

*In the opinion of Orrick, Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2026A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Co-Bond Counsel, interest on the 2026A-1 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Co-Bond Counsel observe that interest on the 2026A-1 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Co-Bond Counsel observe that interest on the 2026A-2 Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Co-Bond Counsel are of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See "TAX MATTERS" herein.*



**\$191,505,000**  
**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL OBLIGATION BONDS**  
Consisting of

**\$189,005,000**  
**TAX-EXEMPT**  
**GENERAL OBLIGATION BONDS**  
**(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)**  
**SERIES 2026A-1**

**\$2,500,000**  
**TAXABLE**  
**GENERAL OBLIGATION BONDS**  
**(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)**  
**SERIES 2026A-2**

**Dated: Date of Delivery****Due: As shown on the inside front cover pages hereof**

*This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The City and County of San Francisco (the "City") is issuing its Tax-Exempt General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-1 (the "2026A-1 Bonds") and its Taxable General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-2 (the "2026A-2 Bonds," and together with the 2026A-1 Bonds, the "Bonds"). The Bonds will be issued by the City under the Government Code of the State of California, the Charter of the City, and certain resolutions adopted by the Board of Supervisors of the City (the "Board of Supervisors") and duly approved by the Mayor of the City. The issuance of the Bonds has been authorized at an election of registered voters of the City on November 5, 2024, at which more than two-thirds of the persons voting on Proposition B voted to authorize the issuance and sale of general obligation bonds to provide funds for the purposes authorized in such proposition. See "THE BONDS – Authority for Issuance; Purposes." The proceeds of the Bonds will be used to finance certain authorized projects as described herein, and to pay certain costs related to the issuance of the Bonds. See "THE BONDS – Authority for Issuance; Purposes" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedules on the inside front cover pages hereof. Interest on the 2026A-1 Bonds will be payable on June 15 and December 15 of each year, commencing December 15, 2026, and interest on the 2026A-2 Bonds will be payable on October 1, 2026. Principal will be paid at maturity as shown on the inside front cover pages hereof. See "THE BONDS – Payment of Interest and Principal." The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the City Treasurer, as paying agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration."

**As further described herein, the 2026A-1 Bonds will be subject to optional redemption prior to maturity; however, the 2026A-2 Bonds will not be subject to optional redemption prior to maturity. See "THE BONDS – Redemption."**

**The Board of Supervisors at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, an *ad valorem* tax upon the taxable property of the City sufficient to pay principal of and interest on the Bonds as they become due. See "SECURITY FOR THE BONDS."**

The Bonds were sold by competitive bid on July 21, 2026 pursuant to an Official Notice of Sale dated July 15, 2026. See "SALE OF THE BONDS" herein.

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**MATURITY SCHEDULES**  
(See Inside Front Cover Pages)

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*The Bonds are offered when, as and if issued by the City and accepted by the initial purchaser or purchasers, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by its City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California and Stradling, Yocca, Carlson & Rauth LLP, Newport Beach, California, Co-Disclosure Counsel. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about August 4, 2026.*

Dated: July 21, 2026.

## MATURITY SCHEDULES

### CITY AND COUNTY OF SAN FRANCISCO GENERAL OBLIGATION BONDS

**\$189,005,000**  
**TAX-EXEMPT**  
**GENERAL OBLIGATION BONDS**  
**(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)**  
**SERIES 2026A-1**

(Base CUSIP<sup>†</sup> Number: 79773K)

| Maturity<br>Date<br>(June 15) | Principal<br>Amount | Interest<br>Rate | Price <sup>‡</sup> | Yield <sup>‡</sup>   | CUSIP <sup>†</sup><br>Suffix |
|-------------------------------|---------------------|------------------|--------------------|----------------------|------------------------------|
| 2027                          | \$14,045,000        | 5.000%           | 102.258            | 2.340%               | SM7                          |
| 2028                          | 8,265,000           | 5.000            | 104.671            | 2.420                | SN5                          |
| 2029                          | 5,855,000           | 5.000            | 106.836            | 2.510                | SP0                          |
| 2030                          | 6,155,000           | 5.000            | 108.727            | 2.610                | SQ8                          |
| 2031                          | 6,470,000           | 5.000            | 110.318            | 2.720                | SR6                          |
| 2032                          | 6,805,000           | 5.000            | 111.817            | 2.800                | SS4                          |
| 2033                          | 7,150,000           | 5.000            | 113.048            | 2.890                | ST2                          |
| 2034                          | 7,520,000           | 5.000            | 114.441            | 2.930                | SU9                          |
| 2035                          | 7,905,000           | 5.000            | 113.389            | 3.070 <sup>(c)</sup> | SV7                          |
| 2036                          | 8,310,000           | 5.000            | 112.719            | 3.160 <sup>(c)</sup> | SW5                          |
| 2037                          | 8,735,000           | 5.000            | 112.275            | 3.220 <sup>(c)</sup> | SX3                          |
| 2038                          | 9,185,000           | 5.000            | 111.686            | 3.300 <sup>(c)</sup> | SY1                          |
| 2039                          | 9,655,000           | 5.000            | 111.028            | 3.390 <sup>(c)</sup> | SZ8                          |
| 2040                          | 10,150,000          | 5.000            | 110.519            | 3.460 <sup>(c)</sup> | TA2                          |
| 2041                          | 10,670,000          | 5.000            | 110.085            | 3.520 <sup>(c)</sup> | TB0                          |
| 2042                          | 11,215,000          | 5.000            | 109.797            | 3.560 <sup>(c)</sup> | TC8                          |
| 2043                          | 11,790,000          | 5.000            | 109.366            | 3.620 <sup>(c)</sup> | TD6                          |
| 2044                          | 12,395,000          | 5.000            | 108.795            | 3.700 <sup>(c)</sup> | TE4                          |
| 2045                          | 13,030,000          | 5.000            | 107.664            | 3.860 <sup>(c)</sup> | TF1                          |
| 2046                          | 13,700,000          | 5.000            | 106.755            | 3.990 <sup>(c)</sup> | TG9                          |

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<sup>‡</sup> The initial purchaser provided its reoffering prices and yields. The City takes no responsibility for the accuracy thereof.

<sup>(c)</sup> Yield to first optional redemption date of June 15, 2034 at par.

**CITY AND COUNTY OF SAN FRANCISCO  
GENERAL OBLIGATION BONDS**

**\$2,500,000**

**TAXABLE**

**GENERAL OBLIGATION BONDS  
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)  
SERIES 2026A-2**

(Base CUSIP<sup>†</sup> Number: 79773K)

| Maturity<br>Date<br>(October 1) | Principal<br>Amount | Interest<br>Rate | Price <sup>‡</sup> | Yield <sup>‡</sup> | CUSIP <sup>†</sup><br>Suffix |
|---------------------------------|---------------------|------------------|--------------------|--------------------|------------------------------|
| 2026                            | \$2,500,000         | 3.780%           | 100.000            | 3.780%             | TH7                          |

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<sup>‡</sup> The initial purchaser provided its reoffering price and yield. The City takes no responsibility for the accuracy thereof.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchaser or purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein, other than that provided by the City, has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

The initial purchaser or purchasers may offer and sell the Bonds to certain dealers and dealer banks at yields higher or prices lower than the initial public offering yields and/or prices stated on the inside cover pages hereof. Such initial public offering yields and/or prices may be changed from time to time by the initial purchaser or purchasers.

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 in reliance upon the exemption provided thereunder by Section 3(a)2 for the issuance and sale of municipal securities.

The City maintains a website and social media accounts. The information presented on such website and social media accounts is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are not incorporated herein and are not part of this Official Statement by such references.

**CITY AND COUNTY OF SAN FRANCISCO**

**MAYOR**

Daniel Lurie

**BOARD OF SUPERVISORS**

Rafael Mandelman, *Board President, District 8*

Connie Chan, *District 1*  
Stephen Sherrill, *District 2*  
Danny Sauter, *District 3*  
Alan Wong, *District 4*  
Bilal Mahmood, *District 5*

Matt Dorsey, *District 6*  
Myrna Melgar, *District 7*  
Jackie Fielder, *District 9*  
Shamann Walton, *District 10*  
Chyanne Chen, *District 11*

**CITY ATTORNEY**

David Chiu

**CITY TREASURER**

José Cisneros

**OTHER CITY AND COUNTY OFFICIALS**

Carmen Chu, *City Administrator*  
Greg Wagner, *Controller*  
Anna Van Degna, *Director, Controller's Office of Public Finance*

**PROFESSIONAL SERVICES**

**Paying Agent and Registrar**

Treasurer of the City and County of San Francisco

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Amira Jackmon, Attorney at Law  
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**Municipal Advisor**

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*Irvine, California*

**Co- Disclosure Counsel**

Hawkins Delafield & Wood LLP  
*San Francisco, California*

Stradling Yocca Carlson & Rauth LLP  
*Newport Beach, California*

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## OFFICIAL STATEMENT

**\$191,505,000**  
**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL OBLIGATION BONDS**

Consisting of

|                                                        |                                                        |
|--------------------------------------------------------|--------------------------------------------------------|
| <b>\$189,005,000</b>                                   | <b>\$2,500,000</b>                                     |
| <b>TAX-EXEMPT</b>                                      | <b>TAXABLE</b>                                         |
| <b>GENERAL OBLIGATION BONDS</b>                        | <b>GENERAL OBLIGATION BONDS</b>                        |
| <b>(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)</b> | <b>(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)</b> |
| <b>SERIES 2026A-1</b>                                  | <b>SERIES 2026A-2</b>                                  |

## INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the public offering by the City and County of San Francisco (the “City”) of its Tax-Exempt General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-1 (the “2026A-1 Bonds”) and its Taxable General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-2 (the “2026A-2 Bonds,” and together with the 2026A-1 Bonds, the “Bonds”). The Board of Supervisors of the City (the “Board of Supervisors”) at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, an *ad valorem* tax upon the taxable property of the City sufficient to pay principal of and interest on the Bonds as they become due. See “SECURITY FOR THE BONDS.”

Quotations from and summaries and explanations of the Bonds, the resolutions providing for the issuance and payment of the Bonds, and provisions of the Constitution and statutes of the State of California (the “State”), the charter of the City (the “Charter”) and City ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Bonds are available from the City through the Controller’s Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 338, San Francisco, California 94102-4682. Reference is made herein to various other documents, reports, websites, etc., which were either prepared by parties other than the City, or were not prepared, reviewed and approved by the City with a view towards making an offering of public securities, and such materials are therefore not incorporated herein by such references nor deemed a part of this Official Statement.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the City with respect to the Bonds, the City has no obligation to update the information in this Official Statement. See “CONTINUING DISCLOSURE” and Appendix D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

## THE CITY AND COUNTY OF SAN FRANCISCO

**General.** The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the “Bay”). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about an hour’s drive to the south, and the Napa-Sonoma wine country is about an hour’s drive to the north. The California Department of Finance estimates the City’s population as of January 1, 2026 was 845,658.

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

The City benefits from a highly skilled, educated and professional labor force. The City estimated the per capita personal income of the City for fiscal year 2024-25 was \$176,317. The San Francisco Unified School District (“SFUSD”), which is a separate legal entity from the City, operated 64 elementary schools, eight alternative learning schools serving grades transitional kindergarten through eight, 13 middle schools, 14 high schools, 11 early education schools, nine County and Court schools, three continuation schools as of the 2025-26 academic year. For the 2025-26 academic year, 11 fiscally independent charter schools operated within SFUSD’s boundaries for which SFUSD is the charter-approving agency. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the UC College of the Law, San Francisco (formerly University of California Hastings College of the Law), the University of the Pacific’s School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the California College of the Arts, the San Francisco Conservatory of Music, and the Academy of Art University.

San Francisco International Airport (“SFO”), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County, is owned by the City and is operated by the San Francisco Airport Commission (the “Airport Commission”), and is a principal commercial service airport for the Bay Area and one of the nation’s principal gateways for Pacific Rim traffic. The City is also served by the Bay Area Rapid Transit District (“BART,” an electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway (“Muni”), operated by the San Francisco Municipal Transportation Agency (“SFMTA”), provides bus and streetcar service within the City. The Port of San Francisco (the “Port”), which administers 7.5 miles of Bay waterfront held in “public trust” by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities, and natural resource protection.

**Government.** San Francisco is a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California and is the only consolidated city and county in the State. Voters approved the City’s current Charter at the November 1995 election. The City is governed by a Board of Supervisors elected from 11 districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. The City’s FY27 & FY28 Proposed Budget (as defined in Appendix A) for fiscal years 2026-27 and 2027-28 totals approximately \$16.9 billion and \$17.2 billion, respectively. The General Fund portion of the FY27 & FY28 Proposed Budget is approximately \$7.6 billion in fiscal year 2026-27 and \$7.9 billion in fiscal year 2027-28, with the balance allocated to all other funds, including enterprise fund departments, such as the Airport Commission, SFMTA, the Port Commission and the San Francisco Public Utilities Commission (“SFPUC”). According to the Controller of the City (the “Controller”), the fiscal year 2025-26 total net assessed valuation of taxable property in the City was approximately \$357.8 billion. Fiscal year 2026-27 local assessment roll values received by the Controller from the Assessor as of the beginning of July 2026 indicate secured roll growth of 2.3% and unsecured roll growth of -1.4%. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – FY27 & FY28 PROPOSED BUDGET” and “ – CITY BUDGET – FY27 & FY28 Proposed Budget and Revenue Letter.”



More detailed information about the City’s governance, organization and finances may be found in Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES” and in Appendix B – “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2025.”

## THE BONDS

### Authority for Issuance; Purposes

**General.** The Bonds will be issued under the Government Code of the State and the Charter. The City authorized the issuance of the Bonds by (i) Resolution No. 259-25, adopted by the Board of Supervisors on May 20, 2025, and duly approved by the Mayor of the City on May 23, 2025 (the “Master Resolution”), and (ii) Resolution No. 329-26, adopted by the Board of Supervisors on June 2, 2026 and duly approved by the Mayor of the City on June 5, 2026 (the “Sale Resolution,” and together with the Master Resolution, the “Resolutions”).

**Proposition B (2024) and the Bonds.** The Bonds will constitute the second issuance of bonds from an aggregate authorized amount of \$390,000,000 of City and County of San Francisco General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), duly approved by at least two-thirds of the voters voting on Proposition B at an election held on November 5, 2024 (“Proposition B (2024)”), to provide funds for the purposes authorized in Proposition B (2024). Proposition B (2024) authorized the City to incur bonded indebtedness to finance the acquisition or improvement of real property, including: temporary shelters, particularly for families; facilities that deliver healthcare services, including preventive care and behavioral health services, such as the Chinatown Public Health Center; critical repairs, renovations, and seismic upgrades at Zuckerberg San Francisco General Hospital and Trauma Center and Laguna Honda Hospital; and pedestrian and street safety improvements, streetscape enhancements, and other public space improvements; and to pay related costs. Of the \$390,000,000 of general obligation bond authorization, Proposition B (2024) allocated (i) up to \$99.1 million to acquire or improve community health centers, including up to \$71.1 million to seismically retrofit and renovate the Chinatown Public Health Center and up to \$28 million to relocate the San Francisco City Clinic; (ii) up to \$66 million to repair and renovate Zuckerberg San Francisco General Hospital and Trauma Center (General Hospital) and Laguna Honda Hospital and Rehabilitation Center; (iii) up to \$40 million to seismically retrofit General Hospital; (iv) up to \$63.9 million for street and sidewalk safety projects; (v) up to \$41 million to improve and modernize public spaces in downtown San Francisco; (vi) up to \$25 million for Harvey Milk Plaza; (vii) up to \$5 million for parks and recreation centers; and (viii) up to \$50 million for shelter or interim housing sites to reduce family homelessness. The City has previously issued, pursuant to Proposition B (2024), its General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2025F in the aggregate principal amount of \$83,635,000. After the issuance of the Bonds, \$114,860,000 of unissued bonds will remain authorized under Proposition B (2024).

**Bond Oversight.** The Administrative Code of the City (the “Administrative Code”) and Proposition B (2024) provide that, to the extent permitted by law, 0.1% of the gross proceeds of all proposed general obligation bonds, including the Bonds, be deposited by the Controller and used to fund the costs of the City’s independent Citizens’ General Obligation Bond Oversight Committee (the “Oversight Committee”). The Oversight Committee was created by the adoption by the voters in 2002 of Proposition F (adopted by the voters March 5, 2002), to review and oversee the delivery of general obligation bond-funded projects. A year later, the voters passed Proposition C, which authorized the Oversight Committee to review and give input on the work of the City services auditor, including the City’s whistleblower program. The Oversight Committee has nine members appointed by the Mayor, Board of Supervisors, Controller and the Civil Grand Jury. The purpose of the Oversight Committee is to inform the public concerning the expenditure of general obligation bond proceeds in accordance with the voter authorization.

## **Form and Registration**

The Bonds will be issued in the principal amounts set forth on the inside front cover pages hereof, in denominations of \$5,000 each or any integral multiple thereof, and will be dated their date of delivery. The Bonds will be issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company (“DTC”), which is required to remit payments of principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See Appendix E – “DTC AND THE BOOK ENTRY ONLY SYSTEM.”

## **Payment of Interest and Principal**

Interest on the 2026A-1 Bonds will be payable on each June 15 and December 15 to maturity or prior redemption, commencing December 15, 2026, and interest on the 2026A-2 Bonds will be payable on October 1, 2026 at maturity, in each case, at interest rates shown on the inside front cover pages hereof. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Treasurer of the City or a designee thereof (the “City Treasurer”) will act as initial paying agent and registrar with respect to the Bonds. To the extent the City Treasurer deems it necessary or desirable, the City Treasurer is authorized to appoint one or more agents to serve as paying agent under the supervision of the City Treasurer to the extent permitted by law. The interest on the Bonds will be payable in lawful money of the United States to the person whose name appears on the Bond registration books of the City Treasurer as the owner thereof as of the close of business on the last day of the month immediately preceding an interest payment date (the “Record Date”), whether or not such day is a business day. Each 2026A-1 Bond authenticated on or before November 30, 2026, and the 2026A-2 Bond will bear interest from the date of delivery. Every other Bond will bear interest from the interest payment date next preceding its date of authentication unless it is authenticated as of a day during the period from the Record Date next preceding any interest payment date to the interest payment date, inclusive, in which event it will bear interest from such interest payment date; provided, that if, at the time of authentication of any Bond, interest is then in default on the Bonds, such Bond will bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Bonds or from the date of delivery of the Bonds if the first interest payment is not made.

The Bonds will mature on the dates shown on the inside front cover pages hereof. As further described herein, the 2026A-1 Bonds will be subject to optional redemption prior to maturity; however, the 2026A-2 Bonds will not be subject to optional redemption prior to maturity. See “– Redemption” below. The principal of the Bonds will be payable in lawful money of the United States to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the City Treasurer.

## **Redemption**

***Optional Redemption of the 2026A-1 Bonds.*** The 2026A-1 Bonds maturing on or before June 15, 2034 will not be subject to optional redemption prior to their respective maturity dates. The 2026A-1 Bonds maturing on or after June 15, 2035 will be subject to optional redemption prior to their stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date, on or after June 15, 2034, at a redemption price equal to the principal amount of such 2026A-1 Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium.

***No Optional Redemption of the 2026A-2 Bonds.*** The 2026A-2 Bonds will not be subject to optional redemption prior to their maturity date.

***Selection of Bonds for Redemption.*** Whenever less than all the outstanding 2026A-1 Bonds are called for redemption on any date, the Controller’s Director of Public Finance of the City (the “Director of Public Finance”) will select the maturities of such 2026A-1 Bonds to be redeemed in the sole discretion of the Director of Public Finance. Whenever less than all of the outstanding 2026A-1 Bonds maturing on any one date are called for redemption, the particular 2026A-1 Bonds or portions thereof to be redeemed will be

selected in any manner which the Director of Public Finance deems fair. The 2026A-1 Bonds may be redeemed in denominations of \$5,000 or any integral multiple thereof.

**Notice of Redemption.** The date on which 2026A-1 Bonds that are called for redemption are to be presented for redemption is called the “Redemption Date.” The City Treasurer will mail, or cause to be mailed, notice of any redemption of the 2026A-1 Bonds to be redeemed, postage prepaid, to the respective registered owners thereof at the addresses appearing on the bond registration books not less than 20 days and not more than 60 days prior to the Redemption Date.

Notice of redemption also will be given, or caused to be given, by the City Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, (iii) overnight delivery service, or (iv) to the extent acceptable to the intended recipient, email or similar electronic means, to (a) all organizations registered with the Securities and Exchange Commission as securities depositories and (b) such other services or organizations as may be required in accordance with the Continuing Disclosure Certificate. See “CONTINUING DISCLOSURE” and Appendix D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

Each notice of redemption will (a) state the Redemption Date; (b) state the redemption price; (c) state the maturity dates of the 2026A-1 Bonds called for redemption, and, if less than all of any such maturity is called for redemption, the distinctive numbers of the 2026A-1 Bonds of such maturity to be redeemed, and in the case of a 2026A-1 Bond redeemed in part only, the portions of the principal amount thereof to be redeemed; (d) state the CUSIP number, if any, of each 2026A-1 Bond to be redeemed; (e) require that such 2026A-1 Bonds be surrendered by the owners at the office of the City Treasurer or his or her agent; and (f) give notice that interest on such 2026A-1 Bonds or portions of such 2026A-1 Bonds to be redeemed will cease to accrue after the designated Redemption Date. Any notice of optional redemption may be rescinded, or conditioned on the receipt of funds or any other event specified in the notice. See “ – Conditional Notice; Right to Rescind Notice of Optional Redemption” below.

The actual receipt by the owner of any 2026A-1 Bonds of such notice of redemption will not be a condition precedent to redemption of such 2026A-1 Bond, and failure to receive such notice, or any defect in such notice, will not affect the validity of the proceedings for the redemption of such 2026A-1 Bond or the cessation of the accrual of interest on such 2026A-1 Bond on the Redemption Date.

**Effect of Notice of Redemption.** When notice of optional redemption has been given as described above, and when the amount necessary for the redemption of the 2026A-1 Bonds called for redemption (principal, premium, if any and accrued interest to the Redemption Date) is set aside for that purpose in the Redemption Account established for the 2026A-1 Bonds under the Resolutions, the 2026A-1 Bonds designated for redemption will become due and payable on the Redemption Date, and upon presentation and surrender of such 2026A-1 Bonds at the place specified in the notice of redemption, such 2026A-1 Bonds will be redeemed and paid at said redemption price out of the related Redemption Account. No interest will accrue on such 2026A-1 Bonds called for redemption after the Redemption Date and the registered owners of such 2026A-1 Bonds will look for payment of such 2026A-1 Bonds only to the related Redemption Account. All 2026A-1 Bonds redeemed will be cancelled immediately by the City Treasurer and will not be reissued.

Moneys held in a Redemption Account will be invested by the City Treasurer pursuant to the City’s policies and guidelines for investment of moneys in the General Fund of the City. See Appendix C – “CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER INVESTMENT POLICY.”

**Conditional Notice; Right to Rescind Notice of Optional Redemption.** Any notice of optional redemption may provide that such redemption is conditioned upon: (i) deposit of sufficient moneys in the related Redemption Account to redeem the 2026A-1 Bonds called for optional redemption on the anticipated Redemption Date, or (ii) the occurrence of any other event specified in the notice of redemption. In the event that such conditional notice of optional redemption has been given substantially and on the scheduled

Redemption Date (i) sufficient moneys to redeem the 2026A-1 Bonds called for optional redemption on the Redemption Date have not been deposited in the related Redemption Account, or (ii) any other event specified in the notice of redemption as a condition to the redemption did not occur, such 2026A-1 Bonds for which notice of conditional optional redemption was given will not be redeemed on the anticipated Redemption Date and will remain Outstanding for all purposes of the related Resolutions and the redemption not occurring will not constitute a default under such Resolutions.

In addition, the City may rescind any optional redemption and notice thereof for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the Registered Owner of all 2026A-1 Bonds so called for redemption. Notice of such rescission of redemption will be given in the same manner notice of redemption was originally given. The actual receipt by the Registered Owner of any 2026A-1 Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed will not affect the validity of the rescission.

### **Project Account**

The Master Resolution establishes a project account for the bonds issued under Proposition B (2024) to be designated the “General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024) Project Account” (the “Project Account”), including the Bonds, and within the Project Account, a subaccount for the 2026A-1 Bonds (the “2026A-1 Project Subaccount”) and a subaccount for the 2026A-2 Bonds (the “2026A-2 Project Subaccount,” and together with the 2026A-1 Project Subaccount, the “2026A Project Subaccounts”). Each 2026A Project Subaccount will be maintained by the City Treasurer as a separate account, segregated and distinct from all other accounts. The City Treasurer may establish such accounts and subaccounts within the Project Account as may be necessary or convenient in connection with the administration of projects or the bonds issued under the Master Resolution.

All of the proceeds of the sale of each series of bonds under the Master Resolution (excluding any premium and accrued interest received thereon, unless otherwise determined by the Director of Public Finance) will be deposited by the City Treasurer to the credit of the Project Account and applied exclusively to the objects and purposes specified in Proposition B (2024). When such objects and purposes have been accomplished, any moneys remaining in such account will be transferred to the Bond Account (as defined in “SECURITY FOR THE BONDS – Flow of Funds Under the Resolutions”) and applied to the scheduled payment of the principal of and interest on the related series of bonds issued under the Master Resolution. See “SECURITY FOR THE BONDS – Flow of Funds Under the Resolutions”. Amounts in each Project Account may be applied to the payment of costs of issuance of bonds issued under the Master Resolution, including, without limitation, bond and financial printing expenses, mailing and publication expenses, rating agency fees, and the fees and expenses of paying agents, registrars, financial consultants, bond counsel and disclosure counsel.

### **Defeasance**

Payment of all or any portion of the Bonds may be provided for prior to such Bonds’ respective stated maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust company designated by the City Treasurer to act as escrow agent with respect thereto): (a) an amount of cash equal to the principal amount of all of such Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to such Bonds’ respective stated maturities and in respect of which notice of such redemption will have been given as described above or an irrevocable election to give such notice will have been made by the City, the amount to be deposited will be the principal amount thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such Redemption Date; or (b) Defeasance Securities (as defined below) not subject to call, except as described in the definition below, maturing and paying interest at such times and in such amounts, together with interest earnings and cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the Redemption

Date, as the case may be, and any premium due on the Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such redemption will be given as described above or an irrevocable election to give such notice will have been made by the City; then, all obligations of the City with respect to said outstanding Bonds will cease and terminate, except only the obligation of the City to pay or cause to be paid from the funds deposited as described in this paragraph, to the owners of said Bonds all sums due with respect thereto, and the tax covenant obligations of the City with respect to the Bonds; provided, that the City will have received an opinion of nationally recognized bond counsel that provision for the payment of said Bonds has been made as required by the Resolutions.

As used in this section, the following terms have the meanings given below:

“Defeasance Securities” means any of the following which at the time are legal investments under the laws of the State of California for the moneys proposed to be invested therein: (1) United States Obligations (as defined below); and (2) Pre-refunded fixed interest rate municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee or paying agent has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or United States Obligations; (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund or the redemption account) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus sign or other modifier), at the time of original deposit to the escrow fund, by any two Rating Agencies (as defined below) not lower than the rating then maintained by the respective Rating Agency on such United States Obligations.

“United States Obligations” means (i) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including without limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that have been stripped by request to the Federal Reserve Bank of New York in book-entry form, or (ii) any security issued by an agency or instrumentality of the United States of America that is selected by the Director of Public Finance that results in the escrow fund being rated by any two Rating Agencies at the time of the initial deposit to the escrow fund and upon any substitution or subsequent deposit to the escrow fund, not lower than the rating then maintained by the respective Rating Agency on United States Obligations described in (i) herein.

“Rating Agencies” means Moody’s Ratings, Fitch Ratings, Kroll Rating Agency, LLC and S&P Global Ratings, or any other nationally-recognized bond rating agency that is the successor to any of the foregoing rating agencies or that is otherwise established after the date of adoption of the Resolutions.

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## ESTIMATED SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds in connection with the Bonds:

| <b>Estimated Sources of Funds</b>                | <b>2026A-1<br/>Bonds</b> | <b>2026A-2<br/>Bonds</b> | <b>Total</b>            |
|--------------------------------------------------|--------------------------|--------------------------|-------------------------|
| Principal Amount                                 | \$189,005,000.00         | \$2,500,000.00           | \$191,505,000.00        |
| Original Issue Premium                           | \$17,817,816.05          | -                        | \$17,817,816.05         |
| Total Estimated Sources of Funds                 | <u>\$206,822,816.05</u>  | <u>\$2,500,000.00</u>    | <u>\$209,322,816.05</u> |
| <b>Estimated Uses of Funds</b>                   |                          |                          |                         |
| Deposit to 2026A Project Subaccounts             | \$187,252,173.73         | \$2,481,698.27           | \$189,733,872.00        |
| CSA Audit Fee <sup>(1)</sup>                     | 374,504.35               | 4,963.40                 | 379,467.75              |
| Deposit to 2026A Bond Subaccounts <sup>(2)</sup> | 17,817,816.05            | -                        | 17,817,816.05           |
| Oversight Committee <sup>(3)</sup>               | 189,005.00               | 2,500.00                 | 191,505.00              |
| Costs of Issuance <sup>(4)</sup>                 | 1,189,316.92             | 10,838.33                | 1,200,155.25            |
| Total Estimated Uses of Funds                    | <u>\$206,822,816.05</u>  | <u>\$2,500,000.00</u>    | <u>\$209,322,816.05</u> |

<sup>(1)</sup> The City's Charter requires 0.2% of all 2026A Project Subaccount deposits to be set aside for the City's Office of the Controller's City Services Auditor ("CSA") fee.

<sup>(2)</sup> Deposit for certain capitalized debt service.

<sup>(3)</sup> See "THE BONDS – Authority for Issuance; Purposes – Bond Oversight."

<sup>(4)</sup> Includes fees for services of rating agencies, the Municipal Advisor, Co-Bond Counsel, Co-Disclosure Counsel, costs to the City, initial purchasers discount, printing costs, and other miscellaneous costs associated with the issuance of the Bonds.

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## DEBT SERVICE SCHEDULES

The scheduled debt service payable with respect to each series of Bonds is as follows (assuming no redemption prior to maturity):

### CITY AND COUNTY OF SAN FRANCISCO TAX-EXEMPT GENERAL OBLIGATION BONDS (HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024) SERIES 2026A-1

| <b>Payment Date</b> | <b>Principal</b>     | <b>Interest</b>         | <b>Total Debt Service</b> | <b>Fiscal Year Total</b> |
|---------------------|----------------------|-------------------------|---------------------------|--------------------------|
| 12/15/2026          | -                    | \$3,438,840.97          | \$3,438,840.97            | -                        |
| 6/15/2027           | \$14,045,000         | 4,725,125.00            | 18,770,125.00             | \$22,208,965.97          |
| 12/15/2027          | -                    | 4,374,000.00            | 4,374,000.00              | -                        |
| 6/15/2028           | 8,265,000            | 4,374,000.00            | 12,639,000.00             | 17,013,000.00            |
| 12/15/2028          | -                    | 4,167,375.00            | 4,167,375.00              | -                        |
| 6/15/2029           | 5,855,000            | 4,167,375.00            | 10,022,375.00             | 14,189,750.00            |
| 12/15/2029          | -                    | 4,021,000.00            | 4,021,000.00              | -                        |
| 6/15/2030           | 6,155,000            | 4,021,000.00            | 10,176,000.00             | 14,197,000.00            |
| 12/15/2030          | -                    | 3,867,125.00            | 3,867,125.00              | -                        |
| 6/15/2031           | 6,470,000            | 3,867,125.00            | 10,337,125.00             | 14,204,250.00            |
| 12/15/2031          | -                    | 3,705,375.00            | 3,705,375.00              | -                        |
| 6/15/2032           | 6,805,000            | 3,705,375.00            | 10,510,375.00             | 14,215,750.00            |
| 12/15/2032          | -                    | 3,535,250.00            | 3,535,250.00              | -                        |
| 6/15/2033           | 7,150,000            | 3,535,250.00            | 10,685,250.00             | 14,220,500.00            |
| 12/15/2033          | -                    | 3,356,500.00            | 3,356,500.00              | -                        |
| 6/15/2034           | 7,520,000            | 3,356,500.00            | 10,876,500.00             | 14,233,000.00            |
| 12/15/2034          | -                    | 3,168,500.00            | 3,168,500.00              | -                        |
| 6/15/2035           | 7,905,000            | 3,168,500.00            | 11,073,500.00             | 14,242,000.00            |
| 12/15/2035          | -                    | 2,970,875.00            | 2,970,875.00              | -                        |
| 6/15/2036           | 8,310,000            | 2,970,875.00            | 11,280,875.00             | 14,251,750.00            |
| 12/15/2036          | -                    | 2,763,125.00            | 2,763,125.00              | -                        |
| 6/15/2037           | 8,735,000            | 2,763,125.00            | 11,498,125.00             | 14,261,250.00            |
| 12/15/2037          | -                    | 2,544,750.00            | 2,544,750.00              | -                        |
| 6/15/2038           | 9,185,000            | 2,544,750.00            | 11,729,750.00             | 14,274,500.00            |
| 12/15/2038          | -                    | 2,315,125.00            | 2,315,125.00              | -                        |
| 6/15/2039           | 9,655,000            | 2,315,125.00            | 11,970,125.00             | 14,285,250.00            |
| 12/15/2039          | -                    | 2,073,750.00            | 2,073,750.00              | -                        |
| 6/15/2040           | 10,150,000           | 2,073,750.00            | 12,223,750.00             | 14,297,500.00            |
| 12/15/2040          | -                    | 1,820,000.00            | 1,820,000.00              | -                        |
| 6/15/2041           | 10,670,000           | 1,820,000.00            | 12,490,000.00             | 14,310,000.00            |
| 12/15/2041          | -                    | 1,553,250.00            | 1,553,250.00              | -                        |
| 6/15/2042           | 11,215,000           | 1,553,250.00            | 12,768,250.00             | 14,321,500.00            |
| 12/15/2042          | -                    | 1,272,875.00            | 1,272,875.00              | -                        |
| 6/15/2043           | 11,790,000           | 1,272,875.00            | 13,062,875.00             | 14,335,750.00            |
| 12/15/2043          | -                    | 978,125.00              | 978,125.00                | -                        |
| 6/15/2044           | 12,395,000           | 978,125.00              | 13,373,125.00             | 14,351,250.00            |
| 12/15/2044          | -                    | 668,250.00              | 668,250.00                | -                        |
| 6/15/2045           | 13,030,000           | 668,250.00              | 13,698,250.00             | 14,366,500.00            |
| 12/15/2045          | -                    | 342,500.00              | 342,500.00                | -                        |
| 6/15/2046           | 13,700,000           | 342,500.00              | 14,042,500.00             | 14,385,000.00            |
| <b>Total</b>        | <b>\$189,005,000</b> | <b>\$107,159,465.97</b> | <b>\$296,164,465.97</b>   | <b>\$296,164,465.97</b>  |

**CITY AND COUNTY OF SAN FRANCISCO  
TAXABLE  
GENERAL OBLIGATION BONDS  
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)  
SERIES 2026A-2**

| <b>Payment Date</b> | <b>Principal</b>   | <b>Interest</b>    | <b>Total Debt Service</b> | <b>Fiscal Year Total</b> |
|---------------------|--------------------|--------------------|---------------------------|--------------------------|
| 10/1/2026           | \$2,500,000        | \$14,962.50        | \$2,514,962.50            | \$2,514,962.50           |
| <b>Total</b>        | <b>\$2,500,000</b> | <b>\$14,962.50</b> | <b>\$2,514,962.50</b>     | <b>\$2,514,962.50</b>    |

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**CITY AND COUNTY OF SAN FRANCISCO  
GENERAL OBLIGATION BONDS  
2026A-1 BONDS AND 2026A-2 BONDS**

| <b>Period<br/>Ending</b> | <b>2026A-1<br/>Bonds</b> | <b>2026A-2<br/>Bonds</b> | <b>Total Debt<br/>Service</b> | <b>Fiscal Year<br/>Total</b> |
|--------------------------|--------------------------|--------------------------|-------------------------------|------------------------------|
| 10/1/2026                | -                        | \$2,514,962.50           | \$2,514,962.50                | -                            |
| 12/15/2026               | \$3,438,840.97           | -                        | 3,438,840.97                  | -                            |
| 6/15/2027                | 18,770,125.00            | -                        | 18,770,125.00                 | \$24,723,928.47              |
| 12/15/2027               | 4,374,000.00             | -                        | 4,374,000.00                  | -                            |
| 6/15/2028                | 12,639,000.00            | -                        | 12,639,000.00                 | 17,013,000.00                |
| 12/15/2028               | 4,167,375.00             | -                        | 4,167,375.00                  | -                            |
| 6/15/2029                | 10,022,375.00            | -                        | 10,022,375.00                 | 14,189,750.00                |
| 12/15/2029               | 4,021,000.00             | -                        | 4,021,000.00                  | -                            |
| 6/15/2030                | 10,176,000.00            | -                        | 10,176,000.00                 | 14,197,000.00                |
| 12/15/2030               | 3,867,125.00             | -                        | 3,867,125.00                  | -                            |
| 6/15/2031                | 10,337,125.00            | -                        | 10,337,125.00                 | 14,204,250.00                |
| 12/15/2031               | 3,705,375.00             | -                        | 3,705,375.00                  | -                            |
| 6/15/2032                | 10,510,375.00            | -                        | 10,510,375.00                 | 14,215,750.00                |
| 12/15/2032               | 3,535,250.00             | -                        | 3,535,250.00                  | -                            |
| 6/15/2033                | 10,685,250.00            | -                        | 10,685,250.00                 | 14,220,500.00                |
| 12/15/2033               | 3,356,500.00             | -                        | 3,356,500.00                  | -                            |
| 6/15/2034                | 10,876,500.00            | -                        | 10,876,500.00                 | 14,233,000.00                |
| 12/15/2034               | 3,168,500.00             | -                        | 3,168,500.00                  | -                            |
| 6/15/2035                | 11,073,500.00            | -                        | 11,073,500.00                 | 14,242,000.00                |
| 12/15/2035               | 2,970,875.00             | -                        | 2,970,875.00                  | -                            |
| 6/15/2036                | 11,280,875.00            | -                        | 11,280,875.00                 | 14,251,750.00                |
| 12/15/2036               | 2,763,125.00             | -                        | 2,763,125.00                  | -                            |
| 6/15/2037                | 11,498,125.00            | -                        | 11,498,125.00                 | 14,261,250.00                |
| 12/15/2037               | 2,544,750.00             | -                        | 2,544,750.00                  | -                            |
| 6/15/2038                | 11,729,750.00            | -                        | 11,729,750.00                 | 14,274,500.00                |
| 12/15/2038               | 2,315,125.00             | -                        | 2,315,125.00                  | -                            |
| 6/15/2039                | 11,970,125.00            | -                        | 11,970,125.00                 | 14,285,250.00                |
| 12/15/2039               | 2,073,750.00             | -                        | 2,073,750.00                  | -                            |
| 6/15/2040                | 12,223,750.00            | -                        | 12,223,750.00                 | 14,297,500.00                |
| 12/15/2040               | 1,820,000.00             | -                        | 1,820,000.00                  | -                            |
| 6/15/2041                | 12,490,000.00            | -                        | 12,490,000.00                 | 14,310,000.00                |
| 12/15/2041               | 1,553,250.00             | -                        | 1,553,250.00                  | -                            |
| 6/15/2042                | 12,768,250.00            | -                        | 12,768,250.00                 | 14,321,500.00                |
| 12/15/2042               | 1,272,875.00             | -                        | 1,272,875.00                  | -                            |
| 6/15/2043                | 13,062,875.00            | -                        | 13,062,875.00                 | 14,335,750.00                |
| 12/15/2043               | 978,125.00               | -                        | 978,125.00                    | -                            |
| 6/15/2044                | 13,373,125.00            | -                        | 13,373,125.00                 | 14,351,250.00                |
| 12/15/2044               | 668,250.00               | -                        | 668,250.00                    | -                            |
| 6/15/2045                | 13,698,250.00            | -                        | 13,698,250.00                 | 14,366,500.00                |
| 12/15/2045               | 342,500.00               | -                        | 342,500.00                    | -                            |
| 6/15/2046                | 14,042,500.00            | -                        | 14,042,500.00                 | 14,385,000.00                |
| <b>Total</b>             | <b>\$296,164,465.97</b>  | <b>\$2,514,962.50</b>    | <b>\$298,679,428.47</b>       | <b>\$298,679,428.47</b>      |

The consolidated scheduled debt service payable with respect to the Bonds and the City's other general obligation bonds is shown in the table below (assuming no early redemptions prior to maturity).

**Consolidated Scheduled Debt Service  
on the Bonds and the City's Other  
General Obligation Bonds<sup>(1)</sup>**

| <b>Fiscal Year<br/>(June 30)</b> | <b>Total Debt Service<br/>on the Bonds</b> | <b>Other General<br/>Obligation Bonds<br/>Debt Service<sup>(2)</sup></b> | <b>Total Debt Service</b> |
|----------------------------------|--------------------------------------------|--------------------------------------------------------------------------|---------------------------|
| 2027                             | \$24,723,928                               | \$274,447,332                                                            | \$299,171,260             |
| 2028                             | 17,013,000                                 | 268,927,208                                                              | 285,940,208               |
| 2029                             | 14,189,750                                 | 269,439,522                                                              | 283,629,272               |
| 2030                             | 14,197,000                                 | 269,865,313                                                              | 284,062,313               |
| 2031                             | 14,204,250                                 | 229,713,027                                                              | 243,917,277               |
| 2032                             | 14,215,750                                 | 229,405,816                                                              | 243,621,566               |
| 2033                             | 14,220,500                                 | 192,578,270                                                              | 206,798,770               |
| 2034                             | 14,233,000                                 | 170,400,610                                                              | 184,633,610               |
| 2035                             | 14,242,000                                 | 160,864,008                                                              | 175,106,008               |
| 2036                             | 14,251,750                                 | 122,896,381                                                              | 137,148,131               |
| 2037                             | 14,261,250                                 | 110,410,979                                                              | 124,672,229               |
| 2038                             | 14,274,500                                 | 110,405,236                                                              | 124,679,736               |
| 2039                             | 14,285,250                                 | 102,761,611                                                              | 117,046,861               |
| 2040                             | 14,297,500                                 | 101,098,871                                                              | 115,396,371               |
| 2041                             | 14,310,000                                 | 94,071,966                                                               | 108,381,966               |
| 2042                             | 14,321,500                                 | 94,073,292                                                               | 108,394,792               |
| 2043                             | 14,335,750                                 | 94,070,628                                                               | 108,406,378               |
| 2044                             | 14,351,250                                 | 94,069,644                                                               | 108,420,894               |
| 2045                             | 14,366,500                                 | 94,068,532                                                               | 108,435,032               |
| 2046                             | 14,385,000                                 | 54,294,213                                                               | 68,679,213                |
| 2047                             | -                                          | 19,392,526                                                               | 19,392,526                |
| 2048                             | -                                          | 19,390,465                                                               | 19,390,465                |
| 2049                             | -                                          | 10,095,434                                                               | 10,095,434                |
| 2050                             | -                                          | 10,098,172                                                               | 10,098,172                |
| 2051                             | -                                          | 10,094,617                                                               | 10,094,617                |
| 2052                             | -                                          | 10,098,588                                                               | 10,098,588                |
| 2053                             | -                                          | 10,101,387                                                               | 10,101,387                |
| 2054                             | -                                          | 10,097,708                                                               | 10,097,708                |
| 2055                             | -                                          | 10,097,333                                                               | 10,097,333                |
| 2056                             | -                                          | 10,094,512                                                               | 10,094,512                |
| 2057                             | -                                          | 10,097,618                                                               | 10,097,618                |
| 2058                             | -                                          | 10,096,979                                                               | 10,096,979                |
| 2059                             | -                                          | 6,352,105                                                                | 6,352,105                 |
| 2060                             | -                                          | 6,344,238                                                                | 6,344,238                 |
| 2061                             | -                                          | 2,213,193                                                                | 2,213,193                 |
| 2062                             | -                                          | 2,210,638                                                                | 2,210,638                 |
| 2063                             | -                                          | 2,212,905                                                                | 2,212,905                 |
| 2064                             | -                                          | 2,214,450                                                                | 2,214,450                 |
| <b>Total</b>                     | <b>\$298,679,428</b>                       | <b>\$3,299,165,323</b>                                                   | <b>\$3,597,844,755</b>    |

<sup>(1)</sup> Amounts are rounded off to the nearest dollar. Totals may not add up due to rounding of individual components.

<sup>(2)</sup> As of July 1, 2026 (less debt service payments relating to the Bonds). See Table A-27 in Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES."

## SECURITY FOR THE BONDS

### General

Pursuant to the Resolutions, for the purpose of paying the principal of and interest on the Bonds, the Board of Supervisors at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, or until there is a sum set apart for that purpose in the Treasury of the City sufficient to meet all sums coming due for payment of principal of and interest on the Bonds, a tax sufficient to pay the annual principal of and interest on the Bonds as the same become due. In fixing such tax levy for each fiscal year, the Board of Supervisors will take into account amounts then on deposit in the Tax Revenues Subaccount relating to the Bonds (as defined below under “Flow of Funds Under the Resolutions”), if such amounts will be available to pay debt service on the Bonds. Said tax will be in addition to all other taxes levied for City purposes, will be collected at the time and in the same manner as other property taxes of the City are collected, and will be used only for the payment of the Bonds and the interest thereon. Under the framework of the constitutional provisions and State statutes applicable to California general obligation bonds, including the Bonds, taxes levied to pay debt service on the Bonds may not be used for any other purpose and are not available to support general City operations. See “Property Taxation” below.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. In general, if overall assessed values of taxable property in the City were to decline, then the City, in order to generate sufficient tax revenues to pay debt service on the Bonds and other general obligation bonds, would increase tax rates applicable to the Bonds and other general obligations bonds. See “Property Taxation” below.

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. See “Statutory Lien on Taxes (Senate Bill 222)” below.

Pursuant to the Resolutions, the City will pledge the Bond Account (as defined under “Flow of Funds Under the Resolutions”) and all subaccounts and amounts on deposit therein for the payment of the principal of and interest on bonds issued under the Master Resolution (including the Bonds) when and as the same become due. See “Pledge” below.

**Under the Resolutions, the City is not obligated to pay the debt service from any sources other than as described above. This Official Statement, including Appendix A hereto, provides information on the City’s overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolutions and that should not be considered available to pay debt service on the Bonds.**

### Flow of Funds Under the Resolutions

**Bond Account.** The Master Resolution provides for the establishment with the City Treasurer of a special bond account for all bonds issued under Proposition B (2024) to be designated the “General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024) Bond Account” (the “Bond Account”), including the Bonds, and within the Bond Account, a subaccount for the 2026A-1 Bonds (the “2026A-1 Bond Subaccount”) and a subaccount for the 2026A-2 Bonds (the “2026A-2 Bond Subaccount,” and together with the 2026A-1 Bond Subaccount, the “2026A Bond Subaccounts”), to be held separate and apart from all other accounts of the City.

The Bond Account and all subaccounts therein will be administered by the City Treasurer with all disbursements of funds therefrom subject to the authorization of the Controller. Pursuant to the applicable sale resolution, the Controller may establish with the City Treasurer such additional accounts and subaccounts within the Bond Account or with any agent, including but not limited to any paying agent or fiscal agent, as may be necessary or convenient in connection with the administration of any series of bonds issued under the Master Resolution, to provide for the payment of principal and interest on such series of bonds.

The City Treasurer will deposit in the Bond Account from the proceeds of sale of bonds issued pursuant to the Master Resolution, including the Bonds, any moneys received on account of original issue premium and interest accrued on the bonds issued under the Master Indenture to the date of payment of the purchase price thereof, and such other moneys, if any, as may be specified in the applicable sale resolution. So long as any of the bonds are outstanding under the Master Resolution, moneys in the Bond Account will be used and applied by the City Treasurer solely for the purpose of paying the principal of and interest on such bonds as such principal and interest become due and payable, or for purchase of such bonds if permitted by the applicable sale resolution. The Board of Supervisors will take such actions annually as are necessary or appropriate to cause the debt service on the bonds issued under the Master Resolution due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor.

Pursuant to the Master Resolution, all taxes collected by the City for the payment of debt service on a related series of Bonds will be deposited in a special subaccount within the Bond Account relating to such series of Bonds, to be designated as the “Tax Revenues Subaccount.”

**2026A Bond Subaccounts.** The Sale Resolution provides that (i) on or prior to the date on which any payment of principal of or interest on a series of Bonds is due, including any series of Bonds subject to mandatory redemption on such date, the City Treasurer will allocate to and deposit in the appropriate 2026A Bond Subaccount, from amounts held in the Bond Account, an aggregate amount which, when added to any available moneys contained in such 2026A Bond Subaccount, is sufficient to pay principal of and interest on the Bonds on such date, and (ii) on or prior to the date on which any series of Bonds are to be redeemed at the option of the City, the City Treasurer may allocate to and deposit in the applicable Redemption Account established under the Resolutions, from amounts held in the Bond Account, an amount which, when added to any available moneys contained in the related Redemption Account, is sufficient to pay principal, interest and premium, if any, with respect to such series of Bonds on such date. The City Treasurer may make such other provision for the payment of principal of and interest and any redemption premium on the Bonds as is necessary or convenient to permit the optional redemption of the Bonds.

Amounts in the 2026A Bond Subaccounts may be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may (i) commingle any of the moneys held in the 2026A Bond Subaccounts with other City moneys or (ii) deposit amounts credited to the 2026A Bond Subaccounts into a separate fund or funds for investment purposes only; provided, that all of the moneys held in each 2026A Bond Subaccount will be accounted for separately notwithstanding any such commingling or separate deposit by the City Treasurer. See Appendix C – “CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER INVESTMENT POLICY.” All interest earned on amounts on deposit in each 2026A Bond Subaccount will be retained in such 2026A Bond Subaccount.

**Interest.** On or before June 15 and December 15 in each year that any of the bonds issued under the Master Resolution are outstanding, commencing December 15, 2026 (and, in the case of the 2026A-2 Bonds, on or before October 1, 2026) (or, for any series of bonds issued under the Master Resolution bearing interest at variable rates, on such other dates as may be provided by the applicable sale resolution), the City Treasurer will set aside in the Bond Account and the appropriate subaccounts therein relating to each series of the bonds an amount which, when added to the amount contained in the Bond Account and subaccounts therein on that date, if any, will be equal to the aggregate amount of the interest becoming due and payable on each series of such bonds outstanding on such interest payment date.

**Principal.** On or before June 15 in each year that any of the bonds issued under the Master Resolution are outstanding (and in the case of the 2026A-2 Bonds, on or before October 1, 2026), the City Treasurer will set aside in the Bond Account and the appropriate subaccounts therein relating to each series of such bonds an amount which will be equal to the principal on each series of such bonds outstanding that will become due and payable on said June 15 (and in the case of the 2026A-2 Bonds, on said October 1, 2026).

All moneys in the Bond Account will be used and withdrawn by the City Treasurer solely for the purpose of paying the principal of and interest on each series of bonds issued under the Master Resolution as the same become due and payable. On June 15 and December 15 in each year that any such bond is outstanding (and in the case of the 2026A-2 Bonds, on October 1, 2026), the City Treasurer will allocate, transfer and apply to the various subaccounts in the Bond Account created pursuant to the applicable sale resolution, on such date on which payment of principal or interest on any series of bonds is due, from moneys on deposit in the Bond Account, an amount equal to the amount of principal of, premium, if any, or interest due on said date with respect to each series of the bonds then outstanding. Unless other provision is made pursuant to the Master Resolution for the payment of any bond, all amounts held in the various subaccounts of the Bond Account created pursuant to a sale resolution will be used and applied by the City Treasurer to pay principal of, premium, if any, and interest due on the series of the bonds to which such subaccount relates, as and when due.

### **Pledge**

Pursuant to the Resolutions, the City will pledge the Bond Account and all subaccounts and amounts on deposit therein for the payment of the principal of and interest on bonds issued under the Master Resolution (including the Bonds) when and as the same become due, including the principal of any term bonds required to be paid upon the mandatory sinking fund redemption thereof. In addition, as further described below, Government Code Section 53515 provides for a statutory lien securing the payment of such principal and interest, to the extent applicable to the amounts of *ad valorem* taxes on deposit in the Bond Account. Each and every series of bonds issued under the Master Resolution, including the Bonds, will be equally and ratably secured by this pledge, the foregoing statutory lien, and the taxes collected as described above.

### **Statutory Lien on Taxes (Senate Bill 222)**

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. Section 53515 of the California Government Code provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time such bonds are executed and delivered. Section 53515 of the California Government Code further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. See “CERTAIN RISK FACTORS – Limitation on Remedies; Bankruptcy.”

### **Property Taxation**

**General.** The City levies property taxes for general operating purposes as well as for the payment of voter-approved general obligation bonds. Taxes levied to pay debt service for general obligation bonds may only be applied for that purpose. As a county under State law, the City also levies property taxes on behalf of all local agencies with overlapping jurisdiction within the boundaries of the City. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. The fiscal year 2025-26 total net assessed valuation of taxable property within the City was approximately \$357.8 billion. Fiscal year 2026-27 local assessment roll values received by the Controller from the Assessor as of the beginning of July 2026 indicate secured roll growth of 2.3% and unsecured roll growth of -1.4%. See

Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY BUDGET – FY27 & FY28 Proposed Budget and Revenue Letter.” For additional information on the property taxation system, assessed values and appeals to assessed values, see Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION.”

Local property taxation is the responsibility of various City officers. The Assessor-Recorder computes the value of locally assessed taxable property. After the assessed roll is closed on June 30<sup>th</sup>, the Controller issues a Certificate of Assessed Valuation in August which certifies the taxable assessed value for that fiscal year. The Controller also compiles a schedule of tax rates including the 1.0% tax authorized by Article XIII A of the State Constitution (and mandated by statute), tax surcharges needed to repay voter-approved general obligation bonds, and tax surcharges imposed by overlapping jurisdictions that have been authorized to levy taxes on property located in the City. The Board of Supervisors approves the schedule of tax rates each year by ordinance adopted no later than the last working day of September. The Treasurer and Tax Collector prepare and mail tax bills to taxpayers and collect the taxes on behalf of the City and other overlapping taxing agencies that levy taxes on taxable property located in the City. The City Treasurer holds and invests City tax funds, including taxes collected for payment of general obligation bonds, and is charged with the payment of principal and interest on such bonds, including the Bonds, when due.

Of the \$357.8 billion total net assessed valuation of taxable property within the City for fiscal year 2025-26, \$341.8 billion (approximately 95.5%) represents secured valuations and \$16.0 billion (approximately 4.5%) represents unsecured valuations. Approximately 67.8% of fiscal year 2025-26 secured assessed valuation was derived from residential property (single or multi-family properties), approximately 28.6% from commercial property (hotel, office, retail, miscellaneous), and the balance from state assessed property, industrial, or other land uses. Proposition 13 limits to 2% per year any increase in the assessed value of property, unless it is sold or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

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

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in assessment appeals as the economy rebounds. See “CERTAIN RISK FACTORS – Factors Affecting Property Tax Security for the Bonds” below. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Assessed Valuations, Tax Rates, and Tax Delinquencies.”

In addition, appeals activity is reviewed each year and incorporated into the current and subsequent years’ budget projections of property tax revenues. Historical information on refunds of prior years’ property taxes from the discretionary General Fund appeals reserve fund are listed in Table A-7 of Appendix A attached hereto.

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

Property subject to *ad valorem* taxes is entered as secured or unsecured on the assessment roll maintained by the Assessor-Recorder. The secured roll is that part of the assessment roll containing State-assessed property and property (real or personal) on which liens are sufficient, in the opinion of the Assessor-Recorder, to secure payment of the taxes owed. Other property is placed on the “unsecured roll.” The method of collecting delinquent taxes is substantially different for the two classifications of property.

The City has four ways of collecting unsecured personal property taxes: (1) pursuing civil action against the taxpayer; (2) filing a certificate in the Office of the Clerk of the Court specifying certain facts, including the date of mailing a copy thereof to the affected taxpayer, in order to obtain a judgment against the taxpayer; (3) filing a certificate of delinquency for recording in the Assessor-Recorder’s Office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer.

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

**Teeter Plan.** In October 1993, the Board of Supervisors of the City passed a resolution that adopted the Alternative Method of Tax Apportionment (the “Teeter Plan”). The Teeter Plan method authorizes the City Controller to allocate to the City’s taxing agencies 100% of the secured property taxes billed but not yet collected. In return, as the delinquent property taxes and associated penalties and interest are collected, the City’s General Fund retains such amounts. The City has funded payment of accrued and current delinquencies through authorized internal borrowing. The City also maintains a “Tax Loss Reserve” for the Teeter Plan. Information on this Tax Loss Reserve is as shown on Table A-8 in Appendix A attached hereto.

**Taxation of Utility Property.** A portion of the City’s total net assessed valuation consists of utility property subject to assessment by the State Board of Equalization. State-assessed property, or “unitary property,” is property of a utility system with components located in many taxing jurisdictions assessed as part of a “going concern” rather than as individual parcels of real or personal property. Unitary and certain other State-assessed property values are allocated to the counties by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City itself) according to statutory formulae generally based on the distribution of taxes in the prior year. The fiscal year 2025-26 valuation of property assessed by the State Board of Equalization is approximately \$4.9 billion.

## CERTAIN RISK FACTORS

The Resolutions provide that the Bonds are payable from and secured by a voter-approved dedicated property tax levy on all taxable property in the City. Under the Resolutions, the City is not obligated to pay the debt service from any other sources. This Official Statement, including Appendix A hereto, provides information on the City’s overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolutions and that should not be considered available to pay debt service on the Bonds. See “SECURITY FOR THE BONDS” herein.

New information about the City’s finances and operations and events impacting the City, both expected and unexpected, is frequently available throughout the year and the City cannot predict with certainty the timing or ultimate outcome of such matters or the impact of such matters on the City’s finances. Such information and events expected include, but are not limited to, final net assessed valuation of taxable property

in the City for fiscal year 2026-27, currently expected to be published in August 2026, and the City's 2025-26 Annual Comprehensive Financial Report, currently expected to be issued November 2026. See " – Material City Financial Challenges" below and Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" attached hereto.

### **Factors Affecting Property Tax Security for the Bonds**

The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. Issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase.

Discussed below are certain factors that may affect the City's ability to levy and collect sufficient taxes to pay scheduled debt service on the Bonds each year. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" for additional information on these factors.

***Total Assessed Value of Taxable Property in the City.*** The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the City's general obligation bonds. The total net assessed valuation of taxable property in the City for fiscal year 2025-26 was approximately \$357.8 billion, compared to approximately \$348.7 billion in fiscal year 2024-25. See Table A-6 in Appendix A attached hereto. During economic downturns, declining market values of real estate, increased foreclosures, and increases in requests submitted to the Assessor-Recorder and the Assessment Appeals Board for reductions in assessed value have generally caused a reduction in the assessed value of some properties in the City. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Assessed Valuations, Tax Rates, and Tax Delinquencies."

Natural and economic forces can affect the assessed value of taxable property in the City. The City is located in a seismically active region, and damage from an earthquake in or near the City could cause moderate to extensive or total damage to taxable property. See " – Seismic Risks" below. Other natural or man-made disasters, such as flood and sea level rise (see " – Climate Change, Risk of Sea Level Rise and Flooding Damage" below), fire, toxic release, acts of terrorism or public health emergencies, such as the COVID-19 pandemic (see " – Public Health Emergencies" below), could also cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the Bay Area's economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

***Concentration of Taxable Property Ownership.*** The more property (by assessed value) owned by any single assessee, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. As of July 1, 2025, no single parcel comprised more than approximately 0.77% of the \$357.8 billion total net assessed valuation of taxable property within the City (in compiling this information, any owners of multiple parcels are not aggregated). See Table A-9 in Appendix A and see Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Tax Levy and Collection."

***Property Tax Rates.*** One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The total tax rate per \$100 of assessed value (including the basic countywide 1% rate required by statute) is discussed further in Appendix A – "CITY AND COUNTY OF



## SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Assessed Valuations, Tax Rates, and Tax Delinquencies.”

***Debt Burden on Owners of Taxable Property in the City.*** Another measure of the debt burden on local taxpayers is total debt as a percentage of taxable property value. Under Section 9.106 of the Charter, the issuance of general obligation bonds by the City is limited to 3.00% of the assessed value of all taxable real and personal property located within the City’s boundaries. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City’s gross general obligation debt limit for fiscal year 2025-26 is approximately \$10.7 billion, based on a total net assessed valuation of taxable property in the City for fiscal year 2025-26 of approximately \$357.8 billion. As of July 1, 2026, the City had outstanding approximately \$2.36 billion in aggregate principal amount of general obligation bonds, which equals approximately 0.7% of the initial assessed valuations for fiscal year 2025-26. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS.”

***Additional Debt; Authorized but Unissued Bonds.*** Issuance of additional authorized bonds can cause the overall property tax rate to increase. As of July 1, 2026, the City had authorized and unissued general obligation bond authority of approximately \$1.72 billion. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Authorized but Unissued City GO Bonds.” In addition, the City expects that it will propose further bond measures to the voters from time to time to help meet its capital needs. The City’s most recently adopted 10-year capital plan (fiscal years 2026 through 2035) identifies \$52.1 billion of capital needs for all City departments, including \$6.7 billion in projects for General Fund-supported departments. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Capital Plan.”

***Limitations on Development.*** Construction and development in the City could be limited by governmental or legal limits on growth and/or challenges in the approval of certain residential and commercial projects. For example, San Francisco voters passed Proposition M in November 1986 which created an annual limit on the construction of new office space throughout the City (i.e., 950,000 square feet per year). Proposition M amended the Office Development Annual Limit Program (the “Annual Limit Program”) under the City’s Planning Code, which Annual Limit Program governs the approval of all development projects that contain more than 25,000 gross square feet of office space. The central provision of the Annual Limit Program is a “metering limit” designed to restrict the amount of office space authorized in a given year. No office project subject to the metering limit can be entitled without receiving an allocation under the Annual Limit Program. In doing so, the Annual Limit Program aims to ensure a manageable rate of new development and to guard against typical “boom and bust” cycles, among other goals.

In March 2020, voters of the City approved Proposition E, amending existing citywide limits on new office development. Proposition E links the amount of new office space that can be approved annually in San Francisco to the City’s performance on building new affordable housing. Proposition E allows projects that provide affordable housing and space for community arts or local retail, particularly in the Central South of Market (SoMa) neighborhood, to proceed sooner by borrowing from future allocations. Proposition E also changes the City’s criteria for approving new office developments.

The above-described limitations are not expected to impact property tax revenues in the near term. See “– Material City Financial Challenges,” below.

### **Material City Financial Challenges**

The following discussion highlights certain challenges facing the City and is not meant to be an exhaustive discussion of challenges facing the City (see, for example, “– Seismic Risks” and “– Climate Change, Risk of Sea Level Rise and Flooding Damage” below). See also Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES” attached hereto.

The City continues to face material financial challenges, including the outcome of several potential measures proposed for the November 2026 ballot that could result in the loss of hundreds of millions of dollars from the assumptions in the proposed budget, the increased costs and reduced revenues resulting from H.R. 1 (as defined herein) and uncertain general economic conditions. Pressures also include continued remote work by a significant portion of the workforce (which has led to vacancies and declining property taxes for certain office buildings, lower real estate property transfer taxes, and reductions in taxes based on employees physically located in the City), continued weakness in the local hospitality and convention industries (resulting in declines in hotel and sales taxes from pre-pandemic levels), reduced funding to the City in State budgets and fiscal effects of federal policy changes (including uncertainty about receipt of outstanding FEMA reimbursements). The City has experienced the largest increase in office vacancy among major urban office markets in the United States, from approximately 5.6% in the fourth quarter of 2019 to approximately 32.6% in the first quarter of 2026 according to the Controller's Office report on the status of the City economy through March 31, 2026. Despite recent improvements in economic activity levels in San Francisco, the high vacancy rate, along with continuing uncertainty regarding the return-to-office plans of major office tenants, has reduced both the volume of office transactions, and the per-square foot value of these sales. As further described in Appendix A hereto, the conditions discussed above have contributed to projected budget deficits (absent corrective actions) in the hundreds of millions of dollars in future fiscal years, rising to approximately \$1.1 billion in fiscal year 2029-30 (based on the March 2026 Five-Year Plan Update, defined below). See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES"

San Franciscans and Californians will vote on various proposals that would change local and state revenue streams in the November 2026 elections. Additionally, the City and State legislature are considering proposals that would change local tax revenue. The only revenue proposals assumed in the FY27 & FY28 Proposed Budget are the local parcel tax and regional sales tax measures on the November 2026 ballot that would generate operating funds for the MTA. However, there are various proposals which could significantly impact the City's General Fund. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – BUDGETARY RISKS – Pending Local Initiatives."

On December 19, 2025, the Mayor's Office, Controller's Office, and Board of Supervisors Budget and Legislative Analyst's Office issued the "Five Year Financial Plan Update: FY 2026-27 through FY 2029-30" (the "December 2025 Five-Year Update"). The projections in the December 2025 Five-Year Plan Update are similar in magnitude to those published in the Budget Outlook Update (March Five-Year Update) issued by the Mayor, Board of Supervisors Budget Analyst, and Controller on March 31, 2025, which forecasted a two-year deficit for the fiscal year 2025-26 and 2026-27 budget of \$817.5 million and a cumulative deficit through fiscal year 2029-30 of \$1.4 billion. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PERIODIC FINANCIAL REPORTING; RECENT REPORTS" and "– CITY BUDGET – December 2025 Five-Year Plan Update."

On March 31, 2026, the Mayor's Office, Controller's Office and Board of Supervisors Budget and Legislative Analyst's Office issued the Budget Outlook Update (March Five-Year Update) (the "March 2026 Five-Year Plan Update"). Compared to the December 2025 Five-Year Update, the March 2026 Five-Year Plan Update projected a General Fund shortfall for fiscal year 2026-27 of \$168.5 million, \$127.8 million less than that December 2025 Five-Year Plan Update. For fiscal year 2026-27 and 2027-28, the period for which the City is required to adopt a balanced budget, the March 2026 Five-Year Plan Update projects a \$642.8 million General Fund shortfall, or \$293.8 million less than the shortfall projected in the December 2025 Five-Year Plan Update. The March 2026 Five-Year Plan Update also notes that the estimated revenue impact of funding changes from House Resolution 1 (Public Law 119-21) ("H.R. 1") is unchanged from the prior projection at a two-year total of \$306.3 million, representing just under half of the total \$642.8 million shortfall and that long term structural shortfalls remain, growing to \$1.1 billion by fiscal year 2029-30, which is \$79.9 million less than the December 2025 Five-Year Plan Update. The updates in the March 2026 Five-Year Plan Update are the result of improvements in current year fund balance, increased General Fund revenues in fiscal year 2026-27, ongoing Public Health revenue increases, and lower employer contributions for retirement, along with nominal updates to other citywide expenditures. See Appendix A – "CITY AND COUNTY OF SAN

FRANCISCO ORGANIZATION AND FINANCES – PERIODIC FINANCIAL REPORTING; RECENT REPORTS – March 2026 Five-Year Plan Update,” “ – CITY BUDGET – December 2025 Five-Year Plan Update” and “ – CITY BUDGET – March 2026 Five-Year Plan Update.”

On May 12, 2026, the Controller’s Office released the Nine-Month Budget Status Report (the “May 2026 Nine-Month Report”). The May 2026 Nine-Month Report notes that the Controller projects a \$728.2 million General Fund ending balance in fiscal year 2025-26, a \$53.9 million improvement from the \$674.3 million balance contained in the March 2026 Five-Year Plan Update. Application of this additional current year fund balance would decrease the projected shortfall in the fiscal year 2026-27 and 2027-28 budget to \$606.9 million (from \$642.8 million) and by \$18.0 million in fiscal year 2028-29. The May 2026 Nine-Month Report notes that Citywide revenues are projected to be \$339.9 million above budget, a \$53.2 million increase from the March 2026 Five-Year Plan Update, partially offset by a related \$9.5 million increase in baseline contributions and \$23.5 million deposit to the Budget Stabilization Reserve. The May 2026 Nine-Month Report also notes that departments are projected to end the year with a \$89.5 million net surplus, including a revenue surplus of \$6.4 million and expenditure savings of \$83.0 million, which is a \$33.7 million improvement from the March 2026 Five-Year Plan Update. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PERIODIC FINANCIAL REPORTING; RECENT REPORTS – May 2026 Nine-Month Report” and “ – CITY BUDGET – May 2026 Nine-Month Report.”

On May 15, 2026, the Controller’s Office issued its most recent report on the status of the City economy through March 31, 2026. The report noted that economic indicators from early 2026 suggest that, while macroeconomic risks to the City’s economy are real, the City’s economy may have reached an inflection point. The report also notes that information sector jobs are showing year-over-year growth, job listings have recently trended positive in San Francisco and other tech hubs, and the City’s unemployment rate also has declined in 2026. Additionally, the report notes that, for the first time since the COVID-19 pandemic, monthly hotel revenues (for March 2026) exceeded levels or the same month in 2019. The report further notes that downtown metrics are also improving: Muni and downtown BART ridership have also reached post-pandemic highs (although remain below pre-pandemic levels), office vacancy rates continue to drop, and foot traffic recovery is continuing. Lastly, the report notes that apartment asking rents continue to grow rapidly and have also surpassed 2019 levels (in nominal dollars), while condominium and single-family home price growth is also outpacing State levels. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PERIODIC FINANCIAL REPORTING; RECENT REPORTS – Controller’s Report on the Status of the City Economy.”

On June 1, 2026, the Mayor issued the 2026-27 and 2027-28 proposed budget (the “FY27 & FY28 Proposed Budget”), which is currently expected to be finally adopted by the Board of Supervisors by July 31, 2026. The FY27 & FY28 Proposed Budget reflects \$16.9 billion of expenditures (all funds) in fiscal year 2026-27 and \$17.2 billion in fiscal year 2027-28. The FY27 & FY28 Proposed Budget addresses the projected \$642.8 million two-year shortfall as of the March 2026 Five-Year Plan Update through projected revenue increases, reductions to positions, and the use of fund balance and reserves. On June 9, 2026, the Controller issued the June 2026 Revenue Letter relating to the FY27 & FY28 Proposed Budget (the “June 2026 Revenue Letter”). While the Controller found the revenue assumptions in the FY27 & FY28 Proposed Budget to be reasonable and to make meaningful progress toward closing the structural deficit, the Controller noted that the City faces several key financial risks in upcoming fiscal years. These risks include: the outcome of several potential measures proposed for the November 2026 ballot that could result in the loss of hundreds of millions of dollars from the assumptions in the proposed budget; the increased costs and reduced revenues resulting from H.R. 1; the 2026-27 May Revision to the State Governor’s Budget that would reduce the City’s excess Educational Revenue Augmentation Fund revenue by approximately \$30 million annually; and economic risk. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – FY27 & FY28 PROPOSED BUDGET,” “ – PERIODIC FINANCIAL REPORTING; RECENT REPORTS – FY27 & FY28 Revenue Letter,” “ – CITY BUDGET – FY27 & FY28 Proposed Budget and Revenue Letter” and “ – BUDGETARY RISKS – Impact on the State of California Budget on Local Finances.”

Significant capital investments are proposed in the City’s most recently adopted 10-year capital plan for fiscal years 2026-2035, which sets forth approximately \$52.1 billion of capital needs for all City departments. However, identified funding resources are below those necessary to maintain and enhance the City’s physical infrastructure. As a result, over \$7.6 billion in capital needs, including enhancements, are deferred from the capital plan’s 10-year horizon. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS.”

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

Further, while the City has adopted a number of measures to better position its operating budget for future economic downturns, these measures may not be sufficient. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY BUDGET” and “ – BUDGETARY RISKS.”

There is no assurance that other challenges not discussed in this Official Statement may not become material to investors in the future. For more information, see Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES” and in Appendix B – “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2025.”

## **Seismic Risks**

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

**California Earthquake Probabilities Study.** In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (“U.S.G.S.”), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more earthquakes of magnitude 6.7 (the magnitude of the 1994 Northridge earthquake) or larger will occur in the San Francisco Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled The HayWired Earthquake Scenario, which estimated that property damage and direct business disruption losses from a magnitude 7.0 earthquake on the Hayward Fault would be more than \$82 billion (in 2016 dollars). Most of the losses are expected to be attributable to shaking damage, liquefaction, and landslides (in that order). Eighty percent of shaking damage is expected to be caused by the magnitude 7.0 mainshock,

with the rest of the damage resulting from aftershocks occurring over a 2-year period thereafter. Such earthquakes could be very destructive. In addition to the potential damage to City-owned buildings and facilities (on which the City does not generally carry earthquake insurance), due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City's economy, tax receipts, infrastructure and residential and business real property values.

***Earthquake Safety Implementation Program (“ESIP”).*** The ESIP began in early 2012, evolving out of the key recommendations of the Community Action Plan for Seismic Safety (“CAPSS”), a 10-year-long study evaluating the seismic vulnerabilities the City faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact of earthquakes to all of San Francisco's buildings and recommended a 30-year plan for action. As a result of this plan, the City mandated the retrofit of nearly 5,000 soft-story buildings (i.e., generally, structures with structural weakness due to large openings in their perimeter walls and due to a lack of interior partition walls at the ground level) housing over 111,000 residents by September 2021. As of December 31, 2025, 95% of these soft-story buildings have been brought into compliance. Currently, the City is implementing a façade ordinance requiring owners of 5-story or higher buildings to submit inspection reports every 10 years. The first set of inspections focus on pre-1910 buildings. Inspection reports for more recent buildings will be phased in over the next four years. Future tasks will address the seismic vulnerability of older nonductile concrete and concrete tilt-up buildings, which are at high risk of severe damage or collapse in an earthquake. This retrofit program is currently in development.

***Vulnerability Study of the Waterfront Seawall.*** In early 2016, the Port Commission of the City (the “Port Commission”) commissioned an earthquake vulnerability study of the Northern Waterfront Seawall. The three-mile Seawall was constructed over 100 years ago and sits on reclaimed land, rendering it vulnerable to seismic risk. The Seawall provides flood and wave protection to downtown San Francisco, and stabilizes hundreds of acres of filled land. Preliminary findings of the study indicates that a strong earthquake may cause most of the Seawall to settle and move outward toward the Bay, which would significantly increase earthquake damage and disruption along the waterfront. The Port Commission estimated that seismic retrofitting of the Seawall could cost as much as \$3 billion, with another \$2 billion or more needed to prepare the Seawall for rising sea levels. The study estimated that approximately \$1.6 billion in Port assets and \$2.1 billion of rents, business income, and wages are at risk from major damage to the Seawall. Additionally, the Port Commission, together with the U.S. Army Corps of Engineers, have developed a draft plan to fortify the Port's Seawall from sea level rise, which estimates the total cost of that project at \$13.5 billion. See “ – Climate Change, Risk of Sea Level Rise and Flooding Damage” below. See also Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Authorized but Unissued City GO Bonds.”

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

On January 24, 2019, then-Mayor London N. Breed issued an executive directive instructing City departments to work with community stakeholders, develop regulations to address geotechnical and engineering issues, clarify emergency response and safety inspection roles, and establish a Disaster Recovery Task Force for citywide recovery planning, including a comprehensive recovery plan for the financial district and surrounding neighborhoods. In November 2019, an exercise was conducted to test post-earthquake

building safety inspection protocol and logistics. The City was the first jurisdiction to test this Statewide program. In consultation with the Structural Engineers Association of Northern California, Administrative Bulletin AB-111 – “Guidelines for Preparation of Geotechnical and Earthquake Ground Motion Reports for Foundation Design and Construction of Tall Buildings” was adopted on June 15, 2020, which presented requirements and guidelines for developing geotechnical site investigations and preparing geotechnical reports for the foundation design and construction of tall buildings in the City.

The City obtains and maintains commercial insurance only in certain limited circumstances, including when required by bond or lease financing transactions and for other limited purposes. The City does not maintain commercial earthquake coverage, with certain minor exceptions. Therefore, in cases of significant losses, such as disasters, the City has funded recovery costs from a variety of sources including FEMA, the State, and its own funds; however, there can be no assurance such sources and amounts would be adequate or sufficient. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – LEGAL MATTERS AND RISK MANAGEMENT.”

### **Climate Change, Risk of Sea Level Rise and Flooding Damage**

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

The *Fifth National Climate Assessment*, published by the U.S. Global Change Research Program in November 2023 (“NCA5”), which assessed the variability of climate impacts across individual regions of the United States, found that the City is vulnerable to impacts from sea level rise, with flooding potentially exacerbated by storm surges, extreme precipitation and high tides. Sea levels are anticipated to continue to rise due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting. The NCA5 utilizes a projected flood risk from 3 feet of sea level rise in the San Francisco Bay Area, consistent with an Intermediate scenario in the year 2100. Coastal areas, including the City, are vulnerable to floods impacting private development and public infrastructure, as well as roads, utilities, and emergency services.

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

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

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

In March 2020, a consortium of State and local agencies, led by the Bay Area Conservation and Development Commission, released a detailed study entitled, “Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study,” on how sea level rise could alter the Bay Area. The study stated that a 48-inch increase in the bay’s water level in coming decades could cause more than 100,000 Bay Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The study further argued that without a far-sighted, nine-county response, the region’s economic and transportation systems could be undermined along with the environment. For example, runways at SFO could largely be under water.

The City has already incorporated site specific adaption plans in the conditions of approval for certain large waterfront development projects, such as the Candlestick/Hunters Point Shipyard, Treasure Island, Pier 70 and Mission Rock projects. Also, the City has partnered with the US Army Corps of Engineers to develop a plan to fortify the Port’s Seawall from sea level rise. A draft plan estimates the total cost of that project at \$13.5 billion; and, subject to US Army Corps of Engineers and Congressional approval, 65% of the cost would be eligible for federal funding. The City is developing a financing strategy to provide the remaining funds, including using funding from the November 2018 approved Proposition A, authorizing the issuance of up to \$425 million in general obligation bonds for repair and improvement projects on the Seawall. Currently, approximately \$208.69 million of the \$425 million in authorization under Proposition A (November 2018) has been issued to address these repairs and improvements. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Authorized but Unissued City GO Bonds.”

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

Projections of the effects of global climate change on the City are complex and depend on many factors that are outside the City’s control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the Bonds. While the effects of climate change may be mitigated by the

City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

In September 2017, the San Francisco City Attorney filed a lawsuit on behalf of the People of the State of California in San Francisco Superior Court against the five largest investor-owned oil companies seeking to have the companies pay into an abatement fund to help fund infrastructure for climate change adaptation. Following litigation regarding defendants' removal of the case to federal court, the City's case was remanded to and coordinated with similar municipal lawsuits and the State of California's lawsuit in San Francisco Superior Court in 2024. In June 2024, the San Francisco City Attorney filed the current Second Amended Complaint seeking abatement funds, damages, and other remedies. On April 14, 2026, the Superior Court stayed the coordinated lawsuits pending the United States Supreme Court's decision in *Suncor Energy Inc. v. County Commissioners of Boulder County* (Case No. 25-170). While the City believes that the claims in this lawsuit are meritorious, it can give no assurance regarding whether the lawsuit will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.

In 2020, the City adopted, and the Federal Emergency Management Agency approved, the City's Hazards and Climate Resilience Plan ("HCR"), a combined hazard mitigation and climate adaptation plan, which sets forth a roadmap for the City to address the impacts of natural hazards and climate change on its assets and citizens, and proposes over 90 strategies to reduce risks and adapt to climate change impacts. The HCR is intended to complement the City's CAP (defined below) and is updated every five years to include the latest understanding of natural hazards and climate change impacts, local risks, and the actions the City will take to improve the resilience of its buildings, communities, and infrastructure. The 2025 update to the HCR was adopted by the Board of Supervisors on July 22, 2025 and approved by the Mayor on August 1, 2025.

In September 2021, the City adopted a set of emissions reduction targets for the coming decades: achieve net-zero greenhouse gas emissions generated by the City by 2040 and reduce emissions associated with consumption of all goods and services in the City (regardless of where emissions originate) 80% by 2050. In December 2021, the Mayor released the City's Climate Action Plan (the "CAP") detailing the actions needed to accomplish these targets, developed through a multi-agency and stakeholder process led by the San Francisco Department of Environment (the "Department of Environment"). The Department of Environment contracted with the UC Berkeley's Center for Law, Energy & the Environment (the "CLEE") to assess options for funding the equitable implementation of the CAP. CLEE released its report entitled "Funding San Francisco Climate Action" in November 2022 (the "CLEE Report").

The CAP is a roadmap of goals, strategies and actions to achieve emission reductions across six sectors: energy supply, building operations, transportation and land use, housing, responsible production and consumption, and healthy ecosystems. Key strategies include, but are not limited to, provision of 100% carbon-free energy, decarbonization of buildings, and increases in the public transit, active transportation, and vehicle electrification networks. The CAP estimated the cost of each of its strategies to range from \$1 million to \$500 million, but does not include specific cost estimates for each of the individual actions within these strategies. However, independent analyses conclude that significant investments will be required to realize CAP goals. Based on these independent analyses, the CLEE Report presented a rough estimate of CAP costs based on an assumption that the highest-cost strategies have an average high cost of \$5 billion (this assumption is purely for scoping purposes and costs could be much higher in the most capital-intensive sectors, like public transit). The CLEE Report estimated that implementing the CAP across its six identified sectors could cost in the aggregate anywhere between a low of \$2.291 billion to a high of \$21.914 billion to be funded from a variety of sources, including a significant portion by the City.

CAP implementation would require a diverse mix of revenue streams (including the City's General Fund revenues) across several decades to support significant capital investment. In many cases, these build on existing revenue strategies in use by the City – such as the issuance of general obligation bonds and revenue



bonds and refuse collection fees that pay for recycling programs – to drive specific emissions-reducing actions. In other cases, CAP implementation will require development of new revenue-generation mechanisms, drawing on the resources of residents and businesses, federal and state governments, and private and philanthropic partners. In addition, the CAP includes a number of policy, regulatory, and planning actions that are key enabling actions that will impose little or no cost to the City, but nonetheless remain high priorities for aggressive emissions reduction. While the City’s climate initiative and the implementation of the CAP is a policy goal, the City cannot give any assurance that financial resources will be available in amounts needed to fund all of the initiatives, or whether the City will achieve its policy goals.

## **Cybersecurity**

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, “Systems Technology”). As a recipient and provider of personal, private, or sensitive information, the City has been the subject of cybersecurity incidents which have resulted in or could have resulted in adverse consequences to the City’s Systems Technology and which required a response action to mitigate the consequences.

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

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

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

## **Public Health Emergencies**

The spread of COVID-19 and actions to contain its spread had significant adverse health and financial impacts throughout the world, including the City. While COVID-19 case rates have significantly declined, vaccination rates have increased, relevant emergency orders have been lifted, and the national and local economy has been improving, the impact and secondary effects of the COVID-19 pandemic continue and are uncertain in many respects. The COVID-19 pandemic has had and may continue to have material adverse impacts on the City’s economy and certain aspects of the City’s financial condition. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the

City's operations and finances. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – MATERIAL CITY FINANCIAL CHALLENGES," " – PERIODIC FINANCIAL REPORTING; RECENT REPORTS," and " – CITY BUDGET – Fiscal Cliff Reserve."

### **Limitation on Remedies; Bankruptcy**

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

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

As stated above, if the City were to go into bankruptcy, the bankruptcy petition would be filed under Chapter 9 of the Bankruptcy Code. Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. For purposes of the language of Chapter 9, the City is a municipality. State law provides that the *ad valorem* taxes levied to pay the principal and interest on the Bonds shall be used for the payment of principal and interest of the City's general obligation bonds and for no other purpose. If this restriction on the expenditure of such *ad valorem* taxes is respected in a bankruptcy case, then the *ad valorem* tax revenue could not be used by the City for any purpose other than to make payments on the Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

**Statutory Lien.** Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016, as part of Senate Bill 222), the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. See "SECURITY FOR THE BONDS." Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the City, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed (unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code).

**Special Revenues.** If the tax revenues that are pledged to the payment of the Bonds (see "SECURITY FOR THE BONDS") are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special

revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The City has specifically pledged the taxes for payment of the Bonds. Additionally, the *ad valorem* taxes levied for payment of the Bonds are permitted under the State Constitution only where the applicable bond proposition is approved by at least two-thirds of the votes cast. State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the *ad valorem* tax revenues are determined to be “special revenues,” the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the City is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the City before the remaining revenues are paid to the owners of the Bonds.

***Risk of Commingling of Certain Funds and Accounts.*** Under the Resolutions, the City is generally permitted to invest and commingle the funds and accounts relating to the Bonds (including the funds and accounts that hold tax revenues and bond proceeds) with other City moneys. If the City were to file for bankruptcy, the lien on taxes and other amounts held in the funds and accounts under the Resolutions may be impaired or ineffective as a result of such commingling. See “SECURITY FOR THE BONDS – Flow of Funds Under the Resolutions – Bond Account” and see Appendix C – “CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER INVESTMENT POLICY.”

***Possession of Revenues; Remedies.*** If the City goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the City does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

### **State Law Limitations on Appropriations**

Article XIII B of the State Constitution limits the amount that local governments can appropriate annually (the “Gann Limit”). Should the City exceed the Gann Limit, the City would be required to seek voter approval to exceed such limit, shift spending to capital or other exempt expenditure types, or issue tax rebates. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – BUDGETARY RISKS” and “ – CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES – Article XIII B of the California Constitution.”

### **Changes in Law**

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives or that the State Legislature or the City’s Board of Supervisors will not enact legislation that will amend the laws or the Constitution of the State or the Charter, respectively, in a manner that could result in a reduction of the City’s revenue. See, for example, Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES – Articles XIII C and XIII D of the California Constitution.”

Under the State Constitution, the voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. Under the City's Charter, the voters of the City can restrict or revise the powers of the City through the approval of a Charter amendment. The City is unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, or their potential impact on the City.

### **State of California Financial Condition**

Approximately 13% of general fund revenues appropriated in the City's FY27 & FY28 Proposed Budget for fiscal years 2026-27 and 2027-28 is derived from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other counties in the State. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – BUDGETARY RISKS – Impact of the State of California Budget on Local Finances."

The State has recently been experiencing budgetary challenges, and the City cannot predict the extent of the budgetary problems the State may encounter in this or in any future fiscal years, nor is it clear what measures could be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the outcome of any elections impacting fiscal matters, the outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control.

### **Impact of Federal Government on Local Finances**

The City's finances may be adversely impacted by fiscal matters at the federal level. The City receives substantial federal funds for assistance payments, social service programs and other programs. A portion of the City's assets are also invested in securities of the United States government. Federal policies on the federal debt ceiling, taxes, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift dramatically from one administration to another. From time to time, such changes can result in dramatic shifts in the level of federal funding for various policy priorities, leading to unpredictability in near-term and future federal funding. For example, changes to or termination or replacement of the Affordable Care Act, could increase costs to the City, and the City's financial condition may also be impacted by the withholding of federal grants or other funds flowing to "sanctuary jurisdictions." Since January 20, 2025, the new federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President's immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences, among others. Several federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. In some cases, federal agencies have denied the City reimbursement of costs expended prior to those terminations. Litigation has been brought challenging certain actions by the federal administration. Notwithstanding, the threat to the City's federal funding remains ongoing. The passage of H.R. 1 has introduced additional risk and uncertainty to federal level funding received by the City. The City cannot predict the outcome of current or future federal executive orders, administrative actions, budgets or legislation and the ultimate impact that such matters will have on the City's finances and operations. There can be no assurances that the current Presidential administration will not adopt new federal policies, or revise existing policies, or otherwise takes action, in a manner that materially adversely impacts the City's finances and operations. The City also cannot predict the impact of an extended continuation of any impasse in the U.S. Congress and shutdown of the federal government. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PERIODIC FINANCIAL REPORTING; RECENT REPORTS" and " – BUDGETARY RISKS – Impact of Federal Government on Local Finances." See also Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – GENERAL FUND REVENUES," " – OTHER CITY TAX REVENUES" and " – INVESTMENT OF CITY FUNDS."

## Other Events

Seismic events, wildfires, drought, tsunamis, storms, other natural or man-made events and civil unrest may adversely impact persons and property within San Francisco, and damage City infrastructure and adversely impact the City's finances and/or ability to provide municipal services. Geopolitical instability in Iran and Ukraine has fueled volatility in global energy markets and disrupted supply chains. A continuation of such trends could materially affect the City's finances and operations.

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

The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generation and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact on drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately \$1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately \$40 million in damage to parts of the City's water and power infrastructure located in the region. Certain portions of the Hetch Hetchy Project are old and deteriorating, and outages at critical points of the project could disrupt water delivery to significant portions of the region and/or cause significant costs and liabilities to the City.

Many areas of northern California have suffered from wildfires in more recent years, including the Tubbs fire which burned across several counties north of the Bay Area in October 2017 (part of a series of fires covering approximately 245,000 acres and causing 44 deaths and approximately \$14 billion in damage), the Camp fire which burned across Butte County, California in November 2018 (covering almost 240 square miles and resulting in numerous deaths and over \$16 billion in property damage), the Kincade Fire which burned across Sonoma County, California in late 2019 (covering over 77,000 acres), and the CZU Lightning Complex fires which burned across San Mateo and Santa Cruz County, California in mid-2020 (covering over 85,000 acres). Spurred by findings that certain of these fires were caused, in part, by faulty powerlines owned by PG&E, the power company subsequently adopted mitigation strategies which results in pre-emptive distribution circuit and high power transmission line shutoffs during periods of extreme fire danger (i.e., high winds, high temperatures and low humidity) to portions of the Bay Area, including the City. Parts of the City have experienced several blackout days as a result of PG&E's wildfire prevention strategy. Future shutoffs are expected to continue and it is uncertain what effects future PG&E shutoffs will have on the local economy.

Since 2017, California has experienced numerous significant wildfires. In addition to their direct impact on health and safety and property damage in California, the smoke from these wildfires has impacted and future wildfires may impact the quality of life in the Bay Area and the City and may have short-term and future impacts on commercial and tourist activity in the City, as well as the desirability of the City and the Bay Area as places to live, potentially negatively affecting real estate trends and values.

In December 2022 and January 2023, the San Francisco Bay Area experienced heavy winter storms. According to the National Weather Service for the San Francisco Bay Area, on December 31, 2022, downtown San Francisco received 5.45 inches of rain, which is the second wettest day in the area since records began in 1849 (with the daily record being 5.54 inches on November 5, 1994). The rains caused widespread flooding, road closures and mudslides throughout the region.

With certain exceptions, the City believes that it is more economical to manage its risks internally and administer, adjust, settle, defend, and pay claims from budgeted resources (i.e., "self-insurance"). The City obtains and maintains commercial insurance in certain circumstances, including when required by bond or lease financing transactions and for other limited purposes. The City does not maintain commercial earthquake

coverage, with certain minor exceptions. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – LEGAL MATTERS AND RISK MANAGEMENT.”

## **TAX MATTERS**

### **2026A-1 Bonds**

In the opinion of Orrick, Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2026A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Co-Bond Counsel are of the further opinion that interest on the 2026A-1 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Co-Bond Counsel observe that interest on the 2026A-1 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026A-1 Bonds. A complete copy of the proposed form of opinions of Co-Bond Counsel is set forth in Appendix F hereto.

To the extent the issue price of any maturity of the 2026A-1 Bonds is less than the amount to be paid at maturity of such 2026A-1 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2026A-1 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2026A-1 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2026A-1 Bonds is the first price at which a substantial amount of such maturity of the 2026A-1 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2026A-1 Bonds accrues daily over the term to maturity of such 2026A-1 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2026A-1 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2026A-1 Bonds. Beneficial Owners of the 2026A-1 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2026A-1 Bonds in the original offering to the public at the first price at which a substantial amount of such 2026A-1 Bonds is sold to the public.

2026A-1 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium 2026A-1 Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium 2026A-1 Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium 2026A-1 Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium 2026A-1 Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2026A-1 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2026A-1 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on

the 2026A-1 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2026A-1 Bonds. The opinions of Co-Bond Counsel assume the accuracy of these representations and compliance with these covenants. Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Co-Bond Counsel's attention after the date of issuance of the 2026A-1 Bonds may adversely affect the value of, or the tax status of interest on, the 2026A-1 Bonds. Accordingly, the opinions of Co-Bond Counsel are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Co-Bond Counsel are of the opinion that interest on the 2026A-1 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2026A-1 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Co-Bond Counsel express no opinion regarding any such other tax consequences.

Current and future federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2026A-1 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2026A-1 Bonds. Prospective purchasers of the 2026A-1 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel express no opinion.

The opinions of Co-Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Co-Bond Counsel's judgment as to the proper treatment of the 2026A-1 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Co-Bond Counsel cannot give and have not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the 2026A-1 Bonds ends with the issuance of the 2026A-1 Bonds, and, unless separately engaged, Co-Bond Counsel are not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the 2026A-1 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2026A-1 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the 2026A-1 Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

Payments on the 2026A-1 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2026A-1 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2026A-1 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by

the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## **2026A-2 Bonds**

In the opinion of Co-Bond Counsel, interest on the 2026A-2 Bonds is exempt from State of California personal income taxes. Co-Bond Counsel observe that interest on the 2026A-2 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Co-Bond Counsel express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the 2026A-2 Bonds. A complete copy of the proposed forms of opinion of Co-Bond Counsel are set forth in Appendix F hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the 2026A-2 Bonds that acquire their 2026A-2 Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their 2026A-2 Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the 2026A-2 Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their 2026A-2 Bonds pursuant to this offering for the issue price that is applicable to such 2026A-2 Bonds (i.e., the price at which a substantial amount of the 2026A-2 Bonds are sold to the public) and who will hold their 2026A-2 Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the 2026A-2 Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a 2026A-2 Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds 2026A-2 Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding 2026A-2 Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2026A-2 Bonds (including their status as U.S. Holders).



Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the 2026A-2 Bonds in light of their particular circumstances.

## **U.S. Holders**

**Interest.** Interest on the 2026A-2 Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the 2026A-2 Bonds is less than the amount to be paid at maturity of such 2026A-2 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2026A-2 Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of 2026A-2 Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

2026A-2 Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a 2026A-2 Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2026A-2 Bond.

**Sale or Other Taxable Disposition of the 2026A-2 Bonds.** Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the City) or other disposition of a 2026A-2 Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2026A-2 Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2026A-2 Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the 2026A-2 Bond (generally, the purchase price paid by the U.S. Holder for the 2026A-2 Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such 2026A-2 Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the 2026A-2 Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the 2026A-2 Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

**Defeasance of the 2026A-2 Bonds.** If the City defeases any 2026A-2 Bond, the 2026A-2 Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the 2026A-2 Bond.

**Information Reporting and Backup Withholding.** Payments on the 2026A-2 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the 2026A-2 Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the 2026A-2 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2026A-2 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the

payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **Foreign Account Tax Compliance Act ("FATCA")**

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the 2026A-2 Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of 2026A-2 Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of 2026A-2 Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

### **OTHER LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax status of the interest on the Bonds (see "TAX MATTERS" herein) are subject to the legal opinions of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel to the City. The signed legal opinions of Co-Bond Counsel (the "Bond Opinions"), dated and premised on facts existing and law in effect as of the date of original delivery of the Bonds, will be delivered to the initial purchaser or purchasers of the Bonds at the time of original delivery of the Bonds. The proposed form of the Bond Opinions is set forth in Appendix F hereto.

The Bond Opinions will speak only as of their date, and subsequent distributions of the Bond Opinions by recirculation of this Official Statement or otherwise will create no implication that Co-Bond Counsel have reviewed or express any opinion concerning any of the matters referred to in the respective opinions subsequent to their date. In rendering their opinions, Co-Bond Counsel will rely upon certificates and representations of facts to be contained in the transcript of proceedings for the Bonds, which Co-Bond Counsel will not have independently verified. The opinions contained in the Bond Opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, the opinions contained in the Bond Opinions represent legal judgment of Co-Bond Counsel based upon their review of existing law that they deem relevant to such opinions and in reliance upon the certifications and opinions referenced above. Co-Bond Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California and Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Co-Disclosure Counsel.

Co-Disclosure Counsel have served as co-disclosure counsel to the City and in such capacity have advised the City with respect to applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Co-Disclosure Counsel are not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and have not undertaken to independently verify any of such statements or information. Rather, the City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the delivery of the Bonds, Co-Disclosure Counsel will each deliver a letter to the City which advises the City, subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to attention of such firm which caused them to believe that this Official Statement as of its date and as of the date of delivery of the Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No purchaser or holder of the Bonds, or other person or party other than the City, will be entitled to or may rely on such letter or Co-Disclosure Counsel's having acted in the role of co-disclosure counsel to the City.

#### **PROFESSIONALS INVOLVED IN THE OFFERING**

Fieldman, Rolapp & Associates, Inc., Irvine, California, served as the Municipal Advisor (the "Municipal Advisor") to the City with respect to the sale of the Bonds. The Municipal Advisor has participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed and assisted the City in other matters relating to the planning, structuring, and sale of the Bonds. The Municipal Advisor has not independently verified any of the data contained herein and has not conducted an independent investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assume, no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor, Co-Bond Counsel and Co-Disclosure Counsel will all receive compensation for services rendered in connection with the Bonds contingent upon the sale and delivery of the Bonds. The City Treasurer is acting as paying agent and registrar with respect to the Bonds.

#### **ABSENCE OF LITIGATION RELATING TO THE BONDS**

No litigation is pending or threatened concerning the validity of the Bonds, the ability of the City to levy the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Bonds and other documents and certificates in connection therewith. The City will furnish to the initial purchaser or purchasers of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds. For information regarding certain litigation and other related matters concerning the City and its operations, see Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES."

#### **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2025-26 which is due not later than March 27, 2027 and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board. The notices of enumerated events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual

Report or the notices of enumerated events is summarized in Appendix D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the initial purchaser or purchasers of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

For fiscal year 2021-22, although the City’s Annual Comprehensive Financial Report was posted on EMMA, it was not linked to all of the CUSIP numbers for the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2022A and 2022B. The City has taken action to link such Annual Comprehensive Financial Report to the applicable CUSIP numbers.

The City may, from time to time, but is not obligated to, post its Annual Comprehensive Financial Report and other financial information on the City’s investor information website located at <https://www.sf.gov/controllers-office-public-finance>.

## **RATINGS**

Moody’s Ratings (“Moody’s”), S&P Global Ratings (“S&P”), and Fitch Ratings (“Fitch”), have assigned municipal bond ratings of “Aa1,” “AA+,” and “AAA,” respectively, to the Bonds. Certain information not included in this Official Statement was supplied by the City to the rating agencies to be considered in evaluating the Bonds. The ratings reflect only the views of each rating agency, and any explanation of the significance of any rating may be obtained only from the respective credit rating agencies: Moody’s, at [www.moody.com](http://www.moody.com); S&P, at [www.spglobal.com](http://www.spglobal.com); and Fitch, at [www.fitchratings.com](http://www.fitchratings.com). The information presented on the website of each rating agency is not incorporated by reference as part of this Official Statement. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. No assurance can be given that any rating issued by a rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the ratings obtained may have an adverse effect on the market price or marketability of the Bonds. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

## **SALE OF THE BONDS**

The Bonds were sold by series in two separate competitive bid groups on July 21, 2026, as provided in an Official Notice of Sale, dated July 15, 2026 (the “Official Notice of Sale”). The 2026A-1 Bonds were awarded to Wells Fargo Bank, National Association at the purchase price of \$206,418,158.24 (representing the par amount of the 2026A-1 Bonds, plus original issue premium of \$17,817,816.05 and less an initial purchaser discount of \$404,657.81). The 2026A-2 Bonds were awarded to Raymond James & Associates, Inc. at the purchase price of \$2,499,500.00 (representing the par amount of the 2026A-2 Bonds less an initial purchaser discount of \$500.00).

The Official Notice of Sale provided that all the Bonds of a series would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Co-Bond Counsel and certain other conditions. The initial purchaser of the 2026A-1 Bonds will represent to the City that such 2026A-1 Bonds have been reoffered to the public at the prices or yields stated on the inside cover page hereof.

## MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement contains forecasts, projections, estimates and other forward-looking statements that are based on current expectations. The words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. This Official Statement is not to be construed as a contract or agreement between the City and the initial purchaser or purchasers or owners and beneficial owners of any of the Bonds.

The preparation and distribution of this Official Statement have been duly authorized by the Board of Supervisors of the City.

CITY AND COUNTY OF SAN FRANCISCO

By: /s/ Greg Wagner  
Controller

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## **APPENDIX A**

### **CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES**

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

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

Certain information contained in this Appendix A may reference other enterprise departments of the City including San Francisco International Airport ("SFO" or the "Airport"), Public Utilities Commission ("SFPUC"), Municipal Transportation Agency ("MTA") and other enterprise departments. Descriptions of such enterprises are included for informational purposes only, but no property, funds, or resources of such enterprises are available or pledged as security for repayment of the Bonds.

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

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## **MATERIAL CITY FINANCIAL CHALLENGES**

*The following is a quick summary of high-level material financial challenges facing the City. This summary is not intended to be an exhaustive treatment of the subject, and investors are advised to read the entire Official Statement to obtain information essential to make an informed investment decision.*

The City continues to face material financial challenges, including the outcome of several potential measures proposed for the November 2026 ballot that could result in the loss of hundreds of millions of dollars from the assumptions in the proposed budget; the increased costs and reduced revenues resulting from H.R. 1; and uncertain general economic conditions. As described herein, these conditions have resulted in projected budget deficits (absent corrective actions) in the hundreds of millions of dollars in future fiscal years, rising to approximately \$1.09 billion in fiscal year 2029-30. See also, “BUDGETARY RISKS” below.

### **FY27 & FY28 PROPOSED BUDGET**

The fiscal years 2026-27 and 2027-28 proposed budget (the “FY27 & FY28 Proposed Budget”) was issued by the Mayor on June 1, 2026, and will be considered for adoption of the Board of Supervisors (the “Board”) in July. See “CITY BUDGET – Budget Process” for additional detail. The FY27 & FY28 Proposed Budget reflects \$16.9 billion of expenditures (all funds) in fiscal year 2026-27 and \$17.2 billion in fiscal year 2027-28. The FY27 & FY28 Proposed Budget addresses the projected \$642.8 million two-year shortfall as of the March 2026 Five-Year Financial Plan through projected revenue increases, reductions to positions, and the use of fund balance and reserves. For information concerning recent reports relating to the City’s financial condition, see “PERIODIC FINANCIAL REPORTING; RECENT REPORTS.”

The information in Appendix A reflects the FY27 & FY28 Proposed Budget as issued by the Mayor on June 1, 2026. As described in “CITY BUDGET – Budget Process,” the Board of Supervisors approves the budget through adoption of the Budget and Appropriation Ordinance typically by no later than August 1 of each fiscal year. In connection with the budget approval process, on July 10, 2026, the Controller’s Office published the updated Budget and Appropriation Ordinance, including amendments recommended by the Board of Supervisors Budget and Appropriation Committee, which reflected approximately \$24 million less in available General Fund sources and uses of funds over the two-year budget period. During the budget approval process, the Board of Supervisors has the power to reduce or augment any appropriation in the proposed budget provided the total budgeted appropriation amount in each fund is not greater than the total budgeted appropriation amount for such fund submitted by the Mayor. The FY27 & FY28 Adopted Budget will be available on the City’s website subsequent to adoption by the Board of Supervisors.

### **PERIODIC FINANCIAL REPORTING; RECENT REPORTS**

The City Charter and Administrative Code provide for the preparation of a number of periodic financial reports. These reports include:

Controller Revenue Letter: The Controller Revenue Letter is issued in June of each year, and addresses the Controller’s view of the accuracy of economic assumptions underlying the revenue estimates in the Mayor’s Proposed Budget. On June 9, 2026, the Controller issued the Revenue Letter relating to the FY27 & FY28 Proposed Budget (the “June 2026 Revenue Letter”). See “CITY BUDGET - FY27 & FY28 Proposed Budget and Revenue Letter.”

Budget Status Reports: Each year, the Controller issues six-month and nine-month budget status reports to apprise the City’s policymakers of the current budgetary status, including projected year-end revenues, expenditures and fund balances. See “CITY BUDGET – May 2026 Nine-Month Report” and the description below of the Nine-Month Budget Status Report issued by the Controller’s Office on May 12, 2026 (the “May 2026 Nine-Month Report”).

Five-Year Financial Plan: The Five-Year Financial Plan (the “Five-Year Plan”) is required under Proposition A, a charter amendment approved by voters in November 2009. The Charter requires the City to forecast expenditures and revenues for the next five fiscal years, propose actions to balance revenues and expenditures during each year of the Five-Year Plan, and discuss strategic goals and corresponding resources for City departments. Proposition A requires that, by March 1st of each odd numbered year thereafter, the Mayor shall propose a five-year financial plan, and by May 1st of each such year the Board of Supervisors shall review, amend and adopt the five-year financial plan by resolution. The City’s Administrative Code requires that by March 1 of each even-numbered year, the Mayor, Board of Supervisor’s Budget Analyst, and Controller submit an updated estimate for the remaining four years of the most recently adopted Five-Year Plan. See the “CITY BUDGET – March 2026 Five-Year Plan Update.”

Following is a description of certain recently issued reports, with the most recent reports presented first.

#### *FY27 & FY28 Revenue Letter*

On June 9, 2026, the Controller issued the June 2026 Revenue Letter relating to the FY27 & FY28 Proposed Budget. While the Controller found the revenue assumptions in the FY27 & FY28 Proposed Budget to be reasonable and to make meaningful progress toward closing the structural deficit, the Controller noted that the City faces several key financial risks in upcoming fiscal years. These risks include: the outcome of several potential measures proposed for the November 2026 ballot that could result in the loss of hundreds of millions of dollars from the assumptions in the proposed budget; the increased costs and reduced revenues resulting from H.R. 1; the state’s May Revised Budget that would reduce the City’s excess ERAF revenue by approximately \$30 million annually; and economic risk. See “CITY BUDGET - FY27 & FY28 Proposed Budget and Revenue Letter.”

#### *Controller’s Report on the Status of the City Economy*

On May 15, 2026, the Controller’s Office issued its most recent report on the status of the City economy through March 31, 2026. The report noted that economic indicators from early 2026 suggest that, while macroeconomic risks to the City’s economy are real, the City’s economy may have reached an inflection point. Highlights of the report include the following:

- Information sector jobs are showing year-over-year growth, job listings have recently trended positive in San Francisco and other tech hubs, and the City’s unemployment rate dipped in 2026.
- For the first time since the COVID pandemic, monthly hotel revenues (for March 2026) exceeded levels for the same month in 2019.
- Downtown metrics are also improving: Muni Metro and downtown BART ridership have also reached post-pandemic highs, office vacancy rates continue to drop, and foot traffic recovery is continuing.
- Apartment asking rents continue to grow rapidly and have also surpassed 2019 levels (in nominal dollars). Condo and single-family home price growth is also well-outpacing state levels.

#### *May 2026 Nine-Month Report*

On May 12, 2026, the Controller’s Office released the May 2026 Nine-Month Report. The May 2026 Nine-Month Report notes that the Controller projects a \$728.2 million General Fund ending balance in fiscal year 2025-26, a \$53.9 million improvement from the \$674.3 million balance contained in the March 2026 Five-Year Plan Update described below. Application of this additional current year fund balance would decrease the

projected shortfall in the fiscal year 2026-27 and 2027-28 budget to \$606.9 million (from \$642.8 million) and by \$18.0 million in FY 2028-29.

The May 2026 Nine-Month Report notes that Citywide revenues are projected to be \$339.9 million above budget, a \$53.2 million increase from March 2026 projections, partially offset by a related \$9.5 million increase in baseline contributions and \$23.5 million deposit to the Budget Stabilization Reserve. The May 2026 Nine-Month Report also notes that departments are projected to end the year with a \$89.5 million net surplus, including a revenue surplus of \$6.4 million and expenditure savings of \$83.0 million, which is a \$33.7 million improvement from the March 2026 Five-Year Plan Update. See CITY BUDGET – May 2026 Nine-Month Report” for additional information.

#### *March 2026 Five-Year Plan Update*

On March 31, 2026, the Mayor, Board of Supervisors Budget Analyst, and Controller issued the Budget Outlook Update (March Five-Year Update) (the “March 2026 Five-Year Plan Update”). Compared to the December 2025 Five-Year Plan Update, the March 2026 Five-Year Plan Update projects a General Fund shortfall for the coming fiscal year (FY 2026-27) of \$168.5 million, \$127.8 million less than that December 2025 Five-Year Plan Update. For FY 2026-27 and 2027-28, the period for which the City is required to adopt a balanced budget, the March 2026 Five-Year Plan Update projects a \$642.8 million General Fund shortfall, or \$293.8 million less than the shortfall projected in the December 2025 Five-Year Plan Update. The March 2026 Five-Year Plan Update also notes that the estimated revenue impact of funding changes from H.R.1 is unchanged from the prior projection at a two-year total of \$306.3 million, representing just under half of the total \$642.8 million shortfall and that long term structural shortfalls remain, growing to \$1.1 billion by FY 2029-30, which is \$79.9 million less than the December 2025 Five-Year Plan Update.

The updates in the March 2026 Five-Year Plan Update are the result of improvements in current year fund balance, increased General Fund revenues in FY 2026-27, ongoing Public Health revenue increases, and lower employer contributions for retirement, along with nominal updates to other citywide expenditures.

See “CITY BUDGET –December 2025 Five-Year Plan Update” and “- March 2026 Five-Year Plan Update” for additional information.

#### *Upcoming Reports*

Significant upcoming reports include the 2025-26 Annual Comprehensive Financial Report, expected to be issued later in November 2026. The financial pressures described in this Official Statement result in challenges with respect to revenue and expense forecasting, and there can be no assurances that future reports will not identify increasing expenses and/or decreasing revenues, potentially resulting in increased deficit projections as compared to prior reports. See “GENERAL FUND REVENUES - PROPERTY TAXATION - Assessed Valuations, Tax Rates, and Tax Delinquencies.”

## **CITY BUDGET**

### **Overview**

The City manages the operations of various departments, commissions and authorities, including the enterprise fund departments, and funds such departments and enterprises through its annual budget process. Each year the Mayor prepares budget legislation for the City departments, which must be approved by the Board of Supervisors. General Fund revenues consist largely of local property tax, business tax, sales tax, other local taxes and charges for services. A significant portion of the City’s revenue also comes in the form of intergovernmental transfers from the State and federal governments. The City’s fiscal position is thus affected by the health of the local real estate market, the local business and tourist economy, and, by budgetary decisions made by the State and federal governments which depend, in turn, on the health of the larger State and national economies. All

these factors are almost wholly outside the control of the Mayor, the Board of Supervisors and other City officials. In addition, the State Constitution limits the City's ability to raise taxes and property-based fees without a vote of City residents. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein. Also, the fact that the City's annual budget must be prepared before the State and federal budgets adds uncertainty to the budget process and necessitates flexibility so that spending decisions can be adjusted during the course of the fiscal year. See "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

The Board of Supervisors is expected to finally adopt the FY27 & FY28 Proposed Budget by July 31, 2026. The fiscal year 2026-27 budget appropriates annual revenues, fund balance, transfers and reserves of \$16.9 billion, of which the City's General Fund accounts for \$7.6 billion. The fiscal year 2027-28 budget appropriates revenues, fund balance, transfers and reserves of \$17.2 billion, of which \$7.9 billion represents the General Fund budget. See "CITY BUDGET – FY27 & FY28 Proposed Budget and Revenue Letter" for further details on the budget. Table A-1 shows Final Revised Budget revenues and appropriations for the City's General Fund for fiscal years 2023-24 through 2024-25, and the Original Budget for fiscal year 2025-26, and the FY27 & FY28 Proposed Budget for fiscal years 2026-27 and 2027-28. See "GENERAL FUND REVENUES – PROPERTY TAXATION – Tax Levy and Collection," "GENERAL FUND REVENUES – OTHER CITY TAX REVENUES" and "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

See "MATERIAL CITY FINANCIAL CHALLENGES" and "BUDGETARY RISKS" for discussions of factors that may adversely impact the revenue and expenditure levels assumed in the FY27 & FY28 Proposed Budget.

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**TABLE A-1**  
**Budgeted General Fund Revenues and Appropriations for**  
**Fiscal Years 2023-24 through 2027-28**  
**(000s)**

|                                                           | <b>2023-24<br/>Final Revised<br/>Budget<sup>(5)</sup></b> | <b>2024-25<br/>Final Revised<br/>Budget<sup>(5)</sup></b> | <b>2025-26<br/>Original<br/>Budget<sup>(6)</sup></b> | <b>2026-27<br/>Proposed<br/>Budget<sup>(7)</sup></b> | <b>2027-28<br/>Proposed<br/>Budget<sup>(7)</sup></b> |
|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| Prior-Year Budgetary Fund Balance & Reserves              | \$ 2,963,605                                              | \$ 2,813,034                                              | \$ 187,156                                           | \$ 160,051                                           | \$ 536,068                                           |
| <b><u>Budgeted Revenues</u></b>                           |                                                           |                                                           |                                                      |                                                      |                                                      |
| Property Taxes                                            | \$ 2,510,000                                              | \$ 2,469,580                                              | \$ 2,437,000                                         | \$ 2,407,000                                         | \$ 2,427,000                                         |
| Business Taxes <sup>(1)</sup>                             | 851,077                                                   | 1,022,943                                                 | 1,139,600                                            | 1,572,180                                            | 1,477,740                                            |
| Other Local Taxes <sup>(2)</sup>                          | 1,098,880                                                 | 969,170                                                   | 1,002,170                                            | 1,139,550                                            | 1,163,630                                            |
| Licenses, Permits and Franchises                          | 30,240                                                    | 32,364                                                    | 23,126                                               | 24,071                                               | 24,454                                               |
| Fines, Forfeitures and Penalties                          | 3,028                                                     | 3,914                                                     | 6,038                                                | 3,608                                                | 3,608                                                |
| Interest and Investment Earnings                          | 111,757                                                   | 135,134                                                   | 151,882                                              | 164,804                                              | 153,454                                              |
| Rents and Concessions                                     | 14,571                                                    | 16,164                                                    | 18,502                                               | 25,886                                               | 33,388                                               |
| Grants and Subventions                                    | 1,462,866                                                 | 1,327,077                                                 | 1,372,885                                            | 1,298,827                                            | 1,348,887                                            |
| Charges for Services                                      | 275,495                                                   | 359,169                                                   | 405,243                                              | 487,090                                              | 459,883                                              |
| Other                                                     | <u>32,153</u>                                             | <u>27,340</u>                                             | <u>18,909</u>                                        | <u>17,344</u>                                        | <u>17,551</u>                                        |
| Total Budgeted Revenues                                   | \$ 6,390,067                                              | \$ 6,362,855                                              | \$ 6,575,355                                         | \$ 7,140,360                                         | \$ 7,109,594                                         |
| <b><u>Expenditure Appropriations</u></b>                  |                                                           |                                                           |                                                      |                                                      |                                                      |
| Public Protection                                         | \$ 1,747,925                                              | \$ 1,860,865                                              | \$ 1,923,582                                         | \$ 2,019,924                                         | \$ 2,067,957                                         |
| Public Works, Transportation & Commerce                   | 254,637                                                   | 230,938                                                   | 177,859                                              | 217,219                                              | 248,030                                              |
| Human Welfare & Neighborhood Development                  | 1,686,647                                                 | 1,654,758                                                 | 1,670,511                                            | 1,733,488                                            | 1,813,647                                            |
| Community Health                                          | 1,099,022                                                 | 1,203,239                                                 | 1,223,759                                            | 1,313,062                                            | 1,327,717                                            |
| Culture and Recreation                                    | 198,594                                                   | 186,330                                                   | 204,503                                              | 216,575                                              | 222,982                                              |
| General Administration & Finance                          | 346,074                                                   | 357,895                                                   | 342,691                                              | 368,729                                              | 381,158                                              |
| General City Responsibilities                             | <u>213,493</u>                                            | <u>180,453</u>                                            | <u>201,002</u>                                       | <u>262,247</u>                                       | <u>316,128</u>                                       |
| Total Expenditure Appropriations                          | \$ 5,546,392                                              | \$ 5,674,478                                              | \$ 5,743,907                                         | \$ 6,131,244                                         | \$ 6,377,620                                         |
| Budgetary reserves and designations, net                  | \$ 62,362                                                 | \$ 40,000                                                 | \$ 28,420                                            | \$ 43,719                                            | \$ 16,930                                            |
| Transfers In                                              | \$ 229,393                                                | \$ 294,442                                                | \$ 258,508                                           | \$ 297,199                                           | \$ 266,569                                           |
| Transfers Out <sup>(3)</sup>                              | <u>(1,355,235)</u>                                        | <u>(1,344,255)</u>                                        | <u>(1,248,692)</u>                                   | <u>(1,422,647)</u>                                   | <u>(1,517,681)</u>                                   |
| Net Transfers In/Out                                      | (\$ 1,125,842)                                            | (\$ 1,049,783)                                            | (\$ 990,184)                                         | \$(1,125,448)                                        | \$(1,251,112)                                        |
| Budgeted Excess (Deficiency) of Sources Over (Under) Uses | \$ 2,619,076                                              | 2,411,628                                                 | -                                                    | -                                                    | -                                                    |
| Variance of Actual vs. Budget                             | <u>193,958</u>                                            | <u>442,157</u>                                            | -                                                    | -                                                    | -                                                    |
| Total Actual Budgetary Fund Balance <sup>(4)</sup>        | \$ 2,813,034                                              | \$ 2,853,785                                              | -                                                    | -                                                    | -                                                    |

(1) Business tax includes the overpaid executive tax beginning in FY 2025-26 and FY 2026-27 proposed budgets. Prior to that, it is included in "other local taxes."

(2) Other Local Taxes includes sales, hotel, utility users, parking, transfer, sugar sweetened beverage, stadium admissions, access line, and cannabis. See note 1 about overpaid executive taxes.

(3) Transfers Out is primarily related to transfers to support Charter-mandated spending requirements and hospitals.

(4) Fiscal year 2023-24 and 2024-25 Final Revised Budget reflects prior year actual budgetary fund balance.

(5) Fiscal year 2023-24 and 2024-25 Final Revised Budgets are based on respective Annual Comprehensive Financial Reports.

(6) Fiscal year 2025-26 is based on the Original Budget, adopted July 24, 2025.

(7) Fiscal years 2026-27 and 2027-28 are based on the FY27 & FY28 Proposed Budget.

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

## **Budget Process**

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

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

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

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

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

## **Multi-Year Budgeting and Planning**

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

1. Fixed two-year budgets are approved by the Board of Supervisors. For fiscal year 2027-28, all departments except for MTA, SFPUC, SFO, and the Port will have budgets open again for amendments.
2. A five-year financial plan and update, which forecasts General Fund revenues and expenses and summarizes expected public service levels and funding requirements for that period. The



December 2025 Five-Year Plan Update, including a forecast of expenditures and revenues and proposed actions to balance them in light of strategic goals, was issued by the Mayor, the Budget Analyst for the Board of Supervisors and the Controller's Office on December 19, 2025, for fiscal year 2026-27 through fiscal year 2029-30. See "CITY BUDGET – December 2025 Five-Year Plan Update" section below. See also "- May 2026 Nine-Month Report" and "- March 2026 Five-Year Plan Update."

3. The Controller's Office proposes to the Mayor and Board of Supervisors financial policies addressing reserves, use of volatile revenues, debt and financial measures in the case of disaster recovery and the City is required to adopt budgets consistent with these policies once approved. The Controller's Office may recommend additional financial policies or amendments to existing policies no later than October 1. Key financial policies that have been enacted include:
  - Non-Recurring Revenue Policy – This policy limits the Mayor's and Board's ability to use for operating expenses the following nonrecurring revenues: extraordinary year-end General Fund balance, the General Fund share of revenues from prepayments provided under long-term leases, concessions, or contracts, otherwise unrestricted revenues from legal judgments and settlements, and other unrestricted revenues from the sale of land or other fixed assets. Under the policy, these nonrecurring revenues may only be used for nonrecurring expenditures that do not create liability for, or expectation of, substantial ongoing costs, including but not limited to discretionary funding of reserves, acquisition of capital equipment, capital projects included in the City's capital plans, development of affordable housing, and discretionary payment of pension, debt, or other long-term obligations.
  - Rainy Day and Budget Stabilization Reserve Policies – These reserves were established to support the City's budget in years when revenues decline. These and other reserves are discussed under "Rainy Day Reserve" and "Budget Stabilization Reserve" below.

### **Role of Controller in Budgetary Analysis and Projections**

As Chief Fiscal Officer and City Services Auditor, the City Controller monitors spending for all officers, departments and employees charged with receipt, collection or disbursement of City funds. Under Charter Section 3.105, no obligation to expend City funds can be incurred without a prior certification by the Controller that sufficient revenues are or will be available to meet such obligation as it becomes due in the then-current fiscal year, which ends June 30. The Controller monitors revenues throughout the fiscal year, and if actual revenues are less than estimated, the City Controller may freeze department appropriations or place departments on spending "allotments" which will constrain department expenditures until estimated revenues are realized. If revenues are in excess of what was estimated, or budget surpluses are created, the Controller can certify these surplus funds as a source for supplemental appropriations that may be adopted throughout the year upon approval of the Mayor and the Board of Supervisors. The City's actual expenditures are often different from the estimated expenditures in the Original Budget due to supplemental appropriations, continuing appropriations of prior years, and unexpended current-year funds. If the Controller estimates revenue shortfalls that exceed applicable reserves and any other allowances for revenue shortfalls in the adopted City budget, upon receipt of such estimates, the Mayor is to inform the Board of Supervisors of actions to address this shortfall. The Board of Supervisors may adopt an ordinance to reflect the Mayor's proposal or alternative proposals in order to balance the budget.

### **General Fund Results: Audited Financial Statements**

The City issued the ACFR, which includes the City's audited financial statements, for fiscal year 2024-25 on November 26, 2025. The 2025-26 Annual Comprehensive Financial Report is expected to be issued in November of 2026.

Fiscal year 2024-25 GAAP basis and budgetary basis General Fund fund balance increased from fiscal year 2023-24. As of June 30, 2025, the GAAP basis General Fund fund balance was \$2.617 billion while budgetary basis General Fund fund balance was \$2.854 billion. Strength in fund balance largely reflects unexpectedly strong General Fund revenue in fiscal year 2024-25.

The City prepares its budget on a modified accrual basis, which is also referred to as “budget basis” in the ACFR. Accruals for incurred liabilities, such as claims and judgments, workers’ compensation, accrued vacation and sick leave pay are funded only as payments are required.

Table A-2 is extracted from information in the City’s published ACFRs. Audited financial statements can be obtained from the City Controller’s website <https://sf.gov/annual-comprehensive-financial-reports-acfr>. Information from the City Controller’s website is not incorporated herein by reference. Excluded from this Statement of General Fund Revenues and Expenditures in Table A-2 are fiduciary funds, internal service funds, special revenue funds (which relate to proceeds of specific revenue sources which are legally restricted to expenditures for specific purposes), and all of the enterprise fund departments of the City, each of which prepares separate audited financial statements. See “CITY BUDGET – May 2026 Nine-Month Report” for a summary of the most recent projections.

On a GAAP basis, the General Fund balance as of June 30, 2025 was \$2.6 billion. Table A-3 focuses on the City’s fund balances; General Fund balances are shown on both a budget basis and a GAAP basis with comparative financial information for the fiscal years ended June 30, 2021 through June 30, 2025.

*[Remainder of Page Intentionally Left Blank]*

**TABLE A-2**  
**Statement of Revenues, Expenditures and Changes in General Fund Fund Balances<sup>(1)</sup>**  
**Fiscal Years 2020-21 through 2024-25**  
**(000s)**

| <b>Revenues:</b>                                                                          | <b>2020-21</b>      | <b>2021-22</b>        | <b>2022-23</b>        | <b>2023-24</b>        | <b>2024-25</b>        |
|-------------------------------------------------------------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Property Taxes                                                                            | \$ 2,332,864        | \$ 2,336,071          | \$ 2,459,052          | \$ 2,526,392          | \$ 2,468,240          |
| Business Taxes                                                                            | 722,642             | 861,172               | 850,593               | 868,932               | 1,120,358             |
| Other Local Taxes <sup>(2)</sup>                                                          | 709,018             | 1,115,553             | 1,108,545             | 1,036,816             | 1,009,524             |
| Licenses, Permits and Franchises                                                          | 12,332              | 32,078                | 28,953                | 29,702                | 34,256                |
| Fines, Forfeitures and Penalties                                                          | 4,508               | 5,755                 | 3,191                 | 6,484                 | 5,214                 |
| Interest and Investment Income                                                            | (1,605)             | (93,447)              | 68,319                | 180,387               | 178,144               |
| Rents and Concessions                                                                     | 5,111               | 10,668                | 11,775                | 11,764                | 14,931                |
| Intergovernmental                                                                         | 1,607,803           | 1,795,395             | 1,339,711             | 1,393,646             | 1,399,799             |
| Charges for Services                                                                      | 230,048             | 238,438               | 243,234               | 281,393               | 357,122               |
| Other                                                                                     | 46,434              | 23,265                | 29,677                | 42,268                | 31,807                |
| <b>Total Revenues</b>                                                                     | <b>\$ 5,669,155</b> | <b>\$ 6,324,948</b>   | <b>\$ 6,143,050</b>   | <b>\$ 6,377,784</b>   | <b>\$ 6,619,395</b>   |
| <b>Expenditures:</b>                                                                      |                     |                       |                       |                       |                       |
| Public Protection                                                                         | \$ 1,498,514        | \$ 1,562,797          | \$ 1,654,953          | \$ 1,730,773          | \$ 1,834,505          |
| Public Works, Transportation & Commerce                                                   | 204,973             | 232,078               | 265,019               | 241,299               | 221,660               |
| Human Welfare and Neighborhood Development                                                | 1,562,982           | 1,478,115             | 1,577,163             | 1,617,231             | 1,598,333             |
| Community Health                                                                          | 1,056,590           | 1,002,047             | 967,381               | 947,867               | 980,332               |
| Culture and Recreation                                                                    | 145,405             | 159,056               | 172,832               | 186,187               | 181,510               |
| General Administration & Finance                                                          | 314,298             | 298,742               | 301,748               | 293,959               | 303,882               |
| General City Responsibilities                                                             | 119,913             | 156,870               | 189,570               | 168,497               | 153,057               |
| <b>Total Expenditures</b>                                                                 | <b>\$ 4,896,675</b> | <b>\$ 4,889,705</b>   | <b>\$ 5,128,666</b>   | <b>\$ 5,185,813</b>   | <b>\$ 5,273,279</b>   |
| <b>Excess of Revenues over Expenditures</b>                                               | <b>\$ 772,480</b>   | <b>\$ 1,435,243</b>   | <b>\$ 1,014,384</b>   | <b>\$ 1,191,971</b>   | <b>\$ 1,346,116</b>   |
| <b>Other Financing Sources (Uses):</b>                                                    |                     |                       |                       |                       |                       |
| Transfers In                                                                              | \$ 343,498          | \$ 84,107             | \$ 119,361            | \$ 155,223            | \$ 147,659            |
| Transfers Out                                                                             | (1,166,855)         | (1,209,383)           | (1,316,074)           | (1,354,857)           | (1,345,856)           |
| Other                                                                                     | (338)               | (74,928)              | (74,677)              | (76,864)              | (94,300)              |
| <b>Total Other Financing Sources (Uses)</b>                                               | <b>(\$ 823,695)</b> | <b>( \$1,200,204)</b> | <b>(\$ 1,271,390)</b> | <b>(\$ 1,276,498)</b> | <b>\$ (1,292,497)</b> |
| <b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b> | <b>(\$ 51,215)</b>  | <b>\$ 235,039</b>     | <b>(\$ 257,006)</b>   | <b>(\$ 84,524)</b>    | <b>\$ 53,619</b>      |
| <b>Total Fund Balance at Beginning of Year</b>                                            | <b>\$ 2,685,922</b> | <b>\$ 2,670,104</b>   | <b>\$ 2,905,143</b>   | <b>\$ 2,648,137</b>   | <b>\$ 2,563,610</b>   |
| Cumulative effect of accounting change                                                    | 35,397              | -                     | -                     | -                     | -                     |
| <b>Total Fund Balance at End of Year -- GAAP Basis</b>                                    | <b>\$ 2,670,104</b> | <b>\$ 2,905,143</b>   | <b>\$ 2,648,137</b>   | <b>\$ 2,563,610</b>   | <b>\$ 2,617,229</b>   |
| Assigned for Subsequent Year's Appropriations and Unassigned Fund Balance, Year End       |                     |                       |                       |                       |                       |
| -- GAAP Basis                                                                             | \$ 179,077          | \$ 325,664            | \$ 150,628            | \$ 228,515            | \$ 162,302            |
| -- Budget Basis                                                                           | \$ 901,980          | \$ 1,016,157          | \$ 852,147            | \$ 903,673            | \$ 861,986            |

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

<sup>(2)</sup> Other Local Taxes includes sales, hotel, utility users, parking, transfer, sugar sweetened beverage, stadium admissions, access line, cannabis, and overpaid executive taxes.

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

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

### **Rainy Day Reserve**

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

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

The FY27 & FY28 Proposed Budget maintains balances in the City Rainy Day Reserve of \$114.5 million, \$0 in the City Rainy Day One-Time Reserve, and \$1.0 million in the SFUSD's Rainy Day Economic Stabilization Reserve as shown in Table A-3. Under Proposition C, the City is not eligible to withdraw from the Rainy Day Reserve in either budget year.

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

### **Budget Stabilization Reserve**

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

The City is ineligible to make withdrawals from the Budget Stabilization Reserve in either budget year. At fiscal year 2024-25 close, the City deposited \$115.7 million to the Budget Stabilization Reserve, as strong year-end results yielded larger unassigned General Fund fund balances than what was assumed as a source in the budget. Additionally, the Mayor's proposed budget assumes a \$35.8 million deposit in fiscal year 2026-27 and a \$68.8 million deposit in fiscal year 2027-28 because transfer tax is expected to exceed its prior five-year average. These deposits bring this reserve up to a balance of \$464.8 million in fiscal year 2026-27 and \$533.7 million in fiscal year 2027-28. When the combined balance of the Budget Stabilization Reserve and Rainy Day

Reserve exceeds 10 percent of General Fund revenues, the excess is deposited in the Budget Stabilization One-Time Reserve. While the \$54.8 million balance of this reserve was budgeted in fiscal year 2022-23, stronger than anticipated performance through year-end meant the reserve was ultimately not needed that year. The entire \$54.8 million balance of this reserve was previously budgeted in the fiscal year 2025-26 budget, and the FY27 & FY28 Proposed Budget pushes out the depletion of this reserve into fiscal year 2026-27.

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

### **Salaries, Benefits and Litigation Reserves**

The City maintains two reserves to offset potential expenses, which are available to City departments through a Controller's Office review and approval process. These are shown in the "assigned, not available for appropriation," and "assigned and unassigned, available for appropriation" sections of Table A-3 below. These include the Salaries and Benefit Reserve (balance of \$9.6 million as of fiscal year 2024-25) and the Litigation Reserve. The Litigation Reserve and Public Health Management Reserve (balance of \$325.5 million in fiscal year 2024-25) are combined for reporting purposes. The purpose of the latter is to manage patient revenue volatility in the Department of Public Health.

### **General Reserve**

The City maintains a General Reserve, shown as part of "Unassigned for General Reserve" in the "assigned and unassigned, available for appropriation" section of Table A-3 below. In fiscal year 2024-25 the General Reserve balance is \$136.8 million. On December 16, 2014, the Board of Supervisors adopted financial policies which increased the City's General Reserve from 2% to 3% of General Fund revenues between fiscal year 2017-18 and fiscal year 2020-21 while reducing the required deposit to 1.5% of General Fund revenues in years when the City appropriates a withdrawal from the Rainy Day reserve. The intent of this policy change was to increase reserves available during a multi-year downturn. In fiscal years 2020-21 and 2021-22, the City withdrew from the Rainy Day Reserve and reset its General Fund Reserve deposit requirement to 1.5% of General Fund revenues, growing to 3.0 percent of General Fund revenues in 0.25 percent annual increments thereafter. In fiscal year 2025-26, the General Reserve required funding level is 2.5 percent of General Fund revenue, growing to 2.75 percent in fiscal year 2026-27 and 3.0 percent in fiscal year 2027-28. In fiscal year 2025-26, \$27.6 million is deposited in this reserve. The FY27 & FY28 Proposed Budget assumes required deposits of \$41.5 million for fiscal year 2026-27 and \$16.9 million for fiscal year 2027-28, respectively. See "CITY BUDGET – May 2026 Nine-Month Report" and "CITY BUDGET – FY27 & FY 28 Proposed Budget and Revenue Letter" for a summary of the most recent projections.

### **Fiscal Cliff Reserve**

The Fiscal Cliff Reserve was created for the purpose of managing projected budget shortfalls following the spend down of federal and state pandemic stimulus funds and other one-time sources. The Mayor's fiscal year 2024-25 and fiscal year 2025-26 proposed budget amended this reserve to include managing business tax revenue shortfalls as an additional eligible use. The FY26 & FY27 Original Budget included spending \$25.0 million of the reserve in fiscal year 2025-26 and \$15.0 million in fiscal year 2026-27 and shifted the remaining \$142.4 million balance of this reserve into a newly created Federal and State Revenue Risk Reserve through administrative provisions of the fiscal year 2025-26 Annual Appropriations Ordinance. The FY27 & FY28 Proposed Budget maintains these appropriations.

## **Federal and State Revenue Risk Reserve**

The FY 2025-26 Annual Appropriations Ordinance established the Federal and State Revenue Risk Reserve for the purpose of managing revenue shortfalls related to changes in federal and state funding. This reserve was funded by combining the \$79.2 million balance of the Federal and State Emergency Grant Disallowance Reserve, the \$142.4 million balance of the Fiscal Cliff Reserve, and all revenue escheated to the General Fund from City Option Medical Reimbursement Accounts in fiscal year 2025-26, which is estimated to be \$220.8 million, minus the \$9.1 million the Board of Supervisors approved to support families who lost access to SNAP benefits during the October and November 2025 federal shutdown, for a starting balance of \$433.3 million. The Mayor's proposed budget includes uses of \$41.4 million in fiscal year 2026-27 and \$43.5 million in fiscal year 2027-28 in this reserve.

## **Operating Cash Reserve**

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

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**TABLE A-3**  
**Summary of General Fund Fund Balances**  
**Fiscal Years 2020-21 through 2024-25**  
**(000s)**

|                                                                                           | 2020-21      | 2021-22      | 2022-23      | 2023-24      | 2024-25      |
|-------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Restricted for rainy day (Economic Stabilization account) <sup>(1)</sup>                  | \$ 114,539   | \$ 114,539   | \$ 114,539   | \$ 114,539   | \$ 114,539   |
| Committed for budget stabilization (citywide) <sup>(2)</sup>                              | 320,637      | 320,637      | 330,010      | 330,010      | 445,745      |
| Committed for Recreation & Parks savings reserve                                          | -            | -            | -            | -            | -            |
| <u>Assigned, not available for appropriation</u>                                          |              |              |              |              |              |
| Assigned for encumbrances                                                                 | \$ 407,137   | \$ 462,668   | \$ 424,301   | \$ 431,461   | \$ 385,055   |
| Assigned for appropriation carryforward                                                   | 753,776      | 940,213      | 840,748      | 569,737      | 534,533      |
| Assigned for salaries and benefits <sup>(3)</sup>                                         | 5,088        | 17,921       | 27,927       | 1,807        | 9,557        |
| Assigned for Self-Insurance <sup>(4)</sup>                                                | 42,454       | 45,567       | 46,496       | 43,362       | 40,000       |
| Assigned for Hotel Tax Loss Contingency                                                   | 6,000        | 3,500        | 3,500        | -            | -            |
| Total Fund Balance Not Available for Appropriation                                        | \$ 1,649,631 | \$ 1,905,045 | \$ 1,787,521 | \$ 1,490,916 | \$ 1,529,429 |
| <u>Assigned and unassigned, available for appropriation</u>                               |              |              |              |              |              |
| Assigned for litigation & contingencies <sup>(3)</sup>                                    | \$ 173,591   | \$ 235,133   | \$ 259,230   | \$ 282,731   | \$ 325,541   |
| Assigned for subsequent year's budget                                                     | 173,989      | 307,743      | 122,701      | 226,708      | 152,745      |
| Unassigned for General Reserve <sup>(5)</sup>                                             | 78,333       | 57,696       | 64,707       | 135,714      | 136,829      |
| Unassigned - Budgeted for use second budget year                                          | -            | 149,695      | 291,710      | 228,502      | 229,612      |
| Unassigned - Projected for use third and fourth budget year                               | -            | 163,400      | 81,190       | 154,861      | 139,961      |
| Unassigned - COVID-19 Contingency Reserve <sup>(6)</sup>                                  | 113,500      | 13,999       | -            | -            | -            |
| Unassigned - Conditional Increment Reserve                                                | -            | -            | -            | 402          | -            |
| Unassigned - Federal & State Emergency Revenue Reserve <sup>(6)</sup>                     | 100,000      | 81,300       | 81,300       | 81,300       | 2,120        |
| Unassigned - Fiscal Cliff Reserve <sup>(6)</sup>                                          | 293,900      | 229,750      | 220,432      | 182,425      | 40,000       |
| Unassigned - Federal & State Revenue Risk Reserve <sup>(6)</sup>                          | -            | -            | -            | -            | 221,605      |
| Unassigned - Business Tax Stabilization Reserve                                           | 149,000      | 29,454       | 29,454       | 29,454       | 29,454       |
| Unassigned - Gross Receipts Prepayment Reserve                                            | 26,000       | -            | -            | -            | -            |
| Unassigned - Public Health Use in FY 2023-24                                              | -            | -            | 21,213       | -            | -            |
| Unassigned - Other Reserve                                                                | 13,807       | 1,021        | 1,021        | 21           | 7,911        |
| Unassigned - Available for future appropriation                                           | 31,784       | 39,795       | 3,126        | -            | 38,578       |
| Total Fund Balance Available for Appropriation                                            | \$ 1,153,904 | \$ 1,308,986 | \$ 1,176,084 | \$ 1,322,118 | \$ 1,324,356 |
| Total Fund Balance, Budget Basis                                                          | \$ 2,803,535 | \$ 3,214,031 | \$ 2,963,605 | \$ 2,813,034 | \$ 2,853,785 |
| <u>Budget Basis to GAAP Basis Reconciliation</u>                                          |              |              |              |              |              |
| Total Fund Balance - Budget Basis                                                         | \$ 2,803,535 | \$ 3,214,031 | \$ 2,963,605 | \$ 2,813,034 | \$ 2,853,785 |
| Unrealized gain or loss on investments                                                    | 3,978        | (156,403)    | (158,859)    | (79,138)     | (5,617)      |
| Nonspendable fund balance                                                                 | 2,714        | 4,134        | 1,174        | 1,001        | 1,503        |
| Cumulative Excess Property Tax Revenues Recognized on Budget Basis                        | (31,745)     | (32,874)     | (40,685)     | (54,052)     | (70,973)     |
| Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis | (120,569)    | (118,791)    | (111,163)    | (114,312)    | (159,470)    |
| Inventories                                                                               | 17,925       | -            | -            | -            | -            |
| Pre-paid lease revenue                                                                    | (5,734)      | (4,954)      | (5,935)      | (2,923)      | (2,029)      |
| Total Fund Balance, GAAP Basis                                                            | \$ 2,670,104 | \$ 2,905,143 | \$ 2,648,137 | \$ 2,563,610 | \$ 2,617,229 |

(1) See "Rainy Day Reserve" for additional information.

(2) See "Budget Stabilization Reserve" for additional information.

(3) See "Salaries, Benefits and Litigation Reserves" for additional information.

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

(5) See "General Reserve" for additional information.

(6) See "COVID Response and Economic Loss Reserve, Federal and State Emergency Grant Disallowance Reserve, and Fiscal Cliff Reserve" for additional information.

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

## Recent Reports

The following sections describe recent reports on the City's financial condition, presented with the most recent report first, followed by prior reports.

### FY27 & FY 28 Proposed Budget and Revenue Letter

The FY27 & FY28 Proposed Budget was issued by the Mayor on June 1, 2026, and will be considered for adoption by the Board in July. See "CITY BUDGET – Budget Process" for additional detail. The FY27 & FY 28 Proposed Budget reflects \$16.9 billion of expenditures (all funds) in fiscal year 2026-27 and \$17.2 billion in fiscal year 2027-28. The FY27 & FY28 Proposed Budget addresses the then-current \$642.8 million two-year shortfall through projected revenue increases, reductions to positions, and the use of fund balance and reserves.

The Charter requires that the Controller comment on revenue estimates assumed in the FY27 & FY28 Proposed Budget. These comments were issued in the June 2026 Revenue Letter.

While the Controller found the revenue assumptions in the Mayor's proposed budget to be reasonable and makes meaningful progress toward closing the structural deficit, the Controller noted that the City faces several material financial risks in upcoming fiscal years. These risks include: the projected structural budget gap following depletion of one-time funds; state and local measures before the City and State legislatures and voters that could increase or decrease revenue and increase costs; federal budget risk and potential disallowance of claims for reimbursement of emergency response costs; state budget revenue risk; and wider economic risks that could derail revenue forecasts.

Key findings in the June 2026 Revenue Letter included:

- **Tax Revenue.** Overall General Fund tax revenue grows by \$143.0 million (or 2.9%) in fiscal year 2026-27 compared to the May 2026 Nine-Month Report and declines by \$50.4 million (or 1.0%) in fiscal year 2027-28. Business tax revenue grows in the first year of the budget because of strength in technology and professional services as well as administrative changes related to Proposition M (2024) that shifted revenue that previously would have been received in fiscal year 2025-26 into fiscal year 2026-27. The forecast assumes the City's commercial real estate "reset" continues, resulting in sustained transfer tax revenue and a deposit to the Budget Stabilization Reserve. However, with commercial market values often below assessed values, property transactions may restrain growth in property tax revenue. The volume of commercial assessment appeals decisions and related refunds is expected to continue growing, putting downward pressure on revenues. Fiscal year 2026-27 local assessment roll values received by the Controller from the Assessor as of the beginning of July 2026 indicate secured roll growth of 2.3% and unsecured roll growth of -1.4%, which will provide a modest revenue improvement compared to the FY 27 & FY28 Proposed Budget, which assumed growth of 2.0% and 0%, respectively. Modest growth is expected for other economically sensitive taxes, such as sales and hotel taxes, which remain below pre-pandemic levels.
- **Public Health Revenue.** The Department of Public Health's ("DPH") revenues are projected to grow by \$66.8 million in fiscal year 2026-27 and decline by \$26.8 million in fiscal year 2027-28. H.R. 1, the July 2025 federal budget reconciliation bill, and state Medi-Cal cuts are expected to reduce revenues by \$61.6 million and \$165.0 million in the budget years, as detailed below. Absent these federal and state cuts, revenues would have grown by \$128.4 million in fiscal year 2026-27 and \$76.6 million in fiscal year 2027-28. Strength in public health revenue is primarily in Zuckerberg San Francisco General Hospital ("ZSFG"), Behavioral Health, Primary Care, and Jail Health. At ZSFG and the San Francisco Health Network, growth is largely due to increases in Medi-Cal managed care supplemental funding, Medi-Cal Graduate Medical Education ("GME"), and Medicaid Disproportionate Share Hospital (DSH) payments. In Behavioral Health, revenue growth aligns with current year trends and is driven by sustained growth in behavioral health patient services and continued implementation of CalAIM



revenue programs. Primary Care revenue growth is supported by improving timely access to care, increasing capacity, and increasing the percentage of visits paid. With the launch of the CalAIM Justice-Involved Initiative, Jail Health began billing Medi-Cal for eligible services. Its revenue increase is driven by better than anticipated Medi-Cal reimbursements for in-custody health services and discharge pharmacy programs.

- Ongoing Solutions. The FY27 & FY28 Proposed Budget makes progress toward closing the structural deficit, with approximately \$300 million in ongoing savings. The March 2026 Five-Year Plan Update forecasted a gap of \$741.7 million in fiscal year 2028-29. Our preliminary review of proposed ongoing and one-time solutions indicates the shortfall is likely to be approximately \$450 million in fiscal year 2028-29, growing in subsequent years. Roughly half of the ongoing solutions are comprised of increased tax and public health revenue while the remaining are driven by reductions in citywide personnel costs and other initiatives. Continued improvement in the structural deficit will require additional revenue increases or expenditure reductions in future years.
- The FY27 & FY28 Proposed Budget reduces authorized and funded positions by 32 full-time equivalents (FTE) in fiscal year 2026-27 and 249 FTE in fiscal year 2027-28. Within General Fund supported operations, however, funded positions increase by 129 FTE in fiscal year 2026-27 then decrease by 324 FTE in fiscal year 2027-28. Fiscal year 2026-27 increases include staffing at the newly expanded psychiatric emergency ward at Zuckerberg San Francisco General hospital and DPH behavioral health facilities and a (cost neutral) shift of staff from the Department of Building Inspection to the Planning Department. In addition, the FY27 & FY28 Proposed Budget includes project-funded positions in HSA (114 FTE in fiscal year 2026-27 and an additional 34 FTE in fiscal year 2027-28) to perform H.R. 1-related eligibility work. The decrease in funded positions in fiscal year 2027-28 is driven primarily by attrition savings equal to 378 FTE positions across 22 departments. These unspecified position cuts include 113 FTE at DPH and 48 FTE at HSA, with the remainder spread among 22 other departments.
- Despite position cuts, salary and fringe benefit costs are growing due to negotiated wage increases and health and retirement benefit obligations. Labor agreements with miscellaneous employees include a raise of 4.5% in fiscal year 2026-27, including 2.5% effective June 30, 2027, the last day of the agreement. Fiscal year 2027-28 is an open contract year for which the FY27 & FY28 Proposed Budget assumes a 0.6% increase, though costs may change pending negotiations. Public safety employee raises are 3% in fiscal year 2026-27 and 3% in fiscal year 2027-28. Budgeted health rates increase by 9.5% in fiscal year 2026-27 and 9.5% in fiscal year 2027-28 and employer contributions to retirement grow from 16.5% in the current year to 16.7% in fiscal year 2026-27 and 17.5% in fiscal year 2027-28.
- One-Time Solutions. The FY27 & FY28 Proposed Budget assumes the use of \$696.1 million of General Fund one-time sources over the two budget years, \$175.6 million more than assumed in the March 2026 Update to the Five-Year Financial Plan. These sources include the draw down of \$505.0 million in prior year fund balance and \$191.1 million of reserves. Consistent with the March 2026 Update to the Five-Year Financial Plan, the budget designates \$261.4 million of unappropriated fund balance for balancing future budget shortfalls in fiscal year 2028-29 and after. The budgeted use of reserves is prudent and commensurate with known financial risks. The increase in the use of fund balance in the second year of the budget, from \$42.4 million in fiscal year 2026-27 to \$462.5 million in fiscal year 2027-28, represents a temporary budget solution that will need to be replaced by recurring revenue increases or expenditure reductions in future years.
- Reserve Deposits. The FY27 & FY28 Proposed Budget includes use of a Federal and State Revenue Risk reserve, increases economic stabilization reserves to a projected \$648.2 million by fiscal year 2027-28, and makes required deposits to the General Reserve. The Controller's Office finds the use of one-time funds to increase reserve balances to be prudent and commensurate with known financial risks. In addition to using \$191.1 million of prior year reserves to balance (including \$117.6 million in fiscal

year 2026-27 and an additional \$73.5 million in fiscal year 2027-28 ), the FY27 & FY28 Proposed Budget makes deposits to several reserves. The new Federal and State Revenue Risk Reserve consolidated remaining balances of the Federal and State Emergency Grant Disallowance Reserve and Fiscal Cliff Reserve with anticipated future revenue escheated from City Option Medical Reimbursement Accounts for a total expected balance of \$433.3 million. Given revenue uncertainty and the one-time nature of escheatment revenue, it is prudent to reserve these funds for a known risk rather than appropriate them for on-going costs. The level of reserve is believed to be commensurate to risk; the projected balance of the Federal and State Revenue Risk Reserve represents approximately 10% of the City's annual operating federal and state pass-through revenues and could be used to temporarily backstop cuts in both state and federal budgets.

Additionally, the FY27 & FY28 Proposed Budget makes a required \$35.9 million deposit to the Budget Stabilization Reserve in FY 2026-27, triggered by the expectation that transfer tax will exceed the prior five-year average. The City is not eligible to withdraw from Economic Stabilization Reserves. The proposed budget also makes required General Reserve deposits of \$41.5 million and \$16.9 million in fiscal year 2026-27 and fiscal year 2027-28. These deposits to the Budget Stabilization Reserve and General Reserve are required by Financial Policies previously adopted by the Mayor and Board of Supervisors.

- The final adopted budget will require active monitoring and management by departments, the Mayor, and the Board of Supervisors given economic and financial risks. These risks include the possibility of a slowing local economic recovery or a recession, as well as risks associated with both state and federal revenue streams. Additionally, close management and monitoring of personnel spending will be required for departments to stay within budgets as the budget deletes many vacant positions while increasing expected attrition savings.

### **May 2026 Nine-Month Report**

On May 12, 2026, the Controller's Office released the May 2026 Nine-Month Report. The May 2026 Nine-Month Report notes that the Controller projects a \$728.2 million General Fund ending balance in fiscal year 2025-26, a \$53.9 million improvement from the \$674.3 million balance contained in the March 2026 Five-Year Plan Update. Application of this additional current year fund balance would decrease the projected shortfall in the upcoming two-year budget for fiscal years 2026-27 and 2027-28 to \$606.9 million (from \$642.8 million) and by \$18.0 million in fiscal year 2028-29. The May 2026 Nine-Month Report notes that risks to this projection remain from economic uncertainty and potential changes affecting federal revenue.

The May 2026 Nine-Month Report notes that citywide revenues are projected to be \$339.9 million above budget, a \$53.2 million increase from the March 2026 Five-Year Plan Update, partially offset by a related \$9.5 million increase baseline contributions and \$23.5 million deposit to the Budget Stabilization Reserve. Property tax is projected to be \$27.0 million above budget, reflecting updated assumptions of the effect of current year refunds. Business tax revenue is projected to be \$202.0 million above budget due to strong worldwide sales among a number of businesses located in San Francisco, as reflected in tax year 2025 filings to-date, and litigation outcomes allowing reserve releases. Real property transfer tax revenue is projected to be \$108.7 million above budget, reflecting renewed investor interest in the City's commercial real estate. Revenues sensitive to day-to-day economic activity in the City, such as sales, hotel, and stadium admissions taxes, are projected to be above budget. Strength in these sources more than offsets an \$83.3 million shortfall in FEMA reimbursements.

Departments are projected to end the year with a \$89.5 million net surplus, including a revenue surplus of \$6.4 million and expenditure savings of \$83.0 million, which is a \$33.7 million improvement from the FY 2025-26 Six-Month Budget Status Report. The Department of Public Health is projected to have a \$32.5 million revenue surplus in behavioral health, CalAIM, and prior year skilled nursing supplemental payments partially offset by a shortfall in patient service revenue at Zuckerberg San Francisco General ("ZSFG") due to lower than expected patient volume and census. Unanticipated security and nurse registry costs at ZSFG are offset by

savings elsewhere. The Human Services Agency is projected to have a net \$33.2 million surplus in operations and administration across many programs. Sheriff overspending on overtime and revenue shortfalls at City Planning, Early Childhood, Public Works, and Human Resources partially offset these surpluses. Expenditure savings across non-safety departments include salary and benefit savings realized intentionally through the Mayor's hiring freeze.

The Police, Sheriff, Fire, and Emergency Management departments and the Public Utilities Commission require additional appropriations for overtime under Administrative Code Section 3.17. The Board has approved a supplemental appropriation to reallocate existing budget to overtime at the Police Department. An ordinance to reallocate existing budget to overtime at the Emergency Management Department and the Public Utilities Commission, and to spend a Fire Department revenue surplus, has been proposed. Any additional supplemental appropriations using projected revenue surpluses or expenditure savings displayed in this report will reduce fund balance available to solve budget year shortfalls. No ordinance has been introduced to increase the budget for Sheriff overtime. The May 2026 Nine-Month Report projects that the department will deplete its General Fund operating budget in the first week of June. After this point, while payroll expenses will continue to post as required under federal law, financial system controls will prevent any other expenses from being paid. The May 2026 Nine-Month Report notes that, since January 20, 2025, the federal administration and federal agencies have sought to eliminate, reduce, or condition federal funding based on policy preferences related to immigration, LGBTQ+ rights, clean energy, and DEI/DEIA activities, among other topics. Federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. The City and other plaintiffs have filed litigation challenging these actions and have successfully obtained court orders blocking many actions. The City Attorney will continue litigating to protect federal funds awarded to or received by the City and will continue to work with the Mayor's Office and City departments to protect the City's interests, but threats to the City's federal funding remain ongoing. The federal government is appealing court losses and implementing new funding cuts and conditions. Given the uncertainty in this area, the Board of Supervisors established the Federal and State Revenue Risk Reserve to address significant revenue shortfalls.

*[Remainder of Page Intentionally Left Blank]*

The following table shows changes in the projected variances from the FY25 & FY26 Original Budget in the December 2025 Five-Year Plan, the February 2026 Six-Month Budget Status Report, the March 2026 Five-Year Plan Update and the May 2026 Nine-Month Report.

**TABLE A-4**  
**May 2026 Nine-Month Report**  
**Fiscal Year 2025-26 General Fund Variances**  
**Compared to FY26 & FY27 Original Budget**  
**Surplus/(Shortfall)(\$ Millions)**

|                                                             | December 2025<br>Five-Year<br>Plan Update | February<br>2026<br>6-Month<br>Budget<br>Status<br>Report | March 2026<br>Five-Year<br>Plan Update | May 2026<br>Nine-Month<br>Report | Change from<br>March 2026<br>Five-Year<br>Plan Update |
|-------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------|----------------------------------------|----------------------------------|-------------------------------------------------------|
| FY 2024-25 Ending Fund Balance                              | 420.9                                     | 420.9                                                     | 420.9                                  | 420.9                            | -                                                     |
| Appropriation in the FY 2025-26 Budget                      | (382.4)                                   | (382.4)                                                   | (382.4)                                | (382.4)                          | -                                                     |
| <b>A. Prior Year Fund Balance vs Budgeted Levels</b>        | <b>38.6</b>                               | <b>38.6</b>                                               | <b>38.6</b>                            | <b>38.6</b>                      | <b>-</b>                                              |
| Citywide Revenue                                            | 167.7                                     | 213.7                                                     | 286.8                                  | 339.9                            | 53.2                                                  |
| Baseline Contributions                                      | (47.3)                                    | (54.7)                                                    | (61.5)                                 | (71.0)                           | (9.5)                                                 |
| Departmental Operations                                     | (3.3)                                     | 55.8                                                      | 55.8                                   | 89.5                             | 33.7                                                  |
| <b>B. Current Year Revenues and Expenditures</b>            | <b>117.1</b>                              | <b>214.8</b>                                              | <b>281.1</b>                           | <b>358.4</b>                     | <b>77.4</b>                                           |
| General Reserve Appropriated - Source                       | -                                         | 3.5                                                       | 3.5                                    | 9.5                              | 6.0                                                   |
| New Expenditures Supported by General Reserve - Use         | -                                         | (3.5)                                                     | (3.5)                                  | (9.5)                            | (6.0)                                                 |
| Deposit to Budget Stabilization Reserve                     | -                                         | (8.4)                                                     | (14.9)                                 | (38.4)                           | (23.5)                                                |
| <b>C. Supplemental Appropriations &amp; Use of Reserves</b> | <b>-</b>                                  | <b>(8.4)</b>                                              | <b>(14.9)</b>                          | <b>(38.4)</b>                    | <b>(23.5)</b>                                         |
| <b>D. Previously Unappropriated Fund Balance</b>            | <b>140.0</b>                              | <b>140.0</b>                                              | <b>140.0</b>                           | <b>140.0</b>                     | <b>-</b>                                              |
| Fund Balance Previously Appropriated in FY 2026-27          | 229.6                                     | 229.6                                                     | 229.6                                  | 229.6                            | -                                                     |
| <b>E. FY 2025-26 Projected Ending Balance</b>               | <b>525.2</b>                              | <b>614.6</b>                                              | <b>674.3</b>                           | <b>728.2</b>                     | <b>53.9</b>                                           |

#### March 2026 Five-Year Plan Update

On March 31, 2026, the Mayor, Board of Supervisors Budget Analyst, and Controller issued the March 2026 Five-Year Plan Update. Compared to the December 2025 Five-Year Plan Update, the March 2026 Five-Year Plan Update projected an approximately \$168.5 million shortfall in fiscal year 2026-27. For fiscal year 2027-28 the March 2026 Five-Year Plan Update projected a shortfall of \$474.3 million (\$166.0 million less than the December 2025 Five-Year Plan Update) and for fiscal year 2028-29, the March 2026 Five-Year Plan Update projected a shortfall of \$741.4 (\$167.6 million less than the December 2025 Five-Year Plan Update). The March 2026 Five-Year Plan Update projected that long term structural shortfalls remain, growing to \$1.1 billion by fiscal year 2029-30, which is \$79.9 million less than the December 2025 Five-Year Plan Update projection. The following table contains the updated shortfall projections from the March 2026 Five-Year Plan Update.

**TABLE A-5(a)**  
**March 2026 Five-Year Plan Update**  
**General Fund-Supported Projected Budgetary**  
**Surplus/(Shortfall) (\$ Millions)**

|                                        | <b>Projection<br/>2026-27</b> | <b>Projection<br/>2027-28</b> | <b>Projection<br/>2028-29</b> | <b>Projection<br/>2029-30</b> |
|----------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>SOURCES Increase / (Decrease)</b>   | <b>445.4</b>                  | <b>823.3</b>                  | <b>938.1</b>                  | <b>902.8</b>                  |
| <b>Uses</b>                            |                               |                               |                               |                               |
| Baselines & Reserves                   | (195.0)                       | (203.6)                       | (236.4)                       | (243.1)                       |
| Salaries & Benefits                    | (205.7)                       | (528.5)                       | (688.6)                       | (844.3)                       |
| Citywide Operating Budget Costs        | (50.2)                        | (178.6)                       | (239.9)                       | (318.9)                       |
| Departmental Costs                     | (78.5)                        | (165.1)                       | (289.0)                       | (380.3)                       |
| <b>USES Decrease / (Increase)</b>      | <b>(529.4)</b>                | <b>(1,075.8)</b>              | <b>(1,453.9)</b>              | <b>(1,786.6)</b>              |
| Subtotal Surplus / (Shortfall)         | (83.9)                        | (252.5)                       | (515.8)                       | (883.8)                       |
| State & Federal Policy Impacts         | (84.5)                        | (221.8)                       | (226.0)                       | (204.8)                       |
| <b>Projected Surplus / (Shortfall)</b> | <b>(168.5)</b>                | <b>(474.3)</b>                | <b>(741.7)</b>                | <b>(1,088.6)</b>              |
| <b>Two-Year Deficit</b>                | <b>(642.8)</b>                |                               |                               |                               |

The March 2026 Five-Year Plan Update identified a number of significant uncertainties and outstanding policy choices remain that could affect the City’s financial condition over the next five years, including:

- Recent forecasts indicate slower GDP growth and elevated levels of uncertainty. This forecast does not project a recession. Labor supply and demand are now falling in tandem as firms pause due to heightened uncertainty for a variety of reasons, including tariffs and deportations, the possibility of an AI stock market correction, and the growing risk of a prolonged oil shock from the US/Israel-Iran war.
- Impact of Federal funding changes from 2025 H.R. 1. The March 2026 Five-Year Plan Update assumes no change from the December 2025 Five-Year Plan Update in the estimated revenue loss from H.R. 1. Revenue losses are assumed at \$84.5 million in FY 2026-27, \$221.8 million in FY 2027-28, \$226.0 million in FY 2028-29, and \$204.8 million in FY 2029-30. Projections do not assume the cost of hiring additional staff at the Human Services Agency to process more frequent eligibility redeterminations and review work requirements, or potential state revenue backfill. Significant uncertainty remains about the fiscal impact of H.R. 1 given state and federal implementation decisions yet to be made. See “BUDGET RISKS - Impact of Federal Government on Local Finances.”
- Fiscal impacts of other federal policy changes. Since January 20, 2025, the federal administration and federal agencies have sought to eliminate, reduce, or condition federal funding to local governments based on policy preferences on a variety of topics. Federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. While the City and other local governments have challenged these actions, threats to the City’s federal funding remain ongoing. Given the uncertainty in this area, the Board of Supervisors established the Federal and State Revenue Risk Reserve to address significant revenue shortfalls. See “BUDGET RISKS - Impact of Federal Government on Local Finances.”
- State Budget Impacts: The state’s FY 2026-27 budget proposal issued in early January included an improved revenue outlook offset by spending increases. The budget assumes strong income tax collections will continue through FY 2026-27 fueled by tech stock exuberance. Despite this growth, both the Governor and the Legislative Analyst’s Office (LAO) anticipate significant ongoing structural deficits exceeding \$20 billion annually, which the proposed budget does not address, and which pose concerns about the sustainability of the

state's finances. The growth of structural deficits has led the LAO to issue its most negative forecast of the budget since the pandemic. This report assumes no significant changes in state funding levels.

- Labor Negotiations: The March 2026 Five-Year Plan Update projection maintains the average inflation projection of the California Department of Finance SF Metropolitan Statistical Area CPI and Moody's SF Metropolitan Area CPI as noted above. Miscellaneous contracts are open beginning in fiscal year 2027-28 and public safety contracts are closed through fiscal year 2029-30. All open contracts assume these inflation factors. Every 1% increase in wages above plan assumptions for miscellaneous employees would increase the General Fund deficit by approximately \$32.9 million in fiscal year 2027-28 and thereafter.

- Pending Policy Decisions with Fiscal Impact: Legislative actions to increase spending, including uses of the General Reserve, without commensurate revenue increases, will increase the shortfalls projected in this report, as will any reductions to tax rates. On February 24, 2026, an ordinance was introduced that would reduce real property transfer tax rates for transactions exceeding \$10 million effective July 1, 2026. The current text of the ordinance would decrease revenue by an estimated \$93.8 million in FY 2026-27, \$96.4 million in FY 2027-28, \$98.8 million in FY 2028-29, and \$101.2 million in FY 2029-30.

## **December 2025 Five-Year Plan Update**

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

On December 19, 2025, the Mayor's Office, Controller's Office, and Board of Supervisors Budget and Legislative Analyst's Office issued the "Five Year Financial Plan Update: FY 2026-27 through FY 2029-30" (the "December 2025 Five-Year Update").

The December 2025 Five-Year Plan Update noted that these projections are similar in magnitude to those published in March 2025, which forecasted a two-year deficit for the fiscal year 2025-26 and fiscal year 2026-27 budget of \$817.5 million and a cumulative deficit through fiscal year 2029-30 of \$1.4 billion. As required by the City Charter, the fiscal year 2025-26 and fiscal year 2026-27 budget balanced the previous two-year shortfall; however, cost increases and projected losses of federal revenues due to H.R. 1 have resulted in a higher deficit than previously reported,

The Controller's June 2025 Revenue Letter highlighted the progress made in reducing the City's structural budget gap in the adopted fiscal year 2025-26 and fiscal year 2026-27 budget. Absent projected federal cuts enacted in 2025, this progress combined with growth in citywide revenues would have resulted in a two-year deficit of \$630.3M for the fiscal year 2026-27 and fiscal year 2027-28 budgets—a significant improvement in the two-year deficit compared to prior year projections. However, after reflecting projected cuts to federal revenues, the two-year deficit for the fiscal year 2026-27 and fiscal year 2027-28 budgets has grown to \$936.6 million.

The following table is excerpted from the December 2025 Five-Year Plan Update and sets forth projected shortfalls for fiscal years 2026-27 through 2029-30.

**TABLE A-5(b)**  
**December 2025 Five-Year Financial Plan Update**  
**Fiscal Years 2026-27 through 2029-30**  
**General Fund-Supported Projected Budgetary Surplus/(Shortfall)**  
**Projections as of December 19, 2025**  
**(\$ Millions)**

|                                        | <b>Projection</b> | <b>Projection</b> | <b>Projection</b> | <b>Projection</b> |
|----------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                        | <b>2026-27</b>    | <b>2027-28</b>    | <b>2028-29</b>    | <b>2029-30</b>    |
| <b>SOURCES Increase / (Decrease)</b>   | <b>252.4</b>      | <b>697.7</b>      | <b>803.0</b>      | <b>822.0</b>      |
| <b>Uses</b>                            |                   |                   |                   |                   |
| Baselines & Reserves                   | (118.8)           | (220.2)           | (259.0)           | (274.3)           |
| Salaries & Benefits                    | (216.5)           | (551.5)           | (705.9)           | (828.9)           |
| Citywide Operating Budget Costs        | (50.4)            | (179.5)           | (232.4)           | (302.2)           |
| Departmental Costs                     | (78.5)            | (165.1)           | (289.0)           | (380.3)           |
| <b>USES Decrease / (Increase)</b>      | <b>(464.2)</b>    | <b>(1,116.2)</b>  | <b>(1,486.3)</b>  | <b>(1,785.6)</b>  |
| Subtotal Surplus / (Shortfall)         | (211.8)           | (418.5)           | (683.3)           | (963.7)           |
| State & Federal Policy Impacts         | (84.5)            | (221.8)           | (226.0)           | (204.8)           |
| <b>Projected Surplus / (Shortfall)</b> | <b>(296.3)</b>    | <b>(640.3)</b>    | <b>(909.3)</b>    | <b>(1,168.5)</b>  |
| <b>Two-Year Deficit</b>                | <b>(936.6)</b>    |                   |                   |                   |

The December 2025 Five-Year Plan Update identified key assumptions made in connection with the preparation of the projections, including the following:

- Modest General Fund tax revenue growth, largely due to strength in business and real property transfer tax: Overall growth rates of General Fund taxes are projected each year, at 4.2% in fiscal year 2025-26, 2.7% in fiscal year 2026-27, and an average of 3.4% in fiscal year 2027-28 through fiscal year 2029-30. This projection assumes business taxes will grow by \$407.2 million, or 32.1%, over the five-year period, with real property transfer tax growing by \$99.8 million, or 34.5%, over the same period. However, these two bright spots mask weakness in other areas. Growth in business taxes is largely due to businesses' worldwide sales rather than increased activity inside San Francisco. Strong transfer tax revenues are driven by a reset in post-pandemic commercial real estate values, but under Proposition 13 this reset will constrain property tax growth for years to come. For properties that have not changed hands, high levels of refunds stemming from appeals are projected to curb property tax revenue. Taxes that reflect local economic activity – sales, hotel, and parking taxes – are expected to experience extremely modest growth, at or below expected rates of inflation, through fiscal year 2029-30.

- No major changes to service levels and number of employees: The projection assumes no major changes to policies, service levels, or the number of employees from previously adopted fiscal year 2025-26 and fiscal year 2026-27 budgeted levels, unless specified below.

- Assumes previously negotiated wage increases and inflationary increases for open contracts in line with Consumer Price Index (CPI): This projection continues to assume previously negotiated wage increases in collective bargaining agreements. Police and Firefighters' unions have closed memoranda of understanding (MOUs) through fiscal year 2025-26. Miscellaneous unions have closed MOUs through fiscal year 2026-27. All open contracts assume the average inflation projection of the California Department of Finance SF Metropolitan Statistical Area CPI and Moody's SF Metropolitan Area CPI, equal to 3.30% for fiscal year 2026-27, 3.04% for fiscal year 2027-28, 2.34% for fiscal year 2028-29, and 2.26% for fiscal year 2029-30. Importantly, these

assumptions do not indicate a willingness or ability to negotiate wage increases at these levels but rather are used for projection purposes.

- Health insurance cost increases: The employer share of health insurance costs for active employees is projected to increase by 9.0% in each year of the projection period. Dental insurance costs are projected to increase by 8.1% in fiscal year 2026-27, then increase by 4.0% for each remaining year, an average of 5.0% for the projection period. Retiree health costs are assumed to grow by 7.7% in fiscal year 2026-27, 8.9% in fiscal year 2027-28, and 9.5% in fiscal year 2028-29 and fiscal year 2029-30, an average of 8.9% annually over the projection period.

- Ten-Year Capital Plan, Five-Year Information and Communications Technology (ICT) Plan, and Equipment: Capital spending as budgeted for fiscal year 2026-27 is \$54.6 million and is assumed to increase by \$30 million annually through fiscal year 2027-28 and \$25 million thereafter, in line with the recommendations in the City's forthcoming fiscal year 2026-35 Ten-Year Capital Plan. The IT investment projection assumes a \$4.2 million increase in fiscal year 2026-27 funding of projects in the City's Information and Communications Technology (ICT) Plan and annual 10% increases thereafter. This report assumes no centralized funding of equipment over the projection period.

- Reserve deposits and withdrawals: The projection assumes required deposits to the Budget Stabilization Reserve and General Reserve. Consistent with Administrative Code Section 10.60(b), the City will deposit annually to the General Reserve, increasing from 2.75% of General Fund revenues in fiscal year 2026-27 to 3.0% in fiscal year 2027-28. In fiscal year 2028-29 and fiscal year 2029-30, the projection assumes the City maintains a General Reserve balance equal to 3.0% of General Fund revenues. Consistent with Administrative Code Section 10.60(c), the projection assumes Budget Stabilization Reserve deposits of \$15.4 million, \$64.7 million, \$60.8 million, and \$52.5 million in fiscal year 2026-27 through fiscal year 2029-30, respectively. By fiscal year 2029-30, the balance of the City's economic stabilization reserves (combined Rainy Day and Budget Stabilization Reserves) is expected to be \$698.9 million, which, at 9.4% of projected fiscal year 2029-30 General Fund revenue, will be just below the City's 10% reserve target. Annual deposits to the Budget Stabilization Reserve are driven by anticipated increases to real property transfer tax as changes in ownership of high-value properties accelerate. Each year, 75% of transfer tax revenue exceeding the prior five-year average is deposited to the Budget Stabilization Reserve.

- Implementation of new business tax structure: The General Fund projection reflects changes in business tax revenue resulting from voter approval of Proposition M in November 2024. The measure makes a series of reforms to the City's business taxes that are intended to reduce revenue volatility and administrative complexity. When approved by voters, the measure was expected to reduce revenue in 2025 and 2026; we now project revenue to increase in 2025 because of strong growth in gross receipts. The Controller will issue a report by September 1, 2026 that discusses the impact of the Proposition M tax system on revenues.

- Impact of Federal funding changes from 2025 H.R. 1 bill: The federal budget reconciliation bill known as H.R. 1 that was signed into law on July 4, 2025, includes, among other provisions, the largest set of cuts to Medicaid since inception. H.R. 1 attempts to: 1) reduce direct federal funding to hospitals, other health care providers, and State and local governments; and 2) create barriers to enrollment to reduce the number of individuals who receive health coverage through Medicaid and other social safety net programs, resulting in reduced reimbursement to service providers. Under the bill, local governments will lose Medicaid funding for adults who do not meet work requirements; enrollment periods will be shortened and eligibility determinations more frequent; and their ability to finance a portion of Medicaid spending through taxes collected from health care providers will be dramatically reduced. These changes will have significant impacts to both the City and other non-governmental healthcare and social service providers in San Francisco. The projection assumes both a loss of direct federal funding and a graduated disenrollment for individuals affected by ineligibility due to "unsatisfactory immigration status," updated work requirements, or more frequent redeterminations estimated at over \$200 million annually by fiscal year 2027-28.



The December 2025 Five-Year Plan Update identified uncertainties regarding key factors that could affect the City's financial condition. These include:

- Additional revenue loss from H.R. 1: Significant uncertainty remains about the financial impact of H.R. 1, as decisions about how the law will be implemented remain at both the federal and state levels. The Mayor and Board of Supervisors established a Federal and State Revenue Risk Reserve in the fiscal year 2025-26 and fiscal year 2026-27 budget in anticipation of potential federal funding reductions, with a projected balance of \$487.3 million. However, this reserve is a one-time source of funding, while the anticipated financial impacts of H.R. 1 are ongoing. The December 2025 Five-Year Plan Update does not assume use of the reserve, which would be a policy decision in the annual budget process.

- Labor negotiations: This projection assumes approved wage increases in collective bargaining agreements for miscellaneous employees through the end of fiscal year 2026-27, and as negotiated for public safety employees through fiscal year 2025-26. The December 2025 Five-Year Plan Update does not assume any contract changes due to active labor negotiations. Wage changes different from CPI or applied earlier or later than these assumptions would impact the projection.

- State and federal budget impacts: The December 2025 Five-Year Plan Update does not assume significant changes in revenues from the state or federal levels other than currently contemplated by the City.

- The December 2025 Five-Year Plan Update: This report does not assume discretionary General Fund contributions to the MTA beyond those required by the City's Charter. Reliable, affordable, and accessible public transit is foundational to the City's economy. The MTA's ability to provide these critical services is now at risk due to significant and growing financial pressures. Declining citywide parking revenues, coupled with the expiration of temporary federal support, projected to create a structural deficit of approximately \$300 million beginning in fiscal year 2026-27. While a potential one-time bridge loan from the State may delay a portion of the shortfall to fiscal year 2027-28, the underlying gap will remain. This means the City will face a combination of pivotal policy decisions: make deep service cuts and eliminate routes, establish a new dedicated revenue source, or increase General Fund support to sustain MTA's essential operations.

- Business tax litigation and revenue risk: As of fiscal year 2024-25 year-end, the City faced a litigation risk of approximately \$570 million in General Fund revenue and an additional \$365 million in non-General Fund revenue. The risk to the Gross Receipts Tax alone was approximately \$500 million, for which the City held \$375 million in reserve at year-end to cover the risk. In the current fiscal year, the reserved amount will increase to match the full liability. The Gross Receipts Tax forecast is reduced by \$85 million in each year to account for potential future claims. See "BUDGETARY RISKS -Business Tax Litigation."

- Ballot measures: Voters may approve measures on the November 2026 ballot that could materially affect the City's financial outlook. The December 2025 Five-Year Plan Update does not assume the adoption any measures.]

The December 2025 Five-Year Plan Update includes a discussion of the hypothetical impact through fiscal year 2029-30 of a recession scenario affecting the California and San Francisco economies beginning in fiscal year 2026-27. The scenario assumes rates of revenue loss in major local tax sources consistent with the average declines experienced during the last two asset-bubble-related economic downturns - from fiscal year 2001-02 through fiscal year 2003-04 (the dotcom bust) and fiscal year 2008-09 through fiscal year 2010-11 (the global financial crisis). In the recession scenario, revenue losses could be approximately \$1.45 billion, a \$292.2 million increase in employer retirement contributions. The revenue losses contemplated by the recession scenario analysis in the December 2025 Five-Year Plan Update would reduce required reserve deposits by \$93.2 million, reduce required baseline transfers by \$309.3 million, and allow the City to draw \$520.8 million in reserves. Taken together, these changes in revenues and expenditures indicate that an economic downturn beginning in fiscal year 2026-27 would result in a net remaining deficit of approximately \$820 million over the

plan period, assuming policymakers chose to completely deplete economic reserves. San Francisco's Charter requires that each year's budget be balanced.

## **BUDGETARY RISKS**

In addition to the budgetary risks described below, see "CITY BUDGET – FY27 & FY28 Proposed Budget and Revenue Letter".

### **Threat of Recession**

An economic recession could adversely impact the City's economy and the financial condition of the General Fund. During the "Great Recession" that occurred nationally from December 2007 to June 2009 (according to the U.S. National Bureau of Economic Research), California real GDP growth slowed for five consecutive quarters from the third quarter of 2008 to the third quarter of 2009 and did not return to pre-recession level of output until three years later in the third quarter of 2012. The unemployment rate rose steadily from 4.9% in the fourth quarter of 2006 to peak at 12.3% in the fourth quarter of 2010 and did not return to the pre-recession level until the second quarter of 2017.

### **Office Vacancy in San Francisco; Impact on Property Taxes and Other Revenues**

Economic activity levels in San Francisco continue to strengthen as more workers and visitors return to the City. Transit usage reached new post-pandemic highs, with average weekday Muni Metro boardings rising 14.6% year-over-year to 121,600 in April 2026, representing 73.9% of April 2019 ridership. Downtown BART stations also recorded their highest post-pandemic activity, with average weekday exits increasing by 12% between April 2025 and April 2026 to 62,404, or 43.2% of April 2019 ridership. Office attendance across the Bay Area continued to improve, averaging 44.8% of pre-pandemic levels through May 2026, according to Kastle Systems. Similarly, Placer.ai data indicate continued gains in downtown activity, with visitor foot traffic increasing from 50.9% of pre-pandemic levels in April 2025 to 57.1% in April 2026, while employee foot traffic edged up from 64.6% to 64.9%. Together, these indicators point to continued momentum in the recovery of downtown economic activity.

San Francisco's office market showed further signs of stabilization in early 2026. According to Jones Lang LaSalle ("JLL"), the overall office vacancy rate declined from 34.4% in Q4 2025 to 32.6% in Q1 2026, marking the third consecutive quarterly decrease since peaking at 35.7% in Q2 2025. The improvement has been driven in large part by strong demand from AI-related firms. According to JLL office vacancy remains well above the pre-pandemic level of 5.2% in 2019. Asking rents have remained relatively stable despite elevated vacancies, averaging \$72.30 per square foot in Q1 2026. At the same time, ongoing uncertainty surrounding long-term office demand and return-to-office policies continues to weigh on investment activity and asset valuations. CoStar data indicate that office sales across the city have averaged only 28 transactions per quarter since 2020, less than half the 61 transactions on average in 2019. Property values also remain under pressure, with the average office sale price falling to \$538 per square foot in Q1 2026—30.4% below the pre-pandemic level of \$773 per square foot recorded in Q4 2019.

The market value of commercial real estate reflects the current and future income that the market expects the property to generate. If expectations of future income streams are reduced, then the market value of office properties will be reduced.

A reduction in demand from tenants is not the only thing that could reduce the market value of San Francisco office buildings in the near future. Using an income valuation approach, the market value of properties is commonly estimated as the property's net operating income, divided by its capitalization rate (its effective rate of return). Capitalization rates are generally calculated from the sales of comparable properties, and vary across markets, and over time, according to changes in investors' perception of risk, and the risk-free rate of return. When investors perceive greater risk, they require a higher rate of return, and the spread between that

asset's capitalization rate and the risk-free rate widens. When the capitalization rate rises, for whatever reason, the market value of a property will decline, all other things being equal.

The market value of a property is important for property tax revenue because a property's assessed value – the basis of its property tax liability – may not exceed its market value. If a property owner believes a property is assessed above its market value, they can request a reduction in assessment from the Assessor, and/or appeal a decision to the Assessment Appeals Board. The gap between current market and assessed values is narrowed somewhat by the effect of Proposition 13, which caps growth in assessed value at 2% per year unless a sale or new construction prompts a reassessment. Given that market values have typically increased at much higher rates over the years, properties that have not been recently sold have been assessed below market value. In other words, Proposition 13 effectively cushions the City's property tax base from downturns in property markets, at the cost of reduced growth in property tax revenue during periods of strong economic growth.

Given assessment appeal hearing timelines, there is a significant lag between the filing of appeals and completion of hearings at the Assessment Appeals Board ("AAB"). As of June 30, 2025, the City held \$325.8 million in AAB reserves for the General Fund's portion of refunds on approximately \$53.1 billion in prior years' assessed value reductions, plus interest. As of the May 2026 Nine-Month Report, the Controller's Office projected a current year General Fund AAB reserve deposit of \$50.4 million, bringing the total reserve to \$376.2 million. Reserve balances are projected to grow given the capacity for hearings and requests for delays from commercial property owners' agents. General Fund property tax revenue in the Proposed Budget is net of AAB reserve deposits of \$215.0 million for fiscal 2026-27 and \$191.0 million for fiscal year 2027-28.

The City cannot predict the actual level of revenue losses, however the City will continue to account for these trends in its periodic reports.

### **Business Tax Litigation**

As of April 2026, the total business tax reserves for litigation risk were approximately \$660 million. The majority of the litigation and claims relate to the validity, methodology and/or calculation of the various business taxes. The amount of claims and litigation continues to increase. Although more than 15,000 businesses pay the gross receipts tax that accrues to the General Fund, the top ten payers accounted for 28.8% of the revenue in tax year 2024. The top ten payers accounted for 35.1% of all business taxes – including gross receipts, homelessness gross receipts, commercial rents, and overpaid executive gross receipts taxes – in tax year 2023. The legal issues raised vary by claimant and are at various stages of the claims and litigation process.

The City is vigorously defending itself in these matters. However, there can be no assurances that the final determination of particular claims or litigation matters would not be applicable to other similarly situated taxpayers in the City and thus have broader applicability, and correspondingly increase the City's financial exposure. The City can make no assurances that the actual final impact to the City of the current and potential future claims and litigation related to the City's various business taxes will not significantly exceed amounts currently reserved.

### **Pending Local Initiatives**

San Franciscans and Californians will vote on various proposals that would change local and state revenue streams in the November 2026 elections. Additionally, the City and state legislature are considering proposals that would change local tax revenue. The only revenue proposals assumed in the FY27 & FY28 Proposed Budget are the local parcel tax and regional sales tax measures on the November 2026 ballot that would generate operating funds for the MTA. However, there are various proposals which could significantly impact the City's General Fund.

**Transit Tax Measures.** The FY27 & FY28 Proposed Budget assumes that two revenue measures on the November 2026 ballot supporting the MTA will pass. The FY27 & FY28 Proposed Budget includes \$166.0

million in local parcel tax revenue in fiscal year 2027-28 and revenue from a regional sales tax measure of \$17.0 million in fiscal year 2026-27 and \$155.0 million in fiscal year 2027-28. Should these measures fail, there will be significant pressure to use the General Fund to backfill some portion of the resulting \$338 million shortfall to avoid drastic service cuts. The fiscal year 2026-27 MTA budget assumes \$200 million in state loan proceeds from a total of \$590 million approved for Bay Area transit systems in SB117. Additional state funding beyond this loan appears unlikely.

Deep transit service cuts would significantly impact San Francisco, especially the downtown core that drives the City's economy. The City historically achieved its economic vitality by connecting skilled labor across the Bay Area to businesses concentrated in the City's central business district via mass transit. Full occupancy of this area is not possible without the Bay Area's network of light and heavy rail trains, buses, and streetcars. Potential reductions in transit operations could weaken the city's access to regional talent, pushing existing businesses to relocate and prospective businesses to expand in other cities instead of San Francisco. Combined, these factors could drive down office attendance and economic activity and reduce the tax revenues that depend on them, including sales, commercial rent, gross receipts, transfer, and other taxes.

**Housing Trust Fund.** The FY27 & FY28 Proposed Budget does not assume a proposed Charter amendment to extend and increase the annual contribution to the Housing Trust Fund from approximately \$50.0 million in fiscal year 2026-27 to \$125.0 million over the next ten fiscal years. The additional funding would support the creation, acquisition, and rehabilitation of affordable rental and ownership housing and other housing stabilization activities outlined in Charter Section 16.110. Should voters adopt the measure in November 2026, the General Fund impact would be \$6.1 million in fiscal year 2028-29, \$13.6 million in fiscal year 2029-30, and thereafter grow by an additional \$9.0 million each year until reaching nearly \$60 million by fiscal year 2034-35, assuming no temporary freezes or reductions.

**Real Property Transfer Tax Proposals.** The FY27 & FY28 Proposed Budget does not assume any changes to the City's real property transfer tax. Currently proposed measures that could potentially be adopted or submitted to voters include a local ordinance, Real Property Transfer Tax Rates and Penalties (File 260178), and a local ballot initiative, the Affordable Housing Guarantee Act. Taken individually (not contemplating interaction effects if multiple measures are approved), we estimate the impact as follows:

- Real Property Transfer Tax Rates and Penalties (File 260178) (also known as the BUILD Act) – The FY27 & FY28 Proposed Budget does not assume approval of this ordinance, which is currently pending at the Board of Supervisors and would decrease revenue by an estimated \$93.8 million in fiscal year 2026-27, \$96.4 million in fiscal year 2027-28, \$98.8 million in fiscal year 2028-29, and \$101.2 million in fiscal year 2029-30. The FY27 & FY28 Proposed Budget also does not assume any changes to the way the City taxes trustee deeds and deeds in lieu of foreclosure transactions, although we are aware that a proposal may be put forward to voters on the November 2026 ballot to tax these transactions.
- Affordable Housing Guarantee Act – The current text of this potential November 2026 ballot initiative would not reduce total City revenue, but it would redirect the entirety of the revenue generated by the rate increases approved in November 2020 Proposition I from the General Fund to a special revenue fund for affordable housing, reducing fiscal flexibility and increasing the General Fund deficit. Revenue generated by Proposition I, which doubled the tax rate on transactions over \$10 million, is estimated to be \$114.1 million in fiscal year 2026-27 and \$117.3 million in fiscal year 2027-28.

### **Impact of the State of California Budget on Local Finances**

Revenues from the State represent approximately 13% of the General Fund revenues appropriated in the FY27 & FY28 Proposed Budget, and thus changes in State revenues could have a material impact on the City's finances. In a typical year, the Governor releases two primary proposed budget documents: 1) the Governor's Proposed Budget required to be submitted in January; and 2) the "May Revise" to the Governor's Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature.

Following that process, the State Legislature adopts, and the Governor signs, the State Budget. City policy makers review and estimate the impact of both the Governor's Proposed and May Revise Budgets prior to the City adopting its own budget.

The State Budget funding increases for K-12 education would reduce the City's excess ERAF revenue by approximately \$30 million annually, which has been partially addressed in the FY27 & FY28 Proposed Budget as the Mayor introduced technical adjustments to reduce excess ERAF by approximately \$20 million in fiscal year 2027-28. Education funding changes include a 34% increase in special education funding, from \$999 to \$1,341 per unit of average daily attendance in fiscal year 2026-27, adjusted by an inflator thereafter, which would reduce excess ERAF revenue by \$14 million annually because special education funding, or SELPA, which totals approximately \$42.6 million in fiscal year 2025-26, is deducted from excess ERAF, with the remainder flowing to the City. The State Budget includes a statutory cost of living adjustment to the Local Control Funding Formula (LCFF) of 2.87% and a discretionary "super COLA" that results in a total COLA of 4.31% to help offset funding reductions related to declining enrollment. The FY27 & FY28 Proposed Budget assumes 2% annual growth in the LCFF. As educational entities' revenue limit increases, their draws from ERAF increase, reducing the amount of excess available to return to the City's General Fund by approximately \$15 million annually.

### **Potential City Acquisition of PG&E Distribution Assets**

On January 29, 2019, PG&E filed for Chapter 11 bankruptcy protection to shield itself from potential wildfire liability that was estimated in excess of \$30 billion. Taxes and fees paid by PG&E to the City total approximately \$75 million annually and include property taxes, franchise fees and business taxes, as well as the utility user taxes it remits on behalf of its customers. On June 20, 2020, the United States Bankruptcy Court for the Northern District of California confirmed PG&E's Plan of Reorganization, and on July 1, 2020 PG&E announced that it had emerged from Chapter 11 bankruptcy.

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

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

The San Francisco Planning Department issued a Draft Environmental Impact Report ("DEIR") for the acquisition in March 2025, and interested parties submitted comments on the DEIR. The Planning Department is finalizing the EIR and response to comments and expects to issue a final EIR soon.

The City is unable to predict whether it will be able to consummate a final negotiated acquisition price for the Target Assets and, if so, the terms thereof. Any such final terms would be subject to approval by the Board of Supervisors and SFPUC. If consummated, it is expected that such new electric system would be wholly supported by its own revenues. No revenues or funds of the City's General Fund would be available to pay for system operations, or would any City General Fund secured bonds issued to acquire the Target Assets.

## **Impact of Federal Government on Local Finances**

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

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

There can be no assurances that the current Presidential administration will not adopt new federal policies, or revise existing policies, or otherwise takes action, in a manner that materially adversely impacts the City's finances. Projections assume no changes to federal revenue related to the new federal administration's proposed funding freezes or rescission of funds, but this remains a source of budgetary uncertainty. Since January 20, 2025, the new federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President's immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences. Litigation has been brought challenging certain actions by the federal administration. Notwithstanding, the threat to the City's federal funding remains ongoing.

On February 19, 2025, the President issued Executive Order 14159, Protecting the American People from Invasion, targeting sanctuary cities and purporting to prohibit use of federal funds by such cities in certain ways related to undocumented immigrants. The City, along with other jurisdictions across the country, has filed litigation challenging the legality of the Executive Order. This matter is pending, and the potential adverse impact of enforcement of the Executive Order on City finances, if any, cannot be predicted at this time.

The expansive scope of H.R. 1 reshapes federal policy across every sector of the American economy, and the ultimate effect of its funding shifts and tax policy changes will take years to become known. The single largest and most direct effect on City finances will be changes to funding and access to healthcare coverage, which will significantly increase the number of uninsured and reduce federal support for providing uncompensated and emergency care.

Under the bill, states would lose Medicaid funding for adults who do not meet work requirements; enrollment periods would be shortened and eligibility determinations more frequent; and their ability to finance a portion of Medicaid spending through taxes collected from health care providers would be cut nearly in half. The Congressional Budget Office estimated these changes will increase the number of uninsured people by over ten million in 2034, and that, while federal costs would decrease, state costs to implement and administer the new requirements would increase substantially. Depending on the degree of state cost sharing, local administrative cost increases could be in the tens of millions per year. Reduced funding for Affordable Care Act (ACA) expansion and changes to ACA Health Insurance Marketplaces would add to the uninsured population. This bill represents the largest set of cuts to Medicaid since inception and could result in thousands of San Francisco residents disenrolling from the Medi-Cal program and reduced funding for the Department of Public Health.

The FY27 & FY28 Proposed Budget assumes major revenue losses related to the 2025 federal budget, which was signed into law on July 4, 2025, as H.R. 1. The overall fiscal impact to the Proposed Budget is a loss of \$89.2 million in fiscal year 2026-27 and \$200.9 million in FY 2027-28. The March 2026 Update to the Five-Year Financial Plan assumed revenue losses at DPH and the Human Services Agency (HSA) from H.R. 1 and related state policy changes of \$84.5 million in fiscal year 2026-27 and \$221.8 million in fiscal year 2027-28. Effective January 2027, over 100,000 HSA clients currently enrolled in Medi-Cal will be required to undergo semiannual, rather than annual, eligibility review, including income verification, work requirements, and documentation updates. The FY27 & FY28 Proposed Budget includes one-time spending of \$22.5 million in fiscal year 2026-27 and \$29.2 million in fiscal year 2027-28 for HSA staffing, non-personnel, and grants to address this significant increase in workload, with the goal of maintaining eligibility for as many Medi-Cal and CalFresh clients as possible. The FY27 & FY28 Proposed Budget assumes this new spending will maintain enrollment for 70 percent of affected clients, which will improve public health revenue by \$34.2 million over the two budget years compared to the March 2026 deficit assumptions, which did not assume any new spending to maintain eligibility.

Taking into account new spending in the FY27 & FY28 Proposed Budget, the estimated revenue impact of federal H.R. 1 and state policy changes is \$66.7 million in fiscal year 2026-27 and \$171.7 million in fiscal year 2027-28, which is an improvement of \$67.9 million over the two years compared to the March 2026 financial forecast. The FY27 & FY28 Proposed Budget assumes no impact in fiscal year 2026-27 from State Medi-Cal payment reductions but reduces revenue by \$9.7 million in fiscal year 2027-28. Supplemental payment program revenue losses of \$80.4 million in fiscal year 2026-27 and \$158.2 million in fiscal year 2027-28 represent the single largest contributor to the total revenue loss. Medi-Cal disenrollment adds a further loss of \$16.9 million in fiscal year 2026-27 and \$98.4 million in fiscal year 2027-28, reflecting reduced reimbursement as current Medi-Cal clients lose coverage. These losses are partially offset by uncompensated care claiming, a federal Disproportionate Share Hospital (DSH) reimbursement DPH can claim for care provided to uninsured individuals, which provides estimated offsetting revenue of \$35.6 million in fiscal year 2026-27 and \$101.2 million in fiscal year 2027-28. Uncompensated care claiming is subject to a cap, which limits the extent to which costs for uncompensated care can be recovered. Higher levels of Medi-Cal disenrollment will increase unreimbursed uncompensated care costs. Additionally, H.R. 1 reduces the federal share of CalFresh administrative costs, which are shared across federal, state, and county governments, from 50 percent to 25 percent. The Governor's proposed budget partially backfills this shift, resulting in estimated revenue losses of \$5.1 million in fiscal year 2026-27 and \$6.7 million in fiscal year 2027-28, a \$33.7 million improvement from the March 2026 deficit assumption.

Revenue projections in the budget are subject to significant implementation risk. The FY27 & FY28 Proposed Budget assumes increased eligibility workers and employment services staffing in HSA will maintain benefits for 70 percent of affected clients enrolled, but the actual impact will depend on H.R. 1 implementation, which remains uncertain. Further, the FY27 & FY28 Proposed Budget does not assume increased costs in other parts of the healthcare system, such as higher emergency services utilization by individuals who lose Medi-Cal coverage. The net fiscal impact could be greater than assumed in the FY27 & FY28 Proposed Budget and will require ongoing reporting and adjustments.

The FY27 & FY28 Proposed Budget assumes no more FEMA reimbursements for COVID-19. While the FY27 & FY28 Proposed Budget assumes no revenue from the reimbursement of disaster response cost claims made to the Federal Emergency Management Agency (FEMA), the Agency has disallowed over \$400 million of costs for shelter during the COVID-19 pandemic, of which \$148.0 million were already reimbursed in prior years. The City has filed appeals of some disallowed costs and is proceeding with an arbitration process to protect this funding. Going forward, the FEMA Review Council's Final Report issued in May 2026 recommends reducing the federal Public Assistance cost share from 75% to 50%, with the remaining 50% split among state and local governments, representing a significant increase in local costs for disaster response. See "PERIODIC FINANCIAL REPORTING; RECENT REPORTS."

## GENERAL FUND REVENUES

The revenues discussed below are General Fund resources, unless otherwise noted.

### PROPERTY TAXATION

#### Property Taxation System – General

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

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

#### Assessed Valuations, Tax Rates, and Tax Delinquencies

The property tax rate is comprised of two components: 1) the 1.0% countywide portion, and 2) all voter-approved overrides which fund debt service for general obligation bond indebtedness. Table A-6 provides a recent history of assessed valuations of taxable property within the City. Lingered impacts of the COVID-19 pandemic, which triggered business changes such as extended work-from-home policies that resulted in less demand for office spaces, and the substantial increases in borrowing costs (interest rates) resulted in a reduction in property values for certain asset classes in the City and may result in future reductions, which could be material.

The total tax rate shown in Table A-6 includes taxes assessed on behalf of the City as well as the SFUSD, County Office of Education (“SFCOE”), SFCCD, Bay Area Air Quality Management District (“BAAQMD”), and San Francisco Bay Area Rapid Transit District (“BART”), all of which are legal entities separate from the City. See also, Table A-32: “Statement of Direct and Overlapping Debt and Long-Term Obligations.” In addition to *ad valorem* taxes, voter-approved special assessment taxes or direct charges may also appear on a property tax bill.

Additionally, although no additional rate is levied, a portion of property taxes collected within the City is allocated to OCII, the successor agency to the San Francisco Redevelopment Agency, and a number of tax increment financing districts. Property tax revenues attributable to the growth in assessed value of taxable property (known as “tax increment”) within the adopted redevelopment project areas may be utilized by OCII and recently formed infrastructure financing districts to pay for outstanding and enforceable obligations and a portion of administrative costs of the agency, reducing tax revenues from those parcels located within project areas to the City and other local taxing agencies, such as SFUSD and SFCCD. Taxes collected for payment of debt service on general obligation bonds are not affected or diverted. OCII received \$125.8 million of property tax



increment in fiscal year 2024-25 for recognized obligations, diverting about \$69.9 million that would have otherwise been apportioned to the City's General Fund.

**TABLE A-6**  
**Assessed Valuation of Taxable Property**  
**Fiscal Years 2016-17 through 2025-26**  
**(\$000s)**

| Fiscal Year | Net Assessed <sup>(1)</sup><br>Valuation (NAV) | % Change<br>from Prior<br>Year | Total Tax<br>Rate per<br>\$100 <sup>(2)</sup> | Total Tax<br>Levy <sup>(3)</sup> | Total Tax<br>Collected <sup>(3)</sup> | %<br>Collected<br>June 30 |
|-------------|------------------------------------------------|--------------------------------|-----------------------------------------------|----------------------------------|---------------------------------------|---------------------------|
| 2016-17     | \$211,532,524                                  | 8.8%                           | 1.179                                         | \$2,492,789                      | \$2,471,486                           | 99.1%                     |
| 2017-18     | 234,074,597                                    | 10.7%                          | 1.172                                         | 2,732,615                        | 2,709,048                             | 99.1%                     |
| 2018-19     | 259,329,479                                    | 10.8%                          | 1.163                                         | 2,999,794                        | 2,977,664                             | 99.3%                     |
| 2019-20     | 281,073,307                                    | 8.4%                           | 1.180                                         | 3,509,022                        | 3,475,682                             | 99.0%                     |
| 2020-21     | 299,686,811                                    | 6.6%                           | 1.198                                         | 3,823,246                        | 3,785,038                             | 99.0%                     |
| 2021-22     | 307,712,666                                    | 2.7%                           | 1.182                                         | 3,864,100                        | 3,832,546                             | 99.2%                     |
| 2022-23     | 331,431,694                                    | 7.7%                           | 1.180                                         | 4,067,270                        | 4,032,813                             | 99.2%                     |
| 2023-24     | 346,366,619                                    | 4.5%                           | 1.178                                         | 4,261,226                        | 4,215,823                             | 98.9%                     |
| 2024-25     | 348,713,889                                    | 0.7%                           | 1.171                                         | 4,083,810                        | 4,025,051                             | 98.6%                     |
| 2025-26     | 357,842,539 <sup>(4)</sup>                     | 2.6%                           | 1.183                                         | 4,225,180 <sup>(4)</sup>         | N/A                                   | N/A                       |

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

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

(3) The Total Tax Levy and Total Tax Collected through fiscal year 2023-24 is based on year-end current year secured and unsecured levies as adjusted through roll collections, excluding supplemental assessments, as included in the statistical report received from the Office of the Treasurer and Tax Collector. Beginning with fiscal year 2024-25, the amounts are prepared by the Office of the Controller and also exclude direct charge levies as they do not correlate to the assessed valuations of properties.

(4) Based on initial assessed valuations for fiscal year 2025-26.

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

At the start of fiscal year 2025-26, the total net assessed valuation of taxable property within the City was approximately \$357.8 billion. Of this total, \$341.8 billion (95.5%) represents secured valuations and \$16.0 billion (4.5%) represents unsecured valuations. See "Tax Levy and Collection" below for a further discussion of secured and unsecured property valuations.

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

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

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in assessment appeals as the economy rebounds. During the severe economic downturn of fiscal years 2009-10 and 2010-11, reductions of up to approximately 30% of the assessed valuations appealed were granted.

Successful assessment appeals result in property tax refunds and so as with appeals activity the total value of refunds typically increases as a result of economic downturns. Other taxing agencies such as SFUSD, SFCOE, SFCCD, BAAQMD, and BART share proportionately in any refunds paid as a result of successful appeals. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. In the period following the Great Recession, assessment appeals increased significantly as did associated reductions, and a similar trend is developing post-pandemic. For scale, in the wake of the Great Recession, the reductions in residential property assessed value reached upwards of \$2 billion in 2010-11 when the roll topped \$157 billion.

Appeals activity is reviewed each year and incorporated into the current and subsequent years' budget projections of property tax revenues. Refunds of prior years' property taxes from the discretionary General Fund appeals reserve fund for fiscal years 2014-15 through 2024-25 are listed in Table A-7 below.

**TABLE A-7**  
**Refunds of Prior Years' Property Tax Revenues**  
**General Fund**  
**Fiscal Years 2014-15 through 2024-25**  
**(\$000s)**

| Fiscal Year | Amount Reduced |
|-------------|----------------|
| 2014-15     | \$16,304       |
| 2015-16     | 16,199         |
| 2016-17     | 33,397         |
| 2017-18     | 24,401         |
| 2018-19     | 30,071         |
| 2019-20     | 17,900         |
| 2020-21*    | 10,729         |
| 2021-22     | 16,479         |
| 2022-23     | 23,070         |
| 2023-24     | 36,822         |
| 2024-25     | 78,409         |

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

\*Amount reduced in fiscal year 2020-21 and forward reflects both Teetered and non-teetered property tax amounts.

A property's annual assessed value is determined as of January 1 preceding the start of the fiscal year for which taxes are billed and paid. Under California's Proposition 13, a property's annual assessed value is the lesser of (1) its base year value (fair market value as of the date of change in ownership or completion of new construction), factored for inflation at no more than two percent per year; or (2) its fair market value as of that January 1. A qualifying taxpayer can seek assessed value adjustment from the AAB, from the Assessor's Office, or both. If a property's fair market value is assessed below its factored base year value, the reduced value is enrolled on a temporary basis (for one year) and is commonly referred to as a "Proposition 8" reduction, after the 1978 initiative, or simply as a "decline in value" reduction. If a property receives such a temporary reduction, as long as the market value remains below the original factored base year value, the assessor must continually review and adjust the assessment annually. When market value again exceeds the property's factored base year value, the Assessor reinstates the factored base year value as the taxable value to be enrolled for that January 1 lien date.

COVID-19's impact on San Francisco real property values first arose on the 2021 Assessment Roll, resulting in an almost 4-times increase in the total count of Proposition 8 reductions granted compared to the 2020 Assessment Roll (up from 2,059 to 8,212) and more than 8-times increase in the value of the reductions (up from \$272 million to \$2.18 billion).

For the 2025 Assessment Roll, the total count and value of approved Proposition 8 reductions for the were 9,375 and \$4.84 billion, respectively, for 2025. There are no projections for 2026 Assessment Roll; however, for the January 1, 2026 lien date, the Assessor's Office projects completing 11,247 "decline-in-value" reviews, up slightly from 10,739 for 2025.

The two most significant factors driving changes beginning with the 2021 Assessment Roll were Proposition 8 reductions for hotel and condominium properties. In response to COVID-19, the Assessor's Office performed proactive reviews of commercial properties, which resulted in temporary reductions of \$1.01 billion for 26 hotel properties on the 2021 Assessment Roll. For the 2025 Assessment Roll, the Assessor reviewed and applied Proposition 8 assessed value reductions for 25 hotel properties, totaling \$1.29 billion and expects 2026 to be similar. Meanwhile, condominiums accounted for the largest share of new reductions since the onset of the pandemic at over 70% of the total value of temporary reductions (excluding hotels) on the 2021 and 2022 Assessment Rolls, but declining as a percentage of the total value of temporary reductions (excluding hotels) each year since, now accounting for just over half (51%) of the total value of temporary reductions (excluding hotels).

In order to more efficiently address a subset of regular open appeals on certain classes of residential property with an assessed value below \$5 million, in December 2023, the Assessor's Office applied the same regression model it uses for confirming sales prices to determine Proposition 8 reductions to condominiums with open appeals. In December 2024 the project expanded from solely condominiums to also include e dwellings (single-family residences) which practice was repeated again in December 2025. On this basis, stipulation letters were then sent in February 2026 to 617 condos and 205 dwellings containing a recommended value and instructions about how to withdraw their open appeal if they accepted said value. Taxpayers were given roughly a month to withdraw their appeals and accept the recommended value, which 407 condos and 139 dwellings did according to Assessor records. Taken together, the result of these 546 withdrawals is a temporary downward adjustment of the enrolled value for these properties totaling approximately \$106 million.

As referenced above, taxpayers may also seek assessed value adjustments from the AAB, whether or not they seek and/or receive such an adjustment from the Assessor through the Assessor's informal review process. Supplemental and Base Year Appeals are to establish a property's base value. Escape and Regular Appeals are filed to contest a property's value as of January 1. The majority of appeals (typically 70 plus percent) filed are Regular Appeals. For regular, annual secured property tax assessments, the period for property owners to file an appeal is between July 2nd and September 15th. If September 15th falls on a Saturday or Sunday, applications filed or postmarked the next business day are considered timely. The AAB generally is required to resolve appeals applications within two (2) years of filing, unless the applicant signs a waiver to extend the statutory period. Appeals may also be resolved when the Assessor and a property owner stipulate to a corrected value, which the AAB may approve, or reject and require a hearing in which it determines the value. Upon hearing a supplemental or base year appeal to establish a base value, the AAB may decide to increase, decrease, or not change an assessment. In the case of an escape or regular appeal, the AAB may lower the taxable value or maintain the factored base year value but cannot increase the value above the factored base year value. If an escape or regular appeal results in a change in value, the result is a temporary decline-in-value reduction. The new assessed value will be used to determine the property taxes for the year that was appealed. Subsequently, as with any decline-in-value reduction, each year, the Assessor examines the property to see if the market value has risen back to the Proposition 13 base year value, or higher, and if so, reestablishes the Proposition 13 base year value. This does not apply to appeals to establish a property's base value.

Not all filed appeals receive a hearing or result in a property tax assessment reduction. A large majority of all assessment appeals are withdrawn and these withdrawn appeals may or may not receive a reduction. Similarly, not all assessment appeals heard result in a reduction. City revenue estimates take into account projected property tax losses from pending and future assessment appeals that are based on historical results as to appeals.

Appeals have increased considerably since fiscal year 2019-20 as a result of the impacts of the COVID pandemic and its aftermath as described herein. As of March 31, 2026 the total number of open appeals before the AAB was approximately 12,638. This reflects approximately 8,846 applications the AAB has received during the fiscal year 2025-26 so far. The City expects newly filed appeals during the fiscal year 2026-27 filing period to modestly decline from fiscal year 2025-26.

As of March 31, 2026 the difference between assessed values and the taxpayer's opinions of value for all the open applications was approximately \$134.9 billion. If the City were not to contest any of these appeals and the AAB upheld all taxpayer requested reductions, the resulting property tax revenue loss would be roughly \$1.59 billion. The General Fund's portion of that hypothetical loss of \$1.59 billion in property tax revenues would be approximately \$747.0 million. In practice, the City has contested virtually all taxpayer appeals resulting in substantially lower impacts to the City's property tax revenues resulting from assessment appeals.

## **Tax Levy and Collection**

As the local tax-levying agency under State law, the City levies property taxes on all taxable property within the City's boundaries for the benefit of all overlapping local agencies, including SFUSD, SFCCD, the BAAQMD and BART. The total tax levy for all taxing entities to begin fiscal year 2025-26 was \$4.2 billion, not including supplemental, escape and special assessments that may be assessed during the year. Of total property tax revenues on an Actual Budgetary Basis allocated in fiscal year 2024-25 (including supplemental and escape property taxes), the City received \$2.5 billion in the General Fund and \$278.7 million in special revenue funds designated for children's programs, libraries and open space. SFUSD and SFCCD received approximately \$258.6 million and \$48.5 million, respectively, and the local ERAF received \$450.1 million (before adjusting for the vehicle license fees ("VLF") backfill shift). The Successor Agency received \$125.8 million. The remaining portion was allocated to various other governmental bodies, various special funds, general obligation bond debt service funds, and other taxing entities. Taxes levied to pay debt service for general obligation bonds issued by the City, SFUSD, SFCCD and BART may only be applied for that purpose. The City's General Fund was allocated about 47.5% of total property tax revenue before adjusting for the tax increment financing districts, VLF backfill shift, and excess ERAF.

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

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

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

A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared "tax defaulted" and subject to eventual sale by the Treasurer and Tax Collector of the City. Such property may thereafter be redeemed

by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

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

**TABLE A-8**  
**Teeter Plan**  
**Tax Loss Reserve Fund Balance**  
**Fiscal Years 2014-15 through 2024-25**  
**(\$000s)**

| Year Ended | Amount Funded |
|------------|---------------|
| 2014-15    | \$20,569      |
| 2015-16    | 22,882        |
| 2016-17    | 24,882        |
| 2017-18    | 25,567        |
| 2018-19    | 29,126        |
| 2019-20    | 31,968        |
| 2020-21    | 35,298        |
| 2021-22    | 35,951        |
| 2022-23    | 38,041        |
| 2023-24    | 39,723        |
| 2024-25    | 40,532        |

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

Assessed valuations of the aggregate ten largest assessment parcels in the City for the fiscal year beginning July 1, 2025 are shown in Table A-9. The City cannot determine from its assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the Office of the Assessor-Recorder.

**TABLE A-9**  
**Top 10 Parcels Total Assessed Value**  
**July 1, 2025**

| Assessee <sup>(1)</sup>                                | Location                          | Type               | Total Assessed Value <sup>(2)</sup> |
|--------------------------------------------------------|-----------------------------------|--------------------|-------------------------------------|
| Sutter Bay Hospitals <sup>(3)</sup>                    | 1101 Van Ness Ave                 | Hospital           | \$ 2,754,970,876                    |
| Transbay Tower LLC                                     | 415 Mission St                    | Office             | 1,951,770,071                       |
| GSW Arena LLC                                          | 1 Warriors Way A                  | Entertainment Comp | 1,544,077,883                       |
| Park Tower Owner LLC                                   | 250 Howard St                     | Office             | 1,186,471,863                       |
| KRE Exchange Owner LLC                                 | 1800 Owens St                     | Office             | 1,181,992,820                       |
| Hwa 555 Owners LLC                                     | 555 California St                 | Office             | 1,159,518,020                       |
| Elm Property Venture LLC                               | 101 California St                 | Office             | 1,123,892,319                       |
| PPF Paramount One Market Plaza Owner LP                | 55 Spear St                       | Office             | 949,697,266                         |
| SFDC 50 Fremont LLC                                    | 50 Fremont St                     | Office             | 784,545,353                         |
| Sutter Bay Hospitals DbA Ca Pacific Med <sup>(3)</sup> | 3555 Cesar Chavez St/555 San Jose | Hospital           | 761,393,708                         |
|                                                        |                                   |                    | <u>\$13,398,330,179</u>             |

<sup>(1)</sup> Certain parcels fall within OCII project areas.

<sup>(2)</sup> Represents the Total Assessed Valuation (TAV) as of the Basis of Levy, which excludes assessments processed during the fiscal year, TAV includes land & improvements, personal property, and fixtures. Values reflect information as January 1, 2025, lien date.

<sup>(3)</sup> Nonprofit organization; parcel is largely exempt from property taxes.

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

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## Taxation of State-Assessed Utility Property

A portion of the City's total net assessed valuation consists of utility property subject to assessment by the State Board of Equalization. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed as part of a "going concern" rather than as individual parcels of real or personal property. Tax revenues are distributed to taxing jurisdictions (including the City itself) according to statutory formula are generally based on the distribution of taxes in the prior year. The fiscal year 2025-26 valuation of property assessed by the State Board of Equalization in the City is approximately \$4.9 billion.

## OTHER CITY TAX REVENUES

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

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

See Table A-10 below for a summary of revenue source as a percentage of total General Fund revenue based on the FY27 & FY28 Proposed Budget.

**TABLE A-10**  
**General Fund Revenue Overview**  
**Fiscal Year 2026-27**  
**(\$000s)**

| Revenues                         | Fiscal Year 2026-27 Proposed Budget |                     |
|----------------------------------|-------------------------------------|---------------------|
|                                  | Revenues                            | Percentage of Total |
| Property Taxes                   | \$ 2,407,000                        | 33.7%               |
| Business Taxes                   | 1,572,180                           | 22.0                |
| Other Local Taxes <sup>(1)</sup> | 1,139,550                           | 16.0                |
| Licenses, Permits and Franchises | 24,071                              | 0.3                 |
| Fines, Forfeitures and Penalties | 3,608                               | 0.1                 |
| Interest and Investment Income   | 164,804                             | 2.3                 |
| Rents and Concessions            | 25,886                              | 0.4                 |
| Intergovernmental                | 1,298,827                           | 18.2                |
| Charges for Services             | 487,090                             | 6.8                 |
| Other                            | 17,344                              | 0.2                 |
| Total Revenues                   | \$ 7,140,360                        | 100.0%              |

<sup>(1)</sup> Other Local Taxes includes sales, hotel, utility users, parking, transfer, sugar sweetened beverage, stadium admissions, access line, and cannabis taxes.

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

## Business Taxes

Through tax year 2014, businesses in the City were subject to payroll expense and business registration taxes. Proposition E (November 2012) changed business registration tax rates and introduced a gross receipts tax which phased in over a five-year period beginning January 1, 2014, intending to replace the then existing 1.5%



tax on business payrolls over the same period. Overall, the ordinance increased the number and types of businesses in the City that pay business tax and registration fees from approximately 7,500 to 15,000. In November 2020, voters passed Proposition F, which eliminated the payroll tax and modified gross receipt tax rates. Most gross receipt tax rates increased by 40% for tax year 2021 over the prior year. Much smaller increases were scheduled for 2023 and 2024, should the City's taxable gross receipts in 2021 and 2022 reach at least 90% and 95%, respectively, of 2019 taxable gross receipts. The 2023 tax increase was suspended for one year because the City's 2021 taxable gross receipts did not reach the 90% threshold and the 2024 tax increase is suspended for one year because the City's 2022 taxable gross receipts did not reach the 95% threshold. In some industries that were particularly hurt during the pandemic, such as retail, trade and food services, Proposition F resulted in lowered tax rates through 2022 for gross receipts under \$25 million. Subsequent legislation extended the lowered rate to these businesses for an additional two years. Proposition F also reduced business registration fees for businesses with less than \$1 million in gross receipts and raised the small business exemption for gross receipts taxes to \$2 million.

In November 2024, voters in the City approved Proposition M. In connection with Proposition M, the Controller prepared an analysis of the projected impacts of Proposition M on business tax revenue. The Controller projected that, over the first three fiscal years, between fiscal years 2024-25 and 2026-27, Proposition M would reduce revenues by approximately \$40 million annually. The Controller noted that, while uncertain this projected loss may be smaller if Proposition M enabled the City to reduce reserves for disputed taxes in the future. Beginning in 2027, scheduled rate increases were projected to generate positive revenues of approximately \$50 million annually in fiscal year 2028-29 and thereafter. By fiscal year 2029-30, the total positive revenue resulting from the rate increases was projected to offset the reduced revenue in the first three years, making the total amount of business tax revenue over that period comparable to law prior to the enactment of Proposition M. After fiscal year 2029-30, the Controller projected that Proposition M would generate additional revenue of approximately \$50 million annually. Projected revenue impacts above assume a reduction in business license fees of \$10 million annually, which is the subject of recently introduced legislation.

Proposition M amended the City's existing Business and Tax Regulations Code in several key areas:

- Increased the small business exemption from the gross receipts tax from \$2.25 million to \$5.0 million,
- Consolidated the number of tax schedules from 14 business activity categories to 7 business activity categories for the gross receipts and homelessness gross receipts taxes,
- Adjusted tax rates for gross receipts, homelessness gross receipts, administrative office, and overpaid executive gross receipts taxes in 2025, and increased tax rates on gross receipts, administrative office, and overpaid executive gross receipts taxes in 2027 and 2028; scheduled tax rate increases after 2024 would not occur,
- Shifted the City's calculation of San Francisco gross receipts for most business activities away from payroll expenses and towards sales; the only exceptions are business activities whose San Francisco gross receipts calculation is already entirely based on sales,
- Required the Office of the Treasurer and Tax Collector to establish an advance determination process to provide written guidance to taxpayers, and makes other implementation changes,
- Created new tax credits for businesses paying stadium operator admission taxes, grocery retailers, and new lessees in certain newly constructed buildings, and
- Made changes to business registration fees.

Additionally, Proposition M requires that the Controller report on the impact of the various changes made by the initiative in September 2026 and September 2027.

**TABLE A-11**  
**Business Tax Revenues - All Funds<sup>(1)</sup>**  
**Fiscal Years 2023-24 through 2027-28**  
**(\$000s)**

| Fiscal Year <sup>(2)</sup>             | Revenue   | Change   | Change % |
|----------------------------------------|-----------|----------|----------|
| 2023-24                                | \$996,247 | (62,947) | -5.9%    |
| 2024-25                                | 1,122,458 | 126,211  | 12.7     |
| 2025-26 Estimated <sup>(3)</sup>       | 1,341,600 | 219,142  | 19.5     |
| 2026-27 Proposed Budget <sup>(4)</sup> | 1,576,480 | 234,880  | 17.5     |
| 2027-28 Proposed Budget <sup>(4)</sup> | 1,482,040 | (94,440) | -6.0     |

<sup>(1)</sup> Figures exclude Homelessness Gross Receipts and Commercial Rent taxes.

<sup>(2)</sup> Figures for fiscal years 2023-24 and 2024-25 are actuals. Includes gross receipts and payroll taxes allocated to special revenue funds for the Community Challenge Grant program as well as business registration tax.

<sup>(3)</sup> Based on May 2026 Nine-Month Report.

<sup>(4)</sup> Based on FY27 & FY28 Proposed Budget.

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

### **Transient Occupancy Tax (Hotel Tax)**

Pursuant to the San Francisco Business and Tax Regulation Code, a 14.0% transient occupancy tax is imposed on occupants of hotel rooms and is remitted by hotel operators to the City monthly. Table A-12 includes hotel tax in all funds. Slightly less than 90% of the City's hotel tax is allocated to the General Fund, with 10.7% allocated to arts and cultural organizations per November 2018 Proposition E.

The FY27 & FY28 Proposed Budget assumes General Fund hotel tax revenues of \$289.4 million in FY 2026-27 and \$291.6 million in fiscal year 2027-28. Proposition E arts and culture allocations are budgeted at an additional \$36.0 million in fiscal year 2026-27 and \$36.3 million in fiscal year 2027-28, meeting Proposition E requirements. Hotel tax revenues are projected to improve year over year but will not reach pre-pandemic levels until after fiscal year 2029-30.

The \$24.2 million increase in budgeted General Fund hotel tax revenue for fiscal year 2026-27 as compared to fiscal year 2025-26 reflects the recent rebound in Moscone Center event attendance and optimism about domestic tourism trends. Strong Moscone Center event attendance drives tax revenue up through compression pricing, and the return of major conferences to San Francisco, in addition to World Cup games held near the first week of fiscal year 2026-27, is expected to boost hotel tax performance. The second budget year assumes more modest growth to reflect a weaker Moscone Center event calendar and uncertainty about trends in international tourism.

Hotel tax is highly correlated with the hotel industry indicator revenue per available room (RevPAR), which is the combined effect of occupancy and average daily room rates. RevPAR in the first three quarters of FY 2025- 26 averaged \$183.86, an increase of 25.7 percent versus the same period in FY 2024-25. This increase reflects strong Moscone Center event attendance, including Super Bowl LX events that drew over 100,000 attendees to Moscone Center events during the first week of February 2026. RevPAR is projected to grow modestly in fiscal year 2026-27 and fiscal year 2027-28, up to 5 percent. This is slower than fiscal year 2025-26 growth, reflecting the drop in large one-time events like the Super Bowl and less certainty in future Moscone Center event calendars.

**TABLE A-12**  
**Transient Occupancy Tax Revenues - All Funds<sup>(1)</sup>**  
**Fiscal Years 2023-24 through 2027-28**  
**(\$000s)**

| Fiscal Year <sup>(2)</sup>             | Tax Rate | Revenue | Change |      |
|----------------------------------------|----------|---------|--------|------|
| 2023-24                                | 14.0     | 287,553 | 4,100  | 1.4% |
| 2024-25                                | 14.0     | 289,347 | 1,794  | 0.6  |
| 2025-26 Estimated <sup>(3)</sup>       | 14.0     | 323,300 | 33,953 | 11.7 |
| 2026-27 Proposed Budget <sup>(4)</sup> | 14.0     | 325,400 | 2,100  | 0.6  |
| 2027-28 Proposed Budget <sup>(4)</sup> | 14.0     | 327,900 | 2,500  | 0.8  |

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

(2) Figures for fiscal years 2023-24 and 2024-25 are actuals.

(3) Based on May 2026 Nine-Month Report.

(4) Based on FY27 & FY28 Proposed Budget.

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

### **Real Property Transfer Tax**

RPTT is imposed on all real estate transfers recorded in the City. Transfer tax revenue is more sensitive to economic and real estate cycles than most other City revenue sources. Transfer tax rates are \$5.00 per \$1,000 of the sale price of the property being transferred for properties valued at \$250,000 or less; \$6.80 per \$1,000 for properties valued from more than \$250,000 to \$999,999; \$7.50 per \$1,000 for properties valued from \$1.0 million to less than \$5.0 million; \$22.50 per \$1,000 for properties valued from \$5.0 million to less than \$10.0 million; \$55.00 per \$1,000 for properties valued from \$10.0 million to less than \$25.0 million and \$60.00 per \$1,000 for properties valued at \$25.0 million or more.

The City has experienced the largest increase in office vacancy among major urban office markets in the United States, from 5.6% in the 4th quarter of 2019 to 35.7% in the second quarter of 2025. The high vacancy rate, along with continuing uncertainty regarding the return-to-office plans of major office tenants, has reduced both the volume of office transactions, and the per-square foot value of these sales. According to CoStar, downtown office sales transactions have averaged nine per quarter since 2020, down from an average of 22 per quarter before the pandemic. The average market sale price across the city stood at \$459 per square foot in Q2 2025, a 42% decline from the peak of \$790 in Q4 2019.

Due to the highly progressive nature of the tax, the volatility of RPTT is attributable mainly to the sales of high-value (largely commercial) properties over \$10 million. The overall number of transactions over \$10 million dropped from 101 transfers in fiscal year 2021-22 to 55 transfers in fiscal year 2022-23 and 56 transfers in fiscal year 2023-24. Based on data through the end of May 2026, the estimated number of transactions over \$10 million will increase to 115 in fiscal year 2025-26. The number of transactions under \$10 million similarly declined from 10,086 transfers in fiscal year 2021-22 to 64,916,714 transfers in fiscal year 2023-24, and further declining to 6,487 transfers in fiscal year 2023-24. Based on data through the end of May 2026, the estimated number of transactions under \$10 million in fiscal year 2025-26 will end at approximately 8,300.

The FY27 & FY28 Proposed Budget projects increases from the fiscal year 2024-25 and fiscal year 2025-26 budget, anticipating increases in transfers as buyers and sellers find agreement about market prices of large real estate transactions in an office market reset.

**TABLE A-13**  
**Real Property Transfer Tax Receipts - All Funds**  
**Fiscal Years 2023-24 through 2027-28**  
**(\$000s)**

| Fiscal Year <sup>(1)</sup>             | Revenue    | Change     |       |
|----------------------------------------|------------|------------|-------|
| 2023-24                                | \$ 177,700 | \$ (8,547) | -4.6% |
| 2024-25                                | 294,366    | 116,666    | 65.7  |
| 2025-26 Estimated <sup>(2)</sup>       | 376,299    | 81,863     | 27.8  |
| 2026-27 Proposed Budget <sup>(3)</sup> | 358,770    | (17,459)   | -4.6  |
| 2027-28 Proposed Budget <sup>(3)</sup> | 370,410    | 11,640     | 3.2   |

<sup>(1)</sup> Figures for fiscal years 2023-24 and 2024-25 are actuals.

<sup>(2)</sup> Based on May 2026 Nine-Month Report.

<sup>(3)</sup> Based on FY27 & FY28 Proposed Budget.

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

As described in “BUDGET RISKS – Pending Initiatives” a Statewide ballot initiative has qualified for the November 3, 2026 ballot which, if approved, would limit property transfer tax rates to approximately 0.11% and repeal existing property transfer taxes whose rate exceeds 0.11%, effective December 31, 2028. This could reduce City’s real Property Transfer Tax Receipts by approximately \$350 million annually.

### **Sales and Use Tax**

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

The components of San Francisco’s 8.6250% sales tax rate are shown in Table A-14. In addition to the 1% portion of local sales tax, the State subvenes (i.e. transfers) portions of sales tax back to counties through 2011 realignment (1.0625%), 1991 realignment (0.5%), and public safety sales tax (0.5%). The subventions are discussed in more detail under “INTERGOVERNMENTAL REVENUES” herein.

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**TABLE A-14**  
**San Francisco's Sales & Use Tax Rate**

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

\* Represents portions of the sales tax allocated to the City.  
Source: Office of the Controller, City and County of San Francisco.

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

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**TABLE A-15**  
**Sales and Use Tax Revenues**  
**Fiscal Years 2023-24 through 2027-28**  
**General Fund**  
**(\$000s)**

| Fiscal Year <sup>(1)</sup>             | Tax Rate | City Share | Revenue    | Change     |       |
|----------------------------------------|----------|------------|------------|------------|-------|
| 2023-24                                | 8.625%   | 1.00%      | \$ 190,528 | \$ (7,383) | -3.7% |
| 2024-25                                | 8.625    | 1.00       | 188,348    | (2,180)    | -1.1  |
| 2025-26 Estimated <sup>(2)</sup>       | 8.625    | 1.00       | 200,952    | 12,604     | 6.7   |
| 2026-27 Proposed Budget <sup>(3)</sup> | 8.625    | 1.00       | 201,820    | 868        | 0.4   |
| 2027-28 Proposed Budget <sup>(3)</sup> | 8.625    | 1.00       | 207,770    | 5,950      | 2.9   |

<sup>(1)</sup> Figures for fiscal years 2023-24 and 2024-25 are actuals.

<sup>(2)</sup> Based on May 2026 Nine-Month Report.

<sup>(3)</sup> Based on FY27 & FY28 Proposed Budget.

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

### Other Local Taxes

The City imposes a number of other general purpose taxes:

- Utility Users Tax (“UUT”) - A 7.5% tax on non-residential users of gas, electricity, water, steam and telephone services.
- Access Line Tax (“ALT”) – As of July 1, 2025, a charge of \$4.36 on every telecommunications line, \$32.82 on every trunk line, and \$590.99 on every high-capacity line in the City. The ALT replaced the Emergency Response Fee (“ERF”) in 2009. The tax is collected from telephone communications service subscribers by the telephone service supplier.
- Parking Tax - A 25% tax for off-street parking spaces. The tax is paid by occupants and remitted monthly to the City by parking facility operators. In accordance with Charter Section 16.110, 80% of parking tax revenues are transferred from the General Fund to the MTA’s Enterprise Funds to support public transit.
- Sugar Sweetened Beverage Tax – A one cent per ounce tax on the distribution of sugary beverages. This measure was adopted by voters on November 9, 2016 (Proposition V) and took effect on January 1, 2018.
- Stadium Admission Tax – A tax between \$0.25 and \$1.50 per seat or space in a stadium for any event, with some specific exclusions.
- Cannabis Tax – A gross receipts tax of 1% to 5% on marijuana business and permits the City to tax businesses that do not have a physical presence in the City. This measure was adopted by voters in November 2018 (Proposition D). The tax was originally slated to go into effect on January 1, 2021, but the Board has delayed the imposition of the tax several times. The cannabis tax will now take effect beginning January 1, 2036.
- Franchise Tax – A tax for the use of City streets and rights-of-way on cable TV, electric, natural gas, and steam franchises.

Table A-16 reflects the City’s actual tax receipts for fiscal years 2022-23 through 2023-24, estimated amounts for fiscal year 2025-26 and the FY27 & FY28 Proposed Budgets for fiscal year 2026-27, respectively.

As with the larger tax revenues described above, the City anticipates these sources will be impacted by the pace of economic recovery. See “See “PERIODIC FINANCIAL REPORTING; RECENT REPORTS” for recent financial reports and projections.

**TABLE A-16**  
**Other Local Taxes**  
**Fiscal Years 2023-24 through 2027-28**  
**General Fund**  
**(\$000s)**

| Tax                             | 2023-24<br>Actuals <sup>(1)</sup> | 2024-25<br>Actuals <sup>(1)</sup> | 2025-26<br>Estimated <sup>(2)</sup> | 2026-27<br>Proposed<br>Budget <sup>(3)</sup> | 2027-28<br>Proposed<br>Budget <sup>(3)</sup> |
|---------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|----------------------------------------------|----------------------------------------------|
| Utility Users Tax               | \$121,931                         | \$111,811                         | \$120,058                           | 124,080                                      | 127,950                                      |
| Access Line Tax                 | 64,609                            | 58,093                            | 80,000                              | 60,700                                       | 61,100                                       |
| Parking Tax                     | 86,178                            | 81,285                            | 83,500                              | 83,500                                       | 83,500                                       |
| Sugar Sweetened Beverage<br>Tax | 11,625                            | 11,372                            | 11,372                              | 11,370                                       | 11,370                                       |
| Stadium Admissions Tax          | 8,567                             | 8,864                             | 9,921                               | 9,920                                        | 9,920                                        |

<sup>(1)</sup> Figures for fiscal years 2023-24 and 2024-25 are actuals.

<sup>(2)</sup> Based on May 2026 Nine-Month Report.

<sup>(3)</sup> Based on FY27 & FY28 Proposed Budget.

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

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## CITY GENERAL FUND PROGRAMS AND EXPENDITURES

### General Fund Expenditures by Major Service Area

As a consolidated city and county, the City budgets General Fund expenditures in seven major service areas as described in Table A-17 below:

**TABLE A-17**  
**Expenditures by Major Service Area**  
**Fiscal Years 2023-24 through 2027-28**  
**(\$000s)**

| Major Service Areas                      | 2023-24<br>Final<br>Budget <sup>(1)</sup> | 2024-25<br>Final<br>Budget <sup>(1)</sup> | 2025-26<br>Final<br>Estimated <sup>(2)</sup> | 2026-27<br>Proposed<br>Budget <sup>(3)</sup> | 2027-28<br>Proposed<br>Budget <sup>(3)</sup> |
|------------------------------------------|-------------------------------------------|-------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| Public Protection                        | \$ 1,747,925                              | \$ 1,860,865                              | \$ 1,923,582                                 | \$ 2,019,924                                 | \$ 2,067,957                                 |
| Human Welfare & Neighborhood Development | 1,686,647                                 | 1,654,758                                 | 1,670,511                                    | 1,733,488                                    | 1,813,647                                    |
| Community Health                         | 1,099,022                                 | 1,203,239                                 | 1,223,759                                    | 1,313,062                                    | 1,327,717                                    |
| General Administration & Finance         | 346,074                                   | 357,895                                   | 342,691                                      | 368,729                                      | 381,158                                      |
| Culture & Recreation                     | 198,594                                   | 186,330                                   | 204,503                                      | 216,575                                      | 222,982                                      |
| General City Responsibilities            | 213,493                                   | 180,453                                   | 201,002                                      | 262,247                                      | 316,128                                      |
| Public Works, Transportation & Commerce  | <u>254,637</u>                            | <u>230,938</u>                            | <u>177,859</u>                               | <u>217,219</u>                               | <u>248,030</u>                               |
| Total <sup>(2)</sup>                     | \$ 5,546,392                              | \$ 5,674,478                              | \$ 5,743,907                                 | \$ 6,131,244                                 | \$ 6,377,620                                 |

<sup>(1)</sup> Figures for fiscal years 2023-24 and 2024-25 are as reflected in ACFR.

<sup>(2)</sup> Fiscal year 2025-26 amounts are from the Original Budget, adopted July 25, 2025.

<sup>(3)</sup> Based on FY27 & FY28 Proposed Budget.

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

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

The Laguna Honda Hospital and Rehabilitation Center ("Laguna Honda") is a skilled nursing facility owned and operated by the City through its Department of Public Health, serving up to 660 patients, most of whom are low income or extremely low-income residents. Beginning in March 2022, the City had a series of disputes with the Centers for Medicare and Medicaid Services ("CMS"), an agency within the federal Department of Health & Human Services, over conditions at Laguna Honda which potentially put federal funding at risk. Although the disputes were generally resolved, and Laguna Honda is now fully recertified and will continue to receive Medicare and Medicaid payments, Laguna Honda will continue to be reviewed for compliance with conditions of participation in Medicare and Medicaid programs as is normal for facilities regulated by CMS and CDPH. There can be no assurances that federal funding will continue to be available in the amounts projected by the City. See "BUDGETARY RISKS - Impact of Federal Government on Local Finances."

The General Fund is required to provide significant funding to the MTA. A financially stable MTA is considered vital to the City's economy, specifically the downtown corridor. The FY26 & FY27 Original Budget provides approximately \$600 million of such funding in each fiscal year, which constitutes approximately 37% of MTA's total budget. In July 2025, the Office of the Controller released a report entitled "Muni Funding Working Group - Solving for Muni's Funding Needs," which described potential policy options identified by



MTA staff and discussed by the Muni Funding Working Group to address MTA’s projected deficit. The fiscal year 2026-27 deficit was projected to \$320 million at that time, but was closed during the fiscal year 2026-27 budget process with revenue growth, expenditure reductions, and a \$200 million loan from the State. The MTA funding deficit is due in large measure to the exhaustion of COVID-19 pandemic relief, lower than pre-pandemic transit and parking revenues stemming from the shift to remote work, and slower growth of General Fund support.

As described in “BUDGETARY RISKS - Pending Local Initiatives,” The FY27 & FY28 Proposed Budget assumes that two revenue measures on the November 2026 ballot supporting the MTA will pass. The FY27 & FY28 Proposed Budget includes \$166.0 million in local parcel tax revenue in fiscal year 2027-28 and revenue from a regional sales tax measure of \$17.0 million in fiscal year 2026-27 and \$155.0 million in fiscal year 2027-28. Should these measures fail, there will be significant pressure to use the General Fund to backfill some portion of the resulting \$338 million shortfall to avoid drastic service cuts.

Assembly Bill 117 requires that the State Transportation Agency provide a loan to the Metropolitan Transportation Commission of up to \$590 million, on or before July 1, 2026. Subsequently, the Metropolitan Transportation Commission must offer loans for public transit operating purposes to The San Francisco Municipal Transportation Agency, The Bay Area Rapid Transit District, The Peninsula Corridor Joint Powers Board, and The Alameda-Contra Costa Transit District. The SFMTA’s portion of the loan is \$200 million . The loan has a 12-year term, with two years of interest-only payments and 10-year repayment term including both interest and principal payments and a variable interest rate tied to California State Surplus Money Investment Fund Apportionment Rates (SMIF).

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

### **Voter-Mandated Spending Requirements**

The Charter requires funding for voter-mandated spending requirements, which are also referred to as “baselines,” “set-asides,” or “mandates”. The chart below identifies the required and budgeted levels of funding for key mandates including special taxes and dedications of taxes. The spending requirements are formula-driven, variously based on projected aggregate General Fund discretionary revenue, property tax revenues, total budgeted spending, staffing levels, or population growth. Table A-18 reflects fiscal year 2025-26 through 2027-28 spending requirements. These mandates are generally budgeted as transfers out of the General Fund or allocations of revenue.

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**TABLE A-18**  
**Baselines & Set-Asides**  
**FY 2025-26 through FY 2027-28**  
**(\$ millions)**

|                                                                                    | 2025-26<br>Original<br>Budget <sup>(1)</sup> | 2026-27<br>Proposed<br>Budget <sup>(2)</sup> | 2027-28<br>Proposed<br>Budget <sup>(2)</sup> |
|------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>General Fund Aggregate Discretionary Revenue (ADR)</b>                          | <b>4,660.00</b>                              | <b>5,280.60</b>                              | <b>5,230.30</b>                              |
| <b>MUNICIPAL TRANSPORTATION AGENCY</b>                                             |                                              |                                              |                                              |
| Municipal Railway Baseline - 7.0675% ADR - GF Transfer                             | 329.4                                        | 373.2                                        | 369.7                                        |
| Parking & Traffic Baseline - 2.5070% ADR - GF Transfer                             | 116.8                                        | 132.4                                        | 131.1                                        |
| Population Adjustment - GF Transfer                                                | 90.5                                         | 89.8                                         | 90.2                                         |
| Parking Tax In-Lieu - 80% Parking Tax - GF Transfer                                | 71                                           | 66.8                                         | 66.8                                         |
| Traffic Congestion Mitigation Fund - Special Tax (50%)                             | 9.9                                          | 9.9                                          | 9.9                                          |
| <b>Subtotal Municipal Transportation Agency</b>                                    | <b>617.6</b>                                 | <b>672.1</b>                                 | <b>667.6</b>                                 |
| <b>LIBRARY PRESERVATION FUND</b>                                                   |                                              |                                              |                                              |
| Library Preservation Fund Baseline - 2.2858% ADR - GF Transfer                     | 106.5                                        | 120.7                                        | 119.6                                        |
| Library Preservation Fund Property Tax - \$0.025 per \$100 NAV                     | 79.3                                         | 76.6                                         | 77.6                                         |
| <b>Subtotal Library</b>                                                            | <b>185.9</b>                                 | <b>197.3</b>                                 | <b>197.1</b>                                 |
| <b>RECREATION &amp; PARKS</b>                                                      |                                              |                                              |                                              |
| Open Space Property Tax - \$0.025 per \$100 NAV                                    | 79.3                                         | 76.6                                         | 77.6                                         |
| Recreation & Parks Baseline MOE Required GF Support                                | 90.1                                         | 91.5                                         | 89.8                                         |
| Recreation & Support GF Support Budgeted                                           | 88.2                                         | 90.6                                         | 89.3                                         |
| <b>Subtotal Recreation and Park</b>                                                | <b>169.4</b>                                 | <b>168.1</b>                                 | <b>167.4</b>                                 |
| <b>CHILDREN'S SERVICES</b>                                                         |                                              |                                              |                                              |
| <b>Children &amp; Youth Fund</b>                                                   |                                              |                                              |                                              |
| Property Tax - \$0.4 per \$100 NAV                                                 | 126.9                                        | 122.5                                        | 124.1                                        |
| Children's Services Baseline Requirement - 4.8296% ADR                             | 275.2                                        | 293.6                                        | 299.2                                        |
| Children's Services Baseline Expenditures Budgeted                                 | 225.1                                        | 260.4                                        | 253.2                                        |
| Transitional Aged Youth Baseline Requirement - 0.5800% ADR                         | 52.5                                         | 60.3                                         | 66                                           |
| Transitional Aged Youth Baseline Expenditures Budgeted                             | 27                                           | 30.6                                         | 30.3                                         |
| <b>Babies &amp; Families First Fund</b>                                            |                                              |                                              |                                              |
| Commercial Rents Tax (85%)                                                         | 156.7                                        | 147.5                                        | 143.3                                        |
| Early Care and Education Baseline Requirement                                      | 77.5                                         | 87                                           | 86.8                                         |
| Early Care and Education Expenditures Budgeted                                     | 76.9                                         | 79.5                                         | 78.8                                         |
| <b>Public Education Enrichment Fund - 3.0567% ADR</b>                              |                                              |                                              |                                              |
| Public Education Enrichment Fund Total - GF Transfer                               | 142.5                                        | 161.4                                        | 159.9                                        |
| 1/3 Annual Contribution to Preschool for All                                       | 47.5                                         | 53.8                                         | 53.3                                         |
| 2/3 Annual Contribution to SFUSD                                                   | 95                                           | 107.6                                        | 106.6                                        |
| Public Education Services Baseline - 0.2898% ADR - GF (50%) and CYF (50%) Transfer | 13.5                                         | 15.3                                         | 15.2                                         |
| <b>Student Success Fund (SFUSD) - GF Transfer</b>                                  | <b>35</b>                                    | <b>45</b>                                    | <b>60</b>                                    |
| <b>Fair Wages for Educators Fund (SFUSD) - Parcel Tax</b>                          | <b>54</b>                                    | <b>57.3</b>                                  | <b>59</b>                                    |
| <b>Subtotal Children and Youth Services</b>                                        | <b>933.8</b>                                 | <b>989.9</b>                                 | <b>1,013.50</b>                              |
| <b>HOMELESSNESS &amp; HOUSING</b>                                                  |                                              |                                              |                                              |
| <b>Our City, Our Home Fund</b>                                                     |                                              |                                              |                                              |
| Homelessness Gross Receipts Tax                                                    | 335.9                                        | 465.2                                        | 444.9                                        |
| Our City, Our Home Baseline Requirement                                            | 365.4                                        | 374.6                                        | 397.7                                        |
| Our City, Our Home Baseline Expenditures Budgeted                                  | 200.8                                        | 200.8                                        | 200.8                                        |
| Housing Trust Fund - GF Transfer                                                   | 48.8                                         | 53.8                                         | 53.3                                         |
| Affordable Housing Opportunity Fund - GF Transfer                                  | -                                            |                                              |                                              |
| Housing Activation Fund - Empty Homes Tax                                          | -                                            |                                              |                                              |
| <b>Subtotal Homelessness and Housing</b>                                           | <b>750.1</b>                                 | <b>901.9</b>                                 | <b>904.1</b>                                 |
| <b>ARTS</b>                                                                        |                                              |                                              |                                              |
| Hotel Tax for Arts Fund - Hotel Tax                                                | 33                                           | 36                                           | 36.3                                         |
| Property Tax - Municipal Symphony - \$0.00125 per \$100 NAV                        | 4.5                                          | 4.6                                          | 4.6                                          |
| <b>Subtotal Arts</b>                                                               | <b>37.5</b>                                  | <b>40.6</b>                                  | <b>40.9</b>                                  |
| <b>OTHER</b>                                                                       |                                              |                                              |                                              |
| Small Business Assistance Fund - Commercial Vacancy Tax                            | 2                                            | 1.4                                          | 1.4                                          |
| Dignity Fund - GF Transfer                                                         | 59.1                                         | 62.1                                         | 61.5                                         |
| Street Tree Maintenance Fund - GF Transfer                                         | 23                                           | 23.6                                         | 23.4                                         |
| City Services Auditor - 0.2% of Citywide Budget - Work Order                       | 27.6                                         | 28.8                                         | 29.2                                         |
| <b>Subtotal Other</b>                                                              | <b>111.6</b>                                 | <b>116</b>                                   | <b>115.5</b>                                 |
| <b>Total Baselines, Set Asides and Special Taxes</b>                               | <b>2,806.00</b>                              | <b>3,085.80</b>                              | <b>3,106.10</b>                              |

(1) Fiscal year 2025-26 amounts based on May 2026 Nine-Month Report.

(2) Based on FY27 & FY28 Proposed Budget.

In November 2024, voters in the City approved two initiatives (Proposition G and Proposition J) which impose additional mandatory spending requirements. In connection with the propositions, the Controller prepared an analysis of the projected impacts of the propositions on City finances.

Proposition G creates the Affordable Housing Opportunity Fund for Seniors, Families, and People with Disabilities for the Mayor's Office of Housing and Community Development to provide rental subsidies to extremely low-income households. The FY26 & FY27 Original Budget made the required deposit of \$8.25 million in FY 2026-27. Thereafter, the City's annual deposits to the fund will increase by the annual percentage change in ADR or 3.0%, whichever is smaller. However, the City may temporarily suspend increases in any year in which a General Fund deficit of \$250 million is forecasted.

## **EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS**

The cost of salaries and benefits for City employees represents slightly less than half of the City's expenditures, totaling \$7.7 billion and \$8.0 billion in fiscal years 2026-27 and 2027-28 in the FY27 & FY28 Proposed Budget. For the General Fund, the combined salary and benefits in the FY27 & FY28 Proposed Budget is \$3.6 billion in fiscal year 2026-27 and \$3.7 billion in fiscal year 2027-28.

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

### **Labor Relations**

The FY27 & FY28 Proposed Budget includes approximately 39,200 full-time and part-time positions, of which approximately 32,800 are funded positions. City workers are represented by 36 different labor unions. The largest unions in the City are the Service Employees International Union, Local 1021 ("SEIU"); the International Federation of Professional and Technical Engineers, Local 21 ("IFPTE"); and the unions representing Police, Fire, Deputy Sheriffs, and Transit Workers.

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

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

Further, the City Charter requires binding arbitration to resolve negotiations in the event of an impasse. If an impasse is reached, the parties are required to convene a tripartite arbitration panel, chaired by an impartial third-party arbitrator, which sets the disputed terms of the new agreement. The award of the arbitration panel is final and binding. This process applies to all City employees except Registered Nurses and a small group of unrepresented employees, whose working conditions and compensation are established annually by ordinance. Wages, hours and working conditions of nurses are not subject to interest arbitration but are subject to Charter-mandated economic limits.

Since 1976, no City employees have participated in a union-authorized strike. On July 24, 2023, the California Public Employment Relations Board ("PERB") ruled in favor of SEIU and IFPTE, concluding that City Charter sections A8.346 and A8.409 prohibiting strikes by City employees are invalid, affirming an earlier ruling of an administrative law judge that such City Charter provisions violate the Meyers-Milias-Brown Act.

The City filed a notice of appeal to the California Court of Appeal with respect to the PERB decision. On May 23, 2025, the California Court of Appeal denied the City's writ of extraordinary relief, leaving the PERB decision invalidating Charter prohibition on strikes for non-sworn employees. However, every Memoranda of Understanding ("MOUs") with every union representing non-sworn employees contain no-strike provisions and are currently in effect.

In May 2026, the City negotiated four-year agreements (for fiscal years 2026-27 through 2029-30) with labor organizations representing sworn members of the Police and Fire departments. The City negotiated a 2.00% base wage increase effective on July 1, 2026, and 1.00% on January 2, 2027. For fiscal year 2027-28, the parties agreed to a base wage increase of 2.00% on July 1, 2027, 1.00% on January 1, 2028. For fiscal year 2028-29, the parties agreed to a base wage increase of 2.00% on July 1, 2028, and 1.00% effective December 30, 2028. For fiscal year 2029-30, the parties agreed to a base wage increase of 2.00% on July 1, 2029 and 1.00% effective December 29, 2029, with an additional 2.00% effective close of business June 30, 2030. For fiscal year 2026-27, the Unrepresented Employee Ordinance, upon approval by June 30, 2026 will provide a wage increase of 2.00% on January 2, 2027, and 2.50% effective at the close of business on June 30, 2027.

In May 2024, the City negotiated three-year agreements (for fiscal years 2024-25 through 2026-27) with 27 labor unions. The City negotiated a 1.5% base wage increase due on July 1, 2024, and 1.5% on January 4, 2025, with an additional 1% base wage increase at the close of business on June 30, 2025. For fiscal year 2025-26, the parties agreed to a base wage increase of 1% on July 1, 2025, 1.5% on January 3, 2026, and 2% at the close of business on June 30, 2026. For fiscal year 2026-27, the parties agreed to a base wage increase of 2% on January 2, 2027, and 2.5% at the close of business on June 30, 2027. The City additionally negotiated a minimum base wage of \$25.00 an hour implemented on July 1, 2024, impacting members of SEIU Local 1021 Citywide and Laborers, Local 261.

Also, in May 2024, the MTA negotiated three-year agreements (for fiscal years 2024-25 through 2026-27) with the unions that represent Transit Operators, Mechanics, Station Agents, Parking Control Officers and others, collectively referred to as Service-Critical. The parties agreed to the same wage increase schedule as provided in the City agreements.

The City will commence bargaining with 27 Citywide and MTA Labor Unions in the fall of 2026 with any negotiated wage increases predicted to come into effect on or after July 1, 2027.

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**TABLE A-19**  
**Employee Organizations as of May 19, 2026**

**CITY AND COUNTY OF SAN FRANCISCO (All Funds)**

| <b>Organization</b>                                    | <b>City Budgeted<br/>Positions FY<br/>2025-26</b> | <b>Expiration<br/>Date of MOU</b> |
|--------------------------------------------------------|---------------------------------------------------|-----------------------------------|
| Automotive Machinists, Local 1414                      | 520                                               | 30-Jun-27                         |
| Bricklayers, Local 3                                   | 4                                                 | 30-Jun-27                         |
| Building Inspectors' Association                       | 85                                                | 30-Jun-27                         |
| Carpenters, Local 22                                   | 114                                               | 30-Jun-27                         |
| Carpet, Linoleum & Soft Tile                           | 4                                                 | 30-Jun-27                         |
| Cement Masons, Local 300                               | 39                                                | 30-Jun-27                         |
| Deputy Probation Officers' Association (DPOA)          | 107                                               | 30-Jun-27                         |
| Deputy Sheriffs' Association (DSA)                     | 798                                               | 30-Jun-27                         |
| Electrical Workers, Local 6                            | 938                                               | 30-Jun-27                         |
| Firefighters' Association, Local 798                   | 1,993                                             | 30-Jun-30                         |
| Glaziers, Local 718                                    | 14                                                | 30-Jun-27                         |
| Hod Carriers, Local 36                                 | 2                                                 | 30-Jun-27                         |
| Ironworkers, Local 377                                 | 14                                                | 30-Jun-27                         |
| Laborers, Local 261                                    | 1,186                                             | 30-Jun-27                         |
| Municipal Attorneys' Association (MAA)                 | 525                                               | 30-Jun-27                         |
| Municipal Executives' Association (MEA) Fire           | 12                                                | 30-Jun-30                         |
| Municipal Executives' Association (MEA) Miscellaneous  | 1,755                                             | 30-Jun-27                         |
| Municipal Executives' Association (MEA) Police         | 14                                                | 30-Jun-30                         |
| Operating Engineers, Local 3 Miscellaneous             | 63                                                | 30-Jun-27                         |
| Operating Engineers, Local 3 Supervising Probation     | 27                                                | 30-Jun-27                         |
| Pile Drivers, Local 34                                 | 23                                                | 30-Jun-27                         |
| Plumbers, Local 38                                     | 370                                               | 30-Jun-27                         |
| Police Officers' Association (POA)                     | 2,364                                             | 30-Jun-30                         |
| Professional and Technical Engineers, Local 21         | 7,370                                             | 30-Jun-27                         |
| Roofers, Local 40                                      | 12                                                | 30-Jun-27                         |
| SEIU, Local 1021 Misc                                  | 13,081                                            | 30-Jun-27                         |
| SEIU, Local 1021 Nurses                                | 1,954                                             | 30-Jun-27                         |
| SF City Workers United                                 | 139                                               | 30-Jun-27                         |
| SFDA Investigators Association                         | 46                                                | 30-Jun-27                         |
| Sheet Metal Workers, Local 104                         | 38                                                | 30-Jun-27                         |
| Sheriffs' Supervisory and Management Association (MSA) | 119                                               | 30-Jun-27                         |
| Stationary Engineers, Local 39                         | 703                                               | 30-Jun-27                         |
| Teamsters, Local 853                                   | 185                                               | 30-Jun-27                         |
| Teamsters, Local 856, Multi                            | 97                                                | 30-Jun-27                         |
| Teamsters, Local 856, Supervising Nurses               | 131                                               | 30-Jun-27                         |
| Theatrical Stage Emp, Local 16                         | 33                                                | 30-Jun-27                         |
| TWU, Local 200                                         | 422                                               | 30-Jun-27                         |
| TWU, Local 250-A, Auto Service Work                    | 123                                               | 30-Jun-27                         |
| TWU, Local 250-A, Miscellaneous                        | 112                                               | 30-Jun-27                         |
| TWU, Local 250-A, Transit Fare Inspectors              | 76                                                | 30-Jun-27                         |
| TWU, Local 250-A, Transit Operator                     | 2,522                                             | 30-Jun-27                         |
| Union of American Physicians and Dentists (UAPD)       | 207                                               | 30-Jun-27                         |
| Unrepresented Employees                                | 91                                                | 30-Jun-27                         |
| Other                                                  | 950                                               |                                   |
|                                                        | <b>39,381</b>                                     |                                   |

## **San Francisco Employees' Retirement System**

### *History and Administration*

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

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

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

### *Membership*

Retirement System members include eligible employees of the City, SFUSD, SFCCD, and the San Francisco Trial Courts. The Retirement System estimates that the total non-retired membership as of July 1, 2025 was 49,832, compared to 48,521 as of July 1, 2024. Total non-retired membership as of July 1, 2025 included 12,632 terminated vested members and 1,210 reciprocal members. Terminated vested members are former employees who have vested rights in future benefits from SFERS. Reciprocal members are individuals who have established membership in a reciprocal pension plan such as California Public Employees' Retirement System ("CalPERS") and may be eligible to receive a reciprocal pension from the Retirement System in the future. Monthly retirement allowances are paid to approximately 33,329 retired members and beneficiaries. Benefit recipients include retired members, vested members receiving a vesting allowance, and qualified survivors.

Table A-20 shows various member counts in the total Retirement System (City, SFUSD, SFCCD, and San Francisco Trial Courts) as of the five most recent actuarial valuation dates, July 1, 2021 through July 1, 2025. The number of retirees supported by each active member can be an important indicator of growing plan maturity and sensitivity to investment returns, assumption changes, and other changes to the Retirement System. If the ratio of retirees to active members grows, it indicates that any actuarial losses on retiree liabilities or assets are likely to place a relatively greater burden on employers and active members. The ratio for SFERS over the last five years is about 7% higher than it had been in the previous five years due to the increasing number of retired members.

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**TABLE A-20**  
**Employees' Retirement System**  
**July 1, 2021 through July 1, 2025**

| As of<br>July 1 <sup>st</sup> | Active<br>Members | Vested<br>Members | Reciprocal<br>Members | Total<br>Non-retired | Retirees &<br>Continuants | Retiree to<br>Active Ratio |
|-------------------------------|-------------------|-------------------|-----------------------|----------------------|---------------------------|----------------------------|
| 2021                          | 33,644            | 10,066            | 1,060                 | 44,770               | 30,854                    | 0.92                       |
| 2022                          | 33,199            | 11,066            | 1,019                 | 45,284               | 31,719                    | 0.96                       |
| 2023                          | 34,016            | 11,461            | 1,180                 | 46,657               | 32,104                    | 0.94                       |
| 2024                          | 35,418            | 11,930            | 1,173                 | 48,521               | 32,654                    | 0.92                       |
| 2025                          | 35,990            | 12,632            | 1,210                 | 49,832               | 33,329                    | 0.93                       |

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

Notes: Member counts are for the entire Retirement System and include non-City employees. The "Retiree to Active Ratio" compares the number of retirees collecting benefits to the active number of employees contributing to the retirement plan.

### *Funding Practices*

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

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

The Board adopted the current demographic assumptions at its September 10, 2025 Retirement Board meeting based on the experience study dated September 2025. The current discount rate of 7.20% (the rate used to determine the present value of the retirement plan's future liability) was adopted at the November 10, 2021 Board meeting, effective for the July 1, 2021 actuarial valuation. The Board most recently voted to maintain these assumptions (for the July 1, 2025 actuarial valuation) at its November 12, 2025 meeting. In the long term, the true cost of a pension plan is determined by actual experience and not by assumptions.

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

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

*Annual Valuation and Employer Contribution History*

Table A-21 shows total Retirement System liabilities, assets and percent funded for the last five actuarial valuations as well as total contributions for the last five fiscal years ending June 30, 2025. Information is shown for all employers in the Retirement System (City & County, SFUSD, SFCCD and San Francisco Trial Courts). “Actuarial Liability” reflects the actuarial accrued liability of the Retirement System measured for purposes of determining the funding contribution. “Market Value of Assets” reflects the fair market value of assets held in trust for payment of pension benefits. “Actuarial Value of Assets” refers to the plan assets with investment returns different than expected smoothed over five years to provide a more stable contribution rate. The “Market Percent Funded” column is determined by dividing the market value of assets by the actuarial accrued liability. The “Actuarial Percent Funded” column is determined by dividing the actuarial value of assets by the actuarial accrued liability. “Employee and Employer Contributions” reflects the sum of mandated employee and employer contributions received by the Retirement System in the fiscal year ended June 30 prior to the July 1 valuation date.

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**TABLE A-21**  
**Employees' Retirement System**  
**July 1, 2021 through July 1, 2025**

(Dollar amounts in 000s)

| As of<br>July 1 <sup>st</sup> | Actuarial<br>Liability | Market Value<br>of Assets | Actuarial<br>Value of<br>Assets | Market<br>Percent<br>Funded | Actuarial<br>Percent<br>Funded | Employee &<br>Employer<br>Contributions<br>in prior FY | Employer<br>Contribution<br>Rates <sup>(1)</sup> in<br>prior FY |
|-------------------------------|------------------------|---------------------------|---------------------------------|-----------------------------|--------------------------------|--------------------------------------------------------|-----------------------------------------------------------------|
| 2021                          | \$31,905,275           | \$35,673,834              | \$30,043,222                    | 111.8%                      | 94.2%                          | \$1,245,957                                            | 26.90%                                                          |
| 2022                          | 33,591,565             | 32,798,524                | 32,275,474                      | 97.6                        | 96.1                           | 1,191,934                                              | 24.41                                                           |
| 2023                          | 35,351,967             | 33,688,428                | 34,137,005                      | 95.3                        | 96.6                           | 1,086,567                                              | 21.35                                                           |
| 2024                          | 37,314,504             | 35,417,666                | 36,038,298                      | 94.9                        | 96.6                           | 1,100,130                                              | 18.24                                                           |
| 2025                          | 39,446,082             | 37,450,095                | 38,185,053                      | 94.9                        | 96.8                           | 1,127,318                                              | 16.91                                                           |

<sup>(1)</sup> Employer contribution rates are shown prior to employer/employee cost-sharing provisions of 2011 Proposition C. Employer contribution rates for fiscal years 2025-26 and 2026-27 are 16.53% and 16.68%, respectively.

Sources: SFERS' audited year-end financial statements and required supplemental information.

SFERS' annual Actuarial Valuation Report dated July 1st. See the Retirement System's website, mysfers.org, under Publications.

The information on such website is not incorporated herein by reference.

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

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Note that at the July 1, 2025, valuation date, the market percent funded ratio is slightly lower than the actuarial percent funded ratio, reflecting net asset returns lower than the long-term rate of return assumptions that have not yet been recognized in the smoothed actuarial value of assets. The Retirement System's estimated investment portfolio return was -2.9% in fiscal year 2021-22, 4.3% in fiscal year 2022-23, 8.0% in fiscal year 2023-24, and 7.9% in fiscal year 2024-25. Global markets remain volatile due to continued uncertainty about the economy, interest rates, inflation, and geopolitical risk.

The actuarial liability is measured by an independent consulting actuary in accordance with Actuarial Standards of Practice. In addition, an actuarial audit is conducted every five years in accordance with Retirement Board policy. The most recent actuarial audit was completed in August 2023.

The fiscal year 2024-25 employer contribution rate was 16.91% (estimated to be 15.31% after cost-sharing). The 2024-25 fiscal year City employer contributions to the Retirement System were \$626.2 million, which includes \$382.3 million from the General Fund. The fiscal year 2025-26 employer contribution rate was 16.53% (estimated to be 14.93% after cost-sharing), with a total budget of \$630.4 million, which includes \$384.9 million from the General Fund. The fiscal year 2026-27 employer contribution rate is 16.70% (expected to be 15.10% after cost-sharing), with an estimated total budget of \$666.2 million. The declines in the contribution rate from 26.90% at fiscal year 2020-21 to 16.53% in fiscal year 2025-26 reflect the completion of prior amortization layers and the five-year phase-in of investment gains from fiscal year 2020-21. Declines were offset by the impacts of lower investment returns in fiscal year 2021-22 and 2022-23, the increase in retiree benefits due to supplemental COLAs at July 1, 2021, 2024 and 2025, and also recent Charter Amendments described further below. The increase in the contribution rate to 16.70% in fiscal year 2026-27 is largely due to merit and longevity salary increases as identified in the SFERS demographic study for 2019 to 2024. Employer contribution rates anticipate annual increases in pensionable payroll of 3.25%. As discussed under "CITY BUDGET-Five-Year Financial Plan Update: FY2025-26 through FY2029-30," increases in retirement costs are projected in the City's Five-Year Financial Plan.

#### *Risks to City's Retirement Plan*

In its July 2025 actuarial report, Cheiron identifies three primary risks to the Retirement System as required by Actuarial Standards of Practice No. 51 (Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions). The material risks identified were as follows: investment risk, interest rate risk, and supplemental cost of living adjustment ("COLA") risk. Investment risk is the potential for investment returns to be different than expected, while interest rate risk is the potential for longer-term trends to impact economic assumptions such as inflation and wage increases but particularly the discount rate. Supplemental COLA risk is the potential for the cost of future supplemental COLAs to increase contribution rates.

Supplemental COLAs are mandated by the Charter when investment returns exceed expectations. If the pension plan is less than fully funded on a market-value basis, certain groups of retirees may not receive a supplemental COLA at all or their supplemental COLA may be limited. Supplemental COLAs are capped at 3.5% less any basic COLA. As the majority of retirees have annual basic COLAs capped at 2.0%, a supplemental COLA when granted typically represents a 1.5% increase in benefit.

#### *Governmental Accounting Standards Board ("GASB") Disclosures*

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

Total Pension Liability reported under GASB Statements No. 67 and 68 differs from the Actuarial Liability calculated for funding purposes in several ways, including the following differences. First, Total Pension Liability

measured at fiscal year-end is a roll-forward of liabilities calculated at the beginning of the year and is based upon a beginning of year census adjusted for significant events that occurred during the year. Second, Total Pension Liability is based upon a discount rate determined by a blend of the assumed investment return, to the extent the fiduciary net position is available to make payments, and a municipal bond rate, to the extent that the fiduciary net position is unavailable to make payments. There have been no differences between the discount rate and assumed investment return since the end of fiscal year 2015. The third distinct difference is that Total Pension Liability includes a provision for supplemental COLAs that may be granted in the future, while Actuarial Liability for funding purposes includes only supplemental COLAs that have already been granted as of the valuation date.

Table A-22 below shows for the five most recent fiscal years the collective Total Pension Liability, Plan Fiduciary Net Position (market value of assets), and Net Pension Liability for all employers who sponsor the Retirement System. The City's audited financial statements disclose only its own proportionate share of the Net Pension Liability and other required GASB 68 disclosures.

**TABLE A-22**  
**Employees' Retirement System**  
**GASB 67/68 Disclosures**  
**Fiscal Years 2020-2021 through 2024-25**  
**(Dollar amounts in 000s)**

| As of<br>July 1 <sup>st</sup> | Collective Total<br>Pension Liability<br>(TPL) | Discount<br>Rate | Plan<br>Fiduciary Net<br>Position | Plan Net<br>Position as<br>% of TPL | Collective Net<br>Pension<br>Liability<br>(NPL) | City and<br>County's<br>Proportionate<br>Share of NPL |
|-------------------------------|------------------------------------------------|------------------|-----------------------------------|-------------------------------------|-------------------------------------------------|-------------------------------------------------------|
| 2021                          | \$33,088,765                                   | 7.40%            | \$35,673,834                      | 107.8%                              | \$(2,585,069)                                   | \$(2,446,563)                                         |
| 2022                          | 35,489,639                                     | 7.20             | 32,798,524                        | 92.4                                | 2,691,115                                       | 2,552,997                                             |
| 2023                          | 37,332,835                                     | 7.20             | 33,688,428                        | 90.2                                | 3,644,407                                       | 3,456,687                                             |
| 2024                          | 39,404,561                                     | 7.20             | 35,417,666                        | 89.9                                | 3,986,895                                       | 3,775,718                                             |
| 2025                          | 41,836,074                                     | 7.20             | 37,450,095                        | 89.5                                | 4,385,979                                       | 4,170,049                                             |

Sources: SFERS fiscal year-end GSAB 67/68 Reports as of each June 30

Note: Collective amounts include all employees (City and County, SFUSD, SFCCD, Trail Courts)

Net pension liability (NPL) can be quite volatile. The negative NPL at fiscal year-end 2021 reflects the 33.7% investment portfolio return during that year, while the increase at fiscal year-end 2022 is due to both the -2.9% return and the reduction in discount rate from 7.4% to 7.2%. NPL increased again at year-end 2023 due to asset returns below the long-term assumed rate, the November 2022 Charter amendment that increased the June 30, 2023 TPL by \$59 million, and differences between expected and actual demographic assumptions including salary increases. The NPL increased by about \$342 million as of July 1, 2024, primarily due to liability experience losses of \$480 million, offset by an investment experience gain of \$171 million. NPL at year-end 2025 increased due to \$17 million in benefit changes and \$694 million in liability experience losses offset by investment experience gains.

### *Asset Management*

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

Annualized investment return (net of fees and expenses) for the Retirement System for the five years ending June 30, 2025 was 9.59%. For the ten-year and twenty-year periods ending June 30, 2025, annualized investment returns were 8.44% and 7.75% respectively.

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

#### *Voter Approved Changes to the Retirement Plan*

SFERS plan benefits are established under the Charter and approved directly by the voters, rather than through the collective bargaining process. Changes to retirement benefits require a voter-approved Charter amendment.

In 2011, voters approved Proposition C which aimed to reduce future pension costs. Proposition C introduced new lower-cost benefit tiers for all members hired on and after January 7, 2012 and also restricted the payment of any new supplemental COLAs to when SFERS is fully funded. Since 2011, the fully funded requirement for Supplemental COLAs has been removed from all members hired before January 7, 2012. First the October 2015 Superior Court judgement removed the fully funded requirement for pre-Proposition C members retired on and after November 6, 1996. Then in November 2022, voters approved Proposition A which removed the fully funded requirement for retirees who commenced benefits prior to November 6, 1996. However, for this older group of retirees only, the amount of supplemental COLA is capped at \$200 per month for retirees with annual pensions exceeding \$50,000 when SFERS is not fully funded.

The Proposition C fully funded restriction remains in effect for retirees hired on and after January 7, 2012. In addition, for these post-2011 hires, the supplemental COLA is temporary and reverts to zero in any year in which no supplemental COLA is paid.

In November 2024, voters again approved two expansions of benefits. Measure H restored pre-2012 retirement age factors to firefighters while retaining the three-year final average compensation requirement for these post-2011 hires. Measure I increased retirement benefits for 911 Operators by moving their future service to the Miscellaneous Safety benefit tier. Measure I also allows Registered Nurses to purchase previously ineligible service worked prior to becoming a member of SFERS.

#### *Impact on the Retirement System from Changes in the Economic Environment*

As of June 30, 2025, the audited market value of Retirement System assets was \$37.5 billion. As of June 30, 2026, the estimated value of SFERS' investment portfolio was \$40.8 billion. These values represent, as of the date specified, the estimated value of the Retirement System's portfolio if it were liquidated on that date. The Retirement System cannot be certain of the value of certain of its portfolio assets and, accordingly, the market value of the portfolio could be lower or higher. Moreover, appraisals for classes of assets that are not publicly traded are based on estimates which typically lag changes in actual market value by three to six months. Representations of market valuations are audited at each fiscal year end as part of the annual audit of the Retirement System's financial statements.

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

market fluctuations are expected to have significant impact on the value of the Retirement System investment portfolio.

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

#### *Other Employee Retirement Benefits*

As noted above, various City employees are members of CalPERS, an agent multiple-employer public employee defined benefit plan for safety members and a cost-sharing multiple-employer plan for miscellaneous members. The City makes certain payments to CalPERS in respect of such members, at rates determined by the CalPERS board. Section A8.510 of the Charter requires the City to pay the full amount required by the actuarial valuations. A discussion of other post-employment benefits, including retiree medical benefits, is provided below under “Medical Benefits – Post-Employment Health Care Benefits” and “GASB 75 Reporting Requirements.”

### **Medical Benefits**

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

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

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

The San Francisco Health Service System oversees a trust fund (the “Health Service System Trust Fund”) established pursuant to Charter Sections 12.203 and A8.428 through which medical benefits for the City Beneficiaries are funded. The San Francisco Health Service System issues an annual, publicly available, independently audited financial report that includes financial statements for the Health Service System Trust Fund. This report may be obtained through the SFHSS website at [sfhss.org](http://sfhss.org), by writing to the San Francisco Health Service System, 1145 Market Street, Third Floor, San Francisco, California 94103. Audited annual financial statements for prior years are posted to the SFHSS website, however the information available on the SFHSS website is not incorporated in this Official Statement by reference.

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

### *Determination of Employer and Employee Contributions for Medical Benefits*

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

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

### *City Contribution for Retirees*

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

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

### *Health Care Reform*

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

Three ACA taxes and one fee have impacted SFHSS rates for medical coverage. The three ACA taxes were repealed in 2020 and 2021; however, Congress revived and extended the Patient-Centered Outcomes Research Institute (“PCORI”) Fee, which had expired in 2019. The PCORI fee, adopted in the ACA, is paid by issuers of health insurance policies and plan sponsors of self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The fee is based on the average number of lives covered under the policy or plan. The fee applies to policy or plan years ending on or after October 1, 2012, and before October 1, 2029.

### *Employer Contributions for San Francisco Health Service System Benefits*

For fiscal year 2024-25, based on the most recent audited financial statements, the San Francisco Health Service System received approximately \$1,033 million from participating employers for San Francisco Health Service System benefit costs. Of this total, the City contributed approximately \$889 million; approximately \$249 million of this \$889 million amount was for health care benefits for approximately 24,895 retired City employees and their eligible dependents, and approximately \$640 million was for benefits for approximately 34,162 active City employees and their eligible dependents.

The 2025 aggregate (employee and employer) cost of medical benefits offered by SFHSS to the City increased by 9.9%. The increase is comparable to California benchmarks due to several factors including contracting by SFHSS that maintains competition among the health plans, implementing value-based models such as Accountable Care Organizations, use of generic prescription, and implementing flex-funded plans using

narrow networks. Flex-funding eliminates the typical margins added by health plans; however, more risk is assumed by the city, and reserves are required to protect against this risk.

### **Post-Employment Health Care Benefits**

The eligibility of former City employees for retiree health care benefits (“OPEB Benefits”) and City and employee contributions to the Retiree Health Care Trust Fund (“RHCTF”) are governed by the Charter (Section A8.432(a-b)). San Francisco voters have passed three different propositions to set these eligibility and contribution requirements: Proposition B passed on June 3, 2008; Proposition C passed on November 8, 2011; and Proposition A passed on November 5, 2013.

Employees hired before January 10, 2009, and a spouse or dependent are potentially eligible for health benefits following retirement at age 50 and completion of five years of City service. OPEB Benefit coverage and the City’s required contributions for employees hired on or after January 10, 2009, is described above under “Medical Benefits: City Contribution for Retirees”. Unlike employee pension contributions that are made to individual accounts, contributions to the RHCTF are non-refundable, even if an employee separates from the City and does not receive OPEB Benefits from the City.

Employee and City contributions to the RHCTF are a fixed percentage of pay that varies depending on the employee’s hire date, the year in which the payment is made, and whether the RHCTF is fully funded. Employees hired before January 10, 2009, are required to make contributions equal to 1% of their salary to the RHCTF and employees hired on or after January 10, 2009, are required to make contributions equal to 2% of their salary. The City pays all OPEB Benefits on a pay-as-you-go basis each year and is required to contribute an amount equal to 1% of total pay to the RHCTF.

The City may not make disbursements from the RHCTF until it is fully funded, subject to the following exception. If the sum of the City’s annual RHCTF contributions and OPEB Benefit payments (together, the “OPEB Cost”) is projected to exceed 10% of payroll, the RHCTF Board may authorize stabilization disbursements from the RHCTF to the extent necessary to reduce the City’s OPEB Cost to 10% of payroll provided that such stabilization disbursement does not exceed 10% of the balance in the RHCTF as of the prior year. The City has never had to make a disbursement from the RHCTF, and OPEB Cost as a percentage of payroll for fiscal year 2023-24 was 6.2%.

### *GASB 75 Reporting Requirements*

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

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**TABLE A-23**  
**Five-Year Trend**  
**Fiscal Years 2020-21 to 2024-25**  
**(\$000s)**

| Fiscal Year | (A)<br>Paygo Benefit<br>Payments | (B)<br>Trust<br>Contributions | (A + B = C)<br>Annual OPEB<br>Cost | (D)<br>Annual OPEB<br>Expense | (C / D = E)<br>Annual OPEB<br>Cost as % of<br>Annual OPEB<br>Expense | Plan Fiduciary<br>Net Position | Plan Fiduciary<br>Net Position as<br>% of TOL | Net OPEB<br>Liability |
|-------------|----------------------------------|-------------------------------|------------------------------------|-------------------------------|----------------------------------------------------------------------|--------------------------------|-----------------------------------------------|-----------------------|
| 2020-21     | \$206,439                        | \$39,555                      | \$245,994                          | \$320,684                     | 76.7%                                                                | \$488,989                      | 11.3%                                         | \$3,823,335           |
| 2021-22     | 211,025                          | 41,841                        | 252,866                            | 272,001                       | 93.0                                                                 | 718,777                        | 16.3                                          | 3,691,121             |
| 2022-23     | 215,408                          | 45,241                        | 260,649                            | 256,974                       | 101.4                                                                | 739,880                        | 16.5                                          | 3,746,270             |
| 2023-24     | 229,922                          | 48,779                        | 278,701                            | 261,158                       | 106.7                                                                | 938,866                        | 19.3                                          | 3,924,832             |
| 2024-25     | 248,806                          | 52,126                        | 300,932                            | 259,579                       | 115.9                                                                | 1,222,650                      | 23.8                                          | 3,921,799             |

Source: Postretirement Health Plan GASB 74/75 Reports produced by Cheiron in December 2021, December 2023, October 2024, and October 2025.

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## Total City Employee Benefits Costs

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

The table below also provides a summary of the City’s employee benefit actual costs for fiscal years 2023-24 through 2024-25, estimated costs for fiscal year 2025-26 and budgeted costs for fiscal years 2026-27 through 2027-28.

**TABLE A-24**  
**Employee Benefit Costs, All Funds**  
**Fiscal Years 2023-24 through 2027-28**  
**(\$000s)**

|                                                            | 2023-24<br>Actual <sup>(1)</sup> | 2024-25<br>Actual <sup>(1)</sup> | 2025-26<br>Estimated <sup>(1)</sup> | 2026-27<br>Budget <sup>(1)</sup> | 2027-28<br>Budget <sup>(1)</sup> |
|------------------------------------------------------------|----------------------------------|----------------------------------|-------------------------------------|----------------------------------|----------------------------------|
| SFERS and PERS Retirement Contributions                    | \$ 679,959                       | \$ 707,436                       | \$ 706,232                          | \$ 745,201                       | \$ 787,190                       |
| Social Security & Medicare                                 | 281,694                          | 302,224                          | 321,602                             | 335,034                          | 348,678                          |
| Health - Medical + Dental, active employees <sup>(2)</sup> | 633,720                          | 731,818                          | 743,408                             | 805,862                          | 869,812                          |
| Health - Retiree Medical <sup>(2)</sup>                    | 230,515                          | 249,249                          | 265,500                             | 286,182                          | 312,454                          |
| Other Benefits <sup>(3)</sup>                              | <u>14,362</u>                    | <u>15,265</u>                    | <u>14,732</u>                       | <u>20,747</u>                    | <u>30,289</u>                    |
| Total Benefit Costs                                        | \$ 1,840,251                     | \$ 2,005,992                     | \$ 2,051,474                        | \$ 2,193,026                     | \$ 2,348,423                     |

<sup>(1)</sup> Figures for fiscal years 2023-24 and 2024-25 are actuals. Figures for fiscal year 2025-26 are based on May 2026 Nine-Month Report. Figures for fiscal years 2026-27 and 2027-28 are based on FY27 & FY28 Proposed Budget. See “PERIODIC FINANCIAL REPORTING; RECENT REPORTS” for recent financial reports and projections.

<sup>(2)</sup> Does not include Health Service System administrative costs. Does include flexible benefits that may be used for health insurance.

<sup>(3)</sup> “Other Benefits” includes unemployment insurance premiums, life insurance and other miscellaneous employee benefits.

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

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## INVESTMENT OF CITY FUNDS

### *Investment Pool*

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

### *Investment Policy*

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

The Investment Policy is reviewed and monitored annually by a Treasury Oversight Committee, which is established by the Board of Supervisors. The Committee consists of the following members, who are nominated by the Treasurer and confirmed by the Board of Supervisors:

- Seat 1 is held by the Controller or the Controller’s designee.
- Seat 2 is held by the County Superintendent of Schools or the Superintendent’s designee.
- Seat 3 is held by the Chancellor of the Community College District or the Chancellor’s designee.
- Seats 4 and 5 are held by employees of City departments or local agencies that participate in the City’s pooled fund. These are currently held by the San Francisco International Airport and the San Francisco Public Utilities Commission.
- Seats 6 and 7 are held by members of the public who have expertise in, or an academic background in public finance

A complete copy of the Treasurer’s Investment Policy, dated May 2024, is included as an Appendix to this Official Statement.

### *Investment Portfolio*

As of April 30, 2026, the City’s surplus investment fund consisted of the investments classified in Table A-25 and had the investment maturity distribution presented in Table A-26.

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**TABLE A-25**  
**Investment Portfolio**  
**Pooled Funds**  
**As of April 30, 2026**

| Type of Investment                 | Par Value         | Book Value        | Market Value      |
|------------------------------------|-------------------|-------------------|-------------------|
| U.S. Treasuries                    | \$ 5,459,000,000  | \$ 5,456,527,931  | \$ 5,442,457,277  |
| Federal Agencies                   | 8,516,934,000     | 8,508,598,491     | 8,490,811,622     |
| Negotiable Certificates of Deposit | 2,170,000,000     | 2,170,000,000     | 2,170,586,836     |
| Commercial Paper                   | 990,900,000       | 981,733,239       | 981,652,986       |
| Medium Term Notes                  | 162,846,000       | 162,642,028       | 162,794,262       |
| Money Market Funds                 | 1,523,018,975     | 1,523,018,975     | 1,523,018,975     |
| Supranationals                     | 142,323,000       | 141,408,053       | 141,946,614       |
| Secured Bank Deposit               | 166,653,899       | 166,653,899       | 166,653,899       |
| Total                              | \$ 19,131,675,874 | \$ 19,110,582,614 | \$ 19,079,922,470 |

April Earned Income Yield: 3.722%

Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco  
From Citibank-Custodial Safekeeping, MaxQ Analytics.

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**TABLE A-26**  
**Investment Maturity Distribution**  
**Pooled Funds**  
**As of April 30, 2026**

| Maturity in Months |    |    | Par Value                | Percentage     |
|--------------------|----|----|--------------------------|----------------|
| 0                  | to | 1  | \$ 2,203,572,874         | 11.52%         |
| 1                  | to | 2  | 1,777,230,000            | 9.29           |
| 2                  | to | 3  | 903,615,000              | 4.72           |
| 3                  | to | 4  | 549,900,000              | 2.87           |
| 4                  | to | 5  | 810,816,000              | 4.24           |
| 5                  | to | 6  | 664,385,000              | 3.47           |
| 6                  | to | 12 | 2,576,023,000            | 13.46          |
| 12                 | to | 24 | 3,107,154,000            | 16.24          |
| 24                 | to | 36 | 2,206,666,000            | 11.53          |
| 36                 | to | 48 | 2,370,285,000            | 12.39          |
| 48                 | to | 60 | 1,962,029,000            | 10.26          |
|                    |    |    | <u>\$ 19,131,675,874</u> | <u>100.00%</u> |

Weighted Average Maturity: 570 Days

Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco  
From Citibank-Custodial Safekeeping, MaxQ Analytics.

#### *Further Information*

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

## **CAPITAL FINANCING AND BONDS**

### **Capital Plan**

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

The City Administrator, in conjunction with the CPC, is directed to develop and submit a 10-year capital plan every other fiscal year for approval by the Board of Supervisors. The Capital Plan is a fiscally constrained long-term finance strategy that prioritizes projects based on a set of funding principles. It provides an assessment of the City's infrastructure and other funding needs over 10 years, highlights investments required to meet these needs, and recommends a plan of finance to fund these investments. Although the Capital Plan provides cost

estimates and proposes methods to finance such costs, the document does not reflect any commitment by the Board of Supervisors to expend such amounts or to adopt any specific financing method. The Capital Plan is required to be updated and adopted biennially, along with the City's Five-Year Financial Plan and the Five-Year Information & Communication Technology Plan. The CPC is also charged with reviewing the annual capital budget submission and all long-term financing proposals and providing recommendations to the Board of Supervisors relating to the compliance of any such proposal or submission with the adopted Capital Plan.

The Capital Plan is required to be submitted to the Mayor and the Board of Supervisors by each March 1 in odd-numbered years and adopted by the Board of Supervisors and the Mayor on or before May 1 of the same year.

The fiscal years 2026-2035 Capital Plan (the "Adopted Capital Plan") was approved by the CPC on February 24, 2025, and was adopted by the Board of Supervisors on April 15, 2025. The Adopted Capital Plan contains \$52.1 billion in capital investments over the coming decade for all City departments, including \$6.7 billion in projects for General Fund-supported departments. The Adopted Capital Plan proposes \$2.7 billion for General Fund pay-as-you-go capital projects through fiscal year 2034-35. The next capital plan update is expected in Spring 2027. Major capital projects for General Fund-supported departments included in the Capital Plan consist of critical seismic projects, and relocation of staff from seismically vulnerable facilities; upgrades to public health, police, and fire facilities; transportation and utility system improvements; street and right-of-way improvements; the removal of barriers to accessibility; and park improvements, among other capital projects. \$2.3 billion of the capital projects are expected to be financed with general obligation bonds and other long-term obligations, subject to planning policy constraints. The balance is expected to be funded by federal and State funds, the General Fund and other sources.

In addition to the City General Fund-supported capital spending, the Adopted Capital Plan recommends over \$26.8 billion in enterprise fund department projects to continue major transit, economic development and public utility projects such as MTA facilities, seawall strengthening, terminal 1 and 3 upgrades at San Francisco International Airport, water, sewer, and power enterprise improvements, and building adequate facilities to support the City's growing transit fleet, among others. Approximately \$13.5 billion of enterprise fund department capital projects are anticipated to be financed with revenue bonds. The balance is expected to be funded by general obligation bonds, federal and State funds, user/operator fees, General Fund and other sources.

While significant investments are proposed in the City's Adopted Capital Plan, identified resources remain below those necessary to maintain and enhance the City's physical infrastructure. As a result, approximately \$7.6 billion in capital needs including enhancements are deferred from the plan's horizon.

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

### **Tax-Supported Debt Service – City General Obligation Bonds**

Under the State Constitution and the Charter, City bonds secured by *ad valorem* property taxes ("general obligation bonds" or "GO bonds") can only be authorized by two-thirds approval of the voters. In addition to the City's general obligation bonds, BART, SFUSD and SFCCD also have outstanding general obligation bonds as shown in Table A-32.

Table A-27 shows the annual amount of debt service payable on the City's outstanding GO bonds.

**TABLE A-27**  
**General Obligation Bonds Debt Service**  
**As of July 1, 2026<sup>(1)(2)(3)</sup>**

| Fiscal Year  | Principal               | Interest              | Annual Debt Service     |
|--------------|-------------------------|-----------------------|-------------------------|
| 2026-27      | \$ 171,880,840          | \$ 102,566,492        | \$ 274,447,332          |
| 2027-28      | 174,249,035             | 94,678,173            | 268,927,208             |
| 2028-29      | 182,776,751             | 86,662,771            | 269,439,522             |
| 2029-30      | 191,745,095             | 78,120,219            | 269,865,313             |
| 2030-31      | 160,526,950             | 69,186,077            | 229,713,027             |
| 2031-32      | 167,290,000             | 62,115,816            | 229,405,816             |
| 2032-33      | 137,660,000             | 54,918,270            | 192,578,270             |
| 2033-34      | 121,295,000             | 49,105,610            | 170,400,610             |
| 2034-35      | 116,765,000             | 44,099,008            | 160,864,008             |
| 2035-36      | 83,560,000              | 39,336,381            | 122,896,381             |
| 2036-37      | 74,445,000              | 35,965,979            | 110,410,979             |
| 2037-38      | 77,415,000              | 32,990,236            | 110,405,236             |
| 2038-39      | 72,890,000              | 29,871,611            | 102,761,611             |
| 2039-40      | 74,190,000              | 26,908,871            | 101,098,871             |
| 2040-41      | 70,225,000              | 23,846,966            | 94,071,966              |
| 2041-42      | 73,320,000              | 20,753,292            | 94,073,292              |
| 2042-43      | 76,570,000              | 17,500,628            | 94,070,628              |
| 2043-44      | 79,975,000              | 14,094,644            | 94,069,644              |
| 2044-45      | 83,500,000              | 10,568,532            | 94,068,532              |
| 2045-46      | 47,390,000              | 6,904,213             | 54,294,213              |
| 2046-47      | 14,325,000              | 5,067,526             | 19,392,526              |
| 2047-48      | 14,945,000              | 4,445,465             | 19,390,465              |
| 2048-49      | 6,300,000               | 3,795,434             | 10,095,434              |
| 2049-50      | 6,535,000               | 3,563,172             | 10,098,172              |
| 2050-51      | 6,780,000               | 3,314,617             | 10,094,617              |
| 2051-52      | 7,050,000               | 3,048,588             | 10,098,588              |
| 2052-53      | 7,330,000               | 2,771,387             | 10,101,387              |
| 2053-54      | 7,615,000               | 2,482,708             | 10,097,708              |
| 2054-55      | 7,915,000               | 2,182,333             | 10,097,333              |
| 2055-56      | 8,225,000               | 1,869,512             | 10,094,512              |
| 2056-57      | 8,555,000               | 1,542,618             | 10,097,618              |
| 2057-58      | 8,895,000               | 1,201,979             | 10,096,979              |
| 2058-59      | 5,505,000               | 847,105               | 6,352,105               |
| 2059-60      | 5,705,000               | 639,238               | 6,344,238               |
| 2060-61      | 1,790,000               | 423,193               | 2,213,193               |
| 2061-62      | 1,885,000               | 325,638               | 2,210,638               |
| 2062-63      | 1,990,000               | 222,905               | 2,212,905               |
| 2063-64      | 2,100,000               | 114,450               | 2,214,450               |
| <b>TOTAL</b> | <b>\$ 2,361,113,671</b> | <b>\$ 938,051,652</b> | <b>\$ 3,299,165,323</b> |

(1) This table only includes the City's General Obligation Bonds and does not include any of the overlapping debt as shown in Table A-32.

(2) Totals reflect rounding to nearest dollar.

(3) Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of assessed value.

Sources: Office of Public Finance, City and County of San Francisco

## **Authorized but Unissued City GO Bonds**

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

In November 1992, voters approved Proposition A ("1992 Proposition A") which authorized the issuance of up to \$350.0 million in GO bonds to support San Francisco's Seismic Safety Loan Program ("SSLP"), which provides loans for the seismic strengthening of privately-owned unreinforced masonry affordable housing, market-rate residential, commercial and institutional buildings. Between 1994 and 2015, the City issued \$89.3 million of bonds under the original 1992 Proposition A authorization. In November 2016, voters approved Proposition C ("2016 Proposition C"), which amended the 1992 Proposition A authorization (together, the "1992A/2016A Propositions") to broaden the scope of the remaining \$260.7 million authorization by adding the eligibility to finance the acquisition, improvement, and rehabilitation to convert at-risk multi-unit residential buildings to affordable housing, as well as the needed seismic, fire, health, and safety upgrades and other major rehabilitation for habitability, and related costs. Currently \$47.5 million remains authorized and unissued.

In November 2018, voters approved Proposition A ("2018 Embarcadero Seawall Improvement Proposition"), authorizing the issuance of up to \$425.0 million in general obligation bonds for repair and improvement projects along the City's Embarcadero and Seawall to protect the waterfront, BART and Muni, buildings, historic piers, and roads from earthquakes, flooding, and sea level rise. Currently, \$216.3 million remains authorized and unissued.

In November 2019, voters approved Proposition A ("2019 Affordable Housing Proposition"), which authorized the issuance of up to \$600.0 million in general obligation bonds to finance the construction, development, acquisition, and preservation of affordable housing for certain vulnerable San Francisco residents; to assist in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the displacement of residents; to repair and reconstruct distressed and dilapidated public housing developments and their underlying infrastructure; to assist the City's middle-income residents or workers in obtaining affordable rental or home ownership opportunities including down payment assistance and support for new construction of affordable housing for SFUSD and City College of San Francisco employees; and to pay related costs. Currently, \$107.5 million remains authorized and unissued.

In March 2020, voters approved Proposition B ("2020 Earthquake Safety and Emergency Response Proposition") which authorized the issuance of up to \$628.5 million in general obligation bonds to aid fire, earthquake and emergency response by improving, constructing, and/or replacing: deteriorating cisterns, pipes, tunnels, and related facilities to ensure firefighters a reliable water supply for fires and disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public safety facilities, and to pay related costs. Currently, \$243.0 million remains authorized and unissued.

In November 2020, voters approved Proposition A ("2020 Health and Recovery Bond"), which authorized the issuance of up to \$487.5 million in general obligation bonds to fund permanent investments in transitional supportive housing facilities, shelters, and/or facilities that serve individuals experiencing homelessness, mental health challenges, or substance use; improve the safety and quality of parks; and improve the safety and condition of streets and other public rights of way. Currently, approximately \$112.7 million remains authorized and unissued.

In March 2024, voters approved Proposition A ("2024 Affordable Housing Proposition"), which authorized the issuance of up to \$300.0 million in general obligation bonds to construct, develop, acquire, and/or rehabilitate housing, including workforce housing and senior housing, that will be affordable to households ranging from extremely low-income to moderate-income households. Currently, approximately \$152.8 million remains authorized and unissued.



In November 2024, voters approved Proposition B (“2024 Healthy, Safe, and Vibrant SF Bond”), which authorized the issuance of up to \$390.0 million in general obligation bonds to finance the acquisition or improvement of temporary shelters, particularly for families; facilities that deliver healthcare services, including preventive care and behavioral health services, such as the Chinatown Public Health Center; critical repairs, renovations, and seismic upgrades at Zuckerberg San Francisco General Hospital and Trauma Center and Laguna Honda Hospital; and pedestrian and street safety improvements, streetscape enhancements, and other public space improvements. Currently, approximately \$306.4 million remains authorized and unissued.

In June 2026, voters approved Proposition A (“2026 Earthquake Safety and Emergency Response Bond”), which authorized the issuance of up to \$535.0 million in general obligation bonds to improve fire, earthquake, and emergency response by retrofitting, improving, expanding, constructing, and/or replacing: deteriorating pipes, tunnels, and related facilities to ensure firefighters can access enough water to fight fires from a major disaster or emergency; unsafe or deteriorating emergency response facilities, including neighborhood fire stations, critical transportation facilities, and public safety facilities, and to pay related costs. Currently, \$535.0 million remains authorized and unissued.

Table A-28 on the following page lists for each of the City’s voter-authorized general obligation bond programs, the amounts issued and outstanding, and the amount of remaining authorization for which bonds have not yet been issued. Series are grouped by program authorization in chronological order. The authorized and unissued column refers to total program authorization that can still be issued and does not refer to any particular series.

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**TABLE A-28**  
**General Obligation Bonds**  
**As of July 1, 2026<sup>(1)(2)</sup>**

| <b>Bond Authorization Name</b>                                      | <b>Election Date</b> | <b>Authorized Amount</b> | <b>Series</b> | <b>Bonds Issued</b> | <b>Bonds Outstanding</b> | <b>Authorized &amp; Unissued</b> |
|---------------------------------------------------------------------|----------------------|--------------------------|---------------|---------------------|--------------------------|----------------------------------|
| Seismic Safety Loan Program                                         | 11/3/92              | \$350,000,000            | 1994A         | \$35,000,000        | \$ -                     |                                  |
|                                                                     |                      |                          | 2007A         | 30,315,450          | 6,418,671                |                                  |
|                                                                     |                      |                          | 2015A         | 24,000,000          | -                        |                                  |
| <i>Reauthorization to Repurpose for Affordable Housing</i>          | 11/8/16              |                          | 2019A         | 72,420,000          | 65,640,000               |                                  |
|                                                                     |                      |                          | 2020C         | 102,580,000         | 88,550,000               |                                  |
|                                                                     |                      |                          | 2025E         | 38,220,000          | 35,025,000               | \$47,464,550                     |
| Clean & Safe Neighborhood Parks                                     | 2/5/08               | 185,000,000              | 2008B         | 42,520,000          |                          |                                  |
|                                                                     |                      |                          | 2010B         | 24,785,000          |                          |                                  |
|                                                                     |                      |                          | 2010D         | 35,645,000          | 14,565,000               |                                  |
|                                                                     |                      |                          | 2012B         | 73,355,000          |                          |                                  |
|                                                                     |                      |                          | 2016A         | 8,695,000           | 4,475,000                |                                  |
| San Francisco General Hospital & Trauma Center<br>Earthquake Safety | 11/4/08              | 887,400,000              | 2009A         | 131,650,000         |                          |                                  |
|                                                                     |                      |                          | 2010A         | 120,890,000         |                          |                                  |
|                                                                     |                      |                          | 2010C         | 173,805,000         | 71,025,000               |                                  |
|                                                                     |                      |                          | 2012D         | 251,100,000         |                          |                                  |
|                                                                     |                      |                          | 2014A         | 209,955,000         |                          |                                  |
| Earthquake Safety and Emergency Response Bond                       | 6/8/10               | 412,300,000              | 2010E         | 79,520,000          |                          |                                  |
|                                                                     |                      |                          | 2012A         | 183,330,000         |                          |                                  |
|                                                                     |                      |                          | 2012E         | 38,265,000          |                          |                                  |
|                                                                     |                      |                          | 2013B         | 31,020,000          |                          |                                  |
|                                                                     |                      |                          | 2014C         | 54,950,000          |                          |                                  |
|                                                                     |                      |                          | 2016C         | 25,215,000          | 13,445,000               |                                  |
| Road Repaving & Street Safety                                       | 11/8/11              | 248,000,000              | 2012C         | 74,295,000          |                          |                                  |
|                                                                     |                      |                          | 2013C         | 129,560,000         |                          |                                  |
|                                                                     |                      |                          | 2016E         | 44,145,000          | 23,545,000               |                                  |
| Clean & Safe Neighborhood Parks                                     | 11/6/12              | 195,000,000              | 2013A         | 71,970,000          |                          |                                  |
|                                                                     |                      |                          | 2016B         | 43,220,000          | 14,535,000               |                                  |
|                                                                     |                      |                          | 2018A         | 76,710,000          |                          |                                  |
|                                                                     |                      |                          | 2019B         | 3,100,000           |                          |                                  |
| Earthquake Safety and Emergency Response Bond                       | 6/3/14               | 400,000,000              | 2014D         | 100,670,000         |                          |                                  |
|                                                                     |                      |                          | 2016D         | 109,595,000         | 45,370,000               |                                  |
|                                                                     |                      |                          | 2018C         | 189,735,000         | -                        |                                  |
| Transportation and Road Improvement                                 | 11/4/14              | 500,000,000              | 2015B         | 67,005,000          | -                        |                                  |

|                                               |         |                 |         |                 |                 |                 |
|-----------------------------------------------|---------|-----------------|---------|-----------------|-----------------|-----------------|
|                                               |         |                 | 2018B   | 174,445,000     | -               |                 |
|                                               |         |                 | 2020B   | 135,765,000     | 85,090,000      |                 |
|                                               |         |                 | 2021C-1 | 104,785,000     | 76,425,000      |                 |
|                                               |         |                 | 2021C-2 | 18,000,000      |                 |                 |
| Affordable Housing Bond                       | 11/3/15 | 310,000,000     | 2016F   | 75,130,000      | 30,960,000      |                 |
|                                               |         |                 | 2018D   | 142,145,000     | 72,210,000      |                 |
|                                               |         |                 | 2019C   | 92,725,000      | 18,290,000      |                 |
| Public Health and Safety Bond                 | 6/7/16  | 350,000,000     | 2017A   | 173,120,000     |                 |                 |
|                                               |         |                 | 2018E   | 49,955,000      |                 |                 |
|                                               |         |                 | 2020D-1 | 111,925,000     | 70,575,000      |                 |
|                                               |         |                 | 2020D-2 | 15,000,000      |                 |                 |
| Embarcadero Seawall Earthquake Safety         | 11/6/18 | 425,000,000     | 2020A   | 49,675,000      |                 |                 |
|                                               |         |                 | 2023B   | 39,020,000      |                 |                 |
|                                               |         |                 | 2025A-1 | 15,085,000      | 15,085,000      |                 |
|                                               |         |                 | 2025A-2 | 104,910,000     | 98,735,000      | \$216,310,000   |
| Affordable Housing Bond                       | 11/5/19 | 600,000,000     | 2021A   | 254,585,000     | 150,340,000     |                 |
|                                               |         |                 | 2023C   | 170,780,000     | 99,600,000      |                 |
|                                               |         |                 | 2025C   | 67,095,000      |                 | \$107,540,000   |
| Earthquake Safety and Emergency Response Bond | 3/3/20  | 628,500,000     | 2021B-1 | 69,215,000      | 59,075,000      |                 |
|                                               |         |                 | 2021B-2 | 11,500,000      |                 |                 |
|                                               |         |                 | 2021E-1 | 74,090,000      | 54,655,000      |                 |
|                                               |         |                 | 2021E-2 | 13,000,000      |                 |                 |
|                                               |         |                 | 2025B-1 | 197,030,000     | 188,355,000     |                 |
|                                               |         |                 | 2025B-2 | 20,680,000      |                 | \$242,985,000   |
| Health and Recovery Bond                      | 11/4/20 | 487,500,000     | 2021D-1 | 194,255,000     | 150,955,000     |                 |
|                                               |         |                 | 2021D-2 | 64,250,000      |                 |                 |
|                                               |         |                 | 2023A   | 28,785,000      | 24,580,000      |                 |
|                                               |         |                 | 2025G   | 87,515,000      | 1,410,000       | 112,695,000     |
| Affordable Housing Bond                       | 3/5/24  | 300,000,000     | 2025D   | 147,230,000     | 75,100,000      | 152,770,000     |
| Health, Safe and Vibrant SF Bond              | 11/5/24 | 390,000,000     | 2025F   | 83,635,000      | 33,635,000      | 306,365,000     |
| Earthquake Safety and Emergency Response Bond | 6/2/26  | 535,000,000     |         |                 |                 | 535,000,000     |
| SUBTOTAL                                      |         | \$7,203,700,000 |         | \$5,482,570,450 | \$1,687,668,671 | \$1,721,129,550 |

| General Obligation Refunding Bonds | Dated<br>Issued |  |                        | Bonds<br>Issued        | Bonds<br>Outstanding   |                        |
|------------------------------------|-----------------|--|------------------------|------------------------|------------------------|------------------------|
| Series 2020-R1                     | 5/7/20          |  |                        | \$195,250,000          | \$109,605,000          |                        |
| Series 2021-R1                     | 5/6/21          |  |                        | 91,230,000             | 53,835,000             |                        |
| Series 2021-R2                     | 9/16/21         |  |                        | 86,905,000             | 7,680,000              |                        |
| Series 2022-R1                     | 5/18/22         |  |                        | 327,300,000            | 224,490,000            |                        |
| Series 2024-R1                     | 5/22/24         |  |                        | 340,615,000            | 277,835,000            |                        |
| SUBTOTAL                           |                 |  |                        | \$1,041,300,000        | \$673,445,000          |                        |
| <b>TOTALS</b>                      |                 |  | <b>\$7,203,700,000</b> | <b>\$6,523,870,450</b> | <b>\$2,361,113,671</b> | <b>\$1,721,129,550</b> |

- (1) Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.
- (2) Of the \$35,000,000 authorized by the Board of Supervisors in February 2007, \$30,315,450 has been drawn upon to date pursuant to the Credit Agreement described under “General Obligation Bonds.”

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

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## General Fund Lease Obligations

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

Table A-29 sets forth the aggregate annual lease payment obligations supported by the City's General Fund with respect to outstanding long-term lease revenue bonds, certificates of participation, and equipment lease purchase agreements as of July 1, 2026.

**TABLE A-29**  
**Debt Service on Lease Revenue Bonds and Certificates of Participation**  
**As of July 1, 2026<sup>(1)(2)</sup>**

| Fiscal Year                | Principal               | Interest <sup>(3)</sup> | Annual Payment Obligation |
|----------------------------|-------------------------|-------------------------|---------------------------|
| 2026-27 <sup>(4)</sup>     | \$ 82,443,731           | \$ 68,156,560           | \$ 150,600,292            |
| 2027-28                    | 78,145,000              | 64,115,288              | 142,260,288               |
| 2028-29                    | 81,835,000              | 60,217,007              | 142,052,007               |
| 2029-30                    | 85,530,000              | 56,265,628              | 141,795,628               |
| 2030-31                    | 79,415,000              | 52,290,652              | 131,705,652               |
| 2031-32                    | 73,490,000              | 48,634,041              | 122,124,041               |
| 2032-33                    | 75,630,000              | 45,177,154              | 120,807,154               |
| 2033-34                    | 79,020,000              | 41,633,985              | 120,653,985               |
| 2034-35                    | 73,020,000              | 37,993,109              | 111,013,109               |
| 2035-36                    | 74,640,000              | 34,397,617              | 109,037,617               |
| 2036-37                    | 75,500,000              | 30,684,420              | 106,184,420               |
| 2037-38                    | 79,060,000              | 26,920,233              | 105,980,233               |
| 2038-39                    | 83,215,000              | 22,972,190              | 106,187,190               |
| 2039-40                    | 87,180,000              | 18,799,628              | 105,979,628               |
| 2040-41                    | 91,270,000              | 14,486,525              | 105,756,525               |
| 2041-42                    | 54,535,000              | 9,964,161               | 64,499,161                |
| 2042-43                    | 46,820,000              | 7,683,631               | 54,503,631                |
| 2043-44                    | 47,215,000              | 5,629,756               | 52,844,756                |
| 2044-45                    | 24,765,000              | 3,993,400               | 28,758,400                |
| 2045-46                    | 14,775,000              | 3,002,800               | 17,777,800                |
| 2046-47                    | 15,370,000              | 2,411,800               | 17,781,800                |
| 2047-48                    | 14,390,000              | 1,797,000               | 16,187,000                |
| 2048-49                    | 14,970,000              | 1,221,400               | 16,191,400                |
| 2049-50                    | 15,565,000              | 622,600                 | 16,187,600                |
| <b>TOTAL<sup>(5)</sup></b> | <b>\$ 1,447,798,731</b> | <b>\$ 659,070,585</b>   | <b>\$ 2,106,869,317</b>   |

(1) Includes privately placed lease purchase financings and excludes the 833 Bryant lease and commercial paper.

(2) Actual payment dates are used to project outstanding payment obligations.

(3) Totals reflect rounding to nearest dollar.

(4) Includes payments made to date in the current fiscal year.

(5) For purposes of this table, the interest rate on the Lease Revenue Bonds Series 2008-1, and 2008-2 (Moscone Center Expansion Project) is assumed to be 6.0%. These bonds are in variable rate mode.

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

## **Voter-Approved Lease Revenue Bonds**

The City electorate has approved several lease revenue bond propositions, and the City has issued the lease revenue bonds set forth in Table 31. There are approximately \$114.1 million of authorized but unissued voter-approved lease revenue bonds. The following lease programs have remaining authorization:

In 1987, voters approved Proposition F, which authorizes the City to lease finance (without limitation as to maximum aggregate principal amount) the construction of new parking facilities, including garages and surface lots, in eight of the City's neighborhoods. In July 2000, the City issued \$8.2 million in lease revenue bonds to finance the construction of the North Beach Parking Garage, which was opened in February 2002. There is no current plan to issue additional bonds at this time.

In 1990, voters approved Proposition C ("1990 Proposition C"), which amended the Charter to authorize the City to lease purchase equipment through a nonprofit corporation without additional voter approval but with certain restrictions. The City and County of San Francisco Finance Corporation (the "Corporation") was incorporated for that purpose. 1990 Proposition C provides that the outstanding aggregate principal amount of obligations with respect to lease financings may not exceed \$20.0 million, with such amount increasing by five percent each fiscal year. As of July 1, 2024, the total authorized and unissued amount for such financings was \$105 million. There is no current plan to issue additional bonds at this time.

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

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

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

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Table A-30 below lists the City's outstanding certificates of participation, lease purchase financings, and voter-authorized lease revenue bonds.

**TABLE A-30**  
**Outstanding Certificates of Participation and Lease Revenue Bonds<sup>(1)</sup>**  
**As of July 1, 2026<sup>(1)(2)</sup>**

| <b>Issue Name</b>                                                             | <b>Final<br/>Maturity</b> | <b>Original<br/>Principal</b> | <b>Outstanding<br/>Principal</b> |
|-------------------------------------------------------------------------------|---------------------------|-------------------------------|----------------------------------|
| <b>CERTIFICATES OF PARTICIPATION</b>                                          |                           |                               |                                  |
| Series 2009D - Taxable BABs (525 Golden Gate Avenue)                          | 2041                      | \$ 129,550,000                | \$ 115,245,000                   |
| Series 2016A (War Memorial Veterans Building)                                 | 2032                      | 16,125,000                    | 6,745,000                        |
| Series 2017A - Taxable (Hope SF)                                              | 2047                      | 28,320,000                    | 22,545,000                       |
| Series 2019A (49 South Van Ness Project)                                      | 2050                      | 247,810,000                   | 226,700,000                      |
| Refunding Series 2019-R1 (Multiple Capital Improvement Projects)              | 2035                      | 116,460,000                   | 59,245,000                       |
| Refunding Series 2020-R1 (Multiple Capital Improvement Projects)              | 2033                      | 70,640,000                    | 48,335,000                       |
| Series 2020 (Animal Care & Control Project)                                   | 2041                      | 47,075,000                    | 38,760,000                       |
| Series 2021A (Multiple Capital Improvement Projects)                          | 2041                      | 76,020,000                    | 64,895,000                       |
| Series 2023A - Taxable (Affordable Housing and Community Facilities Projects) | 2043                      | 103,410,000                   | 97,760,000                       |
| Series 2023B (Multiple Capital Improvement Projects)                          | 2043                      | 80,040,000                    | 75,025,000                       |
| Refunding Series 2024-R1 (Multiple Capital Improvement Projects)              | 2033                      | 214,585,000                   | 195,705,000                      |
| Series 2024A (Multiple Capital Improvement Projects)                          | 2044                      | 123,345,000                   | 112,585,000                      |
| Series 2025A (Music Concourse Garage Project)                                 | 2045                      | 19,565,000                    | 19,175,000                       |
| Series 2025B (Treasure Island – Stage 2 Infrastructure Projects)              | 2045                      | 46,935,000                    | 46,935,000                       |
| Refunding Series 2025-R1 (Multiple Capital Improvement Projects)              | 2041                      | 270,910,000                   | 256,770,000                      |
| Refunding Series 2025-R2 (Port Facilities Project) (Non-AMT)                  | 2038                      | 2,710,000                     | 2,710,000                        |
| Refunding Series 2025-R3 (Port Facilities Project) (AMT)                      | 2043                      | 15,680,000                    | 15,020,000                       |
| <b>SUBTOTAL CERTIFICATES OF PARTICIPATION</b>                                 |                           | <b>\$ 1,609,180,000</b>       | <b>\$ 1,404,155,000</b>          |
| <b>LEASE PURCHASE FINANCINGS</b>                                              |                           |                               |                                  |
| 2016 Lease Purchase Financing (Public Safety Radio Replacement Project)       | 2026                      | 34,184,136                    | 1,848,731                        |
| <b>SUBTOTAL LEASE PURCHASE FINANCINGS</b>                                     |                           | <b>\$ 34,184,136</b>          | <b>\$ 1,848,731</b>              |
| <b>FINANCE CORPORATION LEASE REVENUE BONDS</b>                                |                           |                               |                                  |
| Refunding Series 2008-1 (Moscone Center Expansion Project) - Variable         | 2030                      | \$ 72,670,000                 | \$ 13,100,000                    |
| Refunding Series 2008-2 (Moscone Center Expansion Project) - Variable         | 2030                      | 72,670,000                    | 13,100,000                       |
| Refunding Series 2018A (Open Space Fund - Various Park Projects)              | 2029                      | 34,950,000                    | 8,620,000                        |
| Refunding Series 2018B (Branch Library Improvement Program)                   | 2028                      | 13,355,000                    | 3,135,000                        |
| <b>SUBTOTAL LEASE REVENUE BONDS</b>                                           |                           | <b>\$ 193,645,000</b>         | <b>\$ 37,955,000</b>             |
| <b>TOTAL</b>                                                                  |                           | <b>\$ 1,837,009,136</b>       | <b>\$ 1,443,958,731</b>          |

<sup>(1)</sup> Excludes commercial paper and California HFA Revenue Bonds (San Francisco Supportive Housing - 833 Bryant Apartments) (\$24,860,000)

<sup>(2)</sup> Actual payment dates are used to project outstanding payment obligations.

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

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## **Board Authorized and Unissued Long-Term Certificates of Participation**

Certain issuances have been authorized as supplements to a lease (“Master Lease”), which currently supports the City’s outstanding Certificates of Participation (“COPs”), Series 2019-R1, Series 2020-R1, Series 2021A, Series 2023A, Series 2023B, Series 2024-R1 and Series 2024A, by and between the City and a third-party trustee, currently U.S. Bank National Association. Properties leased pursuant to the Master Lease currently include the City-owned Laguna Honda Hospital campus located at 375 Laguna Honda Boulevard, San Francisco; the San Bruno Jail Complex located at 1 Moreland Drive, San Bruno; and One South Van Ness Property located at 1 South Van Ness Avenue, San Francisco.

*Treasure Island Improvement Project:* In October of 2013, the Board authorized, and the Mayor approved the issuance of not to exceed \$13.5 million of COPs to finance the cost of additions and improvements to the utility infrastructure at Treasure Island. At this time, the City anticipates issuing the first tranche of COPs to fund this project in the future.

*Housing Trust Fund (“HTF”) Project:* In April 2016, the Board authorized and the Mayor approved the issuance of not to exceed \$95.0 million of COPs (Affordable Housing Projects) to fund the development, acquisition, construction or rehabilitation of affordable rental housing projects. The City previously issued commercial paper (which is no longer outstanding) for a portion of the authorized projects. The City anticipates issuing additional long-term COPs to fund HTF projects in the future.

*HOPE SF Project:* In December 2019, the Board authorized, and the Mayor approved the issuance of not to exceed \$83.6 million of COPs to fund certain capital improvements, including but not limited to certain properties generally known as Hunters View, Sunnydale, and Potrero Terrace and Annex housing developments. The City has funded initial HOPE SF COP projects using commercial paper which are anticipated to be repaid with funds on hand in the first quarter of fiscal year 2026-27.

*Treasure Island Stage 2.* In May 2024, legislation amending the Development Agreement and Disposition and Development Agreement for the Treasure Island development project was approved by the Board. This amendment included authorizing of COP funding for \$115 million of projects. To date, the City has issued COPs to fund \$50 million of Project Costs as part of the first tranche issuance of COPs. The City expects to issue the second series of COPs in fiscal year 2026-27.

*Hall of Justice Relocation Projects:* In October 2019, the Board authorized and the Mayor approved the issuance of not to exceed \$62.0 million principal amount of COPs to fund tenant improvements involving the construction, acquisition, improvement, renovation, and retrofitting of City-owned properties as needed for the Hall of Justice (“HOJ”) Improvement Project enabling staff and offices to be consolidated in acquired City-owned properties. The City funded \$4.6 million in project fund and related financing costs related to this authorization for the 444 Sixth Street acquisition as part of the Certificates of Participation, Series 2021A issuance. The City expects to issue the next series of long-term COPs in fiscal year 2026-27 or later.

*Critical Repairs, Recovery Stimulus and Streets (FY2022-27):* In July 2021, the Board authorized the issuance of not-to-exceed \$67.5 million of COPs to finance \$56.7 million in Critical Repairs and Economic Recovery Stimulus projects (the “FY22 COPs”). In July 2022, the Board authorized the issuance of not-to-exceed \$140.0 million of COPs to finance \$109.2 million in Critical Repairs, Streets, and Economy Recovery Stimulus projects (the “FY23 COPs”). In September 2023, the Board authorized the issuance of not-to-exceed \$77.2 million of COPs to finance \$58.4 million in Critical Repairs and Street Resurfacing projects (the “FY24 COPs”). In September 2024, the Board authorized the issuance of not-to exceed \$61.4 million of COPs to finance \$45.0 million in Critical Repairs and Street Resurfacing projects (the “FY25 COPs”). In September 2025, the Board authorized the issuance of not to exceed \$65.0 million of COPs to finance \$50 million of Street Resurfacing and Curb Ramps projects (the “FY26/FY27 COPs”). The City issued its first tranche of COPs related to the these authorizations in 2023, funding \$80.3 million of project costs authorized under the FY22 COPs and FY23 COPs. The City expects to issue its next series of COPs under these authorizations in fiscal year 2026-27.



*Affordable Housing and Community Development Projects:* In May 2023 the Board authorized and in June 2023 the Mayor approved the issuance of not to exceed \$146.8 million of CCSF COPs, to fund capital improvement, affordable housing and community facility development projects. The City funded \$102.0 million in project funds for this authorization as part of the Series 2023A issuance. The City expects to issue the remainder of the long-term COPs in fiscal year 2026-27 or later

## **Commercial Paper Program**

In March 2009, the Board of Supervisors authorized, and the Mayor approved, a not-to-exceed \$150.0 million Lease Revenue Commercial Paper Certificates of Participation Program, Series 1 and 1-T and Series 2 and 2-T (the “Original CP Program”). In July of 2013, the Board of Supervisors authorized, and the Mayor approved an additional \$100.0 million of Lease Revenue Commercial Paper Certificates of Participation, Series 3 and 3-T and Series 4 and 4-T (the “Second CP Program” and together with the Original CP Program, the “City CP Program”) that increased the total authorization of the City CP Program to \$250.0 million.

Commercial Paper Notes (the “CP Notes”) are issued from time to time to pay approved project costs in connection with the acquisition, improvement, renovation and construction of real property and the acquisition of capital equipment and vehicles. Projects are eligible to access the CP Program once the Board of Supervisors and the Mayor have approved the project and the long-term, permanent financing for the project.

The Original CP Program notes are secured by a \$150.0 million letter of credit with TD Securities, which expires in March 2029. The Second CP Program notes are secured by a \$100.0 million revolving letter of credit issued by BMO Bank, which expires in March 2029.

As of July 1, 2026, the outstanding principal amount of CP Notes is \$70.3 million. The interest rate for the \$52.7 million outstanding tax-exempt CP Notes is 2.48%. The interest rate for the \$17.6 million outstanding taxable CP Notes is 3.79%. The projects with Board of Supervisors authorized and unissued Certificates of Participation currently utilizing the CP Program include HOPE SF, Critical Repairs & Recovery Stimulus, Affordable Housing & Community Development, Street Resurfacing & Reconstruction, and Hall of Justice Relocation Project - Tenant Improvements. Additionally, the acquisition of police vehicles was funded through the City’s CP Program which is expected to be paid down over time. The following is a summary of the outstanding liability by project associated with the CP Notes.

**TABLE A-31**  
**Outstanding Commercial Paper**  
**As of July 1, 2026**

| <b>Project</b>                             | <b>CP Notes<br/>Outstanding<br/>as of 7/1/2026</b> |
|--------------------------------------------|----------------------------------------------------|
| HOPE SF                                    | \$4,504,475                                        |
| Affordable Housing & Community Development | 1,601,910                                          |
| Critical Repairs & Recovery Stimulus       | 27,837,081                                         |
| Police Vehicle Acquisition                 | 1,389,051                                          |
| HOJ Relocation – Tenant Improvements       | 3,303,535                                          |
| Street Resurfacing & Reconstruction        | 31,663,948                                         |
| <b>TOTAL*</b>                              | <b>70,300,000</b>                                  |

*\* Projects may not sum to total due to rounding.*

## **Asian Art Museum Assurance Agreement**

The Asian Art Museum of San Francisco (“Museum”) is a charitable trust department of the City and houses the collection of the City’s Asian art objects. The City owns the Museum and the art collection. Under the City Charter the City is required to provide sufficient funds each year to maintain, display and provide

security for the art collection. Based on the FY27 & FY28 Proposed Budget, the City is budgeting \$13.05 million for the Museum in fiscal year 2026-27. The Asian Art Museum Foundation of San Francisco (“Foundation”) is a non-profit public benefit corporation that serves as the fundraising arm of the Museum.

In connection with a Loan Agreement, dated February 1, 2011 (“Asian Art Museum CEDA Loan”), by and among the Foundation, the California Enterprise Development Authority ( “CEDA”) and JPMorgan Chase Bank, National Association (“Bank”), the City entered into an Assurance Agreement (“Assurance Agreement”) with the Bank. (The Asian Art Museum CEDA Loan was a part of a restructuring of previous debt of the Foundation.) Under the terms of the Assurance Agreement, the City Controller is required under certain circumstances to seek a supplemental budgetary appropriation from the Board of Supervisors to pay scheduled debt service on the Asian Art Museum CEDA Loan. The Board of Supervisors and Mayor retain the sole discretion to approve any Controller request. The principal amount of the Asian Art Museum CEDA Loan outstanding as of July 6, 2026, is approximately \$65.5 million and annual debt service is approximately \$6.2 million through 2040.

Based on information provided to the Controller by the Foundation, the City is aware that fundraising and development for arts and cultural institutions, including the Museum, continues to be a challenging environment following the COVID pandemic. Currently, the City is engaged in discussions with the Foundation to understand the Foundation's financial position, its operations and outstanding obligations.

### **Overlapping Debt**

Table A-32 shows bonded debt and long-term obligations as of July 1, 2026, sold in the public capital markets, except for those financings otherwise noted in the table, by the City and those public agencies whose boundaries overlap the boundaries of the City in whole or in part. Long-term obligations of non-City agencies generally are not payable from revenues of the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. In the table, lease obligations of the City which support indebtedness incurred by others are included. As noted below, the Charter limits the City’s outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City.

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**TABLE A-32**  
**Statement of Direct and Overlapping Debt and Long-Term Obligations**  
**As of June 30, 2026**

|                                                                                                   |                                       |
|---------------------------------------------------------------------------------------------------|---------------------------------------|
| <u>2025-26 Assessed Valuation</u> (includes unitary utility valuation):                           | \$ 358,424,092,463 <sup>(1)</sup>     |
| <b><u>GENERAL OBLIGATION BONDED DEBT</u></b>                                                      |                                       |
| <b>San Francisco City and County</b>                                                              | <b>\$ 2,361,113,671</b>               |
| San Francisco Unified School District                                                             | 913,310,000                           |
| San Francisco Community College District                                                          | 548,315,000                           |
| TOTAL GENERAL OBLIGATION BONDED DEBT                                                              | <u>\$ 3,822,738,671</u>               |
| <b><u>LEASE OBLIGATIONS BONDS</u></b>                                                             |                                       |
| <b>San Francisco City and County</b>                                                              | <b>\$ 1,447,798,731</b>               |
| TOTAL LEASE OBLIGATION BONDED DEBT                                                                | <u>\$ 1,447,798,731</u>               |
| TOTAL COMBINED DIRECT DEBT                                                                        | \$ 5,270,537,402                      |
| <b><u>OVERLAPPING TAX AND ASSESSMENT DEBT</u></b>                                                 |                                       |
| Bay Area Rapid Transit District General Obligation Bond (33.728%)                                 | \$ 965,086,835                        |
| San Francisco Community Facilities District No. 6                                                 | 112,070,000                           |
| San Francisco Community Facilities District No. 7                                                 | 25,485,000                            |
| San Francisco Community Facilities District No. 2009-1, Improvement Areas 1 and 2                 | 1,892,593                             |
| San Francisco Community Facilities District No. 2014-1 Transbay Transit Center                    | 555,635,000                           |
| San Francisco Community Facilities District No. 2016-1 Treasure Island, Improvement Areas 1 and 2 | 98,420,000                            |
| San Francisco Special Tax District No. 2020-1 Mission Rock Facilities                             | 149,980,000                           |
| ABAG Community Facilities District No. 2004-1 Seismic Safety Improvements                         | 7,415,000                             |
| ABAG Community Facilities District No. 2006-1 San Francisco Rincon Hill                           | 4,055,000                             |
| ABAG Community Facilities District No. 2006-2 San Francisco Mint Plaza                            | 2,385,000                             |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT                                                         | <u>\$ 1,922,424,428</u>               |
| <b><u>OVERLAPPING TAX INCREMENT DEBT:</u></b>                                                     |                                       |
| Successor Agency to the San Francisco Redevelopment Agency                                        | \$ 814,201,505                        |
| Transbay Joint Powers Authority                                                                   | 217,475,000                           |
| TOTAL OVERLAPPING INCREMENT DEBT                                                                  | <u>\$ 1,031,676,505</u>               |
| <b><u>OVERLAPPING INCREMENT DEBT:</u></b>                                                         |                                       |
| San Francisco Infrastructure and Revitalization Financing District No. 1                          | <u>\$ 63,980,000</u>                  |
| TOTAL OVERLAPPING TAX INCREMENT REVENUE DEBT                                                      | <u>\$ 63,980,000</u>                  |
| <b>TOTAL DIRECT AND OVERLAPPING BONDED DEBT</b>                                                   | <b>\$ 8,288,618,335<sup>(2)</sup></b> |
| <b><u>Ratios to 2025-26 Assessed Valuation (\$358,424,092,463)</u></b>                            | <b><u>Actual Ratio</u></b>            |
| Direct General Obligation Bonded Debt (\$3,822,738,671)                                           | 1.07% <sup>(3)</sup>                  |
| Combined Direct Debt (\$5,270,537,402)                                                            | 1.47%                                 |
| Total Direct and Overlapping Bonded Debt                                                          | 2.31%                                 |
| <b><u>Ratio to 2025-26 Redevelopment Incremental Valuation (\$45,743,416,351)</u></b>             |                                       |
| Total Overlapping Tax Increment Debt                                                              | 2.26%                                 |

(1) Includes \$581,553,268 homeowner's exemption for FY25-26.

(2) Excludes tax and revenue anticipation notes, enterprise revenue bonds and airport improvement corporation bonds, as well as the issue to be sold

(3) The Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City. The City's general obligation debt as a percentage of FY25-26 AV is 0.7%.

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

## **CITY GOVERNMENT**

### **City Charter**

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

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

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

Under its original charter, the City committed to a policy of municipal ownership of utilities. The Municipal Railway, when acquired from a private operator in 1912, was the first such city-owned public transit system in the nation. In 1914, the City obtained its municipal water system, including the Hetch Hetchy watershed near Yosemite. In 1927, the City dedicated Mills Field Municipal Airport at a site in what is now San Mateo County 14 miles south of downtown San Francisco, which would grow to become today’s San Francisco International Airport. In 1969, the City acquired the Port of San Francisco (the “Port”) in trust from the State. Substantial expansions and improvements have been made to these enterprises since their original acquisition. SFO, the Port, SFPUC (which includes the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Project), MTA (which operates the San Francisco Municipal Railway or “Muni” and the Department of Parking and Traffic (“DPT”), including twenty one public parking garages), and the City-owned hospitals (Zuckerberg San Francisco General and Laguna Honda), are collectively referred to herein as the “enterprise fund departments,” as they are not integrated into the City’s General Fund operating budget. However, certain enterprise fund departments, including San Francisco General Hospital, Laguna Honda Hospital, and the MTA, annually receive significant General Fund-transfers.

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

## Mayor

In November 2024, Daniel Lurie was elected as the City's 46<sup>th</sup> Mayor. He took office on January 8, 2025, succeeding Mayor London Breed.

## Board of Supervisors

Table A-33 lists current members of the Board of Supervisors. The Supervisors are elected for staggered four-year terms and are elected by district. The Mayor makes appointments for all Board vacancies.

**TABLE A-33**  
**Board of Supervisors**

| Name                                          | First Elected or<br>Appointed | Current<br>Term Expires |
|-----------------------------------------------|-------------------------------|-------------------------|
| Connie Chan, District 1                       | 2021                          | 2029                    |
| Stephen Sherill, District 2                   | 2024                          | 2027                    |
| Danny Sauter, District 3                      | 2025                          | 2029                    |
| Alan Wong, District 4                         | 2025                          | 2027                    |
| Bilal Mahmood, District 5                     | 2025                          | 2029                    |
| Matt Dorsey, District 6                       | 2022                          | 2027                    |
| Myrna Melgar, District 7                      | 2021                          | 2029                    |
| Rafael Mandelman, Board President, District 8 | 2018                          | 2027                    |
| Jackie Felder, District 9                     | 2025                          | 2029                    |
| Shamann Walton, District 10                   | 2019                          | 2027                    |
| Chyanne Chen, District 11                     | 2025                          | 2029                    |

## Other Elected and Appointed City Officers

The City Attorney, an elected position, represents the City in all legal proceedings in which the City has an interest. On November 4, 2024, David Chiu was re-elected to serve as the San Francisco City Attorney.

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

The Treasurer is responsible for the deposit and investment of all City moneys, and also acts as Tax Collector for the City. José Cisneros was re-elected to a four-year term as Treasurer of the City in November 2024 for a term that extends through January 2029. Mr. Cisneros has served as Treasurer since September 2004, following his appointment by then-Mayor Newsom.

The City Controller is responsible for timely accounting, disbursement, and other disposition of City moneys, certifies the accuracy of budgets, estimates the cost of ballot measures, provides payroll services for the City's employees, and, as the Auditor for the City, directs performance and financial audits of City activities. On January 10, 2024, Mayor Breed appointed Greg Wagner, formerly the Chief Operating Officer of the City's

Department of Public Health, to a ten-year term as Controller of the City. Mr. Wagner's appointment was confirmed by the Board of Supervisors on January 23, 2024, in accordance with the Charter.

The City Administrator has overall responsibility for the management and implementation of policies, rules and regulations promulgated by the Mayor, the Board of Supervisors and the voters. The City Administrator oversees the General Services Agency which consists of 25 departments, divisions, and programs that include the Public Works Department, Department of Technology, Office of Contract Administration/Purchasing, Real Estate, County Clerk, Fleet Management, Convention Facilities, Animal Care and Control, Medical Examiner, and Treasure Island. Carmen Chu was sworn in as the City Administrator on February 2, 2021.

## **THE SUCCESSOR AGENCY**

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

As a result of ABx1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, (collectively, the "Dissolution Act"), redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy "enforceable obligations" of the former redevelopment agencies all under the supervision of a new oversight board, the State Department of Finance and the State Controller.

Pursuant to Ordinance No. 215-12 passed by the Board of Supervisors of the City on October 2, 2012 and signed by the Mayor on October 4, 2012, the Board of Supervisors (i) officially gave the following name to the successor to the Former Agency: the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (the "Successor Agency") also referred to as the "Office of Community Investment & Infrastructure" ("OCII"), (ii) created the Successor Agency Commission as the policy body of the Successor Agency, (iii) delegated to the Successor Agency Commission the authority to act to implement the surviving redevelopment projects, the replacement housing obligations of the Former Agency and other enforceable obligations and the authority to take actions that ABx1 26 and AB 1484 require or allow and (iv) established the composition and terms of the members of the Successor Agency Commission.

Because of the existence of enforceable obligations, the Successor Agency is authorized to continue to implement, through the issuance of tax allocation bonds, certain major redevelopment projects that were previously administered by the Former Agency. The Successor Agency exercises land use, development and design approval authority for the developed projects. The Successor Agency, in addition to other various City agencies and entities, also may issue community facilities district bonds from time to time to facilitate development in the major approved development projects in accordance with the terms of such enforceable obligations. See also, Table A-32: "Statement of Direct and Overlapping Debt and Long-Term Obligations."

## **CITY INFRASTRUCTURE FINANCING DISTRICTS**

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

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

## **CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES**

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

### **Article XIII A of the California Constitution**

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

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

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

### **Article XIII B of the California Constitution**

Article XIII B was enacted by California voters as an initiative constitutional amendment in November 1979. Article XIII B limits the annual appropriations from the proceeds of taxes of the State and any city, county,

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

### **Articles XIII C and XIII D of the California Constitution**

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

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

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

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

### **Proposition 1A**

Proposition 1A, a constitutional amendment proposed by the State Legislature and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government



authority to levy a sales tax rate, or change the allocation of local sales tax revenues, subject to certain exceptions. As set forth under the laws in effect as of November 3, 2004, Proposition 1A generally prohibits the State from shifting any share of property tax revenues allocated to local governments for any fiscal year to schools or community colleges. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years. If the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

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

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

## **Proposition 22**

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

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

## **Proposition 26**

On November 2, 2010, the voters of the State approved Proposition 26 (“Proposition 26”), revising certain provisions of Articles XIII A and XIII C of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by

local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption was repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

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

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

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

### **Future Initiatives and Changes in Law**

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

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

## LEGAL MATTERS AND RISK MANAGEMENT

### Pending Litigation

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

### Ongoing Investigations

Community Challenge Grant Program Investigation. On August 29, 2023, the San Francisco District Attorney charged Lanita Henriquez, who served as the director of the San Francisco Community Challenge Grant Program under the Office of the San Francisco City Administrator, and Rudolph Dwayne Jones, a former City official and City contractor, with misappropriation of public monies, bribery, and financial conflict of interest in a government contract. It is alleged that Ms. Henriquez and Mr. Jones misappropriated public money between 2016 and 2020. Specifically, the criminal charges allege that Mr. Jones wrote Ms. Henriquez multiple checks in 2017 and 2018 totaling \$25,000 in exchange for Ms. Henriquez directing government grant exceeding \$1.4 million to entities controlled by Mr. Jones. Mr. Jones and Ms. Henriquez pled not guilty and are awaiting trial.

The San Francisco City Attorney's Office suspended Mr. Jones and his affiliates a week after the criminal charges against him were made public, and City departments terminated all existing contracts with Mr. Jones and his affiliates.

In October 2023, the San Francisco Controller's Office issued findings with recommendations to the City Administrator's Office, including that it redo the Community Challenge Grant procurements for fiscal year 2023-2024. The City Administrator's Office hired a new director of the Community Challenge Grant Program and implemented all of the Controller's recommendations.

Human Rights Commission Investigation. On October 11, 2024, Sheryl Davis the Executive Director of Human Rights Commission ("HRC"), resigned her post amid allegations of the misuse of public funds. Mawuli Tugbenyoh was subsequently appointed Executive Director of the HRC in September 2025 after serving as acting director of the department. Following the allegations, the Mayor announced the imposition of tighter financial controls regarding spending for the Commission.

In September 2025, the Controller's Office issued a report with the results of a joint audit and investigation by the Controller's Office and City's Attorney's Office. The audit found that:

"[U]nder the leadership of Ms. Davis, HRC demonstrated a pattern and practice of evading existing controls and avoiding scrutiny from city oversight agencies, raising serious concerns about transparency, accountability, and financial integrity. This created a workplace where misconduct went unchallenged and ethical norms were disregarded, even as the department worked to improve oversight. Under new leadership, the department has begun to implement some of our recommended changes, such as ensuring all purchasing and training staff been trained."

The audit includes nine recommendations for HRC to improve its internal controls and compliance with City purchasing rules and two recommendations for the Controller's Accounting Operations and Supplier Division and Office of Contract Administration to enhance their monitoring of city departments to ensure adherence to city policies.

On March 30, 2026, the San Francisco District Attorney criminally charged Sheryl Davis with misappropriating public funds and financial conflicts of interest in government contracts. Dr. Davis pled not guilty and is awaiting trial.

On March 30, 2026, the San Francisco District Attorney also criminally charged James Spingola, a City contractor who served as the Executive Director of the non-profit Collective Impact, with aiding and abetting a conflict of interest in a government contract. Mr. Spingola has not yet entered a formal plea.

Treasurer Tax Collector Investigation. In September 2025, the San Francisco Standard reported that the Chief Assistant Tax Collector had a conflict of interest in a contract awarded by the Tax Collector to Mechanical Orchard. The Chief Assistant Tax Collector resigned from City employment, and in June 2026 the Controller's Office and the City Attorney's Office released a joint audit. The audit found that the former Chief Assistant Tax Collector had violated City procurement laws and steered two contracts to her friend's company. The first contract was a pilot project for approximately \$65,000. The second, much larger contract for approximately \$10 million was never finalized, because Mechanical Orchard withdrew after public reporting on the alleged conflict.

### **AB 218 and AB 2777 (Sexual Abuse Victims Acts)**

Assembly Bill 218, which is called the "California Child Victims Act", became effective in January 2020, and Assembly Bill 2777, which is called the "Sexual Abuse and Cover Up Accountability Act", became effective in January 2023. These bills allow alleged victims of sexual abuse to bring claims which previously had been barred by the applicable statute of limitations. Although there are certain, existing claims against the City as a result of the enactment of these laws, the City is still in the process of evaluating whether these types of claims might have a material impact on the City's finances. The City can give no assurances that additional claims will not be brought against the City as a result of these laws or that any additional claims will not have a material impact on the City's finances.

### **Risk Retention Program**

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

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

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

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

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**APPENDIX B**

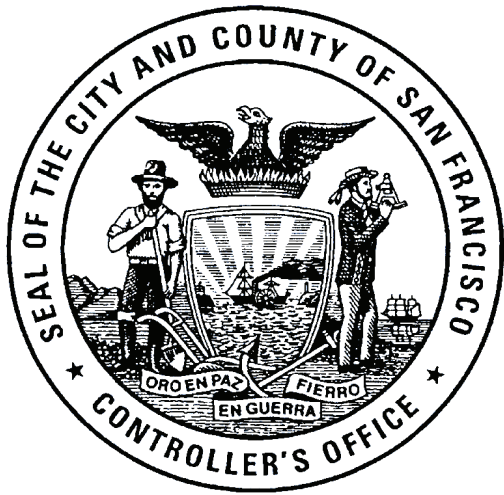
**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE CITY AND COUNTY OF SAN FRANCISCO  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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# CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

## Annual Comprehensive Financial Report Year ended June 30, 2025



Prepared by:  
Office of the Controller

Greg Wagner  
Controller

### CITY AND COUNTY OF SAN FRANCISCO

Annual Comprehensive Financial Report  
Year Ended June 30, 2025

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**Annual Comprehensive Financial Report**

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**CITY AND COUNTY OF SAN FRANCISCO**

**Annual Comprehensive Financial Report**

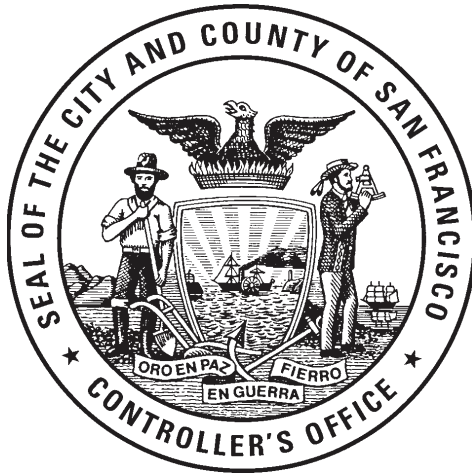
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- Certificate of Achievement - Government Finance Officers Association
- City and County of San Francisco Organization Chart
- List of Principal Officials



## OFFICE OF THE CONTROLLER CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner  
Controller  
  
ChiaYu Ma  
Deputy Controller

November 26, 2025

The Honorable Mayor Daniel Lurie  
The Honorable Members of the Board of Supervisors  
Residents of the City and County of San Francisco  
San Francisco, California

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City and County of San Francisco, California (the City) for the year (FY) ended June 30, 2025, with the independent auditor's report. The report is submitted in compliance with City Charter sections 2.115 and 3.105, and California Government Code Sections 25250 and 25253. The Office of the Controller prepared the ACFR in conformance with the principles and standards for accounting and financial reporting set forth by the Governmental Accounting Standards Board (GASB).

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

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

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

### SAN FRANCISCO GOVERNMENT:

#### Profile of San Francisco Government

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

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

#### Recent Economic and Financial Results

The COVID-19 pandemic led to enduring structural changes in San Francisco's population and economy. The single most important factor was the shift to remote work, which led to historical office vacancies, diminished retail and restaurant activity, and related declines in both commercial and residential property values. Shifting patterns of international tourism and business travel contributed to these effects. The downward pressure on the economy that resulted from these structural changes has stabilized and given way to slow improvements in many areas. San Francisco has also benefited from a surge in capital investments in AI and strong growth in the tech sector more generally.

Overall, local economic indicators for FY 2024-25 remained at levels similar to FY 2023-24. Office attendance stayed between 40% and 45% of pre-pandemic levels, about the same as the prior fiscal year. The office vacancy rate increased slightly to rise above 35% by the end of the fiscal year, a rate that far exceeds vacancy rates during the Dot-Com recession or the Great Recession. Whereas the number of employed San Francisco residents fell during the prior fiscal year, this year it has increased by 2,300, from 507,900 to 510,200. Despite the gains in employment, the average unemployment rate increased from 3.6% in FY 2023-24 to 3.9% in FY 2024-25, which is still lower than both the national and California unemployment rates. BART exits at downtown San Francisco stations increased from 34.6% of pre-pandemic levels in July 2024 to 38.9% in June 2025. Domestic and international travel at San Francisco International Airport both increased 5.5% for the fiscal year to almost 90% of pre-pandemic levels. The hotel occupancy rate fluctuated throughout the year but never exceeded the pre-pandemic average rate of 80%, while the average room rate was \$227, about \$90 below the pre-pandemic average room rate.

The City's FY 2024-25 General Fund financial results were strong compared to FY 2023-24; however, the mix of revenue changes indicates the real local economy is still slowly recovering from the impacts of the COVID-19 pandemic. Tax revenue growth was driven by increases in business and real property transfer tax, partially offset by lowered property tax. General Fund business tax revenue grew by \$127.0 million in the past year to \$1,120.4 million primarily due to strong worldwide sales allocated to San Francisco and the imposition of a final 2020 Proposition F rate increase. Real property transfer tax grew \$116.7 million, due to somewhat lowered interest rates and commercial properties selling at significant discounts from prior prices. Property tax, including excess Educational Revenue Augmentation Fund (ERAF), fell \$58.2 million from the prior year. While the increasing number of commercial real estate transactions generates transfer tax at the time of the transaction, however, reductions in sales values versus current assessed values suppresses roll growth for years to come. Finally, revenues sensitive to local economic conditions – sales, hotel, and parking taxes – stayed very nearly flat. Sales tax declined from \$190.5 million to \$188.3 million. All funds hotel tax changed from \$283.0 million in FY 2023-24 to \$287.3 million in FY 2024-25. Parking tax fell from \$86.2 million to \$81.3 million.

The City's bottom-line financial results for the fiscal year are stronger than the prior year. General Fund cash increased by 5.5% to \$4.0 billion and total GAAP fund balance increased 2.1% to \$2.6 billion. Although the adopted FY 2024-25 budget assumed the use of significant prior year resources to balance, fewer resources were required to close the year, resulting in the restoration of various reserve balances. Significantly, greater than expected revenue performance resulted in a deposit of \$115.7 million to the Budget Stabilization Reserve, bringing the City's economic stabilization reserve balances (the combined Rainy Day and Budget Stabilization Reserves excluding \$54.8 million in one-time reserves) to \$505.4 million, or 7.6% of General Fund revenue, up from 6.1% at the close of FY 2023-24. Additionally, for FY 2024-25 the City originally budgeted the use of \$29.5 million of Business Tax Stabilization Reserve and \$38.2 million of Federal and State Emergency Revenue Reserve to balance the budget; given the operating surplus, however, neither reserve was required, and the balances were restored.

#### OTHER INFORMATION:

##### San Francisco's Budgetary Process

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

The City has historically adopted annual budgets for all governmental funds and typically adopts project-length budgets for capital projects and certain debt service funds. The voters adopted amendments to the Charter in 2009 designed to further strengthen the City's long-range financial planning. As a result of these changes, the City is required to adopt a "rolling" two-year budget each year unless the Board of Supervisors authorizes a "fixed" two-year budget for a given fund, in which case authorization occurs every two years. For the fiscal year periods of 2024-25 and 2025-26, there were four departments on a two-year fixed budget, while the majority of the City's budget remains on a rolling cycle.

As further required by these amendments, the Board of Supervisors and Mayor adopt a five-year financial plan every two years. The latest plan was issued in December 2024 and updated in March 2025. Additionally, these Charter changes provided a mechanism for the Controller to propose, and the Board to adopt, various binding financial policies, which can only be suspended by a supermajority of the Board. Financial policies have now been adopted under these provisions governing the City's budget reserve practices, the use of non-recurring revenues, and limits on the use of debt paid from the General Fund.

##### Internal and Budgetary Controls

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

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

##### Independent Audit

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

**Award for Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2024. This was the 43rd consecutive year, beginning with the year ended June 30, 1982, that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The ACFR must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

**Acknowledgements**

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

Respectfully submitted,



Greg Wagner  
Controller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City and County of San Francisco  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024



Executive Director/CEO

**List of Principal Officials**  
As of June 30, 2025

..... Daniel Lurie  
..... Rafael Mandelman  
..... Connie Chan  
..... Chyanne Chen  
..... Matt Dorsey  
..... Joel Engardio  
..... Jackie Fielder  
..... Bilal Mahmood  
..... Myrna Melgar  
..... Danny Sauter  
..... Stephen Sherrill  
..... Shamann Walton  
..... Joaquin Torres  
..... David Chiu  
..... Brooke Jenkins  
..... Manohar Raju  
..... Paul Miyamoto

APPOINTED OFFICIALS

DEPARTMENT DIRECTORS/ADMINISTRATORS

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## vi

# CITY AND COUNTY OF SAN FRANCISCO

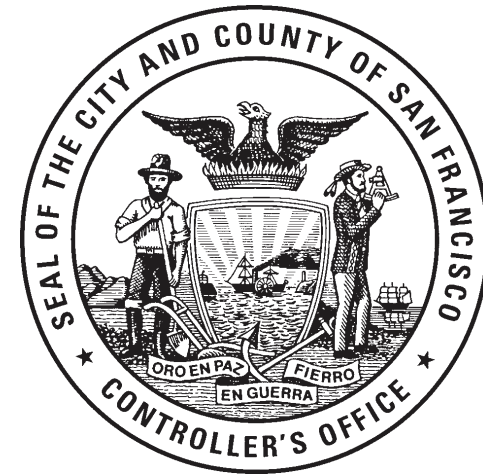
List of Principal Officials  
As of June 30, 2025

## DEPARTMENT DIRECTORS/ADMINISTRATORS (Continued)

|                                                         |                            |
|---------------------------------------------------------|----------------------------|
| Fire .....                                              | Dean Crispen               |
| General Services Agency .....                           |                            |
| Animal Care and Control .....                           | Virginia Donohue           |
| Convention Facilities Management .....                  | Kenneth Bukowski           |
| County Clerk .....                                      | Diane Rea                  |
| Medical Examiner .....                                  | Christopher Liverman       |
| Public Works .....                                      | Carla Short                |
| Purchaser/Contract Administration .....                 | Sailaja Kurella            |
| Real Estate .....                                       | Andrico Penick             |
| Department of Technology .....                          | Michael Makstman           |
| Health Service System .....                             | Rey Guillen                |
| Homelessness and Supportive Housing .....               | Shireen McSpadden          |
| Human Resources .....                                   | Carol Isen                 |
| Human Rights .....                                      | Mawuli Tugbenyoh           |
| Human Services .....                                    | Trent Rhorer               |
| Aging and Adult Services .....                          | Kelly Dearman              |
| Juvenile Probation .....                                | Katherine Weinstein Miller |
| Law Library Board of Trustees .....                     | Diane Rodriguez            |
| Library .....                                           | Michael Lambert            |
| Municipal Transportation Agency .....                   | Julie Kirschbaum           |
| Planning .....                                          | Sarah Dennis-Phillips      |
| Police .....                                            | Paul Yep                   |
| Police Accountability .....                             | Paul Henderson             |
| Port .....                                              | Elaine Forbes              |
| Public Health .....                                     | Daniel Tsai                |
| Public Utilities .....                                  | Dennis Herrera             |
| Recreation and Park .....                               | Phil Ginsburg              |
| Residential Rent Board .....                            | Christina Varner           |
| Retirement System .....                                 | Alison Romano              |
| Sheriff Accountability .....                            | Vacant                     |
| Small Business .....                                    | Katy Tang                  |
| Status of Women .....                                   | Vacant                     |
| Office of Community Investment and Infrastructure ..... | Thor Kaslofsky             |
| Superior Court .....                                    | Brandon E. Riley           |
| Adult Probation .....                                   | Cristel Tullock            |
| War Memorial .....                                      | Kate Sofis                 |

## DISCRETELY PRESENTED COMPONENT UNIT

|                                             |                |
|---------------------------------------------|----------------|
| Treasure Island Development Authority ..... | Robert P. Beck |
|---------------------------------------------|----------------|



## FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining Financial Statements and Schedules



## Independent Auditor's Report

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

### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City and County of San Francisco, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the San Francisco County Transportation Authority, San Francisco International Airport (major fund), and Municipal Transportation Agency (major fund), which collectively represent the following percentages of the assets, net position/fund balances, and revenues/additions of the following opinion units.

| Opinion Unit                                                                 | Assets | Net Position/<br>Fund Balances | Revenues/<br>Additions |
|------------------------------------------------------------------------------|--------|--------------------------------|------------------------|
| Governmental activities                                                      | 0.9%   | 2.8%                           | 2.0%                   |
| Business-type activities                                                     | 50.5%  | 53.3%                          | 43.0%                  |
| Aggregate discretely presented component unit and remaining fund information | 0.3%   | 0.1%                           | 0.9%                   |

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter

As discussed in Note 4 to the basic financial statements, effective July 1, 2024, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design,

implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the City's proportionate share of the net pension liability/(asset), the schedules of changes in net pension liability and related ratios, the schedules of changes in total pension liability and related ratios, the schedules of employer contributions – pension plans, the schedules of changes in net other postemployment benefits liability/(asset) and related ratios, the schedules of employer contributions – other postemployment healthcare benefits plans, and the budgetary comparison schedule – General Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited)**  
Year Ended June 30, 2025

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

The City's management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, other information and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Macias Gini & O'Connell LLP*

Walnut Creek, California  
November 26, 2025

This section of the City and County of San Francisco's (the City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information in our transmittal letter. Certain amounts presented as fiscal year 2023-24 Condensed Statement of Activities have been reclassified to conform to the presentation in the fiscal year 2024-25 Condensed Statement of Activities.

**FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by approximately \$14.76 billion (net position). Of this balance, \$11.23 billion represents the City's net investment in capital assets, \$4.73 billion represents restricted net position, and unrestricted net position has a deficit of \$1.20 billion. The City's total net position increased by \$536.2 million, or 3.8 percent, from the previous fiscal year. Of this amount, total net investment in capital assets, restricted net position and unrestricted net position increased by \$352.7 million or 3.2 percent, \$90.8 million or 2.0 percent and \$92.7 million or 7.2 percent, respectively.

The City's governmental funds reported total revenues of \$9.36 billion, which is a \$227.0 million or 2.5 percent increase from the prior year. Within this, revenues from real property transfer tax, business taxes, intergovernmental revenues and charges for services grew by approximately \$116.7 million, \$113.7 million, \$99.1 million and \$89.0 million, respectively, offset by decreases in property taxes, fines, forfeitures and penalties of \$99.2 million and \$59.2 million, respectively. Rents and concessions, other revenues and utility users tax each experienced a decrease of slightly above \$10 million. Governmental funds expenditures totaled \$8.86 billion for this period, a \$40.7 million or 0.46 percent decrease, reflecting decreases in demand for governmental services of \$29.6 million and capital outlay of \$47.5 million, offset by increase in debt service of \$36.4 million.

The City's total short-term debt decreased by \$422.5 million in this fiscal year. The increase of \$10.2 million in governmental activities was due to the issuance of CP notes to provide interim financing to various projects of the City. The short-term debt in the business-type activities decreased by \$432.7 million. The Water Enterprise and Wastewater Enterprise issued \$142.4 million and \$648 thousand of CP to fund their capital projects and repaid \$312.4 million and \$342.0 million of CP, respectively. Hetch Hetchy Water and Power issued \$78.7 million of CP to fund capital projects. The Airport issued \$375.0 million of CP to fund capital improvement projects. These CP were subsequently repaid by proceeds from revenue bonds issued during the fiscal year 2024-25.

The City's governmental activities long-term debt including lease and subscription liabilities increased by \$424.9 million. The City issued \$590.3 million of general obligation bonds with bond premium of \$22.8 million to fund the flood defense and seismic improvements along the Fisherman's Wharf and piers, construction an upgraded training campus for the San Francisco Fire Department (SFFD), seismic improvements and renovations to the San Francisco Police Department (SFPD) sites, and to finance or refinance affordable housing projects. A total of \$189.8 million certificates of participation with bond premium of \$13.1 million was issued by the City, to finance \$123.3 million of multiple capital projects of the City's Department Public Health and \$66.5 million for the acquisition by the City of an underground garage and to finance and refinance construction of certain public facilities in connection with stage 2 of the Treasure Island project. The San Francisco County Transportation Authority also drew \$65.0 million loan from US Bank National Association for its capital projects and programs. The increase in debt was offset by \$431.8 million scheduled debt service payments and amortization of bond premium and discount of \$27.3 million. In addition, GASB 87 and GASB 96 requires recognizing lease liabilities of \$583.7 million and subscription liabilities of \$45.2 million with a net increase of \$4.3 million and decrease of \$1.3 million, respectively due to principal payments being less than any new leases and subscriptions that commenced during the year.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

The business-type activities long-term debt including lease and subscription liabilities increased by \$2.27 billion. The Airport issued \$1.01 billion in revenue refunding bonds with bond premium of \$65.8 million to refund certain outstanding revenue bonds and repay outstanding CP notes. The Water Enterprise issued \$1.51 billion of revenue and refunding bonds with bond premium and bond discount of \$128.9 million to refund certain outstanding revenue bonds, refinance \$313.4 million of CP and for new money for various projects of the Water Enterprise and Hetch Hetchy Water capital projects. The Wastewater Enterprise issued \$1.14 billion of Power revenue bonds with bond premium of \$75.0 million to retire CP notes, finance various capital projects and refund certain outstanding revenue bonds. The Water and the Wastewater Enterprises also received loans of \$94.8 million from the State of California to fund various water and sewer system improvement projects. The Wastewater Enterprises drew down loans from the United States Environmental Protection Agency under the Water Infrastructure Finance and Innovation Act (WIFIA) of \$472.2 million to fund a portion of the cost of its Biosolids Digester Facility and other sewage treatment projects. The increase in debt was partially offset by \$2.05 billion in refunded bonds and scheduled debt service payments and \$173.9 million of bond premium and discount amortization. In addition, GASB 87 and GASB 96 requires recognizing lease liabilities of \$227.8 million and subscription liabilities of \$9.8 million with a net decrease of \$5.1 million and increase of \$1.8 million, respectively due to principal payments being made more than the new leases and subscriptions that commenced during the year.

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* as of July 1, 2024. Statement No. 101 requires that liabilities for compensated absences be recognized if the leave is attributable to service already rendered and the leave is more likely that not to be used for time off or otherwise paid in cash or settled through noncash means and establishes definitions, guidance, and disclosure requirements related to compensated absences. The City restated the July 1, 2024, net position of its primary government to include amounts not previously reported. The net effect of this change was a \$503.8 million decrease in the City's beginning net position. The financial statements as of and for the year ended June 30, 2024, have not been restated for the effects of GASB Statement No. 101.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the financial statements. This report also contains other **supplementary information** in addition to the basic financial statements themselves. These various elements of the Annual Comprehensive Financial Report (ACFR) are related as shown in the graphic below.

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

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

The following table summarizes the major features of the financial statements. The overview section below also describes the structure and contents of each of the statements in more detail.

|                                               | <b>Government - wide Financial Statements</b>                                                                                                    | <b>Fund Financial Statements</b>                                                |                                                                                                                                                  |                                                                                                  |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
|                                               |                                                                                                                                                  | <b>Governmental Funds</b>                                                       | <b>Proprietary Funds</b>                                                                                                                         | <b>Fiduciary Funds</b>                                                                           |
| <b>Scope</b>                                  | Entire entity (except fiduciary funds)                                                                                                           | The day-to-day operating activities of the City for basic governmental services | The day-to-day operating activities of the City for business-type enterprises                                                                    | Instances in which the City administers resources on behalf of others, such as employee benefits |
| <b>Accounting basis and measurement focus</b> | Accrual accounting and economic resources focus                                                                                                  | Modified accrual accounting and current financial resources focus               | Accrual accounting and economic resources focus                                                                                                  | Accrual accounting and economic resources focus                                                  |
| <b>Type of balance information</b>            | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term | Balances of spendable resources                                                 | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term | All resources held in a trustee or custodial capacity for others                                 |
| <b>Type of inflow and outflow information</b> | All inflows and outflows during year, regardless of when cash is received or paid                                                                | Near-term inflows and outflows of spendable resources                           | All inflows and outflows during year, regardless of when cash is received or paid                                                                | All additions and deductions during the year, regardless of when cash is received or paid        |

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public protection, public works, transportation and commerce, human welfare and neighborhood development, community health, culture and recreation, general administration and finance, distributions to other governments, and general City responsibilities. The business-type activities of the City include an airport, port, transportation system (including parking), water and power operations, an acute care hospital, a long-term care hospital, and sewer operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate development authority, the Treasure Island Development Authority (TIDA), for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. Included within the governmental activities of the government-wide financial statements are the San Francisco County Transportation Authority (Transportation Authority), several infrastructure financing districts and infrastructure and revitalization financing districts, and San Francisco Finance Corporation. Included within the business-type activities of the government-wide financial statements is the operation of the San Francisco Parking Authority. Although legally separate from the City, these component units are blended with the primary government because of their governance or financial relationships to the City. The City also considers the Successor Agency to the Redevelopment Agency (Successor Agency) and various Community Facilities Districts as fiduciary component units of the City.

**Fund Financial Statements**

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: **governmental** funds, **proprietary** funds, and **fiduciary** funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements – i.e. most of the City's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available and the constraints for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds.** Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the San Francisco International Airport (SFO or Airport), San Francisco Water Enterprise (Water), Hetch Hetchy Water and Power (Hetch Hetchy), San Francisco Municipal Transportation Agency (SFMTA), San Francisco General Hospital (SFGH), San Francisco Wastewater Enterprise (Wastewater), Port of San Francisco (Port), and the Laguna Honda Hospital (LHH), all of which are considered to be major funds of the City.
- **Internal Service funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, management information and telecommunication services, printing and mail services, and for lease-purchases of equipment by the San Francisco Finance Corporation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City employees' pension and health plans, retirees' health care, the Successor Agency, the external portion of the Treasurer's Office investment pool, and the other custodial funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's net pension liability (asset), pension contributions, net OPEB liability, and OPEB contributions.

The City adopts a rolling two-year budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

**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)

|                                          | <b>Governmental activities</b> |                     | <b>Business-type activities</b> |                     | <b>Total</b>         |                      |
|------------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|----------------------|
|                                          | <b>2025</b>                    | <b>2024</b>         | <b>2025</b>                     | <b>2024</b>         | <b>2025</b>          | <b>2024</b>          |
| <b>Assets:</b>                           |                                |                     |                                 |                     |                      |                      |
| Current and other assets .....           | \$ 11,025,968                  | \$ 10,071,536       | \$ 10,470,295                   | \$ 9,166,236        | \$ 21,496,263        | \$ 19,237,772        |
| Capital assets .....                     | <u>8,206,965</u>               | <u>8,066,041</u>    | <u>28,291,413</u>               | <u>26,518,571</u>   | <u>36,498,378</u>    | <u>34,584,612</u>    |
| Total assets .....                       | <u>19,232,933</u>              | <u>18,137,577</u>   | <u>38,761,708</u>               | <u>35,684,807</u>   | <u>57,994,641</u>    | <u>53,822,384</u>    |
| <b>Deferred outflows of resources:</b>   | <u>1,775,316</u>               | <u>1,754,934</u>    | <u>1,425,862</u>                | <u>1,407,646</u>    | <u>3,201,178</u>     | <u>3,162,580</u>     |
| <b>Liabilities:</b>                      |                                |                     |                                 |                     |                      |                      |
| Current liabilities .....                | 4,212,564                      | 3,468,324           | 2,748,037                       | 2,547,818           | 6,960,601            | 6,016,142            |
| Noncurrent liabilities .....             | <u>10,476,345</u>              | <u>9,848,431</u>    | <u>26,478,660</u>               | <u>24,077,838</u>   | <u>36,955,005</u>    | <u>33,926,269</u>    |
| Total liabilities .....                  | <u>14,688,909</u>              | <u>13,316,755</u>   | <u>29,226,697</u>               | <u>26,625,656</u>   | <u>43,915,606</u>    | <u>39,942,411</u>    |
| <b>Deferred inflows of resources:</b>    | <u>625,675</u>                 | <u>761,760</u>      | <u>1,897,790</u>                | <u>2,060,255</u>    | <u>2,523,465</u>     | <u>2,822,015</u>     |
| <b>Net position:</b>                     |                                |                     |                                 |                     |                      |                      |
| Net investment in capital assets * ..... | 5,130,602                      | 4,797,684           | 6,491,537                       | 6,445,958           | 11,228,354           | 10,875,656           |
| Restricted * .....                       | 3,079,643                      | 3,113,571           | 1,921,324                       | 1,595,086           | 4,730,411            | 4,639,626            |
| Unrestricted (deficit) * .....           | <u>(2,516,580)</u>             | <u>(2,097,259)</u>  | <u>650,222</u>                  | <u>365,498</u>      | <u>(1,202,017)</u>   | <u>(1,294,744)</u>   |
| Total net position .....                 | <u>\$ 5,693,665</u>            | <u>\$ 5,813,996</u> | <u>\$ 9,063,083</u>             | <u>\$ 8,406,542</u> | <u>\$ 14,756,748</u> | <u>\$ 14,220,538</u> |

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

**Analysis of Net Position**

The City's total net position, which may serve as a useful indicator of the government's financial position, was \$14.76 billion at the end of fiscal year 2024-25, a 3.8 percent increase over the prior year. The City's governmental activities account for \$5.70 billion of this total and \$9.06 billion stem from its business-type activities.

The largest portion of the City's net position is the \$11.23 billion in net investment in capital assets (e.g. land, buildings, and equipment) which includes the reclassification of \$393.8 million from governmental activities to business-type activities related to the City's general obligation bonds and certificates of participation that fund various enterprise fund department's projects. This reflects a \$352.7 million or 3.2 percent increase over the prior year. With that, increases of \$332.9 million in the governmental activities and \$45.6 million in the business-type activities, highlighted by increases of \$99.6 million at Water Enterprise, \$79.5 million at SFMTA and \$155.0 million at Port offset by decreases of \$259.9 million at Airport and \$109.5 million at Wastewater 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 \$4.73 billion that represents restricted resources that are subject to external limitations regarding their use. The remaining portion of total net position is a deficit of \$1.20 billion, which consists of a \$2.52 billion deficit in governmental activities and \$650.2 million unrestricted net position in business-type activities. The governmental activities deficit is largely due to recording net liabilities related to pension and other postemployment benefits (see Note 9). This deficit also

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

included \$664.3 million in long-term bonds liabilities that fund the LHH rebuild project, SFGH improvement projects, 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)).

**Condensed Statement of Activities**  
(in thousands)

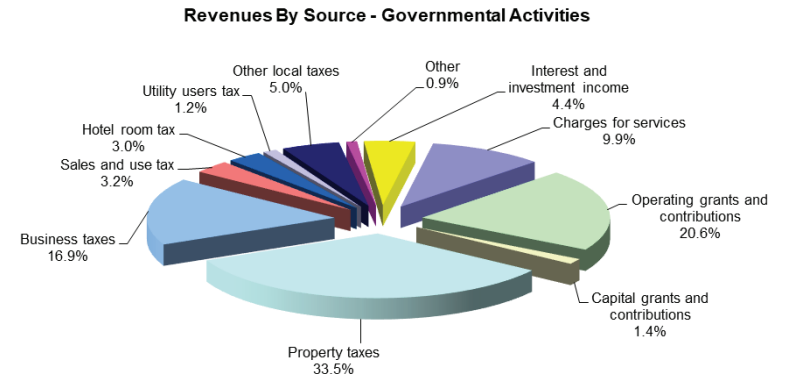
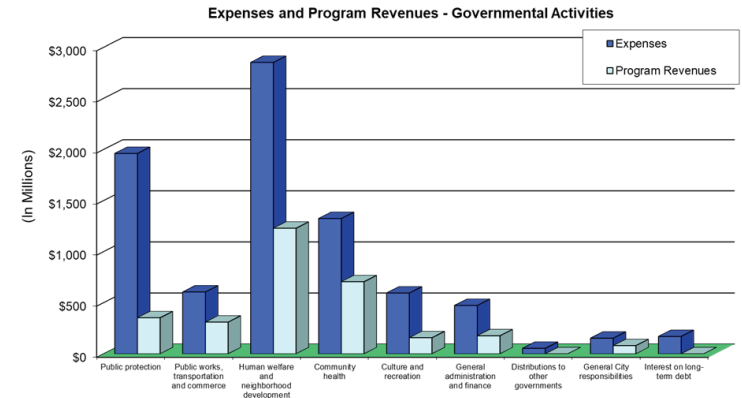
|                                                           | <b>Governmental activities</b> |                     | <b>Business-type activities</b> |                     | <b>Total</b>         |                      |
|-----------------------------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|----------------------|
|                                                           | <b>2025</b>                    | <b>2024</b>         | <b>2025</b>                     | <b>2024</b>         | <b>2025</b>          | <b>2024</b>          |
| <b>Revenues</b>                                           |                                |                     |                                 |                     |                      |                      |
| Program revenues:                                         |                                |                     |                                 |                     |                      |                      |
| Charges for services                                      | \$ 932,757                     | \$ 1,178,918        | \$ 5,148,344                    | \$ 4,865,739        | \$ 6,081,101         | \$ 6,044,657         |
| Operating grants and contributions                        | 1,949,723                      | 1,867,598           | 561,185                         | 535,623             | 2,510,908            | 2,403,221            |
| Capital grants and contributions                          | 130,401                        | 109,202             | 512,414                         | 387,080             | 642,815              | 496,282              |
| General revenues:                                         |                                |                     |                                 |                     |                      |                      |
| Property taxes                                            | 3,168,835                      | 3,216,572           | -                               | -                   | 3,168,835            | 3,216,572            |
| Business taxes                                            | 1,598,030                      | 1,484,311           | -                               | -                   | 1,598,030            | 1,484,311            |
| Sales and use tax                                         | 298,449                        | 298,778             | -                               | -                   | 298,449              | 298,778              |
| Hotel room tax                                            | 287,346                        | 283,020             | -                               | -                   | 287,346              | 283,020              |
| Utility users tax                                         | 111,811                        | 121,931             | -                               | -                   | 111,811              | 121,931              |
| Other local taxes                                         | 475,759                        | 368,109             | -                               | -                   | 475,759              | 368,109              |
| Interest and investment income                            | 416,359                        | 420,223             | 411,571                         | 326,355             | 827,930              | 746,578              |
| Other                                                     | 84,604                         | 69,536              | 233,225                         | 201,681             | 317,829              | 271,217              |
| Total revenues                                            | <u>9,454,074</u>               | <u>9,418,198</u>    | <u>6,866,739</u>                | <u>6,316,478</u>    | <u>16,320,813</u>    | <u>15,734,876</u>    |
| <b>Expenses</b>                                           |                                |                     |                                 |                     |                      |                      |
| Public protection                                         | 1,961,323                      | 1,903,640           | -                               | -                   | 1,961,323            | 1,903,640            |
| Public works, transportation and commerce                 | 605,508                        | 501,421             | -                               | -                   | 605,508              | 501,421              |
| Human welfare and neighborhood development                | 2,852,489                      | 3,090,344           | -                               | -                   | 2,852,489            | 3,090,344            |
| Community health                                          | 1,324,609                      | 1,256,673           | -                               | -                   | 1,324,609            | 1,256,673            |
| Culture and recreation                                    | 695,032                        | 590,549             | -                               | -                   | 695,032              | 590,549              |
| General administration and finance                        | 473,461                        | 477,594             | -                               | -                   | 473,461              | 477,594              |
| Distributions to other governments                        | 53,851                         | 51,597              | -                               | -                   | 53,851               | 51,597               |
| General City responsibilities                             | 153,125                        | 160,887             | -                               | -                   | 153,125              | 160,887              |
| Unallocated interest on long-term debt                    | 169,938                        | 173,043             | -                               | -                   | 169,938              | 173,043              |
| Airport                                                   | -                              | -                   | 1,657,845                       | 1,416,013           | 1,657,845            | 1,416,013            |
| Transportation                                            | -                              | -                   | 1,767,560                       | 1,660,266           | 1,767,560            | 1,660,266            |
| Port                                                      | -                              | -                   | 171,597                         | 148,226             | 171,597              | 148,226              |
| Water                                                     | -                              | -                   | 698,513                         | 739,346             | 698,513              | 739,346              |
| Power                                                     | -                              | -                   | 655,478                         | 570,557             | 655,478              | 570,557              |
| Hospitals                                                 | -                              | -                   | 1,693,215                       | 1,621,045           | 1,693,215            | 1,621,045            |
| Sewer                                                     | -                              | -                   | 447,272                         | 554,132             | 447,272              | 554,132              |
| Total expenses                                            | <u>8,189,336</u>               | <u>8,205,748</u>    | <u>7,091,480</u>                | <u>6,709,585</u>    | <u>15,280,816</u>    | <u>14,915,333</u>    |
| Increase/(decrease) in net position before transfers      | 1,264,738                      | 1,212,450           | (224,741)                       | (393,107)           | 1,039,997            | 819,343              |
| Transfers                                                 | (1,059,840)                    | (921,000)           | 1,059,840                       | 921,000             | -                    | -                    |
| Change in net position                                    | <u>204,898</u>                 | <u>291,450</u>      | <u>835,099</u>                  | <u>527,893</u>      | <u>1,039,997</u>     | <u>819,343</u>       |
| Net position at beginning of year, as previously reported | 5,813,996                      | 5,522,546           | 8,406,542                       | 7,878,649           | 14,220,538           | 13,401,195           |
| Cumulative effect of accounting change                    | (325,229)                      | -                   | (178,558)                       | -                   | (503,787)            | -                    |
| Net position at beginning of year, as restated            | <u>5,488,767</u>               | <u>5,522,546</u>    | <u>8,227,984</u>                | <u>7,878,649</u>    | <u>13,716,751</u>    | <u>13,401,195</u>    |
| Net position at end of year                               | <u>\$ 5,693,865</u>            | <u>\$ 5,813,996</u> | <u>\$ 9,063,083</u>             | <u>\$ 8,406,542</u> | <u>\$ 14,756,748</u> | <u>\$ 14,220,538</u> |

**Analysis of Changes in Net Position**

The City's change in net position was \$1.04 billion in fiscal year 2024-25, a 26.9 percent increase from the prior fiscal year before the cumulative effect of \$503.8 million for the adoption of GASB Statement No. 101 effective July 1, 2024, as noted above. The increase in the change in net position was due to increases of \$307.2 million from business-type activities and offset by the decreases of \$86.6 million from governmental activities.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

The City's governmental activities experienced a \$35.9 million or 0.4 percent growth in total revenues with a decrease in total expenses of \$16.4 million or 0.2 percent this fiscal year. Business-type activities revenues increased by \$550.3 million or 8.7 percent, and total expenses increased by \$381.9 million, or 5.7 percent. The net transfer to business-type activities decreased by \$138.8 million. The major components of increased revenue Citywide are increased operating grants and contributions of \$107.7 million, capital grants and contributions of \$146.5 million, business taxes of \$113.7 million, and other local taxes of \$107.7 million, offset by decreases of property taxes of \$47.7 million and utility users taxes of \$10.1 million. Discussion of these and other changes is presented in the governmental activities and business-type activities sections that follow.



**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

**Governmental Activities.** Governmental activities decreased the City's total net position by \$120.3 million. Key factors contributing to the changes are discussed below.

Overall, total revenues from governmental activities were \$9.45 billion, a \$35.9 million or 0.4 percent increase over the prior year. For the same period, expenses totaled \$8.19 billion, a \$16.4 million or 0.2 percent decrease before transfers of \$1.06 billion which increased by \$138.8 million or 15.1 percent.

Property tax revenues decreased by \$47.7 million or 1.5 percent mainly due to increase in prior-year secured property tax revenues refunds triggered by changes in the originally billed assessed values for properties. Supplemental assessment also had less collections. Business tax revenues improved by \$113.7 million or 7.7 percent, of which \$164.5 million was attributable to gross receipts tax, the major type of business tax in San Francisco. The three largest business activities, namely information, financial and professional services comprised the bulk of the increases. While the San Francisco sales grew by only 3 percent which approximate to the rate of inflation, the worldwide sales and apportioned worldwide sales (the share of the taxpayer's payroll in San Francisco) rose by 7.1 percent and 10.4 percent, respectively. The growth of these economic activities coupled with a tax rate increase of, an average, 3.1 percent contributed to the higher revenues. This increase, however, was partly offset by the decrease of \$33.8 million of overpaid executive tax which is an additional tax on taxable gross receipts from businesses in which the highest-paid managerial employee, within or outside of San Francisco, earns more than 100 times the median compensation of employees based in San Francisco. This tax is highly variable and the decline over the prior fiscal year was due to an overall reduction in pay to executives.

Other local taxes rose by \$107.7 million or 29.2 percent primarily driven by the surge of the number of high-value transactions over \$25.0 million (Tier-6) that nearly double (from 21 to 38), and the average value increased by \$20.0 million from a five-year low to \$74.0 million. Smaller-value transactions also had similar growth. Across all sale values, total transactions grew 12 percent. This revenue and transaction volume growth was likely caused by falling interest rates, especially high-value deals are often more reliant on debt financing. Although a single year's betterment may not be indicative enough of an upward trend, an increasing number of high-value transfers is consistent with a "reset" in the City's commercial real estate sectors, as values fall from pre-pandemic highs toward more realistic market conditions.

Charges for services fell by \$246.2 million or 20.9 percent principally due to \$309.7 million recognition of opioid settlement funds in fiscal year 2023-24, a one-time cumulative catch-up of amounts attributable to earlier periods whereas fiscal year 2024-25 included the run-rate per schedule as well as small incremental items not included in the original agreements, for a total of \$1.1 million. The decline in charges for services was partly offset by \$54.1 million increase of patient revenues mostly for mental health and managed care services provided by Department of Public Health.

Operating grants and contributions improved by \$82.1 million or 4.4 percent. Homeless and Supportive Housing Department recognized \$25.5 million more revenues for programs including California Homeless Housing, Assistance and Prevention, rental assistance programs and other community-based grants. Mayor's Office of Housing also received an increase of \$19.8 million mostly under the Community Development Block Grants for community and economic development activities. The remaining \$25.3 million increases mostly came from the growth in federal, state and regional grant reimbursements for the Congestion Management Agency program managed by the Transportation Authority. Capital grants and contributions were higher by \$21.2 million or 19.4 percent mainly driven by two sites acquisition by Homeless and Supportive Housing Department with federal fundings and for increased improvement works incurred by Public Works Department.

Net transfers from governmental activities to business-type activities were \$1,059.8 million, a \$138.8 million or 15.1 percent increase from the prior year. The increase primarily attributable to transfers of bond proceeds from issuance of General Obligation Bonds Embarcadero Seawall Earthquake Safety Series 2025A, Earthquake Safety and Emergency Response Series 2025B and Certificates of Participation Series 2024A and the Commercial Papers to fund various capital improvement projects handled by Port, Water, LHH and SFGH for a total of \$282.7 million. The increases were partly offset by reduced General Fund transfers to support the operations of LHH and SFGH by \$75.3 million and \$16.3 million respectively. LHH

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

admissions resumed after it regained certification from the State of California, and the facility is expected to reach full capacity by December 2025. There were also savings in salary and fringe owing to the hiring freeze and reduced services of other departments. SFGH had operating surplus from Medi-Cal, Medicare and Other Patient Revenue reimbursements due to higher-than-expected patient volume and patient census. Transfer to SFMTA from the Transportation Authority to reimburse various capital program costs were reduced by \$60.0 million.

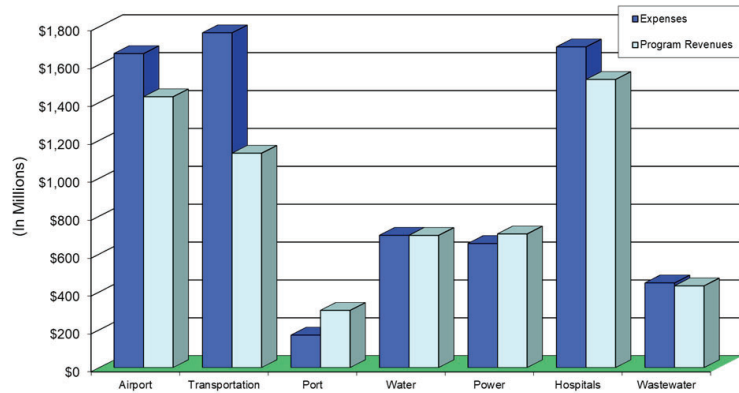
Total governmental expenses slightly reduced by \$16.4 million or 0.2 percent, primarily attributed to lower city loan issuance and related allowance of \$254.9 million brought about by the timing of one-time sources and increasing costs for non-profit developers. Spending funded by various Affordable Housing General Obligation bonds decreased as proceeds from earlier voters' authorization including the year of 2015 and 2016 being almost entirely spent down in fiscal year 2023-24 with a few lingering projects drawing down the remaining funds in 2024-25. New bonds from the authorizations of 2019 and the most recent 2024 were issued in January 2025 (Series 2025C and 2025D) which allowed for minimal spending in fiscal year 2024-25. Project development from non-profit developers was generally slowing down as interest rates which continued to rise through July 2023 had made the cost of private funding significantly more expensive. As developments historically are funded by a mix of private and public sources, rising interest rates have contributed to projects not "penciling-out". In addition, the construction costs were on the rise due to inflation and the challenges brought about by the uncertainty on tariffs. All of this led to a project pipeline with a longer horizon. Other Post Employment Benefits expenses also decreased by \$105.3 million primarily attributable to experience gains from lower-than-expected premiums, updated census data, and positive investment performance. These favorable impacts were partially offset by increases resulting from updated actuarial assumptions.

These savings were almost diminished by increases of salaries and fringe expenses of \$274.7 million due to citywide cost-of-living adjustments as per the memorandum of understanding with various labor unions by about 2.26 percent and higher health premiums due to rising drug and medical services costs. Depreciation expenses on capital assets also increased by \$35.0 million across all service areas. On top of these increases, Department of Public Works also had more expenses in construction contract payments for various non-capitalizable improvement projects and from the change in judgement and claim estimates whereas Human Services Agency showed an increase of \$27.7 million aid payments for various assistance programs.

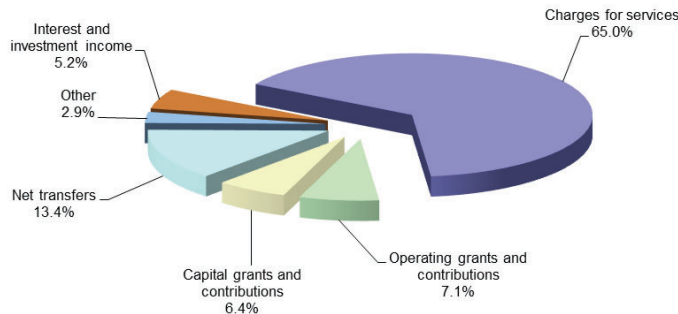


**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

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



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



**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

**Business-type activities** increased the City's net position by \$835.1 million and key factors contributing to this increase are as follows:

- The San Francisco International Airport had an increase in net position of \$52.5 million at the end of fiscal year 2024-25, compared to a \$270.4 million increase in the prior year, a difference of \$217.9 million. Operating revenues totaled \$1,369.2 million, operating expenses totaled \$1,146.7 million, nonoperating net expense totaled \$172.4 million, capital contributions totaled \$60.8 million, and net transfers out totaled \$58.5 million. Compared to the prior year, operating revenues decreased \$32.1 million, or 2.3%, operating expenses increased \$170.1 million, or 17.4%, nonoperating net expenses increased by \$9.7 million, or 5.9%, capital contributions decreased by \$3.1 million, or 4.9%, and net transfers out increased by \$2.9 million, or 5.2%. The decrease in operating revenues was primarily driven by a \$59.0 million decline in aviation revenues, largely reflecting a reduction in contributions from the airlines to the Operating Revenue and Capital Improvement Fund under the Lease and Use Agreement, partially offset by an \$11.2 million increase in public parking and ground transportation revenues from higher average revenue per parking ticket and increased passenger levels from stronger Transportation Network Company activities, an \$11.2 million increase in sales and service revenues from higher utility, telecommunication, and terminal-related fees, and a \$4.4 million increase in on-Airport hotel revenues driven by higher leisure, business, and group travel. The increase in operating expenses was primarily due to a \$72.5 million increase in personnel expenses from headcount growth, cost-of-living adjustments, and higher pension and OPEB costs, a \$56.0 million increase in depreciation and amortization from new assets placed into service (including Taxiways D and T, Terminal 1 Center, and baggage handling systems), \$19.2 million increase in contractual services, and \$10.8 million increase in repairs and maintenance. The increase in nonoperating net expenses is primarily because other nonoperating expenses rose by \$59.7 million mainly from higher capital spending that did not meet capitalization thresholds, and interest expense increased by \$34.3 million. The increase was partially offset by a \$52.3 million increase in investment income from higher interest rates and the investment fair value adjustments, a combined \$5.5 million increase in passenger facility charges and customer facility charges due to an increase in passenger traffic and rental car contracts, a \$4.3 million increase in other nonoperating revenues due to energy tax credits filed with the Internal Revenue Service, and a \$22.3 million reduction in write-offs and losses on disposal of capital assets due to fewer project scope changes and cancellations. The capital contributions decrease was primarily due to slightly lower grant-funded capital expenditures billable to federal and other grantors, driven by the timing and mix of work on the Airport's capital improvement program. Transfers out increased due to a higher annual service payment to the City's resulting from increased concession, hotel, and parking and transportation revenues associated with higher passenger traffic.
- The City's Water Enterprise reported an increase in net position of \$49.6 million at the end of fiscal year 2024-25, compared to an increase of \$57.6 million at the end of the previous year, a \$8.0 million difference. Operating revenues totaled \$678.6 million, operating expenses totaled \$495.5 million, nonoperating activities totaled a net expense of \$145.1 million, capital contributions totaled \$17.4 million, and net transfers out totaled \$5.9 million. Compared to the prior year, operating revenues increased \$1.7 million, or 0.3%, operating expenses decreased \$33.9 million, or 6.4%, nonoperating net expenses increased by \$2.3 million, or 1.6%, capital contributions decreased by \$36.2 million, or 67.5%, and net transfers out increased by \$5.2 million, or 701.6%. The increase in operating revenues was mainly driven by a \$2.8 million increase in charges for services resulting from a 5% planned rate increase for retail customers and an 8.8% rate increase for wholesale customers beginning July 1, 2024, partially offset by a decrease in the Wholesale Revenue Requirement balancing account, a \$1.2 million decrease in rents and concessions due to allocations for low-income customer assistance programs. The decrease in operating expenses is primarily due to a \$60.0 million decrease in general and administrative and other expenses mainly from lower estimated judgment and claims expenses and higher project costs eligible to be capitalized in the current year, and a \$2.5 million decrease in contractual services and materials and supplies mainly for construction activities, partially offset by a \$14.7 million increase in personnel services due to pension expenses based on actuarial estimates, an \$8.0 million increase in services provided by other departments mainly from higher electricity charges and water assessment fees paid to Hetch Hetchy Water, and a \$4.7 million increase in depreciation from additional assets placed into service. Nonoperating net expense increased primarily due to a \$12.8

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued) Year Ended June 30, 2025

million decrease in grants and other non-operating revenues because the prior year included grants related to COVID-19 water utility arrearages relief and the SCU Lightning Complex fire, and a small increase in rebates to customers, partially offset by a \$4.0 million increase in interest and investment income and a \$7.1 million decrease in interest expense following the refunding of bonds through the issuance of the 2025 Series ABC and 2025 Series DEF water revenue refunding bonds. Capital contributions decreased because the prior year included larger developer receipts totaling \$53.6 million for the Treasure Island, Yerba Buena, and Pier 70 development projects, whereas current-year capital contributions of \$17.4 million were primarily from developers for the Mission Rock Phase 1A project. Net transfers out increased primarily due to \$47.1 million of transfers out to Hetch Hetchy Water for the Mountain Tunnel Improvement project and to the Office of the City Administrator for the Water Enterprise's contribution to the Surety Bond Program, partially offset by higher transfers in from the City, including \$41.2 million for the Earthquake Safety and Emergency Response program.

- Hetch Hetchy Water and Power and CleanPowerSF ended fiscal year 2024-25 with a net position increase of \$130.6 million, compared to a \$121.2 million increase the prior year, a difference of \$9.4 million. Operating revenues totaled \$701.5 million, operating expenses totaled \$635.7 million, nonoperating activities totaled a net revenue of \$17.3 million, capital contributions totaled \$4.0 million, and net transfers in of \$43.6 million. Compared to the prior year, operating revenues increased \$71.0 million, or 11.3%, operating expenses increased \$79.7 million, or 14.3%, nonoperating net revenue decreased \$0.4 million, or 2.1%, capital contributions decreased \$25.2 million, or 86.2%, and net transfers increased by \$43.6 million, or 66,087.9%. This enterprise consists of three segments: Hetchy Water upcountry operations and water system, which reported a \$60.0 million increase in net position, Hetchy Power (also known as the Power Enterprise), which reported a \$2.1 million increase in net position, and CleanPowerSF, which reported a \$68.5 million increase in net position. Hetchy Water operating revenues increased by \$3.7 million mainly due to an increase in water assessment fees from the Water Enterprise to fund upcountry water-related costs. Operating expenses increased by \$1.5 million mainly due to increases of \$3.0 million in non-capitalized structure and improvement costs, \$3.1 million in general and administrative expenses from increased payments to other governments for law enforcement and emergency response services, and in depreciation, amortization, materials and supplies associated with additional facilities and improvements placed in service, partially offset by decrease of \$4.6 million in personnel services and lower bureau support costs. Net transfers in increased by \$47.0 million from the Water Enterprise to fund Hetchy Water's share of the Mountain Tunnel Project. Hetchy Power operating revenues increased by \$4.1 million mainly due to increase in charges for services driven by average rate increases and higher consumption, of which \$17.5 million from City departments such as SFO and SFMTA and \$4.7 million from retail customers. These increases were largely offset by decreases of \$16.0 million in wholesale revenues due to higher hydrogenation in the prior year resulting in greater excess energy sales, and \$2.1 million resales of capacity to CleanPowerSF due to less excess energy. Operating expenses increased by \$17.5 million mainly due to an increases of \$9.5 million purchased electricity related to additional resource adequacy purchases to meet compliance requirements, \$8.5 million personnel services due to increases a 3.0% COLA and compensated absences, \$4.5 million project spending including the Moccasin Powerhouse Rewind Project, \$2.5 million depreciation and amortization related to additional facilities and improvements placed in service, and \$2.3 million in bureau support and in general, administrative, materials and supplies from payments to other governments, partially offset by decreases of \$9.8 million distribution charges from PG&E and contractual services. Capital contributions decreased by \$25.2 million primarily because the prior year included \$29.2 million larger developer-contributed assets related to the Treasure Island, Yerba Buena, and Pier 70 development projects, whereas current year capital contributions were limited to \$4.0 million developer-contributed assets at the Mission Rock and Warnerville Substation. Net transfers out increased by \$3.4 million was primarily due to a repayment to the City's General Fund related to the acquisition of PG&E assets. CleanPowerSF operating revenues increased by \$63.2 million mostly due to increases of \$45.5 million in electricity sales to retail and commercial customers resulting from an 8.5% average rate increase and higher consumption, together with \$10.3 million capacity sales to counterparties and \$7.4 million wholesale sales from excess energy. Operating expenses increased by \$60.7 million mainly due to increases of \$58.0 million in purchased electricity and transmission, distribution, and other power costs driven by increased pricing in the power market and higher customer power consumption.

## CITY AND COUNTY OF SAN FRANCISCO

### Management's Discussion and Analysis (Unaudited) (Continued) Year Ended June 30, 2025

- The City's Wastewater Enterprise's net position increased by \$31.3 million, compared to a decrease of \$61.4 million in the prior year, a \$92.7 million difference. Operating revenues totaled \$431.2 million, operating expenses totaled \$292.5 million, nonoperating activities totaled a net expense of \$106.1 million, capital contributions totaled \$0.1 million, and net transfers out totaled \$1.5 million. Compared to the prior year, operating revenues increased \$36.2 million, or 9.2%, operating expenses decreased \$169.6 million, or 36.7%, nonoperating net expenses increased by \$63.8 million, or 151.0%, capital contributions decreased by \$47.9 million, or 99.7%, and net transfers out increased by \$1.3 million, or 604.3%. Operating revenues increased primarily due to the 9.0% rate increase in charges for service adopted on July 1, 2024. Operating expenses decreased primarily driven by a \$202.2 million decline in general and administrative and other operating expenses, largely due to reduced judgments and claims expenses based on analyses performed by the City Attorney's Office and Controller's Office and lower non-capitalized project costs associated with the Westside Pump Station Reliability Improvement, Biosolids Digester, and Treasure Island capital improvement projects. These decreases were partially offset by a \$22.4 million increase in personnel services from higher COLA adjustments, additional full-time equivalents, and higher other postemployment benefit and pension expenses. Capital contributions decreased because the prior year included \$48.1 million of Developer Built Infrastructure transferred to capital assets—\$25.9 million for Pier 70 Phase 1, \$17.6 million for Treasure Island Stage 1, and \$4.6 million for the Yerba Buena Island Street Improvements project—whereas current-year developer contributions totaled \$0.1 million.
- The Port ended fiscal year 2024-25 with a net position increase of \$340.6 million, compared to an increase of \$62.2 million in the prior year, a \$278.4 million difference. Operating revenues totaled \$133.0 million, operating expenses totaled \$150.5 million, nonoperating activities totaled a net revenue of \$84.5 million, capital contributions totaled \$154.0 million, and net transfers in totaled \$119.6 million. Compared to the prior year, operating revenues decreased \$1.6 million, or 1.2%, operating expenses increased \$6.9 million, or 4.8%, nonoperating net revenues increased \$28.0 million, or 49.5%, capital contributions increased by \$139.3 million, or 945.2%, and net transfers in increased by \$119.6 million, or 373,831.3%. Operating revenues remained relatively stable compared to the prior year. Operating expenses increased primarily due to an \$8.2 million increase in personnel services, a \$6.1 million increase in depreciation and amortization expense from new assets placed in service including Mission Rock Phase 1 horizontal improvements and Bayfront Park, a \$2.8 million increase in services provided by other City departments, partially offset by a \$6.9 million decrease in contractual services from lower capital and non-capital project activity, and a \$4.3 million decrease in pollution remediation expenses as prior-year costs included evaluations and re-estimates of obligations for the Pier 70/68 Shipyard Uplands project and the Hyde Street Harbor Fuel Pipeline project. Nonoperating net revenues increased primarily because nonoperating revenues grew by \$44.4 million, or 72.6%, driven by a \$47.7 million increase in insurance proceeds related to the loss from the warehouse fire at Pier 45 in 2020 and a \$6.7 million increase in interest and investment income from higher cash balances and net unrealized gains, partially offset by a \$16.4 million increase in nonoperating expenses, mainly a \$10.5 million contribution to Mission Rock Phase 1 and a \$4.6 million increase in community-based services expenses to support programs at Fisherman's Wharf Community Benefit District. Capital contributions increased as capital grants and contributions rose significantly, including a \$139.6 million increase in other contributions from developers associated with the Port's acceptance of Mission Rock Phase 1 horizontal infrastructure and Bayfront Park improvements. Net transfers in increased primarily from a \$119.6 million receipt of capital contribution from the City's third issuance of the 2018 Embarcadero Seawall Earthquake Safety Bond.
- The SFMTA had an increase in net position of \$98.2 million for fiscal year 2024-25, compared to an increase of \$63.3 million in the prior year, a \$ 34.9 million difference. Operating revenues totaled \$394.8 million, operating expenses totaled \$1.75 billion, nonoperating activities totaled a net revenue of \$488.5 million, capital contributions \$276.0 million, and net transfers in totaled \$685.2 million. Compared to the prior year, operating revenues increased by \$42.0 million, or 11.9%, operating expenses increased \$102.0 million, or 6.2%, nonoperating net revenues increased \$30.5 million, or 6.7%, capital contributions increased by \$98.5 million, or 55.5%, and net transfers in decreased by \$34.1 million, or 4.7%. The increase in operating revenues was primarily due to increases of \$13.3 million in passenger



**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

fare revenue from higher transit cash collection and a rise in ridership, \$11.6 million in penalties from parking fines, \$7.3 million in permit revenue from an increase in issuance of commuter shuttle and residential parking permits, \$6.8 million in parking fees due to higher collections from parking meters via PayByPhone transactions and the San Francisco General Hospital Campus garage facility. The increase in operating expenses was driven by a \$128.1 million increase in personnel services, primarily from higher salaries and other postemployment benefits; and a \$9.4 million increase in depreciation and amortization expenses mainly due to new light rail vehicles and trolley buses placed in service; These increases were partially offset by a \$24.9 million decrease in general and administrative costs due to lower judgment and claims costs and a reduction in accrued claim liabilities, a \$5.2 million decrease in contractual services attributable to lower non-capitalized project costs related to the design and construction of canopies at Market Street BART/Muni stations, and a \$4.3 million decrease in other operating expenses mainly due to a higher proportion of equipment purchases being capitalized. The increase in nonoperating net revenues was mainly due to a \$75.0 million increase in state and other operating grants, largely from the first-year allocation of California Senate Bill 125 (SB125) funds, partially offset by a \$32.2 million decrease in federal operating grants due to reduced drawdowns from the American Rescue Plan Act grant, a \$5.9 million decrease in development fees, and a \$5.1 million increase in loss on disposal of assets. The increase in capital contribution was due to higher capital expenditures incurred and billable to grantors in fiscal year 2024-25, mostly related to light rail vehicle procurement and motor coach and trolley overhaul projects, partially offset by reduced spending on the L Taraval Track Rail and Overhead Rehabilitation project. The increase in net transfers in was mainly due to \$31.2 million of funding 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 \$87.8 million at the end of fiscal year 2024-25, compared to the prior year, an increase of \$32.8 million, a \$55.0 million difference. The LHH's loss before transfers for the year was \$56.8 million, compared to \$128.5 million in the prior year, a \$71.7 million difference. The decrease in loss was primarily driven by an \$81.1 million increase in operating revenues. Net patient service revenue increased by approximately \$64.2 million and other operating revenues increased by \$16.8 million, reflecting the resumption and ramp-up of new admissions following LHH's recertification by the Centers for Medicare & Medicaid Services (CMS) on May 30, 2024. Operating expenses increased by \$8.4 million, as a \$28.3 million increase in personnel services and a \$1.3 million increase in materials and supplies, were partially offset by a \$21.5 million decrease in contractual services. Net transfers in decreased by approximately \$16.8 million from \$161.4 million in the prior year to \$144.6 million in fiscal year 2024-25, primarily due to a \$66.1 million reduction in the ongoing General Fund operating subsidy and the nonrecurrence of a one-time \$10.0 million General Fund transfer received in fiscal year 2023-24 to support LHH's CMS recertification, offset by a \$70.0 million increase in transfers from City capital project funds for COP-financed projects, and an \$11.5 million increase in transfers out due to higher transfers to SFGH and the City's General Obligation Bond Fund.
- SFGH, the City's acute care hospital, ended fiscal year 2024-25 with a net position increase of \$44.5 million, compared to a decrease of \$18.3 million the prior year, a \$62.7 million change. Operating revenues increased \$84.3 million, or 7.7% from the prior year, mainly driven by an \$81.8 million increase in net patient service revenue due to increases in fee-for-service patient revenue from higher-than-expected patient volume and patient census and an increase in the 340b program revenue due to higher pharmaceutical utilization of higher-cost medications. Operating expenses increased \$64.0 million, or 4.9% mainly due to a \$57.5 million increase in personnel expenses related to increased salaries, benefits, OPEB and pension expense based on actuarial estimates. Net nonoperating revenues increased \$6.6 million, mainly because federal grants increased by \$4.3 million due to an increase in FEMA funding allocation for FEMA projects during the performance period December 25, 2021 to June 30, 2022, and state and other grants increased by \$4.5 million due to an increase in state sales tax allocation and vehicle license fees realignment to SFGH. The increase was partially offset by a \$2.5 million decrease in interest and investment income due to a decrease in cash related to the acquisition of capital assets. Net transfers in increased by \$35.8 million primarily due to the receipt of Certificate of Participation Series 2024A proceeds to finance the San Francisco General Hospital Chiller and Cooling Tower Replacement Project.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

**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 2024-25, combined fund balances in governmental funds totaled \$6.58 billion, an increase of \$405.8 million or 6.6 percent from the prior year. Of the total fund balances, \$1.73 billion is assigned and \$606.6 million is unassigned. The assigned and unassigned balances of \$2.34 billion, or 35.5 percent, represent the portion of total fund balance that the City could potentially take administrative or legislative action to change prior appropriation decisions to make them available to meet the City's needs. Within these fund balance classifications, the General Fund has an assigned fund balance of \$1.45 billion. The remainder of the governmental fund balances includes \$1.5 million nonspendable for items that are not expected to be converted to cash such as advances, \$3.80 billion restricted for programs at various levels and \$445.7 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 \$2.06 billion while total fund balance was \$2.62 billion. Combined assigned and unassigned fund balances represent 37.8 percent of total expenditures, while total fund balance represents 48.1 percent of total expenditures. For the year, the General Fund's total revenues exceeded expenditures by \$1.18 billion, before transfers and other items of \$1.12 billion, resulting in total fund balance increasing by \$53.6 million.

Despite San Francisco economy being relatively stable between fiscal year 2023-24 and 2024-2025, the City's gross receipts tax grew by \$127.0 million or 12.8 percent mainly from financial, information and professional categories of businesses which are also taxed at a higher rate than most other categories. Tax obligation for taxpayers whose tax obligation depends on San Francisco sales increased by 3 percent whereas those depends on worldwide sales and apportionment of worldwide increased by 7.1 percent and 10.4 percent, respectively. In short, the economic growth especially responsible for the increase in gross receipts tax came from worldwide economic activity apportioned to San Francisco. In addition, there was a tax rate increase in 2024 of, on average, 3.1 percent and the reserve for litigation was reduced by \$13 million. The increase of gross receipt tax was partly offset by a decline of overpaid executive tax, due to an overall reduction in pay to executives. Real property transfer tax increased by \$116.7 million or 65.7 percent, mainly driven by significant growth of transfer transactions for properties over \$25.0 million, primarily commercial properties, coupled with the highly progressive tax structure resulted in the overall increase. Charges for services increased by \$75.7 million for mental health, ambulance, other medical and recreational services provided. Property taxes decreased by \$58.2 million or 2.3 percent, due to decline in ERAF revenues and higher refunds of prior year secured property tax revenues.

**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 2024-25, the unrestricted net position for the proprietary funds was as follows: Airport: \$495.0 million, Water Enterprise: \$181.9 million, Hetch Hetchy Water and Power: \$504.9 million, Wastewater Enterprise: \$172.7 million, and Port: \$342.5 million. In addition, the following funds had net

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

deficits in unrestricted net position: SFMTA: \$279.1 million, San Francisco General Hospital: \$551.2 million, and Laguna Honda Hospital: \$216.6 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 \$835.1 million due to the current year's financial activities. The reasons for this change are discussed in the previous section on the City's business-type activities.

|                                      | Operating<br>Revenues | Operating<br>Expenses | Operating<br>Income (Loss) | Non-<br>Operating<br>Revenues<br>(Expenses) | Capital<br>Contributions | Interfund<br>Transfers, Net | Change in Net<br>Position |
|--------------------------------------|-----------------------|-----------------------|----------------------------|---------------------------------------------|--------------------------|-----------------------------|---------------------------|
| Airport.....                         | \$ 1,369,248          | \$ 1,96,671           | \$ 222,577                 | \$ (172,375)                                | \$ 60,776                | \$ (58,489)                 | \$ 52,489                 |
| Water.....                           | 678,637               | 495,463               | 83,174                     | (145,078)                                   | 17,436                   | (5,900)                     | 49,632                    |
| Hetch Hetchy.....                    | 701,470               | 635,730               | 65,740                     | 17,302                                      | 4,032                    | 43,552                      | 130,626                   |
| Municipal Transportation Agency..... | 394,837               | 1,746,284             | (1,351,447)                | 488,471                                     | 276,034                  | 685,153                     | 98,211                    |
| General Hospital.....                | 1,180,138             | 1,356,853             | (176,715)                  | 88,373                                      | -                        | 132,819                     | 44,477                    |
| Wastewater Enterprise.....           | 431,181               | 292,481               | 138,700                    | (106,080)                                   | 145                      | (1,472)                     | 31,303                    |
| Port.....                            | 133,015               | 150,533               | (17,518)                   | 84,522                                      | 153,991                  | 119,594                     | 340,589                   |
| Laguna Honda Hospital.....           | 259,808               | 334,387               | (74,579)                   | 17,768                                      | -                        | 144,583                     | 87,772                    |
| Total.....                           | \$ 5,148,344          | \$ 6,158,402          | \$ (1,010,058)             | \$ 272,903                                  | \$ 512,141               | \$ 1,059,840                | \$ 835,099                |

**General Fund Budgetary Highlights**

The City's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects and supplemental appropriations approved during the fiscal year.

Actual revenues and other resources were \$288.0 million higher than the final budget. The City realized \$97.4 million, \$75.5 million, \$69.7 million, \$36.0 million and \$29.3 million revenues above budget in business taxes, real property transfer tax, State health/ mental health subventions, interest and investment income, and State health and welfare realignments. Business taxes were \$97.4 million higher as the budget assumed no underlying economic growth in the 2024 calendar year given the gross receipts tax had remained about the same level for three fiscal years while other measures such as office vacancy and metro area employment stayed about the same for many months. The actual increases in San Francisco sales and worldwide sales in the 2024 calendar year contributed to the variance. The overperformance of real property transfer tax of \$75.5 million represents the beginning of a long-expected commercial real estate "reset", as buyers and sellers finally exchange buildings at lower market values. The high value property transfer transactions are especially sensitive to interest rates and the Federal Reserve's round of rate cuts from August 2024 (5.25%-5.5%) to January 2025 (4.25% to 4.5%) likely increased sales volumes and real estate asset prices during the fiscal year. Actuals for State health/mental health subventions and health and welfare realignment were higher than budget, primarily due to Short-Dole Medi-Cal, motor vehicle license fee-realignments and health welfare sales tax allocation received more allocations and adjustments from the state. Actual interest and investment income was \$36.0 million higher than anticipated as the Pool's average annualized yield increased from 3.21 percent to 3.65 percent in fiscal year 2024-25 and with higher cash balances during the year.

These favorable budget variances were partly offset by revenue shortfalls of \$29.8 million, \$19.1 million and \$18.9 million in hotel room tax, federal grants and subventions and other revenues. Hotel room taxes were \$29.8 million lower than budget due to a weaker recovery than projected, particularly in the first half of the fiscal year 2024-25. The budget assumed an annual average Revenue Per Available Room (RevPAR) of \$165.45, but actuals were \$150.70, as the budget was generally more optimistic about recovery in the hospitality industry given positive trends in convention activity since 2020. Shortfall of \$19.1 million in federal grants and subventions revenues primarily in human services grants including CalWorks Eligibility and Aid and Stage 1 Childcare. The \$18.9 million less than budgeted other revenues were caused by less developer exaction fees paid and self-insurance contributions.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

Differences between the final budget and actual (budgetary basis) expenditures resulted in \$154.1 million in expenditure savings. Highlights of the variance include:

- \$30.6 million savings in the human welfare and neighborhood development service area primarily due to expenditures below budget in Human Services Agency, Department of Homelessness and Supporting Housing and Early Childhood Education for community-based organization payments and services from other departments.
- \$23.9 million savings in general administration and finance, mainly due to City Attorney had higher expenditure recovery for services provided to other City Departments. Elections Office had savings in salary due to timing of recruitment cycles in filling a few vacancies and less operational expenses from lower-than-expected voter participation and fewer ballot cards. Administrative Services, Human Resources and Planning departments also had savings mainly in non-personnel services and salaries and fringe.
- \$19.8 million savings in General City Responsibilities, largely from the reserve for community-based organization services have no spending needed and less than budgeted internal audits services.
- \$14.6 million savings in public protection mostly in salary and fringe and inter-departmental services provided by Human Resources Department for workers' compensations and technology support from Telecommunications and Information Services.
- The remaining savings in public works, transportation and commerce, community health and culture and recreation service areas were primarily due to lower than budgeted capital outlays, community-based organization, non-personnel and interdepartmental services.

These changes in operating revenues and expenditures, as well as appropriations of reserves, resulted in a net available budgetary fund balance of \$862.0 million at the end of fiscal year 2024-25. Within unassigned fund balances, the City's fiscal year 2025-26 and 2026-27 Adopted Original Budget assumed \$229.6 million as a source in fiscal year 2026-27 and \$577.9 million designated for various purposes, leaving \$38.6 million available for future appropriations (see also Note to the Required Supplementary Information for additional budgetary fund balance details). The Adopted 2025-26 and 2026-27 Budget spent \$105.3 million of reserves: \$54.8 million Budget Stabilization One-Time Reserve, \$40.0 million from the Fiscal Cliff Reserve, \$8.4 million in the Free City College Reserve and \$2.1 million of Federal and State Emergency Grant Disallowance Reserve.

**Capital Assets**

The City's capital assets for its governmental and business-type activities as of June 30, 2025, increased by \$1.91 billion, 5.5 percent, to \$36.5 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 \$140.9 million or 7.4 percent to this total while \$1,772.8 million or 92.6 percent was from business-type activities. Details are shown in the table below.

|                                  | Governmental Activities |              | Business-type<br>Activities |               | Total         |               |
|----------------------------------|-------------------------|--------------|-----------------------------|---------------|---------------|---------------|
|                                  | 2025                    | 2024         | 2025                        | 2024          | 2025          | 2024          |
| Land.....                        | \$ 980,563              | \$ 966,022   | \$ 360,682                  | \$ 360,682    | \$ 1,341,245  | \$ 1,326,704  |
| Construction in progress.....    | 833,053                 | 738,195      | 6,068,988                   | 5,286,024     | 6,902,041     | 6,024,219     |
| Facilities and improvements..... | 4,220,756               | 4,305,443    | 16,209,763                  | 15,287,195    | 20,430,519    | 19,592,638    |
| Machinery and equipment.....     | 142,264                 | 145,552      | 2,028,745                   | 2,069,347     | 2,171,009     | 2,214,899     |
| Infrastructure.....              | 1,339,948               | 1,213,053    | 3,359,161                   | 3,245,711     | 4,699,109     | 4,458,764     |
| Right-to-use assets.....         | 599,434                 | 602,422      | 221,776                     | 228,225       | 821,210       | 830,647       |
| Intangible assets.....           | 90,947                  | 95,354       | 42,298                      | 41,387        | 133,245       | 136,741       |
| Total.....                       | \$ 8,206,965            | \$ 8,066,041 | \$ 28,291,413               | \$ 26,518,571 | \$ 36,498,378 | \$ 34,584,612 |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

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

- Under governmental activities, net capital assets increased by \$140.9 million or 1.7 percent. Approximately \$213.7 million worth of construction in progress work was substantially completed and capitalized as facilities and improvements and infrastructure. Among the major completed projects, around \$94.7 million for the 900 Inns Park development and various improvements to parks and playgrounds, as well as approximately \$69.7 million for pavement improvement and sewer replacement projects. The remaining completed projects primarily associated with public works. Additionally, right-to-use assets decreased by \$3.0 million largely due to the expiration of leases and subscription agreements during fiscal year 2024-25.
- Under business-type activities, net capital assets increased by \$1.77 billion or 6.7 percent. The increases were primarily due to the following:
  - The Airport's net capital assets increased by \$401.0 million or 5.6 percent primarily from construction and capital improvement activities. Construction activity continues on major projects such as the Terminal 3 West Modernization project, the Courtyard 3 Connector project, and the International Terminal Phase 2 project, which will make improvements to the building and expand both departure level security checkpoints.
  - The Water Enterprise's net capital assets increased by \$212.8 million or 3.7 percent, reflecting an increase in construction and capital improvement activities. Major additions to construction work in progress included the Sunol Valley Water Treatment Plant Ozonation and New City Distribution Division (CDD) Headquarters. As of June 30, 2025, 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, 2025, 35 local projects were completed. Of the 52 regional projects, 48 projects are complete, with the remaining 4 projects are expected to be completed by June 2032.
  - The Wastewater Enterprise net capital assets reported an increase of \$796.4 million or 14.5 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, 2025, phase 1 SSIP encompasses 70 projects at various stages of development: 54 completed, 2 in multiple phases, 4 in pre-construction, 7 under active construction, and 3 in the close-out phase. Additionally, the New Headworks (Grit) Replacement Project is over 90 percent completed, with final completion anticipated in Fall 2027.

At the end of the year, the City's business-type activities had approximately \$1.71 billion in commitments for various capital projects. Of this, Water Enterprise had an estimated \$447.7 million, SFMTA had \$292.2 million, Wastewater had \$547.1 million, Airport had \$278.6 million, Hetch Hetchy had \$62.1 million, Port had \$34.5 million, Laguna Honda Hospital had \$17.0 million, and the General Hospital had \$28.6 million.

For government-wide financial statement presentation, all depreciable/amortizable capital assets were depreciated/amortized from acquisition date or lease/subscription inception date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the City's capital assets can be found in Note 7 to the Basic Financial Statements.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

**Debt Administration**

At June 30, 2025, the City had total long-term and commercial paper debt outstanding of \$28.49 billion. Of this amount, \$2.74 billion which includes \$237.5 million of bond premium represents general obligation bonds secured by ad valorem property taxes without limitation as to rate or amount upon all property subject to taxation by the City. The remaining \$25.75 billion represents revenue bonds, commercial paper notes, certificates of participation, leases and other debts of the City secured solely by specified revenue sources. As noted previously, the City's total debt including all bonds, loans, commercial paper notes, leases and other debts increased by \$2.63 billion or 10.18 percent during the fiscal year.

For the year ended June 30, 2025, in the long-term debt excluding short-term CP notes, the net increase in the governmental activities was \$424.9 million and the net increase in business-type activities was \$2.27 billion as discussed in the highlights above.

The City's Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is three percent of the assessed value of taxable property in the City - estimated at \$349.30 billion in value as of the close of the fiscal year. As of June 30, 2025, the City had \$2.74 billion in authorized, outstanding general obligation bonds, which is equal to approximately 0.74 percent of gross (0.78 percent of net) taxable assessed value of property. As of June 30, 2025, there were an additional \$1.36 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 1.10 percent of gross (1.17 percent of net) taxable assessed value of property.

The City's underlying ratings on general obligation bonds as of June 30, 2025, were:

|                                 |     |
|---------------------------------|-----|
| S&P Global Ratings              | AA+ |
| Moody's Investors Service, Inc. | Aa1 |
| Fitch Ratings                   | AAA |

During the fiscal year, S&P Global Ratings (S&P) lowered its long-term rating from "AAA" to "AA+" and revised its credit outlook from stable to negative. Moody's Investors Service (Moody's) downgraded the City's issuer ratings of "Aaa" to "Aa1" and revised the outlook from stable to negative. Fitch Ratings maintained the City's general obligation bonds ratings of "AAA" and revised its credit outlook from stable to negative.

The City's business-type activities carried underlying debt ratings for the SFMTA of "A+" from S&P and "Aa3" from Moody's. Moody's and Fitch Ratings affirmed their underlying long-term credit ratings on the outstanding debt of the Airport of "A1", and "A+", respectively, while S&P raised its long-term rating on the outstanding debt of the Airport to "AA-" from "A+". The Water Enterprise carried underlying ratings of "Aa2" and "AA-" from Moody's and S&P, respectively. The Wastewater Enterprise carried underlying ratings of "Aa2" and "AA" from Moody's and S&P, respectively. The Hetch Hetchy Power Enterprise's power revenue bonds have been rated "AA-" by Fitch Ratings and "AA" by S&P as of June 30, 2025. In May 2025, Fitch Ratings affirmed its "A" rating and stable outlook on the Port's outstanding revenue bonds.

Additional information in the City's long-term debt can be found in Note 8 to the basic financial statements.

**Economic factors and future budgets and rates**

The job market weakness continued into fiscal year 2024-25; however, the rate of job losses was far less dramatic, as the San Francisco Metropolitan Division (which includes San Francisco and San Mateo counties) lost only 3,000 jobs (compared to 16,600 in the previous year) between July 2024 and July 2025. More recently, from July 2025 to August 2025, the Metro Division lost 2,700 jobs; yet, the City's unemployment rate edged down from 4.4 percent to 4.3 percent. The City's unemployment rate in August was the third lowest among California's 58 counties.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

Most major job sectors of the local economy lost jobs during fiscal year 2024-25. The Health Care & Social Assistance and Construction sectors were the two bright spots in an otherwise weak job market, each adding 4,200 and 1,800 jobs, respectively. At the same time, job losses were concentrated in the tech-heavy Information and Professional, Scientific, and Technical Services sectors, each losing 4,000 and 6,100 jobs, respectively. This marks a reversal of the job-loss pattern seen during the pandemic. From 2020 to 2022, Information and Professional Services added jobs, while Leisure and Hospitality, Personal Services, and Retail Trade saw heavy losses.

The persistence of remote work continues to pose a challenge for the City's economic recovery. The weekly Kastle return-to-office index remained largely unchanged throughout fiscal year 2024–25, with office attendance in San Francisco holding steady at about 42 percent of 2019 levels between July 2024 and July 2025. Transit ridership, however, showed gradual improvement. BART ridership to downtown San Francisco rose from 34.6 percent in July 2024 to 38.8 percent in 2025 relative to the same month in 2019. As of October 2025, downtown BART ridership stands at 41.7 percent of the 2019 level. MUNI metro weekday ridership increased more substantially—from 52.3 percent in July 2024 to 64 percent in July 2025—and stood at 69 percent of 2019 levels as of October 2025.

According to office brokerage firm JLL, San Francisco's office vacancy rate increased from 33.7 percent in the second quarter of 2024 to a record 35.7 percent in the second quarter of 2025. Although still elevated by historical standards, the rate edged down slightly to 35.3 percent in the third quarter of 2025. Meanwhile, hotel performance continued to strengthen. Citywide hotel revenues reached 73 percent of 2019 levels in July 2025, up from 70 percent a year earlier, and further improved to 82 percent of pre-pandemic levels by September 2025.

The approved FY 2025-26 and FY 2026-27 budget was balanced assuming continued economic recovery from the pandemic. Most economically sensitive taxes, such as sales and hotel taxes, are projected to grow slowly during the coming two years, but remain below pre-pandemic levels. Remote work and interest rates are projected to continue to have significant impacts on the City's property, business, and property transfer taxes. The approved budget assumes about half a billion dollars of General Fund related one-time solutions over the two budget years, including drawdown of prior year fund balance, close out of prior year appropriations, and reserve drawdowns. The budget makes meaningful progress toward closing the structural gap, with approximately \$250 to \$300 million of on-going savings. However, continued improvement in the structural deficit will require further citywide expenditure reductions in future years.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
Year Ended June 30, 2025

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Below are the contacts for questions about this report or requests for additional financial information.

**City and County of San Francisco**  
Office of the Controller  
1 Dr. Carlton B. Goodlett Place, Room 316  
San Francisco, CA 94102-4694

**Department and Component Unit Financial Statements**

**San Francisco International Airport**  
Chief Financial Officer  
PO Box 8097  
San Francisco, CA 94128

**Port of San Francisco**  
Public Information Officer  
Pier 1, The Embarcadero  
San Francisco, CA 94111

**San Francisco Water Enterprise**  
**Hetch Hetchy Water and Power**  
**San Francisco Wastewater Enterprise**  
Chief Financial Officer  
525 Golden Gate Avenue, 13<sup>th</sup> Floor  
San Francisco, CA 94102

**Laguna Honda Hospital**  
Chief Financial Officer  
375 Laguna Honda Blvd.  
San Francisco, CA 94116

**Municipal Transportation Agency**  
SFMTA Chief Financial Officer  
1 South Van Ness Avenue, 7<sup>th</sup> Floor  
San Francisco, CA 94103

**Health Service System**  
Chief Financial Officer  
1145 Market Street, Suite 300  
San Francisco, CA 94103

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

**Successor Agency to the**  
**San Francisco Redevelopment Agency**  
1 South Van Ness Avenue, 5<sup>th</sup> Floor  
San Francisco, CA 94103

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

**San Francisco County Transportation Authority**  
Deputy Director for Administration and Finance  
1455 Market Street, 22<sup>nd</sup> Floor  
San Francisco, CA 94103

**San Francisco Finance Corporation**  
Office of Public Finance  
City Hall, Room 338  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**CITY AND COUNTY OF SAN FRANCISCO**

**Statement of Net Position**  
June 30, 2025  
(In Thousands)

|                                                                                                                                        | Primary Government      |                          |               | Component Unit                        |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|---------------|---------------------------------------|
|                                                                                                                                        | Governmental Activities | Business-Type Activities | Total         | Treasure Island Development Authority |
| <b>ASSETS</b>                                                                                                                          |                         |                          |               |                                       |
| Current assets:                                                                                                                        |                         |                          |               |                                       |
| Deposits and investments with City Treasury.....                                                                                       | \$ 8,716,422            | \$ 3,912,044             | \$ 12,628,466 | \$ -                                  |
| Deposits and investments outside City Treasury.....                                                                                    | 311,678                 | 40,304                   | 351,982       | -                                     |
| Receivables (net of allowance for uncollectible amounts of \$451,808 for the primary government):                                      |                         |                          |               |                                       |
| Property taxes and penalties.....                                                                                                      | 136,133                 | -                        | 136,133       | -                                     |
| Other local taxes.....                                                                                                                 | 441,457                 | -                        | 441,457       | -                                     |
| Federal and state grants and subventions.....                                                                                          | 438,317                 | 236,829                  | 675,146       | 20,016                                |
| Charges for services.....                                                                                                              | 182,823                 | 364,980                  | 547,803       | 5,970                                 |
| Interest and other.....                                                                                                                | 117,000                 | 333,949                  | 450,949       | -                                     |
| Leases.....                                                                                                                            | 5,319                   | 186,397                  | 191,716       | 3,851                                 |
| Due from component units.....                                                                                                          | 27,421                  | 513                      | 27,934        | -                                     |
| Inventories.....                                                                                                                       | -                       | 131,505                  | 131,505       | -                                     |
| Other assets.....                                                                                                                      | 25,307                  | 19,817                   | 45,124        | 4,705                                 |
| Restricted assets:                                                                                                                     |                         |                          |               |                                       |
| Deposits and investments with City Treasury.....                                                                                       | -                       | 1,041,053                | 1,041,053     | -                                     |
| Deposits and investments outside City Treasury.....                                                                                    | 4,186                   | 364,965                  | 369,151       | -                                     |
| Grants and other receivables.....                                                                                                      | -                       | 151,329                  | 151,329       | -                                     |
| Total current assets.....                                                                                                              | 10,406,063              | 6,783,685                | 17,189,748    | 34,542                                |
| Noncurrent assets:                                                                                                                     |                         |                          |               |                                       |
| Loan receivables (net of allowance for uncollectible amounts of \$3,159,696).....                                                      | 320,532                 | -                        | 320,532       | -                                     |
| Leases receivable.....                                                                                                                 | 83,296                  | 1,241,717                | 1,325,013     | 17,395                                |
| Long-term opioid settlement receivable.....                                                                                            | 195,989                 | -                        | 195,989       | -                                     |
| Advance to component unit.....                                                                                                         | -                       | 7,304                    | 7,304         | -                                     |
| Other assets.....                                                                                                                      | -                       | 39,140                   | 39,140        | -                                     |
| Net pension asset.....                                                                                                                 | 20,088                  | -                        | 20,088        | -                                     |
| Restricted assets:                                                                                                                     |                         |                          |               |                                       |
| Deposits and investments with City Treasury.....                                                                                       | -                       | 1,460,226                | 1,460,226     | -                                     |
| Deposits and investments outside City Treasury.....                                                                                    | -                       | 916,733                  | 916,733       | -                                     |
| Grants and other receivables.....                                                                                                      | -                       | 21,490                   | 21,490        | -                                     |
| Capital assets:                                                                                                                        |                         |                          |               |                                       |
| Land and other assets not being depreciated/amortized. Facilities, infrastructure and equipment, net of depreciation/amortization..... | 1,814,522               | 6,441,713                | 8,256,235     | 34,846                                |
| Total capital assets.....                                                                                                              | 6,392,443               | 21,849,700               | 28,242,143    | 82,153                                |
| Total noncurrent assets.....                                                                                                           | 8,206,965               | 28,291,413               | 36,498,378    | 116,999                               |
| Total assets.....                                                                                                                      | 19,232,933              | 38,761,708               | 57,994,641    | 168,936                               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                                                                                  |                         |                          |               |                                       |
| Unamortized loss on refunding of debt.....                                                                                             | 417                     | 100,386                  | 100,803       | -                                     |
| Pensions.....                                                                                                                          | 1,407,234               | 972,766                  | 2,380,000     | 8                                     |
| OPEB.....                                                                                                                              | 367,665                 | 352,710                  | 720,375       | -                                     |
| Total deferred outflows of resources.....                                                                                              | \$ 1,775,316            | \$ 1,425,862             | \$ 3,201,178  | \$ -                                  |

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, 2025  
(In Thousands)

|                                                         | Primary Government         |                             |                          | Component Unit |
|---------------------------------------------------------|----------------------------|-----------------------------|--------------------------|----------------|
|                                                         |                            |                             | Treasure Island          |                |
|                                                         | Governmental<br>Activities | Business-Type<br>Activities | Development<br>Authority |                |
|                                                         |                            |                             |                          |                |
| <b>LIABILITIES</b>                                      |                            |                             |                          |                |
| Current liabilities:                                    |                            |                             |                          |                |
| Accounts payable.....                                   | \$ 852,198                 | \$ 326,745                  | \$ 1,178,943             | \$ 8,505       |
| Accrued payroll.....                                    | 259,768                    | 192,289                     | 452,057                  | 210            |
| Compensated absences.....                               | 310,054                    | 218,371                     | 528,425                  | -              |
| Accrued workers' compensation.....                      | 76,225                     | 58,804                      | 135,029                  | -              |
| Estimated claims payable.....                           | 164,050                    | 65,682                      | 229,732                  | -              |
| Bonds, loans, leases, and other payables.....           | 397,150                    | 589,316                     | 986,466                  | -              |
| Accrued interest payable.....                           | 27,703                     | 89,608                      | 117,311                  | -              |
| Unearned grant and subvention revenues.....             | 226,216                    | -                           | 226,216                  | -              |
| Due to primary government.....                          | -                          | -                           | -                        | 25,274         |
| Internal balances.....                                  | 59,760                     | (59,760)                    | -                        | -              |
| Unearned revenues and other liabilities.....            | 1,839,440                  | 729,384                     | 2,568,824                | 2,824          |
| Liabilities payable from restricted assets:             |                            |                             |                          |                |
| Bonds, loans, leases, and other payables.....           | -                          | 31,708                      | 31,708                   | -              |
| Accrued interest payable.....                           | -                          | 77,654                      | 77,654                   | -              |
| Other.....                                              | -                          | 428,236                     | 428,236                  | -              |
| Total current liabilities.....                          | 4,212,564                  | 2,748,037                   | 6,960,601                | 36,813         |
| Noncurrent liabilities:                                 |                            |                             |                          |                |
| Compensated absences.....                               | 286,401                    | 138,599                     | 425,000                  | -              |
| Accrued workers' compensation.....                      | 322,507                    | 249,192                     | 571,699                  | -              |
| Estimated claims payable.....                           | 87,046                     | 92,283                      | 179,329                  | -              |
| Bonds, loans, leases, and other payables.....           | 4,953,875                  | 22,514,221                  | 27,468,096               | -              |
| Advance from primary government.....                    | -                          | -                           | -                        | 7,304          |
| Unearned revenues and other liabilities.....            | 5,105                      | 132,656                     | 137,761                  | -              |
| Net pension liability.....                              | 2,650,359                  | 1,614,092                   | 4,264,451                | 3              |
| Net other postemployment benefits (OPEB) liability..... | 2,171,052                  | 1,737,617                   | 3,908,669                | -              |
| Total noncurrent liabilities.....                       | 10,476,345                 | 26,478,660                  | 36,955,005               | 7,307          |
| Total liabilities.....                                  | 14,688,909                 | 29,226,697                  | 43,915,606               | 44,120         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |                            |                             |                          |                |
| Unamortized gain on refunding of debt.....              | 113,059                    | 105,399                     | 218,458                  | -              |
| Pensions.....                                           | 128,342                    | 55,881                      | 184,223                  | 6              |
| OPEB.....                                               | 288,414                    | 256,955                     | 545,369                  | -              |
| Leases.....                                             | 85,549                     | 1,479,555                   | 1,565,104                | 20,711         |
| Public-private partnerships.....                        | 10,311                     | -                           | 10,311                   | -              |
| Total deferred inflows of resources.....                | 625,675                    | 1,897,790                   | 2,523,465                | 20,717         |
| <b>NET POSITION</b>                                     |                            |                             |                          |                |
| Net investment in capital assets, Note 10(d).....       | 5,130,602                  | 6,491,537                   | 11,228,354               | 116,999        |
| Restricted for:                                         |                            |                             |                          |                |
| Reserve for rainy day.....                              | 114,539                    | -                           | 114,539                  | -              |
| Debt service.....                                       | 129,215                    | 363,277                     | 492,492                  | -              |
| Capital projects, Note 10(d).....                       | 153,862                    | 1,538,698                   | 1,422,004                | -              |
| Community development.....                              | 809,748                    | -                           | 809,748                  | -              |
| Transportation Authority activities.....                | 74,512                     | -                           | 74,512                   | -              |
| Building inspection programs.....                       | 53,884                     | -                           | 53,884                   | -              |
| Children and families.....                              | 797,980                    | -                           | 797,980                  | -              |
| Culture and recreation.....                             | 283,409                    | -                           | 283,409                  | -              |
| Grants.....                                             | 452,027                    | -                           | 452,027                  | -              |
| Other purposes.....                                     | 210,467                    | 19,349                      | 229,816                  | -              |
| Total restricted.....                                   | 3,079,643                  | 1,921,324                   | 4,730,411                | -              |
| Unrestricted (deficit), Note 10(d).....                 | (2,516,580)                | 650,222                     | (1,202,017)              | (12,892)       |
| Total net position.....                                 | \$ 5,693,665               | \$ 9,063,083                | \$ 14,756,748            | \$ 104,107     |

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, 2025**  
(In Thousands)

| Functions/Programs                                                  | Program Revenues |                         |                                          |                                     | Net (Expense) Revenue and Changes in Net Position |                             |                | Component Unit<br>Treasure Island<br>Development Authority |
|---------------------------------------------------------------------|------------------|-------------------------|------------------------------------------|-------------------------------------|---------------------------------------------------|-----------------------------|----------------|------------------------------------------------------------|
|                                                                     | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital Grants and<br>Contributions | Primary Government                                |                             | Total          |                                                            |
|                                                                     |                  |                         |                                          |                                     | Governmental<br>Activities                        | Business-Type<br>Activities |                |                                                            |
| Primary government:                                                 |                  |                         |                                          |                                     |                                                   |                             |                |                                                            |
| Governmental activities:                                            |                  |                         |                                          |                                     |                                                   |                             |                |                                                            |
| Public protection.....                                              | \$ 1,961,323     | \$ 115,553              | \$ 237,536                               | \$ 40                               | \$ (1,608,194)                                    | \$ -                        | \$ (1,608,194) | \$ -                                                       |
| Public works, transportation<br>and commerce.....                   | 605,508          | 134,280                 | 95,097                                   | 80,868                              | (295,263)                                         | -                           | (295,263)      | -                                                          |
| Human welfare and<br>neighborhood development.....                  | 2,852,489        | 120,478                 | 1,076,456                                | 32,469                              | (1,623,086)                                       | -                           | (1,623,086)    | -                                                          |
| Community health.....                                               | 1,324,609        | 185,910                 | 519,722                                  | -                                   | (618,977)                                         | -                           | (618,977)      | -                                                          |
| Culture and recreation.....                                         | 595,032          | 138,541                 | 3,695                                    | 15,152                              | (437,644)                                         | -                           | (437,644)      | -                                                          |
| General administration and<br>finance.....                          | 473,461          | 164,336                 | 10,423                                   | 1,872                               | (296,830)                                         | -                           | (296,830)      | -                                                          |
| Distributions to other<br>governments.....                          | 53,851           | -                       | -                                        | -                                   | (53,851)                                          | -                           | (53,851)       | -                                                          |
| General city responsibilities.....                                  | 153,125          | 73,659                  | 6,794                                    | -                                   | (72,672)                                          | -                           | (72,672)       | -                                                          |
| Unallocated interest on long-term<br>debt and cost of issuance..... | 169,938          | -                       | -                                        | -                                   | (169,938)                                         | -                           | (169,938)      | -                                                          |
| Total governmental<br>activities.....                               | 8,189,336        | 932,757                 | 1,949,723                                | 130,401                             | (5,176,455)                                       | -                           | (5,176,455)    | -                                                          |
| Business-type activities:                                           |                  |                         |                                          |                                     |                                                   |                             |                |                                                            |
| Airport.....                                                        | 1,657,845        | 1,369,248               | -                                        | 60,776                              | -                                                 | (227,821)                   | (227,821)      | -                                                          |
| Transportation.....                                                 | 1,767,560        | 394,837                 | 461,137                                  | 276,034                             | -                                                 | (635,552)                   | (635,552)      | -                                                          |
| Port.....                                                           | 171,597          | 133,015                 | 15,409                                   | 153,991                             | -                                                 | 130,818                     | 130,818        | -                                                          |
| Water.....                                                          | 698,513          | 678,637                 | 2,233                                    | 17,436                              | -                                                 | (207)                       | (207)          | -                                                          |
| Power.....                                                          | 655,478          | 701,470                 | 372                                      | 4,032                               | -                                                 | 50,396                      | 50,396         | -                                                          |
| Hospitals.....                                                      | 1,693,215        | 1,439,946               | 81,472                                   | -                                   | (171,797)                                         | -                           | (171,797)      | -                                                          |
| Sewer.....                                                          | 447,272          | 431,191                 | 562                                      | 145                                 | -                                                 | (15,374)                    | (15,374)       | -                                                          |
| Total business-type<br>activities.....                              | 7,091,480        | 5,148,344               | 561,185                                  | 512,414                             | -                                                 | (869,537)                   | (869,537)      | -                                                          |
| Total primary government.....                                       | \$ 15,280,816    | \$ 6,081,101            | \$ 2,510,908                             | \$ 642,815                          | (5,176,455)                                       | (869,537)                   | (6,045,982)    | -                                                          |
| Component unit:                                                     |                  |                         |                                          |                                     |                                                   |                             |                |                                                            |
| Treasure Island Development<br>Authority.....                       | \$ 43,827        | \$ 15,354               | \$ 16,700                                | \$ -                                |                                                   |                             |                | \$ (11,773)                                                |
| General Revenues                                                    |                  |                         |                                          |                                     |                                                   |                             |                |                                                            |
| Taxes:                                                              |                  |                         |                                          |                                     |                                                   |                             |                |                                                            |
| Property taxes.....                                                 |                  |                         |                                          | 3,168,835                           | -                                                 | 3,168,835                   | -              | -                                                          |
| Business taxes.....                                                 |                  |                         |                                          | 1,598,030                           | -                                                 | 1,598,030                   | -              | -                                                          |
| Sales and use tax.....                                              |                  |                         |                                          | 298,449                             | -                                                 | 298,449                     | -              | -                                                          |
| Hotel room tax.....                                                 |                  |                         |                                          | 287,346                             | -                                                 | 287,346                     | -              | -                                                          |
| Utility users tax.....                                              |                  |                         |                                          | 111,811                             | -                                                 | 111,811                     | -              | -                                                          |
| Parking tax.....                                                    |                  |                         |                                          | 81,285                              | -                                                 | 81,285                      | -              | -                                                          |
| Real property transfer tax.....                                     |                  |                         |                                          | 294,366                             | -                                                 | 294,366                     | -              | -                                                          |
| Other local taxes.....                                              |                  |                         |                                          | 100,108                             | -                                                 | 100,108                     | -              | -                                                          |
| Interest and investment income.....                                 |                  |                         |                                          | 416,359                             | 411,571                                           | 827,930                     | (108)          | (108)                                                      |
| Other.....                                                          |                  |                         |                                          | 84,604                              | 233,225                                           | 317,829                     | 4,431          | 4,431                                                      |
| Transfers - internal activities of primary government.....          |                  |                         |                                          | (1,059,840)                         | 1,059,840                                         | -                           | -              | -                                                          |
| Total general revenues and transfers.....                           |                  |                         |                                          | 5,381,353                           | 1,704,636                                         | 7,085,989                   | 4,323          | 4,323                                                      |
| Change in net position.....                                         |                  |                         |                                          | 204,898                             | 635,095                                           | 1,039,997                   | (7,450)        | (7,450)                                                    |
| Net position at beginning of year, as previously reported.....      |                  |                         |                                          | 5,813,996                           | 8,406,542                                         | 14,220,536                  | 111,567        | 111,567                                                    |
| Cumulative effect of accounting change.....                         |                  |                         |                                          | (325,229)                           | -                                                 | (325,229)                   | -              | -                                                          |
| Net position at beginning of year, as restated.....                 |                  |                         |                                          | 5,488,767                           | 8,227,984                                         | 13,716,751                  | 111,557        | 111,557                                                    |
| Net position at end of year.....                                    |                  |                         |                                          | \$ 5,693,665                        | \$ 9,063,083                                      | \$ 14,756,748               | \$ 104,107     | \$ 104,107                                                 |

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, 2025  
(In Thousands)

|                                                                              | General Fund | Other Governmental Funds | Total Governmental Funds |
|------------------------------------------------------------------------------|--------------|--------------------------|--------------------------|
| Assets:                                                                      |              |                          |                          |
| Deposits and investments with City Treasury.....                             | \$ 4,012,666 | \$ 4,623,198             | \$ 8,635,864             |
| Deposits and investments outside City Treasury.....                          | 115          | 311,563                  | 311,678                  |
| Receivables (net of allowance for uncollectible amounts of \$387,155):       |              |                          |                          |
| Property taxes and penalties.....                                            | 126,543      | 9,590                    | 136,133                  |
| Other local taxes.....                                                       | 315,787      | 125,670                  | 441,457                  |
| Federal and state grants and subventions.....                                | 247,569      | 190,748                  | 438,317                  |
| Charges for services.....                                                    | 160,678      | 22,067                   | 182,745                  |
| Interest and other.....                                                      | 70,453       | 39,665                   | 110,118                  |
| Leases.....                                                                  | 82,206       | -                        | 82,206                   |
| Due from other funds.....                                                    | 22,917       | 16,808                   | 39,725                   |
| Due from component units.....                                                | 11,230       | 16,191                   | 27,421                   |
| Loans receivable (net of allowance for uncollectible amounts of \$3,159,696) | 26,716       | 293,816                  | 320,532                  |
| Long-term opioid settlement receivable.....                                  | -            | 202,610                  | 202,610                  |
| Other assets.....                                                            | 11,493       | 13,814                   | 25,307                   |
| Total assets.....                                                            | \$ 5,088,373 | \$ 5,865,740             | \$ 10,954,113            |
| Liabilities:                                                                 |              |                          |                          |
| Accounts payable.....                                                        | \$ 465,207   | \$ 376,386               | \$ 841,593               |
| Accrued payroll.....                                                         | 208,044      | 46,932                   | 254,976                  |
| Unearned grant and subvention revenues.....                                  | 22,933       | 203,283                  | 226,216                  |
| Due to other funds.....                                                      | -            | 99,485                   | 99,485                   |
| Unearned revenues and other liabilities.....                                 | 1,306,176    | 517,106                  | 1,823,282                |
| Bonds, loans, leases, and other payables.....                                | -            | 43,547                   | 43,547                   |
| Total liabilities.....                                                       | 2,002,360    | 1,286,739                | 3,289,099                |
| Deferred inflows of resources.....                                           | 468,784      | 611,730                  | 1,080,514                |
| Fund balances:                                                               |              |                          |                          |
| Nonspendable.....                                                            | 1,503        | -                        | 1,503                    |
| Restricted.....                                                              | 114,539      | 3,687,021                | 3,801,560                |
| Committed.....                                                               | 445,745      | -                        | 445,745                  |
| Assigned.....                                                                | 1,447,431    | 281,631                  | 1,729,062                |
| Unassigned.....                                                              | 608,011      | (1,381)                  | 606,630                  |
| Total fund balances.....                                                     | 2,617,229    | 3,967,271                | 6,584,500                |
| Total liabilities, deferred inflows of resources and fund balances.....      | \$ 5,088,373 | \$ 5,865,740             | \$ 10,954,113            |

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, 2025  
(In Thousands)

|                                                                                                                                                                                                                                                                                                                                                         |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Fund balances – total governmental funds                                                                                                                                                                                                                                                                                                                | \$ 6,584,500        |
| Amounts reported for governmental activities in the statement of net position are different because:                                                                                                                                                                                                                                                    |                     |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                                                                                                                                                                                               | 8,148,787           |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.                                                                                                                                                                                                 | (6,456,558)         |
| 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.                                                                                                                  | 990,888             |
| Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.                                                                                                                                                                                                                                            | (26,581)            |
| Deferred inflows of resources in governmental activities related to refunding of debt are not financial resources and, therefore, are not reported in the governmental funds.                                                                                                                                                                           | (112,935)           |
| Net pension asset/liability and pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the governmental funds.                                                                                                                                                                  | (1,332,208)         |
| Net OPEB liability and OPEB related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the governmental funds.                                                                                                                                                                              | (2,043,567)         |
| Internal service funds are used by management to charge the costs of lease financing, equipment maintenance services, printing and mailing services, and telecommunications and information systems to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. | (58,661)            |
| Net position of governmental activities                                                                                                                                                                                                                                                                                                                 | <u>\$ 5,693,665</u> |

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | General Fund        | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------------------------------------|---------------------|--------------------------------|--------------------------------|
| Revenues:                                                      |                     |                                |                                |
| Property taxes.....                                            | \$ 2,468,240        | \$ 687,319                     | \$ 3,155,559                   |
| Business taxes.....                                            | 1,120,358           | 477,672                        | 1,598,030                      |
| Sales and use tax.....                                         | 188,348             | 110,101                        | 298,449                        |
| Hotel room tax.....                                            | 255,330             | 32,016                         | 287,346                        |
| Utility users tax.....                                         | 111,811             | -                              | 111,811                        |
| Parking tax.....                                               | 81,285              | -                              | 81,285                         |
| Real property transfer tax.....                                | 294,366             | -                              | 294,366                        |
| Other local taxes.....                                         | 78,384              | 21,724                         | 100,108                        |
| Licenses, permits and franchises.....                          | 34,256              | 18,490                         | 52,746                         |
| Fines, forfeitures, and penalties.....                         | 5,214               | 58,682                         | 63,896                         |
| Interest and investment income.....                            | 178,144             | 235,054                        | 413,198                        |
| Rents and concessions.....                                     | 14,931              | 175,615                        | 190,546                        |
| Intergovernmental:                                             |                     |                                |                                |
| Federal.....                                                   | 384,396             | 326,209                        | 710,605                        |
| State.....                                                     | 1,013,428           | 365,149                        | 1,378,577                      |
| Other.....                                                     | 1,975               | 9,706                          | 11,681                         |
| Charges for services.....                                      | 357,122             | 166,803                        | 523,925                        |
| Other.....                                                     | 31,807              | 56,822                         | 88,629                         |
| Total revenues.....                                            | <u>6,619,395</u>    | <u>2,741,362</u>               | <u>9,360,757</u>               |
| Expenditures:                                                  |                     |                                |                                |
| Current:                                                       |                     |                                |                                |
| Public protection.....                                         | 1,834,505           | 99,032                         | 1,933,537                      |
| Public works, transportation and commerce.....                 | 221,660             | 369,333                        | 590,993                        |
| Human welfare and neighborhood development.....                | 1,598,333           | 1,225,490                      | 2,823,823                      |
| Community health.....                                          | 980,332             | 316,771                        | 1,297,103                      |
| Culture and recreation.....                                    | 181,510             | 401,523                        | 583,033                        |
| General administration and finance.....                        | 303,882             | 130,941                        | 434,823                        |
| General City responsibilities.....                             | 153,057             | -                              | 153,057                        |
| Distributions to other governments.....                        | -                   | 53,851                         | 53,851                         |
| Debt service:                                                  |                     |                                |                                |
| Principal retirement.....                                      | 78,384              | 397,809                        | 476,193                        |
| Interest and other fiscal charges.....                         | 15,910              | 182,091                        | 198,001                        |
| Bond issuance costs.....                                       | -                   | 5,147                          | 5,147                          |
| Capital outlay.....                                            | 76,138              | 229,576                        | 305,714                        |
| Total expenditures.....                                        | <u>5,443,711</u>    | <u>3,411,564</u>               | <u>8,855,275</u>               |
| Excess (deficiency) of revenues over (under) expenditures..... | <u>1,175,684</u>    | <u>(670,202)</u>               | <u>505,482</u>                 |
| Other financing sources (uses):                                |                     |                                |                                |
| Transfers in.....                                              | 147,659             | 671,739                        | 819,398                        |
| Transfers out.....                                             | (1,345,856)         | (530,362)                      | (1,876,218)                    |
| Issuance of bonds:                                             |                     |                                |                                |
| Face value of bonds issued.....                                | -                   | 780,095                        | 780,095                        |
| Face value of loans issued.....                                | -                   | 65,000                         | 65,000                         |
| Premium on issuance of bonds.....                              | -                   | 35,906                         | 35,906                         |
| Inception of leases and subscriptions.....                     | 76,132              | -                              | 76,132                         |
| Total other financing sources (uses).....                      | <u>(1,122,065)</u>  | <u>1,022,378</u>               | <u>(99,687)</u>                |
| Net changes in fund balances.....                              | 53,619              | 352,176                        | 405,795                        |
| Fund balances at beginning of year.....                        | 2,563,610           | 3,615,095                      | 6,178,705                      |
| Fund balances at end of year.....                              | <u>\$ 2,617,229</u> | <u>\$ 3,967,271</u>            | <u>\$ 6,584,500</u>            |

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
Year Ended June 30, 2025  
(In Thousands)

Net changes in fund balances - total governmental funds \$ 405,795

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization and contributed capital assets. 129,602

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. 36,808

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. 13,276

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. 44,751

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. (20)

Changes to net pension asset/liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 70,105

Changes to net OPEB liability and OPEB related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (63,117)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt, leases and subscriptions consume the current financial resources of governmental funds. These transactions, however, have no effect on net position. This is the amount by which bond, lease and subscription proceeds exceeded principal retirement in the current period. (445,034)

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. (35,906)

Interest expense in the statement of activities differs from the amount reported in the governmental funds because of additional accrued and accreted interest; amortization of bond premiums, discounts and refunding losses and gains. 35,858

The activities of internal service funds are reported with governmental activities. 12,780

Change in net position of governmental activities \$ 204,898

**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Net Position - Proprietary Funds**  
June 30, 2025  
(In Thousands)

|                                                                                  | Business-Type Activities - Enterprise Funds |                                |                              |                                 |                                 |                                     |                       |                       | Governmental Activities - Internal Service Funds |
|----------------------------------------------------------------------------------|---------------------------------------------|--------------------------------|------------------------------|---------------------------------|---------------------------------|-------------------------------------|-----------------------|-----------------------|--------------------------------------------------|
|                                                                                  | Major Funds                                 |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
|                                                                                  | San Francisco International Airport         | San Francisco Water Enterprise | Hetch Hetchy Water and Power | Municipal Transportation Agency | General Hospital Medical Center | San Francisco Wastewater Enterprise | Port of San Francisco | Laguna Honda Hospital | Total                                            |
| <b>ASSETS</b>                                                                    |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Current assets:                                                                  |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Deposits and investments with City Treasury.....                                 | \$ 1,079,809                                | \$ 436,413                     | \$ 580,250                   | \$ 826,083                      | \$ 151,717                      | \$ 396,961                          | \$ 440,811            | \$ -                  | \$ 3,912,044                                     |
| Deposits and investments outside City Treasury.....                              | 32,065                                      | 76                             | 5                            | 8,104                           | 8                               | 45                                  | 1                     | -                     | 40,304                                           |
| Receivables (net of allowance for uncollectible amounts of \$64,653):            |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Federal and state grants and subventions.....                                    | -                                           | 1,038                          | 2,240                        | 139,351                         | 5,234                           | -                                   | 1,820                 | 87,146                | 236,829                                          |
| Charges for services.....                                                        | 58,640                                      | 70,751                         | 66,232                       | 6,272                           | 80,370                          | 50,300                              | 11,710                | 20,705                | 364,980                                          |
| Interest and other.....                                                          | 15,852                                      | 11,824                         | 5,193                        | 12,735                          | 271,663                         | 3,619                               | 12,259                | 804                   | 333,949                                          |
| Leases.....                                                                      | 129,322                                     | 2,752                          | -                            | 12,111                          | 333                             | 241                                 | 41,516                | 122                   | 189,397                                          |
| Due from other funds.....                                                        | -                                           | 37,929                         | 2,862                        | 52,119                          | -                               | 70                                  | 4,893                 | -                     | 97,873                                           |
| Due from component unit.....                                                     | -                                           | -                              | -                            | -                               | -                               | -                                   | 513                   | -                     | 513                                              |
| Inventories.....                                                                 | 691                                         | 7,567                          | 2,104                        | 96,846                          | 16,579                          | 4,052                               | 2,009                 | 1,657                 | 131,505                                          |
| Other assets.....                                                                | 6,035                                       | 3,116                          | 9,370                        | 162                             | -                               | 729                                 | 405                   | -                     | 19,817                                           |
| Restricted assets:                                                               |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Deposits and investments with City Treasury.....                                 | 796,930                                     | -                              | -                            | 893                             | -                               | -                                   | 160,018               | 83,212                | 1,041,053                                        |
| Deposits and investments outside City Treasury.....                              | 203,438                                     | 29,467                         | 4,138                        | 11                              | -                               | 83,614                              | 5,292                 | 40,015                | 364,865                                          |
| Grants and other receivables.....                                                | 87,166                                      | 26,460                         | 513                          | -                               | -                               | 37,190                              | -                     | -                     | 151,329                                          |
| Total current assets.....                                                        | 2,409,948                                   | 626,393                        | 672,907                      | 1,154,687                       | 525,904                         | 576,821                             | 681,237               | 233,661               | 6,881,558                                        |
| Noncurrent assets:                                                               |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Other assets.....                                                                | -                                           | 12,292                         | 23,504                       | -                               | -                               | 1,503                               | 1,841                 | -                     | 39,140                                           |
| Leases receivable.....                                                           | 705,715                                     | 33,141                         | -                            | 72,279                          | 6,880                           | 777                                 | 422,161               | 764                   | 1,241,717                                        |
| Advance to component unit.....                                                   | -                                           | -                              | 7,304                        | -                               | -                               | -                                   | -                     | -                     | 7,304                                            |
| Restricted assets:                                                               |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Deposits and investments with City Treasury.....                                 | 690,385                                     | 137,436                        | 99,012                       | 134,805                         | -                               | 398,588                             | -                     | -                     | 1,460,226                                        |
| Deposits and investments outside City Treasury.....                              | 783,991                                     | 57,431                         | 3,832                        | 2,405                           | 33,560                          | 35,514                              | -                     | -                     | 916,733                                          |
| Grants and other receivables.....                                                | 7,430                                       | -                              | -                            | 1,439                           | -                               | 371                                 | -                     | 12,241                | 21,490                                           |
| Capital assets:                                                                  |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Land and other assets not being depreciated/amortized.....                       | 1,099,942                                   | 967,268                        | 459,986                      | 744,126                         | 49,645                          | 2,903,540                           | 135,322               | 81,884                | 6,441,713                                        |
| Facilities, infrastructure, and equipment, net of depreciation/amortization..... | 6,437,346                                   | 5,024,031                      | 600,351                      | 5,383,342                       | 91,106                          | 3,381,313                           | 508,008               | 424,203               | 21,849,700                                       |
| Total capital assets.....                                                        | 7,537,288                                   | 5,991,299                      | 1,060,337                    | 6,127,468                       | 140,751                         | 6,284,853                           | 643,330               | 506,087               | 28,291,413                                       |
| Total noncurrent assets.....                                                     | 9,724,818                                   | 6,221,559                      | 1,159,899                    | 6,338,396                       | 181,191                         | 6,721,606                           | 1,067,332             | 519,092               | 31,978,023                                       |
| Total assets.....                                                                | 12,134,766                                  | 6,857,952                      | 1,866,896                    | 7,493,083                       | 707,095                         | 7,298,427                           | 1,748,569             | 752,753               | 38,859,581                                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                            |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Unamortized loss on refunding of debt.....                                       | 16,871                                      | 82,711                         | -                            | 674                             | -                               | -                                   | 130                   | -                     | 100,386                                          |
| Pensions.....                                                                    | 141,401                                     | 98,819                         | 30,386                       | 334,413                         | 218,918                         | 44,997                              | 19,722                | 84,110                | 972,766                                          |
| OPEB.....                                                                        | 59,162                                      | 27,305                         | 7,760                        | 126,004                         | 81,552                          | 11,099                              | 7,154                 | 32,630                | 352,710                                          |
| Total deferred outflows of resources.....                                        | 217,434                                     | 208,835                        | 38,146                       | 461,091                         | 300,510                         | 56,096                              | 27,006                | 116,740               | 1,425,862                                        |

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

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, 2025  
(In Thousands)

|                                                         | Business-Type Activities - Enterprise 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                                            |
| <b>LIABILITIES</b>                                      |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Current liabilities:                                    |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Accounts payable.....                                   | \$ 100,148                                  | \$ 21,230                      | \$ 50,272                    | \$ 71,293                       | \$ 44,520                       | \$ 21,325                           | \$ 12,885             | \$ 5,272              | \$ 328,745                                       |
| Accrued payroll.....                                    | 27,460                                      | 15,784                         | 6,822                        | 63,659                          | 49,028                          | 9,782                               | 3,506                 | 16,448                | 192,289                                          |
| Compensated absences.....                               | 32,796                                      | 17,393                         | 8,384                        | 70,525                          | 52,520                          | 14,531                              | 4,064                 | 218,371               | 4,175                                            |
| Accrued workers' compensation.....                      | 3,670                                       | 2,365                          | 667                          | 37,641                          | 7,558                           | 1,602                               | 961                   | 4,340                 | 58,804                                           |
| Estimated claims payable.....                           | 2,654                                       | 4,525                          | 867                          | 41,276                          | -                               | 15,885                              | 475                   | -                     | 65,682                                           |
| Due to other funds.....                                 | -                                           | -                              | 37,822                       | -                               | -                               | 291                                 | -                     | -                     | 38,113                                           |
| Unearned revenues and other liabilities.....            | 202,919                                     | 17,202                         | 11,840                       | 66,856                          | 330,897                         | 8,636                               | 26,059                | 64,975                | 729,384                                          |
| Accrued interest payable.....                           | -                                           | 37,030                         | 2,854                        | 5,782                           | 101                             | 42,174                              | 1,197                 | 470                   | 89,608                                           |
| Bonds, loans, leases, and other payables.....           | 159,766                                     | 164,607                        | 174,141                      | 23,527                          | 6,703                           | 48,085                              | 5,014                 | 7,473                 | 689,316                                          |
| Liabilities payable from restricted assets:             |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Bonds, loans, leases, and other payables.....           | 31,708                                      | -                              | -                            | -                               | -                               | -                                   | -                     | -                     | 31,708                                           |
| Accrued interest payable.....                           | 77,654                                      | -                              | -                            | -                               | -                               | -                                   | -                     | -                     | 77,654                                           |
| Other.....                                              | 223,308                                     | 73,295                         | 22,377                       | 7,203                           | -                               | 99,247                              | -                     | 2,806                 | 428,236                                          |
| Total current liabilities.....                          | 862,083                                     | 353,431                        | 315,846                      | 387,762                         | 491,327                         | 261,558                             | 53,961                | 119,942               | 2,845,910                                        |
| Noncurrent liabilities:                                 |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Compensated absences.....                               | 29,474                                      | 14,670                         | 7,615                        | 42,985                          | 20,540                          | 12,726                              | 3,676                 | 6,913                 | 138,599                                          |
| Accrued workers' compensation.....                      | 12,662                                      | 9,936                          | 2,816                        | 155,200                         | 36,936                          | 7,299                               | 3,242                 | 21,101                | 249,192                                          |
| Estimated claims payable.....                           | 5,598                                       | 10,424                         | 78                           | 12,769                          | -                               | 63,216                              | 200                   | -                     | 92,283                                           |
| Unearned revenues and other liabilities.....            | 116                                         | 19,733                         | 1,171                        | -                               | -                               | 14,275                              | 97,351                | 10                    | 132,656                                          |
| Bonds, loans, leases, and other payables.....           | 10,526,523                                  | 5,433,768                      | 321,665                      | 557,112                         | 10,155                          | 5,490,799                           | 126,063               | 48,106                | 22,514,221                                       |
| Net pension liability.....                              | 229,524                                     | 186,978                        | 40,980                       | 556,813                         | 387,506                         | 74,339                              | 32,037                | 136,905               | 1,614,092                                        |
| Net other postemployment benefits (OPEB) liability..... | 236,686                                     | 161,975                        | 40,620                       | 684,822                         | 380,409                         | 50,552                              | 29,284                | 153,269               | 1,737,617                                        |
| Total noncurrent liabilities.....                       | 11,040,561                                  | 5,817,484                      | 423,945                      | 2,009,701                       | 815,548                         | 5,713,206                           | 291,863               | 366,334               | 26,478,600                                       |
| Total liabilities.....                                  | 11,902,644                                  | 6,170,915                      | 739,791                      | 2,397,463                       | 1,306,873                       | 5,974,764                           | 345,844               | 486,276               | 29,324,510                                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Unamortized gain on refunding of debt.....              | 39,916                                      | 49,499                         | -                            | -                               | -                               | 15,217                              | -                     | 767                   | 105,399                                          |
| Pensions.....                                           | 8,498                                       | 7,050                          | 2,659                        | 16,788                          | 12,458                          | 2,172                               | 1,341                 | 4,935                 | 55,881                                           |
| OPEB.....                                               | 29,386                                      | 23,394                         | 8,030                        | 104,932                         | 64,663                          | 6,477                               | 3,927                 | 16,146                | 256,955                                          |
| Leases.....                                             | 906,469                                     | 33,235                         | -                            | 71,345                          | 7,005                           | 954                                 | 459,734               | 813                   | 1,479,555                                        |
| Total deferred inflows of resources.....                | 984,269                                     | 113,178                        | 10,689                       | 193,045                         | 84,126                          | 24,820                              | 466,002               | 22,961                | 1,697,730                                        |
| <b>NET POSITION</b>                                     |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Net investment in capital assets.....                   | (2,194,281)                                 | 450,019                        | 590,401                      | 5,559,700                       | 123,897                         | 1,039,359                           | 472,686               | 449,756               | 6,491,537                                        |
| Restricted:                                             |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Debt service.....                                       | 265,813                                     | 5,353                          | -                            | -                               | -                               | 2,112                               | -                     | 89,999                | 363,277                                          |
| Capital projects.....                                   | 889,448                                     | 145,442                        | 53,460                       | 80,552                          | 43,903                          | 140,768                             | 149,524               | 35,601                | 1,538,688                                        |
| Other purposes.....                                     | 9,292                                       | -                              | 5,772                        | 2,523                           | -                               | -                                   | -                     | 1,762                 | 19,349                                           |
| Unrestricted (deficit).....                             | 495,015                                     | 181,924                        | 504,929                      | (279,109)                       | (551,194)                       | 172,700                             | 342,519               | (216,562)             | 650,222                                          |
| Total net position.....                                 | \$ (634,713)                                | \$ 782,738                     | \$ 1,154,662                 | \$ 5,363,666                    | \$ (383,394)                    | \$ 1,354,930                        | \$ 964,720            | \$ 360,556            | \$ 9,063,083                                     |

The notes to the financial statements are an integral part of this statement.  
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**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                          | Business-Type Activities - Enterprise 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                                            |
| Operating revenues:                                                      |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Aviation.....                                                            | \$ 855,002                                  | \$ -                           | \$ -                         | \$ -                            | \$ -                            | \$ -                                | \$ -                  | \$ -                  | \$ 855,002                                       |
| Water and power service.....                                             | -                                           | 665,552                        | 701,141                      | -                               | -                               | -                                   | -                     | -                     | 1,366,693                                        |
| Passenger fees.....                                                      | -                                           | -                              | -                            | 109,916                         | -                               | -                                   | -                     | -                     | 109,916                                          |
| Net patient service revenue.....                                         | -                                           | -                              | -                            | -                               | 1,159,058                       | -                                   | -                     | 237,424               | 1,396,450                                        |
| Sewer service.....                                                       | -                                           | -                              | -                            | -                               | -                               | 427,493                             | -                     | -                     | 427,493                                          |
| Rents and concessions.....                                               | 208,571                                     | 7,354                          | 329                          | -                               | 3,071                           | 875                                 | 96,926                | -                     | 329,407                                          |
| Parking and transportation.....                                          | 205,282                                     | -                              | -                            | 200,912                         | -                               | -                                   | 22,555                | -                     | 428,729                                          |
| Other charges for services.....                                          | -                                           | -                              | -                            | 33,138                          | -                               | 2,823                               | -                     | -                     | 33,138                                           |
| Other revenues.....                                                      | 100,413                                     | 5,731                          | -                            | 38,590                          | 18,041                          | 2,823                               | 13,534                | 22,384                | 201,516                                          |
| Total operating revenues.....                                            | 1,369,248                                   | 678,637                        | 701,470                      | 394,637                         | 1,180,138                       | 431,191                             | 133,015               | 259,808               | 5,148,344                                        |
| Operating expenses:                                                      |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Personnel services.....                                                  | 388,763                                     | 175,770                        | 90,248                       | 1,101,263                       | 768,879                         | 128,217                             | 54,559                | 262,380               | 2,970,079                                        |
| Contractual services.....                                                | 134,010                                     | 17,587                         | 23,961                       | 191,559                         | 328,616                         | 17,451                              | 19,829                | 757,740               | 53,967                                           |
| Light, heat and power.....                                               | 30,690                                      | -                              | 420,948                      | -                               | -                               | -                                   | 3,701                 | -                     | 454,737                                          |
| Materials and supplies.....                                              | 18,700                                      | 23,170                         | 4,648                        | 78,577                          | 15,673                          | 1,655                               | 22,528                | 345,628               | 18,823                                           |
| Depreciation and amortization.....                                       | 44,526                                      | 159,900                        | 28,397                       | 298,340                         | 17,329                          | 86,476                              | 32,192                | 12,778                | 1,040,338                                        |
| General and administrative.....                                          | 6,726                                       | 33,427                         | 53,510                       | 5,954                           | 2,153                           | (6,625)                             | 3,310                 | -                     | 98,455                                           |
| Services provided by other departments.....                              | 33,347                                      | 85,609                         | 14,020                       | 105,861                         | 58,269                          | 44,213                              | 34,774                | 16,672                | 392,765                                          |
| Other.....                                                               | 120,109                                     | -                              | -                            | (25,670)                        | 1,330                           | -                                   | 2,891                 | -                     | 98,660                                           |
| Total operating expenses.....                                            | 1,146,671                                   | 495,463                        | 635,730                      | 1,746,284                       | 1,359,853                       | 292,481                             | 150,533               | 334,387               | 6,158,402                                        |
| Operating income (loss).....                                             | 222,577                                     | 183,174                        | 65,740                       | (1,351,647)                     | (176,715)                       | 138,710                             | (17,518)              | (74,579)              | (88)                                             |
| Nonoperating revenues (expenses):                                        |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Operating grants:                                                        |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Federal.....                                                             | -                                           | 1,712                          | 309                          | 164,133                         | 9,621                           | 447                                 | 3,054                 | 2,798                 | 182,074                                          |
| State or other.....                                                      | -                                           | 521                            | 63                           | 297,004                         | 69,053                          | 115                                 | 12,355                | -                     | 379,111                                          |
| Interest and investment income.....                                      | 209,053                                     | 29,093                         | 30,186                       | 47,983                          | 10,309                          | 44,005                              | 36,778                | 4,104                 | 411,571                                          |
| Interest expense.....                                                    | (399,390)                                   | (201,152)                      | (16,034)                     | (17,015)                        | (810)                           | (154,566)                           | (4,218)               | (1,365)               | (794,350)                                        |
| Other nonoperating revenues.....                                         | 129,746                                     | 26,446                         | 6,492                        | 627                             | -                               | 4,084                               | 53,399                | 12,231                | 233,225                                          |
| Other nonoperating expenses.....                                         | (111,784)                                   | (1,896)                        | (3,714)                      | (4,261)                         | -                               | (225)                               | (16,846)              | -                     | (138,728)                                        |
| Total nonoperating revenues (expenses).....                              | (172,375)                                   | (145,076)                      | 17,302                       | 486,471                         | 88,373                          | (106,080)                           | 84,522                | 17,768                | 272,303                                          |
| Income (loss) before capital contributions and transfers.....            | 50,202                                      | 38,098                         | 83,042                       | (862,976)                       | (88,342)                        | 32,630                              | 67,004                | (56,811)              | (737,155)                                        |
| Capital contributions.....                                               | 60,776                                      | 17,436                         | 4,632                        | 276,034                         | -                               | 145                                 | 153,961               | -                     | 512,414                                          |
| Transfers in.....                                                        | -                                           | 41,215                         | 47,084                       | 685,153                         | -                               | -                                   | 119,628               | 164,824               | 1,200,702                                        |
| Transfers out.....                                                       | (58,489)                                    | (47,115)                       | (3,530)                      | -                               | (9,981)                         | (14,472)                            | (32)                  | (20,241)              | (140,862)                                        |
| Change in net position.....                                              | 52,489                                      | 49,632                         | 130,626                      | 98,211                          | 44,477                          | 31,363                              | 340,589               | 87,772                | 835,099                                          |
| Net position (deficit) at beginning of year, as previously reported..... | (552,484)                                   | 749,648                        | 1,031,649                    | 5,319,311                       | (393,104)                       | 1,337,439                           | 627,882               | 286,201               | 8,406,542                                        |
| Cumulative effect of accounting change.....                              | (34,718)                                    | (16,542)                       | (7,713)                      | (53,856)                        | (34,767)                        | (13,803)                            | (3,742)               | (13,417)              | (178,559)                                        |
| Net position (deficit) at beginning of year, as restated.....            | (587,202)                                   | 733,106                        | 1,023,936                    | 5,265,455                       | (427,871)                       | 1,323,636                           | 624,140               | 272,784               | 8,227,984                                        |
| Net position (deficit) at end of year.....                               | \$ (534,713)                                | \$ 782,738                     | \$ 1,154,562                 | \$ 5,363,666                    | \$ (383,394)                    | \$ 1,354,930                        | \$ 964,720            | \$ 360,556            | \$ 9,063,083                                     |

The notes to the financial statements are an integral part of this statement.  
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**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Cash Flows – Proprietary Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                         | Business-Type Activities - Enterprise 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 |                                                  |
| Cash flows from operating activities:                                   |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Cash received from customers, including cash deposits                   | \$ 1,217,859                                | \$ 723,275                     | \$ 705,153                   | \$ 444,416                      | \$ 1,145,781                    | \$ 435,763                          | \$ 32,551             | \$ 243,730            | \$ 4,946,528                                     |
| Cash received from tenants for rent                                     | -                                           | 3,240                          | 310                          | 2,412                           | 1,614                           | 629                                 | 46,910                | -                     | 55,315                                           |
| Cash paid for employees' services                                       | (393,881)                                   | (155,968)                      | (87,615)                     | (1,018,785)                     | (760,694)                       | (116,892)                           | (52,748)              | (261,045)             | (2,848,618)                                      |
| Cash paid to suppliers for goods and services                           | (379,523)                                   | (164,876)                      | (510,913)                    | (440,248)                       | (567,195)                       | (105,702)                           | (61,361)              | (69,862)              | (2,290,710)                                      |
| Cash paid for judgments and claims                                      | -                                           | (8,089)                        | (2,825)                      | (12,665)                        | -                               | (7,046)                             | -                     | -                     | (30,625)                                         |
| Net cash provided by (used in) operating activities                     | 444,455                                     | 396,562                        | 104,110                      | (1,024,870)                     | (180,484)                       | 206,952                             | (34,648)              | (78,207)              | (166,110)                                        |
| Cash flows from noncapital financing activities:                        |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Operating grants                                                        | -                                           | 1,595                          | 247                          | 535,553                         | 79,057                          | 591                                 | 1,772                 | 3,324                 | 622,139                                          |
| Transfers in                                                            | -                                           | 41,215                         | -                            | 638,732                         | 142,800                         | -                                   | 85,193                | 907,940               | -                                                |
| Transfers out                                                           | (58,489)                                    | (47,115)                       | (3,532)                      | -                               | (9,981)                         | (1,472)                             | (32)                  | (20,241)              | (140,862)                                        |
| Insurance proceeds and miscellaneous receipts                           | 11,105                                      | -                              | 345                          | 1,882                           | -                               | -                                   | 51,849                | -                     | 65,181                                           |
| Non-capitalizable project costs                                         | (109,456)                                   | (39,208)                       | -                            | -                               | -                               | (1,459)                             | -                     | -                     | (154,775)                                        |
| Net cash provided by (used in) noncapital financing activities          | (158,840)                                   | (43,513)                       | (2,940)                      | 1,176,167                       | 211,876                         | (2,340)                             | 48,837                | 68,276                | 1,299,623                                        |
| Cash flows from capital and related financing activities:               |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Capital grants and other proceeds restricted for capital purposes       | 66,658                                      | -                              | -                            | 310,709                         | -                               | -                                   | 516                   | 12,223                | 390,316                                          |
| Transfers in                                                            | -                                           | -                              | 47,084                       | 46,421                          | -                               | -                                   | 119,626               | 292,762               | -                                                |
| Bond sale proceeds and loans received                                   | 699,792                                     | 241,359                        | 37,720                       | -                               | -                               | 1,296,912                           | -                     | 2,245,793             | -                                                |
| Proceeds from sale/transfer of capital assets                           | -                                           | 1,701                          | 40                           | 48                              | -                               | 14                                  | 1                     | 1,904                 | -                                                |
| Proceeds from commercial paper borrowings                               | 375,000                                     | 142,400                        | 78,679                       | -                               | -                               | 648                                 | -                     | 596,727               | -                                                |
| Net cash provided by (used in) capital and related financing activities | 1,222,912                                   | (325,639)                      | (102,692)                    | (420,320)                       | (40,511)                        | (914,791)                           | (25,840)              | (47,226)              | (2,891)                                          |
| Acquisition of capital assets                                           | (759,451)                                   | (325,639)                      | (102,692)                    | (420,320)                       | (40,511)                        | (914,791)                           | (25,840)              | (47,226)              | (2,891)                                          |
| Retirement of leases, subscriptions, bonds and loans                    | (211,686)                                   | (141,542)                      | (4,062)                      | (23,656)                        | (2,183)                         | (41,899)                            | (4,703)               | (6,817)               | (43,276)                                         |
| Bond issue costs paid                                                   | (441,643)                                   | (215,784)                      | (17,567)                     | (18,159)                        | (955)                           | (140,869)                           | (4,481)               | (2,480)               | (850,608)                                        |
| Interest paid on debt                                                   | -                                           | -                              | -                            | -                               | -                               | -                                   | -                     | -                     | -                                                |
| Federal interest income subsidy from Build America Bonds                | -                                           | 22,246                         | 420                          | -                               | -                               | 2,144                               | -                     | 24,810                | -                                                |
| Cash received from lease related capital and financing                  | 156,775                                     | 4,624                          | -                            | 11,314                          | 554                             | 260                                 | 55,923                | 133                   | 229,583                                          |
| Other capital financing sources                                         | -                                           | -                              | -                            | 1,815                           | -                               | -                                   | 166                   | -                     | 1,981                                            |
| Other capital financing uses                                            | -                                           | -                              | -                            | -                               | -                               | -                                   | (10,501)              | -                     | (10,501)                                         |
| Net cash provided by (used in) capital and related financing activities | 8,552                                       | (275,670)                      | 39,622                       | (91,830)                        | (42,735)                        | 160,098                             | 130,702               | 35,472                | (48,512)                                         |
| Cash flows from investing activities:                                   |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Purchases of investments with trustees                                  | (1,089,375)                                 | (1,560,899)                    | (23,093)                     | -                               | -                               | (1,463,839)                         | -                     | (4,137,205)           | -                                                |
| Proceeds from sale of investments with trustees                         | 963,338                                     | 1,626,714                      | 29,850                       | -                               | -                               | 1,478,445                           | -                     | 4,098,347             | -                                                |
| Interest and investment income                                          | 156,674                                     | 21,739                         | 21,353                       | 46,416                          | 10,309                          | 33,389                              | 24,266                | 4,246                 | 318,392                                          |
| Net cash provided by investing activities                               | 32,637                                      | 87,554                         | 28,110                       | 46,416                          | 10,309                          | 45,595                              | 24,266                | 4,246                 | 3,051                                            |
| Net increase (decrease) in cash and cash equivalents                    | 328,609                                     | 164,953                        | 168,902                      | 105,883                         | (1,044)                         | 410,705                             | 169,262               | 29,787                | 3,386                                            |
| Cash and cash equivalents-beginning of year                             | 2,275,559                                   | 495,492                        | 510,042                      | 868,418                         | 186,319                         | 479,099                             | 436,650               | 93,440                | 5,349,019                                        |
| Cash and cash equivalents-end of year                                   | \$ 2,604,168                                | \$ 660,445                     | \$ 678,944                   | \$ 974,301                      | \$ 185,285                      | \$ 889,804                          | \$ 605,912            | \$ 123,227            | \$ 6,726,286                                     |

The notes to the financial statements are an integral part of this statement.  
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**CITY AND COUNTY OF SAN FRANCISCO**  
**Statement of Cash Flows – Proprietary Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                                                                          | Business-Type Activities - Enterprise 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 |                                                  |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:                        |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Operating income (loss)                                                                                                  | \$ 222,577                                  | \$ 183,174                     | \$ 65,740                    | \$ (1,351,447)                  | \$ (176,715)                    | \$ 138,710                          | \$ (17,518)           | \$ (74,570)           | \$ (68)                                          |
| Adjustments for non-cash and other activities:                                                                           |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Depreciation and amortization                                                                                            | 414,926                                     | 159,900                        | 28,397                       | 288,340                         | 17,329                          | 86,476                              | 32,192                | 12,778                | 1,040,338                                        |
| Provision for uncollectibles                                                                                             | -                                           | (135)                          | 3,811                        | -                               | -                               | (800)                               | 1,522                 | -                     | 4,398                                            |
| Write-off of capital assets                                                                                              | -                                           | 4,394                          | 823                          | -                               | -                               | 1,309                               | -                     | -                     | 6,526                                            |
| Lease revenue amortization                                                                                               | (138,061)                                   | (3,987)                        | -                            | (9,870)                         | (699)                           | (249)                               | (51,143)              | (128)                 | (204,377)                                        |
| Other                                                                                                                    | (220)                                       | 2,874                          | 4,504                        | -                               | -                               | 7,679                               | -                     | -                     | 14,837                                           |
| Changes in assets and deferred outflows of resources/liabilities and deferred inflows of resources:                      |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Receivables, net                                                                                                         | 2,859                                       | 5,911                          | (2,223)                      | 316                             | (80,099)                        | (1,543)                             | (1,183)               | (4,816)               | (80,778)                                         |
| Due from other funds                                                                                                     | -                                           | (5)                            | 1,405                        | -                               | -                               | -                                   | (3,281)               | (26,949)              | -                                                |
| Inventories                                                                                                              | 52                                          | 258                            | (215)                        | (8,021)                         | (3,598)                         | (395)                               | (78)                  | (84)                  | (13,079)                                         |
| Other assets                                                                                                             | (10,852)                                    | 68                             | (609)                        | 58                              | -                               | -                                   | (285)                 | -                     | (11,680)                                         |
| Accounts payable                                                                                                         | 2,416                                       | (4,123)                        | 6,895                        | (3,088)                         | 6,530                           | 2,484                               | 3,410                 | (585)                 | 158                                              |
| Accrued payroll                                                                                                          | 5,139                                       | 2,340                          | 1,263                        | 7,301                           | 7,487                           | 1,063                               | 667                   | 2,288                 | 28,148                                           |
| Compensated absences                                                                                                     | 2,022                                       | 1,518                          | 1,069                        | 3,087                           | 2,803                           | 1,365                               | 623                   | 534                   | 13,621                                           |
| Accrued workers' compensation                                                                                            | 2,232                                       | 1,299                          | (150)                        | 12,749                          | 2,300                           | (111)                               | 756                   | 1,618                 | 20,693                                           |
| Estimated claims payable                                                                                                 | -                                           | (7,824)                        | (3,118)                      | (20,749)                        | -                               | (35,862)                            | 175                   | -                     | (67,498)                                         |
| Due to other funds                                                                                                       | -                                           | -                              | -                            | (807)                           | -                               | -                                   | -                     | -                     | (807)                                            |
| Unearned revenues and other liabilities                                                                                  | (44,126)                                    | 40,802                         | (3,053)                      | (339)                           | 48,814                          | (176)                               | (1,025)               | 14,821                | 55,718                                           |
| Net pension liability/asset and pension related deferred outflows and inflows of resources                               | 8,416                                       | 2,787                          | (274)                        | 15,739                          | (1,705)                         | 2,845                               | 1,518                 | (1,684)               | 27,642                                           |
| Net OPEB liability and OPEB related deferred outflows and inflows of resources                                           | (23,527)                                    | 7,399                          | (95)                         | 42,853                          | (2,691)                         | 3,677                               | (1,020)               | (1,421)               | 25,195                                           |
| Total adjustments                                                                                                        | 221,878                                     | 213,408                        | 38,320                       | 326,577                         | (3,789)                         | 68,242                              | (17,130)              | (13,629)              | 843,948                                          |
| Net cash provided by (used in) operating activities                                                                      | \$ 444,455                                  | \$ 396,562                     | \$ 104,110                   | \$ (1,024,870)                  | \$ (180,484)                    | \$ 206,952                          | \$ (34,648)           | \$ (78,207)           | \$ (166,110)                                     |
| Reconciliation of cash and cash equivalents to the statement of net position:                                            |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Deposits and investments with City Treasury:                                                                             |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Unrestricted                                                                                                             | \$ 1,079,809                                | \$ 436,413                     | \$ 580,250                   | \$ 826,083                      | \$ 151,717                      | \$ 396,961                          | \$ 440,811            | \$ -                  | \$ 3,912,044                                     |
| Restricted                                                                                                               | 1,487,315                                   | 137,436                        | 99,012                       | 135,698                         | -                               | 398,588                             | 160,018               | 83,212                | 2,501,279                                        |
| Deposits and investments outside City Treasury:                                                                          |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Unrestricted                                                                                                             | 32,065                                      | 76                             | 5                            | 8,104                           | 8                               | 45                                  | 1                     | -                     | 40,304                                           |
| Restricted                                                                                                               | 987,420                                     | 85,868                         | 7,970                        | 2,416                           | 33,560                          | 119,128                             | 5,282                 | 40,015                | 1,281,698                                        |
| Total deposits and investments                                                                                           | 3,586,618                                   | 659,823                        | 687,237                      | 972,301                         | 185,285                         | 914,722                             | 606,112               | 123,227               | 7,735,325                                        |
| Adjustments: Investments outside City Treasury not meeting the definition of cash equivalents and fair value adjustments | (882,250)                                   | 822                            | (2,283)                      | -                               | -                               | (24,918)                            | (200)                 | -                     | (1,009,036)                                      |
| Cash and cash equivalents at end of year on statement of cash flows                                                      | \$ 2,604,368                                | \$ 660,445                     | \$ 684,944                   | \$ 972,301                      | \$ 185,285                      | \$ 889,804                          | \$ 605,912            | \$ 123,227            | \$ 6,726,286                                     |
| Non-cash capital and related financing activities:                                                                       |                                             |                                |                              |                                 |                                 |                                     |                       |                       |                                                  |
| Acquisition of capital assets on accounts payable and via leases and subscriptions                                       | \$ 215,799                                  | \$ 73,295                      | \$ 22,377                    | \$ 42,223                       | \$ -                            | \$ 110,877                          | \$ 6,552              | \$ -                  | \$ 471,123                                       |
| Donated inventory                                                                                                        | -                                           | -                              | -                            | -                               | 2,582                           | -                                   | -                     | -                     | 2,582                                            |
| Capital contributions and other non-cash capital items                                                                   | -                                           | 17,436                         | 4,032                        | -                               | -                               | 145                                 | 153,770               | -                     | 175,383                                          |
| Bond refunding through fiscal agent                                                                                      | 370,451                                     | 1,546,013                      | -                            | -                               | -                               | 86,982                              | -                     | -                     | 2,003,446                                        |
| Commercial paper repaid through fiscal agent                                                                             | -                                           | 313,384                        | -                            | -                               | -                               | 344,246                             | -                     | -                     | 657,630                                          |
| Interfund loan receivable (payable)                                                                                      | -                                           | 37,720                         | (37,720)                     | -                               | -                               | (291)                               | -                     | -                     | (291)                                            |
| Sale of land with promissory note                                                                                        | -                                           | -                              | -                            | -                               | -                               | -                                   | -                     | -                     | 11,853                                           |

The notes to the financial statements are an integral part of this statement.  
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**CITY AND COUNTY OF SAN FRANCISCO**

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2025  
(In Thousands)

|                                                         | Pension,<br>Other<br>Employee and<br>Other Post-<br>Employment<br>Benefit Trust<br>Funds | Private-<br>Purpose Trust<br>Fund | Custodial Funds<br>External<br>Investment<br>Pool | Other Custodial<br>Funds |
|---------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------|--------------------------|
| <b>Assets:</b>                                          |                                                                                          |                                   |                                                   |                          |
| Deposits and investments with City Treasury.....        | \$ 178,046                                                                               | \$ 129,582                        | \$ 1,611,358                                      | \$ 1,222,545             |
| Deposits and investments outside City Treasury:         |                                                                                          |                                   |                                                   |                          |
| Cash and deposits.....                                  | 24,260                                                                                   | -                                 | -                                                 | 181,472                  |
| Short-term investments.....                             | 370,695                                                                                  | -                                 | -                                                 | -                        |
| Debt securities.....                                    | 4,036,171                                                                                | -                                 | -                                                 | -                        |
| Equity securities.....                                  | 12,117,841                                                                               | -                                 | -                                                 | -                        |
| Real assets.....                                        | 5,113,817                                                                                | -                                 | -                                                 | -                        |
| Private equity and other alternative investments.....   | 17,340,951                                                                               | -                                 | -                                                 | -                        |
| Foreign currency contracts, net.....                    | (2,866)                                                                                  | -                                 | -                                                 | -                        |
| Invested securities lending collateral.....             | 847,489                                                                                  | -                                 | -                                                 | -                        |
| <b>Receivables:</b>                                     |                                                                                          |                                   |                                                   |                          |
| Employer and employee contributions.....                | 98,187                                                                                   | -                                 | -                                                 | -                        |
| Brokers, general partners and others.....               | 197,745                                                                                  | -                                 | -                                                 | -                        |
| Federal and state grants and subventions.....           | -                                                                                        | -                                 | -                                                 | 8,824                    |
| Charges for services.....                               | -                                                                                        | -                                 | -                                                 | 4                        |
| Taxes.....                                              | -                                                                                        | -                                 | -                                                 | 222,880                  |
| Interest and other.....                                 | 41,153                                                                                   | 4,448                             | 17,782                                            | 10,446                   |
| Loans (net of allowance for uncollectible amounts)..... | -                                                                                        | 1,471                             | -                                                 | -                        |
| Net OPEB asset.....                                     | -                                                                                        | 6,067                             | -                                                 | -                        |
| Other assets.....                                       | 18,604                                                                                   | 1,869                             | -                                                 | -                        |
| <b>Restricted assets:</b>                               |                                                                                          |                                   |                                                   |                          |
| Deposits and investments outside City Treasury.....     | -                                                                                        | 233,995                           | -                                                 | 23,396                   |
| <b>Capital assets:</b>                                  |                                                                                          |                                   |                                                   |                          |
| Land and other assets not being depreciated.....        | -                                                                                        | 552                               | -                                                 | -                        |
| <b>Total assets.....</b>                                | <b>40,382,093</b>                                                                        | <b>377,984</b>                    | <b>1,629,140</b>                                  | <b>1,669,567</b>         |
| <b>Deferred outflows of resources:</b>                  |                                                                                          |                                   |                                                   |                          |
| Unamortized loss on refunding of debt.....              | -                                                                                        | 28,814                            | -                                                 | -                        |
| Pensions.....                                           | -                                                                                        | 10,068                            | -                                                 | -                        |
| OPEB.....                                               | 2,366                                                                                    | 1,309                             | -                                                 | -                        |
| <b>Total deferred outflows of resources.....</b>        | <b>2,366</b>                                                                             | <b>40,191</b>                     | <b>-</b>                                          | <b>-</b>                 |
| <b>Liabilities:</b>                                     |                                                                                          |                                   |                                                   |                          |
| Accounts payable.....                                   | 112,654                                                                                  | 45,191                            | 35                                                | 24,530                   |
| Estimated claims payable.....                           | 39,030                                                                                   | -                                 | -                                                 | -                        |
| Payable to the City.....                                | -                                                                                        | -                                 | -                                                 | 178                      |
| Due to other funds.....                                 | -                                                                                        | -                                 | -                                                 | 335                      |
| Due to the primary government.....                      | -                                                                                        | 2,147                             | -                                                 | -                        |
| Custodial obligations to State of California.....       | -                                                                                        | -                                 | -                                                 | 697                      |
| Taxes payable to other governments.....                 | -                                                                                        | -                                 | -                                                 | 198,270                  |
| Accrued interest payable.....                           | -                                                                                        | 14,504                            | -                                                 | -                        |
| Payable to brokers.....                                 | 164,110                                                                                  | -                                 | -                                                 | -                        |
| Payable to borrowers of securities.....                 | 847,211                                                                                  | -                                 | -                                                 | -                        |
| Other liabilities.....                                  | 113,423                                                                                  | 1,143                             | -                                                 | 140,693                  |
| Long-term obligations.....                              | -                                                                                        | 828,806                           | -                                                 | -                        |
| Net pension liability.....                              | -                                                                                        | 39,058                            | -                                                 | -                        |
| Net OPEB liability.....                                 | 13,192                                                                                   | -                                 | -                                                 | -                        |
| <b>Total liabilities.....</b>                           | <b>1,289,620</b>                                                                         | <b>930,849</b>                    | <b>35</b>                                         | <b>364,703</b>           |
| <b>Deferred inflows of resources:</b>                   |                                                                                          |                                   |                                                   |                          |
| Pensions.....                                           | -                                                                                        | 2,038                             | -                                                 | -                        |
| OPEB.....                                               | 2,434                                                                                    | 212                               | -                                                 | -                        |
| <b>Total deferred inflows of resources.....</b>         | <b>2,434</b>                                                                             | <b>2,250</b>                      | <b>-</b>                                          | <b>-</b>                 |
| <b>Net position restricted for:</b>                     |                                                                                          |                                   |                                                   |                          |
| Pensions.....                                           | 37,450,095                                                                               | -                                 | -                                                 | -                        |
| Postemployment healthcare benefits.....                 | 1,540,729                                                                                | -                                 | -                                                 | -                        |
| External pool participants.....                         | -                                                                                        | -                                 | 1,629,105                                         | -                        |
| Individuals, organizations, and other governments.....  | 101,581                                                                                  | (514,924)                         | -                                                 | 1,304,864                |
| <b>Total net position.....</b>                          | <b>\$ 39,092,405</b>                                                                     | <b>\$ (514,924)</b>               | <b>\$ 1,629,105</b>                               | <b>\$ 1,304,864</b>      |

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, 2025  
(In Thousands)

|                                                                          | Pension,<br>Other<br>Employee and<br>Other Post-<br>Employment<br>Benefit Trust<br>Funds | Private-<br>Purpose Trust<br>Fund | Custodial Funds<br>External<br>Investment<br>Pool | Other Custodial<br>Funds |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------|--------------------------|
| <b>Additions:</b>                                                        |                                                                                          |                                   |                                                   |                          |
| Property taxes.....                                                      | \$ -                                                                                     | \$ 125,753                        | \$ -                                              | \$ 5,659,056             |
| Charges for services.....                                                | -                                                                                        | 6,660                             | -                                                 | -                        |
| Contributions:                                                           |                                                                                          |                                   |                                                   |                          |
| Employee contributions.....                                              | 751,681                                                                                  | -                                 | -                                                 | -                        |
| Employer contributions.....                                              | 2,032,164                                                                                | -                                 | -                                                 | -                        |
| Contributions to pooled investments.....                                 | -                                                                                        | -                                 | 3,074,725                                         | -                        |
| <b>Total contributions.....</b>                                          | <b>2,783,845</b>                                                                         | <b>132,413</b>                    | <b>3,074,725</b>                                  | <b>5,659,056</b>         |
| Investment income (expenses):                                            |                                                                                          |                                   |                                                   |                          |
| Interest.....                                                            | 154,637                                                                                  | 17,841                            | 86,423                                            | 84,704                   |
| Dividends.....                                                           | 96,726                                                                                   | -                                 | -                                                 | -                        |
| Net appreciation in fair value of investments.....                       | 2,871,651                                                                                | -                                 | -                                                 | -                        |
| Securities lending income.....                                           | 52,798                                                                                   | -                                 | -                                                 | -                        |
| <b>Total investment income.....</b>                                      | <b>3,175,812</b>                                                                         | <b>17,841</b>                     | <b>86,423</b>                                     | <b>84,704</b>            |
| Less investment expenses:                                                |                                                                                          |                                   |                                                   |                          |
| Other investment expenses.....                                           | (80,224)                                                                                 | -                                 | -                                                 | -                        |
| <b>Net investment income.....</b>                                        | <b>3,095,588</b>                                                                         | <b>17,841</b>                     | <b>86,423</b>                                     | <b>84,704</b>            |
| Custodial additions.....                                                 | -                                                                                        | -                                 | -                                                 | 128,888                  |
| Other additions.....                                                     | -                                                                                        | 4,016                             | -                                                 | -                        |
| <b>Total additions, net.....</b>                                         | <b>5,879,433</b>                                                                         | <b>154,270</b>                    | <b>3,161,148</b>                                  | <b>5,872,648</b>         |
| <b>Deductions:</b>                                                       |                                                                                          |                                   |                                                   |                          |
| Neighborhood development.....                                            | -                                                                                        | 153,861                           | -                                                 | -                        |
| Interest on debt.....                                                    | -                                                                                        | 39,636                            | -                                                 | 37,251                   |
| Benefit payments.....                                                    | 3,526,944                                                                                | -                                 | -                                                 | -                        |
| Refunds of contributions.....                                            | 24,771                                                                                   | -                                 | -                                                 | -                        |
| Distribution from pooled investments.....                                | -                                                                                        | -                                 | 3,265,792                                         | -                        |
| Property taxes distributed to other governments.....                     | -                                                                                        | -                                 | -                                                 | 5,616,731                |
| Custodial distributions to State.....                                    | -                                                                                        | -                                 | -                                                 | 16,082                   |
| Other custodial deductions.....                                          | -                                                                                        | -                                 | -                                                 | 162,564                  |
| Administrative expenses.....                                             | 30,234                                                                                   | 15,879                            | -                                                 | -                        |
| <b>Total deductions.....</b>                                             | <b>3,581,949</b>                                                                         | <b>209,376</b>                    | <b>3,265,792</b>                                  | <b>5,832,628</b>         |
| Change in net position.....                                              | 2,297,484                                                                                | (55,106)                          | (104,644)                                         | 40,020                   |
| Net position (deficit) at beginning of year, as previously reported..... | 36,797,032                                                                               | (459,818)                         | 1,733,749                                         | 1,264,844                |
| Cumulative effect of accounting change.....                              | (2,111)                                                                                  | -                                 | -                                                 | -                        |
| Net position (deficit) at beginning of year, as restated.....            | 36,794,921                                                                               | (459,818)                         | 1,733,749                                         | 1,264,844                |
| Net position (deficit) at end of year.....                               | <b>\$ 39,092,405</b>                                                                     | <b>\$ (514,924)</b>               | <b>\$ 1,629,105</b>                               | <b>\$ 1,304,864</b>      |

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

## CITY AND COUNTY OF SAN FRANCISCO

### Notes to Basic Financial Statements June 30, 2025 (Dollars in Thousands)

#### (1) THE FINANCIAL REPORTING ENTITY

San Francisco is a city and county chartered by the State of California and as such can exercise the powers as both a city and a county under state law. As required by generally accepted accounting principles, the accompanying financial statements present the City and County of San Francisco (the City or primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationships with the City.

As a government agency, the City is exempt from both federal income taxes and California State franchise taxes.

#### **Blended Component Units**

Following is a description of those legally separate component units for which the City is financially accountable that are blended with the primary government because of their individual governance or financial relationships to the City.

*San Francisco County Transportation Authority (Transportation Authority)* – The voters of the City created the Transportation Authority in 1989 to impose voter-approved sales and use tax of one-half of one percent, for a period not to exceed 20 years, to fund essential traffic and transportation projects. In 2003, the voters approved Proposition K, extending the 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, 22<sup>nd</sup> Floor, San Francisco, CA 94103.

*Infrastructure Financing Districts and Infrastructure and Revitalization Financing Districts (Tax Increment Financing Districts or "TIFD")* – An infrastructure financing district (IFD) and an infrastructure and revitalization financing district (IRFD) are legally constituted government entities formed under California law, and with the approval of the Board of Supervisors. Several TIFDs have been established for the purpose of financing public infrastructure and affordable housing. The Board of Supervisors acts as the legislative body as it does for the City and is able to impose its will to allocate tax increments to the TIFDs, issue debt, as well as to appoint, hire, reassign, or dismiss City employees who administer the TIFDs. There is also a financial burden relationship between the City and these TIFDs due to the allocation of tax increment revenues by the City to the TIFDs. As such, TIFDs are a blended component unit of the City. The TIFDs are reported in a special revenue fund in the City's basic financial statements. Separate financial statements are not prepared for TIFDs. Further information can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

*Mission Rock Special Tax District (STD)* – Mission Rock STD is a legally constituted governmental entity established pursuant to the San Francisco Special Tax Financing Law, which incorporates the State's Mello-Roos law. The Board of Supervisors acts as the legislative body as it does for the City and is able to impose its will to authorize the levy of special taxes and issuance of special tax debts, as well as to appoint, hire, reassign, or dismiss City employees who administer Mission Rock STD. Pursuant to the Pledge Agreement between the City and Mission Rock STD, certain increment taxes allocated to the City's Infrastructure Financing District (IFD) No. 2, Project Area I are pledged toward the debt service of Mission Rock STD Special Tax Bonds once a minimum of one hundred thousand dollars in increment taxes have been collected within a Sub-Project Area. The allocation of tax increment revenues to Mission Rock STD created a financial burden relationship between the City and Mission Rock STD. As such, Mission Rock STD is a blended component unit of the City. Mission Rock STD is reported in a special revenue fund. Separate financial statements are not prepared for Mission Rock STD. Further information can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

## CITY AND COUNTY OF SAN FRANCISCO

### Notes to Basic Financial Statements (Continued) June 30, 2025 (Dollars in Thousands)

*San Francisco City and County Finance Corporation (Finance Corporation)* – The Finance Corporation was created in 1990 by a vote of the electorate to allow the City to lease-purchase \$20.0 million (plus 5.0 percent per year growth) of equipment using tax-exempt obligations. Although legally separate from the City, the Finance Corporation is reported as if it were part of the primary government because its sole purpose is to provide lease financing to the City. The Finance Corporation is governed by a three-member board of directors approved by the Mayor and the Board of Supervisors. The Finance Corporation is reported as an internal service fund. Financial statements for the Finance Corporation can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

*San Francisco Parking Authority (Parking Authority)* – The Parking Authority was created in October 1949 to provide services exclusively to the City. Upon creation of the Parking and Traffic Commission (PTC) in 1998, the responsibility to oversee the City's off-street parking operations was transferred from the Parking Authority to the PTC. The PTC consists of five commissioners appointed by the Mayor. The responsibility for overseeing the operations of the PTC became the responsibility of the Municipal Transportation Agency (SFMTA) in November 1999. Separate financial statements are not prepared for the Parking Authority. Further information about the Parking Authority can be obtained from the SFMTA Chief Financial Officer at 1 South Van Ness Avenue, 7<sup>th</sup> Floor, San Francisco, CA 94103.

#### **Discretely Presented Component Unit**

*Treasure Island Development Authority (TIDA)* – The TIDA is a nonprofit public benefit corporation. The TIDA was authorized in accordance with the Treasure Island Conversion Act of 1997. Seven commissioners who are appointed by the Mayor, subject to confirmation by the City's Board of Supervisors, govern the TIDA. The specific purpose of the TIDA is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse, and conversion of the property known as Naval Station Treasure Island for the public interest, convenience, welfare, and common benefit of the inhabitants of the City. The TIDA has adopted as its mission the creation of affordable housing and economic development opportunities on Treasure Island.

The TIDA's governing body is not substantively the same as that of the City and does not provide services entirely or almost entirely to the City. The TIDA is reported in a separate column to emphasize that it is legally separate from the City. The City is financially accountable for the TIDA through the appointment of the TIDA's Board and the ability of the City to approve the TIDA's budget. Disclosures related to the TIDA, where significant, are separately identified throughout these notes. Separate financial statements are not prepared for TIDA. Further information about TIDA can be obtained from their administrative offices at 1 Avenue of the Palms, Suite 241, Treasure Island, San Francisco, CA 94130.

#### **Fiduciary Component Units**

*Successor Agency to the Redevelopment Agency of the City and County of San Francisco (Successor Agency)* – The Successor Agency was created on February 1, 2012, to serve as a custodian for the assets and to wind down the affairs of the former San Francisco Redevelopment Agency (Agency) pursuant to California Redevelopment Dissolution Law. The Successor Agency is governed by the Successor Agency Commission, commonly known as the Commission on Community Investment and Infrastructure, and is a separate public entity from the City. The Commission has five members, which serve at the pleasure of the City's Mayor and are subject to confirmation by the Board of Supervisors. The City is financially accountable for the Successor Agency through the appointment of the Commission and a requirement that the Board of Supervisors approve the Successor Agency's annual budget.

The financial statements present the Successor Agency and its component units, entities for which the Successor Agency is considered to be financially accountable. The City and County of San Francisco Redevelopment Financing Authority (Financing Authority) is a joint powers authority formed between the former Agency and the City to facilitate the long-term financing of the former Agency activities. The

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

Financing Authority is included as a blended component unit in the Successor Agency's financial statements because the Financing Authority provides services entirely to the Successor Agency.

In order to facilitate construction and rehabilitation in the City, seven Community Facilities Districts (CFDs) were formed by the former Agency and Successor Agency. The Successor Agency can impose its will on the CFDs but does not have a financial benefit or burden from the CFDs. The CFDs are fiduciary component units of the Successor Agency and financial activities of the CFDs are included as custodial funds of the City.

Per the Redevelopment Dissolution Law, certain actions of the Successor Agency are also subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies: four City representatives appointed by the Mayor of the City subject to confirmation by the Board of Supervisors of the City (such members represent a voting majority of the Oversight Board); the Vice Chancellor of the San Francisco Community College District; a Board member of the Bay Area Rapid Transit District; and the Executive Director of Policy and Operations of the San Francisco Unified School District.

In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the Successor Agency will only be allocated revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency is reported in a fiduciary fund (private-purpose trust fund). Complete financial statements can be obtained from the Successor Agency's finance department at 1 South Van Ness Avenue, 5<sup>th</sup> Floor, San Francisco, CA 94103.

*Community Facilities Districts and Special Tax Districts* – A community facilities district (CFD) is a legally constituted governmental entity formed under the State's Mello-Roos law and with approval of the Board of Supervisors. A special tax district (STD) is established pursuant to the San Francisco Special Tax Financing Law, which incorporates the Mello-Roos law. Several CFDs and STDs were established for the sole purpose of financing facilities and services. Although there is no financial benefit or burden relation between the City and a CFD or STD, the Board of Supervisors acts as the legislative body as it does for the City and is able to impose its will to authorize the levy of special taxes and issuance of special tax debts, as well as to appoint, hire, reassign, or dismiss City employees who administer the CFD or STD. CFDs and STDs are fiduciary component units of the City because assets are held by the City for the benefit of the CFD or STD. The combined activities of all CFDs and STDs are presented as a custodial fund. Separate financial statements are not prepared for CFDs and STDs. Further information can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

**Non-Disclosed Organizations**

There are other governmental agencies that provide services within the City. These entities have independent governing boards and the City is not financially accountable for them. The City's basic financial statements, except for certain cash held by the City as an agent, do not reflect operations of the San Francisco Airport Improvement Corporation, San Francisco Health Authority, San Francisco Housing Authority, San Francisco Unified School District and San Francisco Community College District. The City is represented in two regional agencies, the Bay Area Rapid Transit District and the Bay Area Air Quality Management District, both of which are also excluded from the City's reporting entity.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**(b) Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are generally collected within 60 days of the end of the current fiscal period. It is the City's policy to submit reimbursement and claim requests for federal and state grant revenues within 30 days of the end of the program cycle and payment is generally received within the first or second quarter of the following fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, other local taxes, grants and subventions, licenses, charges for services, rents and concessions, and interest and investment income associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental fund:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

The City reports the following major proprietary (enterprise) funds:

- The **San Francisco International Airport Fund** accounts for the activities of the City-owned commercial service airport in the San Francisco Bay Area.
- The **San Francisco Water Enterprise Fund** accounts for the activities of the San Francisco Water Enterprise (Water Enterprise). The Water Enterprise is engaged in the distribution of water to the City and certain suburban areas.
- The **Hetch Hetchy Water and Power Enterprise Fund** accounts for the activities of Hetch Hetchy Water and Power (Hetch Hetchy) and CleanPowerSF. Hetch Hetchy is engaged in the collection and conveyance of approximately 85.0% of the City's water supply and in the generation and transmission of electricity. CleanPowerSF aggregates the buying power of customers in San Francisco to purchase renewable energy.
- The **Municipal Transportation Agency Fund** accounts for the activities of the Municipal Transportation Agency (SFMTA). The SFMTA was established by Proposition E, passed by the City's voters in November 1999. The SFMTA includes the San Francisco Municipal Railway (Muni) and the operations of Sustainable Streets, which includes the Parking Authority. Muni was established in 1912 and is responsible for the operations of the City's public transportation system. Sustainable Streets is responsible for proposing and implementing street and traffic changes and oversees the City's off-street parking operations. Sustainable Streets is a separate department of the SFMTA. The parking garages fund accounts for the activities of various nonprofit corporations formed by the Parking Authority to provide financial and other assistance to the City to acquire land, construct facilities, and manage various parking facilities.
- The **General Hospital Medical Center Fund** accounts for the activities of the San Francisco General Hospital (SFGH), a City-owned acute care hospital.
- The **San Francisco Wastewater Enterprise Fund** was created after the San Francisco voters approved a proposition in 1976, authorizing the City to issue \$240.0 million in bonds for the purpose of acquiring, constructing, improving, and financing improvements to the City's municipal sewage treatment and disposal system.
- The **Port of San Francisco Fund** accounts for the operation, development, and maintenance of seven and one-half miles of waterfront property of the Port of San Francisco (Port). This was established in 1969 after the San Francisco voters approved a proposition to accept the transfer of the Harbor of San Francisco from the State of California.
- The **Laguna Honda Hospital Fund** accounts for the activities of Laguna Honda Hospital (LHH), the City-owned skilled nursing facility, which specializes in serving elderly and disabled residents.

Additionally, the City reports the following fund types:

- The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.
- The **Debt Service Funds** account for the accumulation of property taxes and other revenues for periodic payment of interest and principal on general obligation and certain lease revenue bonds and related authorized costs.
- The **Capital Projects Funds** are used to account for financial resources that are restricted, committed or assigned to expenditures for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary fund types.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

- The **Permanent Fund** accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs.
- The **Internal Service Funds** account for the financing of goods or services provided by one City department to another City department on a cost-reimbursement basis. Internal service funds account for the activities of the equipment maintenance services, centralized printing and mailing services, centralized telecommunications and information services, and lease financing through the Finance Corporation.
- The **Pension, Other Employee and Other Postemployment Benefit Trust Funds** reflect the activities of the Employees' Retirement System (Retirement System), the Health Service System and the Retiree Health Care Trust Fund. The Retirement System accounts for employee contributions, City contributions, and the earnings and profits from investments. It also accounts for the disbursements made for employee retirement benefits, withdrawals, disability and death benefits as well as administrative expenses. The Health Service System accounts for contributions from active and retired employees and surviving spouses, City contributions, and the earnings and profits from investments. It also accounts for the disbursements to various health plans and health care providers for the medical expenses of beneficiaries. The Retiree Health Care Trust Fund currently accounts for other postemployment benefit contributions from the City and the San Francisco Community College District, together with the earnings and profits from investments.
- The **Private-Purpose Trust Fund** accounts for the custodial responsibilities that are assigned to the Successor Agency with the passage of the Redevelopment Dissolution Law.
- The **Custodial Funds** account for the external portion of the Treasurer's Office investment pool and resources held by the City in a custodial capacity on behalf of the State of California and other governmental agencies; individuals; and human welfare, community health, and transportation programs. The external portion of the Treasurer's Office investment pool represents funds held for the San Francisco Community College District, San Francisco Unified School District, and the Trial Courts of the State of California.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges to other City departments from the General Fund, Water Enterprise and Hetch Hetchy. These charges have not been eliminated because elimination would distort the direct costs and program revenues reported in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer and power charges, public transportation fees, airline fees and charges, parking fees, hospital patient service fees, commercial and industrial rents, printing services, vehicle maintenance fees, and telecommunication and information system support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.



**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**(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, 2025, involuntary participants accounted for approximately 93.3 percent of the pool. Voluntary participants accounted for 6.7 percent of the pool. Further, the School District, Community College District, the Trial Courts of the State of California, and medical reimbursement recipients are external participants of the City's pool. On June 30, 2025, \$2.55 billion was held on behalf of these external participants. The total percentage share of the City's pool that relates to these four external participants is 14.0 percent. Internal participants accounted for 86.0 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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
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The Absolute Return Program invests in limited partnerships and other alternative investment vehicles. The most common investment strategies include, but are not limited to equity, credit, macro, emerging markets, quantitative, multi-strategy, special situations/other, co-investments and commodities. These investments are valued using their respective NAV and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are typically valued on a monthly basis by each fund's independent administrator and for certain illiquid investments, where no market exists, the General Partner may provide pricing input. The management assumptions are based upon the nature of the investment and the underlying business. Investments have the potential to become illiquid under stressed market conditions and, in certain circumstances, investors may be subject to redemption restrictions which can impede the timely return of capital. The valuation techniques vary based upon underlying investment type but are predominantly derived from observed market prices.

***Other funds*** – Non-pooled investments are also generally carried at fair value. However, money market investments (such as short-term, highly liquid debt instruments including commercial paper and bankers' acceptances) that have a remaining maturity at the time of purchase of one year or less and nonparticipating interest-earning investment contracts (such as repurchase agreements and guaranteed or bank investment contracts) are carried at amortized cost. The fair value of non-pooled investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

***Investment Income***

Income from pooled investments is allocated at month end to the individual funds or external participants based on the fund or participant's average daily cash balance in relation to total pooled investments. City management has determined that the investment income related to certain funds should be allocated to the General Fund. On a budget basis, the interest income is recorded in the General Fund. On a generally accepted accounting principles (GAAP) basis, the income is reported in the fund where the related investments reside. A transfer is then recorded to transfer an amount equal to the interest earnings to the General Fund. This is the case for certain other governmental and internal service funds.

It is the City's policy to charge interest at month end to those funds that have a negative average daily cash balance. In certain instances, City management has determined that the interest expense related to the fund should be allocated to the General Fund. On a budget basis, the interest expense is recorded in the General Fund. On a GAAP basis, the interest expense is recorded in the fund and then a transfer from the General Fund for an amount equal to the interest expense is made to the fund. This is the case for certain other funds, LHH, SFGH, and the internal service funds.

Interest income related to certain funds in fiduciary activities that are recorded in the General Fund on a budget basis is recorded as other income instead of as a transfer on the GAAP basis.

**(d) Loans Receivable**

The Mayor's Office of Housing (MOH) and the Mayor's Office of Community Development (MOCD) administer several housing and small business subsidy programs and issue loans to qualified applicants. In addition, the Department of Building Inspection manages other receivables from organizations. Management has determined through policy that many of these loans may be forgiven or renegotiated and extended long into the future if certain terms and conditions of the loans are met. At June 30, 2025, it was determined that \$3,159.7 million of the \$3,480.2 million loan portfolio is not expected to be ultimately collected.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
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For the purposes of the fund financial statements, the governmental funds expenditures relating to long-term loans arising from loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, with an offset to a deferred inflow of resources. For purposes of the government-wide financial statements, long-term loans are not offset by deferred inflows of resources.

**(e) Inventories**

Inventories recorded in the proprietary funds primarily consist of construction materials and maintenance supplies, as well as pharmaceutical supplies maintained by the hospitals. Generally, proprietary funds value inventory at cost or average cost and expense supply inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The governmental fund types use the purchase method to account for supply inventories, which are not material. This method records items as expenditures when they are acquired.

**(f) Capital Assets**

Capital assets, which include land, facilities and improvements, machinery and equipment, infrastructure assets, and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary and private-purpose trust funds. Capital assets, except for intangible assets, are defined as assets with an initial individual cost of more than \$5 and have an estimated life that extends beyond a single reporting period or more than a year. Intangible assets have a capitalization threshold of \$100. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and other governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities prior to July 1, 2021 is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period. Amortization of right-to-use assets under leases and subscriptions is included in depreciation and amortization.

Facilities and improvements, infrastructure, machinery and equipment, easements, and intangible assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| Assets                      | Years            |
|-----------------------------|------------------|
| Facilities and improvements | 15 to 175        |
| Infrastructure              | 15 to 70         |
| Machinery and equipment     | 2 to 75          |
| Intangible assets           | Varies with type |

Works of art, historical treasures and zoological animals held for public exhibition, education, or research in furtherance of public service, rather than financial gain, are not capitalized. These items are protected, kept unencumbered, cared for, and preserved by the City. It is the City's policy to utilize proceeds from the sale of these items for the acquisition of other items for collection and display.

**(g) Compensated Absences**

City employees may accumulate earned, but unused leave benefits up to a specified maximum, as outlined in their applicable leave policies. In accordance with GASB Statement No. 101, *Compensated Absences*, the City recognizes liabilities for leaves that are attributable to services already rendered, will be paid upon separation or usage, and are more likely than not to be used or paid. Compensated absences that meet these criteria consist of vacation, sick, compensatory time, and other holidays and leaves. The City records the compensated absences liability, including employer payroll taxes and the

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employer's share of social security and Medicare taxes, as both current and noncurrent liabilities in the Statement of Net Position in the government-wide and proprietary fund financial statements. The City applies the current pay rates of active employees to leave balances in effect at fiscal year-end.

**(h) Bond Issuance Costs, Premiums, Discounts, and Interest Accretion**

In the government-wide financial statements, the proprietary fund type and fiduciary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund or fiduciary fund statement of net position. Bond issuance costs related to prepaid insurance costs, bond premiums and discounts for San Francisco International Airport, San Francisco Water Enterprise, Hetch Hetchy Water and Power, SFMTA, and San Francisco Wastewater Enterprise are amortized over the life of the bonds using the effective interest method. The remaining bond prepaid insurance costs, bond premiums and discounts are calculated using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from refunding of debt are reported as deferred inflows or outflows of resources and amortized over the shorter of the life of the refunded debt or refunding debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources and uses, respectively. Issuance costs including bond insurance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interest accreted on capital appreciation bonds is reported as accrued interest payable in the government-wide, proprietary fund and fiduciary fund financial statements.

**(i) Fund Balances and Net Position**

**Governmental Fund Balance**

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in one of five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The five fund balance classifications are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash, such as prepaid amounts, as well as certain long-term receivables that would otherwise be classified as unassigned.
- *Restricted* – includes amounts that can only be used for specific purposes due to constraints imposed by external resource providers, by the City's Charter, or by enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed* – includes amounts that can only be used for specific purposes pursuant to an ordinance passed by the Board of Supervisors and signed by the Mayor. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned* – includes amounts that are not classified as nonspendable, restricted, or committed, but are intended to be used by the City for specific purposes. Intent is expressed by legislation or by action of the Board of Supervisors or the City Controller to which legislation has delegated the authority to assign amounts to be used for specific purposes.



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- *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/amortization and the outstanding balances of debt, including debt related deferred outflows and inflows of resources, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category represents net position that has external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the City, not restricted for any project or other purpose.

**(j) Interfund Transfers**

Interfund transfers are generally recorded as transfers in (out) except for certain types of transactions that are described below.

- Charges for services are recorded as revenues of the performing fund and expenditures/expenses of the requesting fund. Unbilled costs are recognized as an asset of the performing fund and a liability of the requesting fund at the end of the fiscal year.
- Reimbursements for expenditures, initially made by one fund, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

**(k) Pollution Remediation Obligations**

Pollution remediation obligations are measured at their current value using a cost-accumulation approach, based on the pollution remediation outlays expected to be incurred to settle those obligations. Each obligation or obligating event is measured as the sum of probability-weighted amounts in a range of possible estimated amounts. Some estimates of ranges of possible cash flows may be limited to a few discrete scenarios or a single scenario, such as the amount specified in a contract for pollution remediation services.

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**(l) Cash Flows**

Statements of cash flows are presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the City's Treasury represent monies in a cash management pool and such accounts are similar in nature to demand deposits.

**(m) Pensions**

For purposes of measuring the net pension liability (asset) and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SFERS and the California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

**(n) Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability (asset) and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Health Care Trust Fund (RHCTF) and California Employers' Retiree Benefit Trust Fund Program (CERBT) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

**(o) Restricted Assets**

Certain proceeds of the City's governmental activities, enterprise and internal service funds bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because the use of the proceeds is limited by applicable bond covenants and resolutions. Restricted assets account for the principal and interest amounts accumulated to pay debt service, unspent bond proceeds, and amounts restricted for future capital projects.

**(p) Deferred Outflows and Inflows of Resources**

The City records deferred outflows or inflows of resources in its governmental, proprietary, fiduciary, and government-wide financial statements. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods.

In governmental fund statements, deferred inflows of resources consist of revenues not collected within the availability period after fiscal year end. In government-wide financial statements, deferred outflows and inflows of resources are recorded for unamortized losses and gains on refunding of debt, amounts related to pensions and OPEB, lease-related items, and items related to public-private partnerships.

**(q) Leases and Subscription-Based Information Technology Arrangements**

Leases are defined as the right-to-use an underlying asset for a specified period. The City is a lessee and lessor for various noncancellable leases. Subscription-based information technology arrangements (SBITAs) are defined as a contract that conveys control of the right to use another entity's IT software, alone or in combination with tangible capital assets for a specified period. The City has noncancellable subscription arrangements (similar to a lease) for the right to use various information technology hardware and software (SBITAs).

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**Measurement of Lease Amounts as Lessee or Subscriber**

As lessee or subscriber, the City recognizes a lease liability or subscription liability and an intangible right-to-use asset at the beginning of a lease or subscription. The lease assets or subscription assets are valued based on the net present value of the future lease payments or subscription payments at inception, using the City's incremental borrowing rate. For SBITAs, subscription assets also include qualified software implementation costs. Subsequently, the lease asset or subscription asset is amortized on a straight-line basis over the shorter of the lease or subscription term or the useful life of the underlying asset. If the City is reasonably certain of exercising a purchase option contained in a lease or SBITA, the lease asset or subscription asset will be amortized over the useful life of the underlying asset.

**Measurement of Lease Amounts as Lessor**

As lessor, at the beginning of the lease term, the City recognizes a lease receivable based on the net present value of future lease payments to be received for the lease term and a deferred inflow of resources based on the net present value plus any payments received at or before the commencement of the lease term that relate to future periods with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. Amortization of the receivable is reported as lease and interest revenues. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

**Remeasurement**

The City monitors changes in circumstances that may require remeasurement of a lease or SBITA. When certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability, the receivable or liability is remeasured and a corresponding adjustment is made to the deferred inflow of resources, lease asset or subscription asset, respectively.

**Short-term Leases or SBITAs**

For short-term lease contracts or SBITAs, generally those with a maximum possible term of 12 months or less, the City recognizes revenue or expense based on the payment provisions of the lease contract or SBITA. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

**(r) Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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**(3) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**(a) Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position**

Total fund balances of the City's governmental funds, \$6,584,500, differs from net position of governmental activities, \$5,693,665, 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<br>Governmental<br>Funds | Long-term<br>Assets,<br>Liabilities (1) | Internal<br>Service<br>Funds (2) | Reclassi-<br>fications and<br>Eliminations | Statement of<br>Net Position<br>Totals |
|-----------------------------------------------------|--------------------------------|-----------------------------------------|----------------------------------|--------------------------------------------|----------------------------------------|
| <b>Assets</b>                                       |                                |                                         |                                  |                                            |                                        |
| Deposits and investments with City Treasury.....    | \$ 8,635,864                   | \$ -                                    | \$ 80,558                        | \$ -                                       | \$ 8,716,422                           |
| Deposits and investments outside City Treasury..... | 311,678                        | -                                       | 4,186                            | -                                          | 315,864                                |
| Receivables, net                                    |                                |                                         |                                  |                                            |                                        |
| Property taxes and penalties.....                   | 136,133                        | -                                       | -                                | -                                          | 136,133                                |
| Other local taxes.....                              | 441,457                        | -                                       | -                                | -                                          | 441,457                                |
| Federal and state grants and subventions.....       | 438,317                        | -                                       | -                                | -                                          | 438,317                                |
| Charges for services.....                           | 182,745                        | -                                       | 78                               | -                                          | 182,823                                |
| Interest and other.....                             | 110,118                        | -                                       | 261                              | 6,621                                      | 117,000                                |
| Leases.....                                         | 82,206                         | -                                       | 6,409                            | -                                          | 88,615                                 |
| Due from other funds.....                           | 39,725                         | -                                       | -                                | (39,725)                                   | -                                      |
| Due from component units.....                       | 27,421                         | -                                       | -                                | -                                          | 27,421                                 |
| Loans receivable, net.....                          | 320,532                        | -                                       | -                                | -                                          | 320,532                                |
| Long-term opioid settlement receivable.....         | 202,610                        | -                                       | -                                | (6,621)                                    | 195,989                                |
| Capital assets, net.....                            | -                              | 8,148,787                               | 58,178                           | -                                          | 8,206,965                              |
| Net pension asset.....                              | -                              | 20,088                                  | -                                | -                                          | 20,088                                 |
| Other assets.....                                   | 25,307                         | -                                       | -                                | -                                          | 25,307                                 |
| Total assets.....                                   | 10,954,113                     | 8,168,875                               | 149,670                          | (39,725)                                   | 19,232,933                             |
| <b>Deferred outflows of resources</b>               |                                |                                         |                                  |                                            |                                        |
| Unamortized loss on refunding of debt.....          | -                              | -                                       | 417                              | -                                          | 417                                    |
| Pensions.....                                       | -                              | 1,381,347                               | 25,887                           | -                                          | 1,407,234                              |
| OPEB.....                                           | -                              | 358,499                                 | 9,166                            | -                                          | 367,665                                |
| Total deferred outflows of resources.....           | -                              | 1,739,846                               | 35,470                           | -                                          | 1,775,316                              |
| <b>Liabilities</b>                                  |                                |                                         |                                  |                                            |                                        |
| Accounts payable.....                               | 841,593                        | -                                       | 10,605                           | -                                          | 852,198                                |
| Accrued payroll.....                                | 254,976                        | -                                       | 4,792                            | -                                          | 259,768                                |
| Compensated absences.....                           | -                              | 583,528                                 | 12,927                           | -                                          | 596,455                                |
| Accrued workers' compensation.....                  | -                              | 397,158                                 | 1,574                            | -                                          | 398,732                                |
| Estimated claims payable.....                       | -                              | 251,096                                 | -                                | -                                          | 251,096                                |
| Accrued interest payable.....                       | -                              | 26,581                                  | 1,122                            | -                                          | 27,703                                 |
| Unearned grant and subvention revenues.....         | 226,216                        | -                                       | -                                | -                                          | 226,216                                |
| Due to other funds.....                             | 99,485                         | -                                       | -                                | (39,725)                                   | 59,760                                 |
| Unearned revenues and other liabilities.....        | 1,823,282                      | 21,255                                  | 8                                | -                                          | 1,844,545                              |
| Bonds, loans, leases, and other payables.....       | 43,547                         | 5,203,521                               | 103,957                          | -                                          | 5,351,025                              |
| Net pension liability.....                          | -                              | 2,607,321                               | 43,038                           | -                                          | 2,650,359                              |
| Net OPEB liability.....                             | -                              | 2,121,992                               | 49,060                           | -                                          | 2,171,052                              |
| Total liabilities.....                              | 3,289,099                      | 11,212,452                              | 227,083                          | (39,725)                                   | 14,688,909                             |
| <b>Deferred inflows of resources</b>                |                                |                                         |                                  |                                            |                                        |
| Unavailable revenue.....                            | 1,001,199                      | (1,001,199)                             | -                                | -                                          | -                                      |
| Unamortized gain on refunding of debt.....          | -                              | 112,935                                 | 124                              | -                                          | 113,059                                |
| Pensions.....                                       | -                              | 126,322                                 | 2,020                            | -                                          | 128,342                                |
| OPEB.....                                           | -                              | 280,074                                 | 8,340                            | -                                          | 288,414                                |
| Leases.....                                         | 79,315                         | -                                       | 6,234                            | -                                          | 85,549                                 |
| Public-private partnerships.....                    | -                              | 10,311                                  | -                                | -                                          | 10,311                                 |
| Total deferred inflows of resources.....            | 1,080,514                      | (471,557)                               | 16,718                           | -                                          | 625,675                                |
| <b>Fund balances/ net position</b>                  |                                |                                         |                                  |                                            |                                        |
| Total fund balances/ net position.....              | \$ 6,584,500                   | \$ (832,174)                            | \$ (58,661)                      | \$ -                                       | \$ 5,693,665                           |

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(1) When capital assets (land, infrastructure, buildings, equipment, and intangible assets) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets, net of accumulated depreciation/amortization, among the assets of the City as a whole.

|                                             |                     |
|---------------------------------------------|---------------------|
| Cost of capital assets.....                 | \$11,901,213        |
| Accumulated depreciation/amortization ..... | <u>(3,752,426)</u>  |
|                                             | <u>\$ 8,148,787</u> |

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.

|                                               |                       |
|-----------------------------------------------|-----------------------|
| Compensated absences .....                    | \$ (583,528)          |
| Accrued workers' compensation.....            | (397,158)             |
| Estimated claims payable.....                 | (251,096)             |
| Arbitrage rebate liability .....              | (21,255)              |
| Bonds, loans, leases, and other payables..... | <u>(5,203,521)</u>    |
|                                               | <u>\$ (6,456,558)</u> |

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. \$ (26,581)

Deferred inflows of resources related to debt refundings in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.

Unamortized gain on refunding of debt ..... \$ (112,935)

Net pension asset is not received in the current period and, therefore, is not reported in the governmental funds. Net pension liability is not due and payable in the current period, and accordingly is not reported as a fund liability. Deferred outflows (inflows) of resources related to pensions are not financial resources, and therefore, are not reported in the governmental funds.

|                                                          |                       |
|----------------------------------------------------------|-----------------------|
| Net pension asset .....                                  | \$ 20,088             |
| Net pension liability.....                               | (2,607,321)           |
| Deferred outflows of resources related to pensions ..... | 1,381,347             |
| Deferred inflows of resources related to pensions .....  | <u>(126,322)</u>      |
|                                                          | <u>\$ (1,332,208)</u> |

Net OPEB liability is not due and payable in the current period, and accordingly is not reported as a fund liability. Deferred outflows (inflows) of resources related to OPEB are not financial resources, and therefore, are not reported in the governmental funds.

|                                                      |                       |
|------------------------------------------------------|-----------------------|
| Net OPEB liability .....                             | \$(2,121,992)         |
| Deferred outflows of resources related to OPEB ..... | 358,499               |
| Deferred inflows of resources related to OPEB.....   | <u>(280,074)</u>      |
|                                                      | <u>\$ (2,043,567)</u> |

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Because the focus of governmental funds is on the availability of resources, some assets will not be available to pay for current period expenditures and thus are not included in fund balance.

|                                                                                    |                   |
|------------------------------------------------------------------------------------|-------------------|
| Revenue not collected within 60 days of the end of the current fiscal period ..... | \$ 1,001,199      |
| Public-Private Partnership Arrangement .....                                       | <u>(10,311)</u>   |
|                                                                                    | <u>\$ 990,888</u> |

(2) Internal service funds are used by management to charge the costs of certain activities, such as lease financing, equipment maintenance services, printing and mailing services, and telecommunications and information systems, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

|                                                                               |                    |
|-------------------------------------------------------------------------------|--------------------|
| Net position before adjustments .....                                         | \$ (4,679)         |
| Adjustments for internal balances with the San Francisco Finance Corporation: |                    |
| Receivables from other governmental and enterprise funds.....                 | (54,081)           |
| Unearned revenues and other liabilities .....                                 | <u>99</u>          |
|                                                                               | <u>\$ (58,661)</u> |

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

The net change in fund balances for governmental funds, \$405,795, differs from the change in net position for governmental activities, \$204,898, 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<br>Governmental<br>Funds | Long-term<br>Revenues/<br>Expenses (3) | Capital-<br>related<br>Items (4) | Internal<br>Service<br>Funds (5) | Long-term<br>Debt<br>Transactions (6) | Statement of<br>Activities<br>Totals |
|-----------------------------------------------------------------|--------------------------------|----------------------------------------|----------------------------------|----------------------------------|---------------------------------------|--------------------------------------|
| <b>Revenues</b>                                                 |                                |                                        |                                  |                                  |                                       |                                      |
| Property taxes.....                                             | \$ 3,155,559                   | \$ 13,276                              | \$ -                             | \$ -                             | \$ -                                  | \$ 3,168,835                         |
| Business taxes.....                                             | 1,598,030                      | -                                      | -                                | -                                | -                                     | 1,598,030                            |
| Sales and use tax.....                                          | 298,449                        | -                                      | -                                | -                                | -                                     | 298,449                              |
| Hotel room tax.....                                             | 287,346                        | -                                      | -                                | -                                | -                                     | 287,346                              |
| Utility users tax.....                                          | 111,811                        | -                                      | -                                | -                                | -                                     | 111,811                              |
| Parking tax.....                                                | 81,285                         | -                                      | -                                | -                                | -                                     | 81,285                               |
| Real property transfer tax.....                                 | 294,366                        | -                                      | -                                | -                                | -                                     | 294,366                              |
| Other local taxes.....                                          | 100,108                        | -                                      | -                                | -                                | -                                     | 100,108                              |
| Licenses, permits and franchises.....                           | 52,746                         | (3)                                    | -                                | -                                | -                                     | 52,743                               |
| Fines, forfeitures, and penalties.....                          | 63,896                         | (31,200)                               | -                                | -                                | -                                     | 32,696                               |
| Interest and investment income.....                             | 413,198                        | -                                      | -                                | 3,161                            | -                                     | 416,359                              |
| Rents and concessions.....                                      | 190,546                        | 34                                     | -                                | -                                | -                                     | 190,580                              |
| Intergovernmental:                                              |                                |                                        |                                  |                                  |                                       |                                      |
| Federal.....                                                    | 710,605                        | (6,921)                                | -                                | 68                               | -                                     | 703,752                              |
| State.....                                                      | 1,378,577                      | 5,603                                  | -                                | -                                | -                                     | 1,384,180                            |
| Other.....                                                      | 11,681                         | 14,290                                 | -                                | -                                | -                                     | 25,971                               |
| Charges for services.....                                       | 523,925                        | 23,858                                 | -                                | -                                | -                                     | 547,783                              |
| Other.....                                                      | 88,629                         | 39,090                                 | 335                              | 401                              | -                                     | 128,455                              |
| Total revenues.....                                             | <u>9,360,757</u>               | <u>58,027</u>                          | <u>335</u>                       | <u>3,630</u>                     | <u>-</u>                              | <u>9,422,749</u>                     |
| <b>Expenditures/ Expenses</b>                                   |                                |                                        |                                  |                                  |                                       |                                      |
| Current:                                                        |                                |                                        |                                  |                                  |                                       |                                      |
| Public protection.....                                          | 1,933,537                      | 1,113                                  | 26,459                           | 214                              | -                                     | 1,961,323                            |
| Public works, transportation and commerce.....                  | 590,993                        | 3,806                                  | 10,709                           | -                                | -                                     | 605,508                              |
| Human welfare and neighborhood development.....                 | 2,823,823                      | 3,214                                  | 25,452                           | -                                | -                                     | 2,852,489                            |
| Community health.....                                           | 1,297,103                      | (26,478)                               | 53,984                           | -                                | -                                     | 1,324,609                            |
| Culture and recreation.....                                     | 583,033                        | (1,774)                                | 28,873                           | (15,100)                         | -                                     | 595,032                              |
| General administration and finance.....                         | 434,823                        | (23,657)                               | 62,295                           | -                                | -                                     | 473,461                              |
| General City responsibilities.....                              | 153,057                        | -                                      | -                                | 68                               | -                                     | 153,125                              |
| Distributions to other governments.....                         | 53,851                         | -                                      | -                                | -                                | -                                     | 53,851                               |
| Debt service:                                                   |                                |                                        |                                  |                                  |                                       |                                      |
| Principal retirement.....                                       | 476,193                        | -                                      | -                                | -                                | (476,193)                             | -                                    |
| Interest and other fiscal charges.....                          | 198,001                        | -                                      | -                                | 2,648                            | (35,858)                              | 164,791                              |
| Bond issuance costs.....                                        | 5,147                          | -                                      | -                                | -                                | -                                     | 5,147                                |
| Capital outlay.....                                             | 305,714                        | -                                      | (305,714)                        | -                                | -                                     | -                                    |
| Total expenditures.....                                         | <u>8,855,275</u>               | <u>(43,776)</u>                        | <u>(97,942)</u>                  | <u>(12,170)</u>                  | <u>(512,051)</u>                      | <u>8,189,336</u>                     |
| Excess (deficiency) of revenues over (under) expenditures.....  | <u>505,482</u>                 | <u>101,803</u>                         | <u>98,277</u>                    | <u>15,800</u>                    | <u>512,051</u>                        | <u>1,233,413</u>                     |
| <b>Other financing sources (uses) / changes in net position</b> |                                |                                        |                                  |                                  |                                       |                                      |
| Net transfers in (out).....                                     | (1,056,820)                    | -                                      | -                                | (3,020)                          | -                                     | (1,059,840)                          |
| Issuance of bonds:                                              |                                |                                        |                                  |                                  |                                       |                                      |
| Face value of bonds issued.....                                 | 780,095                        | -                                      | -                                | -                                | (780,095)                             | -                                    |
| Face value of loans issued.....                                 | 65,000                         | -                                      | -                                | -                                | (65,000)                              | -                                    |
| Premium on issuance of bonds.....                               | 35,906                         | -                                      | -                                | -                                | (35,906)                              | -                                    |
| Inception of leases and subscriptions.....                      | 76,132                         | -                                      | -                                | -                                | (76,132)                              | -                                    |
| Total other financing sources (uses).....                       | <u>(99,687)</u>                | <u>-</u>                               | <u>-</u>                         | <u>(3,020)</u>                   | <u>(957,133)</u>                      | <u>(1,059,840)</u>                   |
| Capital contributions.....                                      | -                              | -                                      | 31,325                           | -                                | -                                     | 31,325                               |
| Net change for the year.....                                    | <u>\$ 405,795</u>              | <u>\$ 101,803</u>                      | <u>\$ 129,602</u>                | <u>\$ 12,780</u>                 | <u>\$ (445,082)</u>                   | <u>\$ 204,898</u>                    |

**CITY AND COUNTY OF SAN FRANCISCO**  
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- (3) Property taxes are recognized as revenues in the period the amount becomes available. This is the current period amount by which the deferred inflows of resources increased in the governmental funds. \$ 13,276

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. 44,751  
\$ 58,027

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. \$ 36,808

Changes to net pension asset/liability and pension related deferred outflows and inflows of resources do not provide financial resources and, therefore, are not reported as expenditures in governmental funds. 70,105

Changes to net OPEB liability and OPEB related deferred outflows and inflows of resources do not provide financial resources and, therefore, are not reported as expenditures in governmental funds. (63,117)

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. (20)  
\$ (43,776)

- (4) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year and the loss on disposal of capital assets.

|                                                                      |                   |
|----------------------------------------------------------------------|-------------------|
| Capital expenditures.....                                            | \$ 488,376        |
| Depreciation expense.....                                            | (386,548)         |
| Capital assets acquired by donation or funded by other revenues..... | 280               |
| Gain on lease termination.....                                       | 55                |
| Capital contributions.....                                           | 31,325            |
| Write-off of construction in progress.....                           | (3,886)           |
| Difference.....                                                      | <u>\$ 129,602</u> |

- (5) Internal service funds are used by management to charge the costs of certain activities, such as lease financing, equipment maintenance services, printing and mailing services, and telecommunications and information systems to individual funds. The adjustments for internal service funds "close" those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year. \$ 12,780

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

\$ (35,906)

Repayment of bond, loans and other debt, lease and subscription principal are reported as expenditures in governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in expenses in the statement of activities. The City's bonded debt was reduced because principal payments were made to bond holders.

|                                                  |                |
|--------------------------------------------------|----------------|
| Bond and other debt principal payments made..... | \$ 396,675     |
| Lease principal payments made.....               | 71,912         |
| Subscription principal payments made.....        | 7,606          |
|                                                  | <u>476,193</u> |

Bond, lease, and subscription proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Proceeds were received from:

|                                    |                     |
|------------------------------------|---------------------|
| General obligation bonds.....      | \$ (590,250)        |
| Certificates of participation..... | (189,845)           |
| Revolving credit loan.....         | (65,000)            |
| Leases.....                        | (73,500)            |
| Subscriptions.....                 | (2,632)             |
|                                    | <u>(921,227)</u>    |
|                                    | <u>\$ (445,034)</u> |

Interest expense in the statement of activities differs from the amount reported in governmental funds because (1) additional accrued and accreted interest was calculated for bonds, loans, leases and other payables, and (2) amortization of bond premiums, discounts and refunding losses and gains are not expended within the fund statements.

|                                                      |                  |
|------------------------------------------------------|------------------|
| Increase in accrued interest.....                    | \$ (1,752)       |
| Amortization of bond premiums.....                   | 26,664           |
| Amortization of bond refunding losses and gains..... | 15,541           |
| Amortization of bond discounts.....                  | (7)              |
| Increase in arbitrage rebate liability.....          | (4,588)          |
|                                                      | <u>\$ 35,858</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
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**(4) EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS**

During fiscal year 2024-25, the City implemented the following accounting standards:

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. GASB Statement No. 101 requires that liabilities for compensated absences be recognized if the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means and establishes definitions, guidance, and disclosure requirements related to compensated absences. The new standard is effective for periods beginning after December 15, 2023. Application of this statement is effective for the City's year ending June 30, 2025. In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the City reported the implementation of GASB Statement No. 101 as a change in accounting principle. The cumulative effect of applying the new recognition and measurement guidance as of July 1, 2024 was recorded as a restatement of liabilities and beginning net position. The impact of Net Position is presented in the following table:

|                                                                       | June 30, 2024<br>As Previously<br>Reported | Changes in<br>Accounting<br>Principle | June 30, 2024<br>As Restated |
|-----------------------------------------------------------------------|--------------------------------------------|---------------------------------------|------------------------------|
| <b>Government-Wide</b>                                                |                                            |                                       |                              |
| Governmental Activities                                               | \$ 5,813,996                               | \$(325,229)                           | \$ 5,488,767                 |
| Business-Type Activities                                              | 8,406,542                                  | (178,558)                             | 8,227,984                    |
| <b>Total Primary Government</b>                                       | <u>14,220,538</u>                          | <u>(503,787)</u>                      | <u>13,716,751</u>            |
| <b>Fiduciary Funds</b>                                                |                                            |                                       |                              |
| Pension, Other Employee and Other Post-Employment Benefit Trust Funds | \$ 36,797,032                              | \$(2,111)                             | \$ 36,794,921                |

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement requires state and local governments to disclose significant risks related to concentrations or constraints that could lead to substantial impacts. The new standard is effective for periods beginning after June 15, 2024. Application of this statement is effective for the City's year ending June 30, 2025. Application of this statement did not have a significant impact on the City for the year ended June 30, 2025.

In addition, the City is currently analyzing its accounting practices to determine the potential impact of the following pronouncements:

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement 1) introduces revisions to MD&A, 2) updates the presentation of proprietary funds, distinguishing between operating and nonoperating revenues and expenses, 3) requires the display of inflows and outflows related to each unusual or infrequent item separately, 4) requires presentation of each major component unit separately in the government-wide statement of net position and statement of activities, and 5) requires presentation of budgetary comparison information in required supplementary information. The new standard is effective for periods beginning after June 15, 2025. Application of this statement is effective for the City's year ending June 30, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires certain types of capital assets, such as lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to be disclosed separately by major classes of underlying assets in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, are also required to be disclosed separately. Furthermore, the statement requires intangible assets other than those three types to be disclosed separately by major class. Finally, the statement requires additional disclosures for capital assets held for sale. The new standard is effective for periods beginning after June 15, 2025. Application of this statement is effective for the City's year ending June 30, 2026.

**CITY AND COUNTY OF SAN FRANCISCO**

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**(5) DEPOSITS AND INVESTMENTS**

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

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

|                                                | Primary Government         |                             |                      |                      |
|------------------------------------------------|----------------------------|-----------------------------|----------------------|----------------------|
|                                                | Governmental<br>Activities | Business-type<br>Activities | Fiduciary Funds      | Total                |
| Deposits and investments with                  |                            |                             |                      |                      |
| City Treasury.....                             | \$ 8,716,422               | \$ 3,912,044                | \$ 3,141,531         | \$ 15,769,997        |
| Deposits and investments outside               |                            |                             |                      |                      |
| City Treasury.....                             | 311,678                    | 40,304                      | 39,182,341           | 39,534,323           |
| Restricted assets:                             |                            |                             |                      |                      |
| Deposits and investments with                  |                            |                             |                      |                      |
| City Treasury.....                             | -                          | 2,501,279                   | -                    | 2,501,279            |
| Deposits and investments outside               |                            |                             |                      |                      |
| City Treasury.....                             | 4,186                      | 1,281,698                   | 257,391              | 1,543,275            |
| Invested in securities lending collateral..... | -                          | -                           | 847,489              | 847,489              |
| <b>Total deposits and investments</b>          | <b>\$ 9,032,286</b>        | <b>\$ 7,735,325</b>         | <b>\$ 43,428,752</b> | <b>\$ 60,196,363</b> |
| Cash and deposits.....                         |                            |                             |                      | \$ 96,217            |
| Investments.....                               |                            |                             |                      | 60,100,146           |
| <b>Total deposits and investments.....</b>     |                            |                             |                      | <b>\$ 60,196,363</b> |

**(b) Investment Policies**

***Treasurer's Pool***

The City's investment policy addresses the Treasurer's safekeeping and custody practices with financial institutions in which the City deposits funds, types of permitted investment instruments, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity. The objectives of the policy, in order of priority, are safety, liquidity, and earning a market rate of return on public funds. The City has established a Treasury Oversight Committee (Oversight Committee) as defined in the City Administrative Code section 10.80-3, comprised of various City officials, representatives of agencies with large cash balances, and members of the public, to monitor and review the management of public funds maintained in the investment pool in accordance with Sections 27130 to 27137 of the California Government Code. The Treasurer prepares and submits an investment report to the Mayor, the Board of Supervisors, members of the Oversight Committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost, and fair value.

The investment policy places maturity limits based on the type of security. Investments held by the Treasurer during the year did not include repurchase agreements or reverse repurchase agreements. The table below identifies the investment types that are authorized by the City's investment policy dated May 2024.

**CITY AND COUNTY OF SAN FRANCISCO**

**Notes to Basic Financial Statements (Continued)**  
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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<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment<br>in One<br>Issuer |
|----------------------------------------------------------------------------------------------|---------------------|---------------------------------------|-------------------------------------------|
| U.S. Treasuries                                                                              | 5 years             | 100%                                  | 100%                                      |
| Federal Agencies                                                                             | 5 years             | 100%                                  | 100%                                      |
| State and Local Government Agency Obligations**                                              | 5 years             | 20% *                                 | 5% *                                      |
| Public Time Deposits                                                                         | 6 months *          | \$80 million*                         | \$20 million*                             |
| Negotiable Certificates of Deposit/Yankee Certificates of Deposit**                          | 4-5 years*          | 5%*                                   | 10%*                                      |
|                                                                                              | 3-4 years*          | 5%*                                   | 10%*                                      |
|                                                                                              | 2-3 years*          | 5%*                                   | 10%*                                      |
|                                                                                              | Up to 2 years*      | Up to 30%                             | 10%*                                      |
| Bankers Acceptances                                                                          | 180 days            | 40%                                   | 30%                                       |
| Commercial Paper**                                                                           | 270 days            | 25% *                                 | 10%                                       |
| Medium Term Notes**                                                                          | 4-5 years*          | 5%*                                   | 10%*                                      |
|                                                                                              | 3-4 years*          | 5%*                                   | 10%*                                      |
|                                                                                              | 2-3 years*          | 5%*                                   | 10%*                                      |
|                                                                                              | Up to 2 years*      | Up to 30%                             | 10%*                                      |
| Repurchase Agreements (Government Securities)                                                | 1 year              | None                                  | None                                      |
| Repurchase Agreements (Securities permitted by CA Government Code, Sections 53601 and 53635) | 1 year              | 10%                                   | None                                      |
| Reverse Repurchase Agreements / Securities Lending                                           | 45 days *           | None                                  | \$75 million *                            |
| Money Market (Institutional Government Funds)                                                | N/A                 | 20%                                   | N/A                                       |
| Suprationals                                                                                 | 5 years             | 30%                                   | None                                      |
| State of California Local Agency Investment Fund (LAIF)                                      | N/A                 | Statutory                             | None                                      |

\* Represents restriction on which the City's investment policy is more restrictive than the California Government Code.

\*\* Total exposure to credit limited to 30% of total portfolio par value calculated by the combined percentage exposure for these instruments.

The Treasurer also holds for safekeeping bequests, trust funds, and lease deposits for other City departments. The bequests and trust funds consist of stocks and debentures. Those instruments are valued at par, cost, or fair value at the time of donation.

***Other Funds***

Other funds consist primarily of deposits and investments with trustees related to the issuance of bonds and to certain loan programs operated by the City. These funds are invested either in accordance with bond covenants and are pledged for payment of principal, interest, and specified capital improvements or in accordance with grant agreements and may be restricted for the issuance of loans.

***Employees' Retirement System***

The Retirement System's investments are invested pursuant to investment policy guidelines as established by the Retirement Board. The investment objective is to generate an annualized net-of-fee return that meets the assumed actuarial rate of return over a full market cycle, subject to liquidity needs and other risk considerations. The Retirement Board has established percentage guidelines for types of investments to ensure the portfolio is diversified.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
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Investment managers retained by the Retirement System follow specific investment guidelines and are evaluated against specific market benchmarks that represent their investment style. The investment policy permits investments in domestic and international debt and equity securities, foreign currency contracts, derivative instruments, private equity, real assets, private credit, and absolute return investments, which include investments in a variety of commingled partnership vehicles. The Retirement System invests in securities with contractual cash flows, such as asset-backed securities, commercial mortgage-backed securities, and collateralized mortgage obligations. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be affected by shifts in the market's perception of the issuers and changes in interest rates.

The Retirement Board's asset allocation policies for the year ended June 30, 2025, are as follow:

| <u>Asset Class</u> | <u>Target Allocation effective as of July 2024</u> |
|--------------------|----------------------------------------------------|
| Global Equity      | 32.00%                                             |
| Treasuries         | 8.00%                                              |
| Liquid Credit      | 12.00%                                             |
| Private Credit     | 10.00%                                             |
| Private Equity     | 20.00%                                             |
| Real Assets        | 10.00%                                             |
| Absolute Return    | 10.00%                                             |
| Cash               | 1.00%                                              |
| Leverage           | -3.00%                                             |
|                    | <u>100.00%</u>                                     |

The Retirement System is not directly involved in repurchase or reverse repurchase agreements. However, external investment managers retained by the Retirement System may employ repurchase arrangements if the securities purchased or sold comply with the manager's investment guidelines. The Retirement System monitors the investment activity of its investment managers to ensure compliance with guidelines. In addition, the Retirement System's securities lending cash collateral separately managed account is authorized to use repurchase arrangements. As of June 30, 2025, \$251,053 (or 29.6% of reinvested cash collateral) consisted of tri-party repurchase agreements.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
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**Retiree Health Care Trust Fund (RHCTF)**

The RHCTF maintains cash in the Treasurer's Pool. The RHCTF's investments outside of the City Treasury are invested pursuant to investment policy guidelines as established by the RHCTF Board. The investment strategy of the RHCTF is designed to ensure the prudent investment of fund assets in such a manner as to provide real growth of assets over time while protecting the value of the assets from undue volatility or risk of loss. The RHCTF allocates its investments among numerous investment managers and in accordance with the investment policy approved by the RHCTF Board.

For the Community College District's Sub-Trust, the RHCTF Board anticipated that illiquid investments will not be appropriate given the portfolio liquidity needs. The current allocation offers a higher liquidity, lower risk profile for the Community College.

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

| <u>Asset Class</u>                                        | <u>Target Allocation Since February 13, 2023</u>  |                                             |
|-----------------------------------------------------------|---------------------------------------------------|---------------------------------------------|
|                                                           | <u>City and County of San Francisco Sub-Trust</u> | <u>Community College District Sub-Trust</u> |
| <b>Equities</b>                                           |                                                   |                                             |
| U.S. Equity Large Cap                                     | 25.0%                                             | 31.0%                                       |
| U.S. Equity Small Cap                                     | 2.0%                                              | 3.0%                                        |
| Developed Market Equity                                   | 13.0%                                             | 18.0%                                       |
| Emerging Market Equity                                    | 10.0%                                             | 16.0%                                       |
| <b>Credit</b>                                             |                                                   |                                             |
| High Yield Bonds                                          | 3.0%                                              | 3.0%                                        |
| Bank Loans                                                | 3.0%                                              | 3.0%                                        |
| Emerging Market Bonds                                     | -                                                 | 3.0%                                        |
| <b>Rate Sensitive</b>                                     |                                                   |                                             |
| Short-Term Treasury Inflation-Protected Securities (TIPS) | 5.0%                                              | 3.0%                                        |
| Investment Grade Bonds                                    | 7.0%                                              | 15.0%                                       |
| Long-Term Government Bonds                                | -                                                 | 5.0%                                        |
| <b>Private Markets</b>                                    |                                                   |                                             |
| Private Equity                                            | 10.0%                                             | -                                           |
| Private Credit                                            | 5.0%                                              | -                                           |
| Core Private Real Estate                                  | 5.0%                                              | -                                           |
| Private Infrastructure                                    | 2.0%                                              | -                                           |
| <b>Risk Mitigating Strategies</b>                         |                                                   |                                             |
| Global Macro                                              | 10.0%                                             | -                                           |
|                                                           | <u>100.0%</u>                                     | <u>100.0%</u>                               |



**CITY AND COUNTY OF SAN FRANCISCO**  
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June 30, 2025  
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**(c) Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City's Treasury pool and investments held by fiscal agents do not value any of its investments using Level 3 inputs). The inputs or methodology used for valuing securities are not an indication of risk associated with investing in those securities.

The following is a summary of inputs used in valuing the City's investments as of June 30, 2025:

|                                            | Fair Value<br>6/30/2025 | Fair Value Measurements Using                                       |                                                           |                                     |
|--------------------------------------------|-------------------------|---------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------|
|                                            |                         | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
| <b>Primary Government:</b>                 |                         |                                                                     |                                                           |                                     |
| <b>Investments in City Treasury:</b>       |                         |                                                                     |                                                           |                                     |
| U.S. Treasuries                            | \$ 3,884,689            | \$ -                                                                | \$ 3,884,689                                              | \$ -                                |
| U.S. Agencies - Coupon (no call option)    | 4,830,358               | -                                                                   | 4,830,358                                                 | -                                   |
| U.S. Agencies (callable option)            | 1,763,684               | -                                                                   | 1,763,684                                                 | -                                   |
| Corporate Notes                            | 189,375                 | -                                                                   | 189,375                                                   | -                                   |
| Negotiable Certificates of Deposit         | 3,288,320               | -                                                                   | 3,288,320                                                 | -                                   |
| Supranationals                             | 235,598                 | -                                                                   | 235,598                                                   | -                                   |
| Commercial Paper                           | 1,233,923               | -                                                                   | 1,233,923                                                 | -                                   |
| Public Time Deposits                       | 60,000 *                | -                                                                   | -                                                         | -                                   |
| Money Market Mutual Funds                  | 2,416,987 *             | -                                                                   | -                                                         | -                                   |
| Secured Bank Deposit                       | 358,433 *               | -                                                                   | -                                                         | -                                   |
| Subtotal Investments in City Treasury      | <u>18,261,367</u>       | <u>\$ -</u>                                                         | <u>\$ 15,425,947</u>                                      | <u>\$ -</u>                         |
| <b>Investments Outside City Treasury:</b>  |                         |                                                                     |                                                           |                                     |
| (Governmental and Business-Type)           |                         |                                                                     |                                                           |                                     |
| U.S. Treasury Notes                        | \$ 711,606              | \$ 711,606                                                          | \$ -                                                      | \$ -                                |
| U.S. Treasury SLGS                         | 17,167                  | 17,167                                                              | -                                                         | -                                   |
| U.S. Agencies                              | 273,735                 | -                                                                   | 273,735                                                   | -                                   |
| State and Local Agencies                   | 5,635                   | -                                                                   | 5,635                                                     | -                                   |
| Corporate Notes                            | 39,262                  | -                                                                   | 39,262                                                    | -                                   |
| Supranationals                             | 887                     | -                                                                   | 887                                                       | -                                   |
| Negotiable Certificates of Deposit         | 5,586                   | -                                                                   | 5,586                                                     | -                                   |
| Commercial Paper                           | 24,765                  | 24,765                                                              | -                                                         | -                                   |
| Commercial Paper                           | 1,239 *                 | -                                                                   | -                                                         | -                                   |
| Certificates of Deposit                    | 200 *                   | -                                                                   | -                                                         | -                                   |
| U.S. Treasury Money Market Funds           | 189,797 *               | -                                                                   | -                                                         | -                                   |
| Money Market Mutual Funds                  | 744,802 *               | -                                                                   | -                                                         | -                                   |
| Subtotal Investments Outside City Treasury | <u>2,014,681</u>        | <u>\$ 753,538</u>                                                   | <u>\$ 325,105</u>                                         | <u>\$ -</u>                         |

\* Not subject to fair value hierarchy

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

|                                                                  | Fair Value<br>6/30/2025 | Fair Value Measurements Using                                       |                                                           |                                     |
|------------------------------------------------------------------|-------------------------|---------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------|
|                                                                  |                         | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
| <b>Employees' Retirement System Investments</b>                  |                         |                                                                     |                                                           |                                     |
| Short-Term Investments                                           | \$ 351,469              | \$ 346,461                                                          | \$ 5,008                                                  | \$ -                                |
| Debt Securities:                                                 |                         |                                                                     |                                                           |                                     |
| U.S. Government and Agency Securities                            | 2,169,628               | 2,140,020                                                           | 29,608                                                    | -                                   |
| Other Debt Securities                                            | 1,329,036               | 77,781                                                              | 1,062,513                                                 | 188,742                             |
| Equity Securities:                                               |                         |                                                                     |                                                           |                                     |
| Domestic Equity                                                  | 3,676,570               | 3,675,555                                                           | 1,015                                                     | -                                   |
| International Equity                                             | 1,586,592               | 1,586,592                                                           | -                                                         | -                                   |
| Foreign Currency Contracts, net                                  | (2,866)                 | -                                                                   | (2,866)                                                   | -                                   |
| Invested Securities Lending Collateral                           | 847,489                 | -                                                                   | 735,256                                                   | 112,233                             |
| Subtotal                                                         | <u>9,957,918</u>        | <u>\$ 7,826,409</u>                                                 | <u>\$ 1,830,534</u>                                       | <u>\$ 300,975</u>                   |
| <b>Investments measured at the net asset value (NAV)</b>         |                         |                                                                     |                                                           |                                     |
| Short-Term Investments                                           | 2,425                   |                                                                     |                                                           |                                     |
| Fixed Income invested in:                                        |                         |                                                                     |                                                           |                                     |
| Other Debt Securities                                            | 201,097                 |                                                                     |                                                           |                                     |
| Equity Funds invested in:                                        |                         |                                                                     |                                                           |                                     |
| Domestic                                                         | 5,358,092               |                                                                     |                                                           |                                     |
| International                                                    | 636,633                 |                                                                     |                                                           |                                     |
| Real Assets                                                      | 5,079,195               |                                                                     |                                                           |                                     |
| Private Credit                                                   | 3,398,891               |                                                                     |                                                           |                                     |
| Private Equity                                                   | 10,088,382              |                                                                     |                                                           |                                     |
| Absolute Return                                                  | 3,573,142               |                                                                     |                                                           |                                     |
| Total investments measured at the NAV                            | <u>28,337,857</u>       |                                                                     |                                                           |                                     |
| Subtotal Investments in Employees' Retirement System *           | <u>38,295,775</u>       |                                                                     |                                                           |                                     |
| <b>Retiree Health Care Trust Investments measured at the NAV</b> |                         |                                                                     |                                                           |                                     |
| Short-Term Investments                                           | 16,801                  |                                                                     |                                                           |                                     |
| Fixed Income:                                                    |                         |                                                                     |                                                           |                                     |
| Debt Securities                                                  | 336,410                 |                                                                     |                                                           |                                     |
| Equities:                                                        |                         |                                                                     |                                                           |                                     |
| Domestic                                                         | 508,356                 |                                                                     |                                                           |                                     |
| International                                                    | 351,598                 |                                                                     |                                                           |                                     |
| Private Equity                                                   | 85,536                  |                                                                     |                                                           |                                     |
| Real Estate                                                      | 34,622                  |                                                                     |                                                           |                                     |
| Private Credit                                                   | 29,538                  |                                                                     |                                                           |                                     |
| Infrastructure                                                   | 29,633                  |                                                                     |                                                           |                                     |
| Risk Mitigating Strategies                                       | 135,829                 |                                                                     |                                                           |                                     |
| Subtotal Investments in Retiree Health Care Trust *              | <u>1,528,323</u>        |                                                                     |                                                           |                                     |
| <b>Total Investments</b>                                         | <u>\$ 60,100,146</u>    |                                                                     |                                                           |                                     |

\* Excludes investments with City Treasury



**CITY AND COUNTY OF SAN FRANCISCO**  
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***Investments Held in City Treasury***

U.S. Treasury Bills and Notes totaling \$3.88 billion, U.S. Government Agencies totaling \$6.59 billion, Negotiable Certificates of Deposit totaling \$3.29 billion, Supranationals totaling \$235.6 million, Commercial Paper totaling \$1.23 billion, and Corporate Notes totaling \$189.4 million in fiscal year 2025, are valued using a variety of techniques such as matrix pricing, market corroborated pricing inputs such as yield curve, indices, and other market related data and are classified in Level 2 of the fair value hierarchy.

Public Time Deposits totaling \$60.0 million, Money Market Funds totaling \$2.42 billion, and Secured Bank Deposits totaling \$358.4 million in fiscal year 2025, have maturities of one year or less from fiscal year end and are exempt from Statement No. 72.

***Investments Held Outside City Treasury***

U.S. Treasuries and Commercial Paper 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. Money Market Mutual Funds, Certificates of Deposit, and certain Commercial Paper are not subject to the fair value hierarchy.

***Employees' Retirement System Investments***

**Investments at Fair Value**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In some cases, a valuation technique may have multiple inputs used to measure fair value, and each input might fall into a different level of the fair value hierarchy. The level in the fair value hierarchy within which a fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the measurement. The prices used in determining the fair value hierarchy are obtained from various pricing sources by the Retirement System's custodian bank.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the various pricing vendors for these securities. Debt securities including short-term instruments are priced based on evaluated prices. Such evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities. For equity securities not traded on an active exchange, or if the closing price is not available, corroborated indicative quotes obtained from pricing vendors are generally used. Debt and equity securities classified in Level 3 of the fair value hierarchy are securities whose stated market prices are unobservable by the 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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

The fair value of the Retirement System's investments in private equity, real assets, private credit, absolute return, and some public equity investments are based on NAV provided by the investment managers or 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 generally audited annually as of December 31, and the NAV is adjusted by additional contributions to and distributions from the partnership, the Retirement System's share of net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partners.

The General Partners may use one or more valuation methodologies outlined in FASB ASC 820, *Fair Value Measurement*. For some investments, little market activity may exist. The General Partners' determination of fair value is then based on the best information available in the circumstances and may involve subjective assumptions and estimates, including the General Partners' assessment of the information that market participants would use in valuing the investments. The General Partners may take into consideration a combination of internal and external factors, including but not limit to, appropriate risk adjustments for nonperformance and liquidity. Such fair value estimates involve subjective judgments of unrealized gains and losses.

The values provided by the General Partners may differ significantly from the values that would have been used had a ready market existed for these investments.

Private credit investment strategies include capital preservation, return maximization, and opportunistic. Investments in the asset class are achieved primarily through limited partnerships. Private credit investments are mostly illiquid, and distributions are received over the life of the investments. These investments are not typically redeemed, nor do they have set redemption schedules.

There are public equity investments held in commingled funds valued at NAV. These investments may be subject to varying lock-up provisions and redemption schedules.

Real asset investments strategies include real estate, natural resources, and infrastructure. Investments in the asset class are achieved primarily through limited partnerships, but may also include direct and co-investment opportunities. Real asset investments are mostly illiquid, and distributions are received over the life of the investments, which could equal or exceed ten years. These investments are not typically redeemed, nor do they have set redemption schedules.

Private equity investment strategies include buyout, venture capital, growth capital, and special situations. Investments in the asset class are achieved primarily through limited partnerships, but may also include direct and co-investment opportunities. Private equity investments are mostly illiquid, and distributions are received over the life of the investments, which could equal or exceed ten years. These investments are not typically redeemed, nor do they have set redemption schedules.

Absolute return investment strategies include equity, credit, macro, emerging markets, quantitative, multi-strategy, special situations/other, co-investments and commodities. Investments are achieved through limited partnerships, limited liability companies, and corporations. 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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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The table below provides a summary of the terms and conditions upon which the Retirement System may redeem its debt and equity funds, private equity, real assets, private credit, and absolute return investments.

| Investment Type | NAV as of June 30, 2025 (Dollars in thousands) | Unfunded Commitment (Dollars in thousands) | Redemption Frequency                                           | Redemption Notice Period                                                  | NAV Lock Up and Years (Dollars in thousands)                     |
|-----------------|------------------------------------------------|--------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------|
| Debt securities | \$45,069                                       | N/A                                        | Monthly                                                        | On a business day (BD) at least 15 days prior to the last BD of the month |                                                                  |
|                 | 156,028                                        |                                            | Daily                                                          | 1 business day                                                            |                                                                  |
| Total:          | <b>\$201,097</b>                               |                                            |                                                                |                                                                           |                                                                  |
|                 | 227,823                                        | N/A                                        | Annually                                                       | 60 calendar days                                                          |                                                                  |
|                 | 1,476,251                                      |                                            | Monthly                                                        | 30 calendar days                                                          |                                                                  |
|                 | 34,832                                         |                                            | Semi-annually*                                                 | 30 calendar days                                                          |                                                                  |
|                 | 665,234                                        |                                            | Quarterly                                                      | 45 calendar days                                                          |                                                                  |
|                 | 87,367                                         |                                            | Quarterly                                                      | 60 calendar days                                                          |                                                                  |
| Public equity   | 1,151,855                                      |                                            | Quarterly                                                      | 90 calendar days                                                          | \$554,415 / No lock up                                           |
|                 | 153,420                                        |                                            | Semi-annually                                                  | 60 calendar days                                                          | \$537,440 / Lock up ends fiscal year 2026                        |
|                 | 36,313                                         |                                            | Semi-annually*                                                 | 60 calendar days                                                          |                                                                  |
|                 | 470,809                                        |                                            | Semi-annually                                                  | 90 calendar days                                                          |                                                                  |
|                 | 452,033                                        |                                            | Semi-monthly                                                   | 6 business days                                                           |                                                                  |
|                 | 1,178,148                                      |                                            | Semi-monthly                                                   | 9 business days                                                           |                                                                  |
| Total:          | <b>\$5,994,725</b>                             |                                            |                                                                |                                                                           |                                                                  |
|                 | 2,012,370                                      | \$61,389                                   | Monthly                                                        | 5-95 days                                                                 | No lock up                                                       |
| Absolute return | 1,016,738                                      |                                            | Quarterly                                                      | 45-180 days                                                               | \$653,913 No lock up                                             |
|                 | 507,190                                        |                                            | Semi-annually                                                  | 60-90 days                                                                | \$176,502 < 1 Year                                               |
|                 | 36,844                                         |                                            | N/A                                                            | N/A                                                                       | \$186,323 < 2 Years                                              |
| Total:          | <b>\$3,573,142</b>                             |                                            |                                                                |                                                                           | No lock up                                                       |
| Real assets     | 631,940                                        | 1,325,919                                  | Quarterly, subject to available liquidity                      | 90 calendar days                                                          | N/A                                                              |
|                 | 4,447,255                                      |                                            | Illiquid                                                       | N/A                                                                       | N/A                                                              |
| Total:          | <b>\$5,079,195</b>                             |                                            |                                                                |                                                                           |                                                                  |
|                 | 111,318                                        | 2,284,643                                  | Capital returned on a realized basis                           | 90 days                                                                   | One year hard lock followed by one year soft lock (both expired) |
|                 | 388,370                                        |                                            | Capital returned on a realized basis                           | 90 days                                                                   | One year hard lock (expired)                                     |
|                 | 13,144                                         |                                            | Capital returned on a realized basis                           | upon request                                                              | No lock up                                                       |
| Private credit  | 511,000                                        |                                            | Capital returned on a realized basis subject to 3-year maximum | 180 days                                                                  | N/A                                                              |
|                 | 61,160                                         |                                            | Quarterly, subject to 33% investor-level gate                  | 30 days                                                                   | One year hard lock (expired)                                     |
|                 | 2,313,893                                      |                                            | Illiquid                                                       | N/A                                                                       | N/A                                                              |
| Total:          | <b>\$3,398,891</b>                             |                                            |                                                                |                                                                           |                                                                  |
| Private equity  | 10,086,382                                     | 3,249,713                                  | Illiquid                                                       | N/A                                                                       | N/A                                                              |

\* The Retirement System has requested full redemption as of June 30, 2025. Proceeds are expected as remaining investments are sold.

**Retiree Health Care Trust Fund**

**Investments at Net Asset Value (NAV)**

At June 30, 2025, the RHCTF had cash and investments in the City Treasury pool, commingled funds, mutual funds, and money market funds. The funds are priced at net asset value (NAV) by industry vendors and fund families. NAV is the fair value of all securities owned by a fund, minus its total liabilities, divided by the number of shares issued and outstanding.

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The fair value of the RHCTF's investments in private equity, real estate, private credit, risk mitigating, and infrastructure are based on NAV provided by the investment managers and general partners (hereinafter collectively referred to as the "General Partners"). Such value generally represents the RHCTF's proportionate share of the net assets of the limited partnerships. The partnership financial statements are audited annually as of December 31 and the NAV is adjusted by additional contributions to and distributions from the partnership, the RHCTF's share of net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partners.

The General Partners may use one or more valuation methodologies outlined in FASB ASC 820, *Fair Value Measurement*. For some investments, little market activity may exist. The General Partners' determination of fair value is then based on the best information available in the circumstances and may involve subjective assumptions and estimates, including the General Partners' assessment of the information that market participants would use in valuing the investments. The General Partners may take into consideration a combination of internal and external factors, including but not limit to, appropriate risk adjustments for nonperformance and liquidity. Such fair value estimates involve subjective judgments of unrealized gains and losses.

The values provided by the General Partners may differ significantly from the values that would have been used had a ready market existed for these investments.

**(d) Investment Risks**

**Custodial Credit Risk - Deposits**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The California Government Code requires California banks and savings and loan associations to secure the City's deposits not covered by FDIC insurance by pledging government and/or local agency securities as collateral. The fair value of such pledged securities must equal at least 110% and be of the type authorized in California Government Code, Section 53651 (a) through (i). The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the City's name. At June 30, 2025, all banks with funds deposited by the Treasurer secured deposits with sufficient collateral or FDIC insurance.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. Information about the sensitivity to the fair values of the City's investments to interest rate fluctuations is provided by the following tables, which shows the distribution of the City's investments by maturity. The Retirement System's and Retiree Health Care Trust Fund's interest rate risk information is discussed in sections (f) and (g), respectively, of this note.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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|                                            |                  |                      | Investment Maturities |                     |                  |                          |
|--------------------------------------------|------------------|----------------------|-----------------------|---------------------|------------------|--------------------------|
|                                            | S&P Rating       | Fair Value           | Less than<br>1 year   | 1 to 5<br>years     | 5 to 10<br>years | More<br>than 10<br>years |
| Primary Government:                        |                  |                      |                       |                     |                  |                          |
| Investments in City Treasury:              |                  |                      |                       |                     |                  |                          |
| U.S. Treasury Notes                        | AA+              | \$ 3,884,689         | \$ 1,425,177          | \$ 2,459,512        | \$ -             | \$ -                     |
| U.S. Agencies                              | AA+              | 6,594,042            | 1,509,708             | 5,084,334           | -                | -                        |
| Negotiable Certificates of Deposit         | A-1, A-1+        | 3,288,320            | 3,288,320             | -                   | -                | -                        |
| Money Market Mutual Funds                  | AAAm             | 2,416,987            | 2,416,987             | -                   | -                | -                        |
| Public Time Deposits                       | NR               | 60,000               | 60,000                | -                   | -                | -                        |
| Supranationals                             | AAA              | 235,598              | 147,704               | 87,894              | -                | -                        |
| Commercial Paper                           | A-1, A-1+        | 1,233,923            | 1,233,923             | -                   | -                | -                        |
| Corporate Notes                            | AAA, AA+, A+, A  | 189,375              | 11,699                | 177,676             | -                | -                        |
| Secured Bank Deposit                       | NR               | 358,433              | 358,433               | -                   | -                | -                        |
| Less: Employees' Retirement System         |                  |                      |                       |                     |                  |                          |
| Investments with City Treasury             | n/a              | (10,923)             | (6,226)               | (4,697)             | -                | -                        |
| Less: Retiree Health Care Trust            |                  |                      |                       |                     |                  |                          |
| Investments with City Treasury             | n/a              | (2,782)              | (2,782)               | -                   | -                | -                        |
| Subtotal pooled investments                |                  | <u>18,247,662</u>    | <u>\$ 10,442,943</u>  | <u>\$ 7,804,719</u> | <u>\$ -</u>      | <u>\$ -</u>              |
| Investments Outside City Treasury:         |                  |                      |                       |                     |                  |                          |
| (Governmental and Business - Type)         |                  |                      |                       |                     |                  |                          |
| U.S. Treasury Money Market Funds           | AAAm             | \$ 189,797           | \$ 189,797            | \$ -                | \$ -             | \$ -                     |
| U.S. Treasury Notes                        | AA+, A-1+        | 711,606              | 205,496               | 506,110             | -                | -                        |
| U.S. Treasury SLGS                         | NR               | 17,167               | 17,167                | -                   | -                | -                        |
| U.S. Agencies                              | AA+, A-1+        | 273,735              | 140,420               | 133,315             | -                | -                        |
| State and Local Agencies                   | AAA, AA, AA-, NR | 5,635                | 1,349                 | 4,286               | -                | -                        |
| Supranationals                             | AAA              | 887                  | -                     | 887                 | -                | -                        |
| Corporate Notes                            | AA, AA+, A+      | 39,262               | 14,236                | 25,026              | -                | -                        |
| Money Market Mutual Funds                  | AAAm, A-1        | 744,802              | 744,802               | -                   | -                | -                        |
| Commercial Paper                           | A-1+, A-1        | 26,004               | 26,004                | -                   | -                | -                        |
| Negotiable Certificates of Deposit         | A+               | 5,586                | -                     | 5,586               | -                | -                        |
| Certificates of Deposit                    | NR               | 200                  | 200                   | -                   | -                | -                        |
| Subtotal investments outside City Treasury |                  | <u>2,014,681</u>     | <u>\$ 1,339,471</u>   | <u>\$ 675,210</u>   | <u>\$ -</u>      | <u>\$ -</u>              |
| Retiree Health Care Trust Investments      |                  |                      |                       |                     |                  |                          |
|                                            |                  | 1,531,105            |                       |                     |                  |                          |
| Employees' Retirement System investments   |                  |                      |                       |                     |                  |                          |
|                                            |                  | <u>38,306,698</u>    |                       |                     |                  |                          |
| Total Investments                          |                  | <u>\$ 60,100,146</u> |                       |                     |                  |                          |

As of June 30, 2025, the investments in the City Treasury had a weighted average maturity of 487 days.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to pay the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The S&P Global Ratings (S&P) rating for each of the investment types are shown in the table above.

**Custodial Credit Risk - Investments**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments; however, it is the practice of the City Treasurer that all investments are insured, registered or held by the Treasurer's custodial agent in the City's name. The governmental and business-type activities also have investments with trustees related to the issuance of bonds that are uninsured, unregistered and held by the counterparty's trust departments but not in the City's name. These amounts are included in the investments outside City Treasury shown in the table above.

**Concentration of Credit Risk**

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code and/or its investment policy. U.S. Treasury and agency securities explicitly guaranteed by the U.S. government are not subject to single issuer limitation.

As of June 30, 2025, the City Treasurer has investments that represent 5.0% or more of the total Pool in the following:

|                               |       |
|-------------------------------|-------|
| Federal Farm Credit Bank..... | 19.6% |
| Federal Home Loan Bank .....  | 12.9% |

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, 2025:

|                                                                    |       |
|--------------------------------------------------------------------|-------|
| <b>Airport:</b>                                                    |       |
| Federal Home Loan Bank Discount Notes .....                        | 13.2% |
| Freddie Mac Multifamily Structured Pass-Through Certificates ..... | 12.6% |

|                                             |       |
|---------------------------------------------|-------|
| <b>Wastewater Enterprise:</b>               |       |
| Royal Bank of Canada Commercial Paper ..... | 20.8% |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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**(e) Treasurer's Pool**

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of and for the year ended June 30, 2025:

|                                                           |                      |
|-----------------------------------------------------------|----------------------|
| <b>Statement of Net Position</b>                          |                      |
| Net position held in trust for all pool participants..... | <u>\$ 18,271,276</u> |
| Equity of internal pool participants.....                 | <u>\$ 15,720,470</u> |
| Equity of external pool participants.....                 | <u>2,550,806</u>     |
| Total equity.....                                         | <u>\$ 18,271,276</u> |
| <b>Statement of Changes in Net Position</b>               |                      |
| Net position at July 1, 2024.....                         | \$ 16,226,987        |
| Net change in investments by pool participants.....       | <u>2,044,289</u>     |
| Net position at June 30, 2025.....                        | <u>\$ 18,271,276</u> |

The following provides a summary of key investment information for the Treasurer's Pool as of June 30, 2025:

| Type of Investment                              | Rates         | Maturities              | Par Value            | Carrying Value       |
|-------------------------------------------------|---------------|-------------------------|----------------------|----------------------|
| <b>Pooled Investments:</b>                      |               |                         |                      |                      |
| U.S. Treasury Notes.....                        | 0.53% - 4.62% | 07/17/2025 - 04/30/2030 | \$ 3,912,000         | \$ 3,884,689         |
| U.S. Agencies.....                              | 0.57% - 5.38% | 08/18/2025 - 06/14/2030 | 6,602,845            | 6,594,042            |
| Public Time Deposits.....                       | 4.29% - 4.34% | 07/07/2025 - 12/15/2025 | 60,000               | 60,000               |
| Negotiable Certificates of Deposit.....         | 4.29% - 5.09% | 07/01/2025 - 06/15/2026 | 3,288,000            | 3,288,320            |
| Commercial Paper.....                           | 4.27% - 4.59% | 07/10/2025 - 03/09/2026 | 1,252,000            | 1,233,923            |
| Corporate Notes.....                            | 3.71% - 4.84% | 11/03/2025 - 06/05/2028 | 189,595              | 189,375              |
| Money Market Mutual Funds.....                  | 4.22% - 4.29% | 07/01/2025 - 07/01/2025 | 2,416,987            | 2,416,987            |
| Supranationals.....                             | 0.75% - 4.47% | 07/15/2025 - 02/15/2029 | 235,723              | 235,598              |
| Secured Bank Deposit.....                       | 4.35% - 4.35% | 07/01/2025 - 07/01/2025 | 358,433              | 358,433              |
|                                                 |               |                         | <u>\$ 18,315,583</u> | <u>18,261,367</u>    |
| Carrying amount of deposits with Treasurer..... |               |                         |                      | <u>9,909</u>         |
| Total cash and investments with Treasurer.....  |               |                         |                      | <u>\$ 18,271,276</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
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June 30, 2025  
(Dollars in Thousands)

**(f) Retirement System's Investments**

The Retirement System's investments as of June 30, 2025, are summarized as follows:

|                                        |                      |
|----------------------------------------|----------------------|
| Fixed Income Investments:              |                      |
| Short-term investments                 | \$ 353,894           |
| City investment pool                   | 10,923               |
| Debt securities:                       |                      |
| U.S. government and agency securities  | 2,169,628            |
| Other debt securities                  | <u>1,530,133</u>     |
| Subtotal debt securities               | <u>3,699,761</u>     |
| Total fixed income investments         | <u>4,064,578</u>     |
| Equity securities:                     |                      |
| Domestic                               | 9,034,662            |
| International                          | <u>2,223,225</u>     |
| Total equities securities:             | <u>11,257,887</u>    |
| Real assets                            | 5,079,195            |
| Private credit                         | 3,398,891            |
| Private equity                         | 10,088,382           |
| Absolute return                        | 3,573,142            |
| Foreign currency contracts, net        | (2,866)              |
| Invested securities lending collateral | <u>847,489</u>       |
| Total Retirement System Investments    | <u>\$ 38,306,698</u> |

**Interest Rate Risk**

The Retirement System does not have a specific policy to manage interest rate risk. Below is a table depicting the segmented time distribution for fixed income investments based upon the expected maturity (in years) as of June 30, 2025:

| Investment Type                       | Fair Value         | Maturities       |                     |                     |                   |
|---------------------------------------|--------------------|------------------|---------------------|---------------------|-------------------|
|                                       |                    | Less than 1 year | 1-5 years           | 6-10 years          | 10+ years         |
| Asset-Backed Securities               | \$ 18,275          | \$ -             | \$ 4,637            | \$ 756              | \$ 12,882         |
| Bank Loans                            | 187,269            | 450              | 88,940              | 97,879              | -                 |
| City Investment Pool                  | 10,923             | 6,226            | 4,697               | -                   | -                 |
| Collateralized Bonds                  | 10,256             | -                | -                   | 3,735               | 6,521             |
| Commercial Mortgage-Backed            | 94,431             | 327              | 3,991               | 10,815              | 79,298            |
| Commingled and Other                  |                    |                  |                     |                     |                   |
| Fixed Income Funds                    | 284,383            | 4,538            | 56,437              | 98,899              | 124,509           |
| Corporate Bonds                       | 621,796            | 9,287            | 254,494             | 266,788             | 91,227            |
| Corporate Convertible Bonds           | 2,963              | 566              | 2,095               | 302                 | -                 |
| Government Bonds                      | 2,355,105          | 90,431           | 1,345,745           | 788,110             | 130,819           |
| Government Mortgage-Backed Securities | 26,833             | -                | -                   | -                   | 26,833            |
| Municipal/Provincial Bonds            | 2,771              | 2,437            | 335                 | (1)                 | -                 |
| Non-Government Backed                 |                    |                  |                     |                     |                   |
| Collateralized Mortgage Obligations   | 117,572            | -                | -                   | -                   | 117,572           |
| Options                               | (11)               | (11)             | -                   | -                   | -                 |
| Short-Term Investment Funds           | 353,894            | 353,894          | -                   | -                   | -                 |
| Swaps*                                | (22,521)           | (23,014)         | 150                 | 69                  | 274               |
| Total                                 | <u>\$4,063,939</u> | <u>\$445,131</u> | <u>\$ 1,761,521</u> | <u>\$ 1,267,352</u> | <u>\$ 589,935</u> |

\*\$640 Credit default swaps are excluded because they are not subject to interest rate risk.

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**Credit Risk**

Fixed income investment managers retained by the Retirement System follow specific investment guidelines and are evaluated against specific market benchmarks that represent their investment style. Fixed income managers typically are limited within their portfolios to no more than 5% exposure in any single security, with the exception of United States Treasury and government agency securities. The Retirement System's credit risk policy is embedded in the individual investment manager guidelines.

Investments are classified and rated using the lower of (1) S&P Global Ratings (S&P) rating or (2) Moody's Investors Service (Moody's) rating corresponding to the equivalent S&P rating. If only a Moody's rating is available, the rating equivalent to S&P is used for the purpose of this disclosure.

The following table illustrates the Retirement System's exposure to credit risk as of June 30, 2025. Investments issued or explicitly guaranteed by the U.S. government of \$2.14 billion as of June 30, 2025, are exempt from the credit rating disclosures and are excluded from the table below.

| Credit Rating | Fair Value          | Fair Value as a Percentage of Total |
|---------------|---------------------|-------------------------------------|
| AAA           | \$ 368,860          | 19.2%                               |
| AA            | 16,262              | 0.8%                                |
| A             | 59,395              | 3.1%                                |
| BBB           | 189,350             | 9.9%                                |
| BB            | 278,123             | 14.5%                               |
| B             | 379,497             | 19.8%                               |
| CCC           | 71,019              | 3.7%                                |
| CC            | 4,148               | 0.2%                                |
| C             | 111                 | 0.0%                                |
| D             | 5,967               | 0.3%                                |
| Not Rated     | 547,866             | 28.5%                               |
| Total         | <u>\$ 1,920,598</u> | <u>100.0%</u>                       |

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 5.6% for 2025.

**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, 2025, the Retirement System had no investments of a single issuer that equaled or exceeded 5% of total Retirement System's investments or net position.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government may not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Retirement System does not have a specific policy addressing custodial credit risk for investments, but investments are generally insured, registered, or held by the Retirement System or its agent in the Retirement System's name. As of June 30, 2025, \$202.0 million of the Retirement System's investments were exposed to custodial credit risk because

**CITY AND COUNTY OF SAN FRANCISCO**  
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they were not insured or registered in the name of the Retirement System, and were held by the counterparty's trust department or agent but not in the Retirement System's name.

**Foreign Currency Risk**

The Retirement System's exposure to foreign currency risk derives from its positions in foreign currency denominated cash, equity, fixed income, private equity, real assets, and private credit. The Retirement System's investment policy allows public equity and debt separate account managers with international mandates to enter into foreign exchange contracts in the course of implementing their investment mandates.

The Retirement System's net exposures to foreign currency risk as of June 30, 2025, are as follows:

| Currency              | Cash           | Equities           | Fixed Income     | Private Equities | Real Assets      | Private Credit   | Foreign Currency Contracts | Total              |
|-----------------------|----------------|--------------------|------------------|------------------|------------------|------------------|----------------------------|--------------------|
| Australian dollar     | \$ -           | \$ 6,828           | \$ 326           | \$ 37,661        | \$ 15,471        | \$ -             | \$ (293)                   | \$ 59,993          |
| Brazil real           | -              | 11,422             | 9,276            | -                | -                | -                | 1,980                      | 22,678             |
| Canadian dollar       | -              | 27,097             | 13               | -                | -                | -                | 679                        | 27,789             |
| Chilean peso          | -              | -                  | 611              | -                | -                | -                | 176                        | 787                |
| Chinese yuan renminbi | -              | 7,498              | 6,075            | -                | -                | -                | (1,346)                    | 12,227             |
| Colombian peso        | -              | -                  | 6,739            | -                | -                | -                | (1,620)                    | 5,119              |
| Czech koruna          | -              | -                  | 43               | -                | -                | -                | 2,374                      | 2,417              |
| Danish krone          | -              | 60,643             | -                | -                | -                | -                | 293                        | 60,936             |
| Dominican Rep peso    | -              | -                  | 2,391            | -                | -                | -                | (1,361)                    | 1,030              |
| Egyptian pound        | 5,008          | -                  | -                | -                | -                | -                | 639                        | 5,647              |
| Euro                  | -              | 552,685            | 83,882           | 132,862          | 436,022          | 168,261          | (74,338)                   | 1,299,374          |
| Hong Kong dollar      | -              | 52,688             | -                | -                | -                | -                | (21)                       | 52,667             |
| Hungarian forint      | -              | 3,393              | 3,460            | -                | -                | -                | 1,168                      | 8,021              |
| Indian rupee          | -              | 32,568             | 2,193            | -                | -                | -                | 4,620                      | 39,581             |
| Indonesian rupiah     | -              | 2,630              | 4,746            | -                | -                | -                | 4,590                      | 11,966             |
| Israeli shekel        | -              | -                  | 210              | -                | -                | -                | (208)                      | 2                  |
| Japanese yen          | -              | 110,505            | 4,443            | -                | 32,343           | -                | 1,361                      | 148,652            |
| Kazakhstan tenge      | -              | -                  | -                | -                | -                | -                | 86                         | 86                 |
| Kuwaiti dinar         | -              | -                  | -                | -                | -                | -                | (731)                      | (731)              |
| Malaysian ringgit     | -              | -                  | 7,411            | -                | -                | -                | (2,767)                    | 4,644              |
| Mexican peso          | -              | 4,530              | 7,476            | -                | -                | -                | 1,604                      | 13,610             |
| New Taiwan dollar     | -              | 75,616             | -                | -                | -                | -                | 27                         | 75,643             |
| New Zealand dollar    | -              | -                  | -                | -                | -                | -                | 72                         | 72                 |
| Paraguayan guarani    | -              | -                  | 275              | -                | -                | -                | -                          | 275                |
| Peruvian sol          | -              | -                  | 4,023            | -                | -                | -                | (3,414)                    | 609                |
| Philippines peso      | -              | -                  | 1,678            | -                | -                | -                | (1,659)                    | 19                 |
| Polish zloty          | -              | 533                | 3,623            | -                | -                | -                | 3,561                      | 7,717              |
| Pound sterling        | -              | 208,745            | 7,077            | 87,690           | 57,638           | -                | (9,990)                    | 351,160            |
| Romanian leu          | -              | -                  | 4,919            | -                | -                | -                | 280                        | 5,199              |
| Serbian dinar         | -              | -                  | -                | -                | -                | -                | 144                        | 144                |
| Singapore dollar      | -              | 4,613              | -                | -                | -                | -                | (73)                       | 4,540              |
| South African rand    | -              | 6,113              | 12,359           | -                | -                | -                | (5,159)                    | 13,313             |
| South Korean won      | -              | 19,897             | -                | -                | -                | -                | 4,912                      | 24,809             |
| Swedish krona         | -              | 53,180             | -                | -                | -                | -                | 254                        | 53,434             |
| Swiss franc           | -              | 92,158             | -                | -                | -                | -                | (137)                      | 92,021             |
| Thailand baht         | -              | 963                | 3,094            | -                | -                | -                | 1,210                      | 5,267              |
| Turkish lira          | -              | 1,397              | 4,346            | -                | -                | -                | 1,427                      | 7,170              |
| UAE dirham            | -              | 4,652              | -                | -                | -                | -                | (43)                       | 4,609              |
| Uruguayan peso        | -              | -                  | 3,531            | -                | -                | -                | -                          | 3,531              |
| Total                 | <u>\$5,008</u> | <u>\$1,340,354</u> | <u>\$184,220</u> | <u>\$258,213</u> | <u>\$541,474</u> | <u>\$168,261</u> | <u>\$ (71,503)</u>         | <u>\$2,426,027</u> |

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**Money-Weighted Rate of Return**

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of investment expenses, adjusted for the changing amounts actually invested, was 8.47%.

**Derivative Instruments**

As of June 30, 2025, the derivative instruments held by the Retirement System are considered investments and not hedges for accounting purposes. The gains and losses arising from this activity are recognized as incurred in the statement of changes in fiduciary net position. All investment derivatives discussed below are included within the investment risk schedules, which precede this subsection. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

The fair value of the exchange traded derivative instruments, such as futures, options, rights, and warrants are based on quoted market prices. The fair values of forward foreign currency contracts are determined using a pricing service, which uses published foreign exchange rates as the primary source. The fair values of swaps are determined by the Retirement System's investment managers based on quoted market prices of the underlying investment instruments or by an external pricing service using various proprietary methods.

The table below presents the notional amounts, the fair values, and the related net appreciation (depreciation) in the fair value of derivative instruments that were outstanding at June 30, 2025.

| Derivative Type / Contracts | Notional Amount | Fair Value | Net Appreciation (Depreciation) in Fair Value |
|-----------------------------|-----------------|------------|-----------------------------------------------|
| Forwards                    |                 |            |                                               |
| Foreign Exchange Contracts  | \$ 282,035      | \$ (2,866) | \$ (2,419)                                    |
| Futures                     |                 |            |                                               |
| Bond Futures Long           | 56,558          | 64         | (136)                                         |
| Bond Futures Short          | (757)           | 3          | 23                                            |
| Equity Index Futures Long   | 5,816           | 200        | 202                                           |
| Treasury Futures Long       | 85,249          | 1,132      | 937                                           |
| Treasury Futures Short      | (12,472)        | (233)      | (222)                                         |
| Options                     |                 |            |                                               |
| Credit Contracts            | -               | -          | 2                                             |
| Interest Rate Contracts     | -               | (19)       | (5)                                           |
| Foreign Exchange Contracts  | 307             | 7          | 9                                             |
| Treasury Options            | -               | (3)        | -                                             |
| Swaps                       |                 |            |                                               |
| Credit Contracts            | 19,198          | 640        | 115                                           |
| Currency Contracts          | -               | -          | (109)                                         |
| Interest Rate Contracts     | 245,818         | 449        | 70                                            |
| Total Return Contracts      | 350,226         | (22,971)   | (22,988)                                      |
| Rights/Warrants             |                 |            |                                               |
| Equity Contracts            | 83,576 shares   | 88,811     | 9,376                                         |
| Total                       |                 | \$ 65,214  | \$ (15,145)                                   |

All investment derivatives are reported as investments at fair value in the statement of fiduciary net position. Rights, warrants, and equity index futures are reported in equity securities. Foreign exchange contracts are reported in foreign currency contracts, which also include spot contracts that are not derivatives. All other derivative contracts are reported in other debt securities. All changes in fair value are reported as net appreciation (depreciation) in fair value of investments in the statement of changes in fiduciary net position.

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**Counterparty Credit Risk**

The Retirement System is exposed to credit risk on non-exchange traded derivative instruments that are in asset positions. The table below presents those investments being classified and rated using the lower of (1) S&P Global Ratings (S&P) rating or (2) Moody's Investors Service (Moody's) rating corresponding to the equivalent S&P rating. If only a Moody's rating is available, the rating equivalent to S&P is used for the purpose of this disclosure.

| Credit Rating | Fair Value |
|---------------|------------|
| AA            | \$ 430     |
| A             | 2,867      |
| BBB           | 540        |
| Total         | \$ 3,837   |

**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, 2025, 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, 2025.

| Derivative Type / Contracts | Fair Value  | Maturities       |           |            |           |
|-----------------------------|-------------|------------------|-----------|------------|-----------|
|                             |             | Less than 1 year | 1-5 years | 6-10 years | 10+ years |
| Futures                     |             |                  |           |            |           |
| Treasury Futures Long       | \$ 1,132    | \$ 1,132         | \$ -      | \$ -       | \$ -      |
| Treasury Futures Short      | (233)       | (233)            | -         | -          | -         |
| Options                     |             |                  |           |            |           |
| Interest Rate Contracts     | (19)        | (19)             | -         | -          | -         |
| Foreign Exchange Contracts  | 7           | 7                | -         | -          | -         |
| Treasury                    | (3)         | (3)              | -         | -          | -         |
| Swaps                       |             |                  |           |            |           |
| Interest Rate Contracts     | 449         | (44)             | 150       | 69         | 274       |
| Total Return Contracts      | (22,971)    | (22,971)         | -         | -          | -         |
| Total                       | \$ (21,638) | \$ (22,131)      | \$ 150    | \$ 69      | \$ 274    |

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The following table details the reference rate, notional amount, and fair value of interest rate swaps that are highly sensitive to changes in interest rates as of June 30, 2025:

| Investment Type    | Reference Rate                                    | Notional Value    | Fair Value    |
|--------------------|---------------------------------------------------|-------------------|---------------|
| Interest Rate Swap | Receive Fixed 0.57%, Pay Variable 6-Month WIBOR   | \$ 1,411          | \$(9)         |
| Interest Rate Swap | Receive Fixed 1.50%, Pay Variable 3-Month PBOC    | 2,028             | 3             |
| Interest Rate Swap | Receive Fixed 2.25%, Pay Variable 6-Month EURIBOR | 4,461             | (8)           |
| Interest Rate Swap | Receive Fixed 2.56%, Pay Variable 6-Month BUBOR   | 2,049             | (81)          |
| Interest Rate Swap | Receive Fixed 3.15%, Pay Variable 6-Month PRIBOR  | 1,016             | (21)          |
| Interest Rate Swap | Receive Fixed 3.36%, Pay Variable 6-Month PRIBOR  | 1,786             | (21)          |
| Interest Rate Swap | Receive Fixed 3.50%, Pay Variable 1-Day SONIA     | 6,441             | (41)          |
| Interest Rate Swap | Receive Fixed 3.50%, Pay Variable 3-Month KLIBOR  | 266               | 4             |
| Interest Rate Swap | Receive Fixed 3.75%, Pay Variable 6-Month CORRA   | 1,246             | 7             |
| Interest Rate Swap | Receive Fixed 4.00%, Pay Variable 1-Day SOFR      | 76,500            | 469           |
| Interest Rate Swap | Receive Fixed 4.50%, Pay Variable 1-Day SOFR      | 26,800            | 349           |
| Interest Rate Swap | Receive Fixed 4.65%, Pay Variable 6-Month WIBOR   | 3,293             | 56            |
| Interest Rate Swap | Receive Fixed 4.68%, Pay Variable 6-Month PRIBOR  | 641               | 38            |
| Interest Rate Swap | Receive Fixed 4.72%, Pay Variable 6-Month PRIBOR  | 513               | 17            |
| Interest Rate Swap | Receive Fixed 4.74%, Pay Variable 6-Month PRIBOR  | 902               | 30            |
| Interest Rate Swap | Receive Fixed 4.75%, Pay Variable 6-Month BBSW    | 4,063             | 69            |
| Interest Rate Swap | Receive Fixed 4.98%, Pay Variable 6-Month CLICP   | 919               | 14            |
| Interest Rate Swap | Receive Fixed 5.26%, Pay Variable 3-Month JIBAR   | 647               | -             |
| Interest Rate Swap | Receive Fixed 5.43%, Pay Variable 6-Month WIBOR   | 1,301             | 38            |
| Interest Rate Swap | Receive Fixed 5.60%, Pay Variable 3-Month COOVIBR | 83                | (18)          |
| Interest Rate Swap | Receive Fixed 5.88%, Pay Variable 6-Month BUBOR   | 353               | (3)           |
| Interest Rate Swap | Receive Fixed 6.00%, Pay Variable 6-Month MIBOR   | 5,886             | 64            |
| Interest Rate Swap | Receive Fixed 6.39%, Pay Variable 6-Month BUBOR   | 587               | 7             |
| Interest Rate Swap | Receive Fixed 6.55%, Pay Variable 6-Month BUBOR   | 1,731             | 32            |
| Interest Rate Swap | Receive Fixed 6.65%, Pay Variable 6-Month BUBOR   | 137               | 3             |
| Interest Rate Swap | Receive Fixed 7.37%, Pay Variable 3-Month JIBAR   | 163               | -             |
| Interest Rate Swap | Receive Fixed 7.56%, Pay Variable 3-Month JIBAR   | 162               | 1             |
| Interest Rate Swap | Receive Fixed 7.57%, Pay Variable 3-Month JIBAR   | 371               | 4             |
| Interest Rate Swap | Receive Fixed 7.81%, Pay Variable 3-Month JIBAR   | 177               | 4             |
| Interest Rate Swap | Receive Fixed 9.03%, Pay Variable 3-Month COOVIBR | 851               | 14            |
| Interest Rate Swap | Receive Fixed 10.79%, Pay Variable 1-Day BIDOR    | 1,264             | (65)          |
| Interest Rate Swap | Receive Fixed 11.46%, Pay Variable 1-Day BIDOR    | 1,521             | (42)          |
| Interest Rate Swap | Receive Fixed 13.29%, Pay Variable 1-Day BIDOR    | 1,851             | 9             |
| Interest Rate Swap | Receive Fixed 13.32%, Pay Variable 1-Day BIDOR    | 202               | 1             |
| Interest Rate Swap | Receive Fixed 13.93%, Pay Variable 1-Day BIDOR    | 3,151             | (8)           |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.00%      | 700               | 7             |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.25%      | 8,000             | 298           |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.75%      | 14,600            | (128)         |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.84%      | 200               | (4)           |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.87%      | 100               | (2)           |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.88%      | 100               | (2)           |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.89%      | 50                | (1)           |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.90%      | 4,444             | (87)          |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.91%      | 200               | (4)           |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.93%      | 100               | (2)           |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 3.98%      | 200               | (5)           |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 4.00%      | 41,650            | (206)         |
| Interest Rate Swap | Receive Variable 1-Day SOFR, Pay Fixed 4.50%      | 14,400            | (344)         |
| Interest Rate Swap | Receive Variable 3-Month JIBAR, Pay Fixed 7.65%   | 326               | (5)           |
| Interest Rate Swap | Receive Variable 3-Month JIBAR, Pay Fixed 7.70%   | 2,597             | (42)          |
| Interest Rate Swap | Receive Variable 3-Month THB, Pay Fixed 2.00%     | 867               | (31)          |
| Interest Rate Swap | Receive Variable 6-Month CLICP, Pay Fixed 5.67%   | 857               | (25)          |
| Interest Rate Swap | Receive Variable 6-Month EURIBOR, Pay Fixed 2.25% | 1,068             | 111           |
| Interest Rate Swap | Receive Variable 6-Month EURIBOR, Pay Fixed 2.45% | 117               | 2             |
| Interest Rate Swap | Receive Variable 6-Month EURIBOR, Pay Fixed 2.51% | 117               | 1             |
| Interest Rate Swap | Receive Variable 6-Month EURIBOR, Pay Fixed 2.53% | 235               | 1             |
| Interest Rate Swap | Receive Variable 6-Month EURIBOR, Pay Fixed 2.55% | 117               | 1             |
|                    |                                                   | <u>\$ 245,818</u> | <u>\$ 449</u> |

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**Foreign Currency Risk**

At June 30, 2025, 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, 2025:

| Currency              | Forwards           | Options     | Swaps         | Futures      | Total              |
|-----------------------|--------------------|-------------|---------------|--------------|--------------------|
| Australian Dollar     | \$ (293)           | \$ -        | \$ 69         | \$ 154       | \$ (70)            |
| Brazil real           | 1,980              | -           | (105)         | -            | 1,875              |
| Canadian dollar       | 679                | -           | 7             | 7            | 693                |
| Chilean peso          | 176                | -           | (11)          | -            | 165                |
| Chinese yuan renminbi | (1,345)            | -           | 2             | -            | (1,343)            |
| Colombian peso        | (1,620)            | -           | (4)           | -            | (1,624)            |
| Czech koruna          | 2,374              | -           | 43            | -            | 2,417              |
| Danish krone          | 293                | -           | -             | -            | 293                |
| Dominican Rep peso    | (1,361)            | -           | -             | -            | (1,361)            |
| Egyptian pound        | 639                | -           | -             | -            | 639                |
| Euro                  | (74,338)           | 6           | 220           | (54)         | (74,166)           |
| Hong Kong dollar      | (21)               | -           | -             | -            | (21)               |
| Hungarian forint      | 1,168              | -           | (41)          | -            | 1,127              |
| Indian rupee          | 4,820              | -           | 63            | -            | 4,883              |
| Indonesian rupiah     | 4,590              | -           | -             | -            | 4,590              |
| Israeli shekel        | (208)              | -           | -             | -            | (208)              |
| Japanese yen          | 1,361              | -           | -             | -            | 1,361              |
| Kazakhstan tenge      | 86                 | -           | -             | -            | 86                 |
| Kuwaiti dinar         | (731)              | -           | -             | -            | (731)              |
| Malaysian ringgit     | (2,767)            | -           | 4             | -            | (2,763)            |
| Mexican peso          | 1,604              | -           | -             | -            | 1,604              |
| New Taiwan dollar     | 27                 | -           | -             | -            | 27                 |
| New Zealand dollar    | 72                 | -           | -             | -            | 72                 |
| Peruvian sol          | (3,414)            | -           | -             | -            | (3,414)            |
| Philippines peso      | (1,659)            | -           | -             | -            | (1,659)            |
| Polish zloty          | 3,561              | -           | 86            | -            | 3,647              |
| Pound sterling        | (9,990)            | -           | (41)          | (40)         | (10,071)           |
| Romanian leu          | 280                | -           | -             | -            | 280                |
| Serbian dinar         | 144                | -           | -             | -            | 144                |
| Singapore dollar      | (73)               | -           | -             | -            | (73)               |
| South African rand    | (5,159)            | (6)         | (38)          | -            | (5,203)            |
| South Korean won      | 4,912              | -           | -             | -            | 4,912              |
| Swedish krona         | 254                | -           | -             | -            | 254                |
| Swiss franc           | (137)              | -           | -             | -            | (137)              |
| Thailand baht         | 1,210              | -           | (32)          | -            | 1,178              |
| Turkish lira          | 1,427              | -           | -             | -            | 1,427              |
| UAE dirham            | (43)               | -           | -             | -            | (43)               |
| Total                 | <u>\$ (71,502)</u> | <u>\$ -</u> | <u>\$ 222</u> | <u>\$ 67</u> | <u>\$ (71,213)</u> |

**Contingent Features**

At June 30, 2025, the Retirement System held no positions in derivatives containing contingent features.



**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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**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 100% to 110% depending on security type.

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, 2025, 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, 2025, the Retirement System has lent \$2.22 billion in securities and received collateral of \$847.2 million and \$1.53 billion in cash and securities, respectively, from borrowers. The cash collateral is invested in a separate account managed by the lending agent using investment guidelines approved by the Retirement Board. Due to the increase in the fair value of assets held in the separately managed account, the Retirement System's invested cash collateral was valued at \$847.5 million. The net unrealized gain of \$0.3 million is presented as part of the net appreciation in fair value of investments in the statement of changes in fiduciary net position in the year in which the unrealized gains and losses occur. The Retirement System is exposed to investment risk including the possible loss of principal value in the separately managed cash collateral reinvestment account due to the fluctuation in the fair value of the assets held in the account.

The Retirement System's securities lending transactions as of June 30, 2025 are summarized in the following table.

|                                                   | Fair Value of<br>Loaned<br>Securities | Cash<br>Collateral | Fair Value of<br>Non-Cash<br>Collateral |
|---------------------------------------------------|---------------------------------------|--------------------|-----------------------------------------|
| <b>Securities on Loan for Cash Collateral</b>     |                                       |                    |                                         |
| U.S. Corporate Fixed Income                       | \$ 154,964                            | \$ 158,412         | \$ -                                    |
| U.S. Equities                                     | 163,431                               | 166,515            | -                                       |
| U.S. Government Fixed Income                      | 473,094                               | 478,753            | -                                       |
| International Fixed Income                        | 15,758                                | 16,512             | -                                       |
| International Equities                            | 25,383                                | 27,019             | -                                       |
| <b>Securities on Loan for Non-Cash Collateral</b> |                                       |                    |                                         |
| U.S. Corporate Fixed Income                       | 15,909                                | -                  | 17,124                                  |
| U.S. Equities                                     | 243,103                               | -                  | 259,866                                 |
| U.S. Government Fixed Income                      | 1,022,813                             | -                  | 1,130,182                               |
| International Fixed Income                        | 20,353                                | -                  | 21,208                                  |
| International Equities                            | 87,640                                | -                  | 98,667                                  |
|                                                   | <u>\$ 2,222,448</u>                   | <u>\$ 847,211</u>  | <u>\$ 1,527,047</u>                     |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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The following table presents the segmented time distribution for the reinvested cash collateral account based upon the expected maturity (in years) as of June 30, 2025.

| Investment Type                | Fair Value        | Maturities        |
|--------------------------------|-------------------|-------------------|
|                                |                   | Less Than 1 Year  |
| Asset Backed                   | \$ 3,013          | \$ 3,013          |
| Certificate of Deposit         | 355,523           | 355,523           |
| Commercial Paper               | 168,344           | 168,344           |
| Corporate Bonds                | 68,723            | 68,723            |
| Tri-party Repurchase Agreement | 251,053           | 251,053           |
| Cash                           | 833               | 833               |
| Total *                        | <u>\$ 847,489</u> | <u>\$ 847,489</u> |

\*This figure includes \$5 advanced funds for a return settled late due to timing of lending and investment activities.

The Retirement System's exposure to credit risk in its reinvested cash collateral account as of June 30, 2025 is as follows:

| Credit Rating | Fair Value        | Fair Value as a<br>Percentage of Total |
|---------------|-------------------|----------------------------------------|
| A-1           | \$ 103,253        | 12.2%                                  |
| AA            | 66,370            | 7.8%                                   |
| A             | 425,980           | 50.3%                                  |
| Not Rated *   | 251,886           | 29.7%                                  |
| Total         | <u>\$ 847,489</u> | <u>100.0%</u>                          |

\*This figure includes \$251,053 in tri-party repurchase agreements and \$833 in payable.

**Investments in Real Assets**

Real assets investments represent the Retirement System's interests in real assets limited partnerships and separate accounts. The changes in these investments during the year ended June 30, 2025, are summarized as follows:

|                                |                     |
|--------------------------------|---------------------|
| Beginning of the year          | \$ 5,208,475        |
| Capital investments            | 358,908             |
| Equity in net earnings         | (75,418)            |
| Net appreciation in fair value | 128,635             |
| Capital distributions          | (541,405)           |
| End of the year                | <u>\$ 5,079,195</u> |



**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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**(g) Retiree Health Care Trust Fund**

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The RHCTF does not have a specific policy to manage interest rate risk, however it invests in a diversified portfolio of stocks, bonds, private investments, and risk mitigation strategies with a goal of reducing sensitivity to any one interest rate regime.

As of June 30, 2025, the weighted average maturities in years for the RHCTF's fixed income investments were as follows:

| Investment Type                     | Weighted Average<br>Maturity in Years | Fair Value |
|-------------------------------------|---------------------------------------|------------|
| US Debt Index Fund                  | 8.1                                   | \$ 137,533 |
| Government Bond Index Fund          | 22.1                                  | 2,618      |
| Inflation Protected Debt Index Fund | 2.5                                   | 83,598     |
| Emerging Markets Debt Fund          | 10.4                                  | 1,557      |
| Multi-Sector Debt Fund              | 7.4                                   | 111,083    |
| City Investment Pool                | 1.3                                   | 2,782      |
| Treasury Money Market Fund          | 0.1                                   | 16,801     |

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The RHCTF's investments in the US Debt Index Fund, Government Bond Index Fund, Inflation Protected Debt Index Fund, Emerging Markets Debt Fund, Multi-Sector Debt Fund, City investment pool, and Treasury Money Market Fund are not rated. Although those funds may invest in rated securities, and securities issued or explicitly guaranteed by the U.S. Government that are exempt from the credit rating disclosures, the funds do not themselves have a specific credit rating.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Securities issued or explicitly guaranteed by the U.S. Government and pooled investments are exempt from this disclosure. As of June 30, 2025, the RHCTF had only commingled funds and a partnership investment that equaled or exceeded 5% of the plan's fiduciary net position. However, there is no position within the funds or partnership investment that has equal to or greater than 5% at the issuer level and likely very little, if any, overlap.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the RHCTF would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The RHCTF does not have a specific policy addressing custodial credit risk for investments, but investments are generally insured, registered, or held by the RHCTF's custodial agent in the RHCTF's name. As of June 30, 2025, none of the RHCTF's investments were exposed to custodial credit risk because they were either insured or registered in the name of the RHCTF and were held by the custodian bank's trust department or agent. Investments in the City pool are held by the City's custodial agent and are not subject to custodial credit risk.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**Foreign Currency Risk**

The RHCTF allows investments in international equity and debt. 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, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 9.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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**(6) PROPERTY TAXES**

The City is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state law. Property taxes are levied on both real and personal property. Liens for secured property taxes attach on January 1st preceding the fiscal year for which taxes are levied. Secured property taxes are levied on the first business day of September and are payable in two equal installments: the first is due on November 1st and delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th. Secured property taxes that are delinquent and unpaid as of June 30th are subject to redemption penalties, costs, and interest when paid. If not paid at the end of five years, the secured property may be sold at public auction and the proceeds used to pay delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Unsecured personal property taxes do not represent a lien on real property. Those taxes are levied on January 1st and become delinquent with penalties after August 31st. Supplemental property tax assessments associated with changes in the assessed valuation due to transfer of ownership in property or upon completion of new construction are levied in two equal installments and have variable due dates based on the date the bill is mailed.

Since the passage of California's Proposition 13, beginning with fiscal year 1978-1979, general property taxes are based either on a flat 1.0% rate applied to the adjusted 1975-1976 value of the property and new construction value added after the 1975-1976 valuation or on a flat 1.0% rate of the sales price of the property for changes in ownership. Taxable values on properties (exclusive of increases related to sales and construction) can rise or be adjusted at the lesser of 2.0% per year or the inflation rate as determined by the Board of Equalization's California Consumer Price Index.

The Proposition 13 limitations on general property taxes do not limit taxes levied to pay the interest and redemption charges on any indebtedness approved by the voters prior to June 6, 1978 (the date of passage of Proposition 13). Proposition 13 was amended in 1986 to allow property taxes in excess of the 1.0% tax rate limit to fund general obligation bond debt service when such bonds are approved by two-thirds of the local voters. In 2000, California voters approved Proposition 39, which set the approval threshold at 55.0% for school facilities-related bonds. These "override" taxes for the City's debt service amounted to approximately \$337.1 million for the year ended June 30, 2025.

Taxable valuation for the year ended June 30, 2025, (net of non-reimbursable exemptions, reimbursable exemptions, and tax increment allocations to the Successor Agency) was approximately \$326.29 billion, an increase of 3.1% compared to the prior fiscal year. The secured tax rate was \$1.1714 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 \$0.1714 for voter-approved bond debt service for four of the taxing entities. Delinquencies in the current year on secured taxes and unsecured taxes amounted to 1.40% and 2.24%, respectively, of the current year tax levy, for an average delinquency rate of 1.44% of the current year tax levy.

As established by the Teeter Plan, the Controller allocates to the City and other agencies 100.0% of the secured annual and escape property taxes billed but not yet collected by the City; in return, as the delinquent property taxes and associated penalties and interest are collected, the City retains such tax amounts in the custodial fund. To the extent the custodial fund balances are higher than required; transfers may be made to benefit the City's General Fund on a budgetary basis. The balance of the tax loss reserve as of June 30, 2025, was \$38.5 million, which is included in the custodial fund for reporting purposes. The City has funded payment of accrued and current delinquencies, together with the required reserve, from interfund borrowing.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**(7) CAPITAL ASSETS**

**Primary Government**

Capital asset activity of the primary government for the year ended June 30, 2025, was as follows:

|                                                             | Balance<br>July 1,<br>2024 | Increases <sup>(1)</sup> | Decreases <sup>(1)</sup> | Balance<br>June 30,<br>2025 |
|-------------------------------------------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|
| <b>Governmental Activities:</b>                             |                            |                          |                          |                             |
| Capital assets, not being depreciated/amortized:            |                            |                          |                          |                             |
| Land.....                                                   | \$ 966,022                 | \$ 14,541                | \$ -                     | \$ 980,563                  |
| Intangible assets.....                                      | 906                        | -                        | -                        | 906                         |
| Construction in progress.....                               | 738,195                    | 312,489                  | (217,631)                | 833,053                     |
| Total capital assets, not being depreciated/amortized.....  | <u>1,705,123</u>           | <u>327,030</u>           | <u>(217,631)</u>         | <u>1,814,522</u>            |
| Capital assets, being depreciated/amortized:                |                            |                          |                          |                             |
| Facilities and improvements.....                            | 6,325,416                  | 79,052                   | -                        | 6,404,468                   |
| Machinery and equipment.....                                | 708,819                    | 33,898                   | (479)                    | 742,238                     |
| Infrastructure.....                                         | 1,823,576                  | 213,887                  | -                        | 2,037,463                   |
| Right-to-use assets <sup>(2)</sup> .....                    | 836,265                    | 116,163                  | (22,764)                 | 929,664                     |
| Intangible assets.....                                      | 160,607                    | 7,475                    | -                        | 168,082                     |
| Total capital assets, being depreciated/amortized.....      | <u>9,854,683</u>           | <u>450,475</u>           | <u>(23,243)</u>          | <u>10,281,915</u>           |
| Less accumulated depreciation/amortization for:             |                            |                          |                          |                             |
| Facilities and improvements.....                            | 2,019,973                  | 163,739                  | -                        | 2,183,712                   |
| Machinery and equipment.....                                | 563,267                    | 37,186                   | (479)                    | 599,974                     |
| Infrastructure.....                                         | 610,523                    | 86,992                   | -                        | 697,515                     |
| Right-to-use assets <sup>(2)</sup> .....                    | 233,843                    | 115,762                  | (19,375)                 | 330,230                     |
| Intangible assets.....                                      | 66,159                     | 11,882                   | -                        | 78,041                      |
| Total accumulated depreciation/amortization.....            | <u>3,493,765</u>           | <u>415,561</u>           | <u>(19,854)</u>          | <u>3,889,472</u>            |
| Total capital assets, being depreciated/amortized, net..... | <u>6,360,918</u>           | <u>34,914</u>            | <u>(3,389)</u>           | <u>6,392,443</u>            |
| Governmental activities capital assets, net.....            | <u>\$ 8,066,041</u>        | <u>\$ 361,944</u>        | <u>\$ (221,020)</u>      | <u>\$ 8,206,965</u>         |

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

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

|                                                            | Balance<br>July 1,<br>2024 | Increases <sup>(1)</sup> | Decreases <sup>(1)</sup> | Balance<br>June 30,<br>2025 |
|------------------------------------------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|
| <b>Total Business-type Activities:</b>                     |                            |                          |                          |                             |
| Capital assets, not being depreciated/amortized:           |                            |                          |                          |                             |
| Land.....                                                  | \$ 360,682                 | \$ -                     | \$ -                     | \$ 360,682                  |
| Intangible assets.....                                     | 12,043                     | -                        | -                        | 12,043                      |
| Construction in progress.....                              | 5,286,024                  | 2,670,735                | (1,887,771)              | 6,068,988                   |
| Total capital assets, not being depreciated/amortized..... | 5,658,749                  | 2,670,735                | (1,887,771)              | 6,441,713                   |
| Capital assets, being depreciated/amortized:               |                            |                          |                          |                             |
| Facilities and improvements.....                           | 24,554,987                 | 1,553,157                | (101,596)                | 26,006,548                  |
| Machinery and equipment.....                               | 4,456,102                  | 249,949                  | (151,771)                | 4,554,280                   |
| Infrastructure.....                                        | 4,246,964                  | 213,876                  | -                        | 4,460,840                   |
| Right-to-use assets <sup>(2)</sup> .....                   | 285,390                    | 26,423                   | (10,903)                 | 300,910                     |
| Intangible assets.....                                     | 116,761                    | 4,046                    | (21,544)                 | 99,263                      |
| Total capital assets, being depreciated/amortized.....     | 33,660,204                 | 2,047,451                | (285,814)                | 35,421,841                  |
| Less accumulated depreciation/amortization for:            |                            |                          |                          |                             |
| Facilities and improvements.....                           | 9,267,792                  | 627,525                  | (98,532)                 | 9,796,785                   |
| Machinery and equipment.....                               | 2,386,755                  | 280,647                  | (141,867)                | 2,525,535                   |
| Infrastructure.....                                        | 1,001,253                  | 100,426                  | -                        | 1,101,679                   |
| Right-to-use assets <sup>(2)</sup> .....                   | 57,165                     | 28,604                   | (6,635)                  | 79,134                      |
| Intangible assets.....                                     | 87,417                     | 3,136                    | (21,545)                 | 69,008                      |
| Total accumulated depreciation/amortization.....           | 12,800,382                 | 1,040,338                | (268,579)                | 13,572,141                  |
| Total capital assets, being depreciated/amortized, net     | 20,859,822                 | 1,007,113                | (17,235)                 | 21,849,700                  |
| Business-type activities capital assets, net.....          | <u>\$ 26,518,571</u>       | <u>\$ 3,677,848</u>      | <u>\$ (1,905,006)</u>    | <u>\$ 28,291,413</u>        |

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

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

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

|                                                                                                                       |                     |
|-----------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>Governmental Activities:</b>                                                                                       |                     |
| Public protection.....                                                                                                | \$ 31,600           |
| Public works, transportation and commerce.....                                                                        | 123,441             |
| Human welfare and neighborhood development.....                                                                       | 32,592              |
| Community health.....                                                                                                 | 65,045              |
| Culture and recreation.....                                                                                           | 60,619              |
| General administration and finance.....                                                                               | 73,251              |
| Capital assets held by the City's internal service funds<br>charged to the various functions on a prorated basis..... | 29,013              |
| Total depreciation/amortization expense - governmental activities.....                                                | <u>\$ 415,561</u>   |
| <b>Business-type Activities:</b>                                                                                      |                     |
| Airport.....                                                                                                          | \$ 414,926          |
| Water.....                                                                                                            | 159,900             |
| Power.....                                                                                                            | 28,397              |
| Transportation.....                                                                                                   | 288,340             |
| Hospitals.....                                                                                                        | 30,107              |
| Wastewater.....                                                                                                       | 86,476              |
| Port.....                                                                                                             | 32,192              |
| Total depreciation/amortization expense - business-type activities.....                                               | <u>\$ 1,040,338</u> |

Equipment is generally estimated to have useful lives of 2 to 40 years, except for certain equipment of the Water Enterprise that has an estimated useful life of up to 75 years. Facilities and improvements are generally estimated to have useful lives from 15 to 50 years, except for utility type assets of the Water Enterprise, Hetch Hetchy, the Wastewater Enterprise, the SFMTA, and the Port that have estimated useful lives from 51 to 175 years. These long-lived assets include reservoirs, aqueducts, pumping stations of Hetch Hetchy, Cable Car Barn facilities and structures of SFMTA, and pier substructures of the Port, which totaled \$8.07 billion as of June 30, 2025. Hetch Hetchy Water and Power had intangible assets of water rights having estimated useful lives from 51 to 100 years, which totaled \$45.6 million as of June 30, 2025. 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, 2025.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**Component Unit**

Capital asset activity of the component unit for the year ended June 30, 2025, was as follows:

|                                                   | Balance<br>July 1,<br>2024 | Increases  | Decreases | Balance<br>June 30,<br>2025 |
|---------------------------------------------------|----------------------------|------------|-----------|-----------------------------|
| <b>Treasure Island Development Authority:</b>     |                            |            |           |                             |
| Capital assets, not being depreciated:            |                            |            |           |                             |
| Land.....                                         | \$ 34,344                  | \$ -       | \$ -      | \$ 34,344                   |
| Construction in progress.....                     | 502                        | -          | -         | 502                         |
| Total capital assets, not being depreciated.....  | 34,846                     | -          | -         | 34,846                      |
| Capital assets, being depreciated:                |                            |            |           |                             |
| Facilities and improvements.....                  | 56,812                     | -          | -         | 56,812                      |
| Machinery and equipment.....                      | 2,871                      | 8          | -         | 2,879                       |
| Infrastructure.....                               | 32,565                     | -          | -         | 32,565                      |
| Total capital assets, being depreciated.....      | 92,248                     | 8          | -         | 92,256                      |
| Less accumulated depreciation for:                |                            |            |           |                             |
| Facilities and improvements.....                  | 1,089                      | 1,740      | -         | 2,829                       |
| Machinery and equipment.....                      | 74                         | 146        | -         | 220                         |
| Infrastructure.....                               | 4,686                      | 2,368      | -         | 7,054                       |
| Total accumulated depreciation.....               | 5,849                      | 4,254      | -         | 10,103                      |
| Total capital assets, being depreciated, net..... | 86,399                     | (4,246)    | -         | 82,153                      |
| Component unit capital assets, net.....           | \$ 121,245                 | \$ (4,246) | \$ -      | \$ 116,999                  |

For the overall Treasure Island Development Project, construction began in late 2018, with the complete buildout of the project occurring over fifteen to twenty years. For additional information, refer to Note 15.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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**(8) BONDS, LOANS, LEASES AND OTHER PAYABLES**

The changes in short-term obligations for governmental and business-type activities for the year ended June 30, 2025, are as follows:

| Commercial Paper                                    | July 1,<br>2024 | Additional<br>Obligation | Current<br>Maturities | June 30,<br>2025 |
|-----------------------------------------------------|-----------------|--------------------------|-----------------------|------------------|
| <b>Governmental activities:</b>                     |                 |                          |                       |                  |
| Multiple Capital Projects.....                      | \$ 33,314       | \$348,931                | \$ (338,698)          | \$ 43,547        |
| Governmental activities short-term obligations....  | \$ 33,314       | \$348,931                | \$ (338,698)          | \$ 43,547        |
| <b>Business-type activities:</b>                    |                 |                          |                       |                  |
| San Francisco International Airport .....           | \$ -            | \$375,000                | \$ (375,000)          | \$ -             |
| San Francisco Water Enterprise.....                 | 190,000         | 142,400                  | (312,400)             | 20,000           |
| Hetch Hetchy Water and Power.....                   | 90,654          | 78,679                   | -                     | 169,333          |
| San Francisco Wastewater Enterprise .....           | 341,373         | 648                      | (342,021)             | -                |
| Business-type activities short-term obligations.... | \$622,027       | \$596,727                | \$(1,029,421)         | \$189,333        |

City and County of San Francisco Commercial Paper Program

The City launched a commercial paper (CP) program to pay for project costs in connection with the acquisition, improvement, renovation and construction of real property and the acquisition of capital equipment and vehicles (Resolution No. 85-09) in March 2009, when the Board of Supervisors established a \$150.0 million commercial paper program. Pursuant to Resolution 247-13, the authorization of the commercial paper program was increased from \$150.0 million to \$250.0 million in July 2013. The City currently has revolving credit agreements (RCA) supporting the \$250.0 million program.

CP is an alternative form of short-term (or interim) financing for certain capital projects, vehicles and equipment, that permits the City to pay project costs as project expenditures are incurred. The CP has a fixed maturity date from one to 270 days and in the City's general practice, matures between 14 to 90 days. On the maturity date of a CP note, the note may be rolled (or refinanced) with the re-issuance of CP notes for additional periods of up to 270 days until the CP is refunded with the issuance of long-term obligations.

The City issues CP in series based on the bank providing the applicable credit facility. The City's CP program has had several credit facilities. The issuance of Commercial Paper Certificates of Participation Series 1&2 (Series 1&2) is supported by an RCA issued by Wells Fargo Bank (WFB RCA) in the maximum principal and interest commitment not to exceed \$150.0 million and \$13.5 million, respectively. The WFB RCA will only support the Commercial Paper Certificates of Participation Series 2 and it will not support in any respect the payment of the principal of and interest with respect to any Series 1 Commercial Paper Certificates. Additionally, no letter of credit, revolving line of credit, or similar facility established by any bank or financial institution with respect to any other obligation of the City is anticipated to be available in any respect to pay the principal of, and interest with respect to any Series 1 CP Certificates. The WFB RCA stipulates a quarterly commitment fee of 0.25%, on the maintenance of ratings of at least "AA+" by S&P and "Aa1" by Moody's. The WFB RCA is scheduled to expire on March 30, 2026.

The Commercial Paper Certificates of Participation Series 3 (Series 3) is supported by an RCA with Bank of the West (BOTW RCA), in the maximum principal and interest commitment not to exceed \$100.0 million and \$9.0 million, respectively. The BOTW RCA stipulates a semiannual commitment fee of 0.12%, on the maintenance of ratings at least "AA-" by Fitch, "AA-" by S&P, and "Aa3" by Moody's. The BOTW RCA is scheduled to expire on April 30, 2026.

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In fiscal year 2025, the City issued \$348.9 million and retired \$338.7 million of CP notes to provide interim financing for the development, acquisition, construction or rehabilitation of affordable rental housing projects; to finance and refinance capital projects at certain HOPE SF properties; to fund approved capital improvement projects, including but not limited to certain projects generally known as the Homeless Services Center, Laguna Honda Hospital Wings Reuse Project, and AITC Immunization and Travel Clinic Relocation; to finance critical repairs, renovations and improvements to City-owned buildings, facilities, streets and works utilized by various City departments; and local economic stimulus projects, generally consisting of repairs, renovations, improvements and street reconstruction, repaving and other improvements; to provide financing for the acquisition of police vehicles; and to finance and refinance improvement and equipping of certain existing real property including the existing Hall of Justice facilities and related facilities. As of June 30, 2025, the outstanding principal of taxable and tax-exempt CP of governmental activities was \$12.7 million and \$30.8 million with an interest rate of 4.45% and 2.68%, respectively.

Events of default under the RCA for Commercial Paper Series 2, consist of failure by the City to pay any Reimbursement Obligation or interest thereon to the Bank; failure by the City to perform certain covenants, including the failure to make rental payments under the Sublease, which is an agreement by which the City is obligated to make annual rental payments to a trustee by leasing back City-owned property from the trustee; the City fails to make payment on any other Special Lease Obligation Debt; City files for bankruptcy or has certain types of involuntary cases or proceedings filed against it that remain undismissed or unstayed for 60 days; a non-appealable judgment or legislation or order or decree invalidates the Agreement or Certificates; City is downgraded below investment grade; City sustains unsatisfied judgment of \$25.0 million or more. Upon the occurrence and during the continuance of an Event of Default, advances and all other amounts outstanding under the credit facility shall bear interest at the default rate, the Commitment shall automatically and immediately terminate with respect to all outstanding Certificates and the Bank's obligation to make any Revolving Loan or Advances shall terminate; the Bank may exercise any other rights or remedies available by law or under contract. The RCA for Series 2 has no acceleration provision.

Events of default under the RCA for Commercial Paper Series 3, consist of failure by the City to pay any Reimbursement Obligation to the Bank; failure by the City to perform certain covenants, including the failure to make rental payments under the Sublease, which is an agreement by which the City is obligated to make annual rental payments to a trustee by leasing back City-owned property from the trustee; the City fails to make payment on any other material debt; City or trustee files for bankruptcy or has certain types of involuntary cases or proceedings filed against it that remain undismissed or unstayed for 60 days; City is downgraded below "BBB+/Baa1"; City sustains unsatisfied judgment of \$25.0 million or more; the IRS declares the interest taxable with respect to any Certificate issued as tax-exempt; any governmental authority of appropriate jurisdiction declares a moratorium with respect to any of the debt of the City. Upon the occurrence of an event of default under the RCA, the Credit Bank may terminate the RCA. No additional Certificates shall be issued, the available Commitment shall immediately be reduced to the then outstanding principal amount of Certificates, and the available Commitment shall further be reduced in a similar manner as and when such Certificates mature. Revolving Bank Certificate, and some or all of Reimbursement Obligations or other Obligations may be converted to Term Loans at the Default Rate. For any special event of default, the RCA shall automatically and immediately terminate with respect to all outstanding Certificates, and the Bank shall have no obligation to make any revolving loan. The RCA for Series 3 has no acceleration provision.

San Francisco International Airport

In May 1997, the Airport adopted Resolution No. 97-0146, as amended, and supplemented (the 1997 Note Resolution), authorizing the issuance of subordinate CP notes in an aggregate principal amount not to exceed the lesser of \$600.0 million or the stated amount of the letter(s) of credit (LOC) securing the CP notes.

The Airport issues CP notes 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

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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 the Trust Indenture.

Net Revenues are generally defined in the 1997 Note Resolution as all revenues earned by the Airport from or with respect to its construction, possession, management, supervision, maintenance, extension, operation, use and control of the Airport (not including certain amounts specified in the 1997 Note Resolution), less Operation and Maintenance Expenses (as defined in the 1997 Note Resolution).

The CP notes are special, limited obligations of the Airport, and the payment of the principal of, and interest on the CP 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 1997 Note Resolution, subject to the prior payment of principal of and interest on the Senior Bonds. The CP notes are secured on a parity with any other bonds or other obligations from time to time outstanding under the 1997 Note Resolution.

As of June 30, 2025, the CP program was supported by six direct-pay LOC with a combined maximum stated principal amount of \$600.0 million, from Bank of America, N.A. (\$100.0 million, expires April 28, 2028), Sumitomo Mitsui Banking Corporation, acting through its New York Branch (\$100.0 million, expires April 7, 2027), BMO Bank N.A. (\$100.0 million, expires April 30, 2027), Sumitomo Mitsui Banking Corporation, acting through its New York Branch (\$100.0 million, expires June 6, 2028), Barclays Bank PLC (\$125.0 million, expires April 23, 2027), and Bank of America, N.A. (\$75.0 million, expires May 4, 2026). Each of the LOC supports a separate subseries of CP notes.

As of June 30, 2025, there were no obligations outstanding under the 1997 Note Resolution. In February 2025, the Series 2025A/B/C Bonds funded an escrow to repay \$371.0 million of CP notes as an in-substance defeasance. This escrow repaid the \$371.0 million of CP notes, plus interest due thereupon, in May 2025.

During fiscal year 2024-25, the Airport issued new money CP notes in the aggregate principal amount of \$302.5 million (AMT), \$68.5 million (Non-AMT), and \$4.0 million (Taxable) to fund capital improvement projects.

The following table summarizes CP Notes activity during the year ended June 30, 2025:

| Commercial Paper                 | Interest rate | July 1,<br>2024 | Increases         | Decreases           | June 30,<br>2025 |
|----------------------------------|---------------|-----------------|-------------------|---------------------|------------------|
| Commercial paper (Taxable).....  | 4.38% - 4.70% | \$ -            | \$ 4,000          | \$ (4,000)          | \$ -             |
| Commercial paper (AMT) .....     | 2.77% - 3.25% | -               | 302,500           | (302,500)           | -                |
| Commercial paper (Non-AMT) ..... | 2.75% - 3.15% | -               | 68,500            | (68,500)            | -                |
| Total                            |               | <u>\$ -</u>     | <u>\$ 375,000</u> | <u>\$ (375,000)</u> | <u>\$ -</u>      |

The table presents the CP notes' net increase and decrease activities during fiscal year 2024-25. Funds on deposit in an escrow from Series 2024 A/B/C Bonds issued in June 2024, repaid \$434.0 million of CP notes in August 2024. \$302.5 million of CP notes issued during fiscal year 2024-25 were repaid in May 2025, by proceeds escrowed from Series 2025A Bonds. \$68.5 million of CP notes issued during fiscal year 2024-25 were repaid in May 2025, by proceeds escrowed from Series 2025B Bonds. \$4.0 million of CP notes issued during fiscal year 2024-25 were repaid by Series 2025C Bonds proceeds in February 2025.

Events of default for the CP notes include nonpayment events, bankruptcy events, noncompliance with covenants, and default under the Trust Indenture. The CP notes are not subject to acceleration.

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Events of default with respect to the LOC supporting the CP notes include nonpayment events (both on CP notes and Senior Bonds), bankruptcy events, noncompliance with covenants, default on debt in excess of a specified threshold amount, default under the 1997 Note Resolution, or a determination of taxability of interest on the tax-exempt CP notes. A downgrade of the Airport's Senior Bonds to below "Baa1" by Moody's or "BBB+" by S&P or Fitch or the withdrawal or suspension of any such rating for credit related reasons is an event of termination with respect to all of the LOC supporting the CP notes. Remedies include the LOC bank's ability to stop issuance of the CP notes it supports and to require a final drawing on the LOC. If not repaid when due, drawings under the respective LOC supporting the CP notes are amortized over a three- or five-year period.

San Francisco Water Enterprise

The San Francisco Public Utilities Commission and the Board of Supervisors have authorized the overall Interim Funding Program issuance of up to \$500.0 million in CP pursuant to the voter-approved 2002 Proposition E. In December 2024, the Board of Supervisors approved an expansion of the Water Enterprise Interim Funding Program by \$250.0 million to a total Water Enterprise Interim Funding Program size of \$750.0 million. The program is made up of two components: (1) four series totaling \$550.0 million (aggregate principal amount) that are for the issuance of either tax-exempt or taxable CP and which are each supported by a high-grade bank credit facility in the form of a LOC or bank liquidity facility; and (2) two series totaling \$200.0 million direct bank loan that can be used to make tax-exempt or taxable draws from a high-grade bank pursuant to a revolving credit agreement. As of June 30, 2025, amounts outstanding under Proposition E were \$20.0 million. CP interest rates ranged from 2.6% to 4.4%.

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 the long-term, fixed-rate debt.

The CP notes can be issued in aggregate principal amounts of up to \$750.0 million and may be marketed and re-marketed with maturities up to 270 days and are secured by four separate bank LOC and two revolving notes, as set forth below. The CP notes and the revolving notes are payable from revenues and are secured on a parity lien basis with each other. The CP notes and the revolving notes, collectively, are secured on a basis subordinate to the payment of debt service on outstanding bonds and SRF Loans.

As of June 30, 2025, the CP notes are secured by the following series. Series A-1/A-1-T, has a \$100.0 million LOC from Sumitomo Mitsui Banking Corporation, acting through its New York Branch, which expires on February 15, 2030. The agreement for the Series A-1/A-1-T credit facility stipulates a quarterly commitment fee of 0.32%, on the maintenance of ratings of at least "AA" by S&P and "Aa3" by Moody's. Series A-2/A-2-T, has a \$200.0 million LOC from Sumitomo Mitsui Banking Corporation, acting through its New York Branch, which expires on June 15, 2027. The agreement for the Series A-2/A-2-T credit facility stipulates a quarterly commitment fee of 0.29%, on the maintenance of ratings of at least "AA-" by S&P and "Aa3" by Moody's. Series A-3/A-3-T, has a \$100.0 million LOC from Barclays Bank PLC which expires on July 15, 2027. The agreement for the Series A-3/A-3-T credit facility stipulates a quarterly commitment fee of 0.38%, on the maintenance of ratings of at least "AA-" by S&P and "Aa3" by Moody's. Series A-4/A-4-T has a \$150.0 million LOC from PNC Bank, National Association, which expires on February 17, 2028. The agreement for the Series A-4/A-4-T credit facility stipulates a quarterly commitment fee of 0.30% on the maintenance of ratings of at least "AA-" by S&P and "Aa3" by Moody's.

BofA Securities, Inc., J.P. Morgan Securities LLC and Wells Fargo Bank, National Association, serve as dealers for the CP notes. The annual fee paid to the dealer equals 0.05% of the average outstanding principal amount of the Notes managed by the Dealer.

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The revolving notes were issued pursuant to the following series. Series R-1/R-1-T has a \$100.0 million revolving credit agreement with U.S. Bank National Association which expires on July 16, 2027. The R-1/R-1-T revolving credit agreement stipulates an unutilized quarterly commitment fee of 0.23%, on the maintenance of ratings of at least "AA-" by S&P and "Aa3" by Moody's. Series R-2/R-2-T has a \$100.0 million revolving credit agreement with Wells Fargo Bank, National Association, which expires of March 3, 2028. The R-2/R-2-T revolving credit agreement stipulates an unutilized quarterly commitment fee of 0.25% on the maintenance of ratings of at least "AA-" by S&P and "Aa3" by Moody's. The revolving credit agreement had \$0 outstanding as of June 30, 2025.

The CP reimbursement agreement and the interim funding program revolving LOC for the Water Enterprise, contain a provision that in the event advances (or drawings) or loans remain unpaid, such advances (or drawings) or loans, will convert into term loans and will be subject to the repayment provisions relating thereto.

The Water Enterprise had \$730.0 million in unused authorization as of June 30, 2025.

Significant events of default include payment defaults; material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements (not cured within applicable grace periods); and bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amounts plus interest coverage, and/or termination of the respective agreement. As of June 30, 2025, there were no such events described herein.

Hetch Hetchy Water and Power

Effective March 2019, under Charter Sections 9.107(6) and 9.107(8), and 2018 Proposition A, the San Francisco Public Utilities Commission and Board of Supervisors authorized the issuance of up to \$250.0 million in CP for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities of Hetchy Power. In December 2024, the Board of Supervisors approved an expansion of the Power Enterprise Interim Funding Program size to \$450.0 million. Interest rates for the CP ranged from 2.7% to 3.7% in fiscal year 2024-25. Hetch Hetchy Water and Power had \$169.3 million CP outstanding and \$280.7 million in unused authorization as of June 30, 2025.

The CP notes can be issued in aggregate principal amounts of up to \$450.0 million and may be marketed and re-marketed with maturities up to 270 days. The program is made up of two components: (1) three series totaling \$350.0 million (aggregate principal amount) that are for the issuance of either tax-exempt or taxable CP and which are each supported by a high-grade bank credit facility in the form of a LOC or bank liquidity facility; and (2) one series totaling \$100.0 million as a direct bank loan that can be used to make tax-exempt or taxable draws from a high-grade bank pursuant to a revolving credit agreement. The CP notes are payable from revenues and are secured on a parity lien basis with each other and with the outstanding 2011 QECBs and 2015 NCREBs, collectively the "Subordinate Obligations." The Subordinate Obligations are secured on a subordinate basis to the payment of debt service on the Power Revenue Bonds.

As of June 30, 2025, the CP Notes are secured by the following series: Series A-1 is secured by a \$125.0 million LOC from Bank of America N.A. which expires on March 6, 2026. The agreement for the Series A-1 facility stipulates a quarterly commitment fee of 0.31%, on the maintenance of ratings of at least "AA-" by S&P and "AA-" by Fitch Ratings. Series A-2 is secured by \$125.0 million LOC from Bank of America N.A. which expires on March 6, 2026. The agreement for the Series A-2 credit facility stipulates a quarterly commitment fee of 0.29%, on the maintenance of ratings of at least "AA-" by S&P and "AA-" by Fitch Ratings. Series A-3/A-3-T is secured by a \$100.0 million LOC from Sumitomo Mitsui Banking Corporation which expires on February 15, 2030. The agreement for the Series A-3/A-3-T credit facility stipulates a quarterly commitment fee of 0.32%, on the maintenance of ratings of at least "AA-" by S&P and "AA-" by Fitch Ratings.



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Barclays Capital Inc., Goldman Sachs & Co. LLC, and RBC Capital Markets, LLC serve as dealers for the CP notes. The annual fee is 0.05% paid to Barclays Capital LLC and Goldman Sachs & Co. LLC and 0.045% paid to RBC Capital markets, LLC on the average outstanding principal amount of the CP notes managed by the respective dealer.

The revolving notes were issued pursuant to the following series. Series R-1/R-1-T has a \$100.0 million revolving credit agreement with Wells Fargo Bank N.A. which expires on March 3, 2028. The R-1/R-1-T revolving credit agreement stipulates an unutilized quarterly commitment fee of 0.25% on the maintenance of ratings of at least "AA-" by S&P and "AA-" by Fitch Ratings. The revolving credit agreement had \$0 outstanding as of June 30, 2025.

The CP reimbursement agreements and the interim funding program revolving LOC for the Hetch Hetchy Water and Power contain a provision that in the event advances (or drawings) or loans remain unpaid, such advances (or drawings) will convert into term loans and will be subject to the repayment provisions relating thereto.

Significant events of default include payment defaults; material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements (not cured within applicable grace periods); and bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2025, there were no such events described herein.

San Francisco Wastewater Enterprise

The San Francisco Public Utilities Commission and Board of Supervisors have authorized the overall Interim Funding Program issuance of up to \$750.0 million, pursuant to the voter-approved 2002 Proposition E. In December 2024, the Board of Supervisors approved an expansion of the Wastewater Enterprise Interim Funding Program by \$500.0 million for a total Wastewater Enterprise Interim Funding Program size of \$1.25 billion. The program is made up of three components: (1) five series totaling \$675.0 million (aggregate principal amount) that are for the issuance of either tax-exempt or taxable CP and which are each supported by a high-grade bank credit facility in the form of a LOC or bank liquidity facility; and (2) one series that is for a \$75.0 million direct bank loan that can be used to make tax-exempt or taxable draws from a high-grade bank pursuant to a revolving credit agreement; and (3) unused authority totaling \$500.0 million as of June 30, 2025. The Wastewater Enterprise had \$0 in CP outstanding as of June 30, 2025. The Wastewater Enterprise had \$1.25 billion in unused authorization as of June 30, 2025.

The CP notes can be issued or direct loan draws in the aggregate principal amounts of up to \$750.0 million and may be marketed and re-marketed with maturities up to 270 days (or if directly drawn, subject to repayment provisions per the respective agreements) and are secured by six separate bank credit facilities, as set forth below. The CP paper notes are payable from revenues and are secured on a parity lien basis with each other, collectively the "Subordinate Obligations". The Subordinate Obligations are secured on a subordinate basis to the payment of debt service on the Wastewater Revenue Bonds.

As of June 30, 2025, the CP Notes are secured by the following series: Series A-1 secured by a \$150.0 million LOC from Sumitomo Mitsui Bank expires on March 2, 2029. The agreement for the Series A-1 facility stipulates a commitment fee of 0.30%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P. Series A-2 secured by a \$150.0 million LOC facility stipulates a commitment fee of 0.27%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P. Series A-4 secured by a \$150.0 million liquidity facility from TD Bank expires on July 3, 2028. The agreement for the Series A-4 facility stipulates a commitment fee of 0.25% on the maintenance of ratings of at least "Aa2" by Moody's and "AA" by S&P. Series A-6 secured by a \$125.0 million liquidity facility from Bank of America expires on August 2, 2027. The agreement for the Series A-6 facility stipulates a

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commitment fee of 0.42%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P. Series A-7 secured by a \$100.0 million LOC from Sumitomo Mitsui Bank expires on May 31, 2027. The agreement for the Series A-7 facility stipulates a commitment fee of 0.30%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P.

Series R-1 secured by a \$75.0 million RCA with U.S. Bank National Association expires on July 31, 2027. The RCA stipulates an unutilized quarterly commitment fee of 0.21%, on the maintenance of ratings of at least "Aa3" by Moody's and "AA-" by S&P. The RCA had \$0 outstanding as of June 30, 2025.

Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, and U.S. Bancorp Investments, Inc. serve as dealers for the CP notes. The annual fee is 0.05% paid to Morgan Stanley & Co. LLC, and U.S. Bancorp Investments, Inc. and 0.045% paid to RBC Capital Markets, LLC.

The CP reimbursement agreements and the CP revolving credit and term loan agreements for the Wastewater Enterprise, contain a provision that in the event advances (or drawings) remain unpaid, such advances (or drawings) will convert into term loans and will be subject to the repayment provisions relating thereto.

Significant events of default include payment defaults; material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements (not cured within applicable grace periods); bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2025, there were no such events described herein.

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**Long-Term Obligations**

The following is a summary of long-term obligations of the City as of June 30, 2025:

**GOVERNMENTAL ACTIVITIES**

| Type Of Obligation and Purpose                                        | Final<br>Maturity<br>Date | Remaining<br>Interest<br>Rates | Amount              |
|-----------------------------------------------------------------------|---------------------------|--------------------------------|---------------------|
| <b>GENERAL OBLIGATION BONDS <sup>(a)</sup>:</b>                       |                           |                                |                     |
| Affordable housing.....                                               | 2048                      | 0.978% - 6.00%                 | \$ 465,795          |
| Clean and safe neighborhood parks .....                               | 2035                      | 3.00% - 6.26%                  | 38,715              |
| Earthquake safety and emergency response.....                         | 2046                      | 2.25% - 5.00%                  | 375,970             |
| Embarcadero Seawall Earthquake safety .....                           | 2045                      | 4.52% - 5.75%                  | 118,040             |
| Health and recovery .....                                             | 2048                      | 4.00% - 5.00%                  | 180,920             |
| Preservation and seismic safety (PASS) program .....                  | 2064                      | 1.104% - 6.50%                 | 192,230             |
| Public health and safety .....                                        | 2045                      | 4.00% - 5.00%                  | 73,025              |
| Road repaving and street safety .....                                 | 2035                      | 2.25% - 3.00%                  | 25,810              |
| San Francisco General Hospital.....                                   | 2030                      | 5.60% - 6.26%                  | 87,210              |
| Seismic safety loan program .....                                     | 2031                      | 3.36% - 5.83%                  | 8,430               |
| Transportation and road improvement .....                             | 2046                      | 2.00% - 5.00%                  | 169,115             |
| Refunding .....                                                       | 2036                      | 4.00% - 5.00%                  | 763,970             |
| General obligation bonds .....                                        |                           |                                | <u>2,499,230</u>    |
| <b>LEASE REVENUE BONDS:</b>                                           |                           |                                |                     |
| San Francisco Finance Corporation <sup>(b), (e) &amp; (f)</sup> ..... | 2030                      | 0.25% - 5.00% *                | 55,525              |
| <b>SALES TAX REVENUE BONDS</b>                                        |                           |                                |                     |
| SFCTA revenue bonds <sup>(g)</sup> .....                              | 2034                      | 3.00% - 4.00%                  | 164,515             |
| <b>CERTIFICATES OF PARTICIPATION:</b>                                 |                           |                                |                     |
| Certificates of participation <sup>(c) &amp; (d)</sup> .....          | 2050                      | 2.00% - 6.375%                 | 1,342,130           |
| <b>SPECIAL TAX BONDS:</b>                                             |                           |                                |                     |
| Development special tax bonds <sup>(h)</sup> .....                    | 2052                      | 4.00% - 5.75%                  | 114,240             |
| <b>INCREMENT TAX BONDS:</b>                                           |                           |                                |                     |
| Tax increment revenue bonds <sup>(i)</sup> .....                      | 2054                      | 5.00% - 5.50%                  | 37,420              |
| <b>OTHER LONG-TERM OBLIGATIONS:</b>                                   |                           |                                |                     |
| Loans <sup>(d), (f) &amp; (g)</sup> .....                             | 2045                      | 3.83% - 4.50%                  | 83,793              |
| Lease purchase - Public Safety Radio Replacement <sup>(d)</sup> ..... | 2027                      | 1.6991%                        | 5,500               |
| Governmental activities total long-term obligations.....              |                           |                                | <u>\$ 4,302,353</u> |

\* Includes the Moscone Center West Expansion Project Refunding Bonds Series 2008-1 & 2, both of which were financed with variable rate bonds that reset weekly. The rate on June 30, 2025, for Series 2008-1 & 2 averaged 0.25%.

Debt service payments are made from the following sources:

- (a) Property tax recorded in the Debt Service Fund.
- (b) Lease revenues from participating departments in the General and Special Revenue Funds.
- (c) Revenues recorded in the Special Revenue Funds.
- (d) Revenues recorded in the General Fund.
- (e) Hotel taxes and other revenues recorded in the General and Special Revenue Funds.
- (f) User-charge reimbursements from the General and Special Revenue Funds.
- (g) Sales tax revenues by the San Francisco County Transportation Authority.
- (h) Certain tax increment revenue by Infrastructure Financing District and special tax revenue by Special Tax District.
- (i) Tax increment revenue by the Infrastructure and Revitalization Financing District.

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Internal Service Funds serve primarily the governmental funds. Accordingly, long-term liabilities for the Internal Service Funds are included in the above amounts.

**BUSINESS-TYPE ACTIVITIES**

| Entity and Type of Obligation                              | Final<br>Maturity<br>Date | Remaining<br>Interest<br>Rates | Amount               |
|------------------------------------------------------------|---------------------------|--------------------------------|----------------------|
| <b>San Francisco International Airport:</b>                |                           |                                |                      |
| Revenue bonds *.....                                       | 2058                      | 1.92% - 5.75% *                | \$ 9,733,390         |
| <b>San Francisco Water Enterprise:</b>                     |                           |                                |                      |
| Revenue bonds .....                                        | 2056                      | 0.26% - 6.95%                  | 4,801,380            |
| Certificates of participation .....                        | 2042                      | 6.36% - 6.49%                  | 85,830               |
| State Revolving fund loans .....                           | 2057                      | 1.00% - 1.10%                  | 300,035              |
| <b>Hetch Hetchy Water and Power:</b>                       |                           |                                |                      |
| Energy and revenue bonds .....                             | 2054                      | 3.00% - 5.00%                  | 281,700              |
| Certificates of participation.....                         | 2042                      | 6.36% - 6.49%                  | 11,685               |
| <b>Municipal Transportation Agency:</b>                    |                           |                                |                      |
| Revenue bonds.....                                         | 2051                      | 0.824% - 5.00%                 | 402,240              |
| Loans.....                                                 | 2047                      | 3.30%                          | 10,295               |
| <b>San Francisco General Hospital:</b>                     |                           |                                |                      |
| Certificates of participation.....                         | 2026                      | 5.55%                          | 1,137                |
| <b>San Francisco Wastewater Enterprise:</b>                |                           |                                |                      |
| Revenue bonds .....                                        | 2055                      | 4.00% - 5.82%                  | 3,395,800            |
| Certificates of participation .....                        | 2042                      | 6.36% - 6.49%                  | 22,695               |
| State Revolving fund loans .....                           | 2056                      | 0.80% - 1.80%                  | 366,606              |
| WIFIA Loans .....                                          | 2062                      | 1.45% - 3.65%                  | 1,394,652            |
| <b>Port of San Francisco:</b>                              |                           |                                |                      |
| Revenue bonds .....                                        | 2044                      | 2.04% - 5.0%                   | 34,865               |
| Certificates of participation.....                         | 2043                      | 4.75% - 5.25%                  | 23,245               |
| Loans .....                                                | 2037                      | 4.50%                          | 5,233                |
| <b>Laguna Honda Hospital:</b>                              |                           |                                |                      |
| Certificates of participation .....                        | 2031                      | 3.00% - 5.00%                  | 49,405               |
| Business-type activities total long-term obligations ..... |                           |                                | <u>\$ 20,920,193</u> |

\* Includes Second Series Revenue Bonds Issue 2018B and 2018C, which were issued as variable rate bonds in a weekly mode. For the year ended June 30, 2025, the average interest rates on Issue 2018B and 2018C, were 1.92% and 1.92%, 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 is in compliance with all significant limitations and restrictions contained in the various bond indentures.



**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
(Dollars in Thousands)

Legal Debt Limit and Legal Debt Margin

As of June 30, 2025, the City's general obligation bond debt limit (3% of valuation subject to taxation) was \$10.48 billion. The total amount of debt applicable to the debt limit was \$2.74 billion. The resulting legal debt margin was \$7.74 billion.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the actual earnings from the investment of tax-exempt bond proceeds, which exceed related interest earnings if such investments were invested at a rate equal to the yield of the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issuance. The City has evaluated each series of tax-exempt general obligation bonds, lease revenue bonds, and certificates of participation, and other direct loans issued by the City and the Finance Corporation. The City has recognized an arbitrage liability of \$21.3 million, and the Finance Corporation does not have an arbitrage liability as of June 30, 2025. Each enterprise fund has performed a similar analysis of its debt which was subject to arbitrage rebate requirements. The enterprise funds have recognized an arbitrage liability of \$6.6 million as of June 30, 2025.

**Changes in Long-Term Obligations**

The changes in long-term obligations for the year ended June 30, 2025, are as follows:

|                                                  | Restated<br>July 1,<br>2024* | Additional<br>Obligations,<br>and Net<br>Increases | Current<br>Maturities,<br>Retirements,<br>and Net<br>Decreases | June 30,<br>2025 | Amounts<br>Due<br>Within<br>One Year |
|--------------------------------------------------|------------------------------|----------------------------------------------------|----------------------------------------------------------------|------------------|--------------------------------------|
| <b>Governmental activities:</b>                  |                              |                                                    |                                                                |                  |                                      |
| Bonds payable:                                   |                              |                                                    |                                                                |                  |                                      |
| General obligation bonds .....                   | \$ 2,230,296                 | \$ 590,250                                         | \$ (321,316)                                                   | \$ 2,499,230     | \$ 173,161                           |
| Lease revenue bonds .....                        | 68,630                       | -                                                  | (13,105)                                                       | 55,525           | 13,730                               |
| Sales tax revenue bonds .....                    | 179,640                      | -                                                  | (15,125)                                                       | 164,515          | 15,735                               |
| Certificates of participation .....              | 1,206,865                    | 189,845                                            | (54,580)                                                       | 1,342,130        | 51,030                               |
| Special tax bonds .....                          | 115,025                      | -                                                  | (785)                                                          | 114,240          | 810                                  |
| Increment tax bonds .....                        | 38,135                       | -                                                  | (715)                                                          | 37,420           | 600                                  |
| Subtotal .....                                   | 3,838,591                    | 780,095                                            | (405,626)                                                      | 4,213,060        | 255,066                              |
| Issuance premiums:                               |                              |                                                    |                                                                |                  |                                      |
| Add: unamortized premiums .....                  | 367,889                      | 35,906                                             | (27,321)                                                       | 376,474          | -                                    |
| Less: unamortized discounts .....                | (184)                        | -                                                  | 7                                                              | (177)            | -                                    |
| Total bonds payable, net .....                   | 4,206,296                    | 816,001                                            | (432,940)                                                      | 4,589,357        | 255,066                              |
| Loans .....                                      | 19,358                       | 65,000                                             | (565)                                                          | 83,793           | 593                                  |
| Others .....                                     | 9,089                        | -                                                  | (3,589)                                                        | 5,500            | 3,651                                |
| Commercial paper notes - long-term .....         | 21,986                       | -                                                  | (21,986)                                                       | -                | -                                    |
| Accrued compensated absences* .....              | 579,104                      | 17,351                                             | -                                                              | 596,455          | 310,054                              |
| Accrued workers' compensation .....              | 382,782                      | 87,155                                             | (71,205)                                                       | 398,732          | 76,225                               |
| Estimated claims payable .....                   | 334,327                      | 29,748                                             | (112,979)                                                      | 251,096          | 164,050                              |
| Lease liabilities .....                          | 579,369                      | 82,334                                             | (78,026)                                                       | 583,677          | 67,904                               |
| Subscription liabilities .....                   | 46,437                       | 33,832                                             | (35,118)                                                       | 45,151           | 26,389                               |
| Arbitrage rebate liability .....                 | 17,243                       | 4,024                                              | (12)                                                           | 21,255           | 16,150                               |
| Governmental activities long-term obligations .. | \$ 6,195,991                 | \$ 1,135,445                                       | \$ (756,420)                                                   | \$ 6,575,016     | \$ 920,082                           |

\*Restated July 1, 2024 balance due to implementation of GASB No. 101, *Compensated Absences*

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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|                                                   | Restated<br>July 1,<br>2024* | Additional<br>Obligations,<br>and Net<br>Increases | Current<br>Maturities,<br>Retirements,<br>and Net<br>Decreases | June 30,<br>2025 | Amounts<br>Due<br>Within<br>One Year |
|---------------------------------------------------|------------------------------|----------------------------------------------------|----------------------------------------------------------------|------------------|--------------------------------------|
| <b>Business-type Activities:</b>                  |                              |                                                    |                                                                |                  |                                      |
| Bonds payable:                                    |                              |                                                    |                                                                |                  |                                      |
| Revenue bonds .....                               | \$ 16,641,395                | \$ 3,660,875                                       | \$ (1,688,660)                                                 | \$ 18,613,610    | \$ 386,370                           |
| Clean renewable energy bonds .....                | 37,394                       | -                                                  | (1,629)                                                        | 35,765           | 1,673                                |
| Certificates of participation .....               | 208,751                      | -                                                  | (14,754)                                                       | 193,997          | 14,297                               |
| Subtotal .....                                    | 16,887,540                   | 3,660,875                                          | (1,705,043)                                                    | 18,843,372       | 402,340                              |
| Issuance premiums / discounts:                    |                              |                                                    |                                                                |                  |                                      |
| Add: unamortized premiums .....                   | 1,692,496                    | 270,131                                            | (173,878)                                                      | 1,788,749        | -                                    |
| Less: unamortized discounts .....                 | (107)                        | (498)                                              | 10                                                             | (595)            | -                                    |
| Total bonds payable, net .....                    | 18,579,929                   | 3,930,508                                          | (1,878,911)                                                    | 20,631,526       | 402,340                              |
| Commercial paper notes - long-term .....          | 341,373                      | 648                                                | (342,021)                                                      | -                | -                                    |
| Notes, loans, and other payables .....            | 1,516,425                    | 567,108                                            | (6,712)                                                        | 2,076,821        | 7,288                                |
| Accrued compensated absences* .....               | 343,349                      | 18,540                                             | (4,919)                                                        | 356,970          | 218,371                              |
| Accrued workers' compensation .....               | 287,303                      | 90,649                                             | (69,956)                                                       | 307,996          | 58,804                               |
| Estimated claims payable .....                    | 223,040                      | 23,446                                             | (88,521)                                                       | 157,965          | 65,682                               |
| Lease liabilities .....                           | 232,909                      | 10,502                                             | (15,643)                                                       | 227,768          | 15,795                               |
| Subscription liabilities .....                    | 8,033                        | 6,838                                              | (5,074)                                                        | 9,797            | 6,268                                |
| Arbitrage rebate liability .....                  | 9,574                        | 975                                                | (3,977)                                                        | 6,572            | 826                                  |
| Business-type activities long-term obligations .. | \$ 21,541,935                | \$ 4,649,214                                       | \$ (2,415,734)                                                 | \$ 23,775,415    | \$ 775,374                           |

\*Restated July 1, 2024 balance due to implementation of GASB No. 101, *Compensated Absences*

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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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Annual debt service requirements to maturity for all bonds and loans outstanding as of June 30, 2025, for governmental and business-type activities are as follows:

| <b>Governmental Activities <sup>(1)</sup></b> |                             |                         |                        |                         |                                |                   |                     |                     |
|-----------------------------------------------|-----------------------------|-------------------------|------------------------|-------------------------|--------------------------------|-------------------|---------------------|---------------------|
| Fiscal Year<br>Ending<br>June 30              | General Obligation<br>Bonds |                         | Lease Revenue<br>Bonds |                         | Other Long-Term<br>Obligations |                   | Total               |                     |
|                                               | Principal                   | Interest <sup>(2)</sup> | Principal              | Interest <sup>(3)</sup> | Principal                      | Interest          | Principal           | Interest            |
| 2026.....                                     | \$ 173,161                  | \$ 108,751              | \$ 13,730              | \$ 1,104                | \$ 72,419                      | \$ 72,536         | \$ 259,310          | \$ 182,391          |
| 2027.....                                     | 167,856                     | 100,832                 | 14,375                 | 803                     | 75,559                         | 69,122            | 257,790             | 170,757             |
| 2028.....                                     | 172,099                     | 93,127                  | 8,735                  | 498                     | 142,264                        | 65,691            | 323,698             | 159,316             |
| 2029.....                                     | 181,637                     | 85,189                  | 9,140                  | 251                     | 81,017                         | 62,029            | 271,794             | 147,469             |
| 2030.....                                     | 190,545                     | 76,704                  | 9,545                  | 93                      | 84,870                         | 58,292            | 284,960             | 135,089             |
| 2031-2035...                                  | 696,592                     | 273,303                 | -                      | -                       | 444,933                        | 238,160           | 1,141,525           | 511,463             |
| 2036-2040...                                  | 373,635                     | 160,449                 | -                      | -                       | 390,765                        | 151,402           | 764,400             | 311,851             |
| 2041-2045...                                  | 372,270                     | 85,011                  | -                      | -                       | 308,296                        | 64,321            | 680,566             | 149,332             |
| 2046-2050...                                  | 89,495                      | 23,776                  | -                      | -                       | 121,890                        | 20,802            | 211,385             | 44,578              |
| 2051-2055...                                  | 36,690                      | 13,800                  | -                      | -                       | 25,585                         | 1,637             | 62,275              | 15,437              |
| 2056-2060...                                  | 36,885                      | 6,100                   | -                      | -                       | -                              | -                 | 36,885              | 6,100               |
| 2061-2065...                                  | 7,765                       | 1,086                   | -                      | -                       | -                              | -                 | 7,765               | 1,086               |
| <b>Total.....</b>                             | <b>\$ 2,499,230</b>         | <b>\$ 1,028,128</b>     | <b>\$ 55,525</b>       | <b>\$ 2,749</b>         | <b>\$ 1,747,598</b>            | <b>\$ 803,992</b> | <b>\$ 4,302,353</b> | <b>\$ 1,834,869</b> |

| <b>Business-Type Activities <sup>(1)</sup></b> |                                                         |                      |                                                 |                  |                                |                   |                      |                      |
|------------------------------------------------|---------------------------------------------------------|----------------------|-------------------------------------------------|------------------|--------------------------------|-------------------|----------------------|----------------------|
| Fiscal Year<br>Ending<br>June 30               | Revenue and Clean<br>Renewable Bonds <sup>(4) (5)</sup> |                      | Certificates<br>of Participation <sup>(5)</sup> |                  | Other Long-Term<br>Obligations |                   | Total                |                      |
|                                                | Principal                                               | Interest             | Principal                                       | Interest         | Principal                      | Interest          | Principal            | Interest             |
| 2026.....                                      | \$ 388,043                                              | \$ 872,384           | \$ 14,297                                       | \$ 10,681        | \$ 7,288                       | \$ 8,936          | \$ 409,628           | \$ 892,001           |
| 2027.....                                      | 430,016                                                 | 858,330              | 13,775                                          | 9,918            | 11,788                         | 15,930            | 455,579              | 884,178              |
| 2028.....                                      | 918,705                                                 | 827,057              | 14,430                                          | 9,150            | 16,698                         | 17,384            | 949,833              | 853,591              |
| 2029.....                                      | 471,124                                                 | 793,030              | 15,025                                          | 8,425            | 20,784                         | 18,633            | 506,933              | 820,088              |
| 2030.....                                      | 495,406                                                 | 770,202              | 15,569                                          | 7,759            | 20,839                         | 18,347            | 531,814              | 796,308              |
| 2031-2035...                                   | 2,874,311                                               | 3,479,993            | 48,050                                          | 29,419           | 108,517                        | 137,172           | 3,030,878            | 3,646,584            |
| 2036-2040...                                   | 3,455,765                                               | 2,729,642            | 48,461                                          | 15,518           | 113,530                        | 146,907           | 3,617,756            | 2,892,067            |
| 2041-2045...                                   | 3,459,755                                               | 1,915,198            | 24,390                                          | 1,794            | 231,879                        | 136,572           | 3,716,024            | 2,053,564            |
| 2046-2050...                                   | 3,709,455                                               | 1,073,247            | -                                               | -                | 454,864                        | 109,264           | 4,164,319            | 1,182,511            |
| 2051-2055...                                   | 2,283,410                                               | 327,913              | -                                               | -                | 547,954                        | 69,560            | 2,831,364            | 397,473              |
| 2056-2060...                                   | 163,385                                                 | 3,502                | -                                               | -                | 469,932                        | 26,093            | 633,317              | 29,595               |
| 2061-2065...                                   | -                                                       | -                    | -                                               | -                | 72,748                         | 1,423             | 72,748               | 1,423                |
| <b>Total.....</b>                              | <b>\$ 18,649,375</b>                                    | <b>\$ 13,650,498</b> | <b>\$ 193,997</b>                               | <b>\$ 92,664</b> | <b>\$ 2,076,821</b>            | <b>\$ 706,221</b> | <b>\$ 20,920,193</b> | <b>\$ 14,449,383</b> |

<sup>(1)</sup> The specific year for payment of estimated claims payable, accrued compensated absences and accrued workers' compensation is not practicable to determine.

<sup>(2)</sup> The interest is before the federal subsidy for the General Obligation Bonds Series 2010C and Series 2010D. The subsidy is approximately \$5.7 million and \$1.2 million, respectively, through the year ending 2030. The federal sequester reduction was 5.7% in fiscal year 2025. Future interest subsidies may be reduced as well.

<sup>(3)</sup> 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 0.25%, together with liquidity fee of 0.32% and remarketing fee of 0.05% were used to project the interest rate payment in this table.

<sup>(4)</sup> 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 \$24.2 million less.

<sup>(5)</sup> The interest is before the federal subsidy for the Revenue Bonds, Certificates of Participation, Clean Renewable Energy, and Energy Conservation Bonds by the San Francisco Water, San Francisco Wastewater and Hetch Hetchy Water and Power. Federal subsidy was reduced by 5.7% or a total reduction of \$9.6 million, \$2.0 million, and \$156, respectively, over the life of the bonds, assuming the sequestration rate will remain the same.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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**Governmental Activities Long-term Liabilities**

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition or improvement of real property, seismic improvement along the seawall, upgrades and renovations to City's facilities 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, 2025, are as follows:

**Governmental Activities - General Obligation Bonds**

Authorized and unissued as of June 30, 2024..... \$ 1,557,530

Increase in authorization in this fiscal year:

Healthy, Safe and Vibrant San Francisco Bonds..... 390,000

Bonds Issued:

Series 2025A-1 Embarcadero Seawall Earthquake Safety..... (15,085)

Series 2025A-2 Embarcadero Seawall Earthquake Safety..... (104,910)

Series 2025B-1 Earthquake Safety and Emergency Response..... (197,030)

Series 2025B-2 Earthquake Safety and Emergency Response..... (20,680)

Series 2025C Social Bonds - Affordable Housing..... (67,095)

Series 2025D Social Bonds - Affordable Housing..... (147,230)

Series 2025E PASS Program Affordable Housing..... (38,220)

Total authorized and unissued as of June 30, 2025..... **\$ 1,357,280**

The increase in the authorized and unissued amount reflects the \$390.0 million of 2025 Healthy, Safe and Vibrant San Francisco (Measure B) General Obligation Bonds approved by at least two-thirds of voters at an election held on November 5, 2024. The proceeds of the Healthy, Safe and Vibrant San Francisco bonds will be used to finance the acquisition or improvement of real property, including: temporary shelters, particularly for families; facilities that deliver healthcare services, including preventive care and behavioral health services, such as the Chinatown Public Health Center, critical repairs, renovations, and seismic upgrades at San Francisco General Hospital and Trauma Center and Laguna Honda Hospital; and pedestrian and street safety improvements, streetscape enhancements, and other public space improvements; and to pay for related costs related to the issuance of bonds.

In January 2025, the City issued General Obligation Bonds Embarcadero Seawall Earthquake Safety Series 2025A-1 and 2025A-2 ("Series 2025A") with the par value of \$15.1 million and \$104.9 million, respectively; Earthquake Safety and Emergency Response Series 2025B-1 and 2025B-2 ("Series 2025B") with the par value of \$197.0 million and \$20.7 million, respectively; and Social Bonds-Affordable Housing Series 2025C and 2025D ("Series 2025C and Series 2025D") with the par value of \$67.1 million and \$147.2 million, respectively. The Series 2025A, 2025B, 2025C and 2025D bear interest rates ranging from 4.52% to 5.51% with principal amortizing from March 2025 to June 2045.

The proceeds of the Series 2025A bonds will be used to provide funds to design and construct various flood defense and seismic improvements along Fisherman's Wharf, Piers 7 to 22 ½, 9, 15, 24 1/2 to 30/32 and 50 and to pay certain cost related to the issuance of the Series 2025A bonds.

The proceeds of the Series 2025B bonds will be used to construct and upgraded training campus with training facilities and classroom space for the San Francisco Police Department's ("SFPD") historic Ingleside Police Station and construction of a new police station; improvements to an existing facility located at 1828 Egbert Avenue which is expected to serve as a temporary space during renovation and

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
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construction to the Ingleside Station; and construction of a water system pipeline in the western region of the City for firefighting and domestic drinking water; and to pay certain cost related to the issuance of the Series 2025B.

The proceeds of the Series 2025C bonds will be used to provide loans to finance or refinance affordable housing in the City consistent with the purposes set in Proposition A (2019). Project proceeds will generally be loaned under the Mayor's Office of Housing and Community Development's (MOHCD) affordable housing lending program to affordable housing developers through non-performing long-term loans, with repayments due from any project residual receipts, or shorter-term predevelopment loans or acquisition loans. Project proceeds may also fund direct acquisition of real property for future development of affordable housing and downpayment assistance programs. The City currently has identified 48 projects with an estimated total of 3,200 affordable housing units, eligible for funding using bonds issued under Proposition A (2019). The City has selected certain eligible projects to receive funding from proceeds of the 2025C bonds. These projects are intended to benefit priority and at-risk populations, consisting of seniors, persons with disabilities, low-income and moderate-income households, and those at-risk of eviction pursuant to the Ellis Act, a State of California law that allows landlords to evict residential tenants in order to leave the rental business. The Series 2025C bonds will fund projects in four out of five of Proposition A (2019)'s Program Categories: 1) Low-Income Housing; 2) Affordable Housing Preservation and Middle-Income Housing; 3) Senior Housing and 4) Educator Housing. The proceeds of the Series 2025C bonds will also be used to pay certain costs related to the issuance of the Series 2025C.

The proceeds of the Series 2025D bonds will be used to provide loans to finance and refinance affordable housing in the City consistent with the purposes set forth in Proposition A (2024). The proceeds will generally be loaned under the MOHCD's affordable housing lending program to affordable housing developers through non-performing long-term loans, with repayment from any project residual receipts, or shorter-term predevelopment loans or acquisition loans. Project proceeds may also fund direct acquisition of real property for future development of affordable housing. The City currently has identified 13 projects that are eligible for funding using bonds issued under Proposition A (2024). The City has selected certain eligible projects to receive funding from the proceeds of the 2025D bonds. These projects are intended to benefit priority and at-risk populations consisting of extremely low-income, very low-income, and low-income households including those in need of safe and stable housing due to trauma, violence, and/or abuse, and moderate-income households including those at risk of eviction pursuant to the Ellis Act, a State law that allows landlords to evict residential tenants in order to leave the rental business. The 2025D bonds will fund projects in each of the three of Proposition A (2024)'s Program Categories: (1) Low-Income Housing; (2) Affordable Housing Preservation; and (3) Victims and Survivors Housing. The City may substitute other authorized projects eligible for funding under Proposition A (2024). The proceeds of the Series 2025D bonds will also be used to pay certain costs related to the issuance of the Series 2025D.

In March 2025, the City issued Affordable Housing-Preservation and Seismic Safety General Obligation Bonds Series 2025E (Series 2025E) in the principal amount of \$38.2 million with interest rates ranging from 5.1% to 6.5% with principal amortizing from June 2025 to June 2064. The proceeds of the Series 2025E bonds will be used to fund loans that finance the cost of 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 2025E 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.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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Certificates of Participation

In November 2024, City issued Certificates of Participation Series 2024A (the Series 2024A) (Multiple Capital Improvement Projects) in the amount of \$123.3 million. The proceeds of the Series 2024A will be used to provide funds to finance and refinance certain capital improvement projects of the City's Department of Public Health ("DPH"), including through retirement of certain commercial paper notes of the City issued for such purpose and to pay costs of execution and delivery of the Certificates. The Series 2024A was issued with interest rates ranging from 2.52% to 4.11% and will mature from April 2025 to April 2044.

In March 2025, the City issued Certificates of Participation Series 2025A (the Series 2025A) (Music Concourse Garage Project) and Series 2025B (the Series 2025B) (Treasure Island-Stage 2 Infrastructure Projects) in the amount of \$19.6 million and \$46.9 million, respectively. The proceeds of the Series 2025A will be used to fund all or a portion of the acquisition by the City of an underground parking facility in Golden Gate Park and to pay the cost of execution and delivery of the Series 2025A certificates. The Series 2025B was issued to provide funds to finance, refinance or reimburse expenditures relating to the construction of certain public facilities and improvements in connection with Stage 2 on the Treasure Island Project; fund, along with other available moneys deposited by the City with the Trustee on or about the delivery date, interest on the Series 2025B, through April 2026; and to pay costs of the execution and delivery of the Series 2025B. The Series 2025A was issued with interest rates ranging from 4.0% to 5.0% and will mature from April 2026 to April 2050. The Series 2025B was issued with interest rates of 4.0% and 5.0% and will mature from April 2027 to April 2045.

As of June 30, 2025, the City has a total of \$1.34 billion of certificates of participation, excluding business-type activities, payable by pledged revenues from the base rental payments payable by the City. A Reserve Fund has been established for payment of certain COP issuances, equivalent to either 50% or 100% of the lesser of maximum annual debt service, 125% of average annual debt service, or 10% of the original principal amount of the COPs. The total debt service requirement on the certificates of participation is \$1.98 billion payable through April 1, 2050. For the year ended June 30, 2025, principal and interest paid by the City totaled \$54.6 million and \$53.4 million, respectively.

An event of default on every outstanding series of Certificates of Participation, includes: (i) the failure to make lease payments when due; or (ii) failure to observe covenants under the respective Project Lease. In an event of default, the trustee may enforce all of its rights and remedies under the Project Lease, including reletting the leased property for the account of the City, or hold the Project Lease and sue each year for rent. Certificates of Participation are not subject to acceleration.

Lease Revenue Bonds

The changes in governmental activities - lease revenue bonds for the year ended June 30, 2025, were as follows:

| <b>Governmental Activities - Lease Revenue Bonds</b>                       |                   |
|----------------------------------------------------------------------------|-------------------|
| Authorized and unissued as of June 30, 2024.....                           | \$ 214,219        |
| Increase in authorization in this fiscal year:                             |                   |
| Current year annual increase in Finance Corporation's equipment program... | 5,003             |
| Authorized and unissued as of June 30, 2025.....                           | <u>\$ 219,222</u> |

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.

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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 \$58.3 million payable through June 2030. For the year ended June 30, 2025, principal and interest paid by the Finance Corporation in the form of lease payments by the City totaled \$13.1 million and \$1.8 million, respectively.

*Equipment Lease Program* - In the June 5, 1990, election, the voters of the City approved Proposition C, which amended the City Charter to allow the City to lease-purchase up to \$20.0 million of equipment through a nonprofit corporation using tax-exempt obligations. Beginning July 1, 1991, the Finance Corporation was authorized to issue lease revenue bonds up to \$20.0 million in aggregate principal amount outstanding plus 5% annual adjustment each July 1. As of June 30, 2025, all the previously issued equipment lease revenue bonds have been repaid. \$105.1 million of unused authorization is still available for new issuance.

Events of Default and Remedies

*Moscone Lease Revenue Refunding Bonds, Series 2008-1 and 2008-2* - Events of default as specified in the Letter of Credit Agreements include: (i) the City fails to pay when due the amounts of any drawing, the principal or interest on any Liquidity Advance, or otherwise fails to pay the Credit Bank when due; (ii) the City fails to observe any covenant under Credit Agreement; (iii) the San Francisco Finance Corporation fails to observe any covenant or warranty under Credit Agreement; (iv) the City defaults on any appropriation debt; (v) the City files for bankruptcy; (vi) downgrade of the City's rating on the Bonds or any other Lease Obligation Debt below "BBB" (or its equivalent). Upon the occurrence of an Event of Default, the bank's remedies are as follows: (i) by notice require the City to post collateral up to the Available Amount of the letter of credit (except the City has no such right upon bankruptcy event), (ii) declare all Obligations due and payable (except such declaration is automatic upon bankruptcy event), (iii) by notice to Trustee declare Event of Default and cause a mandatory tender of bonds, thereby causing the letter of credit to expire 15 days thereafter; (iv) pursue other rights under the Indenture and otherwise available under equity and law.

*Open Space Fund Lease Revenue Refunding Bonds, Series 2018A and Branch Library Improvement Program Lease Revenue Refunding Bonds, Series 2018B* - Events of default as specified in the Project Lease include: (i) failure to make lease payments when due, (ii) or failure to observe covenants under the Project Lease. In an event of default, the trustee may enforce all of its rights and remedies under the Project Lease, including reletting property for account of the City, or sue each year for rent. The bonds are not subject to acceleration.

San Francisco County Transportation Authority Long-Term Debt

In November 2017, the San Francisco County Transportation Authority (SFCTA) issued Senior Sales Tax Revenue Bonds, Series 2017 (the Series 2017 Bonds) with a par value of \$248.3 million to finance the cost of construction, acquisition and improvement of certain transit, street, and traffic facilities and other transportation projects, repay a portion of the outstanding amount of a revolving credit agreement, pay capitalized interest on a portion of the Series 2017 Bonds and pay cost of issuance of the Series 2017 Bonds. The Series 2017 Bonds bear interest rates ranging from 3.0% to 4.0% and have final

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maturity date of February 1, 2034. The outstanding principal on June 30, 2025, is \$164.5 million with \$12.2 million of remaining unamortized bond premiums. The Series 2017 Bonds are repaid and secured by a pledge of Prop K half-cent sales tax and other legally available revenues of the SFCTA. Based on the total sales tax revenue of \$110.1 million for the year ended June 30, 2025, the total debt service payments of \$21.7 million on the Series 2017 Bonds, SFCTA's senior debt service coverage ratio was 508.0% or 5.08 times. Events of default for the bonds include nonpayment events, bankruptcy events, and noncompliance with covenants. The Series 2017 Bonds are not subject to acceleration.

In October 2021, the SFCTA entered into a Revolving Credit Agreement (RCA) with U.S. Bank National Association (U.S. Bank) for \$125.0 million. The amount borrowed under the RCA assumed a rate of interest equal to the sum of Securities Industry and Financial Markets Association (SIFMA) Index plus a fixed credit spread (subject to adjustment if the SFCTA's credit rating changes) and unborrowed amounts under the RCA were subject to a commitment fee of 0.20%. The SFCTA's RCA expired on November 1, 2024. In October 2024, the SFCTA replaced the RCA with an Amended and Restated Revolving Credit Agreement (ARRCA) with U.S. Bank for \$185.0 million. Amount borrowed under the ARRCA assumes a rate of interest equal to the sum of SIFMA Index plus a fixed credit spread (subject to adjustment if the SFCTA's credit rating changes) and unborrowed amounts under the ARRCA are subject to a commitment fee of 0.20%. The SFCTA's ARRCA expires on October 29, 2027. The ARRCA is secured by a lien on the SFCTA's sales tax revenues subordinate to the lien on the sales tax revenues securing the SFCTA's Series 2017 Bonds. The SFCTA will use the ARRCA to fund the capital projects and programs included in the Expenditure Plan. As of June 30, 2025, \$65.0 million was drawn on the ARRCA.

Events of Default under the ARRCA 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. The ARRCA does not contain subjective acceleration clauses. 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 ARRCA.

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 include the repossession of the project area, declaring that the loan is immediately due and payable, and the exercise of all other rights and remedies available by law. The Marina West Harbor Loan is subject to an acceleration provision.

*Public Safety Radio Lease Financing* - Events of default include the failure to make lease payments when due, or failure to observe covenants under the Lease Purchase Financing Agreement. Remedies of the lender are repossessing the leased equipment, enforcing rights under the Lease, and other remedies available by law. The Public Safety Radio Lease Financing has no acceleration provision.

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Special Tax District No. 2020-1 (Mission Rock Facilities and Services)

The following is a summary of long-term obligations of the City and County of San Francisco Special Tax District No. 2020-1 (STD 2020-01) as of June 30, 2025:

| Bonds                                      | Remaining Interest Rate | Final Maturity Date | Amount            |
|--------------------------------------------|-------------------------|---------------------|-------------------|
| Development Special Tax Bonds Series 2021A | 4.00%                   | 2052                | \$ 41,625         |
| Development Special Tax Bonds Series 2021B | 4.00% - 5.25%           | 2050                | 53,925            |
| Development Special Tax Bonds Series 2021C | 4.00%                   | 2052                | 10,000            |
| Development Special Tax Bonds Series 2023A | 5.00% - 5.75%           | 2051                | 8,690             |
| Total obligations                          |                         |                     | <u>\$ 114,240</u> |

The STD 2020-1 Development Special Tax Bonds were issued to finance infrastructure and development costs for the Mission Rock Development Project. The bonds are secured under the provisions of a Fiscal Agent Agreement and will be payable solely from the Revenues and funds pledged under that agreement. Revenues generally consist of Special Tax Revenues and certain tax increments of the City's Infrastructure Financing District No. 2, Project Area I pledged to the Development Special Tax Bonds under a Pledge Agreement. The allocation of tax increment revenues to Mission Rock STD created a financial burden relationship between the City and Mission Rock STD. As such, Mission Rock STD is a blended component unit of the City and the City includes the Development Special Tax Bonds in its Long-term Liabilities. The bonds are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision thereof are pledged for the payment of the principal or interest on Special Tax Bonds of STD 2020-1.

The Special Tax District is obligated to fund the 2021A, 2021B, and 2023A Reserve Funds for the benefit of their respective bond series and any related parity bonds (series 2021C is a parity bond related to series 2021A) in the amounts equal to the reserve requirements specified in their respected Official Statements, or the lesser of: (i) maximum annual debt service on the applicable bonds, (ii) 125% of average annual debt service on the applicable bonds, or (iii) 10% of the outstanding principal amount of the applicable bonds.

As authorized under the Special Tax Financing Law, the City covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Development Special Tax or installment thereof not paid when due. If by May 1 of each fiscal year, the City determines that any single Leasehold Interest in a Taxable Parcel subject to the Development Special Taxes is delinquent in the payment of one or more installments, then the City shall cause notice to be sent to the owner of the Leasehold Interest within 45 days of such determination, and (if the delinquency remains unsecured) foreclosure proceedings shall be commenced by the City within 60 days of such determination. The City may defer any of such actions if (i) the District is participating in the Teeter Plan, (ii) the amount in the 2021A Reserve Fund is at least equal to the 2021A Reserve Requirement, (iii) the amount in the 2023A Reserve Fund is at least equal to the 2023A Reserve Requirement, and (iv) the amount in the reserve account for any Parity Bonds that are not 2021A Related Parity Bonds is at least equal to the required amount. The principal of the Bonds shall not be subject to acceleration.

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Infrastructure and Revitalization Financing District No. 1 (Treasure Island)

The following is a summary of long-term obligations of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island IRFD) as of June 30, 2025:

| Bonds                                                            | Remaining Interest Rate | Final Maturity Date | Amount           |
|------------------------------------------------------------------|-------------------------|---------------------|------------------|
| Tax Increment Revenue Bonds, Series 2022A (Facilities Increment) | 5.00%                   | 2053                | \$ 23,500        |
| Tax Increment Revenue Bonds, Series 2022B (Housing Increment)    | 5.00%                   | 2053                | 4,960            |
| Tax Increment Revenue Bonds, Series 2023A (Facilities Increment) | 5.00% - 5.50%           | 2054                | 7,410            |
| Tax Increment Revenue Bonds, Series 2023B (Housing Increment)    | 5.50%                   | 2054                | 1,550            |
| Total obligations                                                |                         |                     | <u>\$ 37,420</u> |

The Treasure Island IRFD facilities bonds were issued to fund the acquisition of certain public facilities and improvements for the Treasure Island/Yerba Buena Island Development Project, and the housing bonds were issued to finance the acquisition and construction of affordable housing on Treasure Island. The bonds are secured under provisions of supplemental Indentures of Trust and are payable solely from Pledged Facilities Increment and Pledged Housing Increment, respectively, pledged under those agreements. Revenues generally consist of tax increment of the City's Infrastructure Revitalization and Financing District No. 1, Project Areas A, B, C, D, and E. These bonds are not a debt of the City, the State, or any political subdivision (other than the IRFD).

The Infrastructure and Revitalization Financing District is obligated to fund both the 2022 Facilities Reserve Fund and the 2022 Housing Reserve Fund for the benefit of the respective Series 2023A/2022A Facilities Bonds and Series 2023B/2022B Housing Bonds, as well as any future 2022 Related Facilities Bonds and 2022 Related Housing Bonds. Each fund must be maintained at the least of: (a) Maximum Annual Debt Service on the applicable Bonds, (b) 125% of average Annual Debt Service on the applicable Bonds, or (c) 10% of the original principal amount of the applicable Bonds.

Events of default under the Indentures of Trust for both the Facilities Bonds and the Housing Bonds include: (i) default by the IRFD in the due and punctual payment of principal and interest or redemption premium (if any) on the Bonds when due and payable; (ii) default by the IRFD in the observance of any of the covenants, agreements, or conditions in the respective Indenture or Bonds; and (iii) IRFD files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the U.S. In an Event of Default, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the respective Bonds then Outstanding the Trustee shall (i) declare the principal of the respective Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the respective Indenture or Bonds to the contrary notwithstanding, and (ii) exercise any other remedies available to the Trustee and the Owners of the respective Bonds in law or at equity.



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**Business-Type Activities Long-Term Liabilities**

The following provides a brief description of the current year's 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 2007-2008 and 2024-2025, as of June 30, 2025, the Board of Supervisors has authorized the issuance of up to \$10.8 billion of San Francisco International Airport Second Series Revenue Bonds (Capital Plan Bonds) to finance and refinance the construction, acquisition, equipping, and development of capital projects undertaken by the Airport, including retiring all or a portion of the Airport's outstanding subordinate commercial paper notes (CP) issued for capital projects, funding debt service reserves, funding capitalized interest, and for paying costs of issuance. As of June 30, 2025, \$3.2 billion of the authorized capital plan bonds remained unissued.

In February 2025, the Airport issued its fixed rate Second Series Revenue Bonds, Series 2025A/B/C. The proceeds of the Series 2025A/B/C Bonds were used to deposit \$370.5 million into an escrow fund with the Senior Trustee to repay \$371.0 million in CP notes plus interest, \$568.9 million into project funds, \$10.0 million into the contingency account, \$4.0 million to repay \$4.0 million of CP notes, \$91.8 million in capitalized interest accounts, \$23.8 million in a debt service reserve account, and \$1.3 million to pay costs of issuance.

Second Series Revenue Refunding Bonds

Pursuant to resolutions adopted between fiscal years 2004-2005 and 2024-2025, as of June 30, 2025, the Board of Supervisors has authorized the issuance of up to \$17.1 billion of San Francisco International Airport Second Series Revenue Refunding Bonds for the purposes of refunding outstanding bonds issued pursuant to the Trust Indenture and outstanding subordinate CP notes, funding debt service reserves, and paying costs of issuance, including any related bond redemption premiums. As of June 30, 2025, \$5.5 billion of the authorized refunding bonds remained authorized but unissued.

Variable Rate Demand Bonds

As of June 30, 2025, the Airport had an outstanding aggregate principal amount of \$276.3 million, consisting of Second Series Variable Rate Revenue Refunding Bonds, Series 2018B and Series 2018C, (collectively, the "Variable Rate Bonds") with final maturity dates of May 1, 2058 (Series 2018B and 2018C). The Variable Rate Bonds are long-term, tax-exempt bonds that currently bear interest at a rate that is adjusted weekly, and that are subject to tender at par at the option of the holder thereof on seven days' notice. Any tendered Variable Rate Bonds are remarketed by the applicable remarketing agent in the secondary market to other investors. The interest rate on the Variable Rate Bonds can be converted to other interest rate modes, including a term rate or fixed rates to maturity, upon appropriate notice by the Airport.

The scheduled payment of the principal of and interest on, and payment of purchase price of, the Variable Rate Bonds is secured by separate irrevocable letters of credit issued to the Senior Trustee for the benefit of the applicable bondholders by the banks identified in the table below.

Amounts drawn under a letter of credit that are not reimbursed by the Airport constitute "Repayment Obligations" under the 1991 Master Bond Resolution and are accorded the status of other outstanding bonds to the extent provided in the Resolution. The commitment fees for the letters of credit range between 0.34% and 0.37% per annum. As of June 30, 2025, there were no unreimbursed draws under these facilities.

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The letters of credit securing the Variable Rate Bonds included in long-term debt as of June 30, 2025, are as follows:

|                                                                             | <u>Series 2018B</u>     | <u>Series 2018C</u> |
|-----------------------------------------------------------------------------|-------------------------|---------------------|
| Principal amount                                                            | \$ 138,170              | \$ 138,170          |
| Expiration date                                                             | June 3, 2026            | April 5, 2027       |
| Credit provider                                                             | Barclays <sup>(1)</sup> | SMBC <sup>(2)</sup> |
| (1) Barclays Bank PLC                                                       |                         |                     |
| (2) Sumitomo Mitsui Banking Corporation, acting through its New York branch |                         |                     |

Hotel Special Facility Bonds

Pursuant to resolutions adopted in fiscal years 2016-17, 2017-18 and 2018-19, the Airport authorized the issuance of \$260.0 million of Special Facility Bonds to finance the Hotel. These resolutions also designated the Hotel as a "Special Facility" under the Trust Indenture, which allows the Hotel revenues to be segregated from the Airport's other revenues and used to pay Hotel operating expenses and debt service on the Hotel Special Facility Bonds through the Hotel Special Facility Bond trustee. In June 2018, the Airport issued its fixed rate Special Facility Revenue Bonds (San Francisco International Airport Hotel), Series 2018 (Hotel Special Facility Bonds), in the aggregate principal amount of \$260.0 million to finance the Hotel and to fund a capitalized interest account.

The Hotel Special Facility Bonds are issued pursuant to a Trust Agreement (Hotel Trust Agreement). In February 2021, the Hotel Special Facility Bonds and the Hotel Trust Agreement were amended and restated to, among other things, modify the principal and interest repayment schedule for the Hotel Special Facility Bonds. The maximum principal amount of the Hotel Special Facility Bonds is not limited by the Hotel Trust Agreement, but the Airport must satisfy an additional bonds test prior to the issuance of any such bonds.

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

Because the Airport is the issuer of the Hotel Special Facility Bonds and the sole beneficiary of the trust entity serving as holder of the Hotel Special Facility Bonds, neither the Hotel Special Facility Bonds debt service payments nor the Airport's receipts from the trust are included in the accompanying financial statements. The financial statements net the interest income received from the trust against the combined interest expenses of the Hotel Special Facility Bonds and the Series 2018B/C Bonds.

As of June 30, 2025, the Airport had \$256.8 million of outstanding Hotel Special Facility Bonds.

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Debt Service Reserves and Requirements

*Common Reserve Account* - As of June 30, 2025, the reserve requirement for the Common Reserve Account was \$657.9 million, which was satisfied by \$664.8 million of cash and investment securities, and reserve fund surety policies in the initial principal amount of \$41.8 million. All of the providers of such reserve policies have one or more credit ratings below the Airport's rating or are no longer rated.

*2017 Reserve Account* - As of June 30, 2025, the reserve requirement for the 2017 Reserve Account was \$41.6 million, which was satisfied by \$59.3 million in cash and investment securities.

*Series Not Secured by Reserve Accounts* - The Airport does not maintain reserve accounts for its Second Series Variable Rate Revenue Refunding Bonds, Series 2018B/C, all of which are secured by letters of credit.

Cash Defeasance of Bonds

In June 2025, the Airport legally defeased \$28.9 million of its Series 2016D Bonds, \$17.1 million of its Series 2025C Bonds, using monies budgeted for debt service.

The outstanding balance of Series 2016D and 2025C Bonds for the year ended June 30, 2025, is as follows:

| Bond Series | June 30, 2024 | Cash<br>Defeasance<br>Amount | Redemption | June 30, 2025 |
|-------------|---------------|------------------------------|------------|---------------|
| 2016D       | \$ 73,810     | \$ 28,885                    | \$ 35,115  | \$ 9,810      |
| 2025C       | -             | 17,115                       | -          | -             |

Events of default for the bonds include nonpayment events, bankruptcy events, and noncompliance with covenants, including the rate covenants described above. The bonds are not subject to acceleration.

Payment of principal, interest and purchase price of bonds that bear interest at variable interest rates are supported by letters of credit. Events of default with respect to the letters of credit supporting the bonds include nonpayment events, bankruptcy events, noncompliance with covenants, default on debt in excess of a specified threshold amount, default under the 1991 Master Bond Resolution, or a determination of taxability of interest on tax-exempt bonds supported by the letter of credit. A downgrade of the Airport's Senior Bonds to below "Baa1" by Moody's or "BBB+" by S&P or Fitch or withdrawal or suspension of a bond rating for credit-related reasons by any rating agency is an event of termination under the letters of credit supporting the bonds. Remedies include the letter of credit bank's ability to cause a mandatory tender of the supported bonds or to accelerate amounts due and payable to the bank; provided that payments made on a parity with the bonds are capped based on provisions in the 1991 Master Bond Resolution. If there are no default events pending, drawings under the respective letters of credit supporting the bonds are amortized over a three- or five-year period; provided that payments made on a parity with the bonds are capped based on provisions in the 1991 Master Bond Resolution.

**San Francisco Water Enterprise**

*Water Revenue Refunding Bonds 2025 Series ABC*

In April 2025, the Water Enterprise issued tax-exempt revenue bonds, 2025 Series ABC refunding bonds in the aggregate amount of \$523.4 million. The 2025 Series A (WSIP, Green) bonds were issued for the purpose of current refunding 2015 Series A revenue bonds maturing on or after November 1, 2029, 2017 Series A (WSIP, Green) bonds maturing on or after November 1, 2025, and for the purpose of paying the purchase price of a portion of the 2016 Series A revenue bonds maturing on November

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1, 2029, a portion of the 2017 Series D revenue bonds maturing on or after November 1, 2030, a portion of the 2019 Series A revenue bonds maturing on or after November 1, 2025, and a portion of the 2020 Series E bonds maturing on or after November 1, 2025.

The 2025 Series B (Regional and Local) bonds were issued for the purpose of current refunding 2017 Series B (Regional and Local Water) bonds maturing on or after November 1, 2025 and for the purpose of paying the purchase price of a portion of the 2020 Series F bonds maturing on or after November 1, 2025, and a portion of the 2020 Series G bonds maturing on or after November 1, 2025.

The 2025 Series C (Hetch Hetchy Water) bonds were issued for the purpose of current refunding 2017 Series C (Hetch Hetchy Water) bonds maturing on or after November 1, 2025, and for the purpose of paying the purchase price of a portion of the 2020 Series H bonds maturing on or after November 1, 2025.

The bonds carried "Aa2" and "AA-" ratings from Moody's and S&P, respectively. The 2025 Series ABC bonds include serial bonds with interest rates of 4.0% to 5.0% and have a final maturity on November 1, 2047. The Series ABC bonds have a true interest cost of 3.3%. The refunding resulted in a \$19.8 million accounting gain. As of June 30, 2025, the principal amount of 2025 Series ABC bonds outstanding was \$523.4 million.

*Water Revenue Refunding Bonds 2025 Series DEF*

In June 2025, the Water Enterprise issued tax-exempt revenue bonds and refunding bonds, 2025 Series DEF in the aggregate amount of \$988.3 million. The purpose of the 2025 Series DE Bonds was to refund approximately \$313.4 million aggregate principal amount of CP notes and to provide approximately \$92.4 million new money for various capital projects of the Water Enterprise and capital projects of Hetch Hetchy Water. The bonds carried "Aa2" and "AA-" ratings from Moody's and S&P, respectively. The 2025 Series DE Bonds include serial and term bonds with coupons of 5.0% to 5.3% and final maturities in 2056.

The purpose of the 2025 Series F bonds was to refund 2010 Series B and 2010 Series E Water Revenue Bonds originally issued as Build America Bonds through an extraordinary redemption provision at a prepayment price maturing on or after November 1, 2025. The bonds carried "Aa2" and "AA-" ratings from Moody's and S&P, respectively. The 2025 Series F bonds included serial bonds with coupons of 5.0% and a final maturity of November 1, 2040. The Series F bonds have a true interest cost of 3.5%. As of June 30, 2025, the principal amount of 2025 Series DEF bonds outstanding was \$988.3 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 \$191.1 million, which includes \$15.0 million of principal forgiveness, or a grant. It will bear an interest rate of 1.0% for a 30-year term, with loan repayment beginning one year after substantial completion of project construction. The CWSRF loan is secured on a parity lien basis with the Water Enterprise's outstanding revenue bonds. The principal outstanding as of June 30, 2025 was \$164.2 million.

*Drinking Water State Revolving Fund (DWSRF) Loan*

In April 2022, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Drinking Water State Revolving Fund (DWSRF) Loan to fund the Water Enterprise's Mountain Tunnel Improvement Project. The DWSRF loan is in the amount of \$238.2 million. It will bear an interest rate of 1.1% for a 30-year term, with interest payments beginning annually after the initial loan proceed draw occurs and loan principal repayment beginning one year after substantial completion

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of project construction. Power Enterprise is responsible for repayment for its share of SRF Loan debt service costs representing up to its allocable share of the cost of the Mountain Tunnel Project by a Memorandum of Understanding that will be executed with the Water Enterprise. The DWSRF loan is secured on a parity lien basis with the Water Enterprise's outstanding revenue bonds. The principal outstanding as of June 30, 2025 was \$135.8 million.

*Events of Default and Remedies*

*Water Revenue Bonds, and State Revolving Fund Loans* – Significant events of default as specified in the Water Enterprise Indenture (applicable to Water Revenue Bonds and SRF Loan), include non-payment, material breach of warranty, representation, or indenture covenants (not cured within applicable grace periods), and bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners, by aggregate amount of the bond obligations or of a credit provider), declaring the principal and the interest accrued thereon, to be due and payable immediately. As of June 30, 2025, there were no such events described herein.

**Hetch Hetchy Water and Power**

*Events of Default and Remedies*

*Power Revenue Bonds and Energy Bonds* - Significant events of default as specified in the Power Enterprise Indenture and Equipment Lease/Purchase Agreement include non-payment, material breach of warranty, representation, or indenture covenants (not cured within applicable grace periods), and bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners by aggregate amount of the bond obligations) declare the principal and the interest accrued thereon to be due and payable immediately. As of June 30, 2025, there were no such events described herein.

**Wastewater Enterprise**

*Wastewater Revenue Refunding Bonds 2024 Series ABCD*

In July 2024, the Wastewater Enterprise issued taxable and tax-exempt, 2024 Series ABCD, in the total aggregate principal amount of \$1.14 billion. The purpose of the issuance of the 2024 Series ABCD bonds were to retire approximately \$342.0 million aggregate principal amount of CP notes, finance various capital projects of the enterprise, and refund certain outstanding revenue bonds.

The \$431.1 million 2024 Series A bonds were issued as taxable Green Bonds for the Sewer System Improvement Program (SSIP) to fund the Biosolids Digester Facility Project. The Series A were issued with a coupon rate of 4.7% and have a single maturity of 2027. The Series A have a true interest cost of 4.7%. The bonds carried a "Aa2" rating from Moody's. As of June 30, 2025, the principal amount of the 2024 Series A bonds outstanding was \$431.1 million.

The \$87.3 million 2024 Series B bonds were issued as taxable bonds for non-SSIP projects. The bonds were issued to defease a portion of the outstanding 2018 Series B bonds maturing on October 1, 2026 through October 1, 2043, and a portion of outstanding 2023 Series B bonds maturing October 1, 2026. The 2024 Series B bonds were issued as serial bonds with coupons of 4.6% to 5.1% and have a final maturity of 2037. The Series B bonds have a true interest cost of 5.0%. The refunding resulted in the recognition of a deferred accounting gain/loss of \$8.1 million of refunded bonds. The Series B bonds carried of "AA" and "Aa2" ratings from S&P and Moody's, respectively. As of June 30, 2025, the principal amount of the 2024 Series B bonds outstanding was \$87.3 million.

The \$539.7 million 2024 Series C bonds were issued as tax-exempt Green Bonds to retire approximately \$270.2 million of CP notes for SSIP capital projects and finance certain capital projects benefiting the Wastewater Enterprise. The Series C bonds were issued as serial bonds and term bonds with coupons of 5.0% and final maturity of 2054. The Series C bonds have a true interest cost of 4.2%.

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The bonds carried "AA" and "Aa2" ratings from S&P and Moody's, respectively. As of June 30, 2025, the principal amount of the 2024 Series C bonds outstanding was \$539.7 million.

The \$84.9 million 2024 Series D bonds were issued as tax-exempt bonds to retire approximately \$71.8 million of CP for non-SSIP projects and to finance certain capital project benefiting the Enterprise. The Series D were issued as serial bonds and term bonds with 5.0% coupons and a final maturity of 2054. The 2024 Series D bonds have a true interest cost of 4.2%. The bonds carried "Aa2" and "AA" ratings from Moody's and S&P, respectively. As of June 30, 2025, the principal amount of the 2024 Series D bonds outstanding was \$84.9 million.

*New Treasure Island Wastewater Treatment Plant*

In June 2025, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the New Treasure Island Wastewater Treatment Plant. The CWSRF loan is in the amount of \$110.0 million. The loan bears an interest rate of 1.7% 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 February 2027. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. As of June 30, 2025, the Wastewater Enterprise has not submitted any reimbursement requests to date and the principal amount outstanding of the loan was \$0.

*Folsom Area Stormwater Improvement Project*

In June 2025, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the Folsom Area Stormwater Improvement Project. The CWSRF loan is in the amount of \$50.0 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 in September 2028. The CWSRF loan is secured on a parity lien basis with the Enterprise's outstanding revenue bonds. As of June 30, 2025, the Enterprise has not submitted any reimbursement requests to date and the principal amount outstanding of the loan was \$0.

*WIFIA Loan Agreement-Biosolids Digester Facility Project*

In July 2018, the SFPUC entered into a Water Infrastructure Finance and Innovation Act (WIFIA) Loan Agreement (WIFIA Loan) with the United States Environmental Protection Agency in the amount of \$699.2 million. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise's Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise's net revenues and is on a parity lien basis with the SFPUC's outstanding Wastewater Revenue Bonds and CWSRF Loans entered into with the California State Water Resources Control Board.

The original 2018 loan bears a fixed interest rate of 3.09% for a 35-year term, with loan repayment expected to begin in fiscal year 2026, after substantial completion of project construction. In June 2020, the SFPUC re-executed the WIFIA Loan Agreement to have a fixed interest rate of 1.45% for a 35-year term. All other terms of the WIFIA Loan Agreement were unchanged.

In March 2023, the SFPUC received disbursement of \$122.3 million in respect to eligible project costs and a capitalized interest of \$74 added to principal. In January 2024, the SFPUC received a second disbursement of \$440.0 million in respect to eligible project costs. In February 2025, the SFPUC received a final disbursement of \$137.0 million. As of June 30, 2025, the principal amount of loan outstanding including capitalized interest was \$713.3 million.



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*WIFIA Loan Agreement-Southeast Treatment Plant Improvements*

In June 2020, the SFPUC entered into a WIFIA Loan with the United States Environmental Protection Agency in the amount of \$513.9 million. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise's SEP New Headworks Replacement Project and additional costs of the revised Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise's net revenues and is on a parity lien basis with the SFPUC's outstanding Wastewater Revenue Bonds and CWSRF Loans entered into with the California State Water Resources Control Board. The loan bears a fixed interest rate of 1.45% for a 35-year term, with loan repayment starting in fiscal year 2025, after substantial completion of project construction. In January 2024, the SFPUC received disbursement of \$352.6 million in respect to eligible project costs. In February 2025, the SFPUC received a final disbursement of \$161.3 million. As of June 30, 2025, the principal outstanding of the loan including capitalized interest was \$522.1 million.

*WIFIA Master Loan Agreement and Project 1 Loan Agreement*

In April 2023, the SFPUC entered into a WIFIA Master Agreement and Project 1 Loan Agreement with the United States Environmental Protection Agency. The WIFIA Master Agreement and Project 1 Loan was entered into pursuant to the WIFIA authorized by Congress in 2014. The SFPUC entered the WIFIA Master Loan Agreement with the EPA in an amount not to exceed \$791.3 million to provide partial funding for projects in the Wastewater Enterprise Capital Plan. The Master Agreement defines the general terms for funding a series of WIFIA loans, the first of which is the "Project 1 Loan Agreement". The incurrence of the Project 1 Loan Agreement, in an aggregate initial principal amount not to exceed \$369.3 million will provide partial funding for six Wastewater Enterprise capital improvement projects. Those projects are Westside Pump Station Reliability Improvements, North Shore Pump Station Wet Weather Improvements, Wawona Area Stormwater Improvement, New Treasure Island Wastewater Treatment Plant, Folsom Area Stormwater Improvement, and Yosemite Creek Daylighting. Proceeds of the loan will fund 49% of project costs plus eligible expenses. The Project 1 Loan is on a parity lien basis with the SFPUC's outstanding Wastewater Revenue Bonds and Clean Water SRF Loans entered into with the California State Water Resources Control Board. The loan will bear a fixed interest rate of 3.65% for a 32-year term, with loan repayment expected to begin in fiscal year 2033. In February 2025, the SFPUC received disbursement of \$157.6 million. As of June 30, 2025, the principal amount outstanding of the loan including capitalized interest was \$159.3 million.

*Events of Default and Remedies*

**Wastewater Revenue Bonds, SRF Loans, and WIFIA Loan** – Significant events of default as specified in the Wastewater Enterprise Indenture (applicable to Wastewater Revenue Bonds, SRF Loans and WIFIA loan) include non-payment, material breach of warranty, representation, or indenture covenants (not cured within applicable grace periods), and bankruptcy and insolvency events which may result in the Trustee, upon written request, by majority of the owners (by aggregate amount of the bond obligations or of a credit provider), declaring the principal and interest accrued thereon, to be due and payable immediately. As of June 30, 2025, there were no such events described herein.

**Conduit Debt Obligations**

**Mortgage Revenue Bonds**

The City, through the Mayor's Office of Housing and Community Development and the former San Francisco Redevelopment Agency has issued various mortgage revenue bonds for the financing of multifamily rental housing and to facilitate affordable housing construction and rehabilitation in the City. These obligations were issued on behalf of various property owners and developers who retain full responsibility for the payment of the debt. These bonds are secured by the related project revenues and other sources of funds and are not considered obligations of the City. No commitments beyond the

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maintenance of the tax-exempt status of the conduit debt obligation were extended by the City for any of the mortgage revenue bonds. As of June 30, 2025, the total obligation outstanding was \$2.26 billion.

**San Francisco International Airport Special Facilities Lease Revenue Bonds**

In February 2019, the Airport issued San Francisco International Airport Special Facilities Lease Revenue Bonds (SFO FUEL COMPANY LLC), Series 2019A (AMT) and Series 2019B (Federally Taxable) (the "Fuel Bonds"), in an aggregate principal amount of \$125.0 million to refund all of the then-outstanding special facilities lease revenue bonds previously issued by the Airport for the benefit of SFO FUEL COMPANY LLC (SFO Fuel), finance capital improvements to the jet fuel distribution and related facilities at San Francisco International Airport, pay capitalized interest on a portion of the Series 2019A Bonds, make a deposit to a reserve account for the Fuel Bonds, and pay costs of issuance. As of June 30, 2025, the outstanding balance was \$78.3 million. The 2019 Fuel Bonds have a final maturity of January 1, 2047.

SFO Fuel, a special purpose limited liability company formed by certain airlines operating at the Airport, is required to pay facilities rent to the Airport pursuant to a lease agreement between the Airport and SFO Fuel with respect to the on-Airport jet fuel distribution facilities in an amount equal to debt service payments on the Fuel Bonds and any required bond reserve account deposits. The principal and interest on the Fuel Bonds are paid solely from the facilities rent payable by SFO Fuel to the Airport. The lease payments, and therefore the Fuel Bonds, are payable from charges imposed by SFO Fuel on air carriers for into-plane fueling at the Airport and are not payable from or secured by the Net Revenues of the Airport. The Airport assigned its right to receive the facilities rent to the Fuel Bonds trustee to pay and secure the payment of the Fuel Bonds. Neither the Airport nor the City is obligated in any manner for the repayment of the Fuel Bonds other than from the facilities rent received from SFO Fuel.

**Community Facilities District and Special Tax Districts Bonds**

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

The following is a summary of long-term obligations of the City and County of San Francisco Community Facilities District No. 2014-1 (CFD 2014-1) as of June 30, 2025:

| <b>Bonds</b>                   | <b>Remaining Interest Rate</b> | <b>Final Maturity Date</b> | <b>Amount</b>     |
|--------------------------------|--------------------------------|----------------------------|-------------------|
| Special Tax Bonds Series 2017A | 3.00% - 4.00%                  | 2049                       | \$ 33,815         |
| Special Tax Bonds Series 2017B | 3.00% - 4.00%                  | 2049                       | 160,625           |
| Special Tax Bonds Series 2019A | 3.314% - 4.25%                 | 2050                       | 31,805            |
| Special Tax Bonds Series 2019B | 3.264% - 4.371%                | 2050                       | 148,895           |
| Special Tax Bonds Series 2020B | 1.994% - 3.572%                | 2051                       | 77,950            |
| Special Tax Bonds Series 2021B | 1.509% - 3.482%                | 2051                       | 32,845            |
| Special Tax Bonds Series 2022A | 5.00%                          | 2053                       | 30,490            |
| Special Tax Bonds Series 2022B | 5.034% - 6.332%                | 2052                       | 46,395            |
| Total obligations              |                                |                            | <u>\$ 562,820</u> |

The Special Tax Bonds of CFD 2014-1 bonds were issued to facilitate the construction of the Salesforce Transit Center and adjacent infrastructure; to fund streetscape and pedestrian improvements around the Salesforce Transit Center, acquisition of transit vehicles, and enhancements at BART Embarcadero Station; and to fund planning, design, engineering, right of way acquisition and construction of certain capital improvements that are part of the Transbay Program's Downtown Rail Extension. The bonds are secured under the provisions of a Fiscal Agent Agreement and will be payable solely from Special Tax Revenues and funds pledged under that agreement. These bonds are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision thereof are pledged for the payment of the principal or interest on Special Tax Bonds of CFD 2014-1.

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Community Facilities District No. 2016-1 (Treasure Island)

The following is a summary of long-term obligations of the City and County of San Francisco Community Facilities District No. 2016-1 (CFD 2016-1) as of June 30, 2025:

| Bonds                                                | Remaining<br>Interest<br>Rates | Final<br>Maturity<br>Date | Amount           |
|------------------------------------------------------|--------------------------------|---------------------------|------------------|
| Improvement Area No.1 Special Tax Bonds Series 2020  | 4.00%                          | 2051                      | \$ 16,545        |
| Improvement Area No.1 Special Tax Bonds Series 2021  | 4.00%                          | 2052                      | 41,045           |
| Improvement Area No.2 Special Tax Bonds Series 2022A | 4.00%                          | 2053                      | 24,825           |
| Improvement Area No.2 Special Tax Bonds Series 2023A | 5.00% - 5.50%                  | 2054                      | 16,725           |
| Total obligations                                    |                                |                           | <u>\$ 99,140</u> |

The Special Tax Bonds of CFD 2016-1 Improvement Area No. 1 and Improvement Area No. 2 were issued to finance infrastructure and development costs for the Treasure Island/Yerba Buena Island Development Project. The bonds are secured under the provisions of their respective Fiscal Agent Agreements and will be payable solely from Special Tax Revenues and funds pledged under those agreements. These bonds are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision thereof are pledged for the payment of the principal or interest on Special Tax Bonds of CFD 2016-1.

Special Tax District No. 2020-1 (Mission Rock Facilities and Services)

The following is a summary of long-term obligations of the City and County of San Francisco Special Tax District No. 2020-1 (STD 2020-1) as of June 30, 2025:

| Bonds                                                 | Remaining<br>Interest<br>Rates | Final<br>Maturity<br>Date | Amount           |
|-------------------------------------------------------|--------------------------------|---------------------------|------------------|
| Office Special Tax Bonds Series 2023B                 | 5.00% - 5.75%                  | 2054                      | \$ 18,825        |
| Shoreline (Tax Zone 1) Special Tax Bonds Series 2023C | 5.00% - 5.75%                  | 2054                      | 17,760           |
| Total obligations                                     |                                |                           | <u>\$ 36,585</u> |

The 2023B and 2023C Special Tax Bonds of STD No. 2020-1 were issued to fund horizontal improvements for Phases 1A and 1B of the Mission Rock Project. The bonds are secured under provisions of their respective Fiscal Agent Agreements and will be payable solely from the Revenues and funds pledged under those agreements. Revenues for 2023B Bonds and 2023C Bonds generally consist of Office Special Tax Revenues and Shoreline (tax zone 1) Special Tax Revenues, respectively. The 2023B Bonds and 2023C Bonds are not payable from any revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision thereof are pledged for the payment of the principal or interest on the 2023B Bonds or the 2023C Bonds.

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**(9) EMPLOYEE BENEFIT PROGRAMS**

**(a) Retirement Plans**

General Information About the Pension Plans – The San Francisco City and County Employees' Retirement System (Retirement System) administers a cost-sharing multiple-employer defined benefit pension plan (SFERS Plan), which covers substantially all of the employees of the City and County of San Francisco, and certain classified and certificated employees of the San Francisco Community College and Unified School Districts, and San Francisco Trial Court employees other than judges. The San Francisco City and County Charter and the Administrative Code are the authority which establishes and amends the benefit provisions and employer obligations of the SFERS Plan. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the SFERS Plan. That report may be obtained on the Retirement System's website at <http://mysfers.org> or by writing to the San Francisco City and County Employees' Retirement System, 1145 Market Street, 5<sup>th</sup> Floor, San Francisco, CA 94103 or by calling (415) 487-7000.

Replacement Benefits Plan – The Replacement Benefits Plan (RBP) is a qualified excess benefit plan established in October 1989. Internal Revenue Code Section 415(m) provides for excess benefit arrangements that legally permit benefit payments above the Section 415 limits, provided that the payments are not paid from the SFERS Trust. The RBP allows the City to pay SFERS retirees any portion of the Charter-mandated retirement allowance that exceeds the annual Section 415(b) limit. The RBP plan does not meet the criteria of a qualified trust under GASB Statement No. 73 because RBP assets are subject to the claims of the employer's general creditors under federal and State law in the event of insolvency.

In addition, some City employees are eligible to participate in the Public Employees' Retirement Fund (PERF) of the California Public Employees' Retirement System (CalPERS) Safety Plan, an agent multi-employer pension plan, or the CalPERS Miscellaneous Rate Plan, included in CalPERS public agency cost-sharing multiple-employer pension plan. Some employees of the Transportation Authority, a blended component unit, and the Successor Agency, a fiduciary component unit, are eligible to participate in a CalPERS Miscellaneous Rate Plan or a CalPERS Public Employees' Pension Reform Act (PEPRA) Miscellaneous Rate Plan, both rate plans are included in CalPERS public agency cost-sharing multiple-employer pension plan. In addition, some employees of the Treasure Island Development Authority, a discretely presented component unit, are eligible to participate in the CalPERS Miscellaneous Rate Plan included in CalPERS public agency cost-sharing multiple-employer pension plan.

CalPERS acts as a common investment and administrative agent for various local and State governmental agencies within the State of California . Benefit provisions and other requirements are established by State statute, employer contract with CalPERS, by City resolution and resolution of component units. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

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**Benefits**

**SFERS** – The SFERS Plan provides service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and provides annual cost-of-living adjustments (COLA) after retirement. The SFERS Plan also provides pension continuation benefits to qualified survivors. The Retirement System pays benefits according to the category of employment and the type of benefit coverage provided by the City. The four main categories of SFERS Plan members are:

- Miscellaneous Non-Safety Members – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- Sheriff's Department and Miscellaneous Safety Members – sheriffs assuming office on and after January 7, 2012, and undersheriffs, deputized personnel of the Sheriff's Department, and miscellaneous safety employees hired on and after January 7, 2012.
- Firefighter Members – firefighters and other employees whose principal duties are in fire prevention and suppression work or who occupy positions designated by law as firefighter member positions.
- Police Members – police officers and other employees whose principal duties are in active law enforcement or who occupy positions designated by law as police member positions.

The membership groups and the related service retirement benefits are summarized as follows:

| Miscellaneous Non-Safety Members |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                  | Tier I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Tier II                                                                                                                                                                                                                                                                                                        | Tier III                                                                                                                                                                                                                                                                                                         |
| Eligible Members                 | Prior to July 1, 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | On or after July 2010, and prior to January 7, 2012                                                                                                                                                                                                                                                            | On or after January 7, 2012                                                                                                                                                                                                                                                                                      |
| Pension Service Retirement       | <ul style="list-style-type: none"> <li>- At least 50 years old with 20 years of credited service.</li> <li>- Age 60 with 10 or more years of credited service.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>- At least 53 years old with 20 years of credited service.</li> <li>- Age 60 with 10 or more years of credited service.</li> </ul>                                                                                                                                      | <ul style="list-style-type: none"> <li>- At least 53 years old with 20 years of credited service.</li> <li>- Age 60 with 10 or more years of credited service.</li> </ul>                                                                                                                                        |
| Allowance                        | Final compensation (highest one-year average monthly compensation or, average monthly compensation earned in the 12 consecutive months immediately prior to retirement) multiplied by years of credited service times age factor up to maximum of 75% of final compensation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Final compensation (highest average monthly compensation earned in any two consecutive fiscal years or, average monthly compensation earned in the 24 consecutive months immediately prior to retirement) multiplied by years of credited service times age factor up to maximum of 75% of final compensation. | Final compensation (highest average monthly compensation earned in any three consecutive fiscal years or, average monthly compensation earned in the 36 consecutive months immediately prior to retirement) multiplied by years of credited service times age factor up to maximum of 75% of final compensation. |
| Disability Retirement Benefit    | 10 or more years of credited service and member sustains an injury or illness that prevent them from performing member's duties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |
| Death Benefits                   | <ul style="list-style-type: none"> <li>- Death prior to retirement: <ul style="list-style-type: none"> <li>o If qualified for service retirement, qualified surviving spouse and qualified domestic partner receive continuation benefits equal to 50% to 100% of the member's retirement allowance that the member would have received had he or she retired on the date of death.</li> <li>o If not qualified for service retirement, a lump sum death payment equal to 6 months' earnable salary plus the member's accumulated contributions is provided upon the death of an active employee to the member's named beneficiary or estate.</li> </ul> </li> <li>- Death benefit after retirement: <ul style="list-style-type: none"> <li>o Upon the death of a retired member, the Retirement System provides continuation benefits to a qualified surviving spouse or qualified domestic partner equal to 50% of the member's retirement allowance as of the date of death.</li> </ul> </li> </ul> |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |
| Cost-of-Living Adjustment (COLA) | <ul style="list-style-type: none"> <li>- Basic COLA: <ul style="list-style-type: none"> <li>o Retirees receive basic COLA each July 1. The majority of adjustments are determined by changes in the Consumer Price Index (CPI) with increases capped at 2%.</li> </ul> </li> <li>- Supplemental COLA <sup>(1)</sup>: <ul style="list-style-type: none"> <li>o When there are sufficient "excess" investment earnings in the SFERS Plan.</li> <li>o Maximum benefit adjustment each July 1 is 3.5% including the Basic COLA.</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |

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|                                  | Firefighter Members and Police Members                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  | Sheriff's Department Members and Miscellaneous Safety Members |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
|                                  | Tier I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Tier II                                                                                                                                                                                                                                                                                                        | Tier III                                                                                                                                                                                                                                                                                                         |                                                               |
| Eligible Members                 | On or after November 2, 1976, and prior to July 1, 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | On or after July 1, 2010, and prior to January 7, 2012                                                                                                                                                                                                                                                         | On or after January 7, 2012                                                                                                                                                                                                                                                                                      | On or after January 7, 2012                                   |
| Pension Service Retirement       | At least 50 years old with 5 years of credited service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |                                                               |
| Allowance                        | Final compensation (highest one-year average monthly compensation or, average monthly compensation earned in the 12 consecutive months immediately prior to retirement) multiplied by years of credited service times age factor up to maximum of 90% of final compensation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Final compensation (highest average monthly compensation earned in any two consecutive fiscal years or, average monthly compensation earned in the 24 consecutive months immediately prior to retirement) multiplied by years of credited service times age factor up to maximum of 90% of final compensation. | Final compensation (highest average monthly compensation earned in any three consecutive fiscal years or, average monthly compensation earned in the 36 consecutive months immediately prior to retirement) multiplied by years of credited service times age factor up to maximum of 90% of final compensation. |                                                               |
| Disability Retirement Benefit    | <ul style="list-style-type: none"> <li>- Ordinary disability retirement (non-job related) 10 or more years of credited service and member sustains an injury or illness that prevent them from performing member's duties. The disability retirement benefit is calculated using 1.5% of the member's average final compensation (defined by plan) multiplied by years of credited service subject to a minimum of 33.3% and a maximum of 75% to 90%.</li> <li>- Industrial disability retirement (job-related) no minimum service requirement if their disability is caused by an illness or injury that they receive while performing their duties. The industrial disability retirement benefit is based on the member's average final compensation (defined by plan) multiplied by the permanent disability rating (from 50% to 90%) or the member's service retirement benefit if the member is eligible for a service retirement.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |                                                               |
| Death Benefits                   | <ul style="list-style-type: none"> <li>- Death prior to retirement: <ul style="list-style-type: none"> <li>o If qualified for service retirement, qualified surviving spouse and qualified domestic partner receive continuation benefits equal to 50% to 100% of the member's retirement allowance that the member would have received had he or she retired on the date of death.</li> <li>o If not qualified for service retirement, salary continuation is provided to the qualified survivor until such time as the member would have qualified for service retirement had he or she lived at which time a continuation benefit equal to 100% of the member's service retirement allowance is provided to the qualified survivor.</li> <li>o If not qualified for service retirement and no survivor continuation benefits are payable, a lump sum distribution of member contributions and interest plus 6 months compensation earnable paid to designated Plan beneficiary or estate.</li> </ul> </li> <li>- Death benefit after retirement: <ul style="list-style-type: none"> <li>o Upon the death of a retired member, the Retirement System provides continuation benefits to a qualified surviving spouse or qualified domestic partner equal to 75% of the member's retirement benefit at the date of death.</li> </ul> </li> </ul> |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |                                                               |
| Death Benefits                   | <ul style="list-style-type: none"> <li>- Death prior to retirement: <ul style="list-style-type: none"> <li>o If qualified for service retirement, qualified surviving spouse and qualified domestic partner receive continuation benefits equal to 50% of the member's retirement allowance that the member would have received had he or she retired on the date of death.</li> <li>o If not qualified for service retirement, a continuation benefit payable to qualified survivor equal to 50% of the service retirement payable to member or the non-job-related disability retirement payable to member based on the deceased member years of credited service.</li> <li>o If not qualified for service retirement and no survivor continuation benefits are payable, a lump sum distribution of member contributions and interest plus 6 months compensation earnable paid to designated Plan beneficiary or estate.</li> </ul> </li> <li>- Death benefit after retirement: <ul style="list-style-type: none"> <li>o Upon the death of a retired member, the Retirement System provides continuation benefits to a qualified surviving spouse or qualified domestic partner equal to 50% of the member's retirement benefit at the date of death.</li> </ul> </li> </ul>                                                                   |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |                                                               |
| Cost-of-Living Adjustment (COLA) | <ul style="list-style-type: none"> <li>- Basic COLA: <ul style="list-style-type: none"> <li>o Retirees receive basic COLA each July 1. The majority of adjustments are determined by changes in the Consumer Price Index (CPI) with increases capped at 2%.</li> </ul> </li> <li>- Supplemental COLA <sup>(1)</sup>: <ul style="list-style-type: none"> <li>o When there are sufficient "excess" investment earnings in the SFERS Plan.</li> <li>o Maximum benefit adjustment each July 1 is 3.5% including the Basic COLA.</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |                                                               |

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**Notes to Basic Financial Statements (Continued)**  
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<sup>(1)</sup> - Proposition A passed on November 8, 2022, eliminated the full funding requirement for Supplemental COLA benefit payments to members who retired before November 6, 1996 (Pre96 Retirees). Furthermore, Pre96 Retirees' base retirement allowances were adjusted to account for Supplemental COLAs not received in 2013, 2014, 2017, 2018 and 2019 due to the full funding requirement. Effective with Proposition A, all Supplemental COLA retirement benefits paid to members hired before January 7, 2012, will continue into the future even when an additional Supplemental COLA is not payable in any given year. For members hired on and after January 7, 2012, a Supplemental COLA will only be paid to retirees when there are sufficient "excess" investment earnings in the Plan and the Plan is also fully funded on a market value of asset basis and in addition for these members, Supplemental COLAs will not be permanent adjustments to retirement benefits. That is, in years when a Supplemental COLA is not paid, all previously paid Supplemental COLAs will expire.

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

The CalPERS' provisions and benefits in effect at June 30, 2025, are summarized as follows:

**CalPERS' Provisions and Benefits**

|                                      | <b>City Safety Plan</b>         |                                |
|--------------------------------------|---------------------------------|--------------------------------|
|                                      | Prior to<br>January 1, 2013     | On or after<br>January 1, 2013 |
| Hire date                            |                                 |                                |
| Benefit formula                      | 2% @ 50, 2% @<br>55, or 3% @ 55 | 2% @ 57 or<br>2.7% @ 57        |
| Benefit vesting schedule             | 5 years of service              | 5 years of service             |
| Benefit payments                     | Monthly for life                | Monthly for life               |
| Required employee contribution rates | 7.00% to 9.00%                  | 11.50% to 15.00%               |
| Required employer contribution rates | 25.99%                          | 25.99%                         |

\* The City Miscellaneous Plan and the Treasure Island Miscellaneous Plan have no current active employees.

|                                      | <b>Transportation Authority<br/>Miscellaneous Plan</b> |                                | <b>Successor Agency<br/>Miscellaneous Plan</b> |                                |
|--------------------------------------|--------------------------------------------------------|--------------------------------|------------------------------------------------|--------------------------------|
|                                      | Prior to<br>January 1, 2013                            | On or after<br>January 1, 2013 | Prior to<br>January 1, 2013                    | On or after<br>January 1, 2013 |
| Hire date                            |                                                        |                                |                                                |                                |
| Benefit formula                      | 2% @ 55                                                | 2% @ 62                        | 2% @ 55                                        | 2% @ 62                        |
| Benefit vesting schedule             | 5 years of service                                     | 5 years of service             | 5 years of service                             | 5 years of service             |
| Benefit payments                     | Monthly for life                                       | Monthly for life               | Monthly for life                               | Monthly for life               |
| Required employee contribution rates | 6.93%                                                  | 7.75%                          | 6.93%                                          | 8.00%                          |
| Required employer contribution rates | 12.52%                                                 | 7.87%                          | 13.05%                                         | 8.07%                          |

**CITY AND COUNTY OF SAN FRANCISCO**  
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At June 30, 2025, the following current and former employees were covered by the benefit terms under each pension plan:

|                                                                          | <b>SFERS Plan</b> | <b>City CalPERS<br/>Miscellaneous<br/>Plan</b> | <b>City CalPERS<br/>Safety Plan</b> | <b>Transportation<br/>Authority CalPERS<br/>Classic &amp; PEPRA<br/>Miscellaneous<br/>Plans</b> | <b>Successor Agency<br/>CalPERS Classic &amp;<br/>PEPRA<br/>Miscellaneous<br/>Plans</b> | <b>Treasure Island<br/>Development<br/>Authority CalPERS<br/>Miscellaneous<br/>Plan</b> |
|--------------------------------------------------------------------------|-------------------|------------------------------------------------|-------------------------------------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Inactive employees or beneficiaries<br>currently receiving benefits..... | 33,328            | 55                                             | 1,400                               | 21                                                                                              | 186                                                                                     | 1                                                                                       |
| Inactive employees entitled to but not<br>yet receiving benefits.....    | 13,842            | 1                                              | 219                                 | 75                                                                                              | 100                                                                                     | -                                                                                       |
| Active employees.....                                                    | 35,990            | -                                              | 529                                 | 39                                                                                              | 35                                                                                      | -                                                                                       |
| Total.....                                                               | <u>83,160</u>     | <u>56</u>                                      | <u>2,148</u>                        | <u>135</u>                                                                                      | <u>321</u>                                                                              | <u>1</u>                                                                                |

**Contributions**

For the year ended June 30, 2025, the City's actuarial determined contributions were as follows:

|                                                                           |                   |
|---------------------------------------------------------------------------|-------------------|
| SFERS Plan.....                                                           | \$ 651,563        |
| City CalPERS Miscellaneous Plan.....                                      | -                 |
| City CalPERS Safety Plan.....                                             | 46,511            |
| Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans..... | 859               |
| Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans.....         | 3,438             |
| Treasure Island Development Authority CalPERS Miscellaneous Plan.....     | 5                 |
| Total.....                                                                | <u>\$ 702,376</u> |

**SFERS** – Contributions are made to the basic SFERS Plan by both the City and the participating employees. Employee contributions are mandatory as required by the Charter. Employee contribution rates for fiscal year 2024-25 varied from 7.50% to 11.00% as a percentage of gross covered salary. For the year ended June 30, 2025, 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, 2023, actuarial report, the required employer contribution rates for fiscal year 2024-25 were 14.91% to 16.91%.

**CalPERS** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the PERF are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by public employees during the year, with an additional amount to finance any unfunded accrued liability.

**Replacement Benefits Plan** – The RBP is and will remain unfunded and the rights of any participant and beneficiary are limited to those specified in the RBP. The RBP constitutes an unsecured promise by the City to make benefit payments in the future to the extent funded by the City. The City paid \$3.1 million replacement benefits in the year ended June 30, 2025.

Pension liabilities are financed by governmental funds, enterprise funds, fiduciary funds and discrete component unit that are responsible for the charges.

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**Net Pension Liability (Asset)**

The table below shows how the net pension liability (NPL) or (net pension asset) (NPA) as of June 30, 2025, is distributed.

|                                                          | Net Pension Asset  | Net Pension Liability | Total               |
|----------------------------------------------------------|--------------------|-----------------------|---------------------|
| Governmental activities.....                             | \$ (20,088)        | \$ 2,650,359          | \$ 2,630,271        |
| Business-type activities.....                            | -                  | 1,614,092             | 1,614,092           |
| Fiduciary funds.....                                     | -                  | 39,058                | 39,058              |
| Component Unit - Treasure Island Development Authority.. | -                  | 3                     | 3                   |
| Total.....                                               | <u>\$ (20,088)</u> | <u>\$ 4,303,512</u>   | <u>\$ 4,283,424</u> |

As of June 30, 2025, the City's NPL/(NPA) is comprised of the following:

|                                                                       | Proportionate Share | Share of Net Pension Liability (Asset) |
|-----------------------------------------------------------------------|---------------------|----------------------------------------|
| SFERS Plan.....                                                       | 94.7032%            | \$ 3,775,716                           |
| City CalPERS Miscellaneous Plan.....                                  | -0.1656%            | (20,088)                               |
| City CalPERS Safety Plan.....                                         | N/A                 | 347,143                                |
| Transportation Authority CalPERS Classic & PEPR Miscellaneous Plans.  | 0.0326%             | 3,948                                  |
| Successor Agency CalPERS Classic & PEPR Miscellaneous Plans.....      | 0.3221%             | 39,058                                 |
| Treasure Island Development Authority CalPERS Miscellaneous Plan..... | 0.0000%             | 3                                      |
| Replacement Benefits Plan.....                                        | N/A                 | 137,644                                |
| Total.....                                                            |                     | <u>\$ 4,283,424</u>                    |

The City's NPL/(NPA) for each of its cost-sharing plans is measured as a proportionate share of the plans' NPL/(NPA). The City's NPL/(NPA) for each of its cost-sharing plans is measured as of June 30, 2024, and the total pension liability for each cost-sharing plan used to calculate the NPL/(NPA) was determined by an actuarial valuation as of July 1, 2023, rolled forward to June 30, 2024, using standard update procedures. The City's proportion of the NPL/(NPA) for the SFERS Plan was based on the City's long-term share of contributions to SFERS relative to the projected contributions of all participating employers, actuarially determined. The City's proportions of the NPL/(NPA) for the CalPERS plans were actuarially determined as of the valuation date.

The City's proportionate share and NPL/(NPA) of each of its cost-sharing plans as of June 30, 2024 and 2023 were as follows:

|                                                                       | June 30, 2024<br>(Measurement Date) |                                        | June 30, 2023<br>(Measurement Date) |                                        |
|-----------------------------------------------------------------------|-------------------------------------|----------------------------------------|-------------------------------------|----------------------------------------|
|                                                                       | Proportionate Share                 | Share of Net Pension Liability (Asset) | Proportionate Share                 | Share of Net Pension Liability (Asset) |
| SFERS Plan.....                                                       | 94.7032%                            | \$ 3,775,716                           | 94.8491%                            | \$ 3,456,687                           |
| City CalPERS Miscellaneous Plan.....                                  | -0.1656%                            | (20,088)                               | -0.1464%                            | (18,263)                               |
| Transportation Authority CalPERS Classic & PEPR Miscellaneous Plans.  | 0.0326%                             | 3,948                                  | 0.0318%                             | 3,964                                  |
| Successor Agency CalPERS Classic & PEPR Miscellaneous Plans.....      | 0.3221%                             | 39,058                                 | 0.3412%                             | 39,202                                 |
| Treasure Island Development Authority CalPERS Miscellaneous Plan..... | 0.0000%                             | 3                                      | 0.0000%                             | 4                                      |
| Total.....                                                            |                                     | <u>\$ 3,798,637</u>                    |                                     | <u>\$ 3,481,594</u>                    |

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**Notes to Basic Financial Statements (Continued)**  
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The City's NPL for the CalPERS City Safety Plan (agent plan) is measured as the total pension liability, less the CalPERS Safety Plan's fiduciary net position. The change in the NPL for the City CalPERS Safety Plan is as follows:

|                                                                    | Increase (Decrease)     |                             |                       |
|--------------------------------------------------------------------|-------------------------|-----------------------------|-----------------------|
|                                                                    | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balance at June 30, 2023 (MD).....                                 | \$ 1,753,730            | \$ 1,392,811                | \$ 360,919            |
| Change in year:                                                    |                         |                             |                       |
| Service cost.....                                                  | 25,282                  | -                           | 25,282                |
| Interest on the total pension liability.....                       | 120,434                 | -                           | 120,434               |
| Changes of assumptions.....                                        | -                       | -                           | -                     |
| Differences between expected and actual experience.....            | 24,592                  | -                           | 24,592                |
| Contributions from the employer.....                               | -                       | 45,349                      | (45,349)              |
| Contributions from employees.....                                  | -                       | 7,193                       | (7,193)               |
| Net investment income.....                                         | -                       | 132,682                     | (132,682)             |
| Benefit payments, including refunds of employee contributions..... | (91,096)                | (91,096)                    | -                     |
| Administrative expense.....                                        | -                       | (1,140)                     | 1,140                 |
| Net changes during measurement period.....                         | <u>79,212</u>           | <u>92,988</u>               | <u>(13,776)</u>       |
| Balance at June 30, 2024 (MD).....                                 | <u>\$ 1,832,942</u>     | <u>\$ 1,485,799</u>         | <u>\$ 347,143</u>     |

The City's pension liability for the Replacement Benefits Plan is measured as the total pension liability as there are no assets in the plan. The change in the total pension liability for the City Replacement Benefits Plan is as follows:

|                                                         | Increase (Decrease)     |                |
|---------------------------------------------------------|-------------------------|----------------|
|                                                         | Total Pension Liability |                |
| Balance at June 30, 2023 (MD).....                      | \$                      | 132,134        |
| Change in year:                                         |                         |                |
| Service cost.....                                       |                         | 1,496          |
| Interest.....                                           |                         | 4,793          |
| Differences between expected and actual experience..... |                         | 8,737          |
| Assumption changes.....                                 |                         | (6,374)        |
| Benefit payments.....                                   |                         | (3,142)        |
| Net changes during measurement period.....              |                         | <u>5,510</u>   |
| Balance at June 30, 2024 (MD).....                      | <u>\$</u>               | <u>137,644</u> |

**Pension Expenses/(Benefits) and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2025, the City recognized pension expense/(benefit) including amortization of deferred outflows/inflows related to pension items as follows:

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**Notes to Basic Financial Statements (Continued)**  
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|                                                                          | Primary Government      |                          |                 | Component Unit                        |            |
|--------------------------------------------------------------------------|-------------------------|--------------------------|-----------------|---------------------------------------|------------|
|                                                                          | Governmental Activities | Business-type Activities | Fiduciary Funds | Treasure Island Development Authority | Total      |
| SFERS Plan.....                                                          | \$ 418,395              | \$ 315,624               | \$ -            | \$ -                                  | \$ 734,019 |
| City CalPERS Miscellaneous Plan.....                                     | (153)                   | -                        | -               | -                                     | (153)      |
| City CalPERS Safety Plan.....                                            | 72,576                  | -                        | -               | -                                     | 72,576     |
| Transportation Authority CalPERS Classic & PEPR Miscellaneous Plans..... | 1,176                   | -                        | -               | -                                     | 1,176      |
| Successor Agency CalPERS Classic & PEPR Miscellaneous Plans.....         | -                       | -                        | 5,655           | -                                     | 5,655      |
| Treasure Island Development Authority CalPERS Miscellaneous Plan.....    | -                       | -                        | -               | 3                                     | 3          |
| Replacement Benefits Plan.....                                           | 3,572                   | (3,173)                  | -               | -                                     | 399        |
| Total pension expense/(benefit).....                                     | \$ 495,566              | \$ 312,451               | \$ 5,655        | \$ 3                                  | \$ 813,675 |

At June 30, 2025, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

|                                                                                                                                                   | SFERS Plan                     |                               | City CalPERS Miscellaneous Plan |                               | Transportation Authority Miscellaneous Plan |                               | Successor Agency Miscellaneous Plan |                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------------------|-------------------------------|-------------------------------------|-------------------------------|
|                                                                                                                                                   | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources  | Deferred Inflows of Resources | Deferred Outflows of Resources              | Deferred Inflows of Resources | Deferred Outflows of Resources      | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date.....                                                                                         | \$ 651,563                     | \$ -                          | \$ -                            | \$ -                          | \$ 859                                      | \$ -                          | \$ 3,438                            | \$ -                          |
| Change in assumptions.....                                                                                                                        | 297,785                        | 90,810                        | -                               | 516                           | 102                                         | -                             | 1,004                               | -                             |
| Difference between expected and actual experience.....                                                                                            | 595,199                        | -                             | -                               | 1,669                         | 341                                         | 13                            | 3,377                               | 132                           |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions..... | 35,799                         | 33,484                        | 3,005                           | 1,192                         | 324                                         | 29                            | -                                   | 1,906                         |
| Net difference between projected and actual earnings on plan investments.....                                                                     | 697,603                        | -                             | -                               | 2,086                         | 227                                         | -                             | 2,249                               | -                             |
| Total.....                                                                                                                                        | \$ 2,277,949                   | \$ 124,294                    | \$ 3,005                        | \$ 5,463                      | \$ 1,853                                    | \$ 42                         | \$ 10,068                           | \$ 2,038                      |

|                                                                                                                                                   | CalPERS Treasure Island Development Authority Miscellaneous Plan |                               | City CalPERS Safety Plan       |                               | Replacement Benefits Plan      |                               | Total                          |                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|                                                                                                                                                   | Deferred Outflows of Resources                                   | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date.....                                                                                         | \$ 5                                                             | \$ -                          | \$ 46,511                      | \$ -                          | \$ -                           | \$ -                          | \$ 702,376                     | \$ -                          |
| Change in assumptions.....                                                                                                                        | -                                                                | -                             | -                              | -                             | 1,455                          | 23,401                        | 300,346                        | 114,727                       |
| Difference between expected and actual experience.....                                                                                            | -                                                                | -                             | 9,222                          | -                             | 11,899                         | 23,980                        | 620,038                        | 25,794                        |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions..... | 3                                                                | 6                             | -                              | -                             | 7,043                          | 7,043                         | 46,174                         | 43,660                        |
| Net difference between projected and actual earnings on plan investments.....                                                                     | -                                                                | -                             | 21,063                         | -                             | -                              | -                             | 721,142                        | 2,086                         |
| Total.....                                                                                                                                        | \$ 8                                                             | \$ 6                          | \$ 76,796                      | \$ -                          | \$ 20,397                      | \$ 54,424                     | \$ 2,390,076                   | \$ 186,267                    |

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At June 30, 2025, the City reported \$702.3 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as an adjustment to net pension liability/(asset) in the reporting year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in the reporting year as follows:

| Year Ending June 30 | SFERS Plan   | City CalPERS Miscellaneous Plan | CalPERS Transportation Authority Miscellaneous Plan | CalPERS Successor Agency Miscellaneous Plan | CalPERS Treasure Island Development Authority Miscellaneous Plan | CalPERS Safety Plan | Replacement Benefits Plan | Total        |
|---------------------|--------------|---------------------------------|-----------------------------------------------------|---------------------------------------------|------------------------------------------------------------------|---------------------|---------------------------|--------------|
| 2026.....           | \$ (137,894) | \$ 319                          | \$ 394                                              | \$ 973                                      | \$ (1)                                                           | \$ 7,988            | \$ (11,710)               | \$ (136,931) |
| 2027.....           | 1,337,995    | (3,028)                         | 594                                                 | 4,568                                       | (2)                                                              | 35,792              | (18,074)                  | 1,357,845    |
| 2028.....           | 244,011      | (145)                           | 42                                                  | (179)                                       | -                                                                | (5,892)             | (4,716)                   | 233,121      |
| 2029.....           | 57,980       | 396                             | (78)                                                | (770)                                       | -                                                                | (7,603)             | 473                       | 50,398       |
| Total               | \$ 1,502,092 | \$ (2,458)                      | \$ 952                                              | \$ 4,592                                    | \$ (3)                                                           | \$ 30,285           | \$ (34,027)               | \$ 1,501,433 |

**Actuarial Assumptions**

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2024 is provided below, assumptions were consistent with the July 1, 2023 actuarial valuation.

**Actuarial Assumptions**

|                                 | SFERS Plan                                                                                                                                                           | CalPERS Miscellaneous and Safety Plans                                                                                                        |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date.....             | July 1, 2023 updated to June 30, 2024                                                                                                                                | June 30, 2023 updated to June 30, 2024                                                                                                        |
| Measurement date.....           | June 30, 2024                                                                                                                                                        | June 30, 2024                                                                                                                                 |
| Actuarial cost method.....      | Entry-age normal cost method                                                                                                                                         | Entry-age normal cost method                                                                                                                  |
| Investment rate of return.....  | 7.20%, net of pension plan investment expenses                                                                                                                       | 6.90%, net of pension plan investment expenses, includes inflation                                                                            |
| Municipal bond yield.....       | 3.93% as of June 30, 2024                                                                                                                                            |                                                                                                                                               |
|                                 | Bond Buyer 20-Bond GO Index, June 27, 2024                                                                                                                           |                                                                                                                                               |
| Inflation.....                  | 2.50%                                                                                                                                                                | 2.30%                                                                                                                                         |
| Projected salary increases..... | 3.25% plus merit component based employee classification and years of service                                                                                        | Varies by Entry Age and Service                                                                                                               |
| Discount rate.....              | 7.20% as of June 30, 2024                                                                                                                                            | 6.90% as of June 30, 2022                                                                                                                     |
| Basic COLA.....                 | Old New Plans..... 2.00%<br>Old Police and Fire: Pre 7/1/75 Retirements..... 1.90%<br>Chapters A8.595 and A8.596..... 2.50%<br>Chapters A8.559 and A8.585..... 3.60% | Miscellaneous Contract COLA up to 2.30% until Purchasing Protection Allowance Floor on Purchasing Power applies.<br>Safety standard COLA 2.0% |

For SFERS, mortality rates for healthy Miscellaneous members were based upon adjusted PubG-2010 Employee and Retiree tables for non-annuitants and retirees, respectively. Mortality rates for Safety members were based upon adjusted PubS-2010 Employee and Retiree tables for non-annuitants and retirees, respectively. Mortality rates were then projected generationally from the base year using the MP-2019 projection scale.

The actuarial assumptions used in the SFERS valuation at the June 30, 2024, measurement date were based upon the results of a demographic experience study for the period July 1, 2014 through June 30, 2019 and a review of economic assumptions as of July 1, 2023.

For CalPERS, the mortality table used was developed based on CalPERS' specific data. The rates incorporate generational mortality to capture ongoing mortality improvements using 80% of Scale MP 2020 published by the Society of Actuaries. All other actuarial assumptions were based on the results



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of the 2021 actuarial experience study. The experience study report from November 2021 that can be obtained at CalPERS' website <https://www.calpers.ca.gov> under Forms and Publications.

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 6.90% as of the June 30, 2024, measurement date.

CalPERS Plans subsequent event, during the time period between the valuation date and the publication of this report, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost of living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the net pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, the long-term price inflation assumption of 2.3% per annum is appropriate.

For the Replacement Benefits Plan beginning of the year measurement is also based on the census data used in the actuarial valuation as of July 1, 2023.

**Discount Rates**

SFERS – The discount rate used to measure SFERS's total pension liability as of June 30, 2024, was 7.20%. The projection of cash flows used to determine the discount rate assumed that plan members and employer's 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, 2023, actuarial valuation.

While the contributions and measure of Actuarial Liability in the funding valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members who were hired before Proposition C passed, a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the Actuarial Value of Assets. For members who were hired after Proposition C passed, the Market Value of Assets must also exceed the Actuarial Liability for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the amount of excess earnings and the basic COLA amount for each membership group. Most members receive a 1.50% Supplemental COLA when a full Supplemental COLA is granted.

A 0.5% Supplemental COLA is expected to be payable as of July 1, 2024 for most non-PropC members due to the favorable investment returns for fiscal year 2023-24.

The table below shows the net assumed Supplemental COLAs for members with a 2.00% basic COLA for sample years.

| Assumed Supplemental COLA<br>for Members with a 2.00% Basic COLA |             |                                   |
|------------------------------------------------------------------|-------------|-----------------------------------|
| Year Ending<br>June 30                                           | 96 - Prop C | Before 11/6/96 or<br>After Prop C |
| 2026+                                                            | 0.75%       | 0.50%                             |

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

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Based on these assumptions, the Retirement System's fiduciary net position was projected to be available to make projected future benefit payments for current members through 2106. Projected benefit payments are discounted at the long-term expected return on assets of 7.20% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.93% to the extent they are not available. The single equivalent rate used to determine the total pension liability as of June 30, 2024, is 7.20%.

The long-term expected rate of return on pension plan investments was 7.20%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced by the Retirement System. Expected future returns were determined by using best-estimates of expected future nominal rates of return for each major asset class over 10 and 30-year horizons. These estimates were combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return by the target asset allocation percentage.

Target allocation and best estimates of geometric long-term expected real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class are summarized in the following table.

| Asset Class     | Target Allocation from<br>January 2021 - June 2024 | Target Allocation<br>effective as of<br>July 2024 | Long-Term Expected<br>Real Rate of Return |
|-----------------|----------------------------------------------------|---------------------------------------------------|-------------------------------------------|
| Global Equity   | 37.0%                                              | 32.0%                                             | 4.2%                                      |
| Treasuries      | 8.0%                                               | 8.0%                                              | 1.8%                                      |
| Liquid Credit   | 5.0%                                               | 12.0%                                             | 3.9%                                      |
| Private Credit  | 10.0%                                              | 10.0%                                             | 5.9%                                      |
| Private Equity  | 23.0%                                              | 20.0%                                             | 7.2%                                      |
| Real Assets     | 10.0%                                              | 10.0%                                             | 5.5%                                      |
| Absolute Return | 10.0%                                              | 10.0%                                             | 4.4%                                      |
| Cash            | 0.0%                                               | 1.0%                                              | 1.2%                                      |
| Leverage        | -3.0%                                              | -3.0%                                             | 1.6%                                      |
|                 | 100.0%                                             | 100.0%                                            |                                           |

CalPERS - The discount rate used to measure each of the CalPERS Miscellaneous Rate Plans and the Safety Plan total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

| <b>Asset Class</b>               | <b>Target Allocation</b> | <b>Real Return<sup>(1),(2)</sup></b> |
|----------------------------------|--------------------------|--------------------------------------|
| Global equity - cap-weighted     | 30.00%                   | 4.54%                                |
| Global equity - non-cap-weighted | 12.00%                   | 3.84%                                |
| Private equity                   | 13.00%                   | 7.28%                                |
| Treasury                         | 5.00%                    | 0.27%                                |
| Mortgage-backed securities       | 5.00%                    | 0.50%                                |
| Investment grade corporates      | 10.00%                   | 1.56%                                |
| High yield                       | 5.00%                    | 2.27%                                |
| Emerging market debt             | 5.00%                    | 2.48%                                |
| Private debt                     | 5.00%                    | 3.57%                                |
| Real assets                      | 15.00%                   | 3.21%                                |
| Leverage                         | -5.00%                   | -0.59%                               |

<sup>(1)</sup> An expected price inflation of 2.30% used for this period.  
<sup>(2)</sup> Figures are based on the 2021-22 Asset Liability Management study.

**Replacement Benefits Plan** – The discount rate was 3.93% as of June 30, 2024. This reflects the yield for a 20-year, tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The Municipal Bond Yield is the Bond Buyer 20-Year GO Index as of June 29, 2023 and June 27, 2024. This is the rate used to determine the total pension liability as of June 30, 2024.

The inflation assumption of 2.50% compounded annually was used for projecting the annual IRC Section 415(b) limitations. However, the actual IRC Section 415(b) limitations published by the IRS of \$275 thousand was used for the 2024 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, 2025, the membership in the RBP had a total of 284 active members and 154 retirees and beneficiaries currently receiving benefits.

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**Sensitivity of Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate**

The following presents the City's proportionate share of the NPL/(NPA) for each of the City's cost-sharing retirement plans, calculated using the discount rate, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

|                                                                          | <b>1% Decrease<br/>Share of<br/>NPL/(NPA)<br/>@ 6.20%</b> | <b>Current Share<br/>of NPL/(NPA)<br/>@ 7.20%</b> | <b>1% Increase<br/>Share of<br/>NPL/(NPA)<br/>@ 8.20%</b> |
|--------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------|
| <b>Cost-Sharing Pension Plans</b>                                        |                                                           |                                                   |                                                           |
| <b>Proportionate Share of Net Pension Liability/(Asset)</b>              |                                                           |                                                   |                                                           |
| SFERS.....                                                               | \$ 8,691,583                                              | \$ 3,775,716                                      | \$ (274,896)                                              |
|                                                                          | <b>1% Decrease<br/>Share of<br/>NPL/(NPA)<br/>@ 5.90%</b> | <b>Current Share<br/>of NPL/(NPA)<br/>@ 6.90%</b> | <b>1% Increase<br/>Share of<br/>NPL/(NPA)<br/>@ 7.90%</b> |
| City CalPERS Miscellaneous Plan.....                                     | \$ (17,835)                                               | \$ (20,088)                                       | \$ (21,944)                                               |
| Transportation Authority CalPERS Classic & PEPR Miscellaneous Plans..... | 7,022                                                     | 3,948                                             | 1,417                                                     |
| Successor Agency CalPERS Classic & PEPR Miscellaneous Plans.....         | 55,229                                                    | 39,058                                            | 25,748                                                    |
| Treasure Island Development Authority CalPERS Miscellaneous Plan.....    | 14                                                        | 3                                                 | (6)                                                       |

The following presents the NPL/(NPA) for the City's CalPERS Safety Plan (agent multiple-employer plan) and the total pension liability for the City's Replacement Benefits Plan, calculated using the discount rate, in effect as of the measurement date, as well as what the net/total pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

| <b>Agent Pension Plan</b>      | <b>1% Decrease @<br/>5.90%</b> | <b>Measurement<br/>Date @ 6.90%</b> | <b>1% Increase @<br/>7.90%</b> |
|--------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| City CalPERS Safety Plan.....  | \$ 581,664                     | \$ 347,143                          | \$ 152,847                     |
|                                | <b>1% Decrease @<br/>2.93%</b> | <b>Measurement<br/>Date @ 3.93%</b> | <b>1% Increase @<br/>4.93%</b> |
| Replacement Benefits Plan..... | \$ 162,518                     | \$ 137,644                          | \$ 117,995                     |

Detailed information about the CalPERS Safety Plan's fiduciary net position is available in a separately issued CalPERS financial report, copies may be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or other beneficiaries until termination, retirement, death, or unforeseeable emergency.

The City has no administrative involvement and does not perform the investing function. The City has no fiduciary accountability for the plan and, accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.



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**Health Service System**

The Health Service System was established in 1937. Health care benefits of employees, retired employees and surviving spouses are financed by beneficiaries and by the City through the Health Service System. The employers' contribution, which includes the San Francisco Community College District, San Francisco Unified School District and the San Francisco Superior Court, amounted to approximately \$1.0 billion in fiscal year 2024-25. 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 \$294.9 million to provide postemployment health care benefits for 31,254 retired participants, of which \$249.4 million related to City employees. The City's liability for postemployment health care benefits is enumerated below. The City's contribution is paid out of current available resources and funded on a pay-as-you-go basis. The Health Service System issues a publicly available financial report that includes financial statements. That report may be obtained by writing to the San Francisco Health Service System, 1145 Market Street, Suite 300, San Francisco, CA 94103 or from the City's website <https://sfhss.org>.

**(b) Postemployment Health Care Benefits**

***City (excluding the Transportation Authority and the Successor Agency)***

The City maintains a defined benefit other postemployment benefits plan (the OPEB Plan). The OPEB Plan provides postemployment medical, dental and vision insurance benefits to eligible employees, retired employees, surviving spouses, and domestic partners. Health benefit provisions are established and may be amended through negotiations between the City and the respective bargaining units.

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

**San Francisco Health Service System OPEB Plan**

|                         |                               |
|-------------------------|-------------------------------|
| Valuation Date (VD)     | June 30, 2024                 |
| Measurement Date (MD)   | June 30, 2024                 |
| Measurement Period (MP) | July 1, 2023 to June 30, 2024 |

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.

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Former employees of the City and County of San Francisco who were members of the Health Service System and who retire under SFERS or CalPERS are eligible for postretirement health benefits from the City and County of San Francisco. Effective with Proposition B, passed June 3, 2008, employees hired on or after January 10, 2009, must retire within 180 days of separation in order to be eligible for retiree healthcare benefits from the City. The eligibility requirements are as follows:

***City and County of San Francisco's Retirement System (SFERS)***

|                                  |                                           |                                                       |
|----------------------------------|-------------------------------------------|-------------------------------------------------------|
| Normal Retirement                | Miscellaneous                             | Age 50 with 20 years of credited service <sup>1</sup> |
|                                  |                                           | Age 60 with 10 years of credited service              |
|                                  | Safety                                    | Age 50 with 5 years of credited service               |
| Disabled Retirement <sup>2</sup> | Any age with 10 years of credited service |                                                       |
| Terminated Vested                | 5 years of credited service at separation |                                                       |

***California Public Employees' Retirement System (CalPERS) – the Safety Plan of the City and County of San Francisco***

|                                  |                                           |
|----------------------------------|-------------------------------------------|
| Normal Retirement                | Age 50 with 5 years of credited service   |
| Disabled Retirement <sup>2</sup> | Any age with 5 years of credited service  |
| Terminated Vested                | 5 years of credited service at separation |

<sup>1</sup> Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012 under Charter Section 8.603.

<sup>2</sup> No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses / domestic partners of those killed in the line of duty.

Retiree healthcare benefits are administered by the San Francisco Health Service System and include the following:

|          |                                                                                                                                                                         |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Medical: | PPO – Blue Shield (self-insured) and UHC Medicare Advantage (fully-insured)<br>HMO – Kaiser (fully-insured) and Blue Shield (flex-funded), and Health Net (flex-funded) |
| Dental:  | Delta Dental, DeltaCare USA and UnitedHealthcare Dental                                                                                                                 |
| Vision:  | Vision benefits are provided under the medical insurance plans and are administered by Vision Service Plan.                                                             |

Projections of the sharing of benefit related costs are based on an established pattern of practice.

As of June 30, 2024, valuation date, the following current and former employees were covered by the benefit terms under the healthcare plan:

|                                                                             | <b>City Plan</b> |
|-----------------------------------------------------------------------------|------------------|
| Active plan members.....                                                    | 33,657           |
| Inactive employees entitled to but not yet receiving benefit payments.....  | 2,103            |
| Inactive employees or beneficiaries currently receiving benefit payments... | 24,398           |
| Total.....                                                                  | <u>60,158</u>    |

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**San Francisco County Transportation Authority and Successor Agency**

The Transportation Authority's defined benefit postemployment healthcare plan provides healthcare benefits to eligible employees and their surviving spouses. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 and meeting program vesting requirements or being converted to disability status and retiring directly from the Transportation Authority. Dental and vision benefits are not available to retirees. The Transportation Authority is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for the provision of healthcare insurance programs for both active and retired employees.

Effective February 1, 2012, upon the operation of law to dissolve the former Agency, the Successor Agency assumed the former Agency's other postemployment benefits plan. The Successor Agency sponsors a defined benefit plan providing OPEB to employees who retire directly from the former Agency and/or the Successor Agency. The Successor Agency pays 100% of the premiums of CalPERS medical plan to eligible employees that satisfied the required services years and minimum age.

The Transportation Authority and the Successor Agency participate in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent multiple-employer postemployment health plan, to prefund other postemployment benefits through CalPERS. CalPERS issues publicly available financial reports for all plans it administers and a separate GASB Statement No. 75 report for CERBT that can be found on CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov).

Projections of the sharing of benefit related costs are based on an established pattern of practice.

As of the June 30, 2024, actuarial valuation, the following current and former employees were covered by the benefit terms under the healthcare plan:

|                                                                               | <b>Transportation<br/>Authority</b> | <b>Successor<br/>Agency</b> |
|-------------------------------------------------------------------------------|-------------------------------------|-----------------------------|
| Active plan members.....                                                      | 39                                  | 35                          |
| Inactive employees or beneficiaries currently receiving benefit payments..... | 8                                   | 97                          |
| Total.....                                                                    | <u>47</u>                           | <u>132</u>                  |

**Contributions**

The City's benefits provided under the OPEB Plan are currently paid through "pay-as-you-go" funding. Additionally, under the City Charter, active officers and employees of the City who commenced employment on or after January 10, 2009, shall contribute to the RHCTF a percentage of compensation not to exceed 2% of pre-tax compensation. The City shall contribute 1% of compensation for officers and employees who commenced employment on or after January 10, 2009, until the City's actuary has determined that the City's portion of the RHCTF is fully funded. At that time, the City's 1% contribution shall cease, and officers and employees will each contribute 50% of the normal cost and shall not exceed 2% of pre-tax compensation.

Starting July 1, 2016, active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute 0.25% of pre-tax compensation into the RHCTF. Beginning on July 1<sup>st</sup> of each subsequent year, the active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute an additional 0.25% of pre-tax compensation up to a maximum of 1%. Starting July 1, 2016, the City contributes 0.25% of compensation into the RHCTF for each officer and employee who commenced employment on or before January 9, 2009. Beginning on July 1<sup>st</sup> of each subsequent year, the City contributes an additional 0.25% of compensation, up to a maximum of 1% for each officer and employee who commenced employment on or before January 9, 2009. When the City's actuary has determined that the City's portion of the RHCTF is fully funded, the City's 1% contribution shall cease, and officers and employees will each

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contribute 50% of the normal cost and shall not exceed 1% of pre-tax compensation. Additional or existing contribution requirements may be established or modified by amendment to the City's Charter.

For the year ended June 30, 2025, the City's funding was based on "pay-as-you-go" plus a contribution of \$52.1 million to the RHCTF. The "pay-as-you-go" portion paid by the City was \$248.8 million for a total contribution subsequent to the measurement date of \$300.9 million for the year ended June 30, 2025.

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, 2025, the Transportation Authority contributed \$242 thousand to the CERBT plan. The Successor Agency's OPEB funding policy is to contribute 100% or more of the ADC annually by contributing to the CERBT. For the year ended June 30, 2025, the Successor Agency contributed \$945 thousand to the plan. There are no employee contributions to the Successor Agency's plan. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

OPEB liabilities are financed by governmental funds, enterprise funds and fiduciary funds that are responsible for the charges.

**Net OPEB Liability/(Asset)**

The table below shows how the net OPEB liability/(asset) as of June 30, 2025, is distributed.

|                               | <b>Net OPEB Asset</b> | <b>Net OPEB Liability</b> | <b>Total</b>        |
|-------------------------------|-----------------------|---------------------------|---------------------|
| Governmental activities.....  | \$ -                  | \$ 2,171,052              | \$ 2,171,052        |
| Business-type activities..... | -                     | 1,737,617                 | 1,737,617           |
| Fiduciary funds.....          | (6,067)               | 13,192                    | 7,125               |
| Total.....                    | <u>\$ (6,067)</u>     | <u>\$ 3,921,861</u>       | <u>\$ 3,915,794</u> |

As of June 30, 2025, the City's net OPEB liability (asset) is comprised of the following:

|                                                               | <b>Share of Net<br/>OPEB Liability<br/>(Asset)</b> |
|---------------------------------------------------------------|----------------------------------------------------|
| City defined benefit healthcare plan.....                     | \$ 3,921,797                                       |
| Transportation Authority defined benefit healthcare plan..... | 64                                                 |
| Successor Agency defined benefit healthcare plan.....         | (6,067)                                            |
| Total.....                                                    | <u>\$ 3,915,794</u>                                |

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

|                                                                     | <b>Increase (Decrease)</b>      |                                            |                               |
|---------------------------------------------------------------------|---------------------------------|--------------------------------------------|-------------------------------|
|                                                                     | <b>Total OPEB<br/>Liability</b> | <b>Plan<br/>Fiduciary Net<br/>Position</b> | <b>Net OPEB<br/>Liability</b> |
| Balance at June 30, 2023 (MD).....                                  | \$ 4,863,698                    | \$ 938,866                                 | \$ 3,924,832                  |
| Changes during the measurement period.....                          |                                 |                                            |                               |
| Service cost.....                                                   | 152,425                         | -                                          | 152,425                       |
| Interest.....                                                       | 337,792                         | -                                          | 337,792                       |
| Differences between expected and actual experience...               | (94,640)                        | -                                          | (94,640)                      |
| Changes of assumptions.....                                         | 115,097                         | -                                          | 115,097                       |
| Contributions - employer.....                                       | -                               | 278,701                                    | (278,701)                     |
| Contributions - member.....                                         | -                               | 81,074                                     | (81,074)                      |
| Net investment income.....                                          | -                               | 154,318                                    | (154,318)                     |
| Benefit payments, including refunds of<br>member contributions..... | (229,922)                       | (229,922)                                  | -                             |
| Administrative expense.....                                         | -                               | (384)                                      | 384                           |
| Net changes during the measurement period.....                      | 280,752                         | 283,787                                    | (3,035)                       |
| Balance at June 30, 2024 (MD).....                                  | \$ 5,144,450                    | \$ 1,222,653                               | \$ 3,921,797                  |

The changes in net OPEB liability (asset) for the plans of the Transportation Authority and Successor Agency are as follows:

|                                                | <b>Transportation Authority</b> |                                            |                                           | <b>Successor Agency</b>         |                                        |                                           |
|------------------------------------------------|---------------------------------|--------------------------------------------|-------------------------------------------|---------------------------------|----------------------------------------|-------------------------------------------|
|                                                | <b>Total OPEB<br/>Liability</b> | <b>Plan<br/>Fiduciary Net<br/>Position</b> | <b>Net OPEB<br/>Liability<br/>(Asset)</b> | <b>Total OPEB<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net OPEB<br/>Liability<br/>(Asset)</b> |
| Balance at June 30, 2023 (MD).....             | \$ 2,649                        | \$ 2,295                                   | \$ 354                                    | \$ 11,539                       | \$ 15,964                              | \$ (4,425)                                |
| Changes during the measurement period.....     |                                 |                                            |                                           |                                 |                                        |                                           |
| Service cost.....                              | 201                             | -                                          | 201                                       | 282                             | -                                      | 282                                       |
| Interest.....                                  | 162                             | -                                          | 162                                       | 711                             | -                                      | 711                                       |
| Changes of assumptions.....                    | (160)                           | -                                          | (160)                                     | -                               | -                                      | -                                         |
| Contributions from the employer.....           | -                               | 242                                        | (242)                                     | -                               | 893                                    | (893)                                     |
| Benefit payments.....                          | (104)                           | (104)                                      | -                                         | (890)                           | (890)                                  | -                                         |
| Administrative expense.....                    | -                               | (1)                                        | 1                                         | -                               | (8)                                    | 8                                         |
| Net investment income.....                     | -                               | 252                                        | (252)                                     | -                               | 1,750                                  | (1,750)                                   |
| Net changes during the measurement period..... | 99                              | 389                                        | (290)                                     | 103                             | 1,745                                  | (1,642)                                   |
| Balance at June 30, 2024 (MD).....             | \$ 2,748                        | \$ 2,684                                   | \$ 64                                     | \$ 11,642                       | \$ 17,709                              | \$ (6,067)                                |

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**OPEB Expenses/(Benefits) and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2025, the City recognized OPEB expense/(benefit) including amortization of deferred outflows/inflows related to OPEB items as follows:

|                                                             | <b>Primary Government</b>          |                                     |                            |              |
|-------------------------------------------------------------|------------------------------------|-------------------------------------|----------------------------|--------------|
|                                                             | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Fiduciary<br/>Funds</b> | <b>Total</b> |
| City defined benefit healthcare plan.....                   | \$ 107,569                         | \$ 149,626                          | \$ 2,384                   | \$ 259,579   |
| Transportation Authority defined benefit healthcare plan... | 225                                | -                                   | -                          | 225          |
| Successor Agency defined benefit healthcare plan.....       | -                                  | -                                   | (19)                       | (19)         |
| Total OPEB expense/ (benefit).....                          | \$ 107,794                         | \$ 149,626                          | \$ 2,365                   | \$ 259,785   |

As of June 30, 2025, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

|                                                                                  | <b>Governmental Activities</b>                |                                              | <b>Business-Type Activities</b>               |                                              |
|----------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------------|----------------------------------------------|
|                                                                                  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Contributions subsequent to measurement date.....                                | \$ 166,829                                    | \$ -                                         | \$ 133,332                                    | \$ -                                         |
| Differences between expected and actual experience.....                          | 65,605                                        | 203,836                                      | 52,398                                        | 162,782                                      |
| Changes in assumptions.....                                                      | 92,834                                        | 266                                          | 73,945                                        | -                                            |
| Changes in proportion.....                                                       | 42,339                                        | 60,003                                       | 93,035                                        | 74,715                                       |
| Net difference between projected and actual<br>earnings on plan investments..... | 58                                            | 24,309                                       | -                                             | 19,458                                       |
| Total.....                                                                       | \$ 367,665                                    | \$ 288,414                                   | \$ 352,710                                    | \$ 256,955                                   |

|                                                                                  | <b>Fiduciary Funds</b>                        |                                              | <b>Total</b>                                  |                                              |
|----------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------------|----------------------------------------------|
|                                                                                  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Contributions subsequent to measurement date.....                                | \$ 1,957                                      | \$ -                                         | \$ 302,118                                    | \$ -                                         |
| Differences between expected and actual experience.....                          | 398                                           | 1,448                                        | 118,401                                       | 368,066                                      |
| Changes in assumptions.....                                                      | 782                                           | -                                            | 167,561                                       | 266                                          |
| Changes in proportion.....                                                       | 394                                           | 1,050                                        | 135,768                                       | 135,768                                      |
| Net difference between projected and actual<br>earnings on plan investments..... | 144                                           | 148                                          | 202                                           | 43,915                                       |
| Total.....                                                                       | \$ 3,675                                      | \$ 2,646                                     | \$ 724,050                                    | \$ 548,015                                   |

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At June 30, 2025, the City reported \$302.1 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as an adjustment to net OPEB liability/(asset) in the reporting year ending June 30, 2026.

Amounts reported as deferred outflows/inflows will be amortized annually and recognized in OPEB expense as follows:

| <b>Year ending<br/>June 30:</b> | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Fiduciary<br/>Funds</b> | <b>Total</b>        |
|---------------------------------|------------------------------------|-------------------------------------|----------------------------|---------------------|
| 2026.....                       | \$ (31,113)                        | \$ (10,840)                         | \$ (201)                   | \$ (42,154)         |
| 2027.....                       | (35,991)                           | (15,331)                            | 216                        | (51,106)            |
| 2028.....                       | (27,659)                           | (19,036)                            | (449)                      | (47,144)            |
| 2029.....                       | 265                                | 8,547                               | (278)                      | 8,534               |
| 2030.....                       | 3,466                              | (459)                               | (108)                      | 2,899               |
| Thereafter.....                 | 3,454                              | (458)                               | (108)                      | 2,888               |
| Total                           | <u>\$ (87,578)</u>                 | <u>\$ (37,577)</u>                  | <u>\$ (928)</u>            | <u>\$ (126,083)</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
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June 30, 2025  
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**Actuarial Assumptions**

A summary of the actuarial assumptions and methods used to calculate the City Plan's total OPEB liability as of June 30, 2024 (measurement date) is provided below:

**Key Actuarial Assumptions**

|                                               |                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Valuation Date</b>                         | June 30, 2024                                                                                                                                                                                                                                                                                                                  |
| <b>Measurement Date</b>                       | June 30, 2024                                                                                                                                                                                                                                                                                                                  |
| <b>Actuarial Cost Method</b>                  | The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability                                                                                                                                                                                                                                         |
| <b>Healthcare Cost Trend Rates</b>            | Pre-Medicare trend starts at 6.87% trending down to ultimate rate of 3.94% in 2075<br>Medicare trend starts at 6.87% trending down to ultimate rate of 3.93% in 2075<br>10-County average trend starts at 5.00% trending down to ultimate rate of 3.94% in 2075<br>Vision and expenses trend remains a flat 3.0% for all years |
| <b>Expected Rate of Return on Plan Assets</b> | 7.00%                                                                                                                                                                                                                                                                                                                          |
| <b>Discount Rate</b>                          | 7.00%                                                                                                                                                                                                                                                                                                                          |
| <b>Salary Increase Rate</b>                   | Wage Inflation Component: 3.25%<br>Additional Merit Component (dependent on years of service):<br>Police: 0.50% - 7.50%<br>Fire: 0.50% - 14.00%<br>Muni Drivers: 0.00% - 16.00%<br>Craft: 0.50% - 3.75%<br>Misc: 0.30% - 5.50%                                                                                                 |
| <b>Inflation Rate</b>                         | Wage Inflation: 3.25% compounded annually<br>Consumer Price Inflation: 2.50% compounded annually                                                                                                                                                                                                                               |
| <b>Mortality Tables</b>                       | Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ended June 30, 2019.                                                                                                                                                           |

**Non-Annuityants**

|               | <b>Published Table</b> | <b>Adjustment Factor</b> |               |
|---------------|------------------------|--------------------------|---------------|
|               |                        | <b>Male</b>              | <b>Female</b> |
| Miscellaneous | PubG-2010 Employee     | 0.834                    | 0.866         |
| Safety        | PubS-2010 Employee     | 1.011                    | 0.979         |

**Healthy Retirees**

|               | <b>Published Table</b> | <b>Adjustment Factor</b> |               |
|---------------|------------------------|--------------------------|---------------|
|               |                        | <b>Male</b>              | <b>Female</b> |
| Miscellaneous | PubG-2010 Employee     | 1.031                    | 0.977         |
| Safety        | PubS-2010 Employee     | 0.947                    | 1.044         |

**Disabled Retirees**

|               | <b>Published Table</b> | <b>Adjustment Factor</b> |               |
|---------------|------------------------|--------------------------|---------------|
|               |                        | <b>Male</b>              | <b>Female</b> |
| Miscellaneous | PubG-2010 Employee     | 1.045                    | 1.003         |
| Safety        | PubS-2010 Employee     | 0.916                    | 0.995         |

**Beneficiaries**

|               | <b>Published Table</b> | <b>Adjustment Factor</b> |               |
|---------------|------------------------|--------------------------|---------------|
|               |                        | <b>Male</b>              | <b>Female</b> |
| Miscellaneous | PubG-2010 Employee     | 1.031                    | 0.977         |
| Safety        | PubG-2010 Employee     | 1.031                    | 0.977         |

The mortality rates in the base tables are projected generationally from the base year using the modified version of the MP-2019 projection scale.

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The Transportation Authority net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined using an actuarial valuation as of June 30, 2023. The Successor Agency's net OPEB asset was measured as of June 30, 2024, and the total pension liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. A summary of the actuarial assumptions and methods used to calculate the total OPEB liability are as follows:

| Key Actuarial Assumptions                       | June 30, 2024 Measurement Date                            |                                                                                                                                                                                                                                                                    |
|-------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                 | Transportation Authority                                  | Successor Agency                                                                                                                                                                                                                                                   |
| Actuarial Valuation Date                        | June 30, 2023                                             | June 30, 2023                                                                                                                                                                                                                                                      |
| Discount Rate                                   | 6.40%                                                     | 6.25%                                                                                                                                                                                                                                                              |
| General Inflation                               | 2.80% per annum                                           | 2.50%                                                                                                                                                                                                                                                              |
| Salary Increases                                | 2.80% per annum, in aggregate                             | 2.75%; Merit based on 2021 CalPERS Experience Study                                                                                                                                                                                                                |
| Investment Rate of Return                       | 6.00%                                                     | 6.25%                                                                                                                                                                                                                                                              |
| Mortality, Turnover, Disability, and Retirement | CalPERS Experience Study for the period from 1999 to 2019 | CalPERS 2021 Experience Study. Mortality projected fully generational with Scale MP-2021                                                                                                                                                                           |
| Healthcare Cost Trend Rate                      | Various initial all grading down to 4.00%                 | Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076;<br>Medicare (non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076;<br>Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076 |

**Sensitivity of Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate**

The following presents the net OPEB liability (asset) for each plan calculated using the healthcare cost trend rate, as well as what each plan's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

| Plan                     | June 30, 2024 (measurement year) |                  |              |
|--------------------------|----------------------------------|------------------|--------------|
|                          | 1% Decrease                      | Healthcare Trend | 1% Increase  |
| City                     | \$ 3,305,225                     | \$ 3,921,797     | \$ 4,686,171 |
| Transportation Authority | (356)                            | 64               | 598          |
| Successor Agency         | (7,244)                          | (6,067)          | (4,671)      |

**Discount Rate**

**City OPEB Plan** - The discount rate used to measure the total OPEB liability as of June 30, 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member and employer contributions will continue to be made at the rates specified in the Charter, and disbursements from the RHCTF will continue to be limited by the Charter until it is fully funded. Based on those assumptions, it was determined that the OPEB Plan's fiduciary net position was projected to be available to make all future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

| Asset Class                                               | Target Allocation | Long-term Expected Real Rate of Return |
|-----------------------------------------------------------|-------------------|----------------------------------------|
| <b>Equities</b>                                           |                   |                                        |
| U.S. Large Cap                                            | 25.0%             | 5.5%                                   |
| U.S. Small Cap                                            | 2.0%              | 6.4%                                   |
| Developed Market Equity (non-U.S.)                        | 13.0%             | 5.9%                                   |
| Emerging Market Equity                                    | 10.0%             | 5.9%                                   |
| <b>Credit</b>                                             |                   |                                        |
| Bank Loans                                                | 3.0%              | 3.7%                                   |
| High Yield Bonds                                          | 3.0%              | 3.9%                                   |
| <b>Rate Securities</b>                                    |                   |                                        |
| Investment Grade Corporate Bonds                          | 7.0%              | 1.9%                                   |
| Short-term Treasury Inflation-Protected Securities (TIPS) | 5.0%              | 0.9%                                   |
| <b>Private Markets</b>                                    |                   |                                        |
| Private Equity                                            | 10.0%             | 6.9%                                   |
| Private Debt                                              | 5.0%              | 6.2%                                   |
| Core Private Real Estate                                  | 5.0%              | 5.2%                                   |
| Infrastructure (Core Private)                             | 2.0%              | 6.0%                                   |
| <b>Risk Mitigating Strategies</b>                         |                   |                                        |
| Global Macro                                              | 10.0%             | 1.6%                                   |
| 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 6.40% and 6.25%, respectively. The projections of cash flows used to determine the discount rates assumed that Transportation Authority and Successor Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the OPEB plans' investments was applied to all periods of projected benefit payments to determine the total OPEB liability of each plan.

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

|                                          | Transportation Authority |                                        | Successor Agency  |                                        |
|------------------------------------------|--------------------------|----------------------------------------|-------------------|----------------------------------------|
| Asset Class                              | Target Allocation        | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| Global Equity                            | 59.00%                   | 5.25%                                  | 49.00%            | 4.56%                                  |
| Fixed Income                             | 25.00%                   | 0.99%                                  | 23.00%            | 1.56%                                  |
| Treasury Inflation Protection Securities | 5.00%                    | 0.45%                                  | 5.00%             | -0.08%                                 |
| Real Estate Investment Trusts            | 8.00%                    | 4.50%                                  | 20.00%            | 4.06%                                  |
| Commodities                              | 3.00%                    | 3.00%                                  | 3.00%             | 1.22%                                  |
| Total                                    | 100.00%                  |                                        | 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:

| Plan | June 30, 2024 (measurement year) |               |              |
|------|----------------------------------|---------------|--------------|
|      | 1% Decrease                      | Discount Rate | 1% Increase  |
|      | 6.00%                            | 7.00 %        | 8.00%        |
| City | \$ 4,623,021                     | \$ 3,921,797  | \$ 3,346,242 |

| Transportation Authority | June 30, 2024 (measurement year) |               |             |
|--------------------------|----------------------------------|---------------|-------------|
|                          | 1% Decrease                      | Discount Rate | 1% Increase |
|                          | 5.40%                            | 6.40%         | 7.40%       |
|                          | \$ 487                           | \$ 64         | \$ (285)    |

| Successor Agency | June 30, 2024 (measurement year) |               |             |
|------------------|----------------------------------|---------------|-------------|
|                  | 1% Decrease                      | Discount Rate | 1% Increase |
|                  | 5.25%                            | 6.25%         | 7.25%       |
|                  | \$ (4,879)                       | \$ (6,067)    | \$ (7,076)  |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
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**(10) FUND BALANCES AND NET POSITION**

**(a) Governmental Fund Balances**

Fund balances for all the major and nonmajor governmental funds as of June 30, 2025, were distributed as follows:

|                                                     | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------------------------|--------------|-----------------------------|--------------------------|
| Nonspendable                                        |              |                             |                          |
| Imprest Cash, Advances, and Long-Term Receivables.. | \$ 1,503     | \$ -                        | \$ 1,503                 |
| Restricted                                          |              |                             |                          |
| Rainy Day.....                                      | 114,539      | -                           | 114,539                  |
| Public Protection                                   |              |                             |                          |
| Police.....                                         | -            | 10,068                      | 10,068                   |
| Sheriff.....                                        | -            | 1,004                       | 1,004                    |
| Other Public Protection.....                        | -            | 49,583                      | 49,583                   |
| Public Works, Transportation & Commerce.....        | -            | 229,227                     | 229,227                  |
| Human Welfare & Neighborhood Development.....       | -            | 2,013,708                   | 2,013,708                |
| Affordable Housing.....                             | -            | 146,798                     | 146,798                  |
| Community Health.....                               | -            | 139,886                     | 139,886                  |
| Culture & Recreation.....                           | -            | 350,932                     | 350,932                  |
| General Administration & Finance.....               | -            | 47,123                      | 47,123                   |
| Capital Projects.....                               | -            | 510,675                     | 510,675                  |
| Debt Service.....                                   | -            | 188,017                     | 188,017                  |
| Total Restricted.....                               | 114,539      | 3,687,021                   | 3,801,560                |
| Committed                                           |              |                             |                          |
| Budget Stabilization.....                           | 445,745      | -                           | 445,745                  |
| Assigned                                            |              |                             |                          |
| Public Protection                                   |              |                             |                          |
| Police.....                                         | 13,708       | 1,769                       | 15,477                   |
| Sheriff.....                                        | 8,781        | 626                         | 9,407                    |
| Other Public Protection.....                        | 65,429       | 291                         | 65,720                   |
| Public Works, Transportation & Commerce.....        | 73,159       | 104,856                     | 178,015                  |
| Human Welfare & Neighborhood Development.....       | 235,629      | 126,960                     | 362,589                  |
| Affordable Housing.....                             | 62,080       | -                           | 62,080                   |
| Community Health.....                               | 163,151      | -                           | 163,151                  |
| Culture & Recreation.....                           | 13,527       | 23,280                      | 36,807                   |
| General Administration & Finance.....               | 78,176       | 23,849                      | 102,025                  |
| General City Responsibilities.....                  | 35,967       | -                           | 35,967                   |
| Self-Insurance.....                                 | 40,000       | -                           | 40,000                   |
| Capital Projects.....                               | 169,981      | -                           | 169,981                  |
| Litigation and Contingencies.....                   | 325,541      | -                           | 325,541                  |
| Subsequent Year's Budget.....                       | 162,302      | -                           | 162,302                  |
| Total Assigned.....                                 | 1,447,431    | 281,631                     | 1,729,062                |
| Unassigned.....                                     | 608,011      | (1,381)                     | 606,630                  |
| Total.....                                          | \$ 2,617,229 | \$ 3,967,271                | \$ 6,584,500             |

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**(b) General Fund Stabilization and Other Reserves**

***Rainy Day Reserve***

The City maintains a "Rainy Day" or economic stabilization reserve under Charter Section 9.113.5, with separate accounts for the benefit of the City (the City Reserve) and the San Francisco Unified School District (the School Reserve). In any year when the City projects that total General Fund revenues for the upcoming budget year are going to be more than five percent higher than the General Fund revenues for the current year, the City automatically deposits one-half of the "excess revenues" in the Rainy Day Reserve. Seventy-five percent of the deposit is placed in the City Reserve and twenty-five percent is placed in the School Reserve. The total amount of money in the Rainy Day Reserve may not exceed ten percent of the City's actual total General Fund revenues.

The City may spend money from the City Reserve 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. The City does not expect to routinely spend money from the Rainy Day Reserve after evaluating its history, its General Fund revenue trends and its most recent update to the Five-Year Financial Plan covering fiscal years 2025-26 through 2029-30. In years when the specific requirements are met to allow for spending from the City Reserve, 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.

***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 may spend money from the Budget Stabilization Reserve only 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 does not expect to routinely spend money from the Budget Stabilization Reserve after evaluating its history, its General Fund revenue trends and its most recent update to the Five-Year Financial Plan covering fiscal years 2025-26 through 2029-30. In years when the specific requirements are met to allow for spending from the Budget Stabilization Reserve, the City may spend no more than is necessary to bring the City's total available General Fund revenues up to the level of the current year 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.

**(c) Encumbrances**

At June 30, 2025, encumbrances recorded in the General Fund and nonmajor governmental funds were \$385.1 million and \$955.3 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 issued for the purpose of reconstructing and improving waterfront parks and facilities on Port property and for the seismic

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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. Certificates of participation were also issued for the purpose of improving San Francisco General Hospital. 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 \$664.3 million of unrestricted net position of governmental activities, of which \$393.8 million reduced net investment in capital assets and \$270.5 million reduced net position restricted for capital projects to reflect the total column of the primary government as a whole perspective.

**(e) Deficit Fund Balances and Net Position**

The Senior Citizens Program Fund had a deficit of \$1.4 million as of June 30, 2025. The deficit relates to unavailable revenue in various programs, which is expected to be collected beyond 60 days of the end of fiscal year 2024-25.

The Street Improvement Fund had a \$20.7 million deficit as of June 30, 2025. The deficit relates to unavailable revenue in various programs, which is expected to be collected beyond 60 days of the end of fiscal year 2024-25.

The Central Shops Internal Service Fund had a deficit in total net position of \$17.0 million as of June 30, 2025, mainly due to the accrual of other postemployment benefits liability. The operating deficit is expected to be reduced in future years through anticipated rate increases or reductions in operating expenses. The rates are reviewed and updated annually.

Prior to February 1, 2012, the California Redevelopment Law provided tax increment financing as a source of revenue to redevelopment agencies to fund redevelopment activities. Due to the nature of the redevelopment financing, the former Agency liabilities exceeded assets. Therefore, the former Agency historically carried a deficit, which was expected to be reduced as future tax increment revenues were received and used to reduce its outstanding long-term debt. This deficit was transferred to the Successor Agency on February 1, 2012. The Successor Agency can only receive tax increment to the extent that it can show on an annual basis that it has incurred indebtedness that must be repaid with tax increment. At June 30, 2025, the Successor Agency has a deficit of \$514.9 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.

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**(11) UNAVAILABLE RESOURCES IN GOVERNMENTAL FUNDS**

The deferred inflows of resources balance in governmental funds as of June 30, 2025, consists of:

|                                     | General Fund      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------|-------------------|--------------------------------|--------------------------------|
| Grant and subvention revenues ..... | \$ 159,469        | \$ 113,710                     | \$ 273,179                     |
| Property tax .....                  | 123,503           | 8,214                          | 131,717                        |
| Teeter Plan .....                   | 70,943            | -                              | 70,943                         |
| SB 90 .....                         | 4,976             | -                              | 4,976                          |
| PG&E franchise tax .....            | 3,862             | -                              | 3,862                          |
| Loans .....                         | 26,716            | 293,817                        | 320,533                        |
| Leases .....                        | 79,315            | -                              | 79,315                         |
| Opioid settlement (Note 12) .....   | -                 | 195,989                        | 195,989                        |
| Total .....                         | <u>\$ 468,784</u> | <u>\$ 611,730</u>              | <u>\$ 1,080,514</u>            |

Amounts recorded as deferred inflows of resources for grants and subventions, property taxes, PG&E franchise taxes, loans, leases, and opioid settlements are accrued revenues which have not been collected within the availability period.

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.

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**(12) OPIOID SETTLEMENT**

In 2021 and 2022, nationwide settlements were reached to resolve all opioid litigation brought by states and local political subdivisions against major pharmaceutical distributors and manufacturers, including CVS, the Distributors (McKesson, Cardinal Health, and AmerisourceBergen), Janssen, Kroger, Mallinckrodt, Walmart, Allergan, Teva, and Walgreens. The City is a participant in nine distinct opioid settlement agreements, which allow the City to receive settlement funds for use primarily in opioid remediation activities. Of the nine settlements, six—CVS, the Distributors, Janssen, Kroger, Mallinckrodt, and Walmart—are settled under the national settlement agreement framework. Meanwhile, Allergan and Teva have entered into separate agreements specifically with the City, distinct from the national settlements. Walgreens is unique in that it is part of both a national settlement agreement and an individual settlement with the City. As of June 30, 2025, the City recognized \$317.9 million in cumulative revenues, of which \$316.8 million was recognized for the year ended June 30, 2024, and \$1.1 million for the year ended June 30, 2025.

During fiscal year 2024-25, the City recognized revenue from the two new opioid settlements, consisting of a one-time \$563 payment from the Endo bankruptcy trust, and a one-time \$567 payment pursuant to McKinsey & Company's national settlement. The remaining long-term opioid settlement receivables are \$196.0 million as of June 30, 2025.

The minimum future payments to be received as of June 30, 2025 on long-term receivables are as follows:

|                 | Governmental Activities |
|-----------------|-------------------------|
| <b>June 30,</b> |                         |
| 2026            | \$ 31,233               |
| 2027            | 29,115                  |
| 2028            | 27,084                  |
| 2029            | 27,453                  |
| 2030            | 27,353                  |
| 2031-2035       | 40,249                  |
| 2036-2039       | 13,502                  |
| Total           | <u>\$ 195,989</u>       |



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**(13) DETAILED INFORMATION FOR ENTERPRISE FUNDS**

**(a) San Francisco International Airport**

San Francisco International Airport (the Airport or SFO) is a major origin and destination point and one of the nation's principal gateways for Pacific traffic. A five-member Commission, appointed by the Mayor of the City to four-year terms, is responsible for the operation, development, and management of the Airport.

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 and Revenue Refunding Bonds (collectively, Senior Bonds), and amounts due with respect to the letters of credit supporting 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, and (3) remaining amounts due to reimburse drawings under the letters of credit securing the Senior Bonds.

During fiscal year 2024-25, the original principal amount of the Senior Bonds and Commercial Paper Notes issued, principal and interest remaining due on outstanding Senior Bonds and Commercial Paper Notes, principal and interest paid on such obligations, and applicable Net Revenues are as set forth in the table below.

|                                                                             |              |
|-----------------------------------------------------------------------------|--------------|
| Bonds issued with revenue pledge .....                                      | \$ 1,006,205 |
| Bond principal and interest remaining due at end of the fiscal year .....   | 17,903,155   |
| Commercial paper issued with subordinate revenue pledge .....               | 375,000      |
| Net revenues .....                                                          | 797,979      |
| Bond principal and interest paid in the fiscal year .....                   | 583,877      |
| Commercial paper principal, interest and fees paid in the fiscal year ..... | 5,701        |

In addition, pursuant to the Hotel Trust Agreement, the Airport has pledged all of the Revenues of the on-Airport Hotel and certain other assets pledged under the Amended and Restated Hotel Trust Agreement, to repay the Hotel Special Facility Bonds. This pledge is in force so long as the Hotel Special Facility Bonds are outstanding. The Hotel Special Facility Bonds mature in fiscal year 2057-58 and are subject to mandatory sinking fund redemption each year starting in 2025. The Hotel Special Facility Bonds are not payable from or secured by the Net Revenues of the Airport.

**Passenger Facility Charges** – The Airport, as authorized by the Federal Aviation Administration (FAA) pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (the Act), as amended, imposes a Passenger Facility Charge (PFC) of \$4.50 for each enplaned passenger at the Airport to pay for certain eligible capital projects as approved by the FAA. Under the Act, air carriers are responsible for collecting PFC and are required to remit PFC revenues to the Airport within the month following their recording by the air carrier. As of June 30, 2025, the FAA has approved several Airport applications to collect and use PFCs in a total cumulative collection amount of \$2.32 billion, of which \$1.49 billion are active applications with a final charge expiration date estimated to be December 1, 2030. For the year ended June 30, 2025, the Airport reported \$104.3 million of PFC revenue, which is included in other nonoperating revenues in the accompanying basic financial statements.

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**Commitments and Contingencies** – Purchase commitments for construction, material, and services as of June 30, 2025, are as follows:

|                    |                   |
|--------------------|-------------------|
| Construction ..... | \$ 278,645        |
| Operating .....    | 54,105            |
| Total .....        | <u>\$ 332,750</u> |

**Business Concentrations** – The Airport leases facilities within the terminal buildings of the Airport to the airlines pursuant to the Lease and Use Agreement and to other businesses at the Airport to operate concessions pursuant to concession leases. For the year ended June 30, 2025, revenues realized from the following Airport tenant exceeded five percent of the Airport's total operating revenues:

|                       |       |
|-----------------------|-------|
| United Airlines ..... | 25.5% |
|-----------------------|-------|

**(b) Port of San Francisco**

A five-member Port Commission is responsible for the operation, development, and maintenance activities of the Port of San Francisco (Port). Prior to 1969, the Port was operated by the State of California. 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. 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 has pledged future net revenues to repay its revenue bonds. As of June 30, 2025, the total principal and interest remaining to be paid on the bonds is \$48.6 million. The principal and interest payments made in 2025 were \$3.3 million and net revenue for the year ended June 30, 2025, was \$45.4 million.

**Commitments and Contingencies** – The Port is presently engaged in various development and capital projects that involve a commitment to expend significant funds. As of June 30, 2025, the Port's purchase commitments were \$34.5 million for capital projects and \$4.2 million for general operations.

**South Beach Harbor Project Commitments** – On May 1, 2019, the Successor Agency transferred South Beach Harbor operations to the Port. Under San Francisco Bay Conservation and Development Commission (BCDC) Permit Amendment No. 17 for the South Beach Harbor Project, certain public access and other improvements were to be completed by December 31, 2017. Construction estimates prepared by a Port consultant in 2014 indicate that the required uncompleted work would cost approximately \$7.9 million. The Port has worked with the water recreation community to develop an alternative public access improvement proposal for BCDC consideration. Port management believes that the alternative proposal will provide significant public access improvements that are relevant to the project area and at a lower cost. On December 18, 2020, BCDC issued Amendment No. 20 for the South Beach Harbor Permit (1984.002.20) requiring amended project work to be completed by December 31, 2024, including installation of a new guest dock, kayak launch, and hoists located at Pier 40. Completion of these improvements has been delayed and thus, Port will seek a corresponding time extension amendment from BCDC. The new kayak launch and hoists are on track to be installed by December 2025. The new north guest dock requires additional funding for construction, which the project team plans to request for the additional funding needed in the next Capital Improvement Program budget cycle. Updates to the north guest dock schedule are pending funding allocation.

**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

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and accrues a liability, if necessary. It is, therefore, reasonably possible that in future reporting periods, current estimates of environmental liabilities could materially change.

Port lands are subject to environmental risk elements typical of sites with a mix of light industrial activities dominated by transportation, transportation-related, and warehousing activities. Due to the historical placement of fill of varying quality, and widespread use of aboveground and underground tanks and pipelines containing and transporting fuel, elevated levels of petroleum hydrocarbons and lead are commonly found on Port properties. Consequently, any significant construction, excavation, or other activity that disturbs the soil, fill material, or bay sediment may encounter hazardous materials and/or generate hazardous waste.

The Port has identified certain environmental issues related to the Port's properties, including polychlorinated biphenyls (PCBs), polycyclic aromatic hydrocarbons (PAHs) and other oil contamination. The Port may be required to perform certain clean-up work if it intends to develop or lease the property, or at such time as required by the City or State. There are sites where groundwater contamination may be later identified, where the Port has primary or secondary responsibility. The potential liability for all such risk cannot be reasonably made at this time.

**Pier 70** – For over 150 years, there were ironworks, steelworks, shipbuilding and repair, and other industrial operations at this 66-acre site. Between 2007 and 2010, the Port conducted a comprehensive community-based planning process for the redevelopment of Pier 70. This culminated in the Preferred Master Plan for Pier 70, which involved rehabilitation and reuse of the historical buildings, preservation of ship repair facilities, new development, park and open space, and pollution remediation.

Between 2009 and 2013, with financial assistance from the U.S. Department of Commerce, the Port completed a comprehensive investigation of soil and groundwater conditions, a risk assessment and feasibility study, and a Remedial Action Plan (RAP). The RAP consists of capping site soils and establishing institutional controls to reduce or eliminate human health risks related to contamination. The Port subsequently developed a Risk Management Plan (RMP), which established institutional controls (e.g. use restrictions, soil handling requirements, health and safety plans, etc.) and engineering controls (e.g. capping contaminated soil) to protect the public and prevent an adverse impact to the environment. The RMP specifies how future development, operation, and maintenance of the area will implement the remedy by covering existing site soil with buildings, streets, plazas, hardscape, or new landscaping, thereby minimizing or eliminating exposure to contaminants in soil. The Regional Water Quality Control Board approved the RMP in January 2014. Over the past several years, developers have completed the installation of durable covers, removal of hazardous materials, and it is expected that most of the required capping will be accomplished through site development. As part of the RMP, annual site inspections, monitoring and reporting, annual vulnerability assessments, and a revised RMP will be required.

The Port evaluates cost estimates annually based on additional information and transaction events that may impact the pollution remediation outlays. The accrued cost for pollution remediation at Pier 70 is estimated to be \$6.7 million on June 30, 2025. These are obligations not assumed by the Port development partners. As of June 30, 2025, \$2.7 million is the estimated cost to install a sediment cap offshore and along the shoreline at the former Pier 70 Shipyard and adjacent to Crane Cove Park, \$3.2 million is the estimated cost to perform additional remediation involving the Pier 70 Undeveloped Upland area, while \$0.8 million is the estimated cost for RMP management, and required monitoring and reporting.

**Mission Bay Ferry Landing Offshore Sediment Remediation & Pier 64 Marine Debris Removal** – The Port's Mission Bay Ferry Landing (MBFL) project is located adjacent to the south side of the former Pier 64. The MBFL project consists of approximately eight acres of in-water area, dredging, ferry berths, and a few hundred feet of armored shoreline, with eventual construction of a landside plaza and ferry landing. The Pier 64 offshore area encompasses approximately 2-3 acres of collapsed structure. The MBFL offshore project boundary area includes the encompassed Pier 64 southern wharf and pile supported apron area. The Port completed phase one of MBFL construction in November 2020. Phase

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two will include the construction of a marine mattress, and an additional sand layer to protect from erosion, along with proper management and fill marine debris removal at the former Pier 64 site. Construction for phase two is scheduled to be completed in fiscal year 2025-26. As of June 30, 2025, the Port estimated accrued pollution remediation costs to be \$5.5 million. This estimate is not intended to reflect an admission of liability.

**Hyde St. Harbor/Wharf J10 Petroleum Discharge** – In Spring 2020, petroleum sheens were observed at the shoreline near the Hyde Street Harbor office including the Wharf J10 shoreline. In July 2020, the US Coast Guard issued a Notice of Federal Interest (NOFI). In September 2020, the United States Environmental Protection Agency (EPA) issued a Cleanup Order to the Port, as the landowner, to investigate and mitigate the petroleum seep. The Port's investigation discovered red-dye renewable diesel fuel in soil, groundwater, and in petroleum seepage into the Bay. In March 2021, the EPA issued a Cleanup Order to the potentially responsible company, a tenant of the Port, to investigate and mitigate the release. In April 2021, the potentially responsible company performed integrity testing on underground pipelines, which supplied renewable diesel fuel to the Hyde Street Harbor Fuel Dock. In March 2023, the potentially responsible company submitted a draft Feasibility & Remedial Action Plan to propose remedial action alternatives, and submitted a revised version in September 2023, recommending soil excavation in areas where concentrated products exist, along with post- excavation groundwater monitoring. The State Water Board approved the Remedial Action Plan in December 2023. After significant contract delays with the potentially responsible party, the anticipated schedule is to begin remediation work in late 2025, continuing into 2026. Monitoring and reporting could continue for up to approximately 15 years. As of June 30, 2025, the Port has estimated that its accrued remediation costs to be approximately \$4.5 million.

**Hyde St. Harbor Legacy Wharf J9 and J10** – There is evidence that renewable diesel fuel from the Hyde Street Harbor Fuel Release is pushing residual historic contaminants into the Bay, including through the Wharf J-10 chemical barrier installed by the potentially responsible party under a former cleanup action. As of June 30, 2025, the accrued costs are estimated to be \$0.1 million and is related to the investigation and preparation of the Site History Report and Investigation Work Plan and Addendum, and initial investigation.

A summary of environmental liabilities, included in noncurrent liabilities, at June 30, 2025, is as follows:

|                                                  | <b>Environmental<br/>Remediation</b> |
|--------------------------------------------------|--------------------------------------|
| Environmental liabilities at July 1, 2024.....   | \$ 16,030                            |
| Current year claims and changes in estimates.... | 805                                  |
| Environmental liabilities at June 30, 2025.....  | <u>\$ 16,835</u>                     |

**(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 distribution of water to the City and certain suburban areas. In fiscal year 2024-25, the Water Enterprise sold water, approximately 66,444 million gallons annually, to approximately 2.7 million people within San Francisco and certain suburban areas.

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).

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**Pledged Revenues** – The Water Enterprise has pledged future revenues to repay various revenue bonds and State Revolving Fund loans. Proceeds from the revenue bonds and State Revolving Fund loans provided financing for various capital construction projects and to refund previously issued bonds. These bonds and State Revolving Fund loans are payable solely from revenues of the Water Enterprise and are payable through fiscal year 2057-58.

The outstanding amount of revenue bonds and State Revolving Fund loan, total principal and interest remaining, principal and interest paid during 2025 and applicable revenues for 2025 are as follows:

|                                                                                                               |              |
|---------------------------------------------------------------------------------------------------------------|--------------|
| Bonds issued with revenue pledge .....                                                                        | \$ 4,801,380 |
| Principal and interest remaining due at end of the fiscal year .....                                          | 8,286,502    |
| Clean Water State Revolving Fund (CWSRF) loans with revenue pledge.....                                       | 300,035      |
| Principal and interest paid net of capitalized interest and Build America Bonds subsidy during the year ..... | 298,169      |
| Net revenues .....                                                                                            | 467,755      |
| Funds available for revenue bond debt service* .....                                                          | 646,772      |

\* Includes other available funds budgetary balances that are non-GAAP

**Wholesale Balancing Account** – During fiscal year 2024-25, the estimated Wholesale Revenue Requirement (WRR), net of adjustments, charged to Wholesale Customers was \$333.2 million. The Water Enterprise is required to re-compute the WRR after the close of each fiscal year based on the actual costs in the delivery of water to the wholesale customers. The WRR calculation is subject to a trailing compliance audit and final review by the Wholesale Customers. As part of the final recalculation, the difference between the wholesale revenue earned during the year and the actual WRR is recorded in a separate (balancing) account and represents the cumulative amount that is either owed to the Wholesale Customers (if the wholesale revenue exceed the WRR) or owed to the Enterprise (if the WWR exceeds the wholesale revenue paid). The Enterprise is estimated to owe the Wholesale Customers \$13.0 million as of June 30, 2025.

**Commitments and Contingencies** – As of June 30, 2025, the Water Enterprise had outstanding commitments with third parties of \$473.8 million for various capital projects and other purchase agreements.

**(d) Hetch Hetchy Enterprise**

San Francisco Hetch Hetchy Water and Power (Hetch Hetchy or the Enterprise) was established as a result of the Raker Act of 1913, which granted water and power resources rights-of-way on the Tuolumne River in Yosemite National Park and Stanislaus National Forest to the City. CleanPowerSF, launched in May 2016, provides green electricity from renewable sources to residential and commercial customers in San Francisco and was reported as part of Hetch Hetchy starting fiscal year 2016. Hetch Hetchy is a stand-alone enterprise comprised of three funds, Hetchy Power (the Power Enterprise), CleanPowerSF and Hetchy Water, the portion of the Water Enterprise's operations, specifically the upcountry water supply and transmission service. Hetch Hetchy is engaged in the collection and conveyance of approximately 85.0% of the regional system's water supply and in the generation and transmission of electricity from that resource, as well as the City Power services including energy efficiency and renewable.

Approximately 70.0% of the electricity generated by Hetchy Power is used to provide electric service to the City's municipal customers (including the SFMTA, the Recreation and Park Department, the Port, the Airport and its tenants, SFGH, streetlights, Moscone Convention Center, and the Water and Wastewater Enterprises). The majority of the remaining 30.0% balance of electricity is sold to CleanPowerSF and the wholesale electric market. As a result of the 1913 Raker Act, energy produced above the City's Municipal Load is sold first to the Districts (Modesto Irrigation District and Turlock Irrigation District) to cover their agricultural pumping and municipal load needs and any remaining energy is either sold to other municipalities and/or government agencies (not for resale) or sold into the

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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** – Hetchy Power issued debt to finance its improvements. The Hetchy Water fund, the Hetchy Power fund, and CleanPowerSF fund are reported for in a single enterprise. However, investors in the debt rely solely on the revenue generated by the individual activities for repayment. Summary financial information for Hetch Hetchy is presented below:

| <b>Condensed Statements of Net Position</b> | <b>Hetchy Water</b> | <b>Hetchy Power</b> | <b>CleanPowerSF</b> | <b>Total</b>        |
|---------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assets:</b>                              |                     |                     |                     |                     |
| Current and other assets .....              | \$ 127,978          | \$ 386,239          | \$ 292,342          | \$ 806,559          |
| Capital assets .....                        | 250,330             | 809,921             | 86                  | 1,060,337           |
| Total assets .....                          | <u>378,308</u>      | <u>1,196,160</u>    | <u>292,428</u>      | <u>1,866,896</u>    |
| <b>Deferred outflows of resources:</b>      |                     |                     |                     |                     |
| Pensions .....                              | 12,435              | 15,198              | 2,753               | 30,386              |
| Other postemployment benefits .....         | 2,954               | 3,611               | 1,195               | 7,760               |
| Total deferred outflows of resources .....  | <u>15,389</u>       | <u>18,809</u>       | <u>3,948</u>        | <u>38,146</u>       |
| <b>Liabilities:</b>                         |                     |                     |                     |                     |
| Current liabilities .....                   | 8,728               | 268,911             | 38,207              | 315,846             |
| Noncurrent liabilities .....                | 41,312              | 373,550             | 9,083               | 423,945             |
| Total liabilities .....                     | <u>50,040</u>       | <u>642,461</u>      | <u>47,290</u>       | <u>739,791</u>      |
| <b>Deferred inflows of resources:</b>       |                     |                     |                     |                     |
| Pensions .....                              | 868                 | 1,061               | 730                 | 2,659               |
| Other postemployment benefits .....         | 2,832               | 3,461               | 1,737               | 8,030               |
| Total deferred inflows of resources .....   | <u>3,700</u>        | <u>4,522</u>        | <u>2,467</u>        | <u>10,689</u>       |
| <b>Net position:</b>                        |                     |                     |                     |                     |
| Net investment in capital assets .....      | 248,610             | 341,791             | -                   | 590,401             |
| Restricted for capital projects .....       | 20,815              | 32,645              | -                   | 53,460              |
| Restricted for other purposes .....         | -                   | 5,772               | -                   | 5,772               |
| Unrestricted .....                          | 70,532              | 187,778             | 246,619             | 504,929             |
| Total net position .....                    | <u>\$ 339,957</u>   | <u>\$ 567,986</u>   | <u>\$ 246,619</u>   | <u>\$ 1,154,562</u> |

| <b>Condensed Statements of Revenues, Expenses, and Changes in Fund Net Position</b> | <b>Hetchy Water</b> | <b>Hetchy Power</b> | <b>CleanPowerSF</b> | <b>Total</b>        |
|-------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Operating revenues .....                                                            | \$ 53,211           | \$ 218,463          | \$ 429,796          | \$ 701,470          |
| Depreciation expense .....                                                          | (7,263)             | (21,008)            | (126)               | (28,397)            |
| Other operating expenses .....                                                      | (38,208)            | (197,073)           | (372,052)           | (607,333)           |
| Operating income .....                                                              | <u>7,740</u>        | <u>382</u>          | <u>57,618</u>       | <u>65,740</u>       |
| <b>Nonoperating revenues (expenses):</b>                                            |                     |                     |                     |                     |
| Federal and state grants .....                                                      | 152                 | 187                 | 33                  | 372                 |
| Interest and investment income .....                                                | 5,016               | 14,688              | 10,482              | 30,186              |
| Interest expense .....                                                              | (23)                | (16,006)            | (5)                 | (16,034)            |
| Other nonoperating revenues net of expenses .....                                   | 45                  | 2,384               | 349                 | 2,778               |
| Capital contributions .....                                                         | -                   | 4,032               | -                   | 4,032               |
| Transfer in (out), net .....                                                        | 47,084              | (3,532)             | -                   | 43,552              |
| Change in net position .....                                                        | <u>60,014</u>       | <u>2,135</u>        | <u>68,477</u>       | <u>130,626</u>      |
| Net position at beginning of year, as restated .....                                | 279,943             | 565,851             | 178,142             | 1,023,936           |
| Net position at end of year .....                                                   | <u>\$ 339,957</u>   | <u>\$ 567,986</u>   | <u>\$ 246,619</u>   | <u>\$ 1,154,562</u> |

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|                                                       | Hetchy<br>Water | Hetchy<br>Power | CleanPowerSF | Total      |
|-------------------------------------------------------|-----------------|-----------------|--------------|------------|
| Net cash provided by (used in):                       |                 |                 |              |            |
| Operating activities.....                             | \$ 17,085       | \$ 34,327       | \$ 52,698    | \$ 104,110 |
| Noncapital financing activities.....                  | 100             | (3,418)         | 378          | (2,940)    |
| Capital and related financing activities.....         | 24,152          | 15,600          | (130)        | 39,622     |
| Investing activities.....                             | 3,104           | 17,619          | 7,387        | 28,110     |
| Increase (decrease) in cash and cash equivalents..... | 44,441          | 64,128          | 60,333       | 168,902    |
| Cash and cash equivalents at beginning of year.....   | 79,816          | 273,869         | 162,357      | 516,042    |
| Cash and cash equivalents at end of year.....         | \$ 124,257      | \$ 337,997      | \$ 222,690   | \$ 684,944 |

**Pledged Revenues** – Hetchy Power has pledged future power revenues to repay the 2011 Qualified Energy Conservation Bonds (QECBs) and the 2015 New Clean Renewable Energy Bonds (NCREBs). Additionally, Hetchy Power has pledged future power revenues for 2015 Series AB, 2021 Series AB, and 2023 Series A power revenue bonds. Proceeds from the bonds provided financing for various capital construction and facility energy efficiency projects. 2015 Series AB, 2021 Series AB, and 2023 Series A power revenue bonds are payable through fiscal year 2045-46, 2051-52, and 2053-54, respectively, and are solely payable from net revenues of Hetchy Power on a senior lien basis to the 2011 QECBs and the 2015 NCREBs.

The outstanding amount of revenue bonds issued, total principal and interest remaining, principal and interest paid during fiscal year 2024-25, applicable net revenues, and funds available for debt service are as follows:

|                                                                           |            |
|---------------------------------------------------------------------------|------------|
| <b>Hetchy Power</b>                                                       |            |
| Bonds issued with revenue pledge .....                                    | \$ 281,700 |
| Bond principal and interest remaining due at end of the fiscal year ..... | 510,130    |
| Bond principal and interest paid in the fiscal year* .....                | 10,484     |
| Net revenues .....                                                        | 67,523     |
| Funds available for revenue bond debt service .....                       | 228,686    |

\* Per Indenture, debt service for coverage is calculated using the amount of principal and interest paid during the year for the 2015 Series AB, 2021 Series AB, and 2023 Series A power revenue bonds net of capitalized interest, if any, which have a senior lien on Power Enterprise revenues; principal and interest paid during the year for the 2015 Series AB, 2021 Series AB, and 2023 Series A power revenue bonds was \$9,615, net of capitalized interest.

**Commitments and Contingencies** – As of June 30, 2025, Hetch Hetchy had outstanding commitments with third parties of \$185.6 million for various capital projects and other purchase agreements.

*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 \$5.9 million in fiscal year 2024-25. 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.

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*Hetchy Power*

Upon expiration of the City's previous Interconnection Agreement with PG&E, the City began taking service in 2015 under the Wholesale Distribution Tariff (WDT) for distribution service and under the CAISO Open-Access Transmission Tariff for transmission service. The FERC-regulated Wholesale Distribution Tariff is implemented by PG&E through the City specific Service Agreements and Interconnection Agreements. The terms of these agreements have been in contention since the effective date. The City continues to negotiate with PG&E and, where necessary, file complaints and protests with FERC. In September 2020, PG&E filed a revised WDT (WDT3) that increased rates and significantly decreased the City's ability to serve City projects. Under the terms of WDT3, the City would be required to install costly and inefficient equipment not needed for technical, safety or reliability of operations. In addition, Hetchy Power would no longer be allowed to connect to the "network" grid in the center of San Francisco; have new secondary interconnections; and/or serve any small, typically unmetered loads, such as streetlights, Distributed Antenna System, traffic signals, and bus shelters. The City and PG&E have reached a limited settlement agreement that allows the City to continue serving City projects (like Affordable Housing, streetlights, parks, and schools) at a secondary interconnection. PG&E filed this agreement at FERC on August 11, 2025 and it is now waiting for FERC approval. Cost assignment issues still remain as PG&E requires the City to pay for distribution upgrades to PG&E's system that benefits PG&E's own retail customers. This issue is still being litigated at FERC under the WDT3 proceeding. PG&E has since filed a new iteration of the WDT, WDT4, which became in effect May 2025. The cost assignment issues remain in WDT4 and the City is currently engaged in settlement discussions with PG&E at FERC.

Staff prepare regular reporting to the Board of Supervisors outlining on-going disputes with PG&E over project requirements, costs and delays. During fiscal year 2024-25, Hetchy Power purchased distribution services for \$21.8 million from PG&E under the terms of the Service Agreements and Interconnection Agreements that implement the WDT. The City continues to litigate and dispute these terms at FERC and in the court systems; and pursue the purchase of PG&E's electric grid in San Francisco.

Hetchy Power may purchase or sell energy and other related products (such as ancillary services, spinning reserves, resource adequacy products, and congestion revenue rights) with different market entities through the Western System Power Pool (WSPP) and the CAISO. During fiscal year 2024-25, Hetchy Power purchased \$11.4 million of power and other related products. There was \$1.6 million of excess power sales after meeting Hetch Hetchy's obligations in fiscal year 2024-25.

Hetchy Power (Buyer) purchases energy, capacity, and environmental attributes from a local solar photovoltaic project located at Sunset Reservoir (the facility) pursuant to the 2009 25-year PPA with SFCity1, LP, owned by Duke Energy (Seller). In November 2010, the facility commenced commercial operation and began to provide Hetchy Power energy generated by the facility.

The Power Purchase Agreement (PPA) sets the starting purchase price of generated energy at \$235/MWh, increasing by 3% each year throughout the term of the agreement, and it is expected that the facility will generate 6,560 MWh per year on average. The rate for fiscal year ended June 30, 2025 was \$365/MWh. In the event that the facility generates more energy than expected due to better than normal meteorological conditions, the PPA requires the Buyer to purchase all the excess energy but generation in excess of 120% of expected is purchased at no cost. The PPA also requires the Seller to generate a minimum amount of energy from the facility annually. If energy production falls below 50% of expected, the Seller must provide replacement power, and if energy falls below 90% of expected the price for energy generated is lowered. In fiscal year 2024-25, purchases of energy under the Agreement were \$2.4 million, or 6,599 MWh.

Hetchy Power and CleanPowerSF participate in the CAISO energy markets which requires the SFPUC to have a contract with a certified Scheduling Coordinator (SC). In June 2022, CleanPowerSF renewed a 5-year contract with APX, Inc with contract amount not to exceed \$134.7 million to fulfill this requirement. APX, Inc provides a number of services including but not limited to an interface with the

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CAISO's energy scheduling portal, manage invoice payments to the CAISO and communications between the CAISO and the SFPUC, and dispatch of the Hetch Hetchy plant 24 hours a day, seven days a week. The contract also provides that APX, Inc will act as the SC for renewable generation plants under some of CleanPowerSF's Power Purchase Agreements. Hetchy Power's share was \$0.5 million as of June 30, 2025. CleanPowerSF's share was \$0.3 million for fiscal year 2024-25.

*CleanPowerSF*

CleanPowerSF regularly adds new short-term and medium-term contracts with multiple counterparties pursuant to master agreements, including the WSPP Master Agreement, to purchase renewable, carbon-free and conventional energy and resource adequacy capacity. CleanPowerSF has also entered into long-term contracts for renewable energy and capacity with renewable energy developers including sPower, Terra-Gen, NextEra, Intersect Power and EDF Renewables. These contracts have been entered to allow CleanPowerSF to meet its existing retail sales obligations, to support future retail sales from anticipated load growth, and to comply with State requirement that 65% of CleanPowerSF's Renewables Portfolio Standard (RPS) compliance targets be fulfilled by RPS-eligible electricity from contracts of 10 or more years. Citywide enrollment was completed in 2020. Since it began serving customers in 2016, CleanPowerSF's cumulative opt-out rate is 4.7% of all enrolled accounts. The total power purchase cost, net of wholesale sales, was \$334.3 million in fiscal year 2024-25.

CleanPowerSF contracts with Calpine Energy Solutions to provide meter data management, billing and customer care support. Calpine is responsible for calculating and providing CleanPowerSF charges to PG&E, which in turn bills both CleanPowerSF and PG&E customers for electricity transmission, distribution, and CleanPowerSF generation services. PG&E remits payments received from customers for CleanPowerSF charges to the City. During fiscal year 2024-25, amount paid was \$4.7 million.

In March 2024, CleanPowerSF executed a fourth amendment to the Credit Agreement with JPMorgan Chase Bank, National Association (Bank). The Credit Agreement provides letters of credit or loans from the Bank to guarantee certain power purchase agreement payment obligations of CleanPowerSF and to meet working capital needs, if necessary. The amendment increased the available amount from \$20.0 million to \$75.0 million and extended the agreement end date from March 2024 to March 2027. The Credit Agreement is secured by CleanPowerSF's net revenues; there is no pledge of, or lien on net revenues that ranks senior to the obligations under the Credit Agreement. The Bank issued letters of credit in the face amounts totaling \$6.2 million for fiscal year ended June 30, 2025. CleanPowerSF did not draw on the Credit Agreement during fiscal year 2024-25. Accordingly, the uncommitted credit capacity under the Credit Agreement was \$68.8 million during fiscal year 2024-25.

Original financial covenants include that CleanPowerSF maintain a Debt Service Coverage Ratio as defined in the Credit Agreement of not less than 1.05 for each fiscal quarter, as determined for the four consecutive fiscal quarter periods ended on the last day of such fiscal quarter. CleanPowerSF was in compliance with all covenants and requirements of the Credit Agreement as amended for fiscal year ended June 30, 2025.

Significant events of default under the Credit Agreement, include 1) non-payment, 2) material breach of warranty, representation, or other non-remedied breach of covenants as specified in the agreement and 3) bankruptcy and insolvency events, which could result in all outstanding loans under the Credit Agreement to be immediately due and payable; or the immediate termination of the Bank's commitment to issue letters of credit or make loans under the Credit Agreement.

**(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

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nonprofit parking garage corporations operated by separate nonprofit corporations whose operations are interrelated.

The SFMTA was established by voter approval of the addition of Article VIIIA to the Charter of the City (the Charter) in 1999 (Proposition E). The purpose of the Charter amendment was to consolidate all surface transportation functions within a single City department and to provide the transportation system with the resources, independence, and focus necessary to improve transit service and the City's transportation system. The voters approved additional Charter amendments: (1) in 2007 (Proposition A), which increased the autonomy of and revenue to the SFMTA; (2) in 2010 (Proposition G), which increased management flexibility related to labor contracts; (3) in 2014 (Proposition A), which provided \$500 million in general obligation bonds for transportation and street infrastructure; (4) in 2014 (Proposition B), which increases General Fund allocation to SFMTA based on the City's population increase; and (5) in 2019 (Proposition D), which imposes tax on fares charged by commercial shared and private rides to fund transportation operations and infrastructure for traffic congestion mitigation in the City.

Muni is one of America's oldest public transit agencies, the largest in the Bay Area, and eighth largest system in the United States. Operating historic streetcars, modern light rail vehicles, diesel buses, alternative fuel vehicles, electric trolley coaches, and the world-famous cable cars, Muni's fleet is among the most diverse in the world.

**Pledged Revenue** - The SFMTA has pledged future revenues to repay various bonds. Proceeds from the revenue bonds provided financing for various capital construction projects and refunded previously issued bonds. These bonds are payable from all SFMTA operating revenues except for City General Fund allocations and restricted sources and are payable through fiscal year 2050-51.

Annual principal and interest payments for fiscal year 2024-25 were 26.1% 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 2024-25, applicable net revenues, and funds available for bond debt service are as follows:

|                                                               |            |
|---------------------------------------------------------------|------------|
| Bonds issued with revenue pledge .....                        | \$ 457,065 |
| Principal and interest remaining due at end of the year ..... | 614,798    |
| Principal and interest paid during the year.....              | 27,469     |
| Net revenues for the year.....                                | 77,713     |
| Funds available for revenue bond debt service .....           | 105,182    |

**General Fund Subsidy** – The amount of operating allocation provided to the SFMTA each year is limited to the amount set by the City Charter and budgeted by the City. Such allocation is recognized as revenue in the year received. In fiscal year 2024-25, the amount of General Fund subsidy to the SFMTA was \$609.1 million.

**Commitments and Contingencies** – As of June 30, 2025, the SFMTA has outstanding commitments of approximately \$292.2 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 \$109.3 million with third parties for noncapital expenditures. Various local funding sources are used to finance these expenditures.

**(f) Laguna Honda Hospital**

**General Fund Subsidy** – The Laguna Honda Hospital (LHH) is a skilled nursing facility which specializes in serving elderly and disabled residents. The operations of LHH are subsidized by the City's General Fund. It is the City's policy to fund operating deficits of the enterprise on a budgetary basis; however, the amount of operating subsidy provided is limited to the amount budgeted by the City. Any amount not required for the purpose of meeting an enterprise fund deficit shall be transferred



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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, 2025, the subsidy for LHH was \$82.7 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 receivables are recorded net of estimated allowances, which include contractual allowances and allowances for 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.

During the year ended June 30, 2025, LHH's patient receivables and charges for services were as follows:

| <b>Patient Receivables, Net</b>         |                   |                  |               |                   |
|-----------------------------------------|-------------------|------------------|---------------|-------------------|
|                                         | <b>Medi-Cal</b>   | <b>Medicare</b>  | <b>Other</b>  | <b>Total</b>      |
| Gross Accounts Receivable.....          | \$ 48,320         | \$ 4,003         | \$ 168        | \$ 52,491         |
| Less:                                   |                   |                  |               |                   |
| Contractual Allowance.....              | (29,260)          | (2,424)          | (102)         | (31,786)          |
| Total, Net Accounts Receivable.....     | <u>\$ 19,060</u>  | <u>\$ 1,579</u>  | <u>\$ 66</u>  | <u>\$ 20,705</u>  |
| <b>Net Patient Service Revenue</b>      |                   |                  |               |                   |
|                                         | <b>Medi-Cal</b>   | <b>Medicare</b>  | <b>Other</b>  | <b>Total</b>      |
| Gross Patient Service Revenue.....      | \$ 399,546        | \$ 23,921        | \$ 1,007      | \$ 424,474        |
| Less:                                   |                   |                  |               |                   |
| Contractual Allowance.....              | (172,663)         | (13,694)         | (693)         | (187,050)         |
| Total, Net Patient Service Revenue..... | <u>\$ 226,883</u> | <u>\$ 10,227</u> | <u>\$ 314</u> | <u>\$ 237,424</u> |

Because Medi-Cal reimbursement rates are less than LHH's established charge rates, LHH qualifies for supplemental federal funding. For the year ended June 30, 2025, LHH accrued and recognized \$52.4 million in revenue through the federal matching of local funds.

**Unearned Credits and Other Liabilities** – As of June 30, 2025, LHH recorded approximately \$64.9 million in other liabilities for third-party payor payable.

**Commitments and Contingencies** – As of June 30, 2025, LHH has entered into various purchase contracts totaling \$17.0 million that are related to the old building remodel.

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**(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, 2025, the subsidy for SFGH was \$83.6 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 receivables are recorded net of estimated allowances, which include contractual allowances, allowances for bad debt, and administrative write-offs. These allowances are based on current payment rates, including per diems, DRG amounts and payments received as a percentage of gross charges.

**Third-Party Payor Agreements** – SFGH has agreements with third-party payors that provide for reimbursement to SFGH at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between SFGH established rates and amounts reimbursed by third-party payors. Major third-party payors with whom such agreements have been established are Medicare, Medi-Cal, and the State of California through the Section 1115 Medicaid Waiver and Short-Doyle mental health programs. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. SFGH believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigation involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medi-Cal programs.

During the year ended June 30, 2025, SFGH's patient receivables and charges for services were as follows:

| <b>Patient Receivables, Net</b>         |                   |                   |                   |                     |
|-----------------------------------------|-------------------|-------------------|-------------------|---------------------|
|                                         | <b>Medi-Cal</b>   | <b>Medicare</b>   | <b>Other</b>      | <b>Total</b>        |
| Gross Accounts Receivable.....          | \$ 265,371        | \$ 213,123        | \$ 126,453        | \$ 604,947          |
| Less:                                   |                   |                   |                   |                     |
| Contractual Allowance.....              | (238,127)         | (190,760)         | (88,799)          | (517,686)           |
| Allowance for Bad Debt.....             | -                 | -                 | (6,891)           | (6,891)             |
| Total, Net Accounts Receivable.....     | <u>\$ 27,244</u>  | <u>\$ 22,363</u>  | <u>\$ 30,763</u>  | <u>\$ 80,370</u>    |
| <b>Net Patient Service Revenue</b>      |                   |                   |                   |                     |
|                                         | <b>Medi-Cal</b>   | <b>Medicare</b>   | <b>Other</b>      | <b>Total</b>        |
| Gross Patient Service Revenue.....      | \$ 2,570,049      | \$ 1,362,870      | \$ 1,023,398      | \$ 4,956,317        |
| Less:                                   |                   |                   |                   |                     |
| Contractual Allowance.....              | (2,153,541)       | (1,096,242)       | (481,387)         | (3,731,170)         |
| Allowance for Bad Debt.....             | -                 | -                 | (66,121)          | (66,121)            |
| Total, Net Patient Service Revenue..... | <u>\$ 416,508</u> | <u>\$ 266,628</u> | <u>\$ 475,890</u> | <u>\$ 1,159,026</u> |

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California's Section 1115 Medicaid Waiver (Waiver), titled "Medi-Cal 2020" expired on December 31, 2021. Medi-Cal 2020 was replaced by a new Waiver entitled "CalAIM", California's "...long-term commitment to transform and strengthen Medi-Cal, offering Californians a more equitable, coordinated, and person-centered approach to maximizing their health and life trajectory".

In addition to fee-for-service cost-based reimbursements for inpatient hospital services, CalAIM includes a wide range of patient centered care programs, including Enhanced Care Management, Community Supports, and the renewal of the Global Payment Program (GPP) among other service delivery and payment reform initiatives.

Payments received under CalAIM's GPP are utilization based and not dependent on Certified Public Expenditures (CPEs). However, GPP claims are subject to State and federal audit and final reconciliation. SFGH has established reserves for the uncertainty of future financial impact of potential audit and reconciliation adjustments.

Revenues recognized under current and previous Medi-Cal Waivers is approximately \$163.1 million for the year ended June 30, 2025.

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, 2025, reimbursement under the Short-Doyle Program amounted to approximately \$9.3 million and is included in net patient service revenue.

**Unearned Revenues and Other Liabilities** – As of June 30, 2025, SFGH recorded approximately \$330.9 million in unearned credits and other liabilities, which was comprised of \$252.2 million in unearned credits mainly related to receipts under Graduate Medical Education (GME) Medicaid, AB915 programs, DSH/Safety Net Care Pool Enhanced Payment Program (EPP), Quality Incentive Pool (QIP), Medi-Cal Administrative Activities (MAA) and Distinct Part Nursing Facilities (DP/NF); \$46.9 million in Third Party Settlements payable; and \$31.8 million in grant received in advance.

**Charity Care** – SFGH provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Charges foregone based on established rates were \$336.0 million and estimated costs and expenses to provide charity care were \$86.8 million in fiscal year 2024-25.

**Contract with the University of California San Francisco** – The City contracts on a year-to-year basis on behalf of SFGH with the University of California (UC). Under the contract, SFGH serves as a teaching facility for UC professional staff, medical students, residents, and interns who, in return, provide medical and surgical specialty services to SFGH's patients. The total amount for services rendered under the contract for the year ended June 30, 2025, was approximately \$280.7 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, 2025, SFGH has spent \$52.1 million from the gift on acquisition of FF&E as stipulated by the donor and recorded the remaining \$10.3 million as Restricted Net Position.

**Commitments and Contingencies** – As of June 30, 2025, SFGH had outstanding commitments with third parties for capital projects totaling \$28.6 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. The Wastewater Enterprise's primary responsibility is to protect the public health and the surrounding bay and ocean receiving waters by collecting, transmitting, treating, and discharging storm and sanitary

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flows generated in the service area. This includes 1,139 miles of combined, sanitary, and storm collection system pipes including: gravity mains, force mains, culverts, transport storage boxes, and tunnels. In addition, the Wastewater Enterprise serves, on a contractual basis, certain municipal customers located outside of the City limits, including the North San Mateo County Sanitation District No. 3, Bayshore Sanitary District, and the City of Brisbane. The Wastewater Enterprise recovers cost of service through user fees based on the volume and strength of sanitary flow. As of June 30, 2025, the Wastewater Enterprise serves approximately 149,672 residential accounts, which discharge about 15.9 million units of sanitary flow per year (measured in hundreds of cubic feet, or ccf) and approximately 32,010 non-residential accounts, which discharge about 5.8 million units of sanitary flow per year.

**Pledged Revenues** – Wastewater Enterprise has pledged future revenues to repay various revenue bonds, State Revolving Fund (SRF) loans, and Water Infrastructure Finance and Innovation Act (WIFIA) loans. Proceeds from the revenue bonds, revenue notes, SRF, and WIFIA loans provided financing for various capital construction projects, and to refund previously issued bonds. The bonds, SRF, and WIFIA loans are payable through fiscal years 2055, 2056, and 2062, respectively, and are solely from revenues of the Enterprise.

The outstanding amount of revenue bonds issued, SRF loans, and WIFIA loans, total principal and interest remaining, principal and interest paid during fiscal year 2024-25, applicable net revenues, and funds available for bond debt service are as follows:

|                                                                          |              |
|--------------------------------------------------------------------------|--------------|
| Bonds issued with revenue pledge .....                                   | \$ 3,395,800 |
| Clean Water State Revolving Fund (CWSRF) loans with revenue pledge ..... | 366,606      |
| WIFIA loans with revenue pledge.....                                     | 1,394,652    |
| Principal and interest remaining due at end of the fiscal year .....     | 7,865,418    |
| Principal and interest paid in the fiscal year .....                     | 114,350      |
| Net revenues .....                                                       | 239,391      |
| Funds available for revenue bond and loans debt service.....             | 416,307      |

**Commitments and Contingencies** – As of June 30, 2025, the Wastewater Enterprise had outstanding commitments, with third parties, for capital projects and for materials and services totaling \$554.3 million.

**Pollution Remediation Obligations** – As of June 30, 2025, the Wastewater Enterprise recorded \$6.1 million in pollution remediation liability, for the Yosemite Creek toxic sediments.

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**(14) SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO**

As discussed in Note 1, the financial statements present the Successor Agency and its component unit, an entity for which the Successor Agency is considered to be financially accountable. The City and County of San Francisco Redevelopment Financing Authority (Financing Authority) is a joint powers authority formed between the former Agency and the City to facilitate the long-term financing of the former Agency's activities. The Financing Authority is included as a blended component unit in the Successor Agency's financial statements because the Financing Authority provides services entirely to the Successor Agency.

Pursuant to the Dissolution Law, funds that would have been distributed to the former Agency as tax increment, hereafter referred to as redevelopment property tax revenues, are deposited into the Successor Agency's Redevelopment Property Tax Trust Fund (Trust Fund) administered by the City's Controller for the benefit of holders of the former Agency's enforceable obligations and the taxing entities that receive pass-through payments. Any remaining funds in the Trust Fund, plus any unencumbered redevelopment cash and funds from asset sales are distributed by the City to the local agencies in the project area unless needed to pay enforceable obligations.

In September 2015, the State passed Senate Bill 107 (SB 107), which clarifies and updates existing law governing the dissolution of redevelopment agencies. SB 107 includes specific language that allows the Successor Agency to issue bonds or other indebtedness for the purposes of low and moderate income housing and infrastructure in the City by allowing the pledge of revenues available in the Trust Fund that are not otherwise pledged subject to the approval of the Oversight Board. SB 107 also declares that Mission Bay North, Mission Bay South, Hunters Point Shipyard Phase 1, Candlestick Point - Hunters Point Shipyard Phase 2, and Transbay projects are finally and conclusively approved as enforceable obligations.

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

| Type of Obligation                          | Final<br>Maturity<br>Date | Remaining<br>Interest Rate | Amount     |
|---------------------------------------------|---------------------------|----------------------------|------------|
| Tax allocation revenue bonds <sup>(a)</sup> | 2054                      | 1.56% - 8.41%              | \$ 757,789 |

Debt service payments are made from the following sources:

- (a) Redevelopment property tax revenues from the Bayview Hunters Point, Western Addition, Rincon Point South Beach, Yerba Buena Center, India Basin, South of Market, Golden Gateway, Mission Bay South, Transbay, and Mission Bay North project areas.

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**Issuance of Successor Agency Bonds** – Under the Dissolution Law, a successor agency is authorized to issue bonds to satisfy its obligations under certain enforceable obligations entered into by the former redevelopment agency prior to dissolution, subject to approval by the California Department of Finance (DOF). On December 24, 2013, the DOF released its letter approving the issuance of bonds by the Successor Agency.

On January 30, 2025, the Successor Agency issued \$11,730 of 2025 Series A Taxable Tax Allocation Refunding Bonds, Mission Bay South Redevelopment Project (2025 Series A Bonds) and \$47,255 of 2025 Series B Tax Allocation Refunding Bonds, Mission Bay South Redevelopment Project (2025 Series B Bonds). Proceeds from the 2025 Series A Bonds and 2025 Series B Bonds were used to fully redeem the Successor Agency's 2016 Series D Subordinate Tax Allocation Bonds, Mission Bay South Redevelopment Project, on February 1, 2025. The refunding resulted in an economic gain of \$3,806 and no accounting gain or loss. The 2025 Series A Bonds bear fixed interest rates ranging from 4.82% to 5.01% and have a final maturity of August 1, 2028. The 2025 Series B Bonds bear fixed interest rates at 5.00% and have a final maturity of August 1, 2043.

**Pledged Revenues for Bonds** – The Tax Allocation Bonds are equally and ratably secured by the pledge and lien of the redevelopment property tax revenues. These revenues have been pledged until the year 2054, the final maturity date of the bonds. The total principal and interest remaining on these bonds is approximately \$1.16 billion. The redevelopment property tax revenues recognized during the year ended June 30, 2025, were \$125.8 million against the total debt service payment of \$91.7 million.

**Events of Default and Remedies** – The Successor Agency shall be considered to be in default if it fails to make any principal, interest, or redemption payment when due. For Tax Allocation Bonds, in the event of default, the trustee may declare the principal and accrued interest to be due and payable immediately.

The changes in long-term obligations for the Successor Agency for the year ended June 30, 2025, are as follows:

|                                            | July 1,<br>2024 | Additional<br>Obligations,<br>Interest<br>Accretion<br>and Net<br>Increases | Current<br>Maturities,<br>Retirements,<br>and Net<br>Decreases | June 30,<br>2025 | Due Within<br>One Year |
|--------------------------------------------|-----------------|-----------------------------------------------------------------------------|----------------------------------------------------------------|------------------|------------------------|
| Bonds payable:                             |                 |                                                                             |                                                                |                  |                        |
| Tax revenue bonds                          | \$ 783,289      | \$ 58,985                                                                   | \$ (84,485)                                                    | \$ 757,789       | \$ 43,198              |
| Hotel Tax Revenue Bonds                    | 4,455           | -                                                                           | (4,455)                                                        | -                | -                      |
| Less unamortized amounts:                  |                 |                                                                             |                                                                |                  |                        |
| For issuance premiums                      | 35,720          | 4,641                                                                       | (2,872)                                                        | 37,489           | -                      |
| For issuance discounts                     | (2,236)         | -                                                                           | 142                                                            | (2,094)          | -                      |
| Total bonds payable                        | 821,228         | 63,626                                                                      | (91,670)                                                       | 793,184          | 43,198                 |
| Accrued interest payable <sup>(1)</sup>    | 67,577          | 5,403                                                                       | (39,669)                                                       | 33,311           | 3,937                  |
| Accrued compensated absences               | 2,237           | 74                                                                          | -                                                              | 2,311            | 970                    |
| Successor Agency - long-term obligations.. | \$ 891,042      | \$ 69,103                                                                   | \$ (131,339)                                                   | \$ 828,806       | \$ 48,105              |

<sup>(1)</sup> Amounts represent interest accretion on Capital Appreciation Bonds.



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As of June 30, 2025, the debt service requirements to maturity for the Successor Agency, excluding accrued compensated absences, are as follows:

| June 30,  | Tax Revenue Bonds |                   |
|-----------|-------------------|-------------------|
|           | Principal         | Interest *        |
| 2026      | \$ 43,198         | \$ 38,099         |
| 2027      | 42,765            | 36,531            |
| 2028      | 44,344            | 34,921            |
| 2029      | 44,874            | 33,244            |
| 2030      | 46,572            | 31,476            |
| 2031-2035 | 219,124           | 127,503           |
| 2036-2040 | 155,082           | 68,377            |
| 2041-2045 | 116,890           | 23,632            |
| 2046-2050 | 30,845            | 6,411             |
| 2051-2054 | 14,095            | 1,528             |
| Total     | <u>\$ 757,789</u> | <u>\$ 401,722</u> |

\* Including payment of accreted interest

**(b) Commitments and Contingencies Related to the Successor Agency**

**Encumbrances** - At June 30, 2025, the Successor Agency had outstanding encumbrances totaling approximately \$23.9 million.

**Risk Management** - The Successor Agency obtained coverage for personal injury, automobile liability, public official errors and omissions and employment practices liability with limits of \$10.0 million per occurrence (\$5.0 million for employment practices liability) and a \$25 deductible per occurrence. The limit for automobile liability is \$5.0 million per occurrence, with a \$25 deductible. The annual aggregate limit for employment practices liability is \$5.0 million, with a \$25 deductible.

**Notes and Mortgages Receivable** – During the process of selling land to developers and issuing mortgage revenue bonds, the Successor Agency may defer receipt of land sale proceeds and mortgage revenue bond financing fees from various private developers in exchange for notes receivable, which aid the developers' financing arrangements. The Successor Agency recognizes all revenues and interest on the above-described arrangements when earned, net of any amounts deemed to be uncollectible. During the year ended June 30, 2025, the Successor Agency disbursed \$109.3 million to the developers through this arrangement and recorded an allowance against these receivables. At June 30, 2025, the gross value of the notes and mortgage receivable was \$368.5 million and the allowance for uncollectible amounts was \$367.0 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, 2025, the Successor Agency had outstanding community facility district bonds totaling \$141.2 million.

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**(15) TREASURE ISLAND DEVELOPMENT AUTHORITY**

The Treasure Island Development Authority (TIDA) is a nonprofit public benefit corporation. TIDA was authorized in accordance with the Treasure Island Conversion Act of 1997. TIDA is governed by the seven members of the TIDA Board of Directors who are appointed by the Mayor, subject to confirmation by the City's Board of Supervisors. The specific purpose of TIDA is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the property known as Naval Station Treasure Island for the public interest, convenience, welfare and common benefit of the inhabitants of the City.

The services provided by TIDA include administering the acquisition of the former Naval Station Treasure Island from the U.S. Navy and implementing the Treasure Island Development Project; renting existing Treasure Island facilities including commercial facilities and approximately 450 housing units to generate revenues to cover operating costs; maintaining Treasure Island utilities, facilities and other infrastructure; and overseeing the U.S. Navy's remediation activities on the former naval base.

In early 2000, TIDA initiated a master developer selection process, culminating in the selection of Treasure Island Community Development, LLC (TICD) in March 2003. TIDA and TICD entered into an Exclusive Negotiating Agreement in 2003, and began work on the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (Development Plan). The Development Plan was endorsed by the TIDA Board and the City's Board of Supervisors in December 2006. In May 2010, the TIDA Board and Board of Supervisors both unanimously endorsed a package of legislation that included an Update to the Development Plan and Term Sheet, terms of an Economic Development Conveyance Memorandum of Agreement (EDC MOA Term Sheet), and a Term Sheet between TIDA and the Treasure Island Homeless Development Initiative (TIHDI) now called One Treasure Island.

In April 2011, the TIDA Board and the Planning Commission certified the environmental impact report for the project and approved various project entitlements, including amendments to the Planning Code, Zoning Maps and General Plan, as well as a Development Agreement, Disposition and Development Agreement and Interagency Cooperation Agreement. These entitlements include detailed plans for land uses, phasing, infrastructure, transportation, sustainability, housing – including affordable housing, jobs and equal opportunity programs, community facilities and project financing. In June 2011, the Board of Supervisors unanimously upheld the certification of the project's environmental impact report and approved the project entitlements. These project approvals established the framework and cleared the way for realization of a new environmentally sustainable community on Treasure Island and the thousands of construction and permanent jobs the construction will bring.

The development plan for the project anticipates a new San Francisco neighborhood consisting of up to 8,000 new residential housing units, new commercial and retail space, a hotel, and 300 acres of parks and public open space, including shoreline access and cultural uses. Transportation amenities being built for the project will enhance mobility on Yerba Buena Island and Treasure Island as well as link the islands to mainland San Francisco. Some amenities include a combined police/fire emergency services building; utility improvements including new water, sewer, storm, gas, electrical and communications infrastructure with new water storage reservoirs and a wastewater treatment plant; new and upgraded streets, public byways, bicycle, transit, and pedestrian facilities; and a new ferry terminal.

On May 29, 2015, the Navy made the first transfer of property to TIDA consisting of 275 acres on Yerba Buena and Treasure Islands and the offshore submerged lands. This has been followed by four smaller transfers from 2016 through 2019. The full conveyance of the former base is not anticipated prior to 2030, as TIDA and the Navy are currently reviewing the future conveyance schedule.

**Infrastructure**

The first infrastructure construction projects on Yerba Buena Island, including the new water reservoirs and new roadways were completed in the third quarter of 2021, and utilities and street improvements

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are complete. On Treasure Island, new roadway, sewer, storm water, water, power, and electrical infrastructure were completed in 2023. New ferry landing facilities were completed and ferry service initiated in March of 2022. The completed new infrastructure in both the Yerba Buena Island and initial Treasure Island subphase areas have been accepted by the City and County of San Francisco.

The developer has begun geotechnical improvement in the second subphase area. The new electrical switchyard on Treasure Island is complete and operational. The San Francisco Public Utilities Commission (SFPUC) has begun construction of the new wastewater treatment facility which is anticipated to be completed in early 2026. Street improvement construction is anticipated to start in 2026 for completion in 2029.

**Housing**

The first residential project on Yerba Buena Island called the Bristol, a 124-unit condominium building, received its Temporary Certificate of Occupancy in spring 2022 and move-ins began in June 2022. Two additional residential flats and townhome sites on Yerba Buena Island were completed in spring 2024.

The first residential project on Treasure Island, Maceo May Apartments, a 105-unit, 100% affordable building developed by Chinatown Community Development Center in partnership with Swords to Plowshares began move-ins in Spring 2023. The second affordable housing development on Treasure Island, Star View Court, a 100% affordable 138-unit building developed by Mercy Housing in partnership with Catholic Charities, began move-ins in July 2024. Pre-development funding was approved and pre-development has begun for the next two affordable housing parcels on Treasure Island: (1) Parcel E1.2, which will include two separate buildings – a senior housing site and a behavioral health program site; and (2) Parcel IC4.3, which will support a 150-unit family development with 1-, 2-, 3-, and 4-bedroom units.

On Treasure Island, several market-rate housing projects on Treasure Island have been completed, including the Isle House (250-unit apartment building) completed in mid-2024 and began lease-up, Hawkins (178-unit apartment building) completed in late 2024 and began lease-up, and 490 Avenue of the Palms (148-unit condominium development) completed in fall 2025.

**Parks and Open Space**

The first five parks on Yerba Buena Island, Willow Bridge Park, The Rocks Dog Park, Signal Park, Panorama Park, and Buckeye Grove have been completed, accepted by TIDA, and are now open to the public. The first installation under the Treasure Island Art Program, a sculpture called the Point of Infinity by artist Hiroshi Sugimoto, was finished and installed at Hilltop Park in May 2023. Three additional parks on Treasure Island, Causeway Park and Waterfront Plaza, together referred to as "Treasure Island Landing", and Cityside Park are also complete and open to the public. The second installation under the Treasure Island Art Program, a sculpture called Canopy of the Sky by artist Ned Kahn, was finished and installed at Cityside Park in September 2025. Clipper Cove Park and Chapel Grove on Treasure Island are currently under construction and Clipper Cove promenade is under permitting review.

The complete build-out of the project is anticipated to occur over fifteen to twenty years.

As of June 30, 2025, TIDA has the following payables to other City departments:

| Payable to   | Purpose                              | Current          | Noncurrent      | Total            |
|--------------|--------------------------------------|------------------|-----------------|------------------|
| SFCTA        | YBI and mobility management expenses | \$ 14,318        | \$ -            | \$ 14,318        |
| General Fund | Cash Coverage                        | 10,956           | -               | 10,956           |
| Hetch Hetchy | Energy efficiency project            | -                | 7,304           | 7,304            |
|              |                                      | <u>\$ 25,274</u> | <u>\$ 7,304</u> | <u>\$ 32,578</u> |

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**(16) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

"Due to" and "due from" balances have primarily been recorded when funds overdraw their share of pooled cash or when there are transactions between entities where one or both entities do not participate in the City's pooled cash or when there are short-term loans between funds. The composition of interfund balances as of June 30, 2025, is as follows:

**Due to/from other funds:**

| Receivable Fund                         | Payable Fund                            | Amount                   |
|-----------------------------------------|-----------------------------------------|--------------------------|
| General Fund                            | Nonmajor Governmental Funds             | <u>\$ 22,917</u>         |
| Nonmajor Governmental Funds             | Nonmajor Governmental Funds             | <u>16,808</u>            |
| San Francisco Water Enterprise          | Nonmajor Governmental Funds             | 107                      |
|                                         | Hetch Hetchy Water and Power Enterprise | <u>37,822</u>            |
|                                         |                                         | <u>37,929</u>            |
| Hetch Hetchy Water and Power Enterprise | Nonmajor Governmental Funds             | 2,571                    |
|                                         | San Francisco Wastewater Enterprise     | <u>291</u>               |
|                                         |                                         | <u>2,862</u>             |
| Municipal Transportation Agency         | Nonmajor Governmental Funds             | <u>52,119</u>            |
| Port of San Francisco                   | Nonmajor Governmental Funds             | <u>4,893</u>             |
| San Francisco Wastewater Enterprise     | Nonmajor Governmental Funds             | <u>70</u>                |
| <b>Total</b>                            |                                         | <u><u>\$ 137,598</u></u> |

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, 2025, Hetch Hetchy loaned \$2.5 million to other City funds.

The SFMTA has a receivable from nonmajor governmental funds of \$52.1 million for capital and operating grants.

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**Due from component units:**

| <u>Receivable Entity</u>    | <u>Payable Entity</u>         | <u>Amount</u>            |
|-----------------------------|-------------------------------|--------------------------|
| General Fund                | Component unit – TIDA         | \$ 10,956 <sup>(1)</sup> |
| Nonmajor Governmental Funds | Component unit – TIDA         | 14,318 <sup>(1)</sup>    |
| General Fund                | Successor Agency              | 274                      |
| Nonmajor Governmental Funds | Successor Agency              | 1,873                    |
| Port of San Francisco       | Successor Agency              | 178                      |
| Port of San Francisco       | Community Facilities District | 335                      |

**Advance to component units:**

| <u>Receivable Entity</u>                | <u>Payable Entity</u> | <u>Amount</u>           |
|-----------------------------------------|-----------------------|-------------------------|
| Hetch Hetchy Water and Power Enterprise | Component unit – TIDA | \$ 7,304 <sup>(1)</sup> |

<sup>(1)</sup> See discussion at Note 15.

| Transfers Out:                                     | Transfers In: |                             |                  |                                         |                                 |                                               |                       |                       |              |
|----------------------------------------------------|---------------|-----------------------------|------------------|-----------------------------------------|---------------------------------|-----------------------------------------------|-----------------------|-----------------------|--------------|
|                                                    | General Fund  | Nonmajor Governmental Funds | Water Enterprise | Hetch Hetchy Water and Power Enterprise | Municipal Transportation Agency | San Francisco General Hospital Medical Center | Port of San Francisco | Laguna Honda Hospital | Total        |
| General fund.....                                  | \$ -          | \$ 567,955                  | \$ 4             | \$ -                                    | \$ 609,077                      | \$ 83,627                                     | \$ -                  | \$ 85,193             | \$ 1,345,856 |
| Nonmajor Governmental Funds.....                   | 71,035        | 100,556                     | 41,211           | -                                       | 76,076                          | 42,227                                        | 119,626               | 79,631                | 530,362      |
| Internal Service Funds.....                        | 3,020         | -                           | -                | -                                       | -                               | -                                             | -                     | -                     | 3,020        |
| San Francisco International Airport.....           | 58,489        | -                           | -                | -                                       | -                               | -                                             | -                     | -                     | 58,489       |
| Water Enterprise.....                              | -             | 31                          | -                | 47,084                                  | -                               | -                                             | -                     | -                     | 47,115       |
| Hetch Hetchy Water and Power Enterprise....        | 3,500         | 32                          | -                | -                                       | -                               | -                                             | -                     | -                     | 3,532        |
| San Francisco General Hospital Medical Center..... | 9,981         | -                           | -                | -                                       | -                               | -                                             | -                     | -                     | 9,981        |
| Wastewater Enterprise.....                         | -             | 1,472                       | -                | -                                       | -                               | -                                             | -                     | -                     | 1,472        |
| Port of San Francisco.....                         | -             | 32                          | -                | -                                       | -                               | -                                             | -                     | -                     | 32           |
| Laguna Honda Hospital.....                         | 1,634         | 1,661                       | -                | -                                       | -                               | 16,946                                        | -                     | -                     | 20,241       |
| Total transfers out.....                           | \$ 147,659    | \$ 671,739                  | \$ 41,215        | \$ 47,084                               | \$ 685,153                      | \$ 142,800                                    | \$ 119,626            | \$ 164,824            | \$ 2,020,100 |

The \$1.35 billion General Fund transfer out includes a total of \$775.4 million in operating subsidies to SFMTA, SFGH, and Laguna Honda Hospital (LHH) (see Note 13). The transfer of \$568.0 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. The transfer of \$71.0 million from the nonmajor governmental funds to the General Fund is mainly for interest earned by the General Fund but credited to the nonmajor governmental funds.

San Francisco International Airport transferred \$58.5 million to the General Fund, representing a portion of concession revenues. General Fund received \$9.7 million from SFGH and \$3.0 million from the Internal Service Funds for interest earned by the General Fund but credited to SFGH and the Internal Service Funds, respectively. General Fund also received \$1.6 million from LHH and \$0.3 million from SFGH to reappropriate funds.

SFGH received \$42.2 million from nonmajor governmental funds for various improvement projects and \$16.9 million from LHH, of which \$2.5 million for fiscal year 2024-25 shortfall and \$14.4 million to reappropriate funds. In return, LHH received \$79.6 million from nonmajor governmental funds for various improvement projects.

SFMTA received \$76.1 million transfers from nonmajor governmental funds, of which \$59.4 million was for capital activities and \$16.7 million was for operating activities.

The Water Enterprise transferred \$47.1 million to Hetch Hetchy Water and Power Enterprise to fund the Mountain Tunnel Improvement project and \$31 to nonmajor governmental funds for the Surety

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Bond Program. In return, the Water Enterprise received \$41.2 million from nonmajor governmental funds for the Earthquake Safety and Emergency Response program and \$4 from the General Fund for the Mayor's Office's Minimum Compensation Ordinance.

The Wastewater Enterprise transferred \$1.4 million to nonmajor governmental funds for art enrichment allocation and Green Infrastructure Grant Program, and \$32 to nonmajor governmental funds for the Surety Bond Program.

The Hetch Hetchy Water and Power Enterprise transferred \$3.5 million to General Fund for repayment of Education Revenue Augmentation Fund and \$32 to nonmajor governmental funds for the Surety Bond Program.

The Port of San Francisco received \$119.6 million from nonmajor governmental funds for the Seawall Earthquake Safety Program and transferred \$32 to nonmajor governmental funds for the Surety Bond Program.

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**(17) LEASES, COMMITMENTS AND CONTINGENT LIABILITIES**

**Leases and Similar Subscription-Based Information Technology Arrangements**

**Primary Government**

City as Lessee and Subscriber

The City has entered into long-term leases for land, office space, communication site, data processing, machinery, and other equipment. The terms and conditions for these leases varies, which ranges between 1 – 74 years. The City also has noncancellable subscription arrangements (similar to a lease) for the right to use various information technology hardware and software (SBITAs). The terms and conditions for these subscriptions varies, which ranges between 1 – 10 years.

A summary of intangible right-to-use assets during the year ended June 30, 2025, is as follows (in thousands):

|                                                          | Balance<br>July 1,<br>2024 | Increases      | Decreases         | Balance<br>June 30,<br>2025 |
|----------------------------------------------------------|----------------------------|----------------|-------------------|-----------------------------|
| Governmental Activities:                                 |                            |                |                   |                             |
| Right-to-use assets:                                     |                            |                |                   |                             |
| Land.....                                                | \$ 1,675                   | \$ -           | \$ -              | \$ 1,675                    |
| Building/Facility.....                                   | 749,665                    | 82,381         | (21,647)          | 810,399                     |
| Equipment.....                                           | 283                        | -              | (283)             | -                           |
| Subscription assets.....                                 | <u>84,642</u>              | <u>33,782</u>  | <u>(834)</u>      | <u>117,590</u>              |
| Total right-to-use assets.....                           | <u>836,265</u>             | <u>116,163</u> | <u>(22,764)</u>   | <u>929,664</u>              |
| Less accumulated amortization:                           |                            |                |                   |                             |
| Right-to-use assets:                                     |                            |                |                   |                             |
| Land.....                                                | 416                        | 139            | -                 | 555                         |
| Building/Facility.....                                   | 196,917                    | 84,438         | (18,259) *        | 263,096                     |
| Equipment.....                                           | 216                        | 67             | (283)             | -                           |
| Subscription assets.....                                 | <u>36,294</u>              | <u>31,118</u>  | <u>(833)</u>      | <u>66,579</u>               |
| Total accumulated amortization.....                      | <u>233,843</u>             | <u>115,762</u> | <u>(19,375)</u>   | <u>330,230</u>              |
| Governmental activities right-to-use<br>assets, net..... | <u>\$ 602,422</u>          | <u>\$ 401</u>  | <u>\$ (3,389)</u> | <u>\$ 599,434</u>           |

\* Building/Facility asset and accumulated amortization increases included \$3,793 in lease modification.

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|                                                           | Balance<br>July 1,<br>2024 | Increases         | Decreases         | Balance<br>June 30,<br>2025 |
|-----------------------------------------------------------|----------------------------|-------------------|-------------------|-----------------------------|
| Business-Type Activities:                                 |                            |                   |                   |                             |
| Right-to-use assets:                                      |                            |                   |                   |                             |
| Land.....                                                 | \$ 23,424                  | \$ 545            | \$ -              | \$ 23,969                   |
| Building/Facility.....                                    | 217,865                    | 14,359            | (5,769)           | 226,455                     |
| Equipment.....                                            | 29,979                     | 1,965             | (3,705)           | 28,239                      |
| Subscription assets.....                                  | <u>14,122</u>              | <u>9,554</u>      | <u>(1,429)</u>    | <u>22,247</u>               |
| Total right-to-use assets.....                            | <u>285,390</u>             | <u>26,423</u>     | <u>(10,903)</u>   | <u>300,910</u>              |
| Less accumulated amortization:                            |                            |                   |                   |                             |
| Right-to-use assets:                                      |                            |                   |                   |                             |
| Land.....                                                 | 1,047                      | 657               | -                 | 1,704                       |
| Building/Facility.....                                    | 38,615                     | 14,583            | (1,500)           | 51,698                      |
| Equipment.....                                            | 13,143                     | 6,115             | (3,705)           | 15,553                      |
| Subscription assets.....                                  | <u>4,360</u>               | <u>7,249</u>      | <u>(1,430)</u>    | <u>10,179</u>               |
| Total accumulated amortization.....                       | <u>57,165</u>              | <u>28,604</u>     | <u>(6,635)</u>    | <u>79,134</u>               |
| Business-type activities right-to-use<br>assets, net..... | <u>\$ 228,225</u>          | <u>\$ (2,181)</u> | <u>\$ (4,268)</u> | <u>\$ 221,776</u>           |

Future annual lease and subscription payments are as follows:

Governmental Activities

| Fiscal<br>Years | Principal         | Interest          | Total             |
|-----------------|-------------------|-------------------|-------------------|
| 2026.....       | \$ 94,293         | \$ 15,116         | \$ 109,409        |
| 2027.....       | 70,067            | 13,077            | 83,144            |
| 2028.....       | 57,612            | 11,591            | 69,203            |
| 2029.....       | 42,747            | 10,497            | 53,244            |
| 2030.....       | 35,026            | 9,571             | 44,597            |
| 2031-2035....   | 167,215           | 35,060            | 202,275           |
| 2036-2040....   | 112,543           | 16,981            | 129,524           |
| 2041-2045....   | 49,325            | 5,150             | 54,475            |
| Total.....      | <u>\$ 628,828</u> | <u>\$ 117,043</u> | <u>\$ 745,871</u> |

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**Business-type Activities**

| Fiscal Years    | Airport   |          |          | Port      |           |           | General Hospital Medical Center |          |           |
|-----------------|-----------|----------|----------|-----------|-----------|-----------|---------------------------------|----------|-----------|
|                 | Principal | Interest | Total    | Principal | Interest  | Total     | Principal                       | Interest | Total     |
| 2026.....       | \$ 1,224  | \$ 100   | \$ 1,324 | \$ 1,777  | \$ 1,521  | \$ 3,298  | \$ 5,566                        | \$ 360   | \$ 5,926  |
| 2027.....       | 907       | 57       | 964      | 2,052     | 1,474     | 3,526     | 4,859                           | 228      | 5,087     |
| 2028.....       | 222       | 24       | 246      | 2,102     | 1,424     | 3,526     | 2,732                           | 123      | 2,855     |
| 2029.....       | 238       | 16       | 254      | 2,153     | 1,373     | 3,526     | 1,461                           | 63       | 1,524     |
| 2030.....       | 224       | 7        | 231      | 2,205     | 1,321     | 3,526     | 538                             | 26       | 564       |
| 2031-2035.....  | 89        | 2        | 91       | 11,856    | 5,773     | 17,629    | 565                             | 21       | 586       |
| 2036-2040.....  | -         | -        | -        | 13,366    | 4,260     | 17,626    | -                               | -        | -         |
| 2041-2045.....  | -         | -        | -        | 15,068    | 2,554     | 17,622    | -                               | -        | -         |
| 2046-2050.....  | -         | -        | -        | 13,728    | 670       | 14,398    | -                               | -        | -         |
| 2051-2055.....  | -         | -        | -        | -         | -         | -         | -                               | -        | -         |
| 2056-2060.....  | -         | -        | -        | -         | -         | -         | -                               | -        | -         |
| 2061-2065.....  | -         | -        | -        | -         | -         | -         | -                               | -        | -         |
| 2066-2070.....  | -         | -        | -        | -         | -         | -         | -                               | -        | -         |
| 2071-2075.....  | -         | -        | -        | -         | -         | -         | -                               | -        | -         |
| Thereafter..... | -         | -        | -        | -         | -         | -         | -                               | -        | -         |
| Total.....      | \$ 2,904  | \$ 206   | \$ 3,110 | \$ 64,307 | \$ 20,370 | \$ 84,677 | \$ 15,721                       | \$ 821   | \$ 16,542 |

| Fiscal Years    | Laguna Honda Hospital |          |        | Municipal Transportation Agency |           |            | San Francisco Water Enterprise |          |          |
|-----------------|-----------------------|----------|--------|---------------------------------|-----------|------------|--------------------------------|----------|----------|
|                 | Principal             | Interest | Total  | Principal                       | Interest  | Total      | Principal                      | Interest | Total    |
| 2026.....       | \$ 93                 | \$ 8     | \$ 101 | \$ 8,745                        | \$ 2,557  | \$ 11,302  | \$ 1,812                       | \$ 77    | \$ 1,889 |
| 2027.....       | 102                   | 6        | 108    | 6,445                           | 2,389     | 8,834      | 524                            | 43       | 567      |
| 2028.....       | 113                   | 5        | 118    | 5,848                           | 2,285     | 8,133      | 249                            | 31       | 280      |
| 2029.....       | 77                    | 3        | 80     | 4,938                           | 2,186     | 7,124      | 216                            | 25       | 241      |
| 2030.....       | 51                    | 1        | 52     | 5,076                           | 2,094     | 7,170      | 158                            | 20       | 178      |
| 2031-2035.....  | 181                   | -        | 181    | 28,145                          | 8,983     | 37,128     | 426                            | 68       | 494      |
| 2036-2040.....  | -                     | -        | -      | 35,409                          | 6,062     | 41,471     | 397                            | 20       | 417      |
| 2041-2045.....  | -                     | -        | -      | 24,927                          | 2,743     | 27,670     | -                              | -        | -        |
| 2046-2050.....  | -                     | -        | -      | -                               | 2,294     | 2,294      | -                              | -        | -        |
| 2051-2055.....  | -                     | -        | -      | -                               | 2,647     | 2,647      | -                              | -        | -        |
| 2056-2060.....  | -                     | -        | -      | -                               | 3,069     | 3,069      | -                              | -        | -        |
| 2061-2065.....  | -                     | -        | -      | -                               | 3,558     | 3,558      | -                              | -        | -        |
| 2066-2070.....  | -                     | -        | -      | -                               | 4,124     | 4,124      | -                              | -        | -        |
| 2071-2075.....  | -                     | -        | -      | -                               | 4,781     | 4,781      | -                              | -        | -        |
| Thereafter..... | -                     | -        | -      | 23,207                          | 9,826     | 33,033     | -                              | -        | -        |
| Total.....      | \$ 617                | \$ 23    | \$ 640 | \$ 142,740                      | \$ 59,588 | \$ 202,328 | \$ 3,782                       | \$ 284   | \$ 4,066 |

| Fiscal Years    | Hetch Hetchy Water and Power |          |          | San Francisco Wastewater Enterprise |          |          | Total Business-type Activities |           |            |
|-----------------|------------------------------|----------|----------|-------------------------------------|----------|----------|--------------------------------|-----------|------------|
|                 | Principal                    | Interest | Total    | Principal                           | Interest | Total    | Principal                      | Interest  | Total      |
| 2026.....       | \$ 577                       | \$ 34    | \$ 611   | \$ 2,269                            | \$ 148   | \$ 2,417 | \$ 22,063                      | \$ 4,805  | \$ 26,868  |
| 2027.....       | 275                          | 17       | 292      | 1,911                               | 87       | 1,998    | 17,075                         | 4,301     | 21,376     |
| 2028.....       | 213                          | 11       | 224      | 1,209                               | 37       | 1,246    | 12,688                         | 3,940     | 16,628     |
| 2029.....       | 224                          | 6        | 230      | 696                                 | 11       | 707      | 10,003                         | 3,683     | 13,686     |
| 2030.....       | 39                           | 2        | 41       | -                                   | -        | -        | 8,291                          | 3,471     | 11,762     |
| 2031-2035.....  | 39                           | 7        | 46       | -                                   | -        | -        | 41,301                         | 14,854    | 56,155     |
| 2036-2040.....  | 42                           | 2        | 44       | -                                   | -        | -        | 49,214                         | 10,344    | 59,558     |
| 2041-2045.....  | -                            | -        | -        | -                                   | -        | -        | 39,995                         | 5,297     | 45,292     |
| 2046-2050.....  | -                            | -        | -        | -                                   | -        | -        | 13,728                         | 2,954     | 16,682     |
| 2051-2055.....  | -                            | -        | -        | -                                   | -        | -        | -                              | 2,647     | 2,647      |
| 2056-2060.....  | -                            | -        | -        | -                                   | -        | -        | -                              | 3,069     | 3,069      |
| 2061-2065.....  | -                            | -        | -        | -                                   | -        | -        | -                              | 3,558     | 3,558      |
| 2066-2070.....  | -                            | -        | -        | -                                   | -        | -        | -                              | 4,124     | 4,124      |
| 2071-2075.....  | -                            | -        | -        | -                                   | -        | -        | -                              | 4,781     | 4,781      |
| Thereafter..... | -                            | -        | -        | -                                   | -        | -        | 23,207                         | 9,826     | 33,033     |
| Total.....      | \$ 1,409                     | \$ 79    | \$ 1,488 | \$ 6,085                            | \$ 283   | \$ 6,368 | \$ 237,565                     | \$ 81,654 | \$ 319,219 |

In fiscal year 2024-25, the City's governmental activities and business-type activities recognized \$16.8 million and \$5.5 million, respectively, in interest expense for the related leases and subscriptions.

Variable lease and subscription payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease and subscription IT liability. Such amounts are recognized as lease expense or subscription expense, respectively, in the period in which the obligation for those payments is incurred.

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Certain equipment or facility rental leases require the City to make variable lease payments that based on usage, index, and insurance payments made by the lessor, these amounts are generally determined annually. The amounts recognized as expense for variable lease payments not included in the measurement of the lease liability for governmental activities and business-type activities were \$9.0 million and \$3.3 million, respectively, during the year ended June 30, 2025.

As of June 30, 2025, no variable subscription payments were noted for the City's subscription IT arrangements.

**City as Lessor**

The City has leased facilities, easements, communication sites and equipment to varies tenants. The terms and conditions for these leases vary, which range between 1- 72 years.

The Airport leases terminal space (except for regulated leases), non-terminal buildings, and land to tenants under various operating leases, a majority of which is noncancellable and terminate at various dates as late as 2053.

Principal and interest requirements to maturity for the lease receivable at June 30, 2025, are as follows:

**Governmental Activities**

| Fiscal Years   | Principal | Interest  | Total      |
|----------------|-----------|-----------|------------|
| 2026.....      | \$ 5,319  | \$ 1,795  | \$ 7,114   |
| 2027.....      | 4,761     | 1,693     | 6,454      |
| 2028.....      | 4,676     | 1,498     | 6,174      |
| 2029.....      | 4,758     | 1,595     | 6,353      |
| 2030.....      | 4,757     | 1,401     | 6,158      |
| 2031-2035..... | 20,383    | 5,645     | 26,028     |
| 2036-2040..... | 19,386    | 3,480     | 22,866     |
| 2041-2045..... | 17,356    | 1,614     | 18,970     |
| 2046-2050..... | 4,636     | 335       | 4,971      |
| 2051-2055..... | 473       | 239       | 712        |
| 2056-2060..... | 524       | 188       | 712        |
| 2061-2065..... | 580       | 132       | 712        |
| 2066-2070..... | 641       | 70        | 711        |
| 2071-2075..... | 365       | 10        | 375        |
| Total.....     | \$ 88,615 | \$ 19,695 | \$ 108,310 |

**CITY AND COUNTY OF SAN FRANCISCO**  
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June 30, 2025  
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**Business-type Activities - excluded regulated leases**

| Fiscal Years    | Airport    |            |            | Port       |            |            | General Hospital Medical Center |          |           | Laguna Honda Hospital |          |        |
|-----------------|------------|------------|------------|------------|------------|------------|---------------------------------|----------|-----------|-----------------------|----------|--------|
|                 | Principal  | Interest   | Total      | Principal  | Interest   | Total      | Principal                       | Interest | Total     | Principal             | Interest | Total  |
| 2026.....       | \$ 128,322 | \$ 24,993  | \$ 153,315 | \$ 41,516  | \$ 11,433  | \$ 52,949  | \$ 333                          | \$ 141   | \$ 474    | \$ 122                | \$ 15    | \$ 137 |
| 2027.....       | 133,115    | 22,709     | 155,824    | 36,427     | 10,502     | 46,929     | 219                             | 138      | 357       | 128                   | 13       | 141    |
| 2028.....       | 127,640    | 17,658     | 145,298    | 27,492     | 9,734      | 37,226     | 76                              | 135      | 211       | 135                   | 11       | 146    |
| 2029.....       | 126,218    | 13,208     | 139,426    | 23,552     | 9,130      | 32,682     | 47                              | 134      | 181       | 142                   | 8        | 150    |
| 2030.....       | 67,862     | 9,701      | 77,563     | 18,151     | 8,622      | 26,773     | 47                              | 133      | 180       | 149                   | 5        | 154    |
| 2031-2035.....  | 195,040    | 22,542     | 217,582    | 69,862     | 36,267     | 106,129    | 252                             | 648      | 900       | 210                   | 3        | 213    |
| 2036-2040.....  | 26,454     | 5,510      | 31,964     | 44,548     | 31,630     | 76,178     | 279                             | 621      | 900       | -                     | -        | -      |
| 2041-2045.....  | 11,257     | 2,814      | 14,071     | 37,723     | 26,746     | 64,469     | 309                             | 591      | 900       | -                     | -        | -      |
| 2046-2050.....  | 10,958     | 1,542      | 12,500     | 33,582     | 21,693     | 55,275     | 342                             | 558      | 900       | -                     | -        | -      |
| 2051-2055.....  | 7,171      | 266        | 7,437      | 17,153     | 18,255     | 35,408     | 379                             | 622      | 901       | -                     | -        | -      |
| 2056-2060.....  | -          | -          | -          | 18,192     | 15,779     | 33,971     | 419                             | 481      | 900       | -                     | -        | -      |
| 2061-2065.....  | -          | -          | -          | 23,553     | 12,917     | 36,470     | 464                             | 436      | 900       | -                     | -        | -      |
| 2066-2070.....  | -          | -          | -          | 23,792     | 9,044      | 32,836     | 513                             | 307      | 900       | -                     | -        | -      |
| 2071-2075.....  | -          | -          | -          | 31,934     | 5,046      | 36,980     | 568                             | 332      | 900       | -                     | -        | -      |
| Thereafter..... | -          | -          | -          | 16,200     | 1,306      | 17,506     | 2,966                           | 650      | 3,616     | -                     | -        | -      |
| Total.....      | \$ 835,037 | \$ 120,943 | \$ 955,980 | \$ 463,677 | \$ 230,104 | \$ 693,781 | \$ 7,213                        | \$ 5,907 | \$ 13,120 | \$ 886                | \$ 55    | \$ 941 |

| Fiscal Years    | Municipal Transportation Agency |           |            | San Francisco Water Enterprise |           |           | San Francisco Wastewater Enterprise |          |          | Total Business-type Activities |            |              |
|-----------------|---------------------------------|-----------|------------|--------------------------------|-----------|-----------|-------------------------------------|----------|----------|--------------------------------|------------|--------------|
|                 | Principal                       | Interest  | Total      | Principal                      | Interest  | Total     | Principal                           | Interest | Total    | Principal                      | Interest   | Total        |
| 2026.....       | \$ 12,111                       | \$ 1,822  | \$ 13,933  | \$ 2,752                       | \$ 748    | \$ 3,500  | \$ 241                              | \$ 26    | \$ 267   | \$ 186,397                     | \$ 35,178  | \$ 221,575   |
| 2027.....       | 11,500                          | 1,536     | 13,036     | 2,469                          | 695       | 3,164     | 257                                 | 19       | 276      | 184,055                        | 35,912     | 219,967      |
| 2028.....       | 11,794                          | 1,246     | 13,040     | 2,423                          | 645       | 3,068     | 214                                 | 12       | 226      | 169,774                        | 29,441     | 199,215      |
| 2029.....       | 11,862                          | 943       | 12,805     | 2,215                          | 595       | 2,810     | 105                                 | 8        | 113      | 164,171                        | 24,026     | 188,197      |
| 2030.....       | 1,515                           | 758       | 2,273      | 2,164                          | 566       | 2,730     | 112                                 | 4        | 116      | 99,000                         | 19,769     | 118,769      |
| 2031-2035.....  | 4,456                           | 3,388     | 7,844      | 10,636                         | 2,128     | 12,764    | 89                                  | 1        | 90       | 280,845                        | 66,977     | 347,822      |
| 2036-2040.....  | 3,243                           | 3,007     | 6,250      | 6,264                          | 1,123     | 7,387     | -                                   | -        | -        | 80,788                         | 41,891     | 122,679      |
| 2041-2045.....  | 3,590                           | 2,660     | 6,250      | 141                            | 943       | 1,084     | -                                   | -        | -        | 53,020                         | 33,754     | 86,774       |
| 2046-2050.....  | 3,974                           | 2,276     | 6,250      | -                              | 1,090     | 1,090     | -                                   | -        | -        | 48,856                         | 27,159     | 76,015       |
| 2051-2055.....  | 4,399                           | 1,851     | 6,250      | -                              | 1,263     | 1,263     | -                                   | -        | -        | 29,102                         | 22,157     | 51,259       |
| 2056-2060.....  | 4,870                           | 1,380     | 6,250      | 411                            | 1,054     | 1,465     | -                                   | -        | -        | 23,852                         | 18,094     | 41,946       |
| 2061-2065.....  | 5,391                           | 859       | 6,250      | 973                            | 725       | 1,698     | -                                   | -        | -        | 30,381                         | 14,637     | 45,018       |
| 2066-2070.....  | 5,655                           | 283       | 5,938      | 1,364                          | 584       | 1,948     | -                                   | -        | -        | 31,344                         | 10,298     | 41,642       |
| 2071-2075.....  | -                               | -         | -          | 1,893                          | 389       | 2,282     | -                                   | -        | -        | 34,365                         | 5,767      | 40,132       |
| Thereafter..... | -                               | -         | -          | 1,928                          | 122       | 2,050     | -                                   | -        | -        | 21,094                         | 2,078      | 23,172       |
| Total.....      | \$ 84,390                       | \$ 22,009 | \$ 106,399 | \$ 35,893                      | \$ 12,670 | \$ 48,563 | \$ 1,018                            | \$ 70    | \$ 1,088 | \$ 1,428,114                   | \$ 391,758 | \$ 1,819,872 |

In fiscal year 2024-25, the City's governmental activities recognized \$5.9 million in lease revenue and \$1.8 million in interest income for the related leases and the City's business-type activities recognized \$174.1 million in lease revenue and \$43.6 million in interest income for the related leases.

Variable payments include percentage of sales or payments depended on an index made by the lessee; these amounts are generally determined periodically. The City did not incur revenue related to residual value guarantees or lease termination penalties. The amounts recognized as revenue for variable lease payments not included in the measurement of the lease receivable for governmental activities and business-type activities were \$4.7 million and \$26.8 million, respectively, during the year ended June 30, 2025.

**Regulated Leases**

Certain regulated leases are subject to external laws, regulations or legal rulings and are exempted from the GASB 87 recognition, subject to the conditions that:

- Lease rates cannot exceed a reasonable amount.
- Lease rates should be similar for similar situated lessees, and
- The lessor cannot deny potential lessees if facilities are available.

Such regulated leases at the Airport include:

- The Lease and Use Agreements with certain airlines regarding the use of spaces within the terminal buildings and equipment on an exclusive or preferential use basis, among other uses; and
- Non-terminal aeronautical buildings and land leases.

**CITY AND COUNTY OF SAN FRANCISCO**  
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Based on the airlines' operation needs, an airline may lease terminal space under the Lease and Use Agreement, such as office space, ticket counter space, baggage makeup space, baggage claim space, and other operation spaces on a combination of exclusive, preferential, and common use basis. The Airport provides holdrooms on a preferential or common use basis to the airlines and adjusts the preferential assignment from time to time pursuant to the Lease and Use Agreements. For the year ended June 30, 2025, United Airlines accounted for 48.7 percent of total enplaned passengers at the Airport, followed by Alaska Airlines (9.5%), Delta Air Lines (7.6%), and American Airlines (6.9%), with no other airlines accounting for more than 5 percent of enplaned passengers. Non-terminal buildings and lands are leased on an exclusive basis.

The payments under the Lease and Use Agreements are recalculated at the end of each fiscal year and therefore are variable payments. Total inflow of resources for regulated leases during year ended June 30, 2025, was \$309.2 million, including approximately \$33.5 million of fixed payments and \$275.7 million of variable payments. The additional exclusive and preferential use payments are the actual billed amount during fiscal year 2024-25, which was adjusted up by \$16.6 million during the year-end true-up process.

Below is a summary of the total number of regulated leases for fiscal year 2024-25, including which assets are subject to preferential or exclusive use by counterparties:

|                                                  | Number of Leases |
|--------------------------------------------------|------------------|
| Lease and Use Agreement                          |                  |
| Preferential and exclusive rental <sup>(a)</sup> | 7                |
| Exclusive rental only                            | 36               |
| Non-space rental, only common use                | 6                |
| Subtotal                                         | 49               |
| Other Regulated <sup>(b)</sup>                   | 7                |
| Total                                            | 56               |

Notes:

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

<sup>(b)</sup> Includes cargo, fuel, fixed-base facility leases, hangar leases, ground leases, and flight support services leases.

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**Notes to Basic Financial Statements (Continued)**  
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Lease revenues and interest revenues recognized during the year ended June 30, 2025, for regulated leases is presented below:

|                                                     |                   |
|-----------------------------------------------------|-------------------|
| Expected minimum payments <sup>(a)</sup>            | \$ 29,731         |
| Additional fixed payments <sup>(b)</sup>            | <u>3,727</u>      |
| Total fixed payments                                | 33,458            |
| Additional exclusive use payments <sup>(c)</sup>    | 183,825           |
| Additional preferential use payments <sup>(d)</sup> | 75,332            |
| Year-end true-ups                                   | <u>16,609</u>     |
| Total regulated lease payments                      | \$ <u>309,224</u> |

Notes:

<sup>(a)</sup> Excludes rental rate under the Lease and Use Agreement that are recalculated annually. These payments are considered variable payments under GASB Statement No. 87 and are therefore not included in the schedule of minimum lease payments.

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

<sup>(c)</sup> Includes Lease and Use Agreement exclusive use rental revenues, other regulated leases that were charged by Airport's Rates and Charges rate, and percentage fee revenues above Minimum Annual Guarantee.

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

Below is a schedule of expected future minimum payments under these agreements for each of the subsequent five years and in five-year increments thereafter:

| Fiscal<br>Years | Expected Future<br>Minimum Payments <sup>(a)</sup> |
|-----------------|----------------------------------------------------|
| 2026.....       | \$ 16,131                                          |
| 2027.....       | 1,644                                              |
| 2028.....       | 1,644                                              |
| 2029.....       | 1,644                                              |
| 2030.....       | 1,644                                              |
| 2031-2035.....  | 8,221                                              |
| 2036-2040.....  | 8,221                                              |
| 2041-2045.....  | 8,221                                              |
| 2046-2047.....  | <u>2,877</u>                                       |
| Total.....      | \$ <u>50,247</u>                                   |

Note:

<sup>(a)</sup> Excludes rental rates under Lease and Use Agreement, that are recalculated annually. These payments are considered variable payments under GASB Statement No. 87 and are therefore not included in the schedule of minimum lease payments.

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**Notes to Basic Financial Statements (Continued)**  
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Sublease

City has a noncancellable building lease at the 555-575 Polk Street location. The second floor is the City's community justice court/center and the ground floor is subleased to the State's Administrative Office of the Courts (State AOC) for use by the Superior Courts. The 15-year master lease and sublease will both end in 2026. City's rental payments in fiscal year 2024-25 were \$0.6 million and received \$0.4 million from State AOC.

The Port has a noncancellable lease (sublease) for its offices at Pier 1 from the master tenant. The master lease, as amended in fiscal year 2015-16, allows the master tenant an option to extend the lease term for an additional 15 years. Among other things, the amended provisions include a grant to the Port, as sub-lessee, a one-time early termination right as of February 1, 2031, and if such termination is not exercised, a 15-year extension option, for a term coterminous with the master lease if the master lease is also extended. The Port has an option to purchase the leasehold premises at a price equal to the present value of the remaining base rent due from the Port to the master tenant, effective through the expiration date of the sublease. The lease also grants the Port, as sub-lessee, options to expand the leased space at each 10-year anniversary. At June 30, 2025, the lease liability for this sublease was \$64,307.

**Component Unit**

Component Unit as Lessor

The component unit has leased facilities, easements, communication site and equipment to various tenants. The terms and conditions for these leases varies, which ranges between 1- 65 years.

|                 | Treasure Island Development Authority |                 |                  |
|-----------------|---------------------------------------|-----------------|------------------|
| Fiscal<br>Years | Principal                             | Interest        | Total            |
| 2026.....       | \$ 3,851                              | \$ 424          | \$ 4,275         |
| 2027.....       | 2,287                                 | 335             | 2,622            |
| 2028.....       | 1,042                                 | 298             | 1,340            |
| 2029.....       | 888                                   | 278             | 1,166            |
| 2030.....       | 909                                   | 257             | 1,166            |
| 2031-2035.....  | 4,641                                 | 977             | 5,618            |
| 2036-2040.....  | 3,424                                 | 576             | 4,000            |
| 2041-2045.....  | 869                                   | 367             | 1,236            |
| 2046-2050.....  | 205                                   | 346             | 551              |
| 2051-2055.....  | 254                                   | 306             | 560              |
| 2056-2060.....  | 291                                   | 278             | 569              |
| 2061-2065.....  | 333                                   | 247             | 580              |
| 2066-2070.....  | 382                                   | 210             | 592              |
| 2071-2075.....  | 436                                   | 169             | 605              |
| Thereafter..... | 1,434                                 | 202             | 1,636            |
| Total.....      | \$ <u>21,246</u>                      | \$ <u>5,270</u> | \$ <u>26,516</u> |

The total amount for lease revenue and interest income recognized during fiscal year 2024-25 were \$4.6 million and \$0.4 million, respectively, related to these leases. Variable payments include percentage of sales or payments depended on an index made by the lessee; these amounts are generally determined periodically. The component unit did not incur revenue related to residual value guarantees or lease termination penalties. During fiscal year 2024-25, the Treasure Island Development Authority recognized \$0.6 million in total variable lease revenue.



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**Public-Private Partnership Arrangement for the Yerba Buena Gardens**

As of June 30, 2025, additional capital improvements for the Children's Creativity Museum were completed on the Yerba Buena Gardens pursuant to a public-private partnership arrangement with Yerba Buena Gardens Conservancy (Conservancy), under which the Conservancy manages, operates, repairs, maintains, and improves the premises for 40 years. The Conservancy collects all revenues during the 40-year operations period. The City reported the completed capital improvements as capital assets with a carrying amount of \$10.0 million and a related deferred inflow of resources of \$10.3 million.

A summary of public-private partnership capital assets during the year ended June 30, 2025, is as follows (in thousands):

|                                                              | Balance<br>July 1,<br>2024 | Increases     | Decreases   | Balance<br>June 30,<br>2025 |
|--------------------------------------------------------------|----------------------------|---------------|-------------|-----------------------------|
| Governmental Activities:                                     |                            |               |             |                             |
| Building/Facility.....                                       | \$ 7,163                   | \$ 1,145      | \$ -        | \$ 8,308                    |
| Equipment.....                                               | 621                        | 197           | -           | 818                         |
| Infrastructure.....                                          | 1,809                      | -             | -           | 1,809                       |
| Total public-private partnership assets....                  | <u>9,593</u>               | <u>1,342</u>  | <u>-</u>    | <u>10,935</u>               |
| Less accumulated amortization:                               |                            |               |             |                             |
| Building/Facility.....                                       | 320                        | 318           | -           | 638                         |
| Equipment.....                                               | 82                         | 95            | -           | 177                         |
| Infrastructure.....                                          | 106                        | 60            | -           | 166                         |
| Total accumulated amortization.....                          | <u>508</u>                 | <u>473</u>    | <u>-</u>    | <u>981</u>                  |
| Governmental activities public-private partnership, net..... | <u>\$ 9,085</u>            | <u>\$ 869</u> | <u>\$ -</u> | <u>\$ 9,954</u>             |

**Other Commitments**

The Retirement System has unfunded commitments to contribute capital for real assets in the amount of \$1.93 billion, private equity in the amount of \$3.25 billion, private credit in the amount of \$2.28 billion, and absolute return in the amount of \$61.4 million, which totaled \$7.52 billion as of June 30, 2025.

The Retiree Health Care Trust Fund has unfunded commitments to contribute capital for private equity in the amount of \$116.7 million, real estate in the amount of \$35.0 million, and private credit in the amount of \$39.3 million as of June 30, 2025.

In February 2011, the Asian Art Museum Foundation (Foundation) entered into a refinancing agreement with JP Morgan Chase Bank for \$97.0 million in obligations. To facilitate the refinancing, the City entered into an assurance agreement which, in the event of nonpayment by the Foundation, requires the City Controller to seek an appropriation from the Board of Supervisors to cover the debt service as it becomes due. The Board of Supervisors and Mayor retain the sole discretion to approve any Controller request. The principal amount of the obligation outstanding as of June 30, 2025, is approximately \$68.5 million and the annual debt service payment is approximately \$6.2 million through 2040. Based on information provided to the Controller by the Foundation, the City is aware that fundraising and development for arts and cultural institutions, including the Museum, remains challenging following the COVID pandemic. The City is currently in discussions with the Foundation to understand the Foundation's financial position, its operations and outstanding obligations. Since the City has not legally guaranteed the debt, no liability is recorded in the City's financial statements.

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**(18) RISK MANAGEMENT**

**Risk Retention Program Description**

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; automobile liability and accident claims (primarily for SFMTA); medical malpractice; natural disasters; employee health benefit claim payments for direct provider care (collectively referred to herein as estimated claims payable); and injuries to employees (workers' compensation). Generally, 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. However, commercial insurance is used when it is legally or contractually required, or when it is judged to be the most effective way to finance risk. The City's primary mitigation of its risks is through contractual risk transfer. Indemnification and insurance protections are written into all city agreements and are required for City contracts, vendors, lessees, grantees and permit holders, amongst others. The risk treatment protocol for certain major enterprise funds is outlined below:

**Airport:**

Under the 1991 Master Bond Resolution, the Airport is required to procure or provide and maintain insurance, or to self-insure, against such risks as are usually insured by other major airports in amounts adequate for the risk insured against, as determined by the Airport. The Airport is not required to nor does it carry insurance or self-insure against any risks due to land movement or seismic activity.

The Airport has an ongoing loss prevention program, a construction safety officer, property loss control, and ongoing employee training programs. The Airport has instituted a Risk Management Program by implementing a comprehensive risk identification, assessment, and treatment protocol to address key risks that may adversely affect the Airport's ability to meet its business goals and objectives. The Airport carries aviation liability insurance coverage of \$1.0 billion with \$250.0 million in War Perils Liability, subject to a deductible of \$10 per occurrence.

The Airport also carries commercial property insurance on a replacement value basis on all facilities at the Airport owned by the Airport, subject to a limit of \$1.0 billion per occurrence and a deductible of \$500 per occurrence. This policy includes flood coverage up to a \$10.0 million sub-limit. The Airport also carries business interruption and extra expenses insurance up to a \$100.0 million pooled sub-limit.

Additionally, tenants and contractors on all contracts are required to carry insurance including commercial general and automobile liability insurance, naming the Airport as additionally insured as appropriate. The Airport is self-insured as part of the City's workers' compensation program. From current revenues, the Airport pays losses from workers' compensation claims of Airport employees, the deductible portion of insured losses, and losses from other uninsured risks. The Airport carries public officials and employment practices liability coverage of \$5.0 million, subject to a deductible of \$100 per occurrence for public officials' and public entity liability matters, and \$250 per occurrence for employment practices liability matters. The Airport also carries insurance for excess auto, public employee dishonesty, fine arts, cyber liability, and watercraft liability for Airport fire and rescue vessels, and target range liability for the San Francisco Police Department's firearms range located at the Airport.

**Port of San Francisco:**

The Port carries the following insurance (listed coverage limits and related deductible amounts are effective July 1, 2025: 1) marine general liability coverage of \$100.0 million, subject to a deductible of \$100 per occurrence, inclusive of hull protection and indemnity coverage; 2) machinery and equipment breakdown coverage, including business interruption, of \$100.0 million, subject to a deductible of \$25; 3) commercial property insurance for Port facilities, subject to a maximum coverage of \$500.0 million



**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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and a deductible of \$1.0 million per occurrence; 4) public officials and employee practices liability coverage of \$5.0 million, subject to a deductible of \$50 per occurrence; and 5) special events for cruise terminals at Pier 27, 29 and 35 coverage of \$1.0 million and no deductible. The Port also carries insurance coverage for employee dishonesty, auto liability, property damage for certain high-value Port vehicles, water 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 and the City as additional insured parties. Tenants whose operations pose a significant environmental risk are also required to post an environmental oversight deposit and an environmental performance deposit.

**SFMTA:**

The SFMTA risk treatment program encompasses both self-insured and insured methods. Insurance purchase is generally coordinated through the City's Risk Management Division and, in some specific cases, directly by the agency. Self-insurance is when the City manages risks internally and administers, adjusts, settles, defends, and pays claims from budgeted resources, i.e., pay-as-you-go. The SFMTA's general policy is to first evaluate self-insurance for 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.

| <b>Risks</b>                    | <b>Coverage</b>                     |
|---------------------------------|-------------------------------------|
| a. General/Transit Liability    | Self-insured                        |
| b. Workers' Compensation        | Self-insured                        |
| c. Property                     | Self-insured and purchase insurance |
| d. Employee (transit operators) | Purchase insurance                  |
| e. Directors and Officers       | Purchase insurance                  |
| f. Active Assailant             | Purchase insurance                  |

The SFMTA purchases property insurance on its facilities, light rail cars, and personal property. Insurance is also 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 the City and SFMTA's property. The SFMTA has purchased group life insurance and a Group Felonious Assault Coverage Insurance for transit operators per a Memorandum of Understanding with the Transport Workers' Union and has purchased insurance to cover errors and omissions of its board members and senior management. The SFMTA has purchased an active assailant insurance to cover third party bodily injury, property damage, business interruption and crisis management.

**SFPUC:**

The Risk Management program for the San Francisco Water, Hetch Hetchy Water and Power and Wastewater Enterprises (Enterprises) includes both self-insured (i.e., self-retention) and insured exposures at risk. Risk assessments and purchasing of insurance coverage are collaboratively coordinated by SFPUC Risk Management and the City's Office of Risk Management. With certain exceptions, the City and the Enterprises' general approach is to first evaluate the exposure at risk for self-insurance. Based on this analysis, internal mitigation strategies and financing through a self-retention mechanism are generally more economical as the SFPUC in coordination with the City Attorney's Office, administers, adjusts, settles, defends, and pays claims from budgeted resources (i.e., pay-as-you-go fund). When economically more viable or when required by debt financing covenants, the Enterprises obtain commercial insurance. The Enterprises do not maintain commercial earthquake coverage, with certain minor exceptions, such as a sub-limit for fire-sprinkler leakage due to earthquake under the SFPUC Property Insurance program.

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**Notes to Basic Financial Statements (Continued)**  
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The coverage approach for the Water, Hetch Hetchy and Wastewater is summarized below:

| <b>Risk</b>                                       | <b>Coverage for</b>                  | <b>Coverage for</b>                  |
|---------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                   | <b>Water &amp; Hetch Hetchy</b>      | <b>Wastewater</b>                    |
| a. General Liability                              | Self-Insured                         | Self-Insured                         |
| b. Workers' Compensation                          | Self-Insured through Citywide Pool   | Self-Insured through Citywide Pool   |
| c. Property                                       | Purchased Insurance and Self-Insured | Purchased Insurance and Self-Insured |
| d. Public Officials Liability                     | Purchased Insurance                  | Purchased Insurance                  |
| e. Employment Practices Liability                 | Purchased Insurance                  | Purchased Insurance                  |
| f. Cyber Liability                                | Purchased Insurance                  | Purchased Insurance                  |
| g. Crime                                          | Purchased Insurance                  | Purchased Insurance                  |
| h. Electronic Data Processing                     | Purchased Insurance and Self-Insured | Purchased Insurance and Self-Insured |
| i. Surety Bonds                                   | Contractual Risk Transfer            | Contractual Risk Transfer            |
| j. Errors and Omissions                           | Contractual Risk Transfer            | Contractual Risk Transfer            |
| k. Builders' Risk                                 | Contractual Risk Transfer            | Contractual Risk Transfer            |
| l. Tenants' and Users' Liability Insurance Policy |                                      | Purchased Insurance                  |
| m. Active Assailant Policy                        |                                      | Purchased Insurance                  |

Settlements have not exceeded insurance coverage during the past three years.

**Estimated Claims Payable**

Numerous lawsuits are pending or threatened against the City. The City's liability as of June 30, 2025, was estimated based on professional judgment regarding probable claims exposure provided by the City Attorney's Office and includes an estimate of incurred but not reported losses. The recorded liability represents management's best estimate of the City's potential exposure based on currently available information.

During fiscal year 2024-25, the City changed its methodology for estimating claims liability. This change is considered a change in an accounting estimate and has been applied prospectively. The City's claims liability had historically been actuarially determined. However, the City updated its measurement methodology to align more closely with the City Attorney's Office's current best estimate of the City's potential exposure, based on currently available information. The City calculates an estimate of incurred but not reported losses using historical trends. Management believes the change will improve the understandability, reliability, relevance, timeliness, consistency, and comparability of the information being provided.

The financial statement line items affected on the Statement of Net Position for both Governmental Activities and Business-Type Activities are Current and Noncurrent Estimated claims payables. The financial statement line items affected on the Statement of Activities under Governmental activities are Public protection, Public works, transportation and commerce, Human welfare and neighborhood development, Community health, Culture and recreation, and General administration and finance. The line item affected in the Proprietary Funds' Statement of Revenues, Expenses, and Changes in Fund Net Position is General and administrative expense.

Changes in the reported estimated claims payable since July 1, 2023, resulted from the following activity:

| <b>Fiscal Year</b> | <b>Beginning</b>   | <b>Current</b>      | <b>Claim</b>    | <b>Ending</b>      |
|--------------------|--------------------|---------------------|-----------------|--------------------|
|                    | <b>Fiscal Year</b> | <b>Year Claims</b>  | <b>Payments</b> | <b>Fiscal Year</b> |
|                    | <b>Liability</b>   | <b>and Changes</b>  |                 | <b>Liability</b>   |
|                    |                    | <b>in Estimates</b> |                 |                    |
| 2023-2024          | \$ 536,047         | \$ 158,272          | \$ (136,952)    | \$ 557,367         |
| 2024-2025          | 557,367            | 53,194              | (201,500)       | 409,061            |

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**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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Breakdown of the estimated claims payable on June 30, 2025, is as follows:

|                                                    |                   |
|----------------------------------------------------|-------------------|
| <u>Governmental activities:</u>                    |                   |
| Current portion of estimated claims payable.....   | \$ 164,050        |
| Long-term portion of estimated claims payable..... | 87,046            |
| Total .....                                        | <u>\$ 251,096</u> |
| <u>Business-type activities:</u>                   |                   |
| Current portion of estimated claims payable.....   | \$ 65,682         |
| Long-term portion of estimated claims payable..... | 92,283            |
| Total .....                                        | <u>\$ 157,965</u> |

**Workers' Compensation**

The City self-insures for workers' compensation coverage. The City's liability as of June 30, 2025, has been actuarially determined and includes an estimate of losses incurred but not reported. The total amount estimated to be payable for claims incurred as of June 30, 2025, was \$706.7 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, 2023, resulted from the following activity:

| Fiscal Year | Beginning<br>Fiscal Year<br>Liability | Current<br>Year Claims<br>and Changes<br>in Estimates | Claim<br>Payments | Ending<br>Fiscal Year<br>Liability |
|-------------|---------------------------------------|-------------------------------------------------------|-------------------|------------------------------------|
| 2023-2024   | \$ 653,836                            | \$ 153,004                                            | \$ (136,755)      | \$ 670,085                         |
| 2024-2025   | 670,085                               | 177,804                                               | (141,161)         | 706,728                            |

Breakdown of the accrued workers' compensation liability on June 30, 2025, is as follows:

|                                                                 |                   |
|-----------------------------------------------------------------|-------------------|
| <u>Governmental activities:</u>                                 |                   |
| Current portion of accrued workers' compensation liability..... | \$ 76,225         |
| Long-term portion of accrued workers' compensation liability..  | 322,507           |
| Total .....                                                     | <u>\$ 398,732</u> |
| <u>Business-type activities:</u>                                |                   |
| Current portion of accrued workers' compensation liability..... | \$ 58,804         |
| Long-term portion of accrued workers' compensation liability..  | 249,192           |
| Total .....                                                     | <u>\$ 307,996</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Notes to Basic Financial Statements (Continued)**  
June 30, 2025  
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**(19) SUBSEQUENT EVENTS**

**(a) Debt Issuance**

In October 2025, the City issued General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024) Series 2025F (Series 2025F Bonds) in the principal amount of \$83.6 million. The Series 2025F Bonds were issued to finance certain capital improvements for facilities that deliver healthcare services and for pedestrian and street safety improvements, streetscape enhancements, and other public space improvements. The Series 2025F Bonds bear an interest rate of 5.00% and have a final maturity of June 15, 2045.

In November 2025, the City issued General Obligation Bonds (Health and Recovery, 2020) Series 2025G (Series 2025G Bonds) in the principal amount of \$87.5 million. The Series 2025G Bonds were issued to finance certain permanent supportive housing facilities and shelters. The Series 2025G Bonds bear interest rates ranging from 3.70% to 3.72% and have a final maturity of June 15, 2027.

In November 2025, the City issued Refunding Certificates of Participation (Multiple Capital Improvement Projects) Series 2025-R1 (Series 2025-R1 Certificates) in the principal amount of \$270.9 million. The Series 2025-R1 Certificates were issued to prepay the outstanding Certificates of Participation (Moscone Convention Center Expansion Project) Series 2017B for savings. The Series 2025-R1 Certificates bear an interest rate of 5.00% and have a final maturity of April 1, 2041.

In November 2025, the City issued Refunding Certificates of Participation (Port Facilities Project) Series 2025-R2 (Non-AMT) (Series 2025-R2 Certificates) and Series 2025-R3 (AMT) (Series 2025-R3 Certificates) in the combined principal amount of \$18.4 million. The Series 2025-R2 Certificates were issued to prepay the outstanding Certificates of Participation (Port Facilities Project) Series 2013B (Non-AMT) for savings. The Series 2025-R3 Certificates were issued to prepay the outstanding Certificates of Participation (Port Facilities Project) Series 2013C (AMT) for savings. The Series 2025-R2 Certificates bear an interest rate of 5.00% and have a final maturity of April 1, 2038. The Series 2025-R3 Certificates bear interest rates ranging from 5.00% to 5.25% and have a final maturity of April 1, 2043.

**(b) Lease Commitments Not Yet Commence (Related Party)**

In June 2025, with a commencement date subsequent to year-end, the San Francisco Transportation Authority's (SFCTA) Board of Commissioners approved a new 20-year lease agreement to remain at its current office located at 1455 Market Street, San Francisco, with two 5-year extension options. The lease is with the City and County of San Francisco, which is considered a related party due to the SFCTA's organizational structure and governance. The lease commences July 1, 2025 and expires April 30, 2045. The initial annual base rent is \$1.1 million for the first year, calculated at \$41.20 per rentable square foot, with scheduled annual increases of 3% thereafter. The lease also requires payment of operating and other lease-related expenses, which are not included in the base rent. The office lease cost will increase by \$147.6, or 15%, in fiscal year 2025-26 compared to the prior lease.

As of June 30, 2025, the SFCTA is committed to future undiscounted lease payments under this not-yet-commenced lease totaling \$1.1 million, for fiscal year 2025-26, with annual base rent escalating by 3% each year thereafter, exclusive of operating and pass-through costs.

This lease commitment will be recognized as a right-to-use lease asset and lease liability in the SFCTA's financial statements beginning July 1, 2025, in accordance with GASB Statement No. 87.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of the City's Proportionate Share of the Net Pension Liability/(Asset)**  
June 30, 2025  
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|                                                                                             | For the year ended June 30, 2025 |             |                                          |                                  |                 |
|---------------------------------------------------------------------------------------------|----------------------------------|-------------|------------------------------------------|----------------------------------|-----------------|
|                                                                                             | CalPERS Miscellaneous Plans      |             |                                          |                                  |                 |
|                                                                                             | City SFERS Plan                  | City        | Transportation Authority Classic & PEPRA | Successor Agency Classic & PEPRA | Treasure Island |
| Proportion of net pension liability (asset)                                                 | 94.7032%                         | -0.1656%    | 0.0326%                                  | 0.3221%                          | 0.00002%        |
| Proportionate share of the net pension liability (asset)                                    | \$ 3,775,716                     | \$ (20,088) | \$ 3,948                                 | \$ 39,058                        | \$ 3            |
| Covered payroll                                                                             | \$ 4,109,863                     | \$ -        | \$ 5,647                                 | \$ 6,691                         | \$ -            |
| Proportionate share of the net pension liability (asset) as a percentage of covered payroll | 91.87%                           | N/A         | 69.91%                                   | 583.74%                          | N/A             |
| Plan fiduciary net position as a percentage of total pension liability                      | 89.90%                           | 78.08%      | 78.08%                                   | 78.08%                           | 78.08%          |
|                                                                                             |                                  |             |                                          |                                  |                 |
|                                                                                             | For the year ended June 30, 2024 |             |                                          |                                  |                 |
|                                                                                             | CalPERS Miscellaneous Plans      |             |                                          |                                  |                 |
|                                                                                             | City SFERS Plan                  | City        | Transportation Authority Classic & PEPRA | Successor Agency Classic & PEPRA | Treasure Island |
| Proportion of net pension liability (asset)                                                 | 94.8491%                         | -0.1464%    | 0.0318%                                  | 0.3142%                          | 0.00003%        |
| Proportionate share of the net pension liability (asset)                                    | \$ 3,456,687                     | \$ (18,263) | \$ 3,964                                 | \$ 39,202                        | \$ 4            |
| Covered payroll                                                                             | \$ 3,810,429                     | \$ -        | \$ 5,088                                 | \$ 6,405                         | \$ -            |
| Proportionate share of the net pension liability (asset) as a percentage of covered payroll | 90.72%                           | N/A         | 77.91%                                   | 612.05%                          | N/A             |
| Plan fiduciary net position as a percentage of total pension liability                      | 90.20%                           | 76.21%      | 76.21%                                   | 76.21%                           | 76.21%          |
|                                                                                             |                                  |             |                                          |                                  |                 |
|                                                                                             | For the year ended June 30, 2023 |             |                                          |                                  |                 |
|                                                                                             | CalPERS Miscellaneous Plans      |             |                                          |                                  |                 |
|                                                                                             | City SFERS Plan                  | City        | Transportation Authority Classic & PEPRA | Successor Agency Classic & PEPRA | Treasure Island |
| Proportion of net pension liability (asset)                                                 | 94.8676%                         | -0.1503%    | 0.0294%                                  | 0.3232%                          | 0.0001%         |
| Proportionate share of the net pension liability (asset)                                    | \$ 2,552,996                     | \$ (17,362) | \$ 3,394                                 | \$ 37,328                        | \$ 11           |
| Covered payroll                                                                             | \$ 3,553,859                     | \$ -        | \$ 4,706                                 | \$ 6,633                         | \$ -            |
| Proportionate share of the net pension liability (asset) as a percentage of covered payroll | 71.84%                           | N/A         | 72.12%                                   | 562.76%                          | N/A             |
| Plan fiduciary net position as a percentage of total pension liability                      | 92.40%                           | 76.68%      | 76.68%                                   | 76.68%                           | 76.68%          |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of the City's Proportionate Share of the Net Pension Liability/(Asset) (Continued)**  
June 30, 2025  
(Dollars in Thousands)

|                                                                                             | For the year ended June 30, 2022 |             |                                          |                                  |                 |
|---------------------------------------------------------------------------------------------|----------------------------------|-------------|------------------------------------------|----------------------------------|-----------------|
|                                                                                             | CalPERS Miscellaneous Plans      |             |                                          |                                  |                 |
|                                                                                             | City SFERS Plan                  | City        | Transportation Authority Classic & PEPRA | Successor Agency Classic & PEPRA | Treasure Island |
| Proportion of net pension liability (asset)                                                 | 94.6421%                         | -0.4126%    | 0.0160%                                  | 0.4073%                          | 0.0001%         |
| Proportionate share of the net pension liability (asset)                                    | \$ (2,446,565)                   | \$ (22,316) | \$ 868                                   | \$ 22,028                        | \$ 6            |
| Covered payroll                                                                             | \$ 3,434,713                     | \$ -        | \$ 4,826                                 | \$ 7,430                         | \$ -            |
| Proportionate share of the net pension liability (asset) as a percentage of covered payroll | -71.23%                          | N/A         | 17.99%                                   | 296.47%                          | N/A             |
| Plan fiduciary net position as a percentage of total pension liability                      | 107.80%                          | 88.29%      | 88.29%                                   | 88.29%                           | 88.29%          |
|                                                                                             |                                  |             |                                          |                                  |                 |
|                                                                                             | For the year ended June 30, 2021 |             |                                          |                                  |                 |
|                                                                                             | CalPERS Miscellaneous Plans      |             |                                          |                                  |                 |
|                                                                                             | City SFERS Plan                  | City        | Transportation Authority Classic & PEPRA | Successor Agency Classic & PEPRA | Treasure Island |
| Proportion of net pension liability                                                         | 94.3903%                         | -0.1489%    | 0.0244%                                  | 0.2967%                          | 0.0002%         |
| Proportionate share of the net pension liability (asset)                                    | \$ 5,107,273                     | \$ (16,206) | \$ 2,659                                 | \$ 32,279                        | \$ 21           |
| Covered payroll                                                                             | \$ 3,378,945                     | \$ 179      | \$ 4,423                                 | \$ 6,745                         | \$ -            |
| Proportionate share of the net pension liability (asset) as a percentage of covered payroll | 151.15%                          | -9053.63%   | 60.12%                                   | 478.56%                          | N/A             |
| Plan fiduciary net position as a percentage of total pension liability                      | 83.10%                           | 75.10%      | 75.10%                                   | 75.10%                           | 75.10%          |
|                                                                                             |                                  |             |                                          |                                  |                 |
|                                                                                             | For the year ended June 30, 2020 |             |                                          |                                  |                 |
|                                                                                             | CalPERS Miscellaneous Plans      |             |                                          |                                  |                 |
|                                                                                             | City SFERS Plan                  | City        | Transportation Authority Classic & PEPRA | Successor Agency Classic & PEPRA | Treasure Island |
| Proportion of net pension liability                                                         | 94.1288%                         | -0.1541%    | 0.0230%                                  | 0.2908%                          | 0.0002%         |
| Proportionate share of the net pension liability (asset)                                    | \$ 4,213,809                     | \$ (15,793) | \$ 2,352                                 | \$ 29,803                        | \$ 25           |
| Covered payroll                                                                             | \$ 3,186,405                     | \$ 359      | \$ 4,396                                 | \$ 6,384                         | \$ -            |
| Proportionate share of the net pension liability (asset) as a percentage of covered payroll | 132.24%                          | -4399.16%   | 53.50%                                   | 466.84%                          | N/A             |
| Plan fiduciary net position as a percentage of total pension liability                      | 85.30%                           | 75.26%      | 75.26%                                   | 75.26%                           | 75.26%          |

**CITY AND COUNTY OF SAN FRANCISCO**

**Required Supplementary Information (Unaudited) –  
Schedules of the City's Proportionate Share of the Net Pension Liability/(Asset) (Continued)**  
June 30, 2025  
(Dollars in Thousands)

|                                                                                                | For the year ended June 30, 2019 |             |                                                   |                                        |                    |
|------------------------------------------------------------------------------------------------|----------------------------------|-------------|---------------------------------------------------|----------------------------------------|--------------------|
|                                                                                                | CalPERS Miscellaneous Plans      |             |                                                   |                                        |                    |
|                                                                                                | City<br>SFERS Plan               | City        | Transportation<br>Authority<br>Classic &<br>PEPRA | Successor<br>Agency Classic<br>& PEPRA | Treasure<br>Island |
| Proportion of net pension liability                                                            | 94.1042%                         | -0.1573%    | 0.0215%                                           | 0.2820%                                | 0.0003%            |
| Proportionate share of the<br>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<br>(asset) as a percentage of covered payroll | 132.35%                          | -3885.64%   | 51.22%                                            | 473.32%                                | N/A                |
| Plan fiduciary net position<br>as a percentage of total pension liability                      | 85.20%                           | 75.26%      | 75.26%                                            | 75.26%                                 | 75.26%             |

|                                                                                                | For the year ended June 30, 2018 |             |                                                   |                                        |                    |
|------------------------------------------------------------------------------------------------|----------------------------------|-------------|---------------------------------------------------|----------------------------------------|--------------------|
|                                                                                                | CalPERS Miscellaneous Plans      |             |                                                   |                                        |                    |
|                                                                                                | City<br>SFERS Plan               | City        | Transportation<br>Authority<br>Classic &<br>PEPRA | Successor<br>Agency Classic<br>& PEPRA | Treasure<br>Island |
| Proportion of net pension liability                                                            | 94.0674%                         | -0.1388%    | 0.0216%                                           | 0.2751%                                | 0.0003%            |
| Proportionate share of the<br>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<br>(asset) as a percentage of covered payroll | 163.09%                          | -4001.74%   | 50.97%                                            | 541.05%                                | N/A                |
| Plan fiduciary net position<br>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<br>SFERS Plan               | City        | Transportation<br>Authority<br>Classic &<br>PEPRA | Successor<br>Agency Classic<br>& PEPRA | Treasure<br>Island |
| Proportion of net pension liability                                                            | 94.2175%                         | -0.1469%    | 0.0204%                                           | 0.2691%                                | 0.0003%            |
| Proportionate share of the<br>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<br>(asset) as a percentage of covered payroll | 204.22%                          | -3863.53%   | 48.44%                                            | 617.70%                                | N/A                |
| Plan fiduciary net position<br>as a percentage of total pension liability                      | 77.61%                           | 74.06%      | 74.06%                                            | 74.06%                                 | 74.06%             |

**CITY AND COUNTY OF SAN FRANCISCO**

**Required Supplementary Information (Unaudited) –  
Schedules of the City's Proportionate Share of the Net Pension Liability/(Asset) (Continued)**  
June 30, 2025  
(Dollars in Thousands)

|                                                                                                | For the year ended June 30, 2016 |             |                                                   |                                        |                    |
|------------------------------------------------------------------------------------------------|----------------------------------|-------------|---------------------------------------------------|----------------------------------------|--------------------|
|                                                                                                | CalPERS Miscellaneous Plans      |             |                                                   |                                        |                    |
|                                                                                                | City<br>SFERS Plan               | City        | Transportation<br>Authority<br>Classic &<br>PEPRA | Successor<br>Agency Classic<br>& PEPRA | Treasure<br>Island |
| Proportion of net pension liability                                                            | 93.9032%                         | -0.2033%    | 0.0188%                                           | 0.2413%                                | 0.0004%            |
| Proportionate share of the<br>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<br>(asset) as a percentage of covered payroll | 85.22%                           | -4374.92%   | 34.96%                                            | 483.31%                                | 0.00%              |
| Plan fiduciary net position<br>as a percentage of total pension liability                      | 89.90%                           | 78.40%      | 78.40%                                            | 78.40%                                 | 78.40%             |

**Notes to Schedule:**

SFERS Plan

Benefit Changes – For the measurement period ended June 30, 2023, benefit changes as a result of Proposition A increase the Total Pension Liability by approximately \$59.1 million. There were no changes in benefits during the measurement periods 2018 - 2022. The impact of benefit changes for the year ended June 30, 2017, which was \$1.22 billion, was recognized immediately as pension expense.

Changes of Assumptions – There were no changes in the discount rate for the measurement periods ended June 30, 2023 and 2024. For the measurement period ended June 30, 2022, the discount rate was decreased from 7.40% to 7.20%. There were no changes in the discount rate for the measurement periods ended June 30, 2021 and 2020. For the measurement period ended June 30, 2019, the discount rate was decreased from 7.50% to 7.40%. There were no changes in the discount rate for the measurement period ended June 30, 2018. For the measurement ended June 30, 2017, the discount rate was increased from 7.46% to 7.50%.

CalPERS Miscellaneous Plans

Benefit Changes – There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specific time period (a.k.a. Golden Handshakes).

Changes of Assumptions – There was no discount rate change for the measurement periods ended June 30, 2023 and 2024. For the measurement period ended June 30, 2022, the discount rate was decreased from 7.15% to 6.90%. There was no change in the discount rate for the measurement period ended June 30, 2021.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Changes in Net Pension Liability and Related Ratios**  
June 30, 2025  
(Dollars in Thousands)

| City CalPERS Safety Plan                                                           | 2025                     | 2024                     | 2023                     | 2022                     | 2021                     |
|------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total pension liability:</b>                                                    |                          |                          |                          |                          |                          |
| Service cost.....                                                                  | \$ 25,282                | \$ 27,527                | \$ 27,820                | \$ 27,940                | \$ 29,508                |
| Interest on the total pension liability.....                                       | 120,434                  | 115,061                  | 109,898                  | 107,607                  | 102,990                  |
| Changes of benefit terms.....                                                      | -                        | 762                      | -                        | -                        | -                        |
| Changes of assumptions.....                                                        | -                        | -                        | 45,696                   | -                        | -                        |
| Differences between expected and actual experience                                 | 24,592                   | 17,649                   | (19,162)                 | 2,028                    | (1,465)                  |
| Benefit payments, including refunds of<br>employee contributions.....              | (91,096)                 | (85,292)                 | (77,028)                 | (71,533)                 | (66,815)                 |
| Net change in total pension liability.....                                         | 79,212                   | 75,707                   | 87,224                   | 66,042                   | 64,218                   |
| Total pension liability, beginning.....                                            | 1,753,730                | 1,678,023                | 1,590,799                | 1,524,757                | 1,460,539                |
| Total pension liability, ending.....                                               | <u>\$1,832,942</u>       | <u>\$1,753,730</u>       | <u>\$1,678,023</u>       | <u>\$1,590,799</u>       | <u>\$1,524,757</u>       |
| <b>Plan fiduciary net position:</b>                                                |                          |                          |                          |                          |                          |
| Plan to plan resource movement.....                                                | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -                     |
| Contributions from the employer.....                                               | 45,349                   | 66,840                   | 55,172                   | 51,620                   | 49,455                   |
| Contributions from employees.....                                                  | 7,193                    | 7,600                    | 7,885                    | 8,342                    | 8,947                    |
| Net investment income/(loss).....                                                  | 132,682                  | 82,204                   | (109,224)                | 269,621                  | 57,048                   |
| Benefit payments, including refunds of<br>employee contributions.....              | (91,096)                 | (85,292)                 | (77,028)                 | (71,533)                 | (66,815)                 |
| Administrative expenses.....                                                       | (1,140)                  | (972)                    | (901)                    | (1,188)                  | (1,611)                  |
| Other miscellaneous income/(expense).....                                          | -                        | -                        | -                        | -                        | -                        |
| Net change in plan fiduciary net position.....                                     | 92,988                   | 70,380                   | (124,096)                | 256,862                  | 47,024                   |
| Plan fiduciary net position, beginning.....                                        | 1,392,811                | 1,322,431                | 1,446,527                | 1,189,665                | 1,142,641                |
| Plan fiduciary net position, ending.....                                           | <u>\$1,485,799</u>       | <u>\$1,392,811</u>       | <u>\$1,322,431</u>       | <u>\$1,446,527</u>       | <u>\$1,189,665</u>       |
| <b>Plan net pension liability, ending.....</b>                                     | <b><u>\$ 347,143</u></b> | <b><u>\$ 360,919</u></b> | <b><u>\$ 355,592</u></b> | <b><u>\$ 144,272</u></b> | <b><u>\$ 335,092</u></b> |
| Plan fiduciary net position as a percentage of the<br>total pension liability..... | 81.06%                   | 79.42%                   | 78.81%                   | 90.93%                   | 78.02%                   |
| Covered payroll.....                                                               | \$ 73,773                | \$ 80,535                | \$ 85,571                | \$ 93,702                | \$ 92,968                |
| Plan net pension liability as a percentage of the<br>covered payroll.....          | 470.56%                  | 448.15%                  | 415.55%                  | 153.97%                  | 360.44%                  |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Changes in Net Pension Liability and Related Ratios (Continued)**  
June 30, 2025  
(Dollars in Thousands)

| City CalPERS Safety Plan                                                           | 2020                     | 2019                     | 2018                     | 2017                     | 2016                     |
|------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total pension liability:</b>                                                    |                          |                          |                          |                          |                          |
| Service cost.....                                                                  | \$ 30,109                | \$ 34,006                | \$ 33,886                | \$ 31,141                | \$ 30,987                |
| Interest on the total pension liability.....                                       | 98,555                   | 94,305                   | 88,729                   | 85,094                   | 80,057                   |
| Changes of benefit terms.....                                                      | -                        | -                        | -                        | -                        | -                        |
| 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<br>employee contributions.....              | (62,934)                 | (56,625)                 | (51,579)                 | (47,774)                 | (44,699)                 |
| Net change in total pension liability.....                                         | 58,596                   | 81,087                   | 131,740                  | 69,411                   | 32,178                   |
| Total pension liability, beginning.....                                            | 1,401,943                | 1,320,856                | 1,189,116                | 1,119,705                | 1,087,527                |
| Total pension liability, ending.....                                               | <u>\$1,460,539</u>       | <u>\$1,401,943</u>       | <u>\$1,320,856</u>       | <u>\$1,189,116</u>       | <u>\$ 1,119,705</u>      |
| <b>Plan fiduciary net position:</b>                                                |                          |                          |                          |                          |                          |
| Plan to plan resource movement.....                                                | \$ -                     | \$ (3)                   | \$ -                     | \$ -                     | \$ (4)                   |
| Contributions from the employer.....                                               | 43,789                   | 31,189                   | 30,575                   | 23,640                   | 20,718                   |
| Contributions from employees.....                                                  | 9,141                    | 9,359                    | 10,307                   | 14,310                   | 15,061                   |
| Net investment income.....                                                         | 71,212                   | 85,351                   | 104,383                  | 4,731                    | 20,469                   |
| Benefit payments, including refunds of<br>employee contributions.....              | (62,934)                 | (56,625)                 | (51,579)                 | (47,774)                 | (44,699)                 |
| 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                   |
| Plan fiduciary net position, beginning.....                                        | 1,082,203                | 1,017,528                | 925,208                  | 930,868                  | 920,371                  |
| Plan fiduciary net position, ending.....                                           | <u>\$1,142,641</u>       | <u>\$1,082,203</u>       | <u>\$1,017,528</u>       | <u>\$ 925,208</u>        | <u>\$ 930,868</u>        |
| <b>Plan net pension liability, ending.....</b>                                     | <b><u>\$ 317,898</u></b> | <b><u>\$ 319,740</u></b> | <b><u>\$ 303,328</u></b> | <b><u>\$ 263,908</u></b> | <b><u>\$ 188,837</u></b> |
| Plan fiduciary net position as a percentage of the<br>total pension liability..... | 78.23%                   | 77.19%                   | 77.04%                   | 77.81%                   | 83.14%                   |
| Covered payroll.....                                                               | \$ 94,522                | \$ 106,765               | \$ 107,812               | \$ 110,139               | \$ 109,462               |
| Plan net pension liability as a percentage of the<br>covered payroll.....          | 336.32%                  | 299.48%                  | 281.35%                  | 239.61%                  | 172.51%                  |

**Notes to Schedule:**

Benefit Changes – In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$0.5 to \$2.0 for any death occurring on or after July 1, 2023. The impact is included in the changes of benefit terms.

The figures above do not include any liability impact that may have resulted from plan changes which occurred on or after the June 30, 2023, valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions – There was no discount rate change for the measurement periods ended June 30, 2023 and 2024. The discount rate decreased from 7.15% to 6.90% for the measurement period ended June 30, 2022. None in 2019 - 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There was no change in the discount rate for the measurement period ended June 30, 2021. The discount rate decreased from 7.65% to 7.15% for the measurement period ended June 30, 2017.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Changes in Total Pension Liability and Related Ratios**  
June 30, 2025\*  
(Dollars in Thousands)

| <b>City Replacement Benefits Plan</b>                                                 | <b>2025</b>       | <b>2024</b>       | <b>2023</b>       | <b>2022</b>       | <b>2021</b>       |
|---------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Plan total pension liability:</b>                                                  |                   |                   |                   |                   |                   |
| Service cost.....                                                                     | \$ 1,496          | \$ 1,299          | \$ 2,894          | \$ 2,571          | \$ 1,976          |
| Interest.....                                                                         | 4,793             | 5,462             | 4,726             | 4,076             | 4,776             |
| Differences between expected and actual experience.....                               | 8,737             | (23,541)          | (24,639)          | 24,547            | 7,800             |
| Changes of assumptions.....                                                           | (6,374)           | (2,403)           | (42,151)          | 7,274             | 37,013            |
| Benefit payments.....                                                                 | (3,142)           | (4,614)           | (4,473)           | (4,097)           | (3,634)           |
| Net change in total pension liability.....                                            | 5,510             | (23,797)          | (63,643)          | 34,371            | 47,931            |
| Total pension liability, beginning.....                                               | 132,134           | 155,931           | 219,574           | 185,203           | 137,272           |
| <b>Plan total pension liability, ending:.....</b>                                     | <b>\$ 137,644</b> | <b>\$ 132,134</b> | <b>\$ 155,931</b> | <b>\$ 219,574</b> | <b>\$ 185,203</b> |
| <br>Covered-employee payroll.....                                                     | <br>\$ 4,151,209  | <br>\$ 3,848,752  | <br>\$ 3,589,396  | <br>\$ 3,470,495  | <br>\$ 3,414,923  |
| <br>Plan total pension liability as a percentage of the covered-employee payroll..... | <br>3.32%         | <br>3.43%         | <br>4.34%         | <br>6.33%         | <br>5.42%         |
| <br><b>City Replacement Benefits Plan</b>                                             | <br><b>2020</b>   | <br><b>2019</b>   | <br><b>2018</b>   | <br><b>2017</b>   |                   |
| <b>Plan total pension liability:</b>                                                  |                   |                   |                   |                   |                   |
| 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            |                   |
| <b>Plan total pension liability, ending:.....</b>                                     | <b>\$ 137,272</b> | <b>\$ 92,253</b>  | <b>\$ 84,295</b>  | <b>\$ 78,600</b>  |                   |
| <br>Covered-employee payroll.....                                                     | <br>\$ 3,225,854  | <br>\$ 3,082,273  | <br>\$ 2,919,519  | <br>\$ 2,719,691  |                   |
| <br>Plan total pension liability as a percentage of the covered-employee payroll..... | <br>4.26%         | <br>2.99%         | <br>2.89%         | <br>2.89%         |                   |

**Notes to Schedule:**

No assets are accumulated in a trust that meets 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, 2024.

Changes of Assumptions – The discount rate was changed from 3.65% to 3.93% in the measurement period ended June 30, 2024. The discount rate was changed from 3.54% to 3.65% in the measurement period ended June 30, 2023. The discount rate was changed from 2.16% to 3.54% in the measurement period ended June 30, 2022. No change in discount rate for the measurement period ended June 30, 2021. The discount rate decreased from 2.21% in the measurement period ended June 30, 2020, to 2.16% in the measurement period ended June 30, 2021. The discount rate was changed from 3.87% in the measurement period ended June 30, 2018, to 3.50% in the measurement period ended June 30, 2019.

\* Fiscal year 2016-17 was the first year of implementation of GASB Statement No. 73, therefore only nine years of information is shown.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans**  
June 30, 2025  
(Dollars in Thousands)

| For the year ended June 30, 2025                                      |                             |                          |                  |                 |      |                     |
|-----------------------------------------------------------------------|-----------------------------|--------------------------|------------------|-----------------|------|---------------------|
| City SFERS Plan                                                       | CalPERS Miscellaneous Plans |                          |                  |                 |      | CalPERS Safety Plan |
|                                                                       | City                        | Transportation Authority | Successor Agency | Treasure Island |      |                     |
| Actuarially determined contributions                                  | \$ 651,563                  | \$ -                     | \$ 859           | \$ 3,438        | \$ 5 | \$ 46,511           |
| Contributions in relation to the actuarially determined contributions | (651,563)                   | -                        | (859)            | (3,438)         | (5)  | (46,511)            |
| Contribution deficiency (excess)                                      | \$ -                        | \$ -                     | \$ -             | \$ -            | \$ - | \$ -                |
| Covered payroll                                                       | \$ 4,439,689                | \$ -                     | \$ 6,082         | \$ 7,325        | \$ - | \$ 74,032           |
| Contributions as a percentage of covered payroll                      | 14.68%                      | N/A                      | 14.12%           | 46.94%          | N/A  | 62.83%              |
| For the year ended June 30, 2024                                      |                             |                          |                  |                 |      |                     |
| City SFERS Plan                                                       | CalPERS Miscellaneous Plans |                          |                  |                 |      | CalPERS Safety Plan |
|                                                                       | City                        | Transportation Authority | Successor Agency | Treasure Island |      |                     |
| Actuarially determined contributions                                  | \$ 636,991                  | \$ -                     | \$ 737           | \$ 2,842        | \$ - | \$ 44,859           |
| Contributions in relation to the actuarially determined contributions | (636,991)                   | -                        | (737)            | (2,842)         | -    | (44,859)            |
| Contribution deficiency (excess)                                      | \$ -                        | \$ -                     | \$ -             | \$ -            | \$ - | \$ -                |
| Covered payroll                                                       | \$ 4,109,863                | \$ -                     | \$ 5,647         | \$ 6,691        | \$ - | \$ 73,773           |
| Contributions as a percentage of covered payroll                      | 15.50%                      | N/A                      | 13.05%           | 42.47%          | N/A  | 60.81%              |
| For the year ended June 30, 2023                                      |                             |                          |                  |                 |      |                     |
| City SFERS Plan                                                       | CalPERS Miscellaneous Plans |                          |                  |                 |      | CalPERS Safety Plan |
|                                                                       | City                        | Transportation Authority | Successor Agency | Treasure Island |      |                     |
| Actuarially determined contributions                                  | \$ 638,003                  | \$ -                     | \$ 689           | \$ 2,934        | \$ 2 | \$ 50,754           |
| Contributions in relation to the actuarially determined contributions | (638,003)                   | -                        | (689)            | (2,934)         | (2)  | (50,754)            |
| Contribution deficiency (excess)                                      | \$ -                        | \$ -                     | \$ -             | \$ -            | \$ - | \$ -                |
| Covered payroll                                                       | \$ 3,810,429                | \$ -                     | \$ 5,088         | \$ 6,405        | \$ - | \$ 80,535           |
| Contributions as a percentage of covered payroll                      | 16.74%                      | N/A                      | 13.54%           | 45.81%          | N/A  | 63.02%              |
| For the year ended June 30, 2022                                      |                             |                          |                  |                 |      |                     |
| City SFERS Plan                                                       | CalPERS Miscellaneous Plans |                          |                  |                 |      | CalPERS Safety Plan |
|                                                                       | City                        | Transportation Authority | Successor Agency | Treasure Island |      |                     |
| Actuarially determined contributions                                  | \$ 729,578                  | \$ -                     | \$ 628           | \$ 2,611        | \$ 9 | \$ 49,808           |
| Contributions in relation to the actuarially determined contributions | (729,578)                   | -                        | (628)            | (2,611)         | (9)  | (49,808)            |
| Contribution deficiency (excess)                                      | \$ -                        | \$ -                     | \$ -             | \$ -            | \$ - | \$ -                |
| Covered payroll                                                       | \$ 3,553,859                | \$ -                     | \$ 4,706         | \$ 6,633        | \$ - | \$ 85,571           |
| Contributions as a percentage of covered payroll                      | 20.53%                      | N/A                      | 13.34%           | 39.36%          | N/A  | 58.21%              |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2025  
(Dollars in Thousands)

|                                                                          | For the year ended June 30, 2021 |             |                             |                     |                    |                        |
|--------------------------------------------------------------------------|----------------------------------|-------------|-----------------------------|---------------------|--------------------|------------------------|
|                                                                          | CalPERS Miscellaneous Plans      |             |                             |                     |                    | CalPERS<br>Safety Plan |
|                                                                          | City<br>SFERS Plan               | City        | Transportation<br>Authority | Successor<br>Agency | Treasure<br>Island |                        |
| Actuarially determined contributions                                     | \$ 791,736                       | \$ -        | \$ 606                      | \$ 2,299            | \$ 8               | \$ 51,185              |
| Contributions in relation to the<br>actuarially determined contributions | (791,736)                        | -           | (606)                       | (2,299)             | (8)                | (51,185)               |
| Contribution deficiency (excess)                                         | <u>\$ -</u>                      | <u>\$ -</u> | <u>\$ -</u>                 | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>            |
| Covered payroll                                                          | \$ 3,434,713                     | \$ -        | \$ 4,826                    | \$ 7,430            | \$ -               | \$ 93,702              |
| Contributions as a percentage of<br>covered payroll                      | 23.05%                           | N/A         | 12.56%                      | 30.94%              | N/A                | 54.63%                 |
|                                                                          | For the year ended June 30, 2020 |             |                             |                     |                    |                        |
|                                                                          | CalPERS Miscellaneous Plans      |             |                             |                     |                    | CalPERS<br>Safety Plan |
|                                                                          | City<br>SFERS Plan               | City        | Transportation<br>Authority | Successor<br>Agency | Treasure<br>Island |                        |
| Actuarially determined contributions                                     | \$ 701,307                       | \$ 10       | \$ 539                      | \$ 2,012            | \$ 7               | \$ 40,778              |
| Contributions in relation to the<br>actuarially determined contributions | (701,307)                        | (10)        | (539)                       | (2,012)             | (7)                | (40,778)               |
| Contribution deficiency (excess)                                         | <u>\$ -</u>                      | <u>\$ -</u> | <u>\$ -</u>                 | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>            |
| Covered payroll                                                          | \$ 3,378,945                     | \$ 179      | \$ 4,423                    | \$ 6,745            | \$ -               | \$ 92,968              |
| Contributions as a percentage of<br>covered payroll                      | 20.76%                           | 5.59%       | 12.19%                      | 29.83%              | N/A                | 43.86%                 |
|                                                                          | For the year ended June 30, 2019 |             |                             |                     |                    |                        |
|                                                                          | CalPERS Miscellaneous Plans      |             |                             |                     |                    | CalPERS<br>Safety Plan |
|                                                                          | City<br>SFERS Plan               | City        | Transportation<br>Authority | Successor<br>Agency | Treasure<br>Island |                        |
| Actuarially determined contributions                                     | \$ 607,408                       | \$ 28       | \$ 479                      | \$ 1,637            | \$ 7               | \$ 34,933              |
| Contributions in relation to the<br>actuarially determined contributions | (607,408)                        | (28)        | (479)                       | (1,637)             | (7)                | (34,933)               |
| Contribution deficiency (excess)                                         | <u>\$ -</u>                      | <u>\$ -</u> | <u>\$ -</u>                 | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>            |
| Covered payroll                                                          | \$ 3,186,405                     | \$ 359      | \$ 4,396                    | \$ 6,384            | \$ -               | \$ 94,522              |
| Contributions as a percentage of<br>covered payroll                      | 19.06%                           | 7.80%       | 10.89%                      | 25.64%              | N/A                | 36.96%                 |
|                                                                          | For the year ended June 30, 2018 |             |                             |                     |                    |                        |
|                                                                          | CalPERS Miscellaneous Plans      |             |                             |                     |                    | CalPERS<br>Safety Plan |
|                                                                          | City<br>SFERS Plan               | City        | Transportation<br>Authority | Successor<br>Agency | Treasure<br>Island |                        |
| Actuarially determined contributions                                     | \$ 582,568                       | \$ 42       | \$ 403                      | \$ 1,283            | \$ 6               | \$ 30,743              |
| Contributions in relation to the<br>actuarially determined contributions | (582,568)                        | (42)        | (403)                       | (1,283)             | (6)                | (30,743)               |
| Contribution deficiency (excess)                                         | <u>\$ -</u>                      | <u>\$ -</u> | <u>\$ -</u>                 | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>            |
| Covered payroll                                                          | \$ 3,045,153                     | \$ 390      | \$ 4,039                    | \$ 5,742            | \$ -               | \$ 106,765             |
| Contributions as a percentage of<br>covered payroll                      | 19.13%                           | 10.77%      | 9.99%                       | 22.34%              | N/A                | 28.80%                 |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2025  
(Dollars in Thousands)

|                                                                          | For the year ended June 30, 2017 |             |                             |                     |                    |                        |
|--------------------------------------------------------------------------|----------------------------------|-------------|-----------------------------|---------------------|--------------------|------------------------|
|                                                                          | CalPERS Miscellaneous Plans      |             |                             |                     |                    | CalPERS<br>Safety Plan |
|                                                                          | City<br>SFERS Plan               | City        | Transportation<br>Authority | Successor<br>Agency | Treasure<br>Island |                        |
| Actuarially determined contributions                                     | \$ 519,073                       | \$ 35       | \$ 293                      | \$ 970              | \$ 2               | \$ 27,190              |
| Contributions in relation to the<br>actuarially determined contributions | (519,073)                        | (35)        | (293)                       | (970)               | (2)                | (27,190)               |
| Contribution deficiency (excess)                                         | <u>\$ -</u>                      | <u>\$ -</u> | <u>\$ -</u>                 | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>            |
| Covered payroll                                                          | \$ 2,880,112                     | \$ 344      | \$ 4,202                    | \$ 5,042            | \$ -               | \$ 107,812             |
| Contributions as a percentage of<br>covered payroll                      | 18.02%                           | 10.17%      | 6.97%                       | 19.24%              | N/A                | 25.22%                 |
|                                                                          | For the year ended June 30, 2016 |             |                             |                     |                    |                        |
|                                                                          | CalPERS Miscellaneous Plans      |             |                             |                     |                    | CalPERS<br>Safety Plan |
|                                                                          | City<br>SFERS Plan               | City        | Transportation<br>Authority | Successor<br>Agency | Treasure<br>Island |                        |
| Actuarially determined contributions                                     | \$ 496,343                       | \$ 33       | \$ 280                      | \$ 828              | \$ 2               | \$ 23,640              |
| Contributions in relation to the<br>actuarially determined contributions | (496,343)                        | (33)        | (280)                       | (828)               | (2)                | (23,640)               |
| Contribution deficiency (excess)                                         | <u>\$ -</u>                      | <u>\$ -</u> | <u>\$ -</u>                 | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>            |
| Covered payroll                                                          | \$ 2,681,695                     | \$ 329      | \$ 3,644                    | \$ 3,769            | \$ -               | \$ 110,139             |
| Contributions as a percentage of<br>covered payroll                      | 18.51%                           | 10.03%      | 7.68%                       | 21.97%              | N/A                | 21.46%                 |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**Methods and assumptions used to determine FY 2024-25 contribution rates to SFERS Plan**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 2022                       |
| 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 fair value         |
| Investment rate of return.....     | 7.20% (net of investment expenses) |
| Inflation.....                     | 2.50%                              |
| Projected salary increase.....     | Wage inflation component: 3.25%    |

**Methods and assumptions used to determine FY 2023-24 contribution rates to SFERS Plan**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 2021                       |
| Actuarial cost method.....         | Entry-age normal cost method       |
| Amortization method.....           | Level annual percentage of payroll |
| Remaining amortization period..... | Closed 15-year period              |
| Asset valuation method.....        | 5 year smoothed fair value         |
| Investment rate of return.....     | 7.20% (net of investment expenses) |
| Inflation.....                     | 2.50%                              |
| Projected salary increase.....     | Wage inflation component: 3.25%    |

**Methods and assumptions used to determine FY 2022-23 contribution rates to SFERS Plan**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 2020                       |
| Actuarial cost method.....         | Entry-age normal cost method       |
| Amortization method.....           | Level annual percentage of payroll |
| Remaining amortization period..... | Closed 15-year period              |
| Asset valuation method.....        | 5 year smoothed fair value         |
| Investment rate of return.....     | 7.40% (net of investment expenses) |
| Inflation.....                     | 2.50%                              |
| Projected salary increase.....     | Wage inflation component: 3.25%    |

**Methods and assumptions used to determine FY 2021-22 contribution rates to SFERS Plan**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 2019                       |
| Actuarial cost method.....         | Entry-age normal cost method       |
| Amortization method.....           | Level annual percentage of payroll |
| Remaining amortization period..... | Closed 15-year period              |
| Asset valuation method.....        | 5 year smoothed fair value         |
| Investment rate of return.....     | 7.40% (net of investment expenses) |
| Inflation.....                     | 2.75%                              |
| Projected salary increase.....     | Wage inflation component: 3.50%    |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**Methods and assumptions used to determine FY 2020-21 contribution rates to SFERS Plan**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 2018                       |
| Actuarial cost method.....         | Entry-age normal cost method       |
| Amortization method.....           | Level annual percentage of payroll |
| Remaining amortization period..... | Closed 15-year period              |
| Asset valuation method.....        | 5 year smoothed fair value         |
| Investment rate of return.....     | 7.40% (net of investment expenses) |
| Inflation.....                     | 3.00% compounded annually          |
| Projected salary increase.....     | Wage inflation component: 3.50%    |

**Methods and assumptions used to determine FY 2019-20 contribution rates to SFERS Plan**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 2017                       |
| Actuarial cost method.....         | Entry-age normal cost method       |
| Amortization method.....           | Level annual percentage of payroll |
| Remaining amortization period..... | Closed 15-year period              |
| Asset valuation method.....        | 5 year smoothed fair value         |
| Investment rate of return.....     | 7.50% (net of investment expenses) |
| Inflation.....                     | 3.00% compounded annually          |
| Projected salary increase.....     | Wage inflation component: 3.50%    |

**Methods and assumptions used to determine FY 2018-19 contribution rates to SFERS Plan**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 2016                       |
| Actuarial cost method.....         | Entry-age normal cost method       |
| Amortization method.....           | Level annual percentage of payroll |
| Remaining amortization period..... | Closed 15-year period              |
| Asset valuation method.....        | 5 year smoothed fair value         |
| Investment rate of return.....     | 7.50% (net of investment expenses) |
| Inflation.....                     | 3.25% compounded annually          |
| Projected salary increase.....     | Wage inflation component: 3.75%    |

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

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 2015                       |
| Actuarial cost method.....         | Entry-age normal cost method       |
| Amortization method.....           | Level annual percentage of payroll |
| Remaining amortization period..... | Closed 15-year period              |
| Asset valuation method.....        | 5 year smoothed fair value         |
| Investment rate of return.....     | 7.50% (net of investment expenses) |
| Inflation.....                     | 3.25% compounded annually          |
| Projected salary increase.....     | Wage inflation component: 3.75%    |



**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**Methods and assumptions used to determine FY 2016-17 contribution rates to SFERS Plan**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 2014                       |
| Actuarial cost method.....         | Entry-age normal cost method       |
| Amortization method.....           | Level annual percentage of payroll |
| Remaining amortization period..... | Closed 15-year period              |
| Asset valuation method.....        | 5 year smoothed fair value         |
| Investment rate of return.....     | 7.50% (net of investment expenses) |
| Inflation.....                     | 3.25% compounded annually          |
| Projected salary increase.....     | Wage inflation component: 3.75%    |

**Methods and assumptions used to determine FY 2015-16 contribution rates to SFERS Plan**

|                                    |                                    |
|------------------------------------|------------------------------------|
| Valuation date.....                | July 1, 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 fair value         |
| Investment rate of return.....     | 7.58% (net of investment expenses) |
| Inflation.....                     | 3.33% compounded annually          |
| Projected salary increase.....     | Wage inflation component: 3.83%    |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**Methods and assumptions used to determine FY 2024-25 contribution rates to CalPERS plans**

|                                |                                                                                                                                           |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date.....            | June 30, 2022                                                                                                                             |
| 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.....    | Fair Value of Assets                                                                                                                      |
| Investment rate of return..... | 6.80%, net of pension plan investment and administrative expenses, includes inflation                                                     |
| Projected salary increase..... | Varies by Entry-Age and Service                                                                                                           |
| Inflation.....                 | 2.300%                                                                                                                                    |
| Payroll growth.....            | 2.800%                                                                                                                                    |

**Methods and assumptions used to determine FY 2023-24 contribution rates to CalPERS plans**

|                                |                                                                                                                                           |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date.....            | June 30, 2021                                                                                                                             |
| Actuarial cost method.....     | Entry-age normal cost method                                                                                                              |
| Amortization method.....       | Level percent of payroll                                                                                                                  |
| Amortization period.....       | Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) |
|                                | Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)              |
| Asset valuation method.....    | Fair Value of Assets                                                                                                                      |
| Investment rate of return..... | 6.80%, net of pension plan investment and administrative expenses, includes inflation                                                     |
| Projected salary increase..... | Varies by Entry-Age and Service                                                                                                           |
| Inflation.....                 | 2.300%                                                                                                                                    |
| Payroll growth.....            | 2.800%                                                                                                                                    |

**Methods and assumptions used to determine FY 2022-23 contribution rates to CalPERS plans**

|                                |                                                                                                                                           |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date.....            | June 30, 2020                                                                                                                             |
| Actuarial cost method.....     | Entry-age normal cost method                                                                                                              |
| Amortization method.....       | Level percent of payroll                                                                                                                  |
| Amortization period.....       | Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) |
|                                | Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)              |
| Asset valuation method.....    | Fair Value of Assets                                                                                                                      |
| Investment rate of return..... | 7.00%, net of pension plan investment and administrative expenses, includes inflation                                                     |
| Projected salary increase..... | Varies by Entry-Age and Service                                                                                                           |
| Inflation.....                 | 2.500%                                                                                                                                    |
| Payroll growth.....            | 2.750%                                                                                                                                    |

**Methods and assumptions used to determine FY 2021-22 contribution rates to CalPERS plans**

|                                |                                                                                                                                           |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date.....            | June 30, 2019                                                                                                                             |
| Actuarial cost method.....     | Entry-age normal cost method                                                                                                              |
| Amortization method.....       | Level percent of payroll                                                                                                                  |
| Amortization period.....       | Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) |
|                                | Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)              |
| Asset valuation method.....    | Fair Value of Assets                                                                                                                      |
| Investment rate of return..... | 7.00%, net of pension plan investment and administrative expenses, includes inflation                                                     |
| Projected salary increase..... | Varies by Entry-Age and Service                                                                                                           |
| Inflation.....                 | 2.500%                                                                                                                                    |
| Payroll growth.....            | 2.750%                                                                                                                                    |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2025  
(Dollars in Thousands)

**Methods and assumptions used to determine FY 2020-21 contribution rates to CalPERS plans**

|                                |                                                                                                                                                                                                                                                                           |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date.....            | June 30, 2018                                                                                                                                                                                                                                                             |
| Actuarial cost method.....     | Entry-age normal cost method                                                                                                                                                                                                                                              |
| Amortization method.....       | Level percent of payroll                                                                                                                                                                                                                                                  |
| Amortization period.....       | Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous)<br>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.....    | Fair Value of Assets                                                                                                                                                                                                                                                      |
| Investment rate of return..... | 7.00%, net of pension plan investment and administrative expenses, includes inflation                                                                                                                                                                                     |
| Projected salary increase..... | Varies by Entry-Age and Service                                                                                                                                                                                                                                           |
| Inflation.....                 | 2.500%                                                                                                                                                                                                                                                                    |
| Payroll growth.....            | 2.750%                                                                                                                                                                                                                                                                    |

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

|                                |                                                                                                                                                                                                                                                                           |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date.....            | June 30, 2017                                                                                                                                                                                                                                                             |
| Actuarial cost method.....     | Entry-age normal cost method                                                                                                                                                                                                                                              |
| Amortization method.....       | Level percent of payroll                                                                                                                                                                                                                                                  |
| Amortization period.....       | Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous)<br>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.....    | Fair 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)<br>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.....    | Fair 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)<br>Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety) |
| Asset valuation method.....    | Actuarial Value of Assets                                                                                                                                                                                                                                                 |
| Investment rate of return..... | 7.50%, net of pension plan investment and administrative expenses, includes inflation                                                                                                                                                                                     |
| Projected salary increase..... | Varies by Entry-Age and Service                                                                                                                                                                                                                                           |
| Inflation.....                 | 2.75%                                                                                                                                                                                                                                                                     |
| Payroll growth.....            | 3.00%                                                                                                                                                                                                                                                                     |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions – Pension Plans (Continued)**  
June 30, 2025  
(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)<br>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)<br>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%.                                                                                                                        |

**CITY AND COUNTY OF SAN FRANCISCO**

Required Supplementary Information (Unaudited) –  
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios  
Other Postemployment Healthcare Benefits Plan  
June 30, 2025  
(Dollars in Thousands)

|                                                                                | 2025                |                   |                          |
|--------------------------------------------------------------------------------|---------------------|-------------------|--------------------------|
|                                                                                | City Plan           | Successor Agency  | Transportation Authority |
| <b>Total OPEB Liability</b>                                                    |                     |                   |                          |
| Service cost (BOY)                                                             | \$ 152,425          | \$ 282            | \$ 201                   |
| Interest (includes interest on service cost)                                   | 337,792             | 711               | 162                      |
| Changes of benefit terms                                                       | -                   | -                 | -                        |
| Differences between expected and actual experience                             | (94,640)            | -                 | -                        |
| Changes of assumptions                                                         | 115,097             | -                 | (160)                    |
| Benefit payments, including refunds of member contributions                    | (229,922)           | (890)             | (104)                    |
| <b>Net change in total OPEB liability</b>                                      | <b>280,752</b>      | <b>103</b>        | <b>99</b>                |
| <b>Total OPEB liability - beginning</b>                                        | <b>4,863,698</b>    | <b>11,539</b>     | <b>2,649</b>             |
| <b>Total OPEB liability - ending</b>                                           | <b>\$ 5,144,450</b> | <b>\$ 11,642</b>  | <b>\$ 2,748</b>          |
| <b>Plan fiduciary net position</b>                                             |                     |                   |                          |
| Contributions - employer                                                       | \$ 278,701          | \$ 893            | \$ 242                   |
| Contributions - member                                                         | 81,074              | -                 | -                        |
| Net investment income                                                          | 154,318             | 1,750             | 252                      |
| Benefit payments, including refunds of member contributions                    | (229,922)           | (890)             | (104)                    |
| Administrative expense                                                         | (384)               | (8)               | (1)                      |
| <b>Net change in plan fiduciary net position</b>                               | <b>283,787</b>      | <b>1,745</b>      | <b>389</b>               |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>938,866</b>      | <b>15,964</b>     | <b>2,295</b>             |
| <b>Plan fiduciary net position - ending</b>                                    | <b>\$ 1,222,653</b> | <b>\$ 17,709</b>  | <b>\$ 2,684</b>          |
| <b>Net OPEB liability/(asset) - ending</b>                                     | <b>\$ 3,921,797</b> | <b>\$ (6,067)</b> | <b>\$ 64</b>             |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | 23.8%               | 152.1%            | 97.7%                    |
| <b>Covered payroll</b>                                                         | \$ 4,877,917        | \$ 6,691          | \$ 4,909                 |
| <b>Net OPEB liability/(asset) as a percentage of covered payroll</b>           | 80.4%               | -90.7%            | 1.3%                     |

**CITY AND COUNTY OF SAN FRANCISCO**

Required Supplementary Information (Unaudited) –  
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios  
Other Postemployment Healthcare Benefits Plan (Continued)  
June 30, 2025  
(Dollars in Thousands)

|                                                                                | 2024                |                   |                          |
|--------------------------------------------------------------------------------|---------------------|-------------------|--------------------------|
|                                                                                | City Plan           | Successor Agency  | Transportation Authority |
| <b>Total OPEB Liability</b>                                                    |                     |                   |                          |
| Service cost (BOY)                                                             | \$ 145,520          | \$ 324            | \$ 117                   |
| Interest (includes interest on service cost)                                   | 311,626             | 703               | 157                      |
| Changes of benefit terms                                                       | -                   | -                 | -                        |
| Differences between expected and actual experience                             | 135,809             | (682)             | (99)                     |
| Changes of assumptions                                                         | -                   | 713               | 513                      |
| Benefit payments, including refunds of member contributions                    | (215,408)           | (890)             | (96)                     |
| <b>Net change in total OPEB liability</b>                                      | <b>377,547</b>      | <b>168</b>        | <b>592</b>               |
| <b>Total OPEB liability - beginning</b>                                        | <b>4,486,151</b>    | <b>11,371</b>     | <b>2,057</b>             |
| <b>Total OPEB liability - ending</b>                                           | <b>\$ 4,863,698</b> | <b>\$ 11,539</b>  | <b>\$ 2,649</b>          |
| <b>Plan fiduciary net position</b>                                             |                     |                   |                          |
| Contributions - employer                                                       | \$ 260,649          | \$ 2,429          | \$ 96                    |
| Contributions - member                                                         | 73,426              | -                 | -                        |
| Net investment income                                                          | 80,490              | 943               | 138                      |
| Benefit payments, including refunds of member contributions                    | (215,408)           | (890)             | (96)                     |
| Administrative expense                                                         | (172)               | (7)               | (1)                      |
| <b>Net change in plan fiduciary net position</b>                               | <b>198,985</b>      | <b>2,475</b>      | <b>137</b>               |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>739,881</b>      | <b>13,489</b>     | <b>2,158</b>             |
| <b>Plan fiduciary net position - ending</b>                                    | <b>\$ 938,866</b>   | <b>\$ 15,964</b>  | <b>\$ 2,295</b>          |
| <b>Net OPEB liability/(asset) - ending</b>                                     | <b>\$ 3,924,832</b> | <b>\$ (4,425)</b> | <b>\$ 354</b>            |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | 19.3%               | 138.3%            | 86.6%                    |
| <b>Covered payroll</b>                                                         | \$ 4,524,099        | \$ 6,405          | \$ 4,854                 |
| <b>Net OPEB liability/(asset) as a percentage of covered payroll</b>           | 86.8%               | -69.1%            | 7.3%                     |

**CITY AND COUNTY OF SAN FRANCISCO**

Required Supplementary Information (Unaudited) –  
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios  
Other Postemployment Healthcare Benefits Plan (Continued)  
June 30, 2025  
(Dollars in Thousands)

|                                                                                | 2023                |                   |                          |
|--------------------------------------------------------------------------------|---------------------|-------------------|--------------------------|
|                                                                                | City Plan           | Successor Agency  | Transportation Authority |
| <b>Total OPEB Liability</b>                                                    |                     |                   |                          |
| Service cost (BOY)                                                             | \$ 154,800          | \$ 314            | \$ 123                   |
| Interest (includes interest on service cost)                                   | 306,758             | 694               | 150                      |
| Changes of benefit terms                                                       | -                   | -                 | -                        |
| Differences between expected and actual experience                             | (224,065)           | -                 | (3)                      |
| Changes of assumptions                                                         | 49,784              | -                 | (99)                     |
| Benefit payments, including refunds of member contributions                    | (211,025)           | (854)             | (70)                     |
| <b>Net change in total OPEB liability</b>                                      | <b>76,252</b>       | <b>154</b>        | <b>101</b>               |
| <b>Total OPEB liability - beginning</b>                                        | <b>4,409,899</b>    | <b>11,217</b>     | <b>1,956</b>             |
| <b>Total OPEB liability - ending</b>                                           | <b>\$ 4,486,151</b> | <b>\$ 11,371</b>  | <b>\$ 2,057</b>          |
| <b>Plan fiduciary net position</b>                                             |                     |                   |                          |
| Contributions - employer                                                       | \$ 252,866          | \$ 1,689          | \$ 70                    |
| Contributions - member                                                         | 66,455              | -                 | -                        |
| Net investment loss                                                            | (87,003)            | (2,080)           | (334)                    |
| Benefit payments, including refunds of member contributions                    | (211,025)           | (854)             | (70)                     |
| Administrative expense                                                         | (190)               | (6)               | (1)                      |
| <b>Net change in plan fiduciary net position</b>                               | <b>21,103</b>       | <b>(1,251)</b>    | <b>(335)</b>             |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>718,778</b>      | <b>14,740</b>     | <b>2,493</b>             |
| <b>Plan fiduciary net position - ending</b>                                    | <b>\$ 739,881</b>   | <b>\$ 13,489</b>  | <b>\$ 2,158</b>          |
| <b>Net OPEB liability/(asset) - ending</b>                                     | <b>\$ 3,746,270</b> | <b>\$ (2,118)</b> | <b>\$ (101)</b>          |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | 16.5%               | 118.6%            | 104.9%                   |
| <b>Covered payroll</b>                                                         | \$ 4,184,087        | \$ 6,633          | \$ 5,032                 |
| <b>Net OPEB liability/(asset) as a percentage of covered payroll</b>           | 89.5%               | -31.9%            | -2.0%                    |

**CITY AND COUNTY OF SAN FRANCISCO**

Required Supplementary Information (Unaudited) –  
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios  
Other Postemployment Healthcare Benefits Plan (Continued)  
June 30, 2025  
(Dollars in Thousands)

|                                                                                | 2022                |                   |                          |
|--------------------------------------------------------------------------------|---------------------|-------------------|--------------------------|
|                                                                                | City Plan           | Successor Agency  | Transportation Authority |
| <b>Total OPEB Liability</b>                                                    |                     |                   |                          |
| Service cost (BOY)                                                             | \$ 155,840          | \$ 348            | \$ 90                    |
| Interest (includes interest on service cost)                                   | 300,122             | 831               | 124                      |
| Changes of benefit terms                                                       | -                   | -                 | -                        |
| Differences between expected and actual experience                             | (151,949)           | (1,337)           | 183                      |
| Changes of assumptions                                                         | -                   | (164)             | -                        |
| Benefit payments, including refunds of member contributions                    | (206,439)           | (880)             | (63)                     |
| <b>Net change in total OPEB liability</b>                                      | <b>97,574</b>       | <b>(1,202)</b>    | <b>334</b>               |
| <b>Total OPEB liability - beginning</b>                                        | <b>4,312,325</b>    | <b>12,419</b>     | <b>1,622</b>             |
| <b>Total OPEB liability - ending</b>                                           | <b>\$ 4,409,899</b> | <b>\$ 11,217</b>  | <b>\$ 1,956</b>          |
| <b>Plan fiduciary net position</b>                                             |                     |                   |                          |
| Contributions - employer                                                       | \$ 245,994          | \$ 2,259          | \$ 63                    |
| Contributions - member                                                         | 61,582              | -                 | -                        |
| Net investment income                                                          | 128,916             | 3,039             | 538                      |
| Benefit payments, including refunds of member contributions                    | (206,439)           | (880)             | (63)                     |
| Administrative expense                                                         | (265)               | (6)               | (1)                      |
| <b>Net change in plan fiduciary net position</b>                               | <b>229,788</b>      | <b>4,412</b>      | <b>537</b>               |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>488,990</b>      | <b>10,328</b>     | <b>1,956</b>             |
| <b>Plan fiduciary net position - ending</b>                                    | <b>\$ 718,778</b>   | <b>\$ 14,740</b>  | <b>\$ 2,493</b>          |
| <b>Net OPEB liability/(asset) - ending</b>                                     | <b>\$ 3,691,121</b> | <b>\$ (3,523)</b> | <b>\$ (537)</b>          |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | 16.3%               | 131.4%            | 127.5%                   |
| <b>Covered payroll</b>                                                         | \$ 3,955,498        | \$ 7,430          | \$ 4,420                 |
| <b>Net OPEB liability/(asset) as a percentage of covered payroll</b>           | 93.3%               | -47.4%            | -12.1%                   |

**CITY AND COUNTY OF SAN FRANCISCO**

Required Supplementary Information (Unaudited) –  
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios  
Other Postemployment Healthcare Benefits Plan (Continued)  
June 30, 2025  
(Dollars in Thousands)

|                                                                                | 2021                |                  |                          |
|--------------------------------------------------------------------------------|---------------------|------------------|--------------------------|
|                                                                                | City Plan           | Successor Agency | Transportation Authority |
| <b>Total OPEB Liability</b>                                                    |                     |                  |                          |
| Service cost (BOY)                                                             | \$ 141,642          | \$ 344           | \$ 92                    |
| Interest (includes interest on service cost)                                   | 314,907             | 830              | 114                      |
| Changes of benefit terms                                                       | -                   | -                | -                        |
| Differences between expected and actual experience                             | (381,922)           | -                | (1)                      |
| Changes of assumptions                                                         | 151,725             | (248)            | -                        |
| Benefit payments, including refunds of member contributions                    | (196,445)           | (902)            | (61)                     |
| <b>Net change in total OPEB liability</b>                                      | <b>29,907</b>       | <b>24</b>        | <b>144</b>               |
| <b>Total OPEB liability - beginning</b>                                        | <b>4,282,418</b>    | <b>12,395</b>    | <b>1,478</b>             |
| <b>Total OPEB liability - ending</b>                                           | <b>\$ 4,312,325</b> | <b>\$ 12,419</b> | <b>\$ 1,622</b>          |
| <b>Plan fiduciary net position</b>                                             |                     |                  |                          |
| Contributions - employer                                                       | \$ 235,963          | \$ 2,901         | \$ 61                    |
| Contributions - member                                                         | 60,236              | -                | -                        |
| Net investment income                                                          | 22,746              | 285              | 67                       |
| Benefit payments, including refunds of member contributions                    | (196,445)           | (902)            | (61)                     |
| Administrative expense                                                         | (113)               | (7)              | (1)                      |
| <b>Net change in plan fiduciary net position</b>                               | <b>122,387</b>      | <b>2,277</b>     | <b>66</b>                |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>366,603</b>      | <b>8,051</b>     | <b>1,890</b>             |
| <b>Plan fiduciary net position - ending</b>                                    | <b>\$ 488,990</b>   | <b>\$ 10,328</b> | <b>\$ 1,956</b>          |
| <b>Net OPEB liability/(asset) - ending</b>                                     | <b>\$ 3,823,335</b> | <b>\$ 2,091</b>  | <b>\$ (334)</b>          |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | 11.3%               | 83.2%            | 120.6%                   |
| <b>Covered payroll</b>                                                         | \$ 3,951,792        | \$ 6,745         | \$ 4,355                 |
| <b>Net OPEB liability/(asset) as a percentage of covered payroll</b>           | 96.7%               | 31.0%            | -7.7%                    |

**CITY AND COUNTY OF SAN FRANCISCO**

Required Supplementary Information (Unaudited) –  
Schedules of Changes in Net Other Postemployment Benefits Liability/(Asset) and Related Ratios  
Other Postemployment Healthcare Benefits Plan (Continued)  
June 30, 2025  
(Dollars in Thousands)

|                                                                                | 2020                |                  |                          |
|--------------------------------------------------------------------------------|---------------------|------------------|--------------------------|
|                                                                                | City Plan           | Successor Agency | Transportation Authority |
| <b>Total OPEB Liability</b>                                                    |                     |                  |                          |
| Service cost (BOY)                                                             | \$ 133,736          | \$ 335           | \$ 118                   |
| Interest (includes interest on service cost)                                   | 283,520             | 812              | 143                      |
| Changes of benefit terms                                                       | -                   | -                | -                        |
| Differences between expected and actual experience                             | 194,068             | -                | (596)                    |
| Changes of assumptions                                                         | -                   | -                | (63)                     |
| Benefit payments, including refunds of member contributions                    | (185,839)           | (906)            | (60)                     |
| <b>Net change in total OPEB liability/(asset)</b>                              | <b>425,485</b>      | <b>241</b>       | <b>(458)</b>             |
| <b>Total OPEB liability - beginning</b>                                        | <b>3,856,933</b>    | <b>12,154</b>    | <b>1,936</b>             |
| <b>Total OPEB liability - ending</b>                                           | <b>\$ 4,282,418</b> | <b>\$ 12,395</b> | <b>\$ 1,478</b>          |
| <b>Plan fiduciary net position</b>                                             |                     |                  |                          |
| Contributions - employer                                                       | \$ 218,625          | \$ 2,967         | \$ 138                   |
| Contributions - member                                                         | 51,024              | -                | -                        |
| Net investment income                                                          | 26,959              | 407              | 106                      |
| Benefit payments, including refunds of member contributions                    | (185,839)           | (906)            | (60)                     |
| Administrative expense                                                         | (132)               | (3)              | (1)                      |
| <b>Net change in plan fiduciary net position</b>                               | <b>110,637</b>      | <b>2,465</b>     | <b>183</b>               |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>255,966</b>      | <b>5,586</b>     | <b>1,707</b>             |
| <b>Plan fiduciary net position - ending</b>                                    | <b>\$ 366,603</b>   | <b>\$ 8,051</b>  | <b>\$ 1,890</b>          |
| <b>Net OPEB liability/(asset) - ending</b>                                     | <b>\$ 3,915,815</b> | <b>\$ 4,344</b>  | <b>\$ (412)</b>          |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | 8.6%                | 65.0%            | 127.9%                   |
| <b>Covered payroll</b>                                                         | \$ 3,763,446        | \$ 6,384         | \$ 4,039                 |
| <b>Net OPEB liability/(asset) as a percentage of covered payroll</b>           | 104.0%              | 68.1%            | -10.2%                   |

**CITY AND COUNTY OF SAN FRANCISCO**

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

June 30, 2025  
(Dollars in Thousands)

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

**CITY AND COUNTY OF SAN FRANCISCO**

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

June 30, 2025\*  
(Dollars in Thousands)

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

\* Fiscal year 2017-18 was the first year of implementation of GASB No. 75, therefore only eight years of information is shown.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions**  
**Other Postemployment Healthcare Benefits Plan**  
Year Ended June 30, 2025  
(Dollars in Thousands)

| For the year ended June 30, 2025                                      |              |                  |                          |
|-----------------------------------------------------------------------|--------------|------------------|--------------------------|
|                                                                       | City Plan    | Successor Agency | Transportation Authority |
| Charter required or actuarially determined contributions (ADC)        | \$ 300,931   | \$ -             | \$ 242                   |
| Contributions in relation to the charter required contribution or ADC | (300,931)    | (945)            | (242)                    |
| Contribution deficiency/(excess)                                      | \$ -         | \$ (945)         | \$ -                     |
| Covered payroll                                                       | \$ 5,298,431 | \$ 7,325         | \$ 5,604                 |
| Contributions as a percentage of covered payroll                      | 5.68%        | 12.90%           | 4.32%                    |

| For the year ended June 30, 2024                                      |              |                  |                          |
|-----------------------------------------------------------------------|--------------|------------------|--------------------------|
|                                                                       | City Plan    | Successor Agency | Transportation Authority |
| Charter required or actuarially determined contributions (ADC)        | \$ 278,701   | \$ 143           | \$ 96                    |
| Contributions in relation to the charter required contribution or ADC | (278,701)    | (893)            | (96)                     |
| Contribution deficiency/(excess)                                      | \$ -         | \$ (750)         | \$ -                     |
| Covered payroll                                                       | \$ 4,877,917 | \$ 6,691         | \$ 4,909                 |
| Contributions as a percentage of covered payroll                      | 5.71%        | 13.35%           | 1.96%                    |

| For the year ended June 30, 2023                                      |              |                  |                          |
|-----------------------------------------------------------------------|--------------|------------------|--------------------------|
|                                                                       | City Plan    | Successor Agency | Transportation Authority |
| Charter required or actuarially determined contributions (ADC)        | \$ 260,649   | \$ 116           | \$ 64                    |
| Contributions in relation to the charter required contribution or ADC | (260,649)    | (2,429)          | (64)                     |
| Contribution deficiency/(excess)                                      | \$ -         | \$ (2,313)       | \$ -                     |
| Covered payroll                                                       | \$ 4,524,099 | \$ 6,405         | \$ 4,854                 |
| Contributions as a percentage of covered payroll                      | 5.76%        | 37.92%           | 1.32%                    |

| For the year ended June 30, 2022                                      |              |                  |                          |
|-----------------------------------------------------------------------|--------------|------------------|--------------------------|
|                                                                       | City Plan    | Successor Agency | Transportation Authority |
| Charter required or actuarially determined contributions (ADC)        | \$ 252,866   | \$ 824           | \$ 55                    |
| Contributions in relation to the charter required contribution or ADC | (252,866)    | (1,689)          | (70)                     |
| Contribution deficiency/(excess)                                      | \$ -         | \$ (865)         | \$ (15)                  |
| Covered payroll                                                       | \$ 4,184,087 | \$ 6,633         | \$ 5,032                 |
| Contributions as a percentage of covered payroll                      | 6.04%        | 25.46%           | 1.39%                    |

| For the year ended June 30, 2021                                      |              |                  |                          |
|-----------------------------------------------------------------------|--------------|------------------|--------------------------|
|                                                                       | City Plan    | Successor Agency | Transportation Authority |
| Charter required or actuarially determined contributions (ADC)        | \$ 245,994   | \$ 813           | \$ 51                    |
| Contributions in relation to the charter required contribution or ADC | (245,994)    | (2,259)          | (63)                     |
| Contribution deficiency/(excess)                                      | \$ -         | \$ (1,446)       | \$ (12)                  |
| Covered payroll                                                       | \$ 3,955,498 | \$ 7,430         | \$ 4,420                 |
| Contributions as a percentage of covered payroll                      | 6.22%        | 30.40%           | 1.43%                    |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Schedules of Employer Contributions**  
**Other Postemployment Healthcare Benefits Plans (Continued)**  
Year Ended June 30, 2025\*  
(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           | \$ 138                   |
| Contributions in relation to the charter required contribution or ADC | (235,962)    | (2,901)          | (61)                     |
| Contribution deficiency/(excess)                                      | \$ -         | \$ (2,099)       | \$ 77                    |
| Covered payroll                                                       | \$ 3,951,792 | \$ 6,745         | \$ 4,355                 |
| Contributions as a percentage of covered payroll                      | 5.97%        | 43.01%           | 1.40%                    |

| For the year ended June 30, 2019                                      |              |                  |                          |
|-----------------------------------------------------------------------|--------------|------------------|--------------------------|
|                                                                       | City Plan    | Successor Agency | Transportation Authority |
| Charter required or actuarially determined contributions (ADC)        | \$ 218,625   | \$ 812           | \$ 138                   |
| Contributions in relation to the charter required contribution or ADC | (218,625)    | (2,967)          | (138)                    |
| Contribution deficiency/(excess)                                      | \$ -         | \$ (2,155)       | \$ -                     |
| Covered payroll                                                       | \$ 3,763,446 | \$ 6,384         | \$ 4,039                 |
| Contributions as a percentage of covered payroll                      | 5.81%        | 46.48%           | 3.42%                    |

| For the year ended June 30, 2018                                      |              |                  |                          |
|-----------------------------------------------------------------------|--------------|------------------|--------------------------|
|                                                                       | City Plan    | Successor Agency | Transportation Authority |
| Charter required or actuarially determined contributions (ADC)        | \$ 203,858   | \$ 813           | \$ 143                   |
| Contributions in relation to the charter required contribution or ADC | (203,858)    | (2,145)          | (143)                    |
| Contribution deficiency/(excess)                                      | \$ -         | \$ (1,332)       | \$ -                     |
| Covered payroll                                                       | \$ 3,583,448 | \$ 5,742         | \$ 4,045                 |
| Contributions as a percentage of covered payroll                      | 5.69%        | 37.36%           | 3.54%                    |

| For the year ended June 30, 2017                                      |              |                  |                          |
|-----------------------------------------------------------------------|--------------|------------------|--------------------------|
|                                                                       | City Plan    | Successor Agency | Transportation Authority |
| Charter required or actuarially determined contributions (ADC)        | \$ 183,898   | \$ 804           | \$ 165                   |
| Contributions in relation to the charter required contribution or ADC | (183,898)    | (1,097)          | (165)                    |
| Contribution deficiency/(excess)                                      | \$ -         | \$ (293)         | \$ -                     |
| Covered payroll                                                       | \$ 3,393,658 | \$ 5,042         | \$ 3,946                 |
| Contributions as a percentage of covered payroll                      | 5.42%        | 21.76%           | 4.18%                    |

\* Fiscal year 2017-18 was the first year of implementation of GASB No. 75, and only nine years of information is available for the City plan, Successor Agency plan and the Transportation Authority plan.





**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Budgetary Comparison Schedule - General Fund**  
Year Ended June 30, 2025  
(In Thousands)

|                                                   | Original<br>Budget | Final Budget        | Actual<br>Budgetary<br>Basis | Variance<br>Positive<br>(Negative) |
|---------------------------------------------------|--------------------|---------------------|------------------------------|------------------------------------|
| <b>Budgetary Fund Balance, July 1</b>             | <b>\$ 301,875</b>  | <b>\$ 2,813,034</b> | <b>\$ 2,813,034</b>          | <b>\$ -</b>                        |
| <b>Resources (Inflows):</b>                       |                    |                     |                              |                                    |
| Property taxes.....                               | 2,469,580          | 2,469,580           | 2,485,131                    | 15,551                             |
| Business taxes.....                               | 1,023,000          | 1,022,943           | 1,120,358                    | 97,415                             |
| Other local taxes:                                |                    |                     |                              |                                    |
| Sales and use tax.....                            | 193,690            | 193,690             | 188,348                      | (5,342)                            |
| Hotel room tax.....                               | 285,170            | 285,170             | 255,330                      | (29,840)                           |
| Utility users tax.....                            | 110,730            | 110,730             | 111,811                      | 1,081                              |
| Parking tax.....                                  | 86,900             | 86,900              | 81,285                       | (5,615)                            |
| Real property transfer tax.....                   | 218,850            | 218,850             | 294,366                      | 75,516                             |
| Other local taxes.....                            | 73,830             | 73,830              | 78,384                       | 4,554                              |
| Licenses, permits and franchises:                 |                    |                     |                              |                                    |
| Licenses and permits.....                         | 15,470             | 16,032              | 16,345                       | 313                                |
| Franchise tax.....                                | 16,332             | 16,332              | 17,529                       | 1,197                              |
| Fines, forfeitures, and penalties.....            | 3,921              | 3,914               | 5,258                        | 1,344                              |
| Interest and investment income.....               | 146,715            | 135,134             | 171,129                      | 35,995                             |
| Rents and concessions:                            |                    |                     |                              |                                    |
| Garages - Recreation and Park.....                | 7,479              | 8,979               | 8,720                        | (259)                              |
| Rents and concessions - Recreation and Park.....  | 6,116              | 6,116               | 6,101                        | (15)                               |
| Other rents and concessions.....                  | 550                | 1,069               | 964                          | (105)                              |
| Intergovernmental:                                |                    |                     |                              |                                    |
| Federal grants and subventions.....               | 436,087            | 413,311             | 394,241                      | (19,070)                           |
| State subventions:                                |                    |                     |                              |                                    |
| Social service subventions.....                   | 177,542            | 191,344             | 194,238                      | 2,894                              |
| Health / mental health subventions.....           | 161,256            | 163,410             | 233,066                      | 69,696                             |
| Health and welfare realignment.....               | 372,235            | 374,886             | 404,215                      | 29,329                             |
| Public safety sales tax.....                      | 99,560             | 99,560              | 96,145                       | (3,415)                            |
| Other grants and subventions.....                 | 70,660             | 80,214              | 95,739                       | 15,525                             |
| Other.....                                        | 4,023              | 4,352               | 1,975                        | (2,377)                            |
| Charges for services:                             |                    |                     |                              |                                    |
| General government service charges.....           | 184,028            | 184,240             | 183,057                      | (1,183)                            |
| Public safety service charges.....                | 46,050             | 46,588              | 45,373                       | (1,215)                            |
| Recreation charges - Recreation and Park.....     | 28,299             | 29,725              | 28,635                       | (1,090)                            |
| MediCal, Medicare and health service charges..... | 93,046             | 98,616              | 125,116                      | 26,500                             |
| Other financing sources:                          |                    |                     |                              |                                    |
| Transfers from other funds.....                   | 206,499            | 294,442             | 294,044                      | (398)                              |
| Other resources (inflows).....                    | 19,444             | 27,340              | 8,437                        | (18,903)                           |
| <b>Subtotal - Resources (Inflows)</b>             | <b>6,557,062</b>   | <b>6,657,297</b>    | <b>6,945,340</b>             | <b>288,043</b>                     |
| Total amounts available for appropriation.....    | <b>6,858,937</b>   | <b>9,470,331</b>    | <b>9,758,374</b>             | <b>288,043</b>                     |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                              | Original<br>Budget | Final Budget     | Actual<br>Budgetary<br>Basis | Variance<br>Positive<br>(Negative) |
|--------------------------------------------------------------|--------------------|------------------|------------------------------|------------------------------------|
| <b>Charges to Appropriations (Outflows):</b>                 |                    |                  |                              |                                    |
| <b>Public Protection</b>                                     |                    |                  |                              |                                    |
| Adult Probation.....                                         | \$ 50,158          | \$ 54,333        | \$ 46,396                    | \$ 7,937                           |
| District Attorney.....                                       | 85,222             | 84,955           | 84,143                       | 812                                |
| Emergency Management.....                                    | 93,518             | 90,106           | 88,738                       | 1,368                              |
| Fire Department.....                                         | 477,799            | 495,197          | 492,408                      | 2,789                              |
| Juvenile Probation.....                                      | 32,441             | 28,701           | 28,273                       | 428                                |
| Police Accountability.....                                   | 9,383              | 9,424            | 9,023                        | 401                                |
| Police Department.....                                       | 714,363            | 729,172          | 729,159                      | 13                                 |
| Public Defender.....                                         | 55,401             | 55,906           | 55,646                       | 260                                |
| Sheriff.....                                                 | 280,677            | 278,919          | 278,417                      | 502                                |
| Sheriff Accountability.....                                  | 1,304              | 1,256            | 1,118                        | 138                                |
| Superior Court.....                                          | 32,957             | 32,896           | 32,896                       | -                                  |
| <b>Subtotal - Public Protection</b>                          | <b>1,833,223</b>   | <b>1,860,865</b> | <b>1,846,217</b>             | <b>14,648</b>                      |
| <b>Public Works, Transportation and Commerce</b>             |                    |                  |                              |                                    |
| Appeals Board.....                                           | 1,199              | 1,199            | 984                          | 215                                |
| Building Inspection.....                                     | -                  | -                | 67                           | -                                  |
| Economic and Workforce Development.....                      | 112,767            | 102,617          | 93,718                       | 8,899                              |
| Municipal Transportation Agency.....                         | -                  | 49               | 49                           | -                                  |
| Public Utilities Commission.....                             | -                  | 159              | 159                          | -                                  |
| Public Works.....                                            | 118,769            | 126,847          | 126,827                      | 20                                 |
| <b>Subtotal - Public Works, Transportation and Commerce</b>  | <b>232,735</b>     | <b>230,938</b>   | <b>221,804</b>               | <b>9,134</b>                       |
| <b>Human Welfare and Neighborhood Development</b>            |                    |                  |                              |                                    |
| Children, Youth and Their Families.....                      | 59,291             | 50,849           | 50,176                       | 673                                |
| Early Childhood.....                                         | 13,608             | 14,043           | 10,882                       | 3,161                              |
| Environment.....                                             | 1,509              | 1,310            | 1,294                        | 16                                 |
| Homelessness and Supportive Housing.....                     | 353,057            | 353,034          | 344,527                      | 8,507                              |
| Human Rights Commission.....                                 | 34,751             | 24,448           | 24,296                       | 152                                |
| Human Services.....                                          | 1,096,540          | 1,089,695        | 1,076,788                    | 12,907                             |
| Rent Arbitration Board.....                                  | -                  | 385              | 385                          | -                                  |
| Mayor's Office.....                                          | 61,241             | 107,979          | 105,124                      | 2,855                              |
| Status of Women.....                                         | 11,710             | 13,015           | 10,692                       | 2,323                              |
| <b>Subtotal - Human Welfare and Neighborhood Development</b> | <b>1,631,707</b>   | <b>1,654,758</b> | <b>1,624,164</b>             | <b>30,594</b>                      |
| <b>Community Health</b>                                      |                    |                  |                              |                                    |
| Public Health.....                                           | 1,134,553          | 1,203,239        | 1,197,168                    | 6,071                              |
| <b>Culture and Recreation</b>                                |                    |                  |                              |                                    |
| Academy of Sciences.....                                     | 7,659              | 7,677            | 7,212                        | 465                                |
| Arts Commission.....                                         | 10,741             | 10,123           | 10,109                       | 14                                 |
| Asian Art Museum.....                                        | 11,426             | 11,396           | 11,273                       | 123                                |
| Fine Arts Museums.....                                       | 22,339             | 24,252           | 24,252                       | -                                  |
| Law Library.....                                             | 1,286              | 1,290            | 1,233                        | 57                                 |
| Library.....                                                 | -                  | 2                | 2                            | -                                  |
| Recreation and Park Commission.....                          | 127,798            | 131,017          | 129,206                      | 1,811                              |
| War Memorial.....                                            | 554                | 573              | 508                          | 65                                 |
| <b>Subtotal - Culture and Recreation</b>                     | <b>181,803</b>     | <b>186,330</b>   | <b>183,795</b>               | <b>2,535</b>                       |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                                                   | Original<br>Budget | Final Budget        | Actual<br>Budgetary<br>Basis | Variance<br>Positive<br>(Negative) |
|---------------------------------------------------------------------------------------------------|--------------------|---------------------|------------------------------|------------------------------------|
| <b>General Administration and Finance</b>                                                         |                    |                     |                              |                                    |
| Assessor/Recorder.....                                                                            | \$ 37,871          | \$ 38,839           | \$ 37,707                    | \$ 1,132                           |
| Board of Supervisors.....                                                                         | 23,278             | 23,631              | 23,631                       | -                                  |
| City Attorney.....                                                                                | 36,379             | 37,639              | 24,787                       | 12,852                             |
| Civil Service.....                                                                                | 1,094              | 1,097               | 1,025                        | 72                                 |
| Controller.....                                                                                   | 14,352             | 18,013              | 17,619                       | 394                                |
| Elections.....                                                                                    | 25,462             | 23,321              | 21,303                       | 2,018                              |
| Ethics.....                                                                                       | 14,285             | 12,964              | 12,011                       | 953                                |
| General Services Agency - Administrative Services.....                                            | 75,620             | 86,951              | 85,497                       | 1,454                              |
| Health Service System.....                                                                        | 2,068              | 2,081               | 1,280                        | 801                                |
| Human Resources.....                                                                              | 14,938             | 17,324              | 15,416                       | 1,908                              |
| Mayor's Office.....                                                                               | 8,305              | 8,279               | 8,175                        | 104                                |
| Planning.....                                                                                     | 40,744             | 41,581              | 40,166                       | 1,415                              |
| Retirement System.....                                                                            | 1,927              | 1,699               | 1,626                        | 73                                 |
| Telecommunications and Information Services.....                                                  | 5,697              | 7,524               | 7,507                        | 17                                 |
| Treasurer/Tax Collector.....                                                                      | 35,058             | 36,952              | 36,200                       | 752                                |
| Subtotal - General Administration and Finance                                                     | <u>337,078</u>     | <u>357,895</u>      | <u>333,950</u>               | <u>23,945</u>                      |
| <b>General City Responsibilities</b>                                                              |                    |                     |                              |                                    |
| General City Responsibilities.....                                                                | 163,584            | 173,054             | 153,253                      | 19,801                             |
| Other financing uses:                                                                             |                    |                     |                              |                                    |
| Debt service.....                                                                                 | 48,132             | 7,399               | 13                           | 7,386                              |
| Transfers to other funds.....                                                                     | 1,250,314          | 1,344,225           | 1,344,225                    | -                                  |
| Budgetary reserves and designations.....                                                          | 45,808             | 40,000              | -                            | 40,000                             |
| Total charges to appropriations.....                                                              | 6,858,937          | 7,058,703           | 6,904,589                    | 154,114                            |
| Total Sources less Current Year Uses.....                                                         | <u>\$ -</u>        | <u>\$ 2,411,628</u> | <u>\$ 2,853,785</u>          | <u>\$ 442,157</u>                  |
| <b>Budgetary fund balance, June 30 before reserves and designations</b>                           |                    |                     | \$ 2,853,785                 |                                    |
| Reserves and designations made from budgetary fund balance not available for appropriation        |                    |                     | (1,529,429)                  |                                    |
| Reserve for Litigation and Contingencies and General Reserve                                      |                    |                     | (462,370)                    |                                    |
| <b>Net Available Budgetary Fund Balance, June 30</b>                                              |                    |                     | <u>\$ 861,986</u>            |                                    |
| Sources/inflows of resources                                                                      |                    |                     |                              |                                    |
| Actual amounts (budgetary basis) "available for appropriation".....                               |                    |                     | \$ 9,758,374                 |                                    |
| 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.....                                      |                    |                     |                              |                                    |
|                                                                                                   |                    |                     | (2,813,034)                  |                                    |
| Property tax revenue - Teeter Plan net change from prior year.....                                |                    |                     | (16,891)                     |                                    |
| Change in unrealized gain/(loss) on investments.....                                              |                    |                     | 73,520                       |                                    |
| Interest earnings / charges from other funds assigned to General Fund as interest adjustment..... |                    |                     | (68,147)                     |                                    |
| Interest earnings from other funds assigned to General Fund as other revenues.....                |                    |                     | 23,965                       |                                    |
| Grants, subventions and other receivables received after 60-day recognition period.....           |                    |                     | (44,432)                     |                                    |
| Change in prepaid lease revenue, leases receivable, and deferred inflows related to leases.....   |                    |                     | 84                           |                                    |
| Transfers from other funds are inflows of budgetary resources, but are not                        |                    |                     |                              |                                    |
| revenues for financial reporting purposes.....                                                    |                    |                     | (294,044)                    |                                    |
| Total revenues as reported on the statement of revenues, expenditures and changes                 |                    |                     |                              |                                    |
| in fund balance - General Fund.....                                                               |                    |                     | <u>\$ 6,619,395</u>          |                                    |
| Uses/outflows of resources                                                                        |                    |                     |                              |                                    |
| Actual amounts (budgetary basis) "total charges to appropriations".....                           |                    |                     | \$ 6,904,589                 |                                    |
| Difference - budget to GAAP:                                                                      |                    |                     |                              |                                    |
| Recognition of expenditures for advances and imprest cash and capital asset acquisition           |                    |                     |                              |                                    |
| for internal service fund.....                                                                    |                    |                     |                              |                                    |
|                                                                                                   |                    |                     | (593)                        |                                    |
| Intergovernmental expense offset.....                                                             |                    |                     | (192,198)                    |                                    |
| Recognition of expenditures at lease initiation.....                                              |                    |                     | 76,138                       |                                    |
| Transfers to other funds are outflows of budgetary resources but are not                          |                    |                     |                              |                                    |
| expenditures for financial reporting purposes.....                                                |                    |                     | (1,344,225)                  |                                    |
| Total expenditures as reported on the statement of revenues, expenditures and changes             |                    |                     |                              |                                    |
| in fund balance - General Fund.....                                                               |                    |                     | <u>\$ 5,443,711</u>          |                                    |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

**Notes to Budgetary Schedule:**

**(a) Budgetary Data**

The City adopts two-year rolling budgets annually for all governmental funds on a substantially modified accrual basis of accounting except for capital project funds and certificates of participation and other debt service funds, which substantially adopt project length budgets.

The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are deliberated, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

The Administrative Code Chapter 3 outlines the City's general budgetary procedures, with Section 3.3 detailing the budget timeline. A summary of the key budgetary steps is summarized as follows:

**Original Budget**

- (1) Departments and Commissions conduct hearings to obtain public comment on their proposed annual budgets beginning in December and submit their budget proposals to the Controller's Office no later than February 21.
- (2) The Controller's Office consolidates the budget estimates and transmits them to the Mayor's Office no later than the first working day of March. Staff of the Mayor's Office analyze, review and refine the budget estimates before transmitting the Mayor's Proposed Budget to the Board of Supervisors.
- (3) By the first working day of May, the Mayor submits the Proposed Budget for selected departments to the Board of Supervisors. The selected departments are determined by the Controller in consultation with the Board President and the Mayor's Budget Director. Criteria for selecting the departments include (1) that they are not supported by the City's General Fund or (2) that they do not rely on the State's budget submission in May for their revenue sources.
- (4) By the first working day of June, the Mayor submits the complete Proposed Budget to the Board of Supervisors along with a draft of the Annual Appropriation Ordinance prepared by the Controller's Office.
- (5) Within five working days of the Mayor's proposed budget transmission to the Board of Supervisors, the Controller reviews the estimated revenues and assumptions in the Mayor's Proposed Budget and provides an opinion as to their accuracy and reasonableness. The Controller also may make a recommendation regarding prudent reserves given the Mayor's proposed resources and expenditures.
- (6) The designated Committee (usually the Budget Committee) of the Board of Supervisors conducts hearings, hears public comment, and reviews the Mayor's Proposed Budget. The Committee recommends an interim budget reflecting the Mayor's budget transmittal and, by June 30, the Board of Supervisors passes interim appropriation and salary ordinances.
- (7) Not later than the last working day of July, the Board of Supervisors adopts the budget through passage of the Annual Appropriation Ordinance, the legal authority for enactment of the budget.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

**Final Budget**

The final budgetary data presented in the budgetary comparison schedule reflects the following changes to the original budget:

- (1) Certain annual appropriations are budgeted on a project or program basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations, including encumbered funds, are carried forward to the following year. In certain circumstances, other programs and regular annual appropriations may be carried forward after appropriate approval. Annually appropriated funds, not authorized to be carried forward, lapse at the end of the fiscal year. Appropriations carried forward from the prior year are included in the final budgetary data.
- (2) Appropriations may be adjusted during the year with the approval of the Mayor and the Board of Supervisors, e.g. supplemental appropriations. Additionally, the Controller is authorized to make certain transfers of surplus appropriations within a department. Such adjustments are reflected in the final budgetary data.

The Annual Appropriation Ordinance adopts the budget at the character level of expenditure within departments. As described above, the Controller is authorized to make certain transfers of appropriations within departments. Accordingly, the legal level of budgetary control by the Board of Supervisors is the department level.

Budgetary data, as revised, is presented as required supplementary information for the General Fund. Final budgetary data excludes the amount reserved for encumbrances for appropriate comparison to actual expenditures.

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

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

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

**CITY AND COUNTY OF SAN FRANCISCO**  
**Required Supplementary Information (Unaudited) –**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

The fund balance of the General Fund as of June 30, 2025, on a Budget basis is reconciled to the fund balance on a GAAP basis as follows:

|                                                                                                             |                     |
|-------------------------------------------------------------------------------------------------------------|---------------------|
| Fund Balance - Budget Basis.....                                                                            | \$ 2,853,785        |
| Unrealized Gains/ (Losses) on Investments.....                                                              | (5,617)             |
| Cumulative Excess Property Tax Revenues Recognized on a Budget Basis.....                                   | (70,943)            |
| Cumulative Excess Health, Human Services, Franchise and Other Revenues<br>Recognized on a Budget Basis..... | (159,470)           |
| Pre-paid Lease Revenue, Lease Receivables, and Deferred Inflows (net).....                                  | (2,029)             |
| Nonspendable Fund Balance (Assets Reserved for Not Available for Appropriation).....                        | 1,503               |
| Fund Balance - GAAP basis.....                                                                              | <u>\$ 2,617,229</u> |

General Fund budget basis fund balance as of June 30, 2025 is composed of the following:

|                                                 |                     |
|-------------------------------------------------|---------------------|
| Not available for appropriations:               |                     |
| Restricted Fund Balance:                        |                     |
| Rainy Day - Economic Stabilization Reserve..... | \$ 114,539          |
| Committed Fund Balance:                         |                     |
| Budget Stabilization Reserves.....              | 445,745             |
| Assigned for Encumbrances.....                  | 385,055             |
| Assigned for Appropriation Carryforward.....    | 534,533             |
| Assigned for Self-Insurance.....                | 40,000              |
| Assigned for Subsequent Years' Budgets:         |                     |
| Salaries and Benefits Costs (MOU).....          | 9,557               |
| Subtotal.....                                   | <u>\$ 1,529,429</u> |

|                                                                                                                      |                     |
|----------------------------------------------------------------------------------------------------------------------|---------------------|
| Available for appropriations:                                                                                        |                     |
| Assigned for Litigation and Contingencies.....                                                                       | 325,541             |
| Assigned balance subsequently appropriated as part of<br>the General Fund budget for use in fiscal year 2025-26..... | 152,745             |
| Unassigned - General Reserve.....                                                                                    | 136,829             |
| Unassigned - Federal & State Emergency Revenue Reserve.....                                                          | 2,120               |
| Unassigned - Fiscal Cliff Reserve.....                                                                               | 40,000              |
| Unassigned - Business Tax Stabilization Reserve.....                                                                 | 29,454              |
| Unassigned - Federal & State Revenue Risk Reserve.....                                                               | 221,605             |
| Unassigned - Other Reserves.....                                                                                     | 7,911               |
| Unassigned - Budget for use in fiscal year 2026-27.....                                                              | 229,612             |
| Unassigned - Projected for use in fiscal year 2027-28.....                                                           | 139,961             |
| Unassigned - Available for future appropriations.....                                                                | 38,578              |
| Subtotal.....                                                                                                        | <u>1,324,356</u>    |
| Fund Balance, June 30, 2025 - Budget basis.....                                                                      | <u>\$ 2,853,785</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

*Building Inspection Fund* – Accounts for the revenues and expenditures of the Bureau of Building Inspection which provides enforcement and implementation of laws regulating the use, occupancy, location and maintenance of buildings. This fund shall be used by the Department of Building Inspection to defray the costs of the Bureau of Building Inspection in processing and reviewing permits applications and plans, filed inspections, code enforcement and reproduction of documents.

*Children and Families Fund* – Accounts for property tax revenues, tobacco tax funding from Proposition 10 and interest earnings designated by Charter provision. Monies in this fund are used as specified in the Charter and Proposition 10 to provide services to children less than eighteen years old, and to promote, support and improve the early development of children from the prenatal stage to five years of age.

*Community/Neighborhood Development Fund* – Accounts for various grants primarily from the Department of Housing and Urban Development including federal grants administered by the former Redevelopment Agency to provide for community development of rundown areas; to promote new housing, child care centers and public recreation areas; to provide a variety of social programs for the underprivileged and provide loans for various community development activities. This fund also includes proceeds from a bond issuance to benefit the Seismic Safety Loan Program which provides loans for seismic strengthening of privately-owned unreinforced masonry buildings in the City.

*Community Health Services Fund* – Accounts for state and federal grants used to promote public health and mental health programs.

*Convention Facilities Fund* – Accounts for operating revenues of the convention facilities: Moscone Center, Brooks Hall and Civic Auditorium. In addition to transfers for lease payments of the Moscone Center, this fund provides for operating costs of the various convention facilities and the San Francisco Convention and Visitors Bureau.

*Culture and Recreation Fund* – Accounts for revenues received from a variety of cultural and recreational funds such as Public Arts, Youth Arts and Yacht Harbor with revenues used for certain specified operating costs.

*Environmental Protection Fund* – Accounts for revenues received from state, federal and other sources for the preservation of the environment, recycling, and reduction of toxic waste from the City's waste stream.

*Gasoline Tax Fund* – Accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code and for operating transfers from other funds which are used for the same purposes. State subventions are restricted to uses related to local streets and highways, acquisitions of real property, construction and improvements, and maintenance and repairs.

*General Services Fund* – Accounts for the activities of several non-grant activities, generally established by administrative action.

*Gift and Other Expendable Trusts Fund* – Accounts for certain cash gifts which have been accepted by the Board of Supervisors on behalf of the City and the operations of two smaller funds that cannot properly be grouped into the Gift Fund because of their specific terms. Disbursements are made by departments, boards and commissions in accordance with the purposes, if any, specified by the donor. Activities are controlled by project accounting procedures maintained by the Controller.

*Golf Fund* – Accounts for the revenue and expenditures related to the City's six golf courses.

*Human Welfare Fund* – Accounts for state and federal grants used to promote education and discourage domestic violence.

**CITY AND COUNTY OF SAN FRANCISCO**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS (Continued)**

*Low and Moderate Income Housing Asset Fund* – Accounts for the former Redevelopment Agency's affordable housing assets upon its dissolution on January 31, 2012.

*Open Space and Park Fund* – Accounts for property tax revenues designated by Charter provision, interest earnings and miscellaneous service charges and gifts. Monies in this fund are used as specified in the Charter for acquisition and development of parks and open space parcels, for renovation of existing parks and recreation facilities, for maintenance of properties acquired and for after-school recreation programs.

*Our City Our Home Fund* – Accounts for revenue from City's homelessness gross receipts tax, dedicated for homelessness services and affordable housing, which was authorized by voters through November 2018 Proposition C.

*Public Library Fund* – Accounts for property tax revenues and interest earnings designated by Charter provision. Monies in this fund are to be expended or used exclusively by the library department to provide library services and materials and to operate library facilities.

*Public Protection Fund* – Accounts for grants received and revenues and expenditures of 21 special revenue funds including fingerprinting, vehicle theft crimes, peace officer training and other activities related to public protection.

*Public Works, Transportation and Commerce Fund* – Accounts for the revenues and expenditures of 13 special revenue funds including construction inspection, engineering inspection and other activities related to public works projects. In addition, the fund accounts for various grants from federal and state agencies expended for specific purposes, activities or facilities related to transportation and commerce.

*Real Property Fund* – Accounts for the lease revenue from real property purchased with the proceeds from certificates of participation. The lease revenue is used for operations and to pay for debt service of the certificates of participation. Sales and disposals of real property are also accounted for in this fund.

*San Francisco County Transportation Authority Fund* – Accounts for the proceeds of a one-half of one percent increase in local sales tax authorized by the voters for mass transit and other traffic and transportation purposes.

*Senior Citizens Program Fund* – Accounts for grant revenues from the federal and state government to be used to promote the well-being of San Francisco senior citizens.

*Tax Increment Financing Districts Fund* – Accounts for the activities of various Infrastructure Financing Districts and Infrastructure and Revitalization Districts which have been established for the purpose of financing public infrastructure and affordable housing. In addition, the fund accounts for the activities of Special Tax District or Community Facilities District to which the City has pledged certain tax increment revenues for debt service purposes.

*War Memorial Fund* – Accounts for the costs of maintaining, operating and caring for the War Memorial buildings and grounds.

**CITY AND COUNTY OF SAN FRANCISCO  
NONMAJOR GOVERNMENTAL FUNDS**

**DEBT SERVICE FUNDS**

The Debt Service Funds account for the accumulation of property taxes and other revenues for periodic payment of interest and principal on general obligation and certain lease revenue bonds, certificates of participation, and related authorized costs.

*General Obligation Bond Fund* – Accounts for property taxes and other revenues, (including the tobacco settlement revenues in excess of the \$100 million required to fund the Laguna Honda Hospital construction project) for periodic payment of interest and principal of general obligation bonds and related costs. Provisions are made in the general property tax levy for monies sufficient to meet these requirements in accordance with Article XIII of the State Constitution (Proposition 13).

*Certificates of Participation (COP) Funds* – Accounts for Base Rental payments from the various Special Revenue Funds and General Fund which provide for periodic payments of interest and principal. The COPs are being sold to provide funds to finance the acquisition of existing office buildings and certain improvements thereto, or the construction of City buildings such as the Courthouse, to be leased to the City for use of certain City departments as office space.

*Other Bond Funds* – Accounts for funds and debt service for the revolving fund loans operated and managed by the Mayor's Office of Community Development to assist with economic development efforts in low income neighborhoods (Facade Improvement Program) and for the interim financing of revolving credit facility for the Transbay Joint Powers Authority on the Transbay Transit Center project.

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditures for the acquisition of land or acquisition and construction of major facilities other than those financed in the proprietary fund types.

*City Facilities Improvement Fund* – Accounts for bond proceeds, capital lease financing, federal and local funds and transfers from other funds which are designated for various buildings and general improvements. Expenditures for acquisition and construction of public buildings and improvements are made in accordance with bond requirements and appropriation ordinances.

*Recreation and Park Projects Fund* – Accounts for bond proceeds, federal and state grants, gifts and transfers from other funds which are designated for various recreation and park additions and development. Expenditures for acquisition and construction of recreation and park facilities are made in accordance with bond requirements and appropriation ordinances.

*Street Improvement Fund* – Accounts for gas tax subventions, bond fund proceeds and other revenues which are designated for general street improvements. Expenditures for land acquisition and construction of designated improvements are made in accordance with applicable state codes, City charter provisions and bond requirements.

**PERMANENT FUND**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

*Bequest Fund* – Accounts for income and disbursements of bequests accepted by the City. Disbursements are made in accordance with terms of the bequests.

**CITY AND COUNTY OF SAN FRANCISCO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2025  
(In Thousands)**

|                                                                                | Special<br>Revenue Funds | Debt Service<br>Funds | Capital<br>Projects Funds | Permanent<br>Fund<br>Bequest<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|--------------------------------------------------------------------------------|--------------------------|-----------------------|---------------------------|--------------------------------------|-----------------------------------------|
| <b>Assets:</b>                                                                 |                          |                       |                           |                                      |                                         |
| Deposits and investments with City Treasury.....                               | \$ 3,972,633             | \$ 191,184            | \$ 454,085                | \$ 5,296                             | \$ 4,623,198                            |
| Deposits and investments outside City Treasury.....                            | 97,927                   | 58,530                | 155,106                   | -                                    | 311,563                                 |
| Receivables:                                                                   |                          |                       |                           |                                      |                                         |
| Property taxes and penalties.....                                              | 4,239                    | 5,351                 | -                         | -                                    | 9,590                                   |
| Other local taxes.....                                                         | 125,670                  | -                     | -                         | -                                    | 125,670                                 |
| Federal and state grants and subventions.....                                  | 178,386                  | -                     | 12,362                    | -                                    | 190,748                                 |
| Charges for services.....                                                      | 22,067                   | -                     | -                         | -                                    | 22,067                                  |
| Interest and other.....                                                        | 31,384                   | 3,822                 | 4,430                     | 29                                   | 39,665                                  |
| Due from other funds.....                                                      | 37                       | -                     | 16,771                    | -                                    | 16,808                                  |
| Due from component units.....                                                  | 16,191                   | -                     | -                         | -                                    | 16,191                                  |
| Loans receivable (net of allowance for uncollectible amounts).....             | 293,816                  | -                     | -                         | -                                    | 293,816                                 |
| Long-term opioid settlement receivable.....                                    | 202,610                  | -                     | -                         | -                                    | 202,610                                 |
| Other assets.....                                                              | 13,814                   | -                     | -                         | -                                    | 13,814                                  |
| <b>Total assets.....</b>                                                       | <b>\$ 4,958,774</b>      | <b>\$ 258,887</b>     | <b>\$ 642,754</b>         | <b>\$ 5,325</b>                      | <b>\$ 5,865,740</b>                     |
| <b>Liabilities:</b>                                                            |                          |                       |                           |                                      |                                         |
| Accounts payable.....                                                          | \$ 331,939               | \$ -                  | \$ 44,447                 | \$ -                                 | \$ 376,386                              |
| Accrued payroll.....                                                           | 45,322                   | -                     | 1,610                     | -                                    | 46,932                                  |
| Unearned grant and subvention revenues.....                                    | 196,445                  | -                     | 6,838                     | -                                    | 203,283                                 |
| Due to other funds.....                                                        | 76,819                   | -                     | 22,666                    | -                                    | 99,485                                  |
| Unearned revenues and other liabilities.....                                   | 440,058                  | 66,404                | 10,644                    | -                                    | 517,106                                 |
| Bonds, loans, leases, and other payables.....                                  | 5,944                    | -                     | 37,603                    | -                                    | 43,547                                  |
| <b>Total liabilities.....</b>                                                  | <b>1,096,527</b>         | <b>66,404</b>         | <b>123,808</b>            | <b>-</b>                             | <b>1,286,739</b>                        |
| Deferred inflows of resources.....                                             | 598,991                  | 4,467                 | 8,272                     | -                                    | 611,730                                 |
| <b>Fund balances:</b>                                                          |                          |                       |                           |                                      |                                         |
| Restricted.....                                                                | 2,983,006                | 188,016               | 510,674                   | 5,325                                | 3,687,021                               |
| Assigned.....                                                                  | 281,631                  | -                     | -                         | -                                    | 281,631                                 |
| Unassigned.....                                                                | (1,381)                  | -                     | -                         | -                                    | (1,381)                                 |
| <b>Total fund balances.....</b>                                                | <b>3,263,256</b>         | <b>188,016</b>        | <b>510,674</b>            | <b>5,325</b>                         | <b>3,967,271</b>                        |
| <b>Total liabilities, deferred inflows of resources and fund balances.....</b> | <b>\$ 4,958,774</b>      | <b>\$ 258,887</b>     | <b>\$ 642,754</b>         | <b>\$ 5,325</b>                      | <b>\$ 5,865,740</b>                     |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                   | Special<br>Revenue<br>Funds | Debt Service<br>Funds | Capital<br>Projects Funds | Permanent<br>Fund<br>Bequest<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|-------------------------------------------------------------------|-----------------------------|-----------------------|---------------------------|--------------------------------------|-----------------------------------------|
| Revenues:                                                         |                             |                       |                           |                                      |                                         |
| Property taxes.....                                               | \$ 350,173                  | \$ 337,146            | \$ -                      | \$ -                                 | \$ 687,319                              |
| Business taxes.....                                               | 477,672                     | -                     | -                         | -                                    | 477,672                                 |
| Sales and use tax.....                                            | 110,101                     | -                     | -                         | -                                    | 110,101                                 |
| Hotel room tax.....                                               | 32,016                      | -                     | -                         | -                                    | 32,016                                  |
| Other local taxes.....                                            | 21,724                      | -                     | -                         | -                                    | 21,724                                  |
| Licenses, permits, and franchises.....                            | 18,490                      | -                     | -                         | -                                    | 18,490                                  |
| Fines, forfeitures, and penalties.....                            | 43,405                      | 15,277                | -                         | -                                    | 58,682                                  |
| Interest and investment income.....                               | 191,741                     | 19,984                | 23,078                    | 251                                  | 235,054                                 |
| Rents and concessions.....                                        | 175,416                     | -                     | 199                       | -                                    | 175,615                                 |
| Intergovernmental:                                                |                             |                       |                           |                                      |                                         |
| Federal.....                                                      | 322,968                     | -                     | 3,241                     | -                                    | 326,209                                 |
| State.....                                                        | 348,041                     | 626                   | 16,482                    | -                                    | 365,149                                 |
| Other.....                                                        | 9,489                       | -                     | 217                       | -                                    | 9,706                                   |
| Charges for services.....                                         | 166,790                     | -                     | 13                        | -                                    | 166,803                                 |
| Other.....                                                        | 44,978                      | 6,821                 | 4,448                     | 575                                  | 56,822                                  |
| Total revenues.....                                               | <u>2,313,004</u>            | <u>379,854</u>        | <u>47,678</u>             | <u>826</u>                           | <u>2,741,362</u>                        |
| Expenditures:                                                     |                             |                       |                           |                                      |                                         |
| Current:                                                          |                             |                       |                           |                                      |                                         |
| Public protection.....                                            | 99,032                      | -                     | -                         | -                                    | 99,032                                  |
| Public works, transportation and commerce.....                    | 369,333                     | -                     | -                         | -                                    | 369,333                                 |
| Human welfare and neighborhood development.....                   | 1,225,490                   | -                     | -                         | -                                    | 1,225,490                               |
| Community health.....                                             | 316,771                     | -                     | -                         | -                                    | 316,771                                 |
| Culture and recreation.....                                       | 401,422                     | -                     | -                         | 101                                  | 401,523                                 |
| General administration and finance.....                           | 130,941                     | -                     | -                         | -                                    | 130,941                                 |
| Distributions to other governments.....                           | 53,851                      | -                     | -                         | -                                    | 53,851                                  |
| Debt service:                                                     |                             |                       |                           |                                      |                                         |
| Principal retirement.....                                         | 18,324                      | 379,485               | -                         | -                                    | 397,809                                 |
| Interest and other fiscal charges.....                            | 16,118                      | 160,782               | 5,191                     | -                                    | 182,091                                 |
| Bond issuance costs.....                                          | 1,427                       | -                     | 3,720                     | -                                    | 5,147                                   |
| Capital outlay.....                                               | -                           | -                     | 229,576                   | -                                    | 229,576                                 |
| Total expenditures.....                                           | <u>2,632,709</u>            | <u>540,267</u>        | <u>238,487</u>            | <u>101</u>                           | <u>3,411,564</u>                        |
| Excess (deficiency) of revenues<br>over (under) expenditures..... | <u>(319,705)</u>            | <u>(160,413)</u>      | <u>(190,809)</u>          | <u>725</u>                           | <u>(670,202)</u>                        |
| Other financing sources (uses):                                   |                             |                       |                           |                                      |                                         |
| Transfers in.....                                                 | 524,409                     | 132,625               | 14,705                    | -                                    | 671,739                                 |
| Transfers out.....                                                | (221,790)                   | (118)                 | (308,363)                 | (91)                                 | (530,362)                               |
| Issuance of bonds:                                                |                             |                       |                           |                                      |                                         |
| Face value of bonds issued.....                                   | 252,545                     | -                     | 527,550                   | -                                    | 780,095                                 |
| Face value of loans issued.....                                   | 65,000                      | -                     | -                         | -                                    | 65,000                                  |
| Premium on issuance of bonds.....                                 | 483                         | -                     | 35,423                    | -                                    | 35,906                                  |
| Total other financing sources (uses).....                         | <u>620,647</u>              | <u>132,507</u>        | <u>269,315</u>            | <u>(91)</u>                          | <u>1,022,378</u>                        |
| Net changes in fund balances.....                                 | <u>300,942</u>              | <u>(27,906)</u>       | <u>78,506</u>             | <u>634</u>                           | <u>352,176</u>                          |
| Fund balances at beginning of year.....                           | <u>2,962,314</u>            | <u>215,922</u>        | <u>432,168</u>            | <u>4,691</u>                         | <u>3,615,095</u>                        |
| Fund balances at end of year.....                                 | <u>\$ 3,263,256</u>         | <u>\$ 188,016</u>     | <u>\$ 510,674</u>         | <u>\$ 5,325</u>                      | <u>\$ 3,967,271</u>                     |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds – Special Revenue Funds**  
June 30, 2025  
(In Thousands)

|                                                                            | Building<br>Inspection<br>Fund | Children and<br>Families Fund | Community /<br>Neighborhood<br>Development<br>Fund | Community<br>Health Services<br>Fund | Convention<br>Facilities<br>Fund | Culture and<br>Recreation<br>Fund |
|----------------------------------------------------------------------------|--------------------------------|-------------------------------|----------------------------------------------------|--------------------------------------|----------------------------------|-----------------------------------|
| Assets:                                                                    |                                |                               |                                                    |                                      |                                  |                                   |
| Deposits and investments with City Treasury.....                           | \$ 66,020                      | \$ 882,333                    | \$ 886,638                                         | \$ 163,271                           | \$ 62,304                        | \$ 55,645                         |
| Deposits and investments outside City Treasury.....                        | 5                              | -                             | 39,467                                             | -                                    | -                                | 2,772                             |
| Receivables:                                                               |                                |                               |                                                    |                                      |                                  |                                   |
| Property taxes and penalties.....                                          | -                              | 1,844                         | -                                                  | -                                    | -                                | -                                 |
| Other local taxes.....                                                     | -                              | 34,124                        | 29                                                 | -                                    | -                                | -                                 |
| Federal and state grants and subventions.....                              | -                              | 1,544                         | 21,723                                             | 47,800                               | -                                | 170                               |
| Charges for services.....                                                  | 215                            | 617                           | -                                                  | 22                                   | 8,492                            | 137                               |
| Interest and other.....                                                    | 580                            | 7,836                         | 7,187                                              | 1,624                                | 43                               | 150                               |
| Due from other funds.....                                                  | -                              | -                             | -                                                  | -                                    | -                                | -                                 |
| Due from component units.....                                              | -                              | -                             | -                                                  | -                                    | -                                | -                                 |
| Loans receivable (net of allowance for uncollectible<br>amounts).....      | 146                            | -                             | 293,229                                            | -                                    | -                                | -                                 |
| Long-term opioid settlement receivable.....                                | -                              | -                             | -                                                  | 202,610                              | -                                | -                                 |
| Other assets.....                                                          | -                              | -                             | 13,814                                             | -                                    | -                                | -                                 |
| Total assets.....                                                          | <u>\$ 66,966</u>               | <u>\$ 928,298</u>             | <u>\$ 1,262,087</u>                                | <u>\$ 415,327</u>                    | <u>\$ 70,839</u>                 | <u>\$ 58,874</u>                  |
| Liabilities:                                                               |                                |                               |                                                    |                                      |                                  |                                   |
| Accounts payable.....                                                      | \$ 1,848                       | \$ 103,349                    | \$ 32,192                                          | \$ 38,119                            | \$ 2,427                         | \$ 3,789                          |
| Accrued payroll.....                                                       | 3,762                          | 1,933                         | 2,125                                              | 3,955                                | 84                               | 725                               |
| Unearned grant and subvention revenues.....                                | -                              | -                             | 65,340                                             | 6,622                                | -                                | 3,548                             |
| Due to other funds.....                                                    | -                              | -                             | -                                                  | 376                                  | -                                | -                                 |
| Unearned revenues and other liabilities.....                               | 7,472                          | 23,410                        | 1,144                                              | 173                                  | 4,074                            | 819                               |
| Bonds, loans, leases, and other payables.....                              | -                              | -                             | 4,045                                              | -                                    | -                                | -                                 |
| Total liabilities.....                                                     | <u>13,082</u>                  | <u>128,692</u>                | <u>104,846</u>                                     | <u>49,245</u>                        | <u>6,585</u>                     | <u>8,881</u>                      |
| Deferred inflows of resources.....                                         | <u>173</u>                     | <u>3,096</u>                  | <u>300,364</u>                                     | <u>226,196</u>                       | <u>-</u>                         | <u>260</u>                        |
| Fund balances:                                                             |                                |                               |                                                    |                                      |                                  |                                   |
| Restricted.....                                                            | 53,711                         | 796,510                       | 730,284                                            | 139,886                              | 64,254                           | 38,375                            |
| Assigned.....                                                              | -                              | -                             | 126,593                                            | -                                    | -                                | 11,358                            |
| Unassigned.....                                                            | -                              | -                             | -                                                  | -                                    | -                                | -                                 |
| Total fund balances.....                                                   | <u>53,711</u>                  | <u>796,510</u>                | <u>856,877</u>                                     | <u>139,886</u>                       | <u>64,254</u>                    | <u>49,733</u>                     |
| Total liabilities, deferred inflows of resources<br>and fund balances..... | <u>\$ 66,966</u>               | <u>\$ 928,298</u>             | <u>\$ 1,262,087</u>                                | <u>\$ 415,327</u>                    | <u>\$ 70,839</u>                 | <u>\$ 58,874</u>                  |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
June 30, 2025  
(In Thousands)

|                                                                         | Environmental<br>Protection<br>Fund | Gasoline Tax<br>Fund | General<br>Services Fund | Gift and Other<br>Expendable<br>Trusts Fund | Golf Fund | Human<br>Welfare Fund |
|-------------------------------------------------------------------------|-------------------------------------|----------------------|--------------------------|---------------------------------------------|-----------|-----------------------|
| Assets:                                                                 |                                     |                      |                          |                                             |           |                       |
| Deposits and investments with City Treasury.....                        | \$ 5,779                            | \$ 108,669           | \$ 34,386                | \$ 21,392                                   | \$ 11,184 | \$ 111,856            |
| Deposits and investments outside City Treasury.....                     | -                                   | -                    | -                        | -                                           | -         | -                     |
| Receivables:                                                            |                                     |                      |                          |                                             |           |                       |
| Property taxes and penalties.....                                       | -                                   | -                    | -                        | -                                           | -         | -                     |
| Other local taxes.....                                                  | -                                   | -                    | 3                        | -                                           | -         | -                     |
| Federal and state grants and subventions.....                           | 1,040                               | 8,919                | 2,867                    | -                                           | -         | 11,511                |
| Charges for services.....                                               | 42                                  | 327                  | 416                      | 217                                         | 825       | -                     |
| Interest and other.....                                                 | -                                   | 487                  | 610                      | 69                                          | 112       | 1,105                 |
| Due from other funds.....                                               | 30                                  | -                    | -                        | -                                           | -         | -                     |
| Due from component units.....                                           | -                                   | -                    | -                        | -                                           | -         | -                     |
| Loans receivable (net of allowance for uncollectible amounts).....      | -                                   | -                    | -                        | -                                           | -         | -                     |
| Long-term opioid settlement receivable.....                             | -                                   | -                    | -                        | -                                           | -         | -                     |
| Other assets.....                                                       | -                                   | -                    | -                        | -                                           | -         | -                     |
| Total assets.....                                                       | \$ 6,891                            | \$ 118,402           | \$ 38,282                | \$ 21,678                                   | \$ 12,121 | \$ 124,472            |
| Liabilities:                                                            |                                     |                      |                          |                                             |           |                       |
| Accounts payable.....                                                   | \$ 261                              | \$ 7,283             | \$ 2,964                 | \$ 914                                      | \$ 931    | \$ 29,017             |
| Accrued payroll.....                                                    | 419                                 | 1,039                | 954                      | 69                                          | 427       | 516                   |
| Unearned grant and subvention revenues.....                             | 3,682                               | -                    | 3,055                    | 716                                         | -         | 65,007                |
| Due to other funds.....                                                 | -                                   | 487                  | -                        | -                                           | -         | -                     |
| Unearned revenues and other liabilities.....                            | -                                   | -                    | 74                       | 1                                           | -         | -                     |
| Bonds, loans, leases, and other payables.....                           | -                                   | -                    | -                        | -                                           | -         | -                     |
| Total liabilities.....                                                  | 4,362                               | 8,809                | 7,047                    | 1,700                                       | 1,358     | 94,540                |
| Deferred inflows of resources.....                                      | 403                                 | 149                  | 2,532                    | 212                                         | -         | 2,472                 |
| Fund balances:                                                          |                                     |                      |                          |                                             |           |                       |
| Restricted.....                                                         | 2,126                               | 109,444              | 4,853                    | 19,766                                      | -         | 27,093                |
| Assigned.....                                                           | -                                   | -                    | 23,850                   | -                                           | 10,763    | 367                   |
| Unassigned.....                                                         | -                                   | -                    | -                        | -                                           | -         | -                     |
| Total fund balances.....                                                | 2,126                               | 109,444              | 28,703                   | 19,766                                      | 10,763    | 27,460                |
| Total liabilities, deferred inflows of resources and fund balances..... | \$ 6,891                            | \$ 118,402           | \$ 38,282                | \$ 21,678                                   | \$ 12,121 | \$ 124,472            |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
June 30, 2025  
(In Thousands)

|                                                                         | Low and Moderate<br>Income<br>Housing Asset<br>Fund | Open Space<br>and Park Fund | Our City Our<br>Home Fund | Public Library<br>Fund | Public<br>Protection<br>Fund | Public Works,<br>Transportation<br>and Commerce<br>Fund |
|-------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------|---------------------------|------------------------|------------------------------|---------------------------------------------------------|
| Assets:                                                                 |                                                     |                             |                           |                        |                              |                                                         |
| Deposits and investments with City Treasury.....                        | \$ 49,867                                           | \$ 81,389                   | \$ 878,913                | \$ 188,205             | \$ 92,049                    | \$ 134,816                                              |
| Deposits and investments outside City Treasury.....                     | -                                                   | -                           | -                         | -                      | 152                          | -                                                       |
| Receivables:                                                            |                                                     |                             |                           |                        |                              |                                                         |
| Property taxes and penalties.....                                       | -                                                   | 1,198                       | -                         | 1,197                  | -                            | -                                                       |
| Other local taxes.....                                                  | -                                                   | -                           | 69,822                    | -                      | -                            | 1,676                                                   |
| Federal and state grants and subventions.....                           | -                                                   | -                           | -                         | -                      | 39,913                       | -                                                       |
| Charges for services.....                                               | -                                                   | -                           | 284                       | 7                      | 3,870                        | 5,388                                                   |
| Interest and other.....                                                 | 470                                                 | 725                         | 7,747                     | 651                    | 71                           | 356                                                     |
| Due from other funds.....                                               | -                                                   | -                           | -                         | -                      | -                            | -                                                       |
| Due from component units.....                                           | -                                                   | -                           | -                         | -                      | -                            | 1,873                                                   |
| Loans receivable (net of allowance for uncollectible amounts).....      | 441                                                 | -                           | -                         | -                      | -                            | -                                                       |
| Long-term opioid settlement receivable.....                             | -                                                   | -                           | -                         | -                      | -                            | -                                                       |
| Other assets.....                                                       | -                                                   | -                           | -                         | -                      | -                            | -                                                       |
| Total assets.....                                                       | \$ 50,778                                           | \$ 83,312                   | \$ 956,766                | \$ 190,060             | \$ 136,055                   | \$ 144,109                                              |
| Liabilities:                                                            |                                                     |                             |                           |                        |                              |                                                         |
| Accounts payable.....                                                   | \$ 4,876                                            | \$ 341                      | \$ 55,994                 | \$ 7,763               | \$ 7,384                     | \$ 5,759                                                |
| Accrued payroll.....                                                    | 86                                                  | 2,308                       | 2,560                     | 7,557                  | 3,680                        | 8,762                                                   |
| Unearned grant and subvention revenues.....                             | -                                                   | -                           | -                         | 7,625                  | 40,666                       | 172                                                     |
| Due to other funds.....                                                 | -                                                   | -                           | -                         | -                      | -                            | 256                                                     |
| Unearned revenues and other liabilities.....                            | 29                                                  | 14,652                      | 365,950                   | 14,650                 | 34                           | 5,183                                                   |
| Bonds, loans, leases, and other payables.....                           | -                                                   | -                           | -                         | -                      | 1,899                        | -                                                       |
| Total liabilities.....                                                  | 4,991                                               | 17,301                      | 424,504                   | 37,595                 | 53,663                       | 20,152                                                  |
| Deferred inflows of resources.....                                      | 441                                                 | 1,077                       | 283                       | 1,127                  | 19,051                       | 4,764                                                   |
| Fund balances:                                                          |                                                     |                             |                           |                        |                              |                                                         |
| Restricted.....                                                         | 45,346                                              | 64,934                      | 531,979                   | 150,180                | 60,655                       | 14,337                                                  |
| Assigned.....                                                           | -                                                   | -                           | -                         | 1,158                  | 2,686                        | 104,856                                                 |
| Unassigned.....                                                         | -                                                   | -                           | -                         | -                      | -                            | -                                                       |
| Total fund balances.....                                                | 45,346                                              | 64,934                      | 531,979                   | 151,338                | 63,341                       | 119,193                                                 |
| Total liabilities, deferred inflows of resources and fund balances..... | \$ 50,778                                           | \$ 83,312                   | \$ 956,766                | \$ 190,060             | \$ 136,055                   | \$ 144,109                                              |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
June 30, 2025  
(In Thousands)

|                                                                         | Real Property Fund | San Francisco County Transportation Authority Fund | Senior Citizens Program Fund | Tax Increment Financing Districts Fund | War Memorial Fund | Total        |
|-------------------------------------------------------------------------|--------------------|----------------------------------------------------|------------------------------|----------------------------------------|-------------------|--------------|
| Assets:                                                                 |                    |                                                    |                              |                                        |                   |              |
| Deposits and investments with City Treasury.....                        | \$ 52,031          | \$ 72,975                                          | \$ -                         | \$ 4,268                               | \$ 8,643          | \$ 3,972,633 |
| Deposits and investments outside City Treasury.....                     | 114                | 26,841                                             | -                            | 28,576                                 | -                 | 97,927       |
| Receivables:                                                            |                    |                                                    |                              |                                        |                   |              |
| Property taxes and penalties.....                                       | -                  | -                                                  | -                            | -                                      | -                 | 4,239        |
| Other local taxes.....                                                  | -                  | 20,016                                             | -                            | -                                      | -                 | 125,670      |
| Federal and state grants and subventions.....                           | -                  | 40,601                                             | 2,298                        | -                                      | -                 | 178,386      |
| Charges for services.....                                               | 968                | -                                                  | -                            | -                                      | 250               | 22,067       |
| Interest and other.....                                                 | 60                 | 1,281                                              | -                            | 141                                    | 79                | 31,384       |
| Due from other funds.....                                               | -                  | 7                                                  | -                            | -                                      | -                 | 37           |
| Due from component units.....                                           | -                  | 14,318                                             | -                            | -                                      | -                 | 16,191       |
| Loans receivable (net of allowance for uncollectible amounts).....      | -                  | -                                                  | -                            | -                                      | -                 | 293,816      |
| Long-term opioid settlement receivable.....                             | -                  | -                                                  | -                            | -                                      | -                 | 202,610      |
| Other assets.....                                                       | -                  | -                                                  | -                            | -                                      | -                 | 13,814       |
| Total assets.....                                                       | \$ 53,163          | \$ 176,039                                         | \$ 2,298                     | \$ 32,985                              | \$ 8,972          | \$ 4,958,774 |
| Liabilities:                                                            |                    |                                                    |                              |                                        |                   |              |
| Accounts payable.....                                                   | \$ 5,335           | \$ 20,404                                          | \$ 461                       | \$ 380                                 | \$ 148            | \$ 331,939   |
| Accrued payroll.....                                                    | 3,163              | 467                                                | -                            | -                                      | 711               | 45,322       |
| Unearned grant and subvention revenues.....                             | -                  | -                                                  | 12                           | -                                      | -                 | 196,445      |
| Due to other funds.....                                                 | -                  | 68,438                                             | 1,825                        | 5,437                                  | -                 | 76,819       |
| Unearned revenues and other liabilities.....                            | 2,379              | -                                                  | -                            | -                                      | 14                | 440,058      |
| Bonds, loans, leases, and other payables.....                           | -                  | -                                                  | -                            | -                                      | -                 | 5,944        |
| Total liabilities.....                                                  | 10,877             | 89,309                                             | 2,298                        | 5,817                                  | 873               | 1,096,527    |
| Deferred inflows of resources.....                                      | 15                 | 34,995                                             | 1,381                        | -                                      | -                 | 598,991      |
| Fund balances:                                                          |                    |                                                    |                              |                                        |                   |              |
| Restricted.....                                                         | 42,271             | 51,735                                             | -                            | 27,168                                 | 8,099             | 2,983,006    |
| Assigned.....                                                           | -                  | -                                                  | -                            | -                                      | -                 | 281,631      |
| Unassigned.....                                                         | -                  | -                                                  | (1,381)                      | -                                      | -                 | (1,381)      |
| Total fund balances.....                                                | 42,271             | 51,735                                             | (1,381)                      | 27,168                                 | 8,099             | 3,263,256    |
| Total liabilities, deferred inflows of resources and fund balances..... | \$ 53,163          | \$ 176,039                                         | \$ 2,298                     | \$ 32,985                              | \$ 8,972          | \$ 4,958,774 |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds – Special Revenue Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Building Inspection Fund | Children and Families Fund | Community / Neighborhood Development Fund | Community Health Services Fund | Convention Facilities Fund | Culture and Recreation Fund |
|----------------------------------------------------------------|--------------------------|----------------------------|-------------------------------------------|--------------------------------|----------------------------|-----------------------------|
| Revenues:                                                      |                          |                            |                                           |                                |                            |                             |
| Property taxes.....                                            | \$ -                     | \$ 177,493                 | \$ -                                      | \$ -                           | \$ -                       | \$ -                        |
| Business taxes.....                                            | -                        | 179,611                    | 2,100                                     | -                              | -                          | -                           |
| Sales and use tax.....                                         | -                        | -                          | -                                         | -                              | -                          | -                           |
| Hotel room tax.....                                            | -                        | -                          | -                                         | -                              | -                          | 32,016                      |
| Other local taxes.....                                         | -                        | -                          | 2,745                                     | -                              | -                          | -                           |
| Licenses, permits, and franchises.....                         | 11,607                   | -                          | -                                         | -                              | -                          | -                           |
| Fines, forfeitures, and penalties.....                         | 2,053                    | -                          | 794                                       | 36,663                         | 11                         | -                           |
| Interest and investment income.....                            | 3,354                    | 40,976                     | 45,351                                    | 8,640                          | 3,628                      | 2,932                       |
| Rents and concessions.....                                     | -                        | -                          | 627                                       | -                              | 56,476                     | 983                         |
| Intergovernmental:                                             |                          |                            |                                           |                                |                            |                             |
| Federal.....                                                   | -                        | 8,026                      | 66,155                                    | 77,515                         | -                          | 296                         |
| State.....                                                     | 14                       | 9,467                      | 30,350                                    | 110,644                        | -                          | 291                         |
| Other.....                                                     | -                        | -                          | 645                                       | -                              | -                          | 2,568                       |
| Charges for services.....                                      | 60,708                   | 666                        | 14,423                                    | 263                            | -                          | 8,292                       |
| Other.....                                                     | 167                      | 252                        | 32,287                                    | 2,824                          | -                          | 976                         |
| Total revenues.....                                            | 77,903                   | 416,491                    | 195,477                                   | 236,549                        | 60,115                     | 48,354                      |
| Expenditures:                                                  |                          |                            |                                           |                                |                            |                             |
| Current:                                                       |                          |                            |                                           |                                |                            |                             |
| Public protection.....                                         | -                        | -                          | -                                         | -                              | -                          | -                           |
| Public works, transportation and commerce.....                 | 84,001                   | 59                         | 24,085                                    | 986                            | 60                         | 1,477                       |
| Human welfare and neighborhood development.....                | -                        | 445,948                    | 292,348                                   | 5,066                          | -                          | 3,952                       |
| Community health.....                                          | -                        | 33                         | 1,257                                     | 219,892                        | -                          | -                           |
| Culture and recreation.....                                    | -                        | -                          | 465                                       | -                              | 72,046                     | 28,363                      |
| General administration and finance.....                        | -                        | -                          | 9,721                                     | -                              | -                          | 16,231                      |
| Distributions to other governments.....                        | -                        | 53,851                     | -                                         | -                              | -                          | -                           |
| Debt service:                                                  |                          |                            |                                           |                                |                            |                             |
| Principal retirement.....                                      | -                        | -                          | -                                         | -                              | -                          | 565                         |
| Interest and other fiscal charges.....                         | -                        | -                          | 451                                       | -                              | -                          | 896                         |
| Bond issuance costs.....                                       | -                        | -                          | 1,427                                     | -                              | -                          | -                           |
| Total expenditures.....                                        | 84,001                   | 499,891                    | 329,754                                   | 225,944                        | 72,106                     | 51,484                      |
| Excess (deficiency) of revenues over (under) expenditures..... | (6,098)                  | (83,400)                   | (134,277)                                 | 10,605                         | (11,991)                   | (3,130)                     |
| Other financing sources (uses):                                |                          |                            |                                           |                                |                            |                             |
| Transfers in.....                                              | 5,000                    | 188,025                    | 47,527                                    | 407                            | 39,241                     | 1,514                       |
| Transfers out.....                                             | (619)                    | (28,099)                   | (10,702)                                  | -                              | (28,044)                   | (2,089)                     |
| Issuance of bonds:                                             |                          |                            |                                           |                                |                            |                             |
| Face value of bonds issued.....                                | -                        | -                          | 252,545                                   | -                              | -                          | -                           |
| Face value of loans issued.....                                | -                        | -                          | -                                         | -                              | -                          | -                           |
| Premium on issuance of bonds.....                              | -                        | -                          | 483                                       | -                              | -                          | -                           |
| Total other financing sources (uses).....                      | 4,381                    | 159,926                    | 289,853                                   | 407                            | 11,197                     | (575)                       |
| Net changes in fund balances.....                              | (1,717)                  | 76,526                     | 155,576                                   | 11,012                         | (794)                      | (3,705)                     |
| Fund balances at beginning of year.....                        | 55,428                   | 719,984                    | 701,301                                   | 128,874                        | 65,048                     | 53,438                      |
| Fund balances at end of year.....                              | \$ 53,711                | \$ 796,510                 | \$ 856,877                                | \$ 139,886                     | \$ 64,254                  | \$ 49,733                   |

(Continued)



**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Environmental<br>Protection<br>Fund | Gasoline<br>Tax Fund | General<br>Services<br>Fund | Gift and<br>Other<br>Expendable<br>Trusts Fund | Golf Fund        | Human<br>Welfare Fund |
|----------------------------------------------------------------|-------------------------------------|----------------------|-----------------------------|------------------------------------------------|------------------|-----------------------|
| Revenues:                                                      |                                     |                      |                             |                                                |                  |                       |
| Property taxes.....                                            | \$ -                                | \$ -                 | \$ -                        | \$ -                                           | \$ -             | \$ -                  |
| Business taxes.....                                            | -                                   | -                    | -                           | -                                              | -                | -                     |
| Sales and use tax.....                                         | -                                   | -                    | -                           | -                                              | -                | -                     |
| Hotel room tax.....                                            | -                                   | -                    | -                           | -                                              | -                | -                     |
| Other local taxes.....                                         | -                                   | -                    | -                           | -                                              | -                | -                     |
| Licenses, permits, and franchises.....                         | -                                   | -                    | 1,242                       | -                                              | -                | 269                   |
| Fines, forfeitures, and penalties.....                         | 5                                   | -                    | -                           | 828                                            | -                | 1                     |
| Interest and investment income.....                            | 190                                 | 5,510                | 1,441                       | 1,116                                          | 651              | 5,379                 |
| Rents and concessions.....                                     | -                                   | -                    | 1,011                       | -                                              | 5,152            | -                     |
| Intergovernmental:                                             |                                     |                      |                             |                                                |                  |                       |
| Federal.....                                                   | 429                                 | -                    | 248                         | -                                              | -                | 69,965                |
| State.....                                                     | 6,769                               | 70,698               | 3,658                       | -                                              | -                | 58,231                |
| Other.....                                                     | -                                   | -                    | -                           | -                                              | -                | -                     |
| Charges for services.....                                      | 976                                 | 1,850                | 1,263                       | 25                                             | 10,709           | 180                   |
| Other.....                                                     | 15                                  | 27                   | 1,991                       | 2,018                                          | -                | 900                   |
| Total revenues.....                                            | <u>8,384</u>                        | <u>78,085</u>        | <u>10,854</u>               | <u>3,987</u>                                   | <u>16,512</u>    | <u>134,925</u>        |
| Expenditures:                                                  |                                     |                      |                             |                                                |                  |                       |
| Current:                                                       |                                     |                      |                             |                                                |                  |                       |
| Public protection.....                                         | 9                                   | -                    | 182                         | 117                                            | -                | -                     |
| Public works, transportation and commerce... development.....  | -                                   | 71,459               | -                           | 1,407                                          | 116              | 3,621                 |
| Human welfare and neighborhood development.....                | 7,254                               | -                    | -                           | 217                                            | -                | 200,805               |
| Community health.....                                          | -                                   | -                    | -                           | 356                                            | -                | -                     |
| Culture and recreation.....                                    | -                                   | -                    | 956                         | 1,722                                          | 21,917           | -                     |
| General administration and finance.....                        | -                                   | 8                    | 10,422                      | 38                                             | -                | -                     |
| Distributions to other governments.....                        | -                                   | -                    | -                           | -                                              | -                | -                     |
| Debt service:                                                  |                                     |                      |                             |                                                |                  |                       |
| Principal retirement.....                                      | -                                   | -                    | -                           | -                                              | -                | -                     |
| Interest and other fiscal charges.....                         | -                                   | -                    | -                           | -                                              | -                | -                     |
| Bond issuance costs.....                                       | -                                   | -                    | -                           | -                                              | -                | -                     |
| Total expenditures.....                                        | <u>7,263</u>                        | <u>71,467</u>        | <u>11,560</u>               | <u>3,857</u>                                   | <u>22,033</u>    | <u>204,426</u>        |
| Excess (deficiency) of revenues over (under) expenditures..... | <u>1,121</u>                        | <u>6,618</u>         | <u>(706)</u>                | <u>130</u>                                     | <u>(5,521)</u>   | <u>(69,501)</u>       |
| Other financing sources (uses):                                |                                     |                      |                             |                                                |                  |                       |
| Transfers in.....                                              | 83                                  | -                    | 290                         | -                                              | 6,791            | 77,088                |
| Transfers out.....                                             | (191)                               | (5,613)              | -                           | (743)                                          | (1,180)          | -                     |
| Issuance of bonds:                                             |                                     |                      |                             |                                                |                  |                       |
| Face value of bonds issued.....                                | -                                   | -                    | -                           | -                                              | -                | -                     |
| Face value of loans issued.....                                | -                                   | -                    | -                           | -                                              | -                | -                     |
| Premium on issuance of bonds.....                              | -                                   | -                    | -                           | -                                              | -                | -                     |
| Total other financing sources (uses).....                      | <u>(108)</u>                        | <u>(5,613)</u>       | <u>290</u>                  | <u>(743)</u>                                   | <u>5,611</u>     | <u>77,088</u>         |
| Net changes in fund balances.....                              | <u>1,013</u>                        | <u>1,005</u>         | <u>(416)</u>                | <u>(613)</u>                                   | <u>90</u>        | <u>7,587</u>          |
| Fund balances at beginning of year.....                        | <u>1,113</u>                        | <u>108,439</u>       | <u>29,119</u>               | <u>20,673</u>                                  | <u>10,673</u>    | <u>19,873</u>         |
| Fund balances at end of year.....                              | <u>\$ 2,126</u>                     | <u>\$ 109,444</u>    | <u>\$ 28,703</u>            | <u>\$ 19,766</u>                               | <u>\$ 10,763</u> | <u>\$ 27,460</u>      |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Low and<br>Moderate<br>Income<br>Housing<br>Asset Fund | Open Space<br>and Park<br>Fund | Our City Our<br>Home Fund | Public Library<br>Fund | Public<br>Protection<br>Fund | Public Works,<br>Transportation<br>and Commerce<br>Fund |
|----------------------------------------------------------------|--------------------------------------------------------|--------------------------------|---------------------------|------------------------|------------------------------|---------------------------------------------------------|
| Revenues:                                                      |                                                        |                                |                           |                        |                              |                                                         |
| Property taxes.....                                            | \$ -                                                   | \$ 77,419                      | \$ -                      | \$ 77,419              | \$ -                         | \$ -                                                    |
| Business taxes.....                                            | -                                                      | -                              | 295,961                   | -                      | -                            | -                                                       |
| Sales and use tax.....                                         | -                                                      | -                              | -                         | -                      | -                            | -                                                       |
| Hotel room tax.....                                            | -                                                      | -                              | -                         | -                      | -                            | -                                                       |
| Other local taxes.....                                         | -                                                      | -                              | -                         | -                      | -                            | 18,979                                                  |
| Licenses, permits, and franchises.....                         | -                                                      | -                              | -                         | -                      | 790                          | -                                                       |
| Fines, forfeitures, and penalties.....                         | -                                                      | -                              | -                         | -                      | 2,945                        | 101                                                     |
| Interest and investment income.....                            | 2,653                                                  | 3,685                          | 38,955                    | 8,881                  | 4,625                        | 6,629                                                   |
| Rents and concessions.....                                     | 2,520                                                  | -                              | 31                        | -                      | -                            | 85                                                      |
| Intergovernmental:                                             |                                                        |                                |                           |                        |                              |                                                         |
| Federal.....                                                   | -                                                      | 3                              | 4                         | 4                      | 53,471                       | -                                                       |
| State.....                                                     | -                                                      | 141                            | -                         | 1,797                  | 37,890                       | 275                                                     |
| Other.....                                                     | -                                                      | -                              | -                         | 16                     | -                            | 2,729                                                   |
| Charges for services.....                                      | -                                                      | -                              | -                         | 307                    | 20,780                       | 45,051                                                  |
| Other.....                                                     | 753                                                    | -                              | 182                       | 847                    | 1,175                        | 147                                                     |
| Total revenues.....                                            | <u>5,926</u>                                           | <u>81,248</u>                  | <u>335,133</u>            | <u>89,271</u>          | <u>121,676</u>               | <u>73,996</u>                                           |
| Expenditures:                                                  |                                                        |                                |                           |                        |                              |                                                         |
| Current:                                                       |                                                        |                                |                           |                        |                              |                                                         |
| Public protection.....                                         | -                                                      | -                              | -                         | -                      | 98,724                       | -                                                       |
| Public works, transportation and commerce... development.....  | -                                                      | 315                            | 11,574                    | 12,537                 | 20                           | 50,941                                                  |
| Human welfare and neighborhood development.....                | 11,348                                                 | -                              | 221,626                   | -                      | 9,311                        | 16,032                                                  |
| Community health.....                                          | -                                                      | -                              | 95,196                    | -                      | 37                           | -                                                       |
| Culture and recreation.....                                    | -                                                      | 79,433                         | -                         | 174,180                | -                            | 17                                                      |
| General administration and finance.....                        | -                                                      | 428                            | 2,533                     | -                      | 3,479                        | 1,651                                                   |
| Distributions to other governments.....                        | -                                                      | -                              | -                         | -                      | -                            | -                                                       |
| Debt service:                                                  |                                                        |                                |                           |                        |                              |                                                         |
| Principal retirement.....                                      | -                                                      | -                              | -                         | -                      | -                            | -                                                       |
| Interest and other fiscal charges.....                         | -                                                      | -                              | -                         | -                      | 115                          | -                                                       |
| Bond issuance costs.....                                       | -                                                      | -                              | -                         | -                      | -                            | -                                                       |
| Total expenditures.....                                        | <u>11,348</u>                                          | <u>80,176</u>                  | <u>330,929</u>            | <u>186,717</u>         | <u>111,686</u>               | <u>68,641</u>                                           |
| Excess (deficiency) of revenues over (under) expenditures..... | <u>(5,422)</u>                                         | <u>1,072</u>                   | <u>4,204</u>              | <u>(97,446)</u>        | <u>9,990</u>                 | <u>5,355</u>                                            |
| Other financing sources (uses):                                |                                                        |                                |                           |                        |                              |                                                         |
| Transfers in.....                                              | -                                                      | 1,180                          | -                         | 108,053                | 789                          | 23,000                                                  |
| Transfers out.....                                             | (9)                                                    | (7,108)                        | -                         | (5,971)                | (5,156)                      | (25,805)                                                |
| Issuance of bonds:                                             |                                                        |                                |                           |                        |                              |                                                         |
| Face value of bonds issued.....                                | -                                                      | -                              | -                         | -                      | -                            | -                                                       |
| Face value of loans issued.....                                | -                                                      | -                              | -                         | -                      | -                            | -                                                       |
| Premium on issuance of bonds.....                              | -                                                      | -                              | -                         | -                      | -                            | -                                                       |
| Total other financing sources (uses).....                      | <u>(9)</u>                                             | <u>(5,928)</u>                 | <u>-</u>                  | <u>102,082</u>         | <u>(4,367)</u>               | <u>(2,805)</u>                                          |
| Net changes in fund balances.....                              | <u>(5,431)</u>                                         | <u>(4,856)</u>                 | <u>4,204</u>              | <u>4,636</u>           | <u>5,623</u>                 | <u>2,550</u>                                            |
| Fund balances at beginning of year.....                        | <u>50,777</u>                                          | <u>69,790</u>                  | <u>527,775</u>            | <u>146,702</u>         | <u>57,718</u>                | <u>116,643</u>                                          |
| Fund balances at end of year.....                              | <u>\$ 45,346</u>                                       | <u>\$ 64,934</u>               | <u>\$ 531,979</u>         | <u>\$ 151,338</u>      | <u>\$ 63,341</u>             | <u>\$ 119,193</u>                                       |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Real<br>Property<br>Fund | San Francisco<br>County<br>Transportation<br>Authority Fund | Senior<br>Citizens<br>Program<br>Fund | Tax<br>Increment<br>Financing<br>Districts<br>Fund | War Memorial<br>Fund | Total               |
|----------------------------------------------------------------|--------------------------|-------------------------------------------------------------|---------------------------------------|----------------------------------------------------|----------------------|---------------------|
| Revenues:                                                      |                          |                                                             |                                       |                                                    |                      |                     |
| Property taxes.....                                            | \$ -                     | \$ -                                                        | \$ -                                  | 17,842                                             | \$ -                 | \$ 350,173          |
| Business taxes.....                                            | -                        | -                                                           | -                                     | -                                                  | -                    | 477,672             |
| Sales and use tax.....                                         | -                        | 110,101                                                     | -                                     | -                                                  | -                    | 110,101             |
| Hotel room tax.....                                            | -                        | -                                                           | -                                     | -                                                  | -                    | 32,016              |
| Other local taxes.....                                         | -                        | -                                                           | -                                     | -                                                  | -                    | 21,724              |
| Licenses, permits, and franchises.....                         | -                        | 4,582                                                       | -                                     | -                                                  | -                    | 18,490              |
| Fines, forfeitures, and penalties.....                         | 4                        | -                                                           | -                                     | -                                                  | -                    | 43,405              |
| Interest and investment income.....                            | 2,773                    | 2,503                                                       | -                                     | 1,304                                              | 565                  | 191,741             |
| Rents and concessions.....                                     | 104,350                  | -                                                           | -                                     | -                                                  | 4,181                | 175,416             |
| Intergovernmental:                                             |                          |                                                             |                                       |                                                    |                      |                     |
| Federal.....                                                   | 606                      | 39,837                                                      | 6,408                                 | -                                                  | 1                    | 322,968             |
| State.....                                                     | 151                      | 12,352                                                      | 5,313                                 | -                                                  | -                    | 348,041             |
| Other.....                                                     | 1,941                    | 1,590                                                       | -                                     | -                                                  | -                    | 9,489               |
| Charges for services.....                                      | 638                      | -                                                           | -                                     | -                                                  | 659                  | 166,790             |
| Other.....                                                     | 417                      | -                                                           | -                                     | -                                                  | -                    | 44,978              |
| Total revenues.....                                            | <u>110,880</u>           | <u>170,965</u>                                              | <u>11,721</u>                         | <u>19,146</u>                                      | <u>5,406</u>         | <u>2,313,004</u>    |
| Expenditures:                                                  |                          |                                                             |                                       |                                                    |                      |                     |
| Current:                                                       |                          |                                                             |                                       |                                                    |                      |                     |
| Public protection.....                                         | -                        | -                                                           | -                                     | -                                                  | -                    | 99,032              |
| Public works, transportation and commerce.....                 | 110                      | 91,473                                                      | -                                     | 15,092                                             | -                    | 369,333             |
| Human welfare and neighborhood development.....                | -                        | -                                                           | 11,583                                | -                                                  | -                    | 1,225,490           |
| Community health.....                                          | -                        | -                                                           | -                                     | -                                                  | -                    | 316,771             |
| Culture and recreation.....                                    | 104                      | -                                                           | -                                     | -                                                  | 22,219               | 401,422             |
| General administration and finance.....                        | 86,153                   | -                                                           | -                                     | 277                                                | -                    | 130,941             |
| Distributions to other governments.....                        | -                        | -                                                           | -                                     | -                                                  | -                    | 53,851              |
| Debt service:                                                  |                          |                                                             |                                       |                                                    |                      |                     |
| Principal retirement.....                                      | -                        | 16,259                                                      | -                                     | 1,500                                              | -                    | 18,324              |
| Interest and other fiscal charges.....                         | 9                        | 7,411                                                       | -                                     | 7,236                                              | -                    | 16,118              |
| Bond issuance costs.....                                       | -                        | -                                                           | -                                     | -                                                  | -                    | 1,427               |
| Total expenditures.....                                        | <u>86,376</u>            | <u>115,143</u>                                              | <u>11,583</u>                         | <u>24,105</u>                                      | <u>22,219</u>        | <u>2,632,709</u>    |
| Excess (deficiency) of revenues over (under) expenditures..... | <u>24,504</u>            | <u>55,822</u>                                               | <u>138</u>                            | <u>(4,959)</u>                                     | <u>(16,813)</u>      | <u>(319,705)</u>    |
| Other financing sources (uses):                                |                          |                                                             |                                       |                                                    |                      |                     |
| Transfers in.....                                              | -                        | 9,284                                                       | 72                                    | -                                                  | 16,065               | 524,409             |
| Transfers out.....                                             | (27,154)                 | (72,767)                                                    | -                                     | (384)                                              | (156)                | (221,790)           |
| Issuance of bonds:                                             |                          |                                                             |                                       |                                                    |                      |                     |
| Face value of bonds issued.....                                | -                        | -                                                           | -                                     | -                                                  | -                    | 252,545             |
| Face value of loans issued.....                                | -                        | 65,000                                                      | -                                     | -                                                  | -                    | 65,000              |
| Premium on issuance of bonds.....                              | -                        | -                                                           | -                                     | -                                                  | -                    | 483                 |
| Total other financing sources (uses).....                      | <u>(27,154)</u>          | <u>1,517</u>                                                | <u>72</u>                             | <u>(384)</u>                                       | <u>15,909</u>        | <u>620,647</u>      |
| Net changes in fund balances.....                              | <u>(2,650)</u>           | <u>57,339</u>                                               | <u>210</u>                            | <u>(5,343)</u>                                     | <u>(904)</u>         | <u>300,942</u>      |
| Fund balances at beginning of year.....                        | <u>44,921</u>            | <u>(5,604)</u>                                              | <u>(1,591)</u>                        | <u>32,511</u>                                      | <u>9,003</u>         | <u>2,962,314</u>    |
| Fund balances at end of year.....                              | <u>\$ 42,271</u>         | <u>\$ 51,735</u>                                            | <u>\$ (1,381)</u>                     | <u>\$ 27,168</u>                                   | <u>\$ 8,099</u>      | <u>\$ 3,263,256</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Building Inspection Fund |                  |                  |                                    | Children and Families Fund |                   |                   |                                    |
|----------------------------------------------------------------|--------------------------|------------------|------------------|------------------------------------|----------------------------|-------------------|-------------------|------------------------------------|
|                                                                | Original<br>Budget       | Final Budget     | Actual           | Variance<br>Positive<br>(Negative) | Original<br>Budget         | Final Budget      | Actual            | Variance<br>Positive<br>(Negative) |
| Revenues:                                                      |                          |                  |                  |                                    |                            |                   |                   |                                    |
| Property taxes.....                                            | \$ -                     | \$ -             | \$ -             | \$ -                               | \$ 126,930                 | \$ 180,577        | \$ 177,493        | \$ (3,084)                         |
| Business taxes.....                                            | -                        | -                | -                | -                                  | 187,300                    | 179,611           | 179,611           | -                                  |
| Sales and use tax.....                                         | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Hotel room tax.....                                            | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Other local taxes.....                                         | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Licenses, permits, and franchises.....                         | 12,083                   | 12,083           | 11,607           | (476)                              | -                          | -                 | -                 | -                                  |
| Fines, forfeitures, and penalties.....                         | 650                      | 2,053            | 2,053            | -                                  | -                          | -                 | -                 | -                                  |
| Interest and investment income.....                            | 1,262                    | 1,262            | 2,246            | 984                                | 17,345                     | 26,404            | 29,254            | 2,850                              |
| Rents and concessions.....                                     | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Intergovernmental:                                             |                          |                  |                  |                                    |                            |                   |                   |                                    |
| Federal.....                                                   | -                        | -                | 27               | 27                                 | 8,359                      | 8,362             | 8,530             | 168                                |
| State.....                                                     | -                        | 12               | 12               | -                                  | 8,750                      | 9,220             | 9,144             | (76)                               |
| Other.....                                                     | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Charges for services.....                                      | 48,827                   | 48,865           | 60,708           | 11,843                             | 500                        | 666               | 666               | -                                  |
| Other.....                                                     | 1,250                    | 753              | 167              | (586)                              | 53,469                     | 469               | 251               | (218)                              |
| Total revenues.....                                            | <u>64,072</u>            | <u>65,028</u>    | <u>76,820</u>    | <u>11,792</u>                      | <u>402,653</u>             | <u>405,309</u>    | <u>404,949</u>    | <u>(360)</u>                       |
| Expenditures:                                                  |                          |                  |                  |                                    |                            |                   |                   |                                    |
| Current:                                                       |                          |                  |                  |                                    |                            |                   |                   |                                    |
| Public protection.....                                         | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Public works, transportation and commerce.....                 | 88,179                   | 88,935           | 84,001           | 4,934                              | -                          | 59                | 59                | -                                  |
| Human welfare and neighborhood development.....                | -                        | -                | -                | -                                  | 523,937                    | 484,215           | 445,947           | 38,268                             |
| Community health.....                                          | -                        | -                | -                | -                                  | -                          | 33                | 33                | -                                  |
| Culture and recreation.....                                    | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| General administration and finance.....                        | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Distributions to other governments.....                        | -                        | -                | -                | -                                  | 53,000                     | 53,851            | 53,851            | -                                  |
| Debt service:                                                  |                          |                  |                  |                                    |                            |                   |                   |                                    |
| Principal retirement.....                                      | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Interest and other fiscal charges.....                         | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Bond issuance costs.....                                       | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Total expenditures.....                                        | <u>88,179</u>            | <u>88,935</u>    | <u>84,001</u>    | <u>4,934</u>                       | <u>576,937</u>             | <u>538,156</u>    | <u>499,890</u>    | <u>38,268</u>                      |
| Excess (deficiency) of revenues over (under) expenditures..... | <u>(24,107)</u>          | <u>(23,907)</u>  | <u>(7,181)</u>   | <u>16,726</u>                      | <u>(174,284)</u>           | <u>(132,849)</u>  | <u>(94,941)</u>   | <u>37,908</u>                      |
| Other financing sources (uses):                                |                          |                  |                  |                                    |                            |                   |                   |                                    |
| Transfers in.....                                              | 5,000                    | 5,000            | 5,000            | -                                  | 181,785                    | 188,025           | 188,025           | -                                  |
| Transfers out.....                                             | -                        | (490)            | (490)            | -                                  | (28,100)                   | (26,688)          | (26,688)          | -                                  |
| Issuance of commercial paper.....                              | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Issuance of bonds.....                                         | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Issuance of loans.....                                         | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Premium on issuance of bonds.....                              | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Budget reserves and designations.....                          | -                        | -                | -                | -                                  | -                          | -                 | -                 | -                                  |
| Total other financing sources (uses).....                      | <u>5,000</u>             | <u>4,510</u>     | <u>4,510</u>     | <u>-</u>                           | <u>153,685</u>             | <u>161,337</u>    | <u>161,337</u>    | <u>-</u>                           |
| Net changes in fund balances.....                              | <u>(19,107)</u>          | <u>(19,397)</u>  | <u>(2,671)</u>   | <u>16,726</u>                      | <u>(20,599)</u>            | <u>28,488</u>     | <u>66,396</u>     | <u>37,908</u>                      |
| Budgetary fund balances, July 1.....                           | <u>19,107</u>            | <u>51,348</u>    | <u>51,348</u>    | <u>-</u>                           | <u>20,599</u>              | <u>732,448</u>    | <u>732,448</u>    | <u>-</u>                           |
| Budgetary fund balances, June 30.....                          | <u>\$ -</u>              | <u>\$ 31,951</u> | <u>\$ 48,677</u> | <u>\$ 16,726</u>                   | <u>\$ -</u>                | <u>\$ 760,936</u> | <u>\$ 788,844</u> | <u>\$ 37,908</u>                   |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Community / Neighborhood Development Fund |              |            |                              | Community Health Services Fund |              |            |                              |
|----------------------------------------------------------------|-------------------------------------------|--------------|------------|------------------------------|--------------------------------|--------------|------------|------------------------------|
|                                                                | Original Budget                           | Final Budget | Actual     | Variance Positive (Negative) | Original Budget                | Final Budget | Actual     | Variance Positive (Negative) |
| Revenues:                                                      |                                           |              |            |                              |                                |              |            |                              |
| Property taxes.....                                            | \$ -                                      | \$ -         | \$ -       | \$ -                         | \$ -                           | \$ -         | \$ -       | \$ -                         |
| Business taxes.....                                            | 2,500                                     | 2,100        | 2,100      | -                            | -                              | -            | -          | -                            |
| Sales and use tax.....                                         | -                                         | -            | -          | -                            | -                              | -            | -          | -                            |
| Hotel room tax.....                                            | -                                         | -            | -          | -                            | -                              | -            | -          | -                            |
| Other local taxes.....                                         | 21,000                                    | 2,745        | 2,745      | -                            | -                              | -            | -          | -                            |
| Licenses, permits, and franchises.....                         | -                                         | -            | -          | -                            | -                              | -            | -          | -                            |
| Fines, forfeitures, and penalties.....                         | -                                         | 786          | 794        | 8                            | 34,720                         | 32,101       | 35,864     | 3,763                        |
| Interest and investment income.....                            | -                                         | 32,321       | 32,321     | -                            | 1,740                          | 6,648        | 6,648      | -                            |
| Rents and concessions.....                                     | 30                                        | 627          | 627        | -                            | -                              | -            | -          | -                            |
| Intergovernmental:                                             |                                           |              |            |                              |                                |              |            |                              |
| Federal.....                                                   | 10,619                                    | 62,217       | 62,221     | 4                            | 92,205                         | 79,247       | 79,247     | -                            |
| State.....                                                     | 13,322                                    | 32,242       | 32,240     | (2)                          | 105,712                        | 106,352      | 106,352    | -                            |
| Other.....                                                     | -                                         | 200          | 200        | -                            | -                              | -            | -          | -                            |
| Charges for services.....                                      | 16,513                                    | 14,649       | 14,423     | (226)                        | 180                            | 263          | 263        | -                            |
| Other.....                                                     | 13,816                                    | 32,287       | 32,287     | -                            | 2,494                          | 2,911        | 2,911      | -                            |
| Total revenues.....                                            | 77,800                                    | 180,174      | 179,958    | (216)                        | 237,051                        | 227,522      | 231,285    | 3,763                        |
| Expenditures:                                                  |                                           |              |            |                              |                                |              |            |                              |
| Current:                                                       |                                           |              |            |                              |                                |              |            |                              |
| Public protection.....                                         | -                                         | -            | -          | -                            | -                              | -            | -          | -                            |
| Public works, transportation and commerce.....                 | 8,468                                     | 24,085       | 24,085     | -                            | -                              | 986          | 986        | -                            |
| Human welfare and neighborhood development.....                | 105,775                                   | 291,949      | 289,805    | 2,144                        | 5,550                          | 5,066        | 5,066      | -                            |
| Community health.....                                          | -                                         | 1,257        | 1,257      | -                            | 255,500                        | 218,676      | 218,676    | -                            |
| Culture and recreation.....                                    | 1,005                                     | 465          | 465        | -                            | -                              | -            | -          | -                            |
| General administration and finance.....                        | 12,671                                    | 9,721        | 9,721      | -                            | -                              | -            | -          | -                            |
| Distributions to other governments.....                        | -                                         | -            | -          | -                            | -                              | -            | -          | -                            |
| Debt service:                                                  |                                           |              |            |                              |                                |              |            |                              |
| Principal retirement.....                                      | -                                         | -            | -          | -                            | -                              | -            | -          | -                            |
| Interest and other fiscal charges.....                         | -                                         | 451          | 451        | -                            | -                              | -            | -          | -                            |
| Bond issuance costs.....                                       | -                                         | 1,070        | 1,070      | -                            | -                              | -            | -          | -                            |
| Total expenditures.....                                        | 127,919                                   | 328,996      | 326,854    | 2,144                        | 261,050                        | 224,728      | 224,728    | -                            |
| Excess (deficiency) of revenues over (under) expenditures..... | (50,119)                                  | (148,824)    | (146,896)  | 1,928                        | (23,999)                       | 2,794        | 6,557      | 3,763                        |
| Other financing sources (uses):                                |                                           |              |            |                              |                                |              |            |                              |
| Transfers in.....                                              | 47,527                                    | 47,527       | 47,527     | -                            | -                              | -            | -          | -                            |
| Transfers out.....                                             | (2,000)                                   | (6,124)      | (6,124)    | -                            | -                              | -            | -          | -                            |
| Issuance of commercial paper.....                              | -                                         | 493          | 493        | -                            | -                              | -            | -          | -                            |
| Issuance of bonds.....                                         | -                                         | 252,545      | 252,545    | -                            | -                              | -            | -          | -                            |
| Issuance of loans.....                                         | -                                         | -            | -          | -                            | -                              | -            | -          | -                            |
| Premium on issuance of bonds.....                              | -                                         | 126          | 126        | -                            | -                              | -            | -          | -                            |
| Budget reserves and designations.....                          | -                                         | -            | -          | -                            | -                              | -            | -          | -                            |
| Total other financing sources (uses).....                      | 45,527                                    | 294,567      | 294,567    | -                            | -                              | -            | -          | -                            |
| Net changes in fund balances.....                              | (4,592)                                   | 145,743      | 147,671    | 1,928                        | (23,999)                       | 2,794        | 6,557      | 3,763                        |
| Budgetary fund balances, July 1.....                           | 4,592                                     | 721,591      | 721,591    | -                            | 23,999                         | 163,720      | 163,720    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -                                      | \$ 867,334   | \$ 869,262 | \$ 1,928                     | \$ -                           | \$ 166,514   | \$ 170,277 | \$ 3,763                     |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Convention Facilities Fund |              |           |                              | Culture and Recreation Fund |              |           |                              |
|----------------------------------------------------------------|----------------------------|--------------|-----------|------------------------------|-----------------------------|--------------|-----------|------------------------------|
|                                                                | Original Budget            | Final Budget | Actual    | Variance Positive (Negative) | Original Budget             | Final Budget | Actual    | Variance Positive (Negative) |
| Revenues:                                                      |                            |              |           |                              |                             |              |           |                              |
| Property taxes.....                                            | \$ -                       | \$ -         | \$ -      | \$ -                         | \$ -                        | \$ -         | \$ -      | \$ -                         |
| Business taxes.....                                            | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Sales and use tax.....                                         | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Hotel room tax.....                                            | -                          | -            | -         | -                            | 35,790                      | 32,016       | 32,016    | -                            |
| Other local taxes.....                                         | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Licenses, permits, and franchises.....                         | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Fines, forfeitures, and penalties.....                         | -                          | -            | 11        | 11                           | -                           | -            | -         | -                            |
| Interest and investment income.....                            | -                          | 339          | 339       | -                            | -                           | 588          | 588       | -                            |
| Rents and concessions.....                                     | 48,136                     | 47,535       | 56,476    | 8,941                        | 1,086                       | 1,003        | 963       | (20)                         |
| Intergovernmental:                                             |                            |              |           |                              |                             |              |           |                              |
| Federal.....                                                   | -                          | -            | -         | -                            | 2,060                       | 389          | 389       | -                            |
| State.....                                                     | -                          | -            | -         | -                            | 1,084                       | 358          | 358       | -                            |
| Other.....                                                     | -                          | -            | -         | -                            | 3,584                       | 2,568        | 2,568     | -                            |
| Charges for services.....                                      | -                          | -            | -         | -                            | 9,845                       | 8,595        | 8,292     | (303)                        |
| Other.....                                                     | -                          | -            | -         | -                            | 1,894                       | 976          | 976       | -                            |
| Total revenues.....                                            | 48,136                     | 47,874       | 56,826    | 8,952                        | 55,253                      | 46,493       | 46,170    | (323)                        |
| Expenditures:                                                  |                            |              |           |                              |                             |              |           |                              |
| Current:                                                       |                            |              |           |                              |                             |              |           |                              |
| Public protection.....                                         | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Public works, transportation and commerce.....                 | -                          | 60           | 60        | -                            | 500                         | 1,477        | 1,477     | -                            |
| Human welfare and neighborhood development.....                | -                          | -            | -         | -                            | 3,355                       | 3,952        | 3,952     | -                            |
| Community health.....                                          | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Culture and recreation.....                                    | 71,205                     | 79,340       | 72,045    | 7,295                        | 33,576                      | 28,568       | 28,363    | 205                          |
| General administration and finance.....                        | -                          | -            | -         | -                            | 18,231                      | 16,231       | 16,231    | -                            |
| Distributions to other governments.....                        | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Debt service:                                                  |                            |              |           |                              |                             |              |           |                              |
| Principal retirement.....                                      | 27,711                     | 506          | 506       | -                            | 409                         | 565          | 565       | -                            |
| Interest and other fiscal charges.....                         | -                          | -            | -         | -                            | 1,049                       | 894          | 894       | -                            |
| Bond issuance costs.....                                       | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Total expenditures.....                                        | 98,916                     | 79,906       | 72,611    | 7,295                        | 57,120                      | 51,687       | 51,482    | 205                          |
| Excess (deficiency) of revenues over (under) expenditures..... | (50,780)                   | (32,032)     | (15,785)  | 16,247                       | (1,867)                     | (5,194)      | (5,312)   | (118)                        |
| Other financing sources (uses):                                |                            |              |           |                              |                             |              |           |                              |
| Transfers in.....                                              | 40,741                     | 39,241       | 39,241    | -                            | 750                         | 1,514        | 1,514     | -                            |
| Transfers out.....                                             | -                          | (24,300)     | (24,300)  | -                            | -                           | -            | -         | -                            |
| Issuance of commercial paper.....                              | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Issuance of bonds.....                                         | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Issuance of loans.....                                         | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Premium on issuance of bonds.....                              | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Budget reserves and designations.....                          | -                          | -            | -         | -                            | -                           | -            | -         | -                            |
| Total other financing sources (uses).....                      | 40,741                     | 14,941       | 14,941    | -                            | 750                         | 1,514        | 1,514     | -                            |
| Net changes in fund balances.....                              | (10,039)                   | (17,091)     | (844)     | 16,247                       | (1,117)                     | (3,680)      | (3,798)   | (118)                        |
| Budgetary fund balances, July 1.....                           | 10,039                     | 24,434       | 24,434    | -                            | 1,117                       | 55,919       | 55,919    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -                       | \$ 7,343     | \$ 23,590 | \$ 16,247                    | \$ -                        | \$ 52,239    | \$ 52,121 | \$ (118)                     |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Environmental Protection Fund |              |          |                              | Gasoline Tax Fund |              |            |                              |
|----------------------------------------------------------------|-------------------------------|--------------|----------|------------------------------|-------------------|--------------|------------|------------------------------|
|                                                                | Original Budget               | Final Budget | Actual   | Variance Positive (Negative) | Original Budget   | Final Budget | Actual     | Variance Positive (Negative) |
| Revenues:                                                      |                               |              |          |                              |                   |              |            |                              |
| Property taxes.....                                            | \$ -                          | \$ -         | \$ -     | \$ -                         | \$ -              | \$ -         | \$ -       | \$ -                         |
| Business taxes.....                                            | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Sales and use tax.....                                         | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Hotel room tax.....                                            | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Other local taxes.....                                         | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Licenses, permits, and franchises.....                         | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Fines, forfeitures, and penalties.....                         | -                             | 8            | 8        | -                            | -                 | -            | -          | -                            |
| Interest and investment income.....                            | -                             | -            | -        | -                            | 42                | 974          | 2,013      | 1,039                        |
| Rents and concessions.....                                     | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Intergovernmental:                                             |                               |              |          |                              |                   |              |            |                              |
| Federal.....                                                   | 2,597                         | 497          | 503      | 6                            | -                 | -            | -          | -                            |
| State.....                                                     | 14,777                        | 6,490        | 6,490    | -                            | 64,286            | 70,408       | 70,698     | 290                          |
| Other.....                                                     | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Charges for services.....                                      | 1,069                         | 993          | 980      | (13)                         | 666               | 666          | 659        | 193                          |
| Other.....                                                     | 2,996                         | 3,011        | 15       | (2,996)                      | -                 | -            | 27         | 27                           |
| Total revenues.....                                            | 21,439                        | 10,999       | 7,996    | (3,003)                      | 64,994            | 72,048       | 73,597     | 1,549                        |
| Expenditures:                                                  |                               |              |          |                              |                   |              |            |                              |
| Current:                                                       |                               |              |          |                              |                   |              |            |                              |
| Public protection.....                                         | -                             | 9            | 9        | -                            | -                 | -            | -          | -                            |
| Public works, transportation and commerce.....                 | -                             | -            | -        | -                            | 64,593            | 75,274       | 71,611     | 3,663                        |
| Human welfare and neighborhood development.....                | 21,678                        | 10,758       | 7,254    | 3,504                        | -                 | -            | -          | -                            |
| Community health.....                                          | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Culture and recreation.....                                    | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| General administration and finance.....                        | -                             | -            | -        | -                            | -                 | 8            | 8          | -                            |
| Distributions to other governments.....                        | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Debt service:                                                  |                               |              |          |                              |                   |              |            |                              |
| Principal retirement.....                                      | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Interest and other fiscal charges.....                         | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Bond issuance costs.....                                       | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Total expenditures.....                                        | 21,678                        | 10,767       | 7,263    | 3,504                        | 64,593            | 75,282       | 71,619     | 3,663                        |
| Excess (deficiency) of revenues over (under) expenditures..... | (239)                         | 232          | 733      | 501                          | 401               | (3,234)      | 1,978      | 5,212                        |
| Other financing sources (uses):                                |                               |              |          |                              |                   |              |            |                              |
| Transfers in.....                                              | -                             | 83           | 83       | -                            | -                 | -            | -          | -                            |
| Transfers out.....                                             | -                             | -            | -        | -                            | (3,029)           | (3,029)      | (3,029)    | -                            |
| Issuance of commercial paper.....                              | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Issuance of bonds.....                                         | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Issuance of loans.....                                         | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Premium on issuance of bonds.....                              | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Budget reserves and designations.....                          | -                             | -            | -        | -                            | -                 | -            | -          | -                            |
| Total other financing sources (uses).....                      | -                             | 83           | 83       | -                            | (3,029)           | (3,029)      | (3,029)    | -                            |
| Net changes in fund balances.....                              | (239)                         | 315          | 816      | 501                          | (2,628)           | (6,263)      | (1,051)    | 5,212                        |
| Budgetary fund balances, July 1.....                           | 239                           | 1,711        | 1,711    | -                            | 2,628             | 113,124      | 113,124    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -                          | \$ 2,026     | \$ 2,527 | \$ 501                       | \$ -              | \$ 106,861   | \$ 112,073 | \$ 5,212                     |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | General Services Fund |              |           |                              | Gift and Other Expendable Trusts Fund |              |           |                              |
|----------------------------------------------------------------|-----------------------|--------------|-----------|------------------------------|---------------------------------------|--------------|-----------|------------------------------|
|                                                                | Original Budget       | Final Budget | Actual    | Variance Positive (Negative) | Original Budget                       | Final Budget | Actual    | Variance Positive (Negative) |
| Revenues:                                                      |                       |              |           |                              |                                       |              |           |                              |
| Property taxes.....                                            | \$ -                  | \$ -         | \$ -      | \$ -                         | \$ -                                  | \$ -         | \$ -      | \$ -                         |
| Business taxes.....                                            | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Sales and use tax.....                                         | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Hotel room tax.....                                            | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Other local taxes.....                                         | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Licenses, permits, and franchises.....                         | 1,828                 | 1,623        | 1,623     | -                            | -                                     | -            | -         | -                            |
| Fines, forfeitures, and penalties.....                         | -                     | -            | -         | -                            | -                                     | 776          | 776       | -                            |
| Interest and investment income.....                            | 90                    | 1,125        | 1,125     | -                            | -                                     | 254          | 254       | -                            |
| Rents and concessions.....                                     | -                     | 1,011        | 1,011     | -                            | -                                     | -            | -         | -                            |
| Intergovernmental:                                             |                       |              |           |                              |                                       |              |           |                              |
| Federal.....                                                   | -                     | 1,470        | 1,470     | -                            | -                                     | -            | -         | -                            |
| State.....                                                     | 1,419                 | 4,362        | 4,362     | -                            | -                                     | -            | -         | -                            |
| Other.....                                                     | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Charges for services.....                                      | 1,694                 | 1,263        | 1,263     | -                            | -                                     | 25           | 25        | -                            |
| Other.....                                                     | 1,694                 | 1,896        | 1,896     | -                            | 1,041                                 | 2,018        | 2,018     | -                            |
| Total revenues.....                                            | 6,725                 | 12,770       | 12,770    | -                            | 1,041                                 | 3,073        | 3,073     | -                            |
| Expenditures:                                                  |                       |              |           |                              |                                       |              |           |                              |
| Current:                                                       |                       |              |           |                              |                                       |              |           |                              |
| Public protection.....                                         | 310                   | 182          | 182       | -                            | -                                     | 117          | 117       | -                            |
| Public works, transportation and commerce.....                 | -                     | -            | -         | -                            | -                                     | 1,311        | 1,311     | -                            |
| Human welfare and neighborhood development.....                | -                     | -            | -         | -                            | -                                     | 218          | 218       | -                            |
| Community health.....                                          | -                     | -            | -         | -                            | 255                                   | 356          | 356       | -                            |
| Culture and recreation.....                                    | -                     | 956          | 956       | -                            | 861                                   | 1,722        | 1,722     | -                            |
| General administration and finance.....                        | 7,735                 | 10,660       | 10,236    | 424                          | -                                     | 38           | 38        | -                            |
| Distributions to other governments.....                        | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Debt service:                                                  |                       |              |           |                              |                                       |              |           |                              |
| Principal retirement.....                                      | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Interest and other fiscal charges.....                         | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Bond issuance costs.....                                       | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Total expenditures.....                                        | 8,045                 | 11,798       | 11,374    | 424                          | 1,116                                 | 3,762        | 3,762     | -                            |
| Excess (deficiency) of revenues over (under) expenditures..... | (1,320)               | 972          | 1,396     | 424                          | (75)                                  | (689)        | (689)     | -                            |
| Other financing sources (uses):                                |                       |              |           |                              |                                       |              |           |                              |
| Transfers in.....                                              | 159                   | 127          | 127       | -                            | -                                     | -            | -         | -                            |
| Transfers out.....                                             | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Issuance of commercial paper.....                              | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Issuance of bonds.....                                         | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Issuance of loans.....                                         | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Premium on issuance of bonds.....                              | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Budget reserves and designations.....                          | -                     | -            | -         | -                            | -                                     | -            | -         | -                            |
| Total other financing sources (uses).....                      | 159                   | 127          | 127       | -                            | -                                     | -            | -         | -                            |
| Net changes in fund balances.....                              | (1,161)               | 1,099        | 1,523     | 424                          | (75)                                  | (689)        | (689)     | -                            |
| Budgetary fund balances, July 1.....                           | 1,161                 | 29,742       | 29,742    | -                            | 75                                    | 20,666       | 20,666    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -                  | \$ 30,841    | \$ 31,265 | \$ 424                       | \$ -                                  | \$ 19,977    | \$ 19,977 | \$ -                         |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Golf Fund       |              |          |                              | Human Welfare Fund |              |           |                              |
|----------------------------------------------------------------|-----------------|--------------|----------|------------------------------|--------------------|--------------|-----------|------------------------------|
|                                                                | Original Budget | Final Budget | Actual   | Variance Positive (Negative) | Original Budget    | Final Budget | Actual    | Variance Positive (Negative) |
| Revenues:                                                      |                 |              |          |                              |                    |              |           |                              |
| Property taxes.....                                            | \$ -            | \$ -         | \$ -     | \$ -                         | \$ -               | \$ -         | \$ -      | \$ -                         |
| Business taxes.....                                            | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Sales and use tax.....                                         | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Hotel room tax.....                                            | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Other local taxes.....                                         | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Licenses, permits, and franchises.....                         | -               | -            | -        | -                            | 200                | 200          | 270       | 70                           |
| Fines, forfeitures, and penalties.....                         | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Interest and investment income.....                            | -               | 198          | 472      | 274                          | 280                | 4,032        | 4,032     | -                            |
| Rents and concessions.....                                     | 4,826           | 4,826        | 5,152    | 326                          | -                  | -            | -         | -                            |
| Intergovernmental:                                             |                 |              |          |                              |                    |              |           |                              |
| Federal.....                                                   | -               | -            | -        | -                            | 63,202             | 69,194       | 69,194    | -                            |
| State.....                                                     | -               | -            | -        | -                            | 55,089             | 56,810       | 56,810    | -                            |
| Other.....                                                     | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Charges for services.....                                      | 10,312          | 10,152       | 10,709   | 557                          | 114                | 180          | 180       | -                            |
| Other.....                                                     | -               | -            | -        | -                            | 250                | 900          | 900       | -                            |
| Total revenues.....                                            | 15,138          | 15,176       | 16,333   | 1,157                        | 119,135            | 131,316      | 131,386   | 70                           |
| Expenditures:                                                  |                 |              |          |                              |                    |              |           |                              |
| Current:                                                       |                 |              |          |                              |                    |              |           |                              |
| Public protection.....                                         | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Public works, transportation and commerce.....                 | -               | 116          | 116      | -                            | -                  | 3,621        | 3,621     | -                            |
| Human welfare and neighborhood development.....                | -               | -            | -        | -                            | 195,840            | 200,238      | 200,223   | 15                           |
| Community health.....                                          | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Culture and recreation.....                                    | 21,749          | 21,917       | 21,917   | -                            | -                  | -            | -         | -                            |
| General administration and finance.....                        | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Distributions to other governments.....                        | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Debt service:                                                  |                 |              |          |                              |                    |              |           |                              |
| Principal retirement.....                                      | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Interest and other fiscal charges.....                         | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Bond issuance costs.....                                       | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Total expenditures.....                                        | 21,749          | 22,033       | 22,033   | -                            | 195,840            | 203,859      | 203,844   | 15                           |
| Excess (deficiency) of revenues over (under) expenditures..... | (6,611)         | (6,857)      | (5,700)  | 1,157                        | (76,505)           | (72,543)     | (72,458)  | 85                           |
| Other financing sources (uses):                                |                 |              |          |                              |                    |              |           |                              |
| Transfers in.....                                              | 6,791           | 6,791        | 6,791    | -                            | 76,505             | 76,505       | 76,505    | -                            |
| Transfers out.....                                             | (1,180)         | (1,180)      | (1,180)  | -                            | -                  | -            | -         | -                            |
| Issuance of commercial paper.....                              | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Issuance of bonds.....                                         | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Issuance of loans.....                                         | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Premium on issuance of bonds.....                              | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Budget reserves and designations.....                          | -               | -            | -        | -                            | -                  | -            | -         | -                            |
| Total other financing sources (uses).....                      | 5,611           | 5,611        | 5,611    | -                            | 76,505             | 76,505       | 76,505    | -                            |
| Net changes in fund balances.....                              | (1,000)         | (1,246)      | (89)     | 1,157                        | -                  | 3,962        | 4,047     | 85                           |
| Budgetary fund balances, July 1.....                           | 1,000           | 4,761        | 4,761    | -                            | -                  | 25,998       | 25,998    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -            | \$ 3,515     | \$ 4,672 | \$ 1,157                     | \$ -               | \$ 29,960    | \$ 30,045 | \$ 85                        |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Low and Moderate Income Housing Asset Fund |              |           |                              | Open Space and Park Fund |              |           |                              |
|----------------------------------------------------------------|--------------------------------------------|--------------|-----------|------------------------------|--------------------------|--------------|-----------|------------------------------|
|                                                                | Original Budget                            | Final Budget | Actual    | Variance Positive (Negative) | Original Budget          | Final Budget | Actual    | Variance Positive (Negative) |
| Revenues:                                                      |                                            |              |           |                              |                          |              |           |                              |
| Property taxes.....                                            | \$ -                                       | \$ -         | \$ -      | \$ -                         | \$ 79,266                | \$ 79,330    | \$ 77,419 | \$ (1,911)                   |
| Business taxes.....                                            | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Sales and use tax.....                                         | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Hotel room tax.....                                            | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Other local taxes.....                                         | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Licenses, permits, and franchises.....                         | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Fines, forfeitures, and penalties.....                         | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Interest and investment income.....                            | -                                          | 1,825        | 1,825     | -                            | -                        | 46           | 2,477     | 2,431                        |
| Rents and concessions.....                                     | 5,000                                      | 2,520        | 2,520     | -                            | -                        | -            | -         | -                            |
| Intergovernmental:                                             |                                            |              |           |                              |                          |              |           |                              |
| Federal.....                                                   | -                                          | -            | -         | -                            | -                        | -            | 19        | 19                           |
| State.....                                                     | -                                          | -            | -         | -                            | 145                      | 145          | 141       | (4)                          |
| Other.....                                                     | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Charges for services.....                                      | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Other.....                                                     | -                                          | 753          | 753       | -                            | -                        | -            | -         | -                            |
| Total revenues.....                                            | 5,000                                      | 5,098        | 5,098     | -                            | 79,411                   | 79,521       | 80,056    | 535                          |
| Expenditures:                                                  |                                            |              |           |                              |                          |              |           |                              |
| Current:                                                       |                                            |              |           |                              |                          |              |           |                              |
| Public protection.....                                         | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Public works, transportation and commerce.....                 | -                                          | -            | -         | -                            | -                        | 314          | 314       | -                            |
| Human welfare and neighborhood development.....                | 5,000                                      | 7,693        | 7,693     | -                            | -                        | -            | -         | -                            |
| Community health.....                                          | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Culture and recreation.....                                    | -                                          | -            | -         | -                            | 82,422                   | 83,665       | 79,433    | 4,232                        |
| General administration and finance.....                        | -                                          | -            | -         | -                            | -                        | 427          | 427       | -                            |
| Distributions to other governments.....                        | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Debt service:                                                  |                                            |              |           |                              |                          |              |           |                              |
| Principal retirement.....                                      | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Interest and other fiscal charges.....                         | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Bond issuance costs.....                                       | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Total expenditures.....                                        | 5,000                                      | 7,693        | 7,693     | -                            | 82,422                   | 84,406       | 80,174    | 4,232                        |
| Excess (deficiency) of revenues over (under) expenditures..... | -                                          | (2,595)      | (2,595)   | -                            | (3,011)                  | (4,885)      | (118)     | 4,767                        |
| Other financing sources (uses):                                |                                            |              |           |                              |                          |              |           |                              |
| Transfers in.....                                              | -                                          | -            | -         | -                            | 1,180                    | 1,180        | 1,180     | -                            |
| Transfers out.....                                             | -                                          | -            | -         | -                            | (7,108)                  | (7,108)      | (7,108)   | -                            |
| Issuance of commercial paper.....                              | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Issuance of bonds.....                                         | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Issuance of loans.....                                         | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Premium on issuance of bonds.....                              | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Budget reserves and designations.....                          | -                                          | -            | -         | -                            | -                        | -            | -         | -                            |
| Total other financing sources (uses).....                      | -                                          | -            | -         | -                            | (5,928)                  | (5,928)      | (5,928)   | -                            |
| Net changes in fund balances.....                              | -                                          | (2,595)      | (2,595)   | -                            | (8,939)                  | (10,813)     | (8,046)   | 4,767                        |
| Budgetary fund balances, July 1.....                           | -                                          | 56,751       | 56,751    | -                            | 8,939                    | 85,513       | 85,513    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -                                       | \$ 54,156    | \$ 54,156 | \$ -                         | \$ -                     | \$ 74,700    | \$ 79,467 | \$ 4,767                     |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Our City Our Home Fund |              |            |                              | Public Library Fund |              |            |                              |
|----------------------------------------------------------------|------------------------|--------------|------------|------------------------------|---------------------|--------------|------------|------------------------------|
|                                                                | Original Budget        | Final Budget | Actual     | Variance Positive (Negative) | Original Budget     | Final Budget | Actual     | Variance Positive (Negative) |
| Revenues:                                                      |                        |              |            |                              |                     |              |            |                              |
| Property taxes.....                                            | \$ -                   | \$ -         | \$ -       | \$ -                         | \$ 79,330           | \$ 79,330    | \$ 77,419  | \$ (1,911)                   |
| Business taxes.....                                            | 274,067                | 295,961      | 295,961    | -                            | -                   | -            | -          | -                            |
| Sales and use tax.....                                         | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Hotel room tax.....                                            | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Other local taxes.....                                         | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Licenses, permits, and franchises.....                         | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Fines, forfeitures, and penalties.....                         | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Interest and investment income.....                            | 22,001                 | 28,064       | 28,064     | -                            | 27                  | 360          | 2,044      | 1,684                        |
| Rents and concessions.....                                     | -                      | -            | 66         | 66                           | 4                   | 4            | -          | (4)                          |
| Intergovernmental:                                             |                        |              |            |                              |                     |              |            |                              |
| Federal.....                                                   | -                      | 4            | 4          | -                            | -                   | -            | 67         | 67                           |
| State.....                                                     | -                      | -            | -          | -                            | 250                 | 1,802        | 1,797      | (5)                          |
| Other.....                                                     | -                      | -            | -          | -                            | -                   | 16           | 16         | -                            |
| Charges for services.....                                      | -                      | -            | -          | -                            | 175                 | 166          | 307        | 141                          |
| Other.....                                                     | -                      | -            | 182        | 182                          | -                   | 947          | 947        | -                            |
| Total revenues.....                                            | 296,068                | 324,029      | 324,277    | 248                          | 79,786              | 82,525       | 82,497     | (28)                         |
| Expenditures:                                                  |                        |              |            |                              |                     |              |            |                              |
| Current:                                                       |                        |              |            |                              |                     |              |            |                              |
| Public protection.....                                         | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Public works, transportation and commerce.....                 | -                      | 11,574       | 11,574     | -                            | -                   | 12,537       | 12,537     | -                            |
| Human welfare and neighborhood development.....                | 362,342                | 221,627      | 221,627    | -                            | -                   | -            | -          | -                            |
| Community health.....                                          | 105,718                | 95,196       | 95,196     | -                            | -                   | -            | -          | -                            |
| Culture and recreation.....                                    | -                      | -            | -          | -                            | 187,302             | 182,803      | 174,180    | 8,623                        |
| General administration and finance.....                        | 3,187                  | 2,533        | 2,533      | -                            | -                   | -            | -          | -                            |
| Distributions to other governments.....                        | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Debt service:                                                  |                        |              |            |                              |                     |              |            |                              |
| Principal retirement.....                                      | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Interest and other fiscal charges.....                         | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Bond issuance costs.....                                       | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Total expenditures.....                                        | 471,247                | 330,930      | 330,930    | -                            | 187,302             | 195,340      | 186,717    | 8,623                        |
| Excess (deficiency) of revenues over (under) expenditures..... | (175,179)              | (6,901)      | (6,653)    | 248                          | (107,516)           | (112,815)    | (104,220)  | 8,595                        |
| Other financing sources (uses):                                |                        |              |            |                              |                     |              |            |                              |
| Transfers in.....                                              | -                      | -            | -          | -                            | 103,600             | 108,053      | 108,053    | -                            |
| Transfers out.....                                             | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Issuance of commercial paper.....                              | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Issuance of bonds.....                                         | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Issuance of loans.....                                         | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Premium on issuance of bonds.....                              | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Budget reserves and designations.....                          | -                      | -            | -          | -                            | -                   | -            | -          | -                            |
| Total other financing sources (uses).....                      | -                      | -            | -          | -                            | 103,600             | 108,053      | 108,053    | -                            |
| Net changes in fund balances.....                              | (175,179)              | (6,901)      | (6,653)    | 248                          | (3,916)             | (4,762)      | 3,833      | 8,595                        |
| Budgetary fund balances, July 1.....                           | 175,179                | 539,862      | 539,862    | -                            | 3,916               | 150,400      | 150,400    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -                   | \$ 532,961   | \$ 533,209 | \$ 248                       | \$ -                | \$ 145,638   | \$ 154,233 | \$ 8,595                     |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Public Protection Fund |              |           |                              | Public Works, Transportation and Commerce Fund |              |            |                              |
|----------------------------------------------------------------|------------------------|--------------|-----------|------------------------------|------------------------------------------------|--------------|------------|------------------------------|
|                                                                | Original Budget        | Final Budget | Actual    | Variance Positive (Negative) | Original Budget                                | Final Budget | Actual     | Variance Positive (Negative) |
| Revenues:                                                      |                        |              |           |                              |                                                |              |            |                              |
| Property taxes.....                                            | \$ -                   | \$ -         | \$ -      | \$ -                         | \$ -                                           | \$ -         | \$ -       | \$ -                         |
| Business taxes.....                                            | -                      | -            | -         | -                            | -                                              | -            | -          | -                            |
| Sales and use tax.....                                         | -                      | -            | -         | -                            | -                                              | -            | -          | -                            |
| Hotel room tax.....                                            | -                      | -            | -         | -                            | -                                              | -            | -          | -                            |
| Other local taxes.....                                         | -                      | -            | -         | -                            | 17,000                                         | 18,979       | 18,979     | -                            |
| Licenses, permits, and franchises.....                         | 1,278                  | 790          | 790       | -                            | -                                              | -            | -          | -                            |
| Fines, forfeitures, and penalties.....                         | 6,071                  | 2,945        | 2,945     | -                            | -                                              | 187          | 187        | -                            |
| Interest and investment income.....                            | -                      | 377          | 377       | -                            | -                                              | 1,360        | 1,360      | -                            |
| Rents and concessions.....                                     | -                      | -            | -         | -                            | 107                                            | 107          | 85         | (22)                         |
| Intergovernmental:                                             |                        |              |           |                              |                                                |              |            |                              |
| Federal.....                                                   | 49,473                 | 46,966       | 46,966    | -                            | -                                              | -            | 65         | 65                           |
| State.....                                                     | 38,007                 | 39,338       | 39,338    | -                            | -                                              | 275          | 275        | -                            |
| Other.....                                                     | -                      | -            | -         | -                            | 350                                            | 2,845        | 2,845      | -                            |
| Charges for services.....                                      | 3,358                  | 20,157       | 20,157    | -                            | 33,470                                         | 46,219       | 45,458     | (761)                        |
| Other.....                                                     | 250                    | 1,175        | 1,175     | -                            | -                                              | 183          | 183        | -                            |
| Total revenues.....                                            | 98,437                 | 111,748      | 111,748   | -                            | 50,927                                         | 70,155       | 69,437     | (718)                        |
| Expenditures:                                                  |                        |              |           |                              |                                                |              |            |                              |
| Current:                                                       |                        |              |           |                              |                                                |              |            |                              |
| Public protection.....                                         | 86,325                 | 98,724       | 98,724    | -                            | -                                              | -            | -          | -                            |
| Public works, transportation and commerce.....                 | -                      | 20           | 20        | -                            | 55,863                                         | 67,527       | 50,940     | 16,587                       |
| Human welfare and neighborhood development.....                | 7,482                  | 9,311        | 9,311     | -                            | 17,212                                         | 16,219       | 16,032     | 187                          |
| Community health.....                                          | -                      | 37           | 37        | -                            | -                                              | -            | -          | -                            |
| Culture and recreation.....                                    | -                      | -            | -         | -                            | -                                              | 16           | 16         | -                            |
| General administration and finance.....                        | 5,380                  | 3,479        | 3,479     | -                            | 2,085                                          | 1,650        | 1,650      | -                            |
| Distributions to other governments.....                        | -                      | -            | -         | -                            | -                                              | -            | -          | -                            |
| Debt service:                                                  |                        |              |           |                              |                                                |              |            |                              |
| Principal retirement.....                                      | -                      | 550          | 550       | -                            | -                                              | -            | -          | -                            |
| Interest and other fiscal charges.....                         | -                      | 115          | 115       | -                            | -                                              | -            | -          | -                            |
| Bond issuance costs.....                                       | -                      | -            | -         | -                            | -                                              | -            | -          | -                            |
| Total expenditures.....                                        | 99,187                 | 112,236      | 112,236   | -                            | 74,960                                         | 85,412       | 68,638     | 16,774                       |
| Excess (deficiency) of revenues over (under) expenditures..... | (750)                  | (488)        | (488)     | -                            | (24,033)                                       | (15,257)     | 799        | 16,056                       |
| Other financing sources (uses):                                |                        |              |           |                              |                                                |              |            |                              |
| Transfers in.....                                              | 237                    | 789          | 789       | -                            | 23,000                                         | 23,000       | 23,000     | -                            |
| Transfers out.....                                             | (1,388)                | (1,024)      | (1,024)   | -                            | (19,178)                                       | (21,040)     | (21,040)   | -                            |
| Issuance of commercial paper.....                              | -                      | 691          | 691       | -                            | -                                              | -            | -          | -                            |
| Issuance of bonds.....                                         | -                      | -            | -         | -                            | -                                              | -            | -          | -                            |
| Issuance of loans.....                                         | -                      | -            | -         | -                            | -                                              | -            | -          | -                            |
| Premium on issuance of bonds.....                              | -                      | -            | -         | -                            | -                                              | -            | -          | -                            |
| Budget reserves and designations.....                          | -                      | -            | -         | -                            | (2,160)                                        | (2,160)      | -          | 2,160                        |
| Total other financing sources (uses).....                      | (1,151)                | 456          | 456       | -                            | 1,892                                          | (200)        | 1,960      | 2,160                        |
| Net changes in fund balances.....                              | (1,901)                | (32)         | (32)      | -                            | (22,371)                                       | (15,457)     | 2,759      | 18,216                       |
| Budgetary fund balances, July 1.....                           | 1,901                  | 84,904       | 84,904    | -                            | 22,371                                         | 119,608      | 119,608    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -                   | \$ 84,872    | \$ 84,872 | \$ -                         | \$ -                                           | \$ 104,151   | \$ 122,367 | \$ 18,216                    |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Real Property Fund |              |           |                              | San Francisco County Transportation Authority Fund |              |           |                              |
|----------------------------------------------------------------|--------------------|--------------|-----------|------------------------------|----------------------------------------------------|--------------|-----------|------------------------------|
|                                                                | Original Budget    | Final Budget | Actual    | Variance Positive (Negative) | Original Budget                                    | Final Budget | Actual    | Variance Positive (Negative) |
| Revenues:                                                      |                    |              |           |                              |                                                    |              |           |                              |
| Property taxes.....                                            | \$ -               | \$ -         | \$ -      | \$ -                         | \$ -                                               | \$ -         | \$ -      | \$ -                         |
| Business taxes.....                                            | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Sales and use tax.....                                         | -                  | -            | -         | -                            | 108,308                                            | 108,308      | 110,101   | 1,793                        |
| Hotel room tax.....                                            | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Other local taxes.....                                         | -                  | -            | -         | -                            | 8,500                                              | 8,500        | 9,284     | 784                          |
| Licenses, permits, and franchises.....                         | -                  | -            | -         | -                            | 4,546                                              | 4,546        | 4,582     | 36                           |
| Fines, forfeitures, and penalties.....                         | -                  | -            | 4         | 4                            | -                                                  | -            | -         | -                            |
| Interest and investment income.....                            | -                  | 171          | 173       | 2                            | 1,486                                              | 1,486        | 2,503     | 1,017                        |
| Rents and concessions.....                                     | 14,513             | 104,400      | 104,350   | (50)                         | -                                                  | -            | -         | -                            |
| Intergovernmental:                                             |                    |              |           |                              |                                                    |              |           |                              |
| Federal.....                                                   | -                  | -            | 589       | 589                          | 34,084                                             | 31,403       | 39,837    | 8,434                        |
| State.....                                                     | -                  | -            | 162       | 162                          | 24,892                                             | 24,277       | 12,352    | (11,925)                     |
| Other.....                                                     | 1,955              | 1,955        | 1,941     | (14)                         | 11,513                                             | 11,291       | 1,590     | (9,701)                      |
| Charges for services.....                                      | 720                | 720          | 638       | (82)                         | -                                                  | -            | -         | -                            |
| Other.....                                                     | 540                | 650          | 417       | (233)                        | -                                                  | -            | -         | -                            |
| Total revenues.....                                            | 17,728             | 107,896      | 108,274   | 378                          | 193,329                                            | 189,811      | 180,249   | (9,562)                      |
| Expenditures:                                                  |                    |              |           |                              |                                                    |              |           |                              |
| Current:                                                       |                    |              |           |                              |                                                    |              |           |                              |
| Public protection.....                                         | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Public works, transportation and commerce.....                 | -                  | 110          | 110       | -                            | 241,869                                            | 232,991      | 164,240   | 68,751                       |
| Human welfare and neighborhood development.....                | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Community health.....                                          | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Culture and recreation.....                                    | -                  | 104          | 104       | -                            | -                                                  | -            | -         | -                            |
| General administration and finance.....                        | 2,449              | 94,687       | 86,153    | 8,534                        | -                                                  | -            | -         | -                            |
| Distributions to other governments.....                        | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Debt service:                                                  |                    |              |           |                              |                                                    |              |           |                              |
| Principal retirement.....                                      | 24,732             | 757          | -         | 757                          | 15,125                                             | 15,125       | 16,259    | (1,134)                      |
| Interest and other fiscal charges.....                         | -                  | 9            | 9         | -                            | 9,859                                              | 9,859        | 7,411     | 2,448                        |
| Bond issuance costs.....                                       | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Total expenditures.....                                        | 27,181             | 95,667       | 86,376    | 9,291                        | 266,853                                            | 257,975      | 187,910   | 70,065                       |
| Excess (deficiency) of revenues over (under) expenditures..... | (9,453)            | 12,229       | 21,898    | 9,669                        | (73,524)                                           | (68,164)     | (7,661)   | 60,503                       |
| Other financing sources (uses):                                |                    |              |           |                              |                                                    |              |           |                              |
| Transfers in.....                                              | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Transfers out.....                                             | (688)              | (24,653)     | (24,653)  | -                            | -                                                  | -            | -         | -                            |
| Issuance of commercial paper.....                              | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Issuance of bonds.....                                         | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Issuance of loans.....                                         | -                  | -            | -         | -                            | 65,000                                             | 65,000       | 65,000    | -                            |
| Premium on issuance of bonds.....                              | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Budget reserves and designations.....                          | -                  | -            | -         | -                            | -                                                  | -            | -         | -                            |
| Total other financing sources (uses).....                      | (688)              | (24,653)     | (24,653)  | -                            | 65,000                                             | 65,000       | 65,000    | -                            |
| Net changes in fund balances.....                              | (10,141)           | (12,424)     | (2,755)   | 9,669                        | (8,524)                                            | (3,164)      | 57,339    | 60,503                       |
| Budgetary fund balances, July 1.....                           | 10,141             | 45,361       | 45,361    | -                            | (5,604)                                            | (5,604)      | (5,604)   | -                            |
| Budgetary fund balances, June 30.....                          | \$ -               | \$ 32,937    | \$ 42,606 | \$ 9,669                     | \$ (14,128)                                        | \$ (8,768)   | \$ 51,735 | \$ 60,503                    |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Senior Citizens Program Fund |              |        |                              | Tax Increment Financing Districts Fund |              |           |                              |
|----------------------------------------------------------------|------------------------------|--------------|--------|------------------------------|----------------------------------------|--------------|-----------|------------------------------|
|                                                                | Original Budget              | Final Budget | Actual | Variance Positive (Negative) | Original Budget                        | Final Budget | Actual    | Variance Positive (Negative) |
| Revenues:                                                      |                              |              |        |                              |                                        |              |           |                              |
| Property taxes.....                                            | \$ -                         | \$ -         | \$ -   | \$ -                         | \$ -                                   | \$ 14,283    | \$ 17,842 | \$ 3,559                     |
| Business taxes.....                                            | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Sales and use tax.....                                         | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Hotel room tax.....                                            | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Other local taxes.....                                         | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Licenses, permits, and franchises.....                         | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Fines, forfeitures, and penalties.....                         | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Interest and investment income.....                            | -                            | -            | -      | -                            | -                                      | 1,079        | 1,282     | 203                          |
| Rents and concessions.....                                     | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Intergovernmental:                                             |                              |              |        |                              |                                        |              |           |                              |
| Federal.....                                                   | 6,129                        | 6,156        | 6,156  | -                            | -                                      | -            | -         | -                            |
| State.....                                                     | 3,503                        | 5,356        | 5,356  | -                            | -                                      | -            | -         | -                            |
| Other.....                                                     | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Charges for services.....                                      | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Other.....                                                     | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Total revenues.....                                            | 9,632                        | 11,512       | 11,512 | -                            | -                                      | 15,362       | 19,124    | 3,762                        |
| Expenditures:                                                  |                              |              |        |                              |                                        |              |           |                              |
| Current:                                                       |                              |              |        |                              |                                        |              |           |                              |
| Public protection.....                                         | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Public works, transportation and commerce.....                 | -                            | -            | -      | -                            | -                                      | 11,317       | 11,317    | -                            |
| Human welfare and neighborhood development.....                | 9,632                        | 11,512       | 11,512 | -                            | -                                      | -            | -         | -                            |
| Community health.....                                          | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Culture and recreation.....                                    | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| General administration and finance.....                        | -                            | -            | -      | -                            | -                                      | 277          | 277       | -                            |
| Distributions to other governments.....                        | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Debt service:                                                  |                              |              |        |                              |                                        |              |           |                              |
| Principal retirement.....                                      | -                            | -            | -      | -                            | -                                      | 1,500        | 1,500     | -                            |
| Interest and other fiscal charges.....                         | -                            | -            | -      | -                            | -                                      | 7,236        | 7,236     | -                            |
| Bond issuance costs.....                                       | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Total expenditures.....                                        | 9,632                        | 11,512       | 11,512 | -                            | -                                      | 20,330       | 20,330    | -                            |
| Excess (deficiency) of revenues over (under) expenditures..... | -                            | -            | -      | -                            | -                                      | (4,968)      | (1,206)   | 3,762                        |
| Other financing sources (uses):                                |                              |              |        |                              |                                        |              |           |                              |
| Transfers in.....                                              | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Transfers out.....                                             | -                            | -            | -      | -                            | -                                      | (384)        | (384)     | -                            |
| Issuance of commercial paper.....                              | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Issuance of bonds.....                                         | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Issuance of loans.....                                         | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Premium on issuance of bonds.....                              | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Budget reserves and designations.....                          | -                            | -            | -      | -                            | -                                      | -            | -         | -                            |
| Total other financing sources (uses).....                      | -                            | -            | -      | -                            | -                                      | (384)        | (384)     | -                            |
| Net changes in fund balances.....                              | -                            | -            | -      | -                            | -                                      | (5,352)      | (1,590)   | 3,762                        |
| Budgetary fund balances, July 1.....                           | -                            | -            | -      | -                            | -                                      | 32,453       | 32,453    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -                         | \$ -         | \$ -   | \$ -                         | \$ -                                   | \$ 27,101    | \$ 30,863 | \$ 3,762                     |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | War Memorial Fund |              |          |                              | Total           |              |              |                              |
|----------------------------------------------------------------|-------------------|--------------|----------|------------------------------|-----------------|--------------|--------------|------------------------------|
|                                                                | Original Budget   | Final Budget | Actual   | Variance Positive (Negative) | Original Budget | Final Budget | Actual       | Variance Positive (Negative) |
| Revenues:                                                      |                   |              |          |                              |                 |              |              |                              |
| Property taxes.....                                            | \$ -              | \$ -         | \$ -     | \$ -                         | \$ 285,526      | \$ 353,520   | \$ 350,173   | \$ (3,347)                   |
| Business taxes.....                                            | -                 | -            | -        | -                            | 463,867         | 477,672      | 477,672      | -                            |
| Sales and use tax.....                                         | -                 | -            | -        | -                            | 106,308         | 108,308      | 110,101      | 1,793                        |
| Hotel room tax.....                                            | -                 | -            | -        | -                            | 35,790          | 32,016       | 32,016       | -                            |
| Other local taxes.....                                         | -                 | -            | -        | -                            | 46,500          | 30,224       | 31,008       | 784                          |
| Licenses, permits, and franchises.....                         | -                 | -            | -        | -                            | 19,935          | 19,242       | 18,872       | (370)                        |
| Fines, forfeitures, and penalties.....                         | -                 | -            | -        | -                            | 41,441          | 38,856       | 42,642       | 3,786                        |
| Interest and investment income.....                            | -                 | 104          | 315      | 211                          | 44,273          | 109,017      | 119,712      | 10,695                       |
| Rents and concessions.....                                     | 3,570             | 4,133        | 4,181    | 48                           | 77,272          | 166,166      | 175,451      | 9,285                        |
| Intergovernmental:                                             |                   |              |          |                              |                 |              |              |                              |
| Federal.....                                                   | -                 | -            | 1        | 1                            | 268,728         | 305,905      | 315,285      | 9,380                        |
| State.....                                                     | -                 | -            | -        | -                            | 331,236         | 357,467      | 345,907      | (11,560)                     |
| Other.....                                                     | -                 | -            | -        | -                            | 17,402          | 18,875       | 9,160        | (9,715)                      |
| Charges for services.....                                      | 550               | 707          | 659      | (48)                         | 127,993         | 154,286      | 165,587      | 11,301                       |
| Other.....                                                     | -                 | -            | -        | -                            | 79,604          | 48,829       | 45,005       | (3,824)                      |
| Total revenues.....                                            | 4,120             | 4,944        | 5,156    | 212                          | 1,947,875       | 2,220,383    | 2,238,591    | 18,208                       |
| Expenditures:                                                  |                   |              |          |                              |                 |              |              |                              |
| Current:                                                       |                   |              |          |                              |                 |              |              |                              |
| Public protection.....                                         | -                 | -            | -        | -                            | 86,635          | 99,032       | 99,032       | -                            |
| Public works, transportation and commerce.....                 | -                 | -            | -        | -                            | 459,272         | 532,314      | 438,379      | 93,935                       |
| Human welfare and neighborhood development.....                | -                 | -            | -        | -                            | 1,257,603       | 1,262,758    | 1,218,640    | 44,118                       |
| Community health.....                                          | -                 | -            | -        | -                            | 361,473         | 315,555      | 315,555      | -                            |
| Culture and recreation.....                                    | 21,138            | 22,689       | 22,219   | 470                          | 419,258         | 422,245      | 401,420      | 20,825                       |
| General administration and finance.....                        | -                 | -            | -        | -                            | 51,738          | 139,711      | 130,753      | 8,958                        |
| Distributions to other governments.....                        | -                 | -            | -        | -                            | 53,000          | 53,851       | 53,851       | -                            |
| Debt service:                                                  |                   |              |          |                              |                 |              |              |                              |
| Principal retirement.....                                      | -                 | -            | -        | -                            | 67,977          | 19,003       | 19,380       | (377)                        |
| Interest and other fiscal charges.....                         | -                 | -            | -        | -                            | 10,908          | 18,564       | 16,116       | 2,448                        |
| Bond issuance costs.....                                       | -                 | -            | -        | -                            | -               | 1,070        | 1,070        | -                            |
| Total expenditures.....                                        | 21,138            | 22,689       | 22,219   | 470                          | 2,787,864       | 2,864,103    | 2,694,196    | 169,907                      |
| Excess (deficiency) of revenues over (under) expenditures..... | (17,018)          | (17,745)     | (17,063) | 682                          | (819,989)       | (643,720)    | (455,605)    | 188,115                      |
| Other financing sources (uses):                                |                   |              |          |                              |                 |              |              |                              |
| Transfers in.....                                              | 16,065            | 16,065       | 16,065   | -                            | 503,340         | 513,900      | 513,900      | -                            |
| Transfers out.....                                             | -                 | -            | -        | -                            | (62,671)        | (116,020)    | (116,020)    | -                            |
| Issuance of commercial paper.....                              | -                 | -            | -        | -                            | -               | 1,184        | 1,184        | -                            |
| Issuance of bonds.....                                         | -                 | -            | -        | -                            | -               | 262,545      | 252,545      | -                            |
| Issuance of loans.....                                         | -                 | -            | -        | -                            | 65,000          | 65,000       | 65,000       | -                            |
| Premium on issuance of bonds.....                              | -                 | -            | -        | -                            | -               | 126          | 126          | -                            |
| Budget reserves and designations.....                          | -                 | -            | -        | -                            | (2,160)         | (2,160)      | -            | 2,160                        |
| Total other financing sources (uses).....                      | 16,065            | 16,065       | 16,065   | -                            | 503,509         | 714,575      | 716,735      | 2,160                        |
| Net changes in fund balances.....                              | (653)             | (1,680)      | (998)    | 682                          | (316,480)       | 70,855       | 261,130      | 190,275                      |
| Budgetary fund balances, July 1.....                           | 853               | 9,064        | 9,064    | -                            | 302,352         | 3,063,774    | 3,063,774    | -                            |
| Budgetary fund balances, June 30.....                          | \$ -              | \$ 7,384     | \$ 8,066 | \$ 682                       | \$ (14,128)     | \$ 3,134,629 | \$ 3,324,904 | \$ 190,275                   |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Schedule of Current Expenditures by Department**  
**Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                             | Original Budget | Final Budget   | Actual         | Variance Positive (Negative) |
|-------------------------------------------------------------|-----------------|----------------|----------------|------------------------------|
| <b>BUILDING INSPECTION FUND</b>                             |                 |                |                |                              |
| <b>Public Works, Transportation and Commerce</b>            |                 |                |                |                              |
| Building Inspection.....                                    | \$ 88,179       | \$ 88,935      | \$ 84,001      | \$ 4,934                     |
| Total Building Inspection Fund.....                         | 88,179          | 88,935         | 84,001         | 4,934                        |
| <b>CHILDREN AND FAMILIES FUND</b>                           |                 |                |                |                              |
| <b>Public Works, Transportation and Commerce</b>            |                 |                |                |                              |
| Public Works.....                                           | -               | 59             | 59             | -                            |
| <b>Human Welfare and Neighborhood Development</b>           |                 |                |                |                              |
| Child Support Services.....                                 | 13,135          | 13,134         | 12,902         | 232                          |
| Children, Youth and Their Families.....                     | 277,726         | 283,596        | 245,560        | 38,036                       |
| Early Childhood.....                                        | 233,076         | 187,485        | 187,485        | -                            |
| Total Children and Families Fund.....                       | 523,937         | 484,215        | 445,947        | 38,268                       |
| <b>Community Health</b>                                     |                 |                |                |                              |
| Public Health.....                                          | -               | 33             | 33             | -                            |
| <b>Distributions to Other Governments</b>                   |                 |                |                |                              |
| Distributions to Other Governments.....                     | 53,000          | 53,851         | 53,851         | -                            |
| Total Children and Families Fund.....                       | 576,937         | 538,158        | 499,890        | 38,268                       |
| <b>COMMUNITY / NEIGHBORHOOD DEVELOPMENT FUND</b>            |                 |                |                |                              |
| <b>Public Works, Transportation and Commerce</b>            |                 |                |                |                              |
| Economic and Workforce Development.....                     | 8,468           | 17,599         | 17,599         | -                            |
| Municipal Transportation Agency.....                        | -               | 250            | 250            | -                            |
| Public Utilities Commission.....                            | -               | 61             | 61             | -                            |
| Public Works.....                                           | -               | 6,175          | 6,175          | -                            |
| Total Public Works.....                                     | 8,468           | 24,085         | 24,085         | -                            |
| <b>Human Welfare and Neighborhood Development</b>           |                 |                |                |                              |
| Early Childhood.....                                        | 2,500           | 6              | 6              | -                            |
| Homelessness and Supportive Housing.....                    | -               | 5,098          | 5,098          | -                            |
| Human Rights Commission.....                                | 9,900           | 6,722          | 6,722          | -                            |
| Mayor's Office.....                                         | 79,563          | 265,164        | 265,164        | -                            |
| Rent Arbitration Board.....                                 | 13,812          | 14,959         | 12,815         | 2,144                        |
| Total Human Welfare and Neighborhood Development.....       | 105,775         | 291,949        | 289,805        | 2,144                        |
| <b>Community Health</b>                                     |                 |                |                |                              |
| Public Health.....                                          | -               | 1,257          | 1,257          | -                            |
| <b>Culture and Recreation</b>                               |                 |                |                |                              |
| Arts Commission.....                                        | -               | 184            | 184            | -                            |
| Recreation and Park Commission.....                         | 1,005           | 281            | 281            | -                            |
| Total Culture and Recreation.....                           | 1,005           | 465            | 465            | -                            |
| <b>General Administration and Finance</b>                   |                 |                |                |                              |
| General Services Agency - Administrative Services.....      | 2,519           | 4,038          | 4,038          | -                            |
| Planning.....                                               | 10,152          | 5,683          | 5,683          | -                            |
| Total General Administration and Finance.....               | 12,671          | 9,721          | 9,721          | -                            |
| <b>Total Community / Neighborhood Development Fund.....</b> | <b>127,919</b>  | <b>327,477</b> | <b>325,333</b> | <b>2,144</b>                 |

(Continued)



**CITY AND COUNTY OF SAN FRANCISCO**  
**Schedule of Current Expenditures by Department**  
**Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                        | Original Budget | Final Budget | Actual  | Variance<br>Positive<br>(Negative) |
|--------------------------------------------------------|-----------------|--------------|---------|------------------------------------|
| <b>COMMUNITY HEALTH SERVICES FUND</b>                  |                 |              |         |                                    |
| <b>Public Works, Transportation and Commerce</b>       |                 |              |         |                                    |
| Public Works.....                                      | -               | 986          | 986     | -                                  |
| <b>Human Welfare and Neighborhood Development</b>      |                 |              |         |                                    |
| Homelessness and Supportive Housing.....               | 5,550           | 5,066        | 5,066   | -                                  |
| <b>Community Health</b>                                |                 |              |         |                                    |
| Public Health.....                                     | 255,500         | 218,676      | 218,676 | -                                  |
| Total Community Health Services Fund.....              | 261,050         | 224,728      | 224,728 | -                                  |
| <b>CONVENTION FACILITIES FUND</b>                      |                 |              |         |                                    |
| <b>Public Works, Transportation and Commerce</b>       |                 |              |         |                                    |
| Public Works.....                                      | -               | 60           | 60      | -                                  |
| <b>Culture and Recreation</b>                          |                 |              |         |                                    |
| General Services Agency - Administrative Services..... | 71,205          | 79,339       | 72,044  | 7,295                              |
| Arts Commission.....                                   | -               | 1            | 1       | -                                  |
|                                                        | 71,205          | 79,340       | 72,045  | 7,295                              |
| Total Convention Facilities Fund.....                  | 71,205          | 79,400       | 72,105  | 7,295                              |
| <b>CULTURE AND RECREATION FUND</b>                     |                 |              |         |                                    |
| <b>Public Works, Transportation and Commerce</b>       |                 |              |         |                                    |
| Economic and Workforce Development.....                | 500             | 1,236        | 1,236   | -                                  |
| Public Works.....                                      | -               | 241          | 241     | -                                  |
|                                                        | 500             | 1,477        | 1,477   | -                                  |
| <b>Human Welfare and Neighborhood Development</b>      |                 |              |         |                                    |
| Mayor's Office.....                                    | 3,355           | 3,952        | 3,952   | -                                  |
| <b>Culture and Recreation</b>                          |                 |              |         |                                    |
| Arts Commission.....                                   | 17,528          | 15,936       | 15,936  | -                                  |
| Asian Art Museum.....                                  | 389             | 379          | 379     | -                                  |
| Fine Arts Museums.....                                 | 1,196           | 1,820        | 1,820   | -                                  |
| Recreation and Park Commission.....                    | 14,463          | 10,433       | 10,228  | 205                                |
|                                                        | 33,576          | 28,568       | 28,363  | 205                                |
| <b>General Administration and Finance</b>              |                 |              |         |                                    |
| General Services Agency - Administrative Services..... | 18,231          | 16,231       | 16,231  | -                                  |
| Total Culture and Recreation Fund.....                 | 55,662          | 50,228       | 50,023  | 205                                |
| <b>ENVIRONMENTAL PROTECTION FUND</b>                   |                 |              |         |                                    |
| <b>Public Protection</b>                               |                 |              |         |                                    |
| Sheriff.....                                           | -               | 9            | 9       | -                                  |
| <b>Human Welfare and Neighborhood Development</b>      |                 |              |         |                                    |
| Environment.....                                       | 21,678          | 10,758       | 7,254   | 3,504                              |
| Total Environmental Protection Fund.....               | 21,678          | 10,767       | 7,263   | 3,504                              |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Schedule of Current Expenditures by Department**  
**Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                        | Original Budget | Final Budget | Actual | Variance<br>Positive<br>(Negative) |
|--------------------------------------------------------|-----------------|--------------|--------|------------------------------------|
| <b>GASOLINE TAX FUND</b>                               |                 |              |        |                                    |
| <b>Public Works, Transportation and Commerce</b>       |                 |              |        |                                    |
| Municipal Transportation Agency.....                   | -               | 2,382        | 2,382  | -                                  |
| Public Utilities Commission.....                       | -               | 1,137        | 1,137  | -                                  |
| Public Works.....                                      | 64,593          | 71,755       | 68,092 | 3,663                              |
|                                                        | 64,593          | 75,274       | 71,611 | 3,663                              |
| <b>General Administration and Finance</b>              |                 |              |        |                                    |
| Telecommunications and Information Services.....       | -               | 8            | 8      | -                                  |
| Total Gasoline Tax Fund.....                           | 64,593          | 75,282       | 71,619 | 3,663                              |
| <b>GENERAL SERVICES FUND</b>                           |                 |              |        |                                    |
| <b>Public Protection</b>                               |                 |              |        |                                    |
| District Attorney.....                                 | 310             | 114          | 114    | -                                  |
| Juvenile Probation.....                                | -               | 68           | 68     | -                                  |
|                                                        | 310             | 182          | 182    | -                                  |
| <b>Culture and Recreation</b>                          |                 |              |        |                                    |
| Fine Arts Museums.....                                 | -               | 956          | 956    | -                                  |
| <b>General Administration and Finance</b>              |                 |              |        |                                    |
| Assessor/Recorder.....                                 | 1,841           | 1,394        | 1,394  | -                                  |
| Board of Supervisors.....                              | 18              | 14           | 14     | -                                  |
| City Attorney.....                                     | -               | 440          | 440    | -                                  |
| General Services Agency - Administrative Services..... | 1,014           | 3,317        | 3,317  | -                                  |
| Human Resources.....                                   | 152             | 424          | -      | 424                                |
| Mayor's Office.....                                    | 150             | 797          | 797    | -                                  |
| Telecommunications and Information Services.....       | 2,518           | 2,652        | 2,652  | -                                  |
| Treasurer/Tax Collector.....                           | 2,042           | 1,622        | 1,622  | -                                  |
|                                                        | 7,735           | 10,660       | 10,236 | 424                                |
| Total General Services Fund.....                       | 8,045           | 11,798       | 11,374 | 424                                |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Schedule of Current Expenditures by Department**  
**Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                        | Original Budget | Final Budget | Actual | Variance<br>Positive<br>(Negative) |
|--------------------------------------------------------|-----------------|--------------|--------|------------------------------------|
| <b>GIFT AND OTHER EXPENDABLE TRUSTS FUND</b>           |                 |              |        |                                    |
| <b>Public Protection</b>                               |                 |              |        |                                    |
| Police Department.....                                 | -               | 117          | 117    | -                                  |
| <b>Public Works, Transportation and Commerce</b>       |                 |              |        |                                    |
| Economic and Workforce Development.....                | -               | 1            | 1      | -                                  |
| Public Works.....                                      | -               | 1,310        | 1,310  | -                                  |
|                                                        | -               | 1,311        | 1,311  | -                                  |
| <b>Human Welfare and Neighborhood Development</b>      |                 |              |        |                                    |
| Environment.....                                       | -               | 73           | 73     | -                                  |
| Homelessness and Supportive Housing.....               | -               | 98           | 98     | -                                  |
| Human Services.....                                    | -               | 14           | 14     | -                                  |
| Mayor's Office.....                                    | -               | 33           | 33     | -                                  |
|                                                        | -               | 218          | 218    | -                                  |
| <b>Community Health</b>                                |                 |              |        |                                    |
| Public Health.....                                     | 255             | 356          | 356    | -                                  |
| <b>Culture and Recreation</b>                          |                 |              |        |                                    |
| Arts Commission.....                                   | -               | 679          | 679    | -                                  |
| Fine Arts Museums.....                                 | 75              | 375          | 375    | -                                  |
| Library.....                                           | 5               | 5            | 5      | -                                  |
| Recreation and Park Commission.....                    | 781             | 652          | 652    | -                                  |
| War Memorial.....                                      | -               | 11           | 11     | -                                  |
|                                                        | 861             | 1,722        | 1,722  | -                                  |
| <b>General Administration and Finance</b>              |                 |              |        |                                    |
| General Services Agency - Administrative Services..... | -               | 38           | 38     | -                                  |
| Total Gift and Other Expendable Trusts Fund.....       | 1,116           | 3,762        | 3,762  | -                                  |
| <b>GOLF FUND</b>                                       |                 |              |        |                                    |
| <b>Public Works, Transportation and Commerce</b>       |                 |              |        |                                    |
| Public Works.....                                      | -               | 116          | 116    | -                                  |
| <b>Culture and Recreation</b>                          |                 |              |        |                                    |
| Recreation and Park Commission.....                    | 21,749          | 21,917       | 21,917 | -                                  |
| Total Golf Fund.....                                   | 21,749          | 22,033       | 22,033 | -                                  |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Schedule of Current Expenditures by Department**  
**Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                        | Original Budget | Final Budget | Actual  | Variance<br>Positive<br>(Negative) |
|--------------------------------------------------------|-----------------|--------------|---------|------------------------------------|
| <b>HUMAN WELFARE FUND</b>                              |                 |              |         |                                    |
| <b>Public Works, Transportation and Commerce</b>       |                 |              |         |                                    |
| Public Works.....                                      | -               | 3,621        | 3,621   | -                                  |
| <b>Human Welfare and Neighborhood Development</b>      |                 |              |         |                                    |
| Early Childhood.....                                   | 2,104           | 2,068        | 2,068   | -                                  |
| Homelessness and Supportive Housing.....               | 113,623         | 115,429      | 115,429 | -                                  |
| Human Services.....                                    | 79,713          | 82,539       | 82,539  | -                                  |
| Status of Women.....                                   | 200             | 202          | 187     | 15                                 |
|                                                        | 195,640         | 200,238      | 200,223 | 15                                 |
| Total Human Welfare Fund.....                          | 195,640         | 203,859      | 203,844 | 15                                 |
| <b>LOW AND MODERATE INCOME HOUSING ASSET FUND</b>      |                 |              |         |                                    |
| <b>Human Welfare and Neighborhood Development</b>      |                 |              |         |                                    |
| Mayor's Office.....                                    | 5,000           | 7,693        | 7,693   | -                                  |
| Total Low and Moderate Income Housing Asset Fund.....  | 5,000           | 7,693        | 7,693   | -                                  |
| <b>OPEN SPACE AND PARK FUND</b>                        |                 |              |         |                                    |
| <b>Public Works, Transportation and Commerce</b>       |                 |              |         |                                    |
| Public Works.....                                      | -               | 310          | 310     | -                                  |
| Public Utilities Commission.....                       | -               | 4            | 4       | -                                  |
|                                                        | -               | 314          | 314     | -                                  |
| <b>Culture and Recreation</b>                          |                 |              |         |                                    |
| Recreation and Park Commission.....                    | 82,422          | 83,665       | 79,433  | 4,232                              |
| <b>General Administration and Finance</b>              |                 |              |         |                                    |
| General Services Agency - Administrative Services..... | -               | 16           | 16      | -                                  |
| Mayor's Office.....                                    | -               | 411          | 411     | -                                  |
|                                                        | -               | 427          | 427     | -                                  |
| Total Open Space and Park Fund.....                    | 82,422          | 84,406       | 80,174  | 4,232                              |
| <b>OUR CITY OUR HOME FUND</b>                          |                 |              |         |                                    |
| <b>Public Works, Transportation and Commerce</b>       |                 |              |         |                                    |
| Public Works.....                                      | -               | 11,574       | 11,574  | -                                  |
| <b>Human Welfare and Neighborhood Development</b>      |                 |              |         |                                    |
| Homelessness and Supportive Housing.....               | 362,342         | 146,909      | 146,909 | -                                  |
| Mayor's Office.....                                    | -               | 74,718       | 74,718  | -                                  |
|                                                        | 362,342         | 221,627      | 221,627 | -                                  |
| <b>Community Health</b>                                |                 |              |         |                                    |
| Public Health.....                                     | 105,718         | 95,196       | 95,196  | -                                  |
| <b>General Administration and Finance</b>              |                 |              |         |                                    |
| Telecommunications and Information Services.....       | -               | 30           | 30      | -                                  |
| Controller.....                                        | 1,260           | 537          | 537     | -                                  |
| Treasurer/Tax Collector.....                           | 1,927           | 1,966        | 1,966   | -                                  |
|                                                        | 3,187           | 2,533        | 2,533   | -                                  |
| Total Our City Our Home Fund.....                      | 471,247         | 330,930      | 330,930 | -                                  |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Schedule of Current Expenditures by Department**  
**Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                           | Original Budget | Final Budget | Actual  | Variance<br>Positive<br>(Negative) |
|-----------------------------------------------------------|-----------------|--------------|---------|------------------------------------|
| <b>PUBLIC LIBRARY FUND</b>                                |                 |              |         |                                    |
| <b>Public Works, Transportation and Commerce</b>          |                 |              |         |                                    |
| Public Works.....                                         | -               | 12,537       | 12,537  | -                                  |
| <b>Culture and Recreation</b>                             |                 |              |         |                                    |
| Arts Commission.....                                      | -               | 23           | 23      | -                                  |
| Library.....                                              | 187,302         | 182,780      | 174,157 | 8,623                              |
|                                                           | 187,302         | 182,803      | 174,180 | 8,623                              |
| Total Public Library Fund.....                            | 187,302         | 195,340      | 186,717 | 8,623                              |
| <b>PUBLIC PROTECTION FUND</b>                             |                 |              |         |                                    |
| <b>Public Protection</b>                                  |                 |              |         |                                    |
| Adult Probation.....                                      | 3,854           | 2,527        | 2,527   | -                                  |
| District Attorney.....                                    | 7,559           | 8,424        | 8,424   | -                                  |
| Emergency Management.....                                 | 41,957          | 36,898       | 36,898  | -                                  |
| Fire Department.....                                      | -               | 220          | 220     | -                                  |
| Juvenile Probation.....                                   | 13,982          | 14,986       | 14,986  | -                                  |
| Police Department.....                                    | 9,476           | 29,171       | 29,171  | -                                  |
| Public Defender.....                                      | 1,206           | 1,716        | 1,716   | -                                  |
| Sheriff.....                                              | 8,291           | 4,782        | 4,782   | -                                  |
|                                                           | 86,325          | 98,724       | 98,724  | -                                  |
| <b>Public Works, Transportation and Commerce</b>          |                 |              |         |                                    |
| Public Works.....                                         | -               | 20           | 20      | -                                  |
| <b>Human Welfare and Neighborhood Development</b>         |                 |              |         |                                    |
| Children, Youth and Their Families.....                   | 7,482           | 6,092        | 6,092   | -                                  |
| Status of Women.....                                      | -               | 3,219        | 3,219   | -                                  |
|                                                           | 7,482           | 9,311        | 9,311   | -                                  |
| <b>Community Health</b>                                   |                 |              |         |                                    |
| Public Health.....                                        | -               | 37           | 37      | -                                  |
| <b>General Administration and Finance</b>                 |                 |              |         |                                    |
| Board of Supervisors.....                                 | 154             | -            | -       | -                                  |
| City Attorney.....                                        | 5,226           | 3,431        | 3,431   | -                                  |
| General Services Agency - Administrative Services.....    | -               | 48           | 48      | -                                  |
|                                                           | 5,380           | 3,479        | 3,479   | -                                  |
| Total Public Protection Fund.....                         | 99,187          | 111,571      | 111,571 | -                                  |
| <b>PUBLIC WORKS, TRANSPORTATION AND COMMERCE FUND</b>     |                 |              |         |                                    |
| <b>Public Works, Transportation and Commerce</b>          |                 |              |         |                                    |
| Municipal Transportation Agency.....                      | -               | 31           | 31      | -                                  |
| Public Works.....                                         | 55,663          | 67,480       | 50,893  | 16,587                             |
| Public Utilities Commission.....                          | -               | 16           | 16      | -                                  |
|                                                           | 55,663          | 67,527       | 50,940  | 16,587                             |
| <b>Human Welfare and Neighborhood Development</b>         |                 |              |         |                                    |
| Environment.....                                          | 17,212          | 16,219       | 16,032  | 187                                |
| <b>Culture and Recreation</b>                             |                 |              |         |                                    |
| Recreation and Park Commission.....                       | -               | 16           | 16      | -                                  |
| <b>General Administration and Finance</b>                 |                 |              |         |                                    |
| Controller.....                                           | 1,463           | 1,396        | 1,396   | -                                  |
| Planning.....                                             | 350             | 7            | 7       | -                                  |
| Treasurer/Tax Collector.....                              | 272             | 247          | 247     | -                                  |
|                                                           | 2,085           | 1,650        | 1,650   | -                                  |
| Total Public Works, Transportation and Commerce Fund..... | 74,960          | 85,412       | 68,638  | 16,774                             |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Schedule of Current Expenditures by Department**  
**Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Special Revenue Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Original Budget | Final Budget | Actual       | Variance<br>Positive<br>(Negative) |
|----------------------------------------------------------------|-----------------|--------------|--------------|------------------------------------|
| <b>REAL PROPERTY FUND</b>                                      |                 |              |              |                                    |
| <b>Public Works, Transportation and Commerce</b>               |                 |              |              |                                    |
| Public Works.....                                              | -               | 110          | 110          | -                                  |
| <b>Culture and Recreation</b>                                  |                 |              |              |                                    |
| Recreation and Park Commission.....                            | -               | 104          | 104          | -                                  |
| <b>General Administration and Finance</b>                      |                 |              |              |                                    |
| General Services Agency - Administrative Services.....         | 2,449           | 94,687       | 86,153       | 8,534                              |
| Total Real Property Fund.....                                  | 2,449           | 94,901       | 86,367       | 8,534                              |
| <b>SAN FRANCISCO COUNTY TRANSPORTATION<br/>AUTHORITY FUND</b>  |                 |              |              |                                    |
| <b>Public Works, Transportation and Commerce</b>               |                 |              |              |                                    |
| Board of Supervisors.....                                      | 241,869         | 232,991      | 164,240      | 68,751                             |
| Total SF County Transportation Authority Fund.....             | 241,869         | 232,991      | 164,240      | 68,751                             |
| <b>SENIOR CITIZENS PROGRAM FUND</b>                            |                 |              |              |                                    |
| <b>Human Welfare and Neighborhood Development</b>              |                 |              |              |                                    |
| Human Services.....                                            | 9,632           | 11,512       | 11,512       | -                                  |
| Total Senior Citizens Program Fund.....                        | 9,632           | 11,512       | 11,512       | -                                  |
| <b>TAX INCREMENT FINANCING DISTRICTS FUND</b>                  |                 |              |              |                                    |
| <b>Public Works, Transportation and Commerce</b>               |                 |              |              |                                    |
| Port.....                                                      | -               | 11,317       | 11,317       | -                                  |
| <b>General Administration and Finance</b>                      |                 |              |              |                                    |
| General Services Agency - Administrative Services.....         | -               | 277          | 277          | -                                  |
| Total Tax Increment Financing Districts Fund.....              | -               | 11,594       | 11,594       | -                                  |
| <b>WAR MEMORIAL FUND</b>                                       |                 |              |              |                                    |
| <b>Culture and Recreation</b>                                  |                 |              |              |                                    |
| War Memorial.....                                              | 21,138          | 22,689       | 22,219       | 470                                |
| Total War Memorial Fund.....                                   | 21,138          | 22,689       | 22,219       | 470                                |
| Total Special Revenue Funds With Legally Adopted Budgets ..... | \$ 2,688,979    | \$ 2,825,466 | \$ 2,657,630 | \$ 167,836                         |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds – Debt Service Funds**  
June 30, 2025  
(In Thousands)

|                                                                                    | General<br>Obligation<br>Bond Fund | Certificates<br>of<br>Participation<br>Funds | Other Bond<br>Funds | Total             |
|------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------|---------------------|-------------------|
| Assets:                                                                            |                                    |                                              |                     |                   |
| Deposits and investments with City Treasury.....                                   | \$ 191,184                         | \$ -                                         | \$ -                | \$ 191,184        |
| Deposits and investments outside City Treasury.....                                | -                                  | 58,525                                       | 5                   | 58,530            |
| Receivables:                                                                       |                                    |                                              |                     |                   |
| Property taxes and penalties.....                                                  | 5,351                              | -                                            | -                   | 5,351             |
| Interest and other.....                                                            | 3,621                              | 201                                          | -                   | 3,822             |
| <b>Total assets.....</b>                                                           | <b>\$ 200,156</b>                  | <b>\$ 58,726</b>                             | <b>\$ 5</b>         | <b>\$ 258,887</b> |
| Liabilities:                                                                       |                                    |                                              |                     |                   |
| Unearned revenues and other liabilities.....                                       | 66,404                             | -                                            | -                   | 66,404            |
| <b>Total liabilities.....</b>                                                      | <b>66,404</b>                      | <b>-</b>                                     | <b>-</b>            | <b>66,404</b>     |
| Deferred inflows of resources.....                                                 | 4,467                              | -                                            | -                   | 4,467             |
| Fund balances:                                                                     |                                    |                                              |                     |                   |
| Restricted.....                                                                    | 129,285                            | 58,726                                       | 5                   | 188,016           |
| <b>Total fund balances.....</b>                                                    | <b>129,285</b>                     | <b>58,726</b>                                | <b>5</b>            | <b>188,016</b>    |
| <b>Total liabilities, deferred inflows of resources<br/>and fund balances.....</b> | <b>\$ 200,156</b>                  | <b>\$ 58,726</b>                             | <b>\$ 5</b>         | <b>\$ 258,887</b> |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances**  
**Nonmajor Governmental Funds – Debt Service Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                   | General<br>Obligation<br>Bond Fund | Certificates of<br>Participation<br>Funds | Other Bond<br>Funds | Total             |
|---------------------------------------------------|------------------------------------|-------------------------------------------|---------------------|-------------------|
| Revenues:                                         |                                    |                                           |                     |                   |
| Property taxes.....                               | \$ 337,146                         | \$ -                                      | \$ -                | \$ 337,146        |
| Fines, forfeitures, and penalties.....            | 15,277                             | -                                         | -                   | 15,277            |
| Interest and investment income.....               | 17,076                             | 2,895                                     | 13                  | 19,984            |
| Intergovernmental                                 |                                    |                                           |                     |                   |
| State.....                                        | 626                                | -                                         | -                   | 626               |
| Other.....                                        | 6,648                              | 173                                       | -                   | 6,821             |
| <b>Total revenues.....</b>                        | <b>376,773</b>                     | <b>3,068</b>                              | <b>13</b>           | <b>379,854</b>    |
| Expenditures:                                     |                                    |                                           |                     |                   |
| Debt service:                                     |                                    |                                           |                     |                   |
| Principal retirement.....                         | 321,316                            | 54,580                                    | 3,589               | 379,485           |
| Interest and other fiscal charges.....            | 107,225                            | 53,418                                    | 139                 | 160,782           |
| <b>Total expenditures.....</b>                    | <b>428,541</b>                     | <b>107,998</b>                            | <b>3,728</b>        | <b>540,267</b>    |
| Deficiency of revenues<br>under expenditures..... | (51,768)                           | (104,930)                                 | (3,715)             | (160,413)         |
| Other financing sources (uses):                   |                                    |                                           |                     |                   |
| Transfers in.....                                 | 25,303                             | 103,785                                   | 3,537               | 132,625           |
| Transfers out.....                                | -                                  | (118)                                     | -                   | (118)             |
| <b>Total other financing sources (uses).....</b>  | <b>25,303</b>                      | <b>103,667</b>                            | <b>3,537</b>        | <b>132,507</b>    |
| <b>Net changes in fund balances.....</b>          | <b>(26,465)</b>                    | <b>(1,263)</b>                            | <b>(178)</b>        | <b>(27,906)</b>   |
| Fund balances at beginning of year.....           | 155,750                            | 59,989                                    | 183                 | 215,922           |
| <b>Fund balances at end of year.....</b>          | <b>\$ 129,285</b>                  | <b>\$ 58,726</b>                          | <b>\$ 5</b>         | <b>\$ 188,016</b> |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance – Budget and Actual – Budget Basis**  
**Nonmajor Governmental Funds – Debt Service Fund**  
Year Ended June 30, 2025  
(In Thousands)

|                                                   | General Obligation Bond Fund |              |            |                                    |
|---------------------------------------------------|------------------------------|--------------|------------|------------------------------------|
|                                                   | Original<br>Budget           | Final Budget | Actual     | Variance<br>Positive<br>(Negative) |
| Revenues:                                         |                              |              |            |                                    |
| Property taxes.....                               | \$ 376,218                   | \$ 376,218   | \$ 337,146 | \$ (39,072)                        |
| Fines, forfeitures, and penalties.....            | 16,159                       | 16,159       | 15,277     | (882)                              |
| Interest and investment income.....               | -                            | -            | 14,286     | 14,286                             |
| Intergovernmental                                 |                              |              |            |                                    |
| State.....                                        | 700                          | 700          | 626        | (74)                               |
| Other.....                                        | 10,277                       | 10,277       | 6,648      | (3,629)                            |
| Total revenues.....                               | 403,354                      | 403,354      | 373,983    | (29,371)                           |
| Expenditures:                                     |                              |              |            |                                    |
| Debt service:                                     |                              |              |            |                                    |
| Principal retirement.....                         | 283,961                      | 321,316      | 321,316    | -                                  |
| Interest and other fiscal charges.....            | 121,054                      | 109,041      | 107,225    | 1,816                              |
| Total expenditures.....                           | 405,015                      | 430,357      | 428,541    | 1,816                              |
| Deficiency of revenues<br>under expenditures..... | (1,661)                      | (27,003)     | (54,558)   | (27,555)                           |
| Other financing sources:                          |                              |              |            |                                    |
| Transfers in.....                                 | 1,661                        | 25,303       | 25,303     | -                                  |
| Total other financing sources.....                | 1,661                        | 25,303       | 25,303     | -                                  |
| Net changes in fund balance.....                  | -                            | (1,700)      | (29,255)   | (27,555)                           |
| Budgetary fund balance, July 1.....               | -                            | 157,367      | 157,367    | -                                  |
| Budgetary fund balance, June 30.....              | \$ -                         | \$ 155,667   | \$ 128,112 | \$ (27,555)                        |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds – Capital Projects Funds**  
June 30, 2025  
(In Thousands)

|                                                                            | City Facilities<br>Improvement<br>Fund | Recreation<br>and Park<br>Projects<br>Fund | Street<br>Improvement<br>Fund | Total      |
|----------------------------------------------------------------------------|----------------------------------------|--------------------------------------------|-------------------------------|------------|
| Assets:                                                                    |                                        |                                            |                               |            |
| Deposits and investments with City Treasury.....                           | \$ 445,253                             | \$ 8,832                                   | \$ -                          | \$ 454,085 |
| Deposits and investments outside City Treasury.....                        | 138,387                                | 1                                          | 16,718                        | 155,106    |
| Receivables:                                                               |                                        |                                            |                               |            |
| Federal and state grants and subventions.....                              | -                                      | 7,125                                      | 5,237                         | 12,362     |
| Interest and other.....                                                    | 4,391                                  | 39                                         | -                             | 4,430      |
| Due from other funds.....                                                  | -                                      | 33                                         | 16,738                        | 16,771     |
| Total assets.....                                                          | \$ 588,031                             | \$ 16,030                                  | \$ 38,693                     | \$ 642,754 |
| Liabilities:                                                               |                                        |                                            |                               |            |
| Accounts payable.....                                                      | \$ 30,969                              | \$ 3,494                                   | \$ 9,984                      | \$ 44,447  |
| Accrued payroll.....                                                       | 1,180                                  | 73                                         | 357                           | 1,610      |
| Unearned grant and subvention revenues.....                                | -                                      | 6,319                                      | 519                           | 6,838      |
| Due to other funds.....                                                    | 2,531                                  | -                                          | 20,135                        | 22,666     |
| Unearned revenues and other liabilities.....                               | 2,760                                  | 43                                         | 7,841                         | 10,644     |
| Bonds, loans, leases, and other payables.....                              | 19,432                                 | -                                          | 18,171                        | 37,603     |
| Total liabilities.....                                                     | 56,872                                 | 9,929                                      | 57,007                        | 123,808    |
| Deferred inflows of resources.....                                         | -                                      | 5,871                                      | 2,401                         | 8,272      |
| Fund balances:                                                             |                                        |                                            |                               |            |
| Restricted.....                                                            | 531,159                                | 230                                        | (20,715)                      | 510,674    |
| Total fund balances.....                                                   | 531,159                                | 230                                        | (20,715)                      | 510,674    |
| Total liabilities, deferred inflows of resources<br>and fund balances..... | \$ 588,031                             | \$ 16,030                                  | \$ 38,693                     | \$ 642,754 |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds – Capital Projects Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                   | City Facilities<br>Improvement<br>Fund | Recreation<br>and Park<br>Projects<br>Fund | Street<br>Improvement<br>Fund | Total             |
|---------------------------------------------------|----------------------------------------|--------------------------------------------|-------------------------------|-------------------|
| Revenues:                                         |                                        |                                            |                               |                   |
| Interest and investment income.....               | \$ 23,274                              | \$ 397                                     | \$ (593)                      | \$ 23,078         |
| Rents and concessions.....                        | -                                      | -                                          | 199                           | 199               |
| Intergovernmental:                                |                                        |                                            |                               |                   |
| Federal.....                                      | -                                      | 1,886                                      | 1,355                         | 3,241             |
| State.....                                        | -                                      | 13,911                                     | 2,571                         | 16,482            |
| Other.....                                        | -                                      | 214                                        | 3                             | 217               |
| Charges for services.....                         | -                                      | -                                          | 13                            | 13                |
| Other.....                                        | -                                      | 4,448                                      | -                             | 4,448             |
| Total revenues.....                               | <u>23,274</u>                          | <u>20,856</u>                              | <u>3,548</u>                  | <u>47,678</u>     |
| Expenditures:                                     |                                        |                                            |                               |                   |
| Debt service:                                     |                                        |                                            |                               |                   |
| Interest and other fiscal charges.....            | 4,922                                  | 45                                         | 224                           | 5,191             |
| Bond issuance costs.....                          | 2,747                                  | 952                                        | 21                            | 3,720             |
| Capital outlay.....                               | <u>136,288</u>                         | <u>47,070</u>                              | <u>46,218</u>                 | <u>229,576</u>    |
| Total expenditures.....                           | <u>143,957</u>                         | <u>48,067</u>                              | <u>46,463</u>                 | <u>238,487</u>    |
| Deficiency of revenues<br>under expenditures..... | <u>(120,683)</u>                       | <u>(27,211)</u>                            | <u>(42,915)</u>               | <u>(190,809)</u>  |
| Other financing sources (uses):                   |                                        |                                            |                               |                   |
| Transfers in.....                                 | 507                                    | 946                                        | 13,252                        | 14,705            |
| Transfers out.....                                | (308,275)                              | (7)                                        | (81)                          | (308,363)         |
| Issuance of bonds:                                |                                        |                                            |                               |                   |
| Face value of bonds issued.....                   | 507,985                                | 19,565                                     | -                             | 527,550           |
| Premium on issuance of bonds.....                 | 34,428                                 | 995                                        | -                             | 35,423            |
| Total other financing sources (uses).....         | <u>234,645</u>                         | <u>21,499</u>                              | <u>13,171</u>                 | <u>269,315</u>    |
| Net changes in fund balances.....                 | 113,962                                | (5,712)                                    | (29,744)                      | 78,506            |
| Fund balances at beginning of year.....           | <u>417,197</u>                         | <u>5,942</u>                               | <u>9,029</u>                  | <u>432,168</u>    |
| Fund balances at end of year.....                 | <u>\$ 531,159</u>                      | <u>\$ 230</u>                              | <u>\$ (20,715)</u>            | <u>\$ 510,674</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
**INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

*Central Shops Fund* – Accounts for Central Shops equipment (primarily vehicle) maintenance service charges and the related billings to various departments.

*Finance Corporation* – Accounts for the lease financing services provided by the Finance Corporation to City departments. The City established the Finance Corporation Internal Service fund because its sole purpose is to provide lease financing to the City.

*Reproduction Fund* – Accounts for printing, design and mail services required by various City departments and agencies.

*Telecommunications and Information Fund* – Accounts for centralized telecommunications activities in the City's Wide Area Network, radio communication and telephone systems. In addition, it accounts for application support provided to many department-specific and citywide systems, management of the City's Web site, operations of the City's mainframe computers and technology training provided to the City, the related billings to various departments for specific services performed and operating support from the General Fund.

**CITY AND COUNTY OF SAN FRANCISCO**

**Combining Statement of Net Position  
Internal Service Funds  
June 30, 2025  
(In Thousands)**

|                                                                    | Central Shops<br>Fund | Finance<br>Corporation | Reproduction<br>Fund | Telecom-<br>munications &<br>Information<br>Fund | Total      |
|--------------------------------------------------------------------|-----------------------|------------------------|----------------------|--------------------------------------------------|------------|
| <b>Assets:</b>                                                     |                       |                        |                      |                                                  |            |
| Current assets:                                                    |                       |                        |                      |                                                  |            |
| Deposits and investments with City Treasury.....                   | \$ 10,372             | \$ -                   | \$ 2,542             | \$ 67,644                                        | \$ 80,558  |
| Receivables:                                                       |                       |                        |                      |                                                  |            |
| Charges for services.....                                          | 78                    | -                      | -                    | -                                                | 78         |
| Interest and other.....                                            | -                     | 12                     | -                    | 249                                              | 261        |
| Leases.....                                                        | -                     | 13,944                 | -                    | 391                                              | 14,335     |
| Restricted assets:                                                 |                       |                        |                      |                                                  |            |
| Deposits and investments outside City Treasury.....                | -                     | 4,186                  | -                    | -                                                | 4,186      |
| Total current assets.....                                          | 10,450                | 18,142                 | 2,542                | 68,284                                           | 99,418     |
| Noncurrent assets:                                                 |                       |                        |                      |                                                  |            |
| Restricted assets:                                                 |                       |                        |                      |                                                  |            |
| Receivables: Leases.....                                           | -                     | 40,137                 | -                    | 6,018                                            | 46,155     |
| Capital assets:                                                    |                       |                        |                      |                                                  |            |
| Land and other assets not being depreciated/amortized              | -                     | -                      | -                    | 239                                              | 239        |
| Facilities and equipment,<br>net of depreciation/amortization..... | 300                   | -                      | 330                  | 57,309                                           | 57,939     |
| Total capital assets.....                                          | 300                   | -                      | 330                  | 57,548                                           | 58,178     |
| Total noncurrent assets.....                                       | 300                   | 40,137                 | 330                  | 63,566                                           | 104,333    |
| Total assets.....                                                  | 10,750                | 58,279                 | 2,872                | 131,850                                          | 203,751    |
| Deferred outflows of resources:                                    |                       |                        |                      |                                                  |            |
| Unamortized loss on refunding of debt.....                         | -                     | 417                    | -                    | -                                                | 417        |
| Pensions.....                                                      | 6,089                 | -                      | -                    | 19,798                                           | 25,887     |
| OPEB.....                                                          | 3,294                 | -                      | -                    | 5,872                                            | 9,166      |
| Total deferred outflows of resources.....                          | 9,383                 | 417                    | -                    | 25,670                                           | 35,470     |
| <b>Liabilities:</b>                                                |                       |                        |                      |                                                  |            |
| Current liabilities:                                               |                       |                        |                      |                                                  |            |
| Accounts payable.....                                              | 1,764                 | 41                     | 475                  | 8,325                                            | 10,605     |
| Accrued payroll.....                                               | 1,119                 | -                      | 171                  | 3,502                                            | 4,792      |
| Compensated absences.....                                          | 1,076                 | -                      | -                    | 5,099                                            | 6,175      |
| Accrued workers' compensation.....                                 | -                     | -                      | -                    | 303                                              | 303        |
| Bonds, loans, leases, and other payables.....                      | -                     | 13,730                 | -                    | 23,760                                           | 37,490     |
| Accrued interest payable.....                                      | -                     | 432                    | -                    | 690                                              | 1,122      |
| Unearned revenues and other liabilities.....                       | -                     | 99                     | 8                    | -                                                | 107        |
| Total current liabilities.....                                     | 3,959                 | 14,302                 | 654                  | 41,679                                           | 60,594     |
| Noncurrent liabilities:                                            |                       |                        |                      |                                                  |            |
| Compensated absences.....                                          | 1,042                 | -                      | -                    | 5,710                                            | 6,752      |
| Accrued workers' compensation.....                                 | -                     | -                      | -                    | 1,271                                            | 1,271      |
| Bonds, loans, leases, and other payables.....                      | -                     | 44,270                 | -                    | 22,197                                           | 66,467     |
| Net pension liability.....                                         | 9,816                 | -                      | -                    | 33,222                                           | 43,038     |
| Net other postemployment benefits (OPEB) liability.....            | 18,781                | -                      | -                    | 30,279                                           | 49,060     |
| Total noncurrent liabilities.....                                  | 29,639                | 44,270                 | -                    | 92,679                                           | 166,588    |
| Total liabilities.....                                             | 33,598                | 58,572                 | 654                  | 134,358                                          | 227,182    |
| Deferred inflows of resources:                                     |                       |                        |                      |                                                  |            |
| Unamortized gain on refunding of debt.....                         | -                     | 124                    | -                    | -                                                | 124        |
| Pensions.....                                                      | 247                   | -                      | -                    | 1,773                                            | 2,020      |
| OPEB.....                                                          | 3,298                 | -                      | -                    | 5,042                                            | 8,340      |
| Leases.....                                                        | -                     | -                      | -                    | 6,234                                            | 6,234      |
| Total deferred inflows of resources.....                           | 3,545                 | 124                    | -                    | 13,049                                           | 16,718     |
| Net position:                                                      |                       |                        |                      |                                                  |            |
| Net investment in capital assets.....                              | 300                   | -                      | 330                  | 11,591                                           | 12,221     |
| Unrestricted (deficit).....                                        | (17,310)              | -                      | 1,888                | (1,478)                                          | (16,900)   |
| Total net position.....                                            | \$ (17,010)           | \$ -                   | \$ 2,218             | \$ 10,113                                        | \$ (4,679) |

**CITY AND COUNTY OF SAN FRANCISCO**

**Combining Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Internal Service Funds  
Year Ended June 30, 2025  
(In Thousands)**

|                                                                             | Central Shops<br>Fund | Finance<br>Corporation | Reproduction<br>Fund | Telecom-<br>munications &<br>Information<br>Fund | Total      |
|-----------------------------------------------------------------------------|-----------------------|------------------------|----------------------|--------------------------------------------------|------------|
| <b>Operating revenues:</b>                                                  |                       |                        |                      |                                                  |            |
| Charges for services.....                                                   | \$ 46,801             | \$ -                   | \$ 10,711            | \$ 149,567                                       | \$ 207,079 |
| Rents and concessions.....                                                  | -                     | -                      | -                    | 529                                              | 529        |
| Total operating revenues.....                                               | 46,801                | -                      | 10,711               | 150,096                                          | 207,608    |
| <b>Operating expenses:</b>                                                  |                       |                        |                      |                                                  |            |
| Personnel services.....                                                     | 20,785                | -                      | 2,781                | 58,786                                           | 82,352     |
| Contractual services.....                                                   | 7,914                 | -                      | 6,741                | 39,312                                           | 53,967     |
| Materials and supplies.....                                                 | 14,968                | -                      | 405                  | 3,450                                            | 18,823     |
| Depreciation and amortization.....                                          | 53                    | -                      | 199                  | 28,761                                           | 29,013     |
| General and administrative.....                                             | 116                   | -                      | 1                    | 361                                              | 478        |
| Services provided by other departments.....                                 | 3,114                 | -                      | 845                  | 17,566                                           | 21,525     |
| Other.....                                                                  | -                     | -                      | -                    | 1,518                                            | 1,518      |
| Total operating expenses.....                                               | 46,950                | -                      | 10,972               | 149,754                                          | 207,676    |
| Operating income (loss).....                                                | (149)                 | -                      | (261)                | 342                                              | (68)       |
| <b>Nonoperating revenues (expenses):</b>                                    |                       |                        |                      |                                                  |            |
| Operating grants: Federal.....                                              | -                     | -                      | 29                   | 39                                               | 68         |
| Interest and investment income.....                                         | 194                   | 1,023                  | 43                   | 2,896                                            | 4,156      |
| Interest expense.....                                                       | -                     | (1,627)                | -                    | (1,359)                                          | (2,986)    |
| Other, net.....                                                             | -                     | 604                    | 216                  | 185                                              | 1,005      |
| Total nonoperating revenues (expenses).....                                 | 194                   | -                      | 288                  | 1,761                                            | 2,243      |
| Income before transfers.....                                                | 45                    | -                      | 27                   | 2,103                                            | 2,175      |
| Transfers out.....                                                          | (194)                 | -                      | (43)                 | (2,783)                                          | (3,020)    |
| Change in net position.....                                                 | (149)                 | -                      | (16)                 | (680)                                            | (845)      |
| Net position (deficit) at beginning of year,<br>as previously reported..... | (15,924)              | -                      | 2,234                | 16,210                                           | 2,520      |
| Cumulative effect of accounting change.....                                 | (937)                 | -                      | -                    | (5,417)                                          | (6,354)    |
| Net position (deficit) at beginning of year, as restated.....               | (16,861)              | -                      | 2,234                | 10,793                                           | (3,834)    |
| Net position (deficit) at end of year.....                                  | \$ (17,010)           | \$ -                   | \$ 2,218             | \$ 10,113                                        | \$ (4,679) |

**CITY AND COUNTY OF SAN FRANCISCO**

**Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2025  
(In Thousands)**

|                                                                                                        | Central Shops<br>Fund | Finance<br>Corporation | Reproduction<br>Fund | Telecom-<br>munications &<br>Information<br>Fund | Total      |
|--------------------------------------------------------------------------------------------------------|-----------------------|------------------------|----------------------|--------------------------------------------------|------------|
| Cash flows from operating activities:                                                                  |                       |                        |                      |                                                  |            |
| Cash received from customers.....                                                                      | \$ 46,780             | \$ 14,886              | \$ 10,950            | \$ 149,726                                       | \$ 222,342 |
| Cash paid for employees' services.....                                                                 | (18,465)              | -                      | (2,750)              | (52,914)                                         | (74,129)   |
| Cash paid to suppliers for goods and services.....                                                     | (25,454)              | (262)                  | (7,799)              | (62,900)                                         | (96,415)   |
| Net cash provided by operating activities.....                                                         | 2,861                 | 14,624                 | 401                  | 33,912                                           | 51,798     |
| Cash flows from noncapital financing activities:                                                       |                       |                        |                      |                                                  |            |
| Operating grants.....                                                                                  | -                     | -                      | 29                   | 39                                               | 68         |
| Transfers out.....                                                                                     | (194)                 | -                      | (43)                 | (2,783)                                          | (3,020)    |
| Net cash used in noncapital financing activities.....                                                  | (194)                 | -                      | (14)                 | (2,744)                                          | (2,952)    |
| Cash flows from capital and related financing activities:                                              |                       |                        |                      |                                                  |            |
| Acquisition of capital assets.....                                                                     | (87)                  | -                      | -                    | (2,604)                                          | (2,691)    |
| Retirement of lease, subscriptions and bonds.....                                                      | -                     | (13,105)               | (70)                 | (30,101)                                         | (43,276)   |
| Interest paid on debt.....                                                                             | -                     | (1,769)                | (1)                  | (1,277)                                          | (3,047)    |
| Cash received from lease related capital and financing.....                                            | -                     | -                      | -                    | 502                                              | 502        |
| Net cash used in capital and related financing activities.....                                         | (87)                  | (14,874)               | (71)                 | (33,480)                                         | (48,512)   |
| Cash flows from investing activities:                                                                  |                       |                        |                      |                                                  |            |
| Interest and investment income.....                                                                    | -                     | 31                     | -                    | -                                                | 31         |
| Other investing activities.....                                                                        | 194                   | -                      | 43                   | 2,783                                            | 3,020      |
| Net cash provided by investing activities.....                                                         | 194                   | 31                     | 43                   | 2,783                                            | 3,051      |
| Change in cash and cash equivalents.....                                                               | 2,774                 | (219)                  | 359                  | 471                                              | 3,385      |
| Cash and cash equivalents at beginning of year.....                                                    | 7,598                 | 4,405                  | 2,183                | 67,173                                           | 81,359     |
| Cash and cash equivalents at end of year.....                                                          | \$ 10,372             | \$ 4,186               | \$ 2,542             | \$ 67,644                                        | \$ 84,744  |
| Other.....                                                                                             |                       |                        |                      |                                                  |            |
| Reconciliation of operating income (loss) to<br>net cash provided by operating activities:             |                       |                        |                      |                                                  |            |
| Operating income (loss).....                                                                           | \$ (149)              | \$ -                   | \$ (261)             | \$ 342                                           | \$ (68)    |
| Adjustments for non-cash and other activities:                                                         |                       |                        |                      |                                                  |            |
| Depreciation and amortization.....                                                                     | 53                    | -                      | 199                  | 28,761                                           | 29,013     |
| Lease revenue amortization.....                                                                        | -                     | -                      | -                    | (433)                                            | (433)      |
| Other.....                                                                                             | -                     | -                      | 216                  | 185                                              | 401        |
| Changes in assets and deferred outflows of resources/liabilities and<br>deferred inflows of resources: |                       |                        |                      |                                                  |            |
| Receivables, net.....                                                                                  | (21)                  | 13,105                 | 25                   | (88)                                             | 13,021     |
| Accounts payable.....                                                                                  | 658                   | -                      | 194                  | (694)                                            | 158        |
| Accrued payroll.....                                                                                   | 267                   | -                      | 31                   | 597                                              | 895        |
| Compensated absences.....                                                                              | 192                   | -                      | -                    | 426                                              | 618        |
| Accrued workers' compensation.....                                                                     | -                     | -                      | -                    | 196                                              | 196        |
| Unearned revenue and other liabilities.....                                                            | -                     | 1,519                  | (3)                  | (34)                                             | 1,482      |
| Net pension liability and pension related deferred outflows and<br>inflows of resources.....           | 290                   | -                      | -                    | 2,144                                            | 2,434      |
| Net OPEB liability and OPEB related deferred outflows and<br>inflows of resources.....                 | 1,571                 | -                      | -                    | 2,510                                            | 4,081      |
| Total adjustments.....                                                                                 | 3,010                 | 14,624                 | 862                  | 33,570                                           | 51,866     |
| Net cash provided by operating activities.....                                                         | \$ 2,861              | \$ 14,624              | \$ 401               | \$ 33,912                                        | \$ 51,798  |
| Reconciliation of cash and cash equivalents<br>to the combining statement of net position:             |                       |                        |                      |                                                  |            |
| Deposits and investments with City Treasury:                                                           |                       |                        |                      |                                                  |            |
| Unrestricted.....                                                                                      | \$ 10,372             | \$ -                   | \$ 2,542             | \$ 67,644                                        | \$ 80,558  |
| Deposits and investments outside City Treasury:                                                        |                       |                        |                      |                                                  |            |
| Restricted.....                                                                                        | -                     | 4,186                  | -                    | -                                                | 4,186      |
| Cash and cash equivalents at end of year<br>on statement of cash flows.....                            | \$ 10,372             | \$ 4,186               | \$ 2,542             | \$ 67,644                                        | \$ 84,744  |
| Non-cash capital and related financing activities:                                                     |                       |                        |                      |                                                  |            |
| Acquisition of capital assets via leases and subscriptions.....                                        | \$ -                  | \$ -                   | \$ -                 | \$ 40,164                                        | \$ 40,164  |

**CITY AND COUNTY OF SAN FRANCISCO**

**FIDUCIARY FUNDS**

Pension and Other Employee Benefit Trust Funds are used to record assets from employee and employer contributions and investment earnings which are held for employee benefits.

*Employees' Retirement System* – Accounts for the contributions from employees, City contributions and the earnings and profits from investments of monies. Disbursements are made for retirements, withdrawal, disability, and death benefits of the employees as well as administrative expenses.

*Health Service System* – Accounts for the contributions from active and retired employees, and surviving spouses, City contributions and the earnings and profits from investment of monies. Disbursements are made for medical expenses and to various health plans of the beneficiaries.

*Retiree Health Care Trust* - Accounts for the contributions from employees, City contributions and the earnings and profits from investment of monies. Disbursements are to be made for benefits, expenses and other charges properly allocable to the trust fund.

Custodial Funds are used to report fiduciary activities that are not reported in Pension and Other Employee Benefit Trust Funds, Private-Purpose Trust Funds, or Investment Trust Funds.

*Assistance Program Fund* – Accounts for collections and advances received as an agent under various human welfare and community health programs. Monies are disbursed in accordance with legal requirements and program regulations.

*Community Facilities Districts Fund* – Accounts for the activities of various Community Facilities Districts and Special Tax Districts which have been established for the purpose of financing facilities and services.

*Deposits Fund* – Accounts for monies held as agent pursuant to state statutes and local ordinances.

*Medical Reimbursement Accounts Fund* – Accounts for balances in Medical Reimbursement Accounts held by the City pursuant to the Health Care Security Ordinance.

*State Revenue Collection Fund* – Accounts for various fees, fines and penalties collected by City departments for the State of California which are passed through to the State.

*Successor Agency Custodial Fund* – Accounts for the custodial funds of the Successor Agency.

*Tax Collection Fund* – Accounts for monies received for current and delinquent taxes which must be held pending authority for distribution. Included are prepaid taxes, disputed taxes, duplicate payment of taxes, etc. This fund also accounts for monies deposited by third parties pending settlement of litigation and claims. Upon final settlement, monies are disbursed as directed by the courts or by parties to the dispute.

*Other Funds* – Accounts for monies held as agent for a variety of purposes.



**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**Pension and Other Employee Benefit Trust Funds**  
June 30, 2025  
(In Thousands)

|                                                         | Pension Trust<br>Fund              | Other<br>Employee<br>Benefit<br>Trust Fund | Other Post-<br>employment<br>Benefit Trust<br>Fund | Total         |
|---------------------------------------------------------|------------------------------------|--------------------------------------------|----------------------------------------------------|---------------|
|                                                         | Employees'<br>Retirement<br>System | Health<br>Service<br>System                | Retiree<br>Health Care<br>Trust                    |               |
| <b>Assets:</b>                                          |                                    |                                            |                                                    |               |
| Deposits and investments with City Treasury.....        | \$ 10,923                          | \$ 164,341                                 | \$ 2,782                                           | \$ 178,046    |
| Deposits and investments outside City Treasury:         |                                    |                                            |                                                    |               |
| Cash and deposits.....                                  | 24,260                             | -                                          | -                                                  | 24,260        |
| Short-term investments.....                             | 353,894                            | -                                          | 16,801                                             | 370,695       |
| Debt securities.....                                    | 3,699,761                          | -                                          | 336,410                                            | 4,036,171     |
| Equity securities.....                                  | 11,257,887                         | -                                          | 859,954                                            | 12,117,841    |
| Real assets.....                                        | 5,079,195                          | -                                          | 34,622                                             | 5,113,817     |
| Private equity and other alternative investments.....   | 17,060,415                         | -                                          | 280,536                                            | 17,340,951    |
| Foreign currency contracts, net.....                    | (2,866)                            | -                                          | -                                                  | (2,866)       |
| Invested securities lending collateral.....             | 847,489                            | -                                          | -                                                  | 847,489       |
| Receivables:                                            |                                    |                                            |                                                    |               |
| Employer and employee contributions.....                | 26,497                             | 62,620                                     | 9,070                                              | 98,187        |
| Brokers, general partners and others.....               | 197,159                            | -                                          | 586                                                | 197,745       |
| Interest and other.....                                 | 37,926                             | 1,522                                      | 1,705                                              | 41,153        |
| Other assets.....                                       | -                                  | 18,604                                     | -                                                  | 18,604        |
| Total assets.....                                       | 38,592,540                         | 247,087                                    | 1,542,466                                          | 40,382,093    |
| Deferred outflows related to OPEB.....                  | 2,366                              | -                                          | -                                                  | 2,366         |
| <b>Liabilities:</b>                                     |                                    |                                            |                                                    |               |
| Accounts payable.....                                   | 39,338                             | 73,153                                     | 163                                                | 112,654       |
| Estimated claims payable.....                           | -                                  | 39,030                                     | -                                                  | 39,030        |
| Payable to brokers.....                                 | 162,536                            | -                                          | 1,574                                              | 164,110       |
| Payable to borrowers of securities.....                 | 847,211                            | -                                          | -                                                  | 847,211       |
| Other liabilities.....                                  | 80,100                             | 33,323                                     | -                                                  | 113,423       |
| Net OPEB liability.....                                 | 13,192                             | -                                          | -                                                  | 13,192        |
| Total liabilities.....                                  | 1,142,377                          | 145,506                                    | 1,737                                              | 1,289,620     |
| Deferred inflows related to OPEB.....                   | 2,434                              | -                                          | -                                                  | 2,434         |
| <b>Net position restricted for:</b>                     |                                    |                                            |                                                    |               |
| Pensions.....                                           | 37,450,095                         | -                                          | -                                                  | 37,450,095    |
| Postemployment healthcare benefits.....                 | -                                  | -                                          | 1,540,729                                          | 1,540,729     |
| Individuals, organizations, and other governments.....  | -                                  | 101,581                                    | -                                                  | 101,581       |
| Restricted for pension and other employee benefits..... | \$ 37,450,095                      | \$ 101,581                                 | \$ 1,540,729                                       | \$ 39,092,405 |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Pension and Other Employee Benefit Trust Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                                | Pension Trust<br>Fund              | Other<br>Employee<br>Benefit Trust<br>Fund | Other Post-<br>employment<br>Benefit<br>Trust Fund | Total         |
|----------------------------------------------------------------|------------------------------------|--------------------------------------------|----------------------------------------------------|---------------|
|                                                                | Employees'<br>Retirement<br>System | Health<br>Service<br>System                | Retiree<br>Health Care<br>Trust                    |               |
| <b>Additions:</b>                                              |                                    |                                            |                                                    |               |
| Employee contributions.....                                    | \$ 442,009                         | \$ 219,959                                 | \$ 89,713                                          | \$ 751,681    |
| Employer contributions.....                                    | 685,309                            | 1,033,052                                  | 313,803                                            | 2,032,164     |
| Total contributions.....                                       | 1,127,318                          | 1,253,011                                  | 403,516                                            | 2,783,845     |
| Investment income (expenses):                                  |                                    |                                            |                                                    |               |
| Interest.....                                                  | 133,071                            | 5,964                                      | 15,602                                             | 154,637       |
| Dividends.....                                                 | 96,726                             | -                                          | -                                                  | 96,726        |
| Net appreciation in fair value of investments.....             | 2,757,906                          | 1,682                                      | 112,063                                            | 2,871,651     |
| Securities lending income.....                                 | 52,798                             | -                                          | -                                                  | 52,798        |
| Total investment income.....                                   | 3,040,501                          | 7,646                                      | 127,665                                            | 3,175,812     |
| Less investment expenses:                                      |                                    |                                            |                                                    |               |
| Other investment expenses.....                                 | (79,325)                           | -                                          | (899)                                              | (80,224)      |
| Net investment income.....                                     | 2,961,176                          | 7,646                                      | 126,766                                            | 3,095,588     |
| Total additions, net.....                                      | 4,088,494                          | 1,260,657                                  | 530,282                                            | 5,879,433     |
| <b>Deductions:</b>                                             |                                    |                                            |                                                    |               |
| Benefit payments.....                                          | 1,999,230                          | 1,268,396                                  | 259,318                                            | 3,526,944     |
| Refunds of contributions.....                                  | 24,771                             | -                                          | -                                                  | 24,771        |
| Administrative expenses.....                                   | 29,953                             | -                                          | 281                                                | 30,234        |
| Total deductions.....                                          | 2,053,954                          | 1,268,396                                  | 259,599                                            | 3,581,949     |
| Change in net position.....                                    | 2,034,540                          | (7,739)                                    | 270,683                                            | 2,297,484     |
| Net position at beginning of year, as previously reported..... | 35,417,666                         | 109,320                                    | 1,270,046                                          | 36,797,032    |
| Cumulative effect of accounting change.....                    | (2,111)                            | -                                          | -                                                  | (2,111)       |
| Net position at beginning of year, as restated.....            | 35,415,555                         | 109,320                                    | 1,270,046                                          | 36,794,921    |
| Net position at end of year.....                               | \$ 37,450,095                      | \$ 101,581                                 | \$ 1,540,729                                       | \$ 39,092,405 |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**Custodial Funds**  
June 30, 2025  
(In Thousands)

|                                                        | Assistance<br>Program Fund | Community<br>Facilities<br>Districts Fund | Deposits Fund    |
|--------------------------------------------------------|----------------------------|-------------------------------------------|------------------|
| <b>Assets:</b>                                         |                            |                                           |                  |
| Deposits and investments with City Treasury.....       | \$ 20,499                  | \$ 94                                     | \$ 29,251        |
| Deposits and investments outside City Treasury:        |                            |                                           |                  |
| Cash and deposits.....                                 | -                          | 181,324                                   | 148              |
| Receivables:                                           |                            |                                           |                  |
| Federal and state grants and subventions.....          | -                          | -                                         | -                |
| Charges for services.....                              | -                          | -                                         | 3                |
| Taxes.....                                             | -                          | -                                         | -                |
| Interest and other.....                                | 187                        | 725                                       | 25               |
| Restricted assets:                                     |                            |                                           |                  |
| Deposits and investments outside City Treasury.....    | -                          | -                                         | -                |
| Total assets.....                                      | <u>20,686</u>              | <u>182,143</u>                            | <u>29,427</u>    |
| <b>Liabilities:</b>                                    |                            |                                           |                  |
| Accounts payable.....                                  | -                          | 8,565                                     | 926              |
| Payable to the City.....                               | -                          | -                                         | -                |
| Due to other funds.....                                | -                          | 335                                       | -                |
| Custodial obligations to State of California.....      | -                          | -                                         | -                |
| Taxes payable to other governments.....                | -                          | -                                         | -                |
| Other liabilities.....                                 | -                          | -                                         | -                |
| Total liabilities.....                                 | <u>-</u>                   | <u>8,900</u>                              | <u>926</u>       |
| <b>Net position restricted for:</b>                    |                            |                                           |                  |
| Individuals, organizations, and other governments..... | <u>\$ 20,686</u>           | <u>\$ 173,243</u>                         | <u>\$ 28,501</u> |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**Custodial Funds (Continued)**  
June 30, 2025  
(In Thousands)

|                                                        | Medical<br>Reimbursement<br>Accounts Fund | State Revenue<br>Collection<br>Fund | Successor<br>Agency<br>Custodial<br>Fund |
|--------------------------------------------------------|-------------------------------------------|-------------------------------------|------------------------------------------|
| <b>Assets:</b>                                         |                                           |                                     |                                          |
| Deposits and investments with City Treasury.....       | \$ 939,448                                | \$ 739                              | \$ 60,597                                |
| Deposits and investments outside City Treasury:        |                                           |                                     |                                          |
| Cash and deposits.....                                 | -                                         | -                                   | -                                        |
| Receivables:                                           |                                           |                                     |                                          |
| Federal and state grants and subventions.....          | -                                         | -                                   | -                                        |
| Charges for services.....                              | -                                         | 1                                   | -                                        |
| Taxes.....                                             | -                                         | -                                   | -                                        |
| Interest and other.....                                | 8,707                                     | 1                                   | 533                                      |
| Restricted assets:                                     |                                           |                                     |                                          |
| Deposits and investments outside City Treasury.....    | -                                         | -                                   | 23,396                                   |
| Total assets.....                                      | <u>948,155</u>                            | <u>741</u>                          | <u>84,526</u>                            |
| <b>Liabilities:</b>                                    |                                           |                                     |                                          |
| Accounts payable.....                                  | 1,577                                     | 44                                  | 66                                       |
| Payable to the City.....                               | -                                         | -                                   | 178                                      |
| Due to other funds.....                                | -                                         | -                                   | -                                        |
| Custodial obligations to State of California.....      | -                                         | 697                                 | -                                        |
| Taxes payable to other governments.....                | -                                         | -                                   | -                                        |
| Other liabilities.....                                 | -                                         | -                                   | -                                        |
| Total liabilities.....                                 | <u>1,577</u>                              | <u>741</u>                          | <u>244</u>                               |
| <b>Net position restricted for:</b>                    |                                           |                                     |                                          |
| Individuals, organizations, and other governments..... | <u>\$ 946,578</u>                         | <u>\$ -</u>                         | <u>\$ 84,282</u>                         |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**Custodial Funds (Continued)**  
June 30, 2025  
(In Thousands)

|                                                        | <b>Tax Collection</b> |                  |                     |
|--------------------------------------------------------|-----------------------|------------------|---------------------|
|                                                        | <b>Fund</b>           | <b>Other</b>     | <b>Total</b>        |
| <b>Assets:</b>                                         |                       |                  |                     |
| Deposits and investments with City Treasury.....       | \$ 101,639            | \$ 70,278        | \$ 1,222,545        |
| Deposits and investments outside City Treasury:        |                       |                  |                     |
| Cash and deposits.....                                 | -                     | -                | 181,472             |
| Receivables:                                           |                       |                  |                     |
| Federal and state grants and subventions.....          | -                     | 8,824            | 8,824               |
| Charges for services.....                              | -                     | -                | 4                   |
| Taxes.....                                             | 222,880               | -                | 222,880             |
| Interest and other.....                                | 55                    | 213              | 10,446              |
| Restricted assets:                                     |                       |                  |                     |
| Deposits and investments outside City Treasury.....    | -                     | -                | 23,396              |
| Total assets.....                                      | <u>324,574</u>        | <u>79,315</u>    | <u>1,669,567</u>    |
| <b>Liabilities:</b>                                    |                       |                  |                     |
| Accounts payable.....                                  | 6                     | 13,346           | 24,530              |
| Payable to the City.....                               | -                     | -                | 178                 |
| Due to other funds.....                                | -                     | -                | 335                 |
| Custodial obligations to State of California.....      | -                     | -                | 697                 |
| Taxes payable to other governments.....                | 183,875               | 14,395           | 198,270             |
| Other liabilities.....                                 | 140,693               | -                | 140,693             |
| Total liabilities.....                                 | <u>324,574</u>        | <u>27,741</u>    | <u>364,703</u>      |
| <b>Net position restricted for:</b>                    |                       |                  |                     |
| Individuals, organizations, and other governments..... | <u>\$ -</u>           | <u>\$ 51,574</u> | <u>\$ 1,304,864</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Custodial Funds**  
Year Ended June 30, 2025  
(In Thousands)

|                                                      | <b>Assistance</b>   | <b>Community</b>  |                      |
|------------------------------------------------------|---------------------|-------------------|----------------------|
|                                                      | <b>Program Fund</b> | <b>Facilities</b> | <b>Deposits Fund</b> |
| <b>Additions:</b>                                    |                     |                   |                      |
| Property taxes.....                                  | \$ -                | \$ 43,425         | \$ -                 |
| Interest and investment income.....                  | 1,015               | 8,984             | 1,357                |
| Custodial additions.....                             | <u>1,171</u>        | <u>-</u>          | <u>27,945</u>        |
| Total additions, net.....                            | <u>2,186</u>        | <u>52,409</u>     | <u>29,302</u>        |
| <b>Deductions:</b>                                   |                     |                   |                      |
| Interest on debt.....                                | -                   | 37,251            | -                    |
| Property taxes distributed to other governments..... | -                   | -                 | -                    |
| Custodial distributions to State.....                | -                   | -                 | -                    |
| Other custodial deductions.....                      | <u>1,012</u>        | <u>14,654</u>     | <u>27,340</u>        |
| Total deductions.....                                | <u>1,012</u>        | <u>51,905</u>     | <u>27,340</u>        |
| Change in net position.....                          | 1,174               | 504               | 1,962                |
| Net position at beginning of year.....               | <u>19,512</u>       | <u>172,739</u>    | <u>26,539</u>        |
| Net position at end of year.....                     | <u>\$ 20,686</u>    | <u>\$ 173,243</u> | <u>\$ 28,501</u>     |

(Continued)

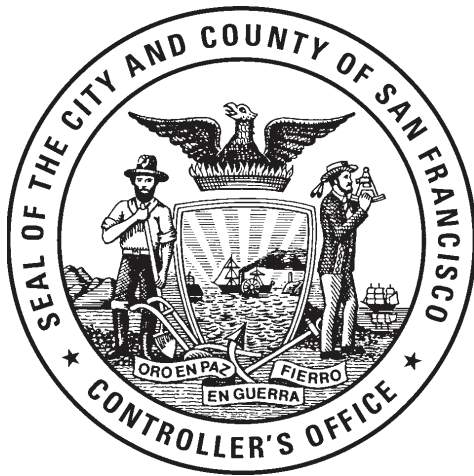
**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Custodial Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                      | Medical<br>Reimbursement<br>Accounts Fund | State Revenue<br>Collection<br>Fund | Successor<br>Agency<br>Custodial<br>Fund |
|------------------------------------------------------|-------------------------------------------|-------------------------------------|------------------------------------------|
| Additions:                                           |                                           |                                     |                                          |
| Property taxes.....                                  | \$ -                                      | \$ -                                | \$ 20,516                                |
| Interest and investment income.....                  | 47,513                                    | 93                                  | 3,763                                    |
| Custodial additions.....                             | <u>214</u>                                | <u>15,989</u>                       | <u>1,538</u>                             |
| Total additions, net.....                            | <u>47,727</u>                             | <u>16,082</u>                       | <u>25,817</u>                            |
| Deductions:                                          |                                           |                                     |                                          |
| Interest on debt.....                                | -                                         | -                                   | -                                        |
| Property taxes distributed to other governments..... | -                                         | -                                   | -                                        |
| Custodial distributions to State.....                | -                                         | 16,082                              | -                                        |
| Other custodial deductions.....                      | <u>15,080</u>                             | <u>-</u>                            | <u>22,076</u>                            |
| Total deductions.....                                | <u>15,080</u>                             | <u>16,082</u>                       | <u>22,076</u>                            |
| Change in net position.....                          | 32,647                                    | -                                   | 3,741                                    |
| Net position at beginning of year.....               | <u>913,931</u>                            | <u>-</u>                            | <u>80,541</u>                            |
| Net position at end of year.....                     | <u>\$ 946,578</u>                         | <u>\$ -</u>                         | <u>\$ 84,282</u>                         |

(Continued)

**CITY AND COUNTY OF SAN FRANCISCO**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Custodial Funds (Continued)**  
Year Ended June 30, 2025  
(In Thousands)

|                                                      | Tax Collection<br>Fund | Other            | Total               |
|------------------------------------------------------|------------------------|------------------|---------------------|
| Additions:                                           |                        |                  |                     |
| Property taxes.....                                  | \$ 5,353,597           | \$ 241,518       | \$ 5,659,056        |
| Interest and investment income.....                  | 19,515                 | 2,464            | 84,704              |
| Custodial additions.....                             | <u>-</u>               | <u>82,031</u>    | <u>128,888</u>      |
| Total additions, net.....                            | <u>5,373,112</u>       | <u>326,013</u>   | <u>5,872,648</u>    |
| Deductions:                                          |                        |                  |                     |
| Interest on debt.....                                | -                      | -                | 37,251              |
| Property taxes distributed to other governments..... | 5,373,112              | 243,619          | 5,616,731           |
| Custodial distributions to State.....                | -                      | -                | 16,082              |
| Other custodial deductions.....                      | <u>-</u>               | <u>82,402</u>    | <u>162,564</u>      |
| Total deductions.....                                | <u>5,373,112</u>       | <u>326,021</u>   | <u>5,832,628</u>    |
| Change in net position.....                          | -                      | (8)              | 40,020              |
| Net position at beginning of year.....               | <u>-</u>               | <u>51,582</u>    | <u>1,264,844</u>    |
| Net position at end of year.....                     | <u>\$ -</u>            | <u>\$ 51,574</u> | <u>\$ 1,304,864</u> |



## STATISTICAL SECTION

### CITY AND COUNTY OF SAN FRANCISCO

#### Statistical Section

This section of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

#### Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

#### Sources:

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**CITY AND COUNTY OF SAN FRANCISCO**  
**NET POSITION BY COMPONENT**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (In Thousands)

|                                                  | Fiscal Year  |              |                     |               |               |                     |                     |                     |               |                     |
|--------------------------------------------------|--------------|--------------|---------------------|---------------|---------------|---------------------|---------------------|---------------------|---------------|---------------------|
|                                                  | 2016         | 2017         | 2018 <sup>(1)</sup> | 2019          | 2020          | 2021 <sup>(1)</sup> | 2022 <sup>(1)</sup> | 2023 <sup>(1)</sup> | 2024          | 2025 <sup>(1)</sup> |
| <b>Governmental activities</b>                   |              |              |                     |               |               |                     |                     |                     |               |                     |
| Net investment in capital assets                 | \$ 2,750,782 | \$ 2,873,927 | \$ 3,311,218        | \$ 3,681,341  | \$ 3,853,271  | \$ 3,927,209        | \$ 4,183,166        | \$ 4,491,155        | \$ 4,797,684  | \$ 5,130,802        |
| Restricted for:                                  |              |              |                     |               |               |                     |                     |                     |               |                     |
| Reserve for rainy day                            | 120,106      | 125,689      | 143,977             | 324,977       | 229,089       | 114,539             | 114,539             | 114,539             | 114,539       | 114,539             |
| Debt service                                     | 83,029       | 108,179      | 136,132             | 104,720       | 113,765       | 136,571             | 152,808             | 156,851             | 150,786       | 129,215             |
| Capital projects                                 | 198,962      | 257,634      | 196,588             | 186,015       | 297,975       | 236,804             | 259,063             | 319,105             | 324,619       | 153,862             |
| Community development                            | 433,388      | 434,691      | 427,684             | 624,127       | 626,484       | 1,267,587           | 1,255,903           | 998,679             | 698,199       | 809,748             |
| Transportation Authority activities              | 15,657       | 16,189       | 17,499              | 21,554        | 28,673        | 42,420              | 56,868              | 72,024              | 65,292        | 74,512              |
| Building inspection programs                     | 134,663      | 150,109      | 155,448             | 166,510       | 162,182       | 130,927             | 101,447             | 74,418              | 55,575        | 53,884              |
| Children and families                            | 105,177      | 115,284      | 134,548             | 181,248       | 187,538       | 511,810             | 621,973             | 669,822             | 721,272       | 797,980             |
| Culture, recreation, grants and other purposes   | 240,524      | 265,444      | 319,595             | 415,236       | 470,912       | 505,112             | 562,898             | 656,619             | 683,289       | 945,903             |
| Unrestricted (deficit)                           | (2,073,235)  | (2,560,729)  | (2,950,722)         | (2,854,237)   | (2,838,247)   | (3,133,787)         | (2,037,460)         | (2,030,660)         | (2,067,289)   | (2,516,560)         |
| Total governmental activities net position       | \$ 2,609,063 | \$ 1,796,411 | \$ 1,891,977        | \$ 2,901,491  | \$ 3,133,622  | \$ 3,793,197        | \$ 5,331,019        | \$ 5,522,546        | \$ 5,313,996  | \$ 5,693,695        |
| <b>Business-type activities</b>                  |              |              |                     |               |               |                     |                     |                     |               |                     |
| Net investment in capital assets                 | \$ 5,690,741 | \$ 5,752,069 | \$ 6,176,022        | \$ 6,764,333  | \$ 7,013,098  | \$ 7,003,398        | \$ 6,763,452        | \$ 6,851,218        | \$ 6,445,958  | \$ 6,491,537        |
| Restricted for:                                  |              |              |                     |               |               |                     |                     |                     |               |                     |
| Debt service                                     | 127,073      | 202,262      | 294,499             | 331,118       | 316,671       | 242,381             | 158,479             | 171,232             | 285,632       | 363,277             |
| Capital projects                                 | 340,686      | 384,634      | 515,072             | 556,980       | 523,189       | 510,813             | 651,052             | 1,074,138           | 1,296,948     | 1,538,698           |
| Other purposes                                   | 70,505       | 93,696       | 294,122             | 165,675       | 116,861       | 301,844             | 358,526             | 10,174              | 12,206        | 19,349              |
| Unrestricted (deficit)                           | (231,379)    | (670,739)    | (1,492,713)         | (1,117,385)   | (1,004,820)   | (1,162,508)         | (435,349)           | (168,113)           | 365,498       | 650,222             |
| Total business-type activities net position      | \$ 5,867,826 | \$ 5,771,902 | \$ 5,787,902        | \$ 6,709,721  | \$ 6,986,675  | \$ 6,866,026        | \$ 7,436,100        | \$ 7,678,045        | \$ 6,458,542  | \$ 9,063,089        |
| <b>Primary government</b>                        |              |              |                     |               |               |                     |                     |                     |               |                     |
| Net investment in capital assets <sup>(1)</sup>  | \$ 8,151,422 | \$ 8,321,778 | \$ 9,157,665        | \$ 10,048,870 | \$ 10,474,620 | \$ 10,561,206       | \$ 10,561,965       | \$ 10,935,272       | \$ 10,875,656 | \$ 11,228,354       |
| Restricted for:                                  |              |              |                     |               |               |                     |                     |                     |               |                     |
| Reserve for rainy day                            | 120,106      | 125,689      | 143,977             | 324,977       | 229,089       | 114,539             | 114,539             | 114,539             | 114,539       | 114,539             |
| Debt service                                     | 210,102      | 310,441      | 430,631             | 435,838       | 430,436       | 378,952             | 328,063             | 436,718             | 492,462       |                     |
| Capital projects                                 | 423,132      | 569,948      | 596,115             | 692,052       | 793,888       | 646,400             | 771,576             | 1,208,105           | 1,522,536     | 1,422,064           |
| Community development                            | 433,388      | 434,691      | 427,684             | 624,127       | 628,484       | 1,267,587           | 1,255,903           | 998,679             | 698,199       | 809,748             |
| Transportation Authority activities              | 15,657       | 16,189       | 17,499              | 21,554        | 28,673        | 42,420              | 56,868              | 72,024              | 65,292        | 74,512              |
| Building inspection programs                     | 134,663      | 150,109      | 155,448             | 166,510       | 162,182       | 130,927             | 101,447             | 74,418              | 55,575        | 53,884              |
| Children and families                            | 105,177      | 115,284      | 134,548             | 181,248       | 187,538       | 511,810             | 621,973             | 669,822             | 721,272       | 797,980             |
| Culture, recreation, grants and other purposes   | 311,029      | 359,140      | 413,717             | 560,911       | 587,773       | 607,056             | 841,424             | 666,793             | 965,495       |                     |
| Unrestricted (deficit) <sup>(1)</sup>            | (1,887,737)  | (2,844,559)  | (3,971,355)         | (3,473,875)   | (3,424,068)   | (3,805,674)         | (1,969,623)         | (1,666,543)         | (1,294,744)   | (1,202,017)         |
| Total primary government activities net position | \$ 6,066,689 | \$ 7,558,313 | \$ 7,678,979        | \$ 9,602,212  | \$ 10,098,595 | \$ 10,655,223       | \$ 12,827,179       | \$ 13,401,195       | \$ 14,220,538 | \$ 14,756,748       |

- Notes:
- (1) Certain net position reclassifications were made to reflect the primary government as a whole perspective since fiscal year 2019. See Note 10(d) in the Notes to Basic Financial Statements for details.
  - (2) In fiscal year 2018, the City adopted the provisions of GASB Statement No. 75. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017.
  - (3) In fiscal year 2021, the City adopted the provisions of GASB Statement No. 84. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2020.
  - (4) In fiscal year 2022, the City adopted the provisions of GASB Statement Nos. 87 and 89. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement No. 87 is reported as a restatement of beginning net position as of July 1, 2021.
  - (5) In fiscal year 2023, the City adopted the provisions of GASB Statement Nos. 94 and 96. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement Nos. 94 and 96 is reported as a restatement of beginning net position as of July 1, 2022.
  - (6) In fiscal year 2025, the City adopted the provisions of GASB Statement No. 101. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement No. 101 is reported as a restatement of beginning net position as of July 1, 2024.

**CITY AND COUNTY OF SAN FRANCISCO**  
**CHANGES IN NET POSITION**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (In Thousands)

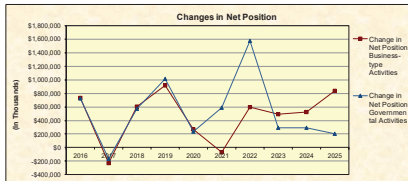
|                                                             | Fiscal Year  |               |                     |               |               |                     |                     |                     |               |                     |
|-------------------------------------------------------------|--------------|---------------|---------------------|---------------|---------------|---------------------|---------------------|---------------------|---------------|---------------------|
|                                                             | 2016         | 2017          | 2018 <sup>(1)</sup> | 2019          | 2020          | 2021 <sup>(1)</sup> | 2022 <sup>(1)</sup> | 2023 <sup>(1)</sup> | 2024          | 2025 <sup>(1)</sup> |
| <b>Expenses</b>                                             |              |               |                     |               |               |                     |                     |                     |               |                     |
| Governmental activities:                                    |              |               |                     |               |               |                     |                     |                     |               |                     |
| Public protection                                           | \$ 1,222,549 | \$ 1,692,224  | \$ 1,496,749        | \$ 1,496,341  | \$ 1,691,262  | \$ 1,744,103        | \$ 1,252,725        | \$ 1,671,702        | \$ 1,903,640  | \$ 1,961,323        |
| Public works, transportation and commerce                   | 418,978      | 397,423       | 321,577             | 331,717       | 362,133       | 530,087             | 336,059             | 446,286             | 501,421       | 605,938             |
| Human welfare and neighborhood development                  | 1,239,403    | 1,543,047     | 1,002,060           | 1,723,425     | 2,127,969     | 2,394,959           | 2,332,530           | 2,893,455           | 3,090,344     | 2,862,499           |
| Community health                                            | 747,071      | 868,628       | 914,512             | 950,422       | 1,148,208     | 1,151,847           | 1,206,314           | 1,256,673           | 1,324,699     |                     |
| Culture and recreation                                      | 311,028      | 538,519       | 425,698             | 594,219       | 518,915       | 467,201             | 386,214             | 537,393             | 595,682       |                     |
| General administration and finance                          | 246,383      | 337,239       | 430,711             | 335,359       | 415,370       | 475,428             | 335,772             | 462,618             | 477,594       |                     |
| Distributions to other governments                          | 113,490      | -             | -                   | -             | 118,693       | 400,277             | 49,113              | 51,597              | 53,851        |                     |
| General City responsibilities                               | 113,490      | 145,247       | 118,595             | 156,907       | 129,138       | 129,138             | 175,322             | 860,887             | 153,135       |                     |
| Unallocated interest on long-term debt and cost of issuance | 115,307      | 113,264       | 138,048             | 153,220       | 145,600       | 144,334             | 155,467             | 155,748             | 173,043       | 169,938             |
| Total governmental activities expenses                      | \$ 4,458,229 | \$ 5,020,526  | \$ 5,389,281        | \$ 5,743,695  | \$ 6,510,245  | \$ 7,087,035        | \$ 6,139,148        | \$ 7,038,122        | \$ 8,205,748  | \$ 8,189,336        |
| Business-type activities:                                   |              |               |                     |               |               |                     |                     |                     |               |                     |
| Airport                                                     | 800,621      | 1,122,802     | 1,092,154           | 1,007,265     | 1,344,734     | 1,294,064           | 1,175,430           | 1,278,517           | 1,416,013     | 1,667,845           |
| Transportation                                              | 1,106,420    | 1,488,586     | 1,394,254           | 1,394,368     | 1,438,417     | 1,327,418           | 1,076,249           | 1,439,142           | 1,660,296     | 1,767,860           |
| Port                                                        | 91,449       | 118,361       | 102,667             | 123,116       | 131,884       | 142,126             | 110,108             | 127,817             | 148,206       | 171,597             |
| Water                                                       | 470,254      | 572,509       | 536,068             | 536,480       | 576,140       | 627,875             | 696,409             | 666,970             | 739,346       | 698,513             |
| Power                                                       | 153,472      | 198,621       | 202,369             | 314,471       | 362,689       | 411,005             | 477,202             | 544,742             | 570,597       | 665,478             |
| Hospitals                                                   | 1,050,618    | 1,370,154     | 1,294,045           | 1,236,823     | 1,332,448     | 1,376,112           | 1,300,198           | 1,419,409           | 1,621,045     | 1,693,215           |
| Sewer                                                       | 344,289      | 273,077       | 284,296             | 304,010       | 296,942       | 318,976             | 328,952             | 343,518             | 564,132       | 447,272             |
| Total business-type activities expenses                     | \$ 4,017,123 | \$ 5,124,110  | \$ 4,795,852        | \$ 4,886,521  | \$ 5,913,334  | \$ 6,488,176        | \$ 6,072,546        | \$ 6,520,515        | \$ 6,709,585  | \$ 7,091,490        |
| Total primary government expenses                           | \$ 8,475,352 | \$ 10,144,636 | \$ 10,185,133       | \$ 10,630,136 | \$ 12,423,579 | \$ 13,500,371       | \$ 12,211,694       | \$ 13,498,637       | \$ 14,915,333 | \$ 15,280,826       |
| <b>Program Revenues</b>                                     |              |               |                     |               |               |                     |                     |                     |               |                     |
| Governmental activities:                                    |              |               |                     |               |               |                     |                     |                     |               |                     |
| Charges for services:                                       |              |               |                     |               |               |                     |                     |                     |               |                     |
| Public protection                                           | \$ 86,164    | \$ 83,896     | \$ 87,514           | \$ 121,648    | \$ 105,508    | \$ 85,093           | \$ 101,317          | \$ 103,361          | \$ 121,608    | \$ 115,563          |
| Public works, transportation and commerce                   | 324,410      | 148,804       | 157,416             | 164,578       | 135,328       | 136,455             | 102,004             | 133,935             | 100,064       | 154,280             |
| Human welfare and neighborhood development                  | 273,986      | 164,755       | 82,925              | 134,839       | 212,743       | 207,974             | 237,611             | 170,530             | 147,158       | 120,478             |
| Community health                                            | 90,978       | 86,601        | 154,335             | 101,678       | 107,078       | 120,141             | 87,248              | 91,596              | 425,354       | 155,910             |
| Culture and recreation                                      | 86,205       | 97,514        | 125,776             | 135,928       | 127,196       | 42,676              | 92,549              | 135,998             | 151,781       | 138,541             |
| General administration and finance                          | 52,417       | 45,385        | 73,235              | 99,278        | 97,130        | 80,780              | 108,803             | 168,245             | 152,485       | 144,336             |
| General City responsibilities                               | 45,922       | 37,987        | 64,136              | 56,027        | 66,885        | 57,943              | 55,957              | 66,925              | 71,488        | 73,609              |
| Operating grants and contributions                          | 1,289,902    | 1,263,262     | 1,279,900           | 1,362,516     | 1,518,051     | 1,925,539           | 2,185,343           | 1,762,809           | 1,867,598     | 1,949,723           |
| Capital grants and contributions                            | 24,735       | 19,493        | 61,191              | 231,186       | 146,400       | 130,937             | 109,409             | 150,525             | 109,202       | 130,451             |
| Total governmental activities program revenues              | \$ 2,091,879 | \$ 1,929,177  | \$ 2,028,518        | \$ 2,440,876  | \$ 2,919,319  | \$ 2,788,038        | \$ 3,076,101        | \$ 2,803,119        | \$ 3,155,718  | \$ 3,012,881        |
| Business-type activities:                                   |              |               |                     |               |               |                     |                     |                     |               |                     |
| Charges for services:                                       |              |               |                     |               |               |                     |                     |                     |               |                     |
| Airport                                                     | 866,991      | 926,800       | 1,063,802           | 980,443       | 943,679       | 915,416             | 821,253             | 1,064,104           | 1,401,390     | 1,369,248           |
| Transportation                                              | 495,296      | 800,020       | 911,084             | 935,189       | 390,295       | 207,289             | 315,543             | 352,186             | 352,832       | 394,857             |
| Port                                                        | 99,733       | 113,353       | 109,769             | 122,033       | 108,863       | 94,330              | 120,951             | 128,867             | 134,589       | 133,015             |
| Water                                                       | 419,516      | 460,331       | 525,639             | 542,391       | 583,351       | 591,612             | 571,117             | 691,091             | 676,890       | 678,627             |
| Power                                                       | 164,736      | 189,879       | 191,863             | 345,365       | 421,264       | 391,171             | 480,447             | 593,477             | 620,438       | 701,470             |
| Hospitals                                                   | 922,320      | 873,221       | 967,936             | 1,014,124     | 1,092,622     | 1,070,390           | 1,167,963           | 1,213,925           | 1,274,589     | 1,439,946           |
| Sewer                                                       | 301,775      | 277,341       | 315,096             | 331,081       | 344,128       | 327,665             | 368,892             | 365,041             | 451,191       |                     |
| Operating grants and contributions                          | 199,623      | 270,167       | 217,506             | 251,757       | 405,673       | 710,599             | 545,636             | 444,009             | 535,623       | 561,185             |
| Capital grants and contributions                            | 574,624      | 653,046       | 655,165             | 467,095       | 261,265       | 291,995             | 195,916             | 239,525             | 267,626       | 522,414             |
| Total business-type activities program revenues             | \$ 3,854,514 | \$ 3,964,288  | \$ 4,389,861        | \$ 4,595,443  | \$ 4,791,351  | \$ 4,729,821        | \$ 4,979,538        | \$ 5,075,349        | \$ 5,788,442  | \$ 6,261,963        |
| Total primary government program revenues                   | \$ 5,946,393 | \$ 5,893,465  | \$ 6,418,379        | \$ 7,036,319  | \$ 7,720,670  | \$ 8,519,859        | \$ 7,655,739        | \$ 7,878,468        | \$ 8,944,160  | \$ 9,234,844        |

- Notes:
- (1) In fiscal year 2017-18, the City adopted the provisions of GASB Statement No. 75. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017.
  - (2) In fiscal year 2020-21, the City adopted the provisions of GASB Statement No. 84. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2020.
  - (3) In fiscal year 2021-22, the City adopted the provisions of GASB Statement Nos. 87 and 89. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement No. 87 is reported as a restatement of beginning net position as of July 1, 2021.
  - (4) In fiscal year 2022-23, the City adopted the provisions of GASB Statement Nos. 94 and 96. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement Nos. 94 and 96 is reported as a restatement of beginning net position as of July 1, 2022.
  - (5) In fiscal year 2024-25, the City adopted the provisions of GASB Statement No. 101. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement No. 101 is reported as a restatement of beginning net position as of July 1, 2024.

# CITY AND COUNTY OF SAN FRANCISCO

## CHANGES IN NET POSITION (Continued) Last Ten Fiscal Years (Accrual Basis of Accounting) (In Thousands)

|                                                            | 2016                  | 2017                  | 2018 <sup>(1)</sup>   | 2019                  | 2020                  | 2021 <sup>(2)</sup>   | 2022 <sup>(3)</sup>   | 2023 <sup>(4)</sup>   | 2024 <sup>(5)</sup>   | 2025 <sup>(6)</sup>   |
|------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Net (expenses)/revenue</b>                              |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities.....                               | \$ (2,316,380)        | \$ (3,697,381)        | \$ (3,369,763)        | \$ (3,302,733)        | \$ (3,990,930)        | \$ (4,299,517)        | \$ (3,063,047)        | \$ (4,805,003)        | \$ (5,050,030)        | \$ (5,176,455)        |
| Business-type activities.....                              | 212,229               | (1,129,850)           | (458,093)             | (327,080)             | (81,089)              | (1,326,355)           | (492,292)             | (754,669)             | (921,432)             | (889,537)             |
| Total primary government net expenses.....                 | <u>\$ (2,104,151)</u> | <u>\$ (4,827,231)</u> | <u>\$ (3,827,856)</u> | <u>\$ (3,629,813)</u> | <u>\$ (4,072,019)</u> | <u>\$ (5,625,872)</u> | <u>\$ (3,555,339)</u> | <u>\$ (5,559,672)</u> | <u>\$ (5,971,462)</u> | <u>\$ (6,065,992)</u> |
| <b>General Revenue and Other Changes in Net Position</b>   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities:                                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Taxes                                                      |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Property taxes.....                                        | \$ 1,808,917          | \$ 1,951,696          | \$ 2,363,863          | \$ 2,581,308          | \$ 2,733,334          | \$ 2,972,067          | \$ 3,004,800          | \$ 3,167,382          | \$ 3,216,572          | \$ 3,168,835          |
| Business taxes.....                                        | 660,008               | 702,331               | 869,142               | 919,552               | 833,931               | 1,894,604             | 1,326,675             | 1,290,918             | 1,484,311             | 1,598,030             |
| Sales and use tax.....                                     | 270,051               | 291,395               | 293,916               | 329,296               | 279,433               | 233,393               | 293,195               | 300,385               | 298,778               | 298,449               |
| Hotel room tax.....                                        | 387,661               | 379,344               | 362,176               | 408,348               | 380,970               | 37,698                | 174,609               | 278,961               | 283,000               | 287,346               |
| Utility users tax.....                                     | 98,651                | 101,293               | 94,460                | 93,919                | 94,231                | 81,367                | 105,225               | 110,561               | 121,551               | 111,811               |
| Other local taxes.....                                     | 399,882               | 542,567               | 424,187               | 515,435               | 474,859               | 453,852               | 676,304               | 564,753               | 368,109               | 475,759               |
| Interest and investment income (loss).....                 | 24,048                | 35,240                | 46,020                | 178,350               | 142,181               | 10,688                | (160,687)             | 157,267               | 420,223               | 416,369               |
| Other.....                                                 | 59,266                | 182,833               | 71,834                | 68,788                | 63,552                | 67,838                | 80,295                | 89,471                | 69,536                | 84,603                |
| Transfers - internal activities of primary government..... | (671,173)             | (847,942)             | (763,283)             | (802,748)             | (879,430)             | (861,966)             | (866,631)             | (885,106)             | (921,000)             | (1,059,840)           |
| Special item.....                                          | -                     | -                     | 116,682               | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Total governmental activities.....                         | <u>3,038,229</u>      | <u>3,529,787</u>      | <u>3,939,005</u>      | <u>4,312,247</u>      | <u>4,223,061</u>      | <u>4,889,541</u>      | <u>4,633,745</u>      | <u>5,003,692</u>      | <u>5,341,480</u>      | <u>5,381,352</u>      |
| Business-type activities:                                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Interest and investment income (loss).....                 | 28,566                | 28,547                | 30,010                | 182,665               | 151,319               | (3,066)               | (108,628)             | 108,704               | 326,355               | 411,571               |
| Other.....                                                 | 240,636               | 257,419               | 246,827               | 237,045               | 245,466               | 440,508               | 327,454               | 240,145               | 201,681               | 233,225               |
| Transfers - internal activities of primary government..... | 671,173               | 847,942               | 753,263               | 852,746               | 679,450               | 861,966               | 866,631               | 885,106               | 921,000               | 1,059,840             |
| Special item.....                                          | -                     | -                     | -                     | 13,340                | -                     | -                     | -                     | -                     | -                     | -                     |
| Total business-type activities.....                        | <u>940,375</u>        | <u>1,133,908</u>      | <u>1,039,123</u>      | <u>1,268,798</u>      | <u>1,076,235</u>      | <u>1,299,408</u>      | <u>1,085,457</u>      | <u>1,233,955</u>      | <u>1,449,036</u>      | <u>1,704,636</u>      |
| Total primary government.....                              | <u>\$ 3,978,604</u>   | <u>\$ 4,663,695</u>   | <u>\$ 4,978,128</u>   | <u>\$ 5,581,045</u>   | <u>\$ 5,299,296</u>   | <u>\$ 6,188,949</u>   | <u>\$ 5,719,202</u>   | <u>\$ 6,237,647</u>   | <u>\$ 6,790,516</u>   | <u>\$ 7,085,988</u>   |
| <b>Change in Net Position</b>                              |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities.....                               | \$ 721,849            | \$ (167,614)          | \$ 569,242            | \$ 1,009,514          | \$ 232,131            | \$ 590,024            | \$ 1,570,698          | \$ 288,689            | \$ 291,450            | \$ 304,897            |
| Business-type activities.....                              | 728,166               | (225,934)             | 603,129               | 913,718               | 264,250               | (68,947)              | 592,549               | 489,089               | 527,693               | 835,099               |
| Total primary government.....                              | <u>\$ 1,450,015</u>   | <u>\$ (89,548)</u>    | <u>\$ 1,172,371</u>   | <u>\$ 1,923,232</u>   | <u>\$ 496,381</u>     | <u>\$ 521,077</u>     | <u>\$ 2,163,247</u>   | <u>\$ 777,778</u>     | <u>\$ 819,143</u>     | <u>\$ 1,139,996</u>   |



### Notes:

- (1) In fiscal year 2017-18, the City adopted the provisions of GASB Statement No. 75. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017.
- (2) In fiscal year 2020-21, the City adopted the provisions of GASB Statement No. 84. As restatement of all prior periods is not practical, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2020.
- (3) In fiscal year 2021-22, the City adopted the provisions of GASB Statement Nos. 87 and 88. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement No. 87 is reported as a restatement of beginning net position as of July 1, 2021.
- (4) In fiscal year 2022-23, the City adopted the provisions of GASB Statement Nos. 94 and 96. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement Nos. 94 and 96 is reported as a restatement of beginning net position as of July 1, 2022.
- (5) FY2024 business taxes and other local taxes are updated.
- (6) In fiscal year 2024-25, the City adopted the provisions of GASB Statement No. 101. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement No. 101 is reported as a restatement of beginning net position as of July 1, 2024.

# CITY AND COUNTY OF SAN FRANCISCO

## FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years (Modified Accrual Basis of Accounting) (In Thousands)

|                                     | 2016                | 2017                | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                | 2024                | 2025                |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>General Fund</b>                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Nonspendable.....                   | \$ 522              | \$ 525              | \$ 1,512            | \$ 1,259            | \$ 1,274            | \$ 2,714            | \$ 4,134            | \$ 1,174            | \$ 1,001            | \$ 1,503            |
| Restricted.....                     | 120,106             | 125,689             | 143,977             | 324,977             | 229,069             | 114,539             | 114,539             | 114,539             | 114,539             | 114,539             |
| Committed.....                      | 187,170             | 327,607             | 371,698             | 397,563             | 363,410             | 320,637             | 320,637             | 330,010             | 330,010             | 445,745             |
| Assigned.....                       | 679,567             | 1,088,288           | 1,291,499           | 1,361,787           | 1,581,761           | 1,562,035           | 2,012,745           | 1,724,903           | 1,555,806           | 1,447,431           |
| Unassigned.....                     | 241,797             | 328,594             | 413,255             | 631,437             | 610,408             | 670,179             | 453,088             | 477,511             | 562,254             | 605,011             |
| Total general fund.....             | <u>\$ 1,429,162</u> | <u>\$ 1,870,703</u> | <u>\$ 2,221,941</u> | <u>\$ 2,717,023</u> | <u>\$ 2,685,922</u> | <u>\$ 2,670,104</u> | <u>\$ 2,905,143</u> | <u>\$ 2,648,137</u> | <u>\$ 2,563,610</u> | <u>\$ 2,617,229</u> |
| <b>All other governmental funds</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Nonspendable.....                   | \$ 82               | \$ 82               | \$ 82               | \$ 140              | \$ 82               | \$ 82               | \$ 124              | \$ 356              | \$ 81               | \$ -                |
| Restricted.....                     | 1,443,956           | 1,701,020           | 2,232,040           | 2,306,105           | 2,229,282           | 3,384,275           | 3,615,837           | 3,565,843           | 3,346,783           | 3,687,021           |
| Assigned.....                       | 66,085              | 78,413              | 124,076             | 114,640             | 125,319             | 224,658             | 259,607             | 291,062             | 275,507             | 281,631             |
| Unassigned.....                     | (103,811)           | (245,445)           | (904)               | (331)               | (729)               | (1,920)             | (1,041)             | (1,936)             | (7,276)             | (1,381)             |
| Total other governmental funds..... | <u>\$ 1,406,312</u> | <u>\$ 1,534,070</u> | <u>\$ 2,355,294</u> | <u>\$ 2,423,954</u> | <u>\$ 2,353,854</u> | <u>\$ 3,607,095</u> | <u>\$ 3,674,927</u> | <u>\$ 3,655,325</u> | <u>\$ 3,615,095</u> | <u>\$ 3,967,271</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)  
 (In Thousands)

|                                                 | Fiscal Year      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|-------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                                 | 2016             | 2017             | 2018             | 2019             | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             |
| <b>Revenues:</b>                                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Property taxes.....                             | \$ 1,798,776     | \$ 1,937,694     | \$ 2,171,601     | \$ 2,765,473     | \$ 2,654,937     | \$ 2,964,753     | \$ 2,998,200     | \$ 3,157,038     | \$ 3,254,764     | \$ 3,156,559     |
| Business taxes.....                             | 660,926          | 702,331          | 809,142          | 919,552          | 833,931          | 1,894,604        | 1,326,675        | 1,290,918        | 1,359,887        | 1,598,030        |
| Sales and use tax.....                          | 267,443          | 291,710          | 296,209          | 329,296          | 279,453          | 233,393          | 293,155          | 309,385          | 298,778          | 298,449          |
| Hotel room tax.....                             | 387,661          | 370,344          | 382,176          | 408,348          | 280,970          | 37,698           | 174,609          | 278,961          | 283,020          | 287,346          |
| Utility users tax.....                          | 98,651           | 101,203          | 94,460           | 93,918           | 94,231           | 81,367           | 105,225          | 110,661          | 121,931          | 111,811          |
| Other local taxes.....                          | 399,882          | 542,567          | 424,187          | 515,435          | 474,859          | 453,829          | 676,327          | 564,753          | 492,533          | 475,759          |
| Licenses, permits and franchises.....           | 43,722           | 44,397           | 43,180           | 43,416           | 38,472           | 27,186           | 46,834           | 43,156           | 44,720           | 52,746           |
| Fines, forfeitures and penalties.....           | 36,169           | 30,798           | 34,220           | 48,896           | 43,830           | 74,273           | 44,581           | 44,322           | 123,084          | 63,896           |
| Interest and investment income (loss).....      | 23,931           | 35,089           | 45,890           | 177,832          | 141,638          | 10,688           | (160,819)        | 156,887          | 417,595          | 413,198          |
| Rent and concessions.....                       | 135,865          | 100,544          | 105,284          | 155,346          | 118,865          | 76,313           | 131,450          | 184,208          | 201,549          | 190,546          |
| Intergovernmental:                              |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Federal.....                                    | 416,823          | 411,969          | 421,024          | 442,328          | 590,697          | 907,362          | 1,096,707        | 635,680          | 650,161          | 710,605          |
| State.....                                      | 776,869          | 823,012          | 875,402          | 964,916          | 990,264          | 1,105,834        | 1,207,042        | 1,293,904        | 1,339,144        | 1,378,577        |
| Other.....                                      | 85,872           | 13,814           | 16,993           | 13,630           | 26,483           | 26,890           | 20,081           | 8,938            | 12,436           | 11,681           |
| Charges for services.....                       | 392,665          | 378,437          | 415,569          | 437,540          | 398,405          | 376,113          | 397,270          | 387,553          | 434,952          | 523,925          |
| Other.....                                      | 264,722          | 188,311          | 186,034          | 246,010          | 214,359          | 182,826          | 186,499          | 207,346          | 99,223           | 88,629           |
| <b>Total revenues.....</b>                      | <b>5,789,974</b> | <b>5,971,620</b> | <b>6,411,371</b> | <b>7,561,936</b> | <b>7,181,394</b> | <b>8,453,129</b> | <b>8,543,836</b> | <b>8,673,710</b> | <b>9,133,777</b> | <b>9,360,757</b> |
| <b>Expenditures:</b>                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Public protection.....                          | 1,269,000        | 1,323,577        | 1,378,754        | 1,460,186        | 1,551,125        | 1,576,456        | 1,644,421        | 1,749,187        | 1,845,114        | 1,933,537        |
| Public works, transportation and commerce.....  | 416,152          | 332,693          | 441,868          | 428,378          | 488,697          | 458,154          | 471,415          | 505,421          | 554,268          | 590,993          |
| Human welfare and neighborhood development..... | 1,252,588        | 1,424,425        | 1,499,216        | 1,698,081        | 2,070,388        | 2,339,937        | 2,539,914        | 2,998,446        | 3,082,188        | 2,823,823        |
| Community health.....                           | 776,612          | 712,495          | 815,762          | 918,330          | 1,026,915        | 1,170,730        | 1,181,711        | 1,168,603        | 1,223,922        | 1,297,103        |
| Culture and recreation.....                     | 364,909          | 390,038          | 424,794          | 453,554          | 460,157          | 417,106          | 464,643          | 513,127          | 553,720          | 583,033          |
| General administration and finance.....         | 277,729          | 303,113          | 312,441          | 346,154          | 392,629          | 395,792          | 377,185          | 439,767          | 420,508          | 434,823          |
| Distributions to other governments.....         | -                | -                | -                | -                | -                | -                | 47,296           | 48,113           | 51,597           | 153,057          |
| General City responsibilities.....              | 114,684          | 121,447          | 110,920          | 144,808          | 129,941          | 113,913          | 156,870          | 189,570          | 168,497          | 53,851           |
| Debt service:                                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Principal retirement.....                       | 252,456          | 283,356          | 381,141          | 326,416          | 296,875          | 356,986          | 439,550          | 400,960          | 309,124          | 476,193          |
| Interest and other fiscal charges.....          | 119,723          | 125,091          | 136,925          | 168,839          | 150,646          | 154,958          | 173,656          | 181,463          | 168,436          | 198,001          |
| Bond issuance costs.....                        | 7,108            | 2,695            | 6,934            | 876              | 4,455            | 7,864            | 3,330            | 5,747            | 5,586            | 5,147            |
| Payment to refunded bond escrow agent.....      | -                | -                | -                | -                | 8,305            | 7,167            | 7,768            | -                | 159,796          | -                |
| Capital outlay.....                             | 223,904          | 297,089          | 337,741          | 323,979          | 454,137          | 275,638          | 250,764          | 220,917          | 353,221          | 305,714          |
| <b>Total expenditures.....</b>                  | <b>5,074,865</b> | <b>5,316,019</b> | <b>5,848,496</b> | <b>6,269,601</b> | <b>7,034,870</b> | <b>7,274,701</b> | <b>7,758,523</b> | <b>8,422,321</b> | <b>8,896,979</b> | <b>8,855,275</b> |
| Excess of revenues over expenditures.....       | 715,109          | 655,601          | 562,875          | 1,292,335        | 146,524          | 1,178,428        | 785,313          | 251,389          | 237,798          | 505,482          |

**CITY AND COUNTY OF SAN FRANCISCO**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)  
 (In Thousands)

|                                                              | Fiscal Year       |                   |                     |                   |                     |                     |                   |                     |                     |                   |
|--------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
|                                                              | 2016              | 2017              | 2018                | 2019              | 2020                | 2021                | 2022              | 2023                | 2024                | 2025              |
| <b>Other financing sources (uses):</b>                       |                   |                   |                     |                   |                     |                     |                   |                     |                     |                   |
| Transfers in.....                                            | 580,737           | 641,123           | 625,147             | 853,553           | 701,391             | 963,647             | 757,902           | 702,230             | 764,750             | 819,398           |
| Transfers out.....                                           | (1,251,800)       | (1,222,163)       | (1,396,562)         | (1,654,966)       | (1,380,325)         | (1,825,686)         | (1,626,205)       | (1,587,557)         | (1,683,666)         | (1,878,218)       |
| Issuance of bonds and loans:                                 |                   |                   |                     |                   |                     |                     |                   |                     |                     |                   |
| Face value of bonds issued.....                              | 472,325           | 276,570           | 1,293,595           | 72,420            | 393,310             | 823,665             | 468,380           | 267,975             | 201,455             | 780,095           |
| Face value of refunding debt issued.....                     | 123,600           | -                 | -                   | -                 | 222,315             | 161,870             | 414,205           | -                   | 555,200             | -                 |
| Face value of loans issued.....                              | -                 | 46,000            | -                   | -                 | -                   | -                   | -                 | -                   | -                   | 65,000            |
| Premium on issuance of bonds.....                            | 32,845            | 12,432            | 76,243              | -                 | 73,759              | 93,427              | 124,411           | 6,364               | 68,510              | 35,906            |
| Discount on issuance of bonds.....                           | -                 | -                 | -                   | -                 | -                   | -                   | -                 | -                   | -                   | (189)             |
| Payment to refunded bond escrow agent.....                   | (131,935)         | -                 | -                   | -                 | (257,875)           | (193,579)           | (463,448)         | -                   | (618,741)           | -                 |
| Proceeds from sale of capital assets.....                    | -                 | 122,000           | -                   | -                 | -                   | -                   | -                 | -                   | -                   | -                 |
| Other financing sources - capital leases.....                | 5,650             | 37,736            | 2,027               | -                 | -                   | -                   | -                 | -                   | -                   | -                 |
| Inception of lease and subscriptions.....                    | -                 | -                 | -                   | -                 | -                   | 41,913              | 72,033            | 150,126             | 76,132              | -                 |
| Total other financing sources (uses).....                    | (168,578)         | (86,302)          | 998,450             | (728,993)         | (247,225)           | 23,344              | (282,842)         | (538,955)           | (562,555)           | (99,687)          |
| Special item.....                                            | -                 | -                 | 11,137              | -                 | -                   | -                   | -                 | -                   | -                   | -                 |
| <b>Net change in fund balances.....</b>                      | <b>\$ 546,531</b> | <b>\$ 569,269</b> | <b>\$ 1,172,462</b> | <b>\$ 563,342</b> | <b>\$ (109,701)</b> | <b>\$ 1,201,772</b> | <b>\$ 502,471</b> | <b>\$ (287,586)</b> | <b>\$ (324,757)</b> | <b>\$ 405,795</b> |
| Debt service as a percentage of noncapital expenditures..... | 7.98%             | 8.46%             | 9.75%               | 8.51%             | 7.06%               | 7.42%               | 8.50%             | 7.39%               | 5.75%               | 8.06%             |
| Debt service as a percentage of total expenditures.....      | 7.33%             | 7.68%             | 8.86%               | 7.90%             | 6.36%               | 7.04%               | 7.90%             | 6.92%               | 5.37%               | 7.61%             |



**CITY AND COUNTY OF SAN FRANCISCO**  
**SCHEDULE OF FUND BALANCE – GENERAL FUND**  
Fiscal Years 2020-21 through 2024-25  
(In Thousands)

|                                                                                           | 2020-21             | 2021-22             | 2022-23             | 2023-24             | 2024-25             |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Restricted for rainy day (Economic Stabilization account)                                 | \$ 114,539          | \$ 114,539          | \$ 114,539          | \$ 114,539          | \$ 114,539          |
| Committed for budget stabilization (citywide)                                             | 320,637             | 320,637             | 330,010             | 330,010             | 445,745             |
| Assigned, not available for appropriation                                                 |                     |                     |                     |                     |                     |
| Assigned for encumbrances                                                                 | 407,137             | 462,668             | 424,301             | 431,461             | 385,055             |
| Assigned for appropriation carryforward                                                   | 753,776             | 940,213             | 840,748             | 569,737             | 534,533             |
| Assigned for salaries and benefits                                                        | 5,088               | 17,921              | 27,927              | 1,807               | 9,557               |
| Assigned for Self-Insurance                                                               | 42,454              | 45,567              | 46,496              | 43,362              | 40,000              |
| Assigned for Hotel Tax Loss Contingency                                                   | 6,000               | 3,500               | 3,500               | -                   | -                   |
| Total Fund Balance Not Available for Appropriation                                        | <u>1,649,631</u>    | <u>1,905,045</u>    | <u>1,787,521</u>    | <u>1,490,916</u>    | <u>1,529,429</u>    |
| Assigned and unassigned, available for appropriation                                      |                     |                     |                     |                     |                     |
| Assigned for litigation and contingencies                                                 | 173,591             | 235,133             | 259,230             | 262,731             | 325,541             |
| Assigned for subsequent year's budget                                                     | 173,989             | 307,743             | 122,701             | 226,708             | 152,745             |
| Unassigned for General Reserve                                                            | 78,333              | 57,696              | 64,707              | 135,714             | 136,829             |
| Unassigned - Budgeted for use second budget year                                          | -                   | 149,695             | 291,710             | 228,502             | 229,612             |
| Unassigned - Projected for use third and fourth budget year                               | -                   | 163,400             | 81,190              | 154,861             | 139,961             |
| Unassigned - COVID-19 Response and Economic Contingency Reserve                           | 113,500             | 13,999              | -                   | -                   | -                   |
| Unassigned - Federal & State Emergency Revenue Reserve                                    | 100,000             | 81,300              | 81,300              | 81,300              | 2,120               |
| Unassigned - Conditional Increment Reserve                                                | -                   | -                   | -                   | 402                 | -                   |
| Unassigned - Fiscal Cliff Reserve                                                         | 293,900             | 229,750             | 220,432             | 182,425             | 40,000              |
| Unassigned - Federal & State Revenue Risk Reserve                                         | -                   | -                   | -                   | -                   | 221,605             |
| Unassigned - Business Tax Stabilization Reserve                                           | 149,000             | 29,454              | 29,454              | 29,454              | 29,454              |
| Unassigned - Gross Receipts Prepayment Reserve                                            | 26,000              | -                   | -                   | -                   | -                   |
| Unassigned - Other Reserve                                                                | 13,807              | 1,021               | 22,234              | 21                  | 7,911               |
| Unassigned - Available for future appropriation                                           | <u>31,784</u>       | <u>39,795</u>       | <u>3,126</u>        | <u>-</u>            | <u>36,578</u>       |
| Total Fund Balance Available for Appropriation                                            | <u>1,153,904</u>    | <u>1,308,986</u>    | <u>1,176,084</u>    | <u>1,322,118</u>    | <u>1,324,356</u>    |
| Total Fund Balance, Budget Basis                                                          | <u>\$ 2,803,535</u> | <u>\$ 3,214,031</u> | <u>\$ 2,963,605</u> | <u>\$ 2,813,034</u> | <u>\$ 2,853,785</u> |
| Budgeted Basis to GAAP Basis Reconciliation                                               |                     |                     |                     |                     |                     |
| Total Fund Balance - Budget Basis                                                         | \$ 2,803,535        | \$ 3,214,031        | \$ 2,963,605        | \$ 2,813,034        | \$ 2,853,785        |
| Unrealized gain or loss on investments                                                    | 3,978               | (156,403)           | (158,859)           | (79,138)            | (5,617)             |
| Nonspendable fund balance                                                                 | 2,714               | 4,134               | 1,174               | 1,001               | 1,503               |
| Cumulative Excess Property Tax Revenues Recognized on Budget Basis                        | (31,745)            | (32,874)            | (40,685)            | (54,052)            | (70,943)            |
| Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis | (120,569)           | (118,791)           | (111,163)           | (114,312)           | (159,470)           |
| Inventories                                                                               | 17,925              | -                   | -                   | -                   | -                   |
| Prepaid lease revenue                                                                     | (5,734)             | (4,954)             | (5,935)             | (2,923)             | (2,029)             |
| Total Fund Balance, GAAP Basis                                                            | <u>\$ 2,670,104</u> | <u>\$ 2,905,143</u> | <u>\$ 2,648,137</u> | <u>\$ 2,563,610</u> | <u>\$ 2,617,229</u> |

**CITY AND COUNTY OF SAN FRANCISCO**  
**GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE**  
Fiscal Years 2020-21 through 2024-25  
(In Thousands)

|                                                   | 2020-21             | 2021-22             | 2022-23             | 2023-24             | 2024-25             |
|---------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues:</b>                                  |                     |                     |                     |                     |                     |
| Property taxes                                    | \$ 2,332,864        | \$ 2,336,071        | \$ 2,459,052        | \$ 2,526,392        | \$ 2,468,240        |
| Business taxes                                    | 722,642             | 861,172             | 850,593             | 993,356             | 1,120,358           |
| Other local taxes <sup>2</sup>                    | 709,018             | 1,115,553           | 1,108,545           | 912,362             | 1,009,524           |
| Licenses, permits and franchises                  | 12,332              | 32,078              | 28,953              | 29,702              | 34,256              |
| Fines, forfeitures, and penalties                 | 4,508               | 5,755               | 3,191               | 6,494               | 5,214               |
| Interest and investment income                    | (1,605)             | (93,447)            | 68,319              | 180,387             | 178,144             |
| Rents and concessions                             | 5,111               | 10,668              | 11,775              | 11,764              | 14,931              |
| Intergovernmental                                 | 1,607,803           | 1,795,395           | 1,339,711           | 1,393,646           | 1,399,799           |
| Charges for services                              | 230,048             | 238,438             | 243,234             | 281,393             | 357,122             |
| Other                                             | <u>46,434</u>       | <u>23,265</u>       | <u>29,677</u>       | <u>42,268</u>       | <u>31,807</u>       |
| Total Revenues                                    | <u>5,669,155</u>    | <u>6,324,948</u>    | <u>6,143,050</u>    | <u>6,377,784</u>    | <u>6,616,395</u>    |
| <b>Expenditures:</b>                              |                     |                     |                     |                     |                     |
| Public protection                                 | 1,498,514           | 1,562,797           | 1,654,953           | 1,730,773           | 1,834,505           |
| Public works, transportation and commerce         | 204,973             | 232,078             | 265,019             | 241,299             | 221,660             |
| Human welfare and neighborhood development        | 1,562,962           | 1,478,115           | 1,577,183           | 1,617,231           | 1,598,333           |
| Community health                                  | 1,056,590           | 1,002,947           | 967,381             | 947,867             | 980,332             |
| Culture and recreation                            | 145,405             | 159,056             | 172,832             | 186,187             | 181,510             |
| General administration and finance                | 314,298             | 298,742             | 301,748             | 293,959             | 303,882             |
| General City responsibilities                     | <u>113,913</u>      | <u>156,870</u>      | <u>189,570</u>      | <u>168,497</u>      | <u>153,057</u>      |
| Total expenditures <sup>1</sup>                   | <u>4,896,675</u>    | <u>4,889,705</u>    | <u>5,128,666</u>    | <u>5,185,813</u>    | <u>5,273,279</u>    |
| Excess of revenues over expenditures <sup>1</sup> | <u>772,480</u>      | <u>1,435,243</u>    | <u>1,014,384</u>    | <u>1,191,971</u>    | <u>1,346,116</u>    |
| Other financing sources (uses):                   |                     |                     |                     |                     |                     |
| Transfers in                                      | 343,498             | 84,107              | 119,361             | 155,223             | 147,659             |
| Transfers out                                     | (1,166,855)         | (1,209,383)         | (1,316,074)         | (1,354,857)         | (1,345,856)         |
| Other <sup>1</sup>                                | <u>(338)</u>        | <u>(74,928)</u>     | <u>(74,677)</u>     | <u>(76,864)</u>     | <u>(94,300)</u>     |
| Total other financing sources (uses) <sup>1</sup> | <u>(823,695)</u>    | <u>(1,200,204)</u>  | <u>(1,271,390)</u>  | <u>(1,276,498)</u>  | <u>(1,292,497)</u>  |
| Net change in fund balance                        | <u>(51,215)</u>     | <u>235,039</u>      | <u>(257,006)</u>    | <u>(84,527)</u>     | <u>53,619</u>       |
| Total fund balance at beginning of year           | 2,685,922           | 2,670,104           | 2,905,143           | 2,648,137           | 2,563,610           |
| Cumulative effect of accounting change            | <u>35,397</u>       | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            |
| Total fund balances at end of year - GAAP basis   | <u>\$ 2,670,104</u> | <u>\$ 2,905,143</u> | <u>\$ 2,648,137</u> | <u>\$ 2,563,610</u> | <u>\$ 2,617,229</u> |

|                                                                                     |            |            |            |            |            |
|-------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|
| Assigned for subsequent year's appropriations and unassigned fund balance, year end |            |            |            |            |            |
| -- GAAP basis                                                                       | \$ 179,077 | \$ 325,864 | \$ 150,628 | \$ 228,515 | \$ 162,302 |
| -- Budget basis                                                                     | 901,980    | 1,016,157  | 852,147    | 903,673    | 861,986    |

<sup>1</sup> Summary of financial information derived from City ACFRs. Certain amounts have been reclassified. Fund balances include amounts reserved for rainy day (Economic Stabilization and One-time Spending amounts), encumbrances, appropriation carryforwards and other purposes (as required by the Charter or appropriate accounting practices) as well as unreserved designated and undesignated available fund balances (which amounts constitute unrestricted General Fund balances). Other includes debt service net of capital outlay and inception of leases/SBITAs.

<sup>2</sup> Other Local Taxes includes sales, hotel, utility users, parking, sugar sweetened beverage, stadium admissions, access line, and cannabis taxes (effective January 1, 2022).

**CITY AND COUNTY OF SAN FRANCISCO**  
**ASSESSED VALUE OF TAXABLE PROPERTY <sup>(1)(3)(4)</sup>**  
 Last Ten Fiscal Years  
 (In Thousands)

| Fiscal Year               | Assessed Value |                   |                | Exemptions <sup>(2)</sup> |              |                              | Total Taxable Assessed Value | Total Direct Tax Rate |
|---------------------------|----------------|-------------------|----------------|---------------------------|--------------|------------------------------|------------------------------|-----------------------|
|                           | Real Property  | Personal Property | Total          | Non-reimbursable          | Reimbursable | Redevelopment Tax Increments |                              |                       |
| 2016 .....                | \$ 197,889,670 | \$ 4,667,489      | \$ 202,557,159 | \$ 8,252,472              | \$ 654,116   | \$ 15,798,019                | \$ 177,852,552               | 1.00%                 |
| 2017 .....                | 216,357,277    | 5,003,459         | 221,360,736    | 9,061,126                 | 647,177      | 17,057,074                   | 194,595,359                  | 1.00%                 |
| 2018 .....                | 240,129,959    | 5,033,413         | 245,163,372    | 11,372,719                | 638,914      | 20,790,719                   | 212,361,020                  | 1.00%                 |
| 2019 .....                | 268,211,395    | 5,398,846         | 273,610,241    | 15,056,415                | 627,379      | 21,989,616                   | 235,936,831                  | 1.00%                 |
| 2020 .....                | 289,711,888    | 7,346,098         | 297,057,986    | 17,689,802                | 617,454      | 23,132,814                   | 255,617,916                  | 1.00%                 |
| 2021 .....                | 311,911,097    | 6,935,352         | 318,846,449    | 18,672,211                | 605,611      | 21,679,824                   | 277,888,803                  | 1.00%                 |
| 2022 .....                | 321,740,412    | 6,903,321         | 328,643,733    | 20,331,278                | 599,790      | 22,430,502                   | 285,282,163                  | 1.00%                 |
| 2023 <sup>(5)</sup> ..... | 339,396,199    | 6,844,840         | 346,241,039    | 20,799,072                | 587,889      | 21,589,228                   | 303,264,850                  | 1.00%                 |
| 2024 <sup>(5)</sup> ..... | 354,846,288    | 7,176,129         | 362,022,417    | 21,645,550                | 583,227      | 23,321,439                   | 316,472,201                  | 1.00%                 |
| 2025 .....                | 364,412,448    | 7,208,779         | 371,621,227    | 22,316,721                | 590,617      | 22,426,777                   | 326,287,112                  | 1.00%                 |

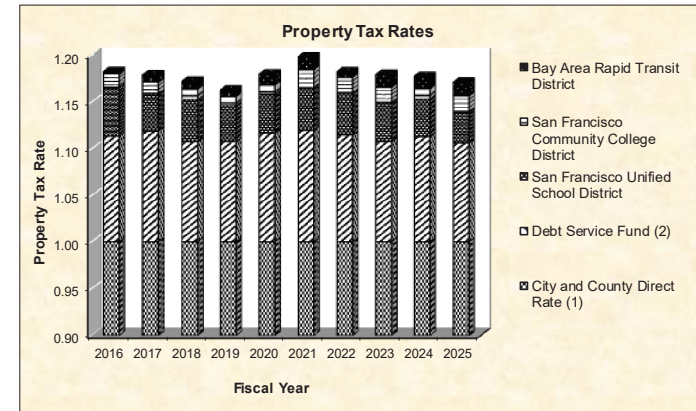
Source:  
 Controller, City and County of San Francisco

Notes:

- (1) Assessed value of taxable property represents all property within the City. The maximum tax rate is 1% of the full cash value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.
- (2) Exemptions are summarized as follows:
  - (a) Non-reimbursable exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).
  - (b) Reimbursable exemptions arise from Article XII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3) (k).
  - (c) Tax increments were allocations made to the former San Francisco Redevelopment Agency under authority of California Constitution, Article XVI and Section 33675 of the California Health & Safety Code. Actual allocations are limited under an indebtedness agreement between the City and Redevelopment Agency.
- (3) Does not include SB-813 supplemental property taxes.
- (4) Based on year end actual assessed values.
- (5) FY2023 and FY2024 are updated.

**CITY AND COUNTY OF SAN FRANCISCO**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
 Last Ten Fiscal Years  
 (Rate Per \$100 of Assessed Value)

| Fiscal Year | City and County Direct Rate <sup>(1)</sup> | Overlapping Rates                |                                       |                                          |                                 | Total  |
|-------------|--------------------------------------------|----------------------------------|---------------------------------------|------------------------------------------|---------------------------------|--------|
|             |                                            | Debt Service Fund <sup>(2)</sup> | San Francisco Unified School District | San Francisco Community College District | Bay Area Rapid Transit District |        |
| 2016        | 1.00000000                                 | 0.11346583                       | 0.05246647                            | 0.01407283                               | 0.00260000                      | 1.1826 |
| 2017        | 1.00000000                                 | 0.11894004                       | 0.03982180                            | 0.01245918                               | 0.00800000                      | 1.1792 |
| 2018        | 1.00000000                                 | 0.10740904                       | 0.04517555                            | 0.01135485                               | 0.00840000                      | 1.1723 |
| 2019        | 1.00000000                                 | 0.10748997                       | 0.03869354                            | 0.00982024                               | 0.00700000                      | 1.1630 |
| 2020        | 1.00000000                                 | 0.11669015                       | 0.04160439                            | 0.00979486                               | 0.01200000                      | 1.1801 |
| 2021        | 1.00000000                                 | 0.11972733                       | 0.04510041                            | 0.01973594                               | 0.01390000                      | 1.1985 |
| 2022        | 1.00000000                                 | 0.11463663                       | 0.04503343                            | 0.01681493                               | 0.00600000                      | 1.1825 |
| 2023        | 1.00000000                                 | 0.10761763                       | 0.04216026                            | 0.01595993                               | 0.01400000                      | 1.1797 |
| 2024        | 1.00000000                                 | 0.11295032                       | 0.04025720                            | 0.01108630                               | 0.01340000                      | 1.1777 |
| 2025        | 1.00000000                                 | 0.10600267                       | 0.03345173                            | 0.01718123                               | 0.01480000                      | 1.1714 |



Notes:

- (1) Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.
- (2) On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

**CITY AND COUNTY OF SAN FRANCISCO**  
**PRINCIPAL PROPERTY ASSESSEES**  
Current Fiscal Year and Nine Fiscal Years Ago  
(Dollar in Thousands)

| Assessee                                | Type of Business      | Fiscal Year 2025                      |      |                                                           | Fiscal Year 2016       |      |                                                           |
|-----------------------------------------|-----------------------|---------------------------------------|------|-----------------------------------------------------------|------------------------|------|-----------------------------------------------------------|
|                                         |                       | Taxable Assessed Value <sup>(1)</sup> | Rank | Percentage of Total Taxable Assessed Value <sup>(2)</sup> | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value <sup>(2)</sup> |
| Transbay Towers LLC                     | Office, Commercial    | \$ 1,911,819                          | 1    | 0.54%                                                     | \$ -                   | -    | -                                                         |
| Sutter Bay Hospitals                    | Office, Commercial    | 1,862,358                             | 2    | 0.53%                                                     | -                      | -    | -                                                         |
| GSW Arena LLC                           | Entertainment Complex | 1,361,562                             | 3    | 0.39%                                                     | -                      | -    | -                                                         |
| Park Tower Owner LLC                    | Office, Commercial    | 1,163,208                             | 4    | 0.33%                                                     | -                      | -    | -                                                         |
| KRE Exchange Owner LLC                  | Office, Commercial    | 1,158,816                             | 5    | 0.33%                                                     | -                      | -    | -                                                         |
| HWA 555 Owners LLC                      | Office, Commercial    | 1,136,782                             | 6    | 0.32%                                                     | 964,169                | 1    | 0.49%                                                     |
| Elm Property Venture LLC                | Office, Commercial    | 1,101,724                             | 7    | 0.31%                                                     | -                      | -    | -                                                         |
| PPF Paramount One Market Plaza Owner LP | Office, Commercial    | 931,076                               | 8    | 0.26%                                                     | 789,865                | 2    | 0.40%                                                     |
| SFDC 50 Fremont LLC                     | Office, Commercial    | 769,162                               | 9    | 0.22%                                                     | -                      | -    | -                                                         |
| BCP-CG 650 Property LLC                 | Office, Commercial    | 646,490                               | 10   | 0.18%                                                     | -                      | -    | -                                                         |
| Union Investment Real Estate GMBH       | Office, Commercial    | -                                     | -    | -                                                         | 466,712                | 3    | 0.24%                                                     |
| Emporium Mall LLC                       | Retail, Commercial    | -                                     | -    | -                                                         | 441,260                | 4    | 0.23%                                                     |
| SPF China Basin Holdings LLC            | Office, Commercial    | -                                     | -    | -                                                         | 433,697                | 5    | 0.22%                                                     |
| SHC Embarcadero LLC                     | Office, Commercial    | -                                     | -    | -                                                         | 406,713                | 6    | 0.21%                                                     |
| Wells REIT II - 333 Market St LLC       | Office, Commercial    | -                                     | -    | -                                                         | 404,977                | 7    | 0.21%                                                     |
| SF Hilton Inc.                          | Hotel                 | -                                     | -    | -                                                         | 399,884                | 8    | 0.21%                                                     |
| Post-Montgomery Associates              | Office, Commercial    | -                                     | -    | -                                                         | 396,798                | 9    | 0.20%                                                     |
| PPF Off One Maritime Plaza LP           | Office, Commercial    | -                                     | -    | -                                                         | 376,426                | 10   | 0.19%                                                     |
| Total                                   |                       | \$ 12,042,997                         |      | 3.41%                                                     | \$ 5,082,501           |      | 2.60%                                                     |

Source: Assessor, City and County of San Francisco

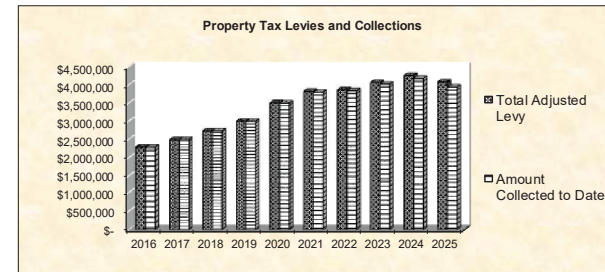
Notes:

(1) Data for fiscal year 2024-2025 updated as of August 1, 2024.

(2) Assessed values for fiscal years 2024-2025 and 2015-2016 are from the tax rolls of calendar year 2024 and 2015, respectively.

**CITY AND COUNTY OF SAN FRANCISCO**  
**PROPERTY TAX LEVIES AND COLLECTIONS <sup>(1) (2)</sup>**  
Last Ten Fiscal Years  
(In Thousands)

| Fiscal Year         | Total Adjusted Levy | Collected within the Fiscal Year of the Levy |                             | Collections in Subsequent Years <sup>(3)</sup> | Total Collections to Date |                                            |
|---------------------|---------------------|----------------------------------------------|-----------------------------|------------------------------------------------|---------------------------|--------------------------------------------|
|                     |                     | Amount                                       | Percentage of Original Levy |                                                | Amount                    | Percentage of Adjusted Levy <sup>(5)</sup> |
| 2016                | \$2,290,280         | \$ 2,268,876                                 | 99.07%                      | \$ 19,156                                      | \$ 2,288,032              | 99.90%                                     |
| 2017                | 2,492,789           | 2,471,486                                    | 99.15                       | 21,966                                         | 2,493,452                 | 100.03                                     |
| 2018                | 2,732,615           | 2,709,048                                    | 99.14                       | 29,002                                         | 2,738,050                 | 100.20                                     |
| 2019                | 2,999,794           | 2,977,664                                    | 99.26                       | 17,194                                         | 2,994,858                 | 99.84                                      |
| 2020                | 3,509,022           | 3,475,682                                    | 99.05                       | 21,020                                         | 3,496,702                 | 99.65                                      |
| 2021                | 3,823,246           | 3,785,038                                    | 99.00                       | 9,800                                          | 3,794,838                 | 99.26                                      |
| 2022                | 3,864,100           | 3,832,546                                    | 99.18                       | 7,066                                          | 3,839,612                 | 99.37                                      |
| 2023                | 4,067,270           | 4,032,813                                    | 99.15                       | (12,876)                                       | 4,019,937                 | 98.84                                      |
| 2024                | 4,261,226           | 4,215,823                                    | 98.93                       | (35,627)                                       | 4,180,196                 | 98.10                                      |
| 2025 <sup>(4)</sup> | 4,083,810           | 4,025,052                                    | 98.56                       | (87,333)                                       | 3,937,719                 | 96.42                                      |



Source: Controller, City and County of San Francisco

Notes:

- (1) Includes San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, Bay Area Air Quality Management District, and the Successor Agency to the San Francisco Redevelopment Agency.
- (2) Does not include SB-813 supplemental property taxes. Beginning with FY2025, direct levies are excluded from the data.
- (3) Redemption roll collections or prior year reductions of secured annual taxes within the fiscal year. Prior year reductions occur when an exemption gets applied or an Assessment Appeals Board decision reduces a prior year assessed value.
- (4) Beginning with fiscal year 2024-25, the Levy and Collection property tax amounts exclude direct charges that ride along on secured annual bills with ad-valorem property taxes. The amounts only reflect the ad-valorem property tax amounts starting in fiscal year 2024-25.
- (5) Beginning in fiscal year 2022-23, the percentage of adjusted levy paid is impacted by significant refunds of property taxes collected in prior years for properties that were determined by the Assessment Appeals Board (AAB) as over-assessed in those prior years. In particular, the market valuation of office, hotels, and retail commercial properties have been negatively impacted by reduced office demand (work from home), reduced tourism (especially from international tourists), and the sharp increase, effective 2022, of borrowing interest rates. To the extent the Assessor's assessed values do not reflect these realities in prior years, the AAB decisions require a correction to those prior years and refunding plus interest of property taxes.

# CITY AND COUNTY OF SAN FRANCISCO

## RATIOS OF OUTSTANDING DEBT BY TYPE

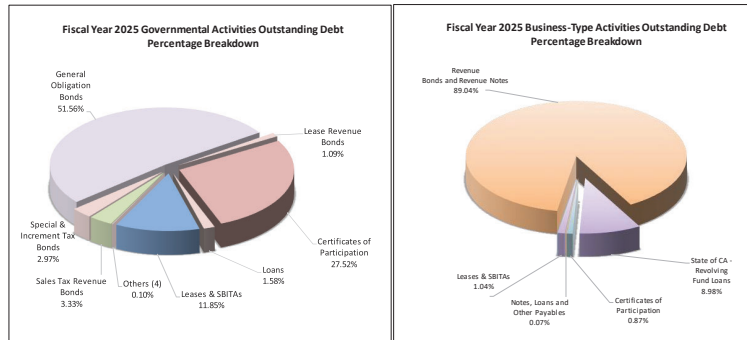
Last Ten Fiscal Years

(In Thousands, except per capita amount)

| Governmental Activities |                          |                     |                               |            |                 |                       |                         |                               |              |
|-------------------------|--------------------------|---------------------|-------------------------------|------------|-----------------|-----------------------|-------------------------|-------------------------------|--------------|
| Fiscal Year             | General Obligation Bonds | Lease Revenue Bonds | Certificates of Participation | Loans      | Leases & SBITAs | Others <sup>(4)</sup> | Sales Tax Revenue Bonds | Special & Increment Tax Bonds | Subtotal     |
| 2016                    | \$ 2,227,515             | \$ 197,217          | \$ 623,956                    | \$ 143,059 | \$ -            | \$ -                  | \$ -                    | \$ -                          | \$ 3,191,747 |
| 2017                    | 2,281,894                | 182,783             | 582,759                       | 162,876    | -               | 32,586                | -                       | -                             | 3,242,898    |
| 2018                    | 2,693,252                | 171,667             | 987,014                       | 47,462     | -               | 30,654                | 268,917                 | -                             | 4,198,966    |
| 2019                    | 2,488,987                | 133,592             | 944,447                       | 22,365     | -               | 27,102                | 267,701                 | -                             | 3,884,194    |
| 2020                    | 2,351,707                | 127,138             | 1,191,336                     | 21,385     | -               | 23,490                | 253,566                 | -                             | 3,968,622    |
| 2021                    | 2,754,452                | 114,309             | 1,289,507                     | 20,914     | -               | 19,820                | 239,040                 | -                             | 4,438,042    |
| 2022                    | 2,893,380                | 100,835             | 1,250,691                     | 20,418     | 511,317         | 16,089                | 224,114                 | 112,107                       | 5,128,951    |
| 2023                    | 2,841,285                | 86,895              | 1,205,896                     | 19,900     | 531,534         | 12,619                | 208,774                 | 142,211                       | 5,049,114    |
| 2024                    | 2,463,793                | 71,762              | 1,318,374                     | 19,358     | 625,806         | 31,075                | 193,014                 | 159,353                       | 4,882,535    |
| 2025                    | 2,736,743                | 58,000              | 1,460,314                     | 83,793     | 628,828         | 5,500                 | 176,673                 | 157,627                       | 5,307,478    |

## Business-Type Activities

| Fiscal Year | Revenue Bonds and Revenue Notes | State of CA - Revolving Fund Loans | Certificates of Participation | Notes, Loans and Other Payables | Leases & SBITAs | Others <sup>(5)</sup> | Subtotal      | Total Primary Government | Percentage of Personal Income <sup>(1) (2)</sup> | Per Capita <sup>(1) (2)</sup> |
|-------------|---------------------------------|------------------------------------|-------------------------------|---------------------------------|-----------------|-----------------------|---------------|--------------------------|--------------------------------------------------|-------------------------------|
| 2016        | \$ 10,078,794                   | \$ -                               | \$ 343,270                    | \$ 8,180                        | \$ -            | \$ 266                | \$ 10,430,510 | \$ 13,622,257            | 14.17%                                           | \$ 15,549                     |
| 2017        | 11,185,043                      | -                                  | 330,924                       | 9,241                           | -               | -                     | 11,525,208    | 14,768,106               | 13.93%                                           | 16,798                        |
| 2018        | 13,194,486                      | 22,607                             | 318,019                       | 14,196                          | -               | -                     | 13,549,288    | 17,748,254               | 15.37%                                           | 20,153                        |
| 2019        | 14,935,423                      | 88,032                             | 304,547                       | 18,763                          | -               | -                     | 15,346,765    | 19,230,959               | 16.35%                                           | 21,815                        |
| 2020        | 15,613,982                      | 161,820                            | 274,068                       | 19,692                          | -               | -                     | 16,069,562    | 20,038,184               | 16.32%                                           | 22,905                        |
| 2021        | 15,995,962                      | 215,966                            | 260,138                       | 19,001                          | -               | -                     | 16,491,067    | 20,929,109               | 16.13%                                           | 25,664                        |
| 2022        | 16,935,628                      | 424,420                            | 245,609                       | 17,933                          | 235,905         | -                     | 17,859,495    | 22,988,446               | 18.34%                                           | 28,235                        |
| 2023        | 17,493,248                      | 604,673                            | 230,442                       | 17,163                          | 232,972         | 985,586               | 19,564,084    | 24,613,198               | 18.46%                                           | 30,047                        |
| 2024        | 16,364,590                      | 1,500,063                          | 215,339                       | 16,362                          | 240,942         | 341,373               | 20,678,669    | 25,561,204               | 17.95%                                           | 30,889                        |
| 2025        | 20,431,972                      | 2,061,293                          | 199,554                       | 15,528                          | 237,565         | -                     | 22,945,912    | 28,253,390               | 19.17%                                           | 33,796                        |



### Notes:

<sup>(1)</sup> See Demographic and Economic Statistics, for personal income and population data.

<sup>(2)</sup> 2022, 2023 and 2024 were updated from last year's ACFR with newly available data.

<sup>(3)</sup> 2020, 2021, 2022, 2023 and 2024 were updated from last year's ACFR with newly available data.

<sup>(4)</sup> The "Others" in 2024 consists of Lease Purchase and CP that were repaid by certificates of participation in FY 2025 and were reclassified as long-term debt.

<sup>(5)</sup> The "Others" in 2023 and 2024 consists of CP that were repaid by revenue bonds in FY 2025 and were reclassified as long-term debt.

# CITY AND COUNTY OF SAN FRANCISCO

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(In Thousands, except per capita amount)

| Fiscal Year | General Obligation Bonds <sup>(1)</sup> | Less: Amounts Restricted for Debt Service | Total        | Per Capita <sup>(2) (3)</sup> | Percentage of Taxable Assessed Value <sup>(4)</sup> |
|-------------|-----------------------------------------|-------------------------------------------|--------------|-------------------------------|-----------------------------------------------------|
| 2016        | \$ 2,227,515                            | \$ 86,754                                 | \$ 2,140,761 | \$ 2,444                      | 1.10%                                               |
| 2017        | 2,281,894                               | 111,892                                   | 2,170,002    | 2,468                         | 1.02%                                               |
| 2018        | 2,693,252                               | 127,766                                   | 2,565,486    | 2,913                         | 1.10%                                               |
| 2019        | 2,488,987                               | 104,149                                   | 2,384,838    | 2,705                         | 0.92%                                               |
| 2020        | 2,351,707                               | 118,506                                   | 2,233,201    | 2,553                         | 0.80%                                               |
| 2021        | 2,754,452                               | 141,107                                   | 2,613,345    | 3,205                         | 0.87%                                               |
| 2022        | 2,893,380                               | 152,146                                   | 2,741,234    | 3,367                         | 0.89%                                               |
| 2023        | 2,841,285                               | 160,841                                   | 2,680,444    | 3,272                         | 0.81%                                               |
| 2024        | 2,463,793                               | 155,750                                   | 2,308,043    | 2,789                         | 0.67%                                               |
| 2025        | 2,736,743                               | 129,285                                   | 2,607,458    | 3,119                         | 0.75%                                               |

### Notes:

<sup>(1)</sup> Details regarding the City's outstanding debt can be found in the notes to the financial statements. In compliance with GASB Statement No. 65, the amount for general obligation bonds was restricted to exclude bond refunding gains or losses.

<sup>(2)</sup> Population data can be found in Demographic and Economic Statistics.

<sup>(3)</sup> Fiscal years 2020, 2021, 2022, 2023 and 2024 were updated from last year's ACFR with newly available data.

<sup>(4)</sup> Taxable property data can be found in Assessed Value of Taxable Property. Assessed value used is Total Assessed Value less Non-reimbursable Exemptions to calculate %.

**CITY AND COUNTY OF SAN FRANCISCO**

**LEGAL DEBT MARGIN INFORMATION**  
Last Ten Fiscal Years  
(In Thousands)

|                                                                      | Fiscal Year  |              |              |              |              |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                                                      | 2016         | 2017         | 2018         | 2019         | 2020         |
| Debt limit                                                           | \$ 5,829,141 | \$ 6,368,988 | \$ 7,013,720 | \$ 7,756,615 | \$ 8,381,046 |
| Total net debt applicable to limit <sup>(1)</sup>                    | 2,227,514    | 2,281,894    | 2,693,252    | 2,488,987    | 2,351,707    |
| Legal debt margin                                                    | \$ 3,601,627 | \$ 4,087,094 | \$ 4,320,468 | \$ 5,267,628 | \$ 6,029,339 |
| Total net debt applicable to the limit as a percentage of debt limit | 38.21%       | 35.83%       | 38.40%       | 32.09%       | 28.06%       |

|                                                                      | Fiscal Year  |              |              |               |               |
|----------------------------------------------------------------------|--------------|--------------|--------------|---------------|---------------|
|                                                                      | 2021         | 2022         | 2023         | 2024          | 2025          |
| Debt limit                                                           | \$ 9,005,227 | \$ 9,249,374 | \$ 9,960,524 | \$ 10,408,476 | \$ 10,479,135 |
| Total net debt applicable to limit <sup>(1)</sup>                    | 2,754,452    | 2,893,380    | 2,841,285    | 2,463,793     | 2,736,743     |
| Legal debt margin                                                    | \$ 6,250,775 | \$ 6,355,994 | \$ 7,119,239 | \$ 7,944,683  | \$ 7,742,392  |
| Total net debt applicable to the limit as a percentage of debt limit | 30.59%       | 31.28%       | 28.53%       | 23.67%        | 26.12%        |

**Legal Debt Margin Calculation for Fiscal Year 2025**

|                                                                            |                |
|----------------------------------------------------------------------------|----------------|
| Total assessed value                                                       | \$ 371,621,227 |
| Less: non-reimbursable exemptions <sup>(2)</sup>                           | 22,316,721     |
| Assessed value <sup>(2)</sup>                                              | \$ 349,304,506 |
| Debt limit (three percent of valuation subject to taxation) <sup>(3)</sup> | \$ 10,479,135  |
| Debt applicable to limit - general obligation bonds                        | 2,736,743      |
| Legal debt margin                                                          | \$ 7,742,392   |

**Notes:**

<sup>(1)</sup> Per outstanding general obligation bonds adjusted with bond premium and discount.

<sup>(2)</sup> Source: Assessor, City and County of San Francisco

<sup>(3)</sup> City's Administrative Code Section 2.60 Limitations on Bonded Indebtedness.

"There shall be a limit on outstanding general obligation bond indebtedness of three percent of the assessed value of all taxable real and personal property, located within the City and County."

**CITY AND COUNTY OF SAN FRANCISCO**

**DIRECT AND OVERLAPPING DEBT**  
(In Thousands)

2024-25 Assessed Valuation as of August 1, 2024: \$351,900,093 (includes unitary utility valuation)

|                                                           |                  |
|-----------------------------------------------------------|------------------|
| <b>GENERAL OBLIGATION BONDED DEBT:</b>                    | Debt 6/30/25     |
| San Francisco City and County General and School Purposes | \$ 2,499,230     |
| San Francisco Unified School District Bonds               | 1,008,390        |
| San Francisco Community College District                  | 590,475          |
| <b>TOTAL GENERAL OBLIGATION BONDED DEBT</b>               | <b>4,098,095</b> |

|                                           |                     |
|-------------------------------------------|---------------------|
| <b>LEASE OBLIGATION BONDS:</b>            |                     |
| San Francisco City and County             | \$ 1,597,152        |
| <b>TOTAL LEASE OBLIGATION BONDED DEBT</b> | <b>\$ 1,597,152</b> |

|                                   |                     |
|-----------------------------------|---------------------|
| <b>TOTAL COMBINED DIRECT DEBT</b> | <b>\$ 5,695,247</b> |
|-----------------------------------|---------------------|

|                                                                                     |                  |
|-------------------------------------------------------------------------------------|------------------|
| <b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>                                         |                  |
| Bay Area Rapid Transit District General Obligation Bonds (33.728%)                  | \$ 793,683       |
| San Francisco Community Facilities District No. 6                                   | 114,415          |
| San Francisco Community Facilities District No. 7                                   | 26,785           |
| San Francisco Community Facilities District No. 2009-1, Improvement Areas 1 and 2   | 2,050            |
| San Francisco Community Facilities District No. 2014-1 Transbay Transit Center      | 562,820          |
| San Francisco Community Facilities District No. 2016-1 Treasure Island I.A. 1 and 2 | 99,140           |
| San Francisco Community Facilities District No. 2020-1 Mission Rock                 | 150,825          |
| City of San Francisco Assessment District No. 95-1                                  | 145              |
| ABAG Community Facilities District No. 2004-1 Seismic Safety Improvements           | 7,805            |
| ABAG Community Facilities District No. 2006-1 San Francisco Rincon Hill             | 4,275            |
| ABAG Community Facilities District No. 2006-2 San Francisco Mint Plaza              | 2,495            |
| <b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>                                    | <b>1,764,438</b> |

|                                                            |                |
|------------------------------------------------------------|----------------|
| <b>OVERLAPPING TAX INCREMENT DEBT:</b>                     |                |
| Successor Agency to the San Francisco Redevelopment Agency | \$ 757,789     |
| Transbay Joint Powers Authority                            | 222,965        |
| <b>TOTAL OVERLAPPING INCREMENT DEBT</b>                    | <b>980,754</b> |

|                                                                          |               |
|--------------------------------------------------------------------------|---------------|
| <b>OVERLAPPING TAX INCREMENT REVENUE DEBT:</b>                           |               |
| San Francisco Infrastructure and Revitalization Financing District No. 1 | \$ 37,420     |
| <b>TOTAL OVERLAPPING TAX INCREMENT REVENUE DEBT</b>                      | <b>37,420</b> |

|                                                 |                                    |
|-------------------------------------------------|------------------------------------|
| <b>TOTAL DIRECT AND OVERLAPPING BONDED DEBT</b> | <b>\$ 8,477,859 <sup>(1)</sup></b> |
|-------------------------------------------------|------------------------------------|

<sup>(1)</sup> Excludes tax and revenue anticipation notes, enterprise revenue bonds and airport improvement corporation bonds.

|                                                              |       |
|--------------------------------------------------------------|-------|
| <b>Ratios to 2024-25 Assessed Valuation (\$351,900,093):</b> |       |
| Direct General Obligation Bonded Debt (\$4,098,095)          | 1.16% |
| Combined Direct Debt (\$5,695,247)                           | 1.62% |
| Total Direct and Overlapping Bonded Debt                     | 2.41% |

|                                                                             |       |
|-----------------------------------------------------------------------------|-------|
| <b>Ratio to 2024-25 Redevelopment Incremental Valuation (\$45,832,885):</b> |       |
| Total Overlapping Tax Increment Debt                                        | 2.14% |

Source: California Municipal Statistics, Inc

## CITY AND COUNTY OF SAN FRANCISCO

## PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years  
(In Thousands)

| San Francisco International Airport <sup>(1)</sup> |                                   |                                         |                       |                        |                        |            |          |
|----------------------------------------------------|-----------------------------------|-----------------------------------------|-----------------------|------------------------|------------------------|------------|----------|
| Fiscal Year                                        | Operating Revenues <sup>(2)</sup> | Less: Operating Expenses <sup>(3)</sup> | Net Available Revenue | Debt Service           |                        |            | Coverage |
|                                                    |                                   |                                         |                       | Principal              | Interest               | Total      |          |
| 2016                                               | \$ 880,948                        | \$ 412,114                              | \$ 468,834            | \$ 208,860             | \$ 185,297             | \$ 394,157 | 1.19     |
| 2017                                               | 934,692                           | 543,019                                 | 391,673               | 194,225                | 210,330                | 404,555    | 0.97     |
| 2018                                               | 1,075,118                         | 505,018                                 | 570,100               | 201,295 <sup>(4)</sup> | 204,046 <sup>(4)</sup> | 405,341    | 1.41     |
| 2019                                               | 1,072,368                         | 495,222                                 | 577,146               | 214,710 <sup>(4)</sup> | 221,749 <sup>(4)</sup> | 436,459    | 1.32     |
| 2020                                               | 1,031,129                         | 618,954                                 | 412,175               | 210,595                | 268,573                | 479,168    | 0.86     |
| 2021                                               | 540,309 <sup>(4)</sup>            | 583,250                                 | (42,941)              | 5,600                  | 284,661                | 290,261    | -0.15    |
| 2022                                               | 843,926                           | 453,181                                 | 390,745               | 5,860                  | 282,749                | 288,609    | 1.35     |
| 2023                                               | 1,127,161                         | 547,275                                 | 579,886               | 1,240                  | 407,421                | 408,661    | 1.42     |
| 2024                                               | 1,512,850                         | 617,684                                 | 895,166               | 87,750                 | 386,113                | 473,863    | 1.89     |
| 2025                                               | 1,523,473                         | 731,745                                 | 791,728               | 163,515                | 420,362                | 583,877    | 1.36     |

(1) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the Airport Commission's 1991 Master Bond Resolution which authorized the sale and issuance of these bonds.

(2) Operating revenues consist of Airport operating revenues and interest and investment income, excluding unrealized gains / losses.

(3) In accordance with GASB Statement No. 44, Airport operating expenses related to the pledged revenues exclude interest, depreciation and amortization.

(4) Principal and interest payments were updated in FY2018 through FY2019. Operating Revenue was updated FY2021.

| San Francisco Water Department <sup>(5)</sup> |                               |                                         |                            |                       |              |                         |            |
|-----------------------------------------------|-------------------------------|-----------------------------------------|----------------------------|-----------------------|--------------|-------------------------|------------|
| Fiscal Year                                   | Gross Revenues <sup>(6)</sup> | Less: Operating Expenses <sup>(7)</sup> | Adjustments <sup>(8)</sup> | Net Available Revenue | Debt Service |                         | Coverage   |
|                                               |                               |                                         |                            |                       | Principal    | Interest <sup>(9)</sup> |            |
| 2016                                          | \$ 423,111                    | \$ 314,786                              |                            | 283,568               | \$ 391,893   | \$ 29,695               | \$ 219,195 |
| 2017                                          | 464,662                       | 421,827                                 |                            | 351,605               | 394,440      | 41,310                  | 166,502    |
| 2018                                          | 532,087                       | 370,147                                 |                            | 337,643               | 499,583      | 48,875                  | 185,084    |
| 2019                                          | 558,041                       | 357,094                                 |                            | 332,034               | 532,981      | 76,665                  | 184,973    |
| 2020                                          | 593,868                       | 398,117                                 |                            | 386,127               | 581,878      | 100,970                 | 168,240    |
| 2021                                          | 581,141                       | 448,680                                 |                            | 335,267               | 467,738      | 76,440                  | 171,987    |
| 2022                                          | 565,317                       | 401,812 <sup>(10)</sup>                 |                            | 246,741               | 410,446      | 108,500                 | 170,852    |
| 2023                                          | 705,443                       | 438,837                                 |                            | 300,158               | 566,764      | 125,285                 | 181,777    |
| 2024                                          | 704,041                       | 502,318                                 |                            | 353,862               | 555,585      | 135,075                 | 171,294    |
| 2025                                          | 711,917                       | 469,741                                 |                            | 404,596               | 646,772      | 138,410                 | 160,029    |

(5) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.

(6) Gross Revenues consist of charges for services, rental income and other income, investing activities and capacity fees.

(7) In accordance with GASB Statement No. 44, Water Department operating expenses related to the pledged revenues exclude interest. FY2019 was updated with new available data.

(8) Interest payment excludes capitalized interest and includes "springing" amendments.

(9) Adjustments column included adjustment to investing activities, depreciation and non-cash expenses, changes in working capital and other available funds presented in the published Annual Disclosure Reports. FY2024 was updated with newly available data.

(10) Operating expenses were updated in FY2022.

| Municipal Transportation Agency |                                             |                                          |                       |              |          |           |          |
|---------------------------------|---------------------------------------------|------------------------------------------|-----------------------|--------------|----------|-----------|----------|
| Fiscal Year                     | Gross Pledged - Charges <sup>(11)(12)</sup> | Less: Operating Expenses <sup>(13)</sup> | Net Available Revenue | Debt Service |          |           | Coverage |
|                                 |                                             |                                          |                       | Principal    | Interest | Total     |          |
| 2016                            | \$ 619,650                                  | \$ 563,750                               | \$ 55,900             | \$ 7,340     | \$ 9,155 | \$ 16,495 | 3.39     |
| 2017                            | 614,619                                     | 572,162                                  | 42,457                | 7,640        | 8,865    | 16,505    | 2.57     |
| 2018                            | 652,919                                     | 587,355                                  | 65,564                | 12,350       | 15,602   | 27,952    | 2.35     |
| 2019                            | 686,346                                     | 576,970                                  | 109,376               | 10,055       | 14,636   | 24,691    | 4.43     |
| 2020                            | 764,755                                     | 666,018                                  | 98,737                | 10,545       | 14,261   | 24,806    | 3.98     |
| 2021                            | 793,328                                     | 598,342                                  | 194,986               | 9,150        | 14,176   | 23,326    | 8.36     |
| 2022                            | 726,203                                     | 575,068                                  | 151,135               | 3,520        | 14,160   | 17,680    | 8.55     |
| 2023                            | 692,706                                     | 656,124                                  | 36,582                | 8,865        | 13,973   | 22,838    | 1.60     |
| 2024                            | 762,845                                     | 709,900                                  | 52,945                | 13,945       | 13,711   | 27,656    | 1.91     |
| 2025                            | 854,556                                     | 749,374                                  | 105,182               | 14,180       | 13,289   | 27,469    | 3.83     |

(11) The gross revenues consist of transit fares, parking fines and fees, rental income, advertising revenue, investment income, parking meter revenues (but only to the extent bonds or other party obligations have financed traffic regulation and control functions), plus operating grants from Transportation Development Act (codified as Sections 99200 et seq. of the California Public Utilities Code), AB 1107 (codified at Section 29140 et seq. of the Public Utilities Code), and State Transit Assistance except for a portion that are restricted to application for paratransit purpose and therefore do not constitute pledged revenues.

(12) FY2020 to FY2024 gross revenues include federal pandemic support and effective FY2021 include amounts received from proceeds of the Traffic Congestion Mitigation Tax levied by the City pursuant to the City's Traffic Congestion Mitigation Tax Ordinance (Article 32 of the City's Business and Tax Regulations Code).

(13) The operating expenses exclude expenses funded by the City's General Fund support and paratransit restricted grants. In accordance with GASB Statement No. 44, operating expenses related to the pledged revenues exclude interest, depreciation, amortization and non-cash expenses.

## CITY AND COUNTY OF SAN FRANCISCO

## PLEDGED-REVENUE COVERAGE (Continued)

Last Ten Fiscal Years  
(In Thousands)

| San Francisco Wastewater Enterprise <sup>(14)</sup> |                                |                                          |                             |                       |              |                          |           |
|-----------------------------------------------------|--------------------------------|------------------------------------------|-----------------------------|-----------------------|--------------|--------------------------|-----------|
| Fiscal Year                                         | Gross Revenues <sup>(15)</sup> | Less: Operating Expenses <sup>(16)</sup> | Adjustments <sup>(17)</sup> | Net Available Revenue | Debt Service |                          | Coverage  |
|                                                     |                                |                                          |                             |                       | Principal    | Interest <sup>(18)</sup> |           |
| 2016                                                | \$ 262,960                     | \$ 221,553                               | \$ 198,524                  | \$ 239,931            | \$ 31,115    | \$ 28,907                | \$ 60,022 |
| 2017                                                | 279,668                        | 244,220                                  | 216,095                     | 251,543               | 20,870       | 39,537                   | 60,407    |
| 2018                                                | 317,413                        | 238,906                                  | 231,515                     | 310,022               | 20,015       | 26,988                   | 47,003    |
| 2019                                                | 351,782                        | 259,813                                  | 161,677                     | 253,646               | 22,435       | 37,912                   | 60,347    |
| 2020                                                | 356,285                        | 262,259                                  | 287,798                     | 381,804               | 23,324       | 39,475                   | 62,799    |
| 2021                                                | 325,008                        | 290,737                                  | 271,906                     | 306,177               | 25,698       | 56,367                   | 82,065    |
| 2022                                                | 360,756                        | 255,010                                  | 205,089                     | 310,835               | 25,363       | 61,257                   | 86,620    |
| 2023                                                | 365,667                        | 254,283                                  | 202,059                     | 313,443               | 36,826       | 61,985                   | 98,811    |
| 2024                                                | 419,959                        | 452,231                                  | 386,954                     | 354,682               | 30,596       | 61,005                   | 91,601    |
| 2025                                                | 474,126                        | 284,523                                  | 226,704                     | 416,307               | 40,999       | 73,351                   | 114,350   |

(14) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.

(15) Gross revenues consist of charges for services, rental income and other income.

(16) In accordance with GASB Statement No. 44, Wastewater Enterprise operating expenses related to the pledged revenues exclude interest. FY2019 was updated with new available data.

(17) Adjustments include depreciation and non-cash expense, changes in working capital, investment income, SRF loan payments, and other available funds that are printed in published Annual Disclosure Reports. FY2024 was updated with newly available data.

(18) Interest payment excludes capitalized interest and includes a "springing" amendment.

| Port of San Francisco <sup>(19)</sup> |                                          |                                          |                             |                       |              |          |          |
|---------------------------------------|------------------------------------------|------------------------------------------|-----------------------------|-----------------------|--------------|----------|----------|
| Fiscal Year                           | Total Operating Revenues <sup>(20)</sup> | Less: Operating Expenses <sup>(21)</sup> | Adjustments <sup>(22)</sup> | Net Available Revenue | Debt Service |          | Coverage |
|                                       |                                          |                                          |                             |                       | Principal    | Interest |          |
| 2016                                  | \$ 100,699                               | \$ 64,896                                | \$ 35,803                   | \$ 1,225              | \$ 2,951     | \$ 4,176 | 8.57     |
| 2017                                  | 114,854                                  | 89,882                                   | 24,972                      | 1,265                 | 2,904        | 4,169    | 5.99     |
| 2018                                  | 111,999                                  | 79,027                                   | 32,972                      | 1,325                 | 2,849        | 4,174    | 7.90     |
| 2019                                  | 129,222                                  | 87,500                                   | 40,722                      | 1,390                 | 2,787        | 4,177    | 9.75     |
| 2020                                  | 108,454                                  | 89,544                                   | 18,910                      | 1,455                 | 2,718        | 4,173    | 4.53     |
| 2021                                  | 89,734                                   | 112,283                                  | (22,549)                    | 1,660                 | 1,615        | 3,275    | -6.89    |
| 2022                                  | 122,777                                  | 79,567                                   | 43,210                      | 1,705                 | 1,569        | 3,274    | 13.20    |
| 2023                                  | 137,056                                  | 94,975                                   | 42,081                      | 1,745                 | 1,529        | 3,274    | 12.85    |
| 2024                                  | 158,741                                  | 114,418 <sup>(23)</sup>                  | 44,323                      | 1,785                 | 1,482        | 3,267    | 13.57    |
| 2025                                  | 163,600                                  | 115,024                                  | 48,576                      | 1,840                 | 1,433        | 3,273    | 14.84    |

(19) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.

(20) Total revenues consist of operating revenues and interest and investment income.

(21) In accordance with GASB Statement No. 44, operating expenses related to the pledged-revenue stream exclude interest, depreciation and amortization. Details regarding outstanding debt can be found in the notes to the financial statements. Operating expenses, as defined by the bond indenture, also excludes amortized dredging costs. FY2019 - 2025 Operating expenses exclude South Beach Harbor fund.

(22) Operating expenses were updated in FY2024.

| Hetch Hetchy Water and Power <sup>(23)</sup> |                                |                                          |                             |                       |                              |          |          |
|----------------------------------------------|--------------------------------|------------------------------------------|-----------------------------|-----------------------|------------------------------|----------|----------|
| Fiscal Year <sup>(27)</sup>                  | Gross Revenues <sup>(24)</sup> | Less: Operating Expenses <sup>(25)</sup> | Adjustments <sup>(26)</sup> | Net Available Revenue | Debt Service <sup>(27)</sup> |          | Coverage |
|                                              |                                |                                          |                             |                       | Principal                    | Interest |          |
| 2016                                         | \$ 122,954                     | \$ 110,012                               | \$ 20,102                   | \$ 33,044             | \$ -                         | \$ -     | \$ -     |
| 2017                                         | 122,954                        | 116,935                                  | 58,176                      | 63,428                | -                            | -        | -        |
| 2018                                         | 122,251                        | 119,395                                  | 64,356                      | 67,212                | 710                          | 1,860    | 2,570    |
| 2019                                         | 152,873                        | 122,687                                  | 40,627                      | 71,013                | 730                          | 1,839    | 2,569    |
| 2020                                         | 151,835                        | 148,127                                  | 76,853                      | 80,561                | 755                          | 1,813    | 2,568    |
| 2021                                         | 142,696                        | 139,566                                  | 31,048                      | 34,178                | 785                          | 1,782    | 2,567    |
| 2022                                         | 176,897                        | 142,716                                  | 64,445                      | 98,626                | 815                          | 3,602    | 4,417    |
| 2023                                         | 208,887                        | 181,769                                  | 135,281                     | 162,399               | 850                          | 6,847    | 7,697    |
| 2024                                         | 226,341                        | 175,660                                  | 115,960                     | 166,641               | 880                          | 10,241   | 11,121   |
| 2025                                         | 232,368                        | 190,657                                  | 186,975                     | 228,686               | 2,880                        | 12,930   | 15,810   |

(23) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.

(24) Gross revenues consists of charges for power services, rental income and other income.

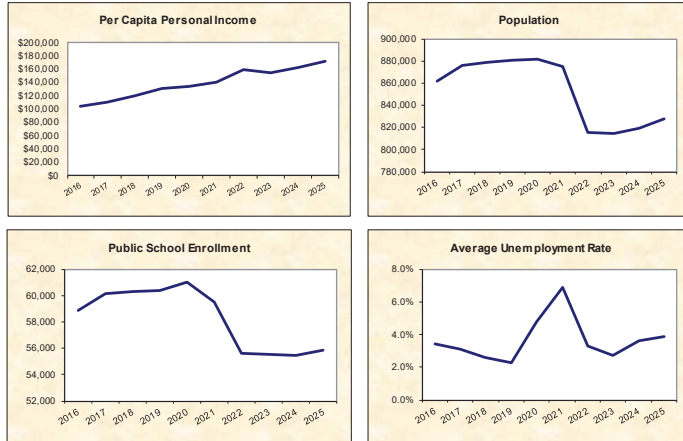
(25) Operating expenses only include power operating expense.

(26) Adjustments include adjustments to investment income, depreciation, non-cash items and changes to working capital.

(27) For FY2016 and FY2017 revenue bond debt service excludes state revolving fund loans, commercial paper and certificates of participation.

**CITY AND COUNTY OF SAN FRANCISCO**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Fiscal Years

| Fiscal Year | Population <sup>(1)</sup> | Personal Income (In Thousands) <sup>(2)</sup> | Per Capita Personal Income <sup>(3)</sup> | Median Age <sup>(4)</sup> | Public School Enrollment <sup>(5)</sup> | Average Unemployment Rate <sup>(6)</sup> |
|-------------|---------------------------|-----------------------------------------------|-------------------------------------------|---------------------------|-----------------------------------------|------------------------------------------|
| 2016        | 876,103                   | \$96,161,308                                  | \$109,760                                 | 37.9                      | 58,865                                  | 3.4%                                     |
| 2017        | 879,166                   | 106,006,635                                   | 120,576                                   | 38.1                      | 60,133                                  | 3.1%                                     |
| 2018        | 880,696                   | 115,444,581                                   | 131,083                                   | 38.1                      | 60,263                                  | 2.6%                                     |
| 2019        | 881,549                   | 117,635,944                                   | 133,442                                   | 38.3                      | 60,390                                  | 2.3%                                     |
| 2020        | 874,826 <sup>(7)</sup>    | 122,788,484                                   | 140,358 <sup>(8)</sup>                    | 38.2                      | 61,031                                  | 4.8%                                     |
| 2021        | 815,498 <sup>(7)</sup>    | 129,774,521                                   | 159,135 <sup>(9)</sup>                    | 38.2                      | 59,498                                  | 6.9%                                     |
| 2022        | 814,176 <sup>(7)</sup>    | 125,358,765 <sup>(8)</sup>                    | 153,970 <sup>(9)</sup>                    | 38.5                      | 55,592                                  | 3.3%                                     |
| 2023        | 819,151 <sup>(7)</sup>    | 133,327,237 <sup>(8)</sup>                    | 162,763 <sup>(9)</sup>                    | 38.9                      | 55,537                                  | 2.7%                                     |
| 2024        | 827,526 <sup>(7)</sup>    | 142,436,595 <sup>(8)</sup>                    | 172,123 <sup>(9)</sup>                    | 39.1                      | 55,452                                  | 3.6%                                     |
| 2025        | 835,987 <sup>(7)</sup>    | 147,398,559 <sup>(8)</sup>                    | 176,317 <sup>(9)</sup>                    | 39.2 <sup>(10)</sup>      | 55,840                                  | 3.9%                                     |



Sources:

- (1) US Census Bureau
- (2) US Bureau of Economic Analysis
- (3) US Bureau of Economic Analysis
- (4) US Census Bureau, American Community Survey
- (5) California Department of Education
- (6) California Employment Development Department

Note:

- (7) 2025 population was estimated by multiplying the estimated 2024 population by the 2022 - 2023 population growth rate. Fiscal years 2020, 2021, 2022, 2023, and 2024 were updated from last year's ACFR with newly available data.
- (8) Personal income was estimated by assuming that its percentage of state personal income in 2024 remained at the 2023 level of 4.19 percent. Fiscal years 2022, 2023 and 2024 were updated from last year's ACFR with newly available data.
- (9) Per capita personal income for 2025 was estimated by multiplying the latest quarterly State income by 1000 and dividing by the estimated 2025 population. Fiscal years 2020, 2021, 2022, 2023 and 2024 are updated from last year's ACFR with newly available data.
- (10) Median age for 2025 was estimated by averaging the median age in 2023 and 2024.

**CITY AND COUNTY OF SAN FRANCISCO**  
**Principal Employers**  
 Current Year and Nine Years Ago

| Employer                                              | Year 2023 <sup>(1)(a)</sup> |      |                                     | Year 2014 <sup>(2) (b)</sup> |      |                                     |
|-------------------------------------------------------|-----------------------------|------|-------------------------------------|------------------------------|------|-------------------------------------|
|                                                       | Employees                   | Rank | Percentage of Total City Employment | Employees                    | Rank | Percentage of Total City Employment |
| City and County of San Francisco.....                 | 36,822                      | 1    | 7.37%                               | 26,207                       | 1    | 5.19%                               |
| UCSF Health.....                                      | 29,475                      | 2    | 5.90%                               | -                            | -    | -                                   |
| Salesforce.....                                       | 11,953                      | 3    | 2.39%                               | 5,000                        | 6    | 0.99%                               |
| United Airlines.....                                  | 10,000                      | 4    | 2.00%                               | -                            | -    | -                                   |
| San Francisco Unified School District.....            | 9,047                       | 5    | 1.81%                               | 8,497                        | 3    | 1.68%                               |
| Sutter Health.....                                    | 6,134                       | 6    | 1.23%                               | -                            | -    | -                                   |
| Wells Fargo & Co.....                                 | 5,886                       | 7    | 1.18%                               | 8,300                        | 4    | 1.65%                               |
| Kaiser Permanente.....                                | 4,676                       | 8    | 0.94%                               | 3,500                        | 10   | 0.69%                               |
| Allied Universal.....                                 | 3,827                       | 9    | 0.77%                               | -                            | -    | -                                   |
| Uber Technologies Inc.....                            | 3,413                       | 10   | 0.68%                               | -                            | -    | -                                   |
| University of California, San Francisco.....          | -                           | -    | -                                   | 20,600                       | 2    | 4.09%                               |
| California Pacific Medical Center.....                | -                           | -    | -                                   | 5,837                        | 5    | 1.16%                               |
| Gap, Inc.....                                         | -                           | -    | -                                   | 4,438                        | 7    | 0.88%                               |
| PG&E Corporation.....                                 | -                           | -    | -                                   | 4,297                        | 8    | 0.85%                               |
| State of California.....                              | -                           | -    | -                                   | 4,078                        | 9    | 0.81%                               |
| Total Top 10 Employers.....                           | 121,233                     |      | 24.27%                              | 90,754                       |      | 17.99%                              |
| Total City and County Employment <sup>(3)</sup> ..... | 499,542                     |      |                                     | 504,492                      |      |                                     |

Source:

- (1) Data is obtained from The San Francisco Business Times Book of Lists.
- (2) FY 2014-15 Annual Comprehensive Financial Report - City and County of San Francisco
- (3) State of California Employee Development Department

Note:

- (a) The latest data as of calendar year-end 2023 is presented
- (b) Year 2014 percentages were corrected from previous published data

**CITY AND COUNTY OF SAN FRANCISCO**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION <sup>(1)</sup>**  
 Last Ten Fiscal Years

| Function                                              | Fiscal Year |        |        |        |        |        |        |                     |        |        |
|-------------------------------------------------------|-------------|--------|--------|--------|--------|--------|--------|---------------------|--------|--------|
|                                                       | 2016        | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023 <sup>(1)</sup> | 2024   | 2025   |
| <b>Public Protection</b>                              |             |        |        |        |        |        |        |                     |        |        |
| Fire Department.....                                  | 1,575       | 1,620  | 1,648  | 1,667  | 1,677  | 1,641  | 1,678  | 1,801               | 1,806  | 1,815  |
| Police.....                                           | 2,571       | 3,013  | 2,971  | 3,053  | 3,203  | 3,048  | 2,881  | 2,849               | 2,934  | 2,974  |
| Sheriff.....                                          | 1,006       | 1,056  | 1,001  | 1,020  | 1,031  | 1,008  | 1,000  | 1,002               | 995    | 1,003  |
| Other.....                                            | 1,077       | 1,081  | 1,138  | 1,146  | 1,161  | 1,131  | 1,154  | 1,163               | 1,190  | 1,185  |
| Total Public Protection.....                          | 6,529       | 6,770  | 6,756  | 6,886  | 7,072  | 6,828  | 6,713  | 6,815               | 6,925  | 6,977  |
| <b>Public Works, Transportation and Commerce</b>      |             |        |        |        |        |        |        |                     |        |        |
| Municipal Transportation Agency.....                  | 4,931       | 5,160  | 5,178  | 5,338  | 5,477  | 5,520  | 5,584  | 5,806               | 5,650  | 5,472  |
| Airport Commission.....                               | 1,493       | 1,541  | 1,586  | 1,587  | 1,592  | 1,610  | 1,601  | 1,584               | 1,662  | 1,764  |
| Department of Public Works.....                       | 925         | 981    | 1,027  | 1,057  | 1,071  | 1,093  | 1,050  | 1,128               | 1,165  | 1,151  |
| Public Utilities Commission.....                      | 1,634       | 1,637  | 1,648  | 1,676  | 1,690  | 1,667  | 1,708  | 1,718               | 1,724  | 1,750  |
| Other.....                                            | 627         | 637    | 631    | 621    | 626    | 607    | 604    | 633                 | 649    | 639    |
| Total Public Works, Transportation and Commerce.....  | 9,610       | 9,956  | 10,070 | 10,279 | 10,456 | 10,467 | 10,547 | 10,869              | 10,870 | 10,776 |
| <b>Community Health</b>                               |             |        |        |        |        |        |        |                     |        |        |
| Public Health.....                                    | 6,602       | 6,806  | 6,857  | 6,866  | 6,886  | 7,161  | 7,359  | 7,739               | 7,720  | 7,621  |
| Total Community Health.....                           | 6,602       | 6,806  | 6,857  | 6,866  | 6,886  | 7,161  | 7,359  | 7,739               | 7,720  | 7,621  |
| <b>Human Welfare and Neighborhood Development</b>     |             |        |        |        |        |        |        |                     |        |        |
| Human Services.....                                   | 2,046       | 2,068  | 2,099  | 2,094  | 2,141  | 2,160  | 2,204  | 2,250               | 2,262  | 2,292  |
| Other.....                                            | 242         | 375    | 386    | 384    | 411    | 426    | 499    | 596                 | 619    | 637    |
| Total Human Welfare and Neighborhood Development..... | 2,288       | 2,443  | 2,485  | 2,478  | 2,552  | 2,586  | 2,703  | 2,846               | 2,881  | 2,929  |
| <b>Culture and Recreation</b>                         |             |        |        |        |        |        |        |                     |        |        |
| Recreation and Park Commission.....                   | 916         | 935    | 934    | 927    | 940    | 912    | 925    | 947                 | 987    | 987    |
| Public Library.....                                   | 662         | 683    | 698    | 696    | 701    | 700    | 700    | 707                 | 717    | 724    |
| War Memorial.....                                     | 65          | 68     | 69     | 71     | 71     | 62     | 67     | 68                  | 67     | 66     |
| Other.....                                            | 215         | 211    | 214    | 213    | 212    | 200    | 198    | 202                 | 206    | 204    |
| Total Culture and Recreation.....                     | 1,858       | 1,897  | 1,915  | 1,907  | 1,924  | 1,874  | 1,890  | 1,924               | 1,977  | 1,981  |
| <b>General Administration and Finance</b>             |             |        |        |        |        |        |        |                     |        |        |
| Administrative Services.....                          | 803         | 830    | 845    | 871    | 917    | 913    | 962    | 979                 | 974    | 942    |
| City Attorney.....                                    | 306         | 307    | 307    | 309    | 310    | 310    | 311    | 320                 | 316    | 334    |
| Telecommunications and Information Services.....      | 221         | 228    | 232    | 225    | 220    | 224    | 229    | 252                 | 259    | 258    |
| Controller.....                                       | 253         | 263    | 257    | 251    | 250    | 248    | 251    | 249                 | 250    | 245    |
| Human Resources.....                                  | 152         | 155    | 148    | 166    | 172    | 177    | 203    | 193                 | 205    | 201    |
| Treasurer/Tax Collector.....                          | 219         | 219    | 207    | 207    | 208    | 205    | 198    | 207                 | 201    | 189    |
| Mayor.....                                            | 55          | 56     | 58     | 63     | 78     | 76     | 81     | 82                  | 83     | 79     |
| Other.....                                            | 658         | 695    | 697    | 699    | 738    | 709    | 734    | 731                 | 740    | 727    |
| Total General Administration and Finance.....         | 2,667       | 2,753  | 2,751  | 2,791  | 2,893  | 2,862  | 2,969  | 3,013               | 3,028  | 2,975  |
| <b>General City Responsibilities</b>                  |             |        |        |        |        |        |        |                     |        |        |
| General City Responsibilities.....                    | -           | -      | -      | -      | 1      | -      | -      | -                   | -      | -      |
| Subtotal annually funded positions.....               | 29,554      | 30,625 | 30,834 | 31,217 | 31,784 | 31,778 | 32,181 | 33,206              | 33,401 | 33,259 |
| Capital project funded positions.....                 | 1,789       | 2,124  | 2,211  | 2,300  | 2,409  | 2,441  | 2,513  | 2,698               | 2,794  | 2,797  |
| Total annually funded positions.....                  | 31,343      | 32,749 | 33,045 | 33,517 | 34,193 | 34,219 | 34,694 | 35,904              | 36,195 | 36,056 |

Source: Controller, City and County of San Francisco

Notes:  
 (1) Data represent budgeted and funded full-time equivalent positions.  
 (2) 2023 has been updated with newly available data.

**CITY AND COUNTY OF SAN FRANCISCO**  
**OPERATING INDICATORS BY FUNCTION**  
 Last Ten Fiscal Years

| Function                                                                                                                                     | Fiscal Year |            |            |            |            |           |            |            |            |            |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|
|                                                                                                                                              | 2016        | 2017       | 2018       | 2019       | 2020       | 2021      | 2022       | 2023       | 2024       | 2025       |
| <b>Public Protection</b>                                                                                                                     |             |            |            |            |            |           |            |            |            |            |
| Fire and Emergency Communications                                                                                                            |             |            |            |            |            |           |            |            |            |            |
| Total response time, measured in seconds, of first unit to highest priority incidents requiring possible medical care, 90th percentile ..... | 461         | 460        | 474        | 475        | 489        | 515       | 515        | 524        | 531        | 552        |
| Police                                                                                                                                       |             |            |            |            |            |           |            |            |            |            |
| Median Response Time to Priority A (Highest Priority) Calls (Minutes, Call Entry to On-Scene) <sup>(1)</sup> .....                           | N/A         | 6.99       | 7.20       | 7.30       | 5.48       | 5.81      | 6.64       | 6.85       | 5.98       | 5.93       |
| Number of homicides per 100,000 population .....                                                                                             | 6.20        | 7.90       | 4.90       | 5.10       | 4.75       | 6.00      | 6.17       | 6.60       | 5.31       | 3.35       |
| <b>Public Works, Transportation, and Commerce</b>                                                                                            |             |            |            |            |            |           |            |            |            |            |
| General Services Agency - Public Works                                                                                                       |             |            |            |            |            |           |            |            |            |            |
| Percentage of San Franciscans who rate cleanliness of neighborhood streets as good or very good (Biennial City Survey) <sup>(2)</sup> .....  | N/A         | 51%        | N/A        | 44%        | N/A        | N/A       | N/A        | 32%        | N/A        | N/A        |
| Number of blocks of City streets repaired .....                                                                                              | 721         | 704        | 608        | 664        | 438        | 415       | 504        | 607        | 608        | 561        |
| Municipal Transportation Agency                                                                                                              |             |            |            |            |            |           |            |            |            |            |
| Main on-time performance .....                                                                                                               | 59.8%       | 57.3%      | 56.5%      | 55.0%      | 52.3%      | 47.0%     | 50.9%      | 56.5%      | 58.0%      | 86.0%      |
| Percentage of scheduled service hours delivered .....                                                                                        | 99.00%      | 98.90%     | 97.50%     | 94.30%     | N/A        | 90.00%    | 92.50%     | 98.30%     | 99.00%     | 98.00%     |
| Airport                                                                                                                                      |             |            |            |            |            |           |            |            |            |            |
| Percent change in air passenger volume .....                                                                                                 | 6.0%        | 3.0%       | 7.0%       | -0.3%      | -29.0%     | -60.0%    | 135.0%     | 20.0%      | 5.0%       | 5.7%       |
| <b>Culture and Recreation</b>                                                                                                                |             |            |            |            |            |           |            |            |            |            |
| Recreation and Park                                                                                                                          |             |            |            |            |            |           |            |            |            |            |
| Citywide average park score .....                                                                                                            | 87%         | 89%        | 89%        | 92%        | 92%        | N/A       | 91%        | 91%        | 91%        | 92%        |
| Public Library                                                                                                                               |             |            |            |            |            |           |            |            |            |            |
| How patrons rate the quality of library staff assistance at the Main and Branch libraries and Bookmobiles on a scale of 1-10 .....           | N/A         | 9.30       | 9.20       | 8.90       | 8.40       | N/A       | N/A        | N/A        | 9.42       | 9.46       |
| Circulation of materials at San Francisco libraries <sup>(3)</sup> .....                                                                     | 10,778,428  | 10,814,015 | 11,092,408 | 11,730,624 | 10,924,962 | 8,359,441 | 11,432,696 | 12,530,166 | 14,046,149 | 14,494,174 |
| Asian and Fine Arts Museums                                                                                                                  |             |            |            |            |            |           |            |            |            |            |
| Number of visitors to City-owned art museums <sup>(4)</sup> .....                                                                            | 1,830,284   | 1,730,378  | 1,678,662  | 1,601,223  | 809,076    | 355,224   | 947,742    | 1,565,583  | 1,379,918  | 1,278,550  |

Source: Controller, City and County of San Francisco

Notes:  
 (1) FY2016 median Police response data are not available. FY2017 through FY2025 reflects, in a decimal format, the time from the entry of a 911 call's information to the officer's arrival time.  
 (2) Biennial City Survey was not conducted in FY205.  
 (3) The "Circulation of materials at San Francisco Libraries" measure is the sum of the "Circulation of eBooks and eMedia" and "Circulation of physical books and materials" measures.  
 (4) The "Number of visitors to City-owned art museums" measure is the sum of the "Number of museum visitors (AAM)", "Number of de Young visitors (FAM)", and "Number of Legion of Honor visitors (FAM) measures."  
 N/A = Information is not available.



**CITY AND COUNTY OF SAN FRANCISCO**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
Last Ten Fiscal Years

| Function                                                     | Fiscal Year |         |         |         |         |         |         |         |         |         |
|--------------------------------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                                              | 2016        | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    | 2025    |
| Police protection <sup>(1)</sup>                             |             |         |         |         |         |         |         |         |         |         |
| Number of stations.....                                      | 10          | 10      | 10      | 10      | 10      | 10      | 10      | 10      | 10      | 10      |
| Number of police officers.....                               | 2,332       | 2,315   | 2,292   | 2,291   | 2,267   | 2,185   | 2,023   | 1,881   | 1,881   | 1,887   |
| Fire protection <sup>(2)</sup>                               |             |         |         |         |         |         |         |         |         |         |
| Number of stations.....                                      | 47          | 47      | 47      | 47      | 47      | 47      | 47      | 45      | 48      | 48      |
| Number of firefighters.....                                  | 995         | 1,029   | 1,044   | 1,040   | 1,024   | 954     | 967     | 1,008   | 1,322   | 1,326   |
| Public works                                                 |             |         |         |         |         |         |         |         |         |         |
| Miles of street <sup>(3)</sup> .....                         | 1,287       | 1,287   | 1,287   | 1,304   | 1,372   | 1,404   | 1,407   | 1,407   | 1,417   | 1,417   |
| Number of streetlights <sup>(4)</sup> .....                  | 44,498      | 44,686  | 44,891  | 44,832  | 44,631  | 42,737  | 43,202  | 43,205  | 43,376  | 45,345  |
| Water <sup>(4)</sup>                                         |             |         |         |         |         |         |         |         |         |         |
| Number of services.....                                      | 174,083     | 174,394 | 175,054 | 175,805 | 176,379 | 176,246 | 177,072 | 177,613 | 178,961 | 179,591 |
| Average daily consumption (million gallons)...               | 171         | 175     | 190     | 185     | 191     | 189     | 181     | 170     | 174     | 182     |
| Miles of water mains.....                                    | 1,489       | 1,488   | 1,489   | 1,719   | 1,719   | 1,719   | 1,719   | 1,719   | 1,724   | 1,725   |
| Sewers <sup>(4)</sup>                                        |             |         |         |         |         |         |         |         |         |         |
| Miles of collecting sewers and transport/storage sewers..... | 1,010       | 1,010   | 1,010   | 1,010   | 1,123   | 1,125   | 1,131   | 1,131   | 1,139   | 1,139   |
| Recreation and cultures                                      |             |         |         |         |         |         |         |         |         |         |
| Number of parks <sup>(5)</sup> .....                         | 223         | 224     | 224     | 224     | 224     | 225     | 226     | 226     | 232     | 234     |
| Number of libraries <sup>(6)</sup> .....                     | 28          | 28      | 28      | 28      | 28      | 28      | 28      | 28      | 28      | 28      |
| Number of library volumes (million) <sup>(6)</sup> .....     | 3.8         | 3.9     | 3.7     | 3.5     | 3.9     | 3.5     | 4.4     | 4.9     | 4.8     | 4.2     |
| Public school education <sup>(7)</sup>                       |             |         |         |         |         |         |         |         |         |         |
| Attendance centers.....                                      | 117         | 117     | 117     | 117     | 122     | 122     | 122     | 122     | 122     | 122     |
| Number of classrooms.....                                    | 3,219       | 3,219   | 3,219   | 3,216   | 3,216   | 3,215   | 3,215   | 3,208   | 3,205   | 3,194   |
| Number of teachers, full-time equivalent.....                | 3,339       | 3,272   | 3,196   | 3,886   | 3,518   | 3,419   | 3,808   | 3,351   | 3,403   | 3,079   |
| Number of students.....                                      | 58,865      | 60,133  | 60,263  | 60,390  | 61,031  | 58,705  | 55,592  | 48,785  | 48,736  | 48,902  |

Sources:

- (1) Police Commission, City and County of San Francisco
- (2) Fire Commission, City and County of San Francisco - Includes fire fighters/paramedics, and incident support specialists
- (3) Department of Public Works, City and County of San Francisco
- (4) Public Utilities Commission, City and County of San Francisco. Combining miles of collecting and transport/storage sewers
- (5) Parks and Recreation Commission, City and County of San Francisco.
- (6) Library Commission, City and County of San Francisco
- (7) San Francisco Unified School District

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**APPENDIX C**

**CITY AND COUNTY OF SAN FRANCISCO,  
OFFICE OF THE TREASURER  
INVESTMENT POLICY**

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**CITY AND COUNTY OF SAN FRANCISCO  
OFFICE OF THE TREASURER & TAX COLLECTOR**

**INVESTMENT POLICY**

Effective May 2024

**1.0 Policy**

It is the policy of the Office of the Treasurer & Tax Collector of the City and County of San Francisco (Treasurer's Office) to invest public funds in a manner which will preserve capital, meet the daily cash flow demands of the City, and provide a market rate of return while conforming to all state and local statutes governing the investment of public funds.

**2.0 Scope**

This investment policy applies to all funds over which the Treasurer's Office has been granted fiduciary responsibility and direct control for their management.

**3.0 Prudence**

The standard of prudence to be used by the Treasurer's Office shall be the Prudent Investor Standard as set forth by California Government Code, Section 53600.3 and 27000.3. The Section reads as follows: The Prudent Investor Standard states that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Treasurer's Office, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Treasurer's Office.

This standard of prudence shall be applied in the context of managing those investments that fall under the Treasurer's direct control. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**4.0 Objective**

The primary objectives, in priority order, of the Treasurer's Office's investment activities shall be:

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the Treasurer's Office shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, the Treasurer's Office will diversify its investments.

4.2 Liquidity: The Treasurer's Office investment portfolio will remain sufficiently liquid to enable the Treasurer's Office to meet cash flow needs which might be reasonably anticipated.

4.3 Return on Investments: The portfolio shall be designed with the objective of generating a market rate of return without undue compromise of the first two objectives.

## **5.0 Delegation of Authority**

The Treasurer of the City and County of San Francisco (Treasurer) is authorized by Charter Section 6.106 to invest funds available under California Government Code Title 5, Division 2, Part 1, Chapter 4, Article 1. The Treasurer shall submit any modification to this Investment Policy to the Treasury Oversight Committee members within five (5) working days of the adoption of the change.

## **6.0 Authorized Broker/Dealer Firms**

The City seeks to employ a fair and unbiased broker-dealer selection process, which culminates in an array of small / medium and large-sized firms that provide the best investment opportunities and service to the City.

The Treasurer's Office will evaluate and classify broker-dealers based on the qualifications of the firm and firm's assigned broker.

When evaluating Broker-Dealers, the Treasurer's Office will strongly consider the Minority / Historically Disadvantaged status of both the firm's ownership and the assigned broker.

All broker-dealers are encouraged to apply for consideration. All applicants will be evaluated and classified based on the qualifications of the firm and the firm's assigned individual. \

All approved broker-dealers will be re-assessed on an on-going basis.

The inclusion of a Broker-Dealer on TTX's approved list does not guarantee that the firm will be successful in doing business with TTX.

All securities shall be purchased and sold in a competitive environment and investment decisions will be made based on best execution.

The Treasurer's Office will not do business with a firm which has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices.

## **7.0 Authorized & Suitable Investments**

Investments will be made pursuant to the California Government Code (including Section 53601 et seq.) and this investment policy to ensure sufficient liquidity to meet all anticipated disbursements.

Unless otherwise noted, the maximum maturity from the settlement date can be no longer than five years with a trade date no longer than 45 days from settlement date. .

All exposure limits defined below will be measured against total portfolio par value (unless otherwise specified) and at time of purchase.

Types of investment vehicles not authorized by this investment policy are prohibited.

In an effort to limit credit exposure, the Treasurer's Office will maintain Eligible Issuer, Eligible Counterparty and Eligible Money Market lists for security types where appropriate. These lists are intended to guide investment decisions. Investments, at time of purchase, are limited solely to issuers, counterparties and money market funds listed; however, investment staff may choose to implement further restrictions at any time. The total exposure to credit in the portfolio shall be limited to 30% of the total portfolio par value and is calculated by the combined percentage exposure for State and Local Government Agency Obligations, Negotiable Certificates of Deposits/Yankee Certificates of Deposit, Commercial Paper, and Medium Term Notes. This limitation will be calculated at time of purchase.

The Treasurer's Office shall establish a Credit Committee comprised of the Treasurer, Chief Assistant Treasurer, Chief Investment Officer and additional investment personnel at the Treasurer's discretion. The Committee shall review and approve all eligible issuers and counterparties prior to inclusion on the aforementioned Eligible Issuer, Eligible Counterparty and Eligible Money Market lists. The Committee shall also be charged with determining the collateral securing the City's repurchase agreements.

In the event of a downgrade of the issuer's credit rating below the stated requirements herein, the Credit Committee shall convene and determine the appropriate action.

In addition, the Treasurer's Office shall conduct an independent credit review, or shall cause an independent credit review to be conducted, of the collateralized CD issuers to determine the creditworthiness of the financial institution. The credit review shall include an evaluation of the issuer's financial strength, experience, and capitalization, including, but not limited to leverage and capital ratios relative to benchmark and regulatory standards (See Section 7.4). The following policy shall govern unless a variance is specifically authorized by the Treasurer and reviewed by the Treasury Oversight Committee pursuant to Section 5.0.

## **7.1 U.S. Treasuries**

United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

| Allocation Maximum          | Issuer Limit Maximum | Issue Limit Maximum | Maturity/Term Maximum |
|-----------------------------|----------------------|---------------------|-----------------------|
| 100% of the portfolio value | 100%                 | 100%                | 5 years               |

## **7.2 Federal Agencies**

Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

| Allocation Maximum | Issuer Limit Maximum | Issue Limit Maximum | Maturity/Term Maximum |
|--------------------|----------------------|---------------------|-----------------------|
|--------------------|----------------------|---------------------|-----------------------|

|                             |      |      |         |
|-----------------------------|------|------|---------|
| 100% of the portfolio value | 100% | 100% | 5 years |
|-----------------------------|------|------|---------|

### 7.3 State and Local Government Agency Obligations

The Treasurer's Office may purchase bonds, notes, warrants, or other evidences of indebtedness of any local or State agency within the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or State, or by a department, board, agency, or authority of the local agency or State.

| Allocation Maximum         | Issuer Limit Maximum | Issue Limit Maximum | Maturity/Term Maximum |
|----------------------------|----------------------|---------------------|-----------------------|
| 20% of the portfolio value | 5%                   | No Limit            | 5 years               |

**Issuer Minimum Credit Rating:** Issuers must possess either a short-term rating of the highest ranking or long-term credit rating (dependent upon maturity length) of the second highest ranking or better (irrespective of +/-) from at least one NRSRO (Nationally Recognized Statistical Rating Organization). This limitation applies to all local and State agencies within the 50 United States with the exception of the State of California.

### 7.4 Public Time Deposits (Term Certificates of Deposit)

The Treasurer's Office may invest in either:

1. Non-negotiable time deposits (Certificates of Deposit or CDs) that have FDIC or similar deposit insurance; or
2. Fully collateralized CDs in approved financial institutions.

The Treasurer's Office will invest in CDs and Time Deposits only with those firms having at least one branch office within the boundaries of the City and County of San Francisco. As required by Government Code Section 53649, the Treasurer's Office shall have a signed agreement with any depository accepting City funds.

For Public Time Deposits not employing deposit insurance (such as FDIC), the Treasurer's Office is authorized to accept two forms of collateral:

A. **Deposit Collateral.** Collateralized CDs are required to be fully collateralized with 110% of the type of collateral authorized in California Government Code, Section 53651 (a) through (i). The Treasurer's Office, at its discretion, may waive the collateralization requirements for any portion that is covered by deposit insurance.

B. **Letters of Credit Issued by the Federal Home Loan Bank of San Francisco.** As authorized by Section 53651 (p) of the California Government Code, Letter of Credit may be accepted as collateral and shall conform to the requirements of Section 53651.6 of the California Government Code include the following terms:



(1) The Administrator, as defined by Section 53630 (g) of the California Government Code, shall be the beneficiary of the letter of credit; and

(2) The letter of credit shall be clean and irrevocable, and shall provide that the Administrator may draw upon it up to the total amount in the event of the failure of the depository savings association or federal association or if the depository savings association or federal association refuses to permit the withdrawal of funds by a treasurer.

| Allocation Maximum | Issuer Limit Maximum | Issue Limit Maximum | Maturity/Term Maximum |
|--------------------|----------------------|---------------------|-----------------------|
| \$80mm             | \$20mm               | N/A                 | 6 months              |

Issuer Minimum Credit Rating (applies to collateralized CDs only): Maintenance of the minimum standards for “well-capitalized” status as established by the Federal Reserve Board. The current standards are as follows:

- Tier 1 risk-based capital ratio of 8% or greater
- Combined Tier 1 and Tier 2 capital ratio of 10% or greater
- Leverage ratio of 5% or greater

Failure to maintain minimum standards may result in early termination, subject to the discretion of the Treasurer’s Office.

## 7.5 Negotiable Certificates of Deposit / Yankee Certificates Of Deposit

Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Yankee certificates of deposit are negotiable instruments that are issued by a branch of a foreign bank.

| Allocation Maximum         | Issuer Limit Maximum | Issue Limit Maximum | Maturity/Term Maximum |
|----------------------------|----------------------|---------------------|-----------------------|
| 30% of the portfolio value | 10%                  | N/A                 | 5 years               |

Maturity Allocation Buckets:

- |                                   |                                        |
|-----------------------------------|----------------------------------------|
| a. More than 4 years to Maturity: | No more than 5% of Pool Par Value;     |
| b. 3 to 4 years to Maturity:      | No more than 5% of Pool Par Value; and |
| c. 2 to 3 years to Maturity:      | No more than 5% of Pool Par Value.     |

Percentage of Pool Par Value is determined at the time a security is purchased. If subsequent to purchases, a Maturity bucket exceeds the 5% allocation, investment staff may continue to hold existing positions.

Issuer Minimum Credit Rating: Issuers must possess either a short-term rating of the highest ranking or long-term credit rating (dependent upon maturity length) of A or better (irrespective of +/-) from at least one NRSRO. Issuers bearing a long-term credit of A shall be limited to a 3 year maturity maximum and exposure will be limited to no more than 10% of the portfolio par value, in aggregate with the A rated exposure in Medium Term Notes, for maturities over 1 year.

The purchase of Canadian Yankee CDs shall be limited to maturities of less than 400 days.

## 7.6 Bankers Acceptances

Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances.

| Allocation Maximum         | Issuer Limit Maximum | Issue Limit Maximum | Maturity/Term Maximum |
|----------------------------|----------------------|---------------------|-----------------------|
| 40% of the portfolio value | 30%                  | No Limit            | 180 days              |

Issuer Minimum Credit Rating: None

## 7.7 Commercial Paper

Obligations issued by a corporation or bank to finance short-term credit needs, such as accounts receivable and inventory, which may be unsecured or secured by pledged assets.

| Allocation Maximum         | Issuer Limit Maximum | Issue Limit Maximum | Maturity/Term Maximum |
|----------------------------|----------------------|---------------------|-----------------------|
| 25% of the portfolio value | 10%                  | None                | 270 days              |

Issuer Minimum Credit Rating: Issuers must possess a short-term credit rating of the highest ranking (irrespective of +/-) from at least one NRSRO.

## 7.8 Medium Term Notes

Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state, and operating within the U.S.

| Allocation Maximum         | Issuer Limit Maximum | Issue Limit Maximum | Maturity/Term Maximum |
|----------------------------|----------------------|---------------------|-----------------------|
| 30% of the portfolio value | 10%                  | 5%                  | 5 Years               |

Maturity Allocation Buckets:

- d. More than 4 years to Maturity: No more than 5% of Pool Par Value;
- e. 3 to 4 years to Maturity: No more than 5% of Pool Par Value; and
- f. 2 to 3 years to Maturity: No more than 5% of Pool Par Value.

Percentage of Pool Par Value is determined at the time a security is purchased. If subsequent to purchases, a Maturity bucket exceeds the 5% allocation, investment staff may continue to hold existing positions.

Issuer Minimum Credit Rating: Issuers must possess either a short-term rating of the highest ranking or long-term credit rating (dependent upon maturity length) of A or better (irrespective of +/-) from at least one NRSRO. Issuers bearing a long-term credit of A shall be limited to a 3 year maturity maximum and exposure will be limited to no more than 10% of the portfolio par value, in aggregate with the A rated exposure in Medium Term Notes, for maturities over 1 year.

## 7.9 Repurchase Agreements

To the extent that the Treasurer's Office utilizes this investment vehicle, said collateral shall be delivered to a third-party custodian, so that recognition of ownership of the City and County of San Francisco is perfected.

| Type of Collateral                                                   | Allocation Maximum | Issuer Limit Maximum | Maturity/Term Maximum |
|----------------------------------------------------------------------|--------------------|----------------------|-----------------------|
| Government securities                                                | No Limit           | N/A                  | 1 year                |
| Securities permitted by CA Government Code, Sections 53601 and 53635 | 10%                | N/A                  | 1 year                |

## 7.10 Reverse Repurchase and Securities Lending Agreements

This procedure shall be limited to occasions when the cost effectiveness dictates execution, specifically to satisfy cash flow needs or when the collateral will secure a special rate. A reverse repurchase agreement shall not exceed 45 days; the amount of the agreement shall not exceed \$75MM; and the offsetting purchase shall have a maturity not to exceed the term of the repo.

## 7.11 Money Market Funds

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.).

| Fund Type | Allocation Maximum | Issuer Limit Maximum | Percentage of Fund's Net | Maturity/Term Maximum |
|-----------|--------------------|----------------------|--------------------------|-----------------------|
|-----------|--------------------|----------------------|--------------------------|-----------------------|

|                          |                          |     |                |     |
|--------------------------|--------------------------|-----|----------------|-----|
|                          |                          |     | Assets Maximum |     |
| Institutional Government | 20% of Total Pool assets | N/A | 5%             | N/A |

Issuer Minimum Credit Rating: Fund must be rated in the highest rating category from not less than two NRSROs .

#### **7.12 Local Agency Investment Fund (LAIF)**

Investments in LAIF, a California state investment fund available to California municipalities, are authorized.

### 7.13 Supranationals

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by:

- International Bank for Reconstruction and Development;
- International Finance Corporation; or
- Inter-American Development Bank;

| Allocation Maximum | Issuer Limit Maximum | Issue Limit Maximum | Maturity/Term Maximum |
|--------------------|----------------------|---------------------|-----------------------|
| 30%                | None                 | None                | 5 years               |

Issuer Minimum Credit Rating: Issuers must possess either a short-term credit rating of the highest ranking or long-term credit rating (dependent upon maturity length) of the second highest ranking or better (irrespective of +/-) from at least one NRSRO.

### 8.0 Interest and Expense Allocations

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets, managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated and charged to the Pooled Investment Fund on a quarterly basis, with the exception of San Francisco International Airport costs which are charged directly through a work order.

The San Francisco Controller allocates the net interest earnings of the Pooled Investment Fund. The earnings are allocated monthly based on average balances.

### 9.0 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer's Office shall be conducted on a delivery-versus-payment (DVP) basis pursuant to approved custodial safekeeping agreements. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

### 10.0 Deposit and Withdrawal of Funds

California Government Code Section 53684 et seq. provides criteria for outside local agencies, where the Treasurer does not serve as the agency's treasurer, to invest in the County's Pooled Investment Fund, subject to the consent of the Treasurer. Currently, no government agency outside the geographical boundaries of the City and County of San Francisco shall have money invested in City

pooled funds.

The Treasurer will honor all requests to withdraw funds for normal cash flow purposes that are approved by the San Francisco Controller. Any requests to withdraw funds for purposes other than cash flow, such as for external investing, shall be subject to the consent of the Treasurer. In accordance with California Government Code Sections 27136 et seq. and 27133(h) et seq., such requests for withdrawals must first be made in writing to the Treasurer. These requests are subject to the Treasurer's consideration for the stability and predictability of the Pooled Investment Fund, or the adverse effect on the interests of the other depositors in the Pooled Investment Fund. Any withdrawal for such purposes shall be at the value shown on the Controller's books as of the date of withdrawal.

## **11.0 Limits on Receipt of Honoraria, Gifts and Gratuities**

In accordance with California Government Code Section 27133(d) et seq., this Investment Policy hereby establishes limits for the Treasurer, individuals responsible for management of the portfolios, and members of the Treasury Oversight Committee on the receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or others persons with whom the Treasurer conducts business. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of those limits must report the gifts, dates and firms to the Treasurer and complete the appropriate State disclosure.

These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the California Fair Political Practices Commission. Members of the Treasury Oversight Committee also must abide by the following sections of the Treasurer's Office Statement of Incompatible Activities: Section III(A)(l)(a), (b) and (c) entitled "Activities that Conflict with Official Duties," and Section III(C) entitled "Advance Written Determination".

## **12.0 Reporting**

In accordance with the provisions of California Government Code Section 53646, which states that the Treasurer may render a quarterly report or a monthly report on the status of the investment portfolio to the Board of Supervisors, Controller and Mayor; the Treasurer regularly submits a monthly report. The report includes the investment types, issuer, maturity date, par value, and dollar amount invested; market value as of the date of the report and the source of the valuation; a statement of compliance with the investment policy or an explanation for non-compliance; and a statement of the ability or inability to meet expenditure requirements for six months, as well as an explanation of why moneys will not be available if that is the case.

## **13.0 Social Responsibility**

In addition to and subordinate to the objectives set forth in Section 4.0 herein, investment of funds should be guided by the following socially responsible investment goals when investing in corporate securities and depository institutions. Investments shall be made in compliance with the forgoing socially responsible investment goals to the extent that such investments achieve substantially equivalent safety, liquidity and yield compared to investments permitted by state law.

### **13.1 Social and Environmental Concerns**

Investments are encouraged in entities that support community well-being through safe and environmentally sound practices and fair labor practices. Investments are encouraged in entities that support equality of rights regardless of sex, race, age, disability or sexual orientation. Investments are discouraged in entities that manufacture tobacco products, firearms, or nuclear weapons. In addition, investments are encouraged in entities that offer banking products to serve all members of the local community, and investments are discouraged in entities that finance high-cost check-cashing, deferred deposit (payday-lending) businesses and organizations involved in financing, either directly or indirectly, the Dakota Access Pipeline or, as determined by the Treasurer, similar pipeline projects. Prior to making investments, the Treasurer's Office will verify an entity's support of the socially responsible goals listed above through direct contact or through the use of a third party such as the Investors Responsibility Research Center, or a similar ratings service. The entity will be evaluated at the time of purchase of the securities.

### **13.2 Community Investments**

Investments are encouraged in entities that promote community economic development. Investments are encouraged in entities that have a demonstrated involvement in the development or rehabilitation of low income affordable housing, and have a demonstrated commitment to reducing predatory mortgage lending and increasing the responsible servicing of mortgage loans. Securities investments are encouraged in financial institutions that have a Community Reinvestment Act (CRA) rating of either Satisfactory or Outstanding, as well as financial institutions that are designated as a Community Development Financial Institution (CDFI) by the United States Treasury Department, or otherwise demonstrate commitment to community economic development.

### **13.3 City Ordinances**

All depository institutions are to be advised of applicable City contracting ordinances, and shall certify their compliance therewith, if required.

### **14.0 Treasury Oversight Committee**

A Treasury Oversight Committee was established by the San Francisco Board of Supervisors in Ordinance No. 316-00. The duties of the Committee shall be the following:

- (a) Review and monitor the investment policy described in California Government Code Section 27133 and prepared annually by the Treasurer.
- (b) Cause an annual audit to be conducted to determine the Treasurer's compliance with California Government Code Article 6 including Sections 27130 through 27137 and City Administrative Code Section 10.80-1. The audit may examine the structure of the investment portfolio and risk. This audit may be a part of the County Controller's usual audit of the Treasurer's Office by internal audit staff or the outside audit firm reviewing the Controller's Annual Report.
- (c) Nothing herein shall be construed to allow the Committee to direct individual decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the Treasurer. (See California Government Code, Section 27137.)

## **APPENDIX**

### **Glossary**

**AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.

**ASK/OFFER:** The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The CAFR is the City's official annual financial report. It consists of three major sections: introductory, financial, and statistical. The introductory section furnishes general information on the City's structure, services, and environment. The financial section contains all basic financial statements and required supplementary information, as well as information on all individual funds and discretely presented component units not reported separately in the basic financial statements. The financial section may also include supplementary information not required by GAAP. The statistical section provides trend data and nonfinancial data useful in interpreting the basic financial statements and is especially important for evaluating economic condition.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DEPOSITORY INSTITUTIONS:** These institutions hold City and County moneys in the forms of certificates of deposit (negotiable or term), public time deposits and public demand accounts.



**DERIVATIVES:** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**FDIC DEPOSIT INSURANCE COVERAGE:** The FDIC is an independent agency of the United States government that protects against the loss of insured deposits if an FDIC-insured bank or savings association fails. Deposit insurance is backed by the full faith and credit of the United States government. Since the FDIC was established, no depositor has ever lost a single penny of FDIC-insured funds. FDIC insurance covers funds in deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit (CDs). FDIC insurance does not, however, cover other financial products and services that insured banks may offer, such as stocks, bonds, mutual fund shares, life insurance policies, annuities or municipal securities. There is no need for depositors to apply for FDIC insurance or even to request it. Coverage is automatic. To ensure funds are fully protected, depositors should understand their deposit insurance coverage limits. The FDIC provides separate insurance coverage for deposits held in different ownership categories such as single accounts, joint accounts, Individual Retirement Accounts (IRAs) and trust accounts.

Basic FDIC Deposit Insurance Coverage Limits\*

Single Accounts (owned by one person) \$250,000 per owner

Joint Accounts (two or more persons) \$250,000 per co-owner

IRAs and certain other retirement accounts \$250,000 per owner

Trust Accounts \$250,000 per owner per beneficiary subject to specific limitations and requirements\*\*

\*The financial reform bill, officially named the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010, made the \$250,000 FDIC coverage limit permanent.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL FUNDS RATE:** The rate of interest that depository institutions lend monies overnight to other depository institutions. Also referred to as the overnight lending rate. This rate is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single

provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC):** Freddie Mac's mission is to provide liquidity, stability and affordability to the housing market. Congress defined this mission in (their) 1970 charter. Freddie Mac buys mortgage loans from banks, thrifts and other financial intermediaries, and re-sells these loans to investors, or keeps them for their own portfolio, profiting from the difference between their funding costs and the yield generated by the mortgages.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

**GOVERNMENT SECURITIES:** Obligations of the U.S. Government and its agencies and instrumentalities.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**NRSRO:** Nationally Recognized Statistical Rating Organization; Credit rating agencies that are registered with the SEC. Such agencies provide an opinion on the creditworthiness of an entity and the financial obligations issued by an entity.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**PAR VALUE:** The principal amount of a bond returned by the maturity date.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**PUBLIC TIME DEPOSITS (Term Certificates Of Deposit):** Time deposits are issued by depository institutions against funds deposited for a specified length of time. Time deposits include instruments such as deposit notes. They are distinct from certificates of deposit (CDs) in that interest payments on time deposits are calculated in a manner similar to that of corporate bonds whereas interest payments on CDs are calculated similar to that of money market instruments.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**QUALIFIED INSTITUTIONAL BUYER:** A purchaser of [securities](#) that is deemed financially sophisticated and is legally recognized by securities market regulators to need less protection from issuers than most public investors.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**REPURCHASE AGREEMENT (RP OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**RULE 144A.** A safe harbor exemption from the registration requirements of Section 5 of the Securities Act for certain offers and sales of qualifying securities by certain persons other than the issuer of the securities. The exemption applies to resales of securities to qualified institutional buyers, who are commonly referred to as “QIBs.”

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SEC RULE 15(C)3-1:** See Uniform Net Capital Rule.

**STRUCTURED NOTES:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BONDS:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**TREASURY NOTES:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

**\$191,505,000**

**CITY AND COUNTY OF SAN FRANCISCO  
GENERAL OBLIGATION BONDS**

Consisting of

**\$189,005,000**

**TAX-EXEMPT**

**GENERAL OBLIGATION BONDS  
(HEALTHY, SAFE AND VIBRANT  
SAN FRANCISCO, 2024)  
SERIES 2026A-1**

**\$2,500,000**

**TAXABLE**

**GENERAL OBLIGATION BONDS  
(HEALTHY, SAFE AND VIBRANT  
SAN FRANCISCO, 2024)  
SERIES 2026A-2**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City and County of San Francisco (the “City”) in connection with the issuance of the bonds captioned above (the “Bonds”). The City authorized the issuance of the Bonds by (i) Resolution No. 259-25, adopted by the Board of Supervisors of the City on May 20, 2025, and duly approved by the Mayor of the City on May 23, 2025, and (ii) Resolution No. 329-26, adopted by the Board of Supervisors of the City on June 2, 2026 and duly approved by the Mayor of the City on June 5, 2026 (together, the “Resolutions”). The City covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** The following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the City, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“Holder” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Events” shall mean any of the events listed in Section 5(a) and Section 5(b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

### **SECTION 3. Provision of Annual Reports.**

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City’s fiscal year (which is June 30), commencing with the report for the 2025-26 Fiscal Year (which is due not later than March 27, 2027), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the City, the City shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

**SECTION 4. Content of Annual Reports.** The City’s Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

- (a) the audited general purpose financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental entities;
- (b) a summary of budgeted general fund revenues and appropriations;
- (c) a summary of the assessed valuation of taxable property in the City;
- (d) a summary of the *ad valorem* property tax levy and delinquency rate;
- (e) a schedule of aggregate annual debt service on tax-supported indebtedness of the City; and
- (f) summary of outstanding and authorized but unissued tax-supported indebtedness of the City.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB website. If the document included by

reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

#### **SECTION 5. Reporting of Significant Events.**

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-10 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 11-18 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

11. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
12. Modifications to rights of Bondholders;
13. Unscheduled or contingent Bond calls;
14. Release, substitution, or sale of property securing repayment of the Bonds;
15. Non-payment related defaults;
16. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

17. Appointment of a successor or additional trustee or the change of name of a trustee; or
18. Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) The City shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(13) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolutions.

**SECTION 6. Termination of Reporting Obligation.** The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

**SECTION 7. Dissemination Agent.** The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the City may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In



addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Remedies.** In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the City and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 11. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**SECTION 12. Counterparts.** This Disclosure Certificate may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Date: August 4, 2026

**CITY AND COUNTY OF SAN FRANCISCO**

By: \_\_\_\_\_  
Greg Wagner  
Controller

Approved as to form:

**DAVID CHIU**  
**CITY ATTORNEY**

By: \_\_\_\_\_  
Deputy City Attorney

**CONTINUING DISCLOSURE CERTIFICATE**

**EXHIBIT A**

**FORM OF NOTICE TO THE  
MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: CITY AND COUNTY OF SAN FRANCISCO

Name of Bond Issue: \$191,505,000 CITY AND COUNTY OF SAN FRANCISCO GENERAL  
OBLIGATIONS BONDS consisting of:

\$189,005,000 TAX-EXEMPT GENERAL OBLIGATION BONDS (HEALTHY,  
SAFE AND VIBRANT SAN FRANCISCO, 2024), SERIES 2026A-1

\$2,500,000 TAXABLE GENERAL OBLIGATION BONDS (HEALTHY, SAFE  
AND VIBRANT SAN FRANCISCO, 2024), SERIES 2026A-2

Date of Issuance: August 4, 2026

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated August 4, 2026. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

CITY AND COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_ [to be signed only if filed]  
Title: \_\_\_\_\_

## APPENDIX E

### DTC AND THE BOOK ENTRY ONLY SYSTEM

*The information in numbered paragraphs 1-10 of this Appendix E, concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, “Securities” means the Bonds, “Issuer” means the City, and “Agent” means the Paying Agent.*

1. The Depository Trust Company (“DTC”) will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information presented on each website is **not** incorporated by references as part of this Official Statement.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial

Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

## APPENDIX F

### PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL

[Closing Date]

City and County of San Francisco  
San Francisco, California

**\$189,005,000**  
**TAX-EXEMPT**  
**GENERAL OBLIGATION BONDS**  
**(HEALTHY, SAFE AND VIBRANT SAN**  
**FRANCISCO, 2024)**  
**SERIES 2026A-1**

**\$2,500,000**  
**TAXABLE**  
**GENERAL OBLIGATION BONDS**  
**(HEALTHY, SAFE AND VIBRANT SAN**  
**FRANCISCO, 2024)**  
**SERIES 2026A-2**

Ladies and Gentlemen:

We have acted as co-bond counsel to the City and County of San Francisco (the “City”) in connection with the issuance of its \$189,005,000 aggregate principal amount Tax-Exempt General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024) Series 2026A-1 (the “Tax-Exempt Bonds”) and \$2,500,000 aggregate principal amount Taxable General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024) Series 2026A-2 (the “Taxable Bonds”). The Tax-Exempt Bonds and the Taxable Bonds are collectively referred to as the “Bonds.” The Bonds are issued under and pursuant to resolutions of the Board of Supervisors of the City, adopted on May 20, 2025 and on June 2, 2026 and duly approved by the Mayor of the City on May 23, 2025 and June 5, 2026, respectively (collectively, the “Resolutions”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

In such connection, we have reviewed the Resolutions, the Tax Certificate of the City with respect to the Tax-Exempt Bonds, dated the date hereof (the “Tax Certificate”), opinions of counsel to the City and others, certificates of the City and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed that each document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and constitutes a valid and binding agreement of, each party thereto other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolutions and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement,

fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in as subject to the lien of the Resolutions or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the City.
2. The Resolutions have been duly and legally adopted and constitute the valid and binding obligations of the City.
3. The Board of Supervisors of the City has the power and is obligated to cause the levy of ad valorem taxes without limitation as to rate or amount upon all property within the City's boundaries subject to taxation by the City (except certain personal property which is taxable at limited rates) for the payment of the principal of the Bonds and the interest thereon.
4. Interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We observe that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,



