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POPULAR ANNUAL FINANCIAL REPORT



CITY OF SAN FRANCISCO, CALIFORNIA



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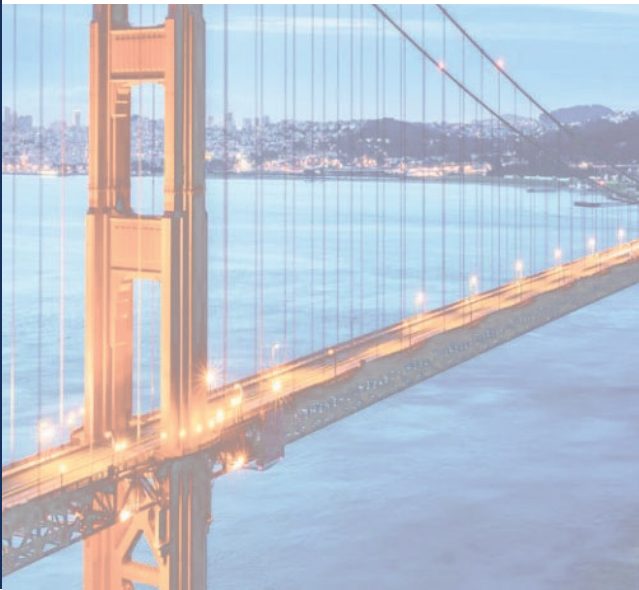
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CITY OF SAN FRANCISCO, CALIFORNIA



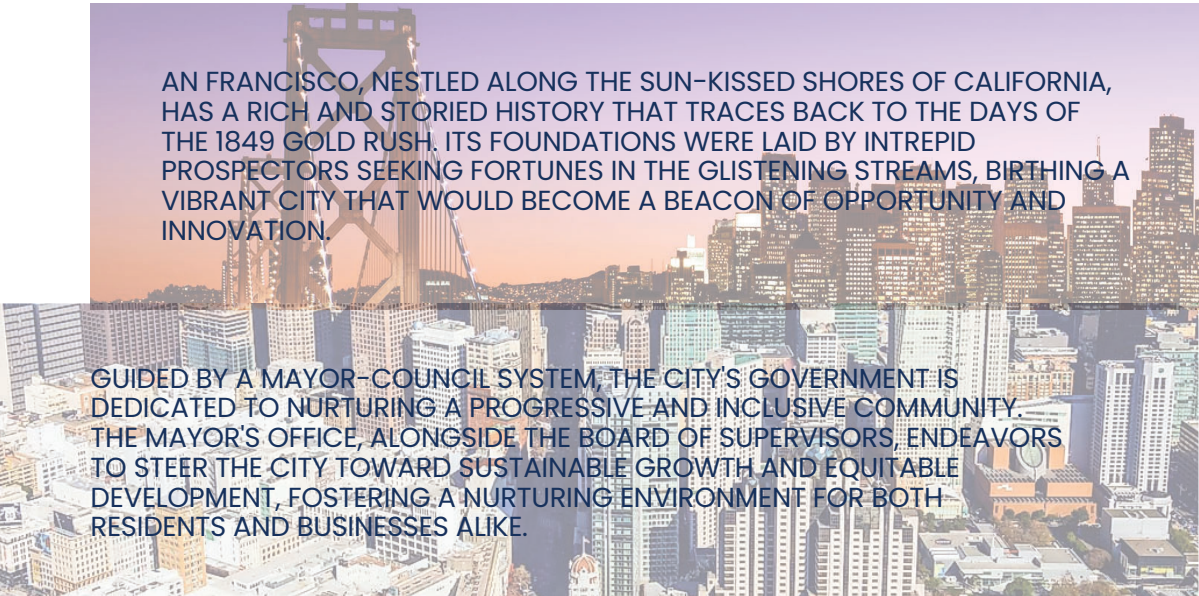
ABOUT THE POPULAR ANNUAL FINANCIAL REPORT

IN THE PULSATING HEART OF THE FINANCIAL UNIVERSE, THERE EXISTS A CELESTIAL SYMPHONY KNOWN AS POPULAR FINANCIAL REPORTING (PFR). LIKE A GRAND MAESTRO CONDUCTING AN OPULENT ORCHESTRA, PFR ORCHESTRATES THE HARMONIOUS DISSEMINATION OF FINANCIAL TALES. ITS MELODIES RESONATE THROUGH THE HALLOWED CORRIDORS OF THE BUSINESS WORLD, ENCHANTING INVESTORS, REGULATORS, AND CURIOUS ONLOOKERS ALIKE.

PFR IS THE LYRICAL LANGUAGE THAT CORPORATIONS USE TO SERENADE THEIR STAKEHOLDERS, WHISPERING THE SECRETS OF THEIR FISCAL AFFAIRS. IT'S THE BALLAD OF BALANCE SHEETS, THE SONNET OF INCOME STATEMENTS, AND THE SAGA OF CASH FLOW NARRATIVES. THROUGH THIS MELODIC MEDIUM, COMPANIES BARE THEIR FINANCIAL SOULS, REVEALING THEIR TRIUMPHS, STRUGGLES, AND THE CLANDESTINE DANCE OF NUMBERS THAT UNDERPINS THEIR EXISTENCE.

IN THE CITY BY THE BAY, SAN FRANCISCO, PFR PAINTS ITS OWN VIBRANT MURAL, BLENDING SEAMLESSLY WITH THE ECLECTIC BRUSHSTROKES OF TECH INNOVATION AND FINANCIAL PROWESS. HERE, AMIDST THE FOG-KISSED SKYLINE, THE TECH TITANS SWAY TO THE RHYTHM OF PFR'S QUARTERLY SYMPHONIES. FROM THE PULSATING HEARTBEAT OF SALESFORCE TO THE REVOLUTIONARY DREAMS OF UBER, EVERY FINANCIAL NOTE IS ETCHED IN THE GRAND NARRATIVE OF THE CITY'S ECONOMIC TAPESTRY.

ABOUT THE CITY

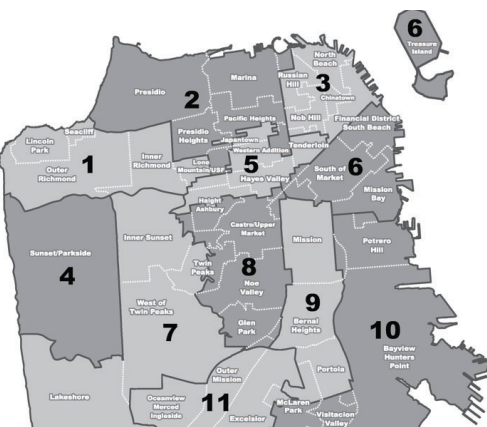


AN FRANCISCO, NESTLED ALONG THE SUN-KISSED SHORES OF CALIFORNIA, HAS A RICH AND STORIED HISTORY THAT TRACES BACK TO THE DAYS OF THE 1849 GOLD RUSH. ITS FOUNDATIONS WERE LAID BY INTREPID PROSPECTORS SEEKING FORTUNES IN THE GLISTENING STREAMS, BIRTHING A VIBRANT CITY THAT WOULD BECOME A BEACON OF OPPORTUNITY AND INNOVATION.

GUIDED BY A MAYOR-COUNCIL SYSTEM, THE CITY'S GOVERNMENT IS DEDICATED TO NURTURING A PROGRESSIVE AND INCLUSIVE COMMUNITY. THE MAYOR'S OFFICE, ALONGSIDE THE BOARD OF SUPERVISORS, ENDEAVORS TO STEER THE CITY TOWARD SUSTAINABLE GROWTH AND EQUITABLE DEVELOPMENT, FOSTERING A NURTURING ENVIRONMENT FOR BOTH RESIDENTS AND BUSINESSES ALIKE.



IN THE BUSTLING VEINS OF SAN FRANCISCO'S FINANCIAL DISTRICT, A PULSATING HUB OF ECONOMIC ACTIVITY, A DIVERSE TAPESTRY OF BUSINESSES THRIVES. FROM THE TOWERING HEADQUARTERS OF GLOBAL TECH GIANTS TO THE SPIRITED STARTUPS SPROUTING IN THE CITY'S ENTREPRENEURIAL SOIL, SAN FRANCISCO IS A CRADLE OF INNOVATION AND FINANCIAL DYNAMISM. THE CITY'S STRATEGIC LOCATION AND ROBUST INFRASTRUCTURE HAVE TRANSFORMED IT INTO A GATEWAY FOR INTERNATIONAL TRADE, ATTRACTING A MYRIAD OF INDUSTRIES AND INVESTORS EAGER TO BE PART OF ITS BUSTLING ECONOMIC LANDSCAPE.



London Breed
Mayor

CITY OF SAN FRANCISCO, CALIFORNIA

THE SAN FRANCISCO YOUTH COMMISSION IS A BODY OF SEVENTEEN YOUNG INDIVIDUALS APPOINTED BY THE BOARD OF SUPERVISORS AND THE MAYOR OF SAN FRANCISCO. UNDER SECTION 4.124 OF THE CITY CHARTER, WE ARE RESPONSIBLE FOR ADVISING THE BOARD AND THE MAYOR ON THE 'EFFECTS OF LEGISLATIVE POLICIES, NEEDS, ASSESSMENTS, PRIORITIES, PROGRAMS, AND BUDGETS CONCERNING THE CHILDREN AND YOUTH OF SAN FRANCISCO.'

COMMUNITY PROFILE

POPULATION

2023	3,328,000
2022	3,318,000
2021	3,313,000
2020	3,314,000
2019	878,130
2018	870,044

S FRANCISCO: DIVERSE, EDUCATED, AND INCOME DIVERSE, EMBODYING A VIBRANT URBAN SPIRIT

SAN FRANCISCO BOASTS A ROBUST **EDUCATIONAL** LANDSCAPE, HIGHLIGHTED BY RENOWNED UNIVERSITIES AND A STRONG COMMITMENT TO PROVIDING QUALITY K-12 EDUCATION

SAN FRANCISCO HAS A DIVERSE **ETHNICITY**, WITH A SIGNIFICANT PROPORTION OF RESIDENTS IDENTIFYING AS WHITE (AROUND 41%), ASIAN (AROUND 35%), HISPANIC OR LATINO (AROUND 15%), AND AFRICAN AMERICAN (AROUND 6%).

THE MEDIAN **AGE** IN SAN FRANCISCO WAS AROUND 38 YEARS, WHICH WAS HIGHER THAN THE NATIONAL MEDIAN AGE

SAN FRANCISCO'S **ECONOMY** IS ROBUST, DRIVEN BY TECHNOLOGY, TOURISM, AND A THRIVING FINANCIAL SECTOR.

CITY BUDGET | \$29.2B FOR 2023-25



CHLOE WONG (she/her)
Commissioner | District 1
Housing, Recreation, Transit Committee



HAYDEN MILLER (he/him)
Commissioner | District 5
Housing, Recreation, Transit Committee



YOSELIN COLIN (she/her)
Commissioner | District 9
Transformative Justice Committee



ALLISTER ADAIR (he/him)
Commissioner | District 2
Housing, Recreation, Transit Committee



GABBY LISTANA (she/her)
Communications and Outreach Officer | District 6
Transformative Justice Committee
LGBTQ+ Task Force



VANESSA PIMENTEL (they/them)
Commissioner | District 10
Civic Engagement and Education Committee
LGBTQ+ Task Force



REESE TERRELL (he/him)
Commissioner | District 3
Housing, Recreation, Transit Committee



ANN ANISH (she/her)
Commissioner | District 7
Housing, Recreation, Transit Committee



EMILY NGUYEN (she/her)
Chair | District 11
Housing, Recreation, Transit Committee



MAUREEN LOFTUS (she/her)
Commissioner | District 4
Civic Engagement and Education Committee



ASTRID UTTING (she/her)
Communications and Outreach Officer | District 8
Civic Engagement and Education Committee



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ECONOMIC OUTLOOK

**SAN FRANCISCO'S ECONOMIC
OUTLOOK IS PREDOMINANTLY
INFLUENCED BY ITS THRIVING
TECHNOLOGY INDUSTRY.**

4

OVER THE RECENT YEARS, SAN FRANCISCO'S ECONOMY WAS PRIMARILY BOLSTERED BY THE TECH INDUSTRY, WITH NOTABLE CONTRIBUTIONS FROM COMPANIES LIKE GOOGLE, FACEBOOK, AND SALESFORCE. THE CITY ALSO EXPERIENCED NOTABLE ADVANCEMENTS IN BIOTECHNOLOGY, HEALTHCARE, AND FINANCE. CHALLENGES RELATING TO HIGH LIVING COSTS AND HOUSING AFFORDABILITY WERE PRESENT, POTENTIALLY IMPACTING LONG-TERM ECONOMIC SUSTAINABILITY. HOWEVER, THE CITY'S THRIVING STARTUP CULTURE AND INNOVATIVE ENVIRONMENT CONTINUED TO ATTRACT INVESTMENTS ACROSS VARIOUS SECTORS. THE COVID-19 PANDEMIC CAUSED TEMPORARY DISRUPTIONS, BUT THE TECHNOLOGY SECTOR'S RESILIENCE HELPED SAN FRANCISCO WEATHER THE STORM RELATIVELY WELL COMPARED TO OTHER REGIONS. FOR THE MOST ACCURATE AND DETAILED ECONOMIC INFORMATION, IT'S ADVISABLE TO REFER TO REPORTS FROM RELIABLE SOURCES SUCH AS THE U.S. BUREAU OF LABOR STATISTICS, THE SAN FRANCISCO CHAMBER OF COMMERCE, OR REPUTABLE ECONOMIC RESEARCH INSTITUTIONS, OFFERING SPECIFIC DATA ON EMPLOYMENT RATES, INDUSTRY TRENDS, GDP GROWTH, AND OTHER RELEVANT ECONOMIC INDICATORS.



BUDGET PROCESS



SAN FRANCISCO'S NET POSITION SURGED TO \$12.83 BILLION BUT REVEALED A SIGNIFICANT DEFICIT DESPITE GROWTH.

FINANCIAL HIGHLIGHTS

SAN FRANCISCO'S NET POSITION MARKED A SIGNIFICANT GROWTH TO \$12.83 BILLION IN THE 2021-22 FISCAL YEAR, DRIVEN BY \$5.33 BILLION FROM GOVERNMENTAL ACTIVITIES AND \$7.50 BILLION FROM BUSINESS-TYPE ACTIVITIES.

THE MAJOR CHUNK, VALUED AT \$10.56 BILLION, WAS TIED TO PROPERTY AND EQUIPMENT INVESTMENTS, WITH A SLIGHT INCREASE FROM THE PREVIOUS YEAR. A NOTEWORTHY SHIFT OF \$384.7 MILLION FROM GOVERNMENTAL TO BUSINESS-TYPE ACTIVITIES WAS ALLOCATED FOR DEPARTMENTAL PROJECTS.

DESPITE A \$256.0 MILLION INCREASE IN GOVERNMENTAL ACTIVITIES, BUSINESS-TYPE ACTIVITIES SAW A \$240.0 MILLION DECLINE, INFLUENCED BY VARIED PERFORMANCE ACROSS SECTORS SUCH AS THE AIRPORT AND THE WASTEWATER ENTERPRISE, OFFSET BY IMPROVEMENTS AT HETCH HETCHY WATER AND POWER ENTERPRISE AND SFMTA.

IT'S IMPORTANT TO ACKNOWLEDGE THAT THESE CAPITAL ASSETS, CRUCIAL FOR SERVICE PROVISION, CANNOT BE SOLD TO SETTLE DEBTS, NECESSITATING ALTERNATE FUNDING SOURCES.

ADDITIONALLY, \$4.18 BILLION OF THE NET POSITION REPRESENTED RESTRICTED RESOURCES. HOWEVER, THE OVERALL NET POSITION DISCLOSED A \$1.91 BILLION DEFICIT, PRIMARILY DRIVEN BY A \$2.04 BILLION DEFICIT IN GOVERNMENTAL ACTIVITIES, A \$435.3 MILLION DEFICIT IN BUSINESS-TYPE ACTIVITIES, AND A \$563.2 MILLION ADJUSTMENT FOR RECLASSIFIED LONG-TERM GOVERNMENT BOND LIABILITIES. THESE BONDS SUPPORTED VARIOUS PROJECTS, INCLUDING THE LHH REBUILD PROJECT, SPECIFIC PARK FACILITIES, EMBARCADERO SEAWALL EARTHQUAKE SAFETY PROJECTS, AND INITIATIVES FOR AN EMERGENCY WATER SUPPLY.

Financial Highlight	Amount (in billions)	Change from Previous Year
Net Position	\$12.83	
- Net Investment in Capital Assets	\$10.56	+0.8 million (0.01%)
- Restricted Net Position	\$4.18	+\$275.1 million (71%)
- Unrestricted Net Position	-\$1.91	+\$190 billion (49.8%)
Total Net Position Increase	\$2.17	+20.3%
Governmental Funds Revenues	\$8.54	+\$90.7 million (11%)
- Property Taxes		+\$33.4 million
- Sales and Use Tax		+\$59.8 million
- Hotel Room Tax		+\$136.9 million
- Real Property Transfer Tax		+\$175.7 million
- Intergovernmental Sources		+\$283.7 million
Governmental Funds Expenditures	\$7.76	+\$483.8 million (6.7%)
- Demand for Governmental Services		+\$411.4 million
- Debt Service		+\$97.3 million
- Capital Outlay		-\$24.9 million
Short-Term Debt	-\$423.9 million	
- Governmental Activities	+\$11.0 million	
- Business-Type Activities	-\$434.9 million	
- Water Enterprise	+\$100.4 million	
Long-Term Debt (Including Lease Liabilities)	+\$39.8 million	
- General Obligation Bonds		+\$468.4 million
- Refunding General Obligation Bonds		+\$414.2 million
- Refunded Bonds and Debt Service Payments		-\$847.4 million
- Amortization of Bond Premium		-\$92.1 million
- Lease Liabilities		-\$277.7 million

CITY'S NET POSITION

SAN FRANCISCO'S FINANCIAL WELL-BEING, INDICATED BY ITS NET POSITION, CONCLUDED THE 2021-22 FISCAL YEAR AT \$12.83 BILLION, EXHIBITING A 20.3 PERCENT INCREASE FROM THE PREVIOUS YEAR. THIS COMPRISED \$5.33 BILLION FROM THE CITY'S GOVERNMENTAL ACTIVITIES AND \$7.50 BILLION FROM ITS BUSINESS-TYPE ACTIVITIES.

THE LARGEST PORTION OF THE CITY'S NET POSITION, VALUED AT \$10.56 BILLION, REFLECTED ITS INVESTMENTS IN PROPERTIES AND EQUIPMENT, EXPERIENCING A SLIGHT INCREASE OF \$0.8 MILLION (0.01 PERCENT) FROM THE PREVIOUS YEAR. A NOTABLE SHIFT OF \$384.7 MILLION FROM GOVERNMENTAL ACTIVITIES TO BUSINESS-TYPE ACTIVITIES WAS OBSERVED, PRIMARILY FOR FUNDING VARIOUS DEPARTMENTAL PROJECTS. WHILE GOVERNMENTAL ACTIVITIES INCREASED BY \$256.0 MILLION, BUSINESS-TYPE ACTIVITIES DECREASED BY \$240.0 MILLION, WITH NOTABLE VARIATIONS IN DIFFERENT SECTORS, INCLUDING REDUCTIONS AT THE AIRPORT AND THE WASTEWATER ENTERPRISE, BALANCED BY INCREASES AT HETCH HETCHY WATER AND POWER ENTERPRISE AND SFMTA. IT IS CRUCIAL TO NOTE THAT THESE CAPITAL ASSETS, UTILIZED FOR SERVICE PROVISION, CANNOT BE LIQUIDATED TO SETTLE DEBTS, NECESSITATING ALTERNATIVE FUNDING SOURCES.

ANOTHER COMPONENT OF THE CITY'S NET POSITION, TOTALING \$4.18 BILLION, REPRESENTED RESOURCES SUBJECT TO SPECIFIC USAGE RESTRICTIONS (RESTRICTED RESOURCES). THE REMAINING NET POSITION REVEALED A DEFICIT OF \$1.91 BILLION, CONSISTING OF A \$2.04 BILLION DEFICIT IN GOVERNMENTAL ACTIVITIES, A \$435.3 MILLION DEFICIT IN BUSINESS-TYPE ACTIVITIES, AND AN ADJUSTMENT OF \$563.2 MILLION FOR THE RECLASSIFICATION OF LONG-TERM GOVERNMENT BONDS LIABILITIES. THESE BONDS SUPPORTED DIVERSE PROJECTS, INCLUDING THE LHH REBUILD PROJECT, SPECIFIC PARK FACILITIES, EMBARCADERO SEAWALL EARTHQUAKE SAFETY PROJECTS AT THE PORT, AND INITIATIVES FOR A RELIABLE EMERGENCY WATER SUPPLY FOR THE WATER DEPARTMENT.

Condensed Statement of Net Position
(in thousands)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets.....	\$ 11,106,323	\$ 8,994,750	\$ 8,664,608	\$ 6,327,864	\$ 19,770,931	\$ 15,322,614
Capital assets.....	<u>7,587,262</u>	<u>6,831,506</u>	<u>24,258,288</u>	<u>23,408,990</u>	<u>31,845,550</u>	<u>30,240,496</u>
Total assets.....	<u>18,693,585</u>	<u>15,826,256</u>	<u>32,922,896</u>	<u>29,736,854</u>	<u>51,616,481</u>	<u>45,563,110</u>
Deferred outflows of resources:						
	<u>1,146,971</u>	<u>1,252,731</u>	<u>1,035,907</u>	<u>1,191,964</u>	<u>2,182,878</u>	<u>2,444,695</u>
Liabilities:						
Current liabilities.....	2,794,731	2,609,243	2,839,086	2,918,746	5,633,817	5,527,989
Noncurrent liabilities.....	<u>7,668,025</u>	<u>10,205,405</u>	<u>19,802,906</u>	<u>20,791,711</u>	<u>27,470,931</u>	<u>30,997,116</u>
Total liabilities.....	<u>10,462,756</u>	<u>12,814,648</u>	<u>22,641,992</u>	<u>23,710,457</u>	<u>33,104,748</u>	<u>36,525,105</u>
Deferred inflows of resources:						
	<u>4,046,781</u>	<u>505,142</u>	<u>3,820,651</u>	<u>322,335</u>	<u>7,867,432</u>	<u>827,477</u>
Net position:						
Net investment in capital assets *	4,183,166	3,927,209	6,763,452	7,003,396	10,561,965	10,561,206
Restricted *.....	3,185,319	2,965,770	1,168,057	1,055,138	4,174,837	3,899,691
Unrestricted (deficit) *.....	<u>(2,037,466)</u>	<u>(3,133,782)</u>	<u>(435,349)</u>	<u>(1,162,508)</u>	<u>(1,909,623)</u>	<u>(3,805,674)</u>
Total net position.....	<u>\$ 5,331,019</u>	<u>\$ 3,759,197</u>	<u>\$ 7,496,160</u>	<u>\$ 6,896,026</u>	<u>\$ 12,827,179</u>	<u>\$ 10,655,223</u>

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

GOVERNMENT REVENUE AND EXPENSES

WHERE DOES THE MONEY GO?

&

WHERE DOES IT COME FROM?

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services.....	\$ 785,299	\$ 731,562	\$ 3,848,186	\$ 3,187,872	\$ 4,633,485	\$ 3,919,434
Operating grants and contributions.....	2,185,343	1,925,539	545,636	710,059	2,730,979	2,635,598
Capital grants and contributions.....	105,459	130,937	185,816	231,890	291,275	362,827
General revenues:						
Property taxes.....	3,004,800	2,972,067	-	-	3,004,800	2,972,067
Business taxes.....	1,326,675	1,894,604	-	-	1,326,675	1,894,604
Sales and use tax.....	293,155	233,393	-	-	293,155	233,393
Hotel room tax.....	174,609	37,698	-	-	174,609	37,698
Utility users tax.....	105,225	81,367	-	-	105,225	81,367
Other local taxes.....	676,304	453,852	-	-	676,304	453,852
Interest and investment income (loss).....	(160,687)	10,688	(108,628)	(3,066)	(269,315)	7,622
Other.....	80,295	67,838	327,454	440,508	407,749	508,346
Total revenues.....	<u>8,576,477</u>	<u>8,539,545</u>	<u>4,798,464</u>	<u>4,567,263</u>	<u>13,374,941</u>	<u>13,106,808</u>
Expenses						
Public protection.....	1,252,725	1,744,103	-	-	1,252,725	1,744,103
Public works, transportation and commerce.....	336,059	530,087	-	-	336,059	530,087
Human welfare and neighborhood development.....	2,332,530	2,384,993	-	-	2,332,530	2,384,993
Community health.....	1,151,847	1,241,282	-	-	1,151,847	1,241,282
Culture and recreation.....	398,314	467,251	-	-	398,314	467,251
General administration and finance.....	335,772	475,428	-	-	335,772	475,428
Distributions to other governments.....	47,296	-	-	-	47,296	-
General City responsibilities.....	129,138	100,077	-	-	129,138	100,077
Unallocated interest on long-term debt.....	155,467	144,334	-	-	155,467	144,334
Airport.....	-	-	1,175,430	1,294,064	1,175,430	1,294,064
Transportation.....	-	-	1,076,249	1,327,418	1,076,249	1,327,418
Port.....	-	-	110,108	142,126	110,108	142,126
Water.....	-	-	606,409	627,875	606,409	627,875
Power.....	-	-	477,202	411,605	477,202	411,605
Hospitals.....	-	-	1,300,196	1,376,112	1,300,196	1,376,112
Sewer.....	-	-	326,952	318,976	326,952	318,976
Total expenses.....	<u>6,139,148</u>	<u>7,087,555</u>	<u>5,072,546</u>	<u>5,498,176</u>	<u>11,211,694</u>	<u>12,585,731</u>
Increase/(decrease) in net position before transfers.....	2,437,329	1,451,990	(274,082)	(930,913)	2,163,247	521,077
Transfers.....	(866,631)	(861,966)	866,631	861,966	-	-
Change in net position.....	<u>1,570,698</u>	<u>590,024</u>	<u>592,549</u>	<u>(68,947)</u>	<u>2,163,247</u>	<u>521,077</u>
Net position at beginning of year, as previously reported.....	<u>3,759,197</u>	<u>3,169,173</u>	<u>6,896,026</u>	<u>6,964,973</u>	<u>10,655,223</u>	<u>10,134,146</u>
Cumulative effect of accounting change.....	1,124	-	7,585	-	8,709	-
Net position at beginning of year, as restated.....	<u>3,760,321</u>	<u>3,169,173</u>	<u>6,903,611</u>	<u>6,964,973</u>	<u>10,663,932</u>	<u>10,134,146</u>
Net position at end of year.....	<u>\$ 5,331,019</u>	<u>\$ 3,759,197</u>	<u>\$ 7,496,160</u>	<u>\$ 6,896,026</u>	<u>\$12,827,179</u>	<u>\$10,655,223</u>

GOVERNMENT REVENUES AND EXPENSES

THE CITY SAW A SIGNIFICANT SHIFT IN NET POSITION IN FISCAL YEAR 2021-22, WITH AN INCREASE OF \$2.16 BILLION, MARKING A SUBSTANTIAL 315.1 PERCENT RISE FROM THE PREVIOUS FISCAL YEAR, TAKING INTO ACCOUNT THE CUMULATIVE EFFECT OF \$8.7 MILLION FOR THE ADOPTION OF GAS STATEMENT NO. 87, WHICH TOOK EFFECT ON JULY 1, 2021.

THIS POSITIVE CHANGE WAS PRIMARILY DRIVEN BY A \$1.57 BILLION INCREASE FROM GOVERNMENTAL ACTIVITIES AND A \$592.5 MILLION INCREASE FROM BUSINESS-TYPE ACTIVITIES.

IN GOVERNMENTAL ACTIVITIES, TOTAL REVENUES GREW SLIGHTLY BY \$36.9 MILLION (0.4 PERCENT), ACCOMPANIED BY A NOTABLE DECREASE IN TOTAL EXPENSES, DOWN BY \$948.4 MILLION (13.4 PERCENT) FOR THE FISCAL YEAR.

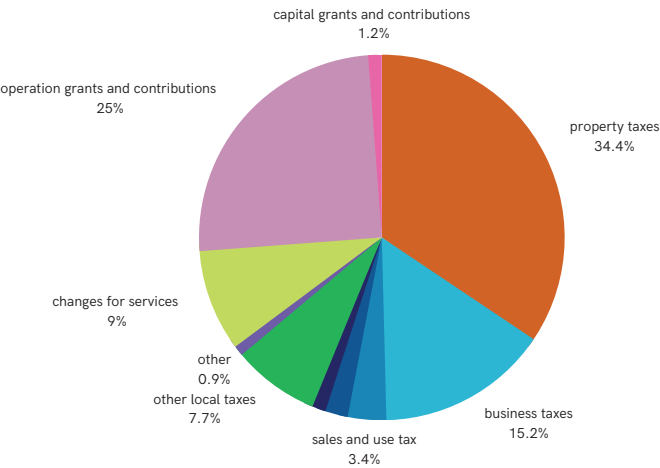
BUSINESS-TYPE ACTIVITIES EXPERIENCED A MORE ROBUST REVENUE INCREASE OF \$231.2 MILLION (5.1 PERCENT), AND TOTAL EXPENSES DECREASED BY \$425.6 MILLION (7.7 PERCENT).

ADDITIONALLY, THE NET TRANSFER TO BUSINESS-TYPE ACTIVITIES ROSE BY \$4.7 MILLION.

THE KEY CONTRIBUTORS TO INCREASED CITYWIDE REVENUE INCLUDED HIGHER CHARGES FOR SERVICES, TOTALING \$714.1 MILLION, A SIGNIFICANT BOOST IN HOTEL ROOM TAX REVENUE AMOUNTING TO \$136.9 MILLION, AND AN INCREASE IN OTHER LOCAL TAXES, ADDING UP TO \$222.5 MILLION.

HOWEVER, THESE GAINS WERE PARTIALLY OFFSET BY A DECREASE IN CAPITAL GRANTS AND CONTRIBUTIONS BY \$71.6 MILLION, A REDUCTION IN BUSINESS TAXES BY \$567.9 MILLION, AND A DROP IN INTEREST AND INVESTMENT INCOME OF \$276.9 MILLION. FURTHER DETAILS ABOUT THESE CHANGES CAN BE FOUND IN THE SUBSEQUENT SECTIONS DISCUSSING GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



CAPITAL ASSETS

AS OF JUNE 30, 2022, THE CITY'S COMBINED CAPITAL ASSETS FOR GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES GREW TO \$31.85 BILLION, A 5.3% INCREASE (\$1.61 BILLION). THESE ASSETS ENCOMPASS LAND, BUILDINGS, MACHINERY, PARK FACILITIES, ROADS, BRIDGES, AND INTANGIBLE ASSETS. GOVERNMENTAL ACTIVITIES ACCOUNTED FOR \$755.8 MILLION (47.1%), WHILE BUSINESS-TYPE ACTIVITIES CONTRIBUTED \$849.3 MILLION (52.9%). SEE THE TABLE BELOW FOR MORE DETAILS (IN THOUSANDS).

IN 2022, SAN FRANCISCO'S CAPITAL ASSETS WITNESSED SUBSTANTIAL GROWTH IN GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES, WITH NOTABLE INCREASES IN VARIOUS SECTORS, INCLUDING WATER ENTERPRISE, SFMTA, WASTEWATER ENTERPRISE, HETCH HETCHY, AND AIRPORT, WHILE MAINTAINING A SIGNIFICANT COMMITMENT FOR FUTURE CAPITAL PROJECTS TOTALING APPROXIMATELY \$1.72 BILLION.

	Governmental Activities		Business-type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Land.....	\$ 774,213	\$ 735,247	\$ 353,558	\$ 340,536	\$ 1,127,771	\$ 1,075,783
Construction in progress.....	586,526	723,561	5,821,916	5,756,173	6,408,442	6,479,734
Facilities and improvements....	4,400,210	4,111,281	14,582,595	14,083,637	18,982,805	18,194,918
Machinery and equipment.....	146,321	156,751	1,949,387	2,134,710	2,095,708	2,291,461
Infrastructure.....	1,079,859	1,000,149	1,275,202	1,044,074	2,355,061	2,044,223
Right-to-use assets*.....	502,781	-	228,503	-	731,284	-
Intangible assets.....	97,352	104,517	47,127	49,860	144,479	154,377
Total.....	<u>\$ 7,587,262</u>	<u>\$ 6,831,506</u>	<u>\$ 24,258,288</u>	<u>\$ 23,408,990</u>	<u>\$ 31,845,550</u>	<u>\$ 30,240,496</u>

THE SHIFTING LANDSCAPE: CURRENT ECONOMIC TRENDS

SAN FRANCISCO HAS BEEN KNOWN FOR ITS STRONG AND DIVERSE ECONOMY, DRIVEN PRIMARILY BY TECHNOLOGY, TOURISM, AND FINANCIAL SERVICES. SOME OVERARCHING TRENDS IN RECENT YEARS HAVE INCLUDED:



TECHNOLOGY SECTOR GROWTH:
SAN FRANCISCO HAS EXPERIENCED A CONTINUOUS EXPANSION IN ITS TECHNOLOGY SECTOR, WITH NUMEROUS STARTUPS AND ESTABLISHED COMPANIES CONTRIBUTING TO THE CITY'S ECONOMIC VITALITY.



TOURISM AND HOSPITALITY INDUSTRY:
THE CITY'S TOURISM AND HOSPITALITY INDUSTRY HAS HISTORICALLY PLAYED A SIGNIFICANT ROLE IN ITS ECONOMY, WITH ATTRACTIONS SUCH AS THE GOLDEN GATE BRIDGE, ALCATRAZ ISLAND, AND A VIBRANT CULTURAL SCENE DRAWING IN VISITORS FROM AROUND THE WORLD.



REAL ESTATE MARKET FLUCTUATIONS:
SAN FRANCISCO'S REAL ESTATE MARKET HAS BEEN SUBJECT TO FLUCTUATIONS, WITH PERIODS OF HIGH DEMAND AND SOARING HOUSING PRICES, OFTEN LEADING TO CONCERNS ABOUT AFFORDABILITY AND HOUSING ACCESSIBILITY.



ECONOMIC IMPACT OF COVID-19:
THE COVID-19 PANDEMIC SIGNIFICANTLY IMPACTED VARIOUS SECTORS OF SAN FRANCISCO'S ECONOMY, LEADING TO CHALLENGES FOR SMALL BUSINESSES, TOURISM, AND THE OVERALL ECONOMIC OUTLOOK. THE CITY HAS IMPLEMENTED VARIOUS MEASURES TO SUPPORT BUSINESSES AND RESIDENTS DURING THIS PERIOD.

THE NEGATIVE SIDE & THE POSITIVE SIDE

DURING 2022 AND 2021, SAN FRANCISCO FACED SOME SERIOUS FINANCIAL ISSUES WITH CONSECUTIVE NEGATIVE FINANCIAL RESULTS.

EVEN THOUGH THEY TRIED HARD TO MAKE MORE MONEY AND CONTROL THEIR SPENDING, THE CITY STILL STRUGGLED A LOT FINANCIALLY. THE FACT THAT THEY KEPT HAVING DEFICITS SHOWED THAT IT WAS BECAUSE OF A MIX OF DIFFERENT THINGS, LIKE THE ECONOMY NOT DOING WELL, HIGHER COSTS TO RUN THINGS, AND HAVING TO SPEND MORE THAN THEY PLANNED.

DEALING WITH THESE CHALLENGES MAKES IT REALLY IMPORTANT FOR THEM TO PLAN THEIR MONEY BETTER, BE CAREFUL ABOUT WHERE THEY PUT THEIR RESOURCES, AND MAKE SMART CHOICES TO MAKE SURE THEY CAN KEEP GOING IN THE LONG RUN.

AS THEY WORK THROUGH THESE TOUGH FINANCIAL TIMES, THEY REALLY NEED TO TAKE A GOOD LOOK AT HOW THEY'RE PLANNING THEIR MONEY AND THE RULES THEY'RE FOLLOWING. THIS IS SUPER IMPORTANT TO HELP SAN FRANCISCO HAVE A MORE STABLE AND SUCCESSFUL FINANCIAL FUTURE.

ON THE OTHER HAND, SAN FRANCISCO CELEBRATED SIGNIFICANT FINANCIAL ACHIEVEMENTS, MARKING CONSECUTIVE YEARS OF POSITIVE FISCAL PERFORMANCE.

LEVERAGING STRATEGIC FINANCIAL PLANNING AND PRUDENT RESOURCE MANAGEMENT, THE CITY EXPERIENCED NOTABLE GROWTH IN VARIOUS SECTORS, UNDERSCORING ITS RESILIENCE AND ECONOMIC VIBRANCY. ROBUST REVENUE STREAMS, COUPLED WITH EFFECTIVE COST-CONTROL MEASURES, CONTRIBUTED TO THE STRENGTHENING OF THE CITY'S FINANCIAL HEALTH, FOSTERING A FAVORABLE ENVIRONMENT FOR SUSTAINABLE ECONOMIC DEVELOPMENT AND GROWTH.

NOTABLY, CAREFUL INVESTMENTS IN KEY AREAS, SUCH AS TECHNOLOGY, INFRASTRUCTURE, AND SUSTAINABLE INITIATIVES, YIELDED FRUITFUL RETURNS, POSITIONING SAN FRANCISCO AS A LEADING HUB FOR INNOVATION AND PROGRESSIVE ECONOMIC POLICIES.

THIS POSITIVE TRAJECTORY IN THE CITY'S FINANCIAL LANDSCAPE HIGHLIGHTS THE SUCCESS OF PRUDENT FINANCIAL DECISION-MAKING, UNDERSCORED BY THE CITY'S COMMITMENT TO FOSTERING A DYNAMIC AND PROSPEROUS ECONOMIC FUTURE FOR ALL ITS STAKEHOLDERS.

POPULAR ANNUAL FINANCIAL REPORT



CITY OF SAN FRANCISCO, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2022

LIST OF REFERENCES:

SF.GOV - OFFICIAL WEBSITE OF THE CITY AND COUNTY OF SAN FRANCISCO

SFPL.ORG - SAN FRANCISCO PUBLIC LIBRARY

DATASF.ORG - SAN FRANCISCO OPEN DATA PORTAL

SFBOS.ORG - SAN FRANCISCO BOARD OF SUPERVISORS

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