawings and Stated Maturity Drawing, collectively referred to herein as *"Drawings"* and individually as a *"Drawing"*), each certificate to state therein that it is given by your duly authorized officer and to be dated the date such certificate is presented hereunder.

All Drawings shall be made by presentation of each Payment Document to the Bank by facsimile (facsimile number ___________, Attention: Standby Letter of Credit Unit, Re: Letter of Credit No. _______________, or at such other address or facsimile number as we may specify to you in writing, without further need of documentation, including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of a Drawing. You shall use your best efforts to give telephonic notice of a Drawing to the Bank at ___________ on the Business Day of such Drawing (but such notice shall not be a condition to a Drawing hereunder and you shall have no liability for not doing so).

We agree to honor and pay the amount of any Drawing if presented in compliance with all of the terms of this Letter of Credit. If such Drawing, other than a Liquidity Drawing, is presented prior to 2:00 p.m., New York time, on a Business Day, payment shall be made to the account number designated by you of the amount specified, in immediately available funds, by 11:00 a.m., New York time, on the following Business Day. If any such Drawing, other than a Liquidity Drawing, is presented at or after 2:00 p.m., New York time, on a Business Day, payment shall be made to the account number designated by you of the amount specified, in immediately available funds, by 2:30 p.m., New York time, on the following Business Day. If a Liquidity Drawing is presented prior to 11;45 a.m., New York City time (12:30 p.m., New York City time, in the case of Bonds bearing interest at a Daily Rate (as defined in the Indenture)), on a Business Day, payment shall be made to the account number designated by you of the amount specified, in immediately available funds, by 2:45 p.m., New York time, on the same Business Day. If a Liquidity Drawing is presented at or after 11:45 a.m. New York City time (12:30 p.m., New York City time, in the case of Bonds bearing interest at a Daily Rate), payment shall be made to the account number designated by you of the amount specified, in immediately available funds, by 2:45 p.m., New York time, on the following Business Day. Payments made hereunder shall be made by wire transfer to you in accordance with the instructions specified by the Trustee in the Payment Documents relating to a particular Drawing hereunder. *"Business Day"* means any day other than (i) a Saturday or Sunday and (ii) a day on which banks located in the city in which the office of the Bank at which drawings under this Letter of Credit are to be honored is located (initially, New York, New York) are required or authorized to remain closed.

The Available Amount (as hereinafter defined) will be reduced automatically by the amount of any Drawing honored by us hereunder; *provided, however,* that the amount of any Interest Drawing hereunder, less the amount of the reduction in the Available Amount attributable to interest as specified in a certificate in the form of Annex D or G (each a *"Reduction Certificate"*) hereto, shall be automatically reinstated effective as of the opening of business on the sixth (6th) day after the date of such Drawing unless you shall have received from us by telecopy or in writing on or before the close of business on the fifth (5th) day after the date of such drawing notice that the Bank has not been reimbursed in full for such Drawing and as a consequence thereof the Letter of Credit will not be so reinstated and we shall direct you to cause a mandatory tender of the Bonds. After payment by the Bank of a Liquidity Drawing, the obligation of the Bank to honor Drawings under this Letter of Credit will be automatically reduced by the amount of such Drawing. In addition, prior to the Conversion Date, in the event of the remarketing of the Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the Bank's obligation to honor Drawings hereunder will be automatically reinstated concurrently with receipt by the Bank of a certificate in the form of Annex J (the *"Notice of Reinstatement"*) hereto and an amount equal to the amount stated of such Annex J.

Upon receipt by the Bank of a certificate of the Trustee in the form of Annex D or G hereto, the amount available to be drawn hereunder will automatically and permanently reduce by the amount specified in such certificate.

The *"Available Amount"* shall mean the Original Stated Amount less (a) the amount of all prior permanent reductions pursuant to Drawings and less (b) the amount of any reduction thereof pursuant to a reduction certificate in the form of Annex D or G hereto to the extent such reduction is not already accounted for by a reduction in the Available Amount pursuant to clause (a) above; plus (c) the amount of all reinstatements as above provided.

Prior to the Stated Expiration Date, we may extend the Stated Expiration Date from time to time at the request of the County by delivering to you an amendment to this Letter of Credit in the form of Annex I (the *"Notice of Extension"*) hereto designating the date to which the Stated Expiration Date is being extended. All references in this Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date designated as such in such notice. Any date to which the Stated Expiration Date has been extended as herein provided may be extended in a like manner.

This Letter of Credit is transferable in whole only to your successor as Trustee. Any such transfer (including any successive transfer) shall be subject to the Bank's receipt of a signed transfer request signed by the transferor and by the transferee in the form of Annex H (the *"Transfer Certificate"*) hereto together with this original Letter of Credit along with any amendments thereto. Transfers to designated foreign nationals and/or specifically designated nationals are not permitted as being contrary to the U.S. Treasury Department or Foreign Assets Control Regulations. Upon our endorsements of such transfer, the transferee instead of the transferor shall be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; *provided* that, in such case, any certificates of the Trustee to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer of the transferee.

Communications with respect to this Letter of Credit shall be addressed to the Bank at TD Bank, N.A., ________________ (or such other address(es) as we may specify in writing), specifically referring to the number of this Letter of Credit.

To the extent not inconsistent with the express terms hereof, this Letter of Credit is subject to the terms of the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 ("*ISP98*"). As to matters not governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with the law of the State of New York, including, without limitation, Article 5 of the Uniform Commercial Code.

All payments made by us hereunder shall be made from our own funds and not with the funds of any other person.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

TD BANK, N.A.

By ____________________________________
Name: _________________________________
Title: __________________________________

ANNEX A
TO
LETTER OF CREDIT NO. _______________

NOTICE OF CONVERSION DATE

[Date]

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

Ladies and Gentlemen:

Reference is hereby made to the Irrevocable Direct-Pay Letter of Credit No. _______________ dated June 1, 2022 (the *"Letter of Credit"*), which has been established by the Bank for the account of the City and County of San Francisco, in favor of Wells Fargo Bank, National Association, as Trustee.

The undersigned hereby certifies and confirms that all of the Bonds have been converted to an interest rate other than the Daily Rate or Weekly Rate (each as defined in the Indenture) has occurred on **[insert date]** (the *"Conversion Date"*), and, accordingly, said Letter of Credit shall terminate in accordance with its terms on **[_____________]**, which is one (1) Business Day after such Conversion Date.

The original of such Letter of Credit and any amendments thereto are herewith returned for cancellation.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By____
Name:____
Title:____

ANNEX B
TO
LETTER OF CREDIT NO. _______________

NOTICE OF TERMINATION

[Date]

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

Ladies and Gentlemen:

Reference is hereby made to the Irrevocable Direct-Pay Letter of Credit No. _______________ dated June 1, 2022 (the *"Letter of Credit"*; terms defined therein and not otherwise defined herein shall have the meaning set forth in the Letter of Credit), which has been established by the Bank for the account of the City and County of San Francisco, (the *"City"*) in favor of Wells Fargo Bank, National Association, as Trustee.

The undersigned hereby certifies and confirms that **[no Bonds remain Outstanding within the meaning of the Indenture OR all drawings required to be made under the Indenture and available under the Letter of Credit have been made and honored OR a substitute letter of credit has been issued to replace the Letter of Credit pursuant to the Indenture and the Reimbursement Agreement dated as of June 1, 2022, between the City and the Bank]**, and, accordingly, the Letter of Credit shall be terminated immediately.

The original of such Letter of Credit and any amendments thereto are herewith returned for cancellation.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By____
Name:____
Title:____

ANNEX C
TO
LETTER OF CREDIT NO. _______________

INTEREST DRAWING CERTIFICATE

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

The undersigned individual, a duly authorized officer of ____________________ (the *"Trustee"*), hereby CERTIFIES on behalf of the Trustee as follows with respect to (a) the Irrevocable Direct-Pay Letter of Credit No. _______________ dated June 1, 2022 (the *"Letter of Credit"*; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.

2. The Trustee is entitled to make this Drawing in the amount of U.S. $__________ under the Letter of Credit pursuant to the Indenture with respect to the payment of interest due on all Bonds outstanding on the Interest Payment Date (as defined in the Indenture) occurring on [insert applicable date], other than Ineligible Bonds (as defined in the Reimbursement Agreement).

3. The amount of this Drawing is equal to the amount required to be drawn by the Trustee pursuant to the Indenture.

4. The amount of this Drawing was computed in compliance with the terms of the Indenture and, when added to the amount of any other Drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. Payment by the Bank pursuant to this Drawing shall be made to ____________________, ABA Number __________, Account Number __________, Attention: ____________________, Re: ____________________.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of __________, 20__.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By ____
Name: ______________________________________
Title: _______________________________________

ANNEX D
TO
LETTER OF CREDIT NO. ________________

REDEMPTION DRAWING AND REDUCTION CERTIFICATE

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

The undersigned individual, a duly authorized officer of Wells Fargo Bank, National Association (the *"Trustee"*), hereby CERTIFIES on behalf of the Trustee as follows with respect to (a) the Irrevocable Direct-Pay Letter of Credit No. _______________ dated June 1, 2022 (the *"Letter of Credit"*; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.

2. The Trustee is entitled to make this Drawing in the amount of U.S. $__________ under the Letter of Credit pursuant to the Indenture.

3. (a) The amount of this Drawing is equal to (i) the principal amount of Bonds to be redeemed by the County, pursuant to Section **[4.01(a)(i)] [4.01(b)] [4.01(c)] [4.01(d)]*** of the Indenture on [insert applicable date] (the *"Redemption Date"*) other than Ineligible Bonds (as defined in the Reimbursement Agreement), plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Indenture) to the Redemption Date; *provided* that in the event the Redemption Date coincides with an Interest Payment Date this Drawing does not include any accrued interest on such Bonds.

(b) Of the amount stated in paragraph 2 above:

(i) U.S. $__________ is demanded in respect of the principal amount of the Bonds referred to in paragraph (a) above; and

(ii) U.S. $__________ is demanded in respect of accrued interest on such Bonds.

4. Payment by the Bank pursuant to this Drawing shall be made to ____________________, ABA Number __________, Account Number __________, Attention: __________, Re: __________.

---

* Insert appropriate subsection.

5. The amount of this Drawing was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other Drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount.

6. Upon payment of the amount drawn hereunder, the Bank is hereby directed to permanently reduce the Available Amount by U.S. $[insert amount of reduction] and the Available Amount shall thereupon equal U.S. $[insert new Available Amount]. The Available Amount has been reduced by an amount equal to the principal of Bonds paid with this Drawing and an amount equal to 47 days' interest thereon at the Cap Interest Rate.

7. Of the amount of the reduction stated in paragraph 6 above:

(a) U.S. $__________ is attributable to the principal amount of Bonds redeemed; and

(b) U.S. $__________ is attributable to interest on such Bonds (*i.e.*, 47 days' interest thereon at the Cap Interest Rate).

8. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

9. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding (to the extent such Bonds are not Ineligible Bonds (as defined in the Reimbursement Agreement)), plus 47 days' interest thereon at the Cap Interest Rate.

[**]10. In the case of a redemption pursuant to Section 4.01(a)(i) of the Indenture, the Trustee, prior to giving notice of redemption to the owners of the Bonds, received written evidence from the Bank that the Bank has consented to such redemption.

[Signature page follows]

[**] To be included in certificate only if Section 4.01(c)(i) is referenced in paragraph 3 above.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of __________, _____.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By ____
Name:____
Title:____

ANNEX E
TO
LETTER OF CREDIT NO. _______________

LIQUIDITY DRAWING CERTIFICATE

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

The undersigned individual, a duly authorized officer of Wells Fargo Bank, National Association (the *"Trustee"*), hereby CERTIFIES as follows with respect to (a) the Irrevocable Direct-Pay Letter of Credit No. _______________ dated June 1, 2022 (the *"Letter of Credit"*; terms defined therein and not otherwise defined herein shall have the meaning set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.

2. The Trustee is entitled to make this Drawing under the Letter of Credit in the amount of U.S. $__________ with respect to the payment of the purchase price of Bonds tendered for purchase in accordance with Section **[4.06(a)(i), 4.06(a)(ii), 4.06(d)(i), 4.06(d)(ii), 4.06(d)(iii), 4.06(d)(iv), 4.06(d)(vi)]*** of the Indenture and to be purchased on [insert applicable date] (the *"Purchase Date"*), which Bonds have not been remarketed as provided in the Indenture or the purchase price of which has not been received by the Trustee by 12:00 noon, New York time, on said Purchase Date.

3. (a) The amount of this Drawing is equal to (i) the principal amount of Bonds to be purchased pursuant to the Indenture on the Purchase Date other than Ineligible Bonds (as defined in the Reimbursement Agreement), plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Indenture) or, if none, the date of issuance of the Bonds to the Purchase Date; *provided* that in the event the Purchase Date coincides with an Interest Payment Date this Drawing does not include any accrued interest on such Bonds.

(b) Of the amount stated in paragraph 2 above:

(i) U.S. $__________ is demanded in respect of the principal portion of the purchase price of the Bonds referred to in paragraph 2 above; and

(ii) U.S. $__________ is demanded in respect of payment of the interest portion of the purchase price of such Bonds.

---

* Insert appropriate subsection

4. The amount of this Drawing was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other Drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount.

5. The Trustee will register or cause to be registered in the name of the Bank, upon payment of the amount drawn hereunder, Bonds in the principal amount of the Bonds being purchased with the amounts drawn hereunder and will deliver such Bonds to the Trustee in accordance with the Indenture.

6. Payment by the Bank pursuant to this Drawing shall be made to _________________, ABA Number __________, Account Number __________, Attention: __________, Re: __________.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of __________, _____.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By____
Name:____
Title:____

ANNEX F
TO
LETTER OF CREDIT NO. ______________

STATED MATURITY DRAWING CERTIFICATE

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

The undersigned individual, a duly authorized officer of Wells Fargo Bank, National Association (the *"Trustee"*), hereby CERTIFIES on behalf of the Trustee as follows with respect to (a) the Irrevocable Direct-Pay Letter of Credit No. ______________ dated June 1, 2022 (the "*Letter of Credit"*; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.

2. The Trustee is entitled to make this Drawing in the amount of U.S. $__________ under the Letter of Credit pursuant to the Indenture.

3. The amount of this Drawing is equal to the principal amount of Bonds outstanding on April 1, 2030, the maturity date thereof as specified in the Indenture, other than Ineligible Bonds (as defined in the Reimbursement Agreement).

4. The amount of this Drawing was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other Drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount.

5. Payment by the Bank pursuant to this Drawing shall be made to ____________________, ABA Number __________, Account Number __________, Attention: __________, Re: __________

[Signature page follows]

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of __________, _____.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By____

Name:____

Title:____

ANNEX G
TO
LETTER OF CREDIT NO. _______________

REDUCTION CERTIFICATE

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

The undersigned individual, a duly authorized officer of Wells Fargo Bank, National Association (the *"Trustee"*), hereby CERTIFIES with respect to (a) the Irrevocable Direct-Pay Letter of Credit No. _______________ dated June 1, 2022 (the *"Letter of Credit"*; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.

2. Upon receipt by the Bank of this Certificate, the Available Amount shall be reduced by U.S. $__________ and the new Available Amount shall thereupon equal U.S. $__________. U.S. $__________ of the new Available Amount is attributable to principal and U.S. $__________ to interest.

3. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

4. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding (other than Ineligible Bonds (as defined in the Reimbursement Agreement)), plus 47 days' interest thereon at the Cap Interest Rate.

IN WITNESS WHEREOF, this Certificate has been executed this _____ day of __________, _____.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By____
Name:____
Title:____

ANNEX H
TO
LETTER OF CREDIT NO. _______________

TRANSFER CERTIFICATE

[Date]

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

Ladies and Gentlemen:

Re: Irrevocable Direct-Pay Letter of Credit No. _______________

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit (*"Letter of Credit"*) in its entirety to:

NAME OF TRANSFEREE____
(Print Name and complete address of the Transferee)
"Transferee"

ADDRESS OF TRANSFEREE___________________________________

CITY, STATE/COUNTRY, ZIP__________________________________

In accordance with ISP 98 (as defined in the Letter of Credit), Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Letter of Credit are transferred to the Transferee, which shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Letter of Credit, including amendments to this date, is attached, and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse hereof. The undersigned Transferor requests that you notify the Transferee of the Letter of Credit in such form and manner as you deem appropriate and of the terms and conditions of the Letter of Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee and the transfer fee has been paid to you. If you agree to these instructions, please advise the Transferee of the terms and conditions of the transferred Letter of Credit and these instructions.

Payment of a transfer fee of U.S. $3,500 is for the account of the County, which shall also pay you on demand any out-of-pocket expense or cost you may incur in connection with the transfer. Receipt of such fee shall not constitute consent by you to effect the transfer.

Transferor represents and warrants that (i) our execution, delivery, and performance of this Transfer Certificate (a) are within our powers, (b) have been duly authorized, (c) constitute our legal, valid, binding and enforceable obligation, (d) do not contravene any charter provision, by-law, resolution, contract, or other undertaking binding on or affecting us or any of our properties, (e) do not require any notice, filing or other action to, with, or by any governmental authority, (f) the enclosed Letter of Credit is original and complete, (g) there is no outstanding demand or request for payment or transfer under the Letter of Credit affecting the rights to be transferred, (h) the Transferee's name and address are correct and complete and the Transferee's use of the Letter of Credit as transferred and the transactions underlying the Letter of Credit and the requested transfer do not violate any applicable United States or other law, rule or regulation.

The Effective Date shall be the date hereafter on which you effect the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

[Signature pages follow]

This transfer is made subject to ISP98 and is subject to and shall be governed by the law of the State of New York.

Sincerely yours,

____
(Print Name of Transferor)

____
(Transferor's Authorized Signature)

____
(Print Authorized Signers Name and Title)

____
(Telephone Number/Fax Number)

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

____
(Print Name of Bank)

____
(Address of Bank)

____
(City, State, Zip Code)

____
(Print Name and Title of Authorized Signer)

____
(Authorized Signature)

____
(Telephone Number)

____
(Date)

____
(Print Name of Transferee)

____
(Transferee's Authorized Signature)

____
(Print Authorized Signers Name and Title)

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

____
(Print Name of Bank)

_______________________________________ (Telephone Number/Fax Number)

_______________________________________ (Address of Bank)

_______________________________________ (City, State, Zip Code)

_______________________________________ (Print Name and Title of Authorized Signer)

_______________________________________ (Authorized Signature)

_______________________________________ (Telephone Number)

_______________________________________ (Date)

Acknowledged as of ____________, 20__

TD BANK, N.A.

By:______________________________
Name:____________________________
Title:_____________________________

ANNEX I
TO
LETTER OF CREDIT NO. _______________

NOTICE OF EXTENSION

Wells Fargo Bank, National Association, as trustee (the *"Trustee"*)
____
____
Attention: ____________________

Ladies and Gentlemen:

Reference is hereby made to the Irrevocable Direct-Pay Letter of Credit No. _______________ dated June 1, 2022 (the *"Letter of Credit"*), established by us in your favor as Trustee. We hereby notify you that, in accordance with the terms of the Letter of Credit, the Stated Expiration Date (as defined in the Letter of Credit), has been extended to ____________________. All other terms and conditions of the Letter of Credit remain unchanged.

This Notice of Extension should be attached to the Letter of Credit and made a part thereof.

TD BANK, N.A.

By____
Name:____
Title:____

ANNEX J
TO
LETTER OF CREDIT NO. ________________

NOTICE OF REINSTATEMENT

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

The undersigned hereby certifies to TD Bank, N.A. (the *"Bank"*), with reference to Irrevocable Direct-Pay Letter of Credit No. _______________ (the *"Letter of Credit"*; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

The undersigned is the Trustee under the Indenture.

The Trustee has previously made a Liquidity Drawing under the Letter of Credit on ___________ in the amount of U.S.$_________ (representing U.S.$______________ of principal and U.S.$___________ of interest) with respect to the purchase price of Bonds which are now held in the name of or for the benefit or account of the Bank (the *"Bank Bonds"*).

The Trustee has received proceeds from the sale of remarketed Bank Bonds originally purchased with the proceeds of the above described Liquidity Drawing and as of the date hereof holds in the Remarketing Account (as defined in the Indenture) the amount of U.S.$_______________ (representing U.S.$____________ of principal and U.S.$___________ of interest) with respect to the sale of such Bank Bonds.

In accordance with the terms of the Letter of Credit, the Trustee deems that the amount available under the Letter of Credit has been automatically reinstated to the extent of the lesser of (i) the proceeds of remarketed Bank Bonds held in the Remarketing Account as set forth above and (ii) the amount of the Liquidity Drawing described above, all in accordance with the terms of the Letter of Credit and this Notice of Reinstatement.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Notice of Reinstatement this _____ day of _____________, ____.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By ____
Name: ____
Title: ____

ANNEX K
TO
LETTER OF CREDIT NO. ______________

ACCELERATION DRAWING CERTIFICATE

TD Bank, N.A. (the *"Bank"*)
____
____
____
____

The undersigned individual, a duly authorized officer of Wells Fargo Bank, National Association (the *"Trustee"*), hereby CERTIFIES as follows with respect to (a) the Irrevocable Direct-Pay Letter of Credit No. ______________ dated June 1, 2022 (the *"Letter of Credit"*; terms defined therein and not otherwise defined herein shall have the meaning set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Beneficiary is the Trustee under the Indenture.

2. An Event of Default has occurred under subsection **[insert subsection]** of Section 7.01 of the Indenture and the Trustee has declared the principal of and accrued interest on all Bonds then outstanding immediately due and payable. The Beneficiary is entitled to make this drawing in the amount of $____________ under the Letter of Credit pursuant to the Indenture in order to pay the principal of and interest accrued on the Bonds due to an acceleration thereof in accordance with Section 7.02 of the Indenture.

3. (a) The amount of this drawing is equal to (i) the principal amount of Bonds outstanding on **[insert date of acceleration]** (the *"Acceleration Date"*) other than Ineligible Bonds (as defined in the Reimbursement Agreement), plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Indenture) to the Acceleration Date.

(b) Of the amount stated in paragraph 2 above:

(i) $____________ is demanded in respect of the principal portion of the Bonds referred to in subparagraph (a) above; and

(ii) $_________________ is demanded in respect of accrued interest on such Bonds.

4. The amount of this drawing made by this Certificate was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. Payment by the Bank pursuant to this drawing shall be made to _________________________________, ABA Number ________________, Account Number ____________, Attention: _____________________, Re: _____________________.

IN WITNESS WHEREOF, this Certificate has been executed this ____ day of ______________________, 20___.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By____
[Title of Authorized Representative]

APPENDIX B

CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES

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

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

Information concerning the City's finances that does not materially impact the availability of moneys deposited in the General Fund including San Francisco International Airport ("SFO" or the "Airport"), Public Utilities Commission ("PUC"), and other enterprise funds, or the expenditure of moneys from the General Fund, is generally not included or, if included, is not described in detail in this Appendix B.

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

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APPENDIX B
TABLE OF CONTENTS

PAGE

PUBLIC HEALTH EMERGENCY – COVID-19

On February 11, 2020 the World Health Organization ("WHO") announced the official name for the outbreak of a new disease ("COVID-19") caused by a strain of novel coronavirus, an upper respiratory tract illness which has since been declared a pandemic and spread across the globe.

From time to time since the onset of the pandemic, all counties in the Bay Area (including the City) have implemented and revised restrictions on mass gatherings and widespread closings or other limitations of the operations of government, commercial, educational, and other institutions. While significant portions of the population of the State of California (including the City) have been vaccinated, COVID-19 variants have resulted in increased infection rates and the imposition of certain restrictions on commercial and other activities.

The COVID-19 pandemic has materially adversely impacted the City's economy and certain aspects of the City's financial condition. Existing and potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the City's public health system, reductions in tourism and disruption of the regional and local economy, widespread business closures, and significantly higher levels of unemployment, with corresponding decreases in City revenues, particularly business, sales, transient occupancy (hotel), and parking taxes.

The economic impact of COVID-19 has materially reduced the City's tax revenues. These decreases occurred in nearly every category of revenue except intergovernmental revenue and property taxes; most significantly, the City experienced the greatest decline in its "other local taxes," which includes hotel and sales taxes. See "PROPERTY TAXATION – Tax Levy and Collection" for additional detail.

Although City operations have stabilized and certain revenues have significantly recovered, a resurgence of the pandemic may affect the City's ability to sustain regular operations at current levels, and may materially adversely impact the financial condition of the General Fund.

The Original Budget for fiscal years 2021-22 and 2022-23 was approved by the Board of Supervisors on July 27, 2021 and by the Mayor on July 29, 2021. The 2021-22 and 2022-23 Original Budget assumed $378.3 million of COVID-19 response costs in the two-year budget. Actual costs ultimately depend on the duration and severity of the pandemic. New costs are partially offset by the re-assignment of City employees and may be offset by FEMA reimbursement for eligible costs. As described herein, the City received significant federal relief, which mitigated the adverse financial impact of the COVID-19 pandemic. The Mayor's proposed budget, including all departments, for fiscal years 2022-23 and 2023-24 is expected to be submitted to the Board of Supervisors by June 1, 2022. See "CITY BUDGET – Budget Process" for additional detail.

As described herein, the City regularly prepares reports on its current financial condition. The most recent of these reports, the Five Year Financial Plan, as updated by the March Joint Report, the Six-Month Report, and the Nine-Month Report (all as defined herein) are described in "CITY BUDGET – Five-Year Financial Plan and March Update," "– Other Budget Updates: Fiscal Year 2021-22 Six Month Budget Status Report" and "– Other Budget Updates: Fiscal Year 2021-22 Nine Month Budget Status Report."

CITY GOVERNMENT

City Charter

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

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

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

Under its original charter, the City committed to a policy of municipal ownership of utilities. The Municipal Railway, when acquired from a private operator in 1912, was the first such city-owned public transit system in the nation. In 1914, the City obtained its municipal water system, including the Hetch Hetchy watershed near Yosemite. In 1927, the City dedicated Mills Field Municipal Airport at a site in what is now San Mateo County 14 miles south of downtown San Francisco, which would grow to become today's San Francisco International Airport. In 1969, the City acquired the Port of San Francisco (the "Port") in trust from the State. Substantial expansions and improvements have been made to these enterprises since their original acquisition. SFO, the Port, the PUC (which includes the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Project), the Municipal Transportation Agency ("MTA") (which operates the San Francisco Municipal Railway or "Muni" and the Department of Parking and Traffic ("DPT"), including the Parking Authority and its five public parking garages), and the City-owned hospitals

(San Francisco General and Laguna Honda), are collectively referred to herein as the “enterprise fund departments,” as they are not integrated into the City’s General Fund operating budget. However, certain enterprise fund departments, including San Francisco General Hospital, Laguna Honda Hospital, and the MTA, annually receive significant General Fund transfers.

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

Mayor

Mayor London Breed is the 45th Mayor of San Francisco and the first African-American woman to serve in such capacity in the City’s history. Mayor Breed was elected at the June 4, 2018 special election to serve until January 2020, fulfilling the remaining term of the late Mayor Edwin Lee. In November 2019, Mayor Breed was elected to serve her first full term. Prior to her election, Mayor Breed served as Acting Mayor, leading the City following the sudden passing of Mayor Lee. Mayor Breed previously served as a member of the Board of Supervisors for six years, including the last three years as President of the Board.

Board of Supervisors

Table B-1 lists the current members of the Board of Supervisors. The Supervisors are elected for staggered four-year terms and are elected by district. Vacancies are filled by appointment by the Mayor.

At an election on November 8, 2022, voters will vote on Supervisor seats from even-numbered Districts with terms expiring in 2023.

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TABLE B-1

CITY AND COUNTY OF SAN FRANCISCO

Board of Supervisors

Name	First Elected or Appointed	Current Term Expires
Connie Chan, *District 1*	2021	2025
Catherine Stefani, *District 2*	2018	2023
Aaron Peskin, *District 3*	2015	2025
Gordon Mar, *District 4*	2019	2023
Dean Preston, *District 5*	2019	2025
Matt Dorsey, *District 6* *	2022	2023
Myrna Melgar, *District 7*	2021	2025
Rafael Mandelman, *District 8*	2018	2023
Hillary Ronen, *District 9*	2017	2025
Shamann Walton, Board President, *District 10*	2019	2023
Ahsha Safai, *District 11*	2017	2025

*On April 19, 2022, Supervisor Matt Haney was elected to the California Assembly in a special election to represent California's 17th Assembly District and, as a result, resigned as a member of the Board of Supervisors. In accordance with the Charter, Mayor Breed, on May 9, 2022, appointed Matt Dorsey to the District 6 seat. At the election on November 8, 2022 voters will elect a District 6 supervisor for a new four year term.

Other Elected and Appointed City Officers

The City Attorney represents the City in all legal proceedings in which the City has an interest. On September 29, 2021, Mayor London N. Breed appointed Assemblymember David Chiu to serve as the San Francisco City Attorney. Mr. Chiu replaced the prior City Attorney, Dennis Herrera, who became the General Manager of the San Francisco Public Utilities Commission on November 1, 2021. Prior to his appointment as City Attorney, Mr. Chiu represented the 17th Assembly District since 2014 and has authored a wide range of bills on issues relating to housing, homelessness, transportation, education, environment, health, public safety, and civil rights. Before entering public office, Chiu served as a civil rights attorney with the Lawyers' Committee for Civil Rights of the San Francisco Bay Area, a criminal prosecutor with the San Francisco District Attorney's Office, Democratic Counsel to the United States Senate Constitution Subcommittee, and a law clerk for Judge James R. Browning of the U.S. Court of Appeals for the Ninth Circuit. Mr. Chiu received his undergraduate, master's, and law degrees from Harvard University. Mr. Chiu is the first Asian American City Attorney of San Francisco. In accordance with the Charter, an election for City Attorney will be conducted on June 7, 2022.

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

The Treasurer is responsible for the deposit and investment of all City moneys, and also acts as Tax Collector for the City. José Cisneros was re-elected to a four-year term as Treasurer of the City in November 2019. Mr. Cisneros has served as Treasurer since September 2004, following his appointment by then-Mayor Newsom. Prior to being appointed Treasurer, Mr. Cisneros served as Deputy General Manager, Capital Planning and External Affairs for the MTA.

The City Controller is responsible for timely accounting, disbursement, and other disposition of City moneys, certifies the accuracy of budgets, estimates the cost of ballot measures, provides payroll services for the City's employees, and, as the Auditor for the City, directs performance and financial audits of City activities. Benjamin Rosenfield was appointed to a ten-year term as Controller of the City by then-Mayor Newsom in March 2008 and was confirmed by the Board of Supervisors in accordance with the Charter. Mr. Rosenfield was reappointed by then-Mayor Mark Farrell to a new ten-year term as Controller in Spring 2018, and his nomination was confirmed by the Board of Supervisors on May 1, 2018. Before becoming Controller, Mr. Rosenfield served as the Deputy City Administrator under former City Administrator Edwin Lee from 2005 to 2008. He was responsible for the preparation and monitoring of the City's ten-year capital plan, oversight of a number of internal service offices under the City Administrator and implementing the City's 311 non-emergency customer service center. From 2001 to 2005, Mr. Rosenfield worked as the Budget Director for then-Mayor Willie L. Brown, Jr., and then-Mayor Newsom. As Budget Director during that period, Mr. Rosenfield prepared the City's proposed budget for each fiscal year and worked on behalf of the Mayor to manage City spending during the course of each year. From 1997 to 2001, Mr. Rosenfield worked as an analyst in the Mayor's Budget Office and as a project manager in the Controller's Office.

The City Administrator has overall responsibility for the management and implementation of policies, rules and regulations promulgated by the Mayor, the Board of Supervisors and the voters. The City Administrator oversees the General Services Agency consisting of 25 departments, divisions, and programs that include the Public Works Department, Department of Technology, Office of Contract Administration/Purchasing, Real Estate, County Clerk, Fleet Management, Convention Facilities, Animal Care and Control, Medical Examiner, and Treasure Island. F Carmen Chu was sworn in as the City Administrator on February 2, 2021. Prior to becoming the City Administrator, Ms. Chu had served as the City's Assessor-Recorder since 2013. Before becoming Assessor-Recorder, Ms. Chu was elected in November 2008 and November 2010 to the Board of Supervisors, representing the Sunset/Parkside District 4 after being appointed by then-Mayor Gavin Newsom in September 2007.

CITY BUDGET

Overview

The City manages the operations of its nearly 60 departments, commissions and authorities, including the enterprise fund departments, and funds such departments and enterprises through its annual budget process. Each year the Mayor prepares budget legislation for the City departments, which must be approved by the Board of Supervisors. General Fund revenues consist largely of local property tax, business tax, sales tax, other local taxes and charges for services. A significant portion of the City's revenue also comes in the form of intergovernmental transfers from the State and federal governments. Thus, the City's fiscal position is affected by the health of the local real estate market, the local business and tourist economy, and, by budgetary decisions made by the State and federal governments which depend, in turn, on the health of the larger State and national economies. All these factors are almost wholly outside the control of the Mayor, the Board of Supervisors and other City officials. In addition, the State Constitution limits the City's ability to raise taxes and property-based fees without a vote of City residents. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein. Also, the fact that the City's annual budget must be adopted before the State and federal budgets adds uncertainty to the budget process and necessitates flexibility so that spending decisions can be adjusted during the course of the fiscal year. See "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

The fiscal year 2021-22 and 2022-23 Original Budget was approved by the Board of Supervisors on July 27, 2021 and signed by Mayor Breed on July 29, 2021. The Original Budget for fiscal year 2021-22 appropriated annual revenues, fund balance, transfers and reserves of $13.2 billion, of which the City's General Fund accounts for $6.4 billion. The Original Budget for fiscal year 2022-23 appropriates revenues, fund balance, transfers and reserves of $12.8 billion, of which $6.3 billion represents the General Fund budget. See "CITY BUDGET – Budget for Fiscal Years 2021-22 and 2022-23" for further details on the budget. Table B-2 shows Final Revised Budget revenues and appropriations for the City's General Fund for fiscal years 2018-19 through 2020-21, and Original Budgets for fiscal years 2021-22 and 2022-23. See "PROPERTY TAXATION –Tax Levy and Collection, "OTHER CITY TAX REVENUES" and "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

Economic and tax revenue losses associated with the COVID-19 pandemic were stark and immediate. Although the City experienced significant recovery, there can be no assurances that further outbreaks or governmental actions related to the pandemic will not result in further material adverse impacts to the City's economy and financial condition. See "CITY BUDGET – Original Budget for Fiscal Years 2021-22 and 2022-23" and "– Other Budget Updates: Fiscal Year 2021-22 Nine Month Budget Status Report" and "GENERAL FUND REVENUES" for a discussion of current projections of the magnitude of the financial impact of the COVID-19 pandemic on the City. See "BUDGETARY RISKS" for a discussion of factors that may affect the revenue and expenditure levels assumed in the budget for fiscal years 2021-22 and 2022-23.

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TABLE B-2

CITY AND COUNTY OF SAN FRANCISCO
Budgeted General Fund Revenues and Appropriations for
Fiscal Years 2018-19 through 2022-23
(000s)

	2018-19 Final Revised Budget	2019-20 Final Revised Budget[6]	2020-21 Final Revised Budget [6]	2021-22 Original Budget [8]	2022-23 Original Budget [8]
Prior-Year Budgetary Fund Balance & Reserves	$2,342,082	$2,817,270	$2,816,902	$778,545	$313,961
Budgeted Revenues					
Property Taxes[1]	$2,142,727	$1,956,008	$2,161,945	$2,115,600	$2,211,700
Business Taxes	879,414	1,050,392	798,057	957,140	1,065,350
Other Local Taxes[2]	1,053,390	1,144,376	657,990	777,750	1,076,092
Licenses, Permits and Franchises	30,794	30,361	22,977	27,944	27,997
Fines, Forfeitures and Penalties	3,131	3,131	2,389	4,035	3,088
Interest and Investment Earnings	20,323	69,579	20,732	36,247	38,307
Rents and Concessions	14,896	15,270	11,166	11,728	13,120
Grants and Subventions	1,072,205	1,234,987	1,591,756	1,216,765	1,130,154
Charges for Services	263,340	246,003	254,990	255,111	256,048
Other	29,712	31,712	59,773	24,238	24,256
Total Budgeted Revenues	$5,509,932	$5,781,819	$5,581,775	$5,426,557	$5,846,112
Bond Proceeds & Repayment of Loans[3]	$87	-	-	-	-
Expenditure Appropriations					
Public Protection	$1,390,266	$1,493,240	$1,505,780	$1,507,122	$1,549,264
Public Works, Transportation & Commerce	214,928	216,824	218,986	236,525	199,350
Human Welfare & Neighborhood Development	1,120,892	1,270,530	1,605,573	1,418,406	1,342,466
Community Health	967,113	1,065,051	1,158,599	1,056,459	1,063,063
Culture and Recreation	154,056	161,274	147,334	220,866	186,718
General Administration & Finance	290,274	332,296	332,997	497,915	414,607
General City Responsibilities[4]	172,028	137,851	126,993	243,733	238,766
Total Expenditure Appropriations	$4,309,557	$4,677,066	$5,096,262	$5,181,026	$4,994,234
Budgetary reserves and designations, net	-	$34,721	$42,454	$6,129	$5,854
Transfers In	$239,056	$190,642	$417,009	$158,329	$162,941
Transfers Out[5]	(1,468,068)	(1,157,312)	(1,164,927)	(1,176,277)	(1,322,938)
Net Transfers In/Out	($1,229,012)	($966,670)	($747,918)	($1,017,948)	($1,159,997)
Budgeted Excess (Deficiency) of Sources Over (Under) Uses	$2,313,531	2,920,632	2,512,044	-	-
Variance of Actual vs. Budget	503,738	(139,127)	291,491	-	-
Total Actual Budgetary Fund Balance[6]	$2,817,269	$2,781,505	2,803,535	-	-

[1] The City's final budget for FY 2018-19 property tax included $414.7 million of "Excess Educational Revenue Augmentation Fund (ERAF)" revenue, representing 2 years of Excess ERAF. In FY 2019-20, the City budgeted $185.0 million of "Excess Educational Revenue Augmentation Fund" (ERAF) revenue. The Budget appropriates Excess ERAF property tax funds in fiscal years 2020-21, 2021-22 , and 2022-23 for ongoing purposes. Please see "Property Tax" sections for more information about Excess ERAF.

[2] Other Local Taxes includes sales, hotel, utility users, parking, sugar sweetened beverage, stadium admissions, access line, cannabis, and executive compensation taxes.

[3] Represents interest that debt service has earned while held by fiscal agent and is returned to the City.

[4] Over the past five years, the City has consolidated various departments to achieve operational efficiencies. This has resulted in changes in how departments were summarized in the service area groupings above for the time periods shown.

[5] Other Transfers Out is primarily related to transfers to support Charter-mandated spending requirements and hospitals.

[6] Fiscal year 2018-19 through fiscal year 2020-21 Final Revised Budget reflects prior year *actual* budgetary fund balance.

[7] FY 2019-20 and FY 2020-21 Final Revised Budgets are based on FY 2019-20 and FY 2020-21 ACFR, respectively. Does not reflect material adverse impacts of the COVID-19 pandemic on the General Fund. See reserve discussion under "CITY BUDGET" section.

[8] FY 2021-22 and 2022-23 amounts represent the final adopted Budget, July 29, 2021.

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

Budget Process

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

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

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

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

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

Multi-Year Budgeting and Planning

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

1. Fixed two-year budgets are approved by the Board of Supervisors. For fiscal year 2021-22, four departments had fixed budgets from the prior two-year planning cycle (fiscal years 2020-21 and 2021-22): MTA, PUC, SFO, and the Port. The fiscal year 2021-22 budget was significantly revised in the most recent two-year planning cycle (fiscal year 2021-22 and 2022-23), given significant changes caused by the pandemic. All other departments prepare balanced, rolling two-year budgets for Board approval.

2. Five-year financial plan and update, which forecasts revenues and expenses and summarizes expected public service levels and funding requirements for that period. A five-year financial plan, including a forecast of expenditures and revenues and proposed actions to balance them in light of strategic goals, was issued by the Mayor, the Budget Analyst for the Board of Supervisors and Controller's Office on January 15, 2021, for fiscal year 2021-22 through fiscal year 2025-26. The Five-Year Financial Plan was updated on March 31, 2021, January 12, 2022, and March 31, 2022. See "Five Year Financial Plan and March Update" section below.

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

    - Non-Recurring Revenue Policy – This policy limits the Mayor's and Board's ability to use for operating expenses the following nonrecurring revenues: extraordinary year-end General Fund balance, the General Fund share of revenues from prepayments provided under long- term leases, concessions, or contracts, otherwise unrestricted revenues from legal judgments and settlements, and other unrestricted revenues from the sale of land or other fixed assets. Under the policy, these nonrecurring revenues may only be used for nonrecurring expenditures that do not create liability for or expectation of substantial ongoing costs, including but not limited to: discretionary funding of reserves, acquisition of capital equipment, capital projects included in the City's capital plans, development of affordable housing, and discretionary payment of pension, debt or other long-term obligations. The Mayor and the Board approved legislation to temporarily suspend this policy. See "Original Budget for Fiscal Years 2021-22 and 2022-23" section for more details.

    - Rainy Day and Budget Stabilization Reserve Policies – These reserves were established to support the City's budget in years when revenues decline. These and other reserves are discussed in detail below. Charter Section 9.113.5 requires deposits into the Rainy Day Reserve if total General Fund revenues for a fiscal year exceed total General Fund revenues for the prior fiscal year by more than five percent. Similarly, if budget year revenues exceed current year revenues by more than five percent, the budget must allocate deposits to the Rainy Day Reserve. The Budget Stabilization Reserve augments the Rainy Day Reserve and is funded through the dedication of 75% of certain volatile revenues. Given the City's projected revenue levels in fiscal years 2020-21, 2021-22, and 2022-23, the City is eligible to withdraw from these reserves and is not required to make any deposits. The fiscal year 2020-21 Original Budget withdrew the maximum permissible amount from the City's Rainy Day and Budget Stabilization Reserves, but the original fiscal year 2021-22 and 2022-23 budgets provided for the withdrawal of *de minimis* amounts, preserving the remaining balance of the reserves. These and other reserves are discussed under Rainy Day Reserve and Budget Stabilization Reserve, as well as in the "Original Budget for Fiscal Years 2021-22 and 2022-23" section.

4. The City is required to submit labor agreements to the Board of Supervisors by May 15, so the fiscal impact of the agreements can be incorporated in the Mayor's proposed June 1 budget. All labor agreements are closed for fiscal years 2020-21 and 2021-22. The City is currently negotiating successor agreements with its miscellaneous employee organizations for fiscal years 2022-23 and 2023-24.

Role of Controller in Budgetary Analysis and Projections

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

In addition to the five-year planning responsibilities discussed above, Charter Section 3.105 directs the Controller to issue periodic or special financial reports during the fiscal year. Each year, the Controller issues six-month and nine-month budget status reports to apprise the City's policymakers of the current budgetary status, including projected year-end revenues, expenditures and fund balances. The Controller issued the first of these reports, the fiscal year 2021-22 Six Month Report (the "Six Month Report") on February 15, 2022 and issued the second, the Nine Month Report ("Nine Month Report"), on May 16, 2022. The City Charter also directs the Controller to annually report on the accuracy of economic assumptions underlying the revenue estimates in the Mayor's Proposed Budget in the Revenue Letter, which will be issued in June 2022.

General Fund Results: Audited Financial Statements

The City issued the Annual Comprehensive Financial Report (which includes the City's audited financial statements) for fiscal year 2020-21 on February 2, 2022. As of June 30, 2021, the General Fund fund balance available for appropriation in subsequent years was $902.0 million (see Table B-4), which represents an $5.8 million increase in available fund balance from the $896.2 million available as of June 30, 2020. This increase resulted primarily from greater-than-budgeted property tax revenue and real property transfer taxes, mostly offset by under-performance in business and other local tax revenues in fiscal year 2020-21.

The General Fund fund balance as of June 30, 2021 was $2.7 billion (shown in Tables A-3 and A-4) using Generally Accepted Accounting Principles ("GAAP"), derived from revenues of $5.7 billion. The City prepares its budget on a modified accrual basis, which is also referred to as "budget basis" in the ACFR. Accruals for incurred liabilities, such as claims and judgments, workers' compensation, accrued vacation and sick leave pay are funded only as payments are required to be made. Table B-3 focuses on a specific portion of the City's balance sheet; General Fund fund balances are shown on both a budget basis and a GAAP basis with comparative financial information for the fiscal years ended June 30, 2017 through June 30, 2021.

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TABLE B-3

CITY AND COUNTY OF SAN FRANCISCO
Summary of General Fund Fund Balances
Fiscal Years 2016-17 through 2020-21
(000s)

	2016-17	2017-18	2018-19	2019-20	2020-21
Restricted for rainy day (Economic Stabilization account)[1]	$78,336	$89,309	$229,069	$229,069	$114,539
Restricted for rainy day (One-time Spending account)[2]	47,353	54,668	95,908	-	-
Committed for budget stabilization (citywide)[2]	323,204	369,958	396,760	362,607	320,637
Committed for Recreation & Parks savings reserve	4,403	1,740	803	803	-
Assigned, not available for appropriation					
Assigned for encumbrances	$244,158	$345,596	$351,446	$394,912	$407,137
Assigned for appropriation carryforward	434,223	423,835	496,846	630,759	753,776
Assigned for budget savings incentive program (Citywide)	67,450	73,650	86,979	-	-
Assigned for salaries and benefits [3]	23,051	23,931	28,965	25,371	5,088
Assigned for Self-Insurance [4]					42,454
Assigned for Hotel Tax Loss Contingency					6,000
Total Fund Balance Not Available for Appropriation	$1,222,178	$1,382,687	$1,686,776	$1,643,521	$1,649,631
Assigned and unassigned, available for appropriation					
Assigned for litigation & contingencies[3]	$136,080	$235,925	$186,913	$160,314	$173,591
Assigned for subsequent year's budget	183,326	188,562	210,638	370,405	173,989
Unassigned for General Reserve [5]	95,156	106,878	130,894	78,498	78,333
Unassigned - Budgeted for use second budget year	288,185	223,251	285,152	84	-
Unassigned - Contingency for second budget year	60,000	160,000	308,000	510,400	-
Unassigned - COVID-19 Response and Economic Contingency Reserve [6]		-	-	-	113,500
Unassigned - Federal & State Emergency Revenue Reserve [6]	-	-	-	-	100,000
Unassigned - Fiscal Cliff Reserve [6]	-	-	-	-	293,900
Unassigned - Business Tax Stabilization Reserve	-	-	-	-	149,000
Unassigned - Gross Receipts Prepayment Reserve	-	-	-	-	26,000
Unassigned - Other Reserve	-	-	-	-	13,807
Unassigned - Available for future appropriation	14,409	44,779	8,897	18,283	31,784
Total Fund Balance Available for Appropriation	$777,156	$959,395	$1,130,494	$1,137,984	$1,153,904
Total Fund Balance, Budget Basis	$1,999,334	$2,342,082	$2,817,270	$2,781,505	$2,803,535
Budget Basis to GAAP Basis Reconciliation					
Total Fund Balance - Budget Basis	$1,999,334	$2,342,082	$2,817,270	$2,781,505	$2,803,535
Unrealized gain or loss on investments	(1,197)	(20,602)	16,275	36,626	3,978
Nonspendable fund balance	525	1,512	1,259	1,274	2,714
Cumulative Excess Property Tax Revenues Recognized on Budget Basis	(38,469)	(25,495)	(23,793)	(20,655)	(31,745)
Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis	(83,757)	(68,958)	(87,794)	(139,590)	(120,569)
Inventories	-	-	-	33,212	17,925
Pre-paid lease revenue	(5,733)	(6,598)	(6,194)	(6,450)	(5,734)
Total Fund Balance, GAAP Basis	$1,870,703	$2,221,941	$2,717,023	$2,685,922	$2,670,104

[1] Additional information in Rainy Day Reserves section of Appendix A, following this table.

[2] Additional information in Budget Stabilization Reserve section of Appendix A, following this table.

[3] Additional information in Salaries, Benefits and Litigation Reserves section of Appendix A, following this table.
The increase in FY18 was largely due to a small number of claims filed against the City with large known or potential settlement stipulations.

[4] Due to the GASB 84 implementation, the self-insurance and other general City activities from the former Payroll (Agency) Fund became part of the General Fund.
The balance represets a fund collected and restricted for self-insurance purpose.

[5] Additional information in General Reserves section of Appendix A, following this table.

[6] Additional information in the COVID Response and Economic Loss Reserve section of Appendix A, following this table.

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

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

Rainy Day Reserve

The City maintains a Rainy Day Reserve, as shown on the first and second line of Table B-3 above. Charter Section 9.113.5 requires that if total General Fund revenues for the current year exceed total General Fund revenues for the prior year by more than five percent, then the City must deposit anticipated General Fund revenues in excess of that five percent growth into three accounts within the Rainy Day Reserve (see below) and for other lawful governmental purposes. Similarly, if budgeted revenues exceed current year revenues by more than five percent, the budget must allocate deposits to the Rainy Day Reserve. Effective January 1, 2015, Proposition C, passed by the voters in November 2014, divided the existing Rainy Day Economic Stabilization Account into a City Rainy Day Reserve ("City Reserve") and a School Rainy Day Reserve ("School Reserve") for SFUSD, with each reserve account receiving 50% of the existing balance at the time. Deposits to the reserve are allocated as follows:

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

The fiscal year 2020-21 ending balance of the Rainy Day Economic Stabilization City Reserve was $114.5 million, after a budgeted $114.5 million withdrawal, as shown in Table B-3. The Original Budget withdraws minimal amounts of Rainy Day Reserve in fiscal years 2021-22 and 2022-23, preserving the balance of $114.5 million in those years.

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

Budget Stabilization Reserve

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

The combined value of the Budget Stabilization Reserve and the Budget Stabilization One Time Reserve is $320.6 million at the end of fiscal year 2020-21, with an ending balance of $265.8 million in the Budget Stabilization Reserve and $54.8 million in the Budget Stabilization One-Time Reserve.

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

In fiscal year 2020-21, the City withdrew $41.9 million from the Budget Stabilization Reserve. The Original Budget for fiscal years 2021-22 and 2022-23 and Six-Month Report for fiscal year 2021-22 makes no withdrawal from this reserve, maintaining the fiscal year 2020-21 ending balance.

Salaries, Benefits and Litigation Reserves

The City maintains two reserves to offset potential expenses, which are available to City departments through a Controller's Office review and approval process. These are shown with note 4 in the "assigned, not available for appropriation," and "assigned and unassigned, available for appropriation" sections of Table B-3 above. These include the Salaries and Benefit Reserve (beginning balance of $47.4 million as of fiscal year 2021-22) and the Litigation Reserve. The Litigation Reserve and Public Health Management Reserve (beginning balance of $173.6 million in fiscal year 2021-22) are combined for reporting purposes. The purpose of the latter is to manage patient revenue volatility in the Department of Public Health.

General Reserve

The City maintains a General Reserve, shown as "Unassigned for General Reserve" in the "assigned and unassigned, available for appropriation" section of Table B-3 above. The General Reserve is to be used for current-year fiscal pressures not anticipated during the budget process. The policy, originally adopted on April 13, 2010, set the General Reserve equal to 1% of budgeted regular General Fund revenues in fiscal year 2012-13 and increasing by 0.25% each year thereafter until reaching 2% of General Fund revenues in fiscal year 2016-17. On December 16, 2014, the Board of Supervisors adopted financial policies to further increase the City's General Reserve from 2% to 3% of General Fund revenues between fiscal year 2017-18 and fiscal year 2020-21 while reducing the required deposit to 1.5% of General Fund revenues in years when the City appropriates a withdrawal from the Rainy Day reserve. The intent of this policy change was to increase reserves available during a multi-year downturn. In fiscal year 2020-21, the City withdrew from the Rainy Day Reserve and reset its General Fund Reserve deposit requirement to 1.5% of General Fund revenues. As a result, the fiscal year 2020-21 ending balance of the General Reserve is $78.5 million. The Original Budget for fiscal years 2021-22 and 2022-23 includes deposits of $3.1 million and $5.8 million, respectively. See "CITY BUDGET – Five-Year Financial Plan" and "– Other Budget Updates: Fiscal Year 2021-22 Six-Month Budget Status Report" and "– Other Budget Updates: Fiscal Year 2021-22 Nine-Month Budget Status Report" for a summary of the most recent projections.

COVID Response and Economic Loss Reserve

The fiscal year 2020-21 Original Budget consolidated the balances of several City reserves into a single COVID Response and Economic Loss Reserve of $507.4 million in fiscal year 2019-20, as shown as part of

"Unassigned Contingency for Second Budget Year" line in Table B-3. The COVID Response and Economic Loss Reserve was available to offset revenue losses or to assist otherwise with balancing of future fiscal year budgets. The Controller noted that the $507.4 million total balance would be sufficient to offset some, but not all, of the budget risks identified in future years.

The Original Budget for fiscal years 2021-22 and 2022-23 draws down $113.5 million of the COVID Response and Economic Loss Reserve to support the costs of the City's continuing COVID-19 response. The remaining balance is split into two new reserves, $100.0 million for a "Federal and State Emergency Grant Disallowance Reserve," and $293.9 million for a "Fiscal Cliff Reserve." The Federal and State Emergency Grant Disallowance Reserve was created for the purpose of managing revenue shortfalls related to reimbursement disallowances from the Federal Emergency Management Agency (FEMA) and other state and federal agencies. The Fiscal Cliff Reserve was created for the purpose of managing projected budget shortfalls following the spend down of federal and state stimulus funds and other one-time sources used to balance the fiscal year 2021-22 and fiscal year 2022-23 budget.

Operating Cash Reserve

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

Table B-4, entitled "Statement of Revenues, Expenditures and Changes in General Fund Balances," is extracted from information in the City's published Annual Comprehensive Financial Report. Audited financial statements can be obtained from the City Controller's websitewhttps://sfcontroller.org/annual-comprehensive-financial-report-acfr. Information from the City Controller's website is not incorporated herein by reference. Excluded from this Statement of General Fund Revenues and Expenditures in Table B-4 are fiduciary funds, internal service funds, special revenue funds (which relate to proceeds of specific revenue sources which are legally restricted to expenditures for specific purposes), and all of the enterprise fund departments of the City, each of which prepares separate audited financial statements. See "CITY BUDGET – Five-Year Financial Plan and March Update" for a summary of the most recent projections.

TABLE B-4

CITY AND COUNTY OF SAN FRANCISCO
Statement of Revenues, Expenditures and Changes in General Fund Fund Balances[1]
Fiscal Years 2016-17 through 2020-21
(000s)

	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues:					
Property Taxes[2]	$1,478,671	$1,673,950	$2,248,004	$2,075,002	$2,332,864
Business Taxes	700,536	897,076	917,811	822,154	722,642
Other Local Taxes[3]	1,203,587	1,093,769	1,215,306	996,180	709,018
Licenses, Permits and Franchises	29,336	28,803	27,960	25,318	12,332
Fines, Forfeitures and Penalties	2,734	7,966	4,740	3,705	4,508
Interest and Investment Income	14,439	16,245	88,523	65,459	(1,605)
Rents and Concessions	15,352	14,533	14,460	9,816	5,111
Intergovernmental	932,576	983,809	1,069,349	1,183,341	1,607,803
Charges for Services	220,877	248,926	257,814	229,759	230,048
Other	38,679	24,478	46,254	62,218	46,434
Total Revenues	$4,636,787	$4,989,555	$5,890,221	$5,472,952	$5,669,155
Expenditures:					
Public Protection	$1,257,948	$1,312,582	$1,382,031	$1,479,195	$1,498,514
Public Works, Transportation & Commerce	166,285	223,830	202,988	203,350	204,973
Human Welfare and Neighborhood Development	956,478	999,048	1,071,309	1,252,865	1,562,982
Community Health	600,067	706,322	809,120	909,261	1,056,590
Culture and Recreation	139,368	142,215	152,250	155,164	145,405
General Administration & Finance	238,064	244,773	267,997	304,073	314,298
General City Responsibilities	121,444	110,812	144,808	129,941	113,913
Total Expenditures	$3,479,654	$3,739,582	$4,030,503	$4,433,849	$4,896,675
Excess of Revenues over Expenditures	$1,157,133	$1,249,973	$1,859,718	$1,039,103	$772,480
Other Financing Sources (Uses):					
Transfers In	$140,272	$112,228	$104,338	$87,618	$343,498
Transfers Out	(857,629)	(1,010,785)	(1,468,971)	(1,157,822)	(1,166,855)
Other Financing Sources	1,765	-	-	-	-
Other Financing Uses	-	(178)	(3)	-	(338)
Total Other Financing Sources (Uses)	($715,592)	($898,735)	($1,364,636)	($1,070,204)	($823,695)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$441,541	$351,238	$495,082	($31,101)	($51,215)
Total Fund Balance at Beginning of Year	$1,429,162	$1,870,703	$2,221,941	$2,717,023	$2,685,922
Cummulative effect of accounting change					35,397
Total Fund Balance at End of Year -- GAAP Basis	$1,870,703	$2,221,941	$2,717,023	$2,685,922	$2,670,104
Assigned for Subsequent Year's Appropriations and Unassigned Fund Balance, Year End					
-- GAAP Basis	$273,827	$286,143	$326,582	$395,776	$179,077
-- Budget Basis	$545,920	$616,592	$812,687	$896,172	$901,980

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

2 The City recognized $548.0 million of "Excess Educational Revenue Augmentation Fund (ERAF)" revenue in FY 2018-19, representing FY16-17, FY17-18, and FY18-19 (3 fiscal years) of ERAF. Please see "GENERAL FUND REVENUES - Property Taxation" for more information about Excess ERAF.

3 Other Local Taxes includes sales, hotel, utility users, parking, sugar sweetened beverage, stadium admissions, access line, and cannabis taxes

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

Five-Year Financial Plan and March Update

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

On January 12,2022, the Mayor, Budget Analyst for the Board of Supervisors, and the Controller's Office issued the Plan for fiscal years 2022-23 through 2025-26 ("Joint Report"), which projected cumulative annual surplus of $26.2 million and $81.9 million for fiscal years 2022-23 and 2023-24, respectively, and shortfalls of $38.6 million and $148.9 million, for fiscal years 2024-25 and 2025-26, respectively. This report was updated on March 31, 2022 (the "March Joint Report") with a lower surplus in the first two years of the report, and increased deficits in the later years. The March Joint Report projects a cumulative annual surplus of $14.7 million and $60.0 million for fiscal years 2022-23 and 2023-24, respectively, and shortfalls of $44.2 million and $156.2 million for fiscal years 2024-25 and 2025-26, respectively. For the upcoming two-year budget, fiscal years 2022-23 and 2023-24, this represents a decline of $33.4 million.

CITY AND COUNTY OF SAN FRANCISCO
Joint Report (Five Year Plan)
Fiscal Years 2022-23 through 2025-26
Projections as of March 31, 2022
($ Millions)

	2022-23	2023-24	2024-25	2025-26
Sources - Increase / (Decrease):	$111.2	$365.7	$549.6	$743.1
Uses:				
Baselines & Reserves	($160.4)	($237.6)	($324.0)	($387.5)
Salaries & Benefits	(78.5)	(106.3)	(144.4)	(262.5)
Citywide Operating Budget Costs	124.0	62.4	(59.1)	(135.4)
Departmental Costs	18.4	(24.4)	(66.3)	(113.9)
Total Uses - (Increase) / Decrease:	($96.5)	($305.8)	($593.8)	($899.3)
Projected Cumulative Surplus / (Shortfall):	$14.7	$60.0	($44.2)	($156.2)

On net, the March Joint Report presents modest changes to the January 2022 forecast. Key assumptions in the March Joint Report compared to the January report are:

- Modest additional growth in General Fund sources over the forecast period due to current year activity, improvements in property tax, Federal Emergency Management Agency (FEMA) reimbursements, and interest income, partially offset by weakness in business, hotel, and transfer taxes. Significantly:
    - The property tax forecast has been updated to account for the risk from pandemic-induced changes in normal operations, and therefore values of, San Francisco real estate. Projections assume that only those properties that received Proposition 8 temporary reductions in value in 2021 will be considered for reductions in subsequent

years. For all other properties, the forecast assumes reduction only if an appeal has been filed with the Assessment Appeals Board, rather than for classes of properties as a whole. As a result, the direct property tax forecast is increased, as is the excess Educational Revenue Augmentation Fund (ERAF) forecast.

  - The City's business tax revenues are determined in part by the share of a business' workforce that physically works within the City. As such, the number of workers who telecommute can dramatically affect revenue. The Joint Report assumed the average office worker would telecommute 15% of the time. In recent weeks, more companies have announced specifics for their long-term telecommuting plans, with many companies returning to the office in March and April 2022. Reflecting these plans, the March projection increases its projection of long-term telecommuting from 15% to 33%, beginning in the first quarter of fiscal year 2022-23. Considering current levels of available office space and the potential for more efficient use of existing space, the projection also increases the economic growth assumption from 4% to 5% in fiscal year 2022-23 and from 3% to 4% in all other years of the projection.

  - Hotel tax is anticipated to recover to pre-pandemic levels during calendar year 2026. It is projected to grow slightly faster than prior forecast in fiscal year 2022-23, because of pent-up demand from domestic leisure travelers. However, uncertainty related to the return of international, business, and convention-related travel results in slightly lower projections for fiscal years 2023-24, 2024-25, and 2025-26. Revenue per available room, an industry metric highly correlated with hotel tax revenue, is projected to be $146 million, $183 million, $218 million, and $237 million in fiscal years 2022-23, 2023-24, 2024-25, and 2025-26, respectively.

  - Transfers in commercial real estate are expected to stagnate in the next fiscal year as buyers wait for prices to drop and sellers hold during an unfavorable market. This forecast anticipates fiscal year 2022-23 transfer activity to be largely the same as fiscal year 2021-22, adjusting for two historic transfers that generated nearly $100 million of transfer tax. In fiscal years 2023-24 and 2024-25, transfer tax is expected to increase, recovering to its long-run average of $456.2 million by fiscal year 2024-25.

  - FEMA reimbursements are expected to increase by $45.9 million during the plan period, fiscal years 2022-23 through 2025-26, versus the January update, largely due to FEMA's extension of eligible costs through June 30, 2022**.**

- Increases to contributions to Charter-mandated baselines and deposits, largely due to the City's requirement to replenish General Reserve funds in the budget year, when they are used in the current year.

- Increases to salary and benefits costs. The projection updates the employer contribution rate to the San Francisco Employees' Retirement System (SFERS), which increased from 19.91% in the January projections to 21.35% in the March Joint Report. Health costs for active members are lower compared to prior projections reflecting updated medical enrollments as of March 2022. Health costs for retired City employees are expected to increase at a higher rate than compared to the January projection.

The March Joint Report notes key factors that could materially impact the City's financial condition, including the following:

- **Labor negotiations:** This projection continues to assume approved wage increases in collective bargaining agreements for public safety through the end of fiscal year 2022-23, and applies inflation increases on open contracts in all other years based on the same CPI rates used in the January Joint Report. Other than these costs, this report does not assume any contract changes due to active labor negotiations. Wage or benefit changes above or below these assumptions would have a significant impact the projection. See "CITY BUDGET – Other Budget Updates: Fiscal Year 2021-22 Nine-Month Budget Status Report" for updates.

- **Recession risk:** Since the January forecast, economists have become increasingly concerned about the potential for a recession in the next twelve months. The war in Ukraine has increased prices of gasoline, metals, and other raw materials. These increases, along with the excess demand in the labor market, are increasing pressure on the Federal Reserve to raise interest rates to tamp down inflation. Aggressive rate hikes would increase the risk of recession.

- **Retirement contribution rate:** Projections assume the SFERS adopted 7.2% rate of return in fiscal year 2021-22, however, returns through February 28, 2022, were 2.31%. Global markets remain volatile due to continued uncertainty about tighter monetary policy, inflation, and the effect of the war in Ukraine. Final results below the 7.2% assumption will result in higher retirement contribution costs during the forecast period. As discussed in "EMPLOYMENT COSTS; POST EMPLOYMENT OBLIGATIONS – San Francisco Employees' Retirement System ("SFERS" or "Retirement System")," returns in fiscal year 2021-22 through April 29, 2022, were 0.58%.

- **COVID-19 pandemic and public health response:** As noted in the Joint Report, the COVID-19 pandemic and its impact on both the local economy and the demands on the City's public health system continue to be areas of great uncertainty. The projection only assumes modest expenses to address COVID-19 that were budgeted in the previous two-year budget process. Any increase in the level of public health response without subsequent additional revenue would impact this forecast.

- **State and federal budget impacts:** In recent years, federal funding has been a significant source of revenue in this forecast. Other than some improvements in FEMA revenue based on current year claims, this forecast does not project any major changes in federal revenue allocations. Further, the Governor will likely introduce changes to the fiscal year 2022-23 State budget in the upcoming May Revise, which will be further amended by the State legislature; this projection does not assume significant new State budget proposals at this time, aside from modest education funding formula changes noted in the "GENERAL FUND REVENUES – Property Taxation" section herein.

- **Pending or proposed new programs or legislation:** Legislative or voter-approved increases to existing baselines, set-asides, or other new spending increases without commensurate revenue increases from new funding sources will impact the projections included in the March Joint Report.

Original Budget for Fiscal Years 2021-22 and 2022-23

On June 1, 2021, the Mayor submitted a proposed, balanced budget for fiscal years 2021-22 and 2022-23 to the Board of Supervisors. On July 27, 2021, the Board of Supervisors adopted an amended final budget, and the Mayor approved this budget on July 29, 2021.

The Original Budget totals $13.2 billion for fiscal year 2021-22 and $12.8 billion for fiscal year 2022-23. The General Fund portion is $6.4 billion in fiscal year 2021-22 and $6.3 billion in fiscal year 2022-23. There are 32,180 funded full-time positions in fiscal year 2021-22 and 32,153 in fiscal year 2022-23, representing a year-over-year increase of 402 and a year-over-year decrease of 27 positions, respectively.

On June 8, 2021, the Controller's Office published the Revenue Letter, fulfilling a Charter requirement to comment on the revenue estimates assumed in the Mayor's proposed budget. The Revenue Letter found tax revenue assumptions to be reasonable, but cautioned revenues are highly dependent on the course of economic reopening, will require frequent monitoring, and are subject to updates as conditions change.

Other Budget Updates: Fiscal Year 2021-22 Six-Month Budget Status Report

The Controller's Office provides periodic budget status updates to the City's policy makers during each fiscal year, as required by Section 3.105 of the City Charter. The Six-Month budget status report (the "Six-Month Report") was released on February 15, 2022.

The Six-Month Report indicates a projected General Fund net surplus of $96.2 million in fiscal year 2021-22, which is a $32.7 million improvement from the $63.4 million surplus projected in the January Joint Report.

TABLE B-5

Six Month Report
Fiscal Year 2021-22 Projected General Fund Variances to Prior Projection ($ million)*

Changes from Prior Projection	
Citywide Revenue	(15.4)
Baseline Offsets	8.8
Departmental Revenues and Expenditures	46.7
Mid-Year Appropriations	(7.4)
Surplus / (Shortfall)	**$32.7**

*Note – Prior projections refer to the January Joint Report

The following is a discussion of certain elements of the revised fiscal year 2021-22 projections in the Six-Month Report:

- A net $15.4 million reduction in citywide revenues is primarily due to appropriation of $48.2 million of FEMA revenue for COVID-related costs, partially offset by higher levels of transfer taxes realized compared to previous projections, and higher projected airport concession revenues. Other sources are generally unchanged, however, economically sensitive revenues, such as business and hotel taxes, remain subject to high levels of uncertainty given the course of the pandemic and reopening efforts.

- A $46.7 million increase in departments' General Fund net operating surplus is projected due to hospital and State sales tax subvention revenues above budget, expenditure savings at the Human Services Agency, and emergency response and public safety department cost overages.

- Projections reflect the myriad effects of high levels of staff vacancies that are both shorter and longer term in nature. Record numbers of staff were out of the workplace due to isolation and quarantine requirements during the Omicron surge that began in December 2021 and peaked in January 2022, resulting in the costly use of overtime, temporary, and contract employees to staff critical health and safety functions. These absences exacerbated overall staffing shortfalls that have built over the course of the pandemic, which began in early 2020 when hiring efforts halted due to fiscal uncertainty and the focus on emergency response and have grown due to the tight labor market and shift of human resources staff time toward implementation of health and safety measures (e.g., contact tracing, vaccine mandates, leaves). The fiscal effects of vacancies include high levels of permanent salary savings, offset in certain departments by increased overtime and other costs in some departments and reductions in fee for service revenue in others. These costs include high levels of worker's compensation expenditures, which are projected to exceed budget by $11.4 million in the current year.

- Estimated emergency response costs are reflected in these projections. These include $115.2 million appropriated year to date for COVID response costs, $7.4 million appropriated for the Tenderloin Drug Overdose Emergency, and $10.1 million of above budgeted emergency response costs at the Department of Public Health. Projections also assume the Board of Supervisors approves the use of $32.3 million of state Project RoomKey revenue for the Shelter in Place (SIP) hotel program as proposed by the Human Services Agency. While these sources are projected to be adequate to fund the program through the end of the current fiscal year, it is not yet known whether additional funds will be needed for damage repair costs as the City exits hotels used for shelter during the public health emergency.

Projections do not reflect the likely staff costs driven by the recent allowance of additional COVID-19 paid sick leave provided by the City in January 2022. These hours were set to expire on March 4, 2022 but may be extended to conform to the timelines in AB 84, the State requirement that large employers provide additional paid sick leave, which was signed by the Governor on February 9, 2022. Effective February 19, 2022, COVID-19 paid sick leave was extended through September 30, 2022. Based on payroll data for the prior leave policy, the cost of the extension for public safety departments alone is estimated to be between $11.6 million and $18.6 million, depending on rates of usage and backfill.

Periodic budget status updates are provided by the Controller in accordance with reporting requirements of the Charter. The level of uncertainty regarding City revenues and expenditures remains extraordinarily high, driven by the economic and financial impacts of the public health emergency. The City can give no assurances that the COVID-19 pandemic will not result in further adverse impacts on the City's financial condition (including continuing reductions in revenues and/or increases in expenses).

Other Budget Updates: Fiscal Year 2021-22 Nine-Month Budget Status Report

The Nine-Month budget status report (the "Nine-Month Report") was released on May 16, 2022. The Nine-Month Report indicates a projected General Fund net surplus of $252.5 million in fiscal year 2021-22, which is a $120.9 million improvement from the March Joint Report. This includes a $149.2 million improvement in the projected ending balance in the current year offset by a $28.3 million deposit in the coming fiscal year required to replenish current year reserve draws.

Nine Month Report
FY21-22 Projected General Fund Variances to Budget ($ million)

	March Joint Report vs FY22 Budget	Nine-Month Report vs FY22 Budget	Change from March Joint Report to Nine-Month Report
FY2020-21 Ending Fund Balance	205.8	205.8	0.0
FY2021-22 Anticipated ARPA	324.9	324.9	0.0
Appropriation in the FY2021-22 Budget	(498.8)	(498.8)	0.0
Prior Year Fund Balance Above Budgeted Levels	**31.8**	**31.8**	0.0
Citywide Revenues	2.5	40.7	38.2
Baseline Contributions	(41.0)	(49.3)	(8.3)
Departmental Operations	91.5	210.8	119.3
Current Year Revenues and Expenditures	**52.9**	**202.1**	**149.2**
General Reserve Appropriated - Source	9.4	37.6	28.2
Fiscal Cliff Reserve Appropriated - Source	64.2	64.2	0.0
Supplemental Appropriations - Expenditure	(73.6)	(101.8)	(28.2)
FY2021-22 Mid-Year Appropriation of Fund Balance	(7.4)	(7.4)	0.0
Approved Supplementals + Mid-Year Appropriations	**(7.4)**	**(7.4)**	0.0
Use of Business Tax Prepayment Reserve	26.0	26.0	0.0
Withdrawls from/(Deposits) to Reserves	**26.0**	**26.0**	**0.0**
FY2021-22 Projected Ending Balance	**103.3**	**252.5**	**149.2**
FY2022-23 Required General Reserve Replenishment	**(9.4)**	**(37.6)**	**(28.2)**
Improvement versus Prior Projection	**93.9**	**214.9**	**120.9**

The following is a discussion of certain elements of the revised fiscal year 2020-21 projections in the Nine-Month Report:

- **Implications for upcoming fiscal years.** This improved balance from the current year will increase the projected surplus for the coming two-year budget period, should the Mayor and Board choose to spend it. This improvement is offset by the cost of labor contracts currently pending final negotiation, ratification, and approval. The cost of these labor contracts is higher than assumed in the prior projection by approximately $180 million during the two year period. Accounting for these two significant factors alone – the current year improvement noted in this report and the cost of pending labor contracts – **would result in projected surplus for the upcoming two-year budget of approximately $15 million**.

- **Primary drivers of this change**. The majority of the change versus the last current fiscal year projection are driven by a $77.1 million improvement in revenues at the Department of Public Health (DPH). The majority of DPH's revenue variance is driven by large, one-time grants and audit settlements, including a $35.7 million threshold change for the Global Payment Program, a $26.4 million improvement resulting from the extension of the Federal Medical Assistance Percentage emergency rate, and $17.8 million in other one-time grant and audit settlements. Other notable change projected in this report include a $38.2 million improvement in citywide tax revenues, predominantly driven by property taxes, and $18.6 million in improvement due to lower than previously anticipated costs for overtime costs associated with COVID staffing shortages.

- **Major risks and uncertainties.** This report includes the projections of the City's finances over the remaining three months of the fiscal year. Some notable uncertainties remain that may materially affect these projections, and are discussed in the report, most notably:

  - The City has received notice from the Centers for Medicare and Medicaid Services (CMS) of termination of eligibility for participation in those federal programs for services provided at Laguna Honda Hospital. The City is seeking an extension of those revenue sources during the recertification process, which may take six months or longer to complete. Without an extension, the City would lose approximately $25 million during the remainder of this fiscal year (through June 30, 2022) and continuing at approximately $16 million per month in the subsequent fiscal year. The City maintains a Public Health Revenue Reserve that may be utilized to offset these losses in the current year, should it occur. See "BUDGETARY RISKS – Laguna Honda Potential Loss of Federal Funding" below.

  - Remaining uncertainty about the pace of economic recovery and its implications for tax revenues. Business tax revenues, in particular, are subject to uncertainty given the tepid pace of return to offices and signs of slowing growth in technology industry gross receipts. Year to date receipts for tax year 2022 prepayments are below expectations derived from tax year 2021 filings but will not be known until late summer.

- **Estimated emergency response costs are reflected in these projections.** Emergency appropriations have increased the COVID response budget by $139.7 million, and the Department of Public Health (DPH) has transferred $10.9 million of Whole Person Care pilot program budget to COVID response. The Board of Supervisors has approved the use of $32.3 million of state Project RoomKey revenue for the Shelter in Place (SIP) hotel program; while this will fund the program through the end of the current fiscal year, it may not be sufficient for damage repair costs as the City exits hotels. DPH's Nine-Month Report projection reflects additional need of $9.8 million for its response activities. For the Tenderloin Drug Overdose Emergency, emergency appropriations have increased budget by $7.4 million, and the Department of Emergency Management has repurposed $2.0 million of COVID response budget to the Tenderloin Emergency.

BUDGETARY RISKS

In addition to the budgetary risks described below, see "CITY BUDGET – Other Budget Updates: Fiscal Year 2021-22 Nine-Month Budget Status Report" for the most recent periodic budget status update released from the Controller's Office, as required by Section 3.105 of the City Charter.

Threat of Extended Recession

Increased inflation, geopolitical events and other factors (including actions by the Federal Reserve to unwind COVID-19 era stimulus measures and combat inflation) have resulted in significantly increased expectations in the financial markets that a recession may be imminent. Economists have become increasingly concerned about the potential for a recession in the next twelve months. A recession could adversely impact the City's economy, and the financial condition of the General Fund. During the “Great Recession” that occurred nationally from December 2007 to June 2009 (according to the U.S. National Bureau of Economic Research), California real GDP growth slowed for five consecutive quarters from the third quarter of 2008 to the third quarter of 2009 and did not return to pre-recession level of output until three years later in the third quarter of 2012. The unemployment rate rose steadily from 4.9% in the fourth quarter of 2006 to peak at 12.3 percent in the fourth quarter of 2010 and did not return to the pre-recession level until the second quarter of 2017.

Commuting Pattern Changes

A sudden and sharp increase in telecommuting creates revenue risk. Approximately half of workers in major tax-paying sectors such as professional services, financial services, and information live outside of San Francisco. Extended periods of working at-home during the pandemic may affect how much of any business’s payroll expense and gross receipts could be apportionable to the City. Some of the City’s largest private employers instructed their employees to telecommute whenever possible, as evidenced by BART ridership declining to a low of almost 90% below its pre-COVID-19 baseline ridership. As of February 2022, BART ridership was 20.5% of pre-pandemic levels. Businesses owe payroll tax only on their employees physically working within the City. For certain categories of businesses, the gross receipts tax is also dependent on their San Francisco payroll. Thus, the sharp rise in telecommuting has resulted in reduced business taxes and, if the significant increase in telecommuting becomes permanent, could negatively impact the City for the foreseeable future. Although some City residents who previously commuted out of the City are now telecommuting from within the City, many of these residents work for employers who do not have a nexus in the City, and thus are not subject to business taxes.

COVID-19 Pandemic

The COVID-19 pandemic is ongoing, and the City will likely incur significant additional costs, depending on the ultimate duration and severity of the pandemic. The City can give no assurance of the duration or severity of the COVID-19 pandemic, and there is no assurance that its effects will not impose more significant financial and operating effects on the City before mitigation measures are successfully implemented. For additional information see “PUBLIC HEALTH EMERGENCY – COVID-19.”

Bankruptcy Filing by the Pacific Gas and Electric Company (PG&E)

On January 29, 2019, PG&E filed for Chapter 11 bankruptcy protection to shield itself from potential wildfire liability that was estimated upwards of $30 billion. Taxes and fees paid by PG&E to the City total approximately $75 million annually and include property taxes, franchise fees and business taxes, as well as the utility user taxes it remits on behalf of its customers.

On June 20, 2020, the United States Bankruptcy Court for the Northern District of California confirmed PG&E’s Plan of Reorganization, and on July 1, 2020 PG&E announced that it had emerged from Chapter

11 bankruptcy. As part of its restructuring, on June 9, PG&E announced that it would be relocating its business headquarters, currently located at 245 Market Street and 77 Beale Street in San Francisco, to Oakland. The relocation is scheduled to begin June 2022.

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

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

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

Impact of Recent Voter-Initiated and Approved Revenue Measures on Local Finances

On August 28, 2017, the California Supreme Court in California *Cannabis Coalition v. City of Upland* (August 28, 2017, No. S234148) ("Upland Decision") interpreted Article XIIIC, Section 2(b) of the State Constitution, which requires local government proposals imposing general taxes to be submitted to the voters at a general election (i.e., an election at which members of the governing body stand for election). The court concluded such provision did not to apply to tax measures submitted through the citizen initiative process. Under the Upland Decision, citizens exercising their right of initiative may now call for general or special taxes on the ballot at a special election (i.e. an election where members of the governing body are not standing for election). The court did not, however, resolve whether a special tax submitted by voter initiative needs only simple majority voter approval, and not the super-majority (i.e. two-thirds) voter approval required of special taxes placed on the ballot by a governing body. On June 5, 2018 voters of the City passed by majority vote two special taxes submitted through the citizen initiative process: a Commercial Rent Tax for Childcare and Early Education ("June Proposition C") and a Parcel Tax for the San Francisco Unified School District ("Proposition G" and, together with June Proposition C, the "June Propositions C and G"). In addition, on November 6, 2018 voters passed by a majority vote a special tax submitted through the citizen initiative process: a Homelessness Gross Receipts Tax ("November Proposition C"), a gross receipts tax on larger companies in the City to fund affordable housing, mental health, and other homeless services.

The Upland Decision was subsequently affirmed by the California Supreme Court when it declined to review lower court challenges by plaintiffs in two other San Francisco Cases: *City of County of San Francisco v. All Persons Interested in the Matter of Proposition C,* 51 Cal. App. 5th 703 (2020) (Court of Appeal rejected a taxpayer challenge to validity of June Proposition C) and *City of County of San Francisco v. All Persons Interested in the Matter of Proposition G* (July 26, 2021, A16059) (Court of Appeal rejected a taxpayer challenge to validity of Proposition G). In so doing, the Upland Decision was affirmed as binding authority for the proposition that special taxes submitted through a citizen's initiative process only need pass by a majority vote, and not the supermajority requirement of Article XIIIC, Section 2(b) of the State Constitution.

Impact of the State of California Budget on Local Finances

Revenues from the State represent approximately 13% of the General Fund revenues appropriated in the Final Adopted Budget for fiscal years 2021-22 and 2022-23, and thus changes in State revenues could have a material impact on the City's finances. In a typical year, the Governor releases two primary proposed budget documents: 1) the Governor's Proposed Budget required to be submitted in January; and 2) the "May Revise" to the Governor's Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. Following that process, the State Legislature adopts, and the Governor signs, the State budget. City policy makers review and estimate the impact of both the Governor's Proposed and May Revise Budgets prior to the City adopting its own budget.

On January 13, 2022, the Governor released the State of California's Proposed Budget for fiscal year 2022-23. The State estimates that there is a surplus of $29 billion to allocate in the fiscal year 2022-23 budget process. The Governor proposes spending approximately 60 percent of discretionary resources, or $17.3 billion, on a one-time or temporary basis for a variety of programmatic expansions, $6.2 billion to reduce revenues, and $2 billion for other on-going spending increases. Additionally, the Governor's Proposed Budget allocates nearly $13 billion in spending for schools and community colleges. The implications of the Governor's Proposed Budget to the City have yet to be identified.

On May 13, 2022, the Governor released the May Revision to the State of California's Proposed Budget for fiscal year 2022-23 (the "May Revision"). The State estimates that there is a surplus of $97.5 billion to allocate in the fiscal year 2022-23 budget process. The Governor proposes spending approximately almost all of the $49 billion discretionary resources on a one-time or temporary basis, including $18.1 billion to provide inflation relief for California citizens (including tax refunds, emergency rental assistance and assistance with past-due utility bills), $37 billion for infrastructure investments, and $2.3 billion on COVID-19-related expenditures. Additionally, the May Revision allocates nearly $128.3 billion in spending for schools and community colleges throughout the State. The implications of the Governor's Proposed Budget to the City have yet to be identified.

Under current State law, a portion of property tax revenues allocated to cities, counties, and special districts in each county are transferred to a county account known as the Educational Revenue Augmentation Fund ("ERAF") to offset a portion of the State's obligation to fund local K-14 school districts and community college districts. In certain counties, including San Francisco, amounts in the ERAF in each fiscal year have historically exceeded the amount required to be diverted from local government entities to ERAF to subsidize the State's obligation to fund local educational agencies. Such excess amounts are commonly referred to as "excess ERAF." Under current State law, a portion of the excess ERAF are returned by county auditor-controllers to the contributing local agencies, such as the City. A trailer bill to the Governor's proposed fiscal year 2022-23 State budget, if enacted, would provide that (1) a local agency's share of excess ERAF will not exceed its fiscal year 2021-22 amount; and (2) the amount of the property tax revenues related to the VLF backfill (as described in "GENERAL FUND REVENUES – PROPERTY TAXATION – Tax Levy and Collection") shall be paid from any additional excess ERAF growth, thus reducing the State's obligation to backfill the VLF. The County has currently estimated the City's fiscal year 2021-22 excess ERAF cap of approximately $362.7 million. In fiscal year 2022-23, the City estimates approximately $0 of excess ERAF could be diverted to backfill the VLF. If enacted into law, the proposed trailer bill to the Governor's proposed budget could reduce the growth in any future excess ERAF allocated to the City.

Impact of Federal Government on Local Finances

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

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

Under the CARES Act, the United States Treasury department distributed $150 billion to state and local governments within 30 days of enactment under a population-based formula. The statute limits the use of funds to COVID-19 expense reimbursement rather than to offset anticipated State tax revenue losses. The City received a direct allocation of $153.8 million from this Coronavirus Relief Fund, which was used to cover COVID-19-related medical, public health, economic support, and other emergency response costs. In addition, the State has allocated $20.7 million of its allocation to the City for the same purposes. These funds were spent in fiscal years 2019-20 and 2020-21.The federal government also provides significant funding for COVID-19 expenses through FEMA.

On March 11, 2021, President Biden signed H.R. 1319, the American Rescue Plan Act of 2021 ("ARPA"). The bill includes $350 billion in state and local government fiscal aid to augment allocations provided in the CARES Act Coronavirus Relief Fund ("CRF"), through which San Francisco is to directly receive $624.8 million. Distributions will occur in two tranches, one each in 2021 and 2022, and are required to be spent by December 31, 2024. Allowable uses include COVID-19 response or mitigation of the negative economic impacts of it, such as assistance to households, small businesses, nonprofits, and aid to impacted industries. A critical improvement versus CRF funds is that ARPA funds may be used for the provision of government services to the extent of the reduction in revenue. San Francisco will likely benefit from other subventions and grants authorized in the bill. This funding is assumed in the Original Budget for fiscal years 2021-22 and 2022-23.

Laguna Hospital Potential Loss of Federal Funding

On March 30, 2022, the City received notice from the Centers for Medicare and Medicaid Services ("CMS"), an agency responsible for administering federal health care programs, within the federal Department of Health & Human Services, that, effective April 14, 2022, CMS was terminating the contract for Medicare and Medicaid reimbursements for patients at the City's Laguna Honda Hospital and Rehabilitation Center (the "Laguna Honda Hospital"). The Laguna Honda Hospital is a skilled nursing facility owned and operated by the City that serves over 700 patients the majority of whom are low income or extremely low income patients. Out of the approximately $308.6 million fiscal year 2021-22 budget for operating the Laguna Honda Hospital, approximately $202.73 million is paid from reimbursements from CMS. The remaining portion of the budget is paid from the City's General Fund. CMS continued reimbursements for 30 days from April 14, 2022 through May 13, 2022. Based on Laguna Honda Hospital's submissions to CMS, CMS has agreed to extend funding for an additional four months through September 13, 2022 (with an additional two months after that for extenuating circumstances, through November 13, 2022), although that funding could end early if CMS decides that Laguna Honda Hospital is no longer meeting its obligations. The notice from CMS does not revoke Laguna Honda Hospital's license to operate from the California Department of Public Health ("CDPH"), and that license is up for renewal in October 2022. The notice from CMS relates to a series of self-reported incidents and follow up surveys from CDPH and CMS. CDPH and CMS determined that Laguna Honda Hospital had not substantially complied with the CMS conditions of participation in the CMS program. The Laguna Honda Hospital has undertaken steps to address the findings determined by CDPH and CMS. Laguna Honda Hospital plans to seek recertification of its eligibility to participate in Medicare and Medicaid while reimbursements are still being made by CMS under the extended funding through September 13, 2022 (and with possibility of funding through November 13, 2022). CMS also required Laguna Honda Hospital to develop a plan to start assessing patients for relocation and to start relocating patients while it proceeds through the recertification process, and the process has begun. The City can make no assurance regarding the outcome of any recertification process with CMS. Temporary or permanent loss of reimbursements from CMS would have a material adverse impact on the Laguna Honda Hospital's finances and operations, including its ability to deliver health care services to residents of the City, if such loss of reimbursement funds are not offset by additional funding from the City's General Fund or other available sources. See "CITY BUDGET – Other Budget Updates: Fiscal Year 2021-22 Nine-Month Budget Status Report" for additional detail.

THE SUCCESSOR AGENCY

Effect of the Dissolution Act

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

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

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

Because of the existence of enforceable obligations, the Successor Agency is authorized to continue to implement, through the issuance of tax allocation bonds, certain major redevelopment projects that were previously administered by the Former Agency. The Successor Agency exercises land use, development and design approval authority for the developed projects. The Successor Agency, in addition to other various City agencies and entities, also issues community facilities district ("CFD") bonds from time to time to facilitate development in the major approved development projects in accordance with the terms of such enforceable obligations See also, Table B-33: "Statement of Direct and Overlapping Debt and Long-Term Obligations."

CITY INFRASTRUCTURE FINANCING DISTRICTS

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

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

GENERAL FUND REVENUES

The revenues discussed below are recorded in the General Fund, unless otherwise noted.

PROPERTY TAXATION

Property Taxation System – General

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

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

Assessed Valuations, Tax Rates and Tax Delinquencies

Table B-6 provides a recent history of assessed valuations of taxable property within the City. The property tax rate is composed of two components: 1) the 1.0% countywide portion, and 2) all voter-approved overrides which fund debt service for general obligation bond indebtedness. It is possible that the COVID-19 pandemic will result in a reduction in property values in the City, and such reduction could be material.

The total tax rate shown in Table B-6 includes taxes assessed on behalf of the City as well as the San Francisco Unified School District (SFUSD), County Office of Education (SFCOE), San Francisco Community College District (SFCCD), Bay Area Air Quality Management District (BAAQMD), and San Francisco Bay Area Rapid Transit District (BART), all of which are legal entities separate from the City. See also, Table B-33: "Statement of Direct and Overlapping Debt and Long-Term Obligations." In addition to *ad valorem* taxes, voter-approved special assessment taxes or direct charges may also appear on a property tax bill.

Additionally, although no additional rate is levied, a portion of property taxes collected within the City is allocated to the Office of Community Investment and Infrastructure (OCII), the successor agency to the San Francisco Redevelopment Agency. Property tax revenues attributable to the growth in assessed value of taxable property (known as "tax increment") within the adopted redevelopment project areas may be utilized by OCII to pay for outstanding and enforceable obligations and a portion of administrative costs of the agency, reducing tax revenues from those parcels located within project areas to the City and other local taxing agencies, including SFUSD and SFCCD. Taxes collected for payment of debt service on general obligation bonds are not affected or diverted. OCII received $128.8 million of property tax increment in fiscal year 2020-21 for recognized obligations, diverting about $71.6 million that would have otherwise been apportioned to the City's General Fund.

The percent collected of property tax (current year levies excluding supplemental) was 99.00% for fiscal year 2020-21.

TABLE B-6

CITY AND COUNTY OF SAN FRANCISCO
Assessed Valuation of Taxable Property
Fiscal Years 2008-09 through 2021-22
($000s)

Fiscal Year	Net Assessed [1] Valuation (NAV)	% Change from Prior Year	Total Tax Rate per $100 [2]	Total Tax Levy [3]	Total Tax Collected [3]	% Collected June 30
2008-09	141,274,628	8.7%	1.163	1,702,533	1,661,717	97.6%
2009-10	150,233,436	6.3%	1.159	1,808,505	1,764,100	97.5%
2010-11	157,865,981	5.1%	1.164	1,888,048	1,849,460	98.0%
2011-12	158,649,888	0.5%	1.172	1,918,680	1,883,666	98.2%
2012-13	165,043,120	4.0%	1.169	1,997,645	1,970,662	98.6%
2013-14	172,489,208	4.5%	1.188	2,138,245	2,113,284	98.8%
2014-15	181,809,981	5.4%	1.174	2,139,050	2,113,968	98.8%
2015-16	194,392,572	6.9%	1.183	2,290,280	2,268,876	99.1%
2016-17	211,532,524	8.8%	1.179	2,492,789	2,471,486	99.1%
2017-18	234,074,597	10.7%	1.172	2,732,615	2,709,048	99.1%
2018-19	259,329,479	10.8%	1.163	2,999,794	2,977,664	99.3%
2019-20	281,073,307	8.4%	1.180	3,509,022	3,475,682	99.0%
2020-21	299,686,811	6.6%	1.198	3,823,246	3,785,038	99.0%
2021-22	311,997,808 [4]	4.1%	1.182	3,687,814	N/A	N/A

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

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

3 The Total Tax Levy and Total Tax Collected through fiscal year 2020-21 is based on year-end current year secured and unsecured levies as adjusted through roll corrections, excluding supplemental assessments, as reported to the State of California (available on the website of the California SCO). Total Tax Levy for fiscal year 2021-22 is based upon initial assessed valuations times the secured property tax rate to provide an estimate.

4 Based on initial assessed valuations for fiscal year 2021-22

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

SCO source noted in (3): http://www.sco.ca.gov/Files-ARD-Tax-Info/TaxDelinq/sanfrancisco.pdf

At the start of fiscal year 2021-22, the total net assessed valuation of taxable property within the City was approximately $312.0 billion. Of this total, $295.2 billion (94.6%) represents secured valuations and $16.8 billion (5.4%) represents unsecured valuations. See “Tax Levy and Collection” below, for a further discussion of secured and unsecured property valuations.

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

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

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in assessment appeals as the economy rebounds. During the severe economic downturn of fiscal years 2009-10 and 2010-11, partial reductions of up to approximately 30% of the assessed valuations appealed were granted. Assessment appeals granted typically result in revenue refunds, and the level of refund activity depends on the unique economic circumstances of each fiscal year. Other taxing agencies such as SFUSD, SFCOE, SFCCD, BAAQMD, and BART share proportionately in any refunds paid as a result of successful appeals. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. In the period following the Great Recession, assessment appeals increased significantly. In fiscal year 2010-11, the Assessor granted 18,841 temporary reductions in residential property assessed value worth a total of $2.35 billion, compared to 18,110 temporary reductions with a value of $1.96 billion granted in fiscal year 2009-10. As described further below, the number of new assessment appeals filed as of December 31, 2021, which represents approximately 1.0% of all parcels in San Francisco, increased by approximately 11% from the number of new assessment appeals filed during the same period the prior year.

It is possible that global and national recessions and economic dislocation will result in declines in real estate values in the City, and such declines could be material.

Appeals activity is reviewed each year and incorporated into the current and subsequent years' budget projections of property tax revenues. Refunds of prior years' property taxes from the discretionary General Fund appeals reserve fund for fiscal years 2013-14 through 2020-21 are listed in Table B-7 below.

TABLE B-7

CITY AND COUNTY OF SAN FRANCISCO
Reduction of Prior Years' Property Tax Revenues
General Fund
Fiscal Years 2013-14 through 2020-21
(000s)

Fiscal Year	Amount Reduced
2013-14	25,756
2014-15	16,304
2015-16	16,199
2016-17	33,397
2017-18	24,401
2018-19	30,071
2019-20	17,900
2020-21*	10,729

Source: Office of the Controller, City and County of San Francisco.
*Amount Reduced in fiscal years prior to 2020-21 reflects only the prior year Teetered amounts. For FY 2020-21 and forward, the Total Reductions reflects both Teetered and non-Teetered property tax amounts.

A property's annual assessed value is determined as of January 1 of the year preceding the fiscal year for which taxes are billed and paid. Under California's Proposition 13, a property's annual assessed value is the lesser of (1) its base year value (fair market value as of the date of change in ownership or completion of new construction), factored for inflation at no more than two percent per year; or (2) its fair market value as of January 1 of the year preceding the fiscal year for which property taxes are billed and paid. If a property's fair market value falls below its factored base year value, the reduced value is enrolled on a temporary basis (for one year) and is commonly referred to as a "Proposition 8" reduction, after the 1978 initiative. However, if a property's base year value is reduced, then that reduced value carries forward for factoring purposes until the next change in ownership or completion of new construction.

Assessors in California have authority to use Proposition 8 criteria to apply reductions in valuation to classes of properties affected by any factors affecting value, including but not limited to negative economic conditions. By the start of the fiscal year 2021-22, the Assessor had granted 8,273 temporary decline-in-value reductions resulting in an assessed value reduction of $1.19 billion, citywide, and subsequently granted an additional $1.1 billion of temporary Proposition 8 roll corrections, for a total reduction of nearly $2.3 billion, to date. The largest number of these reductions, totaling 5,815, were for condominiums which were the only residential housing type observed to have lost value as a class due to the pandemic for lien date 2021. For comparison, in fiscal year 2020-21, the Assessor granted 2,797 decline-in-value reductions resulting in a total assessed value reduction of $377.88 million.

In addition, qualifying taxpayers seek adjustment of their property assessed values on a variety of factors. Requests for changes can be motivated by real estate market conditions or other factors.

A qualifying taxpayer can seek assessed value adjustments from the Assessment Appeals Board ("AAB") or from the Assessor or both. For regular, annual secured property tax assessments, the period for property owners to file an appeal is between July 2nd and September 15th. If September 15th falls on a Saturday or Sunday, applications filed or postmarked the next business day are considered timely. The AAB generally is required to determine the outcome of appeals within two (2) years of each appeal's filing date. The AAB can increase, decrease, or not change an assessment. If the appeal results in a change in value, the new assessed value will be used to determine the property taxes for the year that was appealed. Subsequently, each year, the Assessor examines the property to see if the market value has risen back to the Proposition 13 base year value, or higher.

In addition, in relatively limited circumstances the Assessor and a property owner may and do stipulate to a corrected assessed value for property. If an appeal is pending, the AAB can reject such a stipulation and instead require a hearing, although this is exceedingly rare.

The volume of appeals is not necessarily an indication of how many appeals will be granted, nor of the magnitude of the reduction in assessed valuation that the Assessor may ultimately grant. City revenue estimates take into account projected losses from pending and future assessment appeals that are based on historical results as to appeals.

As of December 31, 2021, the total number of open appeals before the AAB was 3,746 and there were 2,412 new applications filed in fiscal year 2021-22. The difference between the current assessed value and the taxpayer's opinion of values for all the open applications is $49.5 billion. Assuming the City did not contest any taxpayer appeals and the AAB upheld all the taxpayer's requests, a negative potential total property tax impact of about $586.5 million would result. The General Fund's portion of that potential $586.5 million would be approximately $275.7 million. This describes the worst-case scenario in terms of potential negative revenue impacts for the purposes of illustration based on information as of December 31, 2021. In practice, the City has contested most taxpayer appeals. As such, actual reductions have historically been much lower than values asserted by property owners in appeals and a large number of appeals are eventually withdrawn. Of the 1,008 appeals closed during fiscal year 2021-22 as of December 31, 2021, 676, or 67.1% of appeals, were withdrawn. Even though the percentage rate of withdrawal declined from the same time last year, during most of the same period in the prior year, hearings were ceased.

Nearly all the appeal applications filed during fiscal year 2020-21 challenge the assessed value of property for fiscal year 2020-21. However, because the assessed value of secured property for fiscal year 2020-21 is determined by the Assessor as of the January 1, 2020, lien date, which predated the COVID-19 pandemic and its related economic effects, the City does not expect a material reduction in assessed values resulting from fiscal year 2020-21 appeal applications. However, there have been an increase in the number of appeals for fiscal year 2021-22. Additionally, under Proposition 8, adopted by California voters in 1978, the Assessor's Office could on it is own initiative reduce the assessed value of properties with market values that fall below their values assessed in accordance with Proposition 13. Following a Proposition 8 reduction, the assessed value continues to match the market value until the market value again exceeds the maximum assessed value calculated under Proposition 13.

Tax Levy and Collection

As the local tax-levying agency under State law, the City levies property taxes on all taxable property within the City's boundaries for the benefit of all overlapping local agencies, including SFUSD, SFCCD, the BAAQMD and BART. The total tax levy for all taxing entities to begin fiscal year 2020-21 was $3.3 billion, not including supplemental, escape and special assessments that may be assessed during the year. Of total property tax revenues (including supplemental and escape property taxes), the City budgeted to receive $2.0 billion in the General Fund and $235.1 million in special revenue funds designated for children's programs, libraries and open space. SFUSD and SFCCD were estimated to receive approximately $199.8 million and $37.4 million, respectively, and the local ERAF was estimated to receive $401.1 million (before adjusting for the vehicle license fees ("VLF") backfill shift). The Successor Agency was estimated to receive approximately $171.3 million. The remaining portion will be allocated to various other governmental bodies, various special funds, and general obligation bond debt service funds, and other taxing entities. Taxes levied to pay debt service for general obligation bonds issued by the City, SFUSD, SFCCD and BART may only be applied for that purpose. The City's General Fund is allocated about 47.1% of total property tax revenue before adjusting for the VLF backfill shift and excess ERAF.

General Fund property tax revenues in fiscal year 2020-21 were $2.2 billion, representing an increase of $205.9 million (10.5%) over fiscal year 2019-20 actual revenue. The majority of the increase was from excess ERAF revenue growth of $131.6 million, due to guidance released to all counties by the State Controller's Office in February 2021 confirming the methodology for considering school district-sponsored charter schools in ERAF calculations, as well as guidance specific to San Francisco that recognized the City's pre-dissolution practice of limiting the property tax increment distributions to the former San Francisco Redevelopment Agency. The remainder of the increase resulted from year-over-year secured roll growth of 7.5%, which also increases Property Tax In-Lieu of Vehicle License Fee allocations. Tables A-2 and A-4 set forth a history of budgeted and actual property tax revenues.

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

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

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

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

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

TABLE B-8

CITY AND COUNTY OF SAN FRANCISCO
Teeter Plan
Tax Loss Reserve Fund Balance
Fiscal Years 2013-14 through 2020-21
(000s)

Year Ended	Amount Funded
2013-14	$19,654
2014-15	20,569
2015-16	22,882
2016-17	24,882
2017-18	25,567
2018-19	29,126
2019-20	31,968
2020-21	35,298

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

Assessed valuations of the aggregate ten largest assessment parcels in the City for the fiscal year beginning July 1, 2021 are shown in Table B-9. The City cannot determine from its assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the Office of the Assessor-Recorder.

TABLE B-9

CITY AND COUNTY OF SAN FRANCISCO
Top 10 Parcels Total Assessed Value
July 1, 2021

Assessee [1]	Location	Parcel Number	Type	Total Assessed Value 2	% Basis of Levy [3]
SUTTER BAY HOSPITALS [4]	1101 - 1133 VAN NESS AVE	0695 007	HOSPITAL	$2,674,258,101	0.856%
TRANSBAY TOWER LLC	415 MISSION ST	3720 009	OFFICE	$1,803,015,744	0.577%
GSW ARENA LLC	1 WARRIORS WAY	8722 021	ENTERTAINMENT COMP	$1,470,357,868	0.470%
HWA 555 OWNERS LLC	555 CALIFORNIA ST	0259 026	OFFICE	$1,070,539,722	0.342%
ELM PROPERTY VENTURE LLC	101 CALIFORNIA ST	0263 011	OFFICE	$1,035,700,281	0.331%
PARK TOWER OWNER LLC	250 HOWARD ST	3718 040	OFFICE	$1,012,003,901	0.324%
PPF PARAMOUNT ONE MARKET PLAZA OWNER LP	1 MARKET ST	3713 007	OFFICE	$877,380,832	0.281%
KRE EXCHANGE OWNER LLC	1800 OWENS ST	8727 008	OFFICE	$801,576,851	0.256%
SHR ST FRANCIS LLC	301 - 345 POWELL ST	0307 001	HOTEL	$772,514,515	0.247%
SUTTER BAY HOSPITALS DBA CA PACIFIC MED [4]	3615 CESAR CHAVEZ ST/555 SAN JOSE	6575 005	HOSPITAL	$744,697,554	0.238%
				$12,262,045,369	**3.923%**

[1] Certain parcels fall within RDA project areas.

[2] Represents the Total Assessed Valuation (TAV) as of the Basis of Levy, which excludes assessments processed during the fiscal year. TAV includes land & improvements, personal property, and fixtures. Values reflect information as of January 1, 2021.

[3] The Basis of Levy is total assessed value less exemptions for which the state does not reimburse counties (e.g. those that apply to nonprofit organizations).

[4] Nonprofit organization that is exempt from property taxes.

Source: Office of the Assessor-Recorder, City and County of San Francisco

Taxation of State-Assessed Utility Property

A portion of the City's total net assessed valuation consists of utility property subject to assessment by the State Board of Equalization. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other State-assessed property values are allocated to the counties by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City itself) according to statutory formulae generally based on the distribution of taxes in the prior year. The fiscal year 2021-22 valuation of property assessed by the State Board of Equalization is $3.9 billion.

OTHER CITY TAX REVENUES

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

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

See Table B-10 below for a summary of revenue source as a percentage of total General Fund revenue based on audited financials for fiscal year 2020-21 and the Original Budget for fiscal year 2021-22.

TABLE B-10

Revenues	**FY 2020-21**		**FY 2021-22 Original Budget**	
Property Taxes	$2,332,864	*41.2%*	$2,115,600	*39.0%*
Business Taxes	722,642	*12.7%*	957,140	*17.6%*
Other Local Taxes	709,018	*12.5%*	777,750	*14.3%*
Licenses, Permits and Franchises	12,332	*0.2%*	27,944	*0.5%*
Fines, Forfeitures and Penalties	4,508	*0.1%*	4,035	*0.1%*
Interest and Investment Income	(1,605)	*0.0%*	36,247	*0.7%*
Rents and Concessions	5,111	*0.1%*	11,728	*0.2%*
Intergovernmental	1,607,803	*28.4%*	1,216,765	*22.4%*
Charges for Services	230,048	*4.1%*	255,111	*4.7%*
Other	46,434	*0.8%*	24,238	*0.4%*
Total Revenues	$5,669,155	*100.0%*	$5,426,557	*100.0%*

Business Taxes

Through tax year 2014, businesses in the City were subject to payroll expense and business registration taxes. Proposition E approved by the voters in the November 2012 election changed business registration tax rates and introduced a gross receipts tax which phased in over a five-year period beginning January 1, 2014, replacing the then existing 1.5% tax on business payrolls over the same period. Overall, the ordinance increased the number and types of businesses in the City that pay business tax and registration fees from approximately 7,500 to 15,000. In November 2020, voters passed Proposition F, which eliminated the payroll tax and modified gross receipt tax rates. Most gross receipt tax rates increased by 40% for tax year 2021 over the prior year with much smaller increases through 2024. In some industries that were particularly hurt during the pandemic, such as retail trade and food services, tax rates were lowered for businesses with less than $25 million in gross receipts through 2022. The measure also reduced business registration fees for businesses with less than $1 million in gross receipts and raised the small business exemption for gross receipts taxes to $2 million.

Business tax revenue in fiscal year 2020-21 was $724.1 million for all funds, representing a decrease of $100.5 million (12.2%) from fiscal year 2019-20. The fiscal year 2021-22 Six-Month Projection is $878.4 million, an increase of $154.3 million (21.3%) from fiscal year 2020-21. The fiscal year 2022-23 Original Budget is $1.06 billion, an increase of $187.0 million (21.2%) from the fiscal year 2021-22 projection.

Revenues from business tax and registration fees have generally followed economic conditions in the City, primarily employment and wage growth. The COVID-19 emergency significantly adversely affected employment and wage growth, and the City's economic condition is still in distress relative to pre-pandemic levels. The unemployment rate in the City peaked at 13.7% in April 2020 and declined steadily since then, reaching 3.0% in February 2022, still higher than at any point pre-pandemic since 2017. Just prior to the start of the pandemic, there were approximately 570,000 employed residents in the City. After falling to a low of about 480,000 in April 2020, the number of employed residents has risen to about 550,000, which is still approximately 20,000 fewer than the pre-pandemic level.

Remote work occurring outside the City creates fiscal risk because, for certain categories of businesses, the gross receipts tax is dependent on their San Francisco payroll, and the firms only need to calculate their San Francisco payroll expense for employees that physically work within the City's geographic boundaries. Approximately half of the workers in major tax-paying sectors such as Professional Services, Financial Services, and Information live outside of San Francisco. Some of the City's largest employers in these sectors have indicated that employees may be able to work from home permanently or with a hybrid schedule after COVID restrictions have been lifted. For example, although its offices are reopening, Twitter has announced plans to let employees work from home indefinitely and Google has announced that it expects most employees to work in the office three days per week. Although some San Francisco residents who previously commuted out of the City are now telecommuting from within the City, many of these residents work for employers who do not have a nexus in the City, and thus are not subject to business taxes. The budget (for fiscal years 2021-22 and 2022-23) assumed that in office-using sectors, workers telecommuted near full-time at the start of the fiscal year and would gradually fall to 25% by the end of fiscal year 2022-23. Tax return data for 2020, however, indicate that businesses did not reduce their San Francisco payroll as much as expected, partly because there was less telecommuting than expected and partly because workers who previously worked outside the City now worked from home within the City. Because the telecommuting decline was lower than expected in tax year 2020, the City has seen a smaller increase in payroll than expected as workers returned to the office.

TABLE B-11

CITY AND COUNTY OF SAN FRANCISCO
Business Tax Revenues - All Funds [1]
Fiscal Years 2017-18 through 2022-23
(000s)

Fiscal Year[2]	Revenue	Change	Change %
2017-18	$ 899,142	$ 196,811	28.0%
2018-19	919,552	20,410	2.3%
2019-20	824,670	(94,882)	-10.3%
2020-21	724,140	(100,530)	-12.2%
2021-22 *projected*[3]	880,900	156,760	21.6%
2022-23 *budgeted*[4]	1,067,850	186,950	21.2%

[1] Figures exclude Homelessness Gross Receipts and Commercial Rent Taxes that are allocated to special revenue funds.

[2] Figures for fiscal years 2017-18 through 2020-21 are actuals. Includes portion of Payroll Tax allocated to special revenue funds for the Community Challenge Grant program and Business Registration Tax.

[3] Figure for fiscal year 2021-22 reflects projections from the Six-Month Budget and Status Report, February 15, 2022.

[4] Figures for fiscal years 2021-22 and 2022-23 reflect the Final Budget, July 29, 2021.

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

Transient Occupancy Tax (Hotel Tax)

Pursuant to the San Francisco Business and Tax Regulation Code, a 14.0% transient occupancy tax is imposed on occupants of hotel rooms and is remitted by hotel operators to the City monthly. A quarterly tax-filing requirement is also imposed. Hotel tax revenue in fiscal year 2020-21 ended at $42.2 million (all funds), a decrease of $239.4 million (85.0%) from fiscal year 2019-20. The fiscal year 2021-22 Six Month projection is $132.7 million, an increase of $90.5 million (214.4%) from fiscal year 2020-21. The fiscal year 2022-23 Original Budget is $268.6 million, an increase of $135.9 million (102.5%) from fiscal year 2021-22. Table B-12 includes hotel tax in all funds. Slightly less than 90% of the City's hotel tax is allocated to the General Fund, with 10.7% allocated to arts and cultural organizations and approximately $5 million for debt service on hotel tax revenue bonds.

The projected fiscal year 2021-22 revenue decline is due to the unprecedented drop off in hotel occupancy and rates in fiscal year 2020-21, resulting in a much lower hotel tax level from which the City must recover. Global travel restrictions, the cancellation of conventions, and overall course of the pandemic were among the factors which led to closure of a large portion of the City's hotels, and hotel tax was significantly depressed in fiscal year 2020-21. The City's five-year forecast anticipates hotel tax will return to pre-pandemic levels by fiscal year 2025-26, with pent-up demand for leisure travel initially driving growth in fiscal year 2021-22 and the resumption of large group events at full capacity contributing to additional rapid growth in fiscal year 2022-23.

San Francisco's hotel tax is derived from hotel stays from individual business travelers, group events such as conferences and meetings, and leisure tourists. These visitors primarily travel to the City by air. In April 2020, at the height of the first peak of the COVID pandemic, enplanements at SFO decreased by 97% compared to prior year. While air travel has grown since April 2020, the recovery in San Francisco has lagged other metropolitan areas, with fiscal year 2020-21 average enplanements 78.9% below fiscal year 2019-20 enplanements. More recently, fiscal year 2021-22 year-to-date average enplanements are still 45.4% below fiscal year 2018-19 enplanements. San Francisco International Airport's (SFO) geographic location lends itself to being the "gateway" to Asia, and a hub for international travel, which is anticipated to lag domestic travel. The budget assumes the recovery in hotel tax begins with visits to the City from domestic leisure tourists, with the return of business travelers, group events, and international visitors following, given the time needed to plan large gathering and reestablish policies for in-person business meetings. Conventions drive up hotel room rates through compression pricing, which is important to the full recovery of the City's hotel tax base.

Revenue per Available Room (RevPAR), a measurement of hotel tax revenue growth, is a function of occupancy and average daily room rates (ADR). Despite some slowdown in the growth in the hospitality industry after the 9/11 attacks in 2001 and the global financial crisis in 2008, average annual RevPAR has generally grown at a steady rate from fiscal year 2000-01 to fiscal year 2018-19. In fiscal year 2018-19, RevPAR reached all-time high of $263.90. In the first eight months of fiscal year 2019-20, RevPAR declined to $224.50. Due to the COVID-19 pandemic, associated flight bans, and shelter in place orders, RevPAR reached an historic all-time low of $14.40 in April 2020. RevPAR has fluctuated throughout the course of fiscal year 2021-21, bringing the annual average up to $37.60 as of March 2021. In April 2021, with a successful local rollout of COVID vaccines and loosened restriction, RevPAR increased to $51.30. February 2022 month-to-date RevPAR was $68.33, and more recent days indicate that RevPAR is trending up rapidly. The budget assumes annual average RevPAR will increase significantly in the next two fiscal years – $46.44 and $134.21 in fiscal year 2021-22 and 2022-23 respectively. However, RevPAR is not expected to recover to pre-pandemic levels until fiscal year 2025-26.

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TABLE B-12

CITY AND COUNTY OF SAN FRANCISCO
Transient Occupancy Tax Revenues - All Funds[1]
Fiscal Years 2017-18 through 2022-23
(000s)

Fiscal Year[2]	Tax Rate	Revenue	Change	
2017-18	14.0%	$ 385,550	$ 10,259	2.7%
2018-19	14.0%	414,343	28,792	7.5%
2019-20	14.0%	281,615	(132,728)	-32.0%
2020-21	14.0%	42,195	(239,420)	-85.0%
2021-22 *projected* [3]	14.0%	132,654	90,459	214.4%
2022-23 *budgeted* [4]	14.0%	268,577	135,923	102.5%

[1] Amounts include the portion of hotel tax revenue used to pay debt service on hotel tax revenue bonds, as well as the portion of hotel tax revenue dedicated to arts and cultural programming reflecting the passage of Proposition E in November 2018, which took effect January 1, 2019.

[2] Figures for fiscal year 2017-18 through 2020-21 are actuals.

[3] Figure for fiscal year 2021-22 reflects projection from the Six-Month Budget and Status Report, February 15, 2022.

[4] Figure for fiscal year 2022-23 reflects the Final Budget from July 29, 2021.

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

Real Property Transfer Tax

Real property transfer tax (RPTT) is imposed on all real estate transfers recorded in the City. Transfer tax revenue is more susceptible to economic and real estate cycles than most other City revenue sources. After the passage of Proposition W on November 8, 2016, transfer tax rates were $5.00 per $1,000 of the sale price of the property being transferred for properties valued at $250,000 or less; $6.80 per $1,000 for properties valued more than $250,000 and less than $999,999; $7.50 per $1,000 for properties valued at $1.0 million to $5.0 million; $22.50 per $1,000 for properties valued more than $5.0 million and less than $10.0 million; $27.50 per $1,000 for properties valued at more than $10.0 million and less than $25.0 million; and $30.00 per $1,000 for properties valued at more than $25.0 million. After the passage of Proposition I in November 2020, transfer tax rates were doubled for the two highest tiers, to $55.00 per $1,000 for properties valued at more than $10.0 million and less than $25.0 million and $60.00 per $1,000 for properties valued at more than $25.0 million.

RPTT revenue for fiscal year 2020-21 ended at $344.7 million, a $10.1 million (3.0%) increase from fiscal year 2019-20 revenue. The fiscal year 2021-22 Six Month projection is $459.0 million, an increase of $114.3 million (33.2%) from fiscal year 2020-21. The fiscal year 2022-23 Original Budget is $373.9 million, a reduction of $85.0 million (18.5%) from the fiscal year 2021-22 projection. The entirety of RPTT revenue is recorded in the General Fund.

Despite a decrease in the number of large transactions since fiscal year 2018-19, the total dollar value of transfer tax is increasing primarily due to the Proposition I rate change and to a handful of large, once-in-a-generation transfers in the first six months of this year. The effect of Proposition I in fiscal year 2021-22, which took effect in January 2021, is estimated to be $154.8 million in fiscal year 2021-22, an increase of $40.7 million since the City's January Joint Report.

As the City's most volatile revenue source, RPTT collections can see large year-over-year changes that have exceeded 70% in some instances. The main factors creating volatility are sales of high-value properties, availability of financing, and the relative attractiveness of San Francisco real estate compared to global investment options, all of which track closely with economic cycles, as well as voter-approved rate changes, which occurred in 2008, 2010, 2016, and 2020. The volatility of RPTT is attributable mainly to the sales of high-value (largely commercial) properties over $25 million. In fiscal year 2008-09, transactions above $25 million would have generated only $10.6 million under the current rates compared to the peak in fiscal year 2016-17, when these transactions generated $295.8 million. Since the end of the recession in fiscal year 2009-10, these large transactions made up on average 58.0% of total revenue but only 0.6% of the transaction count. This means that revenue is determined by a small handful of transactions. In the two recessions prior to COVID, the taxes collected on large transactions fell dramatically.

TABLE B-13

CITY AND COUNTY OF SAN FRANCISCO
Real Property Transfer Tax Receipts - All Funds
Fiscal Years 2017-18 through 2022-23
(000s)

Fiscal Year[1]	Revenue	Change	
2017-18	280,416	(130,145)	-31.7%
2018-19	364,044	83,628	29.8%
2019-20	334,535	(29,509)	-8.1%
2020-21	344,683	10,148	3.0%
2021-22 projected [2]	458,956	114,273	33.2%
2022-23 *budgeted* [3]	373,910	(85,046)	-18.5%

[1] Figures for fiscal year 2017-18 through 2020-21 are actuals

[2] Figure for fiscal year 2021-22 reflects projection from the Six-Month Budget and Status Report, February 15, 2022.

[3] Figure for fiscal year 2022-23 reflects the Final Budget from July 29, 2021.

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

Sales and Use Tax

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

The components of San Francisco's 8.6250% sales tax rate are shown in Table B-14. In addition to the 1% portion of local sales tax, the State subvenes portions of sales tax back to counties through 2011 realignment (1.0625%), 1991 realignment (0.5%), and public safety sales tax (0.5%). The subventions are discussed in more detail after the local tax section.

TABLE B-14

San Francisco's Sales & Use Tax Rate

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

* Represents portions of the sales tax allocated to the City.

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

Local sales tax (the 1% portion) revenue in fiscal year 2020-21was $146.9 million, $33.3 million (18.5%) less than fiscal year 2019-20. The fiscal year 2021-22 Six Month projection is $174.8 million, an increase of $27.9 million (19.0%) from fiscal year 2020-21. The fiscal year 2022-23 Original Budget is $174.9 million, unchanged from fiscal year 2021-22 projections. The entirety of sales tax revenue is recorded in the General Fund.

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

The improvement from prior projections is a result of pandemic recovery and continued re-opening of the economy, and particularly notable in general consumer goods and restaurants and hospitality. Reduced restrictions on indoor dining and a return of visitors for work and travel resulted in large gains as compared to fiscal year 2020-21. Consumer spending in apparel, electronics, jewelry, and home furnishings have grown year over year. Sales tax from vehicle purchases is strong due to high demand along with inventory constraints, and tax from fuel sales has risen with higher prices and consumption. Despite rapid growth in fiscal year 2021-22, sales tax revenues are not projected to reach pre-pandemic levels until fiscal year 2025-26.

TABLE B-15

CITY AND COUNTY OF SAN FRANCISCO
Sales and Use Tax Revenues
Fiscal Years 2017-18 through 2022-23
General Fund
(000s)

Fiscal Year[1]	Tax Rate	City Share	Revenue	Change	
2017-18	8.50%	1.00%	$ 192,946	$ 3,473	1.8%
2018-19	8.50%	1.00%	213,625	20,679	10.7%
2019-20	8.50%	1.00%	180,184	(33,441)	-15.7%
2020-21	8.50%	1.00%	146,863	(33,321)	-18.5%
2021-22 *Projected*[2]	8.625%	1.00%	174,784	27,921	19.0%
2022-23 *budgeted*[3]	8.625%	1.00%	174,880	96	0.1%

1 Figures for fiscal year 2017-18 through fiscal year 2020-21 are actuals. Figures for fiscal years 2021-22 and 2022-23 reflect the Final Budget, July 29, 2021.

2 Figure for fiscal year 2021-22 reflects projection from the Six-Month Budget and Status Report, February 15, 2022.

3 Figure for fiscal year 2022-23 reflects the Final Budget from July 29, 2021.

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

Other Local Taxes

The City imposes a number of other general purpose taxes:

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

- Access Line Tax (“ALT”) – A charge of $3.73 on every telecommunications line, $28.02 on every trunk line, and $504.40 on every high capacity line in the City. The ALT replaced the Emergency Response Fee (“ERF”) in 2009. The tax is collected from telephone communications service subscribers by the telephone service supplier.

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

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

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

- Cannabis Tax – A gross receipts tax of 1% to 5% on marijuana business and permits the City to tax businesses that do not have a physical presence in the City. This measure was adopted by voters in November 2018 (Prop D). The tax was originally slated to go into effect on January 1, 2021, but the Board has delayed the imposition of the tax by one year twice. The cannabis tax will now take effect beginning January 1, 2023.

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

- Tax on Executive Pay – In November 2020, voters adopted Proposition L, a new tax on businesses in the City, where compensation of the businesses' highest-paid managerial employee compared to the median compensation paid to the businesses' employees based in the City exceeds a ratio of 100:1. The measure took effect on January 1, 2022 for tax year 2022, so revenues will not be received until fiscal year 2022-23. Revenue from this tax is expected to be highly volatile due to the narrow base of expected payers, annual fluctuations in the value and form of executive compensation, and tax-avoidance risk associated with tax increases. Estimates based on prior years' activity may not be predictive of future revenues.

Table B-16 reflects the City's actual tax receipts for fiscal years 2017-18 through 2020-21, projected amounts for fiscal year 2021-22 and Original Budget for fiscal year 2022-23.

As with the larger tax revenues described above, the City anticipates these sources will be impacted by the course of the COVID-19 pandemic and pace of economic recovery. Consistent with the Five-Year Plan from January 2022, the Six Month Report for fiscal year 2021-22 assumes growth in the City's revenue is largely driven by improvements in property tax, and sales tax-based State subventions, partially offset by weakness in business and hotel room tax, a pattern that continues into fiscal year 2022-23. See "CITY BUDGET - Five-Year Financial Plan" AND "Other Budget Updates" for a summary of the most recent projections.

TABLE B-16

CITY AND COUNTY OF SAN FRANCISCO
Other Local Taxes
Fiscal Years 2017-18 through 2022-23
General Fund
(000s)

Tax	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Project[1]	2022-23 Budget[2]
Utility Users Tax	$94,460	$93,918	$94,231	$81,367	$84,442	$83,700
Access Line Tax	51,255	48,058	49,570	44,700	50,160	51,260
Parking Tax	83,484	86,020	69,461	47,555	55,900	68,800
Sugar Sweetened Beverage Tax	7,912	16,098	13,182	10,435	11,597	14,000
Stadium Admissions Tax	1,120	1,215	2,730	182	3,600	5,400
Cannabis Tax	N/A	N/A	N/A	N/A	N/A	8,800
Franchise Tax	16,869	15,640	16,028	14,898	14,250	13,950
Tax on Executive Pay	N/A	N/A	N/A	N/A	N/A	60,000

[1] Figure for fiscal year 2021-22 reflects projection from the Six-Month Budget and Status Report, February 15, 2022.
[2] Figure for 2022-23 reflect the Final Budget, July 29, 2021.

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

INTERGOVERNMENTAL REVENUES

State Subventions Based on Taxes

San Francisco receives allocations of State sales tax and Vehicle License Fee (VLF) revenue for 1991 Health and Welfare Realignment, 2011 Public Safety Realignment, and Prop 172 Public Safety Sales Tax. These subventions fund programs that are substantially supported by the General Fund. See "GENERAL FUND REVENUES – Other City Tax Revenues – Sales and Use Tax" above.

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

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

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

Table B-17 reflects the City's actual receipts for fiscal years 2017-18 through 2020-21, Six Month Budget and Status Report projection for fiscal year 2021-22 and Original Budget for fiscal year 2022-23. State-wide sales tax has performed better than local sales tax and is expected to recover faster than the City's sales tax; therefore, formula-driven subventions are expected to grow faster than local sales tax. The State of California temporarily backfilled county realignment revenues in fiscal year 2020-21. The value of this backfill to the City is $28.0 million.

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TABLE B-17

CITY AND COUNTY OF SAN FRANCISCO
Selected State Subventions - All Funds
Fiscal Years 2017-18 through 2022-23
($millions)

Tax	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Projected[1]	2022-23 Final Budget[2]
Health and Welfare Realignment						
General Fund	$197.9	$217.6	$219.6	$188.9	$266.3	$240.6
Hospital Fund	57.3	58.5	54.1	48.1	69.1	54.3
Total - Health and Welfare	**$255.2**	**$276.1**	**$273.7**	**$237.1**	**$335.4**	**$294.9**
Backfill Realignment[3]						
General Fund				$22.1		
Non General Fund				6.0		
Total - Backfill Realignment				**$28.0**		
Public Safety Realignment (General Fund)	$37.4	$39.4	$41.1	$38.4	$58.8	$54.3
Public Safety Sales Tax (Prop 172) (General Fund)	$104.8	$107.6	$103.9	$105.0	$91.5	$80.4

1 Figure for fiscal year 2021-22 reflects projection from the Six-Month Budget and Status Report, February 15, 2022.

2 Figure for fiscal year 2022-23 reflect the Final Budget from July 29, 2021.

3 Backfill Realignment is a one-time State funding to fill the shortfall in Health and Welfare Realignment and Public Safety Realignment du to the decrease of sales tax and vehicle license fees.

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

CITY GENERAL FUND PROGRAMS AND EXPENDITURES

General Fund Expenditures by Major Service Area

As a consolidated city and county, San Francisco budgets General Fund expenditures in seven major service areas as described in Table B-18 below:

TABLE B-18

CITY AND COUNTY OF SAN FRANCISCO
Expenditures by Major Service Area
Fiscal Years 2017-18 through 2022-23
(000s)

Major Service Areas	2017-18 Final Budget	2018-19 Final Budget	2019-20 Final Budget	2020-21 Final Budget	2021-22 Original Budget[1]	2022-23 Original Budget[1]
Public Protection	$1,316,870	$1,390,266	$1,493,240	$1,505,780	$1,507,122	$1,549,264
Human Welfare & Neighborhood Development	1,047,458	1,120,892	1,270,530	218,986	1,418,406	1,342,466
Community Health	832,663	967,113	1,065,051	1,605,573	1,056,459	1,063,063
General Administration & Finance	259,916	290,274	332,296	1,158,599	497,915	414,607
Culture & Recreation	142,081	154,056	161,274	147,334	220,866	186,718
General City Responsibilities	114,219	172,028	137,851	332,997	243,733	238,766
Public Works, Transportation & Commerce	238,564	214,928	216,824	126,993	236,525	199,350
Total[2]	$3,951,771	$4,309,557	$4,677,066	$5,096,262	$5,181,026	$4,994,234

[1] Figures for fiscal year 2021-22 and 2022-23 from the Final Budget, July 29, 2021.

[3] Total may not add due to rounding.

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

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

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

Voter-Mandated Spending Requirements

The Charter requires funding for voter-mandated spending requirements, which are also referred to as "baselines," "set-asides," or "mandates". The chart below identifies the required and budgeted levels of funding for key mandates. The spending requirements are formula-driven, variously based on projected aggregate General Fund discretionary revenue, property tax revenues, total budgeted spending, staffing levels, or population growth. Table B-19 reflects fiscal year 2021-22 and 2022-23 spending requirements in the Original Budget. These mandates are generally budgeted as transfers out of the General Fund or allocations of property tax revenue.

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TABLE B-19

CITY AND COUNTY OF SAN FRANCISCO
Baselines & Set-Asides
FY 2021-22 and FY 2022-23
($millions)

	2021-22 Original Budget[1]	2022-23 Original Budget[1]
Projected General Fund Aggregate Discretionary Revenue (ADR)	***$3,847.5***	***$4,355.2***
Municipal Transportation Agency (MTA)		
MTA - Municipal Railway Baseline: 6.686% ADR	$268.9	$307.7
MTA - Parking & Traffic Baseline: 2.507% ADR	96.5	109.2
MTA - Population Adjustment	57.6	59.8
MTA - 80% Parking Tax In-Lieu	44.7	55.0
Subtotal - MTA	**$467.7**	**$531.7**
Library Preservation Fund		
Library - Baseline: 2.286% ADR	$87.9	$99.6
Library - Property Tax: $0.025 per $100 Net Assessed Valuation (NAV)	68.9	71.9
Subtotal - Library	**$156.9**	**$171.5**
Children's Services		
Children's Services Baseline - Requirement: 4.830% ADR	*$185.8*	*$210.3*
Children's Services Baseline - Eligible Items Budgeted	223.1	210.4
Transitional Aged Youth Baseline - Requirement: 0.580% ADR	*22.3*	*25.3*
Transitional Aged Youth Baseline - Eligible Items Budgeted	36.2	36.2
Public Education Services Baseline: 0.290% ADR	10.4	11.2
Children and Youth Fund Property Tax Set-Aside: $0.0375-0.4 per $100 NAV	110.3	115.1
Public Education Enrichment Fund: 3.057% ADR	*117.6*	*133.1*
1/3 Annual Contribution to Preschool for All	39.2	44.4
2/3 Annual Contribution to SF Unified School District	78.4	88.8
Subtotal - Children's Services	**$497.6**	**$506.0**
Recreation and Parks		
Open Space Property Tax Set-Aside: $0.025 per $100 NAV	$68.9	$71.9
Recreation & Parks Baseline - Requirement	79.2	82.2
Recreation & Parks Baseline - Budgeted	93.5	85.9
Subtotal - Recreation and Parks	**$162.4**	**$157.8**
Other		
Housing Trust Fund Requirement	$42.4	$45.2
Housing Trust Fund Budget	60.0	45.2
Dignity Fund	53.1	56.1
Street Tree Maintenance Fund: 0.5154% ADR	19.8	22.4
Municipal Symphony Baseline: $0.00125 per $100 NAV	3.7	3.9
City Services Auditor: 0.2% of Citywide Budget	23.4	22.3
Subtotal - Other	**$160.1**	**$149.9**
Recently Adopted Expenditure Requirements		
Our City, Our Home Baseline Requirement (Nov 2018 Prop C)	*215.0*	*215.0*
Our City, Our Home Budget, Estimated	324.0	337.2
Early Care and Education Baseline Requirement (June 2018 Prop C)	*85.1*	*96.3*
Early Care and Education Budget	91.3	96.5
Total Baselines and Set-Asides	**$1,860.0**	**$1,950.6**

[1] Figures for fiscal years 2021-22 and 2022-23 reflect the Final Budget from July 29, 2021.

EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS

The cost of salaries and benefits for City employees represents slightly less than half of the City's expenditures, totaling $6.0 billion and $6.2 billion in fiscal years 2021-22 and 2022-23 in the Original Budget. For the General Fund, the combined salary and benefits original budget is $2.8 billion and $2.9 billion in fiscal years 2021-22 and 2022-23 in the Original Budget.

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

Labor Relations

The City's Original Budget for fiscal year 2021-22 included 38,551 full-time and part-time budgeted and funded City positions. City workers are represented by 36 different labor unions. The largest unions in the City are the Service Employees International Union, Local 1021 ("SEIU"), the International Federation of Professional and Technical Engineers, Local 21 ("IFPTE"), and the unions representing police, fire, deputy sheriffs, and transit workers.

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

Further, the City Charter requires binding arbitration to resolve negotiations in the event of impasse. If impasse is reached, the parties are required to convene a tripartite arbitration panel, chaired by an impartial third-party arbitrator, which sets the disputed terms of the new agreement. The award of the arbitration panel is final and binding. This process applies to all City employees except Nurses and a small group of unrepresented employees. Wages, hours and working conditions of nurses are not subject to interest arbitration but are subject to Charter-mandated economic limits. Since 1976, no City employees have participated in a union-authorized strike, which is prohibited by the Charter.

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

In May 2019, the City negotiated three-year agreements (for fiscal years 2019-20 through 2021-22) with 27 labor unions. This includes the largest unions in the City such as SEIU, IFPTE, Laborers Internationals, Local 261, Consolidated Crafts Coalition, and Municipal Executive Association ("MEA"). For the fiscal year 2019-20, the parties agreed to wage increases of 3% on July 1, 2019 and 1% on December 28, 2019. For fiscal year 2020-21, the parties agreed to a wage increase schedule of 3% on July 1, 2020 and 0.5% on December 26, 2020, with a provision to delay the fiscal year 2020-21 increase by six months if the City's deficit for fiscal year 2020-21, as projected in the 2020 March Joint Report, exceeded $200 million. Because the 2020 March Joint Report projected a deficit for fiscal year 2020-21 in excess of $200 million, the scheduled wage increases as described above for July 1, 2020 and December 26, 2020 were each delayed by approximately six months.

Also, in May 2019, the MTA negotiated three-year agreements (for fiscal years 2019-20 through 2021-22) with the unions that represent Transit Operators, Mechanics, Station Agents, Parking Control Officers and others. The parties agreed to the same wage increase schedule as the City, with the same wage deferral triggers.

For fiscal year 2021-22, the parties agreed to a wage increase schedule of 3% on July 1, 2021 and 0.5% on January 8, 2022, with a provision to delay the fiscal year 2021-22 increase by six months if the City's deficit for fiscal year 2021-22, as projected in the 2021 March Joint Report, exceeded $200 million. The scheduled July 1, 2021 wage increase was implemented as the 2021 March Joint Report did not project a $200 million deficit. For fiscal year 2021-22, the unrepresented employee ordinance was passed approving a wage increase of 3%.

In September 2020, the City negotiated MOU extensions with labor organizations representing sworn members of Fire and Police departments. These MOUs have been extended two years to now expire on June 30, 2023. The parties agreed to the 3.00% General Wage increase previously deferred until December 26, 2020 to be deferred over fiscal year 2021-22 and fiscal year 2022-23, with full restoration of the 3% by close of business on June 30, 2023. For fiscal year 2021-22, the parties agreed to a wage increase schedule of 3% on July 1, 2021, with a provision to delay the fiscal year 2021-22 increase by six months if the City's deficit for fiscal year 2021-22, as projected in the 2021 March Joint Report, exceeded $200 million. For fiscal year 2022-23, the parties agreed to a wage increase schedule of 3% on July 1, 2022, with a provision to delay the fiscal year 2022-23 increase by six months if the City's deficit for fiscal year 2022-23, as projected in the 2022 March Joint Report, exceeded $200 million.

In the Spring of 2022 the City commenced bargaining successor MOUs The City was required to submit labor agreements to the Board of Supervisors by May 15, so the fiscal impact of the agreements can be incorporated in the Mayor's proposed June 1 budget. See "CITY BUDGET – Other Budget Updates: Fiscal Year 2021-22 Nine-Month Budget Status Report" for updates.

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TABLE B-20

CITY AND COUNTY OF SAN FRANCISCO (All Funds)
Employee Organizations as of September 1 ,2021

Organization	City Budgeted Positions	Expiration Date of MOU
Automotive Machinists, Local 1414	515	30-Jun-22
Bricklayers, Local 3	6	30-Jun-22
Building Inspectors’ Association	87	30-Jun-22
Carpenters, Local 22	115	30-Jun-22
Carpet, Linoleum & Soft Tile	4	30-Jun-22
Cement Masons, Local 300	43	30-Jun-22
Deputy Probation Officers’ Association (DPOA)	131	30-Jun-22
Deputy Sheriffs’ Association (DSA)	804	30-Jun-22
Electrical Workers, Local 6	975	30-Jun-22
Firefighters’ Association, Local 798	1,951	30-Jun-23
Glaziers, Local 718	14	30-Jun-22
Hod Carriers, Local 36	4	30-Jun-22
Ironworkers, Local 377	14	30-Jun-22
Laborers, Local 261	1,180	30-Jun-22
Municipal Attorneys’ Association (MAA)	481	30-Jun-22
Municipal Executives’ Association (MEA) Fire	12	30-Jun-23
Municipal Executives’ Association (MEA) Miscellaneous	1,557	30-Jun-22
Municipal Executives’ Association (MEA) Police	16	30-Jun-23
Operating Engineers, Local 3 Miscellaneous	68	30-Jun-22
Operating Engineers, Local 3 Supervising Probation	31	30-Jun-22
Pile Drivers, Local 34	27	30-Jun-22
Plumbers, Local 38	363	30-Jun-22
Police Officers’ Association (POA)	2,328	30-Jun-23
Professional and Technical Engineers, Local 21	6,746	30-Jun-22
Roofers, Local 40	12	30-Jun-22
SEIO, Local 1021, H-1	1	30-Jun-22
SEIU, Local 1021 Misc	13,008	30-Jun-22
SEIU, Local 1021 Nurses	1,769	30-Jun-22
SF City Workers United	133	30-Jun-22
SFDA Investigators Association	45	30-Jun-22
Sheet Metal Workers, Local 104	39	30-Jun-22
Sheriffs’ Supervisory and Management Association (MSA)	118	30-Jun-22
Stationary Engineers, Local 39	695	30-Jun-22
Teamsters, Local 853	188	30-Jun-22
Teamsters, Local 856, Multi	100	30-Jun-22
Teamsters, Local 856, Supervising Nurses	132	30-Jun-22
Theatrical Stage Emp, Local 16	29	30-Jun-22
TWU, Local 200	427	30-Jun-22
TWU, Local 250-A, Auto Service Work	145	30-Jun-22
TWU, Local 250-A, Miscellaneous	110	30-Jun-22
TWU, Local 250-A, Transit Fare Inspectors	45	30-Jun-22
TWU, Local 250-A, Transit Operator	2,720	30-Jun-22
Union of American Physicians and Dentists (UAPD)	205	30-Jun-22
Unrepresented Employees	89	30-Jun-22
Other	1071	
	38,551	

San Francisco Employees' Retirement System ("SFERS" or "Retirement System")

History and Administration

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

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

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

Membership

Retirement System members include eligible employees of the City, SFUSD, SFCCD, and the San Francisco Trial Courts. The Retirement System estimates that the total active membership as of July 1, 2021 is 44,770, compared to 45,070 as of July 1, 2020. Active membership as of July 1, 2021 includes 10,066 terminated vested members and 1,060 reciprocal members. Terminated vested members are former employees who have vested rights in future benefits from SFERS. Reciprocal members are individuals who have established membership in a reciprocal pension plan such as CalPERS and may be eligible to receive a reciprocal pension from the Retirement System in the future. Monthly retirement allowances are paid to approximately 30,854 retired members and beneficiaries. Benefit recipients include retired members, vested members receiving a vesting allowance, and qualified survivors.

Table B-21 shows various member counts in the total Retirement System (City, SFUSD, SFCCD, and San Francisco Trial Courts) as of the five most recent actuarial valuation dates, July 1, 2017 through July 1, 2021. The number of retirees supported by each active member can be an important indicator of growing plan maturity and sensitivity to investment returns, assumption changes, and other changes to the System. In particular, if the ratio of retirees to active members grows, it indicates that any losses on retiree liabilities or assets are likely to place a relatively greater burden on employers and active members. The ratio for SFERS had been relatively stable but increased modestly in 2021 with the decline in number of active members.

TABLE B-21

City and County of San Francisco
Employees' Retirement System
July 1, 2017 through July 1, 2021

As of July 1st	Active Members	Vested Members	Reciprocal Members	Total Non-retired	Retirees/ Continuants		Retiree to Active Ratio
2017	33,447	7,381	1,039	41,867	29,127	*	0.871
2018	33,946	8,123	1,060	43,129	29,965	*	0.883
2019	34,202	8,911	1,044	44,157	29,490		0.862
2020	34,521	9,478	1,071	45,070	30,128		0.873
2021	33,644	10,066	1,060	44,770	30,854		0.917

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

Notes: Member counts are for the entire Retirement System and include non-City employees.

*Retiree member counts reflect combining records for members who have both a Safety and a Miscellaneous benefit.

Funding Practices

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

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

At the December 9, 2020 Retirement Board meeting, the Board adopted all recommended demographic assumptions from the experience study dated August 12, 2020. The most significant adjustment was the update to the new Society of Actuaries public plan mortality tables, Pub-2010, for both general and safety members. The Board also adopted lower price and wage inflation rates, from 2.75% to 2.50% and from 3.50% to 3.25%, respectively. The new assumptions were first effective for the July 1, 2020 actuarial valuation. At the November 10, 2021 Board meeting, the Board lowered the assumed long-term investment earnings assumption from 7.40% to 7.20% , effective for the July 1, 2021 actuarial valuation. In the short term, this decrease is expected to result in increases in City contributions. In the long term, the true cost of a pension plan is determined by actual results and not by assumptions.

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

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

Employer Contribution History and Annual Valuations

Fiscal year 2020-21 City employer contributions to the Retirement System were $791.7 million, which includes $388.4 million from the General Fund. For fiscal year 2021-22, total City employer contributions to the Retirement System were budgeted at $726.8 million, which included $334.3 million from the General Fund. These budgeted amounts were based upon the fiscal year 2021-22 employer contribution rate of 24.4% (estimated to be 20.2% after the 2011 Proposition C cost-sharing provisions). The fiscal year 2022-23 employer contribution rate is 21.35% (estimated to be 18.76% after cost-sharing). The decrease reflects the first year of a five-year smoothing of the 2020-2021 asset return gain offset by the drop in assumed investment return from 7.4% to 7.2% and the July 1, 2021 supplemental COLA to all retired members and their beneficiaries. Employer contribution rates anticipate annual increases in pensionable payroll of 3.5%. As discussed under "City Budget – Five-Year Financial Plan" increases in retirement costs are projected in the City's Five Year Financial Plan.

Table B-22 shows total Retirement System liabilities, assets and percent funded for the last five actuarial valuations as well as contributions for the fiscal years 2016-17 through 2020-21. Information is shown for all employers in the Retirement System (City & County, SFUSD, SFCCD and San Francisco Trial Courts). "Actuarial Liability" reflects the actuarial accrued liability of the Retirement System measured for purposes of determining the funding contribution. "Market Value of Assets" reflects the fair market value of assets held in trust for payment of pension benefits. "Actuarial Value of Assets" refers to the plan assets with investment returns different than expected smoothed over five years to provide a more stable contribution rate. The "Market Percent Funded" column is determined by dividing the market value of assets by the actuarial accrued liability. The "Actuarial Percent Funded" column is determined by dividing the actuarial value of assets by the actuarial accrued liability. "Employee and Employer Contributions" reflects the sum of mandated employee and employer contributions received by the Retirement System in the fiscal year ended June 30 prior to the July 1 valuation date.

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TABLE B-22

City and County of San Francisco
Employees' Retirement System
Fiscal Years 2016-17 through 2020-21
(000s)

As of July 1st	Actuarial Liability	Market Value of Assets	Actuarial Value of Assets	Market Percent Funded	Actuarial Percent Funded	Employee & Employer Contributions in prior FY	Employer Contribution Rates[1] in prior FY
2017	$ 25,706,090	$ 22,410,350	$ 22,185,244	87.2%	86.3%	$ 868,653	21.40%
2018	27,335,417	24,557,966	23,866,028	89.8%	87.3%	983,763	23.46%
2019	28,798,581	26,078,649	25,247,549	90.6%	87.7%	1,026,036	23.31%
2020	29,499,918	26,620,218	26,695,844	90.2%	90.5%	1,143,634	25.19%
2021	31,905,275	35,673,834	30,043,222	111.8%	94.2%	1,245,957	26.90%

[1] Employer contribution rates are shown prior to employer/employee cost-sharing provisions of 2011 Proposition C.
Employer contribution rates for fiscal years 2021-22 and 2022-23 are 24.41% and 21.35%, respectively.

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

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

As shown in the table above as of July 2021, the Market Percent Funded ratio was much higher than the Actuarial Percent Funded ratio. The Retirement System's investment portfolio had a 33.7% return during fiscal year 2020-21, the highest fiscal return in the System's history. The July 1, 2021 actuarial value of assets only reflects 20% of this high return. Returns in fiscal year 2021-22 through April 29, 2022, were 0.58%. Global markets remain volatile due to continued uncertainty about tighter monetary policy, inflation, and the effect of the war in Ukraine. Even so, the large gap between market value of assets and actuarial value of assets provides a cushion for future adverse experience. Employer contribution rates are anticipated to continue to decline in the next few years.

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

Risks to City's Retirement Plan

In its 2021 actuarial report, Cheiron identified three primary risks to the System as required by Actuarial Standards of Practice No. 51 (Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions). The material risks identified were as follows: investment risk, interest rate risk, and supplemental COLA risk. Investment risk is the potential for investment returns to be different than expected, while interest rate risk is the potential for longer-term trends to impact economic assumptions such as inflation and wage increases but particularly the discount rate. Supplemental COLA risk is the potential for the cost of future Supplemental COLAs to increase contribution rates.

Supplemental COLAs are mandated by the Charter when investment returns exceed expectations. Certain groups of retirees may not receive a supplemental COLA unless the pension plan is deemed to be fully funded on a market value basis. Due to the large fiscal year 2020-21 return, the plan was deemed to be fully funded on June 30, 2021 and all members in annuitant status received a supplemental COLA effective July 1, 2021. Supplemental COLAs are capped at 3.5% less any basic COLA. As the majority of retirees have annual basic COLAs capped at 2.0%, a Supplemental COLA when granted typically represents a 1.5% increase in benefit.

Cheiron noted stress testing the supplemental COLA provision shows that the current funding policy of amortizing new supplemental COLAs over five years manages the risk prudently.

Governmental Accounting Standards Board ("GASB") Disclosures

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

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

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

TABLE B-23

City and County of San Francisco
Employees' Retirement System
GASB 67/68 Disclosures
Fiscal Years 2016-17 through 2020-21
(000s)

As of June 30th	Collective Total Pension Liability (TPL)	Discount Rate	Plan Fiduciary Net Position	Plan Net Position as % of TPL	Collective Net Pension Liability (NPL)	City and County's Proportionate Share of NPL
2017	$27,403,715	7.50	$22,410,350	81.8	$4,993,365	$4,697,131
2018	28,840,673	7.50	24,557,966	85.2	4,282,707	4,030,207
2019	30,555,289	7.40	26,078,649	85.3	4,476,640	4,213,807
2020	32,031,018	7.40	26,620,218	83.1	5,410,800	5,107,271
2021	33,088,765	7.40	35,673,834	107.8	(2,585,069)	(2,446,563)

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

NPL can be quite volatile. The increase in NPL between fiscal year-ends 2018 and 2019 is attributable to the decline in discount rate from 7.5% to 7.4%, while the increase in NPL at fiscal year-end 2020 is due to lower than expected investment returns during fiscal year 2019-2020. The large decline at fiscal year-end 2021 is due to the 33.7% investment portfolio return during the year.

Asset Management

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

Annualized investment return (net of fees and expenses) for the Retirement System for the five years ending June 30, 2020 was 7.25%. For the ten-year and twenty-year periods ending June 30, 2020, annualized investment returns were 9.39% and 6.05% respectively.

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

2011 Voter Approved Changes to the Retirement Plan

The levels of SFERS plan benefits are established under the Charter and approved directly by the voters, rather than through the collective bargaining process. Changes to retirement benefits require a voter-approved Charter amendment. The most recent amendment, Proposition C, was approved by voters in November 2011 to reduce future pension costs and introduced new benefit tiers effective for employees hired on and after January 7, 2012.

In August 2012, then-Governor Brown signed the Public Employee Pension Reform Act of 2012 ("PEPRA"). Current plan provisions of SFERS are not subject to PEPRA although future amendments may be subject to these reforms.

Impact on the Retirement System from Changes in the Economic Environment

As of June 30, 2021, the audited market value of Retirement System assets was $35.7 billion. As of January 31, 2022, the unaudited value of the System assets was $35.8 billion. These values represent, as of the date specified, the estimated value of the Retirement System's portfolio if it were liquidated on that date. The Retirement System cannot be certain of the value of certain of its portfolio assets and, accordingly, the market value of the portfolio could be lower or higher. Moreover, appraisals for classes of assets that are not publicly traded are based on estimates which typically lag changes in actual market value by three to six months. Representations of market valuations are audited at each fiscal year end as part of the annual audit of the Retirement System's financial statements.

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

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

Other Employee Retirement Benefits

As noted above, various City employees are members of CalPERS, an agent multiple-employer public employee defined benefit plan for safety members and a cost-sharing multiple-employer plan for miscellaneous members. The City makes certain payments to CalPERS in respect of such members, at rates determined by the CalPERS board. Section A8.510 of the Charter requires the City to pay the full amount required by the actuarial valuations. The actual total employer contributions to CalPERS were $45.6 million in fiscal year 2020-21. In addition to the required amounts, the City elected to pay an additional amount of $8.4 million in fiscal years 2017-18, 2018-19 and 2019-2020 and $5.0 million in fiscal year 2021-22 in order to reduce its unfunded liability. A discussion of other post-employment benefits, including retiree medical benefits, is provided below under "Medical Benefits – Post-Employment Health Care Benefits" and "GASB 75 Reporting Requirements."

Medical Benefits

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

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

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

The San Francisco Health Service System oversees a trust fund (the "Health Service System Trust Fund") established pursuant to Charter Sections 12.203 and A8.428 through which medical benefits for the City Beneficiaries are funded. The San Francisco Health Service System issues an annual, publicly available, independently-audited financial report that includes financial statements for the Health Service Trust Fund. This report may be obtained through the SFHSS website at sfhss.org, by writing to the San Francisco Health Service System, 1145 Market Street, Third Floor, San Francisco, California 94103, or by calling (628)

652-4646. Audited annual financial statements for prior years are posted to the SFHSS website, however the information available on the SFHSS website is not incorporated in this Official Statement by reference.

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

Determination of Employer and Employee Contributions for Medical Benefits

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

Unions representing approximately 93.3% of City employees, negotiate through collective bargaining rather than applying the "average contribution" to determine the amount the City is required to contribute for active employees. To the extent annual medical premiums exceed the contributions made by the City as required by the Charter and union agreements, such excess must be paid by SFHSS Beneficiaries. Medical benefits for City Beneficiaries who are retired or otherwise not employed by the City (e.g., surviving spouses and surviving domestic partners of City retirees) ("Nonemployee City Beneficiaries") are funded through contributions from such Nonemployee City Beneficiaries and the City as determined pursuant to Charter Section A8.428. The San Francisco Health Service System medical benefit eligibility requirements for Nonemployee City Beneficiaries are described below under *"– Post-Employment Health Care Benefits."*

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City Contribution for Retirees

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

Retiree Medical Coverage / Employer Contribution for Those Hired On or After January 10, 2009	
Years of Credited Service at Retirement	Percentage of Employer Contribution Established in Charter Section A8.428 Subsection (b)(3)
Less than 5 year of Credited Service with the Employers (except for the surviving spouses or surviving domestic partners of active employees who died in the line of duty)	No Retiree Medical Benefits Coverage
At least 5 but less than 10 years of Credited Service with the Employers; or greater than 10 years of Credited Service with the Employers but not eligible to receive benefits under Subsections (a)(4), (b)(5) **(A8.428 Subsection (b)(6))**	0% - Access to Retiree Medical Benefits Coverage. Including Access to Dependent Coverage
At least 10 but less than 15 years of Credited Service with the Employers **(AB.428 Subsection (b)(5))**	50%
At least 15 but less than 20 years pf Credited Service with the Employers **(AB.428 Subsection (b)(5))**	75%
At least 20 years of Credited Service with the Employer; Retired Persons who retired for disability; surviving spouses or surviving domestic partners of active employees who died in the line of duty **(AB.428 Subsection (b)(4))**	100%

Health Care Reform

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

Three ACA taxes impact SFHSS rates for medical coverage. The taxes and the current status are as follow:

- **Excise Tax on High-cost Employer-sponsored Health Plans**
  The Excise Tax on High-cost Employer-sponsored Health Plans (Cadillac Tax) is a 40% excise tax on high-cost coverage health plans. The National Defense Authorization Act for Fiscal Year 2020 repealed the Cadillac tax, effective January 1, 2020.

- **Health Insurance Tax ("HIT")**
  The ACA also imposed a tax on health insurance providers, which was passed on to employer sponsored fully-insured plans in the form of higher premiums. The HIT was in effect in 2020 and substantially impacted rates. The tax was repealed effective January 1, 2021 also by the National Defense Authorization Act for Fiscal Year 2020.

- **Medical Device Excise Tax**
  The ACA's medical device excise tax imposes a 2.3 percent tax on sales of medical devices (except certain devices sold at retail). The tax was repealed effective January 1, 2020.

- **Patient-Centered Outcomes Research Institute (PCORI) Fee**
  Congress revived and extended the PCORI fee, which had expired in 2019. The PCORI fee, adopted in the ACA, is paid by issuers of health insurance policies and plan sponsors of self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The fee is based on the average number of lives covered under the policy or plan. The fee will now apply to policy or plan years ending on or after October 1, 2012, and before October 1, 2029.

Employer Contributions for San Francisco Health Service System Benefits

For fiscal year 2020-21, based on the most recent audited financial statements, the San Francisco Health Service System received approximately $853.8 million from participating employers for San Francisco Health Service System benefit costs. Of this total, the City contributed approximately $735.6 million; approximately $236.6 million of this $735.6 million amount was for health care benefits for approximately 23,201 retired City employees and their eligible dependents, and approximately $499 million was for benefits for approximately 32,956 active City employees and their eligible dependents.

The 2022 aggregate (employee and employer) cost of medical benefits offered by SFHSS to the City increased by 2.16%, which is below national trends of 5.5% to 6%. This can be attributed to several factors including aggressive contracting by SFHSS that maintains competition among the City's vendors, implementing Accountable Care Organizations that reduced utilization and increased use of generic prescription rates and changing the City's Blue Shield plan from a fully-funded to a flex-funded product and implementing a narrow network. Flex-funding allows lower premiums to be set by the City's actuarial consultant, Aon, without the typical margins added by Blue Shield; however, more risk is assumed by the City, and reserves are required to protect against this risk. The 2022 aggregate cost of benefits offered by SFHSS to the City increased 1.28% which is also less than the national trends.

Post-Employment Health Care Benefits

Eligibility of former City employees for retiree health care benefits is governed by the Charter. In general, employees hired before January 10, 2009 and a spouse or dependent are potentially eligible for health benefits following retirement at age 50 and completion of five years of City service. Proposition B, passed by San Francisco voters on June 3, 2008, tightened post-retirement health benefit eligibility rules for employees hired on or after January 10, 2009, and generally requires payments by these employees equal to 2% of their salary, with the City contributing an additional 1%, into a Retiree Health Care Trust Fund.

Under Proposition C, passed by San Francisco voters in November of 2011, employees hired on or before January 9, 2009, were required to contribute 0.25% of compensation into the Retiree Health Care Trust Fund beginning in fiscal year 2016-17. This contribution increased to 0.50% in fiscal year 2017-18, 0.75% in fiscal year 2018-19, and reached the maximum contribution of 1.00% in fiscal year 2019-20. These contributions are matched by the City on a one-to-one basis.

Unlike employee pension contributions that are made to individual accounts, contributions to the Retiree Health Care Trust Fund are non-refundable, even if an employee separates from the City and does not receive retiree health care from the City.

Proposition A, passed by San Francisco voters on November 5, 2013, restricted the City's ability to withdraw funds from the Retiree Health Care Trust Fund. The restrictions allow payments from the fund only when certain conditions are met. The balance in the Retiree Health Care Trust Fund as of June 30, 2019 is approximately $366.6 million. The City will continue to monitor and update its actuarial valuations of liability as required under GASB 75.

GASB 75 Reporting Requirements

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

City's Estimated Liability

The City is required by GASB 75 to prepare a new actuarial study of its postemployment benefits obligation at least once every two years. As of the measurement date of June 30, 2020 (issued December 2021), used in the most recent actuarial valuation report updated June 30, 2020, the retiree health care fiduciary plan net position as a percentage of the total OPEB liability was 11.3%. This reflects the net position of the Retiree Health Care Trust Fund in the amount of $489.0 million divided by the total OPEB liability of $4.3 billion. The estimated covered payroll (annual payroll of active employees covered by the plan) was $3.95 billion, and the ratio of the Net OPEB liability to the covered payroll was 96.7%.

While GASB 75 does not require funding of the annual OPEB cost, any differences between the amount funded in a year and the annual OPEB cost are recorded as increases or decreases in the net OPEB liability. Five-year trend information is displayed in Table B-24, which reflects the annual OPEB expense and the City's charter mandated payments on a percentage basis. For example, for fiscal year 2020-21 the annual OPEB expense was $320.7 million, and the City paid $246.0 million, which includes "pay-as-you-go" benefit payments and contributions to the Retiree Health Care Trust Fund.

TABLE B-24

CITY AND COUNTY OF SAN FRANCISCO
Five-year Trend
Fiscal Years 2015-16 to 2020-21
(000s)

Fiscal Year	Annual OPEB	Percentage of Annual OPEB Cost Funded	Net OPEB Obligation
2015-16	$326,133	51.8%	$2,147,434
2016-17	421,402	43.6%	2,384,938
2017-18	355,186	57.4%	3,717,209 [1]
2018-19	320,331	68.2%	3,600,967
2019-20	330,673	71.4%	3,915,815 [2]
2020-21	320,684	76.7%	3,823,335

1 Starting in FY2017-18, the liability amount reflects what is referred to as Net OPEB Liability due to the implementation of GASB Statement No. 75.

2 Fiscal Year 2019-20 figures are unaudited.

Total City Employee Benefits Costs

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

Table B-25 below provides a summary of the City's employee benefit actual costs for fiscal years 2017-18 through 2020-21 and budgeted costs for fiscal years 2021-22 through 2022-23.

TABLE B-25

CITY AND COUNTY OF SAN FRANCISCO
Employee Benefit Costs, All Funds
Fiscal Years 2017-18 through 2022-23
(000s)

	2017-18 Actual[1]	2018-19 Actual[1]	2019-20 Actual[1]	2020-21 Actual[1]	2021-22 Budget[4]	2022-23 Budget[4]
SFERS and PERS Retirement Contributions	$621,055	$650,011	$759,933	$823,317	$766,968	$747,585
Social Security & Medicare	$212,782	$219,176	$231,557	$229,044	$250,776	$258,764
Health - Medical + Dental, active employees [2]	$501,831	$522,006	$555,780	$564,453	$585,439	$622,087
Health - Retiree Medical [2]	$178,378	$186,677	$196,641	$216,916	$225,025	$236,951
Other Benefits [3]	$44,564	$26,452	$28,493	$24,111	$23,410	$23,937
Total Benefit Costs	$1,558,609	$1,604,322	$1,772,403	$1,857,841	$1,851,618	$1,889,324

[1] Fiscal year 2017-18 through fiscal year 2020-21 figures are actuals.
[2] Does not include Health Service System administrative costs. Does include flexible benefits that may be used for health insurance.
[3] "Other Benefits" includes unemployment insurance premiums, life insurance and other miscellaneous employee benefits.
[4] Reflects Final Adopted Budget for 2021-22 and 2022-23.
Source: Office of the Controller, City and County of San Francisco.

INVESTMENT OF CITY FUNDS

Investment Pool

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

Investment Policy

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

The Investment Policy is reviewed and monitored annually by a Treasury Oversight Committee established by the Board of Supervisors. The Treasury Oversight Committee meets quarterly and is comprised of members drawn from (a) the Treasurer; (b) the Controller; (c) a representative appointed by the Board of Supervisors; (d) the County Superintendent of Schools or his/her designee; (e) the Chancellor of the Community College District or his/her designee; and (f) Members of the general public. A complete copy of the Treasurer's Investment Policy, dated May 2021, is included as an Appendix to this Official Statement.

Investment Portfolio

As of April 30, 2022, the City's surplus investment fund consisted of the investments classified in Table B-26 and had the investment maturity distribution presented in Table B-27.

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TABLE B-26

City and County of San Francisco
Investment Portfolio
Pooled Funds
As of April 30, 2022

Type of Investment	Par Value	Book Value	Market Value
U.S. Treasuries	$5,175,000,000	$5,185,883,882	$4,957,321,600
Federal Agencies	4,638,579,000	4,640,212,769	4,477,887,512
Public Time Deposits	40,000,000	40,000,000	40,000,000
Negotiable Certificates of Deposit	2,210,000,000	2,210,000,000	2,206,008,836
Commercial Paper	810,000,000	808,225,111	808,634,639
Money Market Funds	1,524,491,377	1,524,491,377	1,524,491,377
Supranationals	588,543,000	596,154,538	571,933,434
Total	$14,986,613,377	$15,004,967,678	$14,586,277,399

April Earned Income Yield: 0.697%

Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco
From Citibank-Custodial Safekeeping, SunGard Systems-Inventory Control Program.

TABLE B-27

City and County of San Francisco
Investment Maturity Distribution
Pooled Funds
As of April 30, 2022

Maturity in Months			Par Value	Percentage
0	to	1	2,179,491,377	14.54%
1	to	2	1,558,735,000	10.40%
2	to	3	500,000,000	3.34%
3	to	4	550,000,000	3.67%
4	to	5	445,000,000	2.97%
5	to	6	354,387,000	2.36%
6	to	12	1,524,540,000	10.17%
12	to	24	2,372,052,000	15.83%
24	to	36	2,090,530,000	13.95%
36	to	48	1,516,305,000	10.12%
48	to	60	1,895,573,000	12.65%
			$14,986,613,377	100.00%

Weighted Average Maturity: 581 Days

Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco
From Citibank-Custodial Safekeeping, SunGard Systems-Inventory Control Program.

Further Information

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

CAPITAL FINANCING AND BONDS

Capital Plan

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

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

The Capital Plan is required to be submitted to the Mayor and the Board of Supervisors by each March 1 in odd-numbered years and adopted by the Board of Supervisors and the Mayor on or before May 1 of the same year. The fiscal years 2022-2031 Capital Plan ("Adopted Capital Plan") was approved by the CPC on February 22, 2021 and was adopted by the Board of Supervisors on April 30, 2021. The Adopted Capital Plan contains $38.0 billion in capital investments over the coming decade for all City departments, including $4.6 billion in projects for General Fund-supported departments. The Adopted Capital Plan proposes $1.2 billion for General Fund pay-as-you-go capital projects over the next 10 years. The amount for General Fund pay-as-you-go capital projects is $1 billion lower than the previous capital plan funding level due to budget impacts in the early years resulting from the COVID-19 pandemic. Major capital projects for General Fund-supported departments included in the Capital Plan consist of critical seismic projects and relocation of staff from seismically vulnerable facilities; upgrades to public health, police, and fire facilities; transportation and utility system improvements; improvements to homeless service sites and permanent supportive housing projects; affordable housing; street and right-of-way improvements; the removal of barriers to accessibility; and park improvements, among other capital projects. $1.5 billion of the capital projects of General Fund supported departments are expected to be financed with general obligation bonds and other long- term obligations, subject to planning policy constraints. The balance is expected to be funded by federal and State funds, the General Fund and other sources.

In addition to the City General Fund-supported capital spending, the Adopted Capital Plan recommends $18.0 billion in enterprise fund department projects to continue major transit, economic development and public utility projects such as the Central Subway project, runway and terminal upgrades at San Francisco International Airport, Pier 70 infrastructure investments, the Sewer System Improvement Program, and building adequate facilities to support the City's growing transit fleet, among others. Approximately $8.5 billion of enterprise fund department capital projects are anticipated to be financed with revenue bonds and general obligation bonds. The balance is expected to be funded by federal and State funds, user/operator fees, General Fund and other sources.

While significant investments are proposed in the City's Adopted Capital Plan, identified resources remain below those necessary to maintain and enhance the City's physical infrastructure. As a result, over $7.5 billion in capital needs including enhancements are deferred from the plan's horizon.

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

Tax-Supported Debt Service – City General Obligation Bonds

Under the State Constitution and the Charter, City bonds secured by *ad valorem* property taxes ("general obligation bonds" or "GO bonds") can only be authorized with a two-thirds approval of the voters. As of March 1, 2022, the City had approximately $3.0 billion aggregate principal amount of GO bonds outstanding. In addition to the City's general obligation bonds, BART, SFUSD and SFCCD also have outstanding general obligation bonds as shown in Table B-33.

Table B-28 shows the annual amount of debt service payable on the City's outstanding GO bonds. The debt service table presented below does not reflect the issuance of the City's $327,300,000 General Obligation Refunding Bonds, Series 2022-R1 (the "2022-R1 Bonds"), which were issued on May 18, 2022 to refund certain outstanding general obligation bonds of the City.

TABLE B-28

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds Debt Service
As of March 1, 2022 [1] [2] [3]

Fiscal Year	Principal	Interest	Annual Debt Service
2021-22 [4]	$254,268,401	$112,541,848	$366,810,249
2022-23	175,615,251	105,087,992	280,703,243
2023-24	179,121,206	97,010,847	276,132,052
2024-25	181,756,476	88,750,603	270,507,078
2025-26	170,246,279	80,453,741	250,700,020
2026-27	177,075,840	73,055,975	250,131,815
2027-28	183,409,035	65,664,553	249,073,589
2028-29	185,371,751	58,329,402	243,701,153
2029-30	183,465,095	50,649,022	234,114,117
2030-31	148,431,950	43,311,830	191,743,780
2031-32	153,595,000	37,851,481	191,446,481
2032-33	120,745,000	32,455,186	153,200,186
2033-34	101,745,000	28,200,045	129,945,045
2034-35	95,040,000	24,705,347	119,745,347
2035-36	80,045,000	21,475,808	101,520,808
2036-37	69,590,000	18,769,081	88,359,081
2037-38	60,880,000	16,429,118	77,309,118
2038-39	42,505,000	14,358,049	56,863,049
2039-40	42,240,000	12,952,057	55,192,057
2040-41	36,635,000	11,535,894	48,170,894
2041-42	37,970,000	10,201,011	48,171,011
2042-43	39,365,000	8,802,762	48,167,762
2043-44	40,820,000	7,352,149	48,172,149
2044-45	42,315,000	5,846,885	48,161,885
2045-46	38,505,000	4,285,480	42,790,480
2046-47	5,005,000	2,880,246	7,885,246
2047-48	5,170,000	2,710,945	7,880,945
2048-49	5,345,000	2,535,881	7,880,881
2049-50	5,530,000	2,354,712	7,884,712
2050-51	5,725,000	2,159,925	7,884,925
2051-52	5,935,000	1,950,338	7,885,338
2052-53	6,155,000	1,732,790	7,887,790
2053-54	6,380,000	1,506,973	7,886,973
2054-55	6,610,000	1,272,671	7,882,671
2055-56	6,855,000	1,029,667	7,884,667
2056-57	7,110,000	777,438	7,887,438
2057-58	7,370,000	515,551	7,885,551
2058-59	3,895,000	243,790	4,138,790
2059-60	4,010,000	123,668	4,133,668
TOTAL [5]	**$2,921,851,283**	**$1,051,870,762**	**$3,973,722,044**

[1] This table only includes the City's General Obligation Bonds and does not include any of the overlapping debt as shown in Table A-33.

[2] Totals reflect rounding to nearest dollar.

[3] Debt service amounts reflect total annual debt per fiscal year, including amounts due December 15, 2021.

[4] Net of payment of principal and interest which came due on October 15 on the Series 2021C-2, 2021D-2 and 2021E-2 Bonds.

[5] Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of assessed value.

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

Authorized but Unissued City GO Bonds

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

In November 1992, voters approved Proposition A ("1992 Proposition A") which authorized the issuance of up to $350.0 million in GO bonds to support San Francisco's Seismic Safety Loan Program ("SSLP"), which provides loans for the seismic strengthening of privately-owned unreinforced masonry affordable housing, market-rate residential, commercial and institutional buildings. Between 1994 and 2015, the City issued $89.3 million of bonds under the original 1992 Proposition A authorization. In November 2016, voters approved Proposition C ("2016 Proposition C"), which amended the 1992 Proposition A authorization (together, the " 1992A/2016A Propositions") to broaden the scope of the remaining $260.7 million authorization by adding the eligibility to finance the acquisition, improvement, and rehabilitation to convert at-risk multi-unit residential buildings to affordable housing, as well as the needed seismic, fire, health, and safety upgrades and other major rehabilitation for habitability, and related costs. In 2019 and 2020, the City issued $175.0 million of bonds across two series under the 1992A/2016A Propositions. Currently $85.7 million remains authorized and unissued.

In November 2018, voters approved Proposition A ("2018 Embarcadero Seawall Improvement Proposition"), authorizing the issuance of up to $425.0 million in general obligation bonds for repair and improvement projects along the City's Embarcadero and Seawall to protect the waterfront, BART and Muni, buildings, historic piers, and roads from earthquakes, flooding, and sea level rise. On June 2, 2020, the City closed the first series of bonds in the par amount of $49.7 million, leaving $375.3 million authorized and unissued.

In November 2019, voters approved Proposition A ("2019 Affordable Housing Proposition"), which authorized the issuance of up to $600.0 million in general obligation bonds to finance the construction, development, acquisition, and preservation of affordable housing for certain vulnerable San Francisco residents; to assist in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the displacement of residents; to repair and reconstruct distressed and dilapidated public housing developments and their underlying infrastructure; to assist the City's middle-income residents or workers in obtaining affordable rental or home ownership opportunities including down payment assistance and support for new construction of affordable housing for SFUSD and City College of San Francisco employees; and to pay related costs. On March 30, 2021, the City closed the first series of bonds in the par amount of $254.6 million, leaving $345.4 million authorized and unissued.

In March 2020, voters approved Proposition B ("2020 Earthquake Safety and Emergency Response Proposition") which authorized the issuance of up to $628.5 million in general obligation bonds to aid fire, earthquake and emergency response by improving, constructing, and/or replacing: deteriorating cisterns, pipes, and tunnels, and related facilities to ensure firefighters a reliable water supply for fires and disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public safety facilities, and to pay related costs. In 2021, the City closed the first four series of bonds with a total par amount of $167.8 million, leaving $460.7 million authorized and unissued.

In November 2020, voters approved Proposition A ("2020 Health and Recovery Bond"), which authorized the issuance of up to $487.5 million in general obligation bonds to fund permanent investments in transitional supportive housing facilities, shelters, and/or facilities that serve individuals experiencing homelessness, mental health challenges, or substance use; improve the safety and quality of parks; and improve the safety and condition of streets and other public rights of way. In 2021, the City closed the first two series of bonds in an aggregate par amount of $258.5 million, leaving approximately $229 million authorized and unissued.

Refunding General Obligation Bonds

The Board of Supervisors adopted and the Mayor approved Resolution No. 272-04 in May of 2004 ("2004 Resolution"). The 2004 Resolution authorized the issuance of $800.0 million general obligation refunding bonds from time to time in one or more series for the purpose of refunding all or a portion of the City's outstanding General Obligation Bonds. In November of 2011, the Board of Supervisors adopted and the Mayor approved, Resolution No. 448-11 ("2011 Resolution," and together with the 2004 Resolution, the "Refunding Resolutions"). The 2011 Resolution authorized the issuance of approximately $1.5 billion general obligation refunding bonds from time to time in one or more series for the purpose of refunding certain outstanding General Obligation Bonds of the City. In March of 2020, the Board of Supervisors adopted and the Mayor approved, Resolution No. 097-20 ("2020 Resolution," and together with the 2004 Resolution and 2011 Resolution, the "Refunding Resolutions"). The 2020 Resolution authorized the issuance of approximately $1.5 billion general obligation refunding bonds from time to time in one or more series for the purpose of refunding certain outstanding General Obligation Bonds of the City. The refunding bonds outstanding as of March 1, 2022, under the Refunding Resolutions, are shown in Table B-29 below (the table does not reflect the issuance on May 18, 2022 of the City's 2022-R1 Bonds, which refunded certain outstanding general obligation bonds of the City).

TABLE B-29

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Refunding Bonds
As of March 1, 2022[1]

Series Name	Date Issued	Principal Amount Issued	Amount Outstanding
2015-R1	February 2015	$293,910,000	$208,800,000 [2]
2020-R1	May 2020	195,250,000	181,945,000 [3]
2021-R1	May 2021	91,230,000	91,230,000
2021-R2	September 2021	86,905,000	86,905,000 [4]

[1] Does not include the Series 2022-R1 Refunding GO Bonds, which closed on May 18, 2021.

[2] Series 2006-R1, 2006-R2, and 2008-R3 Bonds were refunded by the 2015-R1 Bonds in February 2015.

[3] Series 2008-R1 Bonds were refunded by the 2020-R1 Bonds in May 2020.

[4] Series 2011-R1 Bonds, which refunded the 2004-R1 Bonds, were refunded by the 2021-R2 Bonds in September 2021.

Table B-30 on the following page lists for each of the City's voter-authorized general obligation bond programs the amount issued and outstanding, and the amount of remaining authorization for which bonds have not yet been issued. Series are grouped by program authorization in chronological order. The authorized and unissued column refers to total program authorization that can still be issued and does not refer to any particular series. As of March 1, 2022, the City had authorized and unissued general obligation bond authority of approximately $1.5 billion. Table B-30 does not reflect the issuance on May 18, 2022 of the City's 2022-R1 Bonds, which refunded certain outstanding general obligation bonds of the City.

TABLE B-30

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds
As of March 1, 2022[1]

Bond Authorization Name	Election Date	Authorized Amount	Series	Bonds Issued	Bonds Outstanding	Authorized & Unissued
Seismic Safety Loan Program	11/3/92	$350,000,000	1994A	$35,000,000	-	
			2007A	$30,315,450	$15,571,283	[2]
			2015A	$24,000,000	-	
Reauthorization to Repurpose for Affordable Housing	11/8/16		2019A	$72,420,000	$70,605,000	
			2020C	$102,580,000	$96,895,000	$85,684,550
Clean & Safe Neighborhood Parks	2/5/08	$185,000,000	2008B	$42,520,000	-	
			2010B	$24,785,000	-	
			2010D	$35,645,000	$30,090,000	
			2012B	$73,355,000	-	
			2016A	$8,695,000	$6,500,000	-
San Francisco General Hospital & Trauma Center	11/4/08	$887,400,000	2009A	$131,650,000	-	
Earthquake Safety			2010A	$120,890,000	-	
			2010C	$173,805,000	$146,725,000	
			2012D[3]	$251,100,000	$130,435,000	
			2014A[3]	$209,955,000	$137,480,000	-
Earthquake Safety and Emergency Response Bond	6/8/10	$412,300,000	2010E	$79,520,000	-	
			2012A	$183,330,000	-	
			2012E[3]	$38,265,000	$25,050,000	
			2013B	$31,020,000	-	
			2014C[3]	$54,950,000	$36,160,000	
			2016C	$25,215,000	$19,415,000	-
Road Repaving & Street Safety	11/8/11	$248,000,000	2012C	$74,295,000	-	
			2013C	$129,560,000	-	
			2016E	$44,145,000	$33,990,000	-
Clean & Safe Neighborhood Parks	11/6/12	$195,000,000	2013A	$71,970,000	-	
			2016B	$43,220,000	$21,100,000	
			2018A	$76,710,000	$41,345,000	
			2019B	$3,100,000	-	-
Earthquake Safety and Emergency Response Bond	6/3/14	$400,000,000	2014D[3]	$100,670,000	$66,230,000	
			2016D	$109,595,000	$65,500,000	
			2018C	$189,735,000	$127,615,000	-
Transportation and Road Improvement	11/4/14	$500,000,000	2015B	$67,005,000	$38,005,000	
			2018B	$174,445,000	$94,030,000	
			2020B	$135,765,000	$113,265,000	
			2021C-1	$104,785,000	$104,785,000	
			2021C-2	$18,000,000	-	-
Affordable Housing Bond	11/3/15	$310,000,000	2016F	$75,130,000	$43,730,000	
			2018D	$142,145,000	$94,120,000	
			2019C	$92,725,000	$24,120,000	-
Public Health and Safety Bond	6/7/16	$350,000,000	2017A	$173,120,000	$107,185,000	
			2018E	$49,955,000	$33,900,000	
			2020D-1	$111,925,000	$81,925,000	
			2020D-2	$15,000,000	-	-
Embarcadero Seawall Earthquake Safety	11/6/18	$425,000,000	2020A	$49,675,000	-	$375,325,000
Affordable Housing Bond	11/5/19	$600,000,000	2021A	$254,585,000	$180,390,000	$345,415,000
Earthquake Safety and Emergency Response Bond	3/3/20	$628,500,000	2021B-1	$69,215,000	$69,215,000	
			2021B-2	$11,500,000	-	
			2021E-1	$74,090,000	$74,090,000	
			2021E-2	$13,000,000	-	$460,695,000
Health and Recovery Bond	11/4/20	$487,500,000	2021D-1	$194,255,000	$194,255,000	
			2021D-2	$64,250,000	$29,250,000	$228,995,000
SUBTOTAL		$5,978,700,000		$4,482,585,450	$2,352,971,283	$1,496,114,550
General Obligation Refunding Bonds [3]	**Dated Issued**			**Bonds Issued**	**Bonds Outstanding**	
Series 2015-R1	2/25/15			$293,910,000	$208,800,000	
Series 2020-R1	5/7/20			$195,250,000	$181,945,000	
Series 2021-R1	5/6/21			$91,230,000	$91,230,000	
Series 2021-R2	9/16/21			$86,905,000	$86,905,000	
SUBTOTAL				$667,295,000	$568,880,000	
TOTALS		**$5,978,700,000**		**$5,149,880,450**	**$2,921,851,283**	**$1,496,114,550**

[1] Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.
[2] Of the $35,000,000 authorized by the Board of Supervisors in February 2007, $30,315,450 has been drawn upon to date pursuant to the Credit Agreement described under "General Obligation Bonds ."
[3] Does not include the Series 2022-R1 Refunding GO Bonds, which closed on May 18, 2021 and refunded the Series 2012D, 2012E, 2014A, 2014C, and 2014D GO Bonds.

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

General Fund Lease Obligations

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

Table B-31 sets forth the aggregate annual lease payment obligations supported by the City's General Fund with respect to outstanding long-term lease revenue bonds and certificates of participation as of March 1, 2022.

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TABLE B-31

CITY AND COUNTY OF SAN FRANCISCO
Lease Revenue Bonds and Certificates of Participation
As of March 1, 2022[1]

Fiscal Year[2]	Principal	Interest [3]	Annual Payment Obligation
2021-22 [4]	$42,900,000	$29,100,051	$72,000,051
2022-23	64,495,000	62,883,794	127,378,794
2023-24	67,610,000	59,842,818	127,452,818
2024-25	69,050,000	56,626,537	125,676,537
2025-26	70,595,000	53,385,116	123,980,116
2026-27	73,950,000	49,994,327	123,944,327
2027-28	69,060,000	46,627,707	115,687,707
2028-29	74,220,000	43,291,810	117,511,810
2029-30	74,995,000	39,990,713	114,985,713
2030-31	70,485,000	36,975,914	107,460,914
2031-32	63,590,000	34,282,816	97,872,816
2032-33	64,685,000	31,871,841	96,556,841
2033-34	67,135,000	29,260,160	96,395,160
2034-35	60,275,000	26,761,447	87,036,447
2035-36	60,515,000	24,174,243	84,689,243
2036-37	60,190,000	21,538,229	81,728,229
2037-38	62,625,000	18,910,664	81,535,664
2038-39	65,160,000	16,175,156	81,335,156
2039-40	67,805,000	13,324,472	81,129,472
2040-41	70,555,000	10,357,468	80,912,468
2041-42	56,000,000	7,430,811	63,430,811
2042-43	20,990,000	5,247,200	26,237,200
2043-44	19,855,000	4,388,600	24,243,600
2044-45	20,650,000	3,594,400	24,244,400
2045-46	13,695,000	2,768,400	16,463,400
2046-47	14,245,000	2,220,600	16,465,600
2047-48	13,220,000	1,650,800	14,870,800
2048-49	13,750,000	1,122,000	14,872,000
2049-50	14,300,000	572,000	14,872,000
TOTAL [5]	**$1,506,600,000**	**$734,370,095**	**$2,240,970,095**

[1] Excludes the 833 Bryant lease, commercial paper and the following privately placed lease purchase financings (with current outstanding amounts):

SFGH Emergency Backup Generators Project ($8,283,869)

Gsmart Citywide Emergency Radio Replacement Project ($17,802,052)

[2] For LRBs Series 2018A (Refunding Open Space), 7/1 payments reflect be paid in the current fiscal year, as budgeted.

[3] Totals reflect rounding to nearest dollar.

[4] Excludes payments made to date in current fiscal year.

[5] For purposes of this table, the interest rate on the Lease Revenue Bonds Series 2008-1, and 2008-2 (Moscone Center Expansion Project) is assumed to be 3.50%. These bonds are in variable rate mode.

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

Voter-Approved Lease Revenue Bonds

The City electorate has approved several lease revenue bond propositions, some of which have authorized but unissued bonds. The following lease programs have remaining authorization:

In 1987, voters approved Proposition B, which authorizes the City to lease finance (without limitation as to maximum aggregate par amount) the construction of new parking facilities, including garages and surface lots, in eight of the City's neighborhoods. In July 2000, the City issued $8.2 million in lease revenue bonds to finance the construction of the North Beach Parking Garage, which was opened in February 2002.

In 1990, voters approved Proposition C ("1990 Proposition C"), which amended the Charter to authorize the City to lease- purchase equipment through a nonprofit corporation without additional voter approval but with certain restrictions. The City and County of San Francisco Finance Corporation (the "Corporation") was incorporated for that purpose. 1990 Proposition C provides that the outstanding aggregate principal amount of obligations with respect to lease financings may not exceed $20.0 million, with such amount increasing by five percent each fiscal year. As of July 1, 2021, the total authorized and unissued amount for such financings was $90.8 million.

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

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

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

Table B-32 below lists the City's outstanding certificates of participation and voter-authorized lease revenue bonds.

*TABLE B-32**

CITY AND COUNTY OF SAN FRANCISCO
Outstanding Certificates of Participation and Lease Revenue Bonds
As of March 1, 2022

Issue Name	Final Maturity	Original Par	Outstanding Principal
CERTIFICATES OF PARTICIPATION			
Series 2009C (525 Golden Gate Avenue)	2022	$38,120,000	$4,375,000
Series 2009D - Taxable BABs (525 Golden Gate Avenue)	2041	129,550,000	129,550,000
Refunding Series 2011A (Moscone Center South)	2024	23,105,000	7,040,000
Series 2012A (Multiple Capital Improvement Projects)	2036	42,835,000	31,055,000
Series 2013B - Non-AMT (Port Facilities Project)	2038	4,830,000	4,830,000
Series 2013C - AMT (Port Facilities Project)	2043	32,870,000	21,345,000
Refunding Series 2014-R2 (Juevenile Hall Project)	2034	33,605,000	24,560,000
Series 2015A (War Memorial Veterans Building)	2045	112,100,000	112,100,000
Series 2015B - Taxable (War Memorial Veterans Building)	2024	22,225,000	5,185,000
Refunding Series 2015-R1 (City Office Buildings - Multiple Properties)	2040	123,600,000	105,330,000
Series 2016A (War Memorial Veterans Building)	2032	16,125,000	11,630,000
Series 2017A - Taxable (Hope SF)	2047	28,320,000	25,850,000
Series 2017B (Moscone Convention Center Expansion Project)	2042	412,355,000	381,445,000
Series 2019A (49 South Van Ness Project)	2050	247,810,000	245,700,000
Refunding Series 2019-R1 (Multiple Capital Improvement Projects)	2035	116,460,000	99,985,000
Refunding Series 2020-R1 (Multiple Capital Improvement Projects)	2033	70,640,000	67,405,000
Series 2020 (Animal Care & Control Project)	2041	47,075,000	47,075,000
Series 2021A (Multiple Capital Improvement Projects)	2041	76,020,000	76,020,000
SUBTOTAL CERTIFICATES OF PARTICIPATION		**$1,577,645,000**	**$1,400,480,000**
LEASE PURCHASE FINANCINGS			
2010 Lease Purchase Financing (SFGH Emergency Backup Generators)	2025	$22,549,489	$8,283,869
2016 Lease Purchase Financing (Public Safety Radio Replacement Project)	2026	34,184,136	17,802,052
SUBTOTAL LEASE PURCHASE FINANCINGS		**$56,733,625**	**$26,085,920**
FINANCE CORPORATION LEASE REVENUE BONDS			
Refunding Series 2008-1 (Moscone Center Expansion Project) - Variable	2030	$72,670,000	$32,700,000
Refunding Series 2008-2 (Moscone Center Expansion Project) - Variable	2030	72,670,000	32,700,000
Refunding Series 2010-R1 (Emergency Communications System)	2024	22,280,000	4,750,000
Refunding Series 2018A (Open Space Fund - Various Park Projects)	2029	34,950,000	26,080,000
Refunding Series 2018B (Branch Library Improvement Program)	2028	13,355,000	9,890,000
SUBTOTAL LEASE REVENUE BONDS		**$215,925,000**	**$106,120,000**
TOTAL GENERAL FUND OBLIGATIONS		**$1,850,303,625**	**$1,532,685,920**

*Excludes California HFA Revenue Bonds (San Francisco Supportive Housing - 833 Bryant Apartments) ($26,985,000)

Board Authorized and Unissued Long-Term Certificates of Participation

Treasure Island Improvement Project: In October of 2013, the Board authorized, and the Mayor approved the issuance of not to exceed $13.5 million of City and County of San Francisco Certificates of Participation to finance the cost of additions and improvements to the utility infrastructure at Treasure Island. At this time there is not an expected timeline for the issuance of these certificates, but commercial paper is anticipated to be issued to finance the projects in fiscal year 2021-22.

Housing Trust Fund Project: In April 2016, the Board authorized and the Mayor approved the issuance of not to exceed $95.0 million of City and County of San Francisco Certificates of Participation (Affordable Housing Projects) to provide funds to assist in the development, acquisition, construction or rehabilitation of affordable rental housing projects. The City currently issues commercial paper to finance these projects and pays down their commercial paper balance annually rather than issuing certificates at this time.

Hall of Justice Relocation Projects: In October 2019, the Board authorized and the Mayor approved the issuance of not to exceed $62.0 million of City and County of San Francisco Certificates of Participation (Multiple Capital Projects) to finance or refinance tenant improvements involving the construction, acquisition, improvement, renovation, and retrofitting of City-owned properties as needed for the Hall of Justice Improvement Project enabling staff and offices to be consolidated in acquired City-owned properties. The City issued $3.81 million of the certificates in May 2021 and expects to issue the remainder in fiscal year 2022-23.

HOPE SF Project: In December 2019, the Board authorized, and the Mayor approved the issuance of not to exceed $83.6 million of City and County of San Francisco Certificates of Participation to finance or refinance certain capital improvements, including but not limited to certain properties generally known as Hunters View, Sunnydale, and Potrero Terrace and Annex housing developments. As of April 2022, $28.3M has been issued (Series 2017A) and $55.3 million remains unissued from the authorization. The City anticipates issuing the remaining authorization in fiscal year 2023-24.

Department of Public Health Facilities Improvements: In November 2020, the Board authorized and the Mayor approved the issuance of not to exceed $157.0 million of City and County of San Francisco Certificates of Participation to finance projects for the Department of Public Health ("DPH"), including but not limited to certain projects generally known as the Homeless Services Center, Laguna Honda Hospital Wings Reuse Project, AITC Immunization and Travel Clinic Relocation, and San Francisco General Hospital Chiller and Cooling Tower Replacement Project. The City anticipates issuing the certificates in fiscal year 2022-23.

Critical Repairs and Recovery Stimulus: In July 2021, the Board authorized and the Mayor approved the issuance of not to exceed $67.5 million of City and County of San Francisco Certificates of Participation, to finance and refinance certain capital improvements generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities and works utilized by various City departments and local economic stimulus projects. The City anticipates issuing the certificates in fiscal year 2022-23.

Commercial Paper Program

In March 2009, the Board authorized and the Mayor approved a not-to-exceed $150.0 million Lease Revenue Commercial Paper Certificates of Participation Program, Series 1 and 1-T and Series 2 and 2-T (the "Original CP Program"). In July of 2013, the Board authorized, and the Mayor approved an additional $100.0 million of Lease Revenue Commercial Paper Certificates of Participation, Series 3 and 3-T and Series 4 and 4-T (the "Second CP Program" and together with the Original CP Program, the "City CP Program") that increased the total authorization of the City CP Program to $250.0 million. Commercial Paper Notes (the "CP Notes") are issued from time to time to pay approved project costs in connection with the acquisition, improvement, renovation and construction of real property and the acquisition of capital equipment and vehicles in anticipation of long-term or other take-out financing to be issued when market conditions are favorable. Projects are eligible to access the CP Program once the Board and the Mayor have approved the project and the long-term, permanent financing for the project.

The Series 1 and 1-T and Series 2 and 2-T CP notes are secured by credit facilities from: (i) State Street Bank and Trust Company (with a maximum principal amount of $75 million) and (ii) U.S. Bank National Association (with a maximum principal amount of $75 million). These credit facilities were extended with the same banks in May 2021 until May 2023. The Series 3 and 3-T and 4 and 4-T are secured by a $100 million letter of credit issued by State Street Bank and Trust Company, which expired in February 2022. On April 5, 2022, the Board approved a Resolution re-authorizing CP Series 3 and 4 and approving a revolving credit agreement with Bank of the West, which closed on May 12, 2022 with a new expiration date in April 2026.

As of May 23, 2022, the outstanding principal amount of CP Notes is $26.5 million. The weighted average interest rate for the outstanding CP Notes is approximately 0.67%. The projects with Board Authorized and Unissued Certificates of Participation currently utilizing the CP Program includes the Housing Trust Fund, DPH Facilities Improvements and Critical Repairs & Recovery Stimulus. Additionally, there is a short-term financing for Police Vehicle acquisition utilizing the City's CP Program and expected to be paid down over 5-years beginning FY2022-23. The following is a summary of the outstanding liability by project associated with the CP Notes outstanding.

Project	**CP Notes Liability as of 5/23/2022**
Housing Trust Fund	$17,725,000
DPH Facilities Improvements	$5,113,662
Critical Repairs & Recovery Stimulus	$1,285,654
Police Vehicle Acquisition	$2,400,684
TOTAL	**$26,525,000**

Overlapping Debt

Table B-33 shows bonded debt and long-term obligations as of March 1, 2022 sold in the public capital markets, except for those financings otherwise noted in the table, by the City and those public agencies whose boundaries overlap the boundaries of the City in whole or in part. Long-term obligations of non-City agencies generally are not payable from revenues of the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. In the table, lease obligations of the City which support indebtedness incurred by others are included. As noted below, the Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City.

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TABLE B-33

CITY AND COUNTY OF SAN FRANCISCO
Statement of Direct and Overlapping Debt and Long-Term Obligations
As of March 1, 2022

2021-22 Assessed Valuation (includes unitary utility valuation):	$312,594,683,687 [1]
GENERAL OBLIGATION BONDED DEBT	
San Francisco City and County	$2,921,851,283
San Francisco Unified School District	969,800,000
San Francisco Community College District	474,030,000
TOTAL GENERAL OBLIGATION BONDED DEBT	$4,365,681,283
LEASE OBLIGATIONS BONDS	
San Francisco City and County	$1,524,402,052
TOTAL LEASE OBLIGATION BONDED DEBT	$1,524,402,052 [2]
TOTAL COMBINED DIRECT DEBT	$5,890,083,335
OVERLAPPING TAX AND ASSESSMENT DEBT	
Bay Area Rapid Transit District General Obligation Bond (34.740%)	$637,423,416
San Francisco Community Facilities District No. 4	4,420,000
San Francisco Community Facilities District No. 6	115,847,406
San Francisco Community Facilities District No. 7	31,315,000
San Francisco Community Facilities District No. 2009-1, Improvement Areas 1 and 2	2,466,543
San Francisco Community Facilities District No. 2014-1 Transbay Transit Center	502,625,000
San Francisco Community Facilities District No. 2016-1 Treasure Island, Improvement Areas 1 and 2	83,405,000
San Francisco Special Tax District No. 2020-1 Mission Rock Facilities	106,230,000
City of San Francisco Assessment District No. 95-1	310,000
ABAG Community Facilities District No. 2004-1 Seismic Safety Improvements	8,870,000
ABAG Community Facilities District No. 2006-1 San Francisco Rincon Hill	4,820,000
ABAG Community Facilities District No. 2006-2 San Francisco Mint Plaza	2,765,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$1,500,497,365
OVERLAPPING TAX INCREMENT DEBT:	
Successor Agency to the San Francisco Redevelopment Agency	$678,834,565
Transbay Joint Powers Authority	262,120,000
TOTAL OVERLAPPING INCREMENT DEBT	$940,954,565
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	$8,331,535,265 [3]

Ratios to 2021-22 Assessed Valuation ($312,594,683,687)	**Actual Ratio**
Direct General Obligation Bonded Debt ($4,365,681,283)	1.40% [4]
Combined Direct Debt ($5,890,083,335)	1.88%
Total Direct and Overlapping Bonded Debt	2.67%
Ratio to 2021-22 Redevelopment Incremental Valuation ($39,850,418,650)	
Total Overlapping Tax Increment Debt	2.36%

[1] Includes $596,875,972 homeowner's exemption for FY21-22.

[2] Excludes 833 Bryant lease and privately placed SFGH Emergency Backup Generators Project, outstanding in the principal amount of $8,283,869 as of 3/1/22.

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

[4] The Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City. The City's general obligation debt as a percentage of FY21-22 AV is 0.93%.

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

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES

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

Article XIIIA of the California Constitution

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

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

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

Article XIIIB of the California Constitution

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

Articles XIIIC and XIIID of the California Constitution

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

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

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

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

Proposition 1A

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

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

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

Proposition 22

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

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

Proposition 26

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

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

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

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

Future Initiatives and Changes in Law

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

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

LEGAL MATTERS AND RISK MANAGEMENT

Pending Litigation

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

Ongoing Investigations

Public Works Investigation. On January 28, 2020 the City's former Director of Public Works Mohammad Nuru was indicted on federal criminal charges of public corruption, including honest services wire fraud and lying to Federal Bureau of Investigation officials. The allegations contained in the complaint involve various schemes, including an attempt by Mr. Nuru and Mr. Nick Bovis, a local restaurateur who was also indicted by the federal government, to bribe an Airport Commissioner to influence the award of lease of space at the San Francisco International Airport, Mr. Nuru using his official position to benefit a developer of a mixed-use project in San Francisco in exchange for personal gifts and benefits; Mr. Nuru attempting to use his former position as the chair of the Transbay Joint Powers Authority to secure a lease for Mr. Bovis in the Salesforce Transit Center, in exchange for personal benefits provided by the restauranteur; Mr. Nuru providing Mr. Bovis with inside information on City projects regarding contracts for portable bathroom trailers and small container-like housing units for use by the homeless, so that Mr. Bovis could win the contracts for those projects; and Mr. Nuru obtaining free and discounted labor and construction equipment from contractors to help him build a personal vacation home while those contractors were also engaging in business with the City. Mr. Nuru resigned from employment with the City two weeks after his arrest.

On May 20, 2021 Mr. Bovis pled guilty to honest services wire fraud and wire fraud. On December 17, 2021 Mr. Nuru also pled guilty to honest services wire fraud.

As a result of the announcement of the Nuru and Bovis arrests, the City Attorney and Controller commenced a joint investigation seeking to identify officials, employees and contractors involved in these schemes or other related conduct, and to identify contracts, grants, gifts, and other government decisions possibly tainted by conflicts of interest and other legal or policy violations. The Controller's Office, in conjunction with the City Attorney's Office, has put into place interim controls to review Public Works contracts for red flags and process failures. The Controller's Office is also working with the City Attorney's Office to identify whether stop payments, cancellations or other terminations are justified on any open contracts, purchase orders or bids. Also, the Controller, in coordination with the City Attorney's Office, has made periodic public reports setting forth assessments of patterns and practices to help prevent fraud and corruption and recommendations about best practices, including possible changes in City law and policy.

On March 10, 2020, the City Attorney transmitted to the Mayor its preliminary report of investigations of alleged misconduct by the City's Director of the Department of Building Inspections ("DBI"). The allegations involve violations of the City Campaign and Conduct Code and DBI's Code of Professional Conduct by the Director by (i) providing intentional and preferential treatment to certain permit expediters, (ii) accepting gifts and dinners in violation of DBI's professional code of conduct, and (iii) otherwise violating City laws and policies by abusing his position to seek positions for his son and son's girlfriend. The Mayor placed the Director of Building Inspection on administrative leave, and he resigned shortly thereafter.

On June 29, 2020, the Controller released its preliminary assessment of Citywide procurement practices, with an emphasis on the Public Works Department. The report is subject to public comment and review and could be revised in the future. The preliminary assessment focused on City laws, practices and policies and made recommendations to make improvements on such City laws and policies to improve transparency, reduce the risk of loss and abuse in City contracting in the future. The Controller expects to issue additional reports in the future. Reviews of the City internal controls will be released in a subsequent report. Finally, the City Attorney investigation continues with respect to the review certain contracts and payments made to outside vendors. To date, the City Attorney's investigation has led to the release of at least four city employees (including the Director of Public Works and the Director of Building Inspections, as described above) or officials from their City positions.

On September 24, 2020 the Controller issued an additional report noting that Mr. Nuru also solicited donations from private sources and directed those donations to a non-profit supporting the Department of Public Works. Such arrangements, which were neither accepted or disclosed by the City, created a perceived risk of "pay-to-play" relationships. The report made recommendations to the Board of Supervisions that, among other things, would restrict the ability of department heads from soliciting donations from interested parties in the future and would increase transparency surrounding gifts made to benefit City departments.

On November 30, 2020, Harlan L. Kelly, Jr., the General Manager of the San Francisco Public Utilities Commission ("PUC"), was charged in a federal criminal complaint with one count of honest services wire fraud. The complaint alleges that Mr. Kelly engaged in a long-running bribery scheme and corrupt partnership with Walter Wong, a San Francisco construction company executive and permit expediting consultant, who ran or controlled multiple entities doing business with the City. The complaint further alleges that as part of the scheme, Mr. Wong provided items of value to Mr. Kelly in exchange for official acts by Mr. Kelly that benefited or attempted to benefit Mr. Wong's business ventures. Earlier criminal charges filed against Walter Wong alleged that Mr. Wong conspired with multiple City officials, including Mr. Nuru, in a conspiracy and money laundering scheme. Mr. Wong pled guilty in July of this year and is cooperating with the ongoing federal investigation.

Mr. Kelly resigned on December 1, 2020, and the PUC's Commission acted on his resignation on December 8, 2020. Dennis J. Herrera (the current City Attorney) was nominated by the Mayor to be the General Manager of the PUC and his nomination was confirmed by the PUC on September 28, 2021. Mr. Herrera assumed office as General Manager of PUC on November 1, 2021.

Recology Settlement. On March 4, 2021, the City Attorney announced an approximately $100 million settlement with Recology San Francisco ("Recology"), the contractor handling the City's waste and recycling collection. The settlement arose from overcharges that were uncovered as part of the continuing public integrity investigation tied to Mr. Nuru and others. As part of the Settlement, Recology was required to lower commercial and residential rates starting April 1, 2021, and make a $7 million settlement payment to the City under the California Unfair Competition Law and the San Francisco Campaign and Governmental Conduct Code. In addition, Recology will be enjoined for four years from making any gift to any City employee or any contribution to a nonprofit at the behest of a City employee. The comprehensive settlement agreement with Recology was approved by the Board of Supervisors. The bribery and corruption public integrity investigation related to the Nuru matter is ongoing.

On July 8, 2021 the San Francisco District Attorney announced the arrest of former Department of Public Works bureau manager Gerald "Jerry" Sanguinetti. Mr. Sanguinetti was charged with five felony counts of perjury and two misdemeanor charges arising from his alleged failure to report more than a quarter million dollars of income and file financial disclosure statements associated with the sale to the Public Works Department of merchandise by a company owned by his wife. The charges arise out of the continuing investigation into public corruption involving the Public Works Department. The Public Works Department investigation is ongoing.

On May 16, 2022 the Controller's Office released a public integrity assessment report on the review of rate-setting and rate reporting processes, and profits earned by Recology that were over and above allowed profit margins. The report found that Recology netted profits of $23.4 million over and above the allowed profit margin set in the 2017 Rate Application. Even after taking into account the 2021 $101 million settlement in restitution, penalties, and interest to ratepayers affected by the erroneous calculation of revenues in the rate application, Recology consistently exceeded their allowable operating profits.

In addition to the ongoing joint investigation by the City Attorney's Office and the Controller's Office into City contracting policies and procedures, the City's Board of Supervisors has initiated a series of public hearings before its Government Audit and Oversight Committee to examine issues raised by the federal complaints. That committee also considered the Controller's periodic reports. The full Board of Supervisors is considering retaining additional independent services relating to the matters that were the subject of the federal indictment. The City can give no assurance regarding when the City's investigation will be completed or what the outcome will be. The criminal investigation by the Federal Bureau of Investigation and the United States Attorney's office is ongoing.

Risk Retention Program

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

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

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

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

APPENDIX C

ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CITY AND COUNTY OF SAN FRANCISCO
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

Annual Comprehensive Financial Report
Year ended June 30, 2021

Prepared by:
Office of the Controller

Ben Rosenfield
Controller

CITY AND COUNTY OF SAN FRANCISCO

Annual Comprehensive Financial Report
Year Ended June 30, 2021

TABLE OF CONTENTS

TABLE OF CONTENTS

CITY AND COUNTY OF SAN FRANCISCO
Annual Comprehensive Financial Report
Year Ended June 30, 2021

TABLE OF CONTENTS

STATISTICAL SECTION

INTRODUCTORY SECTION

- Controller's Letter of Transmittal
- Certificate of Achievement - Government Finance Officers Association
- City and County of San Francisco Organization Chart
- List of Principal Officials

February 2, 2022

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

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City and County of San Francisco, California (the City) for the fiscal year (FY) ended June 30, 2021, with the independent auditor's report. The report is submitted in compliance with City Charter sections 2.115 and 3.105, and California Government Code Sections 25250 and 25253. The Office of the Controller prepared the ACFR in conformance with the principles and standards for accounting and financial reporting set forth by the Governmental Accounting Standards Board (GASB).

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

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

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

SAN FRANCISCO GOVERNMENT:

Profile of San Francisco Government

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

Elected officials include the Mayor, Members of the Board of Supervisors, Assessor-Recorder, City Attorney, District Attorney, Public Defender, Sheriff, Superior Court Judges, and Treasurer. Since 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.

The Pandemic's Impact on the City's Economy and Finances
A new coronavirus strain, SARS-CoV-2, caused the disease termed COVID-19, which began to spread in Asia in late 2019 and to the United States and other parts of the world by early 2020. The first case was reported in the Bay Area in March 2020. By the end of March 2020, 186,000 had been confirmed in the U.S., 8,000 in California, and 573 in San Francisco. By the close of FY 2020-21, these numbers had increased to 33.3 million, 3.7 million, and 37,304 respectively.

Worldwide public health interventions to contain the disease initially focused on efforts to slow transmission through encouragement or mandates to wear masks and by minimizing individual contacts through travel restrictions and mandated suspension of many types of business and social and cultural interactions. In San Francisco, the Mayor and Public Health Director, together with other Bay Area counties, imposed a shelter-in-place order on March 16, 2020. The State of California took similar steps statewide shortly thereafter. These orders required the closure of all non-essential businesses in the City and required other social interactions. During FY 2020-21, vaccination became the primary public health strategy to minimize the impact of the virus, and most of these restrictions on businesses and schools were lifted.

The pandemic, and the necessary public health response to it, ended the longest period of economic expansion in U.S. history, beginning in the final quarter of FY 2019-20. Within the first month, over 20 million jobs were lost across the country, equal to the total employment gained during the previous ten years. Given the rapid impact of the pandemic and the public health response to it, national real gross domestic product declined by 31.2 percent on an annualized basis in the final quarter of FY 2019-20. The economic impacts in San Francisco in the final quarter of FY 2019-20 were profound. The San Francisco metro division lost nearly 170,000 jobs between March and April 2020.

The national, state, and local economies began to slowly stabilize and recover in FY 2020-21. Local public health conditions, interrupted by two surges of COVID-19 prevalence in Summer and Winter 2021, improved over the course of the fiscal year, permitting the targeted lifting of local public health control measures and the recovery of local economic activity. The San Francisco metro area recovered 44 percent of jobs lost in the first two months of the pandemic by the close of FY 2020-21.

Despite these improvements, though, impacts on the local hospitality, office industries, and the local economy were profound. Enplanements at San Francisco International Airport, which declined by 90 percent during the last quarter of the previous fiscal year, improved in FY 2020-21 but were still 50 percent below pre-pandemic levels at the end of the fiscal year. Citywide hotel occupancy rate, which fell to an historic low of 14 percent in April 2020, began a slow recovery in FY 2020-21 and ended the year at 44 percent, improved but well below average occupancy of 80 percent typical in pre-pandemic years. The City's office vacancy rate rose to above 20 percent at the end of FY 2020-21, from just above 5 percent in the first quarter of 2020.

While economic and health conditions began to improve, the annualization of associated tax revenues losses for a full 12 months in FY 2020-21 drove significant losses versus the prior year. Hotel, sales, and parking taxes for FY 2020-21 declined by 86.8 percent, 16.5 percent, and 31.5 percent, respectively, versus the previous year.

The City's General Fund financial results remained strong notwithstanding these economic and tax revenue losses. The Mayor and Board of Supervisors adopted a budget that contained a number of cost-containment strategies. These actions were amplified by strong property tax revenue growth, up 12.4 percent versus the prior year, and significant levels of new federal support for local governments. General Fund revenues received by the City from the federal American Rescue Plan Act were the most significant driver of an 86.3 percent improvement in federal intergovernmental revenue versus the prior year. Despite significant hotel, sales, and other local tax revenue losses, overall General Fund revenues increased by $196.2 million, or 3.6 percent, compared to the prior fiscal year.

These factors contributed to strong bottom-line financial results for the fiscal year. General Fund cash increased by 1.7 percent to $3.55 billion. Despite a planned draw down on the City's reserves, total GAAP fund balances declined by a modest 0.6 percent to $2.67 billion. At the close of the fiscal year and after these draws, these primary rainy day reserves, which do not include one-time reserves, totaled $380.3 million, or 6.7 percent of revenues.

OTHER INFORMATION:

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

The City has historically adopted annual budgets for all governmental funds and typically adopts project-length budgets for capital projects and certain debt service funds. The voters adopted amendments to the Charter in November 2009 designed to further strengthen the City's long-range financial planning. As a result of these changes, the City is required to adopt a "rolling" two-year budget each year unless the Board of Supervisors authorizes a "fixed" two-year budget appropriation for a given fund, in which case authorization occurs every two years. For the fiscal year period of 2020-21 and 2021-22, there were four departments on a two-year fixed budget, while the majority of the City's budget remains on a rolling cycle.

As further required by these amendments, the Board of Supervisors and Mayor adopt a five-year financial plan every two years. The latest plan was issued in January 2021 and most recently updated in January 2022. Additionally, these Charter changes provided a mechanism for the Controller to propose, and the Board to adopt, various binding financial policies, which can only be suspended by a supermajority of the Board. Financial policies have now been adopted under these provisions governing the City's budget reserve practices, the use of non-recurring revenues, and limits on the use of debt paid from the General Fund.

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

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

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

Award for Financial Reporting
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2020. This was the 39th consecutive year, beginning with the year ended June 30, 1982, that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The ACFR must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

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

Respectfully submitted,

Ben Rosenfield
Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

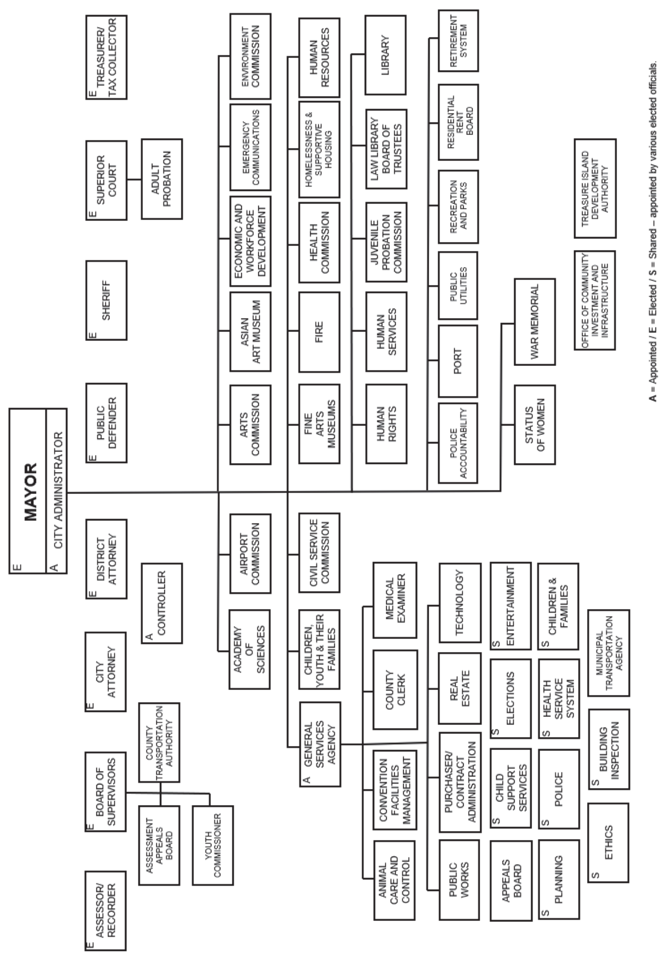
City and County of San Francisco
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill
Executive Director/CEO

City and County of San Francisco Organization Chart
(As of June 30, 2021)



CITY AND COUNTY OF SAN FRANCISCO

List of Principal Officials
As of June 30, 2021

ELECTED OFFICIALS

Mayor	London Breed
Board of Supervisors:	
President	Myrna Melgar
Supervisor	Dean Preston
Supervisor	Gordon Mar
Supervisor	Rafael Mandelman
Supervisor	Aaron Peskin
Supervisor	Connie Chan
Supervisor	Catherine Stefani
Supervisor	Hillary Ronen
Supervisor	Ahsha Safai
Supervisor	Shamann Walton
Supervisor	Matt Haney
Assessor/Recorder	Joaquín Torres
City Attorney	Dennis J. Herrera
District Attorney	Chesa Boudin
Public Defender	Manohar Raju
Sheriff	Paul Miyamoto
Superior Courts	
Presiding Judge	Judge Samuel K. Feng
Treasurer/Tax Collector	José Cisneros

APPOINTED OFFICIALS

City Administrator	Carmen Chu
Controller	Benjamin Rosenfield

DEPARTMENT DIRECTORS/ADMINISTRATORS

Airport	Ivar C. Satero
Appeals Board	Julie Rosenberg
Arts Commission	Ralph Remington
Asian Art Museum	Jay Xu
Board of Supervisors	Angela Calvillo
Assessment Appeals Board	Alistair Gibson (Acting)
County Transportation Authority	Tilly Chang
Building Inspection	Patrick O'Riordan (Interim)
California Academy of Sciences	Scott D. Sampson
Child Support Services	Karen M. Roye
Children, Youth and Their Families	Maria Su
Civil Service	Sandra Eng
Economic and Workforce Development	Kate Sofis
Elections	John Arntz
Emergency Management	Mary Ellen Carroll
Entertainment	Maggie Weiland
Environment	Deborah Raphael
Ethics	LeeAnn Pelham
Fine Arts Museums	Thomas P. Campbell
Fire	Jeanine Nicholson

CITY AND COUNTY OF SAN FRANCISCO

List of Principal Officials
As of June 30, 2021

DEPARTMENT DIRECTORS/ADMINISTRATORS (Continued)

General Services Agency	
Animal Care and Control	Virginia Donohue
Convention Facilities Management	John Noguchi
County Clerk	Diane Rea
Medical Examiner	Christopher Liverman
Public Works	Alaric Degrafinried (Acting)
Purchaser/Contract Administration	Sailaja Kurella (Acting)
Real Estate	Andrico Penick
Department of Technology	Linda Gerull
Health Service System	Abbie Yant
Homelessness and Supportive Housing	Shireen McSpadden
Human Resources	Carol Isen
Human Rights	Sheryl Evans Davis
Human Services	Trent Rhorer
Aging and Adult Services	Kelly Dearman
Juvenile Probation	Katherine Weinstein Miller
Law Library Board of Trustees	Marcia Bell
Library	Michael Lambert
Municipal Transportation Agency	Jeffrey Tumlin
Planning	Rich Hillis
Police	William Scott
Police Accountability	Paul Henderson
Port	Elaine Forbes
Public Health	Grant Colfax
Public Utilities	Michael Carlin (Acting)
Recreation and Park	Phil Ginsburg
Residential Rent Board	Robert Collins
Retirement System	Jay Huish
Small Business	Regina Dick-Endrizzi
Status of Women	Kimberly Ellis
Successor Agency to the Redevelopment Agency	Sally Oerth (Interim)
Superior Court	T. Michael Yuen
Adult Probation	Karen L. Fletcher
War Memorial	John Caldon

DISCRETELY PRESENTED COMPONENT UNIT

Treasure Island Development Authority	Robert P. Beck

SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO
ORO EN PAZ FIERRO EN GUERRA
CONTROLLER'S OFFICE

FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information

Independent Auditor's Report

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

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Francisco County Transportation Authority, San Francisco International Airport (major fund), San Francisco Water Enterprise (major fund), Hetch Hetchy Water and Power (major fund), Municipal Transportation Agency (major fund), and San Francisco Wastewater Enterprise (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	1.1%	3.8%	1.4%
Business-type activities	93.1%	98.8%	71.6%
Aggregate discretely presented component unit and remaining fund information	0.4%	0.2%	0.4%

Those 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, based on our audit and the reports of other auditors, the 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, 2021, 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.

Macias Gini & O'Connell LLP
101 California Street, Suite 3910
San Francisco, CA 94111

Emphasis of a Matter
As discussed in Note 4 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for state and local governmental entities. The City restated beginning net position for the retroactive application of this new accounting standard. Our opinion is not modified with respect to this matter.

Other Matters
Prior-Year Comparative Information
The financial statements include partial and summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2020, from which such partial and summarized information was derived.

We have previously audited the City's 2020 financial statements, and we expressed, based on our audit and the reports of other auditors, unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information in our report dated February 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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, 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, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP

San Francisco, California
February 2, 2022

This section of the City and County of San Francisco's (the City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information in our transmittal letter. Certain amounts presented as fiscal year 2019-20 summarized comparative financial information in the basic financial statements have been reclassified to conform to the presentation in the fiscal year 2020-21 basic financial statements.

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 $10.65 billion (net position). Of this balance, $10.56 billion represents the City's net investment in capital assets, $3.90 billion represents restricted net position, and unrestricted net position has a deficit of $3.81 billion. The City's total net position increased by $556.6 million, or 5.5 percent, from the previous fiscal year. Of this amount, total net investment in capital assets and restricted net position increased by $86.6 million or 0.8 percent and $851.6 million or 27.9 percent, respectively, and unrestricted net position decreased by $381.6 million or 11.1 percent.

The City's governmental funds reported total revenues of $8.45 billion, which is a $1.27 billion or 17.7 percent increase from the prior year. Within this, revenues from property taxes, business taxes, real property transfer tax, fines, forfeitures, and penalties and intergovernmental sources grew by approximately $309.8 million, $1.06 billion, $10.1 million, $30.4 million and $432.6 million, respectively. Governmental funds expenditures totaled $7.27 billion for this period, a $239.8 million or 3.4 percent increase, reflecting increases in demand for governmental services of $352.2 million and increases in debt service of $66.1 million, offset by a decrease in capital outlay of $178.5 million.

The City's total short-term debt increased by $408.1 million in this fiscal year. The decrease of $89.4 million in the governmental activities was due to the retirement of Commercial Paper (CP) through the issuance of 2020 Certificates of Participation Animal Care and Control Project and Series 2021A Multiple Capital Improvement Projects. The short-term debt in the business-type activities increased by $497.5 million mainly due to the Airport, Hetch Hetchy Water and Power and the Wastewater Enterprise issuing a total of $987.8 million additional short-term debt to upgrade their facilities. The San Francisco General Hospital paid off $3.8 million of CP. The Airport and the Water Enterprise refinanced $230.0 million and $256.5 million of CP, respectively, through the issuance of long-term debt.

The City's governmental activities long-term debt increased by $469.4 million. A total of $736.2 million in general obligation bonds which included $35.6 million of bond premium were issued to provide funds to improve: facilities that deliver services to persons experiencing mental health challenges, substance abuse disorder and/or homelessness; accessibility, safety and quality of the City's parks, open spaces and recreational facilities; low-and middle-income housing programs; certain fire, earthquake and emergency response; Muni service reliability, ease traffic congestion, reduce vehicle travel time, enhance pedestrian and bicycle safety and improve disabled access. The City issued $123.1 million certificates of participation with bond premium of $24.3 million to refinance the short-term debt issued for the Animal Care and Control Project and for acquisition of real properties for the Hall of Justice Relocation project. The City also issued $91.2 million in refunding general obligation bonds and $70.6 million refunding certificates of participation with bond premium of $21.6 million and $11.9 million, respectively, for debt service savings. The increase in debt was offset by $609.5 million due to refunded bonds and scheduled debt service payments of $567.3 million and amortization of bond premium of $42.2 million.

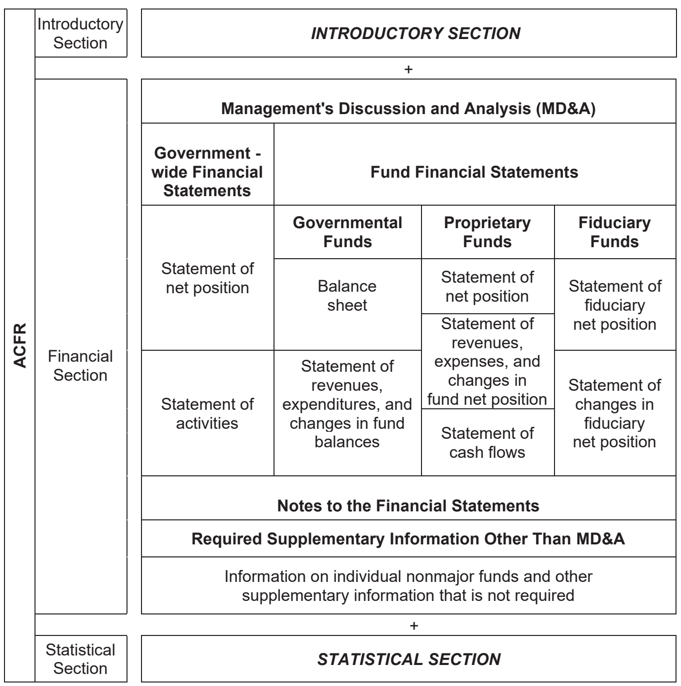
The business-type activities long-term debt increased by $421.5 million. The Airport issued $980.5 million in revenue refunding bonds to refund certain outstanding revenue bonds and repay outstanding CP notes. The Water Enterprise issued $420.3 million in revenue bonds to repay $229.8 million of CP and to finance capital projects of the Water and the Hetch Hetchy Water Enterprises. The Water Enterprise also issued $664.4 million in revenue refunding bonds for debt service savings and obtained a loan of $49.5 million from the State of California to fund its SF Westside Recycled Water Project. The Municipal Transportation Agency issued $124.6 million revenue bonds to finance the cost of various capital projects of MTA, issued revenue refunding bonds of $174.9 million for debt service savings and obtained additional bank loan of $369 for a garage renovation project. The Wastewater Enterprise drew down additional loans of $22.5 million from the State of California to fund various sewer system improvement projects. The increase in debt was partially offset by the $1.83 billion in refunded bonds and scheduled debt service payments and $182.2 million of bond premium and discount amortization.

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* as of July 1, 2020. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The City restated the July 1, 2020 net position of governmental activities to include activities previously reported as agency funds. The net effect of this change was a $35.6 million increase in the City's beginning net position. The financial statements as of and for the year ended June 30, 2020 have not been restated for the effects of GASB Statement No. 84.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



CITY AND COUNTY OF SAN FRANCISCO

Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

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

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public protection, public works, transportation and commerce, human welfare and neighborhood development, community health, culture and recreation, general administration and finance, 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) and San Francisco Finance Corporation. Included within the business-type activities of the government-wide financial statements is the operation of the San Francisco Parking Authority. Although legally separate from the City, these component units are blended with the primary government because of their governance or financial relationships to the City. The City also considers the Successor Agency to the Redevelopment Agency (Successor Agency) and various Community Facilities Districts as fiduciary component units of the City.

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

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	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	$ 8,994,750	$8,377,481	$ 6,327,864	$ 6,477,516	$ 15,322,614	$ 14,854,997
Capital assets	6,831,506	6,702,757	23,408,990	22,089,466	30,240,496	28,792,223
Total assets	15,826,256	15,080,238	29,736,854	28,566,982	45,563,110	43,647,220
Deferred outflows of resources:	1,252,731	1,161,466	1,191,964	1,103,005	2,444,695	2,264,471
Liabilities:						
Current liabilities	2,609,243	3,214,799	2,918,746	2,395,258	5,527,989	5,610,057
Noncurrent liabilities	10,205,405	9,149,846	20,791,711	19,797,681	30,997,116	28,947,527
Total liabilities	12,814,648	12,364,645	23,710,457	22,192,939	36,525,105	34,557,584
Deferred inflows of resources:	505,142	743,437	322,335	512,075	827,477	1,255,512
Net position:						
Net investment in capital assets *	3,927,209	3,853,271	7,003,396	7,013,098	10,561,206	10,474,620
Restricted *	2,965,770	2,118,598	1,055,138	956,701	3,899,691	3,048,043
Unrestricted (deficit) *	(3,133,782)	(2,838,247)	(1,162,508)	(1,004,826)	(3,805,674)	(3,424,068)
Total net position	$ 3,759,197	$3,133,622	$ 6,896,026	$ 6,964,973	$ 10,655,223	$ 10,098,595

* 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 $10.65 billion at the end of fiscal year 2020-21, a 5.5 percent increase over the prior year. The City's governmental activities account for $3.76 billion of this total and $6.89 billion stem from its business-type activities.

The largest portion of the City's net position is the $10.56 billion in net investment in capital assets (e.g. land, buildings, and equipment). This reflects a $86.6 million or 0.8 percent increase over the prior year which is due to the reclassification of $369.4 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. With that, an increase of $73.9 million in the governmental activities and a decrease in the business-type activities, highlighted by decreases of $304.9 million at Airport and $8.1 million at SFGH offset by increases of $464.5 million at Water Enterprise and $231.6 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 $3.90 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 $3.81 billion, which consists of a $3.13 billion deficit in governmental activities and $1.16 billion deficit in business-type activities. The governmental activities and business-type activities deficit is largely due to recording liabilities related to net pension and net other postemployment benefits (see Note 9). The governmental activities deficit also included $490.6 million in long-term bonds liabilities that fund the LHH

rebuild project, certain park facilities and Embarcadero seawall earthquake safety projects at the Port, improvement projects for reliable emergency water supply for the Water Enterprise, and road paving and street safety in SFMTA (see Note 10(d)). The business-type activities deficit also includes structural operating losses from SFGH and LHH subsidized by the General Fund.

Condensed Statement of Activities
(in thousands)

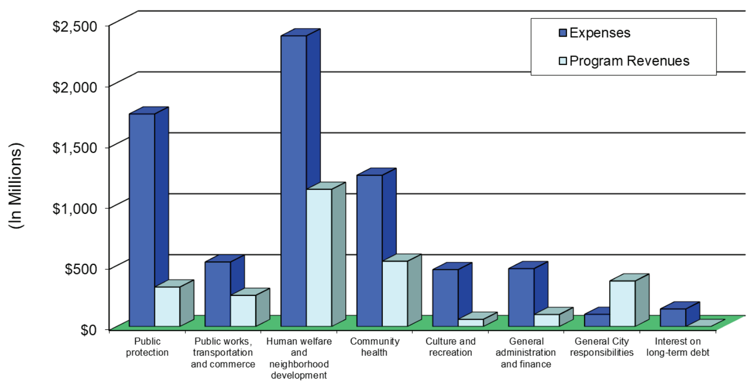
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	$ 731,562	$ 854,868	$ 3,187,872	$ 3,884,412	$ 3,919,434	$ 4,739,280
Operating grants and contributions	1,925,539	1,518,051	710,059	455,673	2,635,598	1,973,724
Capital grants and contributions	130,937	146,400	231,890	361,266	362,827	507,666
General revenues:						
Property taxes	2,972,067	2,733,334	-	-	2,972,067	2,733,334
Business taxes	1,894,604	833,931	-	-	1,894,604	833,931
Sales and use tax	233,393	279,453	-	-	233,393	279,453
Hotel room tax	37,698	280,970	-	-	37,698	280,970
Utility users tax	81,367	94,231	-	-	81,367	94,231
Other local taxes	453,852	474,859	-	-	453,852	474,859
Interest and investment income	10,688	142,181	(3,066)	151,319	7,622	293,500
Other	67,838	63,552	440,508	245,466	508,346	309,018
Total revenues	8,539,545	7,421,830	4,567,263	5,098,136	13,106,808	12,519,966
Expenses						
Public protection	1,744,103	1,661,262	-	-	1,744,103	1,661,262
Public works, transportation and commerce	530,087	362,133	-	-	530,087	362,133
Human welfare and neighborhood development	2,384,993	2,137,968	-	-	2,384,993	2,137,968
Community health	1,241,282	1,148,208	-	-	1,241,282	1,148,208
Culture and recreation	467,251	519,015	-	-	467,251	519,015
General administration and finance	475,428	416,370	-	-	475,428	416,370
General City responsibilities	100,077	119,693	-	-	100,077	119,693
Unallocated Interest on long-term debt	144,334	145,600	-	-	144,334	145,600
Airport	-	-	1,294,064	1,344,734	1,294,064	1,344,734
Transportation	-	-	1,327,418	1,438,417	1,327,418	1,438,417
Port	-	-	142,126	131,884	142,126	131,884
Water	-	-	627,875	576,140	627,875	576,140
Power	-	-	411,605	392,669	411,605	392,669
Hospitals	-	-	1,376,112	1,332,648	1,376,112	1,332,648
Sewer	-	-	318,976	296,842	318,976	296,842
Total expenses	7,087,555	6,510,249	5,498,176	5,513,334	12,585,731	12,023,583
Increase/(decrease) in net position before transfers	1,451,990	911,581	(930,913)	(415,198)	521,077	496,383
Transfers	(861,966)	(679,450)	861,966	679,450	-	-
Change in net position	590,024	232,131	(68,947)	264,252	521,077	496,383
Net position at beginning of year, as previously reported	3,133,622	2,901,491	6,964,973	6,700,721	10,098,595	9,602,212
Cumulative effect of accounting change	35,551	-	-	-	35,551	-
Net position at beginning of year, as restated	3,169,173	2,901,491	6,964,973	6,700,721	10,134,146	9,602,212
Net position at end of year	$ 3,759,197	$ 3,133,622	$ 6,896,026	$ 6,964,973	$10,655,223	$10,098,595

Analysis of Changes in Net Position

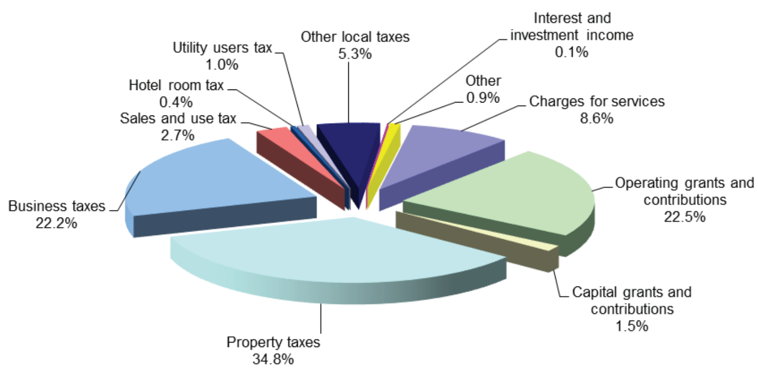
The City's change in net position was $521.1 million in fiscal year 2020-21, a 5.0 percent increase from the prior fiscal year after the cumulative effect of $35.6 million for the adoption of GASB Statement No. 84 effective July 1, 2020, as noted above. The increase in net position was due to a $590.0 million increase from governmental activities and offset by a decrease of $68.9 million from business-type activities.

The City's governmental activities experienced a $1.12 billion or 15.1 percent growth in total revenues, as well as an increase in total expenses of $577.3 million or 8.9 percent this fiscal year. Business-type activities revenues decreased by $530.9 million or 10.4 percent, and total expenses also decreased by $15.2 million, or 0.3 percent. The net transfer to business-type activities increased by $182.5 million. The major components of increased revenue Citywide are increased operating grants and contributions of $661.9 million, property taxes of $238.7 million and business taxes of $1.06 billion, offset by decrease of charges for services of $819.8 million, capital grants and contribution of $144.8 million, hotel room tax of $243.3 million and interest and investment income of $285.9 million. Discussion of these and other changes is presented in the governmental activities and business-type activities sections that follow.

Expenses and Program Revenues - Governmental Activities



Revenues By Source - Governmental Activities



Governmental Activities. Governmental activities increased the City's total net position by $590.0 million, excluding the impact of a $35.6 million restatement. Key factors contributing to the changes are discussed below.

Overall, total revenues from governmental activities were $8.54 billion, a $1.12 billion or 15.1 percent increase over the prior year. For the same period, expense totaled $7.09 billion before transfers of $862.0 million.

Business tax revenues soared by $1.06 billion or 1.3 times predominately due to recognition of Proposition C Commercial Rent Tax and Proposition C Homelessness Gross Receipts Tax and Administrative Office Tax when the California Supreme Court's decline to review the cases and let stand lower court rulings which were in favor of the City in fiscal year 2021. The Commercial Rent Tax, passed in June 2018 and operative on January 1, 2019, imposes a new tax on gross receipts from leasing or subleasing of commercial space to fund early childhood education and increasing compensation of childcare professionals and staff. The Homelessness Gross Receipts Tax, which applies to business with gross receipts over $50 million, and Administrative Office Tax, which applies to certain administrative offices' payroll expenses in San Francisco, were passed in November 2018 and became operative on January 1, 2019. Both measures won with a simple majority but litigants sought to invalidate them, asserting they needed a two-thirds vote for approval due to the specific designation for the tax revenues. After the Supreme Court's actions, collections in fiscal year 2020, the majority of which were deferred, and collections in fiscal year 2021, totaling $1.15 billion, were recognized in 2021. Business registration tax also had a modest increase of $40.9 million but was offset by a combined decrease of $133.5 million in payroll and Prop E gross receipt taxes, which were adversely impacted by the pandemic.

Property tax revenues increased by $238.7 million or 8.7 percent due in large part to the increased recognition of $130.8 million secured property tax which corresponded to the year-over-year growth of the secured assessment roll. Remaining increases were from Excess Educational Revenue Augmentation Fund (ERAF), redevelopment property tax increment and property tax in lieu of vehicle license fee.

The COVID pandemic continued to adversely impact other general revenue streams. Among these, hotel room tax plummeted by $243.3 million or 86.6 percent, due to travel restrictions, reductions both in international and domestic flights, and conference cancellations. Enplanements in fiscal year 2021 saw moderate growth through the latter half of the year, however, total enplanements for the year were 65.7 percent below fiscal year 2020 and 75.8 percent below fiscal year 2019. As a result of meetings taking place virtually, in other locales, or cancelled entirely, hotel room taxes were significantly impacted. Hotel tax revenues are highly correlated with revenue per available room (RevPAR) which is a function of changes in occupancy, average daily room rate (ADR) and room supply. In June 2020, RevPAR was $28.5, with a 12-month moving average of $159.32. RevPAR gradually increased and grew to a pandemic high of $70.5 in June 2021, with a 12-month moving average of $42.6. ADR increased from $109.7 in June 2020 to $161.7 in June 2021, or 47.4 percent. However, because the pandemic affected the entirety of the current year versus a portion of the prior year, annual average ADR saw a decline of 45.7 percent from $226.7 to $123.11. Similarly, although the hotel occupancy rate increased from 26.0 percent in June 2020 to a high of 43.6 percent a year later, the average annual occupancy rate for fiscal year 2021 was 34.0 percent, or 44.8 percent lower than the average in fiscal year 2020.

Interest and investment income dropped by $131.5 million or 92.5 percent primarily due to interest rate declines as the Federal Reserve maintained interest rates in the 0-2 basis point range for the entirety of this fiscal year to support the economy through the COVID crisis. The fair value of the Pool's investment portfolio ended the fiscal year with a significantly smaller unrealized gain compared to prior year and further impacted the total investment earnings.

The restrictions on retail and non-essential business and COVID related slowdowns and closures resulted in continued declines in sales and use tax revenues by $46.1 million or 16.5 percent. Although collections in the second half of the year were stronger than the same period in the prior year, total revenue was still far below pre-pandemic levels. Likewise, other local taxes, including parking tax, stadium admission tax, and sugar sweetened beverage tax, decreased by $21 million. Utility users tax also fell by $12.9 million due to depressed utility consumption by businesses.

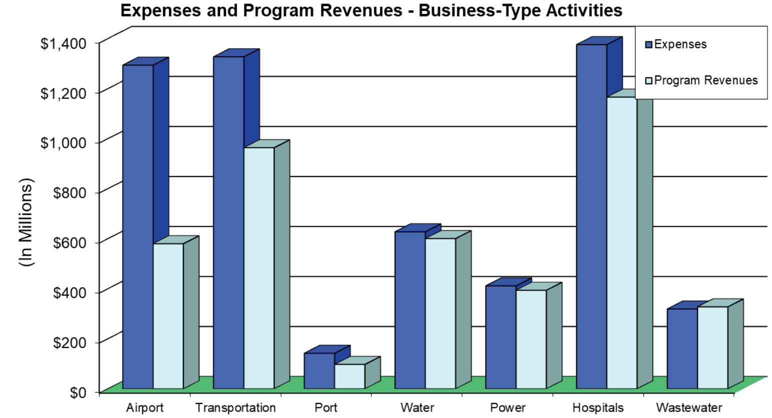
Total grants and contributions, however, increased by $392.0 million or 23.6 percent, of which $312.4 million was from the American Rescue Plan Act (ARPA) and $14.3 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to support the City's response to and recovery from COVID-19. The remaining net increase of $65.3 million in federal, state and other operating grants and subventions was mostly for mental health, public protection, welfare services and aid. These increases were partly offset by a $15.5 million decrease in capital grants and contributions due to reduced capital project activities and spending in this fiscal year.

Total charges for services declined by $123.3 million or 14.4 percent owing to severely depressed business and economic activities for the entirety of this fiscal year. Despite a minor increase in receipts of development impact fees and settlements, revenues plunged in almost all service categories including rents and concessions, licenses and permits, fines, forfeitures and penalties, and other charges compared to prior fiscal year.

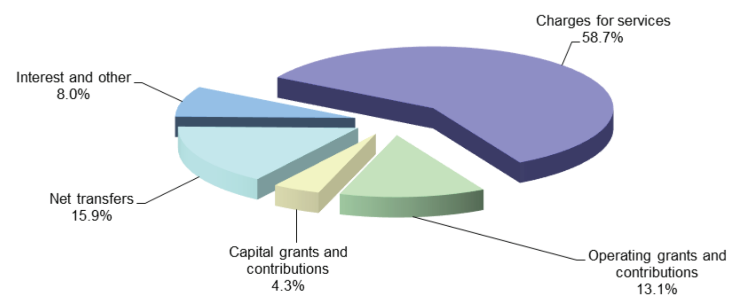
Net transfers from the governmental activities to business-type activities were $862.0 million, a $182.5 million or 26.9 percent increase over the prior year. This was primarily due to a $102.7 million increase in bond proceeds issued by Capital Project Funds and transferred to enterprise funds, composed of $134.7 million for SFMTA and $20.0 million for the San Francisco Water Enterprise this fiscal year versus $52 million for the Port last fiscal year. In addition, transfers from the General Fund to General Hospital also grew by $90.9 million mostly due to a one-time, unbudgeted transfer related to timing of revenue, and increased support for COVID related expenditures. Transfers from the San Francisco International Airport to the General Fund decreased by $19.0 million due to lower concession, parking and transportation revenues impacted by the pandemic. These net increases were partly offset by a decrease in General Fund transfer to SFMTA of $31.3 million driven by lower aggregate discretionary revenue for baseline transfer this fiscal year.

Total governmental expenses rose by $577.3 million, or 8.9 percent, primarily attributed to a surge of $460.9 million of spending on COVID response for shelter, feeding, testing, vaccination, supplies and materials including personal protection equipment, community grants, medical and related services. There was also a $94.5 million increase in other city grants and aid payments as demand increased. OPEB expenses also increased by $46.9 million because of proportionate share increases, assumption changes and contributions but were offset by a decrease of $107.1 million pension expenses driven by investment gains, actuarial gains and assumption changes. Increases in other expenses including judgments and claims, medical and health service payments, salaries and fringe and depreciation were mostly offset with less housing program expenses.

Expenses and Program Revenues - Business-Type Activities



Revenues By Source - Business-type Activities



Business-type activities decreased the City's net position by $68.9 million and key factors contributing to this decrease are as follows:

- The San Francisco International Airport had a decrease in net position at fiscal year end of $402.1 million, compared to a $216.9 million decrease in the prior year, a $185.2 million difference. Operating revenues totaled $515.4 million for fiscal year 2020-21, a decrease of $428.5 million or 45.4 percent over the prior year and included a decrease of $276.3 million in aviation primarily due to changes in the unearned aviation revenue adjustment, $73.5 million in rents and concessions, $67.9 million in parking and transportation, and $10.8 million in other revenues, due to the impact of COVID-19 pandemic on airport operations and passenger traffic. For the same period, the Airport's operating expenses decreased by $16.7 million, or 1.8 percent, for a net operating loss of $399.0 million for the period. Net nonoperating activities saw a deficit of $53.1 million versus $245.3 million deficit in the prior year, a $192.2 million decrease. The decrease of $16.7 million in operating expenses is primarily due to increases in personal services of $6.5 million due to higher other post-employment benefits, depreciation and amortization of $19.0 million due to the addition of capital assets, offset by decreases of $26.9 million due to lower professional services expenses, and $13.4 million due to higher estimated bad debt expense related to the Airport COVID-19 Emergency Rent Relief Program for concession tenants in fiscal year 2020. The decrease of $192.2 million in nonoperating activities is due to an increase in other nonoperating revenues of $248.0 million primarily due to the CARES Act grant funding, decrease of interest and investment income of $89.8 million primarily due to lower interest rates and investment fair values adjustments, and decrease in interest expense of $29.9 million primarily due to a decrease in fixed rate bond interest. Capital contributions increased by $15.4 million due to two fuel storage tanks transferred from SFO Fuel to the Airport in November 2020.

- The City's Water Enterprise, the third largest such entity in California, reported an increase in net position of $8.5 million at the end of fiscal year 2020-21, compared to an increase of $98.9 million at the end of the previous year, a $90.4 million difference. Operating revenues totaled $581.6 million, operating expenses totaled $448.8 million, nonoperating activities totaled a net expense of $132.8 million and the net increase from transfers was $4.4 million. Compared to the prior year, operating revenues decreased $1.7 million which was due to an 8.8% decrease in consumption by retail customers and the COVID-19 emergency proclamation issued by the City's Mayor suspending collection of past due accounts, offset by an adopted rate increase of 7.0% for retail customers beginning July 1, 2020 coupled with rent increases and increased royalty revenues. The enterprise reported a total increase in operating expenses of $50.7 million in fiscal year 2020-21 mostly due to increases of $27.1 million in general administrative and other mainly from judgment and claims based on actuarial estimates and $12.6 million in personnel services mainly due to pension obligations based on actuarial report and a 3% cost of living adjustment. Net nonoperating activity decreased by $60.0 million of net expense primarily due to a prior year one-time gain of $63.6 million from the property transfer of 639 Bryant Street for 2000 Marin Street offset by a $15.0 million grant from the State of California for the SF Westside Recycle Water project in the current year.

- Hetch Hetchy Water and Power and CleanPowerSF ended fiscal year 2020-21 with a net position increase of $16.4 million, compared to a $80.9 million increase the prior year, a difference of $64.5 million. This change consisted of a decrease in operating income of $50.0 million, a decrease in net nonoperating activities of $16.0 million, and an increase in net transfers from the City of $1.5 million. This enterprise consists of three segments: Hetchy Water upcountry operations and water system, which reported a $13.6 million increase in change in net position, Hetchy Power (also known as the Power Enterprise), which reported a $6.9 million increase in change in net position, and CleanPowerSF, which reported a $4.1 million decrease in net position. Hetchy Water operating revenues increased by $12.1 million mainly due to an increase in water assessment fees from the Water Enterprise, while operating expenses increased by $5.6 million mainly due to personnel services resulting from cost of living adjustments, higher retirement expenses, and increased personnel costs. Hetchy Power's operating revenues decreased by $4.5 million mostly due to a decrease in the sale of power. On the operating expenses side, Hetchy Power reported a decrease of $2.5 million mainly attributed to $6.1 million in lower electricity sales, offset by increases of $1.7 million in general and administrative expenses mainly due to higher litigation expenses and $1.6 million in higher capital project spending.

CleanPowerSF's operating revenues decreased by $37.8 million mostly due to a decrease in electricity sales to retail and commercial customers. Operating expenses for CleanPowerSF increased by $16.7 million mainly due to $16.2 million in purchased electricity and transmission, distribution and other power costs as a result of higher prices in the CAISO market and increase in resource adequacy capacity purchases related to new compliance requirements from the California Public Utilities Commission.

- The City's Wastewater Enterprise's net position increased by $9.6 million, compared to a $63.8 million increase in the prior year, a $54.2 million change. Operating revenues decreased by $16.5 million primarily due to a $13.5 million decrease in charges for services from a sanitary flow decrease from residential and non-residential customers and $2.1 million increase in allowance for doubtful accounts attributable to suspension of collection efforts in response to the COVID-19 emergency proclamation issued by the City Mayor. Operating expenses increased by $30.0 million principally due to $20.9 million in general and administrative and other operating expenses mainly due to higher project expenses related to the SSIP Biosolids Digester Project, and $9.1 million in depreciation expense due to more capitalized assets put in service. Net nonoperating activities increased by $6.2 million due principally to $13.3 million decrease in interest and investment income from lower pooled and fiscal agent cash balances and a lower annualized interest rate, offset by a $8.2 million decrease in interest expense due to lower interest rate compared to prior year and a decrease in outstanding bond principal balance.

- The Port ended fiscal year 2020-21 with a net position decrease of $27.4 million, $68.1 million lesser than the $40.7 million increase in the previous year. The Port is responsible for seven and one-half miles of waterfront property and its revenue is derived primarily from property rentals to commercial and industrial enterprises and a diverse mix of maritime operations. In fiscal year 2020-21, operating revenues decreased by $14.5 million principally due to decreases of $8.5 million in parking revenue as a result of reduced tourism and other activity on the waterfront and $4.9 million due to cancellation of all cruise calls and significantly fewer special events as a result of the COVID-19 pandemic. Operating expenses increased $11.1 million over the prior year. This was primarily due to increases of $8.4 million in personal services for increased pension and other post-employment benefits, $8.6 million mostly due to changes in remediation expense estimates, and $3.3 million of increased spending on contractual services, offset by prior years $9.8 million in contractual services mainly related to the Seawall project. Also, net transfers in decreased $52.0 million mainly due to prior year's allocation of $49.5 million in proceeds from City general obligation bonds to support the Seawall Earthquake Safety and disaster Prevention Program.

- The SFMTA had an increase in net position of $306.0 million for fiscal year 2020-21, compared to an increase of $214.7 million in the prior year, a $91.3 million change. SFMTA's total operating revenues were $207.3 million, while total operating expenses reached $1.32 billion. Operating revenues decreased by $183.0 million compared to the prior year and is mainly due to decreases in fare collections by $135.2 million as well as parking by $20.9 million. Decrease in passenger fares was mainly due to significant decline in ridership caused by severe impacts of the COVID-19 pandemic. Parking revenues were heavily impacted by the quarantine and shelter in place orders causing a major decrease in collections as a result of decline in parking activities. Operating expenses decreased by $113.5 million, primarily due to decreases in personal service by $37.1 million attributable to significant reduction in overtime costs and lower workers compensation and other post-employment benefit obligations, other operating expenses by $31.0 million with the reduction in paratransit costs and less noncapitalized expenditures, general and administrative costs by $26.3 million due to decrease in claim liability per actuarial study, and contractual services by $20.5 million was attributable to decreases in payments for garage operators and tow service contracts, and facilities and equipment maintenance services. Net nonoperating activities increased by $199.8 million, mainly from a $245.0 million increase in federal grants including CARES act grants, offset by decrease of $45.2 million in state and other operating grants, interest and investment income, and an increase in interest expense. Capital contributions decreased by $150.4 million due to decrease in capital expenditures incurred and billable to the grantors. Transfers in increased by $111.4 million mainly due to an increase of $134.7 million in capital project support from the City's general obligation bonds, offset by a decrease of $31.3 million from the City's General Fund for revenue baseline subsidy, in lieu of parking tax and population-based allocation.

- LHH, the City's skilled nursing care hospital, had an increase in net position of $13.2 million at the end of fiscal year 2020-21, compared to an increase of $8.7 million at the end of the previous year, a $4.5 million difference. The LHH's loss before transfers for the year was $52.2 million versus a loss of $69.0 million for the prior year. This change of $16.8 million was mostly due to a $23.1 million increase in operating revenues, a $13.4 million increase in operating expenses, and a $7.1 million increase in net nonoperating activities. Net transfers decreased by approximately $12.3 million, due to a $14.9 million decrease in transfers in and a $2.6 million increase in transfers out.
- SFGH, the City's acute care hospital, ended fiscal year 2020-21 with a net position increase of $6.7 million, compared to a decrease of $26.5 million the prior year, a $33.2 million change. Operating revenues increased $264.6 million from prior year, mainly due to a $289.4 million increase in net patient service revenue. Operating expenses increased approximately $32.8 million, mainly due to a $22.8 million increase in personal services, and a $22.3 million increase in contractual services, offset by a $7.6 million decrease in services provided by other departments. Net nonoperating activities increased $12.7 million, mainly due to an increase in federal operating grants. Net transfers increased by approximately $98.6 million, due to a $82.1 million increase in transfers in and a $16.5 million decrease in transfers out.

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 2020-21, the City governmental funds reported combined fund balances of $6.28 billion, an increase of $1.24 billion or 24.6 percent over the prior year. Of the total fund balances, $1.79 billion is assigned and $668.3 million is unassigned. The total of $2.45 billion or 39.1 percent of the total fund balances constitutes the fund balances that are accessible to meet the City's needs. Within these fund balance classifications, the General Fund had an assigned fund balance of $1.56 billion. The remainder of the governmental fund balances includes $2.8 million nonspendable for items that are not expected to be converted to cash such as advances and long-term loans, $3.50 billion restricted for programs at various levels and $320.6 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 $2.23 billion while total fund balance was $2.67 billion. Combined assigned and unassigned fund balances represent 45.6 percent of total expenditures, while total fund balance represents 54.5 percent of total expenditures. For the year, the General Fund's total revenues exceeded expenditures by $772.1 million, before transfers and other items of $823.4 million, resulting in total fund balance decreasing by $51.2 million. Overall, federal grants increased by $326.7 million primarily driven by the American Rescue Plan Act for $312.4 million and CARES Act revenues by $14.3 million. Property taxes increased by $257.9 million due to increased ERAF for $131.6 million, year-over-year growth in the secured assessment roll contributed to about $87.7 million increased current year secured property tax revenues and $21.7 million additional property tax in-lieu of vehicle license fees. State grants and subventions also increased by $90.4 million primarily for mental

health and welfare programs. These increases are partly offset by a decline in other sources, particularly in hotel room tax, business taxes, interest and investment income, sales and use tax, parking tax, other revenues, licenses, permits and franchises, utility users tax, other local taxes and rents and concession which were severely impacted by the shelter-in-place order, travel restrictions, closure of non-essential business, cancellation of conferences and events and surging unemployment due to the pandemic. The net result of revenues over expenditures and transfers was a decrease in fund balance this fiscal year. The Fund has a beginning fund balances restatement of $35.4 million due to implementation of GASB 84.

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 2020-21, the unrestricted net position for the proprietary funds was as follows: Water Enterprise: $64.3 million, Hetch Hetchy Water and Power: $283.6 million, Wastewater Enterprise: $45.8 million, and Port: $84.5 million. In addition, the following funds had net deficits in unrestricted net position: Airport: $18.7 million, SFMTA: $703.9 million, San Francisco General Hospital: $632.4 million, and Laguna Honda Hospital: $285.7 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 decreased by approximately $68.9 million due to the current year financial activities. 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 (Expense)	Capital Contributions and Others	Interfund Transfers, Net	Change In Net Position
Airport	$ 515,416	$ 914,385	$ (398,969)	$ (53,093)	$ 64,735	$ (14,736)	$ (402,063)
Water	581,612	448,843	132,769	(132,818)	4,180	4,371	8,502
Hetch Hetchy	391,171	408,871	(17,700)	18,661	-	15,468	16,429
Municipal Transportation Agency	207,288	1,317,073	(1,109,785)	609,859	160,956	644,982	306,012
General Hospital	847,971	1,078,078	(230,107)	87,782	-	149,043	6,718
Wastewater Enterprise	327,665	292,220	35,445	(23,050)	-	(2,748)	9,647
Port	94,330	138,265	(43,935)	14,319	2,019	208	(27,389)
Laguna Honda Hospital	222,419	295,072	(72,653)	20,472	-	65,378	13,197
Total	$ 3,187,872	$ 4,892,807	$(1,704,935)	$ 542,132	$ 231,890	$ 861,966	$ (68,947)

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.

During the year, actual revenues and other resources were higher than the final budget by $108.5 million. The City realized $182.0 million, $206.7 million, $72.2 million and $10.9 million revenues above budget in property tax, real property transfer tax, State subventions and interest and investment income which were partly offset by lower than budgeted revenues of $93.1 million, $77.2 million, $75.4 million, $36.8 million, $31.5 million, $15.0 million and $14.3 million in hotel room tax, federal grants and subventions, business taxes, sales and use tax, charges for services, other resources and other local taxes, respectively. Property tax was higher primarily due to recognition of ERAF following the guidance from the California State Controller's Office released in February 2021. Property transfer taxes recovered from fourth quarter fiscal year 2019-20 levels and outperformed budget by $206.7 million as the City budget assumed a much more severe slowdown than occurred, and because voters approved a November 2020 measure that increased tax rates on sales exceeding $10 million. State health and mental health subventions, health and welfare realignment, and other grants and subventions also have a combined $72.2 million favorable budget variances. The cash position was better than projected and resulted in higher interest income than budgeted despite low interest rates.

These favorable budget variances were partially offset by unfavorable variances in the remaining taxes, particularly, hotel room tax, business taxes, sales and use tax, other local taxes and parking tax due to the continued shelter-in-place and closure of non-essential businesses attributed to the pandemic, which lasted longer than anticipated at the time of budget preparation. In addition, federal grants and subvention revenues were below budget as cost recoveries from FEMA were not entirely offset by unbudgeted ARPA funds. The remaining unfavorable variances in charges for services, rents and concessions and other resources, licenses, permits and franchises were largely due to cancelation of events, reduced service demand and restrictions imposed by pandemic restrictions, which eased in the fourth quarter.

Differences between the final budget and actual (budgetary basis) expenditures resulted in $185.6 million in expenditure savings. Highlights of the variances include:

- $43.2 million savings for human welfare and neighborhood development largely due to reduced aid assistance and payments, community-based organization services and salaries and fringe benefits in the Human Service Agency, Homelessness and Supporting Housing, and Mayor's Office.

- $43.1 million savings for community health, of which $33.2 million was in non-personnel services and $9.3 million in salaries and fringe benefits.

- $42.5 million savings for budgetary reserve and designations for self-insurance funds.

- $19.4 million savings for general administration and finance, of which $17.5 million was in salaries and fringe benefits and the remaining in programmatic expenditures and services from other City departments. City Planning realized savings of $7.2 million, due to reduced service demands during the pandemic, followed by Controller, City Attorney and General Services Agency- Administrative Services, which realized savings of $3.1 million, $2.7 million and $1.4 million, respectively.

- $13.3 million savings for public works, transportation and commerce, primarily in Office of Business and Economic Development with reduced aid assistance, loans and City grants issued primarily due to depressed economic activities during the pandemic.

- $13.0 million savings for general City responsibilities mainly in non-personnel services and lower health service retiree subsidy costs.

- Remaining savings for culture and recreation and public protection are mainly due to lower than budgeted non-personnel costs and services provided by other City departments. Departments with major savings include Superior Court, Juvenile Probation, Recreation and Park, Public Defender, Sheriff and Emergency Management.

The combined effect of revenue higher than budget and savings in expenditures was a budgetary fund balance available for subsequent year appropriation of $902.0 million at the end of fiscal year 2020-21. The City's fiscal year 2021-22 and 2022-23 Adopted Budget assumed an available balance of $174.0 million fully appropriated in fiscal year 2021-22 and contingency and other reserves of $696.2 million, leaving $31.8 million available for future appropriations (see also Note to the Required Supplementary Information for additional budgetary fund balance details). The Adopted Budget spent $286.2 million of designated fund balance, including the entirety of the $113.5 million COVID Response and Economic Contingency Reserve, $18.7 million of the Federal and State Emergency Revenue Reserve, the entirety of the $149.0 million Business Tax Stabilization Reserve, and $5.0 million of the Hotel Tax Loss Contingency Reserve.

CITY AND COUNTY OF SAN FRANCISCO

Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2021, increased by $1.45 billion, 5.0 percent, to $30.24 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 $128.7 million or 8.9 percent to this total while $1.32 billion or 91.1 percent was from business-type activities. Details are shown in the table below.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 735,247	$ 673,347	$ 340,536	$ 341,624	$ 1,075,783	$ 1,014,971
Construction in progress	723,561	780,833	5,756,173	5,179,163	6,479,734	5,959,996
Facilities and improvements	4,111,281	4,050,395	14,083,637	13,537,984	18,194,918	17,588,379
Machinery and equipment	156,751	177,781	2,134,710	2,077,965	2,291,461	2,255,746
Infrastructure	1,000,149	898,648	1,044,074	904,131	2,044,223	1,802,779
Intangible assets	104,517	121,753	49,860	48,599	154,377	170,352
Total	$ 6,831,506	$ 6,702,757	$ 23,408,990	$ 22,089,466	$ 30,240,496	$ 28,792,223

Major capital asset events during the current fiscal year included the following:

- Under governmental activities, net capital assets increased by $128.7 million or 1.9 percent. About $316.5 million worth of construction in progress work was substantially completed and capitalized as facilities and improvements and infrastructure. Of the completed projects, about $47.0 million in the Animal Care and Control Center, $41.0 million for Station 49 Ambulance Deployment Facility Project, $25.4 million for Margaret Hayward Playground, $21.8 million for Garfield Square Pool Bldg., $18.6 million for 1925 Evans Shelter, and $14.4 million for the Willie Woo Woo Wong Playground. The remaining completed projects are mainly public works.

- The Water Enterprise's net capital assets increased by $57.3 million or 1.0 percent, reflecting an increase in construction and capital improvement activities. Major additions to construction work in progress included Recycled Water project, Sunol Long Term Improvements and Regional Groundwater Storage and Recovery projects. Facilities, improvements, machinery, and equipment increased by $19.7 million mainly attributable to the San Andreas Pipeline No. 2 and Water Main Replacement projects, and other upgrade and improvement programs. As of June 30, 2021, 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. The 35 local projects in this program were completed. For regional projects, 44 are completed and 8 are expected to complete in May 2023.

- SFMTA's net capital assets increased by $354.3 million or 6.9 percent mainly from Central Subway Project construction in progress of $290.6 million and Muni Forward program of $61 million. The remaining $2.7 million was mainly from the procurement of new revenue vehicles. Construction in progress of the $592.4 million costs incurred were for the New Central Subway Project, Muni Forward program, facility upgrades, and light rail vehicle procurement. Facilities and Improvements of $4.7 million was incurred in fiscal year 2021 for facility upgrades, Islais Creek annex renovation projects, and Muni Forward program. Equipment cost of $48.4 million was incurred during the fiscal year mainly for light rail vehicles procurement, facility upgrades, Central Control System upgrades, and streetcar renovation. Infrastructure total of $184.3 million was incurred during the fiscal year mainly for rail replacement, Muni Forward program, street improvements, and traffic signals.

- Laguna Honda Hospital's net capital assets decreased by $6.5 million or 1.4 percent due primarily to higher depreciation expense and lower new construction in progress. LHH provides 780 resident beds in three state of the art buildings on LHH's 62-acre campus. The 500,000 square foot facility received silver certification by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program, becoming the first green-certified hospital in California.

- SFGH's net capital assets decreased by $13.6 million or 12.2 percent due to primarily higher depreciation expense and lower new construction in progress.

- The Wastewater Enterprise net capital assets reported an increase of $544.6 million or 17.8 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, 2021, 37 projects were completed, 8 projects in preconstruction phase, 18 projects in construction phase, and 7 projects in close-out phase. The Oceanside Plant (OSP) Condition Assessment Repairs was completed on January 29, 2021, with an improvement focus on maintaining operational reliability and extending the service life of buildings that are required to remain in operation for 30 years or more. The Southeast Plant (SEP) Seismic Reliability and Condition Assessment Improvements Project is on-going construction.

- Hetch Hetchy's net capital assets increased by $63.3 million or 10.4 percent to $669.5 million primarily from construction and capital improvement activities, and additions of facilities, improvements, machinery, and equipment for the Bay Corridor Project and Holm Powerhouse Rehabilitation & Kirkwood Powerhouse Oil Containment Upgrades.

- The Airport's net capital assets increased $333.5 million or 4.9 percent primarily due to the capitalization of higher capital improvement project costs. The Airport maintains a Capital Improvement Plan to build new facilities, improve existing facilities, renovate buildings, repair or replace infrastructure, preserve assets, enhance safety and security, develop systems functionality, and perform needed maintenance. The Terminal 1 (T1) Redevelopment Program is in various stages of construction as of June 30, 2021. The first portion of the improvements consisted of nine gates which opened in July 2019, and the second phase opened in May 2020 adding an additional nine gates, for a total of 18 new operational gates. Construction of another seven gates was completed in May 2021, which now provides Harvey Milk Terminal 1 with a total of 25 operational gates. The next phase of construction will be focused on Terminal 1 North, and this work is forecasted to complete in fiscal year 2023. As a result of the COVID-19 pandemic and the resulting economic uncertainty, the Airport has reprioritized its capital projects and has suspended some projects while moving forward with those that have been identified as essential to the operations and safety of the Airport.

- The Port's net capital assets decreased by $13.3 million or 2.9 percent due to capitalization and depreciation of capital improvements in 2021, including 19th & Georgia Street Roadway project is located within the Crane Cove Park project site and adjacent to the Pier 70 Shipyard and Orton Historic Core along 20th Street. The scope of work included the construction of approximately 950 feet of new roadway and sidewalk, along with streetlights, fire hydrants, and a combined sewer. Crane Cove Park project is a new open space in the Union Iron Works National Historic District located at Pier 70. This site was part of an operating shipyard for more than 100 years and is being transformed into public open space, using multiple construction contracts. Mission Bay Ferry Landing Terminal provides regional ferry service to and from San Francisco's Mission Bay, Dogpatch, Potrero Hill, Pier 70, and Central Waterfront neighborhoods. The Port's Security Grant Project created secure and dedicated berths for the San Francisco Police Department's (SFPD) marine vessels at Hyde Street Harbor. Heron's Head Park Improvement project improves the Port's open spaces at Heron's Head Park and upgrades the amenities at the EcoCenter.

At the end of the year, the City's business-type activities had approximately $1.38 billion in commitments for various capital projects. Of this, Water Enterprise had an estimated $185.2 million, MTA had $303.5 million, Wastewater had $633.3 million, Airport had $93.4 million, Hetch Hetchy had $143.4 million, Port had $11.3 million, Laguna Honda Hospital had $1.8 million, and the General Hospital had $6.1 million. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition 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, 2021, the City had total long-term and commercial paper debt outstanding of $22.09 billion. Of this amount, $2.75 billion 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 $19.34 billion represents revenue bonds, commercial paper notes, certificates of participation and other debts of the City secured solely by specified revenue sources. As noted previously, the City's total long-term debt including all bonds, loans, commercial paper notes and capital leases increased by $1.30 billion or 6.3 percent during the fiscal year.

For the year ended June 30, 2021, the net increase in the long-term debt in the governmental activities was $469.4 million and the net increase in business-type activities was $421.5 million 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 $300.17 billion in value as of the close of the fiscal year. As of June 30, 2021, the City had $2.75 billion in authorized, outstanding general obligation bonds, which is equal to approximately 0.86 percent of gross (0.92 percent of net) taxable assessed value of property. As of June 30, 2021, there were an additional $1.96 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 1.48 percent of gross (1.57 percent of net) taxable assessed value of property.

The City's underlying ratings on general obligation bonds as of June 30, 2021 were:

S&P Global Ratings	AAA
Moody's Investors Service, Inc.	Aaa
Fitch Ratings	AA+

During the fiscal year, S&P Global Ratings (S&P), Moody's Investors Service (Moody's) and Fitch Ratings maintained the City's general obligation bonds ratings of "AAA", "Aaa" and "AA+", respectively. S&P and Fitch Ratings revised the City's stable rating outlook to negative and Moody's maintained the negative rating outlook on all the City's outstanding general obligation bonds.

The City's business-type activities carried underlying debt ratings for the SFMTA of "AA-" from S&P and "Aa2" from Moody's. Moody's and Fitch Ratings affirmed their underlying credit ratings on the outstanding debt of the Airport of "A1" and "A+" with stable and negative outlook, respectively. S&P downgraded the Airport's credit rating from "A+" to "A" and revised the rating outlook from negative to stable during the fiscal year. The Water Enterprise carried underlying ratings of "Aa2" and "AA-" from Moody's and S&P, respectively.

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 experienced severe negative economic impacts from the pandemic and the necessary health response to it, which ended the longest period of expansion in U.S. history, beginning in the final quarter of FY 2019-20. The national, state, and local economies began to slowly stabilize and recover in FY 2020-21. Local public health conditions, interrupted by two surges of COVID-19 prevalence in Summer and Winter 2021, improved over the course of the fiscal year, permitting the targeted lifting of local public health control measures and the recovery of local economic activity. The San Francisco metro area recovered 44 percent of jobs lost in the first two months of the pandemic by the close of FY 2020-21.

Despite these improvements, though, impacts on the local hospitality, office industries, and the local economy were profound. Enplanements at San Francisco International Airport, which declined by 90 percent during the last quarter of the previous fiscal year, improved in FY 2020-21 but were still 50 percent below pre-pandemic levels at the end of the fiscal year. Citywide hotel occupancy rate, which fell to an historic low of 14 percent in April 2020, began a slow recovery in FY 2020-21 and ended the year at 44 percent, improved but well below average occupancy of 80 percent typical in pre-pandemic years. The City's office vacancy rate rose to above 20 percent at the end of FY 2020-21, from just above 5 percent in the first quarter of 2020.

While economic and health conditions began to improve, the annualization of associated tax revenues losses for a full 12 months in FY 2020-21 drove significant losses versus the prior year. Hotel, sales, and parking taxes for FY 2020-21 declined by 86.8 percent, 16.5 percent, and 31.5 percent, respectively, versus the previous year.

The Board of Supervisors approved a final two-year budget for fiscal years 2021-22 and 2022-23 in July 2021, which assumed an available balance of $174.0 million fully appropriated in fiscal year 2021-22 and contingency and other reserves of $696.2 million, leaving $31.8 million available for future appropriations.

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

Individual Department Financial Statements

San Francisco International Airport
Office of the Airport Deputy Director
Business and Finance Division
PO Box 8097
San Francisco, CA 94128

Port of San Francisco
Public Information Officer
Pier 1, The Embarcadero
San Francisco, CA 94111

San Francisco Water Enterprise
Hetch Hetchy Water and Power
San Francisco Wastewater Enterprise
Chief Financial Officer
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

Laguna Honda Hospital
Chief Financial Officer
375 Laguna Honda Blvd.
San Francisco, CA 94116

Municipal Transportation Agency
SFMTA Chief Financial Officer
1 South Van Ness Avenue, 3rd Floor
San Francisco, CA 94103

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

Zuckerberg San Francisco
General Hospital and Trauma Center
Chief Financial Officer
1001 Potrero Avenue, Suite 2A5
San Francisco, CA 94110

San Francisco
Employees' Retirement System
Executive Director
1145 Market Street, 5th Floor
San Francisco, CA 94103

Successor Agency to the
San Francisco Redevelopment Agency
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

Retiree Health Care Trust
c/o Employees' Retirement System
1145 Market Street, 5th Floor
San Francisco, CA 94103

Blended Component Units Financial Statements

San Francisco County Transportation Authority
Deputy Director for Administration and Finance
1455 Market Street, 22nd Floor
San Francisco, CA 94103

San Francisco Finance Corporation
Office of Public Finance
City Hall, Room 338
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position
June 30, 2021
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
ASSETS				
Current assets:				
Deposits and investments with City Treasury	$ 7,325,095	$ 3,088,166	$ 10,413,261	$ -
Deposits and investments outside City Treasury	344,163	23,301	367,464	-
Receivables (net of allowance for uncollectible amounts of $409,579 for the primary government):				
Property taxes and penalties	184,847	-	184,847	-
Other local taxes	380,617	-	380,617	-
Federal and state grants and subventions	347,874	186,828	534,702	-
Charges for services	123,891	295,629	419,520	6,113
Interest and other	9,266	90,570	99,836	-
Due from component units	14,180	713	14,893	-
Inventories	37,954	114,793	152,747	-
Other assets	57,935	10,798	68,733	-
Restricted assets:				
Deposits and investments with City Treasury	-	577,046	577,046	-
Deposits and investments outside City Treasury	6,272	177,224	183,496	-
Grants and other receivables	-	182,653	182,653	-
Total current assets	8,832,094	4,747,721	13,579,815	6,113
Noncurrent assets:				
Loan receivables (net of allowance for uncollectible amounts of $1,972,980)	159,426	-	159,426	-
Advance to component units	2,896	6,627	9,523	-
Other assets	334	8,788	9,122	4,027
Restricted assets:				
Deposits and investments with City Treasury	-	845,201	845,201	-
Deposits and investments outside City Treasury	-	704,287	704,287	-
Grants and other receivables	-	15,240	15,240	-
Capital assets:				
Land and other assets not being depreciated	1,459,714	6,108,752	7,568,466	34,846
Facilities, infrastructure and equipment, net of depreciation	5,371,792	17,300,238	22,672,030	4,441
Total capital assets	6,831,506	23,408,990	30,240,496	39,287
Total noncurrent assets	6,994,162	24,989,133	31,983,295	43,314
Total assets	15,826,256	29,736,854	45,563,110	49,427
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	7,769	209,749	217,518	-
Deferred outflows on derivative instruments	-	21,374	21,374	-
Deferred outflows related to pensions	912,553	646,517	1,559,070	16
Deferred outflows related to OPEB	332,409	314,324	646,733	-
Total deferred outflows of resources	$ 1,252,731	$ 1,191,964	$ 2,444,695	$ 16

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position (Continued)
June 30, 2021
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
LIABILITIES				
Current liabilities:				
Accounts payable	$ 503,199	$ 239,739	$ 742,938	$ 956
Accrued payroll	162,318	120,557	282,875	118
Accrued vacation and sick leave pay	121,663	86,495	208,158	-
Accrued workers' compensation	56,729	40,621	97,350	-
Estimated claims payable	83,426	84,110	167,536	-
Bonds, loans, capital leases, and other payables	247,790	1,028,759	1,276,549	-
Accrued interest payable	22,592	60,787	83,379	-
Unearned grant and subvention revenues	169,560	-	169,560	-
Due to primary government	-	-	-	11,618
Internal balances	49,972	(49,972)	-	-
Unearned revenues and other liabilities	1,191,994	702,764	1,894,758	2,695
Liabilities payable from restricted assets:				
Bonds, loans, capital leases, and other payables	-	280,317	280,317	-
Accrued interest payable	-	60,859	60,859	-
Other	-	263,710	263,710	-
Total current liabilities	2,609,243	2,918,746	5,527,989	15,387
Noncurrent liabilities:				
Accrued vacation and sick leave pay	128,741	84,268	213,009	-
Accrued workers' compensation	249,093	190,496	439,589	-
Estimated claims payable	121,427	101,392	222,819	-
Bonds, loans, capital leases, and other payables	4,209,012	16,328,337	20,537,349	-
Advance from primary government	-	-	-	6,627
Unearned revenues and other liabilities	1,124	136,484	137,608	-
Derivative instruments liabilities	-	21,374	21,374	-
Net pension liability	3,385,806	2,228,215	5,614,021	21
Net other postemployment benefits (OPEB) liability	2,110,202	1,701,145	3,811,347	-
Total noncurrent liabilities	10,205,405	20,791,711	30,997,116	6,648
Total liabilities	12,814,648	23,710,457	36,525,105	22,035
DEFERRED INFLOWS OF RESOURCES				
Unamortized gain on refunding of debt	31,835	2,137	33,972	-
Deferred inflows related to pensions	111,431	67,477	178,908	6
Deferred inflows related to OPEB	361,876	252,721	614,597	-
Total deferred inflows of resources	505,142	322,335	827,477	6
NET POSITION				
Net investment in capital assets, Note 10(d)	3,927,209	7,003,396	10,561,206	39,287
Restricted for:				
Reserve for rainy day	114,539	-	114,539	-
Debt service	136,571	242,381	378,952	-
Capital projects, Note 10(d)	256,804	510,813	646,400	-
Community development	1,267,587	-	1,267,587	-
Transportation Authority activities	42,420	-	42,420	-
Building inspection programs	130,927	-	130,927	-
Children and families	511,810	-	511,810	-
Culture and recreation	244,368	-	244,368	-
Grants	150,374	-	150,374	-
Other purposes	110,370	301,944	412,314	-
Total restricted	2,965,770	1,055,138	3,899,691	-
Unrestricted (deficit), Note 10(d)	(3,133,782)	(1,162,508)	(3,805,674)	(11,885)
Total net position	$ 3,759,197	$ 6,896,026	$ 10,655,223	$ 27,402

CITY AND COUNTY OF SAN FRANCISCO

Statement of Activities
Year Ended June 30, 2021
(In Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Treasure Island Development Authority
Primary government:								
Governmental activities:								
Public protection	$ 1,744,103	$ 85,593	$ 238,595	$ 472	$ (1,419,443)	$ -	$ (1,419,443)	$ -
Public works, transportation and commerce	530,087	136,455	57,141	62,537	(273,954)	-	(273,954)	-
Human welfare and neighborhood development	2,384,993	207,974	868,758	61,650	(1,246,611)	-	(1,246,611)	-
Community health	1,241,282	120,141	414,387	1,772	(704,982)	-	(704,982)	-
Culture and recreation	467,251	42,676	12,398	4,505	(407,672)	-	(407,672)	-
General administration and finance	475,428	80,780	18,179	1	(376,468)	-	(376,468)	-
General City responsibilities	100,077	57,943	316,081	-	273,947	-	273,947	-
Unallocated interest on long-term debt and cost of issuance	144,334	-	-	-	(144,334)	-	(144,334)	-
Total governmental activities	7,087,555	731,562	1,925,539	130,937	(4,299,517)	-	(4,299,517)	-
Business-type activities:								
Airport	1,294,064	515,416	-	64,735	-	(713,913)	(713,913)	-
Transportation	1,327,418	207,288	595,637	160,956	-	(363,537)	(363,537)	-
Port	142,126	94,330	1,136	2,019	-	(44,641)	(44,641)	-
Water	627,875	581,612	14,829	4,180	-	(27,254)	(27,254)	-
Power	411,605	391,171	2,832	-	-	(17,602)	(17,602)	-
Hospitals	1,376,112	1,070,390	95,625	-	-	(210,097)	(210,097)	-
Sewer	318,976	327,665	-	-	-	8,689	8,689	-
Total business-type activities	5,498,176	3,187,872	710,059	231,890	-	(1,368,355)	(1,368,355)	-
Total primary government	$ 12,585,731	$ 3,919,434	$ 2,635,598	$ 362,827	(4,299,517)	(1,368,355)	(5,667,872)	-
Component unit:								
Treasure Island Development Authority	$ 20,814	$ 8,767	$ -	$ -				$ (12,047)

	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
General Revenues				
Taxes:				
Property taxes	2,972,067	-	2,972,067	-
Business taxes	1,894,604	-	1,894,604	-
Sales and use tax	233,393	-	233,393	-
Hotel room tax	37,698	-	37,698	-
Utility users tax	81,367	-	81,367	-
Parking tax	47,555	-	47,555	-
Real property transfer tax	344,684	-	344,684	-
Other local taxes	61,613	-	61,613	-
Interest and investment income	10,688	(3,066)	7,622	23
Other	67,838	440,508	508,346	8,949
Transfers - internal activities of primary government	(861,966)	861,966	-	-
Total general revenues and transfers	4,889,541	1,299,408	6,188,949	8,972
Change in net position	590,024	(68,947)	521,077	(3,075)
Net position at beginning of year, as previously reported	3,133,622	6,964,973	10,098,595	30,477
Cumulative effect of accounting change	35,551	-	35,551	-
Net position at beginning of year, as restated	3,169,173	6,964,973	10,134,146	30,477
Net position at end of year	$ 3,759,197	$ 6,896,026	$ 10,655,223	$ 27,402

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, 2021
(With comparative financial information as of June 30, 2020)
(In Thousands)

	General Fund 2021	General Fund 2020	Other Governmental Funds 2021	Other Governmental Funds 2020	Total Governmental Funds 2021	Total Governmental Funds 2020
Assets:						
Deposits and investments with City Treasury	$ 3,549,740	$ 3,492,112	$ 3,731,984	$ 3,236,428	$ 7,281,724	$ 6,728,540
Deposits and investments outside City Treasury	132	126	344,031	310,574	344,163	310,700
Receivables (net of allowance for uncollectible amounts of $337,375 in 2021; $309,138 in 2020):						
Property taxes and penalties	174,906	173,412	9,941	11,240	184,847	184,652
Other local taxes	249,316	277,813	131,301	120,764	380,617	398,577
Federal and state grants and subventions	203,173	223,694	144,701	101,237	347,874	324,931
Charges for services	107,488	106,265	16,173	16,612	123,661	122,877
Interest and other	4,773	16,123	4,141	14,180	8,914	30,303
Due from other funds	6,687	6,912	9,919	14,196	16,606	21,108
Due from component units	8,283	8,763	5,897	6,963	14,180	15,726
Advance to component unit	-	-	2,896	4,669	2,896	4,669
Loans receivable (net of allowance for uncollectible amounts of $1,972,980 in 2021; $1,746,661 in 2020)	-	15,461	159,426	129,223	159,426	144,684
Inventories	37,954	44,703	-	-	37,954	44,703
Other assets	32,136	8,856	25,797	17,131	57,933	25,987
Total assets	$ 4,374,588	$ 4,374,240	$ 4,586,207	$ 3,983,217	$ 8,960,795	$ 8,357,457
Liabilities:						
Accounts payable	$ 317,858	$ 348,732	$ 175,049	$ 207,538	$ 492,907	$ 556,270
Accrued payroll	133,386	119,761	25,976	21,323	159,362	141,084
Unearned grant and subvention revenues	23,361	76,172	146,199	111,652	169,560	187,824
Due to other funds	523	1,030	66,055	58,895	66,578	59,925
Unearned revenues and other liabilities	898,725	785,789	293,235	916,348	1,191,960	1,702,137
Bonds, loans, capital leases, and other payables	-	-	18,760	108,190	18,760	108,190
Total liabilities	1,373,853	1,331,484	725,274	1,423,946	2,099,127	2,755,430
Deferred inflows of resources	330,631	356,834	253,838	205,317	584,469	562,151
Fund balances:						
Nonspendable	2,714	1,274	82	82	2,796	1,356
Restricted	114,539	229,069	3,384,275	2,229,282	3,498,814	2,458,351
Committed	320,637	363,410	-	-	320,637	363,410
Assigned	1,562,035	1,581,761	224,658	125,319	1,786,693	1,707,080
Unassigned	670,179	510,408	(1,920)	(729)	668,259	509,679
Total fund balances	2,670,104	2,685,922	3,607,095	2,353,954	6,277,199	5,039,876
Total liabilities, deferred inflows of resources and fund balances	$ 4,374,588	$ 4,374,240	$ 4,586,207	$ 3,983,217	$ 8,960,795	$ 8,357,457

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, 2021
(In Thousands)

Fund balances – total governmental funds	$ 6,277,199
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.	6,818,309
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	(5,078,851)
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.	584,469
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.	(21,799)
Deferred outflows and inflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(24,575)
Net pension 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.	(2,546,505)
Net OPEB asset/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.	(2,091,365)
Internal service funds are used by management to charge the costs of capital 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.	(157,685)
Net position of governmental activities	$ 3,759,197

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, 2021
(With comparative financial information year ended June 30, 2020)
(In Thousands)

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2021	2020	2021	2020	2021	2020
Revenues:						
Property taxes	$ 2,332,864	$ 2,075,002	$ 631,889	$ 579,935	$ 2,964,753	$ 2,654,937
Business taxes	722,642	822,154	1,171,962	11,777	1,894,604	833,931
Sales and use tax	146,863	180,184	86,530	99,269	233,393	279,453
Hotel room tax	33,177	252,170	4,521	28,800	37,698	280,970
Utility users tax	81,367	94,231	-	-	81,367	94,231
Parking tax	47,555	69,461	-	-	47,555	69,461
Real property transfer tax	344,661	334,535	-	-	344,661	334,535
Other local taxes	55,395	65,599	6,218	5,264	61,613	70,863
Licenses, permits and franchises	12,332	25,318	14,854	13,154	27,186	38,472
Fines, forfeitures, and penalties	4,508	3,705	69,765	40,125	74,273	43,830
Interest and investment income	(1,605)	65,459	12,293	76,179	10,688	141,638
Rents and concessions	5,111	9,816	71,202	109,049	76,313	118,865
Intergovernmental:						
Federal	705,120	378,467	202,242	212,230	907,362	590,697
State	892,897	802,470	212,937	187,794	1,105,834	990,264
Other	9,786	2,404	17,104	24,079	26,890	26,483
Charges for services	230,048	229,759	146,065	168,646	376,113	398,405
Other	46,434	62,218	136,392	152,141	182,826	214,359
Total revenues	5,669,155	5,472,952	2,783,974	1,708,442	8,453,129	7,181,394
Expenditures:						
Current:						
Public protection	1,498,514	1,479,195	77,942	71,930	1,576,456	1,551,125
Public works, transportation and commerce	204,973	203,350	253,181	285,347	458,154	488,697
Human welfare and neighborhood development	1,562,982	1,252,865	776,955	817,523	2,339,937	2,070,388
Community health	1,056,590	909,261	114,140	117,654	1,170,730	1,026,915
Culture and recreation	145,405	155,164	271,701	304,993	417,106	460,157
General administration and finance	314,298	304,073	81,494	88,556	395,792	392,629
General City responsibilities	113,913	129,941	-	-	113,913	129,941
Debt service:						
Principal retirement	-	-	356,986	296,875	356,986	296,875
Interest and other fiscal charges	338	-	154,620	150,646	154,958	150,646
Bond issuance costs	-	-	7,864	4,455	7,864	4,455
Payment to refunded bond escrow agent	-	-	7,167	8,905	7,167	8,905
Capital outlay	-	-	275,638	454,137	275,638	454,137
Total expenditures	4,897,013	4,433,849	2,377,688	2,601,021	7,274,701	7,034,870
Excess (deficiency) of revenues over (under) expenditures	772,142	1,039,103	406,286	(892,579)	1,178,428	146,524
Other financing sources (uses):						
Transfers in	343,498	87,618	620,149	613,773	963,647	701,391
Transfers out	(1,166,855)	(1,157,822)	(658,831)	(222,503)	(1,825,686)	(1,380,325)
Issuance of bonds:						
Face value of bonds issued	-	-	985,535	615,625	985,535	615,625
Premium on issuance of bonds	-	-	93,427	73,759	93,427	73,759
Payment to refunded bond escrow agent	-	-	(193,579)	(257,675)	(193,579)	(257,675)
Total other financing sources (uses)	(823,357)	(1,070,204)	846,701	822,979	23,344	(247,225)
Net changes in fund balances	(51,215)	(31,101)	1,252,987	(69,600)	1,201,772	(100,701)
Fund balances at beginning of year, as previously reported	2,685,922	2,717,023	2,353,954	2,423,554	5,039,876	5,140,577
Cumulative effect of accounting change	35,397	-	154	-	35,551	-
Fund balances at beginning of year, as restated	2,721,319	2,717,023	2,354,108	2,423,554	5,075,427	5,140,577
Fund balances at end of year	$ 2,670,104	$ 2,685,922	$ 3,607,095	$ 2,353,954	$ 6,277,199	$ 5,039,876

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, 2021
(In Thousands)

Net changes in fund balances - total governmental funds	$ 1,201,772
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 expense. This is the amount by which capital outlays exceeded depreciation, the loss on disposal of capital assets, and contributed capital assets.	129,788
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.	(494,202)
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 increased in the governmental funds.	7,314
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.	15,455
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.	(224)
Changes to net pension 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.	95,951
Changes to net OPEB asset/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.	113,131
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt and capital leases consume the current financial resources of governmental funds. These transactions, however, have no effect on net position. This is the amount by which bond proceeds exceeded the principal retirement and payments to escrow for refunded debt in the current period.	(430,689)
Bond premiums 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 capitalized during the current period.	(93,427)
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 and refunding losses and gains.	23,368
The activities of internal service funds are reported with governmental activities.	21,787
Change in net position of governmental activities	$ 590,024

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position - Proprietary Funds

June 30, 2021
(With comparative financial information as of June 30, 2020)
(In Thousands)

	Business-Type Activities - Enterprise Funds										Governmental Activities - Internal Service Funds	
	Major Funds								Total			
	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	2021	2020	2021	2020
ASSETS												
Current Assets:												
Deposits and investments with City Treasury	$ 651,373	$ 483,827	$ 370,930	$ 710,303	$ 409,202	$ 281,572	$ 180,959	$ -	$ 3,088,166	$ 2,731,416	$ 43,371	$ 33,807
Deposits and investments outside City Treasury	17,785	301	612	4,222	8	366	5	2	23,301	23,060	-	-
Receivables (net of allowance for uncollectible amounts of $ 72,204 and $47,604 in 2021 and 2020, respectively):												
Federal and state grants and subventions	-	16	846	140,190	571	-	19,264	25,941	186,828	235,101	-	-
Charges for services	40,450	55,473	47,680	3,176	82,358	33,081	-	33,411	295,629	293,416	230	238
Interest and other	1,717	6,404	201	10,198	71,549	189	126	186	90,570	280,161	352	351
Capital leases receivable	-	-	-	-	-	-	-	-	-	-	13,005	12,372
Due from other funds	-	248	5,779	45,111	104	261	369	-	51,872	45,269	-	-
Due from component unit	-	-	51	-	-	20	642	-	713	-	-	-
Inventories	4,461	5,937	2,011	82,528	13,640	2,657	1,609	1,950	114,793	120,505	-	-
Other assets	3,816	-	5,252	842	-	877	11	-	10,798	12,278	2	-
Restricted assets:												
Deposits and investments with City Treasury	417,587	-	-	-	-	-	41,600	117,859	577,046	543,550	-	-
Deposits and investments outside City Treasury	114,326	57,165	153	-	-	298	5,282	-	177,224	232,393	6,272	6,324
Grants and other receivables	93,728	53,529	11,800	-	-	23,596	-	-	182,653	96,448	-	-
Total current assets	1,345,243	662,900	445,315	996,570	577,432	342,917	249,867	179,349	4,799,593	4,613,597	63,232	53,092
Noncurrent assets:												
Other assets	-	3,724	905	-	-	1,524	2,635	-	8,788	8,951	-	-
Capital leases receivable	-	-	-	-	-	-	-	-	-	-	97,850	111,420
Advance to component unit	-	-	6,627	-	-	-	-	-	6,627	6,581	-	-
Restricted assets:												
Deposits and investments with City Treasury	531,237	-	12,231	301,733	-	-	-	-	845,201	1,127,475	-	-
Deposits and investments outside City Treasury	616,398	65,688	3,690	8,484	109	9,898	-	20	704,287	748,249	-	-
Grants and other receivables	335	4	-	218	-	450	-	14,233	15,240	17,932	-	-
Capital assets:												
Land and other assets not being depreciated	1,137,714	637,529	213,126	2,587,105	21,828	1,388,262	115,877	7,311	6,108,752	5,532,830	313	313
Facilities, infrastructure, and equipment, net of depreciation	5,933,164	4,950,270	456,411	2,868,994	76,337	2,218,588	332,580	463,894	17,300,238	16,556,636	12,884	13,923
Total capital assets	7,070,878	5,587,799	669,537	5,456,099	98,165	3,606,850	448,457	471,205	23,408,990	22,089,466	13,197	14,236
Total noncurrent assets	8,218,848	5,657,215	692,990	5,766,534	98,274	3,618,722	451,092	485,458	24,989,133	23,998,654	111,047	125,656
Total assets	9,564,091	6,320,115	1,138,305	6,763,104	675,706	3,961,639	700,959	664,807	29,788,726	28,612,251	174,279	178,748
DEFERRED OUTFLOWS OF RESOURCES												
Unamortized loss on refunding of debt	53,582	154,991	-	919	-	91	166	-	209,749	194,982	787	880
Deferred outflows on derivative instruments	21,374	-	-	-	-	-	-	-	21,374	28,221	-	-
Deferred outflows related to pensions	94,882	64,797	18,133	217,220	144,235	30,219	13,884	63,147	646,517	643,000	18,872	18,512
Deferred outflows related to OPEB	39,632	37,762	8,719	115,764	59,108	15,109	5,168	33,062	314,324	236,802	7,689	6,222
Total deferred outflows of resources	209,470	257,550	26,852	333,903	203,343	45,419	19,218	96,209	1,191,964	1,103,005	27,348	25,614

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position - Proprietary Funds (Continued)

June 30, 2021
(With comparative financial information as of June 30, 2020)
(In Thousands)

	Business-Type Activities - Enterprise Funds: Major Funds: San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total 2021	Total 2020	Governmental Activities - Internal Service Funds 2021	Governmental Activities - Internal Service Funds 2020
LIABILITIES												
Current liabilities:												
Accounts payable	$ 71,266	$ 16,183	$ 43,030	$ 62,453	$ 22,859	$ 15,282	$ 4,669	$ 3,997	$ 239,739	$ 225,926	$ 10,292	$ 10,247
Accrued payroll	16,748	9,845	3,929	40,065	30,367	6,147	2,128	11,328	120,557	107,442	2,956	2,660
Accrued vacation and sick leave pay	12,837	6,787	3,041	29,411	19,580	5,811	1,862	7,166	86,495	75,598	2,486	2,035
Accrued workers' compensation	2,235	1,694	575	25,232	5,751	1,198	472	3,464	40,621	40,589	270	284
Estimated claims payable	20	14,400	633	62,740	-	5,892	425	-	84,110	78,970	-	-
Due to other funds	-	-	369	125	-	739	667	-	1,900	6,432	-	20
Unearned revenues and other liabilities	160,189	40,504	6,191	73,306	340,220	5,345	17,865	59,144	702,764	466,130	2,499	2,671
Accrued interest payable	-	36,195	459	4,749	52	17,271	1,281	780	60,787	67,718	793	883
Bonds, loans, capital leases, and other payables	4,883	218,999	117,004	3,838	9,808	664,666	3,491	6,070	1,028,759	982,693	13,109	12,461
Liabilities payable from restricted assets:												
Bonds, loans, capital leases, and other payables	280,317	-	-	-	-	-	-	-	280,317	41,372	-	-
Accrued interest payable	60,859	-	-	-	-	-	-	-	60,859	62,065	-	-
Other	118,332	27,263	24,450	3,325	-	89,982	-	358	263,710	285,592	-	-
Total current liabilities	727,686	371,870	199,681	305,244	428,637	812,333	32,860	92,307	2,970,618	2,440,527	32,405	31,261
Noncurrent liabilities:												
Accrued vacation and sick leave pay	13,642	7,129	3,161	26,777	19,597	5,847	1,850	6,265	84,268	59,629	2,831	2,137
Accrued workers' compensation	8,093	7,134	2,663	113,789	32,206	5,384	2,052	19,175	190,496	191,907	1,179	1,299
Estimated claims payable	38	22,323	1,006	66,854	-	10,821	350	-	101,392	65,567	-	-
Unearned revenues and other liabilities	116	40,597	9,968	-	-	7,800	78,003	-	136,484	141,195	-	-
Bonds, loans, capital leases, and other payables	8,839,097	5,087,707	57,410	481,751	7,345	1,698,420	77,432	79,175	16,328,337	15,694,308	101,519	115,312
Derivative instruments liabilities	21,374	-	-	-	-	-	-	-	21,374	28,221	-	-
Net pension liability	340,330	216,417	62,219	757,882	504,718	103,746	46,503	196,400	2,228,215	1,831,949	55,173	48,163
Net other postemployment benefits (OPEB) liability	258,525	148,771	35,006	657,902	358,201	50,711	30,792	161,237	1,701,145	1,784,905	47,383	48,300
Total noncurrent liabilities	9,481,215	5,530,078	171,433	2,104,955	922,067	1,882,729	236,982	462,252	20,791,711	19,797,681	208,085	215,211
Total liabilities	10,208,901	5,901,948	371,114	2,410,199	1,350,704	2,695,062	269,842	554,559	23,762,329	22,238,208	240,490	246,472
DEFERRED INFLOWS OF RESOURCES												
Unamortized gain on refunding of debt	836	-	-	-	-	-	-	1,301	2,137	2,594	278	317
Deferred inflows related to pensions	14,859	4,885	3,288	21,868	13,460	2,148	1,947	5,022	67,477	379,188	1,878	11,125
Deferred inflows related to OPEB	43,768	21,315	6,546	94,921	51,320	7,265	4,485	23,101	252,721	130,293	8,276	4,765
Total deferred inflows of resources	59,463	26,200	9,834	116,789	64,780	9,413	6,432	29,424	322,335	512,075	10,432	16,207
NET POSITION												
Net investment in capital assets	(1,030,427)	517,302	500,547	4,966,793	81,121	1,253,789	328,291	385,980	7,003,396	7,013,098	12,878	13,601
Restricted:												
Debt service	117,856	45,586	99	7,889	-	2,992	-	67,959	242,381	316,671	-	-
Capital projects	436,516	22,319	-	-	14,853	-	31,063	6,062	510,813	523,169	-	-
Other purposes	-	-	-	299,221	-	-	-	2,723	301,944	116,861	-	-
Unrestricted (deficit)	(18,748)	64,310	283,563	(703,884)	(632,409)	45,802	84,549	(285,691)	(1,162,508)	(1,004,826)	(62,173)	(71,918)
Total net position	$ (494,803)	$ 649,517	$ 784,209	$ 4,570,019	$ (536,435)	$ 1,302,583	$ 443,903	$ 177,033	$ 6,896,026	$ 6,964,973	$ (49,295)	$ (58,317)

CITY AND COUNTY OF SAN FRANCISCO

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

Year Ended June 30, 2021
(With comparative financial information year ended June 30, 2020)
(In Thousands)

	Business-Type Activities - Enterprise Funds: Major Funds: San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total 2021	Total 2020	Governmental Activities - Internal Service Funds 2021	Governmental Activities - Internal Service Funds 2020
Operating revenues:												
Aviation	$ 337,215	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 337,215	$ 613,473	$ -	$ -
Water and power service	-	550,306	390,924	-	-	-	-	-	941,230	971,690	-	-
Passenger fees	-	-	-	17,680	-	-	-	-	17,680	152,924	-	-
Net patient service revenue	-	-	-	-	840,126	-	-	221,378	1,061,504	1,082,683	-	-
Sewer service	-	-	-	-	-	318,236	-	-	318,236	331,721	-	-
Rents and concessions	69,095	12,911	247	5,511	2,619	642	78,930	-	169,955	246,609	561	445
Parking and transportation	44,819	-	-	137,047	-	-	9,992	-	191,858	297,151	-	-
Other charges for services	-	-	-	17,544	-	-	-	-	17,544	27,557	161,623	162,492
Other revenues	64,287	18,395	-	29,506	5,226	8,787	5,408	1,041	132,650	160,604	-	-
Total operating revenues	515,416	581,612	391,171	207,288	847,971	327,665	94,330	222,419	3,187,872	3,884,412	162,184	162,937
Operating expenses:												
Personal services	363,451	132,528	68,268	839,491	642,140	90,449	51,035	228,558	2,415,920	2,388,464	59,176	62,101
Contractual services	77,077	15,501	18,169	128,803	265,666	18,861	23,176	18,627	565,880	593,886	66,576	66,328
Light, heat and power	24,809	-	233,682	-	-	-	2,418	-	260,909	252,139	-	-
Materials and supplies	11,488	13,175	3,288	74,643	110,258	9,091	1,017	22,748	245,708	245,596	13,483	14,790
Depreciation and amortization	331,135	144,033	21,636	201,186	17,791	72,018	23,479	12,288	823,566	803,873	3,716	3,595
General and administrative	5,766	73,371	51,246	30,069	1,103	63,488	5,799	-	230,842	217,435	211	1,392
Services provided by other departments	29,320	70,235	12,582	76,524	44,490	38,313	22,202	12,851	306,517	300,047	11,414	12,311
Other	71,339	-	-	(33,643)	(3,370)	-	9,139	-	43,465	63,814	578	675
Total operating expenses	914,385	448,843	408,871	1,317,073	1,078,078	292,220	138,265	295,072	4,892,807	4,865,254	155,154	161,192
Operating income (loss)	(398,969)	132,769	(17,700)	(1,109,785)	(230,107)	35,445	(43,935)	(72,653)	(1,704,935)	(980,842)	7,030	1,745
Nonoperating revenues (expenses):												
Operating grants:												
Federal	-	(175)	2,181	455,724	28,329	-	1	7,388	493,448	230,333	-	329
State / other	-	15,004	651	139,913	59,908	-	1,135	-	216,611	225,340	58	-
Interest and investment income	(2,542)	340	(157)	(268)	170	(1,187)	597	(19)	(3,066)	151,319	1,578	2,967
Interest expense	(270,299)	(176,824)	(1,988)	(10,345)	(625)	(26,365)	(3,053)	(2,337)	(491,836)	(532,595)	(2,286)	(3,089)
Other nonoperating revenues	329,128	31,045	18,720	24,835	-	4,893	16,447	15,440	440,508	245,466	2,569	792
Other nonoperating expenses	(109,380)	(2,208)	(746)	-	-	(391)	(808)	-	(113,533)	(115,485)	-	-
Total nonoperating revenues (expenses)	(53,093)	(132,818)	18,661	609,859	87,782	(23,050)	14,319	20,472	542,132	204,378	1,919	999
Income (loss) before capital contributions and transfers	(452,062)	(49)	961	(499,926)	(142,325)	12,395	(29,616)	(52,181)	(1,162,803)	(776,464)	8,949	2,744
Capital contributions	64,735	4,180	-	160,956	-	-	2,019	-	231,890	361,266	-	-
Transfers in	-	21,025	16,000	644,982	151,213	1,440	240	76,066	910,966	761,432	73	-
Transfers out	(14,736)	(16,654)	(532)	-	(2,170)	(4,188)	(32)	(10,688)	(49,000)	(81,982)	-	(516)
Change in net position	(402,063)	8,502	16,429	306,012	6,718	9,647	(27,389)	13,197	(68,947)	264,252	9,022	2,228
Net position (deficit) at beginning of year	(92,740)	641,015	767,780	4,264,007	(543,153)	1,292,936	471,292	163,836	6,964,973	6,700,721	(58,317)	(60,545)
Net position (deficit) at end of year	$ (494,803)	$ 649,517	$ 784,209	$ 4,570,019	$ (536,435)	$ 1,302,583	$ 443,903	$ 177,033	$ 6,896,026	$ 6,964,973	$ (49,295)	$ (58,317)

CITY AND COUNTY OF SAN FRANCISCO

Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021
(With comparative financial information year ended June 30, 2020)
(In Thousands)

	Business-Type Activities - Enterprise Funds										Governmental Activities - Internal Service Funds	
	Major Funds								Total			
	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	2021	2020	2021	2020
Cash flows from operating activities:												
Cash received from customers, including cash deposits	$ 694,223	$ 570,041	$ 390,482	$ 255,423	$ 1,067,138	$ 327,879	$ 33,246	$ 238,754	$ 3,577,186	$ 3,818,270	$ 171,991	$ 172,350
Cash received from tenants for rent	-	12,542	258	4,173	2,619	362	71,109	-	91,063	98,627	-	-
Cash paid for employees' services	(322,847)	(132,235)	(65,177)	(815,468)	(618,373)	(90,918)	(46,040)	(231,745)	(2,322,803)	(2,298,942)	(61,130)	(61,470)
Cash paid to suppliers for goods and services	(208,004)	(138,125)	(314,795)	(311,332)	(410,741)	(128,808)	(72,937)	(54,899)	(1,639,641)	(1,693,850)	(83,660)	(88,015)
Cash paid for judgments and claims	-	(3,969)	(5,077)	(3,127)	-	(3,295)	-	-	(15,468)	(14,451)	-	-
Net cash provided by (used in) operating activities	163,372	308,254	5,691	(870,331)	40,643	105,220	(14,622)	(47,890)	(309,663)	(90,346)	27,201	22,865
Cash flows from noncapital financing activities:												
Operating grants	-	14,836	6,205	575,239	88,286	-	998	7,388	692,952	435,368	58	329
Transfers in	-	21,025	16,000	595,479	151,213	1,440	-	76,066	861,223	664,984	73	-
Transfers out	(14,957)	(16,654)	(532)	-	(2,169)	(4,188)	(32)	(10,688)	(49,220)	(81,761)	-	(516)
Other noncapital financing sources	228,133	4,643	18,305	20,836	-	831	19,106	-	291,854	71,869	-	-
Other noncapital financing uses	(67,404)	(2,208)	(1,200)	-	-	(409)	(5,244)	-	(76,465)	(90,965)	(307)	-
Net cash provided by (used in) noncapital financing activities	145,772	21,642	38,778	1,191,554	237,330	(2,326)	14,828	72,766	1,720,344	999,495	(176)	(187)
Cash flows from capital and related financing activities:												
Capital grants and other proceeds restricted for capital purposes	23,525	-	-	232,887	-	-	1,609	15,147	273,168	425,621	-	-
Transfers in	-	-	-	49,503	-	-	240	-	49,743	96,448	-	-
Bond sale proceeds and loans received	2,242	1,058,781	-	299,040	-	4,811	-	-	1,364,874	1,612,447	-	-
Proceeds from sale/transfer of capital assets	-	2,647	-	268	-	12	5	-	2,932	858	-	-
Proceeds from commercial paper borrowings	335,606	16,328	51,136	-	39	435,450	-	-	838,559	267,790	-	-
Proceeds from passenger facility charges	21,468	-	-	-	-	-	-	-	21,468	91,921	-	-
Acquisition of capital assets	(659,434)	(184,144)	(79,442)	(570,443)	(4,154)	(582,840)	(11,971)	(5,424)	(2,097,852)	(2,045,426)	(2,677)	(5,741)
Retirement of capital leases, bonds and loans	(5,600)	(977,164)	(3,674)	(173,969)	(5,631)	(31,316)	(3,367)	(5,914)	(1,206,635)	(1,089,194)	(12,461)	(6,083)
Bond issue costs paid	-	(3,032)	-	(1,504)	-	-	-	-	(4,536)	(1,953)	-	(61)
Interest paid on debt	(362,674)	(210,624)	(3,102)	(10,723)	(635)	(68,261)	(3,445)	(3,439)	(662,903)	(711,075)	(2,302)	(3,246)
Federal interest income subsidy from Build America Bonds	-	23,869	511	-	-	2,297	-	-	26,677	28,393	-	-
Other capital financing sources	-	-	-	4,458	-	-	7,946	-	12,404	6,620	-	-
Other capital financing uses	-	-	-	-	-	-	(10,826)	-	(10,826)	(1,180)	-	-
Net cash provided by (used in) capital and related financing activities	(644,867)	(273,339)	(34,571)	(170,483)	(10,381)	(239,847)	(19,809)	370	(1,392,927)	(1,318,730)	(17,440)	(15,131)
Cash flows from investing activities:												
Purchases of investments with trustees	(837,722)	(323,586)	(3,968)	-	-	(134,955)	-	-	(1,300,231)	(1,662,529)	-	-
Proceeds from sale of investments with trustees	905,573	323,586	3,968	-	-	134,955	-	-	1,368,082	1,781,157	-	-
Interest and investment income	33,811	4,185	3,527	1,454	170	3,169	1,041	(18)	47,339	146,521	-	554
Other investing activities	-	-	-	-	-	-	-	-	-	-	(73)	-
Net cash provided by investing activities	101,662	4,185	3,527	1,454	170	3,169	1,041	(18)	115,190	265,149	(73)	554
Net increase (decrease) in cash and cash equivalents	(234,061)	60,742	13,425	152,194	267,762	(133,784)	(18,562)	25,228	132,944	(144,432)	9,512	8,101
Cash and cash equivalents-beginning of year	1,854,716	545,847	373,880	872,548	141,557	425,690	246,135	92,653	4,553,026	4,697,458	40,131	32,030
Cash and cash equivalents-end of year	$ 1,620,655	$ 606,589	$ 387,305	$ 1,024,742	$ 409,319	$ 291,906	$ 227,573	$ 117,881	$ 4,685,970	$ 4,553,026	$ 49,643	$ 40,131

CITY AND COUNTY OF SAN FRANCISCO

Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended June 30, 2021
(With comparative financial information year ended June 30, 2020)
(In Thousands)

	Business-Type Activities - Enterprise Funds										Governmental Activities - Internal Service Funds	
	Major Funds								Total			
	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	2021	2020	2021	2020
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:												
Operating income (loss)	$ (398,969)	$ 132,769	$ (17,700)	$ (1,109,785)	$ (230,107)	$ 35,445	$ (43,935)	$ (72,653)	$ (1,704,935)	$ (980,842)	$ 7,030	$ 1,745
Adjustments for non-cash and other activities:												
Depreciation and amortization	331,135	144,033	21,636	201,186	17,791	72,018	23,479	12,288	823,566	803,873	3,716	3,595
Provision for uncollectibles	4,640	2,945	4,342	(60)	-	2,201	12,556	-	26,624	26,443	-	-
Write-off of capital assets	-	3,810	8,384	-	-	4,203	-	-	16,397	22,250	-	-
Other	1,739	-	-	-	-	-	-	-	1,739	1,929	2,246	162
Changes in assets and deferred outflows of resources/liabilities and deferred inflows of resources:												
Receivables, net	985	(848)	(14,365)	(2,603)	174,270	(2,222)	(18,041)	9,787	146,963	(83,321)	12,152	5,628
Due from other funds	-	93	2,541	-	(104)	148	-	1,003	3,681	2,628	-	-
Inventories	1,395	(160)	(215)	3,932	1,437	(181)	84	(472)	5,820	(17,770)	-	-
Other assets	1,997	-	(11,482)	7	-	-	76	-	(9,402)	1,837	(2)	-
Accounts payable	19,655	5,609	5,981	(1,781)	5,968	(4,762)	575	(200)	31,045	11,517	(2)	8,065
Accrued payroll	1,120	1,354	543	5,034	3,236	637	69	984	12,977	15,576	296	410
Accrued vacation and sick leave pay	4,672	2,296	1,308	11,700	9,131	2,744	866	2,820	35,537	20,215	1,145	587
Accrued workers' compensation	1,609	(346)	(149)	(3,561)	667	531	(33)	(97)	(1,379)	5,606	(134)	(114)
Estimated claims payable	-	25,956	(1,247)	15,219	-	822	325	-	41,075	35,399	-	-
Due to other funds	-	(674)	(2,063)	(312)	-	-	(377)	-	(3,426)	2,007	(20)	20
Unearned revenues and other liabilities	160,189	(3,596)	7,051	(162)	47,620	102	5,124	5,545	221,873	(2,667)	2,244	3,019
Net pension liability and pension related deferred outflows and inflows of resources	13,495	10,562	5,238	31,195	24,122	2,970	3,730	1,988	93,300	19,156	(2,597)	(2,378)
Net OPEB liability and OPEB related deferred outflows and inflows of resources	19,710	(15,549)	(4,112)	(20,340)	(13,388)	(9,436)	880	(8,883)	(51,118)	25,818	1,127	2,126
Total adjustments	562,341	175,485	23,391	239,454	270,750	69,775	29,313	24,763	1,395,272	890,496	20,171	21,120
Net cash provided by (used in) operating activities	$ 163,372	$ 308,254	$ 5,691	$ (870,331)	$ 40,643	$ 105,220	$ (14,622)	$ (47,890)	$ (309,663)	$ (90,346)	$ 27,201	$ 22,865
Reconciliation of cash and cash equivalents to the statement of net position:												
Deposits and investments with City Treasury:												
Unrestricted	$ 651,373	$ 483,827	$ 370,930	$ 710,303	$ 409,202	$ 281,572	$ 180,959	$ -	$ 3,088,166	$ 2,731,416	$ 43,371	$ 33,807
Restricted	948,824	-	12,231	301,733	-	-	41,600	117,859	1,422,247	1,671,025	-	-
Deposits and investments outside City Treasury:												
Unrestricted	17,785	301	612	4,222	8	366	5	2	23,301	23,060	-	-
Restricted	730,724	122,853	3,843	8,484	109	10,196	5,282	20	881,511	980,642	6,272	6,324
Total deposits and investments	2,348,706	606,981	387,616	1,024,742	409,319	292,134	227,846	117,881	5,415,225	5,406,143	49,643	40,131
Less: Investments outside City Treasury not meeting the definition of cash equivalents	(728,051)	(392)	(311)	-	-	(228)	(273)	-	(729,255)	(853,117)	-	-
Cash and cash equivalents at end of year on statement of cash flows	$ 1,620,655	$ 606,589	$ 387,305	$ 1,024,742	$ 409,319	$ 291,906	$ 227,573	$ 117,881	$ 4,685,970	$ 4,553,026	$ 49,643	$ 40,131
Non-cash capital and related financing activities:												
Acquisition of capital assets on accounts payable and capital lease	$ 109,024	$ 27,263	$ 24,450	$ -	$ -	$ 89,982	$ 900	$ -	$ 251,619	$ 270,766	$ -	$ -
Net capitalized interest	42,758	19,461	1,083	4,351	-	33,420	128	-	101,201	125,188	-	-
Donated inventory	-	-	-	-	2,863	-	-	-	2,863	1,833	-	-
Capital contributions and other noncash capital items	36,319	-	-	-	-	-	-	-	36,319	89,597	-	-
Bond refunding through fiscal agent	242,990	-	-	-	-	-	-	-	242,990	(112,854)	-	-
Bond proceeds held by fiscal agent	-	-	-	-	-	-	-	-	-	258,085	-	-
Commercial paper repaid through fiscal agent	230,000	-	-	-	-	-	-	-	230,000	49,410	-	-
Interfund loan	-	-	739	-	-	739	-	-	1,478	2,370	-	-

CITY AND COUNTY OF SAN FRANCISCO

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021
(In Thousands)

	Pension, Other Employee and Other Post-Employment Benefit Trust Funds	Private-Purpose Trust Fund	Custodial Funds: External Investment Pool	Custodial Funds: Other Custodial Funds
Assets:				
Deposits and investments with City Treasury	$ 148,760	$ 178,730	$ 862,826	$ 384,811
Deposits and investments outside City Treasury:				
Cash and deposits	49,724	-	-	128,269
Short-term investments	660,382	-	-	-
Debt securities	2,401,733	-	-	-
Equity securities	13,124,615	-	-	-
Real assets	4,182,366	-	-	-
Private equity and other alternative investments	15,800,488	-	-	-
Foreign currency contracts, net	69	-	-	-
Invested securities lending collateral	770,857	-	-	-
Receivables:				
Employer and employee contributions	51,360	-	-	-
Brokers, general partners and others	248,940	-	-	-
Federal and state grants and subventions	-	404	-	-
Taxes	-	-	-	155,925
Interest and other	12,949	4,086	498	44
Loans (net of allowance for uncollectible amounts)	-	1,471	-	-
Other assets	2,869	1,685	-	-
Restricted assets:				
Deposits and investments outside City Treasury	-	291,978	-	32,497
Capital assets:				
Land and other assets not being depreciated	-	4,152	-	-
Total assets	37,455,112	482,506	863,324	701,546
Deferred outflows of resources:				
Unamortized loss on refunding of debt	-	38,914	-	-
Deferred outflows related to pensions	-	6,000	-	-
Deferred outflows related to OPEB	2,255	2,569	-	-
Total deferred outflows of resources	2,255	47,483	-	-
Liabilities:				
Accounts payable	52,047	50,682	1	18,083
Estimated claims payable	28,108	-	-	-
Due to the primary government	-	3,275	-	-
Custodial obligations to State of California	-	-	-	1,198
Taxes payable to other governments	-	-	-	387,249
Accrued interest payable	-	12,921	-	-
Payable to brokers	42,695	-	-	-
Payable to borrowers of securities	770,514	-	-	-
Other liabilities	3,199	1,027	-	-
Advance from primary government	-	2,896	-	-
Long-term obligations	-	872,524	-	-
Net pension liability	-	32,279	-	-
Net other postemployment benefits (OPEB) liability	11,988	2,091	-	-
Total liabilities	908,551	977,695	1	406,530
Deferred inflows of resources:				
Deferred inflows related to pensions	-	2,520	-	-
Deferred inflows related to OPEB	1,972	171	-	-
Total deferred inflows of resources	1,972	2,691	-	-
Net position restricted for:				
Pensions	35,673,834	-	-	-
Postemployment healthcare benefits	747,108	-	-	-
External pool participants	-	-	863,323	-
Individuals, organizations, and other governments	125,902	(450,397)	-	295,016
Total net position	$ 36,546,844	$ (450,397)	$ 863,323	$ 295,016

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, 2021
(In Thousands)

	Pension, Other Employee and Other Post-Employment Benefit Trust Funds	Private-Purpose Trust Fund	Custodial Funds: External Investment Pool	Custodial Funds: Other Custodial Funds
Additions:				
Property taxes	$ -	$ 128,789	$ -	$ 5,760,595
Charges for services	-	11,150	-	-
Contributions:				
Employee contributions	643,499	-	-	-
Employer contributions	1,946,706	-	-	-
Contributions to pooled investments	-	-	4,081,448	-
Total contributions	2,590,205	139,939	4,081,448	5,760,595
Investment income (expenses):				
Interest	59,513	(216)	2,616	2,047
Dividends	84,514	-	-	-
Net appreciation in fair value of investments	9,499,047	-	-	-
Securities lending income	4,059	-	-	-
Total investment income	9,647,133	(216)	2,616	2,047
Less investment expenses:				
Other investment expenses	(64,090)	-	-	-
Net investment income	9,583,043	(216)	2,616	2,047
Custodial additions	-	-	-	160,896
Other additions	-	4,955	-	-
Total additions, net	12,173,248	144,678	4,084,064	5,923,538
Deductions:				
Neighborhood development	-	78,816	-	-
Depreciation	-	4	-	-
Interest on debt	-	41,482	-	-
Benefit payments	2,840,188	-	-	-
Refunds of contributions	20,254	-	-	-
Distribution from pooled investments	-	-	3,513,048	-
Property taxes distributed to other governments	-	-	-	5,712,207
Custodial distributions to State	-	-	-	7,568
Other custodial deductions	-	-	-	188,993
Administrative expenses	20,514	13,635	-	-
Total deductions	2,880,956	133,937	3,513,048	5,908,768
Change in net position	9,292,292	10,741	571,016	14,770
Net position at beginning of year, as previously reported	27,254,552	(461,138)	292,307	-
Cumulative effect of accounting change	-	-	-	280,246
Net position at beginning of year, as restated	27,254,552	(461,138)	292,307	280,246
Net position at end of year	$ 36,546,844	$ (450,397)	$ 863,323	$ 295,016

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

(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 city-wide one-half of one percent sales tax with a new 30-year plan. A board consisting of the eleven members of the City's Board of Supervisors serving ex officio governs the Transportation Authority. The Transportation Authority is reported in a special revenue fund in the City's basic financial statements. Financial statements for the Transportation Authority can be obtained from their finance and administrative offices at 1455 Market Street, 22nd Floor, San Francisco, CA 94103.

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. In accordance with Proposition D authorized by the City's electorate in November 1988, a City Charter amendment created the Parking and Traffic Commission (PTC). The PTC consists of five commissioners appointed by the Mayor. Upon creation of the PTC, the responsibility to oversee the City's off-street parking operations was transferred from the Parking Authority to the PTC. The staff and fiscal operations of the Parking Authority were also incorporated into the PTC. Beginning on July 1, 2002, the responsibility for overseeing the operations of the PTC became the responsibility of the Municipal Transportation Agency (SFMTA) pursuant to Proposition E, which was passed by the voters in November 1999. Separate financial statements are not prepared for the Parking Authority. Further information about the Parking Authority can be obtained from the SFMTA Chief Financial Officer at 1 South Van Ness Avenue, 3rd Floor, San Francisco, CA 94103.

Discretely Presented Component Unit

Treasure Island Development Authority (TIDA) – The TIDA is a nonprofit public benefit corporation. The TIDA was authorized in accordance with the Treasure Island Conversion Act of 1997. Seven commissioners who are appointed by the Mayor, subject to confirmation by the City's Board of Supervisors, govern the TIDA. The specific purpose of the TIDA is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse, and conversion of the property known as Naval Station Treasure Island for the public interest, convenience, welfare, and common benefit of the inhabitants of the City. The TIDA has adopted as its mission the creation of affordable housing and economic development opportunities on Treasure Island.

The TIDA's governing body is not substantively the same as that of the City and does not provide services entirely or almost entirely to the City. The TIDA is reported in a separate column to emphasize that it is legally separate from the City. The City is financially accountable for the TIDA through the appointment of the TIDA's Board and the ability of the City to approve the TIDA's budget. Disclosures related to the TIDA, where significant, are separately identified throughout these notes. Separate financial statements are not prepared for TIDA. Further information about TIDA can be obtained from their administrative offices at 1 Avenue of the Palms, Suite 241, Treasure Island, San Francisco, CA 94130.

Fiduciary Component Units

Successor Agency to the Redevelopment Agency of the City and County of San Francisco (Successor Agency) – The Successor Agency was created on February 1, 2012, to serve as a custodian for the assets and to wind down the affairs of the former San Francisco Redevelopment Agency pursuant to California Redevelopment Dissolution Law. The Successor Agency is governed by the Successor Agency Commission, commonly known as the Commission on Community Investment and Infrastructure, and is a separate public entity from the City. The Commission has five members, which serve at the pleasure of the City's Mayor and are subject to confirmation by the Board of Supervisors. The City is financially accountable for the Successor Agency through the appointment of the Commission and a requirement that the Board of Supervisors approve the Successor Agency's annual budget.

The financial statements present the Successor Agency and its component units, entities for which the Successor Agency is considered to be financially accountable. The City and County of San Francisco Redevelopment Financing Authority (Financing Authority) is a joint powers authority formed between the former Agency and the City to facilitate the long-term financing of the former Agency activities. The Financing Authority is included as a blended component unit in the Successor Agency's financial statements because the Financing Authority provides services entirely to the Successor Agency.

In order to facilitate construction and rehabilitation in the City, seven Community Facilities Districts (CFDs) were formed by the former Agency and Successor Agency. The Successor Agency can impose its will on the CFDs but does not have a financial benefit or burden from the CFDs. The CFDs are fiduciary component units of the Successor Agency and financial activities of the CFDs are included as custodial funds of the City.

Per the Redevelopment Dissolution Law, certain actions of the Successor Agency are also subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies: four City representatives appointed by the Mayor of the City subject to confirmation by the Board of Supervisors of the City; the Vice Chancellor of the San Francisco Community College District; the Board member of the Bay Area Rapid Transit District; and the Executive Director of Policy and Operations of the San Francisco Unified School District.

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported in a fiduciary fund (private-purpose trust fund). Complete financial statements can be obtained from the Successor Agency's finance department at 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.

Community Facilities Districts and Special Tax Districts – A Community Facilities District (CFD) is a legally constituted governmental entity formed under the State's Mello-Roos law and with approval of the Board of Supervisors. A Special Tax District (STD) is established pursuant to the San Francisco Special Tax Financing Law, which incorporates the Mello-Roos law. Several CFDs and STDs have been established for the sole purpose of financing facilities and services. Although there is no financial benefit or burden relation between the City and a CFD or STD, the Board of Supervisors acts as the legislative body as it does for the City and is able to impose its will to authorize the levy of special taxes and issuance of special tax debts, as well as to appoint, hire, reassign, or dismiss City employees who administrate the CFD or STD. CFDs and STDs are fiduciary component units of the City because assets are held by the City for the benefit of the CFD or STD. The combined activities of all CFDs and STDs are presented as a custodial fund. Separate financial statements are not prepared for CFDs and STDs. Further information can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Non-Disclosed Organizations

There are other governmental agencies that provide services within the City. These entities have independent governing boards and the City is not financially accountable for them. The City's basic financial statements, except for certain cash held by the City as an agent, do not reflect operations of the San Francisco Airport Improvement Corporation, San Francisco Health Authority, San Francisco Housing Authority, San Francisco Unified School District and San Francisco Community College District. The City is represented in two regional agencies, the Bay Area Rapid Transit District and the Bay Area Air Quality Management District, both of which are also excluded from the City's reporting entity.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of 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.

The basic financial statements include certain prior year summarized comparative information. This information is presented only to facilitate financial analysis and is not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's basic financial statements for the year ended June 30, 2020, from which the summarized information was derived.

(b) Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are generally collected within 60 days of the end of the current fiscal period. It is the City's policy to submit reimbursement and claim requests for federal and state grant revenues within 30 days of the end of the program cycle and payment is generally received within the first or second quarter of the following fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments, are recorded only when payment is due.

Property taxes, other local taxes, grants and subventions, licenses, charges for services, rents and concessions, and interest and investment income associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental fund:

- The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The City reports the following major proprietary (enterprise) funds:

- The ***San Francisco International Airport Fund*** accounts for the activities of the City-owned commercial service airport in the San Francisco Bay Area.
- The ***San Francisco Water Enterprise Fund*** accounts for the activities of the San Francisco Water Enterprise (Water Enterprise). The Water Enterprise is engaged in the distribution of water to the City and certain suburban areas.
- The ***Hetch Hetchy Water and Power Enterprise Fund*** accounts for the activities of Hetch Hetchy Water and Power (Hetch Hetchy) and CleanPowerSF. Hetch Hetchy is engaged in the collection and conveyance of approximately 85.0% of the City's water supply and in the generation and transmission of electricity. CleanPowerSF aggregates the buying power of customers in San Francisco to purchase renewable energy.
- The ***Municipal Transportation Agency Fund*** accounts for the activities of the Municipal Transportation Agency (SFMTA). The SFMTA was established by Proposition E, passed by the City's voters in November 1999. The SFMTA includes the San Francisco Municipal Railway (Muni) and the operations of Sustainable Streets, which includes the Parking Authority. Muni was established in 1912 and is responsible for the operations of the City's public transportation system.

Sustainable Streets is responsible for proposing and implementing street and traffic changes and oversees the City's off-street parking operations. Sustainable Streets is a separate department of the SFMTA. The parking garages fund accounts for the activities of various non-profit 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 ***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 ***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 ***Capital Projects Funds*** are used to account for financial resources that are restricted, committed or assigned to expenditures for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary fund types.
- The ***Permanent Fund*** accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs.
- The ***Internal Service Funds*** account for the financing of goods or services provided by one City department to another City department on a cost-reimbursement basis. Internal Service Funds account for the activities of the equipment maintenance services, centralized printing and mailing services, centralized telecommunications and information services, and lease financing through the Finance Corporation.
- The ***Pension, Other Employee and Other Postemployment Benefit Trust Funds*** reflect the activities of the Employees' Retirement System (Retirement System), the Health Service System and the Retiree Health Care Trust Fund. The Retirement System accounts for employee contributions, City contributions, and the earnings and profits from investments. It also accounts for the disbursements made for employee retirement benefits, withdrawals, disability and death benefits as well as administrative expenses. The Health Service System accounts for contributions from active and retired employees and surviving spouses, City contributions, and the earnings and profits from investments. It also accounts for the disbursements to various health plans and health care providers for the medical expenses of beneficiaries. The Retiree Health Care Trust Fund currently accounts for other postemployment benefit contributions from the City and the San Francisco Community College District, together with the earnings and profits from investments.

- The ***Private-Purpose Trust Fund*** accounts for the custodial responsibilities that are assigned to the Successor Agency with the passage of the Redevelopment Dissolution Law.
- The ***Custodial Funds*** account for the external portion of the Treasurer's Office investment pool and resources held by the City in a custodial capacity on behalf of: the State of California and other governmental agencies; individuals; and human welfare, community health, and transportation programs. The external portion of the Treasurer's Office investment pool represents funds held for the San Francisco Community College District, San Francisco Unified School District, and the Trial Courts of the State of California.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges to other City departments from the General Fund, Water Enterprise and Hetch Hetchy. These charges have not been eliminated because elimination would distort the direct costs and program revenues reported in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer and power charges, public transportation fees, airline fees and charges, parking fees, hospital patient service fees, commercial and industrial rents, printing services, vehicle maintenance fees, and telecommunication and information system support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(c) Deposits and Investments

Investment in the Treasurer's Pool

The Treasurer invests on behalf of most funds of the City and external participants in accordance with the City's investment policy and the California State Government Code. The City Treasurer, who reports on a monthly basis to the Board of Supervisors, manages the Treasurer's pool. In addition, the function of the County Treasury Oversight Committee is to review and monitor the City's investment policy and to monitor compliance with the investment policy and reporting provisions of the law through an annual audit.

The Treasurer's investment pool consists of two components: 1) pooled deposits and investments and 2) dedicated investment funds. The dedicated investment funds represent restricted funds and relate to bond issues of the Enterprise Funds, and the General Fund's cash reserve requirement. In addition to the Treasurer's investment pool, the City has other funds that are held by trustees. These funds are related to the issuance of bonds and certain loan programs of the City. The investments of the Retirement System and of the Retiree Health Care Trust Fund are held by trustees.

The San Francisco Unified School District (School District), San Francisco Community College District (Community College District), and the City are involuntary participants in the City's investment pool. As of June 30, 2021, involuntary participants accounted for approximately 97.7 percent of the pool. Voluntary participants accounted for 2.3 percent of the pool. Further, the School District, Community College District, and the Trial Courts of the State of California are external participants of the City's pool. At June 30, 2021, $862.8 million was held on behalf of these external participants. The total percentage share of the City's pool that relates to these three external participants is 6.4 percent. Internal participants accounted for 93.6 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 investment type but are predominantly derived from observed market prices.

San Francisco International Airport – The Airport has entered into certain derivative instruments, which it values at fair value, in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and GASB Statement No. 72, *Fair Value Measurement and Application*. The Airport applies hedge accounting for changes in the fair value of hedging derivative instruments, in accordance with GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*. Under hedge accounting, if the derivatives are determined to be effective hedges, the changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows in the statement of net position, otherwise changes in fair value are recorded within the investment revenue classification.

Other funds – Non-pooled investments are also generally carried at fair value. However, money market investments (such as short-term, highly liquid debt instruments including commercial paper and bankers' acceptances) that have a remaining maturity at the time of purchase of one year or less and nonparticipating interest-earning investment contracts (such as repurchase agreements and guaranteed or bank investment contracts) are carried at amortized cost. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

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, 2021, it was determined that $1,973.0 million of the $2,132.4 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 governmental funds consist of personal protective equipment and supplies related to the COVID-19 pandemic. 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.

(f) Property Held for Resale

Property held for resale includes both residential and commercial property and is recorded as other assets at the lower of estimated cost or estimated conveyance value. Estimated conveyance value is management's estimate of net realizable value of each property parcel based on its current intended use. Property held for resale may, during the period it is held by the City, generate rental income, which is recognized as it becomes due and is considered collectible.

(g) Capital Assets

Capital assets, which include land, facilities and improvements, machinery and equipment, infrastructure assets, and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary and private-purpose trust funds. Capital assets, except for intangible assets, are defined as assets with an initial individual cost of more than $5 and have an estimated life that extends beyond a single reporting period or more than a year. Intangible assets have a capitalization threshold of $100. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and other governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities 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 assets acquired under capital leases 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.

(h) 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.

(i) 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.

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.

(j) Fund Equity

Governmental Fund Balance

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in one of five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The five fund balance classifications are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash, such as prepaid amounts, as well as certain long-term receivables that would otherwise be classified as unassigned.
- *Restricted* – includes amounts that can only be used for specific purposes due to constraints imposed by external resource providers, by the City's Charter, or by enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed* – includes amounts that can only be used for specific purposes pursuant to an ordinance passed by the Board of Supervisors and signed by the Mayor. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned* – includes amounts that are not classified as nonspendable, restricted, or committed, but are intended to be used by the City for specific purposes. Intent is expressed by legislation or by action of the Board of Supervisors or the City Controller to which legislation has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Encumbrances

The City establishes encumbrances to record the amount of purchase orders, contracts, and other obligations, which have not yet been fulfilled, cancelled, or discharged. Encumbrances outstanding at year end are recorded as part of restricted or assigned fund balance.

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net Investment In Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation 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.

(k) 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.

(l) Refunding of Debt

In governmental and business-type activities and proprietary and fiduciary funds, losses or gains from advance refundings are recorded as deferred outflows of resources and deferred inflows of resources, respectively, and amortized into expense.

(m) 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.

(n) 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.

(o) Pensions

For purposes of measuring the net pension liability 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 positions 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.

(p) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability 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.

(q) 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.

(r) 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 for consumption or acquisition of net position that is applicable to a future reporting period. These financial statement elements are distinct from assets and liabilities.

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, deferred outflows and inflows of resources related to pensions and OPEB, and deferred outflows of resources on derivative instruments.

(s) Estimates

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

(Dollars in Thousands)

(3) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

Total fund balances of the City's governmental funds, $6,277,199 differs from net position of governmental activities, $3,759,197 reported in the statement of net position. The difference primarily results from the long-term economic focus in the statement of net position versus the current financial resources focus in the governmental funds balance sheet.

	Total Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassi-fications and Eliminations	Statement of Net Position Totals
Assets					
Deposits and investments with City Treasury	$ 7,281,724	$ -	$ 43,371	$ -	$ 7,325,095
Deposits and investments outside City Treasury	344,163	-	6,272	-	350,435
Receivables, net					
Property taxes and penalties	184,847	-	-	-	184,847
Other local taxes	380,617	-	-	-	380,617
Federal and state grants and subventions	347,874	-	-	-	347,874
Charges for services	123,661	-	230	-	123,891
Interest and other	8,914	-	352	-	9,266
Due from other funds	16,606	-	-	(16,606)	-
Due from component units	14,180	-	-	-	14,180
Advance to component unit	2,896	-	-	-	2,896
Loans receivable, net	159,426	-	-	-	159,426
Inventories	37,954	-	-	-	37,954
Capital assets, net	-	6,818,309	13,197	-	6,831,506
Other assets	57,933	334	2	-	58,269
Total assets	8,960,795	6,818,643	63,424	(16,606)	15,826,256
Deferred outflows of resources					
Unamortized loss on refunding of debt	-	6,982	787	-	7,769
Deferred outflows related to pensions	-	893,681	18,872	-	912,553
Deferred outflows related to OPEB	-	324,720	7,689	-	332,409
Total deferred outflows of resources	-	1,225,383	27,348	-	1,252,731
Liabilities					
Accounts payable	492,907	-	10,292	-	503,199
Accrued payroll	159,362	-	2,956	-	162,318
Accrued vacation and sick leave pay	-	245,087	5,317	-	250,404
Accrued workers' compensation	-	304,373	1,449	-	305,822
Estimated claims payable	-	204,853	-	-	204,853
Accrued interest payable	-	21,799	793	-	22,592
Unearned grant and subvention revenues	169,560	-	-	-	169,560
Due to other funds	66,578	-	-	(16,606)	49,972
Unearned revenues and other liabilities	1,191,960	1,124	34	-	1,193,118
Bonds, loans, capital leases, and other payables	18,760	4,323,414	114,628	-	4,456,802
Net pension liability	-	3,330,633	55,173	-	3,385,806
Net OPEB liability	-	2,062,819	47,383	-	2,110,202
Total liabilities	2,099,127	10,494,102	238,025	(16,606)	12,814,648
Deferred inflows of resources					
Unavailable revenue	584,469	(584,469)	-	-	-
Unamortized gain on refunding of debt	-	31,557	278	-	31,835
Deferred inflows related to pensions	-	109,553	1,878	-	111,431
Deferred inflows related to OPEB	-	353,600	8,276	-	361,876
Total deferred inflows of resources	584,469	(89,759)	10,432	-	505,142
Fund balances/ net position					
Total fund balances/ net position	$ 6,277,199	$ (2,360,317)	$ (157,685)	$ -	$ 3,759,197

(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, among the assets of the City as a whole.

Cost of capital assets	$ 9,221,871
Accumulated depreciation	(2,403,562)
	$ 6,818,309

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	$ (245,087)
Accrued workers' compensation	(304,373)
Estimated claims payable	(204,853)
Unearned revenues and other liabilities	(1,124)
Bonds, loans, capital leases, and other payables	(4,323,414)
	$(5,078,851)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. $ (21,799)

Deferred outflows (inflows) of resources related to debt refundings in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.

Unamortized loss on refunding of debt	$ 6,982
Unamortized gain on refunding of debt	(31,557)
	$ (24,575)

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 liability	$(3,330,633)
Deferred outflows of resources related to pensions	893,681
Deferred inflows of resources related to pensions	(109,553)
	$(2,546,505)

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 asset	$ 334
Net OPEB liability	(2,062,819)
Deferred outflows of resources related to OPEB	324,720
Deferred inflows of resources related to OPEB	(353,600)
	$(2,091,365)

(Dollars in Thousands)

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	$ 584,469

(2) Internal service funds are used by management to charge the costs of certain activities, such as capital 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	$ (49,295)
Adjustments for internal balances with the San Francisco Finance Corporation:	
Capital lease receivables from other governmental and enterprise funds	(110,855)
Unearned revenues and other liabilities	2,465
	$ (157,685)

(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, $1,201,772, differs from the change in net position for governmental activities, $590,024, reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated below.

	Total Governmental Funds	Long-term Revenues/ Expenses (3)	Capital-related Items (4)	Internal Service Funds (5)	Long-term Debt Transactions (6)	Statement of Activities Totals
Revenues						
Property taxes	$ 2,964,753	$ 7,314	$ -	$ -	$ -	$ 2,972,067
Business taxes	1,894,604	-	-	-	-	1,894,604
Sales and use tax	233,393	-	-	-	-	233,393
Hotel room tax	37,698	-	-	-	-	37,698
Utility users tax	81,367	-	-	-	-	81,367
Parking tax	47,555	-	-	-	-	47,555
Real property transfer tax	344,661	23	-	-	-	344,684
Other local taxes	61,613	-	-	-	-	61,613
Licenses, permits and franchises	27,186	7,031	-	-	-	34,217
Fines, forfeitures, and penalties	74,273	(1,018)	-	-	-	73,255
Interest and investment income	10,688	-	-	-	-	10,688
Rents and concessions	76,313	546	-	-	-	76,859
Intergovernmental:						
Federal	907,362	(7,499)	-	-	-	899,863
State	1,105,834	4,613	-	58	-	1,110,505
Other	26,890	(1,257)	-	-	-	25,633
Charges for services	376,113	(4,789)	-	-	-	371,324
Other	182,826	17,805	-	1,939	-	202,570
Total revenues	8,453,129	22,769	-	1,997	-	8,477,895
Expenditures/ Expenses						
Current:						
Public protection	1,576,456	147,107	21,790	(1,250)	-	1,744,103
Public works, transportation and commerce	458,154	45,300	26,633	-	-	530,087
Human welfare and neighborhood development	2,339,937	8,273	36,783	-	-	2,384,993
Community health	1,170,730	35,048	35,504	-	-	1,241,282
Culture and recreation	417,106	11,820	51,756	(13,431)	-	467,251
General administration and finance	395,792	44,602	35,034	-	-	475,428
General City responsibilities	113,913	(6,806)	-	(7,030)	-	100,077
Debt service:						
Principal retirement	356,986	-	-	-	(356,986)	-
Interest and other fiscal charges	154,958	-	-	1,994	(23,368)	133,584
Bond issuance costs	7,864	-	-	-	-	7,864
Payment to refunded bond escrow agent	7,167	-	-	-	(4,281)	2,886
Capital outlay	275,638	-	(275,638)	-	-	-
Total expenditures	7,274,701	285,344	(68,138)	(19,717)	(384,635)	7,087,555
Excess (deficiency) of revenues over (under) expenditures	1,178,428	(262,575)	68,138	21,714	384,635	1,390,340
Other financing sources (uses) / changes in net position						
Net transfers in (out)	(862,039)	-	-	73	-	(861,966)
Issuance of bonds:						
Face value of bonds issued	985,535	-	-	-	(985,535)	-
Premium on issuance of bonds	93,427	-	-	-	(93,427)	-
Payment to refunded bond escrow agent	(193,579)	-	-	-	193,579	-
Total other financing sources (uses)	23,344	-	-	73	(885,383)	(861,966)
Capital contributions	-	-	61,650	-	-	61,650
Net change for the year	$ 1,201,772	$ (262,575)	$ 129,788	$ 21,787	$ (500,748)	$ 590,024

(Dollars in Thousands)

(3) Property taxes are recognized as revenues in the period the amount becomes available. This is the current period amount by which the deferred inflows of resources increased in the governmental funds.	$ 7,314
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.	15,455
	$ 22,769
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.	$ (494,202)
Changes to net pension liability and pension related deferred outflows and inflows of resources do not provide financial resources and, therefore, are not reported as a reduction in expenditures in governmental funds.	95,951
Changes to net OPEB asset/liability and OPEB related deferred outflows and inflows of resources do not provide financial resources and, therefore, are not reported as a reduction in expenditures in governmental funds.	113,131
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.	(224)
	$ (285,344)

(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 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. In addition, contributions of capital assets are not financial resources in the governmental funds but are reported as revenues in the statement of activities.

Capital expenditures	$ 378,801
Depreciation expense	(230,614)
Loss on disposal of capital assets	(8,844)
Capital contributions	61,650
Write off of construction in progress	(71,205)
Difference	$ 129,788

(5) Internal service funds are used by management to charge the costs of certain activities, such as capital lease financing, equipment maintenance services, printing and mailing services, and telecommunications and information systems to individual funds. The adjustments for internal service funds “close” those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds’ costs for the year.	$ 21,787

(6) Bond premiums are a source 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 capitalized during the current period.	$ (93,427)

Repayment of bond principal and the payment to escrow for refunding of debt 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 and payment to escrow for refunded debt 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 and payments were made to escrow for refunded debt.

Principal payments made	$ 356,986
Payments to escrow for refunded debt	197,860
	554,846

Bond 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:

General obligation bonds	$ (700,570)
Refunding general obligation bonds	(91,230)
Certificates of participation	(123,095)
Refunding certificates of participation	(70,640)
	(985,535)
	$ (430,689)

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, notes payable and capital leases, and (2) amortization of bond premiums and refunding losses and gains are not expended within the fund statements.

Increase in accrued interest	$ (1,023)
Gain on refundings	(15,818)
Amortization of bond premiums	41,552
Amortization of bond refunding losses and gains	(1,343)
	$ 23,368

(Dollars in Thousands)

(4) Effects of New Accounting Pronouncements

During fiscal year 2021, the City implemented the following accounting standards:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City evaluated all funds and activities in accordance with the statement and determined that activities previously treated as agency funds should now be reported in the governmental funds or custodial funds. As a result, the City restated its fund balance and net position as of July 1, 2020 as follows:

	Net Position/Fund Balance at Beginning of Year		
	As Previously Reported	Change in Accounting Principle	As Restated
Primary Government:			
Govermental Activities	$ 3,133,622	$ 35,551	$ 3,169,173
Total Business Type Activities	6,964,973	-	6,964,973
Total Primary Government	$ 10,098,595	$ 35,551	$ 10,134,146
Governmental Funds:			
General Fund	$ 2,685,922	$ 35,397	$ 2,721,319
Other Governmental Funds	2,353,954	154	2,354,108
Total Governmental Funds	$ 5,039,876	$ 35,551	$ 5,075,427
Custodial Funds	$ -	$ 280,246	$ 280,246

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. GASB Statement No. 90 establishes standards for reporting a government's majority equity interest in a legally separate organization. The new standard is effective for periods beginning after December 15, 2019. Application of this statement did not have a significant impact on the City for the year ended June 30, 2021.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. GASB Statement No. 93 addresses the accounting and financial reporting effects of replacement of interbank offering rates with other reference rates in agreements which reference an interbank offering rate. Certain provisions of this new standard are effective for periods beginning after June 15, 2020. Application of this statement did not have a significant impact on the City for the year ended June 30, 2021. Provisions of this statement that relate to the removal of the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and to lease modifications under GASB Statement No. 87 are not effective for the year ended June 30, 2021. The City is currently analyzing its accounting practices to determine the impact of these provisions.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. GASB Statement No. 97 clarifies the criteria used in determining whether a fiduciary component unit exists and clarifies financial reporting for Internal Revenue Code section 457 deferred compensation plans. The new standard is effective for periods beginning after June 15, 2021. Early application of this statement did not have a significant impact on the City for the year ended June 30, 2021.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 98 updates existing accounting standards by changing the name of the Comprehensive Annual Financial Report to the Annual Comprehensive Financial Report. The new standard is effective for periods ending after December 15, 2021. Early application of this statement did not have a significant impact on the City for the year ended June 30, 2021.

In addition, the City is currently analyzing its accounting practices to determine the potential impact of the following pronouncements:

In June 2017, the GASB issued Statement No. 87, *Leases*. GASB Statement No. 87 establishes a single model for lease accounting and requires reporting of certain lease assets, liabilities, and deferred inflows that currently are not reported. The new standard is effective for periods beginning after June 15, 2021. Application of this statement is effective for the City's year ending June 30, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred and no longer included in the historical cost of capital assets. The new standard is effective for periods beginning after December 15, 2020. Application of this statement is effective for the City's year ending June 30, 2022.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 clarifies the definition of conduit debt and establishes new recognition, measurement, and disclosure requirements. The new standard is effective for periods beginning after December 15, 2021. Application of this statement is effective for the City's year ending June 30, 2023.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. GASB Statement No. 92 addresses a variety of topics related to postemployment benefits and other issues. The new standard is effective for periods beginning after June 15, 2021. Application of this statement is effective for the City's year ending June 30, 2022.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. GASB Statement No. 94 establishes standards for public-private and public-public partnerships (PPPs) and availability payment arrangements. A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An availability payment arrangement is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The new standard requires reporting of related assets and deferred inflows that currently are not reported and is effective for periods beginning after June 15, 2022. Application of this statement is effective for the City's year ending June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 defines such arrangements as contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The standard clarifies measurement and recognition of capitalizable costs, intangible assets, and subscription liabilities for such arrangements and also requires additional disclosures related to such arrangements. The new standard is effective for periods beginning after June 15, 2022. Application of this statement is effective for the City's year ending June 30, 2023.

(5) DEPOSITS AND INVESTMENTS

(a) Cash, Deposits and Investments Presentation

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

	Primary Government			
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Deposits and investments with City Treasury	$ 7,325,095	$ 3,088,166	$ 1,575,127	$ 11,988,388
Deposits and investments outside City Treasury	344,163	23,301	37,118,503	37,485,967
Restricted assets:				
Deposits and investments with City Treasury	-	1,422,247	-	1,422,247
Deposits and investments outside City Treasury	6,272	881,511	324,475	1,212,258
Total deposits & investments	$ 7,675,530	$ 5,415,225	$ 39,018,105	$ 52,108,860
Cash and deposits				$ 1,219,240
Investments				50,889,620
Total deposits and investments				$ 52,108,860

(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 2021.

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)
June 30, 2021
(Dollars in Thousands)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasuries	5 years	100%	100%
Federal Agencies	5 years	100%	100%
State and Local Government Agency Obligations	5 years	20% *	5% *
Public Time Deposits	13 months *	None	None
Negotiable Certificates of Deposit/Yankee Certificates of Deposit	5 years	30%	None
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.

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 objective of the policy is to maximize the expected return of the fund at an acceptable level of risk. The Retirement Board has established percentage guidelines for types of investments to ensure the portfolio is diversified.

Investment managers are required to diversify by issue, maturity, sector, coupon, and geography. Investment managers retained by the Retirement System follow specific investment guidelines and are evaluated against specific market benchmarks that represent their investment style. Any exemption from general guidelines requires approval from the Retirement Board. 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, securities lending, 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, 2021, are as follows:

Asset Class	Target Allocation through October 2020	Target Allocation since November 2020
Global Equity	31.0%	37.0%
Treasuries	6.0%	8.0%
Liquid Credit	3.0%	5.0%
Private Credit	10.0%	10.0%
Private Equity	18.0%	23.0%
Real Assets	17.0%	10.0%
Absolute Return	15.0%	10.0%
Leverage	0.0%	-3.0%
	100.0%	100.0%

The Retirement System is not directly involved in repurchase or reverse repurchase agreements. However, external investment managers retained by the Retirement System may employ repurchase arrangements if the securities purchased or sold comply with the manager's investment guidelines. The Retirement System monitors the investment activity of its investment managers to ensure compliance with guidelines. In addition, the Retirement System's securities lending cash collateral separately managed account is authorized to use repurchase arrangements. The Retirement System maintains its operating fund cash in the Treasurer's Pool.

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 objective of the policy is to manage fund assets so as to achieve the highest, reasonably prudent real return possible. The RHCTF allocates its investments among numerous investment managers and in accordance with the investment policy approved by the RHCTF Board.

At its May 2021 Board Meeting, for the Community College District's Sub-Trust, the RHCTF Board anticipated that illiquid investments will not be appropriate given the portfolio liquidity needs. Therefore, the RHCTF Board approved a new separate allocation that offers a higher liquidity, lower risk levels profile for the Community College.

CITY AND COUNTY OF SAN FRANCISCO

Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

The RHCTF Board has established percentage guidelines for types of investments to ensure the portfolio is diversified, as follows:

Asset Class	Target Allocation From October 2019 to April 2021
Equities	
U.S. Equity	31.0%
Developed Market Equity (Non-U.S.)	15.0%
Emerging Market Equity	13.0%
Credit	
Bank Loans/ High Yield	6.0%
Emerging Market Bonds	3.0%
Rate Sensitive	
Short-Term Treasury Inflation-Protected Securities (TIPS)	4.0%
Investment Grade Bonds	9.0%
Long-Term Government Bonds	4.0%
Private Markets	
Private Equity	5.0%
Private Core Real Estate	5.0%
Risk Mitigating Strategies	
Global Macro	5.0%
	100.0%

	Target Allocation Since May 2021	
Asset Class	City and County of San Francisco Sub-Trust	Community College District Sub-Trust
Equities		
U.S. Equity Large Cap	28.0%	31.0%
U.S. Equity Small Cap	3.0%	3.0%
Developed Market Equity (Non-U.S.)	15.0%	18.0%
Emerging Market Equity	13.0%	16.0%
Credit		
Bank Loans/ High Yield Bonds	6.0%	6.0%
Emerging Market Bonds	3.0%	3.0%
Rate Sensitive		
Short-Term Treasury Inflation-Protected Securities (TIPS)	4.0%	3.0%
Investment Grade Bonds	9.0%	15.0%
Long-Term Government Bonds	4.0%	5.0%
Private Markets		
Private Equity	5.0%	-
Private Core Real Estate	5.0%	-
Risk Mitigating Strategies		
Global Macro	5.0%	-
	100.0%	100.0%

(Dollars in Thousands)

(c) Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City does 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, 2021:

		Fair Value Measurements Using		
	Fair Value 6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Primary Government:				
Investments in City Treasury:				
U.S. Treasuries	$ 5,421,213	$ 5,421,213	$ -	$ -
U.S. Agencies - Discount	489,606	-	489,606	-
U.S. Agencies - Coupon (no call option)	3,225,513	-	3,225,513	-
Negotiable Certificates of Deposits	1,905,907	-	1,905,907	-
Supranationals	467,070	-	467,070	-
Public Time Deposits	40,000 *	-	-	-
Money Market Mutual Funds	1,103,034 *	-	-	-
Subtotal Investments in City Treasury	12,652,343	$ 5,421,213	$ 6,088,096	$ -
Investments Outside City Treasury:				
(Governmental and Business-Type)				
U.S. Treasury Notes	356,686	$ 356,686	$ -	$ -
U.S. Agencies	261,998	-	261,998	-
State and Local Agencies	4,466	-	4,466	-
Corporate Notes	550	-	550	-
Supranationals	5,077	-	5,077	-
Negotiable Certificates of Deposit	2,017	-	2,017	-
Commercial Paper	1,349 *	-	-	-
Money Market Mutual Funds	664,351 *	-	-	-
Certificates of Deposit	273 *	-	-	-
Subtotal Investments Outside City Treasury	1,296,767	$ 356,686	$ 274,108	$ -

* Not subject to fair value hierarchy

		Fair Value Measurements Using		
	Fair Value 6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Employees' Retirement System Investments				
Short-Term Investments	$ 644,979	$ 606,433	$ -	$ 38,546
Debt Securities:				
U.S. Government and Agency Securities	1,090,034	1,080,220	9,814	-
Other Debt Securities	951,706	178,928	656,576	116,202
Equity Securities:				
Domestic Equity	3,887,573	3,881,652	3,635	2,286
International Equity	2,905,789	2,905,142	647	-
Foreign Currency Contracts, net	69	-	-	69
Invested Securities Lending Collateral	770,857	-	417,710	353,147
Subtotal	10,251,007	$ 8,652,375	$ 1,088,382	$ 510,250
Investments measured at the net asset value (NAV)				
Short-Term Investments	6,525			
Fixed Income invested in:				
Other Debt Securities	142,340			
Equity Funds invested in:				
Domestic	5,239,176			
International	624,792			
Real Assets	4,182,366			
Private Credit	1,818,240			
Private Equity	10,280,363			
Absolute Return	3,656,388			
Total investments measured at the NAV	25,950,190			
Subtotal Investments in Employees' Retirement System	36,201,197			
Retiree Health Care Trust Investments measured at the NAV				
Short-Term Investments	8,878			
Fixed Income:				
Debt Index Funds	217,653			
Equities:				
Domestic	243,911			
International	223,374			
Private Equity	9,825			
Risk Mitigating Strategies	35,672			
Subtotal Investments in Retiree Health Care Trust	739,313			
Total Investments	**$ 50,889,620**			

Investments Held in City Treasury

U.S. Treasury Notes are valued using quoted prices in active markets and classified in Level 1 of the fair value hierarchy.

U.S. Agencies, Negotiable Certificates of Deposit and Supranationals 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 of the fair value hierarchy.

Money Market Funds have maturities of one year or less from fiscal year end and are not subject to GASB Statement No. 72. Public Time Deposits are measured at cost.

(Dollars in Thousands)

Investments Held Outside City Treasury

U.S. Treasury Notes are valued using quoted prices in active markets and classified in Level 1 of the fair value hierarchy. 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. Commercial Paper, Money Market Funds, and Certificates of Deposit 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 market place. Many of these securities are priced using uncorroborated indicative quotes, adjusted prices based on inputs from different sources, or evaluated prices using unobservable inputs, such as extrapolated data, proprietary models, and indicative quotes from pricing vendors.

Investments at Net Asset Value (NAV)

The equity and debt funds are commingled funds that are priced at net asset value by industry vendors and fund families. NAV is the fair value of all securities owned by a fund, minus its total liabilities, divided by the number of shares issued and outstanding. The NAV of an open-end fund is its price.

The fair value of the Retirement System's investments in private equity, real assets, private credit, absolute return, and some public equity investments are based on NAV provided by the investment managers and general partners (hereinafter collectively referred to as the "General Partners"). Such value generally represents the Retirement System's proportionate share of the net assets of the limited partnerships. The partnership financial statements are audited annually as of December 31 and the NAV is adjusted by additional contributions to and distributions from the partnership, the Retirement System's share of net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partners.

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 limited 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 through commingled funds and separate account 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. There are fourteen public equity investments held in commingled funds valued at NAV. These investments may be subject to varying lock-up provisions and redemption schedules. The real asset holdings are illiquid. Distributions are received over the life of the investments, which could equal or exceed ten years. They are not 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 commingled funds and separate account partnerships but may also include direct and co-investment opportunities. Private equity investments are 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. The table below provides a summary of the terms and conditions upon which the Retirement System may redeem its absolute return investments. 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.

Absolute Return Investments Measured at NAV as of June 30, 2021

% of NAV	Redemption Frequency (excludes illiquid)	Redemption Notice Period
43%	Monthly	5-95 Days
45%	Quarterly	45-180 Days
12%	Semi-annually	60-180 Days
100%		

% of NAV in Lock Up	As of Fiscal Year-End
14%	2021-2022
10%	2022-2023
4%	2023-2024
0%	2024-2025

(Dollars in Thousands)

Retiree Health Care Trust Fund

Investments at Net Asset Value (NAV)

At June 30, 2021, the RHCTF had cash and investments in the City Treasury pool, commingled funds, mutual funds, feeder 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. As of June 30, 2021, one debt security investment valued at $51.8 million has quarter end redemptions with a 90 day advance written notice requirement. In addition, one international equity investment valued at $109.3 million has weekly redemptions with a three-day advance notification requirement. Both investments have 5% holdbacks for a full liquidation. In addition, $35.7 million of RHCTF's risk mitigating strategies allows redemptions on a weekly basis with four-day notice. There are no redemption restrictions for the remaining commingled funds.

The fair value of the RHCTF's investments in private equity 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, the City's investment policy and the Retirement System's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision. The California Government Code requires that a financial institution secure deposits made by state or local governmental units not covered by Federal Deposit Insurance Corporation insurance by pledging government securities as collateral. The market value of pledged securities must equal at least 110.0% of the type of collateral authorized in California Government Code, Section 53651 (a) through (i) of the City's deposits. 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. As of June 30, 2021, $1.5 million of the business-type activities bank balances were exposed to custodial credit risk by not being insured or collateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. Information about the sensitivity to the fair values of the City's investments to interest rate fluctuations is provided by the following tables, which shows the distribution of the City's investments by maturity. The Retirement System's and Retiree Health Care Trust Fund's interest rate risk information is discussed in sections (f) and (g), respectively, of this note.

			Investment Maturities	
	S&P Rating	Fair Value	Less than 1 year	1 to 5 years
Primary Government:				
Investments in City Treasury:				
U.S. Treasury Notes	AA+	$ 5,421,213	$ 3,407,500	$ 2,013,713
U.S. Agencies	AA+	3,715,119	2,369,639	1,345,480
Negotiable Certificates of Deposit	A-1,A-1+	1,905,907	1,905,907	-
Money Market Mutual Funds	AAAm	1,103,034	1,103,034	-
Public Time Deposits	NR	40,000	40,000	-
Supranationals	AAA	467,070	262,214	204,856
Subtotal pooled investments		12,652,343	$ 9,088,294	$ 3,564,049
Investments Outside City Treasury: (Governmental and Business-Type)				
U.S. Treasury Notes	AA+	$ 356,686	$ 26,795	$ 329,891
U.S. Agencies	AA+	261,998	29,508	232,490
State and Local Agencies	NR,AA,AA+,AAA	4,466	-	4,466
Supranationals	AAA	5,077	506	4,571
Corporate Notes	AA+	550	550	-
Money Market Mutual Funds	A-1+,AAAm	570,395	570,395	-
U.S. Treasury Money Market Funds	AAAm	93,956	93,956	-
Commercial Paper	A-1+,AAAm	1,349	1,349	-
Negotiable Certificates of Deposit	NR,A+,AA-	2,290	273	2,017
Subtotal investments outside City Treasury		1,296,767	$ 723,332	$ 573,435
Retiree Health Care Trust Investments		739,313		
Employees' Retirement System investments		36,201,197		
Total Investments		**$ 50,889,620**		

As of June 30, 2021, the investments in the City Treasury had a weighted average maturity of 407 days.

(Dollars in Thousands)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to pay the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The S&P Global Ratings (S&P) rating for each of the investment types are shown in the table above.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments; however, it is the practice of the City Treasurer that all investments are insured, registered or held by the Treasurer's custodial agent in the City's name. The governmental and business-type activities also have investments with trustees related to the issuance of bonds that are uninsured, unregistered and held by the counterparty's trust departments but not in the City's name. These amounts are included in the investments outside City Treasury shown in the table above.

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code and/or its investment policy. U.S. Treasury and agency securities explicitly guaranteed by the U.S. government are not subject to single issuer limitation.

As of June 30, 2021, the City Treasurer has investments that represent 5.0% or more of the total Pool in the following:

Federal Farm Credit Bank	20.2%
Federal Home Loan Bank	5.4%
Negotiable Certificates of Deposit – Toronto Dominion Bank	5.3%

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, 2021:

Airport:	
Federal Home Loan Mortgage Association	15.4%
Federal National Mortgage Association	11.2%
Federal Home Loan Bank	5.4%

(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, 2021:

Statement of Net Position	
Net position held in trust for all pool participants	$13,410,639
Equity of internal pool participants	$12,547,813
Equity of external pool participants	862,826
Total equity	$13,410,639
Statement of Changes in Net Position	
Net position at July 1, 2020	$12,210,998
Net change in investments by pool participants	1,199,641
Net position at June 30, 2021	$13,410,639

The following provides a summary of key investment information for the Treasurer's Pool as of June 30, 2021:

Type of Investment	Rates	Maturities	Par Value	Carrying Value
Pooled Investments:				
U.S. Treasuries	0.03% - 1.90%	07/08/21 - 04/30/26	$ 5,398,860	$ 5,421,213
U.S. Agencies	0.05% - 3.09%	07/07/21 - 09/03/25	3,695,451	3,715,119
Public Time Deposits	0.07% - 0.10%	09/20/21 - 12/20/21	40,000	40,000
Negotiable Certificates of Deposit	0.12% - 0.23%	07/02/21 - 05/25/22	1,905,000	1,905,907
Money Market Mutual Funds	0.01% - 0.03%	07/01/21 - 07/01/21	1,103,034	1,103,034
Supranationals	0.02% - 2.97%	07/01/21 - 01/15/25	462,135	467,070
			$12,604,480	12,652,343
Carrying amount of deposits with Treasurer				758,296
Total cash and investments with Treasurer				$ 13,410,639

(f) Retirement System's Investments

The Retirement System's investments as of June 30, 2021, are summarized as follows:

Fixed Income Investments:		
Short-term investments	$	651,504
Investments in City Treasury		9,184
Debt securities:		
U.S. Government and agencies		1,090,034
Other debt securities		1,094,046
Subtotal debt securities		2,184,080
Total fixed income investments		2,844,768
Equity securities:		
Domestic		9,126,749
International		3,530,581
Total equity securities		12,657,330
Real assets		4,182,366
Private credit		1,818,240
Private equity		10,280,363
Absolute return		3,656,388
Foreign currency contracts, net		69
Invested securities lending collateral		770,857
Total Retirement System Investments	$	36,210,381

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

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, 2021:

		Maturities			
Investment Type	**Fair Value**	**Less than 1 year**	**1-5 years**	**6-10 years**	**10+ years**
Asset-Backed Securities	$ 24,457	$ 20	$ 3,915	$ 4,108	$ 16,414
Bank Loans	112,605	3,151	57,243	52,211	-
City Investment Pool	9,184	6,597	2,587	-	-
Collateralized Bonds	2,011	-	-	533	1,478
Commercial Mortgage-Backed	87,798	-	621	1,927	85,250
Commingled and Other					
Fixed Income Funds	321,260	2,009	-	87,236	232,015
Corporate Bonds	274,249	1,686	89,417	142,457	40,689
Corporate Convertible Bonds	197,414	1,917	141,231	49,560	4,706
Government Bonds	1,139,367	1,545	755,004	351,452	31,366
Government Mortgage-					
Backed Securities	4,783	-	-	-	4,783
Municipal/Provincial Bonds	3,079	-	1,292	337	1,450
Non-Government Backed					
Collateralized Mortgage Obligations	16,541	366	-	-	16,175
Options	6	(6)	12	-	-
Short-Term Investment Funds	651,504	651,504	-	-	-
Swaps	510	26	217	292	(25)
Total	$ 2,844,768	$ 668,815	$ 1,051,539	$ 690,113	$ 434,301

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 investment managers typically are limited within their portfolios to no more than 5.0% 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 agreements as prescribed and approved by the Retirement Board.

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.

(Dollars in Thousands)

The following table illustrates the Retirement System's exposure to credit risk as of June 30, 2021. Investments issued or explicitly guaranteed by the U.S. government of $1.10 billion as of June 30, 2021, are exempt from credit rating disclosures and are excluded from the table below.

Credit Rating	Fair Value	Fair Value as a Percentage of Total
AAA	$ 630,147	35.8%
AA	11,985	0.7%
A	34,910	2.0%
BBB	95,573	5.4%
BB	112,351	6.4%
B	205,694	11.7%
CCC	45,619	2.6%
CC	4,806	0.3%
D	5,589	0.3%
Not Rated	615,622	34.8%
Total	$ 1,762,296	100.0%

The securities listed as "Not Rated" include short-term investment funds, government mortgage-backed securities, and investments that invest primarily in rated securities, such as commingled funds and money market funds, but do not themselves have a specific credit rating. Excluding these investments, the "Not Rated" component of credit would be approximately 8.4% for 2021.

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, 2021, the Retirement System had no investments of a single issuer that equaled or exceeded 5.0% 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, 2021, $127.4 million of the Retirement System's investments were exposed to custodial credit risk because they were not insured or registered in the name of the Retirement System and were held by the counterparty's trust department or agent but not in the Retirement System's name.

Foreign Currency Risk

The Retirement System's exposure to foreign currency risk derives from its positions in foreign currency denominated cash, equity, fixed income, private equity, real assets, and private credit. The Retirement System's investment policy allows international managers to enter into foreign exchange contracts, which are limited to hedging currency exposure existing in the portfolio.

The Retirement System's net exposures to foreign currency risk as of June 30, 2021, are as follows:

Currency	Cash	Equities	Fixed Income	Private Equities	Real Assets	Private Credit	Foreign Currency Contracts	Total
Argentina peso	$ -	$ -	$ 1	$ -	$ -	$ -	$ -	$ 1
Australian dollar	-	20,693	121	12,820	-	-	2,565	36,199
Brazil real	-	10,282	1,995	-	-	-	1,764	14,041
Canadian dollar	-	51,175	14	-	-	-	3,976	55,165
Chilean peso	-	1,333	829	-	-	-	986	3,148
Chinese r yuan HK	-	-	-	-	-	-	(5,497)	(5,497)
Chinese yuan renminbi	38,546	483,245	4,622	-	-	-	(17,531)	508,882
Colombian peso	-	-	5,113	-	-	-	(3,431)	1,682
Czech koruna	-	-	(60)	-	-	-	1,760	1,700
Danish krone	-	54,690	-	-	-	-	-	54,690
Dominican rep peso	-	-	618	-	-	-	(808)	(190)
Egyptian pound	-	-	670	-	-	-	-	670
Euro	-	578,211	45,092	139,170	431,880	65,124	(108,522)	1,150,955
Hong Kong dollar	-	120,819	-	-	-	-	872	121,691
Hungarian forint	-	3,342	828	-	-	-	882	5,052
Indonesian rupiah	-	1,176	3,707	-	-	-	595	5,478
Israeli shekel	-	-	-	-	-	-	(19)	(19)
Japanese yen	-	80,806	-	-	56,587	-	20,759	158,152
Kazakhstan tenge	-	-	253	-	-	-	-	253
Malaysian ringgit	-	-	3,063	-	-	-	137	3,200
Mexican peso	-	6,589	1,923	-	-	-	2,111	10,623
New Taiw an dollar	-	46,346	-	-	-	-	-	46,346
Norw egian krone	-	4,817	-	-	-	-	-	4,817
Peruvian sol	-	-	5,679	-	-	-	(5,863)	(184)
Philippines peso	-	1,833	206	-	-	-	(152)	1,887
Polish zloty	-	9,086	2,024	-	-	-	847	11,957
Pound sterling	-	210,529	8,079	53,304	50,326	-	(11,917)	310,321
Romanian leu	-	-	851	-	-	-	501	1,352
New Russian ruble	-	2,332	2,523	-	-	-	1,219	6,074
Singapore dollar	-	1,495	-	-	-	-	-	1,495
South African rand	-	11,021	8,676	-	-	-	(6,419)	13,278
South Korean w on	-	33,545	-	-	-	-	(459)	33,086
Sw edish krona	-	45,299	-	-	-	-	-	45,299
Sw iss franc	-	99,888	-	-	-	-	(645)	99,243
Thailand baht	-	4,330	1,442	-	-	-	2,219	7,991
Turkish lira	-	3,509	-	-	-	-	86	3,595
Uruguayan peso	-	-	-	-	-	-	130	130
Total	$ 38,546	$ 1,886,391	$ 98,269	$ 205,294	$ 538,793	$ 65,124	$ (119,854)	$ 2,712,563

(Dollars in Thousands)

Money Weighted Rate of Return

For the year ended June 30, 2021, the annual money weighted rate of return on pension plan investments, net of investment expenses, adjusted for the changing amounts actually invested, was 35.5 percent.

Derivative Instruments

As of June 30, 2021, 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, 2021:

Derivative Type / Contracts	**Notional Amount**	**Fair Value**	**Net Appreciation (Depreciation) in Fair Value**
Forwards			
Foreign Exchange Contracts	$ 263,225	$ 69	$ 185
Futures			
Bond Futures Long	8,898	84	84
Equity Index Futures Long	76,766	1,073	(548)
Treasury Futures Long	400,741	1,474	1,070
Treasury Futures Short	(8,215)	(47)	(47)
Options			
Credit Contracts	-	(6)	12
Foreign Exchange Contracts	200	12	(133)
Swaps			
Credit Contracts	5,375	324	(150)
Currency Contracts	440	247	(306)
Interest Rate Contracts	115,953	(61)	(3,660)
Rights/Warrants			
Equity Contracts	40,449 shares	101,656	(5,254)
Total		$ 104,825	$ (8,747)

All investment derivatives are reported as investments at fair value in the statement of fiduciary net position. Rights, warrants, and equity index futures are reported in equity securities. Foreign exchange contracts are reported in foreign currency contracts, which also include spot contracts that are not derivatives. All other derivative contracts are reported in other debt securities. All changes in fair value are reported as net appreciation (depreciation) in fair value of investments in the statement of changes in fiduciary net position.

Counterparty Credit Risk

The Retirement System is exposed to credit risk on non-exchange traded derivative instruments that are in asset positions. The table below presents those investments being classified and rated using the lower of (1) S&P Global Ratings (S&P) rating or (2) Moody's Investors Service (Moody's) rating corresponding to the equivalent S&P rating. If only a Moody's rating is available, the rating equivalent to S&P is used for the purpose of this disclosure.

Credit Rating	Fair Value
AA	$ 462
A	1,609
BBB	1,684
Total	$ 3,755

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, 2021, 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, 2021.

		Maturities			
Derivative Type / Contracts	**Fair Value**	**Less than 1 year**	**1-5 years**	**6-10 years**	**10+ years**
Futures					
Treasury Futures Long	$ 1,474	$ 1,474	$ -	$ -	$ -
Treasury Futures Short	(47)	(47)	-	-	-
Options					
Foreign Exchange Contracts	12	-	12	-	-
Swaps					
Currency Contracts	247	-	187	60	-
Interest Rate Contracts	(61)	-	(268)	232	(25)
Total	$ 1,625	$ 1,427	$ (69)	$ 292	$ (25)

(Dollars in Thousands)

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, 2021:

Investment Type	Reference Rate	Notional Value	Fair Value
Interest Rate Swap	Receive Fixed 0.25%, Pay Variable 3-Month BBA	$ 1,760	$ (54)
Interest Rate Swap	Receive Fixed 0.48%, Pay Variable 6-Month PRIBOR	658	(7)
Interest Rate Swap	Receive Fixed 0.57%, Pay Variable 6-Month WIBOR	22,800	216
Interest Rate Swap	Receive Fixed 1.48%, Pay Variable 6-Month PRIBOR	1,152	35
Interest Rate Swap	Receive Fixed 2.00%, Pay Variable 6-Month BUBOR	379	82
Interest Rate Swap	Receive Fixed 2.39%, Pay Variable 6-Month THB	5,158	(103)
Interest Rate Swap	Receive Fixed 2.42%, Pay Variable 6-Month THB	191	10
Interest Rate Swap	Receive Fixed 2.81%, Pay Variable 6-Month THB	613	(21)
Interest Rate Swap	Receive Fixed 3.34%, Pay Variable 3-Month KLIBOR	5,201	96
Interest Rate Swap	Receive Fixed 3.35%, Pay Variable 1-Day BIDOR	959	(25)
Interest Rate Swap	Receive Fixed 4.10%, Pay Variable 1-Day BIDOR	805	(10)
Interest Rate Swap	Receive Fixed 4.35%, Pay Variable 28-Day MXIBR	91	(4)
Interest Rate Swap	Receive Fixed 4.50%, Pay Variable 1-Day BIDOR	598	48
Interest Rate Swap	Receive Fixed 4.87%, Pay Variable 1-Day BIDOR	790	(23)
Interest Rate Swap	Receive Fixed 5.25%, Pay Variable 1-Day BIDOR	241	7
Interest Rate Swap	Receive Fixed 5.26%, Pay Variable 3-Month JIBAR	837	(21)
Interest Rate Swap	Receive Fixed 5.60%, Pay Variable 1-Day COOVIBR	359	17
Interest Rate Swap	Receive Fixed 6.71%, Pay Variable 28-Day MXIBR	4,145	30
Interest Rate Swap	Receive Fixed 7.13%, Pay Variable 28-Day MXIBR	11,340	(96)
Interest Rate Swap	Receive Fixed 7.48%, Pay Variable 1-Day BIDOR	574	46
Interest Rate Swap	Receive Fixed 11.33%, Pay Variable 1-Day BIDOR	1,158	(3)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.25%	693	(37)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 7.17%	598	49
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 1.20%	996	(8)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 4.20%	1,774	(63)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 5.12%	1,696	(1)
Interest Rate Swap	Receive Variable 3-Month BBA, Pay Fixed 0.36%	998	68
Interest Rate Swap	Receive Variable 3-Month JIBAR, Pay Fixed 7.46%	2,591	124
Interest Rate Swap	Receive Variable 6-Month WIBOR, Pay Fixed 0.94%	46,798	(413)
Total Interest Rate Swaps		$ 115,953	$ (61)

Foreign Currency Risk

At June 30, 2021, 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, 2021:

Currency	Forwards	Options	Rights/ Warrants	Swaps	Futures	Total
Argentina peso	$ -	$ -	$ -	$ (197)	$ -	$ (197)
Australian dollar	2,565	-	-	-	-	2,565
Brazil real	1,764	-	-	161	-	1,925
Canadian dollar	3,976	-	-	-	14	3,990
Chilean peso	986	-	-	-	-	986
Chinese r yuan HK	(5,497)	-	-	-	-	(5,497)
Chinese yuan renminbi	(17,531)	-	-	-	-	(17,531)
Colombian peso	(3,431)	-	-	30	-	(3,401)
Czech koruna	1,760	-	-	(60)	-	1,700
Dominican rep peso	(808)	-	-	-	-	(808)
Euro	(108,522)	(4)	111	-	66	(108,349)
Hong Kong dollar	872	-	-	-	-	872
Hungarian forint	882	-	-	(3)	-	879
Indonesian rupiah	595	-	-	-	-	595
Israeli shekel	(19)	-	-	-	-	(19)
Japanese yen	20,759	-	-	-	-	20,759
Malaysian ringgit	137	-	-	7	-	144
Mexican peso	2,111	-	-	(122)	-	1,989
Peruvian sol	(5,863)	-	-	-	-	(5,863)
Philippines peso	(152)	-	-	-	-	(152)
Polish zloty	847	-	-	14	-	861
Pound sterling	(11,917)	-	-	-	3	(11,914)
Romanian leu	501	-	-	-	-	501
New Russian ruble	1,219	-	-	-	-	1,219
South African rand	(6,419)	-	-	(36)	-	(6,455)
South Korean won	(459)	-	-	-	-	(459)
Swiss franc	(645)	-	5	-	-	(640)
Thailand baht	2,219	-	-	143	-	2,362
Turkish lira	86	-	-	-	-	86
Uruguayan peso	130	-	-	-	-	130
Total	$ (119,854)	$ (4)	$ 116	$ (63)	$ 83	$ (119,722)

Contingent Features

At June 30, 2021, the Retirement System held no positions in derivatives containing contingent features.

(Dollars in Thousands)

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. There are no restrictions on the number of securities that can be lent at one time. The term to maturity of the loaned securities is generally not matched with the term to maturity of the investment of the corresponding collateral.

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, 2021, 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, 2021, the Retirement System has lent $2.06 billion in securities and received collateral of $770.5 million and $1.46 billion 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 $770.9 million. The net unrealized gain of $343 is presented as part of the net appreciation (depreciation) 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, 2021 are summarized in the following table.

Investment Type	Fair Value of Loaned Securities	Cash Collateral	Fair Value of Non-Cash Collateral
Securities on Loan for Cash Collateral			
U.S. Corporate Fixed Income	$ 86,347	$ 88,523	$ -
U.S. Equities	445,420	477,334	-
U.S. Government Fixed Income	191,064	194,848	-
International Fixed Income	825	882	-
International Equities	8,418	8,927	-
Securities on Loan for Non-Cash Collateral			
U.S. Corporate Fixed Income	3,118	-	3,192
U.S. Equities	538,114	-	586,380
U.S. Government Fixed Income	655,451	-	717,379
International Fixed Income	4,753	-	5,153
International Equities	126,529	-	146,309
	$ 2,060,039	$ 770,514	$ 1,458,413

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, 2021.

Investment Type	Fair Value	Maturities Less Than 1 Year	Maturities 1-5 Years
Certificates of Deposit	$ 20,728	$ 20,728	$ -
Commercial Paper	98,781	98,781	-
Floating Rate Notes	349,033	345,999	3,034
Money Market Funds	36,095	36,095	-
Repurchase Agreements	266,178	266,178	-
Payable/Receivable	42	42	-
Total	$ 770,857	$ 767,823	$ 3,034

The Retirement System's exposure to credit risk in its reinvested cash collateral account as of June 30, 2021 is as follows:

Credit Rating	Fair Value	Fair Value as a Percentage of Total
A-1	$ 125,609	16.3%
AAA	36,095	4.7%
AA	181,580	23.6%
A	161,353	20.9%
Not Rated *	266,220	34.5%
Total	$ 770,857	100.0%

* This figure includes $266.2 million in repurchase agreements.

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, 2021, are summarized as follows:

Beginning of the year	$ 3,840,427
Capital investments	547,457
Equity in net earnings	72,408
Net appreciation in fair value	509,855
Capital distributions	(787,781)
End of the year	$ 4,182,366

(Dollars in Thousands)

(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, 2021, the weighted average maturities in years for the RHCTF's fixed income investments were as follows:

Investment Type	Weighted Average Maturity in Years
US Debt Index Fund	8.4
Government Bond Index Fund	24.5
Inflation Protected Debt Index Fund	2.7
Emerging Markets Debt Fund	12.4
Multi-Sector Debt Fund	6.9
City Investment Pool	1.1
Treasury Money Market fund	0.1

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, 2021, 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 and 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, 2021, 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 custodial bank's trust department or agent.

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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 24.7 percent. 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 real estate in the amount of $32.0 million and private equity in the amount of $23.4 million, totaling $55.4 million as of June 30, 2021.

(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% 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 $367.5 million for the year ended June 30, 2021.

Taxable valuation for the year ended June 30, 2021, (net of non-reimbursable exemptions, reimbursable exemptions, and tax increment allocations to the Successor Agency) was approximately $277.9 billion, an increase of 8.71%. The secured tax rate was $1.1985 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 $0.1985 for bond debt service. Delinquencies in the current year on secured taxes and unsecured taxes amounted to 1.00% and 0.96%, respectively, of the current year tax levy, for an average delinquency rate of 1.00% 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, 2021, was $35.3 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, 2021
(Dollars in Thousands)

(7) CAPITAL ASSETS

Primary Government

Capital asset activity of the primary government for the year ended June 30, 2021, was as follows:

Governmental Activities:	Balance July 1, 2020	Increases (1)	Decreases (1)	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	$ 673,347	$ 61,900	$ -	$ 735,247
Intangible assets	9,689	-	(8,783)	906
Construction in progress	780,833	330,421	(387,693)	723,561
Total capital assets, not being depreciated	1,463,869	392,321	(396,476)	1,459,714
Capital assets, being depreciated:				
Facilities and improvements	5,495,225	192,140	-	5,687,365
Machinery and equipment	606,576	18,343	(3,226)	621,693
Infrastructure	1,233,792	156,737	-	1,390,529
Intangible assets	142,210	75	(294)	141,991
Total capital assets, being depreciated	7,477,803	367,295	(3,520)	7,841,578
Less accumulated depreciation for:				
Facilities and improvements	1,444,830	131,254	-	1,576,084
Machinery and equipment	428,795	39,312	(3,165)	464,942
Infrastructure	335,144	55,236	-	390,380
Intangible assets	30,146	8,528	(294)	38,380
Total accumulated depreciation	2,238,915	234,330	(3,459)	2,469,786
Total capital assets, being depreciated, net	5,238,888	132,965	(61)	5,371,792
Governmental activities capital asssets, net	$ 6,702,757	$ 525,286	$ (396,537)	$ 6,831,506

Business-type Activities:	Balance July 1, 2020	Increases (1)	Decreases (1)	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	$ 341,624	$ -	$ (1,088)	$ 340,536
Intangible assets	12,043	-	-	12,043
Construction in progress	5,179,163	2,190,717	(1,613,707)	5,756,173
Total capital assets, not being depreciated	5,532,830	2,190,717	(1,614,795)	6,108,752
Capital assets, being depreciated:				
Facilities and improvements	20,899,397	1,113,196	(143,883)	21,868,710
Machinery and equipment	3,880,488 (2)	305,050	(51,889)	4,133,649
Infrastructure	1,658,036	185,011	(5)	1,843,042
Property held under lease	697	-	(199)	498
Intangible assets	132,793	6,093	(7,224)	131,662
Total capital assets, being depreciated	26,571,411	1,609,350	(203,200)	27,977,561
Less accumulated depreciation for:				
Facilities and improvements	7,361,413 (2)	525,790	(102,130)	7,785,073
Machinery and equipment	1,802,523 (2)	247,881	(51,465)	1,998,939
Infrastructure	753,905	45,063	-	798,968
Property held under lease	697	-	(199)	498
Intangible assets	96,237	4,832	(7,224)	93,845
Total accumulated depreciation	10,014,775	823,566	(161,018)	10,677,323
Total capital assets, being depreciated, net	16,556,636	785,784	(42,182)	17,300,238
Business-type activities capital assets, net	$ 22,089,466	$ 2,976,501	$ (1,656,977)	$ 23,408,990

(1) The increases and decreases include transfers of categories of capital assets from construction in progress to depreciable categories.
(2) Includes reclassifications from MTA to match the presentation in the audited financial statements.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:		
Public protection	$	25,948
Public works, transportation and commerce		67,392
Human welfare and neighborhood development		1,131
Community Health		39,246
Culture and recreation		58,677
General administration and finance		38,220
Capital assets held by the City's internal service funds charged to the various functions on a prorated basis		3,716
Total depreciation expense - governmental activities	$	234,330
Business-type activities:		
Airport	$	331,135
Water		144,033
Power		21,636
Transportation		201,186
Hospitals		30,079
Wastewater		72,018
Port		23,479
Total depreciation expense - business-type activities	$	823,566

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 $5.24 billion as of June 30, 2021. Hetch Hetchy Water had intangible assets of water rights having estimated useful lives from 51 to 100 years, which totaled $45.6 million as of June 30, 2021. 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, 2021.

During the year ended June 30, 2021, the City's enterprise funds incurred total interest expense and negative interest income of approximately $609.3 million and $(3.1) million, respectively. Of these amounts, net interest expense of approximately $101.2 million was capitalized. The Airport had write-offs and loss on disposal in the amount of $42.0 million primarily due to disposal. The Water Enterprise, Hetch Hetchy, and the Wastewater Enterprise expensed $3.8 million, $8.4 million, and $4.2 million, respectively, related to capitalized design and planning costs on certain projects that were discontinued.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

Component Unit

Capital asset activity of the component unit for the year ended June 30, 2021 was as follows:

Treasure Island Development Authority:	July 1, 2020	Increases	Decreases	June 30, 2021
Capital assets, not being depreciated:				
Land	$ 34,344	$ -	$ -	$ 34,344
Construction in progress	502	-	-	502
Total capital assets, not being depreciated	34,846	-	-	34,846
Capital assets, being depreciated:				
Facilities and improvements	4,615	229	-	4,844
Machinery and equipment	36	-	-	36
Total capital assets, being depreciated	4,651	229	-	4,880
Less accumulated depreciation for:				
Facilities and improvements	315	92	-	407
Machinery and equipment	29	3	-	32
Total accumulated depreciation	344	95	-	439
Total capital assets, being depreciated, net	4,307	134	-	4,441
Component unit capital sassets, net	$ 39,153	$ 134	$ -	$ 39,287

During the year ended June 30, 2021, TIDA recorded facility improvements for the YMCA gym improvements 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.

(8) BONDS, LOANS, CAPITAL LEASES AND OTHER PAYABLES

The changes in short-term obligations for governmental and business-type activities for the year ended June 30, 2021, are as follows:

Commercial Paper	July 1, 2020	Additional Obligation	Current Maturities	June 30, 2021
Governmental activities:				
Multiple Capital Projects	$ 108,190	$ 527,893	$ (617,323)	$ 18,760
Governmental activities short-term obligations	$ 108,190	$ 527,893	$ (617,323)	$ 18,760
Business-type activities:				
San Francisco General Hospital	$ 11,793	$ 39	$ (3,877)	$ 7,955
San Francisco International Airport	3,190	506,150	(230,000)	279,340
San Francisco Water Enterprise	362,354	105,862	(362,354)	105,862
Hetch Hetchy Water and Power	63,535	114,671	(63,535)	114,671
San Francisco Wastewater Enterprise	207,939	638,518	(207,939)	638,518
Business-type activities short-term obligations	$ 648,811	$1,365,240	$ (867,705)	$1,146,346

City and County of San Francisco Commercial Paper Program

The City launched its 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). Pursuant to Resolution No. 85-09 approved in March 2009, 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. The City currently has revolving credit agreements (RCA) and letters of credit (LOC) 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 30 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 that are divided into subseries according to tax status. The City's CP program has three credit facilities, two RCAs issued by State Street Bank and Trust Company (State Street Bank) and U.S. Bank National Association, which supports the issuance of Commercial Paper Certificates of Participation Series 1&2 (Series 1&2), and a Letter of Credit Agreement (LOC) issued by State Street Bank, which supports the issuance of Commercial Paper Certificates of Participation Series 3 (Series 3). The Series 1&2 State Street and U.S. Bank National Association. RCAs have fees of 0.45% and 0.45% on the total commitment amounts, respectively, and are scheduled to expire in May 2023. In December 2018, the City closed the First Amendment to its Commercial Paper Letter of Credit Reimbursement Agreement with State Street Bank, supporting Series 3, in the maximum principal amount not to exceed $100.0 million. The amendment stipulates a quarterly fee of 0.38% for the credit facility agreement, corresponding to the maintenance of a rating at least Aa3/AA-/AA- from Moody's, S&P and Fitch, respectively, and extended the terms of the agreement to February 2022.

In fiscal year 2021, the City issued $527.9 million and retired $617.3 million of CP, excluding CP issued for San Francisco General Hospital, to provide interim financing for various approved capital projects including the acquisition, construction and improvement of an animal care and control facility; the acquisition of and improvement to real property for the Hall of Justice relocation project, and the development, acquisition, construction or rehabilitation of affordable rental housing projects. As of June 30, 2021, the outstanding principal of taxable CP of governmental activities was $18.8 million, with an interest rate of 0.08%.

Events of default, under the Letter of Credit and Reimbursement Agreement, consist of failure by the City to pay any Reimbursement Obligation to the Bank; failure 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; failure to make payment on any other Material Debt; City files for bankruptcy; City is downgraded below investment grade; City sustains unsatisfied judgment of $25.0 million or more. Upon the occurrence of an event of default under the Letter of Credit and Reimbursement Agreement, the Credit Bank may terminate the Letter of Credit. Any outstanding Commercial Paper Certificates would be payable from proceeds of a Final Draw. If not repaid when due, drawings under the respective RCA supporting the CP notes are amortized up to a five-year period.

San Francisco General Hospital

In July 2014, the Board of Supervisors authorized the execution and delivery of tax-exempt and/or taxable CP in an aggregate principal amount not to exceed $41.0 million to finance the costs of acquisition of furniture, fixtures, and equipment for the new San Francisco General Hospital. As of June 30, 2021, the outstanding principal amount of tax-exempt CP was $8.0 million with an interest rate of 0.08%. The Commercial Paper Certificates are secured by base rental payments made by the City under a sublease between the City and the Trustee. Base rental payments are payable from the City's General Fund resources.

Events of default, under the Letter of Credit and Reimbursement Agreement, consist of failure by the City to pay any Reimbursement Obligation to the Bank; failure to perform certain covenants, including the failure to make rental payments under the Sublease, which was an agreement by which the City is obligated to make annual rental payments to the trustee by leasing back City-owned property to the trustee; failure to make payment on any other Material Debt; City files for bankruptcy; City is downgraded below investment grade; City sustains unsatisfied judgment of $25.0 million or more. Upon the occurrence of an Event of Default under the Letter of Credit and Reimbursement Agreement, the Credit Bank may terminate the Letter of Credit. Any outstanding Commercial Paper Certificates would be payable from proceeds of a Final Draw. If not repaid when due, drawings under the respective LOC supporting the CP notes are amortized up to a five-year period.

San Francisco International Airport

In May 1997, the Airport adopted Resolution No. 97-0146, as amended and supplemented (the Note Resolution), authorizing the issuance of subordinate CP notes in an aggregate principal amount not to exceed the lesser of $500.0 million or the stated amount of the letter(s) of credit (LOC) securing the CP. In January 2021, the Airport adopted Resolution No. 21-0003 which amended the 1997 Note Resolution to increase the authorized maximum aggregate principal from $500.0 million to $600.0 million.

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 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 Note Resolution), less Operation and Maintenance Expenses (as defined in the Note Resolution).

The CP notes are special, limited obligations of the Airport, and the payment of the principal of and interest on the CP notes 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 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 Note Resolution.

In May 2021, the Airport closed a $100.0 million expansion of the CP program, increasing the aggregate principal amount of the CP notes that can be outstanding at any one time from $500.0 million to $600.0 million. A three-year irrevocable LOC issued by Barclays Bank PLC (Barclays) supports the additional $100.0 million principal amount of the Airport's subordinate CP notes, reviving the Series A-3, Series B-3 and Series C-3 CP notes that had not been supported by a LOC since 2020. The Barclays LOC will expire May 24, 2024.

As of June 30, 2021, the CP program was supported by six direct-pay letters of credit with a combined maximum stated principal amount of $600.0 million, from State Street Bank and Trust Company ($100.0 million, expires May 2, 2024), Sumitomo Mitsui Banking Corporation, acting through its New York Branch ($100.0 million, expires June 21, 2022), Barclays Bank PLC ($100.0 million, expires May 24, 2024), U.S. Bank National Association ($100.0 million, expires November 15, 2023), Barclays Bank PLC ($125.0 million, expires April 28, 2023), and Bank of America, N.A. ($75.0 million, expires May 26, 2023). Each of the LOC supports a separate subseries of Notes.

As of June 30, 2021, there were no obligations other than the CP notes outstanding under the 1997 Note Resolution.

During fiscal year 2021, the Airport issued new money CP notes in the aggregate principal amount of $80.7 million (AMT), $166.4 million (Non-AMT), and $259.0 million (Taxable) to fund capital improvement projects and costs of issuance related to the debt program, to reimburse the Airport for capitalized interest on Senior Bonds, and to defease outstanding Senior Bonds.

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 is an event of termination with respect to all of the LOC supporting the CP notes. In addition, the State Street Bank and Trust LOC supporting $100.0 million of CP notes includes certain changes in law affecting the Airport's payment obligations to the bank as events of termination. 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-, four- 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, 2021, the amount outstanding under Proposition E was $105.9 million. CP interest rates ranged from 0.1% to 2.2%. 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 $394.1 million in unused authorization as of June 30, 2021.

Events of default as specified in the Reimbursement Agreements, or Revolving Credit Agreement 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, 2021, 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 0.1% to 0.2% in fiscal year 2021. Hetch Hetchy Water and Power had $114.7 million CP outstanding and $135.3 million in unused authorization as of June 30, 2021.

Events of default as specified in the Reimbursement Agreements include non-payment; material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements; and bankruptcy, 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, 2021, there were no such events described herein.

San Francisco Wastewater Enterprise

Under the voter-approved 2002 Proposition E, the San Francisco Public Utilities Commission and Board of Supervisors authorized the issuance of up to $750.0 million in CP for the purpose of reconstructing, expanding, repairing, or improving the Wastewater Enterprise's facilities. The Enterprise had $638.5 million CP outstanding and $111.5 million in unused authorization as of June 30, 2021.

Significant events of default as specified in the Reimbursement Agreements, Revolving Credit and Term Loan Agreements or Revolving Credit Agreements 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 amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2021, there were no such events described herein.

(Dollars in Thousands)

Long-Term Obligations

The following is a summary of long-term obligations of the City as of June 30, 2021:

GOVERNMENTAL ACTIVITIES

Type Of Obligation and Purpose	Final Maturity Date	Remaining Interest Rates	Amount
GENERAL OBLIGATION BONDS [(a)]:			
Affordable housing	2046	0.143% - 3.95%	$ 342,360
Earthquake safety and emergency response	2046	2.25% - 5.00%	409,185
Clean and safe neighborhood parks	2037	2.00% - 6.26%	99,035
Preservation and seismic safety (PASS) program	2060	0.319% - 4.321%	167,500
Public health and safety	2045	3.00% - 5.00%	223,010
Road repaving and street safety	2035	2.25% - 5.00%	33,990
San Francisco General Hospital	2033	3.25% - 6.26%	414,640
Seismic safety loan program	2031	3.36% - 5.83%	15,571
Transportation and road improvement	2040	2.00% - 5.00%	245,300
Refunding	2035	4.00% - 5.00%	576,100
General obligation bonds			2,526,691
LEASE REVENUE BONDS:			
San Francisco Finance Corporation [(b), (e) & (f)]	2030	0.02% - 5.00% *	109,130
SALES TAX REVENUE BONDS			
SFCTA revenue bonds [(g)]	2034	3.0% - 4.0%	222,020
CERTIFICATES OF PARTICIPATION:			
Certificates of participation [(c) & (d)]	2050	2.00% - 5.00%	1,173,865
OTHER LONG TERM OBLIGATIONS:			
Loans [(d), (f) & (g)]	2045	4.50%	20,914
Lease Purchase - Public Safety Radio Replacement [(d)]	2027	1.6991%	19,501
Capital Lease [(d)]	2022	1.080%	319
Governmental activities total long-term obligations			$ 4,072,440

* 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 at June 30, 2021 for Series 2008 -1 & 2 averaged to 0.02%.

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, Special Revenue and Enterprise 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, Special Revenue and Enterprise Funds.
(g) Sales tax revenues by the San Francisco County Transportation Authority.

Internal Service Funds serve primarily the governmental funds. Accordingly, long-term liabilities for the Internal Service Funds are included in the above amounts.

BUSINESS-TYPE ACTIVITIES

Entity and Type of Obligation	Final Maturity Date	Remaining Interest Rates	Amount
San Francisco International Airport:			
Revenue bonds *	2058	0.06% - 5.50%*	$ 7,877,070
San Francisco Water Enterprise:			
Revenue bonds	2051	0.26% - 6.95%	4,693,150
Certificates of participation	2042	2.00% - 6.49%	98,593
State Revolving fund loans	2051	1.00%	107,407
Hetch Hetchy Water and Power:			
Energy and revenue bonds	2046	3.00% - 5.00%	42,884
Certificates of participation	2042	2.00% - 6.49%	13,423
Municipal Transportation Agency:			
Revenue bonds	2051	0.249% - 5.00%	442,750
Loans	2047	3.30%	11,860
San Francisco General Hospital:			
Certificates of participation	2026	5.55%	9,198
San Francisco Wastewater Enterprise:			
Revenue bonds	2047	1.00% - 5.82%	1,465,060
Certificates of participation	2042	2.00% - 6.49%	26,069
State Revolving fund loans	2051	0.80% - 1.80%	108,559
Port of San Francisco:			
Revenue bonds	2044	1.67% - 5.0%	41,940
Certificates of participation	2043	4.75% - 5.25%	27,515
Loans	2037	4.50%	7,141
Laguna Honda Hospital:			
Certificates of participation	2031	3.00% - 5.00%	75,565
Business-type activities total long-term obligations			$ 15,048,184

* Includes Second Series Revenue Bonds Issue 2010A and 2018B/C, which were issued as variable rate bonds in a weekly mode. For the year ended June 30, 2021, the average interest rates on Issue 2010A1 and 2 were 0.10% and 0.09%, respectively. For Issue 2018B and 2018C, the average interest rates were 0.06% and 0.08%, 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.

Legal Debt Limit and Legal Debt Margin

As of June 30, 2021, the City's general obligation bond debt limit (3% of valuation subject to taxation) was $9.00 billion. The total amount of debt applicable to the debt limit was $2.75 billion. The resulting legal debt margin was $6.25 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 and the Finance Corporation do not have rebatable arbitrage liability as of June 30, 2021. Each enterprise fund has performed similar analysis of its debt, which is subject to arbitrage rebate requirements and does not have rebatable arbitrage liability as of June 30, 2021.

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 below-market rate mortgages for first-time homebuyers 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 mortgage indebtedness and special assessment taxes and are not considered obligations of the City. As of June 30, 2021, the total obligation outstanding was $2.15 billion.

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, 2021:

Bonds	Remaining Interest Rates	Final Maturity Date	Amount
Special Tax Bonds Series 2017A	2.25% - 4.00%	2049	$ 35,430
Special Tax Bonds Series 2017B	2.25% - 4.00%	2049	168,275
Special Tax Bonds Series 2019A	2.882% - 4.25%	2050	33,005
Special Tax Bonds Series 2019B	2.862% - 4.371%	2050	154,310
Special Tax Bonds Series 2020B	1.309% - 3.572%	2051	81,820
Total obligations			$ 472,840

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 the Special Tax Bonds of CFD 2014-1.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

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, 2021:

Bonds	Remaining Interest Rates	Final Maturity Date	Amount
Special Tax Bonds Series 2020	3.00% - 4.00%	2051	$ 17,135

In October 2020, the City, on behalf of Improvement Area No. 1 of the City and County of San Francisco Community Facilities District No. 2016-1 (IA No. 1), issued Special Tax Bonds, Series 2020 (the 2020 Bonds) in the par amount of $17.1 million, in order to finance infrastructure and development costs for the Treasure Island/Yerba Buena Island Development Project. The 2020 Bonds bear interest rates ranging from 3.00% to 4.00% with principal amortizing from September 2021 through September 2050.

The Special Tax Bonds of CFD 2016-1 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 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, 2021:

Bonds	Remaining Interest Rates	Final Maturity Date	Amount
Development Special Tax Bonds Series 2021A	3.00% - 4.00%	2052	$ 43,300

In May 2021, the City, on behalf of the City and County of San Francisco Special Tax District No. 2020-1 (STD 2020-1), issued Development Special Tax Bonds, Series 2021A (the 2021A Bonds) in the par amount of $43.3 million, in order to finance infrastructure and development costs for the Mission Rock Development Project. The 2021A Bonds bear interest rates ranging from 3.00% to 4.00% with principal amortizing from September 2021 through September 2051.

The Development Special Tax Bonds of STD 2020-1 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. 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 STD 2020-1.

(Dollars in Thousands)

Changes in Long-Term Obligations

The changes in long-term obligations for the year ended June 30, 2021, are as follows:

	July 1, 2020	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2021	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 2,152,477	$ 791,800	$ (417,586)	$ 2,526,691	$ 165,364
Lease revenue bonds	121,275	-	(12,145)	109,130	12,790
Sales tax revenue bonds	235,330	-	(13,310)	222,020	13,710
Certificates of participation	1,100,255	193,735	(120,125)	1,173,865	32,940
Subtotal	3,609,337	985,535	(563,166)	4,031,706	224,804
Issuance premiums / discounts:					
Add: unamortized premiums	314,410	93,427	(42,235)	365,602	-
Total bonds payable, net	3,923,747	1,078,962	(605,401)	4,397,308	224,804
Loans	21,385	-	(471)	20,914	495
Capital leases	23,490	-	(3,670)	19,820	3,731
Accrued vacation and sick leave pay	197,762	147,279	(94,637)	250,404	121,663
Accrued workers' compensation	292,131	71,349	(57,658)	305,822	56,729
Estimated claims payable	194,137	29,011	(18,295)	204,853	83,426
Governmental activities long-term obligations	$ 4,652,652	$ 1,326,601	$ (780,132)	$ 5,199,121	$ 490,848

	July 1, 2020	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2021	Amounts Due Within One Year
Business-type Activities:					
Bonds payable:					
Revenue bonds	$ 14,189,675	$ 2,128,770	$ (1,798,475)	$ 14,519,970	$ 142,465
Clean renewable energy bonds	46,174	-	(3,290)	42,884	1,928
Certificates of participation	263,132	-	(12,769)	250,363	13,423
Subtotal	14,498,981	2,128,770	(1,814,534)	14,813,217	157,816
Issuance premiums / discounts:					
Add: unamortized premiums	1,389,478	236,031	(182,473)	1,443,036	-
Less: unamortized discounts	(409)	-	256	(153)	-
Total bonds payable, net	15,888,050	2,364,801	(1,996,751)	16,256,100	157,816
Notes, loans, and other payables	181,512	72,383	(18,928)	234,967	4,914
Accrued vacation and sick leave pay	135,227	81,713	(46,177)	170,763	86,495
Accrued workers' compensation	232,496	47,371	(48,750)	231,117	40,621
Estimated claims payable	144,537	57,592	(16,627)	185,502	84,110
Business-type activities long-term obligations	$ 16,581,822	$ 2,623,860	$ (2,127,233)	$ 17,078,449	$ 373,956

Internal Service Funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the above totals for governmental activities. Also, for the governmental activities, claims and judgments, workers' compensation and compensated absences are generally liquidated by the General Fund.

Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2021 for governmental and business-type activities are as follows:

Governmental Activities (1)

Fiscal Year Ending June 30	General Obligation Bonds		Lease Revenue Bonds		Other Long-Term Obligations		Total	
	Principal	Interest (2)	Principal	Interest (3)	Principal	Interest	Principal	Interest
2022	$ 165,364	$ 100,069	$ 12,790	$ 2,285	$ 50,876	$ 57,923	$ 229,030	$ 160,277
2023	167,815	92,101	13,255	1,983	57,034	55,007	238,104	149,091
2024	170,921	84,414	14,455	1,667	59,601	52,652	244,977	138,733
2025	173,156	76,563	13,105	1,315	62,484	50,039	248,745	127,917
2026	161,666	68,697	13,730	1,043	63,499	47,332	238,895	117,072
2027-2031	835,869	239,006	41,795	1,535	343,502	193,720	1,221,166	434,261
2032-2036	488,630	103,257	-	-	340,006	126,397	828,636	229,654
2037-2041	175,770	46,162	-	-	281,084	69,834	456,854	115,996
2042-2046	106,405	25,090	-	-	123,018	23,449	229,423	48,539
2047-2051	26,775	12,642	-	-	55,515	5,565	82,290	18,207
2052-2056	31,935	7,492	-	-	-	-	31,935	7,492
2057-2060	22,385	1,661	-	-	-	-	22,385	1,661
Total	$ 2,526,691	$ 857,154	$ 109,130	$ 9,828	$ 1,436,619	$ 681,918	$ 4,072,440	$ 1,548,900

Business-Type Activities (1)

Fiscal Year Ending June 30	Revenue Bonds (4) (5)		Certificates of Participation (5)		Other Long-Term Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 144,393	$ 667,408	$ 13,423	$ 13,730	$ 4,914	$ 2,526	$ 162,730	$ 683,664
2023	338,387	660,270	14,117	13,043	7,023	3,277	359,527	676,590
2024	338,390	646,709	14,073	12,289	7,156	3,171	359,619	662,169
2025	360,594	633,088	14,753	11,502	7,275	3,060	382,622	647,650
2026	415,953	616,501	14,298	10,681	7,722	2,947	437,973	630,129
2027-2031	1,992,848	2,784,069	74,929	42,309	38,416	12,967	2,106,193	2,839,345
2032-2036	2,193,759	2,307,000	40,800	26,646	40,663	9,955	2,275,222	2,343,601
2037-2041	2,949,610	1,730,799	50,579	12,433	41,526	6,987	3,041,715	1,750,219
2042-2046	2,839,510	1,063,105	13,391	596	44,715	4,048	2,897,616	1,067,749
2047-2051	2,883,520	376,854	-	-	34,717	1,188	2,918,237	378,042
2052-2056	72,740	12,661	-	-	840	12	73,580	12,673
2057-2060	33,150	1,624	-	-	-	-	33,150	1,624
Total	$ 14,562,854	$ 11,500,088	$ 250,363	$ 143,229	$ 234,967	$ 50,138	$ 15,048,184	$ 11,693,455

(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 $15.7 million and $3.2 million, respectively, through the year ending 2030. The federal sequester reduction was 5.7% in fiscal year 2021. 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 0.02%, together with liquidity fee of 0.350% and remarketing fee of 0.0725% 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 $250.9 million less.

(5) The interest is before the federal subsidy for the San Francisco Water, San Francisco Wastewater and Hetch Hetchy Water and Power. Federal subsidies were reduced by 5.7% or a total reduction of $21.6 million, $2.9, million and $253, respectively, over the life of the bonds, assuming the sequestration rate will remain the same.

(Dollars in Thousands)

Governmental Activities Long-term Liabilities

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition or improvement of real property and construction of affordable housing. General obligation bonds have been issued for both governmental and business-type activities. The net authorized and unissued governmental activities general obligation bonds for the year ended June 30, 2021 are as follows:

Governmental Activities - General Obligation Bonds

Authorized and unissued as of June 30, 2020	$ 2,177,565
Increase in authorization in this fiscal year:	
Health and Recovery	487,500
Subtotal	$ 2,665,065
Bonds issued:	
Series 2020B Transportation and Road Improvement	(135,765)
Series 2020C PASS Program-Affordable Housing	(102,580)
Series 2020D1,2 Public Health and Safety	(126,925)
Series 2021A Social Bonds-Affordable Housing	(254,585)
Series 2021B1,2 Earthquake Safety and Emergency Response	(80,715)
Net authorized and unissued as of June 30, 2021	$ 1,964,495

The increase in the authorized and unissued amount over the last year reflect the $487.5 million of 2020 Health and Recovery (Proposition A) General Obligation Bonds approved by at least two-thirds of voters at elections held on November 3, 2020. The proceeds of the Health and Recovery bonds will be used to stabilize, improve, and make permanent investments in supportive housing facilities, shelters and/or facilities that deliver services to persons experiencing mental health challenges, substance abuse disorder, and/or homelessness; improve the accessibility, safety and quality of parks, open spaces and recreation facilities; improve the accessibility, safety and condition of the City streets and other public right-of-way and related assets; and to pay related costs.

In September 2020, the City issued General Obligation Bonds Series 2020B (Transportation and Road Improvement) (the Series 2020B) in the amount of $135.8 million. The Series 2020B bonds bear an interest rate of 2.0% and with principal amortizing from June 2021 through June 2040. The Series 2020B bonds were issued to provide funds to construct, redesign, rebuild streets and sidewalks and to make infrastructure repairs and improvements that increase Muni service reliability, ease traffic congestion, reduce vehicle travel time, enhance pedestrian and bicycle safety, improve disabled access, and to pay certain cost related to the issuance of the Series 2020B bonds.

In November 2020, the City issued Tax-Exempt General Obligation Bonds (Public Health and Safety) Series 2020D-1 (the Series 2020D-1) and Taxable General Obligation Bonds (Public Health and Safety) Series 2020D-2 (the Series 2020D-2) in the amount of $111.9 million and $15.0 million, respectively. The Series 2020D-1 bonds bear interest rates of 4.0% and 5.0% and with maturity from June 2021 through June 2045 and the Series 2020D-2 bonds bear an interest rate of 0.3% and matured last December 2020. The proceeds of the Series 2020D-1 and the Series 2020D-2 bonds will be used finance certain public health and safety improvements and related costs, pay capitalized interest through June 2021 and to pay certain costs related to the issuance of the Series 2020D-1 and the Series 2020D-2 bonds.

In December 2020, the City issued General Obligation Bonds (Affordable Housing-Preservation and Seismic Safety) Series 2020C (the Series 2020C) in the amount of $102.6 million with interest rates ranging from 0.219% to 3.084% and with maturity from June 2021 through June 2060. The Series 2020C bonds were issued to fund loans that finance the acquisition, improvement and rehabilitation of at-risk multi-unit residential buildings and to convert such structures to permanent affordable housing, and pay certain costs related to the issuance of the Series 2020C bonds.

In March 2021, the City issued General Obligation Bonds (Social Bonds-Affordable Housing) Series 2021A (the Series 2021A) in the amount of $254.6 million. The Series 2021A bonds bear interest rates ranging from 0.093% to 2.894% with principal amortizing from June 2021 through June 2046. The Series 2021A bonds were issued to finance or refinance affordable housing projects within the City, fund direct acquisition and rehabilitation of existing housing units and to pay certain cost related to the issuance of the Series 2021A bonds.

In March 2021, the City issued Tax-Exempt General Obligation Bonds (Earthquake Safety and Emergency Response) Series 2021B-1 (the Series 2021B-1) and Taxable General Obligation Bonds (Earthquake Safety and Emergency Response) Series 2021B-2 (the Series 2021B-2) in the amount of $69.2 million and $11.5 million, respectively. The Series 2021B-1 bonds bear interest rates of 4.0% and 5.0% and with maturity from June 2022 through June 2046 and the Series 2021B-2 bonds bear an interest rate of 0.2% and matured in June 2021. The proceeds of the Series 2021B-1 and the Series 2021B-2 bonds will be used to finance certain fire, earthquake, and emergency response improvements and related costs, and to pay certain costs related to the issuance of the Series 2021B-1 and the Series 2021B-2 bonds.

In May 2021, the City issued General Obligation Bonds Series 2021-R1 (the Series 2021-R1) in the amount of $91.2 million with interest rates of 4.0% and 5.0% and principal maturing from June 2022 through June 2033 to refund certain outstanding general obligation bonds described below and to pay certain costs related to the issuance of the Series 2021-R1 bonds.

General Obligation Bonds, Series 2021-R1

Description of Bonds	Principal Refunded	Maturities Refunded	Redemption Price	Redemption Date
Clean and Safe Neighborhood Parks S2013A	$ 34,690	2022-2033	100%	6/15/2021
Earthquake Safety and Emergency Response S2013B	14,955	2022-2033	100%	6/15/2021
Road Repaving and Street Safety S2013C	62,425	2022-2033	100%	6/15/2021
Total	$ 112,070			

On the date of delivery of the Series 2021-R1 bonds, a portion of the proceeds of the bonds in the amount of $112.1 million plus funds transferred from the debt service fund related to the refunded bonds in the amount of $2.5 million were deposited with U.S. Bank National Association 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 refunded bonds on the respective redemption dates specified on the table above and the cost of issuance on the Series 2021-R1 bonds.

The refunding resulted in the recognition of an accounting gain of $11.7 million for the year ended June 30, 2021. The City in effect reduced its aggregate debt service payments by $25.1 million and obtained a net present value savings of $23.1 million or 20.61% of the refunded bonds.

The General Obligation Bonds debt service payments are funded through ad valorem taxes on property. The City is obligated to levy ad valorem taxes without limitation as to rate or amount on all real property subject to taxation (except in certain limited circumstances) for the payment of general obligation bonds. No City property is pledged to the repayment of general obligation bonds nor is the City required to maintain a reserve fund for the payment of principal and interest.

(Dollars in Thousands)

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 2020, the City issued $70.6 million Refunding Certificates of Participation Series 2020-R1 (Multiple Capital Improvement Projects) (the Certificates) to provide funds to prepay certain certificates of participation, the proceeds of which financed various capital projects of the City and pay the costs of execution and delivery of the Certificates. The Certificates bear interest rates ranging from 2.0% to 5.0% and will mature from October 2021 through October 2033. The refunding resulted in an accounting gain of $4.1 million and a net present value saving of $21.3 million or 24.8% of refunded bonds.

In November 2020, the City issued 2020 Certificates of Participation (Animal Care and Control Project) (the Certificates) in the amount of $47.1 million, the proceeds of which will be used to: finance or refinance the costs of the acquisition, construction and installation of improvements to the new San Francisco Animal Care and Control Facility; retire certain commercial paper certificates of participation of the City, the proceeds of which financed or refinanced a portion of the costs of the Project; fund the Reserve Fund established under the Trust Agreement for the Certificates; pay capitalized interest through April 2021 and pay costs of issuance of the Certificates. The Series 2020 Certificates bear interest rates of 4.0% and 5.0% with principal amortizing from April 2022 through April 2041.

In May 2021, the City issued Certificates of Participation (Multiple Capital Improvement Projects) Series 2021A (the Certificates) in the amount of $76.0 million, the proceeds of which will be used to finance or refinance the acquisition of certain real property within the City and the related site demolition and preparation, including through the retirement of certain taxable commercial paper notes of the City issued for such purpose; fund the debt service reserve for the Certificates and pay costs of issuance of the Certificates. The Series 2021A Certificates bear interest rates of 4.0% and 5.0% with principal amortizing from April 2023 through April 2041.

As of June 30, 2021, the City has a total of $1.17 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 $1.79 billion payable through April 1, 2050. For the year ended June 30, 2021, principal and interest paid by the City totaled $34.3 million and $44.8 million, respectively.

An event of default on every outstanding series of Certificates of Participation, include: (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.

Lease Revenue Bonds

The changes in governmental activities - lease revenue bonds for the year ended June 30, 2021 were as follows:

Governmental Activities - Lease Revenue Bonds

Authorized and unissued as of June 30, 2020	$	196,478
Increase in authorization in this fiscal year:		
Current year annual increase in Finance Corporation's equipment program		4,116
Authorized and unissued as of June 30, 2021	$	200,594

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 $119.0 million payable through June 2030. For the year ended June 30, 2021, principal and interest paid by the Finance Corporation in the form of lease payments by the City totaled $12.1 million and $2.3 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 non-profit 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, 2021, all the previously issued equipment lease revenue bonds have been repaid. $86.4 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 Indenture include: (i) failure to pay when due the amounts of any drawing, the principal or interest on any Liquidity Advance, or otherwise failure to pay the Credit Bank when due; (ii) failure to observe any covenant or warranty under Credit Agreement; (iii) default on any appropriation debt; (iv) filing for bankruptcy; and (v) downgrade of the City's rating below "BBB" of which could cause acceleration of mandatory tender of bonds. Upon the occurrence of an event of default, the bank's remedies are as follows: (i) to require the City to post collateral up to the stated amount of the letter of credit (except the City has no such right upon bankruptcy event), (ii) declare by notice to the City all amounts due and payable (except such declaration is automatic upon bankruptcy event), (iii) by notice to Trustee declare event of default and cause a mandatory tender of bonds and termination of letter of credit in 15 days; (iv) pursue other rights under Indenture and otherwise available under equity and law.

Emergency Communications System Lease Revenue Refunding Bonds, Series 2010-R1 - Events of default as specified in the Master Trust Agreement include: (i) failure to make lease payments when due; or (ii) failure to observe covenants under the Master Lease. In an event of default, the trustee may enforce all of its rights and remedies under the Master Lease, including the right to terminate the Master Lease, enter the leased property, and remove all persons and property, reletting leased property for account of the City for public purpose, or hold the Master Lease and sue each year for rent. The bonds are not subject to acceleration.

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 enforce rights under lease and sue each year for rent. The bonds are not subject to acceleration.

(Dollars in Thousands)

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. Outstanding principal on June 30, 2021 is $222.0 million. The Series 2017 Bonds are payable from, and secured by a pledge of the SFCTA's sales tax revenues. Debt service payments of $21.3 million as a ratio of pledged sales tax revenues of $86.5 million for the year ended June 30, 2021, was 4.06x or 405.59%. Events of default for the bonds include nonpayment events, bankruptcy events, and noncompliance with covenants. The Series 2017 Bonds are not subject to acceleration.

Events of Default under the Revolving Credit Agreement 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 Revolving Credit Agreement.

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 are the repossession of the project area, declaring that the loan is 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.

IBM Credit LLC - Events of default include the failure to make lease payments when due, or failure to observe covenants under the Project Lease. Remedies of the lender are repossessing the leased equipment, entering premises to take possession, or enforce rights under Lease, and other remedies available by law. The IBM credit has no 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.

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 2021, 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, and for paying costs of issuance. As of June 30, 2021, $4.6 billion of the authorized capital plan bonds remained unissued. No capital plan bonds were issued during fiscal year 2021.

Second Series Revenue Refunding Bonds

Pursuant to resolutions adopted between fiscal years 2005 and 2020, as of June 30, 2021, the Airport has authorized the issuance of up to $11.1 billion of San Francisco International Airport Second Series Revenue Refunding Bonds for the purposes of refunding outstanding 1991 Master Bond Resolution Bonds and outstanding subordinate commercial paper notes, funding debt service reserves, and paying costs of issuance, including any related bond redemption premiums. As of June 30, 2021, $1.8 billion of the authorized refunding bonds remained authorized but unissued.

During fiscal year 2021, the Airport issued the following new refunding bonds under the 1991 Master Bond Resolution:

Second Series Revenue Refunding Bonds, Series 2020A, 2020B, and 2020C

In August 2020, the Airport issued its fixed rate Second Series Revenue Refunding Bonds, Series 2020A (AMT), Series 2020B (Non-AMT/Governmental Purpose), and Series 2020C (Federally Taxable), in aggregate principal amount of $291.3 million to refund a combined $337.1 million of its Series 2010C, Series 2010D, Series 2010F, Series 2010G, Series 2011C, Series 2011F and Series 2011G Bonds, to finance deposits to the reserve account, and to pay costs of issuance.

The net proceeds of the Series 2020A, Series 2020B, and Series 2020C, together with $21.4 million accumulated in the debt service fund and reserve fund relating to the refunded bonds were used to deposit $346.6 million into redemption accounts and escrow funds with the Senior Trustee to refund $337.1 million in revenue bonds as described below, $3.9 million to deposit into the reserve account, and $1.0 million to pay costs of issuance.

	Amount refunded	Interest rate
Second Series Revenue Bonds Issue:		
Series 2010C (Non-AMT/Governmental Purpose)	$ 56,645	4.00 - 5.00%
Series 2010D (Non-AMT/Private Activity)	25,685	4.00 - 5.00%
Series 2010F (Non-AMT/Private Activity)	121,200	5.00%
Series 2010G (Non-AMT/Governmental Purpose)	7,100	5.00%
Series 2011C (AMT)	110,030	5.00%
Series 2011F (AMT)	13,230	5.00%
Series 2011G (Non-AMT/Governmental Purpose)	3,240	5.00%
Total	$ 337,130	

The Series 2010C, 2010D, 2010F, and 2010G Bonds were redeemed on August 21, 2020, and the Series 2011C, 2011F, and 2011G Bonds were redeemed on May 1, 2021.

(Dollars in Thousands)

In aggregate, the Series 2020A/B/C refundings resulted in the recognition of a deferred accounting loss of $7.7 million for the fiscal year ended June 30, 2021. Notably, the Series 2020A/B/C refundings decreased the Airport's aggregate gross debt service payments by approximately $189.9 million over the first eleven years and obtained an economic gain (the difference between the present values of the debt service on the old debt and the new debt) of $29.1 million.

Second Series Revenue Refunding Bonds, Series 2021A, 2021B, and 2021C

In April 2021, the Airport issued its fixed rate Second Series Revenue Refunding Bonds, Series 2021A (AMT), Series 2021B (Non-AMT/Governmental Purpose), and Series 2021C (Federally Taxable) in aggregate principal amount of $547.1 million to refund a combined $402.9 million of its Series 2011C, Series 2011D, Series 2011F, Series 2011G, Series 2011H, Series 2013A, Series 2016A, Series 2016D, Series 2017D, Series 2018A, Series 2019C, Series 2019G, and Series 2019H Bonds, to repay $230.0 million of CP Notes, to finance deposits to the reserve account, and to pay costs of issuance.

The net proceeds of the Series 2021A, Series 2021B, and Series 2021C, together with $9.7 million accumulated in the debt service fund relating to the refunded bonds were used to deposit $419.8 million into redemption accounts and escrow funds with the Senior Trustee to refund $402.9 million in revenue bonds as described below, $230.0 million to repay outstanding CP notes, $7.5 million to deposit into the reserve account, and $1.3 million to pay costs of issuance. The CP notes had been used to reimburse the Airport for capitalized interest on revenue bonds, to defease outstanding revenue bonds, and for other purposes.

	Amount refunded	Interest rate
Second Series Revenue Bonds Issue:		
Series 2011C (AMT)	$ 19,025	5.00%
Series 2011D (Non-AMT/Governmental Purpose)	84,865	5.00%
Series 2011F (AMT)	110,090	5.00%
Series 2011G (Non-AMT/Governmental Purpose)	26,420	5.00 - 5.25%
Series 2011H (Taxable)	2,495	4.15%
Series 2013A (AMT)	6,940	5.00%
Series 2016A (Non-AMT/Governmental Purpose)	30,990	3.00 - 5.00%
Series 2016D (Non-AMT/Governmental Purpose)	17,665	5.00%
Series 2017D (AMT)	22,990	5.00%
Series 2018A (AMT)	26,435	5.00%
Series 2019C (Taxable)	27,990	3.05%
Series 2019G (Taxable)	8,915	1.78%
Series 2019H (AMT)	18,125	5.00%
Total	$ 402,945	

The Series 2011C, 2011D, 2011F, and 2011G Bonds were redeemed on May 3, 2021, and the Series 2011H, 2013A, 2016A, 2016D, 2017D, 2018A, 2019C, 2019G, and 2019H Bonds will be paid at maturity on May 1, 2022.

In aggregate, the Series 2021A/B/C refundings resulted in the recognition of a deferred accounting loss of $11.9 million for the fiscal year ended June 30, 2021. In aggregate, the Series 2021A/B/C refundings decreased the Airport's aggregate gross debt service payments by approximately $367.0 million over the first eleven years and obtained an economic loss (the difference between the present values of the debt service of the old debt and the new debt) of $47.6 million.

Variable Rate Demand Bonds

As of June 30, 2021, the Airport had outstanding an aggregate principal amount of $401.9 million, consisting of Second Series Variable Rate Revenue Refunding Bonds, Series 2010A, and Second Series Variable Rate Revenue Bonds, Series 2018B and Series 2018C, (collectively, the "Variable Rate Bonds") with final maturity dates of May 1, 2030 (Series 2010A), and 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 0.28% and 0.39% per annum. As of June 30, 2021, 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, 2021, are as follows:

	Series 2010A	Series 2018B	Series 2018C
Principal amount	$ 125,605	$ 138,170	$ 138,170
Expiration date	April 14, 2023	June 3, 2022	June 3, 2022
Credit provider	Bank of America [(1)]	Barclays [(2)]	SMBC [(3)]

(1) Bank of America, N.A.
(2) Barclays Bank PLC
(3) Sumitomo Mitsui Banking Corporation, acting through its New York branch

Hotel Special Facility Bonds

Pursuant to resolutions adopted in fiscal years 2017, 2018 and 2019, the Airport authorized the issuance of $260.0 million of Special Facility Bonds to finance an on-Airport Hotel. These resolutions also designated the on-Airport Hotel as a "Special Facility" under the 1991 Master Bond Resolution, which allows the hotel revenues to be segregated from the Airport's other revenues and used to pay hotel operating expenses and debt service on the Hotel Special Facility Bonds through the Hotel Special Facility Bond trustee. In June 2018, the Airport issued its fixed rate Special Facility Revenue Bonds (San Francisco International Airport Hotel), Series 2018 (Hotel Special Facility Bonds), in the aggregate principal amount of $260.0 million to finance the on-Airport Hotel and to fund a capitalized interest account.

The Hotel Special Facility Bonds are issued pursuant to a Trust Agreement (Hotel Trust Agreement). In February 2021, the Hotel Special Facility Bonds and the trust agreement pursuant to which they were issued 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 will then increase incrementally until it is 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.

(Dollars in Thousands)

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. As of June 30, 2021, the Airport had $260.0 million of outstanding Hotel Special Facility Bonds.

Interest Rate Swaps

As of June 30, 2021, the Airport's derivative instrument comprised of one interest rate swap that the Airport entered into to hedge the interest payments on its Second Series Variable Rate Revenue Refunding Bonds, Series 2010A. The Airport determined the hedging relationship between the variable rate bonds and the related interest rate swap continued to be effective as of June 30, 2021.

No.	Current bonds	Initial notional amount	Notional amount June 30, 2021	Effective date
1	2010A*	$ 143,947	$ 125,587	2/1/2010
	Total	$ 143,947	$ 125,587	

* Hedges Series 2010A - 1 and 2010A - 2.

Fair Value

The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the swap. All values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swap to arrive at the so-called "settlement amount", i.e., the approximate amount a party would have to pay or would receive if the swap was terminated.

In addition, pursuant to GASB Statement No. 72, the settlement amounts are then adjusted for the nonperformance risk of each party to the swap to arrive at the fair value. The nonperformance risk was computed as the total cost of the transactions required to hedge the default exposure, i.e., a series of European swaptions, exercisable on each of the future payment exchange dates under the swap that are structured to reverse the remaining future cash flow obligations as of such dates, adjusted by probability of default on each future date. Default probabilities were derived from recovery rate adjusted credit default swap quotes or generic ratings based borrowing curves that fall into Level 2 of the GASB Statement No. 72 fair value hierarchy.

As of June 30, 2021, the fair value of the Airport's outstanding swap, counterparty credit ratings, and fixed rate payable by the Airport is shown in the following table. Since the swap is guaranteed, the guarantor ratings are shown. The ratings provided are S&P's Long-Term Local Issuer Credit Rating, Moody's Long-Term Senior Unsecured Rating, and Fitch's Long-Term Issuer Default Rating.

No.	Current bonds	Counterparty/guarantor*	Counterparty credit ratings (S/M/F)	Fixed rate payable by Airport	Fair value to Airport
1	2010A**	Goldman Sachs Bank USA/			
		Goldman Sachs Group, Inc.	BBB+/A2/A*	3.925%	$ (21,374)
		Total			$ (21,374)

* Reflects ratings of the guarantor.
** Hedges Series 2010A - 1 and 2010A - 2.

Fair Value Hierarchy

	Fair Value June 30,2021	Fair value measurements using significant other observable inputs (Level 2)
Interest rate swaps	$ (21,374)	$ (21,374)

Change in Fair Value

The impact of the interest rate swaps on the financial statements for the year ended June 30, 2021 is as follows:

	Deferred outflows on derivative Instruments	Derivative instruments
Balance as of June 30, 2020	$ 28,221	$ 28,221
Change in fair value to year-end	(6,847)	(6,847)
Balance as of June 30, 2021	$ 21,374	$ 21,374

The fair value of the interest rate swap is recorded as a liability (since the Airport would owe a termination payment to the counterparty) in the statement of net position. Unless a swap was determined to be an off-market swap at the inception of its hedging relationship, the fair value of the swap is recorded as a deferred outflow asset (if a termination payment would be due to the counterparty) or inflow liability (if a termination payment would be due to the Airport). Any off-market portions of the Airport's swaps are recorded as carrying costs with respect to various refunded bond issues. Unlike fair value and deferred inflow/outflow values, the balance of remaining off-market portions are valued on a present value, or fixed yield, to maturity basis. The difference between the deferred outflows and derivative instruments presented in the table above constitutes the unamortized off-market portions of the swaps as of June 30, 2021.

Basis Risk – During the year ended June 30, 2021, the Airport paid a total of $0.4 million less in interest on its variable rate bonds than the floating-rate payments it received from the swap counterparties, resulting in a decrease in the effective synthetic interest rates on the associated bonds.

Credit Risk – As of June 30, 2021, the Airport is not exposed to credit risk because the swaps have a negative fair value to the Airport.

Counterparty Risk –As of June 30, 2021, the fair value of the Airport's swap was negative to the Airport (representing an amount payable by the Airport to each counterparty in the event the relevant swap was terminated).

Termination Risk – The Airport has not secured municipal swap insurance for its outstanding swap.

As of June 30, 2021, the fair value of the swap was negative to the Airport as shown above.

Debt Service Reserves and Requirements

Issue 1 Reserve Account - As of June 30, 2021, the reserve requirement for the Issue 1 Reserve Account was $522.0 million, which was satisfied by $553.1 million of cash and investment securities, and reserve fund surety policies in the initial principal amount of $108.6 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. In addition, $27.5 million of such surety policies have likely experienced a reduction in value in accordance with their terms.

2017 Reserve Account - As of June 30, 2021, the reserve requirement for the 2017 Reserve Account was $45.9 million, which was satisfied by $56.0 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 2010A and Series 2018B/C, all of which are secured by letters of credit.

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" or "BBB+" 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 2020 Series ABCD

In September 2020, the Water Enterprise issued tax-exempt revenue bonds, 2020 Series ABCD in the aggregate amount of $346.8 million. The purpose of the 2020 Series ABCD Bonds was to refund approximately $229.8 million aggregate principal amount of CP notes and to provide $164.6 million new money for various capital projects of the Water Enterprise, and capital projects of Hetch Hetchy Water. The bonds carried "Aa2" and "AA-" ratings from Moody's and S&P, respectively. The 2020 Series ABCD bonds include term bonds with coupons of 3.0% to 5.0% and final maturities from 2045 to 2050.

The $150.9 million 2020 Series A bonds were issued as tax-exempt Green Bonds to refund approximately $180.0 million of CP notes for WSIP capital projects. The Series A bonds were issued as term bonds with coupons of 4.0% and 5.0% and a final maturity of 2050. As of June 30, 2021, the principal amount of 2020 Series A bonds outstanding was $150.9 million.

The $61.4 million Series B bonds were issued as tax-exempt bonds to provide $69.6 million in new money for Water Enterprise capital projects (non-WSIP, Regional). The Series B bonds were issued as term bonds with coupons of 5.0% and have a final maturity of 2050. As of June 30, 2021, the principal amount of 2020 Series B bonds outstanding was $61.3 million.

The $85.3 million Series C bonds were issued as tax-exempt bonds to provide $94.9 million in new money for Water Enterprise capital projects (non-WSIP, Local). The Series C bonds were issued as term bonds with coupons of 4.0% and have a final maturity of 2050. As of June 30, 2021, the principal amount of 2020 Series C bonds outstanding was $85.3 million.

The $49.2 million Series D bonds were issued as tax-exempt bonds to refund approximately $49.8 million of CP notes for Hetch Hetchy Water capital projects. The Series D bonds were issued as term bonds with coupons of 3.0% and a final maturity of 2050. As of June 30, 2021, the principal amount of 2020 Series D bonds outstanding was $49.2 million.

Water Revenue Refunding Bonds 2020 Series EFGH

In October 2020, the Water Enterprise issued taxable revenue bonds, 2020 Series EFGH refunding bonds in the aggregate amount of $664.4 million. The 2020 Series E (WSIP, Green) bonds were issued for the purpose of refunding a portion of the outstanding 2010 Series D (WSIP) bonds maturing on and after November 1, 2020, a portion of the outstanding 2012 Series A (WSIP) bonds maturing on and after November 1, 2038, and a portion of the outstanding 2017 Series A (WSIP) bonds maturing on and after November 1, 2030.

The 2020 Series F (non-WSIP, Regional) bonds were issued for the purpose of refunding a portion of the outstanding 2017 Series B bonds maturing on or after November 1, 2030.

The 2020 Series G (non-WSIP, Local) bonds were issued for the purpose of refunding a portion of the outstanding 2010 Series D bonds maturing on or after November 1, 2020, a portion of the 2011 Series D bonds maturing on or after November 1, 2022, a portion of 2012 Series B bonds maturing on or after November 1, 2031, and a portion of 2012 Series C bonds maturing on or after November 1, 2025.

The 2020 Series G (non-WSIP, Local) bonds were issued for the purpose of refunding a portion of the outstanding 2010 Series D bonds maturing on or after November 1, 2020, a portion of the 2011 Series D bonds maturing on or after November 1, 2022, a portion of 2012 Series B bonds maturing on or after November 1, 2031, and a portion of 2012 Series C bonds maturing on or after November 1, 2025.

The 2020 Series H (Hetch Hetchy Water) bonds were issued for the purpose of refunding a portion of the outstanding 2017 Series C bonds maturing on or after November 1, 2030.

The bonds carried "Aa2" and "AA-" ratings from Moody's and S&P, respectively. The 2020 Series EFGH bonds include serial bonds and term bonds with interest rates varying from 0.3% to 3.1% and have a final maturity in 2047. The refunding resulted in the recognition of a deferred accounting loss of $27.0 million, gross debt service savings of $117.1 million and an economic gain of $75.2 million or 12.0% of refunded principal. As of June 30, 2021, the principal amount of 2020 Series EFGH bonds outstanding was $664.4 million.

Clean Water State Revolving Fund (CWSRF) Loan and Grant

In September 2017, the 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 $186.2 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, 2021 was $107.4 million. In addition, there was $15.0 million of principal forgiveness.

Events of Default and Remedies

Revenue Bonds, Capital Appreciation Bonds and State Revolving Fund Loans - Events of default as specified in the Water Enterprise Indenture, 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, and of all Capital Appreciation Bonds then outstanding, in the amount of the Accreted Value thereof, to be due and payable immediately. As of June 30, 2021, there were no such events described herein.

Hetch Hetchy Water and Power

Events of Default and Remedies

Clean Renewable Energy Bonds - Significant event of default as specified in the Equipment Lease/ Purchase Agreement, include payment defaults, material breach of warranty, representation, or covenants of the Equipment Lease/Purchase Agreement (not cured within applicable grace periods), and bankruptcy and insolvency events, which could cause acceleration of all Rental Payments. Assets constructed by the projects funded by the proceeds of this debt obligation are pledged as collateral. As of June 30, 2021, there were no such events described herein.

Qualified Energy Conservation Bonds - Significant event of default as specified in the Equipment Lease/ Purchase Agreement, include payment defaults, material breach of warranty, representation, or covenants of the Equipment Lease/Purchase Agreement (not cured within applicable grace periods), and bankruptcy and insolvency events, which could cause acceleration of all Rental Payments. Assets constructed by the projects funded by the proceeds of this debt obligation are pledged as collateral. As of June 30, 2021, there were no such events described herein.

Power Revenue Bonds - Significant event of default as specified in the Power Enterprise Indenture (applicable to Power Revenue Bonds) 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, 2021, there were no such events described herein.

San Francisco Municipal Transportation Agency

Series 2021A and B Revenue Refunding Bonds

In February 2021, the SFMTA issued Revenue Refunding Bonds, Series 2021A and B in the total amount of $174.9 million to refund all outstanding Series 2012A and B, Series 2013, and Series 2014 revenue bonds. The Series 2021A bonds bear interest at fixed rates ranging from 0.249% and 2.804% and have a final maturity of March 2044. The Series 2021B bonds bear an interest rate of 4.0% and have a final maturity of March 2031.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

The net proceeds of $175.3 million was deposited into irrevocable escrow funds with the Trustee to defease and refund $156.2 million in revenue bonds described below:

Description of Bonds	Refunded	Rate	Price
Revenue Bonds Series 2012A	$ 11,690	5.0%	100%
Revenue Bonds Series 2012B	25,835	3.0% - 5.0%	100%
Revenue Bonds Series 2013	56,190	4.0% - 5.0%	100%
Revenue Bonds Series 2014	62,495	3.5% - 5.0%	100%
Total	$ 156,210		

The refunded bonds were defeased and redeemed in March 2021. Accordingly, the liabilities for these bonds have been removed from the accompanying statement of net position. Although the refunding resulted in the recognition of a deferred accounting loss of $0.9 million, the SFMTA obtained an economic gain (the difference between the present value of the old debt and the new debt) of $24.5 million or 15.7% of the refunded bonds.

Series 2021C Revenue Bonds

In March 2021, the SFMTA issued its Revenue Bonds, Series 2021C with a par value of $104.3 to fund various transit and parking capital projects for the SFMTA. The Series 2021C bonds bear interest at fixed rates between 4.0% to 5.0% and with final maturity of March 2051.

Portsmouth Plaza Parking Corporation and Japan Center Garage Corporation Loan

In October 2016, the Portsmouth Plaza Parking Corporation entered into a loan agreement with First Republic Bank in a total principal amount of up to $12.5 million for the garage renovation project. The loan agreement was amended in February 2019 to reduce the maximum loan amount to $12.0 million. The drawdowns are limited to once a month for a minimum of $0.25 million each disbursement. The loan has a term of 30 years at 3.3% per annum and is secured with the collateral of all the garage's business assets. The loan agreement requires the corporation to maintain a reserve account restricted for repayment of the loan. As of June 30, 2021, the reserve account held by the lender totaled $0.2 million.

In fiscal year 2021, the two remaining nonprofit parking garage corporations obtained Small Business Administration's (SBA) Paycheck Protection Program (PPP) loans. PPP loans have a fixed interest rate of 1.0% per annum with no collateral requirement, with two-year maturity for loans issued prior to June 5, 2020 and five-year maturity for loans issued thereafter. The program allows borrowers to apply for loan forgiveness to cover eligible expenses incurred. Loan payments shall be deferred until SBA remits the loan forgiveness amount to the lender. For any amount of the loan that is not forgiven, the borrowers shall be responsible for the payment of principal and accrued interest within the term of the loan. Portsmouth Plaza Parking Corporation obtained PPP loans through First Republic Bank of $0.2 million in April 2021. Japan Center Garage Corporation obtained PPP loans through California Bank & Trust of $0.1 million in February 2021.

The SFMTA is not responsible for loan repayments and any aspect of loan performance other than reporting on behalf of another government entity. The total loan balances of the two nonprofit parking garage corporations were $11.9 million as of June 30, 2021.

Events of Default and Remedies

Revenue Bonds – Events of default under the indenture of trust include failure to pay the principal amount and any installment of interest, failure to pay the purchase price of any bond tendered for optional or mandatory purchase, failure to comply with certain covenants, or either the SFMTA or the City files for bankruptcy. In an event of default, the trustee may declare the principal amount of all the bonds outstanding and interest accrued thereon to be due and payable immediately. In case any proceeding taken by the trustee on account of an event of default is discontinued, the SFMTA, trustee, and bondholders shall be restored to their former positions and rights as if no such proceeding had been taken.

Portsmouth Plaza Parking Corporation Loan – In an event of default under the loan agreement, any outstanding amounts become immediately due if the garage is unable to make payment and fails to comply with the debt service coverage ratio of 1.25:1 for each fiscal year.

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; substantial completion occurred 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 $0.17 million transferred to principal. As of June 30, 2021, the principal amount outstanding of the loan was $6.3 million.

Southeast Plant (SEP) 521/522 and Disinfection Upgrade Project CWSRF Loan

In September 2017, then amended in December 2017 and May 2018, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP 521/522 and Disinfection Upgrade Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is $40.0 million. The loan bears an interest rate of 1.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion occurred in July 2019. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling $39.7 million. As of June 30, 2021, the principal amount outstanding of the loan was $38.5 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 $17.7million. As of June 30, 2021, the principal amount outstanding of the loan was $16.2 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, 2021, the principal amount outstanding of the loan was $26.8 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; substantial completion is expected in August 2021. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. As of June 30, 2021, the principal amount outstanding of the loan was $20.8 million.

Events of Default and Remedies

Wastewater Revenue Bonds, SRF Loans, and WIFIA Loan - Events of default as specified in the Wastewater Enterprise Indenture 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, 2021, there were no such events described herein.

(9) EMPLOYEE BENEFIT PROGRAMS

(a) Retirement Plans

General Information About the Pension Plans – The San Francisco City and County Employees' Retirement System (Retirement System) administers a cost-sharing multiple-employer defined benefit pension plan (SFERS Plan), which covers substantially all of the employees of the City and County of San Francisco, and certain classified and certificated employees of the San Francisco Community College and Unified School Districts, and San Francisco Trial Court employees other than judges. The San Francisco City and County Charter and the Administrative Code are the authority which establishes and amends the benefit provisions and employer obligations of the SFERS Plan. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the SFERS Plan. That report may be obtained on the Retirement System's website at http://mysfers.org or by writing to the San Francisco City and County Employees' Retirement System, 1145 Market Street, 5th Floor, San Francisco, CA 94103 or by calling (415) 487-7000.

Replacement Benefits Plan – The Replacement Benefits Plan (RBP) is a qualified excess benefit plan established in October 1989. Internal Revenue Code Section 415(m) provides for excess benefit arrangements that legally permit benefit payments above the Section 415 limits, provided that the payments are not paid from the SFERS Trust. The RBP allows the City to pay SFERS retirees any portion of the Charter-mandated retirement allowance that exceeds the annual Section 415(b) limit. The RBP plan does not meet the criteria of a qualified trust under GASB Statement No. 73 because RBP assets are subject to the claims of the employer's general creditors under federal and state law in the event of insolvency.

In addition, some City employees are eligible to participate in the Public Employees' Retirement Fund (PERF) of the California Public Employees' Retirement System (CalPERS) Safety Plan, an agent multi-employer pension plan, or the CalPERS Miscellaneous Rate Plan, included in CalPERS public agency cost-sharing multiple-employer pension plan. Some employees of the Transportation Authority, a blended component unit, and the Successor Agency, a fiduciary component unit, are eligible to participate in a CalPERS Miscellaneous Rate Plan or a CalPERS Public Employees' Pension Reform Act (PEPRA) Miscellaneous Rate Plan, both rate plans are included in CalPERS public agency cost-sharing multiple-employer pension plan. In addition, some employees of the Treasure Island Development Authority, a discretely presented component unit, are eligible to participate in the CalPERS Miscellaneous Rate Plan included in CalPERS public agency cost-sharing multiple-employer pension plan.

CalPERS acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. Benefit provisions and other requirements are established by State statute, employer contract with CalPERS, by City resolution and resolution of component units. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits

SFERS – The SFERS Plan provides service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and provides annual cost-of-living adjustments (COLA) after retirement. The SFERS Plan also provides pension continuation benefits to qualified survivors. The Retirement System pays benefits according to the category of employment and the type of benefit coverage provided by the City. The four main categories of SFERS Plan members are:

- Miscellaneous Non-Safety Members – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- Sheriff's Department and Miscellaneous Safety Members – sheriffs assuming office on and after January 7, 2012, and undersheriffs, deputized personnel of the Sheriff's Department, and miscellaneous safety employees hired on and after January 7, 2012.
- Firefighter Members – firefighters and other employees whose principal duties are in fire prevention and suppression work or who occupy positions designated by law as firefighter member positions.
- Police Members – police officers and other employees whose principal duties are in active law enforcement or who occupy positions designated by law as police member positions.

The membership groups and the related service retirement benefits are summarized as follows:

Miscellaneous Non-Safety Members who became members prior to July 1, 2010 qualify for a service retirement benefit if they are at least 50 years old and have at least 20 years of credited service or if they are at least 60 years old and have at least 10 years of credited service. The service retirement benefit is calculated using the member's final compensation (highest one-year average monthly compensation) multiplied by the member's years of credited service times the member's age factor up to a maximum of 75% of the member's final compensation.

Miscellaneous Non-Safety Members who became members on or after July 1, 2010 and prior to January 7, 2012 qualify for a service retirement benefit if they are at least 50 years old and have at least 20 years of credited service or if they are at least 60 years old and have at least 10 years of credited service. The service retirement benefit is calculated using the member's final compensation (highest two-year average monthly compensation) multiplied by the member's years of credited service times the member's age factor up to a maximum of 75% of the member's final compensation.

Miscellaneous Non-Safety Members who became members on or after January 7, 2012 qualify for a service retirement benefit if they are at least 53 years old and have at least 20 years of credited service or if they are at least 60 years old and have at least 10 years of credited service. The service retirement benefit is calculated using the member's final compensation (highest three-year average monthly compensation) multiplied by the member's years of credited service times the member's age factor up to a maximum of 75% of the member's final compensation.

Sheriff's Department Members and Miscellaneous Safety Members who were hired on or after January 7, 2012 qualify for a service retirement benefit if they are at least 50 years old and have at least 5 years of credited service. The service retirement benefit is calculated using the member's final compensation (highest three-year average monthly compensation) multiplied by the member's years of credited service times the member's age factor up to a maximum of 90% of the member's final compensation.

Firefighter Members and Police Members who became members before November 2, 1976 qualify for a service retirement benefit if they are at least 50 years old and have at least 25 years of credited service. The service retirement benefit is calculated using the member's final compensation (monthly salary earnable at the rank or position the member held for at least one year immediately prior to retiring) multiplied by the member's years of credited service times the member's age factor up to a maximum of 90% of the member's final compensation.

(Dollars in Thousands)

Firefighter Members and Police Members who became members on or after November 2, 1976 and prior to July 1, 2010 qualify for a service retirement benefit if they are at least 50 years old and have at least 5 years of credited service. The service retirement benefit is calculated using the member's final compensation (highest one-year average monthly compensation) multiplied by the member's years of credited service times the member's age factor up to a maximum of 90% of the member's final compensation.

Firefighter Members and Police Members who became members on or after July 1, 2010 and prior to January 7, 2012 qualify for a service retirement benefit if they are at least 50 years old and have at least 5 years of credited service. The service retirement benefit is calculated using the member's final compensation (highest two-year average monthly compensation) multiplied by the member's years of credited service times the member's age factor up to a maximum of 90% of the member's final compensation.

Firefighter Members and Police Members who became members on or after January 7, 2012 qualify for a service retirement benefit if they are at least 50 years old and have at least 5 years of credited service. The service retirement benefit is calculated using the member's final compensation (highest three-year average monthly compensation) multiplied by the member's years of credited service times the member's age factor up to a maximum of 90% of the member's final compensation.

All members are eligible to apply for a disability retirement benefit, regardless of age, when they have 10 or more years of credited service and they sustain an injury or illness that prevents them from performing their duties. Safety members are eligible to apply for an industrial disability retirement benefit from their first day on the job if their disability is caused by an illness or injury that they receive while performing their duties.

All members' qualified surviving spouses and qualified domestic partners are eligible to apply for death benefits prior to or after member's retirement.

Death benefit prior to retirement generally, upon death of the active member who is eligible for a service retirement, qualified surviving spouse and qualified domestic partner receives 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. The qualified surviving spouses and qualified domestic partners of Safety members who die prior to becoming eligible for service retirement and whose death is due to an injury received in or illness caused by the performance of duty, 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. 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 not yet eligible for a service retirement to the member's named beneficiary or estate.

Death benefit after retirement generally, 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% to 100% of the member's retirement allowance as of the date of death.

All retired members receive a benefit adjustment each July 1, which is the Basic COLA. The majority of adjustments are determined by changes in CPI with increases capped at 2%. The SFERS Plan provides for a Supplemental COLA in years when there are sufficient "excess" investment earnings in the Plan. The maximum benefit adjustment each July 1 is 3.5% including the Basic COLA. Effective July 1, 2012, voters approved changes in the criteria for payment of the Supplemental COLA benefit, so that Supplemental COLAs would only be paid when the Plan is also fully funded on a market value of assets basis. Certain provisions of this voter-approved proposition were challenged in the Courts. A decision by the California Courts modified the interpretation of the proposition. Effective July 1, 2012,

members who retired before November 6, 1996 will receive a Supplemental COLA only when the Plan is also fully funded on a market value of assets basis. However, the "full funding" requirement does not apply to members who retired on or after November 6, 1996 and were hired before January 7, 2012. For all members hired before January 7, 2012, all Supplemental COLAs paid to them in retirement benefits 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 the Plan is 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.

<u>CalPERS</u> – 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, 2021, are summarized as follows:

	City Miscellaneous Plan		**City Safety Plan**	
	Prior to	On or after	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013*	January 1, 2013	January 1, 2013
Benefit formula	2% @ 60		2% @ 50, 2% @ 55, or 3% @ 55	2% @ 57 or 2.7% @ 57
Benefit vesting schedule	5 years of service		5 years of service	5 years of service
Benefit payments	Monthly for life		Monthly for life	Monthly for life
Required employee contribution rates	5.00%		7.00% to 9.00%	10.75% to 13.75%
Required employer contribution rates	11.93%		23.94%	23.94%

** For the City Miscellaneous Plan there are no current active employees hired on or after January 1, 2013. For the Treasure Island Miscellaneous Plan there are no current active employees.*

	Transportation Authority Miscellaneous Plan		**Successor Agency Miscellaneous Plan**	
	Prior to	On or after	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 62	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Required employee contribution rates	7.00%	6.75%	7.00%	7.25%
Required employer contribution rates	11.03%	7.73%	11.82%	7.85%

(Dollars in Thousands)

At June 30, 2021, 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.............	30,854	66	1,182	15	190	1
Inactive employees entitled to but not yet receiving benefits.....................	11,126	-	290	61	152	-
Active employees............................	33,644	2	756	37	46	-
Total..	75,624	68	2,228	113	388	1

Contributions

For the year ended June 30, 2021, the City's actuarial determined contributions were as follows:

SFERS Plan..	$ 791,736
City CalPERS Miscellaneous Plan..	-
City CalPERS Safety Plan...	51,185
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans........	606
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans..............	2,299
Treasure Island Development Authority CalPERS Miscellaneous Plan...............	8
Total..	$ 845,834

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 2021 varied from 7.5% to 13.0% as a percentage of gross covered salary. For the year ended June 30, 2021, 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, 2019 actuarial report, the required employer contribution rates for fiscal year 2021 were 22.40% to 26.90%.

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 $3.0 million replacement benefits in the year ended June 30, 2021.

Pension liabilities are financed by governmental funds and enterprise funds that are responsible for the charges.

Net Pension Liability

The table below shows how the net pension liability (NPL) as of June 30, 2021 is distributed.

Governmental activities..	$ 3,385,806
Business-type activities..	2,228,215
Fiduciary funds..	32,279
Component Unit - Treasure Island Development Authority....	21
Total...	$ 5,646,321

As of June 30, 2021, the City's NPL is comprised of the following:

	Proportionate Share	Share of Net Pension Liability (Asset)
SFERS Plan..	94.3903%	$ 5,107,273
City CalPERS Miscellaneous Plan..................................	-0.1489%	(16,206)
City CalPERS Safety Plan...	N/A	335,092
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans.	0.0244%	2,659
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans..........	0.2967%	32,279
Treasure Island Development Authority CalPERS Miscellaneous Plan.........	0.0002%	21
Replacement Benefits Plan...	N/A	185,203
Total..		$ 5,646,321

The City's NPL for each of its cost-sharing plans is measured as a proportionate share of the plans' NPL. The City's NPL for each of its cost-sharing plans is measured as of June 30, 2020, and the total pension liability for each cost-sharing plan used to calculate the NPLs was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The City's proportion of the NPL 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 for the CalPERS plans were actuarially determined as of the valuation date.

The City's proportionate share and NPL of each of its cost-sharing plans as of June 30, 2020 and 2019 were as follows:

	June 30, 2020 (Measurement Date)		June 30, 2019 (Measurement Date)	
	Proportionate Share	Share of Net Pension Liability (Asset)	Proportionate Share	Share of Net Pension Liability (Asset)
SFERS Plan..	94.3903%	$ 5,107,273	94.1288%	$ 4,213,809
City CalPERS Miscellaneous Plan..................................	-0.1489%	(16,206)	-0.1541%	(15,793)
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans.	0.0244%	2,659	0.0230%	2,352
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans..........	0.2967%	32,279	0.2908%	29,803
Treasure Island Development Authority CalPERS Miscellaneous Plan.........	0.0002%	21	0.0002%	25
Total..		$ 5,126,026		$ 4,230,196

(Dollars in Thousands)

The City's NPL for the CalPERS City Safety Plan (agent plan) is measured as the total pension liability, less the CalPERS Safety Plan's fiduciary net position. The change in the NPL for the City CalPERS Safety Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (MD)	$ 1,460,539	$ 1,142,641	$ 317,898
Change in year:			
Service cost	29,508	-	29,508
Interest on the total pension liability	102,990	-	102,990
Differences between expected and actual experience	(1,465)	-	(1,465)
Contributions from the employer	-	49,455	(49,455)
Contributions from employees	-	8,947	(8,947)
Net investment income	-	57,048	(57,048)
Benefit payments, including refunds of employee contributions	(66,815)	(66,815)	-
Administrative expense	-	(1,611)	1,611
Net changes during measurement period	64,218	47,024	17,194
Balance at June 30, 2020 (MD)	$ 1,524,757	$ 1,189,665	$ 335,092

The City's pension liability for the Replacement Benefits Plan is measured as the total pension liability as there are no assets in a plan. The change in the total pension liability for the City Replacement Benefits Plan is as follows:

	Increase (Decrease)
	Total Pension Liability
Balance at June 30, 2019 (MD)	$ 137,272
Change in year:	
Service cost	1,976
Interest	4,776
Differences between expected and actual experience	7,800
Assumption changes	37,013
Benefit payments	(3,634)
Net changes during measurement period	47,931
Balance at June 30, 2020 (MD)	$ 185,203

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense 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	$ 521,714	$ 415,618	$ -	$ -	$ 937,332
City CalPERS Miscellaneous Plan	543	-	-	-	543
City CalPERS Safety Plan	53,947	-	-	-	53,947
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	854	-	-	-	854
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	-	-	3,574	-	3,574
Treasure Island Development Authority CalPERS Miscellaneous Plan	-	-	-	4	4
Replacement Benefits Plan	16,298	8,945	-	-	25,243
Total pension expense	$ 593,356	$ 424,563	$ 3,574	$ 4	$ 1,021,497

At June 30, 2021, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	SFERS Plan		CalPERS Miscellaneous Plans		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	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 791,736	$ -	$ 2,913	$ -	$ 51,185	$ -	$ -	$ -	$ 845,834	$ -
Change in assumptions	280,393	88,456	116	249	80	-	49,565	2,058	330,154	90,763
Difference between expected and actual experience	173,459	16,002	1,801	836	223	2,917	17,683	-	193,166	19,755
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	66,431	56,604	2,613	4,440	-	-	9,390	9,390	78,434	70,434
Net differences between projected and actual earnings on plan investments	106,947	-	1,039	482	9,512	-	-	-	117,498	482
Total	$ 1,418,966	$ 161,062	$ 8,482	$ 6,007	$ 61,000	$ 2,917	$ 76,638	$ 11,448	$ 1,565,086	$ 181,434

At June 30, 2021, the City reported $845.8 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction to net pension liability in the measurement year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in the measurement year as follows:

Year Ending June 30	SFERS Plan	CalPERS Miscellaneous Plans	CalPERS Safety Plan	Replacement Benefits Plan	Total
2021	$ (87,925)	$ (374)	$ (6,844)	$ 19,821	$ (75,322)
2022	106,362	(363)	2,958	18,814	127,771
2023	244,538	34	5,954	17,593	268,119
2024	203,193	265	4,830	8,962	217,250
Total	$ 466,168	$ (438)	$ 6,898	$ 65,190	$ 537,818

(Dollars in Thousands)

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2020 is provided below, including any assumptions that differ from those used in the July 1, 2019 actuarial valuation.

	SFERS Plan		CalPERS Miscellaneous and Safety Plans
Valuation date	June 30, 2019 updated to June 30, 2020		June 30, 2019
Measurement date	June 30, 2020		June 30, 2020
Actuarial cost method	Entry-age normal cost method		Entry-age normal cost method
Investment rate of return	7.40%, net of pension plan investment expenses		7.15%, net of pension plan investment expenses, includes inflation
Municipal bond yield	2.21% as of June 30, 2020 Bond Buyer 20-Bond GO Index, June 25, 2020		
Inflation	2.75%		2.50%
Projected salary increases	3.50% plus merit component based on employee classification and years of service		Varies by Entry Age and Service
Discount rate	7.40% as of June 30, 2020		7.15% as of June 30, 2020
Basic COLA	Old Miscellaneous and		
	All New Plans	2.00%	Miscellaneous Contract COLA up to 2.50% until Purchasing Protection Allowance Floor on Purchasing Power applies. Safety standard COLA 2.0%
	Old Police and Fire:		
	Pre 7/1/75 Retirements	2.50%	
	Chapters A8.595 and A8.596	3.10%	
	Chapters A8.559 and A8.585	4.20%	

For SFERS, mortality rates for active members and healthy annuitants were based upon adjusted Employee and Healthy Annuitant CalPERS mortality tables projected generationally from the 2009 base year using a modified version of the MP-2015 projection scale.

The actuarial assumptions used in the SFERS valuation at the June 30, 2020 measurement date were based upon the results of an experience study for the period July 1, 2009 through June 30, 2014 and an economic experience study as of July 1, 2019.

For CalPERS, the mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP-2016. All other actuarial assumptions used in the CalPERS June 30, 2019 valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

GASB Statement No. 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The CalPERS discount was 7.15% as of the June 30, 2020 measurement date.

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, 2019.

Discount Rates

SFERS – The discount rate used to measure SFERS's total pension liability as of June 30, 2020 was 7.40%. 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, 2019 actuarial valuation.

The amortization payment is based on closed periods that vary in length depending on the source. Charter amendments prior to July 1, 2014 are amortized over 20 years. After July 1, 2014, any Charter changes to active member benefits are amortized over 15 years and changes to inactive member

benefits, including Supplemental COLAs, are amortized over 5 years. The remaining Unfunded Actuarial Liability not attributable to Charter amendments as of July 1, 2013 is amortized over a 19-year period commencing July 1, 2014. Experience gains and losses and assumption or method changes on or after July 1, 2014 are amortized over 20 years. For the July 1, 2016 valuation, the increase in the Unfunded Actuarial Liability attributable to the Supplemental COLAs granted on July 1, 2013 and July 1, 2014 are amortized over 17-years and 5-years, respectively. All amortization schedules are established as a level percentage of payroll so payments increase 3.50% each year. The Unfunded Actuarial Liability is based on an Actuarial Value of Assets that smooths investment gains and losses over five years and a measurement of the Actuarial Liability that excludes the value of any future Supplemental COLAs.

While the contributions and measure of the Actuarial Liability in the 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 worked after November 6, 1996 and before Proposition C passed (Post 97 Retirees), 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 did not work after November 6, 1996 and before Proposition C passed, the Market Value of Assets must also exceed the Actuarial Liability at the beginning of the year 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. The large majority of members receive a 1.50% Supplemental COLA when granted.

Because the probability of a Supplemental COLA depends on the current funded level of the Retirement System, the Retirement System developed an assumption as of June 30, 2020, of the probability and amount of Supplemental COLA for each future year. There were no excess earnings during the year ending June 30, 2020; consequently, no Supplemental COLA will be paid effective July1, 2020.

The table below shows the net assumed Supplemental COLAs for members with a 2.00% basic COLA for sample years.

Assumed Supplemental COLA
for Members with a 2.00% Basic COLA

Year Ending June 30	96 - Prop C	Before 11/6/96 or After Prop C
2022	0.75%	0.19%
2024	0.75%	0.27%
2026	0.75%	0.30%
2028	0.75%	0.33%
2030	0.75%	0.35%
2032	0.75%	0.37%
2034+	0.75%	0.38%

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

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 until fiscal year-end 2099 when only a portion of the projected benefit payments are expected to be made from the projected fiduciary net position. Projected benefit payments are discounted at the long-term expected return on assets of 7.40% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 2.21% to the extent they are not available. The single equivalent rate used to determine the total pension liability as of June 30, 2020 is 7.40%.

(Dollars in Thousands)

The long-term expected rate of return on pension plan investments was 7.40%. 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 of pension plan investment expense and inflation) for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	31.0%	4.9%
Treasuries	6.0%	-0.5%
Liquid Credit	3.0%	2.7%
Private Credit	10.0%	4.8%
Private Equity	18.0%	7.9%
Real Assets	17.0%	5.7%
Hedge Funds/Absolute Return	15.0%	3.0%

CalPERS - The discount rate used to measure each of the CalPERS Miscellaneous Rate Plans and the Safety Plan total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB Statement No. 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class[(1)]	Target Allocation	Real Return Years 1 - 10 [(2)]	Real Return Years 11+ [(3)]
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(1) In the CalPERS Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.00% used for this period.
(3) An expected inflation of 2.92% used for this period.

Replacement Benefits Plan – The discount rate was 2.21% as of June 30, 2020. 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 25, 2020. This is the rate used to determine the total pension liability as of June 30, 2020.

The inflation assumption of 2.75% 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 $230 for 2020 was used for the 2020 measurement date.

The SFERS assumptions about Basic and Supplemental COLA 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, 2021, the membership in the RBP had a total of 683 active members and 105 retirees and beneficiaries currently receiving benefits.

Sensitivity of Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the NPL for each of the City’s cost-sharing retirement plans, calculated using the discount rate, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

Cost-Sharing Pension Plans Proportionate Share of Net Pension Liability	1% Decrease Share of NPL @ 6.40%	Current Share of NPL @ 7.40%	1% Increase Share of NPL @ 8.40%
SFERS	$ 9,030,293	$ 5,107,273	$ 1,866,119

	1% Decrease Share of NPL @ 6.15%	Current Share of NPL @ 7.15%	1% Increase Share of NPL @ 8.15%
City CalPERS Miscellaneous Plan	$ (13,633)	$ (16,206)	$ (18,331)
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	4,562	2,659	1,087
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	46,973	32,279	20,139
Treasure Island Development Authority CalPERS Miscellaneous Plan	32	21	12

(Dollars in Thousands)

The following presents the NPL for the City's CalPERS Safety Plan (agent multiple-employer plan) and the total pension liability for the City's Replacement Benefits Plan, calculated using the discount rate, in effect as of the measurement date, as well as what the net/total pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

Agent Pension Plan	1% Decrease @ 6.15%	Measurement Date @ 7.15%	1% Increase @ 8.15%
City CalPERS Safety Plan	$ 535,130	$ 335,092	$ 169,416
	1% Decrease @ 1.21%	**Measurement Date @ 2.21%**	**1% Increase @ 3.21%**
Replacement Benefits Plan	$ 223,249	$ 185,203	$ 155,739

Detailed information about the CalPERS Safety Plan's fiduciary net position is available in a separately issued CalPERS financial report, copies may be obtained from the CalPERS website at www.calpers.ca.gov.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or other beneficiaries until termination, retirement, death, or unforeseeable emergency.

The City has no administrative involvement and does not perform the investing function. The City has no fiduciary accountability for the plan and, accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.

Health Service System

The Health Service System was established in 1937. Health care benefits of employees, retired employees and surviving spouses are financed by beneficiaries and by the City through the Health Service System. The employers' contribution, which includes the San Francisco Community College District, San Francisco Unified School District and the San Francisco Superior Court, amounted to approximately $853.8 million in fiscal year 2021. 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 $249.5 million to provide postemployment health care benefits for 29,966 retired participants, of which $206.4 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.

(b) Postemployment Health Care Benefits

City (excluding the Transportation Authority and the Successor Agency)

The City maintains a defined benefit other postemployment benefits plan (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, 2020
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

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.

Former employees of the City and County of San Francisco who were members of the Health Service System and who retire under SFERS or CalPERS are eligible for postretirement health benefits from the City and County of San Francisco. Effective with Proposition B, passed June 3, 2008, employees hired on or after January 10, 2009 must retire within 180 days of separation in order to be eligible for retiree healthcare benefits from the City. The eligibility requirements are as follows:

City and County of San Francisco's Retirement System (SFERS)

Normal Retirement	Miscellaneous	Age 50 with 20 years of credited service [1]
		Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
Disabled Retirement [2]	Any age with 10 years of credited service	
Terminated Vested	5 years of credited service at separation	

California Public Employees' Retirement System (CalPERS)

Normal Retirement	Age 50 with 5 years of credited service
Disabled Retirement [2]	Any age with 5 years of credited service
Terminated Vested	5 years of credited service at separation

[1] Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012 under Charter Section 8.603.

[2] No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses / domestic partners of those killed in the line of duty.

(Dollars in Thousands)

Retiree healthcare benefits are administered by the San Francisco Health Service System and include the following:

Medical: PPO – City Health Plan (self-insured) and UHC Medicare Advantage (fully-insured)
HMO – Kaiser (fully-insured) and Blue Shield (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, 2020 valuation date, the following current and former employees were covered by the benefit terms under the healthcare plan:

	City Plan
Active plan members	32,879
Inactive employees entitled to but not yet receiving benefit payments	2,211
Inactive employees or beneficiaries currently receiving benefit payments	22,728
Total	57,818

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.

Projections of the sharing of benefit related costs are based on an established pattern of practice.

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the healthcare plan:

	Transportation Authority	Successor Agency
Active plan members	39	43
Inactive employees entitled to but not yet receiving benefit payments	1	1
Inactive employees or beneficiaries currently receiving benefit payments	6	105
Total	46	149

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 maximum 2% of pre-tax compensation.

Starting July 1, 2016, active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute 0.25% of pre-tax compensation into the RHCTF. Beginning on July 1st of each subsequent year, the active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute an additional 0.25% of pre-tax compensation up to a maximum of 1%. Starting July 1, 2016, the City contributes 0.25% of compensation into the RHCTF for each officer and employee who commenced employment on or before January 9, 2009. Beginning on July 1st of each subsequent year, the City contributes an additional 0.25% of compensation, up to a maximum of 1% for each officer and employee who commenced employment on or before January 9, 2009. When the City's actuary has determined that the City's portion of the RHCTF is fully funded, the City's 1% contribution shall cease, and officers and employees will each contribute 50% of the maximum 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, 2021, the City's funding was based on "pay-as-you-go" plus a contribution of $39.6 million to the RHCTF. The "pay-as-you-go" portion paid by the City was $206.4 million for a total contribution subsequent to the measurement date of $246.0 million for the year ended June 30, 2021.

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, 2021, the Transportation Authority contributed $55 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, 2021, the Successor Agency contributed $2.3 million 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

The table below shows how the net OPEB liability (asset) as of June 30, 2021 is distributed.

	2021
Governmental activities	$ 2,109,868
Business-type activities	1,701,145
Fiduciary funds	14,079
Total	$ 3,825,092

As of June 30, 2021, the City's net OPEB liability (asset) is comprised of the following:

	Share of Net OPEB Liability (Asset)
City defined benefit healthcare plan	$ 3,823,335
Transportation Authority defined benefit healthcare plan	(334)
Successor Agency defined benefit healthcare plan	2,091
Total	$ 3,825,092

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019 (MD)	$ 4,282,418	$ 366,603	$ 3,915,815
Changes during the measurement period			
Service cost	141,642	-	141,642
Interest	314,907	-	314,907
Differences between expected and actual experience	(381,922)	-	(381,922)
Changes of assumptions	151,725	-	151,725
Contributions - employer	-	235,963	(235,963)
Contributions - member	-	60,236	(60,236)
Net investment income	-	22,746	(22,746)
Benefit payments, including refunds of member contributions	(196,445)	(196,445)	-
Administrative expense	-	(113)	113
Net changes during the measurement period	29,907	122,387	(92,480)
Balance at June 30, 2020 (MD)	$ 4,312,325	$ 488,990	$ 3,823,335

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

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
Balance at June 30, 2019 (MD)	$ 1,478	$ 1,890	$ (412)	$ 12,395	$ 8,051	$ 4,344
Changes during the measurement period						
Service cost	92	-	92	344	-	344
Interest	114	-	114	830	-	830
Differences between expected and actual experience	(1)	-	(1)	-	-	-
Changes of assumptions	-	-	-	(248)	-	(248)
Contributions from the employer	-	61	(61)	-	2,901	(2,901)
Benefit payments	(61)	(61)	-	(902)	(902)	-
Administrative expense	-	(1)	1	-	(7)	7
Net investment income	-	67	(67)	-	285	(285)
Net changes during the measurement period	144	66	78	24	2,277	(2,253)
Balance at June 30, 2020 (MD)	$ 1,622	$ 1,956	$ (334)	$ 12,419	$ 10,328	$ 2,091

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense including amortization of deferred outflows/inflows related to OPEB items as follows:

	Primary Government			
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
City defined benefit healthcare plan	$ 250,062	$ 70,597	$ 25	$ 320,684
Transportation Authority defined benefit healthcare plan	21	-	-	21
Successor Agency defined benefit healthcare plan	-	-	1,149	1,149
Total OPEB expense	$ 250,083	$ 70,597	$ 1,174	$ 321,854

As of June 30, 2021, 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............	$ 245,992	$ -	$ 55	$ -
Differences between expected and actual experience......	138,620	547,781	-	525
Changes in assumptions..	193,547	-	-	55
Changes in proportion..	68,208	68,208	-	-
Net difference between projected and actual earnings on plan investments..................................	2,502	-	64	-
Total..	**$ 648,869**	**$ 615,989**	**$ 119**	**$ 580**

	Successor Agency		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date......	$ 2,259	$ -	$ 248,306	$ -
Differences between expected and actual experience......	9	-	138,629	548,306
Changes in assumptions......................................	51	171	193,598	226
Changes in proportion......................................	-	-	68,208	68,208
Net difference between projected and actual earnings on plan investments..................................	250	-	2,816	-
Total..	**$ 2,569**	**$ 171**	**$ 651,557**	**$ 616,740**

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

Amounts reported as deferred outflows/inflows will be amortized annually and recognized in OPEB expense as follows:

Year ending June 30:	City	Transportation Authority	Successor Agency	Total
2022...............	$ (44,993)	$ (32)	$ 45	$ (44,980)
2023...............	(43,494)	(24)	(17)	(43,535)
2024...............	(43,786)	(23)	46	(43,763)
2025...............	(42,791)	(27)	65	(42,753)
2026...............	(5,161)	(42)	-	(5,203)
Thereafter........	(32,887)	(368)	-	(33,255)
Total	$ (213,112)	$ (516)	$ 139	$ (213,489)

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the City Plan's total OPEB liability as of June 30, 2020 (measurement date) is provided below:

Key Actuarial Assumptions

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 4.00% in 2022, 7.00% in 2023, trending down to ultimate rate of 4.04% in 2075 Medicare trend starts at 1.00% in 2022, 7.50% in 2023, trending down to ultimate rate of 4.04% in 2075 10-County average trend starts at 4.5% in 2022, 5.50% in 2023, trending down to ultimate rate of 4.04% in 2075 Vision and expenses trend remains a flat 3.0% for all years
Expected Rate of Return on Plan Assets	7.00%
Discount Rate	7.00%
Salary Increase Rate	Wage Inflation Component: 3.25% Additional Merit Component (dependent on years of service): Police: 0.50% - 7.50% Fire: 0.50% - 14.00% Muni Drivers: 0.00% - 16.00% Craft: 0.50% - 3.75% Misc: 0.30% - 5.50%
Inflation Rate	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ending June 30, 2019.

Non-Annuitants

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

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

Disabled Retirees

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

Beneficiaries

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

The mortality rates in the base tables are projected generationally from the base year using the modified version of the MP-2019 projection scale.

The Transportation Authority net OPEB liability (asset) was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined using an actuarial valuation as of June 30, 2019. The Successor Agency's net OPEB liability was measured as of June 30, 2020, and the total pension liability used to calculation the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. A summary of the actuarial assumptions and methods used to calculate the total OPEB liability are as follows:

	June 30, 2020 Measurement Date	
Key Actuarial Assumptions	**Transportation Authority**	**Successor Agency**
Actuarial Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Discount Rate	7.59%	6.75%
General Inflation	2.75% per annum	2.75%
Salary Increases	2.75% per annum, in aggregate	3.00%; Merit based on 2017 CalPERS Experience Study
Investment Rate of Return	7.59%	6.75%
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-2018
Healthcare Cost Trend Rate	Initial 6.5% for non-medicare eligibles, 11.0% for spouse/domestic partner medicare eligibles and 4.5% medicare eligibles, all grading down to 4.0%	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076; Medicare- 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076

Sensitivity of Net OPEB Liabilities (Asset) to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability (asset) for each plan calculated using the healthcare cost trend rate, as well as what the plan's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

	June 30, 2020 (measurement year)		
Plan	**1% Decrease**	**Healthcare Trend**	**1% Increase**
City Defined Benefit Plan	$ 3,305,789	$ 3,823,335	$ 4,497,900
Transportation Authority	(570)	(334)	(34)
Successor Agency	806	2,091	3,622

Discount Rate

City OPEB Plan - The discount rate used to measure the total OPEB liability as of June 30, 2020 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.

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

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

assumptions for the RHCTF's asset allocation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
U.S. Large Cap	28.0%	8.4%
U.S. Small Cap	3.0%	9.8%
Developed Market Equity (non-U.S.)	15.0%	9.6%
Emerging Market Equity	13.0%	11.7%
Credit		
Bank Loans	3.0%	4.9%
High Yield Bonds	3.0%	4.9%
Emerging Market Bonds	3.0%	4.8%
Rate Securities		
Investment Grade Bonds	9.0%	2.2%
Long-term Government Bonds	4.0%	3.1%
Short-term Treasury Inflation-Protected Securities (TIPS)	4.0%	1.9%
Private Markets		
Private Equity	5.0%	12.5%
Core Private Real Estate	5.0%	6.4%
Risk Mitigating Strategies		
Global Macro	5.0%	4.1%
Total	100.0%	

Transportation Authority and Successor Agency - The discount rates used to measure the total OPEB liability of the Transportation Authority and the Successor Agency were 7.59% and 6.75%, 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.

(Dollars in Thousands)

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

		Long-Term Expected Real Rate of Return	
Asset Class	Target Allocation	Transportation Authority	Successor Agency
Global Equity	59.00%	4.82%	4.82%
Fixed Income	25.00%	1.47%	1.47%
Treasury Inflation Protection Securities	5.00%	1.29%	1.29%
Real Estate Investment Trusts	8.00%	0.84%	3.76%
Commodities	3.00%	3.76%	0.84%
Total	100.00%		

The following presents the net OPEB liability (asset) calculated using the discount rate, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate for each plan:

	June 30, 2020 (measurement year)		
Plan	1% Decrease 6.00%	Discount Rate 7.00 %	1% Increase 8.00%
City Defined Benefit Plan	$ 4,436,900	$ 3,823,335	$ 3,322,453

	June 30, 2020 (measurement year)		
	1% Decrease 6.59%	Discount Rate 7.59%	1% Increase 8.59%
Transportation Authority	$ (84)	$ (334)	$ (538)

	June 30, 2020 (measurement year)		
	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Successor Agency	$ 3,407	$ 2,091	$ 978

(10) FUND EQUITY

(a) Governmental Fund Balance

Fund balances for all the major and nonmajor governmental funds as of June 30, 2021, were distributed as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Imprest Cash, Advances, and Long-Term Receivables..	$ 2,714	$ 82	$ 2,796
Restricted			
Rainy Day	114,539	-	114,539
Public Protection			
Police	-	14,166	14,166
Sheriff	-	996	996
Other Public Protection	-	30,108	30,108
Public Works, Transportation & Commerce	-	297,323	297,323
Human Welfare & Neighborhood Development	-	1,832,600	1,832,600
Affordable Housing	-	252,867	252,867
Community Health	-	59,728	59,728
Culture & Recreation	-	251,084	251,084
General Administration & Finance	-	24,213	24,213
Capital Projects	-	408,340	408,340
Debt Service	-	212,850	212,850
Total Restricted	114,539	3,384,275	3,498,814
Committed			
Budget Stabilization	320,637	-	320,637
Assigned			
Public Protection			
Police	8,717	3,606	12,323
Sheriff	6,203	648	6,851
Other Public Protection	54,064	-	54,064
Public Works, Transportation & Commerce	84,064	70,427	154,491
Human Welfare & Neighborhood Development	136,649	103,674	240,323
Affordable Housing	218,568	-	218,568
Community Health	291,827	-	291,827
Culture & Recreation	16,963	26,349	43,312
General Administration & Finance	97,129	19,954	117,083
General City Responsibilities	65,735	-	65,735
Self-Insurance	42,454	-	42,454
Capital Projects	180,994	-	180,994
Litigation and Contingencies	179,591	-	179,591
Subsequent Year's Budget	179,077	-	179,077
Total Assigned	1,562,035	224,658	1,786,693
Unassigned	670,179	(1,920)	668,259
Total	$ 2,670,104	$ 3,607,095	$ 6,277,199

(Dollars in Thousands)

(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 2022-23 through 2025-26.

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 2022-23 through 2025-26.

(c) Encumbrances

At June 30, 2021, encumbrances recorded in the General Fund and nonmajor governmental funds were $407.1 million and $523.2 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 $490.6 million of unrestricted net position of governmental activities, of which $369.4 million reduced net investment in capital assets and $121.2 million reduced net position restricted for capital projects to reflect the total column of the primary government as a whole perspective.

(e) Deficit Fund Balances and Net Position

The Senior Citizens Program Fund had a deficit of $1.3 million as of June 30, 2021. The deficit relates to unavailable revenue in various programs, which is expected to be collected beyond 60 days of the end of fiscal year 2021. The Environmental Protection Fund had a deficit of $0.6 million, mainly due to unearned and unavailable revenue which is expected to be collected in future years.

The Central Shops and Telecommunications and Information Internal Service Funds had deficits in total net position of $27.1 million and $24.6 million, respectively, as of June 30, 2021, mainly due to the accrual of the net pension and other postemployment benefits liabilities. The operating deficits are 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, 2021, the Successor Agency has a deficit of $450.4 million, which will be eliminated with future redevelopment property tax revenues distributed from the Redevelopment Property Tax Trust Fund administered by the City's Controller.

(11) UNAVAILABLE RESOURCES IN GOVERNMENTAL FUNDS

The deferred inflows of resources balance in governmental funds as of June 30, 2021 consists of the following unavailable resources:

	General Fund	Other Governmental Funds	Total Governmental Funds
Grant and subvention revenues	$ 120,569	$ 83,186	$ 203,755
Property Tax	170,557	8,330	178,887
Teeter Plan	31,745	-	31,745
SB 90	3,898	-	3,898
Advances to Successor Agency	-	2,896	2,896
PG&E franchise tax	3,862	-	3,862
Loans	-	159,426	159,426
Total	$ 330,631	$ 253,838	$ 584,469

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.

(12) San Francisco County Transportation Authority

The Transportation Authority was created in 1989 by a vote of the San Francisco electorate. The vote approved Proposition B, which imposed a sales tax of one-half of one percent (0.5%), for a period not to exceed 20 years, to fund essential transportation projects. The types of projects to be funded with the proceeds from the sales tax were set forth in the San Francisco County Transportation Expenditure Plan (Expenditure Plan), which was approved as part of Proposition B. The Transportation Authority was organized pursuant to Sections 131000 et seq. of the Public Utilities Code. Collection of the voter-approved sales tax began on April 1, 1990. The Transportation Authority administers the following programs:

Sales Tax Program. On November 4, 2003, the San Francisco voters approved Proposition K with a 74.7% affirmative vote, amending the City Business and Tax Code to extend the county-wide one-half of one percent sales tax, and to replace the 1989 Proposition B Plan with a new 30-year Expenditure Plan. The new Expenditure Plan includes investments in four major categories: 1) Transit; 2) Streets and Traffic Safety (including street resurfacing, and bicycle and pedestrian improvements); 3) Paratransit services for seniors and individuals with disabilities; and 4) Transportation System Management/Strategic Initiatives (including funds for neighborhood parking management, transportation/land use coordination, and travel demand management efforts). Major capital projects to be funded by the Proposition K Expenditure Plan include: A) development of the Bus Rapid Transit and Muni Metro Network; B) construction of the Muni Central Subway (Third Street Light Rail Project–Phase 2); C) construction of the Caltrain Downtown Extension to a rebuilt Transbay Terminal; and D) South Approach to the Golden Gate Bridge: Doyle Drive Replacement Project (re-envisioned as the Presidio Parkway). Under Proposition K legislation, the Transportation Authority directs the use of the Sales Tax and may issue up to $1.88 billion in bonds secured by the Sales Tax.

Congestion Management Agency (CMA) Programs. On November 6, 1990, the Transportation Authority was designated under State law as the CMA for the City. Responsibilities resulting from this designation include developing a Congestion Management Program, which provides evidence of the integration of land use, transportation programming and air quality goals; preparing a long-range countywide transportation plan to guide the City's future transportation investment decisions; monitoring and measuring traffic congestion levels in the City; measuring the performance of all modes of transportation; and developing a computerized travel demand forecasting model and supporting databases. As the CMA, the Transportation Authority is responsible for establishing the City's priorities for certain state and federal transportation funds and works with the Metropolitan Transportation Commission to program those funds to San Francisco projects.

Transportation Fund for Clean Air (TFCA) Program. On June 15, 2002, the Transportation Authority was designated to act as the overall program manager for the local guarantee (40%) share of transportation funds available through the TFCA program. Funds from this program, administered by the Bay Area Air Quality Management District come from a $4 vehicle registration fee on automobiles registered in the Bay Area. Through this program, the Transportation Authority recommends projects that benefit air quality by reducing motor vehicle emissions.

Vehicle Registration Fee for Transportation Improvements Program. On November 2, 2010, San Francisco voters approved Proposition AA with a 59.6% affirmative vote, authorizing the Transportation Authority to collect an additional $10 annual vehicle registration fee on motor vehicles registered in San Francisco and to use the proceeds to fund transportation projects identified in the 30-year Expenditure Plan. Revenue collection began in May 2011. Proposition AA revenues must be used to fund projects from the following three programmatic categories. The percentage allocation of revenues designated for each category over the 30-year Expenditure Plan period is shown in parenthesis for the following category name: 1) Street Repair and Reconstruction (50%); 2) Pedestrian Safety (25%); and 3) Transit Reliability & Mobility Improvements (25%).

Treasure Island Mobility Management Authority (TIMMA). The Treasure Island Transportation Management Act of 2008 (Assembly Bill 981, Leno) authorizes the creation or designation of a Treasure Island-specific transportation management agency. On April 1, 2014, the City's Board of Supervisors approved a resolution designating the Transportation Authority as the TIMMA to implement the Treasure Island Transportation Implementation Plan in support of the Treasure Island/Yerba Buena Island Development Project. In September 2014, the Governor signed Assembly Bill 141, establishing TIMMA as a legal entity distinct from the Transportation Authority to help firewall the Transportation Authority's other functions. The eleven members of the Transportation Authority Board act as the Board of Commissioners for TIMMA. The Transportation Authority financial statements include TIMMA as a blended special revenue component unit.

Traffic Congestion Mitigation Tax. The Traffic Congestion Mitigation Tax was approved by San Francisco voters on November 5, 2019, through approval of Proposition D. The measure, also referred to as the Transportation Network Company (TNC) Tax, is a surcharge on commercial ride-hailing trips that originate in San Francisco, for the portion of the trip within the City. The intent of the TNC Tax program is to deliver improvements to transit reliability and safety on San Francisco's roadways, helping to mitigate the effects of increased congestion due to TNC vehicles. Beginning January 1, 2020, a 1.5% tax is charged on shared rides or rides taken in a zero-emission vehicle, and 3.25% is charged on rides with a single occupant. The tax is in effect until November 2045. After a 2% set aside for administration by the City, 50% of the revenues are directed to the SFMTA for transit operations and improvements, and 50% to the Transportation Authority for bicycle and pedestrian safety improvements, traffic calming, traffic signals, and maintenance.

(Dollars in Thousands)

(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.

Revenue Pledge – 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, and (4) interest rate swap termination payments.

During fiscal year 2020-21, 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. There were no unreimbursed drawings under any letter of credit or interest rate swap termination payments due.

Bonds issued with revenue pledge	$ 838,380
Bond principal and interest remaining due at end of the fiscal year	15,125,941
Bond principal and interest paid in the fiscal year	277,427
Commercial paper issued with subordinate revenue pledge	506,150
Commercial paper principal and interest remaining due at end of the fiscal year	279,408
Commercial paper principal, interest and fees paid in the fiscal year	3,751
Net revenues	311,233

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 2058 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 Requirement – 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 three reserve accounts in the Reserve Fund: the Issue 1 Reserve Account, the 2009 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 each series of Senior Bonds secured by the 2009 Reserve Account (each a 2009 Reserve Series) is the lesser of: (i) maximum annual debt service for such series of 2009 Reserve Series Bonds, (ii) 125% of average annual debt service for such series of 2009 Reserve Series Bonds, and (iii) 10% of the outstanding principal amount of such series (or allocable issue price of such series if such series is sold with more than a de minimis (2%) amount of original issue discount), in each case as determined from

time to time. With respect to all 2009 Reserve Series, the reserve requirement is the aggregate of such amounts for each individual series. On August 20, 2020, the last Series of Bonds supported by the 2009 Reserve Account, the Series 2010D Bonds, were defeased, and the 2009 Reserve Account was closed. The amounts remaining in the 2009 Reserve Account were transferred to the redemption account for the Series 2010D Bonds. 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, 2021, only the Series 2017D, 2018A, 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.

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 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 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, 2021, the FAA has approved Airport applications (PFC #2 to PFC #9) for collection and use with a total cumulative collection amount of $2.3 billion. The final charge expiration date is estimated to be December 1, 2030. On January 13, 2021, the FAA approved the Airport's PFC Application #9 with a total collection authority of $208.6 million. For the year ended June 30, 2021, the Airport reported approximately $29.5 million of PFC revenue, which is included in other nonoperating revenues in the accompanying basic financial statements.

Commitments and Contingencies – On February 26, 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 Commission 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. 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 Commission 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 pursuant to the Amended and Restated Fuel System Interline Agreement, dated as of September 1, 1997 (the Interline Agreement). Pursuant to the Interline Agreement, the airlines that are members of SFO Fuel are collectively liable on a step-up basis for the sum of all costs, liabilities and expenses payable by SFO Fuel in relation to the administration and operation of SFO Fuel and the operation and maintenance of the premises and right-of-way leased from the Airport, including without limitation the facilities rent. The Fuel Bonds are not payable from or secured by the Net Revenues of the Airport. The Airport assigned its right to receive the facilities rent to the Fuel Bonds trustee to pay and secure the payment of the Fuel Bonds. Neither the Airport nor the City is obligated in any manner for the repayment of the Fuel Bonds other than from the facilities rent received from SFO Fuel. The Fuel Bonds are therefore not reported in the accompanying financial statements.

(Dollars in Thousands)

Purchase commitments for construction, material and services as of June 30, 2021 are as follows:

Construction	$ 93,431
Operating	44,947
Total	$ 138,378

Transactions with Other Funds – Pursuant to the Lease and Use Agreement between the Airport and most of the airlines operating at the Airport, the Airport makes an annual service payment to the City's General Fund equal to 15% of concession revenue (net of certain adjustments), but not less than $5.0 million per fiscal year, in order to compensate the City for all indirect services provided to the Airport. The annual service payment for the year ended June 30, 2021 was $14.7 million and was recorded as a transfer. In addition, the Airport pays for the cost of certain direct services provided by City departments to the Airport, including those provided by the Police Department, Fire Department, City Attorney, City Treasurer, City Controller, City Purchasing Agent and other City departments. The cost of direct services paid for by the Airport for the year ended June 30, 2021, was $173.5 million.

Business Concentrations - In addition to the Lease and Use Agreements with the airlines, the Airport leases facilities to other businesses to operate concessions at the Airport. For the year ended June 30, 2021, revenues realized from the following Airport tenant exceeded five percent of the Airport's total operating revenues:

United Airlines	32.0%
American Airlines	5.5%

(b) Port of San Francisco

A five-member Port Commission is responsible for the operation, development, and maintenance activities of the Port of San Francisco (Port). In February 1969, the Port was transferred in trust to the City under the terms and conditions of State legislation (Burton Act) ratified by the electorate of the City. Prior to 1969, the Port was operated by the State of California. The State retains the right to amend, modify or revoke the transfer of lands in trust provided that it assumes all lawful obligations related to such lands.

Pledged Revenues – The Port's revenues, 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, are held in a separate enterprise fund and appropriated for expenditure pursuant to the budget and fiscal provisions of the City Charter, consistent with trust requirements. Under public trust doctrine, the Burton Act, and the transfer agreement between the City and the State, Port revenues may be spent only for uses and purposes of the public trust.

The Port pledged future net revenues to repay its revenue bonds. As of June 30, 2021, the total principal and interest remaining to be paid on the bonds is $61.7 million. The principal and interest payments made in 2021 were $3.3 million and a net revenue deficit (total operating losses calculated in accordance with the bond indenture) for the year ended June 30, 2021, was $9.2 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. Total principal and interest remaining to be paid on this loan is $1.9 million. Annual principal and interest payments were $0.2 million in 2021 and pledged harbor revenues were $0.1 million for the year ended June 30, 2021.

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, 2021, the Port's purchase commitments for construction-related services, materials and supplies, and other services were $11.3 million for capital projects and $0.9 million for general operations.

Transactions with Other Funds – The Port receives from, and provides services to, various City departments. In fiscal year 2020-21, the $22.2 million in services provided by other City departments included $6.3 million of insurance premiums and $0.4 million in workers' compensation expense.

On September 27, 2018, the Port and Mayor's Office of Housing and Community Development (MOHCD) entered into a Memorandum of Understanding to implement the affordable housing development project at the Seawall Lot 322-1 ("88 Broadway"). In August 2019, the Port received $15.0 million from MOHCD, which included additional interest accrued since June 30, 2019. As part of the 88 Broadway project, the Port entered into a Ground Lease with a developer in March 2019. The Ground Lease has a term of fifty-seven years plus one eighteen extension option (a 75-year maximum term but with expiration no later than December 31, 2105). The lease revenues are being amortized over the 75-year maximum term of the lease. At June 30, 2021, the Port has a noncurrent unearned revenue balance in the amount of $14.1 million related to this Ground Lease. In addition to the payment by MOHCD, the Developer will be required to make lease payments representing a share of any cash flow generated by commercial activities.

In December 2017, the Port and the San Francisco Fire Department (SFFD) entered into a MOU for the use of water, apron, shed and office space at Pier 26 for berthing and servicing of fire boats for five years and on a month-to-month basis afterward. To facilitate these uses, SFFD repaired apron decking, replaced the fender system within the leasehold area and upgraded electrical services to Pier 26. In return, the Port allowed SFFD to apply hundred percent rent credits toward the lease payments until all required capital improvements, approximately $2.3 million, are fully offset. As of June 30, 2021, rent credits of $0.7 million have been provided to SFFD.

In November 2018, the Port and the Office of Community Investment and Infrastructure (OCII) entered into a grant agreement, to reimburse the Port from available excess bond proceeds for the Mission Bay Ferry Terminal Landing project construction costs in the amount not-to-exceed $9.0 million. In January 2021, the OCII reimbursed $7.8 million, which was returned to the City's General Fund since the project cost was advanced by the City's General Fund. The OCII will reimburse the remaining $0.6 million in

(Dollars in Thousands)

2022. As of June 30, 2021, the Port recorded a due from other City funds and due to other City funds in the amount of $0.6 million.

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.

Pier 45 Fire – On May 23, 2020, a large fire broke out at a warehouse (Shed C) on Pier 45. The cause of the fire is undetermined. Nearly all of Shed C and its contents were lost due to the fire, including loss of private property stored at the pier. Other adjacent sheds were also damaged by smoke and soot. The Port's property was insured at the time of the incident. The Port has received claims for lost or damaged property and lost profits, which the Port has denied. Tenant lease agreements generally contain language that protects the City from any form of property damage liability. Two lawsuits have been filed in this matter and the Port's insurance carrier has accepted tender for both cases. At this early stage, the extent of the Port's liability is uncertain, and the Port's estimated costs do not appear to be materially significant.

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 soil or fill material or bay sediment may encounter hazardous materials and/or generate hazardous waste.

The Port has identified certain environmental issues related to Port property, including polychlorinated biphenyls, polycyclic aromatic hydrocarbons 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.

A 69-acre area commonly known as "Pier 70" has been used for over 150 years for iron and steel works, ship building and repair, and other heavy industrial operations. Much of the site was owned and/or occupied by the U.S. Navy or its contractors for at least 60 years. A long history of heavy industrial use has turned this area into a "brownfield" – an underutilized property area where reuse is hindered by actual or suspected contamination. Fifteen acres remain occupied by an on-going ship

repair facility. Environmental conditions exist that require investigation and remediation prior to any rehabilitation or development for adaptive reuse. The lack of adequate information about environmental conditions has hindered previous development proposals for Pier 70.

Investigation work completed in 2011 reduced the uncertainty regarding the nature and extent of contamination, potential need for remediation, and costs associated with implementation of a risk management plan. The Regional Water Quality Control Board approved the Risk Management Plan in January 2014. The Risk Management Plan provides institutional controls (e.g. use restrictions, health and safety plans) and engineering controls (e.g. capping contaminated soil) to protect current and future users and prevent adverse impact to the environment. The Risk Management Plan specifies how future development, operation, and maintenance 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.

Previous investigation of the northeast shoreline of Pier 70, in an area for development as the future "Crane Cove Park", found that near-shore sediment is contaminated with metals, petroleum hydrocarbons and polychlorinated biphenyls at concentrations that pose a potential risk to human health or the environment, and will likely require removal or capping of sediment before development of the area for public access and recreation. In 2018, the Port entered into a disposition and development agreement with a developer for the 28-acre Waterfront Site. The developer assumes substantial responsibility for capping contaminated soil in the project area according to a Risk Management Plan. The remaining accrued cost for pollution remediation at Pier 70, represents the estimated contract value for the soil cap between Crane Cove Park and the shipyard and a sediment cap underwater northwest of the shipyard, is estimated at $4.5 million at June 30, 2021.

Other environmental conditions on Port property include polycyclic aromatic hydrocarbons and oil contamination at various sites. The Port may be required to perform certain clean-up work if it intends to develop or lease such property, or at such time as may be required by the City or State. As of June 30, 2021, pollution remediation liabilities are estimated at $5.8M for the rest of the Port's properties.

A summary of environmental liabilities, included in noncurrent liabilities, at June 30, 2021, is as follows:

	Environmental Remediation
Environmental liabilities at July 1, 2020	$ 2,942
Current year claims and changes in estimates	7,388
Environmental liabilities at June 30, 2021	$ 10,330

(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 2020-21, the Water Enterprise sold water, approximately 68,812 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).

(Dollars in Thousands)

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 2050-51.

The original amount of revenue bonds and State Revolving Fund loans issued, total principal and interest remaining, principal and interest paid during 2021 and applicable revenues for 2021 are as follows:

Bonds issued with revenue pledge	$ 4,891,480
Principal and interest remaining due at end of the fiscal year	7,771,993
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge...........	107,407
Bond principal and interest paid in the fiscal year	248,427
Net revenues	339,046
Funds available for revenue bond debt service	467,738

Water Balancing Account – During fiscal year 2020-21, the wholesale revenue requirement, net of adjustments, charged to wholesale customers was $276.0 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, 2021, the Water Enterprise owed the Wholesale Customers $60.9 million under the Water Supply Agreement.

Commitments and Contingencies – As of June 30, 2021, the Water Enterprise had outstanding commitments with third parties of $185.2 million for various capital projects and other purchase agreements.

Environmental Issue – As of June 30, 2021, the total pollution remediation liability was $1.3 million, for the excavation of contaminated soil that contained polycyclic aromatic hydrocarbons from a gun club site in the Lake Merced area.

Transactions with Other Funds – The Water Enterprise purchases water from Hetch Hetchy Water and electricity from Hetch Hetchy Power at market rates. These amounts, totaling approximately $44.1 million and $9.8 million, respectively, for the year ended June 30, 2021, are included in the operating expenses for services provided by other departments in the Water Enterprise's financial statements.

A variety of other City departments provide services such as engineering, purchasing, legal, data processing, telecommunications, and human resources to the Water Enterprise and charge amounts designed to recover those departments' costs. These charges total approximately $16.3 million for the year ended June 30, 2021 and have been included in services provided by other departments.

(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 81.0% 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 19.0% balance of electricity is sold to CleanPowerSF and other publicly owned utilities districts. As a result of the 1913 Raker Act, energy produced above the City's Municipal Load is sold first to the other utility districts to cover their agricultural pumping and municipal load needs and any remaining energy is either sold to other municipalities and/or government agencies (not for resale) or sold into the California Independent System Operator (CAISO). Hetch Hetchy operation is an integrated system of reservoirs, hydroelectric power plants, aqueducts, pipelines, and transmission lines.

Hetch Hetchy also purchases wholesale electric power from various energy providers that are used in conjunction with owned hydro resources to meet the power requirements of its customers. Operations and business decisions can be greatly influenced by market conditions, state and federal power matters before the California Public Utilities Commission (CPUC), the CAISO, and the Federal Energy Regulatory Commission (FERC). Therefore, Hetch Hetchy serves as the City's representative at CPUC, CAISO, and FERC forums and continues to monitor regulatory proceedings.

Segment Information – Hetch Hetchy Power issued debt to finance its improvements. The Hetch Hetchy Water fund, the Hetch Hetchy Power fund, and CleanPowerSF fund are reported for in a single enterprise. However, investors in the debt rely solely on the revenue generated by the individual activities for repayment. Summary financial information for Hetch Hetchy is presented below:

Condensed Statements of Net Position	Hetch Hetchy Water	Hetch Hetchy Power	CleanPower SF	Total
Assets*:				
Current assets........	$ 91,009	$ 227,134	$ 121,342	$ 439,485
Receivables from other funds and component units........	-	12,457	-	12,457
Noncurrent restricted cash and investments........	6,990	8,931	-	15,921
Other noncurrent assets........	152	753	-	905
Capital assets........	177,481	492,056	-	669,537
Total assets........	275,632	741,331	121,342	1,138,305
Deferred outflows of resources:				
Pensions........	7,799	9,531	803	18,133
Other postemployment benefits........	3,725	4,552	442	8,719
Total deferred outflows of resources........	11,524	14,083	1,245	26,852
Liabilities:				
Current liabilities........	15,857	166,435	17,389	199,681
Noncurrent liabilities........	43,561	112,760	15,112	171,433
Total liabilities........	59,418	279,195	32,501	371,114
Deferred inflows of resources:				
Pensions........	988	1,207	1,093	3,288
Other postemployment benefits........	2,085	2,548	1,913	6,546
Total deferred inflows of resources........	3,073	3,755	3,006	9,834
Net position:				
Net investment in capital assets........	177,481	323,066	-	500,547
Restricted for capital projects........	-	99	-	99
Restricted for debt service........	-	-	-	-
Unrestricted........	47,184	149,299	87,080	283,563
Total net position........	$ 224,665	$ 472,464	$ 87,080	$ 784,209

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

(Dollars in Thousands)

Condensed Statements of Revenues, Expenses, and Changes in Fund Net Position	Hetch Hetchy Water	Hetch Hetchy Power	CleanPower SF	Total
Operating revenues	$ 47,090	$ 136,383	$ 207,698	$ 391,171
Depreciation expense	(6,009)	(15,627)	-	(21,636)
Other operating expenses	(44,508)	(130,011)	(212,716)	(387,235)
Operating income (loss)	(3,427)	(9,255)	(5,018)	(17,700)
Nonoperating revenues (expenses):				
Federal and state grants	1,349	1,483	-	2,832
Interest and investment income	(232)	24	51	(157)
Interest expense	-	(1,970)	(18)	(1,988)
Other nonoperating revenues net of expenses	(60)	17,107	927	17,974
Transfers in (out), net	16,000	(532)	-	15,468
Change in net position	13,630	6,857	(4,058)	16,429
Net position at beginning of year	211,035	465,607	91,138	767,780
Net position at end of year	$ 224,665	$ 472,464	$ 87,080	$ 784,209

Condensed Statements of Cash Flows	Hetch Hetchy Water	Hetch Hetchy Power	CleanPower SF	Total
Net cash provided by (used in):				
Operating activities	$ 5,165	$ (5,217)	$ 5,743	$ 5,691
Noncapital financing activities	19,285	18,801	692	38,778
Capital and related financing activities	(16,981)	(17,590)	-	(34,571)
Investing activities	739	1,986	802	3,527
Increase (decrease) in cash and cash equivalents	8,208	(2,020)	7,237	13,425
Cash and cash equivalents at beginning of year	88,068	202,285	83,527	373,880
Cash and cash equivalents at end of year	$ 96,276	$ 200,265	$ 90,764	$ 387,305

Pledged Revenues – Hetch Hetchy Power has pledged future power revenues to repay the 2008 Clean Renewable Energy Bonds (CREBs), 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 power revenue bonds. Proceeds from the bonds provided financing for various capital construction and facility energy efficiency projects. The Series 2015 AB power revenue bonds are payable through fiscal year 2045-46 and are solely payable from net revenues of Hetch Hetchy Power on a senior lien basis to the 2008 CREBs, the 2011 QECBs, and the 2015 NCREBs.

The original amount of revenue bonds issued, total principal and interest remaining, principal and interest paid, and applicable revenues for fiscal year 2020-21 are as follows:

Hetch Hetchy Power	
Bonds issued with revenue pledge	$ 64,871
Bond principal and interest remaining due at end of the fiscal year	71,082
Bond principal and interest paid in the fiscal year*	5,368
Net revenues	10,609
Funds available for revenue bond debt service	34,178

* Per Indenture, debt service for coverage is calculated using the amount of principal and interest paid during the year for the 2015 series AB power revenue bonds, which has a senior lien on power enterprise revenues; principal and interest paid during the year for the 2015 Series AB power revenue bonds was $2,567.

Commitments and Contingencies – As of June 30, 2021, Hetch Hetchy had outstanding commitments with third parties of $143.4 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 $5.1 million in fiscal year 2020-21. The payments are to be made for the duration of the license but may be terminated with one year's prior written notice after 2001. The City and the Districts have also agreed to monitor the fisheries, in the lower Tuolumne River, for the duration of the license. A maximum monitoring expense of $1.4 million is to be shared between the City and the Districts over the term of the license. The City's share of the monitoring costs is 52.0% and the Districts are responsible for 48.0% of the costs.

Hetch Hetchy Power

Upon expiration of the City's previous Interconnection Agreement with PG&E, the City began taking service in 2015 under the Wholesale Distribution Tariff (WDT) for distribution service and under the CAISO Open-Access Transmission Tariff for transmission service. The FERC-regulated Wholesale Distribution Tariff is implemented by PG&E through the City specific Service Agreements and Interconnection Agreements. The terms of these agreements have been in contention since the effective date. The City is continuing to negotiate with PG&E and, where necessary, filing complaints and protests at FERC. In September 2020, PG&E filed a revised WDT. Under the terms of the new WDT, the City would pay substantially higher rates, at least twice to potentially four times the current charges, and be required to install costly and inefficient equipment not needed for technical, safety or reliability of operations. In addition, Hetchy Power would no longer be allowed to connect to the "network" grid in the center of San Francisco; have new secondary interconnections; and/or serve any small, typically unmetered loads, such as streetlights, traffic signal and bus shelters.

Staff prepare regular reporting to the Board of Supervisors outlining on-going disputes with PG&E over project requirements, costs and delays. During fiscal year 2020-21, Hetch Hetchy Power purchased $8.9 million of distribution services and other support services 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 the 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 2020-21, Hetchy Power did not purchase power and other related products. There was $0.5 million of excess power sales after meeting Hetch Hetchy's obligations in fiscal year 2020-21.

Hetchy Power (Buyer) purchases energy, capacity, and environmental attributes from a solar photovoltaic project located at Sunset Reservoir (the facility) pursuant to the 2009 25-year Power Purchase Agreement (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 PPA sets the purchase price of generated energy at $235/MWh, increased by 3.0% each year throughout the term of the agreement, and it is expected that the facility will generate 6,560 MWh per year. In fiscal year 2020-21, the facility generated 6,598 MWh and rate was at $324/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 120.0% 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 2020-21, purchases of energy under the PPA were $2.1 million or 6,598 MWh.

CleanPowerSF

CleanPowerSF launched in May 2016 and entered into contracts with Calpine Energy Services L.P. (Calpine) and Shiloh I Wind Project LLC (Shiloh) to purchase renewable and conventional energy and resource adequacy capacity to meet its retail sales obligations. Both contracts feature 10-year master agreements under which multiple transactions may be executed. Calpine did not have any reserve balance requirement in fiscal year 2020-21.

Since its launch, CleanPowerSF has added multiple short-term and medium-term contracts to purchase renewable, carbon-free and conventional energy and resource adequacy capacity, as well as long-term contracts for renewable energy and capacity with renewable energy sPower, Terra-Gen, NextEra and EDF Renewables. These contracts have been entered to allow CleanPowerSF to both meet its existing retail sales obligations and to support future retail sales from the citywide enrollment into the CleanPowerSF program. Citywide enrollment was substantively completed with the enrollment of residential accounts in April 2019. The total power purchase cost, net of wholesale sales in fiscal year 2020-21 equaled $188.5 million.

CleanPowerSF entered into contract with a third-party data management, billing administration, and customer care services provider in November 2015 for a three-year term, not to exceed $5.6 million. On December 1, 2016, Noble Americas Energy Solutions was acquired by Calpine Corporation and was renamed Calpine Energy Solutions. Subsequently, CleanPowerSF's contract was assigned to Calpine Energy Solutions under its new name and ownership. In August 2018, CleanPowerSF exercised its option under the contract to extend the term for three years, through October 31, 2021, and increased the contract's not-to-exceed value to $18.8 million. During fiscal year 2020-21, amounts paid were $6.7 million.

In November 2020, CleanPowerSF executed a Power and Storage Purchase Agreement to purchase solar product and storage product from a solar powered generation facility and battery storage facility located at Livermore pursuant to the 25-year PPA with IP Aramis, LLC (Seller). As of June 30, 2021, CleanPowerSF received cash collateral of $9.0 million for Development Assurance and Performance Assurance from the Seller.

In March 2018, CleanPowerSF entered into a five-year, $75 million Credit Agreement with J.P. Morgan Chase in order for the program to secure letters of credit to guarantee certain payment obligations of CleanPowerSF and to meet working capital needs of CleanPowerSF, if necessary. The Credit Agreement is secured by CleanPowerSF net revenues; there is no pledge of or lien on CleanPowerSF net revenues that ranks senior to the obligations of the Credit Agreement. The letters of credit, issued by J.P. Morgan Chase, were in the amount of $13.8 million as of June 30, 2021. There was no draw against the Credit Agreement during fiscal year 2020-21.

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. As of June 30, 2021, CleanPowerSF was not in compliance with this financial covenant as calculated for the four consecutive fiscal quarters ended on such date, resulting in a covenant event of default under the Credit Agreement. In connection with subsequent amendments to the Credit Agreement, JPMorgan Chase granted a waiver of such event of default for the period ended June 30, 2021.

Transactions with Other Funds – The Water Enterprise purchases water from Hetch Hetchy Water and power from Hetch Hetchy Power. Included in the operating revenues are the water assessment fees totaling $44.1 million and purchased electricity for $9.8 million for the year ended June 30, 2021. The water assessment fees represent a recovery to fund upcountry, water related costs that are not otherwise funded through water-related revenue. During fiscal year 2020-21, $44.1 million of the water assessment fees were received from the Water Enterprise. In addition, the Wastewater Enterprise purchases power from Hetch Hetchy Power totaling $10.1 million for the year ended June 30, 2021. Included in 2021 operating revenues are sales of power to departments within the City of $82.1 million.

A variety of other City departments provide services such as engineering, purchasing, legal, data processing, telecommunications, and human resources to Hetch Hetchy and charge amounts designed to recover those departments' costs. These charges total approximately $12.6 million for the year ended June 30, 2021 and have been included in services provided by other departments.

For the year ended June 30, 2021, operating expenses include purchase of power from Hetchy Power to CleanPowerSF were $2.5 million.

CleanPowerSF received program support services from Hetchy Power. This amount totaled $2.2 million for the year ended June 30, 2021.

(e) San Francisco Municipal Transportation Agency

The San Francisco Municipal Transportation Agency (SFMTA) is governed by the SFMTA Board of Directors, who are appointed by the Mayor and Board of Supervisors. The SFMTA's financial statements include the entire City's surface transportation network that encompasses pedestrians, bicycling, transit (Muni), traffic and on- and off-street parking, regulation of the taxi industry, and two nonprofit parking garage corporations operated by separate nonprofit corporations whose operations are interrelated.

The SFMTA was established by voter approval of the addition of Article VIIIA to the Charter of the City (the Charter) in 1999 (Proposition E). The purpose of the Charter amendment was to consolidate all surface transportation functions within a single City department, and to provide the Transportation System with the resources, independence, and focus necessary to improve transit service and the City's transportation system. The voters approved additional Charter amendments: (1) in 2007 (Proposition A), which increased the autonomy of and revenue to the SFMTA; (2) in 2010 (Proposition G), which increased management flexibility related to labor contracts; (3) in 2014 (Proposition A), which provided $500 million in general obligation bonds for transportation and street infrastructure; (4) in 2014 (Proposition B), which increases general fund allocation to SFMTA based on the City's population increase and (5) in 2019 (Proposition D), which imposes tax on fares charged by commercial shared and private rides to fund transportation operations and infrastructure for traffic congestion mitigation in the City.

(Dollars in Thousands)

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 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 activities of these nonprofit garages are accounted for in the parking garages account.

Pledged Revenue – In 2007, San Francisco voters approved Proposition A, which authorized the SFMTA to issue revenue bonds and other forms of indebtedness without further voter approval but with approval by the SFMTA Board of Directors and concurrence by the Board of Supervisors. The SFMTA has pledged future revenues to repay various bonds. Proceeds from the revenue bonds provided financing for various capital construction projects and to refund 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 the fiscal year 2050-51.

Annual principal and interest payments for fiscal year 2020-21 were 12.3% 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 2020-21, applicable net revenues, and funds available for bond debt service are as follows:

Bonds issued with revenue pledge	$ 457,065
Bond principal and interest remaining due at end of the fiscal year	711,524
Net revenues	171,661
Bond principal and interest paid in the fiscal year	23,326
Funds available for revenue bond debt service	194,987

Operating and Capital Grants and Subsidies – The City's Annual Appropriation Ordinance provides funds to subsidize the operating deficits of SFMTA as determined by the City's budgetary accounting procedures and subject to the appropriation process. The amount of General Fund subsidy to the SFMTA was $442.7 million in fiscal year 2020-21. The General Fund subsidy includes a total revenue baseline transfer of $346.2 million, as required by the City Charter. In addition, SFMTA received $38 million from an allocation of the City's parking tax. Proposition B, approved by the voters in November 2014, provides additional City General Fund resources to address transportation needs tied to the City population growth. In fiscal year 2020-21, SFMTA received $55.6 million from this source. In fiscal year 2020-21, SFMTA also received additional City General Fund allocation of $2.9 million to fund various capital projects such as the Chase Event Center and mixed-use development project and Community Building Program for District 5.

The SFMTA also receives operating assistance from various federal, state, and local sources, including Transit Development Act funds, diesel fuel, and sales tax allocations. As of June 30, 2021, the SFMTA had various operating grants receivable of $77.0 million. In fiscal year 2020-21, the SFMTA's operating assistance from BART's Americans with Disability Act related support of $1.2 million, and other federal, state, and local grants of $6.7 million, to fund project expenses that are operating in nature.

The operating assistance from federal sources include funds received from FTA in response to COVID-19 pandemic. The SFMTA received $176.6 million in Coronavirus Aid, Relief, and Economic Security Act funding in fiscal year 2020-21. The SFMTA was awarded $340.9 million in the Coronavirus Response and Relief Supplemental Appropriations Act funding of which $273.6 million was received in fiscal year 2020-21 and $67.3 million remains to be accessed in fiscal year 2021-22.

Proposition 1B is a $20 billion transportation infrastructure bond that was approved by state voters in November 2006. The bond measure is composed of several funding programs including the Public Transportation Modernization, Improvement and Service Enhancement Account Program (PTMISEA) and the California Transit Security Grant Program (CTSGP). The original legislation required funds to be obligated within three years of the date awarded. The Budget Act of 2019 re-appropriated the remaining balances of PTMISEA appropriations, which are available for encumbrance and liquidation until June 30, 2023. PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, bus and rail car procurement, rehabilitation, or replacement. CTSGP is administered by the California Governor's Office of Emergency Services (Cal OES). Funding from the CTSGP is for projects that protect critical transportation infrastructure and the traveling public from acts of terrorism, major disasters, and other emergencies. Per current Cal OES guidance, all funds allocated with outstanding balances shall be expended no later than March 31, 2022. The SFMTA did not receive cash in fiscal year 2020-21 from PTMISEA and CTSGP. During fiscal year 2020-21, $1.2 million and $1.1 million in drawdowns were made for various eligible projects from PTMISEA and CTSGP funds, respectively.

Commitments and Contingencies – The SFMTA has outstanding commitments of approximately $303.5 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 $68.9 million with third parties for noncapital expenditures. Various local funding sources are used to finance these expenditures.

(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, 2021, the subsidy for LHH was $60.3 million.

Net Patient Services Revenue - Net patient services revenues are recorded at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Patient accounts receivable are recorded net of estimated allowances, which include allowances for contractuals and bad debt. These allowances are based on current payment rates, including per diems, Diagnosis-Related Group (DRG) reimbursement amounts and payment received as a percentage of gross charges.

Third-Party Payor Agreements - LHH has agreements with third-party payors that provide for reimbursement to LHH at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the hospital's established rate for services and amounts reimbursed by third-party payors. Medicare and Medi-Cal are the major third-party payors with whom such agreements have been established. Laws and regulations governing the

(Dollars in Thousands)

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 fiscal year ended June 30, 2021, LHH's patient receivables and charges for services were as follows:

Patient Receivables, Net

	Medi-Cal	Medicare	Other	Total
Gross Accounts Receivable	$ 91,822	$ 6,228	$ 686	$ 98,736
Less:				
Provision for Contractual Allowances	(60,751)	(4,120)	(454)	(65,325)
Total, net	$ 31,071	$ 2,108	$ 232	$ 33,411

Net Patient Service Revenue

	Medi-Cal	Medicare	Other	Total
Gross Revenue	$ 450,227	$ 27,451	$ 3,023	$ 480,701
Less:				
Provision for Contractual Allowances	(231,795)	(23,853)	(3,675)	(259,323)
Total, net	$ 218,432	$ 3,598	$ (652)	$ 221,378

Because Medi-Cal reimbursement rates are less that LHH's established charges rates, LHH is eligible to receive supplemental federal funding. For the year ended June 30, 2021, LHH accrued and recognized $25.9 million of revenue as a result of matching federal funds to local funds.

Unearned Credits and Other Liabilities - As of June 30, 2021, LHH recorded approximately $59.1 million in other liabilities for third-party payor settlements payable.

Transactions with Other Funds – A variety of other City departments provide services such as engineering, purchasing, legal, data processing, telecommunications, human resources, and public protection to LHH and charge amounts designed to recover those departments' costs. These charges totaled $12.9 million for the year ended June 30, 2021 and have been included in services provided by other departments.

As of June 30, 2021, LHH has entered into various purchase contracts totaling $1.8 million that are related to the old building remodel phase of the Replacement Project.

(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, 2021, the subsidy for SFGH was $142.5 million.

Net Patient Services Revenue - Net patient services revenues are recorded at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Patient accounts receivable are recorded net of estimated allowances, which include allowances for contractuals, 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's 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 fiscal year ended June 30, 2021, SFGH's patient receivables and charges for services were as follows:

Patient Receivables, Net

	Medi-Cal	Medicare	Other	Total
Gross Accounts Receivable	$ 225,165	$ 210,740	$ 129,561	$ 565,466
Less:				
Contractual Allowance	(202,846)	(190,220)	(81,075)	(474,141)
Provision for Bad Debts	-	-	(8,967)	(8,967)
Total, Net Accounts Receivable	$ 22,319	$ 20,520	$ 39,519	$ 82,358

Net Patient Service Revenue

	Medi-Cal	Medicare	Other	Total
Gross Patient Service Revenue	$ 1,858,186	$ 1,032,641	$ 944,019	$ 3,834,846
Less:				
Contractual Allowance	(1,598,537)	(853,491)	(472,002)	(2,924,030)
Bad Debt Write Off	-	-	(70,690)	(70,690)
Total, Net Patient Service Revenue	$ 259,649	$ 179,150	$ 401,327	$ 840,126

California's Section 1115 Medicaid Waiver (Waiver), titled "Medi-Cal 2020" began on December 30, 2015. As a result of the Public Health Emergency, parts of the Waiver were extended through December 31, 2021. The Waiver is intended to help sustain the state's Medicaid Program (known as Medi-Cal) by providing California public hospitals federal funding through programs that are designed to shift focus away from hospital-based and inpatient care, towards outpatient, primary and preventative care. California's Medicaid Waiver is a fundamental component of public hospitals' ability to continue to successfully implement the Affordable Care Act (ACA) beyond the primary step of coverage expansion. In addition to fee-for-service cost-based reimbursements for inpatient hospital services, Medi-Cal 2020 waiver features four main programs: (1) a pay-for-performance delivery system transformation and alignment program known as PRIME (Public Hospital Redesign and Incentives in Medi-Cal); (2) Global Payment Program (GPP) for services to the uninsured in designated public hospital systems; (3) Whole Person Care Pilot Program is a county-based, voluntary program to target providing more integrated care for high-risk, vulnerable populations; and (4) Dental Transformation Incentive Program, an optional incentive program to increase the frequency and quality of dental care provided to children.

(Dollars in Thousands)

Payments received under Medi-Cal 2020 Waiver's GPP are utilization based and not dependent on Certified Public Expenditures (CPEs). However, GPP claims are subject to state and federal audit and final reconciliation. SFGH has established reserves for the uncertainty of future financial impact of potential audit and reconciliation adjustments. Revenues recognized under current and previous Medi-Cal Waivers are approximately $116.3 million for the year ended June 30, 2021.

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, 2021, reimbursement under the Short-Doyle Program amounted to approximately $6.4 million and is included in net patient service revenue.

Unearned Credits and Other Liabilities - As of June 30, 2021, SFGH recorded approximately $340.2 million in unearned credits and other liabilities, which was comprised of $278.0 million in unearned credits mainly related to receipts under DSH/Safety Net Care Pool, The Medicare Accelerated payment program and AB915 programs, $61.6 million in Third Party Settlements payable.

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 $264.7 million and estimated costs and expenses to provide charity care were $74.4 million for the year ended June 30, 2021.

Other Revenues - SFGH recognized $59.9 million of realignment funding for the year ended June 30, 2021.

With California electing to implement a state-run Medicaid Expansion afforded by the Affordable Care Act, the State anticipates that counties' costs and responsibilities for the health care services for the indigent population will decrease as much of the population becomes eligible for coverage through Medi-Cal or Covered California. Starting July 1, 2013, there was a mechanism that provided for the state to redirect health realignment funds to fund social service programs. The redirected amount will be determined according to a formula that takes into account a county's cost and revenue experience and redirects 80% of the savings realized by the county. A final reconciliation has been conducted for fiscal year 2018-19 showing no realignment to be redirected. A final reconciliation will be conducted prior to June 30, 2022 for the year ended June 30, 2020.

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, 2021, was approximately $212.9 million.

Gift - From 2014 through 2016, SFGH received $62.4 million from San Francisco General Hospital Foundation for the acquisition of furniture, fixtures and equipment (FF&E) for the new hospital. As of June 30, 2021, SFGH has spent $47.5 million from the gift on acquisition of FF&E as stipulated by the donor and recorded the remaining $14.9 million as restricted net position.

Commitments and Contingencies - As of June 30, 2021, SFGH had outstanding commitments with third parties for capital projects totaling $6.1 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 collects, transmits, treats, and discharges sanitary and stormwater flows, generated within the City, for the protection of public health and environmental safety. 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, 2021, the Wastewater Enterprise serves approximately 147,926 residential accounts, which discharge about 16.6 million units of sanitary flow per year (measured in hundreds of cubic feet, or ccf) and approximately 26,430 non-residential accounts, which discharge about 4.6 million units of sanitary flow per year.

Pledged Revenues – Wastewater Enterprise's revenues, which consist mainly of sewer service charges, are pledged for the payment of principal and interest on various revenue bonds and State Revolving Fund loans. Proceeds, from the bonds and State Revolving Fund, provided financing for various capital construction projects and to refund previously issued bonds. These bonds and State Revolving Fund loans are payable solely from net revenues of Wastewater Enterprise and are payable through fiscal years ending June 30, 2049 and 2052.

The original amount of revenue bonds issued and State Revolving Fund loans, total principal and interest remaining, principal and interest paid during fiscal year 2020-21, applicable net revenues, and funds available for bond debt service are as follows:

Bonds issued with revenue pledge	$ 1,667,095
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge	113,681
Principal and interest remaining due at end of the fiscal year	2,578,879
Principal and interest paid in the fiscal year	82,066
Net revenues	108,399
Funds available for revenue bond and loans debt service	306,177

Commitments and Contingencies – As of June 30, 2021, the Wastewater Enterprise had outstanding commitments, with third parties, for capital projects and for materials and services totaling $633.3 million.

Pollution Remediation Obligations – As of June 30, 2021, the Wastewater Enterprise recorded $7.8 million in pollution remediation liability, consisting of $7.8 million cleanup cost estimate at the Yosemite Creek site. The pollution remediation obligation reported in the accompanying statement of net position is based on estimated contractual costs.

Transactions with Other Funds – The Wastewater Enterprise purchased power from Hetch Hetchy Power totaling $10.1 million for the year ended June 30, 2021. The Wastewater Enterprise purchased water from Water Enterprise totaling $1.3 million for the year ended June 30, 2021. The Department of Public Works provides certain engineering and other services to the Wastewater Enterprise and the total charge was $15.1 million for the year ended June 30, 2021. A variety of other City departments provide services such as engineering, purchasing, legal, data processing, telecommunications, and human resources to the Wastewater Enterprise and charge amounts designed to recover those departments' costs. These charges total approximately $11.8 million for the year ended June 30, 2021 and have been included in services provided by other departments.

(Dollars in Thousands)

(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 Redevelopment 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) Capital Assets Held by the Successor Agency

For the year ended June 30, 2021, the summary of changes in capital assets is as follows:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land held for lease	$ 4,152	$ -	$ -	$ -	$ 4,152
Capital assets being depreciated:					
Furniture and equipment - General	2,306	-	-	-	2,306
Less accumulated depreciation for:					
Furniture and equipment	(2,302)	(4)	-	-	(2,306)
Total capital assets being depreciated, net	4	(4)	-	-	-
Total capital assets, net	$ 4,156	$ (4)	$ -	$ -	$ 4,152

(b) Summary of the Successor Agency's Long-Term Obligations

Type of Obligation	Final Maturity Date	Remaining Interest Rate	Amount
Hotel tax revenue bonds [(a)]	2025	5.00%	$ 16,230
Tax allocation revenue bonds [(b)]	2047	2.13% - 8.41%	738,897
Total long-term bonds and loans			$ 755,127

Debt service payments are made from the following sources:

(a) Hotel taxes 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.

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 2047, the final maturity date of the bonds. The total principal and interest remaining on these bonds is approximately $1.27 billion. The redevelopment property tax revenues recognized during the year ended June 30, 2021 were $128.8 million against the total debt service payment of $97.3 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 $18.3 million. The hotel tax revenue recognized during the year ended June 30, 2021 was $4.5 million against the total debt service payment of $4.5 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 Revenue 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.

(Dollars in Thousands)

The changes in long-term obligations for the Successor Agency for the year ended June 30, 2021, are as follows:

	July 1, 2020	Additional Obligations, Interest Accretion and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2021
Bonds payable:				
Tax revenue bonds	$ 800,379	$ -	$ (61,482)	$ 738,897
Hotel Tax Revenue Bonds	19,740	-	(3,510)	16,230
Less unamortized amounts:				
For issuance premiums	42,976	-	(2,543)	40,433
For issuance discounts	(2,805)	-	142	(2,663)
Total bonds payable	860,290	-	(67,393)	792,897
Accreted interest payable	72,364	9,150	(3,878)	77,636 (1)
Accrued vacation and sick leave pay	1,215	969	(193)	1,991
Successor Agency - long term obligation	$ 933,869	$ 10,119	$ (71,464)	$ 872,524

(1) Amounts represent interest accretion on Capital Appreciation Bonds.

As of June 30, 2021, the debt service requirements to maturity for the Successor Agency, excluding accrued vacation and sick leave, are as follows:

	Tax Allocation Revenue Bonds		Hotel Tax Revenue Bonds	
June 30,	Principal	Interest *	Principal	Interest
2022	$ 58,881	$ 36,145	$ 3,690	$ 812
2023	50,188	42,255	3,865	627
2024	32,834	43,201	4,220	434
2025	33,071	42,900	4,455	222
2026	30,474	31,332	-	-
2027-2031	154,841	141,193	-	-
2032-2036	154,675	110,618	-	-
2037-2041	134,779	58,078	-	-
2042-2046	80,559	21,386	-	-
2047	8,595	215	-	-
Total	$ 738,897	$ 527,323	$ 16,230	$ 2,095

* Including payment of accreted interest.

During the year ended June 30, 2010, the former Agency borrowed $16.5 million from the Low and Moderate Income Housing Fund (LMIHF) to make payment of $28.7 million to the Supplemental Education Revenue Augmentation Funds (SERAF) to meet the State's Proposition 98 obligations to schools. Upon dissolution of the former Agency, the City elected to become the Housing Successor Agency and retained the former Agency's housing assets and functions, rights, powers, duties, and obligations. The Successor Agency made payments in the amount of $1.8 million to the City during the year ended June 30, 2021, and the outstanding payable balance was $2.9 million.

(c) Commitments and Contingencies Related to the Successor Agency

Encumbrances - At June 30, 2021, the Successor Agency had outstanding encumbrances totaling approximately $8.2 million.

Risk Management - The Successor Agency obtained coverage for personal injury, automobile liability, public official errors and omissions and employment practices liability with limits of $10.0 million per occurrence ($5.0 million for employment practices liability) and a $25 deductible per occurrence.

Operating Leases - The Successor Agency has cancelable operating leases for its office site. Total rent payments for operating leases totaled $1.1 million for the year ended June 30, 2021.

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 aids 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, 2021, the Successor Agency disbursed $18.2 million to the developers through this arrangement and recorded an allowance against these receivables. The Successor Agency also transferred $75.6 million of fully allowed receivables to the City. At June 30, 2021, the gross value of the notes and mortgage receivable was $200.6 million and the allowance for uncollectible amounts was $199.1 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, 2021, the Successor Agency had outstanding community facility district bonds totaling $154.4 million.

Transbay Transit Center Agreements - In July 2003, the City, the Transbay Joint Powers Authority (TJPA), and the State of California acting through its Department of Transportation (Caltrans) entered into the Transbay Transit Terminal Cooperative Agreement (Cooperative Agreement) in which Caltrans agreed to transfer approximately 10 acres of State-owned property in and around the then-existing Transbay Terminal to the City and the TJPA to help fund the development of the Transbay Transit Center (TTC). The Cooperative Agreement requires that the TJPA sell certain State-owned parcels and use the revenues from the sales and the net tax increments to finance the TTC.

In 2008, the City and the former Agency entered into a binding agreement with the TJPA that irrevocably pledges all sales proceeds and net tax increments from the State-owned parcels to the TJPA for a period of 45 years (Pledge Agreement). At the same time, the City, the TJPA and the former Agency entered into an Option Agreement which grants options to the former Agency to acquire the State-owned parcels, arrange for development of the parcels, and distribute the net tax increments to the TJPA to use for the TTC. During the year ended June 30, 2021, the Successor Agency distributed $24.4 million to the TJPA. The payment was recorded as a neighborhood development deduction on the statement of changes in fiduciary net position.

(Dollars in Thousands)

(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 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 650 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 with full conveyance of the former base expected to be completed in 2026.

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 were permitted and are underway. The first residential project on Yerba Buena Island,

a 124-unit condominium building, began construction in June 2019 and is expected to be ready for occupancy in early 2022. Geotechnical improvement of soil conditions in the first subphase area on Treasure Island were substantially completed in 2020, and the construction of new utility and roadway infrastructure is underway. The first residential project on Treasure Island – 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 is scheduled for completion in late 2022.

TICD's Street Improvement Permit (SIP) application and subdivision map for the third subphase area was approved in the third quarter of 2021. The demolition of structures and isolation of utilities in this area have been completed, and the geotechnical ground improvement of this area is scheduled to begin in 2022.

The complete build-out of the project is anticipated to occur over fifteen to twenty years.

As of June 30, 2021, TIDA has the following payables to other City departments:

		6/30/2021		
Payable to	Purpose	Current	Noncurrent	Total
SFCTA	YBI and mobility management expenses	$ 3,264	$ -	$ 3,264
General Fund	Cash coverage	8,283	-	8,283
Hetch Hetchy	Utility operations	51	-	51
Hetch Hetchy	Energy efficiency project	-	6,627	6,627
Wastewater Enterprise	Wastewater replacement & repair project	20	-	20
		$ 11,618	$ 6,627	$ 18,245

(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, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 6,045
	Port of San Francisco	642
		6,687
Nonmajor Governmental Funds	General Fund	71
	Nonmajor Governmental Funds	9,723
	Municipal Transportation Agency	125
		9,919
General Hospital Medical Center	Nonmajor Governmental Funds	104
San Francisco Water Enterprise	Nonmajor Governmental Funds	248
Hetch Hetchy Water and Power Enterprise	General Fund	452
	Nonmajor Governmental Funds	4,588
	San Francisco Wastewater Enterprise	739
		5,779
Municipal Transportation Agency	Nonmajor Governmental Funds	45,111
Port of San Francisco	Hetch Hetchy Water and Power Enterprise	369
San Francisco Wastewater Enterprise	Nonmajor Governmental Funds	236
	Port of San Francisco	25
		261
Total		$ 68,478

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, 2021, Hetch Hetchy loaned $4.6 million to other City funds.

The SFMTA has a receivable from nonmajor governmental funds of $45.1 million for capital and operating grants.

Due from component units:

Receivable Entity	Payable Entity	Amount	
General Fund	Component unit – TIDA	$ 8,283	(1)
Nonmajor Governmental Funds	Component unit – TIDA	3,264	(1)
Hetch Hetchy Water and Power Enterprise	Component unit – TIDA	51	(1)
San Francisco Wastewater Enterprise	Component unit – TIDA	20	(1)
Nonmajor Governmental Funds	Successor Agency	2,633	(2)
Port of San Francisco	Successor Agency	642	(2)

Advance to component units:

Receivable Entity	Payable Entity	Amount	
Hetch Hetchy Water and Power Enterprise	Component unit – TIDA	$ 6,627	(1)
Nonmajor Governmental Funds	Successor Agency	2,896	(2)

(1) See discussion at Note 15.

(2) See discussion at Note 14(b) related to the Due to/Advances from the Primary Government.

	Transfers In: Funds (in thousands)										
Transfers Out: Funds	General Fund	Nonmajor Govern-mental Funds	Internal Service Funds	Water Enterprise	Hetch Hetchy Water and Power Enterprise	Municipal Transporta-tion Agency	San Francisco General Hospital Medical Center	Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total
General Fund	$ -	$ 503,101	$ 73	$ 985	$ -	$ 442,665	$ 142,525	$ 1,440	$ -	$ 76,066	$ 1,166,855
Nonmajor governmental funds	324,092	112,142	-	20,040	-	202,317	-	-	240	-	658,831
San Francisco International Airport	14,736	-	-	-	-	-	-	-	-	-	14,736
Water Enterprise	-	654	-	-	16,000	-	-	-	-	-	16,654
Hetch Hetchy Water and Power Enterprise	500	32	-	-	-	-	-	-	-	-	532
San Francisco General Hospital Medical Center	2,170	-	-	-	-	-	-	-	-	-	2,170
Wastewater Enterprise	-	4,188	-	-	-	-	-	-	-	-	4,188
Port of San Francisco	-	32	-	-	-	-	-	-	-	-	32
Laguna Honda Hospital	2,000	-	-	-	-	-	8,688	-	-	-	10,688
Total transfers out	$ 343,498	$ 620,149	$ 73	$ 21,025	$ 16,000	$ 644,982	$ 151,213	$ 1,440	$ 240	$ 76,066	$ 1,874,686

The $1.17 billion General Fund transfer out includes a total of $645.5 million in operating subsidies to SFMTA, SFGH, and Laguna Honda Hospital (see Note 13). The transfer of $503.1 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 $14.7 million to the General Fund, representing a portion of concession revenues (see Note 13(a)). The General Fund received transfers in of $0.5 million from Hetch Hetchy Water and Power Enterprise for repayment of Educational Revenue Augmentation Funds. The General Fund received transfers in of $170 for interest earned by the SFGH but credited to the General Fund. The General Fund also received $2.0 million from SFGH and $2.0 million from Laguna Honda Hospital to fund the DPH project. SFGH also received $8.7 million from Laguna Honda Hospital for COVID-19 emergency response uses.

SFMTA received $202.3 million transfers from nonmajor governmental funds, of which $49.5 million was for capital activities, $152.8 million was for operating activities.

The Water Enterprise transferred $16.0 million to Hetch Hetchy Water and Power Enterprise to fund various upcountry projects, $622 to the Art Commission for art enrichment for the SF Recycled Water, Sunol Valley Water Improvement and Mountain Tunnel Improvement projects and $32 to the Office of the City Administrator for the Surety Bond Program. In turn, the Water Enterprise received $20.0 million for the Emergency Firefighting Water System, $985 from the General Fund for low income assistance programs and Native Plant Garden project.

The Wastewater Enterprise transferred $4.0 million in art enrichment fund to the Art Commission for Southeast Plant Biosolids Digester Facilities, 1550 Southeast Community Center, and Treasure Island Capital Improvement Projects, $156 to Recreation & Park for Crocker Amazon Park, and $32 to the Office of the City Administrator for the Surety Bond Program. In turn, the Wastewater Enterprise received $1.4 million from the General Fund for the Sidewalk Garden Grants Project.

The Hetch Hetchy Water and Power Enterprise transferred $32 to the Office of the City Administrator for the Surety Bond Program.

The Port of San Francisco received $240 transfer in for Port's capital projects and transferred $32 to the Office of the City Administrator for the Surety Bond Program.

(17) COMMITMENTS AND CONTINGENT LIABILITIES

Operating Leases

The City has noncancelable operating leases for certain buildings and data processing equipment, which require the following minimum annual payments (in thousands):

Governmental Activities

Fiscal Years	
2022	$ 64,281
2023	57,319
2024	43,117
2025	34,100
2026	25,677
2027-2031	74,293
2032-2036	35,738
2037-2041	15,993
2042-2046	583
Total	$ 351,101

Operating lease expense incurred for governmental activities for fiscal year 2020-21 was approximately $66.5 million.

Business-type Activities

Fiscal Years	Airport	Port	SFGH	SFMTA	Total Business-type Activities
2022	$ 259	$ 3,338	$ 6,663	$ 20,686	$ 30,946
2023	260	4,104	4,688	8,559	17,611
2024	75	4,104	1,626	6,677	12,482
2025	75	4,104	662	5,370	10,211
2026	75	4,268	662	4,365	9,370
2027-2031	-	22,486	662	21,541	44,689
2032-2036	-	22,486	441	9,606	32,533
2037-2041	-	22,486	-	1,773	24,259
2042-2046	-	22,486	-	2,052	24,538
2047-2051	-	22,486	-	13,277	35,763
2052-2056	-	22,486	-	-	22,486
2057-2061	-	22,486	-	-	22,486
2062-2066	-	16,115	-	-	16,115
Total	$ 744	$ 193,435	$ 15,404	$ 93,906	$ 303,489

Operating lease expense incurred for the Airport, Port, SFGH and SFMTA for fiscal year 2020-21 was $0.4 million, $2.8 million, $10.1 million, and $27.3 million, respectively.

Several City departments lease land and various facilities to tenants and concessionaires who will provide the following minimum annual payments:

Governmental Activities

Fiscal Years	
2022	$ 5,834
2023	5,034
2024	4,590
2025	4,540
2026	4,456
2027-2031	20,102
2032-2036	17,960
2037-2041	17,960
2042-2046	17,145
2047-2051	243
Total	$ 97,864

Business-type Activities

Fiscal Years	Airport	Port	SFGH	SFMTA	Total Business-type Activities
2022	$ 82,489	$ 55,121	$ 1,892	$ 3,112	$ 142,614
2023	80,842	45,563	1,949	2,924	131,278
2024	76,910	35,973	2,007	2,713	117,603
2025	73,263	30,910	2,068	1,926	108,167
2026	31,597	28,991	2,130	1,695	64,413
2027-2031	51,423	125,403	14,188	6,250	197,264
2032-2036	-	106,826	-	6,250	113,076
2037-2041	-	73,833	-	6,250	80,083
2042-2046	-	50,814	-	6,250	57,064
2047-2051	-	36,184	-	12,083	48,267
2052-2056	-	15,515	-	-	15,515
2057-2061	-	13,449	-	-	13,449
2062-2066	-	13,449	-	-	13,449
2067-2071	-	6,648	-	-	6,648
2072-2076	-	5,399	-	-	5,399
2077-2081	-	370	-	-	370
Total	$ 396,524	$ 644,448	$ 24,234	$ 49,453	$ 1,114,659

The Airport and Port have certain rental agreements with concessionaires, which specify that rental payments are to be based on a percentage of tenant sales, subject to a minimum amount. Concession percentage rents in excess of minimum guarantees for the Airport and Port were approximately $1.5 million and $4.8 million, respectively, in fiscal year 2020-21. Airport's concession agreements provide that the MAG does not apply if the actual enplanements achieved during a one-month period is less than 80% of the actual enplanements of the same reference month in the reference year, and such shortfall continues for three consecutive months, and the reduced enplanement levels during the COVID-19 pandemic have resulted in inapplicability of the MAG pursuant to these provisions. The MAG

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

is reinstated once monthly enplanements equal or exceed 80% for the reference month enplanement for two consecutive months. Effective September 1, 2020, new five-year leases, with two (2) additional two-year extension options, exercisable at the sole discretion of the Airport, commenced with four rental car companies. The agreements provide for an aggregate MAG of $47.2 million. However, the MAG has been suspended since the effective date of the leases and will continue to be suspended until enplanements return to 80% of the levels seen for the "Reference Year" for the leases, which is 2017 (the calendar year before the leases were awarded), for a period of at least two months (compared to the same months in the Reference Year). While the MAG is suspended, only percentage rent equal to 10% of gross revenues will be due from the rental car operators.

Other Commitments

The Retirement System has unfunded commitments to contribute capital for real assets in the amount of $2.26 billion, private equity in the amount of $3.30 billion, private credit in the amount of $1.70 billion, and absolute return investments in the amount of $336.3 million, which totaled $7.59 billion at June 30, 2021.

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.

(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, 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 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 single occurrence and commercial property insurance coverage for full replacement value on all facilities at the Airport owned by the Airport, subject to a limit of $1.0 billion per single occurrence and a deductible of $500 per single occurrence. This policy includes flood coverage up to a $10.0 million sub-limit and business interruption coverage up to a $100.0 million pooled sub-limit. The Airport carries public officials' liability and employment practices liability coverage of $5.0 million, subject to a deductible of $100 per single occurrence for each wrongful act other than employment practices' violations, and $250 per each occurrence for each employment practices' violation. The Airport also carries insurance for public employee dishonesty, fine arts, electronic data processing equipment, 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. 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's purchase of War Perils Liability in the London markets extends coverage to terrorist acts.

The Port carries the following insurance (listed coverage limits and related deductible amounts are effective July 1, 2021): 1) marine general liability coverage of $100.0 million, subject to a deductible of $100 per occurrence; 2) hull and machinery liability coverage of $1.0 million, subject to a deductible of $100 per occurrence; 3) commercial property insurance for Port facilities, subject to a maximum of

$140.0 million and a deductible of $10.0 million per occurrence (increased from a maximum of $100.0 million and a deductible of $5.0 million per occurrence before July 1, 2021); and 4) public officials and employee liability coverage of $5.0 million, subject to a deductible of $50 per occurrence. The Port also carries insurance coverage for employee dishonesty, auto liability, property damage for certain high value Port vehicles, water pollution, and data processing equipment. 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 Commission and the City as additional insured parties. Tenants whose operations pose a significant environment risk are also required to post an environmental oversight deposit and an environmental performance deposit.

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 or required.

Risks	Coverage
a. General/Transit Liability	Self-insured
b. Property	Self-insured and purchase insurance
c. Workers' Compensation	Self-insured
d. Employee (transit operators)	Purchase insurance
e. Directors and Officers	Purchase insurance

The SFMTA is self-insured on general liability. Through coordination with the Controller and City Attorney's Office, the SFMTA 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. The annual budget for claims was $8.6 million for fiscal year 2020-21. As of June 30, 2021, the reserve was $31.8 million. 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 its facilities, Breda light rail cars, and personal property. 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 on 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.

Estimated Claims Payable

Numerous lawsuits are pending or threatened against the City. The City's liability as of June 30, 2021 has been actuarially determined and includes an estimate of incurred but not reported losses and allocated loss adjustment expenses.

CITY AND COUNTY OF SAN FRANCISCO
Notes to Basic Financial Statements (Continued)
June 30, 2021
(Dollars in Thousands)

Changes in the reported estimated claims payable since July 1, 2019, resulted from the following activity:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2019-2020	$ 343,501	$ 77,433	$ (82,260)	$ 338,674
2020-2021	338,674	86,603	(34,922)	390,355

Breakdown of the estimated claims payable at June 30, 2021 is follows:

Governmental activities:	
Current portion of estimated claims payable........................	$ 83,426
Long-term portion of estimated claims payable....................	121,427
Total	$ 204,853
Business-type activities:	
Current portion of estimated claims payable........................	$ 84,110
Long-term portion of estimated claims payable....................	101,392
Total	$ 185,502

Workers' Compensation

The City self-insures for workers' compensation coverage. The City's liability as of June 30, 2021 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, 2021 was $536.9 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, 2019, resulted from the following activity:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2019-2020	$ 508,358	$ 117,671	$ (101,402)	$ 524,627
2020-2021	524,627	118,720	(106,408)	536,939

(Dollars in Thousands)

Breakdown of the accrued workers' compensation liability at June 30, 2021 is as follows:

Governmental activities:	
Current portion of accrued workers' compensation liability......	$ 56,729
Long-term portion of accrued workers' compensation liability..	249,093
Total	$ 305,822
Business-type activities:	
Current portion of accrued workers' compensation liability......	$ 40,621
Long-term portion of accrued workers' compensation liability..	190,496
Total	$ 231,117

(19) Subsequent Events

(a) Debt Issuance

In July 2021, the City issued $1.0 million of tax-exempt CP with an interest rate of 0.07% and maturity of August 2021 to provide new money for the construction of a homeless services center to be located within the City.

In August 2021, the City rolled over $9.0 million of tax-exempt CP issued for capital equipment for the San Francisco General Hospital and the costs of construction of a homeless services center with an interest rate of 0.06% and maturity of September 2021.

In August 2021, the City issued General Obligation Bonds Series 2021C (Transportation and Road Improvement, Tax Exempt Series 2021C-1 and Taxable Series 2021C-2) (Series 2021C Bonds) in the amount of $104.8 million and $18.0 million, respectively. The Series 2021C-1 Bonds bear interest rates of 4.0% and 5.0% and will mature through June 2046 and the Series 2021C-2 Bonds bear an interest rate of 0.08% and will finally mature in October 2021. The Series 2021C Bonds were issued to provide funds to construct, redesign and rebuild streets and sidewalks and to make infrastructure repairs and improvements that increase Muni service reliability, ease traffic congestion, reduce vehicle travel times, enhance pedestrian, and bicycle safety, and improve disabled access, and to pay certain costs related to the issuance of the Series 2021C Bonds.

In August 2021, the City issued General Obligation Bonds Series 2021D (Health and Recovery, Tax Exempt Series 2021D-1 and Taxable Series 2021D-2) (Series 2021D Bonds) in the amount of $194.3 million and $64.3 million, respectively. The Series 2021D-1 Bonds bear interest rates of 4.0% and 5.0% and will mature through June 2046 and the Series 2021D-2 Bonds bear interest rates of 0.08% and 0.25% and will finally mature in June 2022. The Series 2021D Bonds were issued to finance the acquisition or improvement of real property, including to stabilize, improve, and make permanent investments in supportive housing facilities, shelters, and/or facilities that deliver services to persons experiencing mental health challenges, substance use disorder and/or homelessness; improve the accessibility, safety and quality of parks, open spaces and recreation facilities; improve the accessibility, safety and condition of the City's streets and other public right-of-way and related assets; and to pay certain cost related to the issuance of the Series 2021D Bonds.

In August 2021, the City issued General Obligation Bonds Series 2021E (Earthquake Safety and Emergency Response, Tax Exempt Series 2021E-1 and Taxable Series 2021E-2) (Series 2021E Bonds) in the amount of $74.1 million and $13.0 million, respectively. The Series 2021E-1 Bonds bear interest rates of 4.0% and 5.0% and will mature through June 2046 and the Series 2021E-2 Bonds bear an interest rate of 0.08% will finally mature in October 2021. The Series 2021E Bonds were issued to provide funds to improve fire, earthquake, and emergency response by improving, constructing, and/or replacing deteriorating cisterns, pipes, and tunnels, and related facilities to ensure firefighters a reliable

water supply for fires and disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public safety facilities, and to pay certain cost related to the issuance of the Series 2021E Bonds.

In September 2021, the City issued $18.8 million of taxable CP with an interest rate of 0.09% and maturity of December 2021, and $9.0 million of tax-exempt CP with an interest rate of 0.07%, with maturity of October 2021. The taxable CP was issued to refund $18.8 million of maturing CP used to provide funds to assist in the development, acquisition, construction, or rehabilitation of affordable rental housing projects. The tax-exempt CP was issued to refund $9.0 million of maturing CP issued to finance the costs of the acquisition of furniture, fixtures and equipment for the San Francisco General Hospital and the costs of construction of a homeless services center to be located within the City.

In September 2021, the City issued General Obligation Bonds Series 2021-R2 (2021-R2 Bonds) in the amount of $86.9 million with an interest rate of 5.0% and principal maturing from June 2022 through June 2028 to refund certain outstanding general obligation bonds described below and to pay certain costs related to the issuance of the 2021-R2 Bonds.

General Obligation Bonds, Series 2021-R2 (Forward Delivery)				
Description of Bonds	Principal Refunded	Maturities Refunded	Redemption Price	Redemption Date
Refunding Bonds S2011-R1	$ 94,125	2022-2030	100%	12/15/2021

On the date of delivery of the 2021-R2 Bonds, the proceeds of the bonds in the amount of $96.4 million were deposited with U.S. Bank National Association 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 refunded bonds on December 15, 2021 redemption date and to pay the cost of issuance of the 2021-R2 Bonds.

In October 2021, the City rolled over $9.0 million of tax-exempt CP issued for capital equipment for the San Francisco General Hospital and the costs of construction of a homeless services center with an interest rate of 0.08% and maturity of October 2021. The City subsequently issued $9.8 million of tax-exempt CP to refund the $9.0 million of maturing CP used to provide funds for capital equipment for the San Francisco General Hospital and the costs of construction of a homeless services center with an interest rate of 0.08% and maturity of November 2021.

In October 2021, the Transportation Authority entered into a new Revolving Credit Agreement (RCA) with U.S. Bank National Association (U.S. Bank) for $125.0 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 Transportation Authority's new RCA expires on October 4, 2024. The RCA is secured by a lien on the Transportation Authority's sales tax revenues subordinate to the lien on the sales tax revenues securing the Transportation Authority's Series 2017 Bonds. The Transportation Authority will use the RCA to fund the capital projects and programs included in the Prop K Expenditure Plan.

In November 2021, the SFPUC issued its San Francisco Wastewater Revenue Bonds, 2021 Sub-Series A (SSIP) (Green Bonds), and Sub-Series B (non-SSIP) together with an aggregate principal of $297.9 million to refund approximately $340.0 million aggregate principal amount of CP notes issued pursuant to the Wastewater Enterprise's CP program to finance or refinance a portion of the design, acquisition and construction of various capital projects in furtherance of the SFPUC's SSIP and Wastewater Capital Improvement Program.

In November 2021, the SFPUC issued its San Francisco Wastewater Revenue Notes, 2021 Sub-Series A (SSIP-Biosolids) (Green Notes), and Sub-Series B (SSIP-SEP Improvements) (Green Notes) together with an aggregate principal of $347.5 million to finance a portion of the design, acquisition and construction of the Biosolids Digester Facility Project and Southeast Water Pollution Control Plant improvements.

In November 2021, the City issued $3.9 million of tax-exempt CP with an interest rate of 0.09% and a maturity of December 2021 to provide new money for improvements to Laguna Honda Hospital, provide new money for critical repair capital improvement projects, and to refund CP issued to finance the construction of a homeless services center; and paid down $8.7 million of tax-exempt CP issued for capital equipment for the San Francisco General Hospital.

In December 2021, the City issued $18.8 million of taxable CP with an interest rate of 0.10% and maturity of January 2022, and $4.5 million of tax-exempt CP with an interest rate of 0.09%, with maturity of January 2022. The taxable CP was issued to refund $18.8 million of maturing CP used to provide funds to assist in the development, acquisition, construction, or rehabilitation of affordable rental housing projects. The tax-exempt CP was issued to refund maturing CP and provide new money for the construction of a homeless services center, and to refund maturing CP issued to finance improvements to Laguna Honda Hospital and critical repair capital improvement projects.

In December 2021, the SFPUC issued its San Francisco Power Revenue Bonds, 2021 Sub-Series A (Green), and Sub-Series B together with an aggregate principal of $124.0 million to refund approximately $137.7 million aggregate principal amount of CP notes issued pursuant to the Power Enterprise's CP program to finance or refinance a portion of the design, acquisition, and construction of various capital projects in furtherance of the SFPUC's Power Enterprise capital improvement program.

In December 2021, the SFPUC issued $23.0 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 were refinanced with proceeds of the Power Revenue Bonds Series 2021 AB issuance on December 22, 2021.

In January 2022, the City rolled over $18.8 million of taxable CP with an interest rate of 0.15% and maturity of March 2022, and $4.5 million of tax-exempt CP with an interest rate of 0.08%, with maturity of February 2022. The taxable CP was issued to refund $18.8 million of maturing CP used to provide funds to assist in the development, acquisition, construction, or rehabilitation of affordable rental housing projects. The tax-exempt CP was issued to refund maturing CP for the construction of a homeless services center, improvements to Laguna Honda Hospital and critical repair capital improvement projects.

(b) Others

CleanPowerSF Guarantee

In November 2021, CleanPowerSF and JPMorgan Chase Bank, National Association (JPMorgan) executed amendments to the March 2018 Credit Agreement. In connection with the amendments, JPMorgan waived the debt service coverage covenant event of default. Among other things, the amendments provided for a decrease in the Credit Agreement amount to $20.0 million from $75.0 million at the request of CleanPowerSF, and extended the agreement to March 2024. Additional changes to the agreement include elimination of target reserve requirements, revisions to debt service coverage 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 credit rating is downgraded below investment grade or suspended, withdrawn or otherwise unavailable.

SFPUC's Claim to California State for Arrearages Relief

The California State Water Board is administering funds to community water and wastewater systems for the California Water and Wastewater Arrearage Payment Program (Program) during fiscal year 2021-22, sourced by the American Rescue Plan Act. The Program was created to provide relief for unpaid bills related to the COVID-19 pandemic. Program guidelines for Wastewater arrearage relief are expected no later than February 2022, after all water arrearage relief has been distributed. The SFPUC has submitted surveys to the State Water Board with information on water arrearages accrued during the pandemic and is in the process of submitting an application. Funds of approximately $7.3 million for water arrearage relief are expected to reach the SFPUC sometime in early 2022.

The California Department of Community Services & Development is administering funds to energy utilities for the California Arrearage Payment Program (Program) during fiscal year 2021-22, sourced by the American Rescue Plan Act. The Program was created to provide relief for unpaid bills related to the COVID-19 pandemic. The SFPUC has submitted surveys to the Department of Community Services & Development. Hetch Hetchy received notice from California Department of Community Services & Development on October 28, 2021 stating that $1.2 million will be allocated to Hetchy Power and $2.4 million will be allocated to CleanPowerSF. Funds for energy arrearage relief are expected to reach the agency sometime in early 2022.

Declaration of Emergency

In August 2021, a water main ruptured at 22nd Avenue and Sloat Boulevard, causing flooding to adjacent areas. In accordance with Chapter 6, Article IV, Section 6.60(d) of the Administrative Code of the City, the SFPUC declared an emergency relating to this event. As of issuance date, the Water Enterprise has spent $387 towards restoration.

Federal Grants

In August 2021, the Airport executed a grant agreement with the FAA for approximately $169.0 million of federal American Rescue Plan Act (ARPA) grant funds for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. In December 2021, the Airport executed a grant agreement with the FAA for approximately $23.8 million of ARPA grant funds for the purpose of providing rent relief to eligible concessionaires.

In September 2021, the SFMTA was awarded operating assistance of $288.2 million through FTA Section 5307 Urbanized Area Formula Program to prevent, prepare for, and respond to the COVID-19 pandemic. In December 2021, the total funding for this grant was amended and increased to $536.5 million. The SFMTA was also awarded grant funds through FTA Section 5309 Capital Investment Grant to help pay for increased capital project costs caused by the COVID-19 pandemic. In August and September 2021, the SFMTA was granted $21.9 million for Van Ness Bus Rapid Transit Project and $23.1 million for Central Subway Project, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) – Schedules of the City's Proportionate Share of the Net Pension Liability

June 30, 2021
(Dollars in Thousands)

	For the year ended June 30, 2021				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	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				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	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				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	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%

	For the year ended June 30, 2018				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.0674%	-0.1388%	0.0216%	0.2751%	0.0003%
Proportionate share of the net pension liability (asset)	$ 4,697,131	$ (13,766)	$ 2,142	$ 27,280	$ 28
Covered payroll	$ 2,880,112	$ 344	$ 4,202	$ 5,042	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	163.09%	-4001.74%	50.97%	541.05%	N/A
Plan fiduciary net position as a percentage of total pension liability	81.78%	73.31%	73.31%	73.31%	73.31%

Required Supplementary Information (Unaudited) –
Schedules of the City's Proportionate Share of the Net Pension Liability (Continued)
June 30, 2021
(Dollars in Thousands)

	For the year ended June 30, 2017				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.2175%	-0.1469%	0.0204%	0.2691%	0.0003%
Proportionate share of the net pension liability (asset)	$ 5,476,654	$ (12,711)	$ 1,765	$ 23,281	$ 27
Covered payroll	$ 2,681,695	$ 329	$ 3,644	$ 3,769	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	204.22%	-3863.53%	48.44%	617.70%	N/A
Plan fiduciary net position as a percentage of total pension liability	77.61%	74.06%	74.06%	74.06%	74.06%

	For the year ended June 30, 2016				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	93.9032%	-0.2033%	0.0188%	0.2413%	0.0004%
Proportionate share of the net pension liability (asset)	$ 2,156,049	$ (13,956)	$ 1,288	$ 16,563	$ 24
Covered payroll	$ 2,529,879	$ 319	$ 3,684	$ 3,427	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	85.22%	-4374.92%	34.96%	483.31%	0.00%
Plan fiduciary net position as a percentage of total pension liability	89.90%	78.40%	78.40%	78.40%	78.40%

	For the year ended June 30, 2015				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	93.7829%	-0.1829%	0.0208%	0.2550%	N/A
Proportionate share of the net pension liability (asset)	$ 1,660,365	$ (11,381)	$ 1,299	$ 15,870	$ -
Covered payroll	$ 2,398,979	$ 303	$ 3,264	$ 3,962	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	69.21%	-3756.11%	39.80%	400.56%	-
Plan fiduciary net position as a percentage of total pension liability	91.84%	80.43%	80.43%	80.43%	-

Notes to Schedule:

SFERS Plan

Benefit Changes – There were no changes in benefits during the measurement period ended June 30, 2020, 2019 and 2018. The impact of benefit changes for the year ended June 30, 2017, which was $1.22 billion, was recognized immediately as pension expense

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of the City's Proportionate Share of the Net Pension Liability (Continued)
June 30, 2021*
(Dollars in Thousands)

Changes of Assumptions – There were no changes in the discount rate for the measurement period ended June 30, 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 – No changes for the year ended June 30, 2020.

* Fiscal year 2014-15 was the first year of implementation of GASB No. 68, therefore only seven years of information is shown

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) – Schedules of Changes in Net Pension Liability and Related Ratios

June 30, 2021*

(Dollars in Thousands)

City CalPERS Safety Plan	2021	2020	2019	2018	2017	2016	2015
Total pension liability:							
Service cost	$ 29,508	$ 30,109	$ 34,006	$ 33,886	$ 31,141	$ 30,987	$ 32,688
Interest on the total pension liability	102,990	98,555	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	(1,465)	(7,134)	6,909	(14,353)	950	(14,218)	-
Benefit payments, including refunds of employee contributions	(66,815)	(62,934)	(56,625)	(51,579)	(47,774)	(44,699)	(41,387)
Net change in total pension liability	64,218	58,596	81,087	131,740	69,411	32,178	67,478
Total pension liability, beginning	1,460,539	1,401,943	1,320,856	1,189,116	1,119,705	1,087,527	1,020,049
Total pension liability, ending	$1,524,757	$1,460,539	$1,401,943	$1,320,856	$1,189,116	$ 1,119,705	$ 1,087,527
Plan fiduciary net position:							
Plan to plan resource movement	$ -	$ -	$ (3)	$ -	$ -	$ (4)	$ -
Contributions from the employer	49,455	43,789	31,189	30,575	23,640	20,718	20,613
Contributions from employees	8,947	9,141	9,359	10,307	14,310	15,061	15,216
Net investment income	57,048	71,212	85,351	104,383	4,731	20,469	138,628
Benefit payments, including refunds of employee contributions	(66,815)	(62,934)	(56,625)	(51,579)	(47,774)	(44,699)	(41,387)
Administrative expenses	(1,611)	(772)	(1,585)	(1,366)	(567)	(1,048)	-
Other miscellaneous income/(expense)	-	2	(3,011)	-	-	-	-
Net change in plan fiduciary net position	47,024	60,438	64,675	92,320	(5,660)	10,497	133,070
Plan fiduciary net position, beginning	1,142,641	1,082,203	1,017,528	925,208	930,868	920,371	787,301
Plan fiduciary net position, ending	$1,189,665	$1,142,641	$1,082,203	$1,017,528	$ 925,208	$ 930,868	$ 920,371
Plan net pension liability, ending	$ 335,092	$ 317,898	$ 319,740	$ 303,328	$ 263,908	$ 188,837	$ 167,156
Plan fiduciary net position as a percentage of the total pension liability	78.02%	78.23%	77.19%	77.04%	77.81%	83.14%	84.63%
Covered payroll	$ 92,968	$ 94,522	$ 106,765	$ 107,812	$ 110,139	$ 109,462	$ 111,311
Plan net pension liability as a percentage of the covered payroll	360.44%	336.32%	299.48%	281.35%	239.61%	172.51%	150.17%

Notes to Schedule:

Benefit Changes – The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions – None in 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate for the measurement period ended June 30, 2020. The discount rate decreased from 7.65% to 7.15% for the measurement period ended June 30, 2017.

* Fiscal year 2014-15 was the first year of implementation of GASB No. 68, therefore only seven years of information is shown

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) – Schedules of Changes in Total Pension Liability and Related Ratios

June 30, 2021*

(Dollars in Thousands)

City Replacement Benefits Plan	2021	2020	2019	2018	2017
Plan total pension liability:					
Service cost	$ 1,976	$ 1,286	$ 1,298	$ 1,605	$ 956
Interest	4,776	3,538	2,998	2,218	2,112
Changes of benefits	-	-	-	-	10,310
Differences between expected and actual experience	7,800	13,588	564	15,326	-
Changes of assumptions	37,013	29,565	5,540	(10,290)	11,516
Benefit payments	(3,634)	(2,958)	(2,442)	(3,164)	(1,332)
Net change in total pension liability	47,931	45,019	7,958	5,695	23,562
Total pension liability, beginning	137,272	92,253	84,295	78,600	55,038
Plan total pension liability, ending:	$ 185,203	$ 137,272	$ 92,253	$ 84,295	$ 78,600
Covered-employee payroll	$ 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	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, 2020.

Changes of Assumptions – The discount rate decreased from 3.50% to 2.21% in the measurement period ended June 30, 2020. 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 five years of information is shown.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans
June 30, 2021
(Dollars in Thousands)

For the year ended June 30, 2021

	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 791,736	$ -	$ 606	$ 2,299	$ 8	$ 51,185
Contributions in relation to the actuarially determined contributions	(791,736)	-	(606)	(2,299)	(8)	(51,185)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,434,713	$ -	$ 4,826	$ 7,430	$ -	$ 93,702
Contributions as a percentage of covered payroll	23.05%	N/A	12.56%	30.94%	N/A	54.63%

For the year ended June 30, 2020

	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 701,307	$ 10	$ 539	$ 2,012	$ 7	$ 40,778
Contributions in relation to the actuarially determined contributions	(701,307)	(10)	(539)	(2,012)	(7)	(40,778)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,378,945	$ 179	$ 4,423	$ 6,745	$ -	$ 92,968
Contributions as a percentage of covered payroll	20.76%	5.59%	12.19%	29.83%	N/A	43.86%

For the year ended June 30, 2019

	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 607,408	$ 28	$ 479	$ 1,637	$ 7	$ 34,933
Contributions in relation to the actuarially determined contributions	(607,408)	(28)	(479)	(1,637)	(7)	(34,933)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,186,405	$ 359	$ 4,396	$ 6,384	$ -	$ 94,522
Contributions as a percentage of covered payroll	19.06%	7.80%	10.89%	25.65%	N/A	36.96%

For the year ended June 30, 2018

	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 582,568	$ 42	$ 403	$ 1,283	$ 6	$ 30,743
Contributions in relation to the actuarially determined contributions	(582,568)	(42)	(403)	(1,283)	(6)	(30,743)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,045,153	$ 390	$ 4,039	$ 5,742	$ -	$ 106,765
Contributions as a percentage of covered payroll	19.13%	10.77%	9.99%	22.34%	N/A	28.80%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans (Continued)
June 30, 2021*
(Dollars in Thousands)

For the year ended June 30, 2017

	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 519,073	$ 35	$ 293	$ 970	$ 2	$ 27,190
Contributions in relation to the actuarially determined contributions	(519,073)	(35)	(293)	(970)	(2)	(27,190)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,880,112	$ 344	$ 4,202	$ 5,042	$ -	$ 107,812
Contributions as a percentage of covered payroll	18.02%	10.17%	6.97%	19.24%	N/A	25.22%

For the year ended June 30, 2016

	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 496,343	$ 33	$ 280	$ 828	$ 2	$ 23,640
Contributions in relation to the actuarially determined contributions	(496,343)	(33)	(280)	(828)	(2)	(23,640)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,681,695	$ 329	$ 3,644	$ 3,769	$ -	$ 110,139
Contributions as a percentage of covered payroll	18.51%	10.03%	7.68%	21.97%	0.00%	21.46%

For the year ended June 30, 2015

	City SFERS Plan	CalPERS Miscellaneous Plans: City	CalPERS Miscellaneous Plans: Transportation Authority	CalPERS Miscellaneous Plans: Successor Agency	CalPERS Miscellaneous Plans: Treasure Island	CalPERS Safety Plan
Actuarially determined contributions [(1) **]	$ 556,511	$ 31	$ 400	$ 598	$ 2	$ 20,718
Contributions in relation to the actuarially determined contributions [(1)]	(556,511)	(31)	(400)	(598)	(2)	(20,718)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,529,879	$ 319	$ 3,684	$ 3,427	$ -	$ 109,462
Contributions as a percentage of covered payroll	22.00%	9.72%	10.86%	17.45%	0.00%	18.93%

[(1)] Contractually required contributions is an actuarially determined contribution for all cost-sharing plans.

* Fiscal year 2014-15 was the first year of implementation of GASB No. 68, therefore only seven years of information is shown.

** In fiscal year 2014-15, the actuarially determined contributions were based on an estimate. The City made a $0.1 million adjustment to align the estimated employer contribution amount with the actual employer contribution per the 2015 agent-multiple employer CalPERS report for the CalPERS Safety Plan. Due to the early implementation of GASB Statement No. 82, the City decreased the actuarially determined contributions for the City SFERS plan to deduct the employer pickup in the amount of $8.6 million.

(Dollars in Thousands)

Methods and assumptions used to determine FY 2020-21 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 2019-20 contribution rates to SFERS Plan

Valuation date	July 1, 2018
Actuarial cost method	Entry-age normal cost method
Amortization method	Level annual percentage of payroll
Remaining amortization period	Closed 15-year period
Asset valuation method	5 year smoothed market
Investment rate of return	7.40% (net of investment expenses)
Inflation	3.00% compounded annually
Projected salary increase	Wage inflation component: 3.50%

Methods and assumptions used to determine FY 2018-19 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 2017-18 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 2016-17 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 2015-16 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%

Methods and assumptions used to determine FY 2014-15 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%

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans (Continued)
June 30, 2021
(Dollars in Thousands)

Methods and assumptions used to determine FY 2020-21 contribution rates to CalPERS plans

Valuation date	June 30, 2018
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.00%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.500%
Payroll growth	2.750%

Methods and assumptions used to determine FY 2019-20 contribution rates to CalPERS plans

Valuation date	June 30, 2017
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.25%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.625%
Payroll growth	2.875%

Methods and assumptions used to determine FY 2018-19 contribution rates to CalPERS plans

Valuation date	June 30, 2016
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.375%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.75%
Payroll growth	3.00%

Methods and assumptions used to determine FY 2017-18 contribution rates to CalPERS plans

Valuation date	June 30, 2015
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.75%
Payroll growth	3.00%

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans (Continued)
June 30, 2021
(Dollars in Thousands)

Methods and assumptions used to determine FY 2016-17 contribution rates to CalPERS plans

Valuation date	June 30, 2014
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.75%
Payroll growth	3.00%

Methods and assumptions used to determine FY 2015-16 contribution rates to CalPERS plans

Valuation date	June 30, 2013
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Market Value
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Methods and assumptions used to determine FY 2014-15 contribution rates to CalPERS plans

Valuation date	June 30, 2012
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	7 years as of the valuation date (Miscellaneous) 25 years as of the valuation date (Safety)
Asset valuation method	15-year smoothed market
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Other Postemployment Healthcare Benefits Plan
June 30, 2021
(Dollars in Thousands)

	2021 City Plan	2021 Successor Agency	2021 Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 141,642	$ 344	$ 92
Interest (includes interest on service cost)	314,907	830	114
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(381,922)	-	(1)
Changes of assumptions	151,725	(248)	-
Benefit payments, including refunds of member contributions	(196,445)	(902)	(61)
Net change in total OPEB liability	**29,907**	**24**	**144**
Total OPEB liability - beginning	**4,282,418**	**12,395**	**1,478**
Total OPEB liability - ending	**$ 4,312,325**	**$ 12,419**	**$ 1,622**
Plan fiduciary net position			
Contributions - employer	$ 235,963	$ 2,901	$ 61
Contributions - member	60,236	-	-
Net investment income	22,746	285	67
Benefit payments, including refunds of member contributions	(196,445)	(902)	(61)
Administrative expense	(113)	(7)	(1)
Net change in plan fiduciary net position	**122,387**	**2,277**	**66**
Plan fiduciary net position - beginning	**366,603**	**8,051**	**1,890**
Plan fiduciary net position - ending	**488,990**	**10,328**	**1,956**
Net OPEB liability/(asset) - ending	**$ 3,823,335**	**$ 2,091**	**$ (334)**
Plan fiduciary net position as a percentage of the total OPEB liability	11.3%	83.2%	120.6%
Covered payroll	$ 3,951,792	$ 6,745	$ 4,355
Net OPEB liability/(asset) as a percentage of covered payroll	96.7%	31.0%	-7.7%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)
June 30, 2021
(Dollars in Thousands)

	2020 City Plan	2020 Successor Agency	2020 Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 133,736	$ 335	$ 118
Interest (includes interest on service cost)	283,520	812	143
Changes of benefit terms	-	-	-
Differences between expected and actual experience	194,068	-	(596)
Changes of assumptions	-	-	(63)
Benefit payments, including refunds of member contributions	(185,839)	(906)	(60)
Net change in total OPEB liability/(asset)	**425,485**	**241**	**(458)**
Total OPEB liability - beginning	**3,856,933**	**12,154**	**1,936**
Total OPEB liability - ending	**$ 4,282,418**	**$ 12,395**	**$ 1,478**
Plan fiduciary net position			
Contributions - employer	$ 218,625	$ 2,967	$ 138
Contributions - member	51,024	-	-
Net investment income	26,959	407	106
Benefit payments, including refunds of member contributions	(185,839)	(906)	(60)
Administrative expense	(132)	(3)	(1)
Net change in plan fiduciary net position	**110,637**	**2,465**	**183**
Plan fiduciary net position - beginning	**255,966**	**5,586**	**1,707**
Plan fiduciary net position - ending	**366,603**	**8,051**	**1,890**
Net OPEB liability/(asset) - ending	**$ 3,915,815**	**$ 4,344**	**$ (412)**
Plan fiduciary net position as a percentage of the total OPEB liability	8.6%	65.0%	127.9%
Covered payroll	$ 3,763,446	$ 6,384	$ 4,039
Net OPEB liability/(asset) as a percentage of covered payroll	104.0%	68.1%	-10.2%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)
June 30, 2021
(Dollars in Thousands)

	2019 City Plan	2019 Successor Agency	2019 Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 127,850	$ 164	$ 122
Interest (includes interest on service cost)	290,029	701	129
Changes of benefit terms	-	-	(5)
Differences between expected and actual experience	(385,732)	267	-
Changes of assumptions	111,119	1,572	-
Benefit payments, including refunds of member contributions	(178,019)	(812)	(58)
Net change in total OPEB liability	**(34,753)**	**1,892**	**188**
Total OPEB liability - beginning	**3,891,686**	**10,262**	**1,748**
Total OPEB liability - ending	**$ 3,856,933**	**$ 12,154**	**$ 1,936**
Plan fiduciary net position			
Contributions - employer	$ 203,858	$ 2,145	$ 144
Contributions - member	41,682	-	-
Net investment income	14,105	339	119
Benefit payments, including refunds of member contributions	(178,019)	(812)	(58)
Administrative expense	(137)	(11)	(1)
Net change in plan fiduciary net position	**81,489**	**1,661**	**204**
Plan fiduciary net position - beginning	**174,477**	**3,925**	**1,503**
Plan fiduciary net position - ending	**255,966**	**5,586**	**1,707**
Net OPEB liability - ending	**$ 3,600,967**	**$ 6,568**	**$ 229**
Plan fiduciary net position as a percentage of the total OPEB liability	6.6%	46.0%	88.2%
Covered payroll	$ 3,583,448	$ 5,742	$ 4,045
Net OPEB liability as a percentage of covered payroll	100.5%	114.4%	5.7%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)
June 30, 2021*
(Dollars in Thousands)

	2018 City Plan	2018 Successor Agency	2018 Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 125,195	$ 159	$ 122
Interest (includes interest on service cost)	272,942	692	117
Benefit payments, including refunds of member contributions	(165,470)	(797)	(64)
Net change in total OPEB liability	**232,667**	**54**	**175**
Total OPEB liability - beginning	**3,659,019**	**10,208**	**1,573**
Total OPEB liability - ending	**$ 3,891,686**	**$ 10,262**	**$ 1,748**
Plan fiduciary net position			
Contributions - employer	$ 183,898	$ 1,097	$ 166
Contributions - member	31,686	-	-
Net investment income	17,368	353	134
Benefit payments, including refunds of member contributions	(165,470)	(797)	(64)
Administrative expense	(109)	(3)	(1)
Net change in plan fiduciary net position	**67,373**	**650**	**235**
Plan fiduciary net position - beginning	**107,104**	**3,275**	**1,268**
Plan fiduciary net position - ending	**174,477**	**3,925**	**1,503**
Net OPEB liability - ending	**$ 3,717,209**	**$ 6,337**	**$ 245**
Plan fiduciary net position as a percentage of the total OPEB liability	4.5%	38.2%	86.0%
Covered payroll	$ 3,393,658	$ 5,042	$ 3,946
Net OPEB liability as a percentage of covered payroll	109.5%	125.7%	6.2%

* Fiscal year 2017-18 was the first year of implementation of GASB No. 75, therefore only four years of information is shown.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) – Schedules of Employer Contributions Other Postemployment Healthcare Benefits Plans

Year Ended June 30, 2021*
(In Thousands)

	For the year ended June 30, 2021		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 245,992	$ 813	$ 55
Contributions in relation to the charter required contribution or ADC	(245,992)	(2,259)	(55)
Contribution deficiency/(excess)	$ -	$ (1,446)	$ -
Covered payroll	$ 4,022,105	$ 7,092	$ 4,420
Contributions as a percentage of covered payroll	6.12%	31.85%	1.24%

	For the year ended June 30, 2020		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 235,962	$ 802	$ 51
Contributions in relation to the charter required contribution or ADC	(235,962)	(2,901)	(61)
Contribution deficiency/(excess)	$ -	$ (2,099)	$ (10)
Covered payroll	$ 3,951,792	$ 6,745	$ 4,355
Contributions as a percentage of covered payroll	5.97%	43.01%	1.40%

	For the year ended June 30, 2019		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 218,625	$ 812	$ 138
Contributions in relation to the charter required contribution or ADC	(218,625)	(2,967)	(138)
Contribution deficiency/(excess)	$ -	$ (2,155)	$ -
Covered payroll	$ 3,763,446	$ 6,384	$ 4,039
Contributions as a percentage of covered payroll	5.81%	46.48%	3.42%

	For the year ended June 30, 2018		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 203,858	$ 813	$ 143
Contributions in relation to the charter required contribution or ADC	(203,858)	(2,145)	(143)
Contribution deficiency/(excess)	$ -	$ (1,332)	$ -
Covered payroll	$ 3,583,448	$ 5,742	$ 4,045
Contributions as a percentage of covered payroll	5.69%	37.36%	3.54%

	For the year ended June 30, 2017		
	City Plan	Successor Agency	Transportation Authority
Charter required or actuarially determined contributions (ADC)	$ 183,898	$ 804	$ 165
Contributions in relation to the charter required contribution or ADC	(183,898)	(1,097)	(165)
Contribution deficiency/(excess)	$ -	$ (293)	$ -
Covered payroll	$ 3,393,658	$ 5,042	$ 3,946
Contributions as a percentage of covered payroll	5.42%	21.76%	4.18%

* Fiscal year 2017-18 was the first year of implementation of GASB No. 75, and only five years of information is available for the Successor Agency plan and the Transportation Authority plan.

Required Supplementary Information (Unaudited) – Schedules of Employer Contributions Other Postemployment Healthcare Benefits Plans (Continued)

Year Ended June 30, 2021
(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 2020-2021 contribution rates for the plans are as follows:

Actuarial Assumptions	City Plan for the year ended June 30, 2021
Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 4.00% in 2022, 7.00% in 2023, trending down to ultimate rate of 4.04% in 2075 Medicare trend starts at 1.00% in 2022, 7.50% in 2023, trending down to ultimate rate of 4.04% in 2075 10-County average trend starts at 4.5% in 2022, 5.50% in 2023, trending down to ultimate rate of 4.04% in 2075 Vision and expenses trend remains a flat 3.0% for all years
Expected Rate of Return on Plan Assets	7.00%
Discount Rate	7.00%
Salary Increase Rate	Wage Inflation Component: 3.25% Additional Merit Component (dependent on years of service): Police: 0.50% - 7.50% Fire: 0.50% - 14.00% Muni Drivers: 0.00% - 16.00% Craft: 0.50% - 3.75% Misc: 0.30% - 5.50%
Inflation Rate	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ending June 30, 2019.

Non-Annuitants

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

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

Disabled Retirees

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

Beneficiaries

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

Required Supplementary Information (Unaudited) – Schedules of Employer Contributions Other Postemployment Healthcare Benefits Plans (Continued)

Year Ended June 30, 2021
(In Thousands)

	For the year ended June 30, 2021	
Actuarial Assumptions	**Successor Agency**	**Transportation Authority**
Actuarial Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry age normal cost method	Entry age normal cost method
Asset Valuation Method	Actuarial value of assets	Actuarial value of assets
General Inflation	2.75%, per annum	2.75% per annum
Salary Increases	3.00%, per annum	2.75% per annum, in aggregate
Mortality, Turnover, Disability, and Retirement	CalPERS 2017 Experience Study for the period 1997 to 2015. Post-retirement mortality projected fully generational with Scale MP-2018	CalPERS Experience Study for the period from 1997 to 2015
Healthcare Cost Trend Rate	Non-medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076	Initial 6.5% for non-medicare eligibles, 11% for spouse/domestic partner of medicare eligibles
Investment Rate of Return	6.75%	7.59%

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

Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Budgetary Fund Balance, July 1, as previously reported	$ 526,905	$ 2,781,505	$ 2,781,505	$ -
Cumulative effect of accounting change	-	35,397	35,397	-
Budgetary Fund Balance, July 1, as restated	526,905	2,816,902	2,816,902	-
Resources (Inflows):				
Property taxes	2,019,600	2,161,945	2,343,954	182,009
Business taxes	826,400	798,057	722,642	(75,415)
Other local taxes:				
Sales and use tax	183,670	183,670	146,863	(36,807)
Hotel room tax	126,230	126,230	33,177	(93,053)
Utility users tax	81,090	81,090	81,367	277
Parking tax	59,350	59,350	47,555	(11,795)
Real property transfer tax	138,000	138,000	344,683	206,683
Other local taxes	69,650	69,650	55,395	(14,255)
Licenses, permits and franchises:				
Licenses and permits	7,443	7,245	5,021	(2,224)
Franchise tax	15,732	15,732	15,027	(705)
Fines, forfeitures, and penalties	2,338	2,389	4,412	2,023
Interest and investment income	23,490	20,732	31,657	10,925
Rents and concessions:				
Garages - Recreation and Park	5,588	5,588	1,947	(3,641)
Rents and concessions - Recreation and Park	4,860	4,860	2,468	(2,392)
Other rents and concessions	500	718	587	(131)
Intergovernmental:				
Federal grants and subventions	616,703	756,723	679,537	(77,186)
State subventions:				
Social service subventions	134,817	134,774	121,818	(12,956)
Health / mental health subventions	190,280	242,812	274,515	31,703
Health and welfare realignment	263,786	263,786	292,562	28,776
Public safety sales tax	97,060	97,060	105,028	7,968
Other grants and subventions	75,178	85,905	102,639	16,734
Other	2,870	10,696	9,143	(1,553)
Charges for services:				
General government service charges	87,234	86,543	75,121	(11,422)
Public safety service charges	41,961	41,661	35,845	(5,816)
Recreation charges - Recreation and Park	13,951	13,943	7,865	(6,078)
MediCal, MediCare and health service charges	114,149	112,843	104,644	(8,199)
Other financing sources:				
Transfers from other funds	447,095	417,009	417,009	-
Other resources (inflows)	25,254	59,773	44,799	(14,974)
Subtotal - Resources (Inflows)	5,674,279	5,998,784	6,107,280	108,496
Total amounts available for appropriation	6,201,184	8,815,686	8,924,182	108,496

CITY AND COUNTY OF SAN FRANCISCO

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

Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Charges to Appropriations (Outflows):				
Public Protection				
Adult Probation	$ 37,581	$ 41,969	$ 41,969	$ -
District Attorney	64,594	66,128	65,931	197
Emergency Management	72,696	75,676	74,985	691
Fire Department	374,414	410,267	410,263	4
Juvenile Probation	31,919	30,226	28,537	1,689
Police Accountability	10,208	10,319	9,948	371
Police Department	563,528	572,530	572,197	333
Public Defender	41,924	42,347	41,433	914
Sheriff	212,586	222,840	222,069	771
Superior Court	33,463	33,478	31,376	2,102
Subtotal - Public Protection	1,442,913	1,505,780	1,498,708	7,072
Public Works, Transportation and Commerce				
Appeals Board	1,177	1,151	1,008	143
Economic and Workforce Development	84,258	70,051	57,850	12,201
Municipal Transportation Agency	-	4,798	4,798	-
Port	-	7,628	7,628	-
Public Utilities Commission	-	2,912	2,912	-
Public Works	101,294	132,446	131,462	984
Subtotal - Public Works, Transportation and Commerce	186,729	218,986	205,658	13,328
Human Welfare and Neighborhood Development				
Child Support Services	-	152	151	1
Children, Youth and Their Families	70,086	67,455	67,065	390
Environment	-	30	30	-
Homelessness and Supportive Housing	417,956	288,004	277,469	10,535
Human Rights Commission	11,105	6,830	6,237	593
Human Services	968,208	1,132,923	1,104,442	28,481
Mayor's Office	51,737	100,533	97,514	3,019
Status of Women	9,870	9,646	9,507	139
Subtotal - Human Welfare and Neighborhood Development	1,528,962	1,605,573	1,562,415	43,158
Community Health				
Public Health	1,152,275	1,158,599	1,115,487	43,112
Culture and Recreation				
Academy of Sciences	5,588	5,957	5,551	406
Arts Commission	9,192	9,426	9,426	-
Asian Art Museum	9,700	9,995	9,814	181
Fine Arts Museums	17,167	18,148	18,145	3
Law Library	1,937	1,946	1,817	129
Library	-	14	14	-
Recreation and Park Commission	105,673	101,848	100,744	1,104
Subtotal - Culture and Recreation	149,257	147,334	145,511	1,823

CITY AND COUNTY OF SAN FRANCISCO

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

Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
General Administration and Finance				
Assessor/Recorder	$ 33,666	$ 31,716	$ 31,392	$ 324
Board of Supervisors	18,426	18,413	17,713	700
City Attorney	25,705	25,686	23,017	2,669
Civil Service	925	927	682	245
Controller	13,334	12,485	9,398	3,087
Elections	24,318	20,397	19,791	606
Ethics	4,725	7,508	6,815	693
General Services Agency - Administrative Services	68,940	78,469	77,071	1,398
Health Service System	634	881	300	581
Human Resources	19,491	22,832	22,548	284
Mayor's Office	6,964	6,886	6,474	412
Planning	48,529	52,190	44,960	7,230
Retirement System	1,558	1,094	1,094	-
Telecommunications and Information Services	6,939	12,188	12,008	180
Treasurer/Tax Collector	34,013	41,325	40,354	971
Subtotal - General Administration and Finance	308,167	332,997	313,617	19,380
General City Responsibilities				
General City Responsibilities	185,565	126,993	113,986	13,007
Other financing uses:				
Debt service	18,091	2,600	338	2,262
Transfers to other funds	1,046,155	1,164,927	1,164,927	-
Budgetary reserves and designations	183,070	42,454	-	42,454
Total charges to appropriations	6,201,184	6,306,243	6,120,647	185,596
Total Sources less Current Year Uses	$ -	$ 2,509,443	$ 2,803,535	$ 294,092

Budgetary fund balance, June 30 before reserves and designations	$ 2,803,535
Reserves and designations made from budgetary fund balance not available for appropriation	(1,649,631)
Reserve for Litigation and Contingencies and General Reserve	(251,924)
Net Available Budgetary Fund Balance, June 30	$ 901,980

Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation"	$ 8,924,182
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	(2,816,902)
Property tax revenue - Teeter Plan net change from prior year	(11,090)
Change in unrealized gain/(loss) on investments	(32,648)
Interest earnings / charges from other funds assigned to General Fund as interest adjustment	(613)
Interest earnings from other funds assigned to General Fund as other revenues	2,248
Grants, subventions and other receivables received after 60-day recognition period	20,820
Prepaid lease revenue, Civic Center Garage	167
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(417,009)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - General Fund	$ 5,669,155

Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations"	$ 6,120,647
Difference - budget to GAAP:	
Recognition of expenditures for advances and imprest cash and capital asset acquisition for internal service fund	(362)
Purchase of inventories	15,287
Intergovernmental expense offset	(73,632)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,164,927)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - General Fund	$ 4,897,013

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.

Final Budget

The final budgetary data presented in the basic financial statements 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, 2021
(In Thousands)

The fund balance of the General Fund as of June 30, 2021, on a Budget basis is reconciled to the fund balance on a GAAP basis as follows:

Fund Balance - Budget Basis	$ 2,803,535
Unrealized Gains/ (Losses) on Investments	3,978
Cumulative Excess Property Tax Revenues Recognized on a Budget Basis	(31,745)
Cumulative Excess Health, Human Services, Franchise and Other Revenues Recognized on a Budget Basis	(120,569)
Inventories	17,925
Pre-paid lease revenue	(5,734)
Nonspendable Fund Balance (Assets Reserved for Not Available for Appropriation)	2,714
Fund Balance - GAAP basis	$ 2,670,104

General Fund budget basis fund balance as of June 30, 2021 is composed of the following:

Not available for appropriations:		
Restricted Fund Balance:		
Rainy Day - Economic Stabilization Reserve	$ 114,539	
Committed Fund Balance:		
Budget Stabilization Reserve	320,637	
Assigned for Encumbrances	407,137	
Assigned for Appropriation Carryforward	753,776	
Assigned for Self-Insurance	42,454	
Assigned for Hotel Tax Loss Contingency	6,000	
Assigned for Subsequent Years' Budgets:		
Salaries and benefits costs (MOU)	5,088	
Subtotal		$ 1,649,631
Available for appropriations:		
Assigned for Litigation and Contingences	173,591	
Assigned balance subsequently appropriated as part of the General Fund budget for use in fiscal year 2021-22	173,989	
Unassigned - General Reserve	78,333	
Unassigned - COVID-19 Response and Economic Contingency Reserve	113,500	
Unassigned - Federal & State Emergency Revenue Reserve	100,000	
Unassigned - Fiscal Cliff Reserve	293,900	
Unassigned - Business Tax Stabilization Reserve	149,000	
Unassigned - Gross Receipts Prepayment Reserve	26,000	
Unassigned - Other Reserves	13,807	
Unassigned - Available for future appropriations	31,784	
Subtotal		1,153,904
Fund Balance, June 30, 2021 - Budget basis		$ 2,803,535

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Building Inspection Fund – Accounts for the revenues and expenditures of the Bureau of Building Inspection which provides enforcement and implementation of laws regulating the use, occupancy, location and maintenance of buildings. This fund shall be used by the Department of Building Inspection to defray the costs of the Bureau of Building Inspection in processing and reviewing permits applications and plans, filed inspections, code enforcement and reproduction of documents.

Children and Families Fund – Accounts for property tax revenues, tobacco tax funding from Proposition 10 and interest earnings designated by Charter provision. Monies in this fund are used as specified in the Charter and Proposition 10 to provide services to children less than eighteen years old, and to promote, support and improve the early development of children from the prenatal stage to five years of age.

Community/Neighborhood Development Fund – Accounts for various grants primarily from the Department of Housing and Urban Development including federal grants administered by the former Redevelopment Agency to provide for community development of rundown areas; to promote new housing, child care centers and public recreation areas; to provide a variety of social programs for the underprivileged and provide loans for various community development activities. This fund also includes proceeds from a bond issuance to benefit the Seismic Safety Loan Program which provides loans for seismic strengthening of privately-owned unreinforced masonry buildings in the City.

Community Health Services Fund – Accounts for state and federal grants used to promote public health and mental health programs.

Convention Facilities Fund – Accounts for operating revenues of the convention facilities: Moscone Center, Brooks Hall and Civic Auditorium. In addition to transfers for lease payments of the Moscone Center, this fund provides for operating costs of the various convention facilities and the San Francisco Convention and Visitors Bureau.

Courts Fund – Accounts for a portion of revenues from court filing fees that are specifically dedicated for Courthouse costs.

Culture and Recreation Fund – Accounts for revenues received from a variety of cultural and recreational funds such as Public Arts, Youth Arts and Yacht Harbor with revenues used for certain specified operating costs.

Environmental Protection Fund – Accounts for revenues received from state, federal and other sources for the preservation of the environment, recycling, and reduction of toxic waste from the City’s waste stream.

Gasoline Tax Fund – Accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code and for operating transfers from other funds which are used for the same purposes. State subventions are restricted to uses related to local streets and highways, acquisitions of real property, construction and improvements, and maintenance and repairs.

General Services Fund – Accounts for the activities of several non-grant activities, generally established by administrative action.

Gift and Other Expendable Trusts Fund – Accounts for certain cash gifts which have been accepted by the Board of Supervisors on behalf of the City and the operations of two smaller funds that cannot properly be grouped into the Gift Fund because of their specific terms. Disbursements are made by departments, boards and commissions in accordance with the purposes, if any, specified by the donor. Activities are controlled by project accounting procedures maintained by the Controller.

Golf Fund – Accounts for the revenue and expenditures related to the City’s six golf courses.

Human Welfare Fund – Accounts for state and federal grants used to promote education and discourage domestic violence.

SPECIAL REVENUE FUNDS (Continued)

Low and Moderate Income Housing Asset Fund – Accounts for the former Redevelopment Agency’s affordable housing assets upon its dissolution on January 31, 2012.

Open Space and Park Fund – Accounts for property tax revenues designated by Charter provision, interest earnings and miscellaneous service charges and gifts. Monies in this fund are used as specified in the Charter for acquisition and development of parks and open space parcels, for renovation of existing parks and recreation facilities, for maintenance of properties acquired and for after-school recreation programs.

Our City Our Home Fund – Accounts for revenue from City's homelessness gross receipts tax, dedicated for homelessness services and affordable housing, which was authorized by voters through November 2018 Proposition C. These activities were recorded in the Community/Neighborhood Development Fund prior to the current year.

Public Library Fund – Accounts for property tax revenues and interest earnings designated by Charter provision. Monies in this fund are to be expended or used exclusively by the library department to provide library services and materials and to operate library facilities.

Public Protection Fund – Accounts for grants received and revenues and expenditures of 21 special revenue funds including fingerprinting, vehicle theft crimes, peace officer training and other activities related to public protection.

Public Works, Transportation and Commerce Fund – Accounts for the revenues and expenditures of 13 special revenue funds including construction inspection, engineering inspection and other activities related to public works projects. In addition, the fund accounts for various grants from federal and state agencies expended for specific purposes, activities or facilities related to transportation and commerce.

Real Property Fund – Accounts for the lease revenue from real property purchased with the proceeds from certificates of participation. The lease revenue is used for operations and to pay for debt service of the certificates of participation. Sales and disposals of real property are also accounted for in this fund.

San Francisco County Transportation Authority Fund – Accounts for the proceeds of a one-half of one percent increase in local sales tax authorized by the voters for mass transit and other traffic and transportation purposes.

Senior Citizens Program Fund – Accounts for grant revenues from the federal and state government to be used to promote the well-being of San Francisco senior citizens.

War Memorial Fund – Accounts for the costs of maintaining, operating and caring for the War Memorial buildings and grounds.

DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of property taxes and other revenues for periodic payment of interest and principal on general obligation and certain lease revenue bonds and related authorized costs.

General Obligation Bond Fund – Accounts for property taxes and other revenues, (including the tobacco settlement revenues in excess of the $100 million required to fund the Laguna Honda Hospital construction project) for periodic payment of interest and principal of general obligation bonds and related costs. Provisions are made in the general property tax levy for monies sufficient to meet these requirements in accordance with Article XIII of the State Constitution (Proposition 13).

Certificates of Participation (COP) Funds – Accounts for Base Rental payments from the various Special Revenue Funds and General Fund which provide for periodic payments of interest and principal. The COPs are being sold to provide funds to finance the acquisition of existing office buildings and certain improvements thereto, or the construction of City buildings such as the Courthouse, to be leased to the City for use of certain City departments as office space.

CITY AND COUNTY OF SAN FRANCISCO

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS (Continued)

Other Bond Funds – Accounts for funds and debt service for the revolving fund loans operated and managed by the Mayor's Office of Community Development to assist with economic development efforts in low income neighborhoods (Facade Improvement Program) and for the interim financing of revolving credit facility for the Transbay Joint Powers Authority on the Transbay Transit Center project.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary fund types.

City Facilities Improvement Fund – Accounts for bond proceeds, capital lease financing, federal and local funds and transfers from other funds which are designated for various buildings and general improvements. Expenditures for acquisition and construction of public buildings and improvements are made in accordance with bond requirements and appropriation ordinances.

Fire Protection Systems Improvement Fund – Accounts for bond proceeds which are designated for improvements in fire protection facilities. Expenditures for construction are made in accordance with bond requirements.

Moscone Convention Center Fund – Accounts for proceeds from Moscone Convention Center Lease Revenue Bonds and transfers from the General Fund and Convention Facilities Special Revenue Fund. Expenditures are for construction of the George R. Moscone Convention Center and for related administrative costs.

Recreation and Park Projects – Accounts for bond proceeds, Federal and state grants, gifts and transfers from other funds which are designated for various recreation and park additions and development. Expenditures for acquisition and construction of recreation and park facilities are made in accordance with bond requirements and appropriation ordinances.

Street Improvement Fund – Accounts for gas tax subventions, bond fund proceeds and other revenues which are designated for general street improvements. Expenditures for land acquisition and construction of designated improvements are made in accordance with applicable state codes, City charter provisions and bond requirements.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Bequest Fund – Accounts for income and disbursements of bequests accepted by the City. Disbursements are made in accordance with terms of the bequests.

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund Bequest Fund	Total Nonmajor Governmental Funds
Assets:					
Deposits and investments with City Treasury	$ 3,258,396	$ 150,872	$ 318,732	$ 3,984	$ 3,731,984
Deposits and investments outside City Treasury	141,859	71,745	130,427	-	344,031
Receivables:					
Property taxes and penalties	4,258	5,683	-	-	9,941
Other local taxes	131,301	-	-	-	131,301
Federal and state grants and subventions	130,678	-	14,023	-	144,701
Charges for services	16,173	-	-	-	16,173
Interest and other	3,820	173	146	2	4,141
Due from other funds	361	-	9,558	-	9,919
Due from component units	5,897	-	-	-	5,897
Advance to component unit	2,896	-	-	-	2,896
Loans receivable (net of allowance for uncollectible amounts)	159,426	-	-	-	159,426
Other assets	25,797	-	-	-	25,797
Total assets	$ 3,880,862	$ 228,473	$ 472,886	$ 3,986	$ 4,586,207
Liabilities:					
Accounts payable	$ 138,756	$ -	$ 36,225	$ 68	$ 175,049
Accrued payroll	25,237	-	739	-	25,976
Unearned grant and subvention revenues	140,144	-	6,055	-	146,199
Due to other funds	57,364	5	8,686	-	66,055
Unearned revenues and other liabilities	270,783	10,846	11,606	-	293,235
Bonds, loans, capital leases, and other payables	18,760	-	-	-	18,760
Total liabilities	651,044	10,851	63,311	68	725,274
Deferred inflows of resources	247,831	4,772	1,235	-	253,838
Fund balances:					
Nonspendable	82	-	-	-	82
Restricted	2,759,167	212,850	408,340	3,918	3,384,275
Assigned	224,658	-	-	-	224,658
Unassigned	(1,920)	-	-	-	(1,920)
Total fund balances	2,981,987	212,850	408,340	3,918	3,607,095
Total liabilities, deferred inflows of resources and fund balances	$ 3,880,862	$ 228,473	$ 472,886	$ 3,986	$ 4,586,207

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2021
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund Bequest Fund	Total Nonmajor Governmental Funds
Revenues:					
Property taxes	$ 264,390	$ 367,499	$ -	$ -	$ 631,889
Business taxes	1,171,962	-	-	-	1,171,962
Sales and use tax	86,530	-	-	-	86,530
Hotel room tax	4,521	-	-	-	4,521
Other local taxes	6,218	-	-	-	6,218
Licenses, permits, and franchises	14,854	-	-	-	14,854
Fines, forfeitures, and penalties	50,337	19,428	-	-	69,765
Interest and investment income	11,285	1,386	(508)	130	12,293
Rents and concessions	71,130	-	62	10	71,202
Intergovernmental:					
Federal	196,800	-	5,442	-	202,242
State	199,478	729	12,730	-	212,937
Other	15,498	-	1,606	-	17,104
Charges for services	146,065	-	-	-	146,065
Other	131,562	3,919	873	38	136,392
Total revenues	2,370,630	392,961	20,205	178	2,783,974
Expenditures:					
Current:					
Public protection	77,942	-	-	-	77,942
Public works, transportation and commerce	253,181	-	-	-	253,181
Human welfare and neighborhood development	776,941	-	-	14	776,955
Community health	114,140	-	-	-	114,140
Culture and recreation	271,146	-	-	555	271,701
General administration and finance	81,494	-	-	-	81,494
Debt service:					
Principal retirement	13,781	343,205	-	-	356,986
Interest and other fiscal charges	9,702	142,875	2,043	-	154,620
Bond issuance costs	1,790	1,729	4,345	-	7,864
Payment to refunded bond escrow agent	-	7,167	-	-	7,167
Capital outlay	-	-	275,638	-	275,638
Total expenditures	1,600,117	494,976	282,026	569	2,377,688
Excess (deficiency) of revenues over (under) expenditures	770,513	(102,015)	(261,821)	(391)	406,286
Other financing sources (uses):					
Transfers in	488,091	116,866	15,059	133	620,149
Transfers out	(457,936)	-	(200,895)	-	(658,831)
Issuance of bonds:					
Face value of bonds issued	357,165	161,870	466,500	-	985,535
Premium on issuance of bonds	-	33,498	59,929	-	93,427
Payment to refunded bond escrow agent	-	(193,579)	-	-	(193,579)
Total other financing sources (uses)	387,320	118,655	340,593	133	846,701
Net changes in fund balances	1,157,833	16,640	78,772	(258)	1,252,987
Fund balances at beginning of year, as previously reported	1,824,000	196,210	329,568	4,176	2,353,954
Cumulative effect of accounting change	154	-	-	-	154
Fund balances at beginning of year, as restated	1,824,154	196,210	329,568	4,176	2,354,108
Fund balances at end of year	$ 2,981,987	$ 212,850	$ 408,340	$ 3,918	$ 3,607,095

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds
June 30, 2021
(In Thousands)

	Building Inspection Fund	Children and Families Fund	Community / Neighborhood Development Fund	Community Health Services Fund	Convention Facilities Fund	Courts Fund
Assets:						
Deposits and investments with City Treasury	$ 144,488	$ 658,598	$ 1,120,798	$ 73,779	$ 25,475	$ -
Deposits and investments outside City Treasury	5	-	97,838	-	-	-
Receivables:						
Property taxes and penalties	-	1,806	-	-	-	-
Other local taxes	-	45,725	-	-	-	-
Federal and state grants and subventions	-	3,594	28,071	34,780	-	-
Charges for services	146	-	360	14	182	131
Interest and other	83	319	460	35	391	-
Due from other funds	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectible amounts)	155	-	158,825	-	-	-
Other assets	-	-	22,575	-	-	-
Total assets	$ 144,877	$ 710,042	$ 1,428,927	$ 108,608	$ 26,048	$ 131
Liabilities:						
Accounts payable	$ 1,966	$ 33,372	$ 24,378	$ 14,946	$ 466	$ -
Accrued payroll	2,438	1,015	1,237	1,974	44	-
Unearned grant and subvention revenues	-	1,986	70,270	12,938	-	-
Due to other funds	-	-	50	161	-	131
Unearned revenues and other liabilities	9,545	160,363	5,065	-	2,269	-
Bonds, loans, capital leases, and other payables	-	-	18,760	-	-	-
Total liabilities	13,949	196,736	119,760	30,019	2,779	131
Deferred inflows of resources	155	4,102	165,255	18,862	-	-
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	130,773	509,204	1,042,210	59,727	23,269	-
Assigned	-	-	101,702	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	130,773	509,204	1,143,912	59,727	23,269	-
Total liabilities, deferred inflows of resources and fund balances	$ 144,877	$ 710,042	$ 1,428,927	$ 108,608	$ 26,048	$ 131

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
June 30, 2021
(In Thousands)

	Culture and Recreation Fund	Environmental Protection Fund	Gasoline Tax Fund	General Services Fund	Gift and Other Expendable Trusts Fund	Golf Fund
Assets:						
Deposits and investments with City Treasury	$ 33,922	$ 252	$ 77,417	$ 36,929	$ 22,116	$ 15,053
Deposits and investments outside City Treasury	1,927	-	-	-	3	-
Receivables:						
Property taxes and penalties	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-
Federal and state grants and subventions	88	267	5,518	356	-	-
Charges for services	117	-	346	571	213	447
Interest and other	8	-	34	516	4	8
Due from other funds	-	52	-	-	-	-
Due from component units	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-
Loans receivable (net of allowance for uncollectible amounts)	-	-	-	-	-	-
Other assets	-	-	-	171	-	-
Total assets	$ 36,062	$ 571	$ 83,315	$ 38,543	$ 22,336	$ 15,508
Liabilities:						
Accounts payable	$ 1,872	$ 340	$ 4,510	$ 4,385	$ 1,317	$ 1,309
Accrued payroll	267	159	559	629	29	289
Unearned grant and subvention revenues	97	441	-	4,025	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenues and other liabilities	590	-	40	-	2	1,000
Bonds, loans, capital leases, and other payables	-	-	-	-	-	-
Total liabilities	2,826	940	5,109	9,039	1,348	2,598
Deferred inflows of resources	88	258	314	744	154	-
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	20,994	-	77,892	8,806	20,834	-
Assigned	12,154	-	-	19,954	-	12,910
Unassigned	-	(627)	-	-	-	-
Total fund balances	33,148	(627)	77,892	28,760	20,834	12,910
Total liabilities, deferred inflows of resources and fund balances	$ 36,062	$ 571	$ 83,315	$ 38,543	$ 22,336	$ 15,508

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
June 30, 2021
(In Thousands)

	Human Welfare Fund	Low and Moderate Income Housing Asset Fund	Open Space and Park Fund	Our City Our Home Fund	Public Library Fund	Public Protection Fund
Assets:						
Deposits and investments with City Treasury	$ 49,330	$ 48,388	$ 67,774	$ 493,482	$ 119,037	$ 66,145
Deposits and investments outside City Treasury	-	-	-	-	-	4
Receivables:						
Property taxes and penalties	-	-	1,226	-	1,226	-
Other local taxes	-	-	-	66,409	-	-
Federal and state grants and subventions	9,670	-	-	-	-	24,117
Charges for services	1	-	-	-	5	4,326
Interest and other	15	26	33	315	24	6
Due from other funds	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Advance to component unit	-	2,896	-	-	-	-
Loans receivable (net of allowance for uncollectible amounts)	-	446	-	-	-	-
Other assets	75	-	2,891	-	-	-
Total assets	$ 59,091	$ 51,756	$ 71,924	$ 560,206	$ 120,292	$ 94,598
Liabilities:						
Accounts payable	$ 14,553	$ 122	$ 1,312	$ 2,047	$ 4,733	$ 6,330
Accrued payroll	287	64	1,210	83	4,758	2,219
Unearned grant and subvention revenues	31,589	-	-	-	17	18,781
Due to other funds	-	-	-	-	-	-
Unearned revenues and other liabilities	13	2,032	2,328	77,124	2,326	-
Bonds, loans, capital leases, and other payables	-	-	-	-	-	-
Total liabilities	46,442	2,218	4,850	79,254	11,834	27,330
Deferred inflows of resources	3,773	3,342	1,031	-	1,034	17,745
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	6,904	46,196	66,043	480,952	106,138	45,270
Assigned	1,972	-	-	-	1,286	4,253
Unassigned	-	-	-	-	-	-
Total fund balances	8,876	46,196	66,043	480,952	107,424	49,523
Total liabilities, deferred inflows of resources and fund balances	$ 59,091	$ 51,756	$ 71,924	$ 560,206	$ 120,292	$ 94,598

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
June 30, 2021
(In Thousands)

	Public Works, Transportation and Commerce Fund	Real Property Fund	San Francisco County Transportation Authority Fund	Senior Citizens Program Fund	War Memorial Fund	Total
Assets:						
Deposits and investments with City Treasury	$ 89,741	$ 21,451	$ 82,896	$ -	$ 11,325	$ 3,258,396
Deposits and investments outside City Treasury	-	-	42,082	-	-	141,859
Receivables:						
Property taxes and penalties	-	-	-	-	-	4,258
Other local taxes	935	-	18,232	-	-	131,301
Federal and state grants and subventions	250	-	21,935	2,032	-	130,678
Charges for services	8,572	742	-	-	-	16,173
Interest and other	20	1	1,517	-	5	3,820
Due from other funds	88	-	221	-	-	361
Due from component units	2,633	-	3,264	-	-	5,897
Advance to component unit	-	-	-	-	-	2,896
Loans receivable (net of allowance for uncollectible amounts)	-	-	-	-	-	159,426
Other assets	3	-	82	-	-	25,797
Total assets	$ 102,242	$ 22,194	$ 170,229	$ 2,032	$ 11,330	$ 3,880,862
Liabilities:						
Accounts payable	$ 4,196	$ 2,647	$ 12,728	$ 335	$ 892	$ 138,756
Accrued payroll	5,353	1,830	300	-	493	25,237
Unearned grant and subvention revenues	-	-	-	-	-	140,144
Due to other funds	517	-	54,808	1,697	-	57,364
Unearned revenues and other liabilities	6,403	1,627	-	-	56	270,783
Bonds, loans, capital leases, and other payables	-	-	-	-	-	18,760
Total liabilities	16,469	6,104	67,836	2,032	1,441	651,044
Deferred inflows of resources	7,567	683	21,431	1,293	-	247,831
Fund balances:						
Nonspendable	-	-	82	-	-	82
Restricted	7,779	15,407	80,880	-	9,889	2,759,167
Assigned	70,427	-	-	-	-	224,658
Unassigned	-	-	-	(1,293)	-	(1,920)
Total fund balances	78,206	15,407	80,962	(1,293)	9,889	2,981,987
Total liabilities, deferred inflows of resources and fund balances	$ 102,242	$ 22,194	$ 170,229	$ 2,032	$ 11,330	$ 3,880,862

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds
Year Ended June 30, 2021
(In Thousands)

	Building Inspection Fund	Children and Families Fund	Community / Neighborhood Development Fund	Community Health Services Fund	Convention Facilities Fund	Courts Fund
Revenues:						
Property taxes	$ -	$ 117,446	$ -	$ -	$ -	$ -
Business taxes	-	490,264	1,497	-	-	-
Sales and use tax	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-
Licenses, permits, and franchises	6,938	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	40,081	3,476	-	14
Interest and investment income	(210)	1,973	6,355	363	763	-
Rents and concessions	-	-	613	-	2,875	-
Intergovernmental:						
Federal	-	9,406	49,582	50,366	-	-
State	-	13,859	1,080	70,663	-	-
Other	-	-	180	-	-	-
Charges for services	48,318	-	16,019	5,083	-	1,855
Other	17	1,149	114,206	288	-	-
Total revenues	55,063	634,097	229,613	130,239	3,638	1,869
Expenditures:						
Current:						
Public protection	-	-	-	71	-	383
Public works, transportation and commerce	86,486	-	20,833	2,990	-	-
Human welfare and neighborhood development	-	337,382	244,169	600	-	-
Community health	-	-	3,829	107,643	-	-
Culture and recreation	-	-	1,133	-	33,355	-
General administration and finance	-	-	4,912	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other fiscal charges	-	-	51	-	-	-
Bond issuance costs	-	-	1,790	-	-	-
Total expenditures	86,486	337,382	276,717	111,304	33,355	383
Excess (deficiency) of revenues over (under) expenditures	(31,423)	296,715	(47,104)	18,935	(29,717)	1,486
Other financing sources (uses):						
Transfers in	173	139,145	94,613	-	36,940	2
Transfers out	-	(110,900)	(1,741)	(73)	(28,784)	(2,607)
Issuance of bonds:						
Face value of bonds issued	-	-	357,165	-	-	-
Total other financing sources (uses)	173	28,245	450,037	(73)	8,156	(2,605)
Net changes in fund balances	(31,250)	324,960	402,933	18,862	(21,561)	(1,119)
Fund balances at beginning of year as previously reported	162,023	184,244	740,979	40,865	44,830	1,119
Cumulative effect of accounting change	-	-	-	-	-	-
Fund balances at beginning of year, as restated	162,023	184,244	740,979	40,865	44,830	1,119
Fund balances at end of year	$ 130,773	$ 509,204	$ 1,143,912	$ 59,727	$ 23,269	$ -

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Culture and Recreation Fund	Environmental Protection Fund	Gasoline Tax Fund	General Services Fund	Gift and Other Expendable Trusts Fund	Golf Fund
Revenues:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-
Hotel room tax	4,521	-	-	-	-	-
Other local taxes	-	-	-	-	-	-
Licenses, permits, and franchises	11	-	-	1,912	-	-
Fines, forfeitures, and penalties	1	-	-	-	1,755	-
Interest and investment income	6	-	(27)	(6)	(50)	16
Rents and concessions	464	-	-	397	-	2,587
Intergovernmental:						
Federal	40	50	-	1,977	-	-
State	50	2,181	53,713	6,229	-	-
Other	-	102	-	-	-	-
Charges for services	4,903	88	626	2,374	110	11,384
Other	1,803	426	42	1,645	6,686	-
Total revenues	11,799	2,847	54,354	14,528	8,501	13,987
Expenditures:						
Current:						
Public protection	-	-	-	92	217	-
Public works, transportation and commerce	1,945	-	43,990	1	3,027	-
Human welfare and neighborhood development	1,837	4,848	-	66	13,656	-
Community health	-	-	-	-	-	-
Culture and recreation	17,719	-	-	447	1,773	16,990
General administration and finance	15,412	13	9	13,004	23	-
Debt service:						
Principal retirement	471	-	-	-	-	-
Interest and other fiscal charges	1,276	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	38,660	4,861	43,999	13,610	18,696	16,990
Excess (deficiency) of revenues over (under) expenditures	(26,861)	(2,014)	10,355	918	(10,195)	(3,003)
Other financing sources (uses):						
Transfers in	25,794	228	-	158	-	7,304
Transfers out	-	-	(2,871)	-	(58)	(1,180)
Issuance of bonds:						
Face value of bonds issued	-	-	-	-	-	-
Total other financing sources (uses)	25,794	228	(2,871)	158	(58)	6,124
Net changes in fund balances	(1,067)	(1,786)	7,484	1,076	(10,253)	3,121
Fund balances at beginning of year as previously reported	34,215	1,159	70,408	27,684	31,087	9,789
Cumulative effect of accounting change	-	-	-	-	-	-
Fund balances at beginning of year, as restated	34,215	1,159	70,408	27,684	31,087	9,789
Fund balances at end of year	$ 33,148	$ (627)	$ 77,892	$ 28,760	$ 20,834	$ 12,910

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Human Welfare Fund	Low and Moderate Income Housing Asset Fund	Open Space and Park Fund	Our City Our Home Fund	Public Library Fund	Public Protection Fund
Revenues:						
Property taxes	$ -	$ -	$ 73,472	$ -	$ 73,472	$ -
Business taxes	-	-	-	680,201	-	-
Sales and use tax	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-
Licenses, permits, and franchises	104	-	-	-	-	375
Fines, forfeitures, and penalties	5	-	-	-	-	3,936
Interest and investment income	(121)	2,131	(84)	282	(87)	(3)
Rents and concessions	-	2,842	-	-	2	-
Intergovernmental:						
Federal	40,809	-	-	-	-	32,172
State	26,420	-	133	-	186	23,356
Other	-	1,773	-	-	3	-
Charges for services	118	-	-	-	42	18,322
Other	-	3,573	-	-	-	1,418
Total revenues	67,335	10,319	73,521	680,483	73,618	79,576
Expenditures:						
Current:						
Public protection	-	-	-	2,588	-	74,591
Public works, transportation and commerce	7,608	-	4,986	303	8,018	119
Human welfare and neighborhood development	123,414	9,904	-	10,741	-	6,496
Community health	-	-	-	2,487	-	181
Culture and recreation	-	-	51,115	-	133,946	-
General administration and finance	-	-	-	27	-	1,997
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	131,022	9,904	56,101	16,146	141,964	83,384
Excess (deficiency) of revenues over (under) expenditures	(63,687)	415	17,420	664,337	(68,346)	(3,808)
Other financing sources (uses):						
Transfers in	56,461	-	1,180	-	86,180	47
Transfers out	-	-	(6,931)	(196,000)	(8,390)	(1,288)
Issuance of bonds:						
Face value of bonds issued	-	-	-	-	-	-
Total other financing sources (uses)	56,461	-	(5,751)	(196,000)	77,790	(1,241)
Net changes in fund balances	(7,226)	415	11,669	468,337	9,444	(5,049)
Fund balances at beginning of year as previously reported	16,071	45,781	54,374	12,615	97,980	54,524
Cumulative effect of accounting change	31	-	-	-	-	48
Fund balances at beginning of year, as restated	16,102	45,781	54,374	12,615	97,980	54,572
Fund balances at end of year	$ 8,876	$ 46,196	$ 66,043	$ 480,952	$ 107,424	$ 49,523

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Public Works, Transportation and Commerce Fund	Real Property Fund	San Francisco County Transportation Authority Fund	Senior Citizens Program Fund	War Memorial Fund	Total
Revenues:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ 264,390
Business taxes	-	-	-	-	-	1,171,962
Sales and use tax	-	-	86,530	-	-	86,530
Hotel room tax	-	-	-	-	-	4,521
Other local taxes	6,218	-	-	-	-	6,218
Licenses, permits, and franchises	-	-	5,514	-	-	14,854
Fines, forfeitures, and penalties	68	1,001	-	-	-	50,337
Interest and investment income	(26)	23	3	-	(16)	11,285
Rents and concessions	-	60,114	-	-	1,236	71,130
Intergovernmental:						
Federal	-	23	6,869	5,506	-	196,800
State	-	-	126	1,482	-	199,478
Other	7,895	752	4,793	-	-	15,498
Charges for services	36,232	532	-	-	59	146,065
Other	274	-	35	-	-	131,562
Total revenues	50,661	62,445	103,870	6,988	1,279	2,370,630
Expenditures:						
Current:						
Public protection	-	-	-	-	-	77,942
Public works, transportation and commerce	29,427	409	42,212	-	827	253,181
Human welfare and neighborhood development	16,263	-	-	7,565	-	776,941
Community health	-	-	-	-	-	114,140
Culture and recreation	20	-	-	-	14,648	271,146
General administration and finance	294	45,803	-	-	-	81,494
Debt service:						
Principal retirement	-	-	13,310	-	-	13,781
Interest and other fiscal charges	-	3	8,372	-	-	9,702
Bond issuance costs	-	-	-	-	-	1,790
Total expenditures	46,004	46,215	63,894	7,565	15,475	1,600,117
Excess (deficiency) of revenues over (under) expenditures	4,657	16,230	39,976	(577)	(14,196)	770,513
Other financing sources (uses):						
Transfers in	20,383	-	5,643	13	13,827	488,091
Transfers out	(11,309)	(13,292)	(72,512)	-	-	(457,936)
Issuance of bonds:						
Face value of bonds issued	-	-	-	-	-	357,165
Total other financing sources (uses)	9,074	(13,292)	(66,869)	13	13,827	387,320
Net changes in fund balances	13,731	2,938	(26,893)	(564)	(369)	1,157,833
Fund balances at beginning of year as previously reported	64,475	12,469	107,780	(729)	10,258	1,824,000
Cumulative effect of accounting change	-	-	75	-	-	154
Fund balances at beginning of year, as restated	64,475	12,469	107,855	(729)	10,258	1,824,154
Fund balances at end of year	$ 78,206	$ 15,407	$ 80,962	$ (1,293)	$ 9,889	$ 2,981,987

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds
Year Ended June 30, 2021
(In Thousands)

	Building Inspection Fund				Children and Families Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ 107,780	$ 107,780	$ 117,446	$ 9,666
Business taxes	-	-	-	-	379,845	490,264	490,264	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	6,334	6,334	6,938	604	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Interest and investment income	2,500	2,500	1,022	(1,478)	845	5,512	5,629	117
Rents and concessions	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal	-	-	-	-	9,886	10,161	9,547	(614)
State	-	-	-	-	13,952	12,843	13,029	186
Other	-	-	-	-	-	-	-	-
Charges for services	38,438	38,547	48,391	9,844	-	-	-	-
Other	-	-	17	17	1,092	1,042	1,149	107
Total revenues	47,272	47,381	56,368	8,987	513,400	627,602	637,064	9,462
Expenditures:								
Current:								
Public protection	-	-	-	-	122	-	-	-
Public works, transportation and commerce	89,409	99,508	86,478	13,030	-	-	-	-
Human welfare and neighborhood development	-	-	-	-	546,218	338,376	337,300	1,076
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
General administration and finance	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	89,409	99,508	86,478	13,030	546,340	338,376	337,300	1,076
Excess (deficiency) of revenues over (under) expenditures	(42,137)	(52,127)	(30,110)	22,017	(32,940)	289,226	299,764	10,538
Other financing sources (uses):								
Transfers in	-	165	165	-	130,130	139,064	139,064	-
Transfers out	-	-	-	-	(106,800)	(110,900)	(110,900)	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	165	165	-	23,330	28,164	28,164	-
Net changes in fund balances	(42,137)	(51,962)	(29,945)	22,017	(9,610)	317,390	327,928	10,538
Budgetary fund balances, July 1, as previously reported	42,137	160,578	160,578	-	9,610	183,311	183,311	-
Cumulative effect of accounting change	-	-	-	-	-	-	-	-
Budgetary fund balances, July 1, as restated	42,137	160,578	160,578	-	9,610	183,311	183,311	-
Budgetary fund balances, June 30	$ -	$ 108,616	$ 130,633	$ 22,017	$ -	$ 500,701	$ 511,239	$ 10,538

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2021
(In Thousands)

	Community / Neighborhood Development Fund				Community Health Services Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	2,500	1,497	1,497	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	40,081	40,081	-	5,017	3,476	3,476	-
Interest and investment income	114	10,141	10,141	-	228	664	664	-
Rents and concessions	30	905	905	-	-	-	-	-
Intergovernmental:								
Federal	4,730	53,218	53,218	-	77,873	51,624	51,624	-
State	2,299	2,359	2,359	-	57,595	69,956	69,956	-
Other	-	180	180	-	-	-	-	-
Charges for services	12,531	13,787	16,019	2,232	130	5,083	5,083	-
Other	116,519	114,186	114,186	-	669	2,823	2,823	-
Total revenues	138,723	236,354	238,586	2,232	141,512	133,626	133,626	-
Expenditures:								
Current:								
Public protection	-	-	-	-	223	71	71	-
Public works, transportation and commerce	7,895	20,833	20,833	-	-	2,990	2,990	-
Human welfare and neighborhood development	135,848	252,848	251,794	1,054	609	600	600	-
Community health	-	3,829	3,829	-	144,322	107,669	107,643	26
Culture and recreation	24,020	1,133	1,133	-	-	-	-	-
General administration and finance	12,918	4,912	4,912	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	51	51	-	-	-	-	-
Bond issuance costs	-	1,133	1,133	-	-	-	-	-
Total expenditures	180,681	284,739	283,685	1,054	145,154	111,330	111,304	26
Excess (deficiency) of revenues over (under) expenditures	(41,958)	(48,385)	(45,099)	3,286	(3,642)	22,296	22,322	26
Other financing sources (uses):								
Transfers in	39,801	94,259	94,259	-	-	-	-	-
Transfers out	(2,260)	(1,741)	(1,741)	-	-	(71)	(71)	-
Issuance of commercial paper	-	48	48	-	-	-	-	-
Issuance of bonds	-	356,508	356,508	-	-	-	-	-
Budget reserves and designations	25	-	-	-	-	-	-	-
Total other financing sources (uses)	37,566	449,074	449,074	-	-	(71)	(71)	-
Net changes in fund balances	(4,392)	400,689	403,975	3,286	(3,642)	22,225	22,251	26
Budgetary fund balances, July 1, as previously reported	4,392	749,394	749,394	-	3,642	56,279	56,279	-
Cumulative effect of accounting change	-	-	-	-	-	-	-	-
Budgetary fund balances, July 1, as restated	4,392	749,394	749,394	-	3,642	56,279	56,279	-
Budgetary fund balances, June 30	$ -	$ 1,150,083	$ 1,153,369	$ 3,286	$ -	$ 78,504	$ 78,530	$ 26

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2021
(In Thousands)

	Convention Facilities Fund				Courts Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	3	3	14	11
Interest and investment income	-	762	762	-	-	-	-	-
Rents and concessions	17,033	12,506	2,875	(9,631)	-	-	-	-
Intergovernmental:								
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	1,582	1,582	1,855	273
Other	-	-	-	-	-	-	-	-
Total revenues	17,033	13,268	3,637	(9,631)	1,585	1,585	1,869	284
Expenditures:								
Current:								
Public protection	-	-	-	-	2,803	461	390	71
Public works, transportation and commerce	-	-	-	-	-	-	-	-
Human welfare and neighborhood development	-	-	-	-	-	-	-	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	49,772	51,333	32,513	18,820	-	-	-	-
General administration and finance	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	28,236	506	506	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	78,008	51,839	33,019	18,820	2,803	461	390	71
Excess (deficiency) of revenues over (under) expenditures	(60,975)	(38,571)	(29,382)	9,189	(1,218)	1,124	1,479	355
Other financing sources (uses):								
Transfers in	36,098	36,098	36,098	-	-	-	-	-
Transfers out	-	(28,278)	(28,278)	-	-	(2,607)	(2,607)	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	36,098	7,820	7,820	-	-	(2,607)	(2,607)	-
Net changes in fund balances	(24,877)	(30,751)	(21,562)	9,189	(1,218)	(1,483)	(1,128)	355
Budgetary fund balances, July 1, as previously reported	24,877	49,598	49,598	-	1,218	1,128	1,128	-
Cumulative effect of accounting change	-	-	-	-	-	-	-	-
Budgetary fund balances, July 1, as restated	24,877	49,598	49,598	-	1,218	1,128	1,128	-
Budgetary fund balances, June 30	$ -	$ 18,847	$ 28,036	$ 9,189	$ -	$ (355)	$ -	$ 355

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2021

(In Thousands)

	Culture and Recreation Fund				Environmental Protection Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	25,920	4,521	4,521	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	118	11	11	-	-	-	-	-
Fines, forfeitures, and penalties	-	1	1	-	-	-	-	-
Interest and investment income	25	104	79	(25)	-	-	-	-
Rents and concessions	507	507	464	(43)	-	-	-	-
Intergovernmental:								
Federal	-	40	40	-	-	44	44	-
State	251	138	138	-	16,033	2,163	2,163	-
Other	-	-	-	-	-	103	103	-
Charges for services	5,697	4,929	4,903	(26)	177	100	88	(12)
Other	1,895	1,803	1,803	-	1,711	1,768	416	(1,352)
Total revenues	34,413	12,054	11,960	(94)	17,921	4,178	2,814	(1,364)
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	1,052	1,945	1,945	-	-	-	-	-
Human welfare and neighborhood development	2,430	1,837	1,837	-	18,164	5,983	4,839	1,144
Community health	-	-	-	-	-	-	-	-
Culture and recreation	17,697	17,738	17,651	87	-	-	-	-
General administration and finance	13,203	15,412	15,412	-	-	13	13	-
Debt service:								
Principal retirement	691	471	471	-	-	-	-	-
Interest and other fiscal charges	1,049	1,272	1,272	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	36,122	38,675	38,588	87	18,164	5,996	4,852	1,144
Excess (deficiency) of revenues over (under) expenditures	(1,709)	(26,621)	(26,628)	(7)	(243)	(1,818)	(2,038)	(220)
Other financing sources (uses):								
Transfers in	1,692	25,725	25,725	-	-	219	219	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,692	25,725	25,725	-	-	219	219	-
Net changes in fund balances	(17)	(896)	(903)	(7)	(243)	(1,599)	(1,819)	(220)
Budgetary fund balances, July 1, as previously reported	17	37,081	37,081	-	243	1,452	1,452	-
Cumulative effect of accounting change	-	-	-	-	-	-	-	-
Budgetary fund balances, July 1, as restated	17	37,081	37,081	-	243	1,452	1,452	-
Budgetary fund balances, June 30	$ -	$ 36,185	$ 36,178	$ (7)	$ -	$ (147)	$ (367)	$ (220)

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2021

(In Thousands)

	Gasoline Tax Fund				General Services Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	2,390	1,857	1,857	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Interest and investment income	42	239	400	161	-	120	120	-
Rents and concessions	-	-	-	-	-	397	397	-
Intergovernmental:								
Federal	-	-	-	-	-	2,164	2,164	-
State	53,835	55,407	53,713	(1,694)	569	6,229	6,229	-
Other	-	-	-	-	-	-	-	-
Charges for services	800	800	667	(133)	1,720	2,376	2,375	(1)
Other	-	-	42	42	2,092	1,597	1,597	-
Total revenues	54,677	56,446	54,822	(1,624)	6,771	14,740	14,739	(1)
Expenditures:								
Current:								
Public protection	-	-	-	-	310	92	92	-
Public works, transportation and commerce	53,486	46,871	43,990	2,881	-	1	1	-
Human welfare and neighborhood development	-	-	-	-	-	66	66	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	447	447	-
General administration and finance	-	9	9	-	7,253	13,262	13,146	116
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	53,486	46,880	43,999	2,881	7,563	13,868	13,752	116
Excess (deficiency) of revenues over (under) expenditures	1,191	9,566	10,823	1,257	(792)	872	987	115
Other financing sources (uses):								
Transfers in	-	-	-	-	159	127	127	-
Transfers out	(3,099)	(3,099)	(2,848)	251	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,099)	(3,099)	(2,848)	251	159	127	127	-
Net changes in fund balances	(1,908)	6,467	7,975	1,508	(633)	999	1,114	115
Budgetary fund balances, July 1, as previously reported	1,908	70,175	70,175	-	633	28,207	28,207	-
Cumulative effect of accounting change	-	-	-	-	-	-	-	-
Budgetary fund balances, July 1, as restated	1,908	70,175	70,175	-	633	28,207	28,207	-
Budgetary fund balances, June 30	$ -	$ 76,642	$ 78,150	$ 1,508	$ -	$ 29,206	$ 29,321	$ 115

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Gift and Other Expendable Trusts Fund				Golf Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	26	-	(26)	-	-	-	-
Fines, forfeitures, and penalties	-	1,884	1,884	-	-	-	-	-
Interest and investment income	-	40	40	-	20	42	83	41
Rents and concessions	-	-	-	-	3,525	3,525	2,587	(938)
Intergovernmental:								
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Charges for services	-	110	110	-	9,105	9,635	11,384	1,749
Other	954	6,592	6,594	2	-	-	-	-
Total revenues	954	8,652	8,628	(24)	12,650	13,202	14,054	852
Expenditures:								
Current:								
Public protection	-	217	217	-	-	-	-	-
Public works, transportation and commerce	-	3,027	3,027	-	-	-	-	-
Human welfare and neighborhood development	217	13,656	13,656	-	-	-	-	-
Community health	288	-	-	-	-	-	-	-
Culture and recreation	449	1,773	1,773	-	18,704	17,344	16,990	354
General administration and finance	-	23	23	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	954	18,696	18,696	-	18,704	17,344	16,990	354
Excess (deficiency) of revenues over (under) expenditures	-	(10,044)	(10,068)	(24)	(6,054)	(4,142)	(2,936)	1,206
Other financing sources (uses):								
Transfers in	-	-	-	-	7,234	7,304	7,304	-
Transfers out	-	-	-	-	(1,180)	(1,180)	(1,180)	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	6,054	6,124	6,124	-
Net changes in fund balances	-	(10,044)	(10,068)	(24)	-	1,982	3,188	1,206
Budgetary fund balances, July 1, as previously reported	-	31,039	31,039	-	-	9,712	9,712	-
Cumulative effect of accounting change	-	-	-	-	-	-	-	-
Budgetary fund balances, July 1, as restated	-	31,039	31,039	-	-	9,712	9,712	-
Budgetary fund balances, June 30	$ -	$ 20,995	$ 20,971	$ (24)	$ -	$ 11,694	$ 12,900	$ 1,206

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Human Welfare Fund				Low and Moderate Income Housing Asset Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	310	310	104	(206)	-	-	-	-
Fines, forfeitures, and penalties	-	-	5	5	-	-	-	-
Interest and investment income	300	178	178	-	-	2,484	2,484	-
Rents and concessions	-	-	-	-	5,000	2,842	2,842	-
Intergovernmental:								
Federal	62,838	43,423	43,423	-	-	-	-	-
State	69,304	27,243	27,243	-	-	-	-	-
Other	-	-	-	-	1,712	1,773	1,773	-
Charges for services	161	118	118	-	-	-	-	-
Other	-	-	-	-	-	3,573	3,573	-
Total revenues	132,913	71,272	71,071	(201)	6,712	10,672	10,672	-
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	-	7,608	7,608	-	-	-	-	-
Human welfare and neighborhood development	189,919	123,567	123,331	236	5,000	9,904	9,904	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
General administration and finance	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	1,712	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	189,919	131,175	130,939	236	6,712	9,904	9,904	-
Excess (deficiency) of revenues over (under) expenditures	(57,006)	(59,903)	(59,868)	35	-	768	768	-
Other financing sources (uses):								
Transfers in	56,355	56,379	56,379	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	56,355	56,379	56,379	-	-	-	-	-
Net changes in fund balances	(651)	(3,524)	(3,489)	35	-	768	768	-
Budgetary fund balances, July 1, as previously reported	651	16,086	16,086	-	-	50,454	50,454	-
Cumulative effect of accounting change	-	31	31	-	-	-	-	-
Budgetary fund balances, July 1, as restated	651	16,117	16,117	-	-	50,454	50,454	-
Budgetary fund balances, June 30	$ -	$ 12,593	$ 12,628	$ 35	$ -	$ 51,222	$ 51,222	$ -

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2021

(In Thousands)

	Open Space and Park Fund				Our City Our Home Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ 67,360	$ 67,360	$ 73,472	$ 6,112	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	589,565	680,201	680,201	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Interest and investment income	150	226	302	76	-	3,269	3,269	-
Rents and concessions	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal	-	-	-	-	-	-	-	-
State	170	170	133	(37)	-	-	-	-
Other	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	67,680	67,756	73,907	6,151	589,565	683,470	683,470	-
Expenditures:								
Current:								
Public protection	-	-	-	-	-	2,588	2,588	-
Public works, transportation and commerce	-	4,986	4,986	-	-	303	303	-
Human welfare and neighborhood development	-	-	-	-	295,165	10,741	10,741	-
Community health	-	-	-	-	98,400	2,487	2,487	-
Culture and recreation	62,702	60,354	51,116	9,238	-	-	-	-
General administration and finance	-	-	-	-	-	27	27	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	62,702	65,340	56,102	9,238	393,565	16,146	16,146	-
Excess (deficiency) of revenues over (under) expenditures	4,978	2,416	17,805	15,389	196,000	667,324	667,324	-
Other financing sources (uses):								
Transfers in	1,180	1,180	1,180	-	-	-	-	-
Transfers out	(6,931)	(6,931)	(6,931)	-	(196,000)	(196,000)	(196,000)	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(5,751)	(5,751)	(5,751)	-	(196,000)	(196,000)	(196,000)	-
Net changes in fund balances	(773)	(3,335)	12,054	15,389	-	471,324	471,324	-
Budgetary fund balances, July 1, as previously reported	773	53,925	53,925	-	-	9,228	9,228	-
Cumulative effect of accounting change	-	-	-	-	-	-	-	-
Budgetary fund balances, July 1, as restated	773	53,925	53,925	-	-	9,228	9,228	-
Budgetary fund balances, June 30	$ -	$ 50,590	$ 65,979	$ 15,389	$ -	$ 480,552	$ 480,552	$ -

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2021

(In Thousands)

	Public Library Fund				Public Protection Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ 67,360	$ 67,360	$ 73,472	$ 6,112	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	1,016	500	500	-
Fines, forfeitures, and penalties	-	-	-	-	6,187	3,936	3,936	-
Interest and investment income	222	217	135	(82)	3	81	81	-
Rents and concessions	4	4	2	(2)	-	-	-	-
Intergovernmental:								
Federal	-	-	-	-	43,714	33,107	33,107	-
State	230	224	186	(38)	21,842	22,721	22,721	-
Other	-	3	3	-	-	-	-	-
Charges for services	170	163	42	(121)	3,323	19,660	19,660	-
Other	-	-	-	-	27	1,418	1,418	-
Total revenues	67,986	67,971	73,840	5,869	76,112	81,423	81,423	-
Expenditures:								
Current:								
Public protection	-	-	-	-	70,035	74,543	74,543	-
Public works, transportation and commerce	-	8,018	8,018	-	-	119	119	-
Human welfare and neighborhood development	-	-	-	-	3,496	6,496	6,496	-
Community health	-	-	-	-	-	181	181	-
Culture and recreation	151,507	139,256	133,869	5,387	-	-	-	-
General administration and finance	-	-	-	-	5,199	1,997	1,997	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	151,507	147,274	141,887	5,387	78,730	83,336	83,336	-
Excess (deficiency) of revenues over (under) expenditures	(83,521)	(79,303)	(68,047)	11,256	(2,618)	(1,913)	(1,913)	-
Other financing sources (uses):								
Transfers in	79,720	86,103	86,103	-	-	-	-	-
Transfers out	-	(8,390)	(8,390)	-	(1,268)	(1,288)	(1,288)	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	79,720	77,713	77,713	-	(1,268)	(1,288)	(1,288)	-
Net changes in fund balances	(3,801)	(1,590)	9,666	11,256	(3,886)	(3,201)	(3,201)	-
Budgetary fund balances, July 1, as previously reported	3,801	100,478	100,478	-	3,886	70,977	70,977	-
Cumulative effect of accounting change	-	-	-	-	-	48	48	-
Budgetary fund balances, July 1, as restated	3,801	100,478	100,478	-	3,886	71,025	71,025	-
Budgetary fund balances, June 30	$ -	$ 98,888	$ 110,144	$ 11,256	$ -	$ 67,824	$ 67,824	$ -

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2021
(In Thousands)

	Public Works, Transportation and Commerce Fund				Real Property Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	-	-	-	-	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	15,000	6,218	6,218	-	-	-	-	-
Licenses, permits, and franchises	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	124	124	-	1,200	1,200	1,001	(199)
Interest and investment income	-	227	227	-	-	-	8	8
Rents and concessions	-	-	-	-	7,667	63,445	60,359	(3,086)
Intergovernmental:								
Federal	-	-	-	-	-	23	23	-
State	-	-	-	-	-	-	-	-
Other	-	7,335	7,335	-	790	790	752	(38)
Charges for services	29,254	37,569	36,635	(934)	798	798	532	(266)
Other	-	205	133	(72)	2,804	2,804	-	(2,804)
Total revenues	44,254	51,678	50,672	(1,006)	13,259	69,060	62,675	(6,385)
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	38,380	46,980	30,535	16,445	-	409	409	-
Human welfare and neighborhood development	17,197	18,133	16,263	1,870	-	-	-	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	20	20	-	-	-	-	-
General administration and finance	1,973	294	294	-	4,836	48,927	45,803	3,124
Debt service:								
Principal retirement	-	-	-	-	8,647	3,367	-	3,367
Interest and other fiscal charges	-	-	-	-	-	3	3	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	57,550	65,427	47,112	18,315	13,483	52,706	46,215	6,491
Excess (deficiency) of revenues over (under) expenditures	(13,296)	(13,749)	3,560	17,309	(224)	16,354	16,460	106
Other financing sources (uses):								
Transfers in	17,970	20,383	20,383	-	-	-	-	-
Transfers out	(13,027)	(11,286)	(11,286)	-	-	(13,272)	(13,272)	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Budget reserves and designations	(6,558)	(6,064)	-	6,064	-	-	-	-
Total other financing sources (uses)	(1,615)	3,033	9,097	6,064	-	(13,272)	(13,272)	-
Net changes in fund balances	(14,911)	(10,716)	12,657	23,373	(224)	3,082	3,188	106
Budgetary fund balances, July 1, as previously reported	14,911	71,448	71,448	-	224	12,747	12,747	-
Cumulative effect of accounting change	-	-	-	-	-	-	-	-
Budgetary fund balances, July 1, as restated	14,911	71,448	71,448	-	224	12,747	12,747	-
Budgetary fund balances, June 30	$ -	$ 60,732	$ 84,105	$ 23,373	$ -	$ 15,829	$ 15,935	$ 106

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2021
(In Thousands)

	San Francisco County Transportation Authority Fund				Senior Citizens Program Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Business taxes	-	-	-	-	-	-	-	-
Sales and use tax	93,350	81,028	86,530	5,502	-	-	-	-
Hotel room tax	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-
Licenses, permits, and franchises	4,351	5,035	5,514	479	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Interest and investment income	758	675	3	(672)	-	-	-	-
Rents and concessions	-	-	-	-	-	-	-	-
Intergovernmental:								
Federal	27,931	24,725	6,869	(17,856)	5,585	5,827	5,827	-
State	2,510	2,476	126	(2,350)	2,185	1,725	1,725	-
Other	6,917	5,732	4,793	(939)	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Other	45	45	35	(10)	-	-	-	-
Total revenues	135,862	119,716	103,870	(15,846)	7,770	7,552	7,552	-
Expenditures:								
Current:								
Public protection	-	-	-	-	-	-	-	-
Public works, transportation and commerce	207,656	189,118	114,724	74,394	-	-	-	-
Human welfare and neighborhood development	-	-	-	-	7,770	7,553	7,553	-
Community health	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
General administration and finance	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	13,310	13,310	13,310	-	-	-	-	-
Interest and other fiscal charges	8,642	8,558	8,372	186	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	229,608	210,986	136,406	74,580	7,770	7,553	7,553	-
Excess (deficiency) of revenues over (under) expenditures	(93,746)	(91,270)	(32,536)	58,734	-	(1)	(1)	-
Other financing sources (uses):								
Transfers in	7,401	6,700	5,643	(1,057)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Issuance of commercial paper	-	-	-	-	-	-	-	-
Issuance of bonds	100,000	50,000	-	(50,000)	-	-	-	-
Budget reserves and designations	-	-	-	-	-	-	-	-
Total other financing sources (uses)	107,401	56,700	5,643	(51,057)	-	-	-	-
Net changes in fund balances	13,655	(34,570)	(26,893)	7,677	-	(1)	(1)	-
Budgetary fund balances, July 1, as previously reported	107,780	107,780	107,780	-	-	1	1	-
Cumulative effect of accounting change	75	75	75	-	-	-	-	-
Budgetary fund balances, July 1, as restated	107,855	107,855	107,855	-	-	1	1	-
Budgetary fund balances, June 30	$ 121,510	$ 73,285	$ 80,962	$ 7,677	$ -	$ -	$ -	$ -

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2021
(In Thousands)

	War Memorial Fund				Total			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Property taxes	$ -	$ -	$ -	$ -	$ 242,500	$ 242,500	$ 264,390	$ 21,890
Business taxes	-	-	-	-	971,910	1,171,962	1,171,962	-
Sales and use tax	-	-	-	-	93,350	81,028	86,530	5,502
Hotel room tax	-	-	-	-	25,920	4,521	4,521	-
Other local taxes	-	-	-	-	15,000	6,218	6,218	-
Licenses, permits, and franchises	-	-	-	-	14,519	14,073	14,924	851
Fines, forfeitures, and penalties	-	-	-	-	12,407	50,705	50,522	(183)
Interest and investment income	-	28	46	18	5,207	27,509	25,673	(1,836)
Rents and concessions	754	945	1,236	291	34,520	85,076	71,667	(13,409)
Intergovernmental:								
Federal	-	-	-	-	232,557	224,356	205,886	(18,470)
State	-	-	-	-	240,775	203,654	199,721	(3,933)
Other	-	-	-	-	9,419	15,916	14,939	(977)
Charges for services	-	9	59	50	103,886	135,266	147,921	12,655
Other	-	-	-	-	127,808	137,856	133,786	(4,070)
Total revenues	754	982	1,341	359	2,129,778	2,400,640	2,398,660	(1,980)
Expenditures:								
Current:								
Public protection	-	-	-	-	73,493	77,972	77,901	71
Public works, transportation and commerce	-	827	827	-	397,878	433,543	326,793	106,750
Human welfare and neighborhood development	-	-	-	-	1,222,033	789,760	784,380	5,380
Community health	-	-	-	-	243,010	114,166	114,140	26
Culture and recreation	15,218	15,398	14,645	753	340,069	304,796	270,157	34,639
General administration and finance	-	-	-	-	45,382	84,876	81,636	3,240
Debt service:								
Principal retirement	-	-	-	-	52,596	17,654	14,287	3,367
Interest and other fiscal charges	-	-	-	-	9,691	9,884	9,698	186
Bond issuance costs	-	-	-	-	-	1,133	1,133	-
Total expenditures	15,218	16,225	15,472	753	2,384,152	1,833,784	1,680,125	153,659
Excess (deficiency) of revenues over (under) expenditures	(14,464)	(15,243)	(14,131)	1,112	(254,374)	566,856	718,535	151,679
Other financing sources (uses):								
Transfers in	13,714	13,824	13,824	-	391,454	487,530	486,473	(1,057)
Transfers out	-	-	-	-	(330,565)	(385,043)	(384,792)	251
Issuance of commercial paper	-	-	-	-	-	48	48	-
Issuance of bonds	-	-	-	-	100,000	406,508	356,508	(50,000)
Budget reserves and designations	-	-	-	-	(6,533)	(6,064)	-	6,064
Total other financing sources (uses)	13,714	13,824	13,824	-	154,356	502,979	458,237	(44,742)
Net changes in fund balances	(750)	(1,419)	(307)	1,112	(100,018)	1,069,835	1,176,772	106,937
Budgetary fund balances, July 1, as previously reported	750	10,150	10,150	-	221,453	1,881,228	1,881,228	-
Cumulative effect of accounting change	-	-	-	-	75	154	154	-
Budgetary fund balances, July 1, as restated	750	10,150	10,150	-	221,528	1,881,382	1,881,382	-
Budgetary fund balances, June 30	$ -	$ 8,731	$ 9,843	$ 1,112	$ 121,510	$ 2,951,217	$ 3,058,154	$ 106,937

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department Budget and Actual – Budget Basis Nonmajor Governmental Funds – Special Revenue Funds

Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
BUILDING INSPECTION FUND				
Public Works, Transportation and Commerce				
Building Inspection	$ 89,409	$ 99,500	$ 86,470	$ 13,030
Public Works	-	8	8	-
	89,409	99,508	86,478	13,030
Total Building Inspection Fund	89,409	99,508	86,478	13,030
CHILDREN AND FAMILIES FUND				
Public Protection				
Juvenile Probation	122	-	-	-
Human Welfare and Neighborhood Development				
Child Support Services	13,242	13,508	12,563	945
Children and Families Commission	13,490	9,257	9,257	-
Children, Youth and Their Families	207,306	245,514	245,383	131
Human Services	312,180	70,097	70,097	-
	546,218	338,376	337,300	1,076
Total Children and Families Fund	546,340	338,376	337,300	1,076
COMMUNITY / NEIGHBORHOOD DEVELOPMENT FUND				
Public Works, Transportation and Commerce				
Economic and Workforce Development	5,495	7,300	7,300	-
Municipal Transportation Agency	-	473	473	-
Public Utilities Commission	-	107	107	-
Public Works	2,400	12,953	12,953	-
	7,895	20,833	20,833	-
Human Welfare and Neighborhood Development				
Children, Youth and Their Families	1,000	330	330	-
Homelessness and Supportive Housing	-	16,277	16,277	-
Human Services	5,737	26,158	26,158	-
Mayor's Office	119,730	200,786	200,786	-
Rent Arbitration Board	9,381	9,297	8,243	1,054
	135,848	252,848	251,794	1,054
Community Health				
Public Health	-	3,829	3,829	-
Culture and Recreation				
Arts Commission	50	16	16	-
Recreation and Park Commission	23,970	1,117	1,117	-
	24,020	1,133	1,133	-
General Administration and Finance				
General Services Agency - Administrative Services	3,300	1,058	1,058	-
Planning	9,618	3,839	3,839	-
Telecommunications and Information Services	-	15	15	-
	12,918	4,912	4,912	-
Total Community / Neighborhood Development Fund	180,681	283,555	282,501	1,054

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
COMMUNITY HEALTH SERVICES FUND				
Public Protection				
Adult Probation	223	71	71	-
Public Works, Transportation and Commerce				
Public Works	-	2,990	2,990	-
Human Welfare and Neighborhood Development				
Homelessness and Supportive Housing	609	600	600	-
Community Health				
Public Health	144,322	107,669	107,643	26
Total Community Health Services Fund	145,154	111,330	111,304	26
CONVENTION FACILITIES FUND				
Culture and Recreation				
General Services Agency - Administrative Services	49,772	51,333	32,513	18,820
Total Convention Facilities Fund	49,772	51,333	32,513	18,820
COURTS FUND				
Public Protection				
Superior Court	2,803	461	390	71
Total Courts Fund	2,803	461	390	71
CULTURE AND RECREATION FUND				
Public Works, Transportation and Commerce				
Economic and Workforce Development	1,052	373	373	-
Public Works	-	1,572	1,572	-
	1,052	1,945	1,945	-
Human Welfare and Neighborhood Development				
Mayor's Office	2,430	1,837	1,837	-
Culture and Recreation				
Arts Commission	11,016	13,196	13,196	-
Asian Art Museum	536	338	338	-
Fine Arts Museums	1,124	975	975	-
Recreation and Park Commission	5,021	3,229	3,142	87
	17,697	17,738	17,651	87
General Administration and Finance				
General Services Agency - Administrative Services	13,203	15,412	15,412	-
Total Culture and Recreation Fund	34,382	36,932	36,845	87
ENVIRONMENTAL PROTECTION FUND				
Human Welfare and Neighborhood Development				
Environment	18,164	5,983	4,839	1,144
General Administration and Finance				
Planning	-	13	13	-
Total Environmental Protection Fund	18,164	5,996	4,852	1,144

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GASOLINE TAX FUND				
Public Works, Transportation and Commerce				
Municipal Transportation Agency	-	486	486	-
Public Utilities Commission	-	508	508	-
Public Works	53,486	45,877	42,996	2,881
	53,486	46,871	43,990	2,881
General Administration and Finance				
Telecommunications and Information Services	-	9	9	-
Total Gasoline Tax Fund	53,486	46,880	43,999	2,881
GENERAL SERVICES FUND				
Public Protection				
District Attorney	310	92	92	-
Public Works, Transportation and Commerce				
Public Works	-	1	1	-
Human Welfare and Neighborhood Development				
Children, Youth and Their Families	-	66	66	-
Culture and Recreation				
Fine Arts Museums	-	447	447	-
General Administration and Finance				
Assessor/Recorder	1,966	2,382	2,382	-
Board of Supervisors	18	15	15	-
Elections	-	4,388	4,388	-
General Services Agency - Administrative Services	787	4,154	4,154	-
Human Resources	136	186	70	116
Mayor's Office	150	-	-	-
Telecommunications and Information Services	2,390	775	775	-
Treasurer/Tax Collector	1,806	1,362	1,362	-
	7,253	13,262	13,146	116
Total General Services Fund	7,563	13,868	13,752	116

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GIFT AND OTHER EXPENDABLE TRUSTS FUND				
Public Protection				
Fire Department	-	48	48	-
Police Department	-	169	169	-
	-	217	217	-
Public Works, Transportation and Commerce				
Economic and Workforce Development	-	2,423	2,423	-
Public Works	-	604	604	-
	-	3,027	3,027	-
Human Welfare and Neighborhood Development				
Children, Youth and Their Families	-	375	375	-
Environment	75	-	-	-
Homelessness and Supportive Housing	-	322	322	-
Human Rights Commission	-	64	64	-
Human Services	96	5,694	5,694	-
Mayor's Office	-	7,171	7,171	-
Status of Women	46	30	30	-
	217	13,656	13,656	-
Community Health				
Public Health	288	-	-	-
Culture and Recreation				
Arts Commission	-	899	899	-
Fine Arts Museums	-	574	574	-
Library	5	19	19	-
Recreation and Park Commission	444	281	281	-
	449	1,773	1,773	-
General Administration and Finance				
General Services Agency - Administrative Services	-	22	22	-
Telecommunications and Information Services	-	1	1	-
	-	23	23	-
Total Gift and Other Expendable Trusts Fund	954	18,696	18,696	-
GOLF FUND				
Culture and Recreation				
Recreation and Park Commission	18,704	17,344	16,990	354
Total Golf Fund	18,704	17,344	16,990	354

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
HUMAN WELFARE FUND				
Public Works, Transportation and Commerce				
Public Utilities Commission	-	12	12	-
Public Works	-	7,596	7,596	-
	-	7,608	7,608	-
Human Welfare and Neighborhood Development				
Homelessness and Supportive Housing	130,149	60,647	60,647	-
Human Services	59,407	59,509	59,509	-
Mayor's Office	-	2,986	2,986	-
Status of Women	363	425	189	236
	189,919	123,567	123,331	236
Total Human Welfare Fund	189,919	131,175	130,939	236
LOW AND MODERATE INCOME HOUSING ASSET FUND				
Human Welfare and Neighborhood Development				
Mayor's Office	5,000	9,904	9,904	-
Total Low and Moderate Income Housing Asset Fund	5,000	9,904	9,904	-
OPEN SPACE AND PARK FUND				
Public Works, Transportation and Commerce				
Public Utilities Commission	-	1	1	-
Public Works	-	4,985	4,985	-
	-	4,986	4,986	-
Culture and Recreation				
Arts Commission	-	2	2	-
Recreation and Park Commission	62,702	60,352	51,114	9,238
	62,702	60,354	51,116	9,238
Total Open Space and Park Fund	62,702	65,340	56,102	9,238
OUR CITY OUR HOME FUND				
Public Protection				
Emergency Management	-	168	168	-
Fire Department	-	2,420	2,420	-
	-	2,588	2,588	-
Public Works, Transportation and Commerce				
Public Works	-	303	303	-
Human Welfare and Neighborhood Development				
Homelessness and Supportive Housing	295,165	10,741	10,741	-
Community Health				
Public Health	98,400	2,487	2,487	-
General Administration and Finance				
Telecommunications and Information Services	-	27	27	-
Total Our City Our Home Fund	393,565	16,146	16,146	-
PUBLIC LIBRARY FUND				
Public Works, Transportation and Commerce				
Public Works	-	8,018	8,018	-
	-	8,018	8,018	-
Culture and Recreation				
Arts Commission	-	18	18	-
Library	151,507	139,238	133,851	5,387
	151,507	139,256	133,869	5,387
Total Public Library Fund	151,507	147,274	141,887	5,387

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PUBLIC PROTECTION FUND				
Public Protection				
Adult Probation	4,014	5,202	5,202	-
District Attorney	8,011	8,969	8,969	-
Emergency Management	36,450	23,015	23,015	-
Fire Department	-	2,703	2,703	-
Juvenile Probation	9,063	6,067	6,067	-
Police Department	7,849	24,391	24,391	-
Public Defender	241	142	142	-
Sheriff	4,407	4,054	4,054	-
	70,035	74,543	74,543	-
Public Works, Transportation and Commerce				
Public Works	-	119	119	-
Human Welfare and Neighborhood Development				
Children, Youth and Their Families	3,496	4,262	4,262	-
Status of Women	-	2,234	2,234	-
	3,496	6,496	6,496	-
Community Health				
Public Health	-	181	181	-
General Administration and Finance				
City Attorney	5,142	1,967	1,967	-
General Services Agency - Administrative Services	57	30	30	-
	5,199	1,997	1,997	-
Total Public Protection Fund	78,730	83,336	83,336	-
PUBLIC WORKS, TRANSPORTATION AND COMMERCE FUND				
Public Works, Transportation and Commerce				
Municipal Transportation Agency	-	572	572	-
Public Works	38,380	46,408	29,963	16,445
	38,380	46,980	30,535	16,445
Human Welfare and Neighborhood Development				
Environment	17,197	18,133	16,263	1,870
Culture and Recreation				
Recreation and Park Commission	-	20	20	-
General Administration and Finance				
Controller	-	5	5	-
Planning	-	88	88	-
Telecommunications and Information Services	-	5	5	-
Treasurer/Tax Collector	1,973	196	196	-
	1,973	294	294	-
Total Public Works, Transportation and Commerce Fund	57,550	65,427	47,112	18,315

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REAL PROPERTY FUND				
Public Works, Transportation and Commerce				
Public Works	-	409	409	-
	-	409	409	-
General Administration and Finance				
General Services Agency - Administrative Services	4,836	48,927	45,803	3,124
Total Real Property Fund	4,836	49,336	46,212	3,124
SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY FUND				
Public Works, Transportation and Commerce				
Board of Supervisors	207,656	189,118	114,724	74,394
Total SF County Transportation Authority Fund	207,656	189,118	114,724	74,394
SENIOR CITIZENS PROGRAM FUND				
Human Welfare and Neighborhood Development				
Human Services	7,770	7,553	7,553	-
Total Senior Citizens Program Fund	7,770	7,553	7,553	-
WAR MEMORIAL FUND				
Public Works, Transportation and Commerce				
Public Works	-	827	827	-
Culture and Recreation				
War Memorial	15,218	15,398	14,645	753
Total War Memorial Fund	15,218	16,225	15,472	753
Total Special Revenue Funds With Legally Adopted Budgets	$ 2,321,865	$ 1,805,113	$ 1,655,007	$ 150,106

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Debt Service Funds
June 30, 2021
(In Thousands)

	General Obligation Bond Fund	Certificates of Participation Funds	Other Bond Funds	Total
Assets:				
Deposits and investments with City Treasury	$ 150,869	$ -	$ 3	$ 150,872
Deposits and investments outside City Treasury	-	71,707	38	71,745
Receivables:				
Property taxes and penalties	5,683	-	-	5,683
Interest and other	173	-	-	173
Total assets	$ 156,725	$ 71,707	$ 41	$ 228,473
Liabilities:				
Due to other funds	$ -	$ 5	$ -	$ 5
Unearned revenues and other liabilities	10,846	-	-	10,846
Total liabilities	10,846	5	-	10,851
Deferred inflows of resources	4,772	-	-	4,772
Fund balances:				
Restricted	141,107	71,702	41	212,850
Total fund balances	141,107	71,702	41	212,850
Total liabilities, deferred inflows of resources and fund balances	$ 156,725	$ 71,707	$ 41	$ 228,473

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Debt Service Funds
Year Ended June 30, 2021
(In Thousands)

	General Obligation Bond Fund	Certificates of Participation Funds	Other Bond Funds	Total
Revenues:				
Property taxes	$ 367,499	$ -	$ -	$ 367,499
Fines, forfeitures, and penalties	19,428	-	-	19,428
Interest and investment income	1,380	6	-	1,386
Intergovernmental				
State	729	-	-	729
Other	3,919	-	-	3,919
Total revenues	392,955	6	-	392,961
Expenditures:				
Debt service:				
Principal retirement	305,515	34,335	3,355	343,205
Interest and other fiscal charges	98,083	44,418	374	142,875
Bond issuance costs	791	938	-	1,729
Payment to refunded bond escrow agent	2,531	4,636	-	7,167
Total expenditures	406,920	84,327	3,729	494,976
Excess (deficiency) of revenues over (under) expenditures	(13,965)	(84,321)	(3,729)	(102,015)
Other financing sources (uses):				
Transfers in	35,769	77,368	3,729	116,866
Issuance of bonds:				
Face value of bonds issued	91,230	70,640	-	161,870
Premium on issuance of bonds	21,636	11,862	-	33,498
Payment to refunded bond escrow agent	(112,069)	(81,510)	-	(193,579)
Total other financing sources (uses)	36,566	78,360	3,729	118,655
Net changes in fund balances	22,601	(5,961)	-	16,640
Fund balances at beginning of year	118,506	77,663	41	196,210
Fund balances at end of year	$ 141,107	$ 71,702	$ 41	$ 212,850

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budget Basis Nonmajor Governmental Funds – Debt Service Fund

Year Ended June 30, 2021
(In Thousands)

	General Obligation Bond Fund			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	$ 356,935	$ 356,935	$ 367,499	$ 10,564
Fines, forfeitures, and penalties	15,823	15,823	19,428	3,605
Interest and investment income	-	956	2,251	1,295
Intergovernmental				
State	800	800	729	(71)
Other	3,543	3,919	3,919	-
Total revenues	377,101	378,433	393,826	15,393
Expenditures:				
Debt service:				
Principal retirement	370,503	305,515	305,515	-
Interest and other fiscal charges	6,598	107,938	98,083	9,855
Bond issuance costs	-	627	627	-
Payment to refunded bond escrow agent	-	2,531	2,531	-
Total expenditures	377,101	416,611	406,756	9,855
Excess (deficiency) of revenues over (under) expenditures	-	(38,178)	(12,930)	25,248
Other financing sources (uses):				
Transfers in	-	35,769	35,769	-
Issuance of bonds:				
Face value of bonds issued	-	91,230	91,230	-
Premium on issuance of bonds	-	21,472	21,472	-
Payment to refunded bond escrow agent	-	(112,069)	(112,069)	-
Total other financing sources (uses)	-	36,402	36,402	-
Net changes in fund balance	-	(1,776)	23,472	25,248
Budgetary fund balance, July 1	-	125,663	125,663	-
Budgetary fund balance, June 30	$ -	$ 123,887	$ 149,135	$ 25,248

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet Nonmajor Governmental Funds – Capital Projects Funds

June 30, 2021
(In Thousands)

	City Facilities Improvement Fund	Fire Protection Systems Improvement Fund	Moscone Convention Center Fund
Assets:			
Deposits and investments with City Treasury	$ 284,405	$ 211	$ -
Deposits and investments outside City Treasury	117,871	-	9,795
Receivables:			
Federal and state grants and subventions	-	-	-
Interest and other	121	-	-
Due from other funds	-	-	-
Total assets	$ 402,397	$ 211	$ 9,795
Liabilities:			
Accounts payable	$ 25,501	$ 72	$ 186
Accrued payroll	572	-	3
Unearned grant and subvention revenues	-	-	-
Due to other funds	80	-	8,547
Unearned revenues and other liabilities	1,010	10	-
Total liabilities	27,163	82	8,736
Deferred inflows of resources	-	-	-
Fund balances:			
Restricted	375,234	129	1,059
Total fund balances	375,234	129	1,059
Total liabilities, deferred inflows of resources and fund balances	$ 402,397	$ 211	$ 9,795

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Capital Projects Funds (Continued)
June 30, 2021
(In Thousands)

	Recreation and Park Projects	Street Improvement Fund	Total
Assets:			
Deposits and investments with City Treasury	$ 33,711	$ 405	$ 318,732
Deposits and investments outside City Treasury	-	2,761	130,427
Receivables:			
Federal and state grants and subventions	1,707	12,316	14,023
Interest and other	22	3	146
Due from other funds	-	9,558	9,558
Total assets	$ 35,440	$ 25,043	$ 472,886
Liabilities:			
Accounts payable	$ 3,788	$ 6,678	$ 36,225
Accrued payroll	77	87	739
Unearned grant and subvention revenues	6,055	-	6,055
Due to other funds	-	59	8,686
Unearned revenues and other liabilities	18	10,568	11,606
Total liabilities	9,938	17,392	63,311
Deferred inflows of resources	674	561	1,235
Fund balances:			
Restricted	24,828	7,090	408,340
Total fund balances	24,828	7,090	408,340
Total liabilities, deferred inflows of resources and fund balances	$ 35,440	$ 25,043	$ 472,886

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Capital Projects Funds
Year Ended June 30, 2021
(In Thousands)

	City Facilities Improvement Fund	Fire Protection Systems Improvement Fund	Moscone Convention Center Fund
Revenues:			
Interest and investment income	$ (348)	$ (1)	$ 1
Rents and concessions	-	-	-
Intergovernmental:			
Federal	-	-	-
State	-	-	-
Other	-	-	-
Other	-	-	-
Total revenues	(348)	(1)	1
Expenditures:			
Debt service:			
Interest and other fiscal charges	2,043	-	-
Bond issuance costs	3,314	-	-
Capital outlay	213,164	156	2,688
Total expenditures	218,521	156	2,688
Deficiency of revenues under expenditures	(218,869)	(157)	(2,687)
Other financing sources (uses):			
Transfers in	-	-	507
Transfers out	(60,819)	-	(229)
Issuance of bonds:			
Face value of bonds issued	330,735	-	-
Premium on issuance of bonds	54,861	-	-
Total other financing sources (uses)	324,777	-	278
Net changes in fund balances	105,908	(157)	(2,409)
Fund balances at beginning of year	269,326	286	3,468
Fund balances at end of year	$ 375,234	$ 129	$ 1,059

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Capital Projects Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Recreation and Park Projects	Street Improvement Fund	Total
Revenues:			
Interest and investment income	$ (138)	$ (22)	$ (508)
Rents and concessions	-	62	62
Intergovernmental:			
Federal	93	5,349	5,442
State	3,354	9,376	12,730
Other	992	614	1,606
Other	873	-	873
Total revenues	5,174	15,379	20,205
Expenditures:			
Debt service:			
Interest and other fiscal charges	-	-	2,043
Bond issuance costs	-	1,031	4,345
Capital outlay	24,604	35,026	275,638
Total expenditures	24,604	36,057	282,026
Deficiency of revenues under expenditures	(19,430)	(20,678)	(261,821)
Other financing sources (uses):			
Transfers in	156	14,396	15,059
Transfers out	-	(139,847)	(200,895)
Issuance of bonds:			
Face value of bonds issued	-	135,765	466,500
Premium on issuance of bonds	-	5,068	59,929
Total other financing sources (uses)	156	15,382	340,593
Net changes in fund balances	(19,274)	(5,296)	78,772
Fund balances at beginning of year	44,102	12,386	329,568
Fund balances at end of year	$ 24,828	$ 7,090	$ 408,340

CITY AND COUNTY OF SAN FRANCISCO

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

Central Shops Fund – Accounts for Central Shops equipment (primarily vehicle) maintenance service charges and the related billings to various departments.

Finance Corporation – Accounts for the lease financing services provided by the Finance Corporation to City departments. The City established the Finance Corporation Internal Service fund because its sole purpose is to provide lease financing to the City.

Reproduction Fund – Accounts for printing, design and mail services required by various City departments and agencies.

Telecommunications and Information Fund – Accounts for centralized telecommunications activities in the City's Wide Area Network, radio communication and telephone systems. In addition, it accounts for application support provided to many department-specific and citywide systems, management of the City's Web site, operations of the City's mainframe computers and technology training provided to the City, the related billings to various departments for specific services performed and operating support from the General Fund.

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Net Position
Internal Service Funds
June 30, 2021
(In Thousands)

	Central Shops Fund	Finance Corporation	Reproduction Fund	Telecom- munications & Information Fund	Total
Assets:					
Current assets:					
Deposits and investments with City Treasury	$ 3,959	$ -	$ 1,813	$ 37,599	$ 43,371
Receivables:					
Charges for services	101	-	14	115	230
Interest and other	22	-	-	330	352
Capital leases receivable	-	13,005	-	-	13,005
Other assets	-	-	-	2	2
Restricted assets:					
Deposits and investments outside City Treasury	-	6,272	-	-	6,272
Total current assets	4,082	19,277	1,827	38,046	63,232
Noncurrent assets:					
Capital leases receivable	-	97,850	-	-	97,850
Capital assets:					
Land and other assets not being depreciated	74	-	-	239	313
Facilities and equipment, net of depreciation	277	-	786	11,821	12,884
Total capital assets	351	-	786	12,060	13,197
Total noncurrent assets	351	97,850	786	12,060	111,047
Total assets	4,433	117,127	2,613	50,106	174,279
Deferred outflows of resources:					
Unamortized loss on refunding of debt	-	787	-	-	787
Deferred outflows related to pensions	4,381	-	-	14,491	18,872
Deferred outflows related to OPEB	2,864	-	-	4,825	7,689
Total deferred outflows of resources	7,245	787	-	19,316	27,348
Liabilities:					
Current liabilities:					
Accounts payable	1,494	70	106	8,622	10,292
Accrued payroll	686	-	125	2,145	2,956
Accrued vacation and sick leave pay	479	-	-	2,007	2,486
Accrued workers' compensation	-	-	-	270	270
Bonds, loans, capital leases, and other payables	-	12,790	-	319	13,109
Accrued interest payable	-	792	-	1	793
Unearned revenues and other liabilities	-	2,465	-	34	2,499
Total current liabilities	2,659	16,117	231	13,398	32,405
Noncurrent liabilities:					
Accrued vacation and sick leave pay	550	-	-	2,281	2,831
Accrued workers' compensation	-	-	-	1,179	1,179
Bonds, loans, capital leases, and other payables	-	101,519	-	-	101,519
Net pension liability	14,685	-	-	40,488	55,173
Net other postemployment benefits (OPEB) liability	17,533	-	-	29,850	47,383
Total noncurrent liabilities	32,768	101,519	-	73,798	208,085
Total liabilities	35,427	117,636	231	87,196	240,490
Deferred inflows of resources:					
Unamortized gain on refunding of debt	-	278	-	-	278
Deferred inflows related to pensions	335	-	-	1,543	1,878
Deferred inflows related to OPEB	2,966	-	-	5,310	8,276
Total deferred inflows of resources	3,301	278	-	6,853	10,432
Net position:					
Net investment in capital assets	351	-	786	11,741	12,878
Unrestricted (deficit)	(27,401)	-	1,596	(36,368)	(62,173)
Total net position	$ (27,050)	$ -	$ 2,382	$ (24,627)	$ (49,295)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2021
(In Thousands)

	Central Shops Fund	Finance Corporation	Reproduction Fund	Telecom- munications & Information Fund	Total
Operating revenues:					
Charges for services	$ 32,318	$ -	$ 9,173	$ 120,132	$ 161,623
Rents and concessions	-	-	-	561	561
Total operating revenues	32,318	-	9,173	120,693	162,184
Operating expenses:					
Personal services	17,074	-	2,709	39,393	59,176
Contractual services	4,586	-	5,480	56,510	66,576
Materials and supplies	10,530	-	280	2,673	13,483
Depreciation and amortization	83	-	46	3,587	3,716
General and administrative	32	-	4	175	211
Services provided by other departments	1,401	-	621	9,392	11,414
Other	-	-	-	578	578
Total operating expenses	33,706	-	9,140	112,308	155,154
Operating income (loss)	(1,388)	-	33	8,385	7,030
Nonoperating revenues (expenses):					
Operating grants State	58	-	-	-	58
Interest and investment income	-	1,578	-	-	1,578
Interest expense	(22)	(2,208)	(9)	(47)	(2,286)
Other, net	(47)	630	(100)	2,086	2,569
Total nonoperating revenues (expenses)	(11)	-	(109)	2,039	1,919
Income (loss) before transfers	(1,399)	-	(76)	10,424	8,949
Transfers in	22	-	9	42	73
Change in net position	(1,377)	-	(67)	10,466	9,022
Net position (deficit) at beginning of year	(25,673)	-	2,449	(35,093)	(58,317)
Net position (deficit) at end of year	$ (27,050)	$ -	$ 2,382	$ (24,627)	$ (49,295)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2021
(In Thousands)

	Central Shops Fund	Finance Corporation	Reproduction Fund	Telecom-munications & Information Fund	Total
Cash flows from operating activities:					
Cash received from customers	$ 31,940	$ 14,681	$ 8,782	$ 116,588	$ 171,991
Cash paid for employees' services	(15,705)	-	(2,695)	(42,730)	(61,130)
Cash paid to suppliers for goods and services	(15,562)	(292)	(5,980)	(61,826)	(83,660)
Net cash provided by operating activities	673	14,389	107	12,032	27,201
Cash flows from noncapital financing activities:					
Operating grants	58	-	-	-	58
Transfers in	22	-	9	42	73
Other noncapital financing uses	(47)	-	(101)	(159)	(307)
Net cash provided by (used in) noncapital financing activities	33	-	(92)	(117)	(176)
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(50)	-	(570)	(2,057)	(2,677)
Retirement of capital leases	-	(12,145)	-	(316)	(12,461)
Interest paid on debt	-	(2,296)	-	(6)	(2,302)
Net cash used in capital and related financing activities	(50)	(14,441)	(570)	(2,379)	(17,440)
Cash flows from investing activities:					
Other investing activities	(22)	-	(9)	(42)	(73)
Net cash used in investing activities	(22)	-	(9)	(42)	(73)
Change in cash and cash equivalents	634	(52)	(564)	9,494	9,512
Cash and cash equivalents at beginning of year	3,325	6,324	2,377	28,105	40,131
Cash and cash equivalents at end of year	$ 3,959	$ 6,272	$ 1,813	$ 37,599	$ 49,643
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ (1,388)	$ -	$ 33	$ 8,385	$ 7,030
Adjustments for non-cash and other activities:					
Depreciation and amortization	83	-	46	3,587	3,716
Other	-	-	1	2,245	2,246
Changes in assets and deferred outflows of resources/liabilities and deferred inflows of resources:					
Receivables, net	(40)	12,145	(1)	48	12,152
Other assets	-	-	-	(2)	(2)
Accounts payable	649	-	13	(664)	(2)
Accrued payroll	38	-	15	243	296
Accrued vacation and sick leave pay	191	-	-	954	1,145
Accrued workers' compensation	-	-	-	(134)	(134)
Due to other funds	-	-	-	(20)	(20)
Unearned revenue and other liabilities	-	2,244	-	-	2,244
Net pension liability and pension related deferred outflows and inflows of resources	(237)	-	-	(2,360)	(2,597)
Net OPEB liability and OPEB related deferred outflows and inflows of resources	1,377	-	-	(250)	1,127
Total adjustments	2,061	14,389	74	3,647	20,171
Net cash provided by operating activities	$ 673	$ 14,389	$ 107	$ 12,032	$ 27,201
Reconciliation of cash and cash equivalents to the combining statement of net position:					
Deposits and investments with City Treasury:					
Unrestricted	$ 3,959	$ -	$ 1,813	$ 37,599	$ 43,371
Deposits and investments outside City Treasury:					
Restricted	-	6,272	-	-	6,272
Total deposits and investments	3,959	6,272	1,813	37,599	49,643
Cash and cash equivalents at end of year on statement of cash flows	$ 3,959	$ 6,272	$ 1,813	$ 37,599	$ 49,643

CITY AND COUNTY OF SAN FRANCISCO

FIDUCIARY FUNDS

Pension and Other Employee Benefit Trust Funds are used to record assets from employee and employer contributions and investment earnings which are held for employee benefits.

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

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

Retiree Health Care Trust - Accounts for the contributions from employees, City contributions and the earnings and profits from investment of monies. Disbursements are to be made for benefits, expenses and other charges properly allocable to the trust fund.

Custodial Funds are used to report fiduciary activities that are not reported in Pension and Other Employee Benefit Trust Funds, or Private-Purpose Trust Funds.

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

Community Facilities District Fund – Accounts for the activities of various Community Facilities Districts and Special Tax Districts which have been established for the purpose of financing facilities and services.

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

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

Successor Agency Custodial Fund – Accounts for the custodial funds of the Successor Agency.

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

Other Custodial Funds – Accounts for monies held as agent for a variety of purposes.

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Fiduciary Net Position
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds

June 30, 2021
(In Thousands)

	Pension Trust Fund	Other Employee Benefit Trust Fund	Other Post-employment Benefit Trust Fund	
	Employees Retirement System	Health Service System	Retiree Health Care	Total
Assets:				
Deposits and investments with City Treasury..........	$ 9,184	$ 137,038	$ 2,538	$ 148,760
Deposits and investments outside City Treasury:				
Cash and deposits..	49,724	-	-	49,724
Short-term investments...	651,504	-	8,878	660,382
Debt securities..	2,184,080	-	217,653	2,401,733
Equity securities...	12,657,330	-	467,285	13,124,615
Real assets...	4,182,366	-	-	4,182,366
Private equity and other alternative investments....	15,754,991	-	45,497	15,800,488
Foreign currency contracts, net............................	69	-	-	69
Invested securities lending collateral.......................	770,857	-	-	770,857
Receivables:				
Employer and employee contributions..................	19,837	26,222	5,301	51,360
Brokers, general partners and others....................	248,940	-	-	248,940
Interest and other..	12,007	90	852	12,949
Other assets...	-	2,869	-	2,869
Total assets..	36,540,889	166,219	748,004	37,455,112
Deferred outflows related to OPEB...........................	2,255	-	-	2,255
Liabilities:				
Accounts payable..	42,989	9,010	48	52,047
Estimated claims payable..	-	28,108	-	28,108
Payable to brokers..	41,847	-	848	42,695
Payable to borrowers of securities..........................	770,514	-	-	770,514
Other liabilities...	-	3,199	-	3,199
Net other postemployment benefits (OPEB) liability	11,988	-	-	11,988
Total liabilities...	867,338	40,317	896	908,551
Deferred inflows related to OPEB..............................	1,972	-	-	1,972
Net position restricted for:				
Pensions..	35,673,834	-	-	35,673,834
Postemployment healthcare benefits......................	-	-	747,108	747,108
Individuals, organizations, and other governments..	-	125,902	-	125,902
Restricted for pension and other employee benefits..	$ 35,673,834	$ 125,902	$ 747,108	$ 36,546,844

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds

Year Ended June 30, 2021
(In Thousands)

	Pension Trust Fund	Other Employee Benefit Trust Fund	Other Post-employment Benefit Trust Fund	
	Employees Retirement System	Health Service System	Retiree Health Care	Total
Additions:				
Employee contributions..	$ 409,398	$ 169,514	$ 64,587	$ 643,499
Employer contributions..	836,559	853,765	256,382	1,946,706
Total contributions..	1,245,957	1,023,279	320,969	2,590,205
Investment income (expenses):				
Interest..	50,520	1,039	7,954	59,513
Dividends...	84,514	-	-	84,514
Net appreciation (depreciation) in fair value of investment	9,372,334	(891)	127,604	9,499,047
Securities lending income...	4,059	-	-	4,059
Total investment income..	9,511,427	148	135,558	9,647,133
Less investment expenses:				
Other Investment expenses...	(63,758)	-	(332)	(64,090)
Net investment income..	9,447,669	148	135,226	9,583,043
Total additions, net...	10,693,626	1,023,427	456,195	12,173,248
Deductions:				
Benefit payments………..	1,599,507	1,013,639	227,042	2,840,188
Refunds of contributions..	20,254	-	-	20,254
Administrative expenses..	20,249	-	265	20,514
Total deductions...	1,640,010	1,013,639	227,307	2,880,956
Change in net position..	9,053,616	9,788	228,888	9,292,292
Net position at beginning of year..	26,620,218	116,114	518,220	27,254,552
Net position at end of year...	$ 35,673,834	$ 125,902	$ 747,108	$ 36,546,844

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Fiduciary Net Position
Fiduciary Funds
Custodial Funds
June 30, 2021
(In Thousands)

	Assistance Program Fund	Community Facilities Districts Fund	Deposits Fund	State Revenue Collection Fund
Assets:				
Deposits and investments with City Treasury	$ 18,778	$ 2,687	$ 28,914	$ 1,208
Deposits and investments outside City Treasury:				
Cash and deposits	-	128,116	141	-
Receivables:				
Taxes	-	-	-	-
Interest and other	11	1	2	-
Restricted assets:				
Deposits and investments outside City Treasury	-	-	-	-
Total assets	18,789	130,804	29,057	1,208
Liabilities:				
Accounts payable	-	111	98	10
Custodial obligations to State of California	-	-	-	1,198
Taxes payable to other governments	-	-	-	-
Total liabilities	-	111	98	1,208
Net position restricted for:				
Individuals, organizations, and other governments	$ 18,789	$ 130,693	$ 28,959	$ -

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Fiduciary Net Position
Fiduciary Funds
Custodial Funds (Continued)
June 30, 2021
(In Thousands)

	Successor Agency Custodial Fund	Tax Collection Fund	Other	Total
Assets:				
Deposits and investments with City Treasury	$ 35,381	$ 230,160	$ 67,683	$ 384,811
Deposits and investments outside City Treasury:				
Cash and deposits	-	12	-	128,269
Receivables:				
Taxes	-	155,925	-	155,925
Interest and other	18	8	4	44
Restricted assets:				
Deposits and investments outside City Treasury	32,497	-	-	32,497
Total assets	67,896	386,105	67,687	701,546
Liabilities:				
Accounts payable	326	-	17,538	18,083
Custodial obligations to State of California	-	-	-	1,198
Taxes payable to other governments	-	386,105	1,144	387,249
Total liabilities	326	386,105	18,682	406,530
Net position restricted for:				
Individuals, organizations, and other governments	$ 67,570	$ -	$ 49,005	$ 295,016

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Custodial Funds
Year Ended June 30, 2021
(In Thousands)

	Assistance Program Fund	Community Facilities Districts Fund	Deposits Fund	State Revenue Collection Fund
Additions:				
Property taxes	$ -	$ 32,423	$ -	$ -
Investment income:				
Interest	(11)	29	(46)	(1)
Custodial additions	1,068	65,497	30,874	7,569
Total additions, net	1,057	97,949	30,828	7,568
Deductions:				
Property taxes distributed to other governments	-	-	-	-
Custodial distributions to State	-	-	-	7,568
Other custodial deductions	998	38,185	73,180	-
Total deductions	998	38,185	73,180	7,568
Change in net position	59	59,764	(42,352)	-
Net position at beginning of year, as previously reported	-	-	-	-
Cumulative effect of accounting change	18,730	70,929	71,311	-
Net position at beginning of year, as restated	18,730	70,929	71,311	-
Net position at end of year	$ 18,789	$ 130,693	$ 28,959	$ -

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Custodial Funds (Continued)
Year Ended June 30, 2021
(In Thousands)

	Successor Agency Custodial Fund	Tax Collection Fund	Other	Total
Additions:				
Property taxes	$ 17,974	$ 5,543,167	$ 167,031	$ 5,760,595
Investment income:				
Interest	48	1,999	29	2,047
Custodial additions	-	-	55,888	160,896
Total additions, net	18,022	5,545,166	222,948	5,923,538
Deductions:				
Property taxes distributed to other governments	-	5,545,166	167,041	5,712,207
Custodial distributions to State	-	-	-	7,568
Other custodial deductions	13,437	-	63,193	188,993
Total deductions	13,437	5,545,166	230,234	5,908,768
Change in net position	4,585	-	(7,286)	14,770
Net position at beginning of year, as previously reported	-	-	-	-
Cumulative effect of accounting change	62,985	-	56,291	280,246
Net position at beginning of year, as restated	62,985	-	56,291	280,246
Net position at end of year	$ 67,570	$ -	$ 49,005	$ 295,016

STATISTICAL SECTION

CITY AND COUNTY OF SAN FRANCISCO

Statistical Section

This section of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources:
Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY AND COUNTY OF SAN FRANCISCO

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(Accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (4)	2019	2020	2021 (5)
Governmental activities										
Net investment in capital assets	$ 2,199,316	$ 2,275,963	$ 2,483,086	$ 2,684,808	$ 2,750,782	$ 2,873,927	$ 3,311,218	$ 3,681,341	$ 3,853,271	$ 3,927,209
Restricted for:										
Reserve for rainy day	34,109	26,339	83,194	114,969	120,106	125,689	143,977	324,977	229,069	114,539
Debt service	48,202	98,754	91,900	87,772	83,029	108,179	136,132	104,720	113,765	136,571
Capital projects	91,997	154,502	110,608	28,263	198,962	257,634	196,598	186,015	297,975	256,804
Community development	240,771	109,423	200,640	297,094	433,398	434,691	427,684	624,127	628,484	1,267,587
Transportation Authority activities	6,705	10,924	12,496	13,486	15,657	16,189	17,499	21,554	28,673	42,420
Building inspection programs	49,364	71,131	97,928	109,512	134,663	150,109	155,448	166,510	162,182	130,927
Children and families	53,632	56,170	59,572	100,892	105,177	115,284	134,548	181,248	187,538	511,810
Culture, recreation, grants and other purposes	150,383	158,973	206,368	209,399	240,524	265,444	319,595	415,236	470,912	505,112
Unrestricted (deficit)	(954,469)	(1,142,020)	(1,004,161)	(2,358,981)	(2,073,235)	(2,560,735)	(2,950,722)	(2,804,237)	(2,838,247)	(3,133,782)
Total governmental activities net position	$ 1,920,010	$ 1,820,159	$ 2,341,631	$ 1,287,214	$ 2,009,063	$ 1,786,411	$ 1,891,977	$ 2,901,491	$ 3,133,622	$ 3,759,197
Business-type activities										
Net investment in capital assets	$ 4,538,990	$ 4,691,579	$ 4,832,659	$ 5,117,679	$ 5,690,741	$ 5,752,069	$ 6,176,022	$ 6,764,333	$ 7,013,098	$ 7,003,396
Restricted for:										
Debt service	53,951	58,970	64,143	100,923	127,073	202,262	294,499	331,118	316,671	242,381
Capital projects	176,570	299,942	363,601	358,745	340,896	394,634	515,072	556,980	523,169	510,813
Other purposes	18,913	13,046	24,721	35,986	70,505	93,696	294,122	165,675	116,861	301,944
Unrestricted	242,842	610,565	732,736	(335,083)	(231,379)	(670,759)	(1,492,713)	(1,117,385)	(1,004,826)	(1,162,508)
Total business-type activities net position	$ 5,031,266	$ 5,674,102	$ 6,017,860	$ 5,278,250	$ 5,997,836	$ 5,771,902	$ 5,787,002	$ 6,700,721	$ 6,964,973	$ 6,896,026
Primary government										
Net investment in capital assets (3)	$ 6,459,434	$ 6,692,499	$ 7,032,674	$ 7,520,698	$ 8,151,422	$ 8,321,778	$ 9,157,665	$ 10,048,870	$ 10,474,620	$ 10,561,206
Restricted for:										
Reserve for rainy day	34,109	26,339	83,194	114,969	120,106	125,689	143,977	324,977	229,069	114,539
Debt service	102,153	157,724	156,043	188,695	210,102	310,441	430,631	435,838	430,436	378,952
Capital projects (3)	246,027	356,002	418,103	330,213	423,132	569,948	569,115	692,052	793,888	646,400
Community development	240,771	109,423	200,640	297,094	433,398	434,691	427,684	624,127	628,484	1,267,587
Transportation Authority activities	6,705	10,924	12,496	13,486	15,657	16,189	17,499	21,554	28,673	42,420
Building inspection programs	49,364	71,131	97,928	109,512	134,663	150,109	155,448	166,510	162,182	130,927
Children and families	53,632	56,170	59,572	100,892	105,177	115,284	134,548	181,248	187,538	511,810
Culture, recreation, grants and other purposes	169,296	172,019	231,089	245,385	311,029	359,140	613,717	580,911	587,773	807,056
Unrestricted (deficit) (3)	(410,215)	(157,970)	67,752	(2,355,480)	(1,897,787)	(2,844,956)	(3,971,305)	(3,473,875)	(3,424,068)	(3,805,674)
Total primary government activities net position	$ 6,951,276	$ 7,494,261	$ 8,359,491	$ 6,565,464	$ 8,006,899	$ 7,558,313	$ 7,678,979	$ 9,602,212	$ 10,098,595	$ 10,655,223

Notes:

(1) Effective with the implementation of GASB Statement No. 63, in fiscal year 2013, Net Assets was renamed Net Position.

(2) In fiscal year 2015, the City adopted the provisions of GASB Statement Nos.68 and 71. As restatement of all prior periods is not practical, the cumulative effect of applying these statements is reported as a restatement of beginning net position as of July 1, 2014.

(3) Certain net position reclassifications were made to reflect the primary government as a whole perspective since fiscal year 2019. See Note 10(d) in the Notes to Basic Financial Statements for details.

(4) In fiscal year 2018, the City adopted the provisions of GASB Statement No.75. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017.

(5) In fiscal year 2021, the City adopted the provisions of GASB Statement No.84. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2020.

CITY AND COUNTY OF SAN FRANCISCO

CHANGES IN NET POSITION

Last Ten Fiscal Years
(Accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2012	2013	2014	2015 (2)	2016	2017	2018 (3)	2019	2020	2021 (4)
Expenses										
Governmental activities:										
Public protection	$ 1,158,618	$ 1,236,922	$ 1,229,591	$ 1,108,200	$ 1,222,549	$ 1,692,224	$ 1,496,749	$ 1,496,341	$ 1,661,262	$ 1,744,103
Public works, transportation and commerce	210,415	189,124	200,712	270,454	418,978	387,423	321,577	331,717	362,133	530,087
Human welfare and neighborhood development	942,523	946,562	1,009,190	1,073,652	1,233,403	1,543,047	1,552,060	1,720,425	2,137,968	2,384,993
Community health	673,905	751,491	786,761	735,040	747,071	868,628	914,512	960,422	1,148,208	1,241,282
Culture and recreation	307,269	338,042	357,620	355,676	311,028	539,516	425,668	594,219	519,015	467,251
General administration and finance	237,818	249,271	298,563	249,823	246,383	337,209	430,711	330,358	416,370	475,428
General City responsibilities	96,147	83,895	85,239	94,577	113,490	145,247	118,956	156,907	119,693	100,077
Unallocated Interest on long-term debt and cost of issuance (1)	110,145	107,790	115,880	115,030	115,357	113,264	138,048	153,220	145,600	144,334
Total governmental activities expenses	3,736,840	3,903,097	4,083,556	4,002,452	4,408,259	5,626,558	5,398,281	5,743,609	6,510,249	7,087,555
Business-type activities:										
Airport	746,610	756,961	827,658	853,338	900,621	1,122,802	1,092,154	1,067,265	1,344,734	1,294,064
Transportation	959,088	1,026,726	1,037,368	1,018,251	1,106,420	1,468,586	1,304,254	1,304,358	1,438,417	1,327,418
Port	72,307	81,422	88,551	88,436	91,449	118,361	102,667	123,116	131,884	142,126
Water	431,248	445,804	470,200	438,885	470,254	572,509	536,068	536,480	576,140	627,875
Power	130,709	129,790	137,639	149,438	153,472	198,621	202,366	314,471	392,669	411,605
Hospitals	954,566	992,687	1,011,452	996,395	1,050,618	1,370,154	1,294,045	1,236,823	1,332,648	1,376,112
Sewer	214,593	223,727	243,466	239,556	244,289	273,077	264,298	304,010	296,842	318,976
Market	1,138	1,231	120	-	-	-	-	-	-	-
Total business-type activities expenses	3,510,259	3,658,348	3,816,454	3,784,299	4,017,123	5,124,110	4,795,852	4,886,523	5,513,334	5,498,176
Total primary government expenses	$ 7,247,099	$ 7,561,445	$ 7,900,010	$ 7,786,751	$ 8,425,382	$ 10,750,668	$ 10,194,133	$ 10,630,132	$ 12,023,583	$ 12,585,731
Program Revenues										
Governmental activities:										
Charges for services:										
Public protection	$ 61,412	$ 60,190	$ 69,673	$ 70,444	$ 86,164	$ 83,896	$ 87,614	$ 121,848	$ 105,508	$ 85,593
Public works, transportation and commerce	93,809	105,981	135,842	128,661	130,410	148,804	157,416	164,578	138,328	136,455
Human welfare and neighborhood development	68,794	69,997	99,848	96,012	273,986	164,755	82,925	134,839	212,743	207,974
Community health	58,864	60,856	67,680	93,130	90,078	68,601	104,335	101,678	107,078	120,141
Culture and recreation	78,828	93,612	89,969	98,302	98,205	97,614	125,776	136,928	127,196	42,676
General administration and finance	44,358	76,903	66,071	89,403	52,417	45,385	73,235	99,278	97,130	80,780
General City responsibilities	29,142	50,121	39,445	37,031	45,922	37,367	54,136	56,027	66,885	57,943
Operating grants and contributions	998,701	1,086,154	1,142,094	1,165,340	1,289,902	1,263,262	1,279,900	1,392,516	1,518,051	1,925,539
Capital grants and contributions	41,174	29,718	39,379	48,233	24,795	19,493	63,181	233,184	146,400	130,937
Total Governmental activities program revenues	1,475,082	1,633,532	1,750,001	1,826,556	2,091,879	1,929,177	2,028,518	2,440,876	2,519,319	2,788,038
Business-type activities:										
Charges for services:										
Airport	668,672	726,358	770,691	815,364	866,991	926,800	1,063,802	980,443	943,879	515,416
Transportation	350,464	494,805	521,628	499,584	495,296	500,030	511,984	505,159	390,285	207,288
Port	77,260	80,202	85,019	95,296	99,733	113,353	109,769	122,033	108,863	94,330
Water	342,101	721,470	379,882	426,047	419,516	460,331	525,639	542,391	583,351	581,612
Power	127,309	133,927	134,438	147,803	164,736	189,979	191,963	345,386	421,284	391,171
Hospitals	740,920	868,244	951,038	894,718	922,320	873,221	967,936	1,014,124	1,092,622	1,070,390
Sewer	244,155	252,554	260,097	256,002	261,775	277,341	315,096	331,081	344,128	327,665
Market	1,672	1,715	141	-	-	-	-	-	-	-
Operating grants and contributions	200,318	224,382	190,351	191,101	199,623	270,167	217,506	251,757	455,673	710,059
Capital grants and contributions	173,975	251,753	515,445	357,819	374,924	353,046	456,166	467,069	361,266	231,890
Total business-type activities program revenues	2,926,846	3,755,410	3,808,730	3,683,734	3,804,914	3,964,268	4,359,861	4,559,443	4,701,351	4,129,821
Total primary government program revenues	$ 4,401,928	$ 5,388,942	$ 5,558,731	$ 5,510,290	$ 5,896,793	$ 5,893,445	$ 6,388,379	$ 7,000,319	$ 7,220,670	$ 6,917,859

Notes:

(1) The City adopted GASB Statement No. 65 in fiscal year 2014 and began reporting the cost of issuance as an expense. Prior fiscal years have not been restated.

(2) In fiscal year 2014-15, the City adopted the provisions of GASB Statement Nos.68 and 71. As restatement of all prior periods is not practical, the cumulative effect of applying these statements is reported as a restatement of beginning net position as of July 1, 2014.

(3) In fiscal year 2017-18, the City adopted the provisions of GASB Statement No.75. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017.

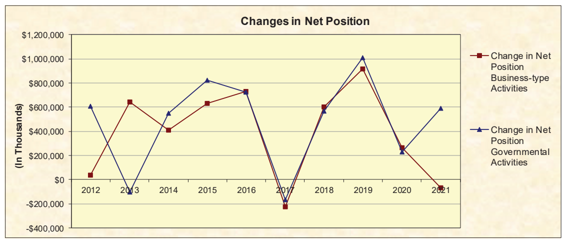
(4) In fiscal year 2020-21, the City adopted the provisions of GASB Statement No.84. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2020.

CITY AND COUNTY OF SAN FRANCISCO

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years
(Accrual basis of accounting)
(In Thousands)

	Fiscal Year 2012	2013	2014	2015 (1)	2016	2017	2018 (2)	2019	2020	2021 (3)
Net (expenses)/revenue										
Governmental activities	$ (2,261,758)	$ (2,269,565)	$ (2,333,555)	$ (2,175,896)	$ (2,316,380)	$ (3,697,381)	$ (3,369,763)	$ (3,302,733)	$ (3,990,930)	$ (4,299,517)
Business-type activities	(583,413)	97,062	(7,724)	(100,565)	(212,209)	(1,159,842)	(435,991)	(327,080)	(811,983)	(1,368,355)
Total primary government net expenses	$ (2,845,171)	$ (2,172,503)	$ (2,341,279)	$ (2,276,461)	$ (2,528,589)	$ (4,857,223)	$ (3,805,754)	$ (3,629,813)	$ (4,802,913)	$ (5,667,872)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 1,355,855	$ 1,415,068	$ 1,521,471	$ 1,640,383	$ 1,808,917	$ 1,951,696	$ 2,363,863	$ 2,581,308	$ 2,733,334	$ 2,972,067
Business taxes	437,678	480,131	563,406	611,932	660,926	702,331	899,142	919,552	833,931	1,894,604
Sales and use tax	198,236	208,025	227,636	240,424	270,051	291,395	293,916	329,296	279,453	233,393
Hotel room tax	239,567	238,782	310,052	394,262	387,661	370,344	382,176	408,348	280,970	37,698
Utility users tax	91,676	91,871	86,810	98,979	98,651	101,203	94,460	93,918	94,231	81,367
Other local taxes	353,746	359,808	391,638	451,994	399,882	542,567	424,187	515,435	474,859	453,852
Interest and investment income	31,453	7,862	21,887	20,737	24,048	35,240	46,020	178,350	142,181	10,688
Other	91,236	52,865	70,024	46,906	59,266	182,933	71,834	88,788	63,552	67,838
Transfers - internal activities of primary government	(251,088)	(483,028)	(311,627)	(504,791)	(671,173)	(647,942)	(753,283)	(802,748)	(679,450)	(861,966)
Special item	-	-	-	-	-	-	116,690	-	-	-
Extraordinary gain (loss)	323,130	(201,670)	-	-	-	-	-	-	-	-
Total governmental activities	2,871,489	2,169,714	2,881,297	3,000,826	3,038,229	3,529,767	3,939,005	4,312,247	4,223,061	4,889,541
Business-type activities:										
Interest and investment income	82,533	1,009	29,843	25,999	28,566	28,547	39,010	182,666	151,319	(3,066)
Other	288,584	61,737	82,737	200,148	240,636	257,419	246,827	237,045	245,466	440,508
Transfers - internal activities of primary government	251,088	483,028	311,627	504,791	671,173	647,942	753,283	802,748	679,450	861,966
Special item	-	-	-	-	-	-	-	18,340	-	-
Extraordinary gain (loss)	-	-	(6,843)	-	-	-	-	-	-	-
Total business-type activities	622,205	545,774	417,364	730,938	940,375	933,908	1,039,120	1,240,799	1,076,235	1,299,408
Total primary government	$ 3,493,694	$ 2,715,488	$ 3,298,661	$ 3,731,764	$ 3,978,604	$ 4,463,675	$ 4,978,125	$ 5,553,046	$ 5,299,296	$ 6,188,949
Change in Net Position										
Governmental activities	$ 609,731	$ (99,851)	$ 547,742	$ 824,930	$ 721,849	$ (167,614)	$ 569,242	$ 1,009,514	$ 232,131	$ 590,024
Business-type activities	38,792	642,836	409,640	630,373	728,166	(225,934)	603,129	913,719	264,252	(68,947)
Total primary government	$ 648,523	$ 542,985	$ 957,382	$ 1,455,303	$ 1,450,015	$ (393,548)	$ 1,172,371	$ 1,923,233	$ 496,383	$ 521,077



Notes:
(1) In fiscal year 2014-15, the City adopted the provisions of GASB Statement Nos. 68 and 71. As restatement of all prior periods is not practical, the cumulative effect of applying these statements is reported as a restatement of beginning net position as of July 1, 2014.
(2) In fiscal year 2017-18, the City adopted the provisions of GASB Statement No.75. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017.
(3) In fiscal year 2020-21, the City adopted the provisions of GASB Statement No.84. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2020.

CITY AND COUNTY OF SAN FRANCISCO

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	$ 19,598	$ 23,854	$ 24,022	$ 24,786	$ 522	$ 525	$ 1,512	$ 1,259	$ 1,274	$ 2,714
Restricted	34,109	26,339	83,194	114,969	120,106	125,689	143,977	324,977	229,069	114,539
Committed	79,276	137,487	145,126	142,815	187,170	327,607	371,698	397,563	363,410	320,637
Assigned	305,413	353,191	508,903	705,076	879,567	1,088,288	1,291,499	1,361,787	1,581,761	1,562,035
Unassigned	17,329	-	74,317	157,550	241,797	328,594	413,255	631,437	510,408	670,179
Total general fund	$ 455,725	$ 540,871	$ 835,562	$ 1,145,196	$ 1,429,162	$ 1,870,703	$ 2,221,941	$ 2,717,023	$ 2,685,922	$ 2,670,104
All other governmental funds										
Nonspendable	$ 1,104	$ 274	$ 441	$ 329	$ 82	$ 82	$ 82	$ 140	$ 82	$ 82
Restricted	1,189,102	1,191,189	1,115,226	1,110,836	1,443,956	1,701,020	2,232,040	2,309,105	2,229,282	3,384,275
Assigned	28,006	30,759	50,733	66,740	66,085	78,413	124,076	114,640	125,319	224,658
Unassigned	(136,856)	(94,532)	(64,983)	(34,158)	(103,811)	(245,445)	(904)	(331)	(729)	(1,920)
Total other governmental funds	$ 1,081,356	$ 1,127,690	$ 1,101,417	$ 1,143,747	$ 1,406,312	$ 1,534,070	$ 2,355,294	$ 2,423,554	$ 2,353,954	$ 3,607,095

CITY AND COUNTY OF SAN FRANCISCO

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Property taxes	$ 1,352,857	$ 1,421,764	$ 1,517,261	$ 1,642,159	$ 1,798,776	$ 1,937,694	$ 2,171,601	$ 2,765,473	$ 2,654,937	$ 2,964,753
Business taxes	437,678	480,131	563,406	611,932	660,926	702,331	899,142	919,552	833,931	1,894,604
Sales and use tax	198,236	208,025	227,636	240,424	267,443	291,710	296,209	329,296	279,453	233,393
Hotel room tax	239,567	238,782	310,052	394,262	387,661	370,344	382,176	408,348	280,970	37,698
Utility users tax	91,676	91,871	86,810	98,979	98,651	101,203	94,460	93,918	94,231	81,367
Other local taxes	353,889	359,808	391,638	451,994	399,882	542,567	424,187	515,435	474,859	453,829
Licenses, permits and franchises	39,770	40,901	42,371	42,959	43,722	44,397	43,180	43,416	38,472	27,186
Fines, forfeitures and penalties	30,090	49,841	28,425	28,154	36,169	30,798	34,220	48,896	43,830	74,273
Interest and investment income	31,371	7,489	21,678	20,583	23,931	35,089	45,890	177,832	141,638	10,688
Rent and concessions	89,183	98,770	90,712	99,102	135,865	100,544	105,284	155,346	118,865	76,313
Intergovernmental:										
Federal	420,974	420,775	426,314	465,196	416,823	411,369	421,024	442,328	590,697	907,362
State	588,532	656,141	721,735	751,574	776,866	823,012	875,402	964,916	990,264	1,105,834
Other	33,181	41,789	9,408	15,774	85,872	13,814	16,993	13,630	26,483	26,890
Charges for services	264,856	296,059	333,904	359,044	392,665	378,437	415,569	437,540	398,405	376,113
Other	83,634	81,014	134,923	123,605	264,722	188,311	186,034	246,010	214,359	182,826
Total revenues	4,255,494	4,493,160	4,906,273	5,345,741	5,789,974	5,971,620	6,411,371	7,561,936	7,181,394	8,453,129
Expenditures:										
Public protection	1,079,203	1,145,884	1,172,497	1,210,157	1,269,000	1,323,577	1,378,754	1,460,186	1,551,125	1,576,456
Public works, transportation and commerce	250,879	223,218	232,005	293,999	416,152	332,693	441,868	428,378	488,697	458,154
Human welfare and neighborhood development	918,414	945,106	995,192	1,095,419	1,252,588	1,424,425	1,499,216	1,698,081	2,070,388	2,339,937
Community health	653,263	734,736	761,439	753,832	776,612	712,495	815,762	918,330	1,026,915	1,170,730
Culture and recreation	311,156	328,794	331,914	352,852	364,909	390,038	424,794	453,554	460,157	417,106
General administration and finance	203,157	211,138	233,977	251,370	277,729	303,113	312,441	346,154	392,629	395,792
General City responsibilities	96,150	81,775	86,996	98,658	114,684	121,447	110,920	144,808	129,941	113,913
Debt service:										
Principal retirement	167,465	154,542	190,266	200,497	252,456	283,356	381,141	326,416	296,875	356,986
Interest and fiscal charges	103,706	108,189	119,142	121,371	119,723	125,091	136,925	168,839	150,646	154,958
Bond issuance costs	5,386	2,913	2,185	2,734	7,108	2,695	8,934	876	4,455	7,864
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	8,905	7,167
Capital outlay	270,094	410,994	449,726	412,740	223,904	297,089	337,741	323,979	454,137	275,638
Total expenditures	4,058,873	4,347,289	4,575,339	4,793,629	5,074,865	5,316,019	5,848,496	6,269,601	7,034,870	7,274,701
Excess of revenues over expenditures	196,621	145,871	330,934	552,112	715,109	655,601	562,875	1,292,335	146,524	1,178,428

CITY AND COUNTY OF SAN FRANCISCO

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other financing sources (uses):										
Transfers in	335,600	447,734	563,283	556,287	580,737	641,123	625,147	853,553	701,391	963,647
Transfers out	(742,719)	(930,793)	(875,296)	(1,061,086)	(1,251,800)	(1,222,163)	(1,398,562)	(1,654,966)	(1,380,325)	(1,825,686)
Issuance of bonds and loans:										
Face value of bonds issued	804,090	557,490	257,175	449,530	595,925	276,570	1,293,595	72,420	615,625	985,535
Face value of loans issued	4,359	5,890	8,735	136,763	-	46,000	-	-	-	-
Premium on issuance of bonds	89,336	64,469	19,773	69,833	32,845	12,432	76,243	-	73,759	93,427
Payment to refunded bond escrow agent	(487,390)	-	(49,055)	(359,225)	(131,935)	-	-	-	(257,675)	(193,579)
Proceeds from sale of capital assets	-	-	-	-	-	122,000	-	-	-	-
Other financing sources - capital leases	12,304	13,470	12,869	7,750	5,650	37,736	2,027	-	-	-
Total other financing sources (uses)	15,580	158,260	(62,516)	(200,148)	(168,578)	(86,302)	598,450	(728,993)	(247,225)	23,344
Extraordinary gain (loss)	197,314	(172,651)	-	-	-	-	-	-	-	-
Special item	-	-	-	-	-	-	11,137	-	-	-
Net change in fund balances	$ 409,515	$ 131,480	$ 268,418	$ 351,964	$ 546,531	$ 569,299	$ 1,172,462	$ 563,342	$ (100,701)	$ 1,201,772
Debt service as a percentage of noncapital expenditures	7.30%	6.80%	7.61%	7.55%	7.98%	8.46%	9.75%	8.51%	7.06%	7.42%
Debt service as a percentage of total expenditures	6.68%	6.04%	6.76%	6.71%	7.33%	7.68%	8.86%	7.90%	6.36%	7.04%

CITY AND COUNTY OF SAN FRANCISCO

ASSESSED VALUE OF TAXABLE PROPERTY (1)(3)(4)

Last Ten Fiscal Years
(In Thousands)

Fiscal Year (4)	Assessed Value (1) Real Property	Assessed Value (1) Personal Property	Assessed Value (1) Total	Exemptions (2) Non-reim-bursable	Exemptions (2) Reim-bursable	Exemptions (2) Redevelopment Tax Increments	Total Taxable Assessed Value (3)	Total Direct Tax Rate
2012.......	$ 168,914,782	$ 3,716,092	$ 172,630,874	$ 7,205,992	$ 660,247	$ 13,842,390	$ 150,922,245	1.00%
2013.......	171,327,361	3,801,645	175,129,006	7,460,708	660,566	14,032,211	152,975,521	1.00%
2014.......	179,368,068	4,101,609	183,469,677	7,494,941	657,439	15,962,884	159,354,413	1.00%
2015.......	186,530,855	4,392,133	190,922,988	8,173,599	656,490	15,730,217	166,362,682	1.00%
2016.......	197,889,670	4,667,489	202,557,159	8,252,472	654,116	15,798,019	177,852,552	1.00%
2017.......	216,357,277	5,003,459	221,360,736	9,061,126	647,177	17,057,074	194,595,359	1.00%
2018.......	240,129,959	5,033,413	245,163,372	11,372,719	638,914	20,790,719	212,361,020	1.00%
2019.......	268,211,395	5,398,846	273,610,241	15,056,415	627,379	21,989,616	235,936,831	1.00%
2020.......	289,711,888	7,346,098	297,057,986	17,689,802	617,454	23,132,814	255,617,916	1.00%
2021.......	311,911,097	6,935,352	318,846,449	18,672,211	605,611	21,679,824	277,888,803	1.00%

Source:
Controller, City and County of San Francisco

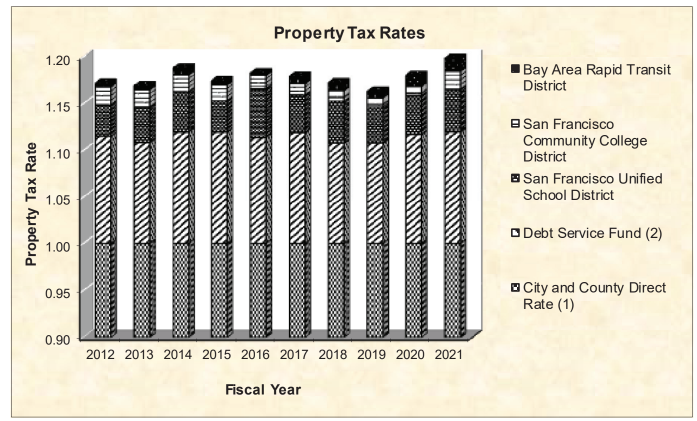
Notes:
(1) Assessed value of taxable property represents all property within the City. The maximum tax rate is 1% of the full cash value or $1/$100 of the assessed value, excluding the tax rate for debt service.
(2) Exemptions are summarized as follows:
  (a) Non-reimbursable exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).
  (b) Reimbursable exemptions arise from Article XII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3) (k).
  (c) Tax increments were allocations made to the former San Francisco Redevelopment Agency under authority of California Constitution, Article XVI and Section 33675 of the California Health & Safety Code. Actual allocations are limited under an indebtedness agreement between the City and Redevelopment Agency.
(3) Based on certified assessed values.
(4) Based on year end actual assessed values.

CITY AND COUNTY OF SAN FRANCISCO

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years
(Rate Per $100 of Assessed Value)

Fiscal Year	City and County Direct Rate (1)	Overlapping Rates: Debt Service Fund (2)	Overlapping Rates: San Francisco Unified School District	Overlapping Rates: San Francisco Community College District	Overlapping Rates: Bay Area Rapid Transit District	Total
2012	1.00000000	0.11470000	0.03340000	0.01960000	0.00410000	1.1718
2013	1.00000000	0.10830000	0.03750000	0.01900000	0.00430000	1.1691
2014	1.00000000	0.11947956	0.04288739	0.01813305	0.00750000	1.1880
2015	1.00000000	0.11945760	0.03326497	0.01707743	0.00450000	1.1743
2016	1.00000000	0.11346583	0.05246647	0.01407283	0.00260000	1.1826
2017	1.00000000	0.11894004	0.03982180	0.01245918	0.00800000	1.1792
2018	1.00000000	0.10740904	0.04517555	0.01135485	0.00840000	1.1723
2019	1.00000000	0.10748997	0.03869354	0.00982024	0.00700000	1.1630
2020	1.00000000	0.11669015	0.04160439	0.00979486	0.01200000	1.1801
2021	1.00000000	0.11972733	0.04510041	0.01973594	0.01390000	1.1985



Notes:
(1) Proposition 13 allows each county to levy a maximum tax of $1 per $100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

(2) On June 6, 1978, California voters approved a constitutional amendment to Article XIIIA of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

CITY AND COUNTY OF SAN FRANCISCO

PRINCIPAL PROPERTY ASSESSEES

Current Fiscal Year and Nine Fiscal Years Ago
(Dollar in Thousands)

		Fiscal Year 2021			Fiscal Year 2012		
Assessee	Type of Business	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value (2)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
Transbay Towers LLC	Office, Commercial	$ 1,783,077	1	0.59%	$ -		-
Sutter Bay Hospitals	Office, Commercial	1,736,947	2	0.57%	-		-
GSW Arena LLC	Entertainment Complex	1,356,966	3	0.45%	-		-
HWA 555 Owners LLC	Office, Commercial	1,059,563	4	0.35%	904,469	1	0.57%
Elm Property Venture LLC	Office, Commercial	1,024,646	5	0.34%	-		-
PPF Paramount One Market Plaza Owner LP	Office, Commercial	868,013	6	0.29%	740,958	2	0.47%
KR Mission Bay LLC	Office, Commercial	835,810	7	0.28%	-		-
SHR St. Francis LLC	Office, Commercial	747,602	8	0.25%	361,132	8	0.23%
SFDC 50 Fremont LLC	Office, Commercial	717,268	9	0.24%	-		-
Park Tower Owner LLC	Office, Commercial	613,672	10	0.20%	-		-
Emporium Mall LLC	Retail, Commercial	-		-	472,558	3	0.30%
HD333 LLC	Office, Commercial	-		-	386,927	4	0.24%
SHC Embarcadero LLC	Office, Commercial	-		-	383,331	5	0.24%
Post-Montgomery Associates	Office, Commercial	-		-	372,229	6	0.23%
SF Hilton Inc	Hotel	-		-	369,887	7	0.23%
PPF Off One Maritime Plaza LP	Office, Commercial	-		-	353,118	9	0.22%
One Embarcadero Center Venture	Office, Commercial	-		-	330,566	10	0.21%
Total		$ 10,743,564		3.56%	$ 4,675,175		2.94%

Source: Assessor, City and County of San Francisco

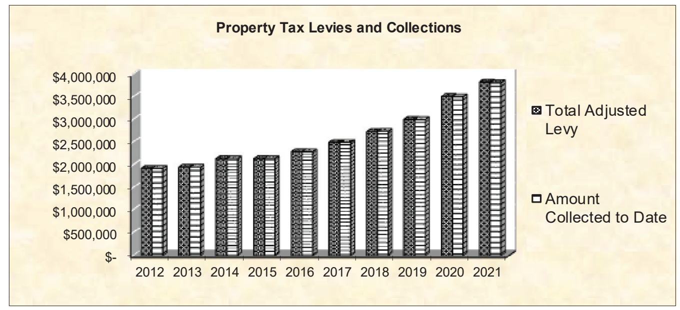
Notes:
(1) Data for fiscal year 2020-2021 updated as of August 1, 2020.
(2) Assessed values for fiscal years 2020-2021 and 2011-2012 are from the tax rolls of calendar year 2020 and 2011, respectively.

CITY AND COUNTY OF SAN FRANCISCO

PROPERTY TAX LEVIES AND COLLECTIONS (1) (2)

Last Ten Fiscal Years
(In Thousands)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Total Adjusted Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years (3)	Amount	Percentage of Adjusted Levy
2012	$ 1,922,368	$ 1,883,666	97.99%	$ 37,566	$ 1,921,232	99.94%
2013	1,952,525	1,919,060	98.29	31,580	1,950,640	99.90
2014	2,138,245	2,113,284	98.83	23,009	2,136,293	99.91
2015	2,139,050	2,113,968	98.83	21,166	2,135,134	99.82
2016	2,290,280	2,268,876	99.07	19,156	2,288,032	99.90
2017	2,492,789	2,471,486	99.15	21,966	2,493,452	100.03
2018	2,732,615	2,709,048	99.14	29,002	2,738,050	100.20
2019	2,999,794	2,977,664	99.26	17,194	2,994,858	99.84
2020	3,509,022	3,475,682	99.05	21,020	3,496,702	99.65
2021	3,823,246	3,785,038	99.00	21,447	3,806,485	99.56



Source: Controller, City and County of San Francisco

Notes:

(1) Includes San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, Bay Area Air Quality Management District, the former San Francisco Redevelopment Agency, and the Successor Agency to the San Francisco Redevelopment Agency.
(2) Does not include SB-813 supplemental property taxes.
(3) Collections in subsequent years reflect assessment appeals reduction.

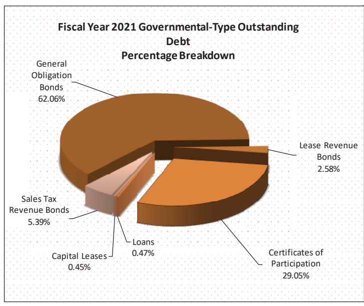
CITY AND COUNTY OF SAN FRANCISCO

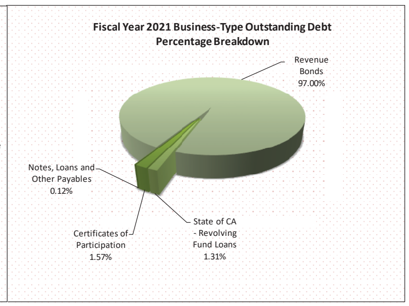
RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years
(In Thousands, except per capita amount)

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	Loans	Capital Leases	Sales Tax Revenue Bonds	Subtotal
2012	$ 1,617,397	$ 275,876	$ 552,998	$ 13,878	$ 22,878	$ -	$ 2,483,027
2013	2,052,155	264,828	574,683	19,184	9,741	-	2,920,591
2014	2,105,885	243,503	544,817	27,441	3,085	-	2,924,731
2015	2,096,765	216,527	507,504	163,837	-	-	2,984,633
2016	2,227,515	197,217	623,956	143,059	-	-	3,191,747
2017	2,281,894	182,783	582,759	162,876	32,586	-	3,242,898
2018	2,693,252	171,667	987,014	47,462	30,654	268,917	4,198,966
2019	2,488,987	133,592	944,447	22,365	27,102	267,701	3,884,194
2020	2,351,707	127,138	1,191,336	21,385	23,490	253,566	3,968,622
2021	2,754,452	114,309	1,289,507	20,914	19,820	239,040	4,438,042

	Business-Type Activities								
Fiscal Year	Revenue Bonds	State of CA - Revolving Fund Loans	Certificates of Participation	Notes, Loans and Other Payables	Capital Leases	Subtotal	Total Primary Government	Percentage of Personal Income (1) (2)	Per Capita (1) (3)
2012	$ 9,280,580	$ 36,898	$ 348,641	$ 7,163	$ 3,155	$ 9,676,437	$ 12,159,464	17.23%	$ 14,723
2013	9,342,222	-	339,007	7,370	3,606	9,692,205	12,612,796	17.31	14,995
2014	9,668,418	-	365,867	7,596	2,512	10,044,393	12,969,124	16.79	15,214
2015	10,040,660	-	355,113	7,840	1,174	10,404,787	13,389,420	14.95	15,533
2016	10,078,794	-	343,270	8,180	266	10,430,510	13,622,257	14.17	15,549
2017	11,185,043	-	330,924	9,241	-	11,525,208	14,768,106	13.93	16,798
2018	13,194,466	22,607	318,019	14,196	-	13,549,288	17,748,254	15.37	20,153
2019	14,935,423	88,032	304,547	18,763	-	15,346,765	19,230,959	15.65	21,815
2020	15,613,982	161,820	274,068	19,692	-	16,069,562	20,038,184	15.01	23,123
2021	15,995,962	215,966	260,138	19,001	-	16,491,067	20,929,109	14.19	24,567





Notes:

(1) See Demographic and Economic Statistics, for personal income and population data.
(2) 2019 and 2020 were updated from last year's ACFR with newly available data.
(3) 2020 was updated from last year's ACFR with newly available data.

CITY AND COUNTY OF SAN FRANCISCO

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years
(In Thousands, except per capita amount)

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Restricted for Debt Service	Total	Per Capita (2) (3)	Percentage of Taxable Assessed Value (4)
2012	$ 1,617,397	$ 51,033	$ 1,566,364	$ 1,897	0.95%
2013	2,052,155	102,188	1,949,967	2,318	1.16%
2014	2,105,885	95,451	2,010,434	2,358	1.14%
2015	2,096,765	91,292	2,005,473	2,327	1.10%
2016	2,227,515	86,754	2,140,761	2,444	1.10%
2017	2,281,894	111,892	2,170,002	2,468	1.02%
2018	2,693,252	127,766	2,565,486	2,913	1.10%
2019	2,488,987	104,149	2,384,838	2,705	0.92%
2020	2,351,707	118,506	2,233,201	2,577	0.80%
2021	2,754,452	141,107	2,613,345	3,068	0.87%

Notes:

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements. In compliance with GASB Statement No. 65, the amount for general obligation bonds was restricted to exclude bond refunding gains or losses.
(2) Population data can be found in Demographic and Economic Statistics.
(3) Fiscal year 2020 was updated from last year's ACFR with newly available data.
(4) Taxable property data can be found in Assessed Value of Taxable Property.

CITY AND COUNTY OF SAN FRANCISCO

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
(In Thousands)

	Fiscal Year 2012	2013	2014	2015	2016
Debt limit	$ 4,962,746	$ 5,030,049	$ 5,279,242	$ 5,482,482	$ 5,829,141
Total net debt applicable to limit [(1)]	1,617,397	2,052,155	2,105,885	2,096,765	2,227,514
Legal debt margin	$ 3,345,349	$ 2,977,894	$ 3,173,357	$ 3,385,717	$ 3,601,627
Total net debt applicable to the limit as a percentage of debt limit	32.59%	40.80%	39.89%	38.24%	38.21%

	Fiscal Year 2017	2018	2019	2020	2021
Debt limit	$ 6,368,988	$ 7,013,720	$ 7,756,615	$ 8,381,046	$ 9,005,227
Total net debt applicable to limit [(1)]	2,281,894	2,693,252	2,488,987	2,351,707	2,754,452
Legal debt margin	$ 4,087,094	$ 4,320,468	$ 5,267,628	$ 6,029,339	$ 6,250,775
Total net debt applicable to the limit as a percentage of debt limit	35.83%	38.40%	32.09%	28.06%	30.59%

Legal Debt Margin Calculation for Fiscal Year 2021

Total assessed value	$ 318,846,449
Less: non-reimbursable exemptions [(2)]	18,672,211
Assessed value [(2)]	$ 300,174,238
Debt limit (three percent of valuation subject to taxation)[(3)]	$ 9,005,227
Debt applicable to limit - general obligation bonds	2,754,452
Legal debt margin	$ 6,250,775

Notes:

(1) Per outstanding general obligation bonds adjusted with bond premium and discount.

(2) Source: Assessor, City and County of San Francisco

(3) City's Administrative Code Section 2.60 Limitations on Bonded Indebtedness.
"There shall be a limit on outstanding general obligation bond indebtedness of three percent of the assessed value of all taxable real and personal property, located within the City and County."

CITY AND COUNTY OF SAN FRANCISCO

DIRECT AND OVERLAPPING DEBT

June 30, 2021

Debts	Total Debt Outstanding (In thousands)	Estimated Percentage Applicable to City and County [(1)]	Estimated Share of Overlapping Debt (In thousands)
Direct Debt			
General Obligation Bonds			$ 2,754,452
Lease Revenue Bonds	$ 114,309	100.00%	114,309
Sales Tax Revenue Bonds	239,040	100.00%	239,040
Certificates of Participation	1,289,507	100.00%	1,289,507
Loans	20,914	100.00%	20,914
Lease Purchase Financing	19,820	100.00%	19,820
Total Direct Debt			4,438,042
Overlapping Debt			
General Obligation Bonds			
San Francisco Unified School District	1,067,675	100.00%	1,067,675
San Francisco Community College District	518,824	100.00%	518,824
Bay Area Rapid Transit District	1,871,890	35.00%	655,162
Total Overlapping Debt			2,241,661
Total Direct and Overlapping Debt			$ 6,679,703

Assessed valuation (net of non-reimbursable exemption)	$ 300,174,238
Population - 2021 [(2)]	851,916

Percentage of direct and overlapping general obligation debt per assessed valuation	1.66%
Percentage of total direct and overlapping debt per assessed valuation	2.23%
Estimated total direct and overlapping debt per capita	$ 7.841

Note: Overlapping districts are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping districts that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the districts boundaries and dividing it by the City's total taxable assessed value.

(2) Sources: US Census Bureau

CITY AND COUNTY OF SAN FRANCISCO

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years
(In Thousands)

San Francisco International Airport (1)

Fiscal Year	Operating Revenues (2)	Less: Operating Expenses (3)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2012	$ 701,025	$ 369,376	$ 331,649	$ 135,760	$ 189,696	$ 325,456	1.02
2013	728,044	380,543	347,501	152,355	185,000	337,355	1.03
2014	776,116	402,176	373,940	163,095	202,219	365,314	1.02
2015	824,482	392,361	432,121	181,645	211,804	393,449	1.10
2016	880,948	412,114	468,834	208,860	185,297	394,157	1.19
2017	934,692	543,019	391,673	194,225	210,330	404,555	0.97
2018	1,075,118	505,018	570,100	201,295 (4)	204,046 (4)	405,341	1.41
2019	1,072,368	495,222	577,146	214,710 (4)	221,749 (4)	436,459	1.32
2020	1,031,129	618,954	412,175	210,595	268,573	479,168	0.86
2021	512,874	583,250	(70,376)	5,600	284,661	290,261	-0.24

(1) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differs significantly from those calculated in accordance with the Airport Commission's 1991 Master Bond Resolution which authorized the sale and issuance of these bonds.
(2) Operating revenues consist of Airport operating revenues and interest and investment income.
(3) In accordance with GASB Statement No. 44, Airport operating expenses related to the pledged revenues exclude interest, depreciation and amortization.
(4) Principal and interest payments were updated in FY2018 through FY2019.

San Francisco Water Department (5)

Fiscal Year	Gross Revenues (6)	Less: Operating Expenses (7)	Adjustments(9)	Net Available Revenue	Debt Service Principal	Debt Service Interest (8)	Debt Service Total	Coverage
2012	$ 375,551	$ 304,562	$ 115,667	$ 186,656	$ 44,050	$ 78,239	$ 122,289	1.53
2013	721,189	303,739	157,518	574,968	45,965	93,569	139,534	4.12
2014	390,789	333,555	426,527	483,761	25,850	115,476	141,326	3.42
2015	431,836	296,950	310,139	445,025	25,850	166,462	192,312	2.31
2016	423,111	314,786	283,568	391,893	29,695	189,500	219,195	1.79
2017	464,662	421,827	351,605	394,440	41,310	166,502	207,812	1.90
2018	532,087	370,147	337,643	499,583	48,875	185,084	233,959	2.14
2019	558,041	357,094	332,034	532,981	76,665	184,973	261,638	2.04
2020	593,868	398,117	386,127	581,878	100,970	168,240	269,210	2.16
2021	581,141	448,690	335,287	467,738	76,440	171,987	248,427	1.88

(5) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.
(6) Gross Revenue consists of charges for services, rental income and other income, investing activities and capacity fees.
(7) In accordance with GASB Statement No. 44, Water Department operating expenses related to the pledged revenues exclude interest. FY2019 was updated with new available data.
(8) Interest payment was restated to exclude capitalized interest and includes "springing" amendments.
(9) Adjustments column included adjustment to investing activities, depreciation and non-cash expenses, changes in working capital and other available funds presented in the published Annual Disclosure Reports.

Municipal Transportation Agency

Fiscal Year	Base Rental Payment and Gross Meter Revenue Charges (10)(11)	Less: Operating Expenses(12)(13)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2012	$ 47,810	$ 19,419	$ 28,391	$ 1,685	$ 995	$ 2,680	10.59
2013	607,125	471,490	135,635	3,075	1,856	4,931	27.51
2014	642,614	509,762	132,852	5,895	3,686	9,581	13.87
2015	626,312	527,125	99,187	7,695	6,945	14,640	6.78
2016	619,650	563,750	55,900	7,340	9,155	16,495	3.39
2017	614,619	572,162	42,457	7,640	8,865	16,505	2.57
2018	652,919	587,355	65,564	12,350	15,602	27,952	2.35
2019	686,346	576,970	109,376	10,055	14,636	24,691	4.43
2020	764,755	666,018	98,737	10,545	14,261	24,806	3.98
2021	793,328	598,341	194,987	9,150	14,176	23,326	8.36

(10) Prior to FY2013 revenue bonds were issued by the Parking Authority. The Parking Authority leased North Beach, Moscone, and San Francisco Hospital garages to the City. In return, the City pledged to pay off the debt service with a base (lease) rental payment. The gross revenue reflects base rental payments plus revenue from all meters in San Francisco except the meters on Port property. All the related revenue bonds were defeased/paid off in FY2013.
(11) In July 2012, the SFMTA issued its first revenue bonds, Series 2012A and B. Series 2012A refunded the bonds described above plus bonds issued by the City's nonprofit garage corporations. The gross pledged revenues consist of transit fares, parking fines and fees, rental income, investment income plus operating grants from Transportation Development Act (codified as Sections 99200 et seq. of the California Public Utilities Code) (the "TDA"), AB 1107 (codified at Section 29140 et seq. of the Public Utilities Code) (the "AB 1107"), and State Transit Assistance.
(12) Prior to FY2013, the operating expense includes only the costs related to parking meter program excluding debt service payments.
(13) Effective FY2013, related to the new bonds, the operating expense excludes expenses funded by the City's General Fund support paratransit restricted grants. In accordance with GASB Statement No. 44, operating expenses related to the pledged revenues exclude interest, depreciation and non-cash expense.

CITY AND COUNTY OF SAN FRANCISCO

PLEDGED-REVENUE COVERAGE (Continued)

Last Ten Fiscal Years
(In Thousands)

San Francisco Wastewater Enterprise (14)

Fiscal Year	Gross Revenues (15)	Less: Operating Expenses (16)	Adjustments (17)	Net Available Revenue	Debt Service Principal	Debt Service Interest (18)	Debt Service Total	Coverage
2012	$ 247,936	$ 195,857	$ 107,125	$ 159,204	$ 22,010	$ 20,180	$ 42,190	3.77
2013	253,078	208,260	109,323	154,141	23,095	15,655	38,750	3.98
2014	262,497	216,340	172,831	218,988	32,805	32,047	64,852	3.38
2015	257,209	216,485	190,236	230,960	30,895	30,006	60,901	3.79
2016	262,960	221,553	198,524	239,931	31,115	28,907	60,022	4.00
2017	279,668	244,220	216,095	251,543	20,870	39,537	60,407	4.16
2018	317,413	238,906	231,515	310,022	20,015	26,988	47,003	6.60
2019	351,782	259,813	161,677	253,646	22,435	37,912	60,347	4.20
2020	356,265	262,259	287,798	381,804	23,324	39,475	62,799	6.08
2021	325,008	290,737	271,906	306,177	25,698	56,367	82,065	3.73

(14) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differs significantly from those calculated in accordance with the bond indenture.
(15) Gross revenue consists of charges for services, rental income and other income.
(16) In accordance with GASB Statement No. 44, Wastewater Enterprise operating expenses related to the pledged revenues exclude interest. FY2018 was updated with new available data.
(17) Adjustments includes Depreciation and Non-Cash Expense, Changes in Working Capital, Investment Income, SRF Loan Payments, and other available Funds that are printed in published Annual Disclosure Reports. FY2018 was updated with new available data.
(18) Interest payment was restated to exclude capitalized interest and includes a "springing" amendment.

Port of San Francisco (19)

Fiscal Year	Total Operating Revenues (20)	Less: Operating Expenses (21)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2012	$ 79,273	$ 55,471	$ 23,802	$ 670	$ 2,175	$ 2,845	8.37
2013	81,536	63,615	17,921	695	2,151	2,846	6.30
2014	87,213	63,410	23,803	725	2,122	2,847	8.36
2015	96,265	60,896	35,369	1,400	2,771	4,171	8.48
2016	100,699	64,896	35,803	1,225	2,951	4,176	8.57
2017	114,854	89,882	24,972	1,265	2,904	4,169	5.99
2018	112,000	79,027	32,973	1,325	2,849	4,174	7.90
2019	125,363	86,598	38,765	1,390	2,787	4,177	9.28
2020	107,165	96,032	11,133	1,455	2,718	4,173	2.67
2021	91,060	100,287	(9,227)	1,660	1,615	3,275	-2.82

(19) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differs significantly from those calculated in accordance with the bond indenture.
(20) Total revenues consist of operating revenues and interest and investment income. FY 2019 to FY 2021 total operating revenues exclude South Beach Harbor fund.
(21) In accordance with GASB Statement No. 44, operating expenses related to the pledged-revenue stream exclude interest, depreciation and amortization. Details regarding outstanding debt can be found in the notes to the financial statements. Operating expenses, as defined by the bond indenture, also excludes amortized dredging costs. FY2019 - 2021 Operating expenses exclude South Beach Harbor fund.

Hetch Hetchy Water and Power (22)

Fiscal (26) Year	Gross Revenues (23)	Less: Operating Expenses (24)	Adjustments (25)	Net Available Revenue	Debt Service (26) Principal	Debt Service (26) Interest	Debt Service (26) Total	Coverage
2012	$ 100,622	$ 93,607	$ 13,536	$ 20,551	$ 422	$ -	$ 422	48.70
2013	101,191	93,259	6,765	14,697	1,009	898	1,907	7.71
2014	105,767	101,041	11,726	16,452	1,308	667	1,975	8.33
2015	117,704	105,222	38,714	51,196	1,321	625	1,946	26.31
2016	122,954	110,012	20,102	33,044	-	-	-	
2017	122,187	116,935	58,176	63,428	-	-	-	
2018	122,251	119,395	64,356	67,212	710	1,860	2,570	26.15
2019	152,873	122,687	40,827	71,013	730	1,839	2,569	27.64
2020	151,835	148,127	76,853	80,561	755	1,813	2,568	31.37
2021	142,696	139,566	31,048	34,178	785	1,782	2,567	13.31

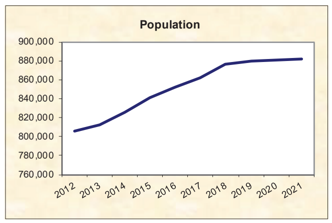
(22) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differs significantly from those calculated in accordance with the bond indenture.
(23) Gross revenues consists of charges for power services, rental income and other income.
(24) Operating expenses only include power operating expense.
(25) Adjustments include adjustments to investment income, depreciation, non-cash items and changes to working capital. FY2020 was revised with new data.
(26) For FY2016 and FY2017 Revenue Bond Debt Service excludes state revolving fund loans, commercial paper and certificates of participation.

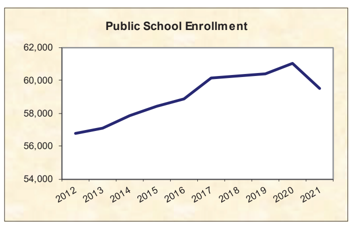
CITY AND COUNTY OF SAN FRANCISCO

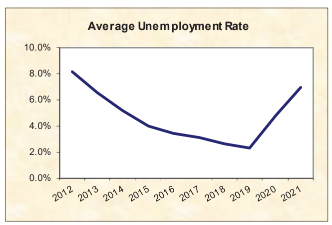
DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (In Thousands) (2)	Per Capita Personal Income (3)	Median Age (4)	Public School Enrollment (5)	Average Unemployment Rate (6)
2012	825,863	$70,573,974	$85,455	38.5	56,758	8.1%
2013	841,138	72,858,445	86,619	37.9	57,105	6.5%
2014	852,469	77,233,279	90,600	37.4	57,860	5.2%
2015	862,004	89,533,450	103,867	37.8	58,414	4.0%
2016	876,103	96,161,308	109,760	37.9	58,865	3.4%
2017	879,166	106,006,635	120,576	38.1	60,133	3.1%
2018	880,696	115,444,581	131,083	38.1 (10)	60,263	2.6%
2019	881,549	122,892,141 (8)	139,405 (9)	38.3 (10)	60,390	2.3%
2020	866,606	133,474,042 (8)	154,019 (9)	38.2 (10)	61,031	4.8%
2021	851,916 (7)	147,464,243 (8)	173,097 (9)	38.2 (10)	59,498	6.9%







Sources:

(1) US Census Bureau. Fiscal years 2019 and 2020 were updated from last year's ACFR with newly available data.
(2) US Bureau of Economic Analysis. Fiscal years 2019 and 2020 were updated from last year's ACFR with newly available data.
(3) US Bureau of Economic Analysis. Fiscal years 2019 and 2020 were updated from last year's ACFR with newly available data.
(4) US Census Bureau, American Community Survey
(5) California Department of Education
(6) California Employment Development Department

Note:

(7) 2021 population was estimated by multiplying the estimated 2020 population by the 2019 - 2020 population growth rate.
(8) Personal income was estimated by assuming that its percentage of state personal income in 2019 and 2020 remained at the 2019 level of 4.83 percent. Fiscal years 2019 and 2020 were updated from last year's ACFR with newly available data.
(9) Per capita personal income for 2020 and 2021 was estimated by dividing the personal income for 2020 and 2021 by the reported and estimated population in 2020 and 2021, respectively. Fiscal years 2019 and 2020 are updated from last year's ACFR with newly available data. 2021 was estimated by multiplying the latest quarterly State income by 1000 and dividing by the estimated 2021 population.
(10) Median age for 2020 and 2021 was estimated by averaging the median age in 2018 and 2019. FY 2018 and 2019 were updated.

CITY AND COUNTY OF SAN FRANCISCO

Principal Employers

Current Year and Nine Years Ago

	Year 2020 (1)(a)			Year 2011 (2)		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City and County of San Francisco	36,822	1	6.77%	24,805	1	5.30%
University of California, San Francisco (b)	29,475	2	5.42%	22,493	2	4.81%
Salesforce	9,450	3	1.74%	9,157	3	1.96%
San Francisco Unified School District	9,047	4	1.66%	-	-	-
Wells Fargo & Co.	7,021	5	1.29%	8,329	4	1.78%
Sutter Health	6,134	6	1.13%	-	-	-
Uber Technologies Inc	5,500	7	1.01%	-	-	-
Kaiser Permanente	4,635	8	0.85%	3,537	10	0.76%
PG&E Corporation	3,500	9	0.64%	4,340	8	0.93%
Allied Universal	3,475	10	0.63%	-	-	-
California Pacific Medical Center	-	-	-	6,200	5	1.33%
Gap, Inc	-	-	-	6,000	6	1.28%
State of California	-	-	-	4,429	7	0.95%
San Francisco State University	-	-	-	3,544	9	0.76%
Total Top 10 Employers	115,059		21.14%	92,834		19.86%
Total City and County Employment (3)	544,275			468,019		

Source:

(1) City and County of San Francisco data provided by Office of Controller's Payroll and Personnel Services Division. The University of California, SF data is from the Data Source Corporate Personnel Data Warehouse. All other data is obtained from the San Francisco Business Times Book of Lists
(2) FY 2011-12 Annual Comprehensive Financial Report - City and County of San Francisco
(3) State of California Employee Development Department

Note:

(a) The latest data as of calendar year-end 2020 is presented
(b) The latest data as of April 2020 is presented

CITY AND COUNTY OF SAN FRANCISCO

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (1)

Last Ten Fiscal Years

Function	2012	2013	2014	2015 (2)	2016 (2)	2017	2018	2019 (3)	2020	2021
Public Protection										
Fire Department	1,474	1,463	1,464	1,494	1,575	1,620	1,646	1,667	1,677	1,641
Police	2,665	2,655	2,727	2,784	2,871	3,013	2,971	3,053	3,203	3,048
Sheriff	1,010	1,013	984	1,015	1,006	1,056	1,001	1,020	1,031	1,008
Other	956	1,021	1,032	1,049	1,077	1,081	1,138	1,146	1,161	1,131
Total Public Protection	6,105	6,152	6,207	6,342	6,529	6,770	6,756	6,886	7,072	6,828
Public Works, Transportation and Commerce										
Municipal Transportation Agency	4,141	4,388	4,484	4,685	4,931	5,160	5,178	5,338	5,477	5,520
Airport Commission	1,377	1,443	1,460	1,473	1,493	1,541	1,586	1,587	1,592	1,610
Department of Public Works	783	808	825	852	925	981	1,027	1,057	1,071	1,063
Public Utilities Commission	1,616	1,620	1,621	1,618	1,634	1,637	1,648	1,676	1,690	1,667
Other	536	583	612	626	627	637	631	621	626	607
Total Public Works, Transportation and Commerce	8,453	8,842	9,002	9,254	9,610	9,956	10,070	10,279	10,456	10,467
Community Health										
Public Health	5,671	5,800	6,126	6,284	6,602	6,806	6,857	6,866	6,886	7,161
Total Community Health	5,671	5,800	6,126	6,284	6,602	6,806	6,857	6,866	6,886	7,161
Human Welfare and Neighborhood Development										
Human Services	1,691	1,750	1,855	1,964	2,046	2,068	2,099	2,094	2,141	2,160
Other	269	244	244	246	242	375	386	394	411	426
Total Human Welfare and Neighborhood Development	1,960	1,994	2,099	2,210	2,288	2,443	2,485	2,488	2,552	2,586
Culture and Recreation										
Recreation and Park Commission	834	841	870	893	916	935	934	927	940	912
Public Library	628	640	652	661	662	683	698	696	701	700
War Memorial	63	63	57	58	65	68	69	71	71	62
Other	199	210	213	214	215	211	214	213	212	200
Total Culture and Recreation	1,724	1,754	1,792	1,826	1,858	1,897	1,915	1,907	1,924	1,874
General Administration and Finance										
Administrative Services	637	723	716	750	803	830	845	871	917	913
City Attorney	299	303	308	308	306	307	307	309	310	310
Telecommunications and Information Services	196	199	216	209	221	228	232	225	220	224
Controller	201	198	204	219	253	263	257	251	250	248
Human Resources	123	124	135	143	152	155	148	166	172	177
Treasurer/Tax Collector	208	202	211	226	219	219	207	207	208	205
Mayor	37	49	49	50	55	56	58	63	78	76
Other	567	561	602	615	658	695	697	699	738	709
Total General Administration and Finance	2,268	2,359	2,441	2,520	2,667	2,753	2,751	2,791	2,893	2,862
General City Responsibilities										
General City Responsibilities	-	-	-	-	-	-	-	-	1	-
Subtotal annually funded positions	26,181	26,901	27,667	28,436	29,554	30,625	30,834	31,220	31,373	31,778
Capital project funded positions	1,892	1,486	1,569	1,721	1,789	2,124	2,211	2,300	2,409	2,441
Total annually funded positions	28,073	28,387	29,236	30,157	31,343	32,749	33,045	33,520	33,782	34,219

Source: Controller, City and County of San Francisco

Note:

(1) Data represent budgeted and funded full-time equivalent positions.
(2) 2015 and 2016 has been updated with newly available data
(3) 2019 has been updated with newly available data

CITY AND COUNTY OF SAN FRANCISCO

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020 (1)	2021
Public Protection										
Fire and Emergency Communications										
Total response time of first unit to highest priority incidents requiring possible medical care, 90th percentile	7:18	7:36	8:30	8:12	7:41	7:40	7:54	7:57	8:09	8:35
Police										
Average time from dispatch to arrival on scene for highest priority calls (2)	4:15	4:35	4:20	4:55	4:57	6.9	7.2	7.3	5:29	5:49
Number of homicides per 100,000 population	7.4	6.2	4.7	6.6	6.2	7.9	4.9	5.1	4.8	6.0
Public Works, Transportation, and Commerce										
General Services Agency - Public Works										
Percentage of San Franciscans who rate cleanliness of neighborhood streets as good or very good	N/A	N/A	N/A	54%	N/A	51%	N/A	N/A	N/A	N/A
Number of blocks of City streets repaved	346	521	323	474	721	704	608	664	438	415
Municipal Transportation Agency										
Average rating of Muni's timeliness and reliability by residents of San Francisco (1=very poor, 5=very good)	3.02	3.38	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of vehicles that run on time according to published schedules (no more than 4 minutes late or 1 minute early) measured at terminals and established intermediate points	61.9%	59.3%	58.8%	56.1%	59.9%	57.3%	56.5%	55.2%	52.3%	47.0%
Percentage of scheduled service hours delivered	97.5%	97.6%	90.7%	97.0%	99.0%	98.9%	97.5%	94.3%	N/A	90.0%
Airport										
Percent change in air passenger volume	8.0%	4.0%	3.2%	4.5%	6.7%	4.9%	7.0%	-0.1%	-29.3%	-59.5%
Human Welfare and Neighborhood Development										
Environment										
Percentage of total solid waste materials diverted in a calendar year	80%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Culture and Recreation										
Recreation and Park										
Citywide percentage of park maintenance standards met for all parks inspected	91%	91%	91%	85%	87%	89%	89%	N/A	92%	N/A
Public Library										
Percentage of San Franciscans who rate the quality of library staff assistance as good or very good (3)	N/A	85%	N/A	92%	8.30	7.30	8.30	8.70	N/A	N/A
Circulation of materials at San Francisco libraries	10,971,974	10,587,213	10,844,953	10,684,760	10,778,428	10,814,015	11,092,406	11,730,624	10,924,062	8,359,441
Asian and Fine Arts Museums										
Number of visitors to City-owned art museums	1,779,573	1,865,259	2,042,135	1,712,076	1,830,284	1,730,378	1,678,682	1,601,223	809,076	355,224

Source: Controller, City and County of San Francisco

Notes:

(1) FY 2020 has been updated with newly available data.
(2) FY 2012 through FY 2016 reflects average time. FY2017 through FY2019 reflects , in a decimal format, the time from the receipt of a 911 call to the officer's arrival time.
(3) FY 2012 through FY 2015 is based on percentage of San Franciscans. FY2016 through FY2019 is based on a scale of 1 to 10.

N/A = Information is not available. Note that in most cases this is due to the fact that the City Survey, which was administered annually until 2005, then biennially afterwards, is the data source.

CITY AND COUNTY OF SAN FRANCISCO

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year									
Function	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Police protection (1)										
Number of stations	10	10	10	10	10	10	10	10	10	10
Number of police officers	2,243	2,164	2,130	2,203	2,332	2,315	2,292	2,291	2,267	2,185
Fire protection (2)										
Number of stations	46	46	46	47	47	47	47	47	47	47
Number of firefighters	718	817	896	907	995	1,029	1,044	1,040	1,024	954
Public works										
Miles of street (3)	1,315	1,315	1,299	1,287	1,287	1,287	1,287	1,304	1,372	1,404
Number of streetlights (4)	44,594	44,655	44,656	44,907	44,498	44,686	44,891	44,832	44,631	42,737
Water (4)										
Number of services	173,454	173,744	173,970	174,111	174,083	174,394	175,054	175,805	176,379	176,246
Average daily consumption (million gallons)	212.0	215.1	217	190	171	175	190.4	184.5	190.9	188.6
Miles of water mains	1,488	1,488	1,488	1,499	1,489	1,488	1,489	1,719	1,719	1,719
Sewers (4)										
Miles of collecting sewers and transport/storage sewers	976	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,123	1,125
Recreation and cultures										
Number of parks (5)	220	221	221	220	220	220	220	220	221	221
Number of libraries (6)	28	28	28	28	28	28	28	28	28	28
Number of library volumes (million) (6)	3.6	3.5	3.6	3.6	3.8	3.9	3.7	3.5	3.9	3.5
Public school education (7)										
Attendance centers	115	115	116	116	117	117	117	117	122	122
Number of classrooms	2,797	2,877	3,135	3,160	3,219	3,219	3,219	3,216	3,216	3,215
Number of teachers, full-time equivalent	3,245	3,129	3,129	3,281	3,339	3,272	3,196	3,886	3,518	3,419
Number of students	56,310	56,970	57,620	58,414	58,865	60,133	60,263	60,390	61,031	58,705

Sources:

(1) Police Commission, City and County of San Francisco

(2) Fire Commission, City and County of San Francisco - Includes fire fighters/paramedics, and incident support specialists

(3) Department of Public Works, City and County of San Francisco

(4) Public Utilities Commission, City and County of San Francisco. Combining miles of collecting and transport/storage sewers

(5) Parks and Recreation Commission, City and County of San Francisco

(6) Library Commission, City and County of San Francisco

(7) San Francisco Unified School District

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APPENDIX D

FORM OF ORIGINAL APPROVING OPINIONS OF CO-BOND COUNSEL DELIVERED ON SEPTEMBER 11, 2008

September 11, 2008

City and County of San Francisco
Finance Corporation
San Francisco, California

City and County of
San Francisco
San Francisco, California

City and County of San Francisco Finance Corporation
Lease Revenue Refunding Bonds, Series 2008-1
(Moscone Center Expansion Project)

and

City and County of San Francisco Finance Corporation
Lease Revenue Refunding Bonds, Series 2008-2
(Moscone Center Expansion Project)

Ladies and Gentlemen:

We have acted as co-bond counsel in connection with the issuance by the City and County of San Francisco Finance Corporation (the "Corporation") of its $72,670,000 aggregate principal amount of the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "Series 2008-1 Bonds"), and its $72,670,000 aggregate principal amount of the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the "Series 2008-2 Bonds" and, together with the Series 2008-1 Bonds, the "Bonds"), issued pursuant to the provisions of the California Nonprofit Public Benefit Law, being Part 2 of Title 1 (commencing with Section 5110) of the California Corporations Code (the "Law"), a resolution adopted by the Corporation on July 30, 2008, and an Indenture of Trust, dated as of September 1, 2008 (the "Indenture"), entered into by and between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Bonds, which are dated September 11, 2008, and which mature, bear interest and are subject to optional and mandatory redemption and optional and mandatory tender as provided in the Indenture, are being issued to provide moneys (i) to refund the Series 2000 Bonds (as defined in the Indenture) and (ii) to pay costs incurred in connection with the issuance, sale and delivery of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Corporation and the City contained in the Indenture and the Project Lease and in the certified proceedings and certifications of the Corporation, the City and others furnished to us, without undertaking to verify the same by independent investigation.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Corporation payable solely from Revenues and certain other sources as and to the extent specified in the Indenture. The Bonds are not a lien or charge upon the funds or property of the Corporation except to the extent of the pledge set forth in the Indenture. Neither the faith and credit nor the taxing power of the City or the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the City or the State of California, and said City and said State are not liable for the payment thereof.

2. The Indenture has been duly authorized, executed and delivered by, and constitute the valid and binding obligation of, the Corporation. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and other amounts held by the Trustee in the funds or accounts established pursuant to the Indenture (except the Rebate Fund and the Purchase Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Project Lease and the Site Lease have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Corporation and the City.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Corporation comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Corporation has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights and obligations under the Bonds, the Indenture, the Project Lease and the Site Lease are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

Respectfully submitted,

A Professional Law Corporation Leslie M. Lava

APPENDIX E

FORM OF NO ADVERSE EFFECT OPINION OF PRIOR REMARKETING BOND COUNSEL DELIVERED ON OCTOBER 8, 2014

October 8, 2014

City and County of San Francisco
1 Dr. Carlton B. Goodlett Pl., #336
San Francisco, California 94102

State Street Bank And Trust Company
One Lincoln Street, 5th Floor
Boston, Massachusetts 02111

Wells Fargo Bank, National Association
MAC #A0109-036
333 Market Street, 3rd Floor
San Francisco, California 94105

City and County of San Francisco Finance Corporation
Lease Revenue Refunding Bonds, Series 2008-1
(Moscone Center Expansion Project)

Ladies and Gentlemen:

We have served as Bond Counsel to the City and County of San Francisco (the "City") in connection with the remarketing of the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "Bonds"). The Bonds were issued by the City and County of San Francisco Finance Corporation (the "Corporation") on September 11, 2008. The Bonds were issued pursuant to the provisions of the California Nonprofit Public Benefit Law, being Part 2 of Title 1 (commencing with Section 5110) of the Corporations Code of the State of California, a resolution adopted by the Corporation on July 30, 2008 and an Indenture of Trust, dated as of September 1, 2008 (the "Indenture"), between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Pursuant to Section 5.11 of the Indenture, the City and the Corporation intend to enter into a Letter of Credit and Reimbursement Agreement, dated as of October 1, 2014 (the "Reimbursement Agreement"), among the City, the Corporation and State Street Bank and Trust Company, as credit provider (the "Credit Provider") pursuant to which the Credit Provider will issue its Letter of Credit No. ________ in support of the Bonds (the "Alternate Credit Facility"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

In connection with the foregoing, we have reviewed the Indenture, the Fee Agreement, dated as of October 8, 2014 (the "Fee Agreement"), between the City and the Credit Provider, the Reimbursement Agreement, an Ordinance of the City adopted on September 30, 2014, Resolution No. 2014-2 adopted by the Corporation on September 19, 2014, and such proceedings of the City and the Corporation and other records, agreements, certificates and other documents as we deemed necessary to render the opinions set forth herein. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income of the owners thereof for federal income tax purposes.

Based on and subject to the foregoing, and in reliance thereon we are of the opinion that:

1. Under existing law the execution and delivery of the Reimbursement Agreement will not adversely affect any existing exclusion pursuant to section 103(a) of the Internal Revenue Code of 1986 (the "Code") of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. Except as stated in this paragraph, we express no opinion as to any federal or state tax consequence of the ownership or disposition of the Bonds.

2. The delivery of the Reimbursement Agreement to the Trustee is authorized under the Indenture and complies with the terms of the Indenture.

3. The Reimbursement Agreement and the Fee Agreement have each been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Credit Provider, each constitutes a legal, valid and binding obligation of the City enforceable in accordance with its terms. This opinion is qualified to the extent that the Reimbursement Agreement and the Fee Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws). In addition, the enforceability of the Reimbursement Agreement and the Fee Agreement is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law and to the limitations on legal remedies against governmental entities in California, the exercise of judicial discretion in appropriate cases, and the application of California laws relating to conflicts of interest to which public entities are subject. We express no opinion regarding the availability of equitable remedies, any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents.

4. The delivery of the Reimbursement Agreement to the Trustee will not adversely affect the exemption of the Bonds from registration under the Securities Act of 1933, as amended.

We have not been engaged, nor have we undertaken, to advise any party or to opine as to any matter not specifically covered hereinabove. We have made no investigation, and express no view, as to whether any events or circumstances existed on or have occurred since the date of issuance of the Bonds that might adversely affect any exclusion pursuant to section 103(a) of the Code of interest on the Bonds from the gross income of owners (prior or present) of the Bonds for federal income tax purposes, nor have we investigated, or express any view, as to any matter relating to compliance with any securities laws. Except as stated in the foregoing opinion, we express no opinion as to any federal tax or securities law consequence of the execution and delivery of the Reimbursement Agreement.

Our opinion is based on existing law, which is subject to change. Our opinion is further based on our knowledge of facts as of the date hereof. Except as otherwise set forth hereunder, we assume no duty to update or supplement our opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinion is not a guarantee of result and is not binding on the Internal Revenue Service; rather, our opinion represents our legal judgment based upon our review of existing law that we deem relevant to our opinion and in reliance upon the representations and covenants referenced above.

We are furnishing this letter to the addressees hereof with respect to execution and delivery of the Reimbursement Agreement and the Fee Agreement at the request of the City, and this letter may not be relied upon for any purpose other than in connection with the execution and delivery of the Reimbursement Agreement and the Fee Agreement. No attorney-client relationship by virtue of this opinion exists between our firm and the addressees hereto other than the City. This letter shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent.

Respectfully submitted,

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

June 1, 2022

City and County of San Francisco
San Francisco, California

TD Bank, N.A.
Mt. Laurel, New Jersey

Wells Fargo Bank, National Association
c/o Computershare Trust Company, N.A.
Minneapolis, Minnesota

OPINION: City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project); and City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project); Letter of Credit Substitutions

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of San Francisco (the "City") in connection the execution and delivery by the City of the following reimbursement agreements (collectively, the "Reimbursement Agreements"): (i) Letter of Credit and Reimbursement Agreement dated as of June 1, 2022, by and among the City, the City and County of San Francisco Finance Corporation (the "Corporation") and TD Bank, N.A. ("TD Bank"), relating to the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "Series 2008-1 Bonds"); and (ii) Letter of Credit and Reimbursement Agreement dated as of June 1, 2022, by and among the City, the Corporation and TD Bank, relating to the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the "Series 2008-2 Bonds" and together with the Series 2008-1 Bonds, the "Bonds"). In connection with the Reimbursement Agreements, on the date hereof, the City has also executed and delivered the following fee agreements (collectively, the "Fee Agreements"): (i) Fee Agreement, dated as of June 1, 2022, among the City, the Corporation and TD Bank, relating to the Series 2008-1 Bonds; and (ii) Fee Agreement, dated as of June 1, 2022, among the City, the Corporation and TD Bank, relating to the Series 2008-2 Bonds.

The Bonds were issued by the Corporation pursuant to an Indenture of Trust, dated as of September 1, 2008, as supplemented and amended by a First Supplement to Indenture of Trust, dated as of June 1, 2022, each by and between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee") (as so supplemented and amended, the "Indenture"). Pursuant to Section 5.11 of the Indenture, the City and the Corporation have entered into the Reimbursement Agreements pursuant to which the TD Bank has delivered the Letters of Credit (as defined in the Reimbursement Agreements) in support of the respective Bonds. Capitalized terms used but not defined herein have the meanings given to such terms in the Indenture.

We have examined the law and such certified proceedings and other papers, opinions, and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Reimbursement Agreements and the Fee Agreements and in the certified proceedings, and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The Reimbursement Agreements and the Fee Agreements have each been duly authorized, executed and delivered by the City and constitute a legal, valid and binding agreements of the City enforceable against the City in accordance with their respective terms (except that (i) the enforcement of the Reimbursement Agreements and the Fee Agreements may be limited by bankruptcy and other similar laws relating to creditors' rights, (ii) certain equitable remedies may be unavailable and (iii) the indemnification provision may be limited by securities laws and public policy).

2. The delivery of the Letters of Credit to the Trustee is authorized under the Indenture and complies with the terms of the Indenture and will not, in and of itself, result in the inclusion of interest on the Bonds in gross income for federal income tax purposes. Except as stated in this paragraph, we express no opinion regarding any tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

3. The delivery of the Letters of Credit will not adversely affect the exemption of the Bonds from registration under the Securities Act of 1933, as amended.

This opinion letter is being is solely in our capacity as bond counsel to the City, and not as counsel to any other addressee, pursuant to Section 3.1(a)(iv) of each of the Reimbursement Agreements and Section 5.11 of the Indenture. This opinion letter is solely for your benefit in connection with the transaction covered by the first paragraph of this letter and may not be relied upon, used, circulated, quoted or referred to, nor any copies hereof be delivered to, any other person without our prior written approval. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the courts; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the certifications and opinions referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation