CITY AND COUNTY OF SAN FRANCISCO

BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT REPORTS

FOR THE YEAR ENDED JUNE 30, 2020

MGO Certified Public Accountants

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FOR THE YEAR ENDED JUNE 30, 2020

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MGO Certified Public Accountants

Independent Auditor's Report

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

Report on the Financial Statements

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, 2020, 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	1.2%	4.4%	1.7%
Business-type activities	93.1%	98.7%	74.4%
Aggregate discretely presented component unit and remaining fund information	0.5%	0.4%	1.4%

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, 2020, 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

www.mgocpa.com

Emphasis of a Matter
As discussed in Note 19(c) to the basic financial statements, on March 16, 2020, the City imposed a shelter-in-place order as a result of the COVID-19 pandemic. This order required the closure of all non-essential businesses in the City and required other limitations on social interactions. The economic impacts in the City and the actions taken by the City in response to those impacts are disclosed in the note. 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, 2019, from which such partial and summarized information was derived.

We have previously audited the City's 2019 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 December 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 healthcare 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 the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Macias Gini É O'Connell LLP

San Francisco, California
February 26, 2021, except for our report on the schedule of expenditures of federal awards,
as to which the date is June 25, 2021

This section of the City and County of San Francisco's (the City) basic financial statements presents a narrative overview and analysis of the financial activities of the City for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information in our transmittal letter. Certain amounts presented as fiscal year 2018-19 summarized comparative financial information in the basic financial statements have been reclassified to conform to the presentation in the fiscal year 2019-20 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 $10.10 billion (net position). Of this balance, $10.47 billion represents the City's net investment in capital assets, $3.05 billion represents restricted net position, and unrestricted net position has a deficit of $3.42 billion. The City's total net position increased by $496.4 million, or 5.2 percent, from the previous fiscal year. Of this amount, total net investment in capital assets, restricted net position and unrestricted net position increased by $425.8 million or 4.2 percent, $20.8 million or 0.7 percent and $49.8 million or 1.4 percent, respectively.

The City's governmental funds reported total revenues of $7.18 billion, which is a $380.5 million or 5.0 percent decrease from the prior year. Within this, revenues from property taxes, business taxes, sales and use tax, hotel room tax, parking tax, real property transfer tax, interest and investment income, rent and concessions, charges for services, other revenues decreased by approximately $110.5 million, $85.6 million, $49.8 million, $127.4 million, $16.6 million, $29.5 million, $36.2 million, $36.5 million, $39.1 million and $31.7 million, respectively. Governmental funds expenditures totaled $7.03 billion for this period, a $765.3 million or 12.2 percent increase, reflecting increases in demand for governmental services of $670.4 million and an increase in capital outlay of $130.2 million, offset by decreases in debt service of $35.3 million.

At the end of the fiscal year, total fund balances for the governmental funds amounted to $5.04 billion, a slight decrease of $100.7 million or 2.0 percent from prior year, primarily due to increases of expenditures over decreases in most revenues which is offset by the increase in other financing sources this year over last year.

The City's total short-term debt increased by $141.6 million in this fiscal year. The increase of $15.4 million in the governmental activities was due to the issuance $195.7 million of Commercial Paper (CP) to finance the 49 South Van Ness Avenue project, the Animal Care and Control facility project, the Housing Trust projects and the Hall of Justice project with refinancing of CP with certificates of participation of $91.3 million, net of a total paydown of $89.0 million, of which $78.0 million CP was issued to finance the construction of Transbay Transit Center and $11.0 million CP was issued to finance various projects. The short-term debt in the business-type activities increased by $126.2 million mainly due to the Airport, the Water Enterprise, Hetch Hetchy Water and Power and the Wastewater Enterprise issuing a total of $267.6 million additional short-term debt to upgrade their facilities. The San Francisco General Hospital and the Wastewater Enterprise paid off a total of $91.7 million of CP, and the Airport refinanced $49.4 million of CP through the issuance of long-term debt.

The City's governmental activities long-term debt increased by $84.4 million. A total of $145.5 million in general obligation bonds were issued to fund: improvements to the City's parks and waterfront open spaces; low-and middle-income housing programs; seismic strengthening and repair of the Embarcadero seawall. The City issued $247.8 million certificates of participation to refinance the short-term debt for the 49 South Van Ness Avenue project. The City also issued $195.3 million refunding general obligation bonds and $27.1 million refunding certificates of participation. The increase in debt was offset by $605.0 million due to scheduled debt service payments of $565.0 million and amortization of bond premium of $40.0 million.

The business-type activities long-term debt increased by $722.8 million. The Airport issued $1.19 billion revenue bonds, of which $896.9 million was used to finance and refinance the redevelopment of airport terminals, construction of Courtyard 3 Connector, renovation of the International Terminal departures level and gate enhancement, extension of AirTrain service to the long-term parking garages and $292.3 million in revenue refunding bonds was issued to generate an economic gain. The Water Enterprise issued $656.9 million in revenue refunding bonds to generate an economic gain and obtained a loan of $73.3 million from the State of California to fund its SF Westside Recycled Water Project. The Wastewater Enterprise drew-down additional loans of $1.8 million to fund for various sewer system improvement projects. The Municipal Transportation Agency obtained additional bank loan of $3.8 million for a garage renovation project. The Port of San Francisco issued revenue refunding bonds of $23.8 million to generate an economic gain. The Laguna Honda Hospital issued refunding certificates of participation of $89.4 million for debt service savings. The increase in debt was offset in the amount of $1.57 billion in refunded bonds, scheduled debt service payments and bond premium amortization.

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 Comprehensive Annual Financial Report are related as shown in the graphic below.

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

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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; except agency funds do not have measurement 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 agency 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) as a fiduciary component unit 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 agency 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	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	$ 8,377,481	$7,301,821	$ 6,477,516	$ 6,575,434	$14,854,997	$13,877,255
Capital assets	6,702,757	6,155,064	22,089,466	20,689,646	28,792,223	26,844,710
Total assets	15,080,238	13,456,885	28,566,982	27,265,080	43,647,220	40,721,965
Deferred outflows of resources:	1,161,466	996,754	1,103,005	947,283	2,264,471	1,944,037
Liabilities:						
Current liabilities	3,214,799	2,179,762	2,395,258	2,148,534	5,610,057	4,328,296
Noncurrent liabilities	9,149,846	8,742,967	19,797,681	18,872,584	28,947,527	27,615,551
Total liabilities	12,364,645	10,922,729	22,192,939	21,021,118	34,557,584	31,943,847
Deferred inflows of resources:	743,437	629,419	512,075	490,524	1,255,512	1,119,943
Net position:						
Net investment in capital assets *	3,853,271	3,681,341	7,013,098	6,764,333	10,474,620	10,048,870
Restricted *	2,118,598	2,024,387	956,701	1,053,773	3,048,043	3,027,217
Unrestricted (deficit) *	(2,838,247)	(2,804,237)	(1,004,826)	(1,117,385)	(3,424,068)	(3,473,875)
Total net position	$ 3,133,622	$2,901,491	$ 6,964,973	$ 6,700,721	$10,098,595	$ 9,602,212

* 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 $10.10 billion at the end of fiscal year 2019-20, a 5.2 percent increase over the prior year. The City’s governmental activities account for $3.13 billion of this total and $6.97 billion stem from its business-type activities.

The largest portion of the City’s net position is the $10.47 billion in net investment in capital assets (e.g. land, buildings, and equipment). This reflects a $425.8 million or 4.2 percent increase over the prior year and is due to the growth seen in the governmental activities of $171.9 million and an overall increase in business-type activities, highlighted by an increase of $296.5 million at SFMTA and $49.6 million at Wastewater Enterprise offset by decreases of $79.5 million at Airport and $35.6 million at Water Enterprise 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 $3.05 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 $3.42 billion, which consists of a $2.84 billion deficit in governmental activities and $1.0 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 $419.0 million in long-term bonds liabilities that fund the LHH rebuild project, certain park facilities and Embarcadero seawall earthquake safety projects at the Port, improvement projects for reliable emergency water supply for the Water Enterprise, and road paving and street safety in SFMTA (see Note 10(d)). 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)

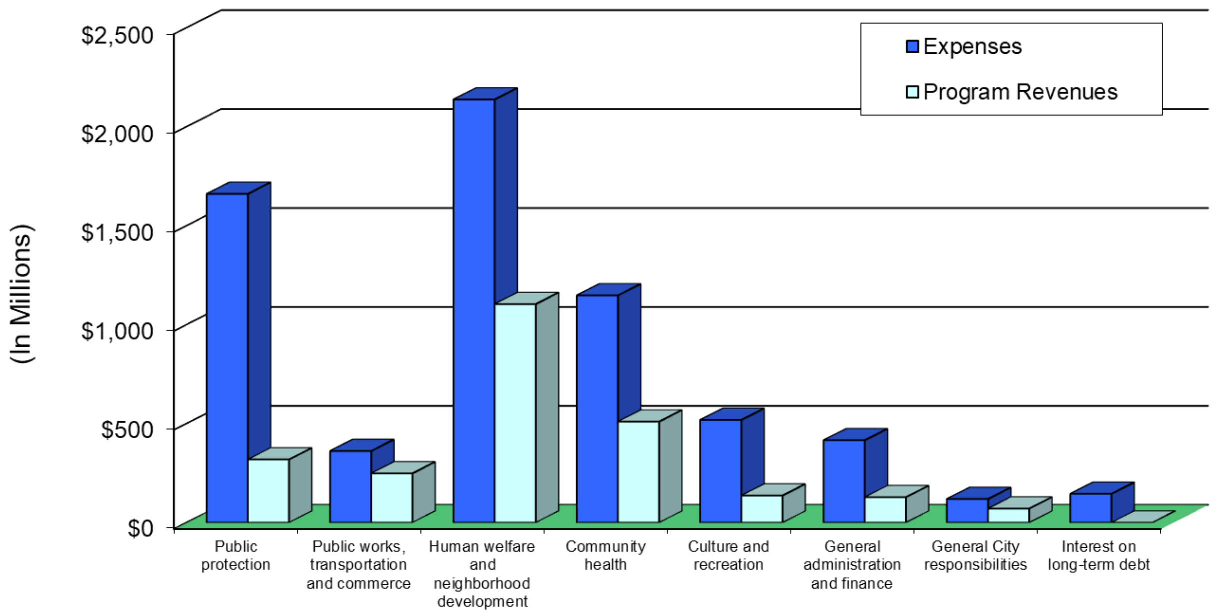
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	$ 854,868	$ 815,176	$ 3,884,412	$ 3,840,617	$ 4,739,280	$ 4,655,793
Operating grants and contributions	1,518,051	1,392,516	455,673	251,757	1,973,724	1,644,273
Capital grants and contributions	146,400	233,184	361,266	467,069	507,666	700,253
General revenues:						
Property taxes	2,733,334	2,581,308	-	-	2,733,334	2,581,308
Business taxes	833,931	919,552	-	-	833,931	919,552
Sales and use tax	279,453	329,296	-	-	279,453	329,296
Hotel room tax	280,970	408,348	-	-	280,970	408,348
Utility users tax	94,231	93,918	-	-	94,231	93,918
Other local taxes	474,859	515,435	-	-	474,859	515,435
Interest and investment income	142,181	178,350	151,319	182,666	293,500	361,016
Other	63,552	88,788	245,466	237,045	309,018	325,833
Total revenues	7,421,830	7,555,871	5,098,136	4,979,154	12,519,966	12,535,025
Expenses						
Public protection	1,661,262	1,496,341	-	-	1,661,262	1,496,341
Public works, transportation and commerce	362,133	331,717	-	-	362,133	331,717
Human welfare and neighborhood development	2,137,968	1,720,425	-	-	2,137,968	1,720,425
Community health	1,148,208	960,422	-	-	1,148,208	960,422
Culture and recreation	519,015	594,219	-	-	519,015	594,219
General administration and finance	416,370	330,358	-	-	416,370	330,358
General City responsibilities	119,693	156,907	-	-	119,693	156,907
Unallocated Interest on long-term debt	145,600	153,220	-	-	145,600	153,220
Airport	-	-	1,344,734	1,067,265	1,344,734	1,067,265
Transportation	-	-	1,438,417	1,304,358	1,438,417	1,304,358
Port	-	-	131,884	123,116	131,884	123,116
Water	-	-	576,140	536,480	576,140	536,480
Power	-	-	392,669	314,471	392,669	314,471
Hospitals	-	-	1,332,648	1,236,823	1,332,648	1,236,823
Sewer	-	-	296,842	304,010	296,842	304,010
Total expenses	6,510,249	5,743,609	5,513,334	4,886,523	12,023,583	10,630,132
Increase/(decrease) in net position before transfers and special items	911,581	1,812,262	(415,198)	92,631	496,383	1,904,893
Transfers	(679,450)	(802,748)	679,450	802,748	-	-
Special items:						
Receipt of South Beach Harbor operations	-	-	-	18,340	-	18,340
Change in net position	232,131	1,009,514	264,252	913,719	496,383	1,923,233
Net position at beginning of year, as restated	2,901,491	1,891,977	6,700,721	5,787,002	9,602,212	7,678,979
Net position at end of year	$ 3,133,622	$ 2,901,491	$ 6,964,973	$ 6,700,721	$ 10,098,595	$ 9,602,212

Analysis of Changes in Net Position

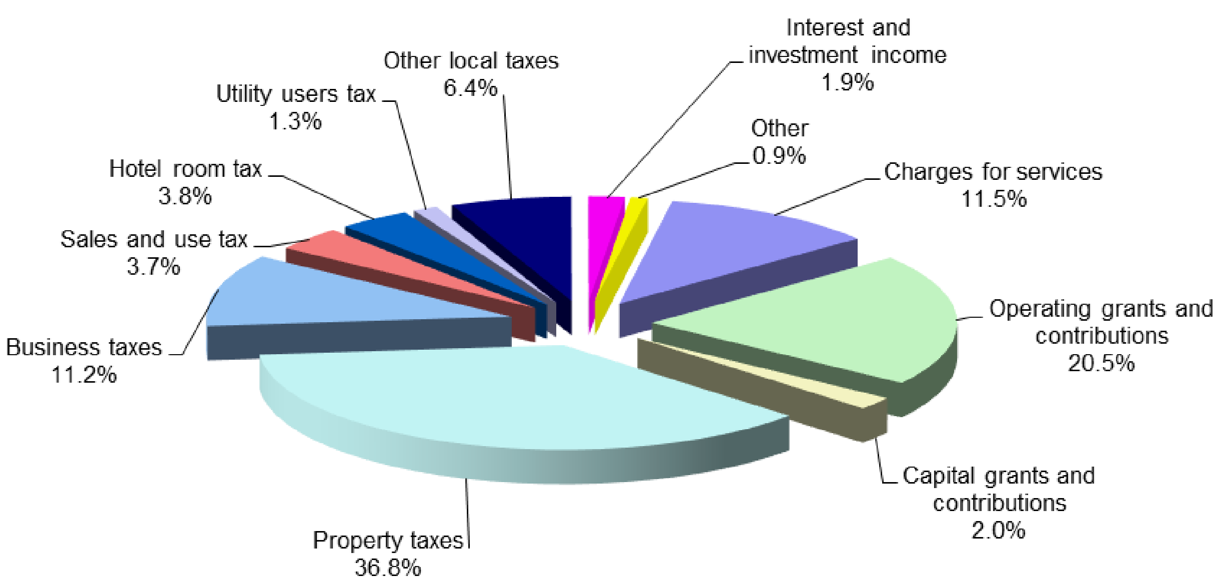
The City's change in net position increased by $496.4 million in fiscal year 2019-20, a 5.2 percent increase from the prior fiscal year, as noted above. The increase in the change in net position was due to a $232.1 million increase from governmental activities and a $264.3 million increase from business-type activities.

The City's governmental activities experienced a $134.0 million or 1.8 percent decline in total revenues, while total expenses increased by $766.6 million or 13.3 percent this fiscal year. Business-type activities revenues increased by $119.0 million or 2.4 percent, and total expenses also increased by $626.8 million, or 12.8 percent. The net transfer to business-type activities decreased by $123.3 million. The major components of increased revenue Citywide are increased operating grants and contributions of $329.5 million, property taxes of $152.0 million and charges for services of $83.5 million, offset by decrease of capital grants and contributions of $192.6 million, hotel room tax of $127.4 million and business taxes of $85.6 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 approximately $232.1 million. Key factors contributing to this change are discussed below.

Overall, total revenues from governmental activities were $7.42 billion, a $134.0 million or 1.8 percent decrease over the prior year. For the same period, expense totaled $6.51 billion before transfers of $679.5 million.

Property tax revenues increased by $152.0 million or 5.9 percent due in large part to the increased recognition of $135.7 million secured and unsecured property tax revenues, $28.3 million redevelopment property tax increment and $23.5 million property tax in lieu of vehicle license fee. This growth was partly offset by decreased recognition of $37.9 million Excess Educational Revenue Augmentation Fund (ERAF) in the current fiscal year.

The COVID-19 pandemic adversely impacted the City's remaining general revenue streams. Business tax reduced by $85.6 million or 9.3 percent driven by the economy downturn. In response to the pandemic, the City delayed both business registration fees and the first quarter business tax payment for small business. In addition, $36.4 million business tax collected was deferred due to pending litigation. Revenues from sales and use tax and hotel room taxes dropped by $177.2 million over the prior year. Sales and use tax decreased by $49.8 million or 15.1 percent primarily due to the emergency declaration and order to close non-essential businesses, including restaurants, and retail establishments as well as a significant decrease in visitors. Hotel room tax was hard hit with a fall of $127.4 million or 31.2 percent, due to travel restrictions and reduction both in international and domestic flights and voluntarily conference cancellations since March 2020. The hotel occupancy rate hit a record low of 15.5 percent in April and the revenue per available room (RevPAR) which is a function of changes in occupancy, average daily room rate and room supply, declined drastically to $15.9, or a decrease of 92.7 percent compared to last year's same period. Hotel tax revenue decreased by 24.3 percent and 49.7 percent in March and April, respectively. Since then, occupancy rates and RevPAR have been inching up month by month. In June, the occupancy rate was 27.4 percent, 68.4 percent lower than last June, and RevPAR was $30.7, 86.7 percent lower than last June. General Fund hotel tax collected after April decreased by 99.8 percent from the same period last year.

Other local taxes also decreased by $40.6 million or 7.9 percent. The real property transfer tax, which is highly sensitive to economic cycles and interest rates, decreased both in number and value of commercial real estate transactions over $10 million or more due to economic uncertainty related to the pandemic and was significantly depressed in the second half of the year. This revenue stream ended with $29.5 million less than the prior year. Parking tax also shrank by $16.5 million from less vehicle movement within the City due to ban on large gathering and shelter-in-place order beginning in March 2020.

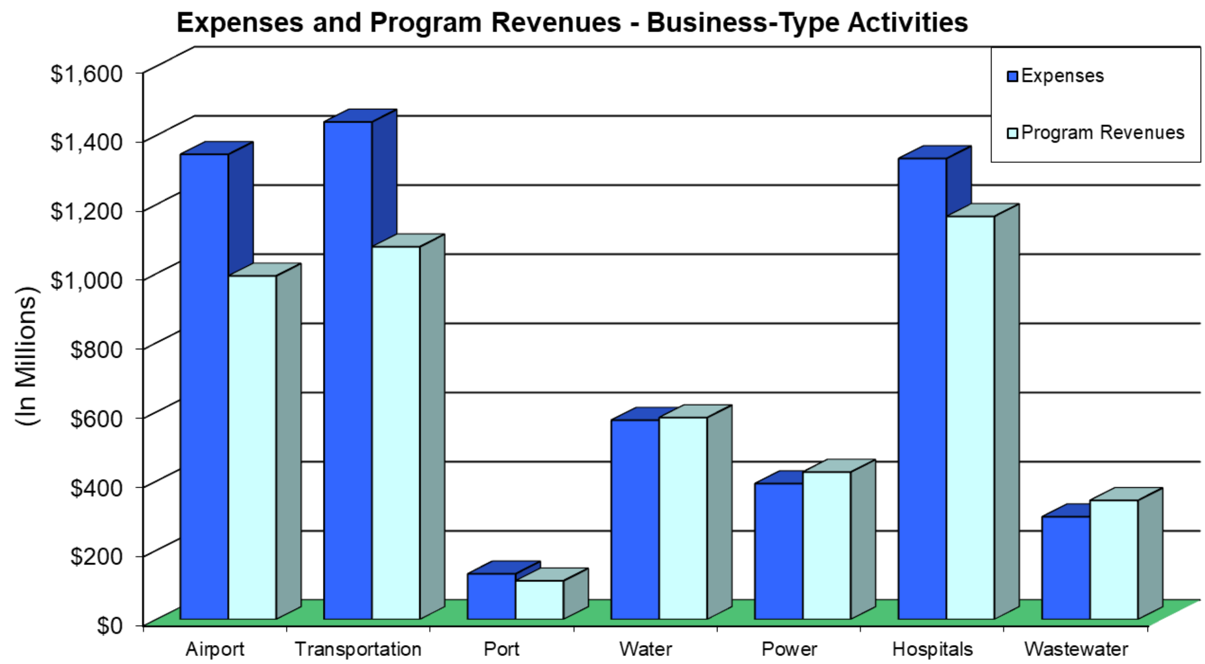
Total grants and contributions increased by $38.8 million or 2.4 percent. The capital grants and contributions decreased by $86.8 million primarily due to the total land donated to the City was $63.8 million this fiscal year whereas prior year's total was $148.7 million which composed of the Moscone Convention Center North and South buildings and land parcels. The operating grants and contributions, however, increased by $125.5 million primarily due to revenues from the new CARES Act and cost recovery from FEMA for COVID response.

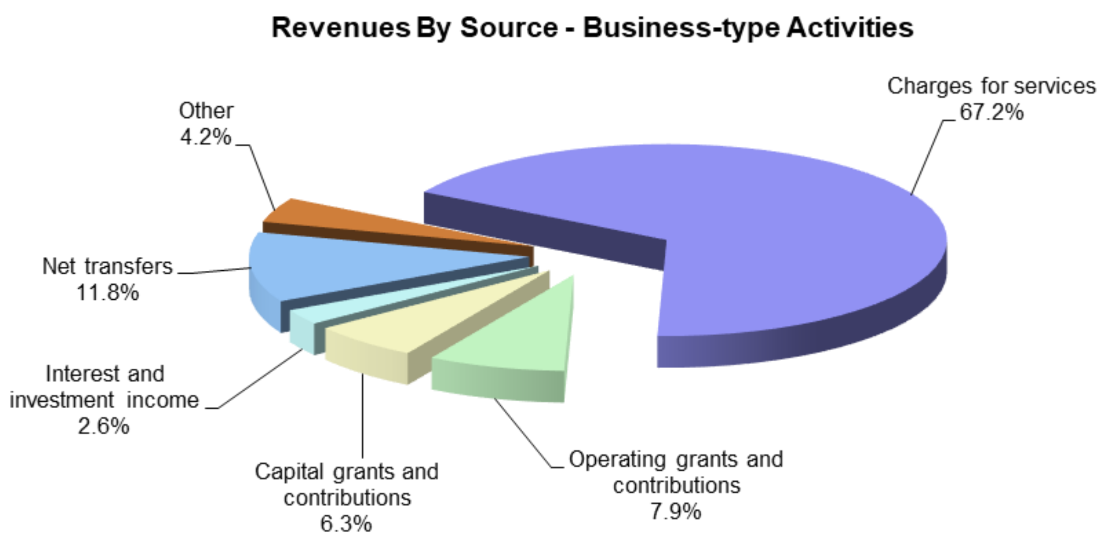
Total charges for services increased $39.7 million or 4.9 percent largely from an increased $52.3 million in loans previously considered uncollectible, partly offset by decline in other charges including licenses and permits, rents and concessions, fines and forfeitures due to reduced service demands and the shelter-in-place order during the pandemic.

Interest and investment income revenue decreased by $36.2 million or 20.3 percent, primarily due to the lower interest rates during the year which worsened at year end due to the pandemic. The adverse economy impacted the Pool's investment earnings as well as the valuation of City's investment portfolio resulting in lower interest and investment earnings.

Net transfers from the governmental activities to business-type activities were $679.5 million, a $123.3 million or 15.4 percent decrease from the prior year. The General Fund baseline transfer to SFMTA decreased $53.5 million primarily due to decrease in property taxes, including ERAF revenue. General Fund transfer to General Hospital and Laguna Honda also decreased by $47.7 million and $44.2 million, respectively, due to reduced needs for General Fund support. In addition, transfer from San Francisco County Transportation Funds to SFMTA to support various capital projects dropped by $46.5 million due to reduced capital activities. These decreases were partly offset by increased transfer of $51.9 million of the proceeds of 2012 San Francisco Clean and Safe Neighborhood Parks Bonds and 2018 Embarcadero Seawall Earthquake Safety Bonds for Port's waterfront projects.

The increase of total governmental expenses of $766.6 million, or 13.3 percent, was primarily due to a growth in salaries and fringe benefits of $215.6 million and pension and OPEB expenses, net of deferred contributions, resulting from assumption changes, actuarial experience and contributions of $210.4 million. In response to the pandemic, the City had a combined increase in aid and grant payments of $182.5 million mainly administered by Human Services Agency, Department of Children, Youth & Families and Department of Homelessness Services. Department of Public Health had increased non-professional services and medical material and supplies for a total of $72.3 million. As a result of increases in City loans issued by the Mayor's Office of Housing and Office of Economic and Workforce Development with major funding from General Obligation Bonds, developer's fees and grants, expenses for related loan allowances also grew by $153.7 million.





Business-type activities increased the City's net position by $264.3 million and key factors contributing to this increase are as follows:

- The San Francisco International Airport had a decrease in net position at fiscal year end of $216.9 million, compared to a $91.8 million increase in the prior year, a $308.7 million difference. Operating revenues totaled $943.9 million for fiscal year 2019-20, a decrease of $36.6 million or 3.7 percent over the prior year and included an increase of $47.8 million in aviation primarily due to changes in the unearned aviation revenue adjustment, offset by decreases of $19.3 million in rents and concessions, $52.8 million in parking and transportation, and $12.3 million in other revenues, reflecting traffic decline from March 2020 to June 2020 with the onset of the COVID-19 pandemic. For the same period, the Airport's operating expenses increased by $167.1 million, or 21.9 percent, for a net operating income of $12.8 million for the period. Net nonoperating activities saw a deficit of $245.3 million versus $99.1 million deficit in the prior year, a $146.2 million increase. The increase of $167.1 million in operating expenses is primarily due to increases in personal services of $66.8 million due to an increase in pension expenses and cost of living adjustments, depreciation and amortization of $43.3 million due to higher capital assets, and other operating expenses of $27.1 million. The increase of $146.2 million in nonoperating activities is due to a decrease in other nonoperating revenues of $31.1 million, and increases in other nonoperating expenses of $39.2 million, interest and investment income of $4.7 million primarily due to the net effect of $14.6 million of investment fair value adjustments and an actual investment income increase of $9.9 million, and interest expense of $71.2 million. Capital contributions increased by $25.7 million due to an increase in federal grants received for the Airport Improvement Program, TSA Checked Baggage Recapitalization Construction Project, and the Association of Bay Area Governments Wastewater Treatment Plant.

- The City's Water Enterprise, the third largest such entity in California, reported an increase in net position of $98.9 million at the end of fiscal year 2019-20, compared to an increase of $52.6 million at the end of the previous year, a $46.3 million difference. Operating revenues totaled $583.4 million, operating expenses totaled $398.1 million, nonoperating activities totaled a net expense of $72.8 million and the net decrease from transfers was $13.6 million. Compared to the prior year, operating revenues increased $41.0 million which was entirely due to charges for services cause by an adopted rate increase of 8.0 percent for retail customers beginning July 1, 2019 coupled with a 5.7 percent increase in consumption by wholesale customers. The enterprise reported a total increase in operating expenses of $41.0 million in fiscal year 2019-20 mostly due to a $21.4 million increase in depreciation and amortization due to additional capital assets placed into service in the prior year, an $8.4 million increase in general and administrative expense and an $8.3 million increase in personal services. Nonoperating activity increased by $40.1 million primarily due to a $63.6 million one-time gain from the property transfer of 639 Bryant Street for 2000 Marin Street offset by an increase of $13.2 million in interest expense mainly due to reduced interest capitalization for capital projects.

- Hetch Hetchy Water and Power and CleanPowerSF ended fiscal year 2019-20 with a net position increase of $80.9 million, compared to a $79.6 million increase the prior year, a difference of $1.3 million. This change consisted of a decrease in operating income of $2.9 million, an increase in net nonoperating activities of $14.7 million, and a decrease in transfers from the City of $10.5 million. This enterprise consists of three segments: Hetchy Water upcountry operations and water system, which reported a $9.9 million increase in change in net position, Hetchy Power (also known as the Power Enterprise), which reported a $19.9 million increase in change in net position, and CleanPowerSF, which reported a $51.1 million increase in net position. Hetchy Water operating revenues increased by $0.9 million, mainly due to an increase of $0.9 million in water assessment fees from the Water Enterprise while operating expenses decreased by $5.4 million mainly due to a decrease in capital project spending. Hetchy Power's operating revenues decreased by $2.7 million mostly due to a decrease in the sale of power due to COVID-19. On the operating expenses side, Hetchy Power reported an increase of $25.4 million mainly attributed to an increase of $16.1 million in other operating expenses mainly due to lower capitalization of capital project spending, $3.1 million in personnel services resulting from cost of living adjustments, higher pension obligations based on actuarial reports and increased personnel and fringe benefit costs, $1.7 million in contractual services mainly for equipment maintenance and property rent, $1.6 million in materials and supplies mainly explained by prior year recognition of material and supplies to inventory for the in-city warehouse, $1.4 million in purchased electricity and transmission, distribution and other power costs mainly due to wheeling charge rate increase, $1.2 million in depreciation and amortization related to additional building, structure and equipment placed in service, and $0.7 million in general and administrative expenses mainly due to judgments and claims based on actuarial estimates. These increases were offset by a decrease of $0.4 million in services of other departments mainly due to legal services provided by City Attorney. Interest expenses were $2.7 million, a decrease of $0.2 million mainly due to higher capitalized interest. CleanPowerSF's operating revenues increased by $77.6 million mostly due to $74.1 million increased electricity sales to retail and commercial customers. Operating expenses for CleanPowerSF increased by $58.7 million mainly due to $51.9 million in purchased electricity and transmission, distribution and other power costs as a result of higher electricity sales, $3.3 million in personal services mainly due to higher salaries and fringe benefits, $2.8 million in professional and contractual services mainly from services provided by Calpine Energy Solution for customer billings, and $1.1 million in general and administrative mainly from increased taxes, license, and permits fees. These increases were offset by a decrease of $0.4 million in services provided by other departments and other items.

- The City's Wastewater Enterprise's net position increased by $63.8 million, compared to a $55.0 million increase in the prior year, a $8.8 million change. Operating revenues increased by $13.0 million mainly due to a $14.0 million increase in charges for services mainly due to an average 7 percent adopted rate increase, offset by a 0.9 percent decrease in sanitary flow. Operating expenses increased by $2.4 million mainly due to $10.3 million increases in personal services mainly due to higher salaries and benefits, $2.9 million in depreciation expense due to more capitalized assets put in service, $0.7 million in services provided by other departments mainly for legal services, street cleaning, neighborhood beautification, and risk management services, and $0.3 million in contractual services mainly due professional and specialized services. These increases were offset by a decrease of $10.9 million in general and administrative and other expenses mainly due to higher capitalization of capital project spending, and $0.9 million in materials and supplies due to water sewage treatment supplies for Bayside Operations. Net nonoperating activities decreased by $4.6 million due mainly to lower interest income.

- The Port ended fiscal year 2019-20 with a net position increase of $40.7 million, $12.0 million greater than the $28.7 million increase in the previous year, a $12.0 million difference. 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 2019-20, operating revenues decreased by $13.1 million, principally due to one-time participation income of $10.3 million from the sale and transfer of the Ferry Building master lease in the prior year, and other decreases in lease revenue reflecting weakness in the local economy impacted by the COVID-19 pandemic in 2020. Operating expenses increased $15.1 million over the prior year. This was primarily due in part to increases of $9.8 million in contractual services mainly related to the Seawall project and $4.7 million in personal services for increased hiring, and higher salaries. Also, transfers in increased $51.9 million mainly due to the allocation of 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 $214.7 million for fiscal year 2019-20, compared to an increase of $527.6 million in the prior year, a $312.9 million change. SFMTA's total operating revenues were $390.3 million, while total operating expenses reached $1.40 billion. Operating revenues decreased by $114.9 million compared to the prior year and is mainly due to decreases in fare collections by $42.8 million as well as parking and transportation by $55.1 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 major decrease in collections as a result of decline in parking activities. Operating expenses increased by $131.9 million, primarily due to increases in personal services by $73.4 million attributable mainly to increase in cost-of-living adjustments and retirement costs, general and administrative costs by $30.7 million mainly due to an increase in claims, and depreciation and amortization by $15.7 million due to an increase in assets capitalized. Net nonoperating activities increased by $162.6 million, mainly from a $198.2 million increase in federal grants including CARES Act grants, offset by decreases in state and other operating grants, interest and investment income, and an increase in interest expense. Capital contributions decreased by $130.6 million due to decrease in capital expenditures incurred mostly related to Trolley Vehicles and New Light Rail Vehicles procurement. Transfers in decreased by $98.2 million mainly due to a decrease of $53.5 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 $8.7 million at the end of fiscal year 2019-20, compared to an increase of $62.3 million at the end of the previous year, a $53.6 million difference. The LHH's loss before transfers for the year was $69.0 million versus a loss of $71.1 million for the prior year. This change of $2.1 million was mostly due to a $14.1 million increase in operating revenues, a $13.5 million increase in operating expenses, and a $1.5 million increase in net nonoperating activities. Net transfers decreased by approximately $55.7 million, due to a $45.3 million decrease in transfers in and a $10.4 million increase in transfers out.

- SFGH, the City's acute care hospital, ended fiscal year 2019-20 with a net position decrease of $26.5 million, compared to an increase of $16.0 million the prior year, a $42.5 million change. Operating revenues decreased $245.5 million from prior year, mainly due to a $269.6 million decrease in net patient service revenue. Operating expenses increased approximately $84.2 million, mainly due to a $54.0 million increase in personal services, $19.3 million increase in contractual services and a $19.3 million increase in materials and supplies expense, offset by a $7.7 million decrease in other operating expenses. Net nonoperating activities increased $11.7 million, mainly due to an increase in federal operating grants. Net transfers decreased by approximately $34.4 million, due to a $46.8 million decrease in transfers in and a $12.4 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 2019-20, the City governmental funds reported combined fund balances of $5.04 billion, a decrease of $100.7 million or 2.0 percent over the prior year. Of the total fund balances, $1.71 billion is assigned and $509.7 million is unassigned. The total of $2.22 billion or 44.0 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 $1.58 billion. The remainder of the governmental fund balances includes $1.4 million nonspendable for items that are not expected to be converted to cash such as advances and long-term loans, $2.46 billion restricted for programs at various levels and $363.4 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 $2.09 billion while total fund balance was $2.69 billion. Combined assigned and unassigned fund balances represent 47.2 percent of total expenditures, while total fund balance represents 60.6 percent of total expenditures. For the year, the General Fund's total revenues exceeded expenditures by $1.04 billion, before transfers and other items of $1.07 billion, resulting in total fund balance decreasing by $31.1 million. Overall, the City has significant decline in most revenue sources, particularly in property taxes due to reduced recognition of 56.5 percent of excess ERAF revenues this fiscal year; in hotel room tax, business tax, interest and investment income, state grants and subventions, and charges for services 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 rate due to the pandemic from March through June. Also, in response to the pandemic, the City allowed to delay business registration fees and first quarter business tax payment for small businesses and resulted in the second highest decline in revenues. These decreases were slightly offset by an increase of $126.0 million federal grants primarily driven by the CARES Act revenues and cost recovery from FEMA for COVID-19 response and the remaining from slight growth of welfare aid programs. Other revenues which comprised of sale of development rights and in-kind donations also has a slight increase of $16.0 million. The net result was a decrease in fund balance this fiscal year.

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 2019-20, the unrestricted net position for the proprietary funds was as follows: Airport: $6.0 million, Water Enterprise: $54.1 million, Hetch Hetchy Water and Power: $278.1 million, Wastewater Enterprise: $108.4 million, and the Port: $94.4 million. In addition, the following funds had net deficits in unrestricted net position: SFMTA: $604.4 million, San Francisco General Hospital: $647.6 million, and Laguna Honda Hospital: $294.0 million.

The following table shows actual revenues, expenses and the results of operations for the current fiscal year in the City's proprietary funds (in thousands). This shows that the total net position for these funds increased by approximately $264.3 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	$ 943,879	$ 931,072	$ 12,807	$ (245,280)	$ 49,292	$ (33,743)	$ (216,924)
Water	583,351	398,117	185,234	(72,772)	-	(13,585)	98,877
Hetch Hetchy	421,284	389,026	32,258	34,665	-	13,968	80,891
Municipal Transportation Agency	390,285	1,430,606	(1,040,321)	410,069	311,388	533,569	214,705
General Hospital	893,277	1,045,321	(152,044)	75,114	-	50,480	(26,450)
Wastewater Enterprise	344,128	262,259	81,869	(16,888)	-	(1,188)	63,793
Port	108,863	127,215	(18,352)	6,174	586	52,246	40,654
Laguna Honda Hospital	199,345	281,638	(82,293)	13,296	-	77,703	8,706
Total	$ 3,884,412	$ 4,865,254	$ (980,842)	$ 204,378	$ 361,266	$ 679,450	$ 264,252

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 lower than the final budget by $260.1 million, primarily in tax revenues. The City realized $115.9 million and $38.5 million revenues above budget in property tax and real property transfer tax, respectively, which were offset by lower than budgeted revenues of $228.2 million, $136.9 million, $23.9 million, $13.5 million and $7.8 million in business taxes, hotel room tax, sales and use tax, parking tax and other local taxes, respectively. Property tax was higher due to increases in secured and unsecured property tax revenues as well as recognition of excess ERAF reserve from fiscal year 2017-18. The property transfer tax also had an unexpectedly strong first half of fiscal year 2019-20 which was partly offset by weakness in the second half of fiscal year 2019-20. However, the favorable budget variances were overtaken by unfavorable variances in the remaining taxes, particularly, business and hotel room tax due to shelter-in-place and closure of non-essential businesses attributed by the pandemic.

The City also realized $17.4 million of other resources, mainly from sale of development rights and in-kind contribution, and $9.3 million interest revenues, which were higher than budget but offset by $12.4 million, $5.6 million and $5.2 million revenues lower than budget in charges for services, rents and concessions and licenses, permits and franchises, respectively. The unfavorable variances were largely due to cancellation of events, and restrictions imposed by the shelter-in-place order. Federal grants revenues were also lower than budget by $14.2 million and partly offset by combined increase of state and local grants and subventions of $10.6 million.

Differences between the final budget and the actual (budgetary basis) expenditures resulted in $121.0 million in expenditure savings. Highlights of the variances include:

- $34.7 million budgetary reserve and designations, of which $16.2 million was for litigation, $10.4 million for Department of Public Health and $8.1 million for salaries and benefits.

- $27.6 million savings for general administration and finance, of which $21.9 million in salaries and fringe and $11.4 million in professional services and partly offset by less than budgeted expenditure recoveries from other city departments for $8.9 million.

- $17.0 million savings in human welfare and neighborhood development largely due to reduced professional and community-based organization services for the Homelessness and Supporting Housing and reduced loans issued by the Mayor's Office of Housing and Community Development.

- $14.3 million savings in public protection mainly from salaries and fringe for the operations of Juvenile Hall, Police and Police Accountability Department.

- $13.5 million saving in public works, transportation and commerce, primarily in the Office of Business and Economic Development with reduced loans and City grants issued and lower capital outlay expenditures due to the pandemic.

- $7.9 million savings in general responsibilities are mainly in community-based organization services and internal audits and $6 million salaries and mandatory fringe benefits as well as reduced departmental services in culture and recreation.

The combined effect of revenue lower than budget and savings in expenditures was a budgetary fund balance available for subsequent year appropriation of $896.2 million at the end of fiscal year 2019-20. The City's fiscal year 2020-21 and 2021-22 Adopted Original Budget assumed an available balance of $370.4 million fully appropriated in fiscal year 2020-21 and fiscal year 2021-22 and contingency reserves of $507.4 million, leaving $18.3 million available for future appropriations (see also Note to the Required Supplementary Information for additional budgetary fund balance details).

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2020, increased by $1.95 billion, 7.3 percent, to $28.79 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 $547.7 million or 28.1 percent to this total while $1.40 billion or 71.9 percent was from business-type activities. Details are shown in the table below.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 673,347	$ 519,234	$ 341,624	$ 257,803	$ 1,014,971	$ 777,037
Construction in progress	780,833	684,859	5,179,163	5,851,307	5,959,996	6,536,166
Facilities and improvements	4,050,395	3,850,118	13,537,465	11,916,790	17,587,860	15,766,908
Machinery and equipment	177,781	182,081	2,078,484	1,755,125	2,256,265	1,937,206
Infrastructure	898,648	823,330	904,131	856,139	1,802,779	1,679,469
Intangible assets	121,753	95,442	48,599	52,482	170,352	147,924
Total	$ 6,702,757	$ 6,155,064	$ 22,089,466	$ 20,689,646	$ 28,792,223	$ 26,844,710

Major capital asset events during the current fiscal year included the following:

- Under governmental activities, net capital assets increased by $547.7 million or 8.9 percent. About $377.4 million worth of construction in progress work was substantially completed and capitalized as facilities and improvements and infrastructure. Of the completed projects, about $259.7 million was in the 1500 Mission Street Office Building, $32.2 million in Electronic Health Record System, $25.8 million in 3rd Street Bridge Structural, $11.1 million for the 440 Turk Street and $10.2 million in Geneva Car Barn. The remaining completed projects are mainly public works.

- The Water Enterprise's net capital assets increased by $141.9 million or 2.6 percent, reflecting an increase in construction and capital improvement activities. Major additions to construction in progress included Recycled Water Project, San Andreas Pipeline No. 2 Replacement, Watershed and Environmental Improvement Program, Regional Groundwater Storage & Recovery, Calaveras Dam Replacement, Water Main Replacement - Van Ness Avenue/Market/Lombard Streets, and other upgrade and improvement programs. As of June 30, 2020, Water Enterprise's Water System Improvement Program was 99.0 percent completed with $4.8 billion of project appropriations expended. The program consists of 35 local projects located within San Francisco and 52 regional projects spread over seven different counties from the Sierra Foothills to San Francisco. As of June 30, 2020, 35 local projects were completed, and the completion date was June 3, 2020. For regional projects, 42 are completed and the expected completion date is May 2023.

- SFMTA's net capital assets increased by $287.0 million or 6.0 percent mainly from Central Subway Project construction in progress of $184.0 million and for the procurement of new revenue vehicles of $100.0 million. The remaining $3.0 million was mainly from Muni Forward program and facility upgrades. Construction in progress costs of $545.5 million were incurred for the New Central Subway Project, Muni Forward program, facility upgrades, and trolley bus procurement. Facilities and improvements cost totaling $41.8 million was incurred in fiscal year 2019-20 for Muni Forward program, Islais Creek annex renovation projects, and facility upgrades for a total of $38.4 million. The remaining $3.4 million is for a building transferred from the Animal Care and Control department. Equipment cost of $145 million was incurred during the fiscal year mainly for procurement of trolley buses, light rail vehicles and hybrid motor buses, rail replacement, and streetcar renovation. Infrastructure of $88.2 million was incurred during the fiscal year for facility upgrades, traffic signals, street improvements, and Muni Forward program.

- Laguna Honda Hospital's net capital assets decreased by $11.1 million or 2.3 percent due primarily to higher depreciation expense and lower new construction in progress due to the completion of the new hospital facility in March 2014. 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 $17.7 million or 13.6 percent due to primarily higher depreciation expense and lower new construction in progress due to the completion of the Zuckerberg San Francisco General Hospital rebuild in fiscal year 2015-16.

- The Wastewater Enterprise net capital assets reported an increase of $340.5 million or 12.5 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, 2020, 32 projects were completed, with 15 projects in preconstruction phase, 17 projects in construction phase, and 6 projects in close-out phase. The Southeast Plant (SEP) Existing Digester Gas Handling Improvements was completed on February 28, 2020. The goal of this project is to cost effectively integrate the digester gas handling system at the SEP, improve the reliability of the cogeneration facility, and provide backup fuel source for the boilers. The SEP New Headworks Facility–SCOPE II.A is on-going construction.

- Hetch Hetchy's net capital assets increased by $55.6 million or 10.1 percent to $606.2 million primarily due to additions to construction in progress, facilities, improvements, machinery, and equipment for Bay Corridor Project, 2018 Moccasin Storm, Power Asset Acquisition Analysis, Van Ness - Bus Rapid Transit, and San Joaquin Pipeline Replacement.

- The Airport's net capital assets increased $606.0 million or 9.9 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. Terminal 1 (T1) Redevelopment Program is currently in various stages of design and construction. The first portion of the improvements, consisting of nine gates, opened in July 2019. The second phase opened in May 2020, which added an additional nine gates, for a total of 18 operational gates. When completed, the T1 project will provide a total of 25 gates. The Plot 2 Aircraft Parking and South McDonnell Road project, SFO Grand Hyatt Hotel, Terminal 2 Office Tower, Industrial Waste Treatment Plant project, and the Airport Security Infrastructure Program were completed during fiscal year 2020. As a result of the COVID-19 pandemic and the resulting economic uncertainty, the Airport reprioritized its capital projects and is 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 $2.5 million or 0.5 percent due to capitalization and depreciation of capital improvements in 2020, including the Crane Cove Park, a new open space in the Union Iron Works National Historic District located at Pier 70. Pier 29 Marine Substructure Repair included substructure repairs to the underdeck structures (i.e. slabs, beams, and piles) consistent with the historical features of the pier building and the Embarcadero Historic District. Pier 27 and Pier 35 dredging program is essential work that maintains depths at berths for vessels in support of maritime commerce. Dredging at the Pier 35 Cruise Terminal (east side) and the Pier 27 Cruise Terminal was performed during this fiscal year. Pier 19 and 23 Fire Standpipe provides the San Francisco Fire Department (SFFD) additional firefighting resources, the Port installed manual wet Class I fire standpipe systems at both Pier 19 and Pier 23. This included installation of fire department connections (FDC), pipe distribution networks, hangers, bracing, and hose valves at both facilities.

At the end of the year, the City's business-type activities had approximately $1.30 billion in commitments for various capital projects. Of this, Water Enterprise had an estimated $208.8 million, MTA had $319.8 million, Wastewater had $453.1 million, Airport had $192.6 million, Hetch Hetchy had $103.5 million, Port had $15.7 million, Laguna Honda Hospital had $0.4 million and the General Hospital had $2.9 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, 2020, the City had total long-term and commercial paper debt outstanding of $20.80 billion. Of this amount, $2.35 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 $18.45 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 $948.8 million or 4.8 percent during the fiscal year.

For the year ended June 30, 2020, the net increase in the long-term debt in the governmental activities was $84.4 million and the net increase in business-type activities was $722.8 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 $279.37 billion in value as of the close of the fiscal year. As of June 30, 2020, the City had $2.35 billion in authorized, outstanding general obligation bonds, which is equal to approximately 0.79 percent of gross (0.84 percent of net) taxable assessed value of property. As of June 30, 2020, there were an additional $2.18 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 1.52 percent of gross (1.62 percent of net) taxable assessed value of property.

The City’s underlying ratings on general obligation bonds as of June 30, 2020 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 affirmed the City’s “Stable” rating outlook and Moody’s revised the rating outlook from “Stable” to “Negative” 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, S&P and Fitch Ratings affirmed their underlying credit ratings on the outstanding debt of the Airport of “A1”, “A+” and “A+”, respectively. S&P and Fitch Ratings revised the Airport’s rating outlook from stable to negative and Moody’s revised the Airport’s rating outlook from positive to stable during the fiscal year. The Water Enterprise carried underlying ratings of “Aa2” and “AA-” from Moody’s and S&P, respectively. The Wastewater Enterprise carried underlying ratings of "Aa2" and "AA" from Moody's and S&P, respectively. The 2020 revenue bonds issued by the Port have long-term credit ratings of “Aa3”, “A” and “A” from Moody’s, S&P and Fitch Ratings, 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. The San Francisco metro division lost nearly 175,000 jobs between March and April 2020, with a modest recovery of 45,000 of these jobs by the end of the fiscal year. Domestic and international enplanements at San Francisco International Airport declined by 90 percent during the quarter, given national and international travel restrictions. Public transit ridership via BART and Muni declined by 94.4 percent and 81.8 percent, respectively during the quarter as many employers required employees to work remotely and cultural activities in the City were curtailed. Hotel occupancy rates declined to 21 percent from 85 percent in the same period the prior year.

This loss of economic activity resulted in significant losses of tax revenues during FY 2019-20 for economically sensitive revenue streams. Hotel, sales, and parking taxes for the final quarter of FY 2019-20 declined by 80 percent, 7 percent, and 22 percent, respectively, versus the previous quarter. These losses were limited to the final quarter of the fiscal year, and were offset by less immediately impacted General Fund revenue sources, resulting in overall General Fund revenue losses of $417 million, or 7 percent, compared to the prior fiscal year. These losses were offset by expenditure reductions and a limited draw on the City's discretionary reserves, implemented by the Mayor in May 2020.

The pandemic's health, economic, and financial impacts have heightened during fiscal year 2020-21. In May 2020, the Controller's Office, the Mayor's Budget Office, and the Board of Supervisors Budget & Legislative Analyst's Office projected a combined $1.7 billion General Fund shortfall for fiscal year 2020-21 and fiscal year 2021-22. The Mayor proposed a budget to close this projected shortfall in August 2020.

The Board of Supervisors approved a final two-year budget for fiscal years 2020-21 and 2021-22 in September 2020, which assumed an available balance of $370.4 million fully appropriated in fiscal year 2020-21 and fiscal year 2021-22 and contingency reserves of $507.4 million, leaving $18.3 million available for future appropriations. The final adopted budget for the City was predicated on a gradual economic and tax revenue recovery beginning in late fiscal year 2020-21, and bridged this projected shortfall through use of reserves, reduction in capital and other citywide spending programs, inflationary cost controls, deferral of planned new programs, limited operating budget reductions, and voter-adoption of a business tax measure on the November 2020 ballot. This measure was approved by the voters, as were two other taxes that will provide some relief financial benefit to the City in years ahead.

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 336
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, 2020
(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	$ 6,762,347	$ 2,731,416	$ 9,493,763	$ -
Deposits and investments outside City Treasury	310,700	23,060	333,760	-
Receivables (net of allowance for uncollectible amounts of $356,742 for the primary government):				
Property taxes and penalties	184,652	-	184,652	-
Other local taxes	398,577	-	398,577	-
Federal and state grants and subventions	324,931	235,101	560,032	-
Charges for services	123,115	293,416	416,531	8,416
Interest and other	30,654	280,161	310,815	-
Due from component units	15,726	-	15,726	-
Inventories	44,703	120,505	165,208	-
Other assets	25,987	12,278	38,265	-
Restricted assets:				
Deposits and investments with City Treasury	-	543,550	543,550	-
Deposits and investments outside City Treasury	6,324	232,393	238,717	-
Grants and other receivables	-	96,448	96,448	-
Total current assets	8,227,716	4,568,328	12,796,044	8,416
Noncurrent assets:				
Loan receivables (net of allowance for uncollectible amounts of $1,746,661)	144,684	-	144,684	-
Advance to component units	4,669	6,581	11,250	-
Other assets	412	8,951	9,363	3,982
Restricted assets:				
Deposits and investments with City Treasury	-	1,127,475	1,127,475	-
Deposits and investments outside City Treasury	-	748,249	748,249	-
Grants and other receivables	-	17,932	17,932	-
Capital assets:				
Land and other assets not being depreciated	1,463,869	5,532,830	6,996,699	34,846
Facilities, infrastructure and equipment, net of depreciation	5,238,888	16,556,636	21,795,524	4,307
Total capital assets	6,702,757	22,089,466	28,792,223	39,153
Total noncurrent assets	6,852,522	23,998,654	30,851,176	43,135
Total assets	15,080,238	28,566,982	43,647,220	51,551
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	11,207	194,982	206,189	-
Deferred outflows on derivative instruments	-	28,221	28,221	-
Deferred outflows related to pensions	875,556	643,000	1,518,556	15
Deferred outflows related to OPEB	274,703	236,802	511,505	-
Total deferred outflows of resources	$ 1,161,466	$ 1,103,005	$ 2,264,471	$ 15

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position (Continued)

June 30, 2020

(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
LIABILITIES				
Current liabilities:				
Accounts payable	$ 566,517	$ 225,926	$ 792,443	$ 1,375
Accrued payroll	143,744	107,442	251,186	114
Accrued vacation and sick leave pay	108,833	75,598	184,431	-
Accrued workers' compensation	55,003	40,589	95,592	-
Estimated claims payable	71,454	78,970	150,424	-
Bonds, loans, capital leases, and other payables	318,757	982,693	1,301,450	-
Accrued interest payable	21,659	67,718	89,377	-
Unearned grant and subvention revenues	187,824	-	187,824	-
Due to primary government	-	-	-	10,516
Internal balances	38,837	(38,837)	-	-
Unearned revenues and other liabilities	1,702,171	466,130	2,168,301	2,473
Liabilities payable from restricted assets:				
Bonds, loans, capital leases, and other payables	-	41,372	41,372	-
Accrued interest payable	-	62,065	62,065	-
Other	-	285,592	285,592	-
Total current liabilities	3,214,799	2,395,258	5,610,057	14,478
Noncurrent liabilities:				
Accrued vacation and sick leave pay	88,929	59,629	148,558	-
Accrued workers' compensation	237,128	191,907	429,035	-
Estimated claims payable	122,683	65,567	188,250	-
Bonds, loans, capital leases, and other payables	3,758,055	15,694,308	19,452,363	-
Advance from primary government	-	-	-	6,581
Unearned revenues and other liabilities	1,351	141,195	142,546	-
Derivative instruments liabilities	-	28,221	28,221	-
Net pension liability	2,823,589	1,831,949	4,655,538	25
Net other postemployment benefits (OPEB) liability	2,118,111	1,784,905	3,903,016	-
Total noncurrent liabilities	9,149,846	19,797,681	28,947,527	6,606
Total liabilities	12,364,645	22,192,939	34,557,584	21,084
DEFERRED INFLOWS OF RESOURCES				
Unamortized gain on refunding of debt	18,059	2,594	20,653	-
Deferred inflows related to pensions	543,297	379,188	922,485	5
Deferred inflows related to OPEB	182,081	130,293	312,374	-
Total deferred inflows of resources	743,437	512,075	1,255,512	5
NET POSITION				
Net investment in capital assets, Note 10(d)	3,853,271	7,013,098	10,474,620	39,153
Restricted for:				
Reserve for rainy day	229,069	-	229,069	-
Debt service	113,765	316,671	430,436	-
Capital projects, Note 10(d)	297,975	523,169	793,888	-
Community development	628,484	-	628,484	-
Transportation Authority activities	28,673	-	28,673	-
Building inspection programs	162,182	-	162,182	-
Children and families	187,538	-	187,538	-
Culture and recreation	231,624	-	231,624	-
Grants	128,142	-	128,142	-
Other purposes	111,146	116,861	228,007	-
Total restricted	2,118,598	956,701	3,048,043	-
Unrestricted (deficit), Note 10(d)	(2,838,247)	(1,004,826)	(3,424,068)	(8,676)
Total net position	$ 3,133,622	$ 6,964,973	$ 10,098,595	$ 30,477

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Activities
Year Ended June 30, 2020
(In Thousands)

					Net (Expense) Revenue and Changes in Net Position			
		Program Revenues			Primary Government			Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Treasure Island Development Authority**
Primary government:								
Governmental activities:								
Public protection	$ 1,661,262	$ 105,508	$ 211,040	$ 2,734	$ (1,341,980)	$ -	$ (1,341,980)	$ -
Public works, transportation and commerce	362,133	138,328	47,997	62,622	(113,186)	-	(113,186)	-
Human welfare and neighborhood development	2,137,968	212,743	827,706	63,770	(1,033,749)	-	(1,033,749)	-
Community health	1,148,208	107,078	402,619	750	(637,761)	-	(637,761)	-
Culture and recreation	519,015	127,196	8,066	1,524	(382,229)	-	(382,229)	-
General administration and finance	416,370	97,130	16,473	15,000	(287,767)	-	(287,767)	-
General City responsibilities	119,693	66,885	4,150	-	(48,658)	-	(48,658)	-
Unallocated interest on long-term debt and cost of issuance	145,600	-	-	-	(145,600)	-	(145,600)	-
Total governmental activities	6,510,249	854,868	1,518,051	146,400	(3,990,930)	-	(3,990,930)	-
Business-type activities:								
Airport	1,344,734	943,879	-	49,292	-	(351,563)	(351,563)	-
Transportation	1,438,417	390,285	375,884	311,388	-	(360,860)	(360,860)	-
Port	131,884	108,863	2,141	586	-	(20,294)	(20,294)	-
Water	576,140	583,351	209	-	-	7,420	7,420	-
Power	392,669	421,284	4,744	-	-	33,359	33,359	-
Hospitals	1,332,648	1,092,622	72,684	-	-	(167,342)	(167,342)	-
Sewer	296,842	344,128	11	-	-	47,297	47,297	-
Total business-type activities	5,513,334	3,884,412	455,673	361,266	-	(811,983)	(811,983)	-
Total primary government	$ 12,023,583	$ 4,739,280	$ 1,973,724	$ 507,666	(3,990,930)	(811,983)	(4,802,913)	-
Component unit:								
Treasure Island Development Authority	$ 17,875	$ 11,785	$ -	$ 4,615				$ (1,475)
General Revenues								
Taxes:								
Property taxes					2,733,334	-	2,733,334	-
Business taxes					833,931	-	833,931	-
Sales and use tax					279,453	-	279,453	-
Hotel room tax					280,970	-	280,970	-
Utility users tax					94,231	-	94,231	-
Parking tax					69,461	-	69,461	-
Real property transfer tax					334,535	-	334,535	-
Other local taxes					70,863	-	70,863	-
Interest and investment income					142,181	151,319	293,500	-
Other					63,552	245,466	309,018	5,713
Transfers - internal activities of primary government					(679,450)	679,450	-	-
Total general revenues and transfers					4,223,061	1,076,235	5,299,296	5,713
Change in net position					232,131	264,252	496,383	4,238
Net position at beginning of year					2,901,491	6,700,721	9,602,212	26,239
Net position at end of year					$ 3,133,622	$ 6,964,973	$ 10,098,595	$ 30,477

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, 2020
(With comparative financial information as of June 30, 2019)
(In Thousands)

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2020	2019	2020	2019	2020	2019
Assets:						
Deposits and investments with City Treasury	$ 3,492,112	$ 3,284,538	$ 3,236,428	$ 2,538,400	$ 6,728,540	$ 5,822,938
Deposits and investments outside City Treasury	126	159	310,574	274,774	310,700	274,933
Receivables (net of allowance for uncollectible amounts of $309,138 in 2020; $237,314 in 2019):						
Property taxes and penalties	173,412	95,869	11,240	13,955	184,652	109,824
Other local taxes	277,813	309,569	120,764	85,377	398,577	394,946
Federal and state grants and subventions	223,694	163,247	101,237	113,981	324,931	277,228
Charges for services	106,265	105,935	16,612	20,266	122,877	126,201
Interest and other	16,123	28,618	14,180	17,946	30,303	46,564
Due from other funds	6,912	9,845	14,196	9,644	21,108	19,489
Due from component units	8,763	2,149	6,963	3,368	15,726	5,517
Advance to component unit	-	-	4,669	6,442	4,669	6,442
Loans receivable (net of allowance for uncollectible amounts of $1,746,661 in 2020; $1,493,211 in 2019)	15,461	16,004	129,223	168,551	144,684	184,555
Inventories	44,703	-	-	-	44,703	-
Other assets	8,856	2,829	17,131	17,356	25,987	20,185
Total assets	$ 4,374,240	$ 4,018,762	$ 3,983,217	$ 3,270,060	$ 8,357,457	$ 7,288,822
Liabilities:						
Accounts payable	$ 348,732	$ 333,922	$ 207,538	$ 180,615	$ 556,270	$ 514,537
Accrued payroll	119,761	97,555	21,323	19,136	141,084	116,691
Unearned grant and subvention revenues	76,172	11,627	111,652	53,338	187,824	64,965
Due to other funds	1,030	797	58,895	85,460	59,925	86,257
Unearned revenues and other liabilities	785,789	633,424	916,348	235,713	1,702,137	869,137
Bonds, loans, capital leases, and other payables	-	-	108,190	92,779	108,190	92,779
Total liabilities	1,331,484	1,077,325	1,423,946	667,041	2,755,430	1,744,366
Deferred inflows of resources	356,834	224,414	205,317	179,465	562,151	403,879
Fund balances:						
Nonspendable	1,274	1,259	82	140	1,356	1,399
Restricted	229,069	324,977	2,229,282	2,309,105	2,458,351	2,634,082
Committed	363,410	397,563	-	-	363,410	397,563
Assigned	1,581,761	1,361,787	125,319	114,640	1,707,080	1,476,427
Unassigned	510,408	631,437	(729)	(331)	509,679	631,106
Total fund balances	2,685,922	2,717,023	2,353,954	2,423,554	5,039,876	5,140,577
Total liabilities, deferred inflows of resources and fund balances	$ 4,374,240	$ 4,018,762	$ 3,983,217	$ 3,270,060	$ 8,357,457	$ 7,288,822

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, 2020

(In Thousands)

Fund balances – total governmental funds	$ 5,039,876
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.	6,688,521
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	(4,520,475)
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.	562,151
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.	(20,776)
Deferred outflows and inflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(7,415)
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.	(2,450,554)
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.	(1,978,234)
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.	(179,472)
Net position of governmental activities	$ 3,133,622

CITY AND COUNTY OF SAN FRANCISCO

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2020
(With comparative financial information year ended June 30, 2019)
(In Thousands)

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2020	2019	2020	2019	2020	2019
Revenues:						
Property taxes	$ 2,075,002	$ 2,248,004	$ 579,935	$ 517,469	$ 2,654,937	$ 2,765,473
Business taxes	822,154	917,811	11,777	1,741	833,931	919,552
Sales and use tax	180,184	213,625	99,269	115,671	279,453	329,296
Hotel room tax	252,170	392,328	28,800	16,020	280,970	408,348
Utility users tax	94,231	93,918	-	-	94,231	93,918
Parking tax	69,461	86,020	-	-	69,461	86,020
Real property transfer tax	334,535	364,044	-	-	334,535	364,044
Other local taxes	65,599	65,371	5,264	-	70,863	65,371
Licenses, permits and franchises	25,318	27,960	13,154	15,456	38,472	43,416
Fines, forfeitures, and penalties	3,705	4,740	40,125	44,156	43,830	48,896
Interest and investment income	65,459	88,523	76,179	89,309	141,638	177,832
Rents and concessions	9,816	14,460	109,049	140,886	118,865	155,346
Intergovernmental:						
Federal	378,467	252,502	212,230	189,826	590,697	442,328
State	802,470	814,727	187,794	150,189	990,264	964,916
Other	2,404	2,120	24,079	11,510	26,483	13,630
Charges for services	229,759	257,814	168,646	179,726	398,405	437,540
Other	62,218	46,254	152,141	199,756	214,359	246,010
Total revenues	5,472,952	5,890,221	1,708,442	1,671,715	7,181,394	7,561,936
Expenditures:						
Current:						
Public protection	1,479,195	1,382,031	71,930	78,155	1,551,125	1,460,186
Public works, transportation and commerce	203,350	202,988	285,347	225,390	488,697	428,378
Human welfare and neighborhood development	1,252,865	1,071,309	817,523	626,772	2,070,388	1,698,081
Community health	909,261	809,120	117,654	109,210	1,026,915	918,330
Culture and recreation	155,164	152,250	304,993	301,304	460,157	453,554
General administration and finance	304,073	267,997	88,556	78,157	392,629	346,154
General City responsibilities	129,941	144,808	-	-	129,941	144,808
Debt service:						
Principal retirement	-	-	296,875	326,416	296,875	326,416
Interest and other fiscal charges	-	3	150,646	168,836	150,646	168,839
Bond issuance costs	-	-	4,455	876	4,455	876
Payment to refunded bond escrow agent	-	-	8,905	-	8,905	-
Capital outlay	-	-	454,137	323,979	454,137	323,979
Total expenditures	4,433,849	4,030,506	2,601,021	2,239,095	7,034,870	6,269,601
Excess (deficiency) of revenues over (under) expenditures	1,039,103	1,859,715	(892,579)	(567,380)	146,524	1,292,335
Other financing sources (uses):						
Transfers in	87,618	104,338	613,773	749,215	701,391	853,553
Transfers out	(1,157,822)	(1,468,971)	(222,503)	(185,995)	(1,380,325)	(1,654,966)
Issuance of bonds:						
Face value of bonds issued	-	-	615,625	72,420	615,625	72,420
Premium on issuance of bonds	-	-	73,759	-	73,759	-
Payment to refunded bond escrow agent	-	-	(257,675)	-	(257,675)	-
Total other financing sources (uses)	(1,070,204)	(1,364,633)	822,979	635,640	(247,225)	(728,993)
Net changes in fund balances	(31,101)	495,082	(69,600)	68,260	(100,701)	563,342
Fund balances at beginning of year	2,717,023	2,221,941	2,423,554	2,355,294	5,140,577	4,577,235
Fund balances at end of year	$ 2,685,922	$ 2,717,023	$ 2,353,954	$ 2,423,554	$ 5,039,876	$ 5,140,577

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, 2020
(In Thousands)

Net changes in fund balances - total governmental funds	$ (100,701)
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 in the current period.	545,547
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.	(536,331)
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.	78,397
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.	97,152
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.	(17,075)
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.	203,093
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.	66,205
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.	(56,750)
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.	(73,759)
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.	17,659
The activities of internal service funds are reported with governmental activities.	8,694
Change in net position of governmental activities	$ 232,131

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position - Proprietary Funds

June 30, 2020

(With comparative financial information as of June 30, 2019)

(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	2020	2019	2020	2019
ASSETS												
Current Assets:												
Deposits and investments with City Treasury	$ 515,525	$ 451,499	$ 355,051	$ 731,318	$ 141,354	$ 351,915	$ 184,754	$ -	$ 2,731,416	$ 2,452,211	$ 33,807	$ 25,465
Deposits and investments outside City Treasury	18,952	353	2	3,382	8	356	5	2	23,060	14,988	-	-
Receivables (net of allowance for uncollectible amounts of $47,604 and $45,833 in 2020 and 2019, respectively):												
Federal and state grants and subventions	-	23	4,219	189,703	620	-	13,591	26,945	235,101	296,325	-	-
Charges for services	46,618	59,946	37,708	6,643	65,555	33,749	-	43,197	293,416	287,606	238	42
Interest and other	3,683	4,956	978	6,160	262,623	983	591	187	280,161	239,513	351	416
Capital leases receivable	-	-	-	-	-	-	-	-	-	-	12,372	5,803
Due from other funds	-	341	6,892	37,178	-	429	429	-	45,269	69,066	-	-
Due from component unit	-	-	-	-	-	-	-	-	-	6	-	-
Inventories	5,856	5,777	1,796	86,460	15,078	2,476	1,583	1,479	120,505	102,735	-	-
Other assets	5,600	-	5,519	916	-	195	48	-	12,278	14,212	-	-
Restricted assets:												
Deposits and investments with City Treasury	395,065	-	-	-	-	-	55,958	92,527	543,550	554,805	-	-
Deposits and investments outside City Treasury	198,870	16,638	151	-	-	11,043	5,691	-	232,393	379,303	6,324	6,565
Grants and other receivables	14,412	76,954	192	-	-	4,890	-	-	96,448	45,574	-	-
Total current assets	1,204,581	616,487	412,508	1,061,760	485,238	406,036	262,650	164,337	4,613,597	4,456,344	53,092	38,291
Noncurrent assets:												
Other assets	-	3,791	923	-	-	1,524	2,713	-	8,951	9,024	-	-
Capital leases receivable	-	-	-	-	-	-	-	-	-	-	111,420	124,340
Advance to component unit	-	-	6,581	-	-	-	-	-	6,581	2,599	-	-
Restricted assets:												
Deposits and investments with City Treasury	937,498	-	17,828	117,017	-	55,132	-	-	1,127,475	1,512,128	-	-
Deposits and investments outside City Treasury	631,919	80,924	3,795	20,831	195	10,461	-	124	748,249	641,911	-	-
Grants and other receivables	3,206	4	-	315	-	467	-	13,940	17,932	22,494	-	-
Capital assets:												
Land and other assets not being depreciated	1,351,983	598,697	195,695	2,267,293	18,521	957,956	139,258	3,427	5,532,830	6,121,153	313	313
Facilities, infrastructure, and equipment, net of depreciation	5,385,405	4,931,848	410,516	2,834,505	93,279	2,104,332	322,519	474,232	16,556,636	14,568,493	13,923	11,777
Total capital assets	6,737,388	5,530,545	606,211	5,101,798	111,800	3,062,288	461,777	477,659	22,089,466	20,689,646	14,236	12,090
Total noncurrent assets	8,310,011	5,615,264	635,338	5,239,961	111,995	3,129,872	464,490	491,723	23,998,654	22,877,802	125,656	136,430
Total assets	9,514,592	6,231,751	1,047,846	6,301,721	597,233	3,535,908	727,140	656,060	28,612,251	27,334,146	178,748	174,721
DEFERRED OUTFLOWS OF RESOURCES												
Unamortized loss on refunding of debt	50,429	144,189	-	-	-	189	175	-	194,982	204,755	880	973
Deferred outflows on derivative instruments	28,221	-	-	-	-	-	-	-	28,221	38,828	-	-
Deferred outflows related to pensions	94,151	67,084	18,238	219,043	139,021	30,422	13,835	61,206	643,000	560,455	18,512	15,614
Deferred outflows related to OPEB	32,003	27,583	5,452	85,860	46,776	10,065	4,481	24,582	236,802	143,245	6,222	3,876
Total deferred outflows of resources	204,804	238,856	23,690	304,903	185,797	40,676	18,491	85,788	1,103,005	947,283	25,614	20,463

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position - Proprietary Funds (Continued)

June 30, 2020
(With comparative financial information as of June 30, 2019)
(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	2020	2019	2020	2019
LIABILITIES												
Current liabilities:												
Accounts payable	$ 52,851	$ 10,574	$ 37,049	$ 76,674	$ 16,891	$ 20,044	$ 8,055	$ 3,788	$ 225,926	$ 230,184	$ 10,247	$ 2,344
Accrued payroll	15,628	8,491	3,386	34,893	27,131	5,510	2,059	10,344	107,442	91,560	2,660	2,250
Accrued vacation and sick leave pay	11,692	6,169	2,682	25,908	16,450	4,801	1,587	6,309	75,598	68,412	2,035	1,936
Accrued workers' compensation	2,169	1,781	585	25,393	5,609	1,112	450	3,490	40,589	39,274	284	306
Estimated claims payable	52	4,740	1,032	64,052	-	8,994	100	-	78,970	48,686	-	-
Due to other funds	221	674	849	437	-	849	3,402	-	6,432	2,298	20	-
Unearned revenues and other liabilities	-	29,431	5,718	63,989	292,600	5,243	16,015	53,134	466,130	466,085	2,671	2,556
Accrued interest payable	-	42,752	508	4,790	62	17,416	1,338	852	67,718	65,501	883	1,040
Bonds, loans, capital leases, and other payables	190,908	459,258	66,034	9,415	13,547	234,384	3,367	5,780	982,693	858,088	12,461	6,083
Liabilities payable from restricted assets:												
Bonds, loans, capital leases, and other payables	41,372	-	-	-	-	-	-	-	41,372	40,782	-	-
Accrued interest payable	62,065	-	-	-	-	-	-	-	62,065	56,096	-	-
Other	152,759	29,951	11,738	4,966	-	85,355	-	823	285,592	250,634	-	-
Total current liabilities	529,717	593,821	129,581	310,517	372,290	383,708	36,373	84,520	2,440,527	2,217,600	31,261	16,515
Noncurrent liabilities:												
Accrued vacation and sick leave pay	10,115	5,451	2,212	18,581	13,596	4,113	1,259	4,302	59,629	46,600	2,137	1,649
Accrued workers' compensation	6,550	7,393	2,802	117,189	31,681	4,939	2,107	19,246	191,907	187,616	1,299	1,391
Estimated claims payable	116	6,027	1,854	50,323	-	6,897	350	-	65,567	60,430	-	-
Unearned revenues and other liabilities	90	55,177	3,399	-	-	7,800	74,729	-	141,195	145,287	-	-
Bonds, loans, capital leases, and other payables	8,620,451	4,773,240	61,137	352,170	9,198	1,710,696	81,140	86,276	15,694,308	14,970,503	115,312	128,457
Derivative instruments liabilities	28,221	-	-	-	-	-	-	-	28,221	46,085	-	-
Net pension liability	278,176	178,133	49,531	620,468	417,139	86,235	37,124	165,143	1,831,949	1,772,650	48,163	49,386
Net other postemployment benefits (OPEB) liability	256,506	163,684	38,530	692,620	371,588	58,183	31,448	172,346	1,784,905	1,643,413	48,300	44,469
Total noncurrent liabilities	9,200,225	5,189,105	159,465	1,851,351	843,202	1,878,863	228,157	447,313	19,797,681	18,872,584	215,211	225,352
Total liabilities	9,729,942	5,782,926	289,046	2,161,868	1,215,492	2,262,571	264,530	531,833	22,238,208	21,090,184	246,472	241,867
DEFERRED INFLOWS OF RESOURCES												
Unamortized gain on refunding of debt	959	-	-	200	-	-	-	1,435	2,594	1,328	317	356
Deferred inflows related to pensions	62,787	34,894	10,843	129,910	83,966	16,892	7,547	32,349	379,188	336,786	11,125	9,382
Deferred inflows related to OPEB	18,448	11,772	3,867	50,639	26,725	4,185	2,262	12,395	130,293	152,410	4,765	4,124
Total deferred inflows of resources	82,194	46,666	14,710	180,749	110,691	21,077	9,809	46,179	512,075	490,524	16,207	13,862
NET POSITION												
Net investment in capital assets	(725,562)	527,856	482,986	4,735,223	89,208	1,183,288	334,472	385,627	7,013,098	6,764,333	13,601	11,142
Restricted:												
Debt service	220,591	15,916	142	19,007	-	1,227	-	59,788	316,671	331,118	-	-
Capital projects	406,194	43,122	6,513	-	15,214	-	42,371	9,755	523,169	556,980	-	-
Other purposes	-	-	-	114,190	-	-	-	2,671	116,861	165,675	-	-
Unrestricted (deficit)	6,037	54,121	278,139	(604,413)	(647,575)	108,421	94,449	(294,005)	(1,004,826)	(1,117,385)	(71,918)	(71,687)
Total net position	$ (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)

CITY AND COUNTY OF SAN FRANCISCO

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

Year Ended June 30, 2020

(With comparative financial information year ended June 30, 2019)

(In Thousands)

	Business-Type Activities - Enterprise Funds											
	Major Funds								Total		Governmental Activities - Internal Service 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	2020	2019	2020	2019
Operating revenues:												
Aviation	$ 613,473	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 613,473	$ 565,635	$ -	$ -
Water and power service	-	550,753	420,937	-	-	-	-	-	971,690	854,812	-	-
Passenger fees	-	-	-	152,924	-	-	-	-	152,924	195,736	-	-
Net patient service revenue	-	-	-	-	884,973	-	-	197,710	1,082,683	999,900	-	-
Sewer service	-	-	-	-	-	331,721	-	-	331,721	317,761	-	-
Rents and concessions	142,608	12,124	347	6,575	2,640	664	81,651	-	246,609	270,242	445	528
Parking and transportation	112,730	-	-	165,881	-	-	18,540	-	297,151	408,262	-	-
Other charges for services	-	-	-	27,557	-	-	-	-	27,557	33,843	162,492	154,517
Other revenues	75,068	20,474	-	37,348	5,664	11,743	8,672	1,635	160,604	194,426	-	-
Total operating revenues	943,879	583,351	421,284	390,285	893,277	344,128	108,863	199,345	3,884,412	3,840,617	162,937	155,045
Operating expenses:												
Personal services	356,902	119,943	64,936	876,580	619,369	91,013	42,650	217,071	2,388,464	2,154,865	62,101	59,979
Contractual services	103,991	14,523	16,941	149,305	243,349	19,357	28,901	17,519	593,886	540,683	66,328	62,428
Light, heat and power	25,655	-	223,601	-	-	-	2,883	-	252,139	198,188	-	-
Materials and supplies	15,253	14,050	3,654	69,554	110,443	8,991	1,628	22,023	245,596	230,910	14,790	16,369
Depreciation and amortization	312,118	142,228	20,999	205,112	21,689	62,967	26,379	12,381	803,873	720,576	3,595	2,859
General and administrative	19,159	46,245	47,888	56,382	734	42,622	4,405	-	217,435	163,290	1,392	2,714
Services provided by other departments	29,531	61,128	11,007	76,259	52,127	37,309	20,042	12,644	300,047	292,128	12,311	10,905
Other	68,463	-	-	(2,586)	(2,390)	-	327	-	63,814	30,686	675	3,262
Total operating expenses	931,072	398,117	389,026	1,430,606	1,045,321	262,259	127,215	281,638	4,865,254	4,331,326	161,192	158,516
Operating income (loss)	12,807	185,234	32,258	(1,040,321)	(152,044)	81,869	(18,352)	(82,293)	(980,842)	(490,709)	1,745	(3,471)
Nonoperating revenues (expenses):												
Operating grants:												
Federal	-	209	873	210,705	16,696	11	399	1,440	230,333	19,697	329	-
State / other	-	-	3,871	165,179	54,548	-	1,742	-	225,340	232,060	-	-
Interest and investment income	87,250	10,517	9,449	19,110	5,031	12,137	5,306	2,519	151,319	182,666	2,967	3,599
Interest expense	(300,160)	(177,494)	(2,809)	(7,811)	(1,161)	(34,569)	(4,063)	(4,528)	(532,595)	(471,300)	(3,089)	(3,911)
Other nonoperating revenues	81,132	94,525	24,115	22,886	-	5,547	3,396	13,865	245,466	237,045	792	665
Other nonoperating expenses	(113,502)	(529)	(834)	-	-	(14)	(606)	-	(115,485)	(83,897)	-	-
Total nonoperating revenues (expenses)	(245,280)	(72,772)	34,665	410,069	75,114	(16,888)	6,174	13,296	204,378	116,271	999	353
Income (loss) before capital contributions, transfers, and special item	(232,473)	112,462	66,923	(630,252)	(76,930)	64,981	(12,178)	(68,997)	(776,464)	(374,438)	2,744	(3,118)
Capital contributions	49,292	-	-	311,388	-	-	586	-	361,266	467,069	-	-
Transfers in	-	1,220	14,000	533,569	69,106	280	52,309	90,948	761,432	910,011	-	47
Transfers out	(33,743)	(14,805)	(32)	-	(18,626)	(1,468)	(63)	(13,245)	(81,982)	(107,263)	(516)	(1,382)
Special item:												
Receipt of South Beach Harbor operations	-	-	-	-	-	-	-	-	-	18,340	-	-
Change in net position	(216,924)	98,877	80,891	214,705	(26,450)	63,793	40,654	8,706	264,252	913,719	2,228	(4,453)
Net position (deficit) at beginning of year	124,184	542,138	686,889	4,049,302	(516,703)	1,229,143	430,638	155,130	6,700,721	5,787,002	(60,545)	(56,092)
Net position (deficit) at end 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)

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2020
(With comparative financial information year ended June 30, 2019)
(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 2020	Total 2019	Governmental Activities - Internal Service Funds 2020	Governmental Activities - Internal Service Funds 2019
Cash flows from operating activities:												
Cash received from customers, including cash deposits	$ 979,219	$ 565,100	$ 422,749	$ 445,591	$ 837,365	$ 343,966	$ 29,495	$ 194,785	$ 3,818,270	$ 3,749,454	$ 172,350	$ 218,809
Cash received from tenants for rent	-	11,921	284	6,550	2,640	640	76,592	-	98,627	106,543	-	-
Cash paid for employees' services	(320,001)	(127,216)	(60,284)	(847,737)	(589,470)	(89,751)	(44,885)	(219,598)	(2,298,942)	(2,172,675)	(61,470)	(59,767)
Cash paid to suppliers for goods and services	(285,723)	(133,064)	(282,762)	(387,100)	(399,953)	(99,755)	(54,469)	(51,024)	(1,693,850)	(1,635,045)	(88,015)	(150,275)
Cash paid for judgments and claims	-	(3,976)	(2,123)	(4,247)	-	(4,105)	-	-	(14,451)	(18,300)	-	-
Net cash provided by (used in) operating activities	373,495	312,765	77,864	(786,943)	(149,418)	150,995	6,733	(75,837)	(90,346)	29,977	22,865	8,767
Cash flows from noncapital financing activities:												
Operating grants	-	255	4,037	354,745	70,652	1,394	2,846	1,439	435,368	237,922	329	-
Transfers in	-	1,220	14,000	489,430	69,106	280	-	90,948	664,984	818,633	-	47
Transfers out	(33,522)	(14,805)	(32)	-	(18,626)	(1,468)	(63)	(13,245)	(81,761)	(107,263)	(516)	(1,382)
Other noncapital financing sources	12,790	6,685	22,963	6,920	-	1,511	21,000	-	71,869	42,739	-	-
Other noncapital financing uses	(88,041)	(529)	(1,071)	(1,264)	-	(52)	-	(8)	(90,965)	(68,590)	-	-
Net cash provided by (used in) noncapital financing activities	(108,773)	(7,174)	39,897	849,831	121,132	1,665	23,783	79,134	999,495	923,441	(187)	(1,335)
Cash flows from capital and related financing activities:												
Capital grants and other proceeds restricted for capital purposes	53,074	-	-	357,871	-	-	495	14,181	425,621	550,767	-	-
Transfers in	-	-	-	44,139	-	-	52,309	-	96,448	91,378	-	-
Bond sale proceeds and loans received	959,475	613,002	-	3,818	-	36,152	-	-	1,612,447	1,624,289	-	55,231
Proceeds from sale/transfer of capital assets	-	397	9	399	-	38	15	-	858	6,114	-	-
Proceeds from commercial paper borrowings	49,375	201,018	12,811	-	196	4,390	-	-	267,790	612,303	-	-
Proceeds from passenger facility charges	91,921	-	-	-	-	-	-	-	91,921	111,121	-	-
Acquisition of capital assets	(890,511)	(200,600)	(85,465)	(500,765)	(4,040)	(337,299)	(24,930)	(1,816)	(2,045,426)	(2,945,436)	(5,741)	(3,406)
Retirement of capital leases, bonds and loans	(211,170)	(720,633)	(2,894)	(10,996)	(5,539)	(111,984)	(6,185)	(19,793)	(1,089,194)	(392,646)	(6,083)	(92,719)
Bond issue costs paid	-	(1,913)	-	-	-	(40)	-	-	(1,953)	(2,805)	(61)	(644)
Interest paid on debt	(399,724)	(213,874)	(3,901)	(10,113)	(1,185)	(72,850)	(3,673)	(5,755)	(711,075)	(630,117)	(3,246)	(3,977)
Federal interest income subsidy from Build America Bonds	-	23,894	467	-	-	4,032	-	-	28,393	28,576	-	-
Other capital financing sources	-	-	-	6,620	-	-	-	-	6,620	15,633	-	7,566
Other capital financing uses	-	-	-	-	-	-	(1,180)	-	(1,180)	(2,565)	-	-
Net cash provided by (used in) capital and related financing activities	(347,560)	(298,709)	(78,973)	(109,027)	(10,568)	(477,561)	16,851	(13,183)	(1,318,730)	(933,388)	(15,131)	(37,949)
Cash flows from investing activities:												
Purchases of investments with trustees	(1,266,897)	(297,633)	(5,028)	-	-	(92,971)	-	-	(1,662,529)	(1,592,629)	-	-
Proceeds from sale of investments with trustees	1,327,477	347,361	5,028	-	-	101,291	-	-	1,781,157	1,635,542	-	2,260
Interest and investment income	75,892	10,001	8,850	22,760	5,031	15,087	6,007	2,893	146,521	119,260	554	510
Other investing activities	-	-	-	-	-	-	-	-	-	-	-	(47)
Net cash provided by investing activities	136,472	59,729	8,850	22,760	5,031	23,407	6,007	2,893	265,149	162,173	554	2,723
Net increase (decrease) in cash and cash equivalents	53,634	66,611	47,638	(23,379)	(33,823)	(301,494)	53,374	(6,993)	(144,432)	182,203	8,101	(27,794)
Cash and cash equivalents-beginning of year	1,801,082	479,236	326,242	895,927	175,380	727,184	192,761	99,646	4,697,458	4,515,255	32,030	59,824
Cash and cash equivalents-end 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

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Cash Flows – Proprietary Funds (Continued)

Year Ended June 30, 2020
(With comparative financial information year ended June 30, 2019)
(In Thousands)

	Business-Type Activities - Enterprise Funds											
	Major Funds										Governmental Activities - Internal Service 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 2020	Total 2019	2020	2019
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:												
Operating income (loss)	$ 12,807	$ 185,234	$ 32,258	$ (1,040,321)	$ (152,044)	$ 81,869	$ (18,352)	$ (82,293)	$ (980,842)	$ (490,709)	$ 1,745	$ (3,471)
Adjustments for non-cash and other activities:												
Depreciation and amortization	312,118	142,228	20,999	205,112	21,689	62,967	26,379	12,381	803,873	720,576	3,595	2,859
Provision for uncollectibles	16,767	781	1,797	14	-	908	6,176	-	26,443	2,584	-	-
Write-off of capital assets	-	5,285	12,237	-	-	4,728	-	-	22,250	15,773	-	-
Other	1,929	-	-	-	-	-	-	-	1,929	3,177	162	43
Changes in assets and deferred outflows of resources/liabilities and deferred inflows of resources:												
Receivables, net	(1,959)	(6,928)	1,167	79	(52,914)	(949)	(6,456)	(15,361)	(83,321)	(104,399)	5,628	18,590
Due from other funds	-	323	(1,731)	-	-	(129)	-	4,165	2,628	40,299	-	-
Inventories	(5,632)	(351)	(181)	(8,246)	(2,631)	(192)	(235)	(302)	(17,770)	1,882	-	-
Other assets	257	-	1,732	(302)	-	-	150	-	1,837	(4,998)	-	-
Accounts payable	3,700	(2,050)	6,119	(6,080)	6,939	1,912	(486)	1,463	11,517	(110,629)	8,065	(6,242)
Accrued payroll	2,843	1,548	778	2,743	4,686	858	405	1,715	15,576	6,613	410	(112)
Accrued vacation and sick leave pay	3,604	1,520	652	5,639	5,145	1,637	527	1,491	20,215	1,324	587	134
Accrued workers' compensation	300	(1,162)	(112)	5,380	412	137	9	642	5,606	18,625	(114)	(62)
Estimated claims payable	-	(742)	602	36,016	-	(477)	-	-	35,399	(1,311)	-	-
Due to other funds	-	674	(1,501)	37	-	1	2,796	-	2,007	(850)	20	-
Unearned revenues and other liabilities	(3,392)	(2,505)	163	(2,202)	(358)	890	(1,900)	6,637	(2,667)	(19,891)	3,019	(3,226)
Net pension liability and pension related deferred outflows and inflows of resources	24,680	(7,351)	1,610	(957)	12,141	(1,603)	(2,392)	(6,972)	19,156	(54,727)	(2,378)	(2,480)
Net OPEB liability and OPEB related deferred outflows and inflows of resources	5,473	(3,739)	1,275	16,145	7,517	(1,562)	112	597	25,818	6,638	2,126	2,734
Total adjustments	360,688	127,531	45,606	253,378	2,626	69,126	25,085	6,456	890,496	520,686	21,120	12,238
Net cash provided by (used in) operating activities	$ 373,495	$ 312,765	$ 77,864	$ (786,943)	$ (149,418)	$ 150,995	$ 6,733	$ (75,837)	$ (90,346)	$ 29,977	$ 22,865	$ 8,767
Reconciliation of cash and cash equivalents to the statement of net position:												
Deposits and investments with City Treasury:												
Unrestricted	$ 515,525	$ 451,499	$ 355,051	$ 731,318	$ 141,354	$ 351,915	$ 184,754	$ -	$ 2,731,416	$ 2,452,211	$ 33,807	$ 25,465
Restricted	1,332,563	-	17,828	117,017	-	55,132	55,958	92,527	1,671,025	2,066,933	-	-
Deposits and investments outside City Treasury:												
Unrestricted	18,952	353	2	3,382	8	356	5	2	23,060	14,988	-	-
Restricted	830,789	97,562	3,946	20,831	195	21,504	5,691	124	980,642	1,021,214	6,324	6,565
Total deposits and investments	2,697,829	549,414	376,827	872,548	141,557	428,907	246,408	92,653	5,406,143	5,555,346	40,131	32,030
Less: Investments outside City Treasury not meeting the definition of cash equivalents	(843,113)	(3,567)	(2,947)	-	-	(3,217)	(273)	-	(853,117)	(857,888)	-	-
Cash and cash equivalents at end of year on statement of cash flows	$ 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
Non-cash capital and related financing activities:												
Acquisition of capital assets on accounts payable and capital lease	$ 140,882	$ 29,951	$ 11,738	$ -	$ -	$ 85,355	$ 2,840	$ -	$ 270,766	$ 239,383	$ -	$ 74
Tenant improvements financed by rent credits	-	-	-	-	-	-	-	-	-	90	-	-
Net capitalized interest	62,828	27,164	1,127	5,484	-	28,563	22	-	125,188	155,746	-	-
Donated inventory	-	-	-	-	1,833	-	-	-	1,833	1,746	-	-
Capital contributions and other noncash capital items	-	63,600	-	-	-	-	25,997	-	89,597	(188)	-	-
Bond refunding through fiscal agent	331	-	-	-	-	-	-	(113,185)	(112,854)	18,134	-	-
Bond proceeds held by fiscal agent	157,352	-	-	-	-	-	-	100,733	258,085	577,510	-	-
Commercial paper repaid through fiscal agent	49,410	-	-	-	-	-	-	-	49,410	431,945	-	-
Interfund loan	-	674	847	-	-	849	-	-	2,370	955	-	-
Capital assets received from Succcessor Agency	-	-	-	-	-	-	-	-	-	19,966	-	-
Debt assumed from Successor Agency	-	-	-	-	-	-	-	-	-	(6,144)	-	-

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020
(In Thousands)

	Pension, Other Employee and Other Post-Employment Benefit Trust Funds	Investment Trust Fund	Private-Purpose Trust Fund	Agency Funds
ASSETS				
Deposits and investments with City Treasury	$ 162,045	$ 290,970	$ 242,756	$ 350,439
Deposits and investments outside City Treasury:				
Cash and deposits	44,386	-	-	24
Short-term investments	532,617	-	-	-
Debt securities	2,233,295	-	-	-
Equity securities	8,935,027	-	-	-
Real assets	3,840,427	-	-	-
Private equity and other alternative investments	11,099,962	-	-	-
Foreign currency contracts, net	(116)	-	-	-
Invested in securities lending collateral	547,047	-	-	-
Receivables:				
Employer and employee contributions	47,947	-	-	174,884
Brokers, general partners and others	463,531	-	-	-
Federal and state grants and subventions	-	-	404	-
Interest and other	14,749	1,340	4,327	152,698
Loans (net of allowance for uncollectible amounts)	-	-	1,471	-
Other assets	2,602	-	1,756	45,537
Restricted assets:				
Deposits and investments outside City Treasury	-	-	326,640	-
Capital assets:				
Land and other assets not being depreciated	-	-	4,152	-
Facilities, infrastructure and equipment, net of depreciation	-	-	4	-
Total assets	27,923,519	292,310	581,510	723,582
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	-	-	41,440	-
Deferred outflows related to pensions	-	-	6,373	-
Deferred outflows related to OPEB	1,587	-	3,554	-
Total deferred outflows of resources	1,587	-	51,367	-
LIABILITIES				
Accounts payable	37,792	3	97,279	58,947
Estimated claims payable	27,025	-	-	-
Due to the primary government	-	-	5,210	-
Agency obligations	-	-	-	664,635
Accrued interest payable	-	-	13,730	-
Payable to brokers	41,491	-	-	-
Payable to borrowers of securities	547,029	-	-	-
Other liabilities	3,179	-	1,003	-
Advance from primary government	-	-	4,669	-
Long-term obligations	-	-	933,869	-
Net pension liability	-	-	29,803	-
Net other postemployment benefits (OPEB) liability	12,799	-	4,344	-
Total liabilities	669,315	3	1,089,907	723,582
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	-	4,095	-
Deferred inflows related to OPEB	1,239	-	13	-
Total deferred inflows of resources	1,239	-	4,108	-
NET POSITION				
Restricted for pension and other employee benefits	27,254,552	-	-	-
Held for external pool participants	-	292,307	-	-
Held for Redevelopment Agency dissolution	-	-	(461,138)	-
Total net position	$ 27,254,552	$ 292,307	$ (461,138)	$ -

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, 2020
(In Thousands)

	Pension, Other Employee and Other Post-Employment Benefit Trust Funds	Investment Trust Fund	Private-Purpose Trust Fund
Additions:			
Redevelopment property tax revenues	$ -	$ -	$ 156,495
Charges for services	-	-	20,487
Contributions:			
Employee contributions	625,641	-	-
Employer contributions	1,814,298	-	-
Contributions to pooled investments	-	3,097,428	-
Total contributions	2,439,939	3,097,428	176,982
Investment income (expenses):			
Interest	89,360	8,446	8,230
Dividends	108,344	-	-
Net appreciation in fair value of investments	840,954	-	-
Securities lending income	1,313	-	-
Total investment income	1,039,971	8,446	8,230
Less investment expenses:			
Other investment expenses	(46,752)	-	-
Net investment income	993,219	8,446	8,230
Other additions	-	-	4,051
Total additions, net	3,433,158	3,105,874	189,263
Deductions:			
Neighborhood development	-	-	121,542
Depreciation	-	-	9
Interest on debt	-	-	43,564
Benefit payments	2,702,632	-	-
Refunds of contributions	17,036	-	-
Distribution from pooled investments	-	3,289,637	-
Administrative expenses	20,384	-	14,315
Total deductions	2,740,052	3,289,637	179,430
Change in net position	693,106	(183,763)	9,833
Net position at beginning of year	26,561,446	476,070	(470,971)
Net position at end of year	$ 27,254,552	$ 292,307	$ (461,138)

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 336, 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 Unit

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.

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.

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, 2019, 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. Agency funds, however, report only assets and liabilities and cannot be said to have a measurement focus. 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 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 ***Investment Trust Fund*** accounts for the external portion of the Treasurer's Office investment pool. The funds of the San Francisco Community College District, San Francisco Unified School District, the Trial Courts of the State of California and the Transbay Joint Powers Authority are accounted for within the Investment Trust Fund.
- 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 ***Agency Funds*** account for the resources held by the City in a custodial capacity on behalf of: the State of California and other governmental agencies; employees for payroll deductions; and human welfare, community health, and transportation programs.

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, 2020, involuntary participants accounted for approximately 97.0 percent of the pool. Voluntary participants accounted for 3.0 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, 2020, $291.0 million was held on behalf of these external participants. The total percentage share of the City's pool that relates to these four external participants is 2.4 percent. Internal participants accounted for 97.6 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, are recorded as other income instead of transfer in the GAAP basis. This is the case for certain Agency Funds.

(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, 2020, it was determined that $1,746.7 million of the $1,891.4 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, $5,039,876 differs from net position of governmental activities, $3,133,622 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	$ 6,728,540	$ -	$ 33,807	$ -	$ 6,762,347
Deposits and investments outside City Treasury	310,700	-	6,324	-	317,024
Receivables, net					
Property taxes and penalties	184,652	-	-	-	184,652
Other local taxes	398,577	-	-	-	398,577
Federal and state grants and subventions	324,931	-	-	-	324,931
Charges for services	122,877	-	238	-	123,115
Interest and other	30,303	-	351	-	30,654
Due from other funds	21,108	-	-	(21,108)	-
Due from component units	15,726	-	-	-	15,726
Advance to component unit	4,669	-	-	-	4,669
Loans receivable, net	144,684	-	-	-	144,684
Inventories	44,703	-	-	-	44,703
Capital assets, net	-	6,688,521	14,236	-	6,702,757
Other assets	25,987	412	-	-	26,399
Total assets	8,357,457	6,688,933	54,956	(21,108)	15,080,238
Deferred outflows of resources					
Unamortized loss on refunding of debt	-	10,327	880	-	11,207
Deferred outflows related to pensions	-	857,044	18,512	-	875,556
Deferred outflows related to OPEB	-	268,481	6,222	-	274,703
Total deferred outflows of resources	-	1,135,852	25,614	-	1,161,466
Liabilities					
Accounts payable	556,270	-	10,247	-	566,517
Accrued payroll	141,084	-	2,660	-	143,744
Accrued vacation and sick leave pay	-	193,590	4,172	-	197,762
Accrued workers' compensation	-	290,548	1,583	-	292,131
Estimated claims payable	-	194,137	-	-	194,137
Accrued interest payable	-	20,776	883	-	21,659
Unearned grant and subvention revenues	187,824	-	-	-	187,824
Due to other funds	59,925	-	20	(21,108)	38,837
Unearned revenue and other liabilities	1,702,137	1,351	34	-	1,703,522
Bonds, loans, capital leases, and other payables	108,190	3,840,849	127,773	-	4,076,812
Net pension liability	-	2,775,426	48,163	-	2,823,589
Net OPEB liability	-	2,069,811	48,300	-	2,118,111
Total liabilities	2,755,430	9,386,488	243,835	(21,108)	12,364,645
Deferred inflows of resources					
Unavailable revenue	562,151	(562,151)	-	-	-
Unamortized gain on refunding of debt	-	17,742	317	-	18,059
Deferred inflows related to pensions	-	532,172	11,125	-	543,297
Deferred inflows related to OPEB	-	177,316	4,765	-	182,081
Total deferred inflows of resources	562,151	165,079	16,207	-	743,437
Fund balances/ net position					
Total fund balances/ net position	$ 5,039,876	$ (1,726,782)	$ (179,472)	$ -	$ 3,133,622

(Dollars in Thousands)

(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	$ 8,864,868
Accumulated depreciation	(2,176,347)
	$ 6,688,521

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	$ (193,590)
Accrued workers' compensation	(290,548)
Estimated claims payable	(194,137)
Unearned revenue and other liabilities	(1,351)
Bonds, loans, capital leases, and other payables	(3,840,849)
	$(4,520,475)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	$ (20,776)

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	$ 10,327
Unamortized gain on refunding of debt	(17,742)
	$ (7,415)

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	$(2,775,426)
Deferred outflows of resources related to pensions	857,044
Deferred inflows of resources related to pensions	(532,172)
	$(2,450,554)

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	$ 412
Net OPEB liability	(2,069,811)
Deferred outflows of resources related to OPEB	268,481
Deferred inflows of resources related to OPEB	(177,316)
	$(1,978,234)

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	$ 562,151

(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	$ (58,317)
Adjustments for internal balances with the San Francisco Finance Corporation:	
Capital lease receivables from other governmental and enterprise funds	(123,792)
Unearned revenue and other liabilities	2,637
	$ (179,472)

(Dollars in Thousands)

(b) Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The net change in fund balances for governmental funds, $(100,701), differs from the change in net position for governmental activities, $232,131, 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	$ 2,654,937	$ 78,397	$ -	$ -	$ -	$ 2,733,334
Business taxes	833,931	-	-	-	-	833,931
Sales and use tax	279,453	-	-	-	-	279,453
Hotel room tax	280,970	-	-	-	-	280,970
Utility users tax	94,231	-	-	-	-	94,231
Parking tax	69,461	-	-	-	-	69,461
Real property transfer tax	334,535	-	-	-	-	334,535
Other local taxes	70,863	-	-	-	-	70,863
Licenses, permits and franchises	38,472	1,490	-	-	-	39,962
Fines, forfeitures, and penalties	43,830	506	-	-	-	44,336
Interest and investment income	141,638	-	-	543	-	142,181
Rents and concessions	118,865	530	-	-	-	119,395
Intergovernmental:						
Federal	590,697	26,103	-	329	-	617,129
State	990,264	10,380	-	-	-	1,000,644
Other	26,483	(17)	-	-	-	26,466
Charges for services	398,405	1,463	-	-	-	399,868
Other	214,359	56,697	-	162	-	271,218
Total revenues	7,181,394	175,549	-	1,034	-	7,357,977
Expenditures/ Expenses						
Current:						
Public protection	1,551,125	90,456	21,227	(1,546)	-	1,661,262
Public works, transportation and commerce	488,697	29,652	(156,216)	-	-	362,133
Human welfare and neighborhood development	2,070,388	42,663	24,917	-	-	2,137,968
Community health	1,026,915	84,937	36,356	-	-	1,148,208
Culture and recreation	460,157	16,805	49,901	(7,848)	-	519,015
General administration and finance	392,629	19,273	4,453	15	-	416,370
General City responsibilities	129,941	322	(8,195)	(2,375)	-	119,693
Debt service:						
Principal retirement	296,875	-	-	-	(296,875)	-
Interest and other fiscal charges	150,646	-	-	3,578	(17,659)	136,565
Bond issuance costs	4,455	-	-	-	-	4,455
Payment to refunded bond escrow agent	8,905	-	-	-	(4,325)	4,580
Capital outlay	454,137	-	(454,137)	-	-	-
Total expenditures	7,034,870	284,108	(481,694)	(8,176)	(318,859)	6,510,249
Excess (deficiency) of revenues over (under) expenditures	146,524	(108,559)	481,694	9,210	318,859	847,728
Other financing sources (uses) / changes in net position						
Net transfers in (out)	(678,934)	-	-	(516)	-	(679,450)
Issuance of bonds:						
Face value of bonds issued	615,625	-	-	-	(615,625)	-
Premium on issuance of bonds	73,759	-	-	-	(73,759)	-
Payment to refunded bond escrow agent	(257,675)	-	-	-	257,675	-
Total other financing sources (uses)	(247,225)	-	-	(516)	(431,709)	(679,450)
Capital contributions	-	-	63,853	-	-	63,853
Net change for the year	$ (100,701)	$ (108,559)	$ 545,547	$ 8,694	$ (112,850)	$ 232,131

(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.	$ 78,397
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.	97,152
	$ 175,549
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.	$ (536,331)
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.	203,093
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.	66,205
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.	(17,075)
	$ (284,108)

(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	$ 698,108
Depreciation expense	(215,379)
Loss on disposal of capital assets	(24)
Capital contributions	63,853
Write off of construction in progress	(1,011)
Difference	$ 545,547

(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.	$ 8,694

(Dollars in Thousands)

(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. $ (73,759)

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	$ 296,875
Payments to escrow for refunded debt	262,000
	558,875

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	$ (145,500)
Refunding general obligation bonds	(195,250)
Certificates of participation	(247,810)
Refunding certificates of participation	(27,065)
	(615,625)
	$ (56,750)

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	$ (2,624)
Gain on refundings	(17,831)
Amortization of bond premiums	39,314
Amortization of bond refunding losses and gains	(1,200)
	$ 17,659

(4) EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

The City is currently analyzing its accounting practices to determine the potential impact of the following pronouncements, with implementation dates as amended by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance:*

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 new standard is effective for periods beginning after December 15, 2019. Application of this statement is effective for the City’s year ending June 30, 2021.

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 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 is effective for the City's year ending June 30, 2021.

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. 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. 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.

(Dollars in Thousands)

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. Application of this statement is effective for the City's year ending June 30, 2022.

(5) DEPOSITS AND INVESTMENTS

(a) Cash, Deposits and Investments Presentation

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

	Primary Government				Component Units
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	
Deposits and investments with City Treasury	$ 6,762,347	$ 2,731,416	$ 1,046,210	$ 10,539,973	$ -
Deposits and investments outside City Treasury	310,700	23,060	27,232,669	27,566,429	-
Restricted assets:					
Deposits and investments with City Treasury	-	1,671,025	-	1,671,025	-
Deposits and investments outside City Treasury	6,324	980,642	326,640	1,313,606	-
Total deposits & investments	$ 7,079,371	$ 5,406,143	$ 28,605,519	$ 41,091,033	$ -
Cash and deposits				$ 102,978	$ -
Investments				40,988,055	-
Total deposits and investments				$ 41,091,033	$ -

(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.

(Dollars in Thousands)

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 February 2018.

The table also identifies certain provisions of the City's investment policy that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portolio	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
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25% *	10%
Medium Term Notes	24 months *	25% *	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.

(Dollars in Thousands)

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, 2020, are as follows:

Asset Class	**Target Allocation since September 2017**
Global Equity	31.0%
Treasuries	6.0%
Liquid Credit	3.0%
Private Credit	10.0%
Private Equity	18.0%
Real Assets	17.0%
Hedge Funds/Absolute Return	15.0%
	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.

(Dollars in Thousands)

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. The RHCTF Board has established percentage guidelines for types of investments to ensure the portfolio is diversified, as follows:

Asset Class	**Target Allocation from November 2017 to September 2019**
Equities	
U.S. Equity	41.0%
Developed Market Equity (Non-U.S.)	20.0%
Emerging Market Equity	16.0%
Credit	
High Yield Bonds	3.0%
Bank Loans	3.0%
Emerging Market Bonds	3.0%
Rate Securities	
Treasury Inflation-Protected Securities (TIPS)	5.0%
Investment Grade Bonds	9.0%
	100.0%

Asset Class	**Target Allocation since October 2019**
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 Securities	
Investment Grade Bonds	9.0%
Long-term Government Bonds	4.0%
Short-term Treasury Inflation-Protected Securities (TIPS)	4.0%
Private Markets	
Private Equity	5.0%
Core Private Real Estate	5.0%
Risk Mitigating Strategies	
Global Macro	5.0%
	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, 2020:

		Fair Value Measurements Using		
	Fair Value 6/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Primary Government:				
Investments in City Treasury:				
U.S. Treasuries	$ 3,613,851	$ 3,613,851	$ -	$ -
U.S. Agencies - Discount	346,714	-	346,714	-
U.S. Agencies - Coupon (no call option)	2,987,109	-	2,987,109	-
U.S. Agencies (callable option)	339,031	-	339,031	-
State and Local Agencies	57,523	-	57,523	-
Negotiable Certificates of Deposits	1,311,853	-	1,311,853	-
Corporate Notes	5,071	-	5,071	-
Supranationals	637,378	-	637,378	-
Commercial Paper	589,955	-	589,955	-
Public Time Deposits	45,000 *	-	-	-
Money Market Mutual Funds	2,312,516 *	-	-	-
Subtotal Investments in City Treasury	12,246,001	$ 3,613,851	$ 6,274,634	$ -
Investments Outside City Treasury:				
(Governmental and Business - Type)				
U.S. Treasury Bills	4,571	$ 4,571	$ -	$ -
U.S. Treasury Notes	413,426	413,426	-	
U.S. Agencies	383,694	-	383,694	-
State and Local Agencies	3,899	-	3,899	-
Corporate Notes	3,139	-	3,139	-
Supranationals	6,291	-	6,291	-
Negotiable Certificates of Deposit	3,214	-	3,214	-
Commercial Paper	1,478 *	-	-	-
Money Market Mutual Funds	733,810 *	-	-	-
Certificates of Deposit	273 *	-	-	-
Subtotal Investments Outside City Treasury	1,553,795	$ 417,997	$ 400,237	$ -

* Not subject to fair value hierarchy

(Dollars in Thousands)

	Fair Value 6/30/2020	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Employees' Retirement System Investments				
Short-Term Investments	$ 524,408	$ -	$ -	$ 524,408
Debt Securities:				
U.S. Government and Agency Securities	1,094,201	1,094,199	2	-
Other Debt Securities	820,556	179,683	546,063	94,810
Equity Securities:				
Domestic Equity	2,884,344	2,876,298	8,046	-
International Equity	1,867,980	1,867,041	930	9
Foreign Currency Contracts, net	(116)	-	-	(116)
Invested Securities Lending Collateral	547,047	-	420,514	126,533
Subtotal	7,738,420	$ 6,017,221	$ 975,555	$ 745,644
Investments measured at the net asset value (NAV)				
Short-Term Investments	1,645			
Fixed Income invested in:				
Other Debt Securities	137,868			
Equity Funds invested in:				
Domestic	3,319,968			
International	534,046			
Real Assets	3,840,427			
Private Credit	1,291,763			
Private Equity	6,105,532			
Absolute Return	3,702,667			
Total investments measured at the NAV	18,933,916			
Subtotal Investments in Employees' Retirement System	26,672,336			
Retiree Health Care Trust Investments measured at the NAV				
Short-Term Investments	6,564			
Fixed Income:				
Debt Index Funds	180,670			
Equities:				
Domestic	166,719			
International	161,970			
Subtotal Investments in Retiree Health Care Trust	515,923			
Total Investments	**$ 40,988,055**			

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, State and Local Agencies, Negotiable Certificates of Deposit, Corporate Notes, Commercial Paper 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.

Investments Held Outside City Treasury

U.S. Treasury Bills and 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 net asset values 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 net asset values are 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.

(Dollars in Thousands)

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 net asset value. Two investments, valued at $0.8 million, are currently being liquidated with proceeds expected over the next 1-3 years. The remaining 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 fund 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, 2020

% of NAV	Redemption Frequency (excludes illiquid)	Redemption Notice Period
44%	Monthly	5-95 Days
46%	Quarterly	45-180 Days
10%	Semi-annually	60-180 Days
100%		

% of NAV in Lock Up	As of Fiscal Year End
13%	2020-2021
9%	2021-2022
4%	2022-2023
1%	2023-2024

Retiree Health Care Trust Fund

Investments at Net Asset Value (NAV)

At June 30, 2020, the Retiree Health Care Trust Fund 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, 2020, one debt security investment valued at $38.9 million has quarter end redemptions with a 90 day advance written notice requirement. In addition, one international equity investment valued at $76.1 million has weekly redemptions with a three-day advance notification requirement. Both investments have 5% holdbacks for a full liquidation. There are no redemption restrictions for the remaining commingled funds.

(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, 2020, $698 of the business-type activities bank balances were exposed to custodial credit risk by not being insured or collateralized.

(Dollars in Thousands)

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+	$ 3,613,851	$ 3,125,053	$ 488,798
U.S. Agencies	NR - AA+	3,672,854	1,637,497	2,035,357
Negotiable Certificates of Deposit	A-1 - A-1+	1,311,853	1,311,853	-
Money Market Mutual Funds	AAAm	2,312,516	2,312,516	-
Public time deposits	NR	45,000	45,000	-
State and Local Agencies	AA- - AA+	57,523	57,523	-
Supranationals	AAA	637,378	473,053	164,325
Corporate Notes	A-1+	5,071	5,071	-
Commercial Paper	A-1 - A-1+	589,955	589,955	-
Less: Employees' Retirement System Investments with City Treasury	n/a	(32,391)	(32,391)	-
Less: Retiree Health Care Trust Investments with City Treasury	n/a	(2,882)	(2,882)	-
Subtotal pooled investments		12,210,728	$ 9,522,248	$ 2,688,480
Investments Outside City Treasury: (Governmental and Business - Type)				
U.S. Treasury Bills	NR	$ 4,571	$ 4,571	$ -
U.S. Treasury Notes	AA+, A-1+	413,426	132,752	280,674
U.S. Agencies	AA+, A-1+	383,694	71,665	312,029
State and Local Agencies	AA+, AA, AA-, AAA, NR	3,899	1,374	2,525
Supranationals	AAA	6,291	708	5,583
Corporate notes	AA+, AA-, A+	3,139	2,581	558
Money Market Mutual Funds	A-1+, AAAm	624,046	624,046	-
U.S. Treasury Money Market Funds	AAAm	109,764	109,764	-
Commercial Paper	A-1+, A-1, AAAm	1,478	1,478	-
Certificates of Deposit	A-1, A+, AA-, NR	3,487	1,437	2,050
Subtotal investments outside City Treasury		1,553,795	$ 950,376	$ 603,419
Retiree Health Care Trust Investments		518,805		
Employees' Retirement System investments		26,704,727		
Total Primary Government		$ 40,988,055		
Total Investments		**$ 40,988,055**		

As of June 30, 2020, the investments in the City Treasury had a weighted average maturity of 249 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 Standard & Poor's 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 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, 2020, the City Treasurer has investments in U.S. Agencies that represent 5.0% or more of the total Pool in the following:

Federal Farm Credit Bank	16.4%
Federal Home Loan Bank	6.8%

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, 2020:

Airport:	
Federal National Mortgage Association	19.6%
Federal Home Loan Bank	12.0%
Federal Home Loan Mortgage Corporation	9.9%

(Dollars in Thousands)

(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, 2020:

Statement of Net Position

Net position held in trust for all pool participants	$12,210,998
Equity of internal pool participants	$11,920,028
Equity of external pool participants	290,970
Total equity	$12,210,998

Statement of Changes in Net Position

Net position at July 1, 2019	$11,530,990
Net change in investments by pool participants	680,008
Net position at June 30, 2020	$12,210,998

The following provides a summary of key investment information for the Treasurer's Pool as of June 30, 2020:

Type of Investment	Rates	Maturities	Par Value	Carrying Value
Pooled Investments:				
U.S. Treasuries	0.09% - 2.57%	07/02/20 - 11/15/23	$ 3,585,000	$ 3,613,851
U.S. Agencies	0.10% - 3.09%	07/06/20 - 03/03/25	3,619,485	3,672,854
State and local agencies	1.40% - 2.80%	04/01/21 - 05/15/21	56,737	57,523
Public time deposits	0.06% - 0.35%	09/21/20 - 12/23/20	45,000	45,000
Negotiable certificates of deposit	0.43% - 1.87%	07/01/20 - 03/15/21	1,308,790	1,311,853
Commercial paper	1.51% - 1.96%	07/01/20 - 08/25/20	590,000	589,955
Corporate notes	3.08% - 3.08%	01/08/21 - 01/08/21	5,000	5,071
Money market mutual funds	0.06% - 0.12%	07/01/20 - 07/01/20	2,312,516	2,312,516
Supranationals	0.25% - 2.97%	07/01/20 - 01/28/25	632,135	637,378
			$12,154,663	12,246,001
Carrying amount of deposits with Treasurer				(35,003)
Total cash and investments with Treasurer				$ 12,210,998

(Dollars in Thousands)

(f) Retirement System's Investments

The Retirement System's investments as of June 30, 2020, are summarized as follows:

Fixed Income Investments:	
Short-term investments	$ 526,053
Investments in City Treasury	32,391
Debt securities:	
U.S. Government and agencies	1,094,201
Other debt securities	958,424
Subtotal debt securities	2,052,625
Total fixed income investments	2,611,069
Equity securities:	
Domestic	6,204,312
International	2,402,026
Total equity securities	8,606,338
Real assets	3,840,427
Private credit	1,291,763
Private equity	6,105,532
Absolute return	3,702,667
Foreign currency contracts, net	(116)
Invested securities lending collateral	547,047
Total Retirement System Investments	$ 26,704,727

(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, 2020:

		Maturities			
Investment Type	**Fair Value**	**Less than 1 year**	**1-5 years**	**6-10 years**	**10+ years**
Asset-Backed Securities	$ 10,108	$ -	$ 60	$ 505	$ 9,543
Bank Loans	94,415	1,517	56,186	36,712	-
City Investment Pool	32,391	32,391	-	-	-
Collateralized Bonds	802	-	-	532	270
Commercial Mortgage-Backed	75,597	951	247	2,862	71,537
Commingled and Other Fixed Income Funds	315,749	444	-	83,140	232,165
Corporate Bonds	159,427	2,535	68,865	77,552	10,475
Corporate Convertible Bonds	167,019	8,612	100,002	51,691	6,714
Government Bonds	1,190,312	20,309	741,719	394,942	33,342
Government Mortgage-Backed Securities	2	-	-	1	1
Non-Government Backed Collateralized Mortgage Obligations	6,871	-	601	-	6,270
Options	(1)	(1)	-	-	-
Short-Term Investment Funds	553,249	553,249	-	-	-
Swaps	5,128	1,295	2,484	576	773
Total	$ 2,611,069	$ 621,302	$ 970,164	$ 648,513	$ 371,090

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, 2020. Investments issued or explicitly guaranteed by the U.S. government of $1.10 billion as of June 30, 2020, 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	$ 2,607	0.2%
AA	3,824	0.3%
A	36,283	2.4%
BBB	75,990	5.0%
BB	102,632	6.8%
B	155,557	10.3%
CCC	43,517	2.9%
CC	1,798	0.1%
D	4,949	0.3%
Not Rated	1,089,713	71.7%
Total	$ 1,516,870	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 8.3% for 2020.

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, 2020, 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, 2020, $114.7 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.

(Dollars in Thousands)

The Retirement System's net exposures to foreign currency risk as of June 30, 2020, are as follows:

Currency	Cash	Equities	Fixed Income	Private Equities	Real Assets	Private Credit	Foreign Currency Contracts	Total
Argentina peso	$ -	$ -	$ 144	$ -	$ -	$ -	$ -	$ 144
Australian dollar	-	10,171	-	3,294	-	-	-	13,465
Brazil real	-	8,455	5,113	-	-	-	5,666	19,234
Canadian dollar	-	15,500	-	-	-	-	(4)	15,496
Chilean peso	-	-	1,993	-	-	-	394	2,387
Chinese yuan renminbi	3,334	374,375	9,751	-	-	-	21	387,481
Colombian peso	-	-	13,035	-	-	-	497	13,532
Czech koruna	-	-	4,052	-	-	-	2,516	6,568
Danish krone	-	28,004	-	-	-	-	-	28,004
Dominican rep peso	-	-	2,357	-	-	-	(2,151)	206
Euro	-	329,417	35,046	82,714	350,035	51,530	(38,620)	810,122
Hong Kong dollar	-	103,612	-	-	-	-	(2,070)	101,542
Hungarian forint	-	2,753	10,131	-	-	-	(5,014)	7,870
Indonesian rupiah	-	471	12,158	-	-	-	(128)	12,501
Israeli shekel	-	-	277	-	-	-	(334)	(57)
Japanese yen	-	78,825	-	-	53,158	-	206	132,189
Kazakhstan tenge	-	-	239	-	-	-	-	239
Malaysian ringgit	-	-	7,656	-	-	-	1,223	8,879
Mexican peso	-	2,873	5,823	-	-	-	7,020	15,716
New Taiwan dollar	-	37,573	-	-	-	-	-	37,573
New Zealand dollar	-	449	-	-	-	-	-	449
Norwegian krone	-	2,113	-	-	-	-	-	2,113
Peruvian sol	-	-	10,807	-	-	-	(6,488)	4,319
Philippines peso	-	1,495	203	-	-	-	51	1,749
Polish zloty	-	2,622	11,369	-	-	-	(1,255)	12,736
Pound sterling	-	102,755	2,239	41,150	25,385	-	(1,768)	169,761
Romanian leu	-	-	2,249	-	-	-	1,501	3,750
New Russian ruble	-	-	12,915	-	-	-	(1,620)	11,295
South African rand	-	2,664	11,910	-	-	-	(3,383)	11,191
South Korean won	-	21,595	-	-	-	-	-	21,595
Swedish krona	-	13,920	-	-	-	-	(197)	13,723
Swiss franc	-	57,320	-	-	-	-	(124)	57,196
Thailand baht	-	872	5,278	-	-	-	7,372	13,522
Turkish lira	-	-	1,206	-	-	-	1,598	2,804
Uruguayan peso	-	-	104	-	-	-	259	363
Total	$ 3,334	$ 1,197,834	$ 166,055	$ 127,158	$ 428,578	$ 51,530	$ (34,832)	$ 1,939,657

(Dollars in Thousands)

Derivative Instruments

As of June 30, 2020, 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 value amounts, and the related net appreciation (depreciation) in the fair value of derivative instruments that were outstanding at June 30, 2020:

Derivative Type / Contracts	Notional Amount	Fair Value	Net Appreciation (Depreciation) in Fair Value
Forwards			
Foreign Exchange Contracts	$ 172,991	$ (116)	$ (212)
Futures			
Currency Futures Long	-	-	(29)
Equity Index Futures Long	55,315	1,620	(1,453)
Equity Index Futures Short	-	-	410
Treasury Futures Long	263,246	404	249
Options			
Foreign Exchange Contracts	(1,600)	(1)	14
Swaps			
Credit Contracts	11,280	247	60
Currency Contracts	7,669	580	617
Equity Index Contracts	-	-	31
Interest Rate Contracts	325,034	4,301	915
Rights/Warrants			
Equity Contracts	30,686 shares	91,806	12,471
Total		$ 98,841	$ 13,073

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.

(Dollars in Thousands)

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	$ 2,500
A	403
BBB	2,109
Total	$ 5,012

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, 2020, 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, 2020.

		Maturities			
Derivative Type / Contracts	**Fair Value**	**Less than 1 year**	**1-5 years**	**6-10 years**	**10+ years**
Forwards					
Foreign Exchange Contracts	$ (116)	$ (97)	$ (19)	$ -	$ -
Futures					
Treasury Futures Long	404	404	-	-	-
Options					
Foreign Exchange Contracts	(1)	(1)	-	-	-
Swaps					
Currency Contracts	580	420	120	40	-
Interest Rate Contracts	4,301	893	2,099	536	773
Total	$ 5,168	$ 1,619	$ 2,200	$ 576	$ 773

(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, 2020:

Investment Type	Reference Rate	Notional Value	Fair Value
Interest Rate Swap	Receive Fixed 0.02%, Pay Variable 6-Month CLP	$ 1,629	$ 9
Interest Rate Swap	Receive Fixed 0.03%, Pay Variable 6-Month CLP	11	1
Interest Rate Swap	Receive Fixed 0.48%, Pay Variable 6-Month PRIBOR	628	-
Interest Rate Swap	Receive Fixed 0.50%, Pay Variable 6-Month BUBOR	156	-
Interest Rate Swap	Receive Fixed 0.78%, Pay Variable 6-Month THB	1,369	(3)
Interest Rate Swap	Receive Fixed 0.79%, Pay Variable 6-Month BUBOR	347	2
Interest Rate Swap	Receive Fixed 0.94%, Pay Variable 6-Month THB	123	(2)
Interest Rate Swap	Receive Fixed 0.98%, Pay Variable 6-Month CLP	12	-
Interest Rate Swap	Receive Fixed 1.04%, Pay Variable 3-Month TELBOR	3,178	110
Interest Rate Swap	Receive Fixed 1.05%, Pay Variable 3-Month TELBOR	2,918	97
Interest Rate Swap	Receive Fixed 1.07%, Pay Variable 6-Month CLP	84	1
Interest Rate Swap	Receive Fixed 1.09%, Pay Variable 6-Month CLP	3,419	(12)
Interest Rate Swap	Receive Fixed 1.18%, Pay Variable 6-Month CLP	46	1
Interest Rate Swap	Receive Fixed 1.19%, Pay Variable 6-Month CLP	128	2
Interest Rate Swap	Receive Fixed 1.20%, Pay Variable 6-Month CLP	13	-
Interest Rate Swap	Receive Fixed 1.27%, Pay Variable 3-Month TELBOR	982	65
Interest Rate Swap	Receive Fixed 1.48%, Pay Variable 6-Month PRIBOR	717	54
Interest Rate Swap	Receive Fixed 1.49%, Pay Variable 6-Month WIBOR	303	17
Interest Rate Swap	Receive Fixed 1.50%, Pay Variable 6-Month BUBOR	394	12
Interest Rate Swap	Receive Fixed 1.78%, Pay Variable 6-Month PRIBOR	1,024	49
Interest Rate Swap	Receive Fixed 1.81%, Pay Variable 3-Month TELBOR	1,531	131
Interest Rate Swap	Receive Fixed 1.83%, Pay Variable 6-Month THB	712	40
Interest Rate Swap	Receive Fixed 1.83%, Pay Variable 6-Month WIBOR	126	3
Interest Rate Swap	Receive Fixed 1.86%, Pay Variable 7-Day PBOC	1,809	38
Interest Rate Swap	Receive Fixed 1.90%, Pay Variable 3-Month TELBOR	925	84
Interest Rate Swap	Receive Fixed 1.92%, Pay Variable 6-Month THB	142	7
Interest Rate Swap	Receive Fixed 1.93%, Pay Variable 6-Month THB	442	8
Interest Rate Swap	Receive Fixed 1.94%, Pay Variable 6-Month THB	485	23
Interest Rate Swap	Receive Fixed 1.94%, Pay Variable 6-Month WIBOR	3,666	197
Interest Rate Swap	Receive Fixed 1.95%, Pay Variable 6-Month THB	191	15
Interest Rate Swap	Receive Fixed 2.00%, Pay Variable 6-Month PRIBOR	1,336	100
Interest Rate Swap	Receive Fixed 2.00%, Pay Variable 6-Month WIBOR	607	1
Interest Rate Swap	Receive Fixed 2.01%, Pay Variable 6-Month THB	1,155	46
Interest Rate Swap	Receive Fixed 2.02%, Pay Variable 6-Month THB	647	1
Interest Rate Swap	Receive Fixed 2.04%, Pay Variable 6-Month THB	511	24
Interest Rate Swap	Receive Fixed 2.08%, Pay Variable 6-Month CLP	122	-
Interest Rate Swap	Receive Fixed 2.11%, Pay Variable 6-Month CLP	43	-
Interest Rate Swap	Receive Fixed 2.12%, Pay Variable 6-Month THB	1,129	28
Interest Rate Swap	Receive Fixed 2.18%, Pay Variable 6-Month THB	81	8
Interest Rate Swap	Receive Fixed 2.19%, Pay Variable 6-Month THB	831	62

(Dollars in Thousands)

Investment Type	Reference Rate	Notional Value	Fair Value
Interest Rate Swap	Receive Fixed 2.22%, Pay Variable 6-Month THB	453	3
Interest Rate Swap	Receive Fixed 2.25%, Pay Variable 6-Month PRIBOR	3,912	138
Interest Rate Swap	Receive Fixed 2.26%, Pay Variable 3-Month PRIBOR	6,644	38
Interest Rate Swap	Receive Fixed 2.38%, Pay Variable 7-Day PBOC	198	-
Interest Rate Swap	Receive Fixed 2.39%, Pay Variable 6-Month CLP	853	52
Interest Rate Swap	Receive Fixed 2.39%, Pay Variable 6-Month THB	620	70
Interest Rate Swap	Receive Fixed 2.42%, Pay Variable 6-Month CLP	77	5
Interest Rate Swap	Receive Fixed 2.42%, Pay Variable 6-Month THB	620	71
Interest Rate Swap	Receive Fixed 2.44%, Pay Variable 7-Day PBOC	325	2
Interest Rate Swap	Receive Fixed 2.46%, Pay Variable 7-Day PBOC	862	5
Interest Rate Swap	Receive Fixed 2.49%, Pay Variable 7-Day PBOC	42	-
Interest Rate Swap	Receive Fixed 2.51%, Pay Variable 6-Month CLP	1,265	85
Interest Rate Swap	Receive Fixed 2.51%, Pay Variable 6-Month THB	353	28
Interest Rate Swap	Receive Fixed 2.55%, Pay Variable 6-Month CLP	341	23
Interest Rate Swap	Receive Fixed 2.56%, Pay Variable 6-Month THB	757	80
Interest Rate Swap	Receive Fixed 2.58%, Pay Variable 6-Month THB	424	36
Interest Rate Swap	Receive Fixed 2.63%, Pay Variable 6-Month THB	709	65
Interest Rate Swap	Receive Fixed 2.64%, Pay Variable 6-Month CLP	380	22
Interest Rate Swap	Receive Fixed 2.68%, Pay Variable 6-Month CLP	609	46
Interest Rate Swap	Receive Fixed 2.78%, Pay Variable 6-Month CLP	329	26
Interest Rate Swap	Receive Fixed 2.78%, Pay Variable 6-Month THB	30	3
Interest Rate Swap	Receive Fixed 2.81%, Pay Variable 6-Month THB	596	62
Interest Rate Swap	Receive Fixed 2.88%, Pay Variable 7-Day PBOC	1,696	39
Interest Rate Swap	Receive Fixed 2.97%, Pay Variable 7-Day PBOC	1,202	11
Interest Rate Swap	Receive Fixed 3.12%, Pay Variable 6-Month CLP	111	11
Interest Rate Swap	Receive Fixed 3.27%, Pay Variable 6-Month CLP	554	40
Interest Rate Swap	Receive Fixed 3.34%, Pay Variable 3-Month KLIBOR	233	13
Interest Rate Swap	Receive Fixed 3.54%, Pay Variable 6-Month CLP	604	43
Interest Rate Swap	Receive Fixed 3.76%, Pay Variable 6-Month CLP	1,507	232
Interest Rate Swap	Receive Fixed 3.77%, Pay Variable 6-Month CLP	1,490	202
Interest Rate Swap	Receive Fixed 4.26%, Pay Variable 1-Day COOVIBR	660	26
Interest Rate Swap	Receive Fixed 4.50%, Pay Variable 1-Day BIDOR	6,429	164
Interest Rate Swap	Receive Fixed 4.58%, Pay Variable 1-Day COOVIBR	518	34
Interest Rate Swap	Receive Fixed 4.61%, Pay Variable 1-Day COOVIBR	561	38
Interest Rate Swap	Receive Fixed 4.70%, Pay Variable 28-Day MXIBR	1,099	1
Interest Rate Swap	Receive Fixed 4.72%, Pay Variable 28-Day MXIBR	840	1
Interest Rate Swap	Receive Fixed 4.87%, Pay Variable 28-Day MXIBR	1,268	9
Interest Rate Swap	Receive Fixed 5.00%, Pay Variable 1-Day BIDOR	2,750	61
Interest Rate Swap	Receive Fixed 5.08%, Pay Variable 28-Day MXIBR	130	1
Interest Rate Swap	Receive Fixed 5.12%, Pay Variable 1-Day COOVIBR	426	18
Interest Rate Swap	Receive Fixed 5.17%, Pay Variable 1-Day COOVIBR	2,723	239
Interest Rate Swap	Receive Fixed 5.25%, Pay Variable 1-Day BIDOR	3,788	122
Interest Rate Swap	Receive Fixed 5.60%, Pay Variable 1-Day COOVIBR	1,159	81
Interest Rate Swap	Receive Fixed 5.61%, Pay Variable 1-Day COOVIBR	116	13
Interest Rate Swap	Receive Fixed 5.63%, Pay Variable 28-Day MXIBR	134	2
Interest Rate Swap	Receive Fixed 5.75%, Pay Variable 1-Day BIDOR	1,166	55

(Dollars in Thousands)

Investment Type	Reference Rate	Notional Value	Fair Value
Interest Rate Swap	Receive Fixed 5.78%, Pay Variable 1-Day BIDOR	219	10
Interest Rate Swap	Receive Fixed 5.86%, Pay Variable 28-Day MXIBR	1,324	48
Interest Rate Swap	Receive Fixed 5.87%, Pay Variable 28-Day MXIBR	1,333	22
Interest Rate Swap	Receive Fixed 5.88%, Pay Variable 1-Day COOVIBR	832	104
Interest Rate Swap	Receive Fixed 5.92%, Pay Variable 1-Day BIDOR	1,202	63
Interest Rate Swap	Receive Fixed 6.01%, Pay Variable 1-Day BIDOR	255	6
Interest Rate Swap	Receive Fixed 6.12%, Pay Variable 1-Day COOVIBR	87	11
Interest Rate Swap	Receive Fixed 6.20%, Pay Variable 1-Day COOVIBR	80	10
Interest Rate Swap	Receive Fixed 6.23%, Pay Variable 1-Day BIDOR	2,586	161
Interest Rate Swap	Receive Fixed 6.26%, Pay Variable 1-Day BIDOR	911	55
Interest Rate Swap	Receive Fixed 6.41%, Pay Variable 1-Day COOVIBR	447	76
Interest Rate Swap	Receive Fixed 6.42%, Pay Variable 28-Day MXIBR	342	24
Interest Rate Swap	Receive Fixed 6.43%, Pay Variable 1-Day COOVIBR	25	(4)
Interest Rate Swap	Receive Fixed 6.51%, Pay Variable 28-Day MXIBR	844	62
Interest Rate Swap	Receive Fixed 6.52%, Pay Variable 1-Day BIDOR	656	12
Interest Rate Swap	Receive Fixed 6.60%, Pay Variable 28-Day MXIBR	2,666	205
Interest Rate Swap	Receive Fixed 6.62%, Pay Variable 28-Day MXIBR	969	75
Interest Rate Swap	Receive Fixed 6.64%, Pay Variable 28-Day MXIBR	1,809	(142)
Interest Rate Swap	Receive Fixed 6.68%, Pay Variable 1-Day BIDOR	2,131	157
Interest Rate Swap	Receive Fixed 6.71%, Pay Variable 28-Day MXIBR	567	49
Interest Rate Swap	Receive Fixed 6.80%, Pay Variable 28-Day MXIBR	104	8
Interest Rate Swap	Receive Fixed 6.89%, Pay Variable 1-Day BIDOR	2,113	94
Interest Rate Swap	Receive Fixed 6.99%, Pay Variable 1-Day BIDOR	892	37
Interest Rate Swap	Receive Fixed 7.05%, Pay Variable 1-Day BIDOR	1,457	69
Interest Rate Swap	Receive Fixed 7.10%, Pay Variable 1-Day BIDOR	2,040	99
Interest Rate Swap	Receive Fixed 7.12%, Pay Variable 1-Day BIDOR	728	34
Interest Rate Swap	Receive Fixed 7.13%, Pay Variable 28-Day MXIBR	528	53
Interest Rate Swap	Receive Fixed 7.18%, Pay Variable 1-Day BIDOR	1,257	64
Interest Rate Swap	Receive Fixed 7.19%, Pay Variable 1-Day BIDOR	492	25
Interest Rate Swap	Receive Fixed 7.22%, Pay Variable 1-Day BIDOR	965	49
Interest Rate Swap	Receive Fixed 7.25%, Pay Variable 3-Month JIBAR	426	39
Interest Rate Swap	Receive Fixed 7.31%, Pay Variable 1-Day BIDOR	455	25
Interest Rate Swap	Receive Fixed 7.38%, Pay Variable 28-Day MXIBR	684	87
Interest Rate Swap	Receive Fixed 7.42%, Pay Variable 1-Day BIDOR	1,949	167
Interest Rate Swap	Receive Fixed 7.48%, Pay Variable 1-Day BIDOR	1,439	123
Interest Rate Swap	Receive Fixed 7.63%, Pay Variable 28-Day MXIBR	294	47
Interest Rate Swap	Receive Fixed 7.64%, Pay Variable 28-Day MXIBR	307	50
Interest Rate Swap	Receive Fixed 7.65%, Pay Variable 28-Day MXIBR	2,480	201
Interest Rate Swap	Receive Fixed 7.68%, Pay Variable 28-Day MXIBR	169	27
Interest Rate Swap	Receive Fixed 7.80%, Pay Variable 1-Day BIDOR	255	20
Interest Rate Swap	Receive Fixed 7.83%, Pay Variable 1-Day BIDOR	2,604	167
Interest Rate Swap	Receive Fixed 7.88%, Pay Variable 28-Day MXIBR	74	6
Interest Rate Swap	Receive Fixed 7.89%, Pay Variable 28-Day MXIBR	1,082	207
Interest Rate Swap	Receive Fixed 7.92%, Pay Variable 28-Day MXIBR	1,714	188
Interest Rate Swap	Receive Fixed 7.98%, Pay Variable 28-Day MXIBR	2,294	396

(Dollars in Thousands)

Investment Type	Reference Rate	Notional Value	Fair Value
Interest Rate Swap	Receive Fixed 7.99%, Pay Variable 28-Day MXIBR	320	56
Interest Rate Swap	Receive Fixed 8.04%, Pay Variable 28-Day MXIBR	1,770	369
Interest Rate Swap	Receive Fixed 8.06%, Pay Variable 28-Day MXIBR	4,544	(2)
Interest Rate Swap	Receive Fixed 8.28%, Pay Variable 28-Day MXIBR	169	40
Interest Rate Swap	Receive Fixed 8.31%, Pay Variable 28-Day MXIBR	69	16
Interest Rate Swap	Receive Fixed 8.32%, Pay Variable 28-Day MXIBR	351	78
Interest Rate Swap	Receive Fixed 8.39%, Pay Variable 28-Day MXIBR	294	62
Interest Rate Swap	Receive Fixed 8.64%, Pay Variable 1-Day BIDOR	109	13
Interest Rate Swap	Receive Fixed 8.82%, Pay Variable 28-Day MXIBR	3,726	505
Interest Rate Swap	Receive Fixed 8.98%, Pay Variable 28-Day MXIBR	433	61
Interest Rate Swap	Receive Fixed 9.65%, Pay Variable 1-Day BIDOR	437	84
Interest Rate Swap	Receive Fixed 9.76%, Pay Variable 1-Day BIDOR	18	4
Interest Rate Swap	Receive Fixed 10.30%, Pay Variable 1-Day BIDOR	364	78
Interest Rate Swap	Receive Fixed 10.33%, Pay Variable 1-Day BIDOR	1,512	331
Interest Rate Swap	Receive Fixed 11.33%, Pay Variable 1-Day BIDOR	1,111	285
Interest Rate Swap	Receive Fixed 12.06%, Pay Variable 1-Day BIDOR	508	86
Interest Rate Swap	Receive Fixed 12.20%, Pay Variable 1-Day BIDOR	945	175
Interest Rate Swap	Receive Fixed 12.29%, Pay Variable 1-Day BIDOR	127	36
Interest Rate Swap	Receive Fixed 16.40%, Pay Variable 1-Day BIDOR	2,185	690
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 2.15%	21,236	-
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 2.64%	31,289	(1)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 3.99%	2,058	(35)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 4.00%	9,489	(164)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 4.50%	3,715	(57)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 4.80%	1,166	(36)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 4.99%	127	(4)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 5.44%	1,111	(45)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 5.65%	401	(19)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.25%	200	-
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.34%	237	(15)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.50%	674	(4)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.55%	710	(12)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.71%	200	(11)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.81%	2,349	(139)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.93%	1,821	(82)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.95%	219	(9)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 6.98%	2,623	(124)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 7.17%	1,111	(56)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 7.26%	1,894	(96)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 7.29%	3,023	(155)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 8.79%	838	(73)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 9.60%	747	(130)
Interest Rate Swap	Receive Variable 1-Day BIDOR, Pay Fixed 11.35%	856	(146)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 1.20%	2,729	(183)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 2.72%	6,680	(61)

(Dollars in Thousands)

Investment Type	Reference Rate	Notional Value	Fair Value
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 4.16%	951	(37)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 4.35%	475	(26)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 4.45%	327	(19)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 4.49%	88	(6)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 4.88%	1,715	(132)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 5.19%	669	(50)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 5.28%	371	28
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 6.39%	346	(58)
Interest Rate Swap	Receive Variable 1-Day COOVIBR, Pay Fixed 6.42%	56	(8)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.38%	329	(2)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.43%	251	(3)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.48%	437	(8)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.52%	653	(46)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.54%	649	(17)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.55%	221	(6)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.60%	286	(22)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.62%	831	(65)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.65%	3,237	(87)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.77%	303	(9)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.83%	558	(53)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.85%	381	(37)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.86%	744	(67)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 6.87%	550	(1)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 7.07%	299	(27)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 7.18%	974	(103)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 7.72%	4,328	(367)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 7.73%	662	(56)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 8.11%	1,069	(203)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 9.09%	961	(246)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 9.10%	2,259	(579)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 9.21%	368	(97)
Interest Rate Swap	Receive Variable 28-Day MXIBR, Pay Fixed 9.33%	260	(71)
Interest Rate Swap	Receive Variable 3-Month JIBAR, Pay Fixed 7.46%	299	(12)
Interest Rate Swap	Receive Variable 3-Month JIBAR, Pay Fixed 7.49%	299	(13)
Interest Rate Swap	Receive Variable 3-Month JIBAR, Pay Fixed 7.75%	535	(45)
Interest Rate Swap	Receive Variable 3-Month KLIBOR, Pay Fixed 3.74%	560	(21)
Interest Rate Swap	Receive Variable 3-Month KLIBOR, Pay Fixed 3.75%	887	(33)
Interest Rate Swap	Receive Variable 3-Month TELBOR, Pay Fixed 0.48%	1,011	(13)
Interest Rate Swap	Receive Variable 3-Month TELBOR, Pay Fixed 0.49%	982	(13)
Interest Rate Swap	Receive Variable 3-Month TELBOR, Pay Fixed 0.51%	1,300	(19)
Interest Rate Swap	Receive Variable 3-Month TELBOR, Pay Fixed 0.70%	982	(21)
Interest Rate Swap	Receive Variable 3-Month TELBOR, Pay Fixed 0.80%	2,514	(73)
Interest Rate Swap	Receive Variable 3-Month TELBOR, Pay Fixed 0.95%	1,127	(35)
Interest Rate Swap	Receive Variable 3-Month TELBOR, Pay Fixed 0.96%	1,098	(35)
Interest Rate Swap	Receive Variable 3-Month WIBOR, Pay Fixed 1.71%	6,699	(28)

(Dollars in Thousands)

Investment Type	Reference Rate	Notional Value	Fair Value
Interest Rate Swap	Receive Variable 6-Month BUBOR, Pay Fixed 0.98%	2,112	(25)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 0.02%	1,845	(46)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 0.03%	396	(19)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 1.34%	763	(14)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 1.81%	1,989	(67)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 1.84%	1	-
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 1.88%	1,570	(35)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 1.94%	2,511	(9)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 1.95%	316	(10)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 2.26%	318	(23)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 2.27%	325	(24)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 2.32%	464	(25)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 2.34%	490	(27)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 2.59%	799	(56)
Interest Rate Swap	Receive Variable 6-Month CLP, Pay Fixed 3.22%	693	(77)
Interest Rate Swap	Receive Variable 6-Month PRIBOR, Pay Fixed 0.77%	843	(10)
Interest Rate Swap	Receive Variable 6-Month PRIBOR, Pay Fixed 0.85%	1,387	(22)
Interest Rate Swap	Receive Variable 6-Month PRIBOR, Pay Fixed 0.93%	548	(12)
Interest Rate Swap	Receive Variable 6-Month PRIBOR, Pay Fixed 2.47%	1,391	(99)
Interest Rate Swap	Receive Variable 6-Month THB, Pay Fixed 0.78%	654	2
Interest Rate Swap	Receive Variable 6-Month THB, Pay Fixed 0.96%	230	(2)
Interest Rate Swap	Receive Variable 6-Month THB, Pay Fixed 1.12%	421	(1)
Interest Rate Swap	Receive Variable 6-Month THB, Pay Fixed 1.28%	2,168	(44)
Interest Rate Swap	Receive Variable 6-Month THB, Pay Fixed 1.33%	1,200	(31)
Interest Rate Swap	Receive Variable 6-Month WIBOR, Pay Fixed 0.66%	1,062	(5)
Interest Rate Swap	Receive Variable 6-Month WIBOR, Pay Fixed 0.98%	708	(8)
Interest Rate Swap	Receive Variable 6-Month WIBOR, Pay Fixed 1.83%	3,084	(168)
Interest Rate Swap	Receive Variable 6-Month WIBOR, Pay Fixed 1.86%	4,298	(104)
Interest Rate Swap	Receive Variable 6-Month WIBOR, Pay Fixed 2.25%	430	(28)
Total Interest Rate Swaps		$ 325,034	$ 4,301

(Dollars in Thousands)

Foreign Currency Risk

At June 30, 2020, 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, 2020:

Currency	Forwards	Swaps	Total
Argentina peso	$ -	$ (282)	$ (282)
Brazil real	5,666	2,206	7,872
Canadian dollar	(4)	-	(4)
Chilean peso	394	359	753
Chinese yuan renminbi	21	95	116
Colombian peso	497	93	590
Czech koruna	2,516	236	2,752
Dominican rep peso	(2,151)	-	(2,151)
Euro	(38,620)	-	(38,620)
Hong Kong dollar	(2,070)	-	(2,070)
Hungarian forint	(5,014)	(11)	(5,025)
Indonesian rupiah	(128)	-	(128)
Israeli shekel	(334)	277	(57)
Japanese yen	206	-	206
Malaysian ringgit	1,223	(40)	1,183
Mexican peso	7,020	641	7,661
Peruvian sol	(6,488)	-	(6,488)
Philippines peso	51	-	51
Polish zloty	(1,255)	(123)	(1,378)
Pound sterling	(1,768)	-	(1,768)
Romanian leu	1,501	-	1,501
New Russian ruble	(1,620)	-	(1,620)
South African rand	(3,383)	(31)	(3,414)
Swedish krona	(197)	-	(197)
Swiss franc	(124)	-	(124)
Thailand baht	7,372	597	7,969
Turkish lira	1,598	(1,396)	202
Uruguayan peso	259	-	259
Total	$ (34,832)	$ 2,621	$ (32,211)

Contingent Features

At June 30, 2020, the Retirement System held no positions in derivatives containing contingent features.

Securities Lending

The Retirement System lends U.S. government obligations, domestic and international bonds, and equities to various brokers with a simultaneous agreement to return collateral for the same securities plus a fee in the future. The securities lending agent manages the securities lending program and receives securities and cash as collateral. Cash and non-cash collateral is pledged at 102% to 110% depending on security type. 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.

(Dollars in Thousands)

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, 2020, 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, 2020, the Retirement System has lent $1.43 billion in securities and received collateral of $547.0 million and $969.6 million in cash and securities, respectively, from borrowers. The cash collateral is invested in a separate account managed by the lending agent using investment guidelines approved by the Retirement Board. Due to the increase in the fair value of assets held in the separately managed account, the Retirement System's invested cash collateral was valued at $547.0 million. The net unrealized gain of $18 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, 2020 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	$ 41,564	$ 42,504	$ -
U.S. Equities	419,809	424,541	-
U.S. Government Fixed Income	66,421	67,882	-
International Fixed Income	2,057	2,298	-
International Equities	9,248	9,804	-
Securities on Loan for Non-Cash Collateral			
U.S. Equities	265,391	-	278,246
U.S. Government Fixed Income	542,456	-	592,478
International Fixed Income	1,087	-	1,135
International Equities	85,651	-	97,698
	$ 1,433,684	$ 547,029	$ 969,557

(Dollars in Thousands)

The following table presents the segmented time distribution for the reinvested cash collateral account based upon the expected maturity (in years) as of June 30, 2020.

Investment Type	Fair Value	Maturity Less Than 1 Year
U.S. Agencies	$ 549	$ 549
Negotiable Certificates of Deposit	124,267	124,267
Commercial Paper	122,720	122,720
Fixed Rate Notes	7,920	7,920
Floating Rate Notes	140,445	140,445
Money Market Funds	82,507	82,507
Repurchase Agreements	68,431	68,431
Payable/Receivable	208	208
Total	$ 547,047	$ 547,047

The Retirement System's exposure to credit risk in its reinvested cash collateral account as of June 30, 2020 is as follows:

Credit Rating	Fair Value	Fair Value as a Percentage of Total
A-1	$ 251,059	46.0%
AAA	82,507	15.1%
AA	54,905	10.0%
A	89,937	16.4%
Not Rated *	68,639	12.5%
Total	$ 547,047	100.0%

* This figure includes $68,431 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, 2020, are summarized as follows:

Beginning of the year	$ 4,334,229
Capital investments	763,762
Equity in net earnings	54,982
Net depreciation in fair value	(344,955)
Capital distributions	(967,591)
End of the year	$ 3,840,427

(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, 2020, 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	8.0
Government Bond Index Fund	25.1
Inflation Protected Debt Index Fund	2.7
Emerging Markets Debt Fund	11.9
Multi-Sector Debt Fund	7.2
City Investment Pool	0.7
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's 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, 2020, 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 is equal or greater than 5% at the issuer level and likely very little, if any, overlap.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the RHCTF would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The RHCTF does not have a specific policy addressing custodial credit risk for investments, but investments are generally insured, registered, or held by the RHCTF's custodial agent in the RHCTF's name. As of June 30, 2020, 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.

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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 5.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(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 $334.9 million for the year ended June 30, 2020.

Taxable valuation for the year ended June 30, 2020, (net of non-reimbursable exemptions, reimbursable exemptions, and tax increment allocations to the Successor Agency) was approximately $255.6 billion, an increase of 8.34%. The secured tax rate was $1.1801 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 $0.1801 for bond debt service. Delinquencies in the current year on secured taxes and unsecured taxes amounted to 0.83% and 2.99%, respectively, of the current year tax levy, for an average delinquency rate of 0.95% 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 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 Agency Fund. To the extent the Agency 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, 2020, was $32.0 million, which is included in the Agency Fund for reporting purposes. The City has funded payment of accrued and current delinquencies, together with the required reserve, from interfund borrowing.

(Dollars in Thousands)

(7) CAPITAL ASSETS

Primary Government

Capital asset activity of the primary government for the year ended June 30, 2020, was as follows:

Governmental Activities:	Balance July 1, 2019	Increases [1]	Decreases [1]	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	$ 519,234	$ 154,113	$ -	$ 673,347
Intangible assets	9,573	116	-	9,689
Construction in progress	684,859	474,395	(378,421)	780,833
Total capital assets, not being depreciated	1,213,666	628,624	(378,421)	1,463,869
Capital assets, being depreciated:				
Facilities and improvements	5,171,877	323,348	-	5,495,225
Machinery and equipment	571,866	35,715	(1,005)	606,576
Infrastructure	1,109,289	124,503	-	1,233,792
Intangible assets	109,288	32,922	-	142,210
Total capital assets, being depreciated	6,962,320	516,488	(1,005)	7,477,803
Less accumulated depreciation for:				
Facilities and improvements	1,321,759	123,341	(270)	1,444,830
Machinery and equipment	389,785	39,721	(711)	428,795
Infrastructure	285,959	49,185	-	335,144
Intangible assets	23,419	6,727	-	30,146
Total accumulated depreciation	2,020,922	218,974	(981)	2,238,915
Total capital assets, being depreciated, net	4,941,398	297,514	(24)	5,238,888
Governmental activities capital assets, net	$ 6,155,064	$ 926,138	$ (378,445)	$ 6,702,757
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 257,803	$ 83,929	$ (108)	$ 341,624
Intangible assets	12,043	-	-	12,043
Construction in progress	5,851,307	2,226,528	(2,898,672) [2]	5,179,163
Total capital assets, not being depreciated	6,121,153	2,310,457	(2,898,780)	5,532,830
Capital assets, being depreciated:				
Facilities and improvements	18,850,657	2,168,023	(119,283)	20,899,397
Machinery and equipment	3,453,057	560,643	(133,291)	3,880,409
Infrastructure	1,569,795	88,241	-	1,658,036
Property held under lease	697	-	-	697
Intangible assets	195,113	2,649	(64,969)	132,793
Total capital assets, being depreciated	24,069,319	2,819,556	(317,543)	26,571,332
Less accumulated depreciation for:				
Facilities and improvements	6,933,867	523,031	(94,966) [3],[4]	7,361,932
Machinery and equipment	1,697,932	234,059	(130,066)	1,801,925
Infrastructure	713,656	40,249	-	753,905
Property held under lease	697	-	-	697
Intangible assets	154,674	6,534	(64,971)	96,237
Total accumulated depreciation	9,500,826	803,873	(290,003)	10,014,696
Total capital assets, being depreciated, net	14,568,493	2,015,683	(27,540)	16,556,636
Business-type activities capital assets, net	$ 20,689,646	$ 4,326,140	$ (2,926,320)	$ 22,089,466

(1) The increases and decreases include transfers of categories of capital assets from construction in progress to depreciable categories.
(2) Includes $22,250 capital project write-offs from Wastewater, Water and Hetch Hetchy Water and Power.
(3) Includes $1,751 accumulated depreciation transfer from General City to SFMTA.
(4) Includes $207 accumulated depreciation transfer from General City to Wastewater Enterprise.

(Dollars in Thousands)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:		
Public protection	$	25,826
Public works, transportation and commerce		54,480
Human welfare and neighborhood development		880
Community Health		38,575
Culture and recreation		57,596
General administration and finance		38,022
Capital assets held by the City's internal service funds charged to the various functions on a prorated basis		3,595
Total depreciation expense - governmental activities	$	218,974
Business-type activities:		
Airport	$	312,118
Water		142,228
Power		20,999
Transportation		205,112
Hospitals		34,070
Wastewater		62,967
Port		26,379
Total depreciation expense - business-type activities	$	803,873

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 $5.06 billion as of June 30, 2020. 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, 2020. 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, 2020.

During the year ended June 30, 2020, the City’s enterprise funds incurred total interest expense and interest income of approximately $680.2 million and $151.3 million, respectively. Of these amounts, net interest expense of approximately $125.2 million was capitalized. The Airport had write-offs and loss on disposal in the amount of $25.5 million primarily due to disposal. The Water Enterprise, Hetch Hetchy, and the Wastewater Enterprise expensed $5.3 million, $12.3 million, and $4.7 million, respectively, related to capitalized design and planning costs on certain projects that were discontinued.

(Dollars in Thousands)

Component Unit

Capital asset activity of the component unit for the year ended June 30, 2020 was as follows:

Treasure Island Development Authority:	July 1, 2019	Increases	Decreases	June 30, 2020
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	-	4,615
Machinery and equipment	36	-	-	36
Total capital assets, being depreciated	36	4,615	-	4,651
Less accumulated depreciation for:				
Facilities and improvements	-	315	-	315
Machinery and equipment	24	5	-	29
Total accumulated depreciation	24	320	-	344
Total capital assets, being depreciated, net	12	4,295	-	4,307
Component unit capital asssets, net	$ 34,858	$ 4,295	$ -	$ 39,153

During the year ended June 30, 2020, TIDA recorded facility improvements from the San Francisco County Transportation Authority as part of the Yerba Buena Island East Side Ramps 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, 2020, are as follows:

Type of Obligation	July 1, 2019	Additional Obligation	Current Maturities	June 30, 2020
Governmental activities:				
Commercial paper				
Multiple Capital Projects	$ 14,779	$ 750,678	$ (657,267)	$ 108,190
Direct placement revolving certificates of participation				
Transbay Transit Center Project	78,000	-	(78,000)	-
Governmental activities short-term obligations	$ 92,779	$ 750,678	$ (735,267)	$ 108,190
Business-type activities:				
Commercial paper				
San Francisco General Hospital	$ 15,475	$ 196	$ (3,878)	$ 11,793
San Francisco International Airport	3,575	49,375	(49,760)	3,190
San Francisco Water Enterprise	161,336	362,354	(161,336)	362,354
Hetch Hetchy Water and Power	50,724	63,535	(50,724)	63,535
San Francisco Wastewater Enterprise	291,498	207,939	(291,498)	207,939
Business-type activities short-term obligations	$ 522,608	$ 683,399	$ (557,196)	$ 648,811

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 N.A., 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 N.A. RCAs have fees of 0.45% and 0.45% on the total commitment amounts, respectively, and are scheduled to expire in May 2021. 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 2020, the City issued $750.7 million and retired $657.3 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 development of the 49 South Van Ness office building; 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, 2020, the outstanding principal of taxable and tax-exempt CP of governmental activities was $97.4 million and $10.8 million, respectively, with interest rates of 0.30% and 0.24%, respectively as of June 30, 2020.

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.

Transbay Transit Center Interim Financing

In April 2001, the City, the Alameda-Contra Costa Transit District, and the Peninsula Corridor Joint Powers Board executed a Joint Powers Agreement which created and established the Transbay Joint Powers Authority (TJPA). The TJPA has primary jurisdiction with respect to all matters concerning the financing, design, development, construction, and operation of the Salesforce Transit Center (formerly called the Transbay Transit Center). In order to address a temporary cash flow shortfall during the phase one construction of the Transbay Transit Center, the City, in partnership with the Metropolitan Transportation Commission (MTC), approved in May 2016 a short-term financing with the TJPA in an amount not to exceed $260.0 million. Of the $260.0 million financing, in partnership with the MTC, the City entered into a Certificate Purchase Agreement (CPA) with the Bay Area Toll Authority (BATA) to establish a credit facility in an amount not to exceed $100.0 million, which was never drawn and expired December 31, 2018. The City also entered into a CPA with Wells Fargo to establish a credit facility in an amount not to exceed $160.0 million with a floating rate based on the London Interbank Offered Rate (LIBOR) plus a spread of 0.56% for taxable certificates. The floating interest rate for the facility resets monthly. Under the CPA with Wells Fargo, the City has issued short-term variable rate notes at times and in amounts necessary to meet construction funding needs for phase one of the project. The short-term notes are expected to be repaid from long-term debt payable from Community Facilities District special taxes and/or tax increment. Pursuant to the sublease between the City and US Bank as Trustee, the City leases back the leased property from Trustee. The City makes annual base rental payments to the Trustee in amounts required to pay debt service on the Certificates. The City drew a total of $103.0 million from the Wells Fargo credit facility. In January 2020 and May 2020, the City paid off the short-term debt of $2.0 million and $76.0 million, respectively with funds received from the Community Facilities District No. 2014-1, such that the balance outstanding as of June 30, 2020 is $0.

Events of default under the sublease include the failure by the City to pay Base Rental payments under the Sublease when due and the failure to observe covenants under the Sublease. Remedies by the lender, consist of the right to sue for payments as and when payments become due. There is no right to evict or relet premises and no recourse to TJPA or Pledged Revenues.

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, 2020, the outstanding principal amount of CP (tax-exempt) was $11.8 million with an interest rate of 0.24%. 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 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.

<u>San Francisco International Airport</u>

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.

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.

As of June 30, 2020, the CP program was supported by six direct-pay letters of credit with a combined maximum stated principal amount of $500.0 million from Royal Bank of Canada, acting through its New York branch ($25.0 million, expires August 28, 2020), Bank of America, N.A. ($75.0 million, expires May 26, 2021), Sumitomo Mitsui Banking Corporation, acting through its New York Branch ($100.0 million, expires June 21, 2022), Barclays Bank PLC ($100.0 million, expires April 28, 2023), U.S. Bank National Association ($100.0 million, expires November 15, 2023), and State Street Bank and Trust Company ($100.0 million, expires May 2, 2024). Each letter of credit supports separate subseries of CP. In aggregate, the letters of credit permitted the Airport to issue CP up to a combined maximum principal amount of $500.0 million as of June 30, 2020.

As of June 30, 2020, there were no obligations other than the CP notes outstanding under the 1997 Note Resolution.

During fiscal year 2020, the Airport issued new money CP notes in the aggregate principal amount of $30.6 million (Taxable), $4.7 million (AMT), and $14.1 million (Non-AMT) to fund capital improvement projects and costs of issuance related to the debt program. As of June 30, 2020, the interest rates on the outstanding CP (Non-AMT) ranged from 0.86% to 5.00%.

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 letters of credit 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, 2020, the amount outstanding under Proposition E was $362.4 million. CP interest rates ranged from 0.2% to 2.8%. 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 $137.6 million in unused authorization as of June 30, 2020.

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, 2020, there were no such events described therein.

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 0.2% to 4.0% in fiscal year 2020. Hetch Hetchy Water and Power had $63.5 million CP outstanding and $186.5 million in unused authorization as of June 30, 2020.

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 amounts plus interest coverage, and /or termination of the respective agreement. As of June 30, 2020, there were no such events described therein.

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 $207.9 million CP outstanding and $542.1 million in unused authorization as of June 30, 2020.

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 amounts plus interest coverage, and /or termination of the respective agreement. As of June 30, 2020, there were no such events described therein.

<u>San Francisco Municipal Transportation Agency</u>

In June 2013, pursuant to the City Charter Section 8A.102 (b) 13, the SFMTA Board of Directors authorized the issuance of CP in an aggregate principal amount not to exceed $100.0 million. In July 2013, the Board of Supervisors concurred with the issuance. The CP is secured by an irrevocable LOC from the State Street Bank and Trust Company issued on September 10, 2013 for a term of five years and interest rate not to exceed 12% per annum. In June 2018, the SFMTA substituted the 2013 State Street LOC with a new irrevocable LOC from Sumitomo Mitsui Banking Corporation (SMBC) for a term of five years and interest rate not to exceed 12% per annum. The LOC will cover the principal as well as the interest accrued on the 270 days prior to the maturity date. The CP program is jointly administered by the Office of Public Finance (OPF) and SFMTA. If needed, OPF initiates the issuance of CP with the dealers and ensures accurate reporting on the CP program. The CP could be issued from time to time on a revolving basis to pay for Board-approved project costs in the SFMTA Capital Improvement Program and other related uses. In consultation with OPF, SFMTA could request drawdowns based on cash flow needs and expenditures schedules.

Events of default under the LOC reimbursement agreement, include failure to pay the principal or interest on the bank note, any representation made by the SFMTA in the agreement has been incorrect in any materially adverse respect when made, failure to comply with certain covenants, either SFMTA or the City files for bankruptcy, default on any debt or judgment payment of a specified threshold, or reduction of debt rating assigned to senior lien revenue bonds below “Baa1” by Moody’s or “BBB+” by S&P or Fitch. In an event of default, the bank may declare the principal and interest on all outstanding obligations to be due and payable immediately, terminate issuance of CP, or require the final drawing on the LOC in the amount equal to the principal amount outstanding plus interest.

In August 2020, SFMTA requested termination of irrevocable letter of credit in accordance with the terms of the reimbursement agreement.

SFMTA has no CP outstanding as of June 30, 2020.

(Dollars in Thousands)

Long-Term Obligations

The following is a summary of long-term obligations of the City as of June 30, 2020:

GOVERNMENTAL ACTIVITIES

Type Of Obligation and Purpose	Final Maturity Date	Remaining Interest Rates	Amount
GENERAL OBLIGATION BONDS [a]:			
Affordable housing	2039	1.55% - 3.95%	$ 169,475
Earthquake safety and emergency response	2038	2.25% - 5.00%	372,860
Embarcadero seawall earthquake safety	2021	0.75% - 0.75%	9,475
Clean and safe neighborhood parks	2037	2.00% - 6.26%	141,950
Preservation and seismic safety (PASS) program	2058	2.546% - 4.321%	71,525
Public health and safety	2038	3.00% - 5.00%	147,370
Road repaving and street safety	2035	2.25% - 5.00%	101,990
San Francisco General Hospital	2033	3.25% - 6.26%	445,740
Seismic safety loan program	2031	3.36% - 5.83%	17,152
Transportation and road improvement	2037	2.75% - 5.00%	138,100
Refunding	2035	4.00% - 5.00%	536,840
General obligation bonds			2,152,477
LEASE REVENUE BONDS:			
San Francisco Finance Corporation [(b), (e) & (f)]	2030	0.08% - 5.00% *	121,275
SALES TAX REVENUE BONDS			
SFCTA revenue bonds [(g)]	2034	3.0% - 4.0%	235,330
CERTIFICATES OF PARTICIPATION:			
Certificates of participation [(c) & (d)]	2050	2.125% - 5.00%	1,100,255
OTHER LONG -TERM OBLIGATIONS:			
Loans [(d), (f) & (g)]	2045	4.5% - 4.5%	21,385
Lease Purchase - Public Safety Radio Replacement [(d)]	2027	1.6991%	22,855
Capital Lease [(d)]	2023	1.080%	635
Governmental activities total long-term obligations			$ 3,654,212

* 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, 2020 for Series 2008 -1 & 2 averaged to 0.08%.

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.

(Dollars in Thousands)

BUSINESS-TYPE ACTIVITIES

Entity and Type of Obligation	Final Maturity Date	Remaining Interest Rates	Amount
San Francisco International Airport:			
Revenue bonds *..	2058	0.98% - 5.50%*	$ 7,951,185
San Francisco Water Enterprise:			
Revenue bonds	2051	0.87% - 6.95%	4,383,515
Certificates of participation	2042	2.00% - 6.49%	101,417
State Revolving fund loans	2051	1.00%	73,271
Hetch Hetchy Water and Power:			
Energy and revenue bonds	2046	4.00% - 5.00%	46,174
Certificates of participation...	2042	2.00% - 6.49%	13,807
Municipal Transportation Agency:			
Revenue bonds..	2047	3.00% - 5.00%	323,075
Loans...	2047	3.30%	12,124
San Francisco General Hospital:			
Certificates of participation...	2026	5.55%	10,952
San Francisco Wastewater Enterprise:			
Revenue bonds	2047	1.00% - 5.82%	1,488,300
Certificates of participation	2042	2.00% - 6.49%	26,816
State Revolving fund loans	2051	1.60% - 1.80%	88,549
Port of San Francisco:			
Revenue bonds	2044	1.62% - 5.0%	43,600
Certificates of participation...	2043	4.75% - 5.25%	28,795
Loans	2037	4.50%	7,568
Laguna Honda Hospital:			
Certificates of participation	2031	3.00% - 5.00%	81,345
Business-type activities total long-term obligations ..			$ 14,680,493

* 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, 2020, the average interest rates on Issue 2010A1,2,3 were 1.17%, 1.15% and 1.38%, respectively. For Issue 2018B and 2018C, the average interest rates were 0.98% and 1.01%, 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, 2020, the City's general obligation bond debt limit (3% of valuation subject to taxation) was $8.38 billion. The total amount of debt applicable to the debt limit was $2.35 billion. The resulting legal debt margin was $6.03 billion.

(Dollars in Thousands)

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, 2020. 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, 2020.

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, 2020, the total obligation outstanding was $2.00 billion.

Community Facilities District No. 2014-1 (Transbay Transit Center)

The following is a summary of long-term obligations of the Community Facilities District No. 2014-1 as of June 30, 2020:

Bonds	Remaining Interest Rates	Final Maturity Date	Amount
Special Tax Bonds Series 2017A	2.00% - 4.00%	2049	$ 35,730
Special Tax Bonds Series 2017B	2.00% - 4.00%	2049	169,695
Special Tax Bonds Series 2019A	2.782% - 4.25%	2050	33,210
Special Tax Bonds Series 2019B	2.752% - 4.371%	2050	155,210
Special Tax Bonds Series 2020B	1.309% - 3.572%	2051	81,820
Total obligations			$ 475,665

In May 2020, the City, on behalf of the City and County of San Francisco Community Facilities District No. 2014-1 (the District), issued Special Tax Bonds, Series 2020B (the 2020 Bonds) in the par amount of $81.8 million, in order to facilitate the construction of the Salesforce Transit Center (formerly called the Transbay Transit Center) and adjacent infrastructure. The 2020 Bonds bear interest rates ranging from 1.309% to 3.572% with principal amortizing from September 2021 through September 2050.

The District's Special Tax Bonds are secured under the provisions of the CFD No. 2014-1 Fiscal Agent Agreement (the Agreement) and will be payable solely from Special Tax Revenues and funds pledged under the 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 District's Special Tax Bonds.

(Dollars in Thousands)

Changes in Long-Term Obligations

The changes in long-term obligations for the year ended June 30, 2020, are as follows:

	July 1, 2019	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2020	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 2,293,488	$ 340,750	$ (481,761)	$ 2,152,477	$ 146,635
Lease revenue bonds	127,045	-	(5,770)	121,275	12,145
Sales tax revenue bonds	248,250	-	(12,920)	235,330	13,310
Certificates of participation	885,295	274,875	(59,915)	1,100,255	34,335
Subtotal	3,554,078	615,625	(560,366)	3,609,337	206,425
Issuance premiums / discounts:					
Add: unamortized premiums	280,649	73,759	(39,998)	314,410	-
Total bonds payable, net	3,834,727	689,384	(600,364)	3,923,747	206,425
Loans	22,365	-	(980)	21,385	471
Capital leases	27,102	-	(3,612)	23,490	3,671
Accrued vacation and sick leave pay	169,969	134,555	(106,762)	197,762	108,833
Accrued workers' compensation	281,468	64,255	(53,592)	292,131	55,003
Estimated claims payable	234,385	23,919	(64,167)	194,137	71,454
Governmental activities long-term obligations	$ 4,570,016	$ 912,113	$ (829,477)	$ 4,652,652	$ 445,857

	July 1, 2019	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2020	Amounts Due Within One Year
Business-type Activities:					
Bonds payable:					
Revenue bonds	$ 13,637,380	$ 1,869,910	$ (1,317,615)	$ 14,189,675	$ 357,220
Clean renewable energy bonds	48,702	-	(2,528)	46,174	2,115
Certificates of participation	300,822	89,395	(127,085)	263,132	12,769
Subtotal	13,986,904	1,959,305	(1,447,228)	14,498,981	372,104
Issuance premiums / discounts:					
Add: unamortized premiums	1,253,694	258,316	(122,532)	1,389,478	-
Less: unamortized discounts	(628)	-	219	(409)	-
Total bonds payable, net	15,239,970	2,217,621	(1,569,541)	15,888,050	372,104
Accreted interest payable	2,029	71	(2,100)	-	-
Notes, loans, and other payables	104,766	78,845	(2,099)	181,512	3,150
Accrued vacation and sick leave pay	115,012	71,089	(50,874)	135,227	75,598
Accrued workers' compensation	226,890	53,416	(47,810)	232,496	40,589
Estimated claims payable	109,116	53,514	(18,093)	144,537	78,970
Business-type activities long-term obligations	$ 15,797,783	$ 2,474,556	$ (1,690,517)	$ 16,581,822	$ 570,411

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.

(Dollars in Thousands)

Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2020 for governmental and business-type activities are as follows:

Governmental Activities [1]

Fiscal Year Ending June 30	General Obligation Bonds Principal	General Obligation Bonds Interest [2]	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest [3]	Other Long-Term Obligations Principal	Other Long-Term Obligations Interest	Total Principal	Total Interest
2021...........	$ 146,635	$ 92,889	$ 12,145	$ 2,609	$ 51,787	$ 54,999	$ 210,567	$ 150,497
2022...........	145,228	85,205	12,790	2,324	51,507	52,942	209,525	140,471
2023...........	150,036	78,150	13,255	2,017	53,843	50,889	217,134	131,056
2024...........	153,691	70,814	14,455	1,697	56,197	48,751	224,343	121,262
2025...........	155,592	63,326	13,105	1,340	58,739	46,367	227,436	111,033
2026-2030...	782,263	212,498	55,525	2,635	310,923	193,020	1,148,711	408,153
2031-2035...	467,412	72,305	-	-	334,303	127,189	801,715	199,494
2036-2040..	105,145	16,858	-	-	232,906	74,073	338,051	90,931
2041-2045..	9,720	9,020	-	-	161,046	29,772	170,766	38,792
2046-2050...	11,845	6,891	-	-	69,209	8,334	81,054	15,225
2051-2055...	14,570	4,177	-	-	-	-	14,570	4,177
2056-2058...	10,340	906	-	-	-	-	10,340	906
Total........	$ 2,152,477	$ 713,039	$ 121,275	$ 12,622	$1,380,460	$ 686,336	$ 3,654,212	$ 1,411,997

Business-Type Activities [1]

Fiscal Year Ending June 30	Revenue Bonds [4] [5] Principal	Revenue Bonds [4] [5] Interest	Certificates of Participation [5] Principal	Certificates of Participation [5] Interest	Other Long-Term Obligations Principal	Other Long-Term Obligations Interest	Total Principal	Total Interest
2021...........	$ 359,335	$ 683,094	$ 12,769	$ 14,385	$ 3,150	$ 1,856	$ 375,254	$ 699,335
2022...........	378,050	660,238	13,423	13,730	5,238	2,976	396,711	676,944
2023...........	409,798	642,629	14,117	13,043	5,639	2,881	429,554	658,553
2024...........	402,407	625,019	14,073	12,289	5,429	2,785	421,909	640,093
2025...........	436,178	607,298	14,753	11,502	5,526	2,687	456,457	621,487
2026-2030...	2,110,794	2,710,774	73,097	45,933	28,964	11,871	2,212,855	2,768,578
2031-2035...	1,865,817	2,234,046	48,050	29,419	30,718	9,190	1,944,585	2,272,655
2036-2040..	2,628,445	1,723,362	48,461	15,517	30,998	6,492	2,707,904	1,745,371
2041-2045..	2,849,280	1,053,004	24,389	1,796	33,309	3,922	2,906,978	1,058,722
2046-2050...	2,650,775	399,912	-	-	29,475	1,304	2,680,250	401,216
2051-2055...	96,160	15,841	-	-	3,066	31	99,226	15,872
2056-2058...	48,810	3,214	-	-	-	-	48,810	3,214
Total........	$14,235,849	$11,358,431	$ 263,132	$ 157,614	$ 181,512	$ 45,995	$ 14,680,493	$ 11,562,040

(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 $18.8 million and $3.9 million, respectively, through the year ending 2030. The federal sequester reduction was 5.9% in fiscal year 2020 and will be 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 0.08%, 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 $23.0 million, $3.2 million and $74, 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, 2020 are as follows:

Governmental Activities - General Obligation Bonds

Authorized and unissued as of June 30, 2019	$ 1,094,565
Increase in authorization in this fiscal year:	
Affordable Housing	600,000
Earthquake Safety and Emergency Response	628,500
Subtotal	2,323,065
Bonds issued:	
Series 2019B Clean and Safe Neighborhood Parks	(3,100)
Series 2019C Affordable Housing	(92,725)
Series 2020A Embarcadero Seawall Earthquake Safety	(49,675)
Net authorized and unissued as of June 30, 2020	$ 2,177,565

The increase in the authorized and unissued amount over the last year reflect the $600.0 million of 2019 Affordable Housing (Proposition A) and $628.5 million of 2020 Earthquake Safety and Emergency Response (Proposition B) General Obligation Bonds approved by at least two-thirds of voters at elections held on November 5, 2019 and March 3, 2020, respectively. The proceeds of the Affordable Housing bonds will be used to finance the construction, development acquisition, and preservation of housing affordable to extremely low, low- and middle-income households through programs that will prioritize vulnerable populations. The proceeds of the Earthquake Safety and Emergency Response bonds will be used to finance improvements to earthquake safety and emergency responsiveness facilities and infrastructure.

In October 2019, the City issued General Obligation Bonds Series 2019B (Clean and Safe Neighborhood Parks) and Series 2019C (Affordable Housing) in the amount of $3.1 million and $92.7 million (the Series 2019B and the Series 2019C), respectively. The Series 2019B bonds bear an interest rate of 5.0% and matured on June 2020. The Series 2019C bonds bear interest rates ranging from 1.55% to 2.70% and principal amortizing from June 2020 through June 2039. The Series 2019B was issued to provide funds to improve the safety and quality of neighborhood parks across the City and waterfront open spaces by enhancing water quality and cleaning up environmental contamination along the Bay, replacing unsafe playgrounds, fixing restrooms, improve access for the disabled, and insuring the seismic safety of park and recreational facilities under the jurisdiction of the Port of San Francisco and pay certain costs related to the issuance of the Series 2019B bonds. The Series 2019C was issued to finance the construction, development, acquisition and preservation of housing affordable to low- and middle-income households through programs that will prioritize vulnerable populations; to assist in the acquisition, rehabilitation, and preservation of affordable rental apartment buildings; to repair and reconstruct dilapidated public housing; to fund a middle-income rental program; to provide for homeownership down payment assistance opportunities for educators and middle-income households; and pay certain costs related to the issuance of the Series 2019C bonds.

(Dollars in Thousands)

In May 2020, the City issued the General Obligation Bonds Series 2020-R1 (the Bonds) in the amount of $195.3 million with interest rates of 4.0% and 5.0% and principal maturing from June 2021 through June 2035 to refund certain outstanding general obligation bonds described below and to pay certain costs related to the issuance of the Bonds.

General Obligation Bonds, Series 2020-R1

Description of Bonds	Amount Refunded	Interest Rate	Redemption Price	Redemption Date
GO Refunding S2008-R1	$ 3,480	4.00%	100%	5/27/2020
Earthquake Safety and Emergency Response S2010E	35,730	4.00% - 5.00%	100%	6/15/2020
Earthquake Safety and Emergency Response S2012A	108,025	3.00% - 4.00%	100%	6/15/2020
Clean & Safe Neighborhood Parks S2012B	42,425	2.00% - 4.00%	100%	6/15/2020
Road Repaving & Street Safety S2012C	43,435	2.00% - 4.00%	100%	6/15/2020
Total	$ 233,095			

On the date of delivery of the Bonds, a portion of the proceeds of the Bonds in the amount of $231.4 million plus funds transferred from the debt service fund related to the refunded bonds in the amount of $6.1 million were deposited with Wilmington Trust, National Association as escrow agent. The funds deposited and held with the escrow agent, together with investment earnings thereon, were enough to pay principal and interest on the refunded bonds to be redeemed on the respective redemption dates specified on the table above.

The refunding resulted in the recognition of an accounting gain of $17.7 million for the year ended June 30, 2020. The City in effect reduced its aggregate debt service payments by $38.2 million and obtained a net present value savings of $31.2 million or 13.41% of the refunded bonds.

In June 2020, the City issued the City and County of San Francisco Taxable General Obligation Bonds (Embarcadero Seawall Earthquake Safety) Series 2020A (the Series 2020A) in the amount of $49.7 million. The Series 2020A bonds bear interest rates of 0.35% and 0.75% with principal amortizing from June 2020 to June 2021. The proceeds of the Series 2020A bonds will be used to finance the construction, reconstruction, acquisition, improvement, demolition, seismic strengthening and repair of the Embarcadero Seawall and other critical infrastructure, and to pay certain costs related to the issuance of the Series 2020A bonds.

The General Obligation Bonds debt service payments are funded through ad valorem taxes on property. The City is obligated to levy ad valorem taxes without limitation as to rate or amount on all real property subject to taxation (except in certain limited circumstances) for the payment of general obligation bonds. No City property is pledged to the repayment of general obligation bonds nor is the City required to maintain a reserve fund for the payment of principal and interest.

An event of default is the non-payment of interest or principal, when due. Remedies include mandamus action for payment. General Obligation Bonds are not subject to acceleration.

Certificates of Participation

In October 2019, the City issued Certificates of Participation (49 South Van Ness Project) Series 2019A (the Certificates) in the amount of $247.8 million, the proceeds of which will be used to: finance or refinance a portion of the costs of the acquisition, demolition, construction and installation of improvements of an office building to be used by the City, located at 49 South Van Ness Avenue, San Francisco, California (the Project); retire certain commercial paper notes of the City, the proceeds of which, financed or refinanced a portion of the cost of the Project; fund the 2019 Reserve Account established under the Trust Agreement for the Certificates; pay capitalized interest through December

(Dollars in Thousands)

1, 2020 and; pay costs of issuance of the Certificates. The Series 2019A Certificates bear interest rates ranging from 3.0% to 5.0% with principal amortizing from April 2021 through April 2050.

In November 2019, the City issued $116.5 million Refunding Certificates of Participation Series 2019-R1 (Multiple Capital Improvement Projects) (the Certificates) to provide funds to prepay certain certificates of participation which financed capital projects of the City, consisting of $89.4 million proceeds of which was used for improvements to Laguna Honda Hospital and of $27.1 million for the acquisition, construction and installation of improvements to various City streets; finance the acquisition of capital equipment, including mechanical street sweepers, and other capital expenditures; and pay the costs of execution and delivery of the Certificates. The Certificates bear interest rates ranging from 2.125% to 5.0% and will mature from April 2020 through April 2035. For the governmental activities, the refunding resulted in an accounting gain of $174 and a net present value savings of $6.1 million or 21.2% of refunded bonds.

As of June 30, 2020, the City has a total of $1.10 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% of 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 $1.71 billion payable through April 1, 2050. For the year ended June 30, 2020, principal and interest paid by the City totaled $31.0 million and $41.4 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, 2020 were as follows:

Governmental Activities - Lease Revenue Bonds

Authorized and unissued as of June 30, 2019	$ 192,558
Increase in authorization in this fiscal year:	
Current year annual increase in Finance Corporation's equipment program	3,920
Authorized and unissued as of June 30, 2020	$ 196,478

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 $133.9 million payable through June 2030. For the year ended June 30, 2020, principal and interest paid by the Finance Corporation in the form of lease payments by the City totaled $5.8 million and $3.2 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, 2020, all the previously issued equipment lease revenue bonds have been repaid. $82.3 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, remedies include the termination of Letters of Credit on stated termination date; on last payment of Bonds; upon payment of Bonds from mandatory tender due to substitute credit facility; or conversion of Bonds to mode other than daily or weekly. The bonds are subject to mandatory tender.

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.

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 then-outstanding amount under 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 at June 30, 2020 is $235.3 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 $99.3 million for the year ended June 30, 2020, was 4.56x or 455.92%. Events of default for the bonds include nonpayment events, bankruptcy events, and noncompliance with covenants. The Series 2017 Bonds are not subject to acceleration.

In June 2018, the SFCTA entered into a Revolving Credit (Loan) Agreement with State Street Public Lending Corporation and US Bank N.A. for a total amount of $140.0 million with a rate of interest equal to the sum of 80% of 1-month LIBOR plus a fixed credit spread (subject to adjustment if the SFCTA's credit rating changes). This agreement replaced a prior revolving credit agreement. In fiscal year 2020, the commitment fees were paid by the SFCTA under the Revolving Credit Agreement at an interest rate of 0.24%. The Revolving Credit Agreement expires on June 7, 2021 and is secured by a lien on the SFCTA's sales tax revenues subordinate to the lien on the sales tax revenues securing the SFCTA's Series 2017 Bonds. If specified conditions are met, the repayment period for loans under the Revolving Credit Agreement may extend five years after June 7, 2021. As of June 30, 2020, the SFCTA has no outstanding balance under the Revolving Credit Agreement but can borrow up to $140.0 million under the agreement at any time. The SFCTA paid $0.4 million for commitment fees in fiscal year 2020.

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 2020, 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, 2020, $4.6 billion of the authorized capital plan bonds remained unissued.

Second Series Revenue Bonds, Series 2019E/F/G

In September 2019, the Airport issued its fixed rate Second Series Revenue Bonds, Series 2019E (AMT), Series 2019F (Non-AMT/Governmental Purpose), and Series 2019G (Federally Taxable) in an aggregate principal amount of approximately $896.9 million to finance and refinance (through repayment of commercial paper notes) a portion of the costs of the following projects, among others: (a) redevelopment of Terminal 1, (b) redevelopment of Terminal 3 West, (c) construction of the Courtyard 3 Connector (a secure connector between Terminals 2 and 3), (d) renovation of the International Terminal departures level, (e) gate enhancements, and (f) extension of AirTrain service to the long-term parking garages; to fund deposits to debt service reserve accounts and the Contingency Account; to fund deposits to capitalized interest accounts; and to pay costs of issuance. The net proceeds of the Series 2019E Bonds, Series 2019F Bonds and the Series 2019G Bonds issued as capital plan bonds (consisting of approximately $896.9 million par amount, net original issue premium of $194.4 million and net of the underwriters' discount of $1.5 million, together with a debt service reserve fund release of $11.9 million), were used to deposit $954.8 million to project accounts, $24.3 million to refund commercial paper notes (including $4.9 million of commercial paper notes that funded a deposit to the Airport's contingency account), $3.1 million to the Airport's contingency account, $59.9 million to the capitalized interest accounts, $58.4 million to the Original Reserve Account, and $1.1 million to pay costs of issuance.

Second Series Revenue Refunding Bonds

Pursuant to resolutions adopted between fiscal years 2005 and 2020, 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, 2020, $2.6 billion of the authorized refunding bonds remained authorized but unissued.

During fiscal year 2020, the Airport issued the following new refunding bonds under the 1991 Master Bond Resolution:

Second Series Revenue Bonds, Series 2019G and Second Series Revenue Refunding Bonds, Series 2019H

In September 2019, the Airport issued its fixed rate Second Series Revenue Bonds, Series 2019G (Federally Taxable), and Second Series Revenue Refunding Bonds, Series 2019H (AMT), in the aggregate principal amount of $292.3 million, to refund $328.0 million of its Issues 37C and 2010A-3 bonds, and Series 2009A, 2009B, 2009C-2 Bonds, in addition to refinancing two swap termination payments totaling $25.1 million. The net proceeds of the Series 2019G and 2019H Bonds (consisting of $292.3 million par amount and original issue premium of $49.7 million, less an underwriters' discount of $0.4 million), together with $16.2 million accumulated in the debt service fund relating to the refunded bonds were used to deposit $332.3 million into irrevocable escrow funds with the Senior Trustee to refund $328.0 million in revenue bonds as described below and $0.5 million to pay costs of issuance.

(Dollars in Thousands)

	Amount refunded	Interest rate
Second Series Revenue Bonds Issue:		
Issue 37C (Non-AMT/Private Activity)	$ 82,500	3.90%
Series 2009A (Non-AMT/Private Activity)	84,305	4.90%
Series 2009B (Non-AMT/Private Activity)	75,905	4.90%
Series 2009C-2 (Non-AMT/Private Activity)	19,080	4.13 - 5.00%
Issue 2010A-3 (AMT)	66,205	3.77%
Total	$ 327,995	

The Series 2009C-2, Issue 37C, and Issue 2010A-3 Bonds were redeemed in September 2019, and the Series 2009A and 2009B bonds were redeemed in November 2019. In aggregate, the Series 2019G/H refundings resulted in the recognition of a deferred accounting loss of $8.0 million for the year ended June 30, 2020. In aggregate, the Series 2019G/H refundings decreased the Airport's aggregate gross debt service payments by approximately $27.9 million over the next eleven years and obtained an economic gain (the difference between the present values of the old debt and the new debt) of $16.2 million.

Variable Rate Demand Bonds

As of June 30, 2020, the Airport had outstanding an aggregate principal amount of $407.5 million of Second Series Variable Rate Revenue Refunding Bonds, consisting of Series 2010A, and Second Series Variable Rate Revenue Bonds, consisting of 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, 2020, there were no unreimbursed draws under these facilities.

(Dollars in Thousands)

Subsequent to the issuance and delivery of Series 2019H bonds on September 10, 2019, the letter of credit issued by MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.) supporting the Issue 37C Bonds and the Remarketing Agreement with Stifel, Nicolaus & Company, Incorporated, as remarketing agent for the Issue 37C Bonds, were terminated. In September 2019, the principal amount of letter of credit issued by Bank of America, N.A., supporting the Series 2010A Bonds was reduced to $134.7 million. In April 2020, the Bank of America, N.A., letter of credit supporting the Series 2010A Bonds was extended to April 14, 2023. The letters of credit securing the Variable Rate Bonds included in long-term debt as of June 30, 2020, are as follows:

	Series 2010A	Series 2018B	Series 2018C
Principal amount	$ 131,205	$ 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 (the 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 bear interest at a fixed rate of 3.0% per annum, mature in 2058, and are subject to mandatory sinking fund redemption each year starting in 2022.

The Hotel Special Facility Bonds were issued pursuant to a Trust Agreement (the Hotel Trust Agreement). The maximum principal amount of such bonds is not limited by the Hotel Trust Agreement, but the Airport must satisfy an additional bonds test prior to the issuance of any such bonds.

The Hotel Special Facility Bonds are limited obligations of the Airport. Under the Hotel Trust Agreement, the Airport has pledged the Revenues of the on-Airport hotel, together with other assets, to the payment of the principal of and interest on the Hotel Special Facility Bonds. Revenues are generally defined in the Hotel Trust Agreement as all revenue and income of any kind derived directly or indirectly from operations at the on-Airport hotel (not including certain amounts specified in the Hotel Trust Agreement). Operating expenses of the on-Airport hotel are payable prior to payment of principal of and interest on the Hotel Special Facility Bonds. The Airport does not maintain a reserve account for the Hotel Special Facility Bonds. The Hotel Special Facility Bonds are subject to acceleration upon the occurrence of an event of default. Events of default include nonpayment events, bankruptcy events, noncompliance with covenants, condemnation of the hotel, or a failure by the Airport to maintain a third-party manager for the hotel. The Hotel Special Facility Bonds are not payable from or secured by the Airport’s Net Revenues (as defined under the 1991 Master Bond Resolution). However, because the Airport is the owner of the on-Airport hotel, the Airport is obligated to repay the Hotel Special Facility Bonds from the net revenues of the hotel. As of June 30, 2020, the Airport had $260.0 million of outstanding Hotel Special Facility Bonds.

(Dollars in Thousands)

Interest Rate Swaps

As of June 30, 2020, 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, 2020.

No.	Current bonds	Initial notional amount	Notional amount June 30, 2020	Effective date
1	2010A*	$ 143,947	$ 131,187	2/1/2020
	Total	$ 143,947	$ 131,187	

* 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. The value was 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 swaps 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 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 72 fair value hierarchy.

As of June 30, 2020, 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+/A3/A*	3.925%	$ (28,221)
		Total			$ (28,221)

* Reflects ratings of the guarantor.
** Hedges Series 2010A-1 and 2010A-2.

(Dollars in Thousands)

Fair Value Hierarchy

	Fair Value June 30,2020	Fair value measurements using significant other observable inputs (Level 2)
Interest rate swap	$ (28,221)	$ (28,221)

Change in Fair Value

The impact of the interest rate swaps on the financial statements for the year ended June 30, 2020 is as follows:

	Deferred outflows on derivative Instruments	Derivative instruments
Balance as of June 30, 2019	$ 38,828	$ 46,085
Change in fair value to year-end	(10,607)	(17,864)
Balance as of June 30, 2020	$ 28,221	$ 28,221

The fair value of the interest rate swap portfolio 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.

Basis Risk – During the year ended June 30, 2020, 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, 2020, the Airport is not exposed to credit risk because the swap has a negative fair value to the Airport.

Counterparty Risk –As of June 30, 2020, the fair value of the Airport's swap was negative to the Airport (representing an amount payable by the Airport to the 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, 2020, 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, 2020, the reserve requirement for the Issue 1 Reserve Account was $510.8 million, which was satisfied by $528.1 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.

2009 Reserve Account - As of June 30, 2020, the reserve requirement for the 2009 Reserve Account was $2.6 million, which was satisfied by $8.8 million in cash and investment securities.

2017 Reserve Account - As of June 30, 2020, the reserve requirement for the 2017 Reserve Account was $47.8 million, which was satisfied by $54.3 million in cash and investment securities.

Series Secured by Other or No 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, and 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 Refunding Bonds 2019 Series ABC

In January 2020, the Water Enterprise issued taxable revenue bonds, 2019 Series ABC refunding bonds in the aggregate amount of $656.9 million. The 2019 Series A (Water System Improvement Program (WSIP), Green) bonds were issued for the purpose of refunding a portion of the outstanding 2010 Series F (WSIP) bonds maturing on and after November 1, 2020, a portion of the outstanding 2011 Series A (WSIP) bonds maturing on and after November 1, 2020, and a portion of the outstanding 2012 Series A (WSIP) bonds maturing on and after November 1, 2035.

The 2019 Series B (Hetch Hetchy Water) bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series B bonds maturing on or after November 1, 2032.

The 2019 Series C (Local) bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series C bonds maturing on or after November 1, 2032.

The bonds carried "Aa2" and "AA-" ratings from Moody's and S&P, respectively. The 2019 Series ABC bonds include serial bonds with interest rates varying from 1.8% to 3.5% and have a final maturity in 2043. The Series ABC bonds have a true interest cost of 3.3%. The refunding resulted in the recognition of a deferred accounting loss of $17.3 million, gross debt service savings of $119.8 million, and an economic gain of $92.6 million or 14.0% of refunded principal. As of June 30, 2020, the principal amount of 2019 Series ABC bonds outstanding was $656.9 million.

Clean Water State Revolving Fund (CWSRF) Loan and Grant

In September 2017, the San Francisco Public Utilities Commission (SFPUC) entered into an installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan and Grant to fund the Water Enterprise's SF Westside Recycled Water Project. The CWSRF loan is in the amount of $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 Water Enterprise's outstanding revenue bonds. The principal outstanding as of June 30, 2020 was $73.3 million.

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 could cause the Trustee to declare that the principal and accrued interest thereon and all capital appreciation bonds then outstanding in its accreted value thereof, to be due and payable immediately. As of June 30, 2020, 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, 2020, 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, 2020, 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, 2020, there were no such events described herein.

San Francisco Municipal Transportation Agency

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 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 drawdowns are limited to once a month for a minimum of $0.25 million each disbursement. The loan agreement requires that certain funds shall be administered by the lender which include a loan proceeds account and a reserve account. In February 2019, the loan agreement was amended to reduce the maximum loan amount to $12.0 million and change the first principal payment from November 1, 2018 to November 1, 2019. Beginning November 2019, the garage is required to make monthly principal payments and interest. In April 2020, the parking corporation obtained Small Business Administration's (SBA) Paycheck Protection Program loan with First Republic Bank in the amount of $0.3 million. The loan has a term of two years at a fixed interest rate of 1.0% per annum with no collateral requirement. The loan program allows borrowers to apply for loan forgiveness to cover eligible expenses incurred during the 24-week period. 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 parking corporation shall be responsible for the payment of principal and accrued interest within the term of the loan. The SFMTA is not responsible for loan repayments and any aspect of loan performance other than reporting on behalf of another government entity.

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

WIFIA Loan Agreement-Southeast Treatment Plant Improvements

In June 2020, the San Francisco Public Utilities Commission (SFPUC) entered into a "Water Infrastructure Finance and Innovation Act (WIFIA)" Loan Agreement (WIFIA Loan) with the United States Environmental Protection Agency in the amount of $513.9 million. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise's SEP New Headworks Replacement Project and additional costs of the revised Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise's net revenues and is on a parity lien basis with the SFPUC's outstanding Wastewater Revenue Bonds and Clean Water State Revolving Fund (CWSRF) Loans entered into with the California State Water Resources Control Board. The loan will bear a fixed interest rate of 1.45% for a 35-year term, with loan repayment expected to begin in fiscal year 2025, after substantial completion of project construction. The SFPUC has not submitted any requests for loan disbursements to date and there is no outstanding loan principal as of June 30, 2020.

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 Enterprise's outstanding revenue bonds. As of June 30, 2020, the principal amount outstanding of the loan was $0.

SEP Biosolids Digester Facilities Project

In May 2020, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP Biosolids Digester Facilities Project of the Sewer System Improvement Program. The CWSRF loan is in the amount of $132.0 million, which includes $4.0 million of principal forgiveness, or a grant. The loan bears an interest rate of 1.4% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion is expected in May 2026. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. As of June 30, 2020, the principal amount outstanding of the loan was $0.

WIFIA Loan Agreement-Biosolids Digester Facility Project

In July 2018, the SFPUC entered into a WIFIA Loan with the United States Environmental Protection Agency in the amount of $699.2 million. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise's Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise's net revenues and is on a parity lien basis with the SFPUC's outstanding Wastewater Revenue Bonds and CWSRF Loans entered into with the California State Water Resources Control Board. The original 2018 loan bore a fixed interest rate of 3.09% for a 35-year term, with loan repayment expected to begin in fiscal year 2026, after substantial completion of project construction. In June 2020, the SFPUC re-executed the WIFIA Loan Agreement to have a fixed interest rate of 1.45% for a 35-year term. All other terms of WIFIA Loan Agreement are unchanged. The SFPUC has not submitted any requests for loan disbursements to date and there is no outstanding loan principal as of June 30, 2020.

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 CWSRF Loan to fund the Lake Merced Green Infrastructure Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loan 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 is expected by July 2020. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received loan disbursements to date totaling $4.9 million and a receivable for reimbursement of $1.2 million. As of June 30, 2020, the principal amount outstanding of the loan was $6.1 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 loan 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 is expected by July 2019. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling $36.1 million and a receivable for reimbursement of $2.0 million. As of June 30, 2020, the principal amount outstanding on the loan was $37.7 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 loan 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 Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling $17.7 million. As of June 30, 2020, the principal amount outstanding of the loan was $16.6 million.

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 loan is $34.4 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 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, 2020, the principal amount outstanding of the loan was $27.6 million.

Events of Default and Remedies

Wastewater Revenue Bonds, CWSRF 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, 2020, there were no such events described herein.

Port of San Francisco

Revenue Refunding Bonds - In February 2020, the Port issued $23.8 million in refunding revenue bonds in two series; a non-AMT tax-exempt series (Series 2020A) and a taxable series (Series 2020B). The purpose of the Series 2020A and Series 2020B Bonds was to refund all outstanding Series 2010A and Series 2010B in the aggregate principal amount of $29.9 million. Series 2020A, original issued total of $10.9 million, has serial bonds of $10.9 million outstanding at June 30, 2020 with remaining coupon rates from 4.0% to 5.0% and remaining maturities from March 2031 through March 2040. Series 2020B, original issued total of $12.9 million, has serial bonds of $12.9 million outstanding at June 30, 2020 with remaining coupon rates from 1.62% to 2.408% and remaining maturities from March 2021 through March 2030. The Series 2020A and Series 2020B Bonds are not secured by a debt service reserve fund. The refunding resulted in a net present value savings (economic gain) of $9.1 million and an accounting loss from refunding of debt of $175.

In May 2019, the Port assumed the operations and corresponding balances of the South Beach Harbor (the SBH) from the Office of Community Investment and Infrastructure (OCII), including three loans provided by Cal Boating, which totaled $6.1 million and accrues interest at a rate of 4.5% per annum. As of June 30,2020, total principal and interest remaining to be paid on the loans are $8.3 million. The loan is secured by net revenues as defined in the loan agreement. Annual principal and interest payments were $536 in 2020 and pledged net revenues were $2.5 million for the year ended June 30, 2020. Cal Boating may take possession of the operations if after ninety days written notice, the Port remains in breach of any of the provisions of Small Craft Harbor loans and operation contract. Cal Boating shall operate or maintain the operations for the account of the Port until the loan is repaid in full.

Also, in conjunction with the receipt of SBH loans, the Port designated SBH as a Special Facility and the Cal Boating Loans as Special Facility Bonds as provided under the Port's Revenue Bond Master Trust Indenture. Pursuant to Section 2.14 of the Revenue Bond Master Trust Indenture, the Port Commission is authorized to designate an existing or planned facility, structure, equipment or other property, real or personal property that is located within the Port Area as a Special Facility. The Port Commission may designate revenue earned by the Port from or with respect to a Special Facility as "Special Facility Revenue". Special Facility Revenue is not included in revenue as defined in the Revenue Bond Master Trust Indenture, and, consequently, is not included in the Net Revenues that is pledged as security for the Revenue Bonds under the Revenue Bond Master Trust Indenture.

Events of Default and Remedies

Revenue Bonds - The revenue bonds contain an acceleration provision that in an event of default, the trustee may, upon written request from the credit provider or holders of not less than fifty-one percent of the aggregate principal amount then outstanding, by written notice to the Port, shall declare the principal amount of all bonds outstanding and the interest accrued becomes due and payable immediately.

Certificates of Participation – In an event of default, the trustee may enforce all of its rights and remedies under the project lease, including the right to recover base rental payments as they become due under the project lease by pursuing any remedy available in law or in equity, other than by terminating the project lease or re-entering and reletting the leased property, or except as expressly provided in the project lease.

Loan Agreement with the California Division of Boating and Waterways – The loan contains a provision that in an event the Port fails, in whole or in part, to make any payment due under the Fisherman's Wharf loan contract, then such a deficiency shall be added to and become part of the principal of the loan and a provision that if any annual loan installment made by the Port is less than the amount required under the contract, then such payment shall first be applied to reduce any accrued unpaid interest due on the loan while any remaining part of the payment shall be used to reduce the principal of the loan.

Laguna Honda Hospital

In November 2019, the City issued $116.5 million Refunding Certificates of Participation Series 2019-R1 (Multiple Capital Improvement Projects) (the Certificates) to provide funds to prepay certain certificates of participation which financed capital projects of the City, consisting of $89.4 million proceeds of which was used for improvements to Laguna Honda Hospital and of $27.1 million for the acquisition, construction and installation of improvements to various City streets; finance the acquisition of capital equipment, including mechanical street sweepers, and other capital expenditures; and pay the costs of execution and delivery of the Certificates. The Certificates bear interest rates ranging from 3.0% to 5.0% and will mature from April 2020 through April 2031. The refunding resulted in an accounting gain of $1.5 million and a net present value savings of $22.1 million or 19.6% of refunded bonds for the Laguna Honda Hospital. The Laguna Honda Hospital base rental payments for the Certificates are funded through reimbursements under SB 1128 and the City's General Fund.

(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 and by City resolution. 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.

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

(Dollars in Thousands)

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.

CalPERS – CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on a final compensation, which is the highest average pay rate and special compensation during any consecutive one-year or three-year period. The cost-of-living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California PEPRA, which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013 are known as "PEPRA" members.

The CalPERS' provisions and benefits in effect at June 30, 2020, 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 13.00%
Required employer contribution rates	11.15%		22.61%	22.61%

** 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%	6.25%	7.00%	6.50%
Required employer contribution rates	10.22%	6.99%	11.12%	7.19%

(Dollars in Thousands)

At June 30, 2020, 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	59,930	75	1,133	13	196	1
Inactive employees entitled to but not yet receiving benefits	9,183	-	300	60	152	-
Active employees	33,946	2	813	39	46	-
Total	103,059	77	2,246	112	394	1

Contributions

For the year ended June 30, 2020, the City's actuarial determined contributions were as follows:

SFERS Plan	$ 701,307
City CalPERS Miscellaneous Plan	10
City CalPERS Safety Plan	40,778
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	539
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	2,012
Treasure Island Development Authority CalPERS Miscellaneous Plan	7
Total	$ 744,653

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 2020 varied from 7.5% to 13.0% as a percentage of gross covered salary. For the year ended June 30, 2019, 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, 2018 actuarial report, the required employer contribution rates for fiscal year 2020 were 20.69% to 25.19%.

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 is 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, 2020.

Pension liabilities are financed by governmental funds and enterprise funds that are responsible for the charges.

(Dollars in Thousands)

Net Pension Liability

The table below shows how the net pension liability (NPL) as of June 30, 2020 is distributed.

Governmental activities	$ 2,823,589
Business-type activities	1,831,949
Fiduciary funds	29,803
Component Unit - Treasure Island Development Authority	25
Total	$ 4,685,366

As of June 30, 2020, the City's NPL is comprised of the following:

	Proportionate Share	Share of Net Pension Liability (Asset)
SFERS Plan	94.1288%	$ 4,213,809
City CalPERS Miscellaneous Plan	-0.1541%	(15,793)
City CalPERS Safety Plan	N/A	317,898
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	0.0230%	2,352
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	0.2908%	29,803
Treasure Island Development Authority CalPERS Miscellaneous Plan	0.0002%	25
Replacement Benefits Plan	N/A	137,272
Total		$ 4,685,366

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, 2019, 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, 2018, rolled forward to June 30, 2019, 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, 2019 and 2018 were as follows:

	June 30, 2019 (Measurement Date)		June 30, 2018 (Measurement Date)	
	Proportionate Share	Share of Net Pension Liability (Asset)	Proportionate Share	Share of Net Pension Liability (Asset)
SFERS Plan	94.1288%	$ 4,213,809	94.1042%	$ 4,030,207
City CalPERS Miscellaneous Plan	-0.1541%	(15,793)	-0.1573%	(15,154)
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	0.0230%	2,352	0.0215%	2,069
Successor Agency Classic & PEPRA CalPERS Miscellaneous Plans	0.2908%	29,803	0.2820%	27,178
Treasure Island Development Authority CalPERS Miscellaneous Plan	0.0002%	25	0.0003%	28
Total		$ 4,230,196		$ 4,044,328

(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, 2018 (MD)	$ 1,401,943	$ 1,082,203	$ 319,740
Change in year:			
Service cost	30,109	-	30,109
Interest on the total pension liability	98,555	-	98,555
Differences between expected and actual experience	(7,134)	-	(7,134)
Contributions from the employer	-	43,789	(43,789)
Contributions from employees	-	9,141	(9,141)
Net investment income	-	71,212	(71,212)
Benefit payments, including refunds of employee contributions	(62,934)	(62,934)	-
Administrative expense	-	(772)	772
Other miscellaneous income	-	2	(2)
Net changes during measurement period	58,596	60,438	(1,842)
Balance at June 30, 2019 (MD)	$ 1,460,539	$ 1,142,641	$ 317,898

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, 2018 (MD)	$ 92,253
Change in year:	
Service cost	1,286
Interest	3,538
Differences between expected and actual experience	13,588
Assumption changes	29,565
Benefit payments	(2,958)
Net changes during measurement period	45,019
Balance at June 30, 2019 (MD)	$ 137,272

(Dollars in Thousands)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, 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	$ 559,349	$ 324,046	$ -	$ -	$ 883,395
City CalPERS Miscellaneous Plan	(204)	-	-	-	(204)
City CalPERS Safety Plan	63,477	-	-	-	63,477
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	808	-	-	-	808
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	-	-	4,384	-	4,384
Treasure Island Development Authority CalPERS Miscellaneous Plan	-	-	-	5	5
Replacement Benefits Plan	15,027	-	-	-	15,027
Total pension expense	$ 638,457	$ 324,046	$ 4,384	$ 5	$ 966,892

At June 30, 2020, 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	$ 701,307	$ -	$ 2,568	$ -	$ 40,778	$ -	$ -	$ -	$ 744,653	$ -
Change in assumptions	599,295	-	1,801	1,297	13,394	-	29,279	4,116	643,769	5,413
Difference between expected and actual experience	31,205	46,391	2,319	1,270	2,452	6,978	17,339	-	53,315	54,639
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	73,891	72,791	3,348	5,014	-	-	5,692	5,692	82,931	83,497
Net differences between projected and actual earnings on plan investments	-	776,478	276	563	-	5,995	-	-	276	783,036
Total	$ 1,405,698	$ 895,660	$ 10,312	$ 8,144	$ 56,624	$ 12,973	$ 52,310	$ 9,808	$1,524,944	$ 926,585

At June 30, 2020, the City reported $744.7 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 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 as follows:

Year Ending June 30	SFERS Plan	CalPERS Miscellaneous Plans	CalPERS Safety Plan	Replacement Benefits Plan	Total
2021	$ 154,369	$ 80	$ 14,415	$ 13,162	$ 182,026
2022	(290,312)	(263)	(11,088)	10,859	(290,804)
2023	(96,559)	(274)	(1,579)	9,851	(88,561)
2024	41,233	57	1,125	8,630	51,045
Total	$ (191,269)	$ (400)	$ 2,873	$ 42,502	$ (146,294)

(Dollars in Thousands)

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2019 is provided below, including any assumptions that differ from those used in the July 1, 2018 actuarial valuation.

	SFERS Plan		CalPERS Miscellaneous and Safety Plans
Valuation date	June 30, 2018 updated to June 30, 2019		June 30, 2018
Measurement date	June 30, 2019		June 30, 2019
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	3.50% as of June 30, 2019 Bond Buyer 20-Bond GO Index, June 27, 2019		
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, 2019		7.15% as of June 30, 2019
Basic COLA	Old Miscellaneous and		
	All New Plans	2.00%	Miscellaneous Contract COLA up to 2.50% until Purchasing
	Old Police and Fire:		Protection Allowance Floor on Purchasing Power applies.
	Pre 7/1/75 Retirements	2.50%	Safety standard COLA 2.0%
	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, 2019 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, 2018.

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, 2018 valuation were based on the results of an actuarial experience study for the period 1997 to 2016, 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, 2019 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, 2018.

Discount Rates

SFERS – The discount rate used to measure SFERS's total pension liability as of June 30, 2019 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, 2018 actuarial valuation.

(Dollars in Thousands)

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, 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, 2019, of the probability and amount of Supplemental COLA for each future year. We have assumed that a full Supplemental COLA will be paid to all Post 1997 Retirees effective July 1, 2019.

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
2021	0.75%	0.27%
2023	0.75%	0.34%
2025	0.75%	0.36%
2027	0.75%	0.37%
2030+	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 2097 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 3.50% to the extent they are not available. The single equivalent rate used to determine the total pension liability as of June 30, 2019 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%	5.3%
Treasuries	6.0%	0.9%
Liquid Credit	3.0%	3.6%
Private Credit	10.0%	5.2%
Private Equity	18.0%	8.3%
Real Assets	17.0%	5.4%
Hedge Funds/Absolute Return	15.0%	3.9%

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.

(Dollars in Thousands)

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 3.50% as of June 30, 2019. 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 Yields are the Bond Buyer 20-Year GO Index as of June 28, 2019. These are the rates used to determine the total pension liability as of June 30, 2019.

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 $225 for 2019 was used for the 2019 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, 2020, the membership in the RBP had a total of 635 active members and 99 retirees and beneficiaries currently receiving benefits.

(Dollars in Thousands)

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	$ 7,953,927	$ 4,213,809	$ 1,123,642
	1% Decrease Share of NPL @ 6.15%	**Current Share of NPL @ 7.15%**	**1% Increase Share of NPL @ 8.15%**
City CalPERS Miscellaneous Plan	$ (13,026)	$ (15,793)	$ (18,077)
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	4,092	2,352	915
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	44,648	29,803	17,549
Treasure Island Development Authority CalPERS Miscellaneous Plan	36	25	16

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	$ 512,539	$ 317,898	$ 156,946
	1% Decrease @ 2.50%	**Measurement Date @ 3.50%**	**1% Increase @ 4.50%**
Replacement Benefits Plan	$ 163,205	$ 137,272	$ 116,979

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.

(Dollars in Thousands)

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 $822.5 million in fiscal year 2020. 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 $238.4 million to provide postemployment health care benefits for 29,543 retired participants, of which $196.5 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 (the OPEB Plan). The OPEB Plan provides postemployment medical, dental and vision insurance benefits to eligible employees, retired employees, surviving spouses, and domestic partners. Health benefit provisions are established and may be amended through negotiations between the City and the respective bargaining units.

GASB Statement No. 75 requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

San Francisco Health Service System OPEB Plan

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

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:

(Dollars in Thousands)

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 20 years of credited service[3]
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.
[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.
[3] Age 52 with 5 years of credited service for Miscellaneous members hired on or after January 1, 2013.

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, 2019 valuation date, the following current and former employees were covered by the benefit terms under the healthcare plan:

	City Plan
Active plan members	32,380
Inactive employees entitled to but not yet receiving benefit payments	2,071
Inactive employees or beneficiaries currently receiving benefit payments	22,045
Total	56,496

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.

(Dollars in Thousands)

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, 2018 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	37	46
Inactive employees or beneficiaries currently receiving benefit payments	10	110
Total	47	156

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, 2020, the City's funding was based on "pay-as-you-go" plus a contribution of $39.5 million to the RHCTF. The "pay-as-you-go" portion paid by the City was $196.5 million for a total contribution subsequent to the measurement date of $236.0 million for the year ended June 30, 2020.

(Dollars in Thousands)

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, 2020, the Transportation Authority contributed $51 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, 2020, the Successor Agency contributed $2.9 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 and enterprise funds that are responsible for the charges.

Net OPEB Liability

The table below shows how the net OPEB liability (asset) as of June 30, 2020 is distributed.

		2020
Governmental activities	$	2,117,699
Business-type activities		1,784,905
Fiduciary funds		17,143
Total	$	3,919,747

As of June 30, 2020, the City's net OPEB liability (asset) is comprised of the following:

City defined benefit healthcare plan	$	3,915,815
Transportation Authority defined benefit healthcare plan		(412)
Successor Agency defined benefit healthcare plan		4,344
Total	$	3,919,747

(Dollars in Thousands)

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, 2018	$ 3,856,933	$ 255,966	$ 3,600,967
Changes during the measurement period			
Service cost	133,736	-	133,736
Interest	283,520	-	283,520
Differences between expected and actual experience	194,068	-	194,068
Contributions - employer	-	218,625	(218,625)
Contributions - member	-	51,024	(51,024)
Net investment income	-	26,959	(26,959)
Benefit payments, including refunds of member contributions	(185,839)	(185,839)	-
Administrative expense	-	(132)	132
Net changes during the measurement period	425,485	110,637	314,848
Balance at June 30, 2019	$ 4,282,418	$ 366,603	$ 3,915,815

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, 2018	$ 1,936	$ 1,707	$ 229	$ 12,154	$ 5,586	$ 6,568
Changes during the measurement period						
Service cost	118	-	118	335	-	335
Interest	143	-	143	812	-	812
Differences between expected and actual experience	(596)	-	(596)	-	-	-
Changes of assumptions	(63)	-	(63)	-	-	-
Contributions from the employer	-	138	(138)	-	2,967	(2,967)
Benefit payments	(60)	(60)	-	(906)	(906)	-
Administrative expense	-	(1)	1	-	(3)	3
Net investment income	-	106	(106)	-	407	(407)
Net changes during the measurement period	(458)	183	(641)	241	2,465	(2,224)
Balance at June 30, 2019	$ 1,478	$ 1,890	$ (412)	$ 12,395	$ 8,051	$ 4,344

(Dollars in Thousands)

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, 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	$ 195,930	$ 133,372	$ 1,371	$ 330,673
Transportation Authority defined benefit healthcare plan	87	-	-	87
Successor Agency defined benefit healthcare plan	-	-	1,335	1,335
Total OPEB expense	$ 196,017	$ 133,372	$ 2,706	$ 332,095

As of June 30, 2020, 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	$ 235,962	$ -	$ 51	$ -
Differences between expected and actual experience	166,344	275,523	17	563
Changes in assumptions	79,371	-	-	59
Changes in proportion	31,347	31,347	-	-
Net difference between projected and actual earnings on plan investments	-	6,102	-	19
Total	**$ 513,024**	**$ 312,972**	**$ 68**	**$ 641**

	Successor Agency		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 2,901	$ -	$ 238,914	$ -
Differences between expected and actual experience	95	-	166,456	276,086
Changes in assumptions	558	-	79,929	59
Changes in proportion	-	-	31,347	31,347
Net difference between projected and actual earnings on plan investments	-	13	-	6,134
Total	**$ 3,554**	**$ 13**	**$ 516,646**	**$ 313,626**

(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
2021	$ (13,709)	$ (47)	$ 590	$ (13,166)
2022	(13,708)	(48)	57	(13,699)
2023	(12,209)	(40)	(5)	(12,254)
2024	(12,502)	(38)	(2)	(12,542)
2025	(11,506)	(42)	-	(11,548)
Thereafter	27,724	(409)	-	27,315
Total	$ (35,910)	$ (624)	$ 640	$ (35,894)

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the City Plan's total OPEB liability as of June 30, 2019 (measurement date) is provided below:

Key Actuarial Assumptions

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Medical costs: Applied at beginning of calendar year, starting at 6.35% for 2021, grading down to 5.18% in 2029, and decreasing to an ultimate rate of 3.93% in 2076. Vision and expenses trend remains a flat 3.50% for all years
Expected Rate of Return on Plan Assets	7.40%
Discount Rate	7.40%
Salary Increase Rate	Wage Inflation Component: 3.50% Additional Merit Component (dependent on years of service): Police: 1.50% - 8.00% Fire: 1.50% - 15.00% Muni Drivers: 0.00% - 15.00% Craft: 0.00% - 3.50% Misc: 0.00% - 5.25%
Inflation Rate	Wage Inflation: 3.50% compounded annually Consumer Price Inflation: 2.75% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ended June 30, 2014.

Healthy Non-Annuitants - CalPERS employee mortality tables without scale BB projection

Gender	Adjustment Factor	Base Year
Female	0.918	2009
Male	0.948	2009

Healthy Annuitants - CalPERS healthy annuitant mortality table without scale BB projection

Gender	Adjustment Factor	Base Year
Female	1.014	2009
Male	0.909	2009

Miscellaneous Disabled Annuitants - RP-2014 Disabled Retiree Tables without MP-2014 projection

Gender	Adjustment Factor	Base Year
Female	1.066	2006
Male	0.942	2006

Safety Disabled Annuitants - CalPERS industrial disability mortality table without scale BB projection

Gender	Adjustment Factor	Base Year
Female	0.983	2009
Male	0.909	2009

(Dollars in Thousands)

The mortality rates in the base tables are projected generationally from the base year using the modified version of the MP-2015 projection scale. The scale was modified using the Society of Actuaries' model implementation tool with rates converging to the ultimate rate in 2017 (instead of 2029) and an ultimate rate of improvement of 0.85% (instead of 1.00%) up to age 85 decreasing to 0.70% (instead of 0.85%) at age 95.

The Transportation Authority net OPEB liability (asset) was measured as of June 30, 2019 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, 2019, 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, 2019 Measurement Date	
Key Actuarial Assumptions	**Transportation Authority**	**Successor Agency**
Actuarial Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2019	June 30, 2019
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 Experience Study for the period from 1997 to 2015
Healthcare Cost Trend Rate	Initial 6.5% for non-medicare eligibles, 11% for spouse/domestic partner of medicare eligibles	Pre-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, 2019 (measurement year)		
Plan	**1% Decrease**	**Healthcare Trend**	**1% Increase**
City Defined Benefit Plan	$ 3,389,074	$ 3,915,815	$ 4,569,817
Transportation Authority	(627)	(412)	(138)
Successor Agency	3,171	4,344	5,738

Discount Rate

City OPEB Plan - The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.4%. The projection of cash flows used to determine the discount rate assumed that plan member and employer contributions will continue to be made at the rates specified in the Charter, and disbursements from the RHCTF will continue to be limited by the Charter until it is fully funded. Based on those assumptions, it was determined that the OPEB Plan's fiduciary net position was projected to be available to make all future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Dollars in Thousands)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return is based on the RHCTF's investment consultant's 10 and 20-year capital market assumptions for the RHCTF's asset allocation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
U.S. Equities	41.0%	7.3%
Developed Market Equity (non-U.S.)	20.0%	7.1%
Emerging Market Equity	16.0%	9.4%
Credit		
High Yield Bonds	3.0%	5.4%
Bank Loans	3.0%	5.0%
Emerging Market Bonds	3.0%	4.9%
Rate Securities		
Treasury Inflation Protected Securities	5.0%	3.3%
Investment Grade Bonds	9.0%	3.6%
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%	3.76%	3.76%
Commodities	3.00%	0.84%	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, 2019 (measurement year)		
Plan	**1% Decrease 6.40%**	**Discount Rate 7.40 %**	**1% Increase 8.40%**
City Defined Benefit Plan	$ 4,521,637	$ 3,915,815	$ 3,420,855

	June 30, 2019 (measurement year)		
	1% Decrease 6.59%	**Discount Rate 7.59%**	**1% Increase 8.59%**
Transportation Authority	$ (186)	$ (412)	$ (596)

	June 30, 2019 (measurement year)		
	1% Decrease 5.75%	**Discount Rate 6.75%**	**1% Increase 7.75%**
Successor Agency	$ 5,664	$ 4,344	$ 3,232

(Dollars in Thousands)

(10) FUND EQUITY

(a) Governmental Fund Balance

Fund balances for all the major and nonmajor governmental funds as of June 30, 2020, were distributed as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Imprest Cash, Advances, and Long-Term Receivables	$ 1,274	$ 82	$ 1,356
Restricted			
Rainy Day	229,069	-	229,069
Public Protection			
Police	-	16,590	16,590
Sheriff	-	1,025	1,025
Other Public Protection	-	31,638	31,638
Public Works, Transportation & Commerce	-	347,512	347,512
Human Welfare & Neighborhood Development	-	759,037	759,037
Affordable Housing	-	217,323	217,323
Community Health	-	40,865	40,865
Culture & Recreation	-	268,201	268,201
General Administration & Finance	-	21,313	21,313
Capital Projects	-	329,568	329,568
Debt Service	-	196,210	196,210
Total Restricted	229,069	2,229,282	2,458,351
Committed			
Budget Stabilization	362,607	-	362,607
Recreation and Park Expenditure Savings	803	-	803
Total Committed	363,410	-	363,410
Assigned			
Public Protection			
Police	19,729	4,009	23,738
Sheriff	3,534	2,381	5,915
Other Public Protection	56,572	-	56,572
Public Works, Transportation & Commerce	41,652	57,094	98,746
Human Welfare & Neighborhood Development	180,394	24,489	204,883
Affordable Housing	114,491	-	114,491
Community Health	213,545	-	213,545
Culture & Recreation	15,860	18,506	34,366
General Administration & Finance	98,488	18,840	117,328
General City Responsibilities	72,715	-	72,715
Capital Projects	208,691	-	208,691
Litigation and Contingencies	160,314	-	160,314
Subsequent Year's Budget	395,776	-	395,776
Total Assigned	1,581,761	125,319	1,707,080
Unassigned	510,408	(729)	509,679
Total	$ 2,685,922	$ 2,353,954	$ 5,039,876

(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 projects spending the balance of the Rainy Day Reserve over the fiscal years 2020-21, 2021-22, and 2022-23 to backfill revenue losses related to the COVID-19 pandemic in its most recent update to the Five-Year Financial Plan covering fiscal years 2020-21 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 projects spending the balance of the Budget Stabilization Reserve over the fiscal years 2020-21, 2021-22, and 2022-23 to backfill revenue losses related to the COVID-19 pandemic in its most recent update to the Five-Year Financial Plan covering fiscal years 2020-21 through 2025-26.

Recreation and Park Expenditure Savings Reserve

The City maintains a Recreation and Park Expenditure Savings Reserve under Charter Section 16.107, which sets aside and maintains such an amount, together with any interest earned thereon, in the reserve account, and any amount unspent or uncommitted at the end of the fiscal year shall be carried forward to the next fiscal year and, subject to the budgetary and fiscal limitations of the Charter, shall be appropriated then or thereafter for capital and/or facility maintenance improvements to park and recreation facilities and other one-time expenditures of the Park and Recreation Department.

(c) Encumbrances

At June 30, 2020, encumbrances recorded in the General Fund and nonmajor governmental funds were $394.9 million and $553.9. 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 $419.0 million of unrestricted net position of governmental activities, of which $391.7 million reduced net investment in capital assets and $27.3 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 $0.7 million as of June 30, 2020. The deficit relates to unavailable revenue in various programs, which is expected to be collected beyond 60 days of the end of fiscal year 2020.

The Central Shops and Telecommunications and Information Internal Service Funds had deficits in total net position of $25.7 million and $35.1 million, respectively, as of June 30, 2020, 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, 2020, the Successor Agency has a deficit of $461.1 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.

(Dollars in Thousands)

(11) UNAVAILABLE RESOURCES IN GOVERNMENTAL FUNDS

The deferred inflows of resources balance in governmental funds as of June 30, 2020 consists of the following unavailable resources:

	General Fund	Other Governmental Funds	Total Governmental Funds
Grant and subvention revenues	$ 140,900	$ 60,749	$ 201,649
Property Tax	171,987	10,676	182,663
Teeter Plan	20,655	-	20,655
SB 90	3,898	-	3,898
Advances to Successor Agency	-	4,669	4,669
PG&E franchise tax	3,933	-	3,933
Loans	15,461	129,223	144,684
Total	$ 356,834	$ 205,317	$ 562,151

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 disabled people; 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). Pursuant to the provisions of Division 12.5 of the California Public Utilities Code, the Transportation Authority Board may adopt an updated Expenditure Plan any time after 20 years from the effective date of adoption of the Proposition K Expenditure Plan but no later than the last general election in which the Proposition K Expenditure Plan is in effect. The Sales Tax would continue as long as a new or modified plan is in effect. Under Proposition K legislation, the Transportation Authority directs the use of the Sales Tax and may spend up to $485.2 million per year and may issue up to $1.88 billion in bonds secured by the Sales Tax.

Congestion Management Agency Programs. On November 6, 1990, the Transportation Authority was designated under State law as the Congestion Management Agency (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%). The Proposition AA program is a pay-as-you-go program.

Treasure Island Mobility Management Authority (TIMMA). The Treasure Island Transportation Management Act of 2008 (AB 981) 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, Governor Brown 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, mitigating 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. According to the 2019 North American Traffic Report from the Airports Council International (ACI), the Airport is the seventh busiest airport in the United States in terms of passengers and fifteenth in terms of cargo tonnage. 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 2019-20, 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	$ 1,189,175
Bond principal and interest remaining due at end of the fiscal year	15,096,311
Bond principal and interest paid in the fiscal year	487,379
Commercial paper issued with subordinate revenue pledge	49,375
Commercial paper principal and interest remaining due at end of the fiscal year	3,190
Commercial paper principal, interest and fees paid in the fiscal year	2,874
Net revenues	537,642

In addition, pursuant to the Hotel Trust Agreement, the Airport has pledged all of the on-Airport Hotel and certain other assets pledged under the 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 2022. 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. As of June 30, 2020, only the Series 2010D Bonds are secured by the 2009 Reserve Account. The reserve requirement for the 2017 Reserve Account is equal to the lesser of: (i) the maximum amount of aggregate annual debt service for all 2017 Reserve Series Bonds in any fiscal year during the period from the date of calculation to the final scheduled maturity of the 2017 Reserve Series Bonds, (ii) 10% of the outstanding aggregate principal amount of all 2017 Reserve Series Bonds (provided that the issue price of a Series of 2017 Reserve Series Bonds will be used in this calculation if such Series was sold with an original issue discount that exceeded 2% of the principal of such Series on its original date of sale), and (iii) 125% of the average aggregate annual debt service for all 2017 Reserve Series Bonds. As of June 30, 2020, 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 or $3.00 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, 2020, the FAA has approved Airport applications (PFC #2 to PFC #8) for collection and use with a total cumulative collection amount of $2.1 billion. The final charge expiration date is estimated to be March 1, 2029. In October 2019, the FAA accepted the closeout documents, as amended, and closed PFC Application #3. For the year ended June 30, 2020, the Airport reported approximately $73.0 million of PFC revenue, which is included in other nonoperating revenues in the accompanying basic financial statements.

(Dollars in Thousands)

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.

Purchase commitments for construction, material and services as of June 30, 2020 are as follows:

Construction	$ 192,636
Operating	23,364
Total	$ 216,000

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, 2020 was $33.7 million. $33.5 million was recorded as a cash transfer and $0.2 million was recorded as a liability due to the City’s General Fund. 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, 2020, was $183.5 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, 2020, revenues realized from the following Airport tenant exceeded five percent of the Airport’s total operating revenues:

United Airlines	27.0%

(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, 2020, the total principal and interest remaining to be paid on the bonds is $65.0 million. The principal and interest payments made in 2020 were $4.2 million and pledged revenues (total net revenues calculated in accordance with the bond indenture) for the year ended June 30, 2020, were $14.5 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 $2.1 million. Annual principal and interest payments were $0.2 million in 2020 and pledged harbor revenues were $0.2 million for the year ended June 30, 2020.

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, 2020, the Port's purchase commitments for construction-related services, materials and supplies, and other services were $15.7 million for capital projects and $2 million for general operations.

Transactions with Other Funds – The Port receives from, and provides services to, various City departments. In fiscal year 2019-20, the $20.0 million in services provided by other City departments included $3.2 million of insurance premiums and $0.7 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, 2020, the Port has a noncurrent unearned revenue balance in the amount of $14.3 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, 2020, rent credits of $0.5 million have been provided to SFFD.

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. The Port is seeking an extension of time from BCDC to complete the amended project work.

Pier 45 Fire – On May 23, 2020, a large fire broke out at a warehouse (Shed C) on Pier 45. Nearly all of Shed C and its contents were lost due to the fire, including loss of private property stored at the pier. 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, although not all claimants have signed leases. The Port has tendered all third-party claims to its liability insurers, who have accepted the tender and agreed to the appointment of the City Attorney as defense counsel. It is unclear if the insurer will cover all the Port losses or any private party losses.

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 asbestos removal, fuel tank removal, and 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.

(Dollars in Thousands)

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 $2.9 million at June 30, 2020.

Other environmental conditions on Port property include asbestos and lead paint removal and oil contamination. 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.

A summary of environmental liabilities, included in noncurrent liabilities, at June 30, 2020, is as follows:

	Environmental Remediation	Miscellaneous Compliance	Total
Environmental liabilities at July 1, 2019	$ 4,105	$ 44	$ 4,149
Current year claims and changes in estimates	(1,163)	(44)	(1,207)
Environmental liabilities at June 30, 2020	$ 2,942	$ -	$ 2,942

(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 2019-20, the Water Enterprise sold water, approximately 69,934 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 2020 and applicable revenues for 2020 are as follows:

Bonds issued with revenue pledge	$	4,585,440
Bond principal and interest remaining due at end of the fiscal year		7,388,886
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge		73,271
Bond principal and interest paid in the fiscal year		269,210
Net revenues		339,947
Funds available for revenue bond debt service		581,878

Water Balancing Account – During fiscal year 2019-20, the wholesale revenue requirement, net of adjustments, charged to wholesale customers was $256.3 million. Such amounts are subject to final review by wholesale customers, along with a trailing wholesale balancing account compliance audit of the wholesale revenue requirement calculation. As of June 30, 2020, the City owed the Wholesale Customers $64.9 million under the Water Supply Agreement.

Commitments and Contingencies – As of June 30, 2020, the Water Enterprise had outstanding commitments with third parties of $208.8 million for various capital projects and for materials and supplies.

Environmental Issue – As of June 30, 2020, the total pollution remediation liability was $1.6 million, consisting of $1.3 million for the excavation of contaminated soil that contained polycyclic aromatic hydrocarbons from a gun club site in the Lake Merced area, and $0.3 million for the 17th and Folsom site.

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 $34.6 million and $9.9 million, respectively, for the year ended June 30, 2020, 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 $16.6 million for the year ended June 30, 2020 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. In May 2016, the City launched CleanPowerSF to provide green electricity from renewable sources to its residential and commercial customers. Hetch Hetchy is a stand-alone enterprise comprised of three funds, Hetchy Power (aka 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.

(Dollars in Thousands)

Approximately 86.4% 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 13.6% balance of electricity is sold to CleanPowerSF and other utility 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	Elimination	Total
Assets*:					
Current assets	$ 82,683	$ 201,054	$ 121,879	$ -	$ 405,616
Receivables from other funds and component units	104	15,169	-	(1,800)	13,473
Noncurrent restricted cash and investments	9,768	11,855	-	-	21,623
Other noncurrent assets	156	767	-	-	923
Capital assets	160,782	445,429	-	-	606,211
Total assets	253,493	674,274	121,879	(1,800)	1,047,846
Deferred outflows of resources:					
Pensions	7,950	9,716	572	-	18,238
Other postemployment benefits	2,332	2,850	270	-	5,452
Total deferred outflows of resources	10,282	12,566	842	-	23,690
Liabilities:					
Current liabilities	6,769	99,621	24,991	(1,800)	129,581
Noncurrent liabilities	40,441	114,853	4,171	-	159,465
Total liabilities	47,210	214,474	29,162	(1,800)	289,046
Deferred inflows of resources:					
Pensions	4,335	5,298	1,210	-	10,843
Other postemployment benefits	1,195	1,461	1,211	-	3,867
Total deferred inflows of resources	5,530	6,759	2,421	-	14,710
Net position:					
Net investment in capital assets	160,782	322,204	-	-	482,986
Restricted for capital projects	-	142	-	-	142
Restricted for debt service	6,513	-	-	-	6,513
Unrestricted	43,740	143,261	91,138	-	278,139
Total net position	$ 211,035	$ 465,607	$ 91,138	$ -	$ 767,780

* 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	$ 34,953	$ 140,871	$ 245,460	$ 421,284
Depreciation expense	(5,276)	(15,723)	-	(20,999)
Other operating expenses	(39,597)	(132,404)	(196,026)	(368,027)
Operating income (loss)	(9,920)	(7,256)	49,434	32,258
Nonoperating revenues (expenses):				
Federal and state grants	2,859	1,885	-	4,744
Interest and investment income	1,932	5,746	1,771	9,449
Interest expense	-	(2,740)	(69)	(2,809)
Other nonoperating revenues net of expenses	991	22,289	1	23,281
Transfers in (out), net	14,000	(32)	-	13,968
Change in net position	9,862	19,892	51,137	80,891
Net position at beginning of year	201,173	445,715	40,001	686,889
Net position at end of year	$ 211,035	$ 465,607	$ 91,138	$ 767,780

Condensed Statements of Cash Flows	Hetch Hetchy Water	Hetch Hetchy Power	CleanPower SF	Total
Net cash provided by (used in):				
Operating activities	$ (2,517)	$ 23,457	$ 56,924	$ 77,864
Noncapital financing activities	18,182	21,714	1	39,897
Capital and related financing activities	(19,071)	(59,902)	-	(78,973)
Investing activities	1,816	5,847	1,187	8,850
Increase (decrease) in cash and cash equivalents	(1,590)	(8,884)	58,112	47,638
Cash and cash equivalents at beginning of year	89,658	211,169	25,415	326,242
Cash and cash equivalents at end of year	$ 88,068	$ 202,285	$ 83,527	$ 373,880

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), the 2012 New Clean Renewable Energy Bonds (NCREBs), and the 2015 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, the 2012 NCREBs, and the 2015 NCREBs.

(Dollars in Thousands)

The original amount of revenue bonds issued, total principal and interest remaining, principal and interest paid, and applicable revenues for fiscal year 2019-20 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	76,829
Bond principal and interest paid in the fiscal year*	4,743
Net revenues	34,522
Funds available for revenue bond debt service	80,561

* 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 $2,568.

Commitments and Contingencies – As of June 30, 2020, Hetch Hetchy had outstanding commitments with third parties of $103.5 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 $5.0 million in fiscal year 2019-20. 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 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. Additionally, staff prepares regular reporting for the Board of Supervisors outlining on-going disputes with PG&E over project requirements, costs and delays.

During fiscal year 2019-20, Hetch Hetchy Power purchased $9.3 million of distribution services and other support services from PG&E under the terms of the service agreements and Interconnection Agreements that implement the Wholesale Distribution Tariff.

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 2019-20, Hetchy Power purchased $2.0 million of power and other related products. There was $3.1 million power sales after meeting Hetch Hetchy's obligations in fiscal year 2019-20.

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 2019-20, the facility generated 6,877 MWh and rate was at $315/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 2019-20, purchases of energy under the PPA were $2.1 million or 6,877 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. CleanPowerSF's obligation to maintain the reserve balance under the Calpine contract expired upon the payment of the final invoice on June 6, 2019 and did not have any reserve balance requirement in fiscal year 2019-20.

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 2019-20 equaled $174.4 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 2019-20, amounts paid were $6.2 million.

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 $18.0 million as of June 30, 2020. There was no draw against the Credit Agreement during fiscal year 2019-20.

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 $34.6 million and purchased electricity for $9.9 million for the year ended June 30, 2020. 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 2019-20, $34.6 million of the water assessment fees were received from the Water Enterprise. In addition, the Wastewater Enterprise purchases power from Hetch Hetchy Power totaling $10.8 million for the year ended June 30, 2020. Included in 2020 operating revenues are sales of power to departments within the City of $99.8 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 $11.0 million for the year ended June 30, 2020 and have been included in services provided by other departments.

For the year ended June 30, 2020, operating expenses include purchase of power from Hetchy Power to CleanPowerSF were $0.3 million.

CleanPowerSF received program support services from Hetchy Power. This amount totaled $1.7 million for the year ended June 30, 2020.

(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; and (4) in 2014 (Proposition B), which increases General Fund allocation to SFMTA based on the City's population increase.

Muni is one of America's oldest public transit agencies, the largest in the Bay Area and eighth largest system in the United States. It currently has more than 169 million boardings annually. 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 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 and 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 2046-47.

(Dollars in Thousands)

Annual principal and interest payments for fiscal year 2019-20 were 25.1% 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 2019-20, applicable net revenues, and funds available for bond debt service are as follows:

Bonds issued with revenue pledge	$ 387,670
Bond principal and interest remaining due at end of the fiscal year	519,237
Net revenues	73,933
Bond principal and interest paid in the fiscal year	24,806
Funds available for revenue bond debt service	98,738

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 $474.0 million in fiscal year 2019-20. The General Fund subsidy includes a total revenue baseline transfer of $362.4 million, as required by the City Charter. In addition, SFMTA received $55.6 million from an allocation of the City's parking tax. Proposition B, approved by the voters in November 2014, provides additional City general funds to address transportation needs tied to the City population growth. In fiscal year 2019-20, SFMTA received $49.8 million from this source. In fiscal year 2019-20, SFMTA also received additional City General Fund allocation of $6.2 million to fund various capital projects such as the Chase Event Center and mixed-use development project and Lombard Street pricing and reservation system implementation.

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, 2020, the SFMTA had various operating grants receivable of $51.9 million. In fiscal year 2019-20, the SFMTA's operating assistance from BART's Americans with Disability Act (ADA) related support of $1.9 million, and other federal, state, and local grants of $7.4 million, to fund project expenses that are operating in nature.

The SFMTA was awarded $373.8 million in Coronavirus Aid, Relief, and Economic Security Act funding distributed in two allocations. The first allocation was $197.2 million for fiscal year 2019-20 and the second allocation of $176.6 million will be available in fiscal year 2020-21. The SFMTA also received $2.4 million from the City for its share in Disaster Grants-Public Assistance funding from the Federal Emergency Management Agency.

Proposition 1B is a 10-year $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 Transit Security & Safety Account that are funding solely for public transit projects. Proposition 1B funds do not require matching funds. The original legislation required funds to be obligated within three years of the date awarded. SB87 extended the date to June 30, 2017 for funds awarded between fiscal years 2007-08 and 2009-10. The Budget Act of 2013 extended the date to June 30, 2018. Subsequently, the Budget Act of 2014 reappropriated the remaining balances of fiscal years 2008-09 through 2010-11 to be further extended to June 30, 2019, and the remaining balance of fiscal year 2014-15 to be further extended to June 30, 2020. The California state budget extended the remaining balances of fiscal year 2009-10 and 2011-12 to June 30, 2021 and the remaining balances of fiscal years 2014-15 through 2016-17 to June 30, 2022. The eligibility requirements for the PTMISEA program include rehabilitation of infrastructure, procurement of equipment and rolling stock, and investment in expansion projects. During fiscal year 2019-20, $4.2 million in drawdowns were made from the funds for various eligible projects costs. Other allowable costs include incidental expenses, but directly related to construction or acquisition including, but not limited to, planning, engineering, construction management, architectural and other design work, environmental impact reports and assessments, required mitigation expenses, appraisals, legal expenses, site acquisitions, necessary easements, and warranties, as approved by Cal OES under the CTSGP funds. Indirect costs and management and administration are not allowable costs with Proposition1B funds.

Commitments and Contingencies – The SFMTA has outstanding commitments of approximately $319.8 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 $57.3 million with third parties for non-capital 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, 2020, the subsidy for LHH was $81.0 million.

Net Patient Services Revenue - Net patient services revenues are recorded at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Patient accounts receivable are recorded net of estimated allowances, which include allowances for contractuals and bad debt. These allowances are based on current payment rates, including per diems, Diagnosis-Related Group (DRG) reimbursement amounts and payment received as a percentage of gross charges.

Third-Party Payor Agreements - LHH has agreements with third-party payors that provide for reimbursement to LHH at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the hospital's established rate for services and amounts reimbursed by third-party payors. Medicare and Medi-Cal are the major third-party payors with whom such agreements have been established. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. LHH believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medi-Cal programs.

(Dollars in Thousands)

During the fiscal year ended June 30, 2020, LHH's patient receivables and charges for services were as follows:

Patient Receivables, net

	Medi-Cal	Medicare	Other	Total
Gross Accounts Receivable	$ 115,253	$ 8,807	$ 854	$ 124,914
Less:				
Provision for Contractual Allowances	(75,396)	(5,762)	(559)	(81,717)
Total, net	$ 39,857	$ 3,045	$ 295	$ 43,197

Net Patient Service Revenue

	Medi-Cal	Medicare	Other	Total
Gross Revenue	$ 459,333	$ 32,302	$ 3,133	$ 494,768
Less:				
Provision for Contractual Allowances	(269,202)	(23,785)	(4,071)	(297,058)
Total, net	$ 190,131	$ 8,517	$ (938)	$ 197,710

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, 2020, LHH accrued and recognized $26.8 million of revenue as a result of matching federal funds to local funds.

Unearned Credits and Other Liabilities - As of June 30, 2020, LHH recorded approximately $53.1 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 $12.6 million for the year ended June 30, 2020 and have been included in services provided by other departments.

As of June 30, 2020, LHH had entered into various purchase contracts totaling $0.4 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, 2020, the subsidy for SFGH was $68.1 million.

(Dollars in Thousands)

Net Patient Service 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 contractual adjustments, bad debt, and administrative write-offs. These allowances are based on current payment rates, including per diems, DRG amounts and payment 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 year ended June 30, 2020, SFGH's patient receivables and charges for services were as follows:

Patient Receivables, Net

	Medi-Cal	Medicare	Other	Total
Gross Accounts Receivable.......................	$ 247,524	$ 260,982	$ 108,614	$ 617,120
Less:				
Contractual Allowance...............	(235,930)	(247,120)	(57,524)	(540,574)
Provision for Bad Debts.............	-	-	(10,991)	(10,991)
Total, Net Accounts Receivable..................	$ 11,594	$ 13,862	$ 40,099	$ 65,555

Net Patient Service Revenue

	Medi-Cal	Medicare	Other	Total
Gross Patient Service Revenue..................	$ 1,872,989	$ 1,006,688	$ 979,812	$ 3,859,489
Less:				
Contractual Allowance...............	(1,550,510)	(858,623)	(429,366)	(2,838,499)
Bad Debt Write Offs..................	-	-	(136,017)	(136,017)
Total, Net Patient Service Revenue............	$ 322,479	$ 148,065	$ 414,429	$ 884,973

California’s initial Section 1115 Medicaid Waiver (Waiver), titled the “Medi-Cal 2020” began in December 30, 2015. 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 that is considered the successor to the 2010 Bridge to Reform waiver's DSRIP, 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 which 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.

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 is approximately $176.6 million for the year ended June 30, 2020.

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, 2020, reimbursement under the Short-Doyle Program amounted to approximately $6.4 million and is included in net patient service revenue.

In March 2020, CMS approved California’s Designated Public Hospital Medicaid GME program retroactive to January 1, 2017. SFGH received payments in the amount of $48.5 million for the program period between January 1, 2017 through June 30, 2020 in the year ended June 30, 2020.

Unearned Credits and Other Liabilities - As of June 30, 2020, SFGH recorded approximately $292.6 million in unearned credits and other liabilities, which was comprised of $228.9 million in unearned credits mainly related to receipts under DSH/SNCP, LIHP, and AB915 programs, and $63.1 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 $361.7 million and estimated costs and expenses to provide charity care were $92.8 million in fiscal year 2019-20.

Other Revenues – 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 is a mechanism that provides 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 2017-18 showing no realignment to be redirected. A final reconciliation will be conducted prior to June 30, 2021 for fiscal year 2018-19. For the year ended June 30, 2020, SFGH recognized $54.1 million of realignment funding.

(Dollars in Thousands)

Contracts 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, 2020, was approximately $190.7 million.

Gift – From fiscal year 2014-15 through fiscal year 2015-16, SFGH received $62.4 million from the San Francisco General Hospital Foundation for the acquisition of furniture, fixtures and equipment (FF&E) for the new hospital. As of June 30, 2020, SFGH has spent $47.2 million from the gift on acquisition of FF&E as stipulated by the donor and recorded the remaining $15.2 million as restricted net position.

Commitments and Contingencies – As of June 30, 2020, SFGH had outstanding commitments with third parties for capital projects totaling $2.9 million.

(h) San Francisco Wastewater Enterprise

The San Francisco Wastewater Enterprise (Wastewater Enterprise) was established in 1977, following the transfer of all sewage-system-related assets and liabilities of the City to the Wastewater Enterprise pursuant to bond resolution, to account for the City's municipal sewage treatment and disposal system.

The Wastewater Enterprise 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, 2020, the Wastewater Enterprise serves approximately 148,336 residential accounts, which discharge about 16.9 million units of sanitary flow per year (measured in hundreds of cubic feet, or ccf) and approximately 26,180 non-residential accounts, which discharge about 6.8 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 2050.

The original amount of revenue bonds issued and State Revolving Fund loans, total principal and interest remaining, principal and interest paid during fiscal year 2019-20, 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	91,213
Bond principal and interest remaining due at end of the fiscal year	2,647,000
Bond principal and interest paid in the fiscal year	62,799
Net revenues	166,082
Funds available for revenue bond and loans debt service	381,804

Commitments and Contingencies – As of June 30, 2020, the Wastewater Enterprise had outstanding commitments, with third parties, for capital projects and for materials and services totaling $453.1 million.

Pollution Remediation Obligations – As of June 30, 2020, 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 $10.8 million for the year ended June 30, 2020. The Wastewater Enterprise purchased water from Water Enterprise totaling $1.5 million for the year ended June 30, 2020. The Department of Public Works provides certain engineering and other services to the Wastewater Enterprise and the total charge was $12.8 million for the year ended June 30, 2020. 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 $12.2 million for the year ended June 30, 2020 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, 2020, the summary of changes in capital assets is as follows:

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land held for lease	$ 18,525	$ -	$ (5,853)	$ (8,520)	$ 4,152
Capital assets being depreciated:					
Furniture and equipment - General	2,306	-	-	-	2,306
Less accumulated depreciation for:					
Furniture and equipment	(2,293)	(9)	-	-	(2,302)
Total capital assets being depreciated, net	13	(9)	-	-	4
Total capital assets, net	$ 18,538	$ (9)	$ (5,853)	$ (8,520)	$ 4,156

(Dollars in Thousands)

(b) Summary of the Successor Agency's Long-Term Obligations

Entity and Type of Obligation	Final Maturity Date	Remaining Interest Rate		Amount
Hotel tax revenue bonds [(a)]	2025	5.00%	$	19,740
Tax allocation revenue bonds [(b)]	2047	2.00% - 8.41%		800,379
Total long-term bonds and loans			$	820,119

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 $1.36 billion. The redevelopment property tax revenues recognized during the year ended June 30, 2020, were $156.5 million against the total debt service payment of $96.5 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 $22.8 million. The hotel tax revenue recognized during the year ended June 30, 2020 was $0.6 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 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, 2020, are as follows:

	July 1, 2019	Additional Obligations, Interest Accretion and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2020
Bonds payable:				
Tax revenue bonds	$ 859,951	$ -	$ (59,572)	$ 800,379
Hotel Tax Revenue Bonds	23,105	-	(3,365)	19,740
Less unamortized amounts:				
For issuance premiums	45,522	-	(2,546)	42,976
For issuance discounts	(2,947)	-	142	(2,805)
Total bonds payable	925,631	-	(65,341)	860,290
Accreted interest payable	66,432	9,030	(3,098)	72,364 [1]
Notes, loans, and other payables	-	-	-	-
Accrued vacation and sick leave pay	1,149	819	(753)	1,215
Successor Agency - long-term obligations	$ 993,212	$ 9,849	$ (69,192)	$ 933,869

(1) Amounts represent interest accretion on Capital Appreciation Bonds.

As of June 30, 2020, the debt service requirements to maturity for the Successor Agency, excluding accrued vacation and sick leave, are as follows:

	Tax Allocation Revenue Bonds		Hotel Occupancy Tax Revenue Refunding Bonds	
June 30,	Principal	Interest *	Principal	Interest
2021	$ 61,482	$ 35,839	$ 3,510	$ 987
2022	58,882	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
2026-2030	153,101	146,485	-	-
2031-2035	156,677	117,308	-	-
2036-2040	140,781	69,004	-	-
2041-2045	96,583	29,177	-	-
2046-2047	16,780	849	-	-
Total	$ 800,379	$ 563,163	$ 19,740	$ 3,082

* 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, 2020, and the outstanding payable balance was $4.7 million.

(c) Commitments and Contingencies Related to the Successor Agency

Encumbrances - At June 30, 2020, the Successor Agency had outstanding encumbrances totaling approximately $10.6 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 $0.03 million deductible per occurrence.

Operating Leases - The Successor Agency has cancelable operating leases for its office site. For the year ended June 30, 2020, the Successor Agency reported operating lease rental income from noncancelable operating leases of $1.0 million. The lease rental income was recorded as a component of charges for services on the statement of changes in fiduciary net position.

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, 2020, the Successor Agency disbursed $43.4 million to the developers through this arrangement and recorded an allowance against these receivables. This allowance is recorded as deductions in the financial statements. At June 30, 2020, the gross value of the notes and mortgage receivable was $257.0 million and the allowance for uncollectible amounts was $255.5 million.

Special Assessment Debt without Commitment - Various community facility district bonds have been issued by the former Agency on behalf of various property owners who retain full responsibility for the repayment of the debt. When these obligations are issued, they are secured by special assessment taxes, and, in the opinion of management, are not considered obligations of the Successor Agency or the City and are therefore not included in the financial statements. Debt service payments will be made by the property owners. At June 30, 2020, the Successor Agency had outstanding community facility district bonds totaling $167.3 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, 2020, the Successor Agency distributed $9.0 million to the TJPA. The payment was recorded as a neighborhood development deduction on the statement of changes in fiduciary net position.

(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 San Francisco 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).

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.

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 – new water reservoirs and new roadways, utilities, and related facilities – 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 2021. Geotechnical improvement of soil conditions in the first subphase area on Treasure Island was 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 – will break ground in the third quarter of 2020.

(Dollars in Thousands)

TICD has submitted a Street Improvement Permit (SIP) application and initiated the subdivision mapping process for the third subphase area with the objective of securing SIP and final subdivision map approval in the first quarter of 2021. The demolition of structures and isolation of utilities in this area will commence in the second half of 2020 in anticipation of the SIP approval. The complete build-out of the project is anticipated to occur over fifteen to twenty years.

As of June 30, 2020, TIDA has the following payables to other City departments:

		6/30/2020		
Payable to	Purpose	Current	Noncurrent	Total
SFCTA	YBI and mobility management expenses	$ 1,764	$ -	$ 1,764
General Fund	Cash coverage	8,752	-	8,752
Hetch Hetchy	Energy efficiency project	-	6,581	6,581
		$ 10,516	$ 6,581	$ 17,097

(Dollars in Thousands)

(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, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 5,490
	San Francisco Water Enterprise	606
	Hetch Hetchy Water and Power	480
	Municipal Transportation Agency	113
	San Francisco Wastewater Enterprise	2
	San Francisco International Airport	221
		6,912
Nonmajor Governmental Funds	General Fund	39
	Nonmajor Governmental Funds	10,673
	Internal Service Funds	20
	Municipal Transportation Agency	324
	Port of San Francisco	3,072
	San Francisco Water Enterprise	68
		14,196
San Francisco Water Enterprise	General Fund	32
	Nonmajor Governmental Funds	218
	Port of San Francisco	91
		341
Hetch Hetchy Water and Power Enterprise	General Fund	959
	Nonmajor Governmental Funds	5,086
	San Francisco Wastewater Enterprise	847
		6,892
Municipal Transportation Agency	Nonmajor Governmental Funds	37,178
Port of San Francisco	Nonmajor Governmental Funds	60
	Hetch Hetchy Water and Power Enterprise	369
		429
San Francisco Wastewater Enterprise	Nonmajor Governmental Funds	190
	Port of San Francisco	239
		429
Total		$ 66,377

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, 2020, Hetch Hetchy loaned $5.1 million to other City funds.

The SFMTA has a receivable from nonmajor governmental funds of $37.2 million for capital and operating grants.

Due from component units:

Receivable Entity	Payable Entity	Amount	
General Fund	Component unit – TIDA	$ 8,752	(1)
Nonmajor Governmental Funds	Component unit – TIDA	1,764	(1)
Primary government - General fund	Successor Agency	11	(2)
Nonmajor Governmental Funds	Successor Agency	5,199	(2)

Advance to component units:

Receivable Entity	Payable Entity	Amount	
Hetch Hetchy Water and Power Enterprise	Component unit – TIDA	$ 6,581	(1)
Nonmajor Governmental Funds	Successor Agency	4,669	(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	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	$ -	$ 523,300	$ 1,220	$ -	$ 473,968	$ 68,106	$ 280	$ -	$ 90,948	$ 1,157,822
Nonmajor Governmental Funds	23,719	87,089	-	-	59,386	-	-	52,309	-	222,503
Internal Service Funds	516	-	-	-	-	-	-	-	-	516
San Francisco								-		
International Airport	33,743	-	-	-	-	-	-	-	-	33,743
Water Enterprise	-	590	-	14,000	215	-	-	-	-	14,805
Hetch Hetchy Water and Power Enterprise	-	32	-	-	-	-	-	-	-	32
San Francisco General Hospital Medical Center	18,626	-	-	-	-	-	-	-	-	18,626
Wastewater Enterprise	-	1,468	-	-	-	-	-	-	-	1,468
Port of San Francisco	-	63	-	-	-	-	-	-	-	63
Laguna Honda Hospital	11,014	1,231	-	-	-	1,000	-	-	-	13,245
Total transfers out	$ 87,618	$ 613,773	$ 1,220	$ 14,000	$ 533,569	$ 69,106	$ 280	$ 52,309	$ 90,948	$ 1,462,823

The $1.16 billion General Fund transfer out includes a total of $623.1 million in operating subsidies to SFMTA, SFGH, and Laguna Honda Hospital (see Note 13). The transfer of $523.3 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 $33.7 million to the General Fund, representing a portion of concession revenues (see Note 13(a)). The General Fund received transfers in of $5.0 million for interest earned by the SFGH but credited to the General Fund and $11.6 million to re-appropriate funds within DPH. The General Fund also received $2.0 million from SFGH and $2.0 million from Laguna Honda Hospital to fund the DPH project and $1.1 million for interest earned by the Laguna Honda Hospital but credited to the General Fund. Laguna Honda Hospital transferred $0.5 million to General Fund for fiscal year 2019-20 projected shortfall and $7.4 million to the General Fund to re-appropriate funds within DPH. SFGH received $1.0 million from Laguna Honda Hospital to supplement SFGH material and supplies budget.

SFMTA received $59.4 million transfers from nonmajor governmental funds, of which $44.1 million was for capital activities and $15.3 million was for operating activities.

The Water Enterprise transferred $14.0 million to Hetch Hetchy Water and Power Enterprise to fund various upcountry projects, $558 to the Art Commission for art enrichment, $215 to SFMTA for water conservation projects, and $32 to the Office of the City Administrator for the Surety Bond Program. In turn, the Water Enterprise received $1.2 million from the General Fund for low income assistance programs.

The Wastewater Enterprise transferred $1.4 million to the Art Commission for integrated artworks at the Headworks Facility, and $32 to the Office of the City Administrator for the Surety Bond Program. In turn, the Wastewater Enterprise received $240 contingency release from General Fund related to the Land Reuse of the property adjacent to the Southeast Water Pollution Control Plant ("Southeast Plant") and $40 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 $52.3 million transfer in, of which include $0.3 million for Port's capital project, $3.1 million and $48.9 million of proceeds from the 2012 San Francisco Clean and Safe Neighborhood Parks Bond and 2018 Embarcadero Seawall Earthquake Safety Bond, respectively, for waterfront projects. The Port of San Francisco transferred $63 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	
2021	$ 66,495
2022	56,531
2023	45,360
2024	33,781
2025	25,103
2026-2030	46,942
2031-2035	15,308
2036-2040	8,463
2041-2045	1,128
Total	$ 299,111

Operating lease expense incurred for governmental activities for fiscal year 2019-20 was approximately $66.3 million.

Business-type Activities

Fiscal Years	Airport	Port	SFMTA	Total Business-type Activities
2021	$ 209	$ 2,723	$ 4,799	$ 7,731
2022	213	2,723	3,519	6,455
2023	193	2,723	3,038	5,954
2024	75	2,723	2,400	5,198
2025	75	2,723	2,270	5,068
2026-2030	-	13,616	8,510	22,126
2031-2035	-	13,616	6,250	19,866
2036-2040	-	13,616	6,250	19,866
2041-2045	-	13,616	6,250	19,866
2046-2050	-	13,616	13,333	26,949
2051-2055	-	13,616	-	13,616
2056-2060	-	13,616	-	13,616
2061-2065	-	11,120	-	11,120
Total	$ 765	$ 120,047	$ 56,619	$ 177,431

Operating lease expense incurred for the Airport, Port, and SFMTA for fiscal year 2019-20 was $0.6 million, $2.7 million, and $25.4 million, respectively.

(Dollars in Thousands)

Several City departments lease land and various facilities to tenants and concessionaires who will provide the following minimum annual payments:

Governmental Activities

Fiscal Years		
2021	$	5,942
2022		5,247
2023		4,583
2024		4,150
2025		4,100
2026-2030		18,671
2031-2035		17,960
2036-2040		17,960
2041-2045		17,960
2046-2050		3,020
Total	$	99,593

Business-type Activities

Fiscal Years	Airport	Port	SFGH	SFMTA	Total Business-type Activities
2021	$ 44,106	$ 54,325	$ 1,704	$ 21,609	$ 121,744
2022	41,422	47,305	1,755	8,370	98,852
2023	34,030	39,933	1,807	8,398	84,168
2024	24,192	31,312	1,862	5,985	63,351
2025	20,859	26,640	1,917	4,531	53,947
2026-2030	52,714	114,790	10,485	22,337	200,326
2031-2035	3,770	96,795	-	14,393	114,958
2036-2040	-	70,623	-	1,722	72,345
2041-2045	-	56,467	-	1,993	58,460
2046-2050	-	42,545	-	13,786	56,331
2051-2055	-	14,883	-	-	14,883
2056-2060	-	14,174	-	-	14,174
2061-2065	-	14,174	-	-	14,174
2066-2070	-	8,787	-	-	8,787
2071-2075	-	5,242	-	-	5,242
2076-2080	-	1,407	-	-	1,407
Total	$ 221,093	$ 639,402	$ 19,530	$ 103,124	$ 983,149

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 $11.0 million and $13.5 million, respectively, in fiscal year 2019-20. Airport’s concession agreements provide that the Minimum Annual Guarantee (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. The MAG is reinstated once monthly enplanements equal or exceed 80% for the reference month enplanement for two consecutive months. The Airport also exercised a five-year car rental lease agreement option effective January 1, 2014, and the five Rental Car Center Operations Leases subsequently went into a holdover term on a month-to-month basis commencing January 1, 2019. On October 1, 2019, the Airport Commission authorized an extension of such holdover tenancies through August 31, 2020 to allow for the completion of the On-Airport Rental Car Operation Lease Agreement Request for Bids process. Effective September 1, 2020, new five-year leases, with one additional two-year extension option, commenced with five rental car companies. Currently, rent is being calculated at 10% of gross revenues due to the recent reduction in passenger activity. Once passenger activity returns to higher levels, a MAG rent of $47.2 million will be in effect, and rent will be based on the greater of MAG or 10% of gross revenues. The MAG attributable to the rental car companies was $0 for the year ended June 30, 2020.

Other Commitments

The Retirement System has unfunded commitments to contribute capital for real assets in the amount of $2.38 billion, private equity in the amount of $3.52 billion, private credit in the amount of $1.60 billion, and absolute return investments in the amount of $302.9 million, which totaled $7.80 billion at June 30, 2020.

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, and watercraft liability for Airport fire and rescue vessels, active assailant liability insurance, 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.

(Dollars in Thousands)

The Port carries the following insurance (listed coverage limits and related deductible amounts are effective July 1, 2020): 1) marine general liability coverage of $100.0 million, subject to a deductible of $100 per occurrence; 2) hull and machinery liability coverage of $1.1 million, subject to a deductible of $100 per occurrence; 3) commercial property insurance for Port facilities, subject to a maximum of $100.0 million and a deductible of $5.0 million per occurrence; 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 $11.9 million for fiscal year 2020. As of June 30, 2020, the reserve was $29.4 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.

(Dollars in Thousands)

Estimated Claims Payable

Numerous lawsuits are pending or threatened against the City. The City's liability as of June 30, 2020 has been actuarially determined and includes an estimate of incurred but not reported losses and allocated loss adjustment expenses.

Changes in the reported estimated claims payable since July 1, 2018, resulted from the following activity:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2018-2019	$ 385,011	$ 28,608	$ (70,118)	$ 343,501
2019-2020	343,501	77,433	(82,260)	338,674

Breakdown of the estimated claims payable at June 30, 2020 is follows:

Governmental activities:	
Current portion of estimated claims payable..........................	$ 71,454
Long-term portion of estimated claims payable.....................	122,683
Total	$ 194,137
Business-type activities:	
Current portion of estimated claims payable..........................	$ 78,970
Long-term portion of estimated claims payable.....................	65,567
Total	$ 144,537

Workers' Compensation

The City self-insures for workers' compensation coverage. The City's liability as of June 30, 2020 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, 2020 was $524.6 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, 2018, resulted from the following activity:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2018-2019	$ 463,562	$ 144,716	$ (99,920)	$ 508,358
2019-2020	508,358	117,671	(101,402)	524,627

(Dollars in Thousands)

Breakdown of the accrued workers' compensation liability at June 30, 2020 is as follows:

Governmental activities:	
Current portion of accrued workers' compensation liability......	$ 55,003
Long-term portion of accrued workers' compensation liability..	237,128
Total	$ 292,131
Business-type activities:	
Current portion of accrued workers' compensation liability......	$ 40,589
Long-term portion of accrued workers' compensation liability..	191,907
Total	$ 232,496

(19) SUBSEQUENT EVENTS

(a) Debt Issuance

In August 2020, the Airport issued $291.3 million of its Series 2020A, Series 2020B, and Series 2020C bonds for the purpose of funding deposits to a debt service reserve account, paying costs of issuance, current refunding $210.6 million in outstanding Bonds, and advance refunding $126.5 million in outstanding Bonds. Moody's, S&P, and Fitch assigned credit ratings of "A1", "A", and "A+" to these bonds. In connection with this transaction, $9.2 million was transferred from the 2009 Reserve Account to the escrow for the Series 2010D Bonds and the 2009 Reserve Account was closed.

In September 2020, the City issued General Obligation Bonds Series 2020B (Transportation and Road Improvement) (the Series 2020B Bonds) in the amount of $135.8 million. The Series 2020B Bonds bear an interest rate of 2.0% and will mature in June 2040. The Series 2020B 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 time, enhance pedestrian and bicycle safety, and improve disabled access, and to pay certain cost related to the issuance of the Series 2020B Bonds.

In September 2020, the City issued $97.5 million of taxable CP with an interest rate of 0.24% and maturity of January 2021, and $23.2 million of tax-exempt CP with an interest rate of 0.17%, with maturity of November 2020. The taxable CP was issued to refund $97.4 million of maturing CP used to provide funds to assist in the development, acquisition, construction or rehabilitation of affordable rental housing projects and acquisition of real property for the Hall of Justice project. The tax-exempt CP was issued to refund $22.6 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 acquisition, construction, and improvement of an animal care and control facility to be located within the City.

In September 2020, the SFPUC issued its San Francisco Water Revenue Bonds, 2020 Sub-Series A (WSIP, Tax-exempt) (Green Bonds), Sub-Series B (Regional Water, Tax-exempt), Sub-Series C (Local Water, Tax-exempt), and Sub-Series D (Hetch Hetchy Water, Tax-exempt) together with an aggregate principal of $346.8 million to: refund approximately $229.8 million aggregate principal amount of commercial paper notes issued pursuant to the Water Enterprise's commercial paper program to finance or refinance a portion of the design, acquisition and construction of various capital projects in furtherance of the SFPUC's Water System Improvement Program (WSIP) and the Hetchy Water Program; and $164.6 million new money to finance a portion of the design, acquisition and construction of various capital projects of benefit to the Water Enterprise.

In October 2020, the SFPUC issued its San Francisco Water Revenue Bonds, 2020 Sub-Series E (Taxable Refunding – WSIP, Green Bonds), Sub-Series F (Taxable Refunding – Non-WSIP), Sub-

Series G (Taxable Refunding – Local Water), and Sub-Series H (Taxable Refunding Hetch Hetchy Water) in an aggregate principal amount of $664.4 million to advance refund all or a portion of various series of the SFPUC's outstanding bonds.

In November 2020, the City rolled-over $11.8 million of tax-exempt CP issued for capital equipment for the San Francisco General Hospital with an interest rate of 0.16% and maturity of December 15, 2020; and paid down $11.4 million of tax-exempt CP issued for the costs of acquisition, construction, and improvement of an animal care and control facility to be located within the City.

In November 2020, the City issued Tax-Exempt General Obligation Bonds (Public Health and Safety) Series 2020D-1 (the Series 2020D-1 Bonds) and Taxable General Obligation Bonds (Public Health and Safety) Series 2020D-2 (the Series 2020D-2 Bonds) 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 will mature in June 2045 and the Series 2020D-2 Bonds bear an interest rate of 0.3% and will mature in 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 2020D-1 and the 2020D-2 Bonds.

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.

In November 2020, the City issued the 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 cost 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 December 2020, the City issued General Obligation Bonds Series 2020C (Affordable Housing-Preservation and Seismic Safety) 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 December 2020, the City issued $4.2 million of taxable CP with an interest rate of 0.16% and maturity of January 2021 to provide new money for improvements on the Hall of Justice project. The City rolled-over $9.9 million and paid down $1.9 million of tax-exempt CP issued to finance the costs of the acquisition of furniture, fixtures and equipment for the San Francisco General Hospital with interest rates of 0.13% and 0.14% and maturity of January 2021.

In January 2021, the City issued $101.8 million of taxable CP with an interest rate of 0.12% and maturity of March 2021, and $9.9 million of tax-exempt CP with an interest rate of 0.10%, with maturity of March 2021. The taxable CP was issued to refund $101.7 million of maturing CP used to provide funds to assist in the development, acquisition, construction or rehabilitation of affordable rental housing projects and acquisition of real property and improvement for the Hall of Justice project. The tax-exempt CP was issued to refund $9.9 million of maturing CP used to finance the costs of the acquisition of furniture, fixtures and equipment for the San Francisco General Hospital.

(b) Elections

On November 3, 2020, the San Francisco voters approved the following propositions that will have a fiscal impact on the City:

Proposition A – An ordinance that authorizes the City to issue $487.5 million in General Obligation Bonds 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 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's streets and other public right-of - way and related assets; and to pay related costs.

Proposition B – An ordinance that amends the City Charter to create a Department of Sanitation and Streets with oversight from a Sanitation and Streets Commission, and to establish a Public Works Commission to oversee the Department of Public Works.

Proposition E – An ordinance that amends the City Charter to remove the requirement that the San Francisco Police Department maintain a minimum of 1,971 full-duty sworn officers and replace the requirement with regular evaluations of police staffing levels.

Proposition F - An ordinance that amends the City's existing Business Tax and Regulation Code in a number of ways, including discontinuing the City's payroll expense tax, increasing gross receipts business tax rates, and increasing the number of small businesses exempted from the business tax. Overall business tax rates on some industries are increased, generally phased in over three years beginning in tax years 2022. Temporary rate reductions for tax years 2021, 2022 and 2023 and are proposed for other industries heavily impacted by current economic conditions, including those paid by the hospitality, restaurant, and retail sectors. The ordinance authorizes contingent taxes that would be imposed if two currently assessed dedicated taxes for homeless services and childcare are struck down by court action. The proposed replacement taxes are similar in structure to those dedicated taxes. The measure excludes revenues generated by those contingent taxes from the calculation of various required voter-adopted minimum spending requirements on transit, parks, youth services, and other set-asides and baselines.

Proposition H – An amendment to the Planning Code for neighborhood commercial districts to increase permissible uses, eliminate public notification processes for new permitted uses, and require an expedited process for permits.

Proposition I – An ordinance that permanently increases the transfer tax rate on sales and leases of 35 years or more of real estate, to 5.50% on those transactions of $10 million to $25 million, and to 6.00% on those transactions of $25 million or more, for an estimated average revenue of $196 million a year.

Proposition K – An ordinance that authorizes the City to own, develop, construct, acquire or rehabilitate up to 10,000 units of low-income rental housing in San Francisco.

Proposition L – An ordinance that creates an additional tax permanently on some businesses in San Francisco when their highest-paid managerial employee earns more than 100 times the median compensation paid to their employees in San Francisco, where the additional tax rate would be between 0.1%-0.6% of gross receipts or between 0.4%-2.4% of payroll expense for those businesses in San Francisco, for an estimated revenue of between $60-$140 million a year.

(c) Others

Financial Impact of COVID-19 Pandemic

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. 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 limitation of social interactions. All private and public schools in the City suspended in-person sessions in March 2020.

The economic impacts in the City in the fourth quarter of fiscal year 2019-20 were profound. This loss of economic activity resulted in significant losses of tax revenues during fiscal year 2019-20 for economically sensitive revenue streams. Hotel, sales, and parking taxes for the final quarter of fiscal year 2019-20 declined by 80 percent, 7 percent, and 22 percent, respectively, versus the previous quarter. These losses were limited to the final quarter of the fiscal year, and were offset by less immediately impacted General Fund revenue sources, resulting in overall General Fund revenue losses of $417 million, or 7 percent, compared to the prior fiscal year. These losses were offset by expenditure reductions and a limited draw on the City's discretionary reserves, implemented by the Mayor in May 2020.

During fiscal year 2019-20, the City received approximately $378.5 million in the General Fund in various federal grants (primarily from the CARES Act and FEMA) to offset the economic impact of the pandemic, of which $76.2 million from unearned grant revenue received in advance is available to offset expenditures in fiscal year 2020-21.

CARES Act Grant to the Airport

The federal CARES Act became law on March 27, 2020 in response to the COVID-19 pandemic and the related decline in overall economic activity. The CARES Act provided for direct aid for airports, which will reimburse amounts spent for any lawful airport purpose, and in June 2020, the Airport executed a grant agreement with the FAA for approximately $254.8 million of such funds. The Airport expects to draw and receive this grant funding in fiscal year 2021.

COVID-19 Emergency Rent Relief Program for Airport Concessions

In October 2020, the Airport approved implementation of the "COVID-19 Emergency Rent Relief Program" to support the economic well-being of the Airport's concession operators. For food and beverage concessions, retail concessions and services concessions, the COVID-19 Emergency Rent Relief Program provides for the following: (1) a waiver of MAG rent for the months of March, April, and May 2020 (with percentage rent still due for March 2020), (2) a waiver of all fees for April and May 2020, and (3) a waiver of storage fees, food court cleaning fees, food court infrastructure fees, infrastructure reimbursement fees, marketing fees, and refuse fees for June through December 2020. For rental car concessions, Space Rent will be waived at the Rental Car Center for the months of March, April, and May 2020 and utilities fees for April and May 2020. The total value of the COVID-19 Emergency Rent Relief Program is estimated at $21.8 million. The implementation of the Program was approved by the Board of Supervisors in January 2021.

COVID-19 Future Budget Impacts

The pandemic's health, economic, and financial impacts have heightened during fiscal year 2020-21. In May 2020, the Controller's Office, the Mayor's Budget Office, and the Board of Supervisors Budget & Legislative Analyst's Office projected a combined $1.7 billion General Fund shortfall for fiscal year 2020-21 and fiscal year 2021-22. The Mayor proposed a budget to close this projected shortfall in August 2020. The final City budget was adopted by the Board in September 2020. The final adopted budget for the City was predicated on a gradual economic and tax revenue recovery beginning in late fiscal year 2020-21, and bridged this projected shortfall through use of reserves, reduction in capital and other citywide spending programs, inflationary cost controls, deferral of planned new programs, limited operating budget reductions, and voter-adoption of a business tax measure on the November 2020 ballot. This measure was approved by the voters, as were two other taxes that will provide some relief financial benefit to the City in years ahead.

Credit Rating Changes

In July 2020, S&P Global Ratings (S&P) took several rating actions with respect to the Airport's bonds. S&P lowered its rating on all the Airport's bonds, except Series 2010A, Series 2018B and Series 2018C, from "A+" to "A". S&P maintained its negative outlook on the rating. S&P also lowered its joint support long-term rating on the Airport's bonds, Series 2018B and Series 2018C from "AA+/A-1" to "AA/A-1". S&P affirmed the respective short-term ratings. S&P also lowered its underlying rating on these bonds from "A+" to "A". S&P maintained its negative outlook on the underlying rating. S&P also affirmed its respective joint support long-term rating and short-term rating of "AA+/A-1" on the Airport's bonds, Series 2010A. S&P lowered its underlying rating on these bonds from "A+" to "A". S&P maintained its negative outlook on the underlying rating.

In December 2020, Moody's Investors Service (Moody's) assigned a first-time A2 Issuer Rating to CleanPowerSF, with a stable outlook.

Subordinate Commercial Paper Notes

The letter of credit provided by Royal Bank of Canada to support $25.0 million in Subordinate CP Notes by the Airport terminated by its terms on August 28, 2020. Effective August 31, 2020, the letter of credit provided by Barclays Bank PLC was increased by $25.0 million, to support $125.0 million in principal amount of Subordinate CP Notes, with the same expiration date of April 28, 2023.

Hotel Special Facilities Bonds

The financial performance of the on-Airport Hotel has been adversely affected by the COVID-19 pandemic, and since March 2020 the Hotel has been operating at a loss. Interest on the Hotel Special Facility Bonds is payable on each April 1 and October 1. There were not sufficient Hotel revenues available to pay the full $3.9 million October 1, 2020 interest payment. In September 2020, the Airport, through the trustee of the Hotel Special Facility Bonds Trust (the Trust Trustee), instructed the trustee for the Hotel Special Facility Bonds (the Hotel Bond Trustee) to suspend payment of interest due on the Hotel Special Facility Bonds on October 1, 2020, and to refrain from making any transfers of amounts in other funds and accounts held under the trust agreement for the Hotel Special Facility Bonds and taking other actions with respect to the October 1, 2020 interest payment until directed to do so. The Hotel Bond Trustee and the Trust Trustee have explicitly acknowledged that non-payment of the October 1, 2020 interest payment and the taking of actions or refraining from taking of actions by the Hotel Bond Trustee as so instructed by the Airport shall not constitute or result in a default or event of default under the trust agreement pursuant to which the Hotel Special Facility Bonds were issued.

Development Agreement for Balboa Reservoir Project

In August 2020, the Board of Supervisors approved an ordinance that amended the Planning Code and Zoning Map to establish the Balboa Reservoir Special Use District. This ordinance will implement the land use controls for a previously approved Development Agreement between the City and Reservoir Community Partners, LLC for the Balboa Reservoir Projects (at the approximately 17.6-acre site located generally north of the Ocean Avenue commercial district, west of the City College of San Francisco Ocean Campus, east of the Westwood Park neighborhood, and south of Archbishop Riordan High School), with various public benefits, including 50% affordable housing and approximately four acres of publicly accessible parks and open space.

Declaration of Emergency

In October 2020, the Water Enterprise declared a departmental emergency related to the replacement and repair of fences that were damaged by the SCU Lightning Complex Fire. The emergency repair will require immediate contracting resources/facilities to begin work as soon as possible. Estimated costs are approximately $4.5 million.

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, 2020*

(Dollars in Thousands)

	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%	72.26%	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%	72.26%	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%

	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%

Required Supplementary Information (Unaudited) –
Schedules of the City's Proportionate Share of the Net Pension Liability (Continued)
June 30, 2020*
(Dollars in Thousands)

	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%	N/A
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, 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.

Changes of Assumptions – For the year 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 year ended June 30, 2018. For the year 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, 2019.

* Fiscal year 2014-15 was the first year of implementation of GASB No. 68, therefore only six 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, 2020*

(Dollars in Thousands)

City CalPERS Safety Plan	2020	2019	2018	2017	2016	2015
Total pension liability:						
Service cost	$ 30,109	$ 34,006	$ 33,886	$ 31,141	$ 30,987	$ 32,688
Interest on the total pension liability	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	(7,134)	6,909	(14,353)	950	(14,218)	-
Benefit payments, including refunds of employee contributions	(62,934)	(56,625)	(51,579)	(47,774)	(44,699)	(41,387)
Net change in total pension liability	58,596	81,087	131,740	69,411	32,178	67,478
Total pension liability, beginning	1,401,943	1,320,856	1,189,116	1,119,705	1,087,527	1,020,049
Total pension liability, ending	$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	43,789	31,189	30,575	23,640	20,718	20,613
Contributions from employees	9,141	9,359	10,307	14,310	15,061	15,216
Net investment income	71,212	85,351	104,383	4,731	20,469	138,628
Benefit payments, including refunds of employee contributions	(62,934)	(56,625)	(51,579)	(47,774)	(44,699)	(41,387)
Administrative expenses	(772)	(1,585)	(1,366)	(567)	(1,048)	-
Other miscellaneous income/(expense)	2	(3,011)	-	-	-	-
Net change in plan fiduciary net position	60,438	64,675	92,320	(5,660)	10,497	133,070
Plan fiduciary net position, beginning	1,082,203	1,017,528	925,208	930,868	920,371	787,301
Plan fiduciary net position, ending	$1,142,641	$1,082,203	$1,017,528	$ 925,208	$ 930,868	$ 920,371
Plan net pension liability, ending	$ 317,898	$ 319,740	$ 303,328	$ 263,908	$ 188,837	$ 167,156
Plan fiduciary net position as a percentage of the total pension liability	78.23%	77.19%	77.04%	77.81%	83.14%	84.63%
Covered payroll	$ 94,522	$ 106,765	$ 107,812	$ 110,139	$ 109,462	$ 111,311
Plan net pension liability as a percentage of the covered payroll	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 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, 2019. 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 six years of information is show

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Changes in Total Pension Liability and Related Ratios

June 30, 2020*
(Dollars in Thousands)

City Replacement Benefits Plan	2020	2019	2018	2017
Plan total pension liability:				
Service cost	$ 1,286	$ 1,298	$ 1,605	$ 956
Interest	3,538	2,998	2,218	2,112
Changes of benefits	-	-	-	10,310
Differences between expected and actual experience	13,588	564	15,326	-
Changes of assumptions	29,565	5,540	(10,290)	11,516
Benefit payments	(2,958)	(2,442)	(3,164)	(1,332)
Net change in total pension liability	45,019	7,958	5,695	23,562
Total pension liability, beginning	92,253	84,295	78,600	55,038
Plan total pension liability, ending:	$ 137,272	$ 92,253	$ 84,295	$ 78,600
Covered-employee payroll	$ 3,225,854	$ 3,082,273	$ 2,919,519	$ 2,719,691
Plan total pension liability as a percentage of the covered-employee payroll	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, 2019.

Changes of Assumptions – 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 four years of information is shown.

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) – Schedules of Employer Contributions – Pension Plans

June 30, 2020
(Dollars in Thousands)

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%

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%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans (Continued)

June 30, 2020*

(Dollars in Thousands)

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%	N/A	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 **	$ 556,511	$ 31	$ 400	$ 598	$ 2	$ 20,718
Contributions in relation to the actuarially determined contributions	(556,511)	(31)	(400)	(598)	(2)	(20,718)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,529,879	$ 319	$ 3,684	$ 3,427	$ -	$ 109,462
Contributions as a percentage of covered payroll	22.00%	9.72%	10.86%	17.45%	N/A	18.93%

* Fiscal year 2014-15 was the first year of implementation of GASB No. 68, therefore only six 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.

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans (Continued)
June 30, 2020*
(Dollars in Thousands)

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	2.75% 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	3.25%
Projected salary increase	Wage inflation component: 3.75%

Methods and assumptions used to determine FY 2017-18 contribution rates to SFERS Plan

Valuation date	July 1, 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%

(Dollars in Thousands)

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, 2020*

(Dollars in Thousands)

Methods and assumptions used to determine FY 2019-20 contribution rates to CalPERS plans

Valuation date…………………………	June 30, 2017
Actuarial cost method…………………	Entry-age normal cost method
Amortization method…………………	Level percent of payroll
Amortization period……………………	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method………………	Actuarial Value of Assets
Investment rate of return…………….	7.25%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase……………	Varies by Entry-Age and Service
Inflation……………………………………	2.625%
Payroll growth…………………………	2.875%

Methods and assumptions used to determine FY 2018-19 contribution rates to CalPERS plans

Valuation date…………………………	June 30, 2016
Actuarial cost method…………………	Entry-age normal cost method
Amortization method…………………	Level percent of payroll
Amortization period……………………	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method………………	Actuarial Value of Assets
Investment rate of return…………….	7.375%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase……………	Varies by Entry-Age and Service
Inflation……………………………………	2.75%
Payroll growth…………………………	3.00%

Methods and assumptions used to determine FY 2017-18 contribution rates to CalPERS plans

Valuation date…………………………	June 30, 2015
Actuarial cost method…………………	Entry-age normal cost method
Amortization method…………………	Level percent of payroll
Amortization period……………………	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method………………	Actuarial Value of Assets
Investment rate of return…………….	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase……………	Varies by Entry-Age and Service
Inflation……………………………………	2.75%
Payroll growth…………………………	3.00%

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans (Continued)
June 30, 2020*
(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, 2020
(Dollars in Thousands)

	2020		
	City Plan	Successor Agency	Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 133,736	$ 335	$ 118
Interest (includes interest on service cost)	283,520	812	143
Changes of benefit terms	-	-	-
Differences between expected and actual experience	194,068	-	(596)
Changes of assumptions	-	-	(63)
Benefit payments, including refunds of member contributions	(185,839)	(906)	(60)
Net change in total OPEB liability	**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 - 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 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, 2020
(Dollars in Thousands)

	2019		
	City Plan	**Successor Agency**	**Transportation Authority**
Total OPEB Liability			
Service cost (BOY)	$ 127,850	$ 164	$ 122
Interest (includes interest on service cost)	290,029	701	129
Changes of benefit terms	-	-	(5)
Differences between expected and actual experience	(385,732)	267	-
Changes of assumptions	111,119	1,572	-
Benefit payments, including refunds of member contributions	(178,019)	(812)	(58)
Net change in total OPEB liability	**(34,753)**	**1,892**	**188**
Total OPEB liability - beginning	**3,891,686**	**10,262**	**1,748**
Total OPEB liability - ending	**$ 3,856,933**	**$ 12,154**	**$ 1,936**
Plan fiduciary net position			
Contributions - employer	$ 203,858	$ 2,145	$ 144
Contributions - member	41,682	-	-
Net investment income	14,105	339	119
Benefit payments, including refunds of member contributions	(178,019)	(812)	(58)
Administrative expense	(137)	(11)	(1)
Net change in plan fiduciary net position	**81,489**	**1,661**	**204**
Plan fiduciary net position - beginning	**174,477**	**3,925**	**1,503**
Plan fiduciary net position - ending	**255,966**	**5,586**	**1,707**
Net OPEB liability - ending	**$ 3,600,967**	**$ 6,568**	**$ 229**
Plan fiduciary net position as a percentage of the total OPEB liability	6.6%	46.0%	88.2%
Covered payroll	$ 3,583,448	$ 5,742	$ 4,045
Net OPEB liability as a percentage of covered payroll	100.5%	114.4%	5.7%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Other Postemployment Healthcare Benefits Plan (Continued)

June 30, 2020*
(Dollars in Thousands)

	2018		
	City Plan	Successor Agency	Transportation Authority
Total OPEB Liability			
Service cost (BOY)	$ 125,195	$ 159	$ 122
Interest (includes interest on service cost)	272,942	692	117
Benefit payments, including refunds of member contributions	(165,470)	(797)	(64)
Net change in total OPEB liability	**232,667**	**54**	**175**
Total OPEB liability - beginning	**3,659,019**	**10,208**	**1,573**
Total OPEB liability - ending	**$ 3,891,686**	**$ 10,262**	**$ 1,748**
Plan fiduciary net position			
Contributions - employer	$ 183,898	$ 1,097	$ 166
Contributions - member	31,686	-	-
Net investment income	17,368	353	134
Benefit payments, including refunds of member contributions	(165,470)	(797)	(64)
Administrative expense	(109)	(3)	(1)
Net change in plan fiduciary net position	**67,373**	**650**	**235**
Plan fiduciary net position - beginning	**107,104**	**3,275**	**1,268**
Plan fiduciary net position - ending	**174,477**	**3,925**	**1,503**
Net OPEB liability - ending	**$ 3,717,209**	**$ 6,337**	**$ 245**
Plan fiduciary net position as a percentage of the total OPEB liability	4.5%	38.2%	86.0%
Covered payroll	$ 3,393,658	$ 5,042	$ 3,946
Net OPEB liability as a percentage of covered payroll	109.5%	125.7%	6.2%

* Fiscal year 2017-18 was the first year of implementation of GASB No. 75, therefore only three 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, 2020*
(In Thousands)

	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)	(51)
Contribution deficiency/(excess)	$ -	$ (2,099)	$ -
Covered payroll	$ 4,020,458	$ 6,745	$ 4,355
Contributions as a percentage of covered payroll	5.87%	43.01%	1.17%

	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%	3.50%

	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 four 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, 2020*
(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 2019-20 contribution rates for the plans are as follows:

Actuarial Assumptions	City Plan for the year ended June 30, 2020
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Medical costs: Applied at beginning of calendar year, starting at 6.35% for 2021, grading down to 5.18% in 2029, and decreasing to an ultimate rate of 3.93% in 2076. Vision and expenses trend remains a flat 3.50% for all years
Expected Rate of Return on Plan Assets	7.40%
Discount Rate	7.40%
Salary Increase Rate	Wage Inflation Component: 3.50% Additional Merit Component (dependent on years of service): Police: 1.50% - 8.00% Fire: 1.50% - 15.00% Muni Drivers: 0.00% - 15.00% Craft: 0.00% - 3.50% Misc: 0.00% - 5.25%
Inflation Rate	Wage Inflation: 3.50% compounded annually Consumer Price Inflation: 2.75% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ended June 30, 2014.

Healthy Non-Annuitants - CalPERS employee mortality tables without scale BB projection

Gender	Adjustment Factor	Base Year
Female	0.918	2009
Male	0.948	2009

Healthy Annuitants - CalPERS healthy annuitant mortality table without scale BB projection

Gender	Adjustment Factor	Base Year
Female	1.014	2009
Male	0.909	2009

Miscellaneous Disabled Annuitants - RP-2014 Disabled Retiree Tables without MP-2014 projection

Gender	Adjustment Factor	Base Year
Female	1.066	2006
Male	0.942	2006

Safety Disabled Annuitants - CalPERS industrial disability mortality table without scale BB projection

Gender	Adjustment Factor	Base Year
Female	0.983	2009
Male	0.909	2009

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions
Other Postemployment Healthcare Benefits Plans (Continued)
Year Ended June 30, 2020*
(In Thousands)

	For the year ended June 30, 2020	
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 Experience Study for the period from 1997 to 2015	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%

CITY AND COUNTY OF SAN FRANCISCO

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

Year Ended June 30, 2020
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Budgetary Fund Balance, July 1	$ 299,880	$ 2,817,270	$ 2,817,270	$ -
Resources (Inflows):				
Property taxes	1,956,008	1,956,008	2,071,862	115,854
Business taxes	1,050,620	1,050,392	822,154	(228,238)
Other local taxes:				
Sales and use tax	204,085	204,085	180,184	(23,901)
Hotel room tax	389,114	389,114	252,170	(136,944)
Utility users tax	98,714	98,714	94,231	(4,483)
Parking tax	83,000	83,000	69,461	(13,539)
Real property transfer tax	296,053	296,053	334,535	38,482
Other local taxes	73,410	73,410	65,599	(7,811)
Licenses, permits and franchises:				
Licenses and permits	12,684	12,614	8,971	(3,643)
Franchise tax	17,747	17,747	16,155	(1,592)
Fines, forfeitures, and penalties	3,125	3,131	3,638	507
Interest and investment income	76,590	69,579	78,846	9,267
Rents and concessions:				
Garages - Recreation and Park	8,678	8,678	4,510	(4,168)
Rents and concessions - Recreation and Park	5,858	5,862	4,619	(1,243)
Other rents and concessions	605	730	579	(151)
Intergovernmental:				
Federal grants and subventions	280,028	433,360	419,162	(14,198)
State subventions:				
Social service subventions	119,110	119,110	115,398	(3,712)
Health / mental health subventions	225,484	219,127	228,645	9,518
Health and welfare realignment	297,689	297,689	297,036	(653)
Public safety sales tax	104,640	104,640	103,856	(784)
Other grants and subventions	58,930	58,328	64,934	6,606
Other	2,733	2,733	2,404	(329)
Charges for services:				
General government service charges	77,725	77,573	68,585	(8,988)
Public safety service charges	45,655	45,634	43,827	(1,807)
Recreation charges - Recreation and Park	24,435	25,109	18,779	(6,330)
MediCal, MediCare and health service charges	97,407	97,687	102,457	4,770
Other financing sources:				
Transfers from other funds	163,455	190,642	190,642	-
Other resources (inflows)	69,424	31,712	49,144	17,432
Subtotal - Resources (Inflows)	5,843,006	5,972,461	5,712,383	(260,078)
Total amounts available for appropriation	6,142,886	8,789,731	8,529,653	(260,078)

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2020
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Charges to Appropriations (Outflows):				
Public Protection				
Adult Probation	$ 38,040	$ 40,620	$ 39,876	$ 744
District Attorney	64,672	65,160	65,060	100
Emergency Communications	63,001	69,509	69,509	-
Fire Department	385,812	392,938	392,828	110
Juvenile Probation	35,895	33,128	26,793	6,335
Police Department	588,071	584,607	580,148	4,459
Public Defender	40,981	41,115	40,695	420
Police Accountability	11,350	11,614	9,839	1,775
Sheriff	227,121	221,738	221,738	-
Superior Court	32,759	32,811	32,485	326
Subtotal - Public Protection	1,487,702	1,493,240	1,478,971	14,269
Public Works, Transportation and Commerce				
Board of Appeals	1,164	1,358	1,250	108
Business and Economic Development	75,686	64,043	52,997	11,046
General Services Agency - Public Works	131,905	146,109	143,789	2,320
Port	-	803	803	-
Public Utilities Commission	-	2,101	2,101	-
Municipal Transportation Agency	-	2,410	2,410	-
Subtotal - Public Works, Transportation and Commerce	208,755	216,824	203,350	13,474
Human Welfare and Neighborhood Development				
Children, Youth and Their Families	69,175	71,887	71,887	-
Commission on the Status of Women	9,520	9,331	9,062	269
Homelessness and Supportive Housing	234,128	218,823	206,115	12,708
Human Rights Commission	7,682	7,019	6,146	873
Human Services	863,082	878,638	878,638	-
Mayor - Housing/Neighborhoods	220,904	84,832	81,703	3,129
Subtotal - Human Welfare and Neighborhood Development	1,404,491	1,270,530	1,253,551	16,979
Community Health				
Public Health	946,154	1,065,051	1,065,051	-
Culture and Recreation				
Academy of Sciences	6,577	6,322	6,003	319
Arts Commission	10,219	10,254	9,994	260
Asian Art Museum	11,321	11,691	11,235	456
Fine Arts Museum	17,962	17,645	17,559	86
Law Library	2,141	2,141	1,777	364
Recreation and Park Commission	116,391	113,221	108,701	4,520
Subtotal - Culture and Recreation	164,611	161,274	155,269	6,005

CITY AND COUNTY OF SAN FRANCISCO

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

Year Ended June 30, 2020
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
General Administration and Finance				
Assessor/Recorder	$ 36,962	$ 32,729	$ 32,254	$ 475
Board of Supervisors	18,055	17,986	16,806	1,180
City Attorney	24,693	21,953	15,546	6,407
City Planning	46,533	47,019	43,066	3,953
Civil Service	975	1,064	797	267
Controller	13,978	15,504	13,385	2,119
Elections	26,541	28,865	26,554	2,311
Ethics Commission	11,606	5,764	4,801	963
General Services Agency - Administrative Services	115,575	67,804	64,705	3,099
General Services Agency - Technology	11,106	9,758	9,626	132
Health Service System	634	1,018	265	753
Human Resources	22,710	23,513	21,625	1,888
Mayor	7,501	7,725	6,765	960
Retirement Services	1,536	1,463	1,461	2
Treasurer/Tax Collector	35,842	50,131	47,088	3,043
Subtotal - General Administration and Finance	374,247	332,296	304,744	27,552
General City Responsibilities				
General City Responsibilities	159,402	137,851	129,955	7,896
Other financing uses:				
Debt service	20,998	55	-	55
Transfers to other funds	1,312,077	1,157,257	1,157,257	-
Budgetary reserves and designations	64,449	34,721	-	34,721
Total charges to appropriations	6,142,886	5,869,099	5,748,148	120,951
Total Sources less Current Year Uses	$ -	$ 2,920,632	$ 2,781,505	$ (139,127)

Budgetary fund balance, June 30 before reserves and designations	$ 2,781,505
Reserves and designations made from budgetary fund balance not available for appropriation	(1,643,521)
Reserves for Litigation and Contingencies and General Reserves	(241,812)
Net Available Budgetary Fund Balance, June 30	$ 896,172

Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation"	$ 8,529,653
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	(2,817,270)
Property tax revenue - Teeter Plan net change from prior year	3,140
Change in unrealized gain/(loss) on investments	20,350
Interest earnings / charges from other funds assigned to General Fund as interest adjustment	(33,737)
Interest earnings from other funds assigned to General Fund as other revenues	14,254
Grants, subventions and other receivables received after 60-day recognition period	(52,880)
Prepaid lease revenue, Civic Center Garage	84
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(190,642)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - General Fund	$ 5,472,952
Uses/outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations"	$ 5,748,148
Difference - budget to GAAP:	
Recognition of expenditures for advances and imprest cash and capital asset acquisition for internal service fund	(536)
Purchase of inventories	(33,212)
Intergovernmental expense offset	(123,294)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,157,257)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - General Fund	$ 4,433,849

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 in the basic financial statements for the General Fund. Final budgetary data excludes the amount reserved for encumbrances for appropriate comparison to actual expenditures.

(b) Budgetary Results Reconciled to Results in Accordance with Generally Accepted Accounting Principles

The budgetary process is based upon accounting for certain transactions on a basis other than GAAP. The results of operations are presented in the budget-to-actual comparison schedule in accordance with the budgetary process (Budget basis) to provide a meaningful comparison with the budget.

The major differences between the Budget basis “actual” and GAAP basis are timing differences. Timing differences represent transactions that are accounted for in different periods for Budget basis and GAAP basis reporting. Certain revenues accrued on a Budget basis have been deferred for GAAP reporting. These primarily relate to the accounting for property tax revenues under the Teeter Plan (Note 6), revenues not meeting the 60-day availability period and other assets not available for budgetary appropriation.

Required Supplementary Information (Unaudited) –
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2020
(In Thousands)

The fund balance of the General Fund as of June 30, 2020, on a Budget basis is reconciled to the fund balance on a GAAP basis as follows:

Fund Balance - Budget Basis	$	2,781,505
Unrealized Gains/ (Losses) on Investments		36,626
Cumulative Excess Property Tax Revenues Recognized on a Budget Basis		(20,655)
Cumulative Excess Health, Human Services, Franchise and Other Revenues Recognized on a Budget Basis		(139,590)
Inventories		33,212
Pre-paid lease revenue		(6,450)
Nonspendable Fund Balance (Assets Reserved for Not Available for Appropriation)		1,274
Fund Balance - GAAP basis	$	2,685,922

General Fund budget basis fund balance as of June 30, 2020 is composed of the following:

Not available for appropriations:				
Restricted Fund Balance:				
Rainy Day - Economic Stabilization Reserve	$	229,069		
Committed Fund Balance:				
Budget Stabilization Reserve		362,607		
Recreation and Parks Expenditure Saving Reserve		803		
Assigned for Encumbrances		394,912		
Assigned for Appropriation Carryforward		630,759		
Assigned for Subsequent Years' Budgets:				
Salaries and benefits costs (MOU)		25,371		
Subtotal			$	1,643,521
Available for appropriations:				
Assigned for Litigation and Contingences		160,314		
Assigned balance subsequently appropriated as part of the General Fund budget for use in fiscal year 2020-21		370,405		
Unassigned - General Reserve		78,498		
Unassigned - Free City College and Mission Bay Transportation Improvement Reserves		3,000		
Unassigned - Budget for use in fiscal year 2021-22		84		
Unassigned - COVID-19 Loss and Economic Contingency Reserve		507,400		
Unassigned - Available for future appropriations		18,283		
Subtotal				1,137,984
Fund Balance, June 30, 2020 - Budget basis			$	2,781,505

SINGLE AUDIT SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY AND COUNTY OF SAN FRANCISCO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed through State of California Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	02502-SN-38-R	$ 17,717	$ -
National School Lunch Program	10.555	02502-SN-38-R	31,147	-
Summer Food Service Program for Children	10.559	04029-SFSP-38	382,196	-
Subtotal Child Nutrition Cluster			431,060	-
Child and Adult Care Food Program	10.558	04029-CACFP-38	537,678	-
Passed through State of California Department of Public Health				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10059	671,114	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	19-10182	1,848,008	-
Subtotal WIC Special Supplemental Nutrition Program for Women, Infants, and Children			2,519,122	-
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16-10166	227,341	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	19-10345	443,598	-
Passed through State of California Department of Aging				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SP-1819-06	59,290	57,881
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CF-1920-06	25,054	25,054
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SP-1920-06	83,662	82,025
Passed through State of California Department of Social Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	None	37,569,556	1,257,006
Subtotal SNAP Cluster			38,408,501	1,421,966
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**41,896,361**	**1,421,966**
U.S. DEPARTMENT OF COMMERCE				
Direct Program				
Economic Adjustment Assistance	11.307	--	256,190	-
TOTAL U.S. DEPARTMENT OF COMMERCE			**256,190**	**-**
U.S. DEPARTMENT OF DEFENSE				
Direct Program				
Navy Cooperative Agreement for Hunters Point	12.unknown	--	395,750	-
TOTAL U.S. DEPARTMENT OF DEFENSE			**395,750**	**-**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Program				
Community Development Block Grants/Entitlement Grants Cluster	14.218	--	52,090,976	23,314,033
Emergency Solutions Grant Program	14.231	--	1,131,881	1,109,028
Home Investment Partnerships Program	14.239	--	5,736,651	24,080
Housing Opportunities for Persons with AIDS	14.241	--	8,075,672	7,458,140
Continuum of Care Program	14.267	--	35,958,024	32,493,560
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			**102,993,204**	**64,398,841**
U.S. DEPARTMENT OF INTERIOR				
Direct Program				
NPS Cooperative Agreement	15.unknown	--	862,540	-
TOTAL U.S. DEPARTMENT OF INTERIOR			**862,540**	**-**

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

CITY AND COUNTY OF SAN FRANCISCO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF JUSTICE				
Direct Program				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	--	$ 290,776	$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	--	647,938	-
DNA Backlog Reduction Program	16.741	--	24,789	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	--	161,147	-
Equitable Sharing Program	16.922	--	690,418	-
Passed through State of California Governor's Office of Emergency Services				
Crime Victim Assistance	16.575	KI 17 01 0380	75,708	-
Crime Victim Assistance	16.575	XC16 01 0380	261,764	38,952
Crime Victim Assistance	16.575	XE 16 01 0380	98,279	-
Crime Victim Assistance	16.575	XV 15 01 0380	95,761	-
Crime Victim Assistance	16.575	HA18 01 0380	88,512	-
Crime Victim Assistance	16.575	VW18 37 0380	566,492	-
Crime Victim Assistance	16.575	VW19 38 0380	992,697	-
Crime Victim Assistance	16.575	HA19 02 0380	62,900	-
Crime Victim Assistance	16.575	UV 19 02 0380	96,920	-
Crime Victim Assistance	16.575	KI 19 02 0380	79,627	-
Crime Victim Assistance	16.575	XC19 02 0380	197,546	-
Crime Victim Assistance	16.575	XE19 02 0380	95,872	-
Subtotal Crime Victim Assistance			2,712,078	38,952
Violence Against Women Formula Grants	16.588	PU18010380	14,975	-
Violence Against Women Formula Grants	16.588	PU19020380	70,474	-
Violence Against Women Formula Grants	16.588	VV 19 02 0380	218,716	-
Subtotal Violence Against Women Formula Grants			304,165	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ18140380	66,730	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ18 01 0380	42,312	-
Subtotal Paul Coverdell Forensic Sciences Improvement Grant Program			109,042	-
Passed through Board Of State and Community Corrections				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 0125-18-MH	7,184	-
TOTAL U.S. DEPARTMENT OF JUSTICE			**4,947,537**	**38,952**
U.S. DEPARTMENT OF LABOR				
Direct Program				
H-1B Job Training Grants	17.268	--	474,334	290,014
Passed through State of California Department of Employment Development				
Employment Service/Wagner-Peyser Funded Activities Cluster	17.207	K9111203	2,101	2,101
Workforce Innovation and Opportunity Act (WIOA) Cluster				
WIOA Adult Program	17.258	K9110055	227,612	161,131
WIOA Adult Program	17.258	AA011035	1,093,107	817,911
WIOA Youth Activities	17.259	K9110055	459,489	288,555
WIOA Youth Activities	17.259	AA011035	227,537	214,599
Subtotal WIOA Youth Activities			687,026	503,154
COVID-19 WIOA Dislocated Worker Formula Grants	17.278	AA011035	51,037	51,037
WIOA Dislocated Worker Formula Grants	17.278	AA011035	1,389,774	682,386
WIOA Dislocated Worker Formula Grants	17.278	K9110055	710,149	302,363
Subtotal WIOA Dislocated Worker Formula Grants			2,150,960	1,035,786
Passed through NOVA				
WIOA Adult Program	17.258	001-1145-19	136,025	-
Subtotal WIOA Cluster			4,294,730	2,517,982
TOTAL U.S. DEPARTMENT OF LABOR			**4,771,165**	**2,810,097**

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

CITY AND COUNTY OF SAN FRANCISCO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through State of California Department of Transportation (CALTRANS)				
Highway Research and Development Program	20.200	STPL-6169(013)	$ 1,125	$ -
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	BHLO-5934(168)	911,403	-
Highway Planning and Construction	20.205	BRLS-5934(177)	13,777,823	-
Highway Planning and Construction	20.205	ER-32L0(204)	1,096	-
Highway Planning and Construction	20.205	ATPLNI-6447(008)	239,058	124,847
Highway Planning and Construction	20.205	STPL5934(171)	1,165,031	-
Highway Planning and Construction	20.205	STPL5934(174)	326,692	-
Passed through Metropolitan Transportation Commission				
Highway Planning and Construction	20.205	STPLNI 6084 (232)	178,415	-
Subtotal Highway Planning and Construction Cluster			16,599,518	124,847
Passed through State of California Office of Traffic Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	PT19127	45,485	-
State and Community Highway Safety	20.600	PS190297	16,081	-
State and Community Highway Safety	20.600	PT20156	25,528	-
Subtotal Highway Safety Cluster			87,094	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT19127	25,156	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT20156	20,678	-
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated			45,834	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			**16,733,571**	**124,847**
U.S. DEPARTMENT OF THE TREASURY				
Direct Program				
Equitable Sharing	21.016	--	265,423	-
COVID-19 Coronavirus Relief Fund	21.019	--	90,774,014	161,564
TOTAL U.S. DEPARTMENT OF THE TREASURY			**91,039,437**	**161,564**
U.S. SMALL BUSINESS ADMINISTRATION				
Passed through Humboldt State University Sponsored Pgm				
Small Business Development Centers	59.037	F0330	182,978	-
Small Business Development Centers	59.037	F0430	128,872	-
Subtotal Small Business Development Centers			311,850	-
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			**311,850**	**-**
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Program				
The San Francisco Bay Water Quality Improvement Fund	66.126	--	28,948	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	--	25,471	-
Passed through State of California State Water Resources Control Board				
Capitalization Grants for Clean Water State Revolving Funds	66.458	D1701004	36,152,297	-
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			**36,206,716**	**-**
U.S. DEPARTMENT OF ENERGY				
Direct Program				
Conservation Research and Development	81.086	--	176,876	-
TOTAL U.S. DEPARTMENT OF ENERGY			**176,876**	**-**

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

CITY AND COUNTY OF SAN FRANCISCO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
Passed through State of California Department of Rehabiilitation				
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	30952	$ 78,660	$ -
TOTAL U.S. DEPARTMENT OF EDUCATION			**78,660**	**-**
U.S. ELECTION ASSISTANCE COMMISSION				
Passed through State of California Secretary of State				
Help America Vote Act Requirements Payments	90.401	18G27138	15,469	-
Help America Vote Act Requirements Payments	90.401	18G26138	25,000	-
Subtotal Help America Vote Act Requirements Payments			40,469	-
TOTAL U.S. ELECTION ASSISTANCE COMMISSION			**40,469**	**-**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program				
Environmental Public Health and Emergency Response	93.070	--	186,117	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	--	1,144,482	89,369
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	--	129,030	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	--	373,435	373,435
Drug Abuse and Addiction Research Programs	93.279	--	139,533	-
Alzheimer's Disease Initiative: Specialized Supportive Services Project (ADI-SSS) thru Prevention and Public Health Funds (PPHF)	93.763	--	77,244	77,244
Capacity Building Assistance (CBA) for High-Impact HIV Prevention	93.834	--	665,771	-
HIV Emergency Relief Project Grants	93.914	--	14,520,273	12,385,412
COVID-19 Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	--	9,297	9,297
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	--	343,255	120,001
HIV Prevention Activities Non-Governmental Organization Based	93.939	--	9,720	-
HIV Prevention Activities Health Department Based	93.940	--	7,450,700	643,128
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	--	1,183,833	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	--	1,223,847	97,183
Passed through State of California Department of Aging				
Aging Cluster				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-1920-06	13,179	13,179
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	AP-1920-06	35,547	35,547
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-1920-06	82,114	82,114
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AP-1920-06	1,216,538	530,516
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AP-1920-06	1,841,554	1,841,554
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	FFCRA-06	633,728	633,728
Subtotal Special Programs for the Aging, Title III, Part C, Nutrition Services			2,475,282	2,475,282
National Family Caregiver Support, Title III, Part E	93.052	AP-1920-06	514,395	514,395
Nutrition Services Incentive Program	93.053	AP-1920-06	2,189,456	2,189,456
Subtotal Aging Cluster			6,526,511	5,840,489
Medicare Enrollment Assistance Program	93.071	MI-1819-06	53,408	53,408
State Health Insurance Assistance Program	93.324	HI-1718-06	109,687	100,523
Passed through University of California San Francisco				
Global AIDS	93.067	10129sc 01	13,323	-

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

CITY AND COUNTY OF SAN FRANCISCO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed through Regents of the University of California				
Global AIDS	93.067	10815sc	$ 20,450	$ -
Global AIDS	93.067	9289sc 03	6,662	-
Global AIDS	93.067	8940sc a04	9,184	-
Global AIDS	93.067	11408sc	6,662	-
Global AIDS	93.067	11580SC	44,621	-
Global AIDS	93.067	11644sc	18,211	-
Global AIDS	93.067	11626sc	39,005	-
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	10259sc	97,531	-
Mental Health Research Grants	93.242	9833sc	6,866	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	11487sc	13,264	-
Drug Abuse and Addiction Research Programs	93.279	8952sc	18,759	-
Nursing Research	93.361	10409sc 02	10,369	-
Child Welfare Research Training or Demonstration	93.648	00009730	4,419	-
Allergy and Infectious Diseases Research	93.855	10612sc	27,115	-
Allergy and Infectious Diseases Research	93.855	11324sc	99,636	-
Allergy and Infectious Diseases Research	93.855	11638sc	8,654	-
Allergy and Infectious Diseases Research	93.855	11730sc	7,951	-
PPHF Geriatric Education Centers	93.969	11688sc	6,321	-
Passed through State of California Department of Public Health				
Public Health Emergency Preparedness	93.069	17-10188	397,898	-
COVID-19 Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	17-10188	109,969	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	17-10188	147,141	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	16-10233	88,634	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	19-10807	61,782	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	19-10808	43,276	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	15-10979	20,501	-
Immunization Cooperative Agreements	93.268	17-10345	270,659	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922071	537,098	-
Medical Assistance Program	93.778	17-10259	246,536	-
Medical Assistance Program	93.778	201838	12,161	-
Medical Assistance Program	93.778	201938	4,689,631	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	19-38	1,011,540	-
National Bioterrorism Hospital Preparedness Program	93.889	17-10188	169,529	-
HIV Care Formula Grants	93.917	18-10886	3,182,092	2,796,571
HIV Care Formula Grants	93.917	16-10856	432,327	432,327
Subtotal HIV Care Formula Grants			3,614,419	3,228,898
Maternal and Child Health Services Block Grant to the States	93.994	201938	311,722	-

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

CITY AND COUNTY OF SAN FRANCISCO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed through State of California Department of Social Services				
COVID-19 Guardianship Assistance	93.090	None	$ 145,594	$ -
Guardianship Assistance	93.090	None	2,722,011	-
Promoting Safe and Stable Families	93.556	None	448,113	297,546
COVID-19 Temporary Assistance for Needy Families Cluster	93.558	None	51,432	-
Temporary Assistance for Needy Families Cluster	93.558	None	64,287,166	9,226,984
Subtotal Temporary Assistance for Needy Families Cluster			64,338,598	9,226,984
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	None	375,019	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	RESS1706	12,368	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	RESS1808	53,790	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	REFS1806	3,447	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	ORSA1906	1,456	1,456
Subtotal Refugee and Entrant Assistance State/Replacement Designee Administered Programs			446,080	1,456
Community-Based Child Abuse Prevention Grants	93.590	None	24,688	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	None	1,638,336	104,347
COVID-19 Foster Care Title IV-E	93.658	None	429,950	307,450
Foster Care Title IV-E	93.658	None	30,286,746	7,052,047
COVID-19 Adoption Assistance	93.659	None	512,911	6,746
Adoption Assistance	93.659	None	10,475,457	101,321
Social Services Block Grant	93.667	None	1,216,848	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	None	389,378	293,166
Medical Assistance Program	93.778	None	83,059,402	3,256,839
Passed through Regents of the University of Michigan				
Injury Prevention and Control Research and State and Community Based Programs	93.136	R49CE002099	10,402	-
Passed through State of California Department of Health Care Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	68-0317191	486,184	486,184
Medicaid Cluster - Medical Assistance Program	93.778	19-01	963,145	-
Medicaid Cluster - Medical Assistance Program	93.778	19-02	387,131	-
Block Grants for Community Mental Health Services	93.958	None	3,350,592	1,248,332
Passed through California Family Health Council				
Family Planning Services	93.217	380-5320-71209-19-20	41,606	-
Passed through SF Community Clinic Consortium				
Health Center Program Cluster				
Health Center Program Cluster (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H8OCS00049	355,022	-
Grants for New and Expanded Services under the Health Center Program	93.527	H8OCS00049	912,914	-
Subtotal Health Center Program Cluster			1,267,936	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00163	155,883	-
Passed through Rutgers, The State University of New Jersey				
Mental Health Research Grants	93.242	0401	7,954	-

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

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed through Public Health Foundation Enterprise				
Mental Health Research Grants	93.242	0349.0104	$ 26,658	$ -
Mental Health Research Grants	93.242	0597.0101	69,179	-
Mental Health Research Grants	93.242	0550.0102	13,314	-
Mental Health Research Grants	93.242	0618.0101	18,930	-
Drug Abuse and Addiction Research Programs	93.279	0526.0102	75,107	-
Drug Abuse and Addiction Research Programs	93.279	0391.0104	59,260	-
Drug Abuse and Addiction Research Programs	93.279	0526.0103	3,600	-
Minority Health and Health Disparities Research	93.307	0350.0105	25,104	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	0187.4006	8,011	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	0187.2207	217,717	-
Subtotal Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			225,728	-
Allergy and Infectious Diseases Research	93.855	0014.0107	89,321	-
Allergy and Infectious Diseases Research	93.855	0014.0108	14,302	-
Child Health and Human Development Extramural Research	93.865	0419.0104	41,296	-
Passed through State of California Department of Education				
Every Student Succeeds Act/Preschool Development Grants	93.434	CLPC9036	21,164	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	18-14092-25630-01	70,046	70,046
Child Care and Development Block Grant	93.575	18-14872-25630-05	2,372	2,372
Child Care and Development Block Grant	93.575	18-14130-25630-03	54,687	54,687
Child Care and Development Block Grant	93.575	C2AP9046	1,304,759	1,304,759
Child Care and Development Block Grant	93.575	CAPP9051	98,366	98,366
Child Care and Development Block Grant	93.575	19-14130-25630-02	142,514	142,514
Child Care and Development Block Grant	93.575	19-14092-25630-01	71,257	71,257
Child Care and Development Block Grant	93.575	19-14130-25630-03	46,286	40,566
Child Care and Development Block Grant	93.575	19-14092-25630-02	154,279	135,215
Child Care and Development Block Grant	93.575	19-14872-25630-03	106,582	90,439
Child Care and Development Block Grant	93.575	CLPC9036	56,647	-
Child Care and Development Block Grant	93.575	CRET9034	523,244	523,244
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CAPP-9051	257,560	257,560
Passed through Contra Costa County Office of Education				
Child Care and Development Block Grant	93.575	1700230	9,093	-
Subtotal CCDF Cluster			2,897,692	2,791,025
Passed through State of California Department of Child Support Services				
Child Support Enforcement	93.563	None	9,166,113	-
Passed through Asian & Pacific Islander American Health				
Capacity Building Assistance (CBA) for High-Impact HIV Prevention	93.834	APIAHF-20190701	20,000	-
Passed through Family Health International (FHI360)				
Allergy and Infectious Diseases Research	93.855	970/0080.0172	6,520	-
Passed through Fred Hutchinson Cancer Research Center				
Allergy and Infectious Diseases Research	93.855	0000965896	52,156	-
Allergy and Infectious Diseases Research	93.855	0001011596	61,407	-
Passed through Magee-Womens Research Institute And Foun				
Allergy and Infectious Diseases Research	93.855	9583	48,366	-
Allergy and Infectious Diseases Research	93.855	9649	37,710	-
Passed through State of California Department of Alcohol and Drug Programs				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	None	9,436,089	9,436,089
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			**271,551,603**	**57,627,919**

CITY AND COUNTY OF SAN FRANCISCO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Pass-Through Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Program				
Assistance to Firefighters Grant	97.044	--	$ 2,733,591	$ -
Port Security Grant Program	97.056	--	198,267	-
Passed through State of California Department of Parks & Recreation				
Boating Safety Financial Assistance	97.012	C18L0606	190,305	-
Passed through State of California Governor's Office of Emergency Services				
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4482	5,261,556	188,287
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4158-DR-CA	374,452	-
Subtotal Disaster Grants - Public Assistance (Presidentially Declared Disasters)			5,636,008	188,287
Hazard Mitigation Grant	97.039	FEMA-4158-DR-CA	488,259	-
Hazard Mitigation Grant	97.039	4353-171-46P	68,675	-
Subtotal Hazard Mitigation Grant			556,934	-
Emergency Management Performance Grants	97.042	2019-0035	128,707	-
Homeland Security Grant Program	97.067	2017-0083	4,519,984	2,229,271
Homeland Security Grant Program	97.067	2018-0054	11,558,756	7,799,984
Homeland Security Grant Program	97.067	2019-0035	4,926,330	2,981,230
Passed through County of San Mateo				
Homeland Security Grant Program	97.067	2019-0035	257,937	257,937
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			**30,706,819**	**13,456,709**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 602,968,748**	**$ 140,040,895**

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

1. GENERAL

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

The City's basic financial statements include the operations of the San Francisco County Transportation Authority (Authority), the San Francisco International Airport (Airport), the Municipal Transportation Agency (MTA), and the Successor Agency to the San Francisco Redevelopment Agency (Successor Agency). The expenditures of the Authority, the Airport, the MTA, and the Successor Agency are not included in the schedule of expenditures of federal awards for the year ended June 30, 2020. Federal expenditures for these entities are separately audited.

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS AND BASIC FINANCIAL STATEMENTS

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

4. MEDI-CAL AND MEDICARE

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

5. ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM

For the purpose of calculating federal expenditures for the Schedule, grants for revolving loan funds (RLF) under the Economic Adjustment Assistance Program (CFDA number 11.307) are calculated as the federal share of the sum of RLF loans outstanding at the end of the fiscal year, cash and investment balance in the RLF at the end of the fiscal year, administrative expenses paid out of RLF income during the year, and the unpaid principal of all loans written off during the year.

The City incurred a total of $256,190 in federal expenditures under the Economic Adjustment Assistance Program for the fiscal year ended June 30, 2020. As of June 30, 2020, the total outstanding RLF and cash and investments in the RLF were $337,356 and $57,999, respectively. There were no administrative expenses paid out of the RLF income and no write offs of unpaid principal of loans during the year. The federal share of the RLF was 64.8%.

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

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

Federal Grantor Pass-through Grantor Program Title	Grant / Contract No.	CFDA No.	Expenditures State	Expenditures Federal
U.S. Department of Agriculture				
Passed through State of California, Department of Aging:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SP-1819-06	10.561	$ -	$ 59,290
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	SP-1920-06	10.561	-	83,662
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	CF-1920-06	10.561	25,054	25,054
U.S. Department of Health and Human Services				
Passed through State of California, Department of Aging:				
Special Programs for the Aging-Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	AP-1920-06	93.041	-	13,179
Special Programs for the Aging-Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	AP-1920-06	93.042	-	35,547
Special Programs for the Aging Title III, Part D - Disease Prevention and Health Promotion Services	AP-1920-06	93.043	-	82,114
Special Programs for the Aging-Title III, Part B - Grants for Supportive Services and Senior Centers	AP-1920-06	93.044	-	1,216,538
Special Programs for the Aging-Title III, Part C - Nutrition Services	AP-1920-06	93.045	445,407	1,841,554
COVID-19 Special Programs for the Aging-Title III, Part C - Nutrition Services	FFCRA-06	93.045	-	633,728
National Family Caregiver Support, Title III, Part E	AP-1920-06	93.052	-	514,395
Nutritional Services Incentive Program	AP-1920-06	93.053	-	2,189,456
Medicare Enrollment Assistance Program	MI-1819-06	93.071	-	53,408
State Health Insurance Assistance Program	HI-1718-06	93.324	212,436	109,687
			682,897	$ 6,857,612
State Award - California Department of Aging				
State Health Facilities Citation Penalties Account, General Fund Allocation	AP-1920-06		42,567	-
Skilled Nursing Facility (SNF) Quality and Accountability Fund (QAF) Allocation	AP-1920-06		23,384	-
Ombudsman State General Fund	AP-1920-06		123,238	-
Ombudsman Public Health L&C Program Fund	AP-1920-06		4,923	-
Total Expenditures of CDA Awards			$ 877,009	

7. PROGRAM TOTALS

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

	CFDA no. / Program Title / Federal Grantor or Pass-Through Grantor	Pass-Through Identifying Number	Federal Expenditures
(1)	**CFDA no. 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program**		
	State of California Department of Aging	CF-1920-06	$ 25,054
	State of California Department of Aging	SP-1819-06	59,290
	State of California Department of Aging	SP-1920-06	83,662
	State of California Department of Public Health	16-10166	227,341
	State of California Department of Public Health	19-10345	443,598
	State of California Department of Social Services	None	37,569,556
		Program Total	$ 38,408,501
(2)	**CFDA no. 16.738 - Edward Byrne Memorial Justice Assistance Grant Program**		
	U.S. Department of Justice	--	$ 647,938
	Board of State and Community Corrections	BSCC 0125-18-MH	7,184
		Program Total	$ 655,122
(3)	**CFDA no. 17.258 - WIOA Adult Program**		
	State of California Department Of Employment Development	AA011035	$ 1,093,107
	State of California Department Of Employment Development	K9110055	227,612
	NOVA	001-1145-19	136,025
		Program Total	$ 1,456,744
(4)	**CFDA no. 20.205 - Highway Planning and Construction**		
	State of California Department Of Transportation (CALTRANS)	ATPLNI-6447(008)	$ 239,058
	State of California Department Of Transportation (CALTRANS)	BHLO-5934(168)	911,403
	State of California Department Of Transportation (CALTRANS)	BRLS-5934(177)	13,777,823
	State of California Department Of Transportation (CALTRANS)	ER-32L0(204)	1,096
	State of California Department Of Transportation (CALTRANS)	STPL5934(171)	1,165,031
	State of California Department Of Transportation (CALTRANS)	STPL5934(174)	326,692
	Metropolitan Transportation Commission	STPLNI 6084 (232)	178,415
		Program Total	$ 16,599,518
(5)	**CFDA no. 93.067 - Global AIDS**		
	Regents of the University of California	10815sc	$ 20,450
	Regents of the University of California	11408sc	6,662
	Regents of the University of California	11580SC	44,621
	Regents of the University of California	11626sc	39,005
	Regents of the University of California	11644sc	18,211
	Regents of the University of California	8940sc a04	9,184
	Regents of the University of California	9289sc 03	6,662
	University of California San Francisco	10129sc 01	13,323
		Program Total	$ 158,118
(6)	**CFDA no. 93.136 - Injury Prevention and Control Research and State and Community Based Programs**		
	State of California Department of Public Health	16-10233	$ 88,634
	State of California Department of Public Health	19-10807	61,782
	State of California Department of Public Health	19-10808	43,276
	Regents of The University of Michigan	R49CE002099	10,402
		Program Total	$ 204,094

7. PROGRAM TOTALS (Continued)

	CFDA no. / Program Title / Federal Grantor or Pass-Through Grantor	Pass-Through Identifying Number	Federal Expenditures
(7)	**CFDA no. 93.242 - Mental Health Research Grants**		
	Regents Of The University Of California	9833sc	$ 6,866
	Public Health Foundation Enterprise	0349.0104	26,658
	Public Health Foundation Enterprise	0550.0102	13,314
	Public Health Foundation Enterprise	0597.0101	69,179
	Public Health Foundation Enterprise	0618.0101	18,930
	Rutgers, The State University of New Jersey	0401	7,954
		Program Total	$ 142,901
(8)	**CFDA no. 93.243 - Substance Abuse and Mental Health Services Projects of Regional and National Significance**		
	U.S. Department of Health and Human Services	--	$ 373,435
	Regents of the University of California	11487sc	13,264
	State of California Department of Public Health	15-10979	20,501
		Program Total	$ 407,200
(9)	**CFDA no. 93.279 - Drug Abuse and Addiction Research Programs**		
	U.S. Department of Health and Human Services	--	$ 139,533
	Public Health Foundation Enterprise	0391.0104	59,260
	Public Health Foundation Enterprise	0526.0102	75,107
	Public Health Foundation Enterprise	0526.0103	3,600
	Regents of the University of California	8952sc	18,759
		Program Total	$ 296,259
(10)	**CFDA no. 93.575 - Child Care and Development Block Grant**		
	Contra Costa County Office of Education	1700230	$ 9,093
	State of California Department of Education	18-14092-25630-01	70,046
	State of California Department of Education	18-14130-25630-03	54,687
	State of California Department of Education	18-14872-25630-05	2,372
	State of California Department of Education	19-14092-25630-01	71,257
	State of California Department of Education	19-14092-25630-02	154,279
	State of California Department of Education	19-14130-25630-02	142,514
	State of California Department of Education	19-14130-25630-03	46,286
	State of California Department of Education	19-14872-25630-03	106,582
	State of California Department of Education	C2AP9046	1,304,759
	State of California Department of Education	CAPP9051	98,366
	State of California Department of Education	CLPC9036	56,647
	State of California Department of Education	CRET9034	523,244
		Program Total	$ 2,640,132
(11)	**CFDA no. 93.778 - Medical Assistance Program**		
	State of California Department Of Public Health	201838	$ 12,161
	State of California Department Of Public Health	17-10259	246,536
	State of California Department Of Public Health	201938	4,689,631
	State of California Department of Social Services	None	83,059,402
	State of California Department Of Health Care Services	19-01	963,145
	State of California Department Of Health Care Services	19-02	387,131
		Program Total	$ 89,358,006

7. PROGRAM TOTALS (Continued)

	CFDA no. / Program Title / Federal Grantor or Pass-Through Grantor	Pass-Through Identifying Number	Federal Expenditures
(12)	**CFDA no. 93.834 - Capacity Building Assistance (CBA) for High-Impact HIV Prevention**		
	U.S. Department of Health and Human Services	--	$ 665,771
	Asian & Pacific Islander American Health	APIAHF-20190701	20,000
		Program Total	$ 685,771
(13)	**CFDA no. 93.855 - Allergy and Infectious Diseases Research**		
	Regents of the University of California	10612sc	$ 27,115
	Regents of the University of California	11324sc	99,636
	Regents of the University of California	11638sc	8,654
	Regents of the University of California	11730sc	7,951
	Public Health Foundation Enterprise	0014.0107	89,321
	Public Health Foundation Enterprise	0014.0108	14,302
	Family Health International (FHI360)	970/0080.0172	6,520
	Fred Hutchinson Cancer Research Center	0000965896	52,156
	Fred Hutchinson Cancer Research Center	0001011596	61,407
	Magee-Womens Research Institute And Foundation	9583	48,366
	Magee-Womens Research Institute And Foundation	9649	37,710
		Program Total	$ 453,138
(14)	**CFDA no. 93.918 - Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease**		
	U.S. Department of Health and Human Services	--	$ 352,552
	San Francisco Community Clinic Consortium	H76HA00163	155,883
		Program Total	$ 508,435
(15)	**CFDA no. 97.067 - Homeland Security Grant Program**		
	State of California Governor's Office of Emergency Services	2017-0083	$ 4,519,984
	State of California Governor's Office of Emergency Services	2018-0054	11,558,756
	State of California Governor's Office of Emergency Services	2019-0035	4,926,330
	County of San Mateo	2019-0035	257,937
		Program Total	$ 21,263,007

CITY AND COUNTY OF SAN FRANCISCO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

8. CALIFORNIA DEPARTMENT OF EDUCATION (CDE) REPORTING REQUIREMENTS

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

Federal Grantor Pass-through Grantor Program Title	Grant / Contract No.	CFDA No.	Award Amount State	 Federal	Expenditures State	 Federal
U.S. Department of Agriculture						
Passed through State of California, Department of Education:						
School Breakfast Program	02502-SN-38-R	10.553	$ -	$ 17,717	$ -	$ 17,717
National School Lunch Program	02502-SN-38-R	10.555	-	31,147	-	31,147
Child and Adult Care Food Program	04029-CACFP-38	10.558	-	537,678	-	537,678
Summer Food Service Program for Children	04029-SFSP-38	10.559	-	382,196	-	382,196
U.S. Department of Health and Human Services						
Passed through State of California, Department of Education:						
Every Student Succeeds Act/Preschool Development Grants	CLPC 9036	93.434	-	21,164	-	21,164
Child Care and Development Block Grant	18-14092-25630-01	93.575	-	387,980	-	70,046
Child Care and Development Block Grant	18-14872-25630-05	93.575	-	15,494	-	2,372
Child Care and Development Block Grant	19-14130-25630-03	93.575	-	74,261	-	46,286
Child Care and Development Block Grant	19-14092-25630-02	93.575	-	247,525	-	154,279
Child Care and Development Block Grant	19-14872-25630-03	93.575	-	106,582	-	106,582
Child Care and Development Block Grant	18-14130-25630-03	93.575	-	218,021	-	54,687
Child Care and Development Block Grant	19-14130-25630-02	93.575	-	217,817	-	142,514
Child Care and Development Block Grant	19-14092-25630-01	93.575	-	108,909	-	71,257
Child Care and Development Block Grant	C2AP 9046	93.575	8,759,679	1,304,759	8,218,675	1,304,759
Child Care and Development Block Grant	CLPC 9036	93.575	5,122	56,647	5,122	56,647
Child Care and Development Block Grant	CRET 9034	93.575	62,363	523,244	62,363	523,244
Child Care and Development Block Grant	CAPP 9051	93.575	-	98,366	-	98,366
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CAPP 9051	93.596	418,202	257,560	416,896	257,560
			$ 9,245,366	$ 4,607,067	$8,703,056	$ 3,878,501
State Award - California Department of Education						
California State Preschool-California Migrant Program Quality Rating and Improvement Systems Block Grant	18-25276-68478-00		1,098,288		94,018	
California State Preschool-California Migrant Program Quality Rating and Improvement Systems Block Grant	19-25276-68478-00		1,040,394		939,622	
Total Expenditures of CDE Awards			$11,384,048		$9,736,696	

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of the City and County of San Francisco, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 26, 2021, except for our report on the schedule of expenditures of federal awards, as to which the date is June 25, 2021. Our report includes a reference to other auditors who audited the financial statements of the San Francisco County Transportation Authority, San Francisco International Airport, San Francisco Water Enterprise, Hetch Hetchy Water and Power, Municipal Transportation Agency, San Francisco Wastewater Enterprise, and the Health Service System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Macias Gini & O'Connell LLP
101 California Street, Suite 3910
San Francisco, CA 94111

Compliance and Other Matters

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

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Macias Gini & O'Connell LLP

San Francisco, California
February 26, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited the City and County of San Francisco, California's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the San Francisco County Transportation Authority (Authority), the San Francisco International Airport (Airport), the Municipal Transportation Agency (MTA), and the Successor Agency to the San Francisco Redevelopment Agency (Successor Agency), whose expenditures in federal awards are not included in the City's schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of these organizations. We were engaged to perform an audit in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and report on the results separately to the Successor Agency. The Authority, the Airport, and the MTA engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on the Disaster Grants - Public Assistance (Presidentially Declared Disasters) Program (CFDA 97.036)

As described in finding 2020-002, in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the period of performance. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to this program

Qualified Opinion on the Disaster Grants - Public Assistance (Presidentially Declared Disasters) Program (CFDA 97.036)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a material weakness.

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

Macias Gini & O'Connell LLP

San Francisco, California
June 25, 2021

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(cies) identified?..	No
Type of auditor's report issued on compliance for major federal programs	Qualified for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?..	No

Identification of major federal programs:

Name of Federal Program or Cluster	CFDA Number(s)
Home Investment Partnerships Program	14.239
WIOA Cluster...	17.258, 17.259, 17.278
Coronavirus Relief Fund..	21.019
Capitalization Grants for Clean Water State Revolving Funds	66.458
Child Support Enforcement	93.563
Adoptions Assistance	93.659
Medical Assistance Program..	93.778
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036

Dollar threshold used to distinguish between Types A and B programs	$3,000,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

2020-001 – Internal Controls Over Evaluation of Credit Balances
Zuckerberg San Francisco General Hospital
Significant Deficiency

Criteria

Management is responsible for establishing and maintaining effective internal control, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Under U.S. GAAP, financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting should recognize revenues and expenses for exchange transactions when the exchange takes place.

Condition

Zuckerberg San Francisco General Hospital (ZSFG) derives a significant portion of its charges for service revenues from patient service charges. For financial reporting, patient accounts receivable are recorded net of estimated allowances, which include allowances for contractual adjustments 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.

Given the volume of transactions, hospitals must continuously reconcile patient accounts receivable with payments and credit adjustments, and evaluate negative patient receivable accounts that often result from overpayments, differences in coding classifications with insurance providers, incorrect or adjusted rates in the billing system, and other reasons. While negative patient receivable accounts resulting from overpayments represent a liability to the hospital, negative balances resulting from coding or other adjustments improperly understate patient accounts receivable. The evaluation of negative patient receivable accounts is a necessary and universal practice to the healthcare industry, and often involve coordination with external parties such as insurance providers.

As of June 30, 2020, ZSFG's net patient accounts receivable of $65.6 million includes credit balances of $31.3 million, which represents an 81% increase from the credit balance of $17.3 million as of June 30, 2019. As of January 2021, ZSFG's analysis of these negative patient receivable accounts identified approximately $21.6 million of the $31.3 million credit balances to have resulted from coding and other adjustments. A similar analysis of credit balances as of June 30, 2019 identified $8.0 million of adjustments. These adjustments were posted to the Epic electronic health record system, and subsequently to the PeopleSoft financial management system, during the months of correction in the subsequent fiscal year. As a result, the estimated net impact to ZSFG's financial statements is $8.0 million of understated net position as of June 30, 2019, $13.6 million of understated patient services revenues in fiscal year 2019-20 revenues, and $21.6 million of understated patient accounts receivable as of June 30, 2020.

Cause

ZSFG did not have a process to review and properly reflect adjustments related to negative patient accounts receivable in the year in which the underlying transactions occurred in its financial statements.

Effect

Accounts receivable are understated at the date of the financial statements and revenues are not recognized in the proper fiscal year in accordance with U.S. GAAP.

Recommendation

We recommend that management develop a process to examine credit balance accounts to determine the financial statements impact at least annually for financial reporting purposes. Regular reviews may assist in detecting any irregularities during the year.

View of Responsible Officials and Corrective Action Plan

1. Person Responsible:
   Matthew Sur
   Reimbursement Manager
   Zuckerberg San Francisco General Hospital and Trauma Center

2. Corrective action plan: The Department of Public Health (DPH) is in agreement with the current year recommendation. Consistent with the recommendation, DPH implemented a project to reduce credit balances, and now the balance was reduced is down to approximately $3 million as of March 16, 2021. In addition, DPH will review and update its policies and procedures with regards to credit balances to ensure revenues are properly recognized, and financial statements are fairly presented.

3. Anticipated implementation date: July 31, 2021.

Section III – Federal Award Findings and Questioned Costs

Item No. 2020-002 – Period of Performance
Material Weakness

Finding Reference:	2020-002
Federal Agency:	United States Department of Homeland Security
Pass-Through Agency:	State of California Office of Emergency Services
Federal Program Title:	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Catalog Number:	97.036
Federal Grant Numbers:	PW 11-135199, PW 16-135603, PW 28-135725
Award Names:	San Francisco County Expedited Emergency Protective Measures, NonCongregate Shelter (NCS) – Countywide, San Francisco County Expedited Emergency Medical Care (EMC) Costs - 60 days

Criterion

The City's grant awards under the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program have stated periods of performance as follows for eligible federally-claimed expenditures:

- PW 11-135199 (February 22, 2020 to April 21, 2020)
- PW 16-135603 (April 1, 2020 to April 30, 2020)
- PW 28-135725 (February 22. 2020 to April 21, 2020)

Condition

The City claimed various non-labor expenditures for the fiscal year ended June 30, 2020 under the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program which fell outside of the period of performance specified through the award agreements noted above. Specifically, a total amount of $8,108,482 in non-labor costs claimed for the program was identified as being unallowable, of which $6,081,362 was the federally claimed portion. This City subsequently corrected its schedule of expenditures of federal awards for the year ended June 30, 2020, reducing the reported total for the program by this amount.

Cause

The City's internal controls over compliance were not adequately designed to properly identify and exclude expenditures that were not within the applicable period of performance of the Federal awards.

Effect

As a result of not having sufficient controls in place to identify and exclude non-labor expenditures falling outside of the period of performance, the City improperly claimed these expenditures under the program and included them on the SEFA for the year ended June 30, 2020.

Questioned Costs

The City adjusted its schedule of expenditures of federal awards to correct for the issues identified above. Thus there were no resulting questioned costs reported.

Recommendation

We recommend that the City examine and revise its current design of internal controls over compliance to ensure that expenditures on particular awards involving COVID-19 relief funding include only those expenditures falling within the specified period of performance.

View of Responsible Officials and Corrective Action Plan

1. Person Responsible:
   Mark de la Rosa,
   Acting Director of Audits
   Office of the Controller, City Services Auditor
   Telephone No. (415) 554-7574

2. Corrective action plan: The City agrees with the recommendation and has begun taking corrective action to mitigate the occurrence of such conditions in the future. The corrective action includes increased FEMA eligibility training for departments, leveraging information systems, and weekly collaboration meetings between the large departments and the Controller’s Office to improve communication about and staff's understanding of the timing of using materials and incurring expenditures.

3. Anticipated implementation date: January 30, 2022.

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS

Financial Statement Findings:

None reported

Federal Awards Findings:

None reported

CITY HALL • 1 DR. CARLTON B. GOODLETT PLACE • ROOM 316 • SAN FRANCISCO, CA 94102-4694
PHONE 415-554-7500 • FAX 415-554-7466