This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 14, 2026

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: **Moody's: "Aa2"**
S&P: "AA"
Fitch: "AA+"
(See "RATINGS" herein)

In the opinion of Squire Patton Boggs (US) LLP, Special Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on the Certificates is exempt from State of California personal income taxes. Interest on the Certificates may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$49,990,000*
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION
SERIES 2026A
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)
(TAX-EXEMPT)

evidencing proportionate interests of the Owners thereof in a Project Lease, including the right to receive Base Rental payments to be made by the CITY AND COUNTY OF SAN FRANCISCO

Dated: Date of Delivery **Due: October 1, as shown on the inside front cover page**

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 Certificates. 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 Certificates of Participation, Series 2026A (Multiple Capital Improvement Projects) (Tax-Exempt) (the "Certificates") will be sold to provide funds to: (i) finance and refinance certain capital improvement projects within City and County of San Francisco (the "City"), as further described herein, including through the retirement of certain commercial paper notes of the City issued for such purpose, and (ii) pay certain costs of execution and delivery of the Certificates. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of May 1, 2009, as previously supplemented and amended and to be supplemented and amended by that certain Eleventh Supplement to Trust Agreement, to be dated as of November 1, 2026 (as supplemented and amended, the "Trust Agreement"), by and between the City and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association (as trustee, the "Trustee"), and in accordance with the Charter of the City (the "Charter"). See "THE CERTIFICATES – Authority for Execution and Delivery." The Certificates evidence the principal and interest components of the Base Rental (as defined herein) payable by the City pursuant to a Project Lease, dated as of May 1, 2009, as previously supplemented and amended and to be supplemented and amended by that certain Eleventh Supplement to Project Lease, to be dated as of November 1, 2026 (as so supplemented and amended, the "Project Lease"), by and between the Trustee, as lessor, and the City, as lessee. The City has covenanted in the Project Lease to take such action as may be necessary to include and maintain all Base Rental and Additional Rental (as defined herein) payments in its annual budget and to make necessary annual appropriations sufficient, in both time and amount, to pay, when due, the scheduled principal and interest represented by the Certificates. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Covenant to Budget and Appropriate; Right to Re-Let." The obligation of the City to pay Base Rental is in consideration for its use and occupancy of the site and facilities subject to the Project Lease (as further described herein, the "Leased Property"), and such obligation may be abated in whole or in part if there is substantial interference with the City's use and occupancy of the Leased Property or any portion thereof. See "CERTAIN RISK FACTORS – Abatement." The Leased Property will generally consist of the site and facilities of (i) certain portions of the City's Laguna Honda Hospital, (ii) the San Bruno Complex, (iii) the One South Van Ness Avenue Property, and (iv) Moscone North, each as further described and defined herein. See "THE LEASED PROPERTY" herein. **Neither the Certificates nor the Base Rental payments are secured by any mortgage or deed of trust on the Leased Property or any portion thereof.** See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES" herein.

The Certificates will be delivered in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases of the Certificates will be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Principal and interest with respect to the Certificates will be paid by the Trustee to DTC, which will in turn remit such payments to the participants in DTC for subsequent disbursement to the beneficial owners of the Certificates. See "THE CERTIFICATES – Form and Registration." Interest evidenced and represented by the Certificates is payable on April 1 and October 1 of each year, commencing April 1, 2027. Principal will be paid as shown on the inside front cover page hereof. See "THE CERTIFICATES – Payment of Principal and Interest."

The Certificates are subject to prepayment prior to maturity as described herein.* See "THE CERTIFICATES – Prepayment of the Certificates."

THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL OR ADDITIONAL RENTAL PAYMENTS UNDER THE PROJECT LEASE DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL OR ADDITIONAL RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE CITY SHALL BE OBLIGATED TO MAKE BASE RENTAL PAYMENTS SUBJECT TO THE TERMS OF THE PROJECT LEASE AND NEITHER THE CITY NOR ANY OF ITS OFFICERS SHALL INCUR ANY LIABILITY OR ANY OTHER OBLIGATION WITH RESPECT TO THE EXECUTION AND DELIVERY OF THE CERTIFICATES. SEE "CERTAIN RISK FACTORS."

BIDS FOR THE PURCHASE OF CERTIFICATES WILL BE RECEIVED BY THE CITY ON OCTOBER 21, 2026* AS PROVIDED IN THE OFFICIAL NOTICE OF SALE INVITING BIDS DATED OCTOBER 14, 2026*. See "SALE OF THE CERTIFICATES" herein.

MATURITY SCHEDULE
(See inside front cover page)

The Certificates are offered when, as and if executed and received by the initial purchasers of the Certificates, subject to the approval of the validity of the Project Lease by Squire Patton Boggs (US) LLP, San Francisco, California, Special Counsel, and certain other conditions. 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. It is expected that the Certificates in book-entry form will be available for delivery through DTC on or about November 10, 2026.*

Dated: October __, 2026

* Preliminary, subject to change.

MATURITY SCHEDULE*

$49,990,000*
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION
SERIES 2026A
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)
(TAX-EXEMPT)

(Base CUSIP† Number: 79765G)

Certificate Payment Date (October 1)*	Principal Amount*	Interest Rate	Yield[1]	Price[1]	CUSIP† Suffix
2027	$1,495,000				
2028	1,560,000				
2029	1,655,000				
2030	1,735,000				
2031	1,815,000				
2032	1,920,000				
2033	2,010,000				
2034	2,120,000				
2035	2,225,000				
2036	2,340,000				
2037	2,455,000				
2038	2,585,000				
2039	2,715,000				
2040	2,865,000				
2041	3,000,000				
2042	3,160,000				
2043	3,320,000				
2044	3,490,000				
2045	3,670,000				
2046	3,855,000				

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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City or their agents or counsel assume responsibility for the accuracy of such numbers.

1 Reoffering yields and prices are furnished by the initial purchaser of the Certificates. 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 Certificates 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 Certificates. 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 execution and sale of the Certificates 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 purchasers of the Certificates may offer and sell the Certificates to certain dealers and dealer banks at yields higher or prices lower than the initial public offering yields and prices stated on the inside front cover page hereof. Such initial public offering yields and prices may be changed from time to time by the initial purchasers of the Certificates.

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. Except to the extent provided in the Continuing Disclosure Certificate relating to the Certificates, 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 execution and sale of the Certificates 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 Certificates. 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*

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Municipal Advisor

KNN Public Finance, LLC
Berkeley, California

Special Counsel

Squire Patton Boggs (US) LLP
San Francisco, California

Co-Disclosure Counsel

Hawkins Delafield & Wood LLP
San Francisco, California

Stradling Yocca Carlson & Rauth, LLP
Newport Beach, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

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OFFICIAL STATEMENT

$49,990,000*
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION
SERIES 2026A
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)
(TAX-EXEMPT)

evidencing proportionate interests of the Owners thereof in a Project Lease, including the right to receive Base Rental payments to be made by the CITY AND COUNTY OF SAN FRANCISCO

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the offering by the City and County of San Francisco (the "City") of its City and County of San Francisco Certificates of Participation, Series 2026A (Multiple Capital Improvement Projects) (Tax-Exempt) (the "Certificates"). Any capitalized term not defined herein will have the meaning given to such term in APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Definitions of Certain Terms." The references to any legal documents, instruments and the Certificates in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions.

This Introduction is designed to give an overview of the transaction and serve as a guide to the contents of this Official Statement.

Overview of the Transaction. The City, exercising its Charter powers to convey and lease property for City purposes, has conveyed the Leased Property (as defined hereafter) to U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association (as trustee, the "Trustee"), under the Property Lease, dated as of May 1, 2009 (the "Original Property Lease"), by and between the City, as lessor, and the Trustee, as lessee, as previously supplemented and amended and to be supplemented and amended by that certain Eleventh Supplement to Property Lease, to be dated as of November 1, 2026 (the "Eleventh Supplement to Property Lease") (as so supplemented and amended, the "Property Lease"), at a nominal annual rent. The Trustee has leased the Leased Property back to the City for the City's use under the Project Lease (the "Original Project Lease"), dated as of May 1, 2009, by and between the Trustee, as lessor, and the City, as lessee, as previously supplemented and amended and to be supplemented and amended by that certain Eleventh Supplement to Project Lease, to be dated as of November 1, 2026 (the "Eleventh Supplement to Project Lease") (as so supplemented and amended, the "Project Lease").

The Leased Property will generally consist of the site and facilities of (i) certain portions of the City's Laguna Honda Hospital (including the South Residence building, the North Residence building and the Pavilion building), (ii) the San Bruno Complex, (iii) the One South Van Ness Avenue Property, and (iv) Moscone North, each as further described and defined herein. See "THE LEASED PROPERTY." The City will be obligated under the Project Lease to pay Base Rental and Additional Rental (each as defined in APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS") payments to the Trustee each year during the term of the Project Lease (subject to certain conditions under which Base Rental may be "abated" as discussed herein). Each payment of Base Rental will consist of principal and interest components, and when received by the Trustee in each rental period, will be deposited with the Trustee for payment of the Certificates. The Trustee will execute and deliver the "certificates of participation" in the Project Lease, representing proportional interests in the principal and interest components of the Base Rental payments it will receive from the City. The Trustee will apply the Base Rental payments it receives to pay

* Preliminary, subject to change.

principal and interest with respect to each Certificate when due according to the Trust Agreement (the "Original Trust Agreement"), dated as of May 1, 2009, by and between the City and the Trustee, as previously supplemented and amended and to be supplemented and amended by that certain Eleventh Supplement to Trust Agreement, to be dated as of November 1, 2026 (the "Eleventh Supplement to Trust Agreement") (as so supplemented and amended, the "Trust Agreement"), which governs the security and terms of payment of the Certificates. **Neither the Certificates nor the Base Rental payments are secured by any mortgage or deed of trust on the Leased Property or any portion thereof.** See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES" herein.

The money received from the sale of the Certificates will be applied by the Trustee, at the City's direction, to (i) finance and refinance certain capital improvement projects within City, as further described herein, including through the retirement of certain commercial paper notes of the City issued for such purpose, and (ii) pay certain costs of execution and delivery of the Certificates. See "PLAN OF FINANCE" herein.

The Certificates will be delivered as Additional Certificates under the Trust Agreement and will be secured by Base Rental payments relating to the Leased Property on a parity basis with certain outstanding certificates of participation of the City (as further described below, the "Prior Parity Certificates"). As of October 1, 2026, the Prior Parity Certificates consist of the following certificates of participation of the City: (i) the $116,460,000 City and County of San Francisco Refunding Certificates of Participation Series 2019-R1 (Multiple Capital Improvement Projects) (the "2019-R1 Certificates"), outstanding in the aggregate principal amount of $59,245,000, (ii) the $70,640,000 City and County of San Francisco Refunding Certificates of Participation Series 2020-R1 (Multiple Capital Improvement Projects) (the "2020-R1 Certificates"), outstanding in the aggregate principal amount of $43,160,000, (iii) the $76,020,000 City and County of San Francisco Certificates of Participation Series 2021A (Multiple Capital Improvement Projects) (the "2021A Certificates"), outstanding in the aggregate principal amount of $64,895,000, (iv) the $103,410,000 City and County of San Francisco Certificates of Participation Series 2023A (Affordable Housing and Community Facilities Projects) (Federally Taxable) (the "2023A Certificates"), outstanding in the aggregate principal amount of $94,670,000, (v) the $80,040,000 City and County of San Francisco Certificates of Participation Series 2023B (Multiple Capital Improvement Projects) (Tax-Exempt) (the "2023B Certificates"), outstanding in the aggregate principal amount of $72,325,000, (vi) the $214,585,000 City and County of San Francisco Refunding Certificates of Participation Series 2024-R1 (Multiple Capital Improvement Projects) (Tax-Exempt) (the "2024-R1 Certificates"), outstanding in the aggregate principal amount of $195,705,000, (vii) the $123,345,000 City and County of San Francisco Certificates of Participation Series 2024A (Multiple Capital Improvement Projects) (the "2024A Certificates"), outstanding in the aggregate principal amount of $112,585,000, and (viii) the $270,910,000 City and County of San Francisco Refunding Certificates of Participation Series 2025-R1 (Multiple Capital Improvement Projects) (the "2025-R1 Certificates"), outstanding in the aggregate principal amount of $256,770,000. As of October 1, 2026, the Prior Parity Certificates were outstanding in the aggregate principal amount of $899,355,000.

The City has authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City. Under existing authorizations, $611,210,000 is authorized but unexecuted/undelivered (prior to the issuance of the Certificates). See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Parity Obligations" and APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Board Authorized and Unissued Long-Term Certificates of Participation" for additional information on these authorizations. The City may decide not to execute and deliver all or any portion of the Additional Certificates remaining under these authorizations. The City may also authorize the execution and delivery of other Additional Certificates in the future.

Guide to this Official Statement. The Project is described in the section "PLAN OF FINANCE." The Leased Property is described in the section "THE LEASED PROPERTY." The application of the proceeds of sale of the Certificates is described in the sections "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS." The terms of the Certificates, payment thereof and security therefor are described in

the sections "THE CERTIFICATES," "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES," and other sections in the front portion of this Official Statement. Current information about the City, its finances and its governance is provided in APPENDIX A. The City's most recent annual comprehensive financial report appears in APPENDIX B. A summary of the Project Lease, the Property Lease, and the Trust Agreement are provided in APPENDIX C.

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, 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.

Quotations from and summaries and explanations of the Certificates, the Trust Agreement, the Project Lease, the Property Lease, the Ordinances (as defined herein) providing for the execution and delivery of the Certificates, other legal documents and provisions of the constitution and statutes of the State of California (the "State"), the City's Charter, resolutions, 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 Certificates are available from the City through the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 338, San Francisco, CA 94102-4682. Reference is made herein to various other documents, reports, websites and other materials 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, therefore, such materials are not incorporated herein by such references and are not deemed a part of this Official Statement.

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 Original 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 Original 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 2026-27 total net assessed valuation of taxable property in the City was approximately $365.7 billion.

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 CERTIFICATES

Authority for Execution and Delivery

The Certificates will be executed and delivered pursuant to the Trust Agreement. Each Certificate will represent a proportionate interest in the right of the Trustee to receive Base Rental payments (comprising principal and interest components) payable by the City pursuant to the Project Lease. The City will be obligated under the Project Lease to pay the Base Rental in consideration for its use and occupancy of the Leased Property. The Leased Property will be leased by the City to the Trustee pursuant to the Property Lease.

The Original Trust Agreement, the Original Property Lease, and the Original Project Lease were approved by the Board of Supervisors of the City by its Resolution No. 351-08, adopted on July 29, 2008 and signed by the Mayor on August 5, 2008. The Eleventh Supplement to Trust Agreement, the Eleventh Supplement to Property Lease and the Eleventh Supplement to Project Lease were approved by the Board of Supervisors of the City by Ordinance No. 183-22, finally passed by the Board of Supervisors of the City on July 26, 2022 and signed by the Mayor on August 4, 2022, and Ordinance No. 197-23, finally passed by the Board of Supervisors of the City on September 19, 2023 and signed by the Mayor on September 28, 2023 (the "Ordinances"). The Ordinances authorized the execution and delivery of the Certificates as Additional

Certificates under the Trust Agreement. Under Section 9.108 of the Charter of the City, the City is authorized to enter into lease-financing agreements with a public agency or nonprofit corporation only with the assent of the majority of the voters voting upon a proposition for the purpose. The lease-financing arrangements with the Trustee for the Certificates do not fall under this provision, because the Trustee is neither a public agency nor a nonprofit corporation. The City has obtained a judgment in the Superior Court for the City and County of San Francisco validating the Original Project Lease, the Original Property Lease, the Original Trust Agreement and certain other matters. No judicial validation action has been pursued or is expected to be pursued with respect to the validity of the Eleventh Supplement to Project Lease, the Eleventh Supplement to Property Lease or the Eleventh Supplement to Trust Agreement. See "VALIDATION ACTION" herein.

Payment of Principal and Interest

The principal evidenced and represented by the Certificates will be payable on October 1 of each year shown on the inside front cover page hereof, or upon prepayment prior thereto, and will evidence and represent the sum of the portions of the Base Rental payments designated as principal components coming due on each October 1 of each such year. Payment of the principal and premium, if any, of the Certificates upon prepayment or on the Certificate Payment Date will be made upon presentation and surrender of such Certificates at the Principal Office of the Trustee. Principal and premium will be payable in lawful money of the United States of America.

Interest evidenced and represented by the Certificates will be payable on April 1 and October 1 of each year, commencing on April 1, 2027 (each, an "Interest Payment Date") and continuing to and including their Certificate Payment Dates or on prepayment prior thereto, and will evidence and represent the sum of the portions of the Base Rental payments designated as interest components coming due on or prior to each of such dates in each year. Interest with respect to the Certificates will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest evidenced and represented by each Certificate will accrue from the Interest Payment Date next preceding the date of execution and delivery thereof, unless (i) it is executed after a Regular Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest represented thereby will be payable from such Interest Payment Date; or (ii) it is executed prior to the close of business on the first Regular Record Date, in which event interest represented thereby will be payable from the date of delivery; provided, however, that if at the time of execution of any Certificate interest thereon is in default, such interest will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the date of delivery.

Interest evidenced and represented by the Certificates will be payable in lawful money of the United States of America. Payments of interest represented by the Certificates will be made on each Interest Payment Date by check of the Trustee sent by first-class mail, postage prepaid, or by wire transfer to any Owner of $1,000,000 or more of Certificates to the account in the United States of America specified by such Owner in a written request delivered to the Trustee on or prior to the Regular Record Date for such Interest Payment Date, to the Owner thereof on the Regular Record Date; provided, however, that payments of defaulted interest will be payable to the person in whose name such Certificate is registered at the close of business on a special record date fixed therefor by the Trustee, which will not be more than 15 days and not less than 10 days prior to the date of the proposed payment of defaulted interest.

Form and Registration

The Certificates will be executed and delivered in the aggregate principal amount shown on the cover hereof.

The Certificates will be delivered in fully registered form, dated their date of delivery, and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), who will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only in the principal amount of $5,000 or any integral multiple thereof. Principal and interest evidenced and

represented by the Certificates will be paid by the Trustee to DTC which will in turn remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Certificates. Beneficial owners of the Certificates will not receive physical certificates representing their interest in the Certificates. For further information concerning the Book-Entry Only System, see APPENDIX E: "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Prepayment of the Certificates*

Optional Prepayment. The Certificates with a Certificate Payment Date on or before October 1, 2034 will not be subject to optional prepayment prior to their respective stated Certificate Payment Dates. The Certificates with a Certificate Payment Date on or after October 1, 2035 are subject to optional prepayment prior to their respective Certificate Payment Dates, in whole or in part on any date on or after April 1, 2035, at the option of the City, in the event the City exercises its option under the Project Lease to prepay the principal component of the Base Rental payments, at a Prepayment Price equal to 100% of the principal amount represented by the Certificates to be prepaid plus accrued interest to the date fixed for prepayment, without premium.

Special Mandatory Prepayment. The Certificates will be subject to mandatory prepayment prior to their respective Certificate Payment Dates, in whole or in part on any date, at a Prepayment Price equal to the principal amount thereof plus accrued but unpaid interest to the prepayment date, without premium, from amounts deposited in the Base Rental Fund pursuant to the Original Trust Agreement following an event of damage, destruction or condemnation of the Leased Property or any portion thereof or loss of the use or possession of the Leased Property or any portion thereof due to a title defect. Such mandatory prepayment of Base Rental will be applied pro rata among all certificates of participation outstanding under the Trust Agreement, including the Certificates.

Mandatory Sinking Account Installment Prepayment. The Certificates with a Certificate Payment Date of October 1, 20__ are subject to sinking account installment prepayment prior to their stated final Certificate Payment Date, in part, by lot, on each October 1, beginning October 1, 20__, in the amounts set forth below, from scheduled payments of the principal component of Base Rental payments, at the principal of such Certificates to be prepaid, plus accrued interest to the prepayment date, without premium:

Sinking Account Prepayment Date (October 1)	Sinking Account Installment Amount

_____
† Certificate Payment Date.

Selection of Certificates for Prepayment. Whenever less than all of the Certificates are to be prepaid, the City will direct the principal amount of the Certificates scheduled to be paid on each Certificate Payment Date to be prepaid. Within a maturity, the Trustee, with the consent of the City, will select Certificates for prepayment by lot in any manner that the Trustee in its sole discretion deems fair and appropriate; provided, however, that the portion of any Certificate to be prepaid will be in Authorized Denominations and all Certificates to remain Outstanding after any prepayment in part will be in Authorized Denominations.

Notice of Prepayment. Notice of prepayment will be given to the respective Owners of Certificates designated for prepayment by Electronic Notice or first-class mail, postage prepaid, at least 30 but not more than 45 days before any prepayment date, at their addresses appearing on the registration books maintained by the Trustee; provided, however, that so long as the DTC book-entry only system is used for any Certificates,

* Preliminary, subject to change.

notice with respect thereto will be given to DTC, as nominee of the registered Owner, in accordance with its operational requirements. Notice will also be given as required by the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" herein.

Each notice of prepayment will specify: (i) the Certificates or designated portions thereof (in the case of prepayment of the Certificates in part but not in whole) which are to be prepaid, (ii) the date of prepayment, (iii) the place or places where the prepayment will be made, including the name and address of the Trustee, (iv) the prepayment price, (v) the CUSIP numbers (if any) assigned to the Certificates to be prepaid, (vi) the Certificate numbers of the Certificates to be prepaid in whole or in part and, in the case of any Certificate to be prepaid in part only, the amount of such Certificate to be prepaid, and (vii) the original issue date and stated Certificate Payment Date of each Certificate to be prepaid in whole or in part. Such Prepayment Notice will further state that on the specified date there will become due and payable with respect to each Certificate or portion thereof being prepaid the prepayment price, together with interest represented thereby accrued but unpaid to the prepayment date, and that from and after such date, if sufficient funds are available for prepayment, interest with respect thereto will cease to accrue and be payable. Neither failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such prepayment.

Conditional Notice of Prepayment; Cancellation of Optional Prepayment. The City may direct the Trustee to provide a conditional notice of prepayment and such notice will specify its conditional status.

If the Certificates are subject to optional prepayment, and the Trustee does not have on deposit moneys sufficient to prepay the principal, plus the applicable premium, if any, represented by the Certificates proposed to be prepaid on the date fixed for prepayment, and interest with respect thereto, on or prior to such date, the prepayment will be canceled, and in such case, the City, the Trustee and the Owners will be restored to their former positions and rights under the Trust Agreement. Such a cancellation of an optional prepayment at the election of the City will not constitute a default under the Trust Agreement, and the Trustee and the City will have no liability from such cancellation. In the event of such cancellation, the Trustee will send notice of such cancellation to the Owners in the same manner as the related notice of prepayment. Neither the failure to receive such cancellation notice nor any defect therein will affect the sufficiency of such cancellation.

In the event the City gives notice to the Trustee of its intention to exercise its prepayment option, but fails to deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, the City will continue to pay the Base Rental payments as if no such notice had been given.

Purchase of Certificates. Unless expressly provided otherwise in the Trust Agreement, money held in the Base Rental Fund under the Trust Agreement in respect of principal may be used to reimburse the City for the purchase of Certificates that would otherwise be subject to prepayment from such moneys upon the delivery of such Certificates to the Trustee for cancellation at least ten days prior to the date on which the Trustee is required to select Certificates for prepayment. The purchase price of any Certificates purchased by the City under the Trust Agreement shall not exceed the applicable prepayment price of the Certificates that would be prepaid but for the operation of provisions of the Trust Agreement as described in this paragraph. Any such purchase must be completed prior to the time notice would otherwise be required to be given to prepay such Certificates. All Certificates so purchased shall be surrendered to the Trustee for cancellation and applied as a credit against the obligation to prepay such Certificates from such moneys.

PLAN OF FINANCE

A portion of the proceeds of the Certificates will be used to finance and refinance the Project, which will generally consist of certain capital improvement projects of the City, including through the retirement of certain commercial paper notes of the City issued for such purposes. The Project includes, but is not limited to, City street resurfacing and other infrastructure and facility improvements throughout the City. The City plans to also use the proceeds of the Certificates to pay certain costs in connection with the execution and delivery of

the Certificates. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The Project is not being leased under the Project Lease. See "LEASED PROPERTY" herein.

THE LEASED PROPERTY

Upon the execution of the Eleventh Supplement to Property Lease and the Eleventh Supplement to Project Lease, the Leased Property (as further described below, the "Leased Property") will generally consist of the site and facilities of: (i) the Pavilion building (formerly known as the Link building), the North Residence building (formerly known as the East Residence building) and the South Residence building on the campus of Laguna Honda Hospital, together with certain limited rights of ingress and egress and appurtenant rights (collectively, the "Laguna Honda Hospital Portion" of the Leased Property), (ii) that certain jail facility of the City located in San Bruno, California (the "San Bruno Complex"), (iii) One South Van Ness Avenue, San Francisco, California (the "One South Van Ness Avenue Property"), and (iv) a portion of the George R. Moscone Convention Center (the "Moscone Center") generally known as Moscone North ("Moscone North").

Pursuant to the Eleventh Supplement to Project Lease, the City has determined that the total rental in any Fiscal Year under the Project Lease is not and will not be in excess of the total fair rental value of the Leased Property for such Fiscal Year. In making such determination, consideration has been given to the uses and purposes served by the Leased Property and the benefits therefrom that will accrue to the parties by reason of the Eleventh Supplement to Project Lease and to the general public by reason of the City's lease and use of the Leased Property. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Base Rental Payments; Additional Rental" herein.

Laguna Honda Hospital Portion. Laguna Honda Hospital was established in 1866 as an almshouse for the City's poor and homeless. Laguna Honda Hospital is currently located at 375 Laguna Honda Boulevard in the City, and is operated by the City's Department of Public Health. In 2009, the City completed its Laguna Honda Hospital Replacement Program which included the construction of the Pavilion building, the North Residence building and the South Residence building. Together, these three buildings provide up to 660 patients, regardless of their ability to pay, with long-term care, including but not limited to skilled nursing, AIDS-related services, dementia services, hospice, rehabilitation and acute care. The City also provides adult day health care and senior nutrition programs through these facilities. The 62-acre Laguna Honda Hospital site is on property owned by the City and located on the western slopes of Twin Peaks, near the geographic center of the City, and the Laguna Honda Hospital Portion of the Leased Property represents only a portion of such site.

The Pavilion building is a 149,039-square foot, four-story building, housing offices, clinics and the mezzanine and space for other associated support activities of Laguna Honda Hospital. The Pavilion building is designed to accommodate 60 beds on one of its floors. The North Residence building is a 208,377-square foot, six-story building serving as hospital facilities. The North Residence building is designed to accommodate 420 beds on six floors. The South Residence building is a 156,993-square foot, six-story building serving as hospital facilities. The South Residence building is designed to accommodate 300 beds on five of its floors.

See "CERTAIN RISK FACTORS – Abatement" and APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY GENERAL FUND PROGRAMS AND EXPENDITURES – General Fund Expenditures by Major Service Area."

San Bruno Complex. The San Bruno Complex sits on 158 acres of land located at 1 Moreland Drive, San Bruno, California. The San Bruno Complex is the City's largest jail facility and was constructed as a replacement facility for the then-existing jail on the site. The San Bruno Complex was completed in 2005. The 768-bed facility consists of 295,277 square feet, including a guard tower, an administrative services area, an attorney visiting area, staff exercise areas and locker rooms, a maintenance area and central plant, and a kitchen and laundry facility sufficient to accommodate both jail facilities.

One South Van Ness Avenue Property. The One South Van Ness Avenue Property is located on the southeast corner of Van Ness Avenue and Market Street in San Francisco and has approximately 65,000 square feet of site area. An approximately 650,000-square-foot, eight-story office building (plus mezzanine and basement) and a multi-level enclosed parking garage with approximately 106 spaces (together, the "One South Van Ness Avenue Building") are situated on the site. Currently, the management of the parking garage at the One South Van Ness Avenue Building is contracted to Ace Parking Management, Inc. The One South Van Ness Avenue Building was built in 1960 and renovated in 1990.

The City currently leases approximately 17,500 square feet of the One South Van Ness Avenue Building to Bank of America, N.A. The current lease term will expire on June 30, 2028. Under the lease, Bank of America, N.A. has five-year renewal options, provided the extensions shall not extend beyond June 30, 2053. There are no other renewal options under the lease. Substantially all of the remaining office space is occupied by City departments under renewable Work Orders. The largest occupant is the San Francisco Municipal Transportation Agency with approximately 264,000 square feet.

A Phase I environmental site assessment for the One South Van Ness Avenue Property dated June 8, 2004 indicated that (i) the One South Van Ness Avenue Property contains two decommissioned 10,000-gallon diesel underground storage tanks which were filled with concrete slurry, closed in place in 1997, and received a notice of completion from the San Francisco Department of Public Health ("SFDPH"), and (ii) based on the date of construction, asbestos containing materials and lead-containing paint may be present in the One South Van Ness Avenue Property. Based on these conclusions, the assessment (i) stated that because the underground storage tanks were decommissioned in 1997 in accordance with applicable standards and to the approval of SFDPH, the issue is now considered a historical recognized environmental condition and a de minimis condition, (ii) recommended continued implementation of an existing operating and maintenance plan to manage any remaining known or assumed asbestos containing materials, (iii) recommended that prior to any significant remodeling or demolition, asbestos containing materials, if present, should be managed properly, and (iv) recommended that prior to any significant renovation or demolition activities, testing for lead-containing paint coatings should be performed in the areas to be disturbed so lead-containing paint, if present, can be property managed. The City has been actively monitoring and managing the foregoing environmental conditions; however, the presence of hazardous materials on the One South Van Ness Avenue Property or any of the other Leased Property could result in substantial interference with the City's right to use and occupy the Leased Property. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Base Rental Payments; Additional Rental" and "CERTAIN RISK FACTORS – Abatement." No other Phase I environmental site assessments have been conducted on the One South Van Ness Avenue Property since June 8, 2004.

Moscone North. Moscone North, located at 747 Howard Street in San Francisco, is one of the three main buildings of the Moscone Center, the principal convention center facility in the City. Moscone North provides convention and exhibition space and is commonly used for large-scale events such as trade shows and conferences. Moscone North opened in May 1992, and at the time, added 181,440 square feet of exhibition space in two halls, plus 53,415 square feet of meeting space to the City. Since its most recent renovation, Moscone North encompasses approximately 226,000 square feet of exhibition and convention spaces. Moscone North will not include those portions of Moscone North generally referred to as Parcels 6A-E, Tract 6 and Tract 9, which generally consist of the Yerba Buena theater and lawn area, the upper grade common walk between Moscone North and the Metreon shopping and entertainment center (the "Metreon"), the Metreon, and the site of the existing Target store. The land area of Moscone North is 1.14 acres, with improvements totaling 491,200 square feet.

Certain information regarding the Leased Property is summarized below.

Summary of Certain Information Regarding the Leased Property

Facility	Address	Construction/ Major Renovation Date	Gross Square Feet (Building)
Laguna Honda Hospital[(1)]	375 Laguna Honda Blvd., San Francisco, CA	2009	513,409
San Bruno Complex	1 Moreland Drive, San Bruno, CA	2005	295,277
One South Van Ness Avenue Property	1 South Van Ness, San Francisco, CA	1990	648,975
Moscone North	747 Howard Street, San Francisco, CA	2019	491,200

_____
(1) Includes the North Residence, South Residence, and the Pavilion Building.
Source: City and County of San Francisco.

The Project Lease will require the City to deliver to the Trustee, on the date of execution and delivery of the Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required) which policy, when combined with the policy or policies of title insurance issued in connection with the execution and delivery of the Prior Parity Certificates, shall be in an aggregate amount at least equal to the initial aggregate principal amount of the Certificates and the then-outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, and showing a leasehold interest in the Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the Certificates and such outstanding Prior Parity Certificates. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Insurance," and "– Eleventh Supplement to Project Lease".

The City may designate additional property as Leased Property, or substitute other improved real property for all or part of the Leased Property under the conditions set forth in the Project Lease. There is no requirement that any substitute property be of the same or a similar nature or function as the then existing Leased Property, and there is no requirement that any substitute property have a market value or fair rental value as great as the then existing Leased Property or such portion thereof that is sought to be released from the Project Lease. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Substitution, Release, and Addition of Leased Property" and APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Addition, Release and Substitution."

The lease term with respect to the Leased Property or a designated portion thereof will end on _____ 1, 20__* unless such term is extended or sooner terminated as provided in the Project Lease.

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* Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

Following is a table of estimated sources and uses of funds with respect to the Certificates:

Estimated Sources of Funds:	
Par Amount	
Net Original Issue Premium	
Total Sources	
Estimated Uses of Funds:	
Repayment of Commercial Paper	
Deposit into Project Accounts	
Costs of Delivery [(1)]	
Total Uses	

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(1) Includes amounts for administrative costs to the City for the issuance of the Certificates, initial purchasers discount, legal fees, Trustee/Escrow Agent fees and expenses, municipal advisory fees, rating agency fees, appraisals and property condition report fees, title insurance fees, printing costs and any other delivery costs, and rounding amounts.

[Remainder of page intentionally left blank]

CERTIFICATE PAYMENT SCHEDULE

The Trust Agreement requires that Base Rental payments payable by the City pursuant to the Project Lease on each March 25 and September 25 be deposited in the Base Rental Fund maintained by the Trustee. Pursuant to the Trust Agreement, the Trustee will apply amounts in the Base Rental Fund as necessary, on April 1 and October 1 of each year, commencing on April 1, 2027, to make interest payments or principal and interest payments, as applicable, with respect to the Certificates as the same become due and payable, as shown in the table below.

The Prior Parity Certificates are currently outstanding and payable from Base Rental payments required to be made with respect to the Leased Property under the Project Lease. The following table shows total annual Base Rental payments due with respect to the Certificates and the Prior Parity Certificates secured by Base Rental payments under the Project Lease:

	Certificates				
Payment Date	**Principal**	**Interest**	**Total**	**Prior Parity Certificates Debt Service[(1)]**	**Total Fiscal Year Annual Debt Service**
10/1/2026				$32,606,450.00	-
4/1/2027				59,186,875.00	$91,793,325.00
10/1/2027				31,961,000.00	-
4/1/2028				59,850,725.00	91,811,725.00
10/1/2028				31,346,400.00	-
4/1/2029				60,434,225.00	91,780,625.00
10/1/2029				30,716,925.00	-
4/1/2030				61,057,825.00	91,774,750.00
10/1/2030				30,061,925.00	-
4/1/2031				61,722,025.00	91,783,950.00
10/1/2031				29,364,125.00	-
4/1/2032				53,155,525.00	82,519,650.00
10/1/2032				28,744,062.50	-
4/1/2033				53,733,937.50	82,478,000.00
10/1/2033				28,098,281.25	-
4/1/2034				54,368,856.25	82,467,137.50
10/1/2034				20,542,368.75	-
4/1/2035				52,836,768.75	73,379,137.50
10/1/2035				19,796,318.75	-
4/1/2036				51,407,868.75	71,204,187.50
10/1/2036				19,046,668.75	-
4/1/2037				49,871,296.88	68,917,965.63
10/1/2037				18,317,646.88	-
4/1/2038				50,584,946.88	68,902,593.76
10/1/2038				17,562,371.88	-
4/1/2039				51,334,012.51	68,896,384.39
10/1/2039				16,775,087.51	-
4/1/2040				52,113,468.76	68,888,556.27
10/1/2040				15,998,543.76	-
4/1/2041				52,879,775.01	68,878,318.77
10/1/2041				15,191,725.01	-
4/1/2042				16,122,675.00	31,314,400.01
10/1/2042				15,330,575.00	-
4/1/2043				15,981,531.25	31,312,106.25
10/1/2043				15,485,781.25	-
4/1/2044				15,828,675.00	31,314,456.25
10/1/2044				138,900.00	-
4/1/2045				7,083,900.00	7,222,800.00
Total				$1,296,640,068.83	$1,296,640,068.83

(1) Includes debt service on the 2019-R1 Certificates, the 2020-R1 Certificates, the 2021A Certificates, the 2023A Certificates, the 2023B Certificates, the 2024-R1 Certificates, the 2024A Certificates and the 2025-R1 Certificates. Debt service due on 10/1/2026 has already been paid by the City.

SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES

Source of Payment

The Certificates will evidence and represent proportionate interests in the Base Rental payments required to be made by the City to the Trustee under the Project Lease so long as the City has use and occupancy of the Leased Property. The Project Lease has a final termination date of _____ 1, 20__* or upon early payment of all of the certificates of participation executed and delivered under the Trust Agreement, including the Certificates, unless extended upon an event of abatement. See "– Abatement of Base Rental Payments" below.

Pursuant to the Trust Agreement, the City will grant to the Trustee, for the benefit of the Owners, a first and exclusive lien on, and security interest in, its rights with respect to and its interest in and to all amounts on hand from time to time in the funds and accounts established under the Trust Agreement (excluding amounts on deposit in the Rebate Fund pursuant to the Trust Agreement) including all Base Rental payments received by the Trustee from the City pursuant to the Project Lease, and any additional property that may from time to time be subjected to the lien of the Trust Agreement by the City or anyone on its behalf, subject only to the provisions of the Trust Agreement, the Property Lease and the Project Lease. The City will pay to the Trustee the Base Rental payments to the extent required under the Project Lease, which Base Rental payments are designed to be sufficient, in both time and amount, to pay, when due, the scheduled principal and interest represented by the Certificates.

Parity Obligations

The Certificates are being delivered as Additional Certificates under the Trust Agreement and will be secured by Base Rental payments relating to the Leased Property on a parity basis with the Prior Parity Certificates described under "INTRODUCTION" and "CERTIFICATE PAYMENT SCHEDULE," and any Additional Certificates that may hereafter be executed and delivered pursuant to the requirements set forth in the Trust Agreement and the Project Lease. As of October 1, 2026, the Prior Parity Certificates were outstanding in the aggregate principal amount of $899,355,000.

The City has authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City. Under existing authorizations, $611,210,000 is authorized but unexecuted/undelivered (prior to the issuance of the Certificates). See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – Board Authorized and Unissued Long-Term Certificates of Participation" for additional information on these authorizations. Any Additional Certificates to be executed and delivered under these authorizations will be secured by Base Rental payments relating to the Leased Property on a parity basis with the Certificates and the Prior Parity Certificates.

The City may decide not to execute and deliver all or a portion of the Additional Certificates remaining under these authorizations. The City may also authorize the execution and delivery of other Additional Certificates in the future.

The City may designate additional property as components of the Leased Property, or substitute other improved real property for all or part of the Leased Property, under the conditions set forth in the Project Lease. See "THE LEASED PROPERTY" herein and "– Substitution, Release, and Addition of Leased Property" below.

* Preliminary, subject to change.

Covenant to Budget and Appropriate; Right to Re-Let

The City has covenanted in the Project Lease to take such action as may be necessary to include all Rental Payments in its annual budget and to make the necessary annual appropriations for such Rental Payments. The Project Lease provides that such covenants on the part of the City are deemed and construed to be ministerial duties imposed by law.

If the City breaches its covenant in the Project Lease to include all Rental Payments in the applicable annual budget and the City fails to remedy such breach with all reasonable dispatch within 60 days after written notice from the Trustee, or if such breach cannot be remedied within such 60-day period, the City fails to institute corrective action within such 60 day period and diligently pursue such action to completion, the Trustee may either re-let the Leased Property (excluding Moscone North, as described below) for the account of the City or may retain the Project Lease and hold the City liable for all Rental Payments on an annual basis. Notwithstanding any other provision of the Project Lease or the Trust Agreement, in no event will the Trustee have any right to accelerate the payment of any Base Rental under the Project Lease, and the remedy to re-let the Leased Property is subject to applicable laws regarding the use of the Leased Property, including but not limited to applicable laws relating to the use of property financed with general obligation bonds or federal or State grants. In addition, the Trust Agreement provides that no remedies such as re-letting may be exercised so as to cause the interest with respect to the Certificates to be includable in gross income for federal income tax purposes or subject to State personal income taxes. As a consequence of this prohibition, the Trustee may not reenter and re-let Moscone North. See "CERTAIN RISK FACTORS – Limited Recourse on Default; Re-letting of the Leased Property."

The obligation of the City to make Rental Payments is an obligation payable from any legally available funds of the City. For a discussion of the budget and finances of the City, see APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY BUDGET" and APPENDIX B: "ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE YEAR FISCAL ENDED JUNE 30, 2025." For a discussion of the City's investment policy regarding pooled cash, see APPENDIX G: "CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE TREASURER INVESTMENT POLICY."

Limited Obligation

The obligation of the City to make Base Rental or Additional Rental payments under the Project Lease does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the City to make Base Rental or Additional Rental payments constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. See "CERTAIN RISK FACTORS – Rental Payments Not a Debt of the City."

Base Rental Payments; Additional Rental

Base Rental Payments. The City agrees in the Project Lease that it will make Base Rental payments to the Trustee from any legally available funds of the City. The Trustee is required by the Trust Agreement to deposit in the Base Rental Fund all Base Rental payments and certain other amounts received and required to be deposited therein, including investment earnings. The total Rental Payment due in any Fiscal Year will not be in excess of the total fair rental value of the Leased Property for such Fiscal Year. The Project Lease provides that the City's obligation to make Rental Payments in the amount and on the terms and conditions specified in the Project Lease is absolute and unconditional without any right of set-off or counterclaim, and without abatement, subject only to the provisions of the Project Lease regarding rental abatement. See "– Abatement of Base Rental Payments" and "CERTAIN RISK FACTORS – Abatement."

The Base Rental payments are payable by the City on March 25 and September 25 of each year during the term of the Project Lease, commencing with respect to the Certificates on March 25, 2027, provided that any such payment will be for that portion of the applicable period that the City has use and occupancy of all or a portion of the Leased Property. In the event that during any such period the City does not have use and occupancy of all or a portion of the Leased Property due to material damage to, destruction of or condemnation of the Leased Property or defects in the title to the Leased Property, Base Rental payments are subject to abatement. See "– Abatement of Base Rental Payments" and "CERTAIN RISK FACTORS – Abatement." The obligation of the City to make Base Rental payments is payable solely from annual appropriations of the City from any legally available funds of the City. The City has covenanted in the Project Lease to take such action as may be necessary to include all Base Rental and Additional Rental due under the Project Lease in its annual budget and to make necessary annual appropriations for all such Base Rental and Additional Rental, subject to the abatement provisions under the Project Lease. See "– Covenant to Budget and Appropriate; Right to Re-Let" above.

Additional Rental. Additional Rental payments due from the City to the Trustee under the Project Lease include, among other things, all taxes and insurance premiums, all fees, costs and expenses of the Trustee in connection with the Trust Agreement not otherwise paid or provided for out of the proceeds of the sale of the Certificates, deposits required to be made to the Rebate Fund, if any, all other fees, costs and expenses of the Trustee incurred from time to time in administering the Project Lease and the Trust Agreement, and amounts required to replace, maintain and repair the Leased Property pursuant to the Project Lease.

Abatement of Base Rental Payments

Rental Payments will be subject to abatement during any period in which there is substantial interference with the right to the City's use and occupancy of the Leased Property or any portion thereof, by reason of material damage, destruction or condemnation of the Leased Property or any portion thereof, or due to defects in title to the Leased Property, or any portion thereof, except to the extent of (i) available amounts held by the Trustee in the Base Rental Fund, (ii) amounts, if any, received in respect of rental interruption insurance, and (iii) amounts, if any, otherwise legally available to the City for Rental Payments or to the Trustee for payments in respect of the Certificates. The amount of annual rental abatement will be such that the resulting Rental Payments in any Project Lease Year during which such interference continues, excluding amounts described in clauses (i), (ii) and (iii) above, do not exceed the annual fair rental value of the portions of the Leased Property with respect to which there has not been substantial interference. Abatement will commence with such damage, destruction, condemnation or discovery of such title defect and end with the restoration of the Leased Property or portion thereof to tenantable condition or correction of the title defect, as applicable. In the event of abatement, the term of the Project Lease may be extended until all amounts due under the Project Lease and the Trust Agreement are fully paid, but in no event later than _____ 1, 20__ *. See "CERTAIN RISK FACTORS – Abatement."

In order to mitigate the risk that an abatement event will cause a disruption in payment of Base Rental, the Project Lease requires the City to maintain rental interruption insurance with third party providers in an amount not less than the aggregate Base Rental payable by the City pursuant to the Property Lease for a period of at least 24 months (such amounts to be adjusted annually on or prior to October 1 of each year, to reflect the actual scheduled Base Rental payments due pursuant to the Project Lease for the next succeeding 24 months). Pursuant to the Project Lease, rental interruption insurance is required to insure only against loss of rental income from the Leased Property caused by fire, lightning, explosion, windstorm, hail, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle damage, smoke and such other hazards as are normally covered by the City's all risk property insurance on the Leased Property. The City is not required to maintain earthquake or flood insurance (or rental interruption insurance relating to such coverage) under the Project Lease except as described under "– Insurance with Respect to the Leased Property" below, and the City does

* Preliminary, subject to change.

not currently have, and does not anticipate obtaining, earthquake insurance on the Leased Property. During any period of abatement with respect to all or any part of the Leased Property, the Trustee is required to use the proceeds of the rental interruption insurance to make payments of principal and interest represented by the Certificates and other certificates of participation executed and delivered under the Trust Agreement. The City is also required by the Project Lease to use insurance proceeds to replace or repair Leased Property destroyed or damaged to the extent that there is substantial interference with the City's use and occupancy thereof, or to prepay certificates of participation outstanding under the Trust Agreement such that resulting Rental Payments are sufficient to pay all amounts due under the Project Lease and the Trust Agreement with respect to such certificates of participation remaining Outstanding. See "– Replacement, Maintenance and Repairs" below. In lieu of abatement of Rental Payments, the City in its sole discretion may elect, but is not obligated, to substitute property for the damaged, condemned or destroyed Leased Property, or portion thereof, pursuant to the substitution provisions of the Project Lease. See "– Substitution, Release and Addition of Leased Property" below.

No Reserve Account for the Certificates

No reserve account will be established for the Certificates. The Trust Agreement allows a Reserve Account to be established for Additional Certificates.

The City has established a Reserve Account for the 2021A Certificates (the "2021A Reserve Account"). Amounts in the 2021A Reserve Account are not available for the payment of Base Rental payments due with respect to the Certificates. The Trust Agreement allows a Reserve Account to be established for Additional Certificates. See "– Additional Certificates" below.

Replacement, Maintenance and Repairs

The Project Lease requires the City, at its own expense and as determined and specified by the Director of Real Estate of the City, to maintain or cause to be maintained the Leased Property in good order, condition and repair during the term of the Project Lease. The Trust Agreement requires that if the Leased Property or any portion thereof is damaged or destroyed or taken by eminent domain, the City must elect to either prepay the Certificates and the other certificates of participation executed and delivered under the Trust Agreement or replace or repair the affected portion of the Leased Property in accordance with the Project Lease, provided, however, that the City's obligation to repair or replace any portion of the Leased Property pursuant to the Project Lease will be subject to the availability of proceeds of insurance or condemnation for such purpose. Under the Project Lease, the City must replace any portion of the Leased Property that is destroyed or damaged or taken by eminent domain, to such an extent that there is substantial interference with its right to the use and occupancy of the Leased Property or any portion thereof that would result in an abatement of Rental Payments or any portion thereof pursuant to the Project Lease; provided, however, that the City is not required to repair or replace any such portion of the Leased Property if there is applied to the prepayment of Outstanding certificates of participation executed and delivered under the Trust Agreement, including the Certificates, insurance or condemnation proceeds or other legally available funds are sufficient to prepay: (i) all Outstanding certificates of participation executed and delivered under the Trust Agreement, including the Certificates, and to pay all other amounts due under the Project Lease and under the Trust Agreement or (ii) any portion of the Certificates and other certificates of participation executed and delivered under the Trust Agreement such that the resulting Rental Payments payable in any Project Lease Year following such partial prepayment are sufficient to pay in the then current and any future Project Lease Year the principal and interest evidenced and represented by all certificates of participation to remain Outstanding under the Trust Agreement, including the Certificates, and all other amounts due under the Project Lease and under the Trust Agreement to the extent they are due and payable in such Project Lease Year. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease."

Insurance with Respect to the Leased Property

The Project Lease requires the City to maintain or cause to be maintained throughout the term of the Project Lease: (i) general liability insurance against damages occasioned by reason of the construction of improvements to or operation of the Leased Property with minimum coverage limits of $5,000,000 combined single limit for bodily and personal injury and property damage per occurrence, which general liability insurance may be maintained as part of or in conjunction with excess coverage or any other liability insurance coverage carried by the City; (ii) all risk property insurance on all structures constituting any part of the Leased Property in an amount equal to the Outstanding principal amount of certificates of participation executed and delivered under the Trust Agreement, including the Certificates (to the extent commercially available), with such insurance covering, as nearly as practicable, loss or damage by fire, lightning, explosion, windstorm, hail, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance; (iii) to the extent commercially available, earthquake insurance in an amount equal to the lesser of the Outstanding principal amount of the certificates of participation executed and delivered under the Trust Agreement, including the Certificates; provided that no such earthquake insurance is required if the Risk Manager files a written recommendation annually with the Trustee that such insurance is not obtainable in reasonable amounts at reasonable cost on the open market from reputable insurance companies; (iv) boiler and machinery insurance, comprehensive form, insuring against accidents to pressure vessels and mechanical and electrical equipment, with a property damage limit not less than $5,000,000 per accident; and (v) rental interruption insurance in an amount not less than the aggregate Base Rental payable by the City pursuant to the Project Lease for a period of at least 24 months (such amount may be adjusted annually on or prior to October 1 of each year, to reflect the actual scheduled Base Rental payments due under the Project Lease for the next succeeding 24 months) to insure against loss of rental income from the Leased Property caused by perils covered by the insurance described in (ii) and (iii) above (such insurance shall not be subject to any deductible). All policies of insurance required under the Project Lease may provide for a deductible amount that is commercially reasonable as determined by the City Risk Manager.

The City is also required under the Project Lease to deliver to the Trustee, on the date of execution and delivery of the Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required) which policy, when combined with the policy or policies of title insurance issued in connection with the execution and delivery of the Prior Parity Certificates, shall be in an aggregate amount at least equal to the initial aggregate principal amount of the Certificates and the then-outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, and showing a leasehold interest in the Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the Certificates and such outstanding Prior Parity Certificates. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Insurance," and "– Eleventh Supplement to Project Lease".

The City is not required to maintain earthquake or flood insurance (or rental interruption insurance relating to such coverage) under the Project Lease except as provided above, and the City does not currently have, and does not anticipate obtaining, earthquake insurance on the Leased Property or any portion thereof.

THE CITY MAY SELF-INSURE AGAINST ANY OF THE RISKS REQUIRED TO BE INSURED AGAINST IN THE LEASE, EXCEPT FOR RENTAL INTERRUPTION INSURANCE AND TITLE INSURANCE. The City may self-insure for all exposures for which the Project Lease permits self-insurance.

Eminent Domain

If the Leased Property, or so much thereof as to render the remainder of the Leased Property unusable for the City's purposes under the Project Lease, is taken under the power of eminent domain, the Project Lease will terminate as of the later of the day possession is taken and the date of entry of the interlocutory judgment and in either case, after payment of any Additional Rental owed under the Project Lease. Notwithstanding the

foregoing, the City may, at its option, but is not obligated to, apply the proceeds relating to the condemnation to the replacement of the condemned Leased Property, and in the event there has been an abatement of Rental Payments pursuant to the Project Lease, then Rental Payments will again begin to accrue with respect thereto upon replacement of the Leased Property. If less than a substantial portion of the Leased Property is taken under the power of eminent domain and the remainder is useable for the City's purposes, the Project Lease will continue in full force and effect as to the remaining portions of the Leased Property, subject only to the rental abatement provisions of the Project Lease.

The City will, within 90 days of the conclusion of the eminent domain proceeding, notify the Trustee in writing of whether the Leased Property will be replaced or the Certificates, and other certificates of participation executed and delivered pursuant to the Trust Agreement and then Outstanding, will be prepaid in part. The proceedings of any condemnation award will as soon as possible be deposited with the Trustee and, to the extent necessary, will be applied to prepay Certificates and such other Outstanding certificates of participation or applied to the cost of replacement of the Leased Property. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Trust Agreement – Eminent Domain" and "– The Project Lease – Eminent Domain."

Substitution, Release, and Addition of Leased Property

If no Event of Default has occurred and is continuing under the Project Lease, the Project Lease may be modified or amended at any time, and the Trustee may consent thereto without the consent of the Owners, if such amendment is to modify or amend the description of the Leased Property or to release from the Project Lease any portion of the Leased Property, or to add other property and improvements to the Leased Property or substitute other property and improvements for the Leased Property, upon satisfaction of the conditions to such amendment and substitution in the Project Lease. See "THE LEASED PROPERTY" and APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Addition, Release and Substitution."

Additional Certificates

As described in "– Parity Obligations" above, the City has authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City. Under existing authorizations, $611,210,000 is authorized but unexecuted/undelivered (prior to the issuance of the Certificates). The City may decide not to execute and deliver the Additional Certificates remaining under these authorizations. The City may also authorize the execution and delivery of other Additional Certificates in the future.

In addition, the City may from time to time amend the Trust Agreement and the Project Lease to authorize one or more series of Additional Certificates secured by Base Rental payments under the Project Lease on a parity basis with the Certificates and Prior Parity Certificates, provided that, among other requirements, the Base Rental payable under the Project Lease, as amended, is sufficient to pay all principal of and interest with respect to the Certificates, the Prior Parity Certificates and such Additional Certificates, and that the Base Rental thereunder is not in excess of the fair rental value of the Leased Property in each Project Lease Year. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Rental Payments." The City may designate additional property as Leased Property, or substitute other improved real property for all or part of the Leased Property, under the conditions set forth in the Project Lease. See "THE LEASED PROPERTY" herein.

CERTAIN RISK FACTORS

The following risk factors should be considered, along with all other information in this Official Statement, by potential investors in evaluating the risks inherent in the purchase of the Certificates. The following discussion is not meant to be a comprehensive or definitive list of the risks associated with an

investment in the Certificates. The order in which this information is presented does not necessarily reflect the relative importance of the various issues. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the liquidity of the Certificates. There can be no assurance that other risk factors not discussed herein will not become material in the future.

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, 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.

Rental Payments Not a Debt of the City

The obligation of the City to make Base Rental or Additional Rental payments does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Base Rental or Additional Rental payments does not constitute an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificates will represent and will be payable solely from Base Rental payments made by the City pursuant to the Project Lease and amounts held in the Base Rental Fund to be established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the application of such amounts for the purposes and on the terms and conditions set forth therein. The City will be obligated to make Rental Payments subject to the terms of the Project Lease, and neither the City nor any of its officers will incur any liability or any other obligation with respect to the delivery of the Certificates.

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 measures on 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% in the second quarter of 2026 according to the Controller's Office report on the status of the City economy through June 30, 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 whose passage is assumed in the FY27 & FY28 Original 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 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 "Five Year Financial Plan Update: FY 2026-27 through FY 2029-30" (the "December 2025 Five-Year Plan Update") issued on December 19, 2025 by the Mayor's Office, Controller's Office, and Board of Supervisors Budget and Legislative Analyst's Office, 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 the 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" 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 June 1, 2026, the Mayor issued the City's fiscal year 2026-27 and 2027-28 proposed budget (the "FY27 & FY28 Proposed Budget"), which reflected $16.9 billion expenditures (all funds) in fiscal year 2026-27 and $17.2 billion in fiscal year 2027-28. 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. The City's fiscal year 2026-27 and 2027-28 original budget (the "FY27 & FY28 Original Budget") was finally adopted by the Mayor and the Board on July 30, 2026 and, similar to the FY27 & FY28 Proposed Budget, reflects $16.9 billion expenditures (all funds) in fiscal year 2026-27 and $17.2 billion in fiscal year 2027-28. The FY27 & FY28 Original 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. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – FY27 & FY28 ORIGINAL BUDGET" and "– CITY BUDGET – FY27 & FY28 Original Budget and Revenue Letter."

On August 3, 2026, the Controller's Office issued its most recent report on the status of the City economy through June 30, 2026. The report noted that second quarter economic data point to the City entering an accelerating period of economic growth, primarily driven by the Artificial Intelligence ("AI") investment boom. Highlights of the report include: (1) asking rents for vacant apartments have grown 14% from March 2026 to July 2026 and housing prices have grown at double-digit annual rates, while they have declined statewide, (2) downtown transit indicators are pointing to significant shift in 2026 to a strong recovery, and (3) office leasing has picked up, largely attributable to AI, and City's office vacancy dropped 3.7% over the last year, though it still exceeds 30%. 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." While in recent years AI companies based in the City, such as Anthropic and Open AI, have contributed significantly to San Francisco's economy, a downturn in the markets as to such companies could negatively impact economic activity in the City.

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."

Additional Obligations

The City may from time to time amend the Trust Agreement and the Project Lease to authorize one or more series of Additional Certificates secured by Base Rental payments under the Project Lease on a parity basis with the Certificates and Prior Parity Certificates. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease" and "– Trust Agreement."

In addition, subject to certain City Charter restrictions, the City may incur other obligations, which may constitute additional charges against its revenues, without the consent of the Owners of the Certificates. To the extent that the City incurs additional obligations, the funds available to make payments of Base Rental may be decreased. The City is currently liable for other obligations payable from its general revenues. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS." See also APPENDIX B: "ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2025."

Abatement

The obligation of the City under the Project Lease to make Base Rental payments is in consideration for the use and right of occupancy of the Leased Property. Under certain circumstances, the City's obligation to make Base Rental payments and Additional Rental payments will be abated during any period in which there is substantial interference with the right to the use and occupancy of the Leased Property or any portion thereof by the City, by reason of material damage, destruction or condemnation of the Leased Property or any portion thereof, or due to defects in title to the Leased Property, or any portion thereof. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Abatement of Base Rental Payments."

Under the Project Lease, in the case of abatement relating to the Leased Property, the amount of annual rental abatement would be such that the resulting Rental Payments in any Project Lease Year during which such interference continues do not exceed the annual fair rental value of the portions of the Leased Property with respect to which there has not been substantial interference, as evidenced by a certificate of a City Representative. Such abatement would continue for the period commencing with the date of such damage, destruction, condemnation or discovery of such title defect and ending with the restoration of the Leased Property or portion thereof to tenantable condition or correction of the title defect; and the term of the Project Lease will be extended by the period during which the rental is abated under the Project Lease, except that such extension will in no event extend beyond _____ 1, 20__*. Proceeds of rental interruption insurance may be used by the Trustee to make payments with respect to the Certificates in the event Base Rental payments received by the Trustee are insufficient to pay principal or interest represented by the Certificates as such amounts become due. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Insurance with Respect to the Leased Property" and "– Replacement, Maintenance and Repairs" for additional provisions governing damage to the Leased Property.

It is not possible to predict the circumstances under which such an abatement of Base Rental Payments may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the Project Lease or at the time of the abatement. If the latter, it may be that the value of the

* Preliminary, subject to change.

Leased Property is substantially higher or lower than its value at the time of execution and delivery of the Certificates. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Certificates.

If damage, destruction, condemnation or title defect with respect to the Leased Property or any portion thereof results in abatement of Base Rental payments and the resulting Base Rental payments, and any available insurance proceeds, are insufficient to make all payments with respect to the Certificates during the period that the Leased Property, or portion thereof, is being restored, then all or a portion of such payments may not be made and no remedy is available to the Trustee or the Owners under the Project Lease or Trust Agreement for nonpayment under such circumstances. Failure to pay principal of, premium, if any, or interest with respect to the Certificates as a result of abatement of the City's obligation to make Rental Payments under the Project Lease is not an event of default under the Trust Agreement or the Project Lease.

Notwithstanding the provisions of the Project Lease and the Trust Agreement specifying the extent of abatement in the event of the City's failure to have use and possession of the Leased Property, such provisions may be superseded by operation of law, and, in such event, the resulting Base Rental payments of the City may not be sufficient to pay all of that portion of the remaining principal and interest with respect to the Certificates.

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 Hospital which potentially put federal funding at risk. In May 2023, the City, CMS, and the California Department of Public Health ("CDPH") reached an agreement in principle to settle ongoing administrative proceedings and federal court litigation. This settlement allowed Laguna Honda Hospital to continue to receive Medicare and Medicaid payments while addressing the quality improvements needed to ensure resident health and safety. The CDPH and the State's Department of Health Care Services approved Laguna Honda Hospital's recertification for Medicaid in August 2023 and CMS approved Laguna Honda Hospital's recertification for Medicare in June 2024. Laguna Honda Hospital is now fully recertified and will continue to receive Medicare and Medicaid payment. Laguna Honda Hospital 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. See "CERTAIN RISK FACTORS – Abatement" and APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY GENERAL FUND PROGRAMS AND EXPENDITURES – General Fund Expenditures by Major Service Area."

Any loss of reimbursements from CMS would have had a material adverse impact on Laguna Honda Hospital's finances and operations. However, such loss of reimbursements would not have revoked Laguna Honda Hospital's license from CDPH to operate as a hospital, nor would it have interfered with the City's right to use and occupy Laguna Honda Hospital, including the Laguna Honda Hospital Portion of the Leased Property. As such, the City believes that had CMS terminated its contract with the City, such termination would not have caused the abatement of Base Rental payments as described in this section. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY GENERAL FUND PROGRAMS AND EXPENDITURES – General Fund Expenditures by Major Service Area."

Limited Recourse on Default; Re-letting of the Leased Property

The Project Lease and the Trust Agreement provide that, if there is a default by the City, the Trustee may, subject to the Project Lease, the Trust Agreement and applicable laws regarding use of such property, take possession of and re-let the Leased Property for the account of the City. The Leased Property is unique, and re-letting any component thereof might prove to be difficult or impossible. The remedy to re-let the Leased Property is subject to applicable laws regarding the use of the Leased Property, including but not limited to applicable laws relating to the use of property financed with general obligation bonds or federal or State grants. Portions of Laguna Honda Hospital have been improved with the proceeds of voter-approved general obligation bonds, and it is unclear whether any re-letting would be permitted to result in use of the Laguna

Honda Hospital Portion of the Leased Property that is inconsistent with the public hospital purposes for which those bonds were approved. Further, certain improvements to Laguna Honda Hospital were funded by federal fund grants, which might impact the remedy of re-letting, as further described below. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Covenant to Budget and Appropriate; Right to Re-Let." The amounts received from any such re-letting may be insufficient to pay the scheduled principal and interest represented by the Certificates when due. In addition, the Trust Agreement provides that no remedies such as re-letting may be exercised so as to cause the interest with respect to the Certificates to be includable in gross income for federal income tax purposes or subject to State personal income taxes. As a consequence of this prohibition, the Trustee may not reenter and re-let Moscone North. The enforcement of any remedies provided for in the Project Lease and in the Trust Agreement could prove to be both expensive and time consuming.

The Project Lease provides that any remedies on default will be exercised by the Trustee. Upon the occurrence and continuance of the City's failure to deposit with the Trustee any Base Rental and/or Additional Rental payments when due, or if the City breaches any other terms, covenants or conditions contained in the Project Lease, the Property Lease or in the Trust Agreement (and does not remedy such breach with all reasonable dispatch within 60 days after notice thereof or, if such breach cannot be remedied within such 60-day period, the City fails to take corrective action within such 60-day period and diligently pursue the same to completion), the Trustee may proceed (and, upon written request of the Owners of not less than a majority in aggregate principal amount of Certificates then outstanding, shall proceed), without any further notice: (i) to re-enter the Leased Property and eject all parties in possession therefrom and, without terminating the Project Lease, re-let the Leased Property as the agent and for the account of the City upon such terms and conditions as the Trustee may deem advisable, or (ii) in lieu of the above, so long as the Trustee does not terminate the Project Lease or the City's possession of the Leased Property, to enforce all of its rights and remedies under the Project Lease, including the right to recover Base Rental payments as they become due by pursuing any remedy available in law or in equity.

The construction and renovation of Laguna Honda Hospital was financed, in part, by federal grant funds awarded by the U.S. Department of Health and Human Services, pursuant to the Public Health Service Act. As a result of such funding, Laguna Honda Hospital is subject to the recovery provisions of the Public Health Service Act, which may limit the remedy of re-letting the Laguna Honda Hospital Portion of the Leased Property under the Project Lease.

Enforcement of Remedies

The enforcement of any remedies provided in the Project Lease and the Trust Agreement could prove both expensive and time consuming. The rights and remedies provided in the Project Lease and the Trust Agreement may be limited by and are subject to the limitations on legal remedies against cities and counties in the State, including State constitutional limits on expenditures and limitations on the enforcement of judgments against funds needed to serve the public welfare and interest; by federal bankruptcy laws, as now or hereafter enacted; applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against municipal corporations in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The legal opinions to be delivered concurrently with the delivery of the Certificates will be qualified, as to the enforceability of the Certificates, the Trust Agreement, the Project Lease and other related documents,

by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance 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 charter cities and counties in the State. See "– Bankruptcy" and APPENDIX F: "PROPOSED FORM OF SPECIAL COUNSEL OPINION" herein.

No Acceleration on Default

In the event of a default, there is no remedy of acceleration of any Base Rental payments under the Project Lease. Certificate owners would have to sue for payment of unpaid Base Rental in each rental period as and when it becomes due. Any suit for money damages would be subject to the legal limitations on remedies against cities and counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Release and Substitution of the Leased Property

The Project Lease permits the release of portions of the Leased Property or the substitution of other real property for all or a portion of the Leased Property. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Addition, Release and Substitution." Although the Project Lease requires that the Leased Property, after such substitution, have an annual fair rental value at least equal to the maximum annual amount of the Base Rental payments becoming due in the then-current Project Lease Year or in any subsequent Project Lease Year, it does not require that such substitute property have an annual fair rental value equal to the total annual fair rental value at the time of replacement of the Leased Property or portion thereof being replaced. In addition, such replacement property could be located anywhere within or outside the City's boundaries. Therefore, release or substitution of all or a portion of the Leased Property could have an adverse effect on the security for the Certificates, if, for example, the substituted property is subject to certain restrictions on re-letting. Neither the Certificates nor the Base Rental payments are secured by any mortgage or deed of trust on the Leased Property or any portion thereof.

Bankruptcy

In addition to the limitations on remedies contained in the Trust Agreement and the Project Lease, the rights and remedies in the Trust Agreement and the Project Lease may be limited and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights. The legal opinions to be delivered concurrently with the delivery of the Certificates will be qualified, as to the enforceability of the Certificates, the Trust Agreement, the Project Lease and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance 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 charter cities and counties and non-profit public benefit corporations in the State. See "– Enforcement of Remedies" herein.

The City is authorized under California law to file for bankruptcy protection under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code), as amended (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies such as the City. Third parties, however, cannot bring involuntary bankruptcy proceedings against the City. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the rights of the Owners of the Certificates may be materially and adversely affected as follows: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of the Certificates; and (iv) the possibility of

the adoption of a plan (an "Adjustment Plan") for the adjustment of the City's various obligations over the objections of the Trustee or all of the Owners of the Certificates and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners of the Certificates if the Bankruptcy Court finds that such Adjustment Plan is "fair and equitable" and in the best interests of creditors. The Adjustment Plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations that were substantially identical or similar to the Certificates. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

In addition, if the Project Lease were determined to constitute a "true lease" by the bankruptcy court (rather than a financing lease providing for the extension of credit), the City could choose to reject the Project Lease despite any provision therein that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Project Lease, the Trustee, on behalf of the Owners of the Certificates, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in such a manner under an Adjustment Plan over the objections of the Trustee or Owners of the Certificates. Moreover, such rejection would terminate the Project Lease and the City's obligations to make payments thereunder. The City may also be permitted to assign the Project Lease (or the Property Lease) to a third party, regardless of the terms of the transaction documents. In any event, the mere filing by the City for bankruptcy protection likely would have a material adverse effect on the marketability and market price of the Certificates.

Seismic Risks

General. The City is located in a seismically active region. An earthquake could damage the Leased Property and/or negatively impact the finances and operations of the City. The obligation of the City to make payments of Base Rental may be abated, in whole or in part, if the Leased Property or any improvements thereon are damaged or destroyed by natural hazards such as earthquake or flood. The City is not obligated under the Project Lease to maintain earthquake or flood insurance except as described under "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Insurance with Respect to the Leased Property," and the City does not currently have, and does not anticipate obtaining, earthquake insurance on the Leased Property. There can be no assurance that the Leased Property would not be damaged in whole or in part by seismic activity.

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 September 30, 2026, 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 indicate that a strong earthquake may cause most of the Seawall to settle and move outward toward the Bay, which would significantly increase earthquake damage and disruption along the waterfront. The Port Commission 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."

SB 1953 Compliance. Senate Bill 1953 ("SB 1953") is an amendment to the 1973 Hospital Facilities Seismic Safety Act ("HFSSA") that requires all acute care hospitals in California, including Laguna Honda Hospital, to comply with certain seismic safety standards within a certain time frame. SB 1953 generally requires that by 2020, all hospital buildings must remain standing during a major earthquake so that patients can be evacuated safely, and by 2030, all hospital buildings must remain standing and functioning during a major earthquake. The City deems the Leased Property consisting of Laguna Honda Hospital compliant with SB 1953. See "THE LEASED PROPERTY" above.

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 adaptation 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 Certificates. 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."

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. Wars in Iran and Ukraine, the levying of tariffs and other geopolitical events have been causing volatility in global energy markets, disruptions in supply chains and other political and economic uncertainty. 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."

Risk Management and Insurance

The Project Lease obligates the City to maintain and keep in force various forms of insurance, subject to deductibles, on the Leased Property for repair or replacement in the event of damage or destruction to the Leased Property. The City is also required to maintain rental interruption insurance in an amount equal to but not less than the aggregate Base Rental payable by the City pursuant to the Project Lease for a period of at least 24 months, adjusted on or prior to October 1 of each year to reflect scheduled Base Rental payments due for the next succeeding 24 months. The City makes no representation as to the ability of any insurer to fulfill its obligations under any insurance policy provided for in the Project Lease and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest with respect to the Certificates when due.

The Project Lease allows the City to self-insure against any or all risks, except rental interruption and title defects, through an alternative risk management program such as its risk management retention program. The City expects to self-insure for all exposures for which the Project Lease permits self-insurance. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – LEGAL MATTERS AND RISK MANAGEMENT – Risk Retention Program."

State Law Limitations on Appropriations

Article XIIIB of the State Constitution limits the amount that local governments can appropriate annually (the "Gann Limit"). Should the City exceed the Gann Limit, the City would be required to seek voter approval to exceed such limit, shift spending to capital or other exempt expenditure types, or issue tax rebates. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – BUDGETARY RISKS" and "– CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES – Article XIIIB 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 General Fund revenues and therefore a reduction of the funds legally available to the City to make Base Rental payments. See, for example, APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CONSTITUTIONAL AND STATUTORY

LIMITATIONS ON TAXES AND EXPENDITURES – Articles XIIIC and XIIID of the California Constitution."

The General Fund of the City, which is the source of payment of Base Rental, may also be adversely affected by actions taken (or not taken) by voters. 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 Original 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

There may be other risk factors relating to ownership of the Certificates in addition to those described in this section.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, as Special Counsel, under existing law: (i) interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and (ii) interest on the Certificates is exempt from State of California personal income taxes. Special Counsel expresses no opinion as to any other tax consequences regarding the Certificates.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Certificates are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of the City's representations and certifications or the continuing compliance with the City's covenants.

The opinion of Special Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Special Counsel's legal judgment as to exclusion of interest on the Certificates from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Special Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Certificates being included in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates. The City has covenanted to take the actions required of it for the interest on the Certificates to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Certificates, Special Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Special Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates or the market value of the Certificates.

Interest on the Certificates may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those

that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Certificates. Special Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Certificates, are generally subject to IRS Form 1099-INT information reporting requirements. If a Certificate owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Special Counsel's engagement with respect to the Certificates ends with the issuance of the Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the City or the owners of the Certificates regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Certificates, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Certificates will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Certificates for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Certificates.

Prospective purchasers of the Certificates upon their original issuance at prices other than the respective prices indicated on the inside front cover page of this Official Statement, and prospective purchasers of the Certificates at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Special Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Certificates. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Certificates will not have an adverse effect on the tax status of interest on the Certificates or the market value or marketability of the Certificates. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Certificates from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Certificates should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Certificates for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Certificates may be affected and the ability of holders to sell their Certificates in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium on the Certificates. Certain of the Certificates ("Discount Certificates") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Certificate. The issue price of a Discount Certificate is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which

a substantial amount of the Discount Certificates of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Certificate over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Certificate (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Certificates, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Certificate. A purchaser of a Discount Certificate in the initial public offering at the issue price (described above) for that Discount Certificate who holds that Discount Certificate to maturity will realize no gain or loss upon the retirement of that Discount Certificate. Certain of the Certificates ("Premium Certificates") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Certificate, based on the yield to maturity of that Premium Certificate (or, in the case of a Premium Certificate callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Certificate), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Certificate. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Certificate, the owner's tax basis in the Premium Certificate is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Certificate for an amount equal to or less than the amount paid by the owner for that Premium Certificate. A purchaser of a Premium Certificate in the initial public offering who holds that Premium Certificate to maturity (or, in the case of a callable Premium Certificate, to its earlier call date that results in the lowest yield on that Premium Certificate) will realize no gain or loss upon the retirement of that Premium Certificate.

Owners of Discount and Premium Certificates should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Certificates, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

OTHER LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Certificates and with regard to the tax status of the interest represented by the Certificates (see "TAX MATTERS" herein) are subject to the legal opinion of Squire Patton Boggs (US) LLP, San Francisco, California, Special Counsel. The signed legal opinion of Special Counsel, dated and premised on facts existing and law in effect as of the date of original delivery of the Certificates, will be delivered to the initial purchasers of the Certificates at the time of original delivery of the Certificates.

The proposed form of the legal opinion of Special Counsel is set forth in APPENDIX F hereto. The legal opinion to be delivered may vary that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distributions of it by recirculation of this Official Statement or otherwise will create no implication that Special Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

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 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 Certificates, each Co-Disclosure Counsel will 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 the 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 Certificates 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 the light of the circumstances under which they were made, not misleading. No purchaser or holder of the Certificates, or other person or party other than the City, will be entitled to or may rely on such letter or Co-Disclosure Counsels having acted in the role of co-disclosure counsel to the City.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

PROFESSIONALS INVOLVED IN THE OFFERING

KNN Public Finance, LLC has served as Municipal Advisor to the City with respect to the sale of the Certificates. The Municipal Advisor has assisted the City in the City's review and preparation of this Official Statement and in other matters relating to the planning, structuring, and sale of the Certificates. The Municipal Advisor has not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor, Special Counsel and Co-Disclosure Counsel will all receive compensation from the City contingent upon the sale and delivery of the Certificates.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Certificates 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 purchasers of the Certificates 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.

ABSENCE OF LITIGATION RELATING TO THE CERTIFICATES

No litigation is pending or threatened concerning the validity of the Certificates, the Trust Agreement, the Project Lease, the Property Lease, 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 Certificates and other documents and certificates in connection therewith. The City will furnish to the initial purchasers of the Certificates a certificate of the City as to the foregoing as of the time of the original delivery of the Certificates. 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."

VALIDATION ACTION

No validation action has been pursued or is expected to be pursued with respect to the validity of the Eleventh Supplement to Project Lease, the Eleventh Supplement to Property Lease and the Eleventh Supplement to Trust Agreement.

The City filed a complaint on September 15, 2008, pursuant to State Code of Civil Procedure Sections 860 through 870.5 in the Superior Court for the State in and for the City to validate the Original Project Lease, the Original Property Lease, the Original Trust Agreement and certain other matters. On January 15, 2009, a judgment was rendered finding the Original Project Lease, the Original Property Lease and the Original Trust Agreement to be valid, legal and binding obligations of the City in accordance with their terms and in conformity with all applicable provisions of law, including Article XVI, Section 18 of the State Constitution.

State Code of Civil Procedure Section 870(a) provides that such a judgment, if no appeal is taken, or if taken and the judgment affirmed, shall thereupon become and thereafter be forever binding and conclusive, as to all matters therein adjudicated or which could have been adjudicated against the City and against all other persons. State Code of Civil Procedure Section 870(b) provides that no appeal shall be allowed from such a judgment unless a notice of appeal is filed within 30 days after the entry of judgment. No notice of appeal was filed.

RATINGS

Moody's Ratings ("Moody's"), S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch") have assigned municipal bond ratings of "Aa2," "AA" and "AA+," respectively, to the Certificates. Certain information not included in this Official Statement was supplied by the City to the rating agencies to be considered in evaluating the Certificates. 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.moodys.com; S&P, at www.spglobal.com; and Fitch, at 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, or other actions of a rating agency related to its rating, may have an adverse effect on the market price of the Certificates. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal. See "CONTINUING DISCLOSURE" herein.

SALE OF THE CERTIFICATES

The Certificates are scheduled to be sold by competitive bid on October 21, 2026*, as provided in the Official Notice of Sale, dated October 14, 2026* (the "Official Notice of Sale"). The Official Notice of Sale provides that all the Certificates 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 Special Counsel and certain other conditions. The initial purchaser of the Certificates will represent to the City that the Certificates have been reoffered to the public at the price or yield to be stated on the inside front 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 purchasers or Owners and beneficial owners of any of the Certificates.

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: _____
Greg Wagner
Controller

* Preliminary, subject to change.

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 measures on 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 ORIGINAL BUDGET

The FY27 & FY28 Original Budget was finally adopted by the Mayor and Board of Supervisors (the "Board") on July 30, 2026. See "CITY BUDGET – Budget Process" for additional detail. The FY27 & FY28 Original 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 Original 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."

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 (the "FY27 & FY 28 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.

Controller's Report on the Status of the City Economy

On August 3, 2026, the Controller's Office issued its most recent report on the status of the City economy through June 30, 2026. The report noted that second quarter economic data point to the City entering an accelerating period of economic growth, primarily driven by the AI investment boom.. Highlights of the report include the following:

- Asking rents for vacant apartments have grown 14% from March to July and housing prices have grown at double-digit annual rates, while they have declined statewide.

- Downtown transit indicators are pointing to significant shift in 2026 to a strong recovery.

- Office leasing has picked up, largely attributable to AI. The City's office vacancy dropped 3.7% over the last year, though it still exceeds 30%.

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."

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 update to the Five-Year Plan update issued in December 2025 (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 – 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 FY27 & FY28 Original Budget was finally adopted by the Mayor and Board on July 30, 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 Original 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. 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 Original Budget.

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

	2023-24 Final Revised Budget[5]	2024-25 Final Revised Budget[5]	2025-26 Original Budget[6]	2026-27 Original Budget[7]	2027-28 Original Budget[7]
Prior-Year Budgetary Fund Balance & Reserves	$ 2,963,605	$ 2,813,034	$ 187,156	$ 160,005	$ 531,870
Budgeted Revenues					
Property Taxes	$ 2,510,000	$ 2,469,580	$ 2,437,000	$ 2,407,000	$ 2,407,573
Business Taxes[1]	851,077	1,022,943	1,139,600	1,572,180	1,477,740
Other Local Taxes[2]	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	1,298,572	1,348,724
Charges for Services	275,495	359,169	405,243	489,614	462,460
Other	32,153	27,340	18,909	17,344	17,551
Total Budgeted Revenues	$ 6,390,067	$ 6,362,855	$ 6,575,355	$ 7,141,629	$ 7,091,582
Expenditure Appropriations					
Public Protection	$ 1,747,925	$ 1,860,865	$ 1,923,582	$ 2,026,436	$ 2,064,508
Public Works, Transportation & Commerce	254,637	230,938	177,859	218,088	247,541
Human Welfare & Neighborhood Development	1,686,647	1,654,758	1,670,511	1,738,334	1,814,067
Community Health	1,099,022	1,203,239	1,223,759	1,313,703	1,328,304
Culture and Recreation	198,594	186,330	204,503	215,549	222,328
General Administration & Finance	346,074	357,895	342,691	370,626	383,472
General City Responsibilities	213,493	180,453	201,002	254,654	299,163
Total Expenditure Appropriations	$ 5,546,392	$ 5,674,478	$ 5,743,907	$ 6,137,390	$ 6,359,383
Budgetary reserves and designations, net	$ 62,362	$ 40,000	$ 28,420	$ 43,719	$ 16,349
Transfers In	$ 229,393	$ 294,442	$ 258,508	$ 297,199	$ 266,569
Transfers Out[3]	(1,355,235)	(1,344,225)	(1,248,692)	(1,417,725)	(1,514,289)
Net Transfers In/Out	($1,125,842)	($1,049,783)	($ 990,184)	$(1,120,526)	$(1,247,720)
Budgeted Excess (Deficiency) of Sources Over (Under) Uses	$ 2,619,076	2,411,628	-	-	-
Variance of Actual vs. Budget	193,958	442,157	-	-	-
Total Actual Budgetary Fund Balance[4]	$ 2,813,034	$ 2,853,785	-	-	-

(1) Business tax includes the overpaid executive tax beginning in FY 2025-26 and FY 2026-27 original 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 is based on the FY27 & FY28 Original Budget, adopted July 30, 2026.

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 – 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.

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TABLE A-2
Statement of Revenues, Expenditures and Changes in General Fund Fund Balances[1]
Fiscal Years 2020-21 through 2024-25
(000s)

Revenues:	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
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[2]	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
Total Revenues	$ 5,669,155	$ 6,324,948	$ 6,143,050	$ 6,377,784	$ 6,619,395
Expenditures:					
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
Total Expenditures	$ 4,896,675	$ 4,889,705	$ 5,128,666	$ 5,185,813	$ 5,273,279
Excess of Revenues over Expenditures	$ 772,480	$ 1,435,243	$ 1,014,384	$ 1,191,971	$ 1,346,116
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	(338)	(74,928)	(74,677)	(76,864)	(94,300)
Total Other Financing Sources (Uses)	($ 823,695)	($1,200,204)	($ 1,271,390)	($ 1,276,498)	$ (1,292,497)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	($ 51,215)	$ 235,039	($ 257,006)	($ 84,524)	$ 53,619
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	35,397	-			
Total Fund Balance at End of Year -- GAAP Basis	$ 2,670,104	$ 2,905,143	$ 2,648,137	$ 2,563,610	$ 2,617,229
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

(1) 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).

(2) 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 Original 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 FY27 & FY28 Original 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 Original 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 Original Budget includes 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 Original 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 FY27 & FY28 Original 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)[1]	$ 114,539	$ 114,539	$ 114,539	$ 114,539	$ 114,539
Committed for budget stabilization (citywide) [2]	320,637	320,637	330,010	330,010	445,745
Committed for Recreation & Parks savings reserve	-	-	-	-	-
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[3]	5,088	17,921	27,927	1,807	9,557
Assigned for Self-Insurance[4]	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
Assigned and unassigned, available for appropriation					
Assigned for litigation & contingencies[3]	$ 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[5]	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[6]	113,500	13,999	-	-	-
Unassigned - Conditional Increment Reserve	-	-	-	402	-
Unassigned - Federal & State Emergency Revenue Reserve[6]	100,000	81,300	81,300	81,300	2,120
Unassigned - Fiscal Cliff Reserve[6]	293,900	229,750	220,432	182,425	40,000
Unassigned - Federal & State Revenue Risk Reserve[6]	-	-	-	-	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
Budget 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)	(70,973)
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 & FY28 Original Budget and Revenue Letter

The FY27 & FY28 Original Budget was finally adopted by the Mayor and the Board on July 30, 2026. See "CITY BUDGET – Budget Process" for additional detail. The FY27 & FY 28 Original 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 Original 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 Mayor's 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. 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.

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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 Five-Year Plan Update	February 2026 6-Month Budget Status Report	March 2026 Five-Year Plan Update	May 2026 Nine-Month Report	Change from March 2026 Five-Year 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)	-
A. Prior Year Fund Balance vs Budgeted Levels	**38.6**	**38.6**	**38.6**	**38.6**	**-**
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. Current Year Revenues and Expenditures	**117.1**	**214.8**	**281.1**	**358.4**	**77.4**
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)
C. Supplemental Appropriations & Use of Reserves	**-**	**(8.4)**	**(14.9)**	**(38.4)**	**(23.5)**
D. Previously Unappropriated Fund Balance	**140.0**	**140.0**	**140.0**	**140.0**	**-**
Fund Balance Previously Appropriated in FY 2026-27	229.6	229.6	229.6	229.6	-
E. FY 2025-26 Projected Ending Balance	**525.2**	**614.6**	**674.3**	**728.2**	**53.9**

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 million ($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
March 2026 Five-Year Plan Update
General Fund-Supported Projected Budgetary
Surplus/(Shortfall) ($ Millions)

	Projection 2026-27	Projection 2027-28	Projection 2028-29	Projection 2029-30
SOURCES Increase / (Decrease)	**445.4**	**823.3**	**938.1**	**902.8**
Uses				
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)
USES Decrease / (Increase)	**(529.4)**	**(1,075.8)**	**(1,453.9)**	**(1,786.6)**
Subtotal Surplus / (Shortfall)	(83.9)	(252.5)	(515.8)	(883.8)
State & Federal Policy Impacts	(84.5)	(221.8)	(226.0)	(204.8)
Projected Surplus / (Shortfall)	**(168.5)**	**(474.3)**	**(741.7)**	**(1,088.6)**
Two-Year Deficit	**(642.8)**			

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 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. . 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.

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 11.5% year-over-year to 125,900 in August 2026, representing 76.0% of August 2019 ridership. Downtown BART stations also recorded their highest post-pandemic activity, with average weekday exits increasing by 15.9% between August 2025 and August 2026 to 66,365, or 46.2% of August 2019 ridership. Office attendance across the Bay Area continued to improve, averaging 45.8% of pre-pandemic levels through August 2026, according to Kastle Systems. Similarly, Placer.ai data indicate continued gains in downtown activity, with visitor foot traffic increasing from 54.7% of pre-pandemic levels in June 2025 to 58.2% in June 2026, while employee foot traffic edged up from 47.2% to 56.9%. 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 32.6% in Q1 2026 to 32.0% in Q2 2026, marking the fourth 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 $73.89 per square foot in Q2 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 29 transactions per quarter since 2020, less than half the 62 transactions on average in 2019. Property values also remain under pressure, with the average office sale price falling to $418 per square foot in Q2 2026—43.6% below the pre-pandemic level of $741 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 FY27 & FY28 Original 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 whose passage is assumed in the FY27 & FY28 Original 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 Original Budget assumes that two revenue measures on the November 2026 ballot supporting the MTA will pass. The FY27 & FY28 Original 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 Original 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 Original Budget does not assume any changes to the City's real property transfer tax. However, the City's electorate will vote on two qualified ballot measures this November 2026 related to transfer tax – Prop I - Changes to Real Property Transfer Tax and Prop J - Removal of Foreclosure Exemption for Real Property Transfer Tax.

- Prop I - Changes to Real Property Transfer Tax – The proposed ordinance would both reduce total City revenue by approximately $1 million and also redirect the entirety of the revenue generated by the rate increases approved in November 2020 Proposition I (approximately $120 million annually) from the General Fund to a special revenue fund for affordable housing. It would thereby reduce fiscal flexibility and increase the General Fund deficit.

- Prop J - Removal of Foreclosure Exemption for Real Property Transfer Tax – the proposed ordinance would remove the foreclosure exemption on the City's transfer taxes for most multi-family and

commercial buildings, likely bringing in additional revenue from transactions newly subject to the tax. However, the exact amount of revenue generated will be highly dependent on the business cycle and the number of foreclosures in the City's real estate market. The City projects annual revenue could reach $100 million to $150 million annually in the first five years of enforcement. In the following years revenue may decline quickly to near zero should market conditions improve.

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 Original 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 Original 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 Original 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 certified the final EIR on July 9, 2026. Two parties appealed the certification. On September 22, 2026, the Board unanimously rejected the appeals and affirmed the certification by the Planning Commission.

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, among others. 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.

On May 29, 2026, the U.S. Office of Management and Budget and 41 other federal agencies published a Notice of Proposed Rulemaking proposing to overhaul the federal grantmaking process by changing the way federal agencies award and terminate federal funding and by imposing new requirements and conditions on many federal awards. If the proposed rule becomes effective, it would inject further uncertainty into all phases of federal funding processes and create corresponding budget uncertainty for the City.

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 Original 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 FY27 & FY28 Original 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 Original 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 Original 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 Original 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 Original 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 Original 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 Original 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 Original Budget and will require ongoing reporting and adjustments.

The FY27 & FY28 Original Budget assumes no more FEMA reimbursements for COVID-19. While the FY27 & FY28 Original 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 XIIIA 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. Lingering 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. As of June 1, 2026 OCII received $122.7 million of property tax increment in fiscal year 2025-26 for recognized obligations, diverting about $68.2 million that would have otherwise been apportioned to the City's General Fund.

TABLE A-6
Assessed Valuation of Citywide Taxable Property
Fiscal Years 2017-18 through 2026-27
($000s)

Fiscal Year	Net Assessed[1] Valuation (NAV)	% Change from Prior Year	Total Tax Rate per $100[2]	Total Tax Levy[3]	Total Tax Collected[3]	% Collected June 30
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	355,169,321	1.9%	1.183	4,917,986	4,136,442	98.5%
2026-27	365,745,448[4]	3.0%	N/A		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 2026-27.

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

At the start of fiscal year 2026-27, the total net assessed valuation of taxable property within the City was approximately $365.7 billion. Of this total, $350.0 billion (957%) represents secured valuations and $15.8

billion (4.3%) 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 XIIIA of the State Constitution added by Proposition 13 in 1978, property sold after March 1, 1975 must be reassessed to full cash value at the time of sale. Taxpayers can appeal the Assessor's determination of their property's assessed value, and the appeals may be retroactive and for multiple years. The State prescribes the assessment valuation methodologies and the adjudication process that counties must employ in connection with counties' property assessments.

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in assessment appeals as the economy rebounds. During the severe economic downturn of fiscal years 2009-10 and 2010-11, 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 2015-16 through 2024-25 are listed in Table A-7 below.

TABLE A-7
Refunds of Prior Years' Property Tax Revenues
General Fund
Fiscal Years 2015-16 through 2024-25
($000s)

Fiscal Year	Amount Reduced
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 2026 Assessment Roll, the total count and value of approved Proposition 8 reductions were 10,417 and $5.58 billion, respectively. These increases are in line with the somewhat higher number of "decline-in-value" reviews completed by the Assessor's Office for the January 1, 2026 lien date.

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 2026 Assessment Roll, the Assessor reviewed and applied Proposition 8 assessed value reductions for 27 hotel properties, totaling $1.45 billion and expects a modest decrease in these numbers in 2027. 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 63% 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 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 547 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 adjusted base year 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 an adjusted base year 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 June 30, 2026 the total number of open appeals before the AAB was approximately 10,818. This reflects approximately 9,088 applications the AAB has during fiscal year 2025-26. The City expects newly filed appeals during the fiscal year 2026-27 filing period to modestly decline from fiscal year 2025-26.

As of June 30, 2026 the difference between assessed values and the taxpayer's opinions of value for all the open applications was approximately $122.4 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 $1.44 billion. The General Fund's portion of that hypothetical loss of $1.44 billion in property tax revenues would be approximately $676.8 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.

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TABLE A-8
Teeter Plan
Tax Loss Reserve Fund Balance
Fiscal Years 2015-16 through 2024-25
($000s)

Year Ended	Amount Funded
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, 2026 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.

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TABLE A-9
Top 10 Parcels Total Assessed Value
July 1, 2026

Assessee[1]	Location	Type	Total Assessed Value[2]
Sutter Bay Hospitals[3]	1101 Van Ness Ave	Hospital	$ 2,770,998,051
Transbay Tower LLC	415 Mission St	Office	1,990,702,332
GSW Arena LLC	1 Warriors Way A	Entertainment Comp	1,405,535,622
Park Tower Owner LLC	250 Howard St	Office	1,210,201,315
KRE Exchange Owner LLC	1800 Owens St	Office	1,205,631,831
Hwa 555 Owners LLC	555 California St	Office	1,182,709,722
Elm Property Venture LLC	101 California St	Office	1,144,571,999
PPF Paramount One Market Plaza Owner LP	55 Spear St	Office	968,689,300
SFDC 50 Fremont LLC	50 Fremont St	Office	800,126,222
Sutter Bay Hospitals Dba Ca Pacific Med[3]	3555 Cesar Chavez St/555 San Jose	Hospital	763,484,525
			$13,442,650,919

(1) Certain parcels fall within OCII project areas.

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

(3) 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 2026-27 valuation of property assessed by the State Board of Equalization in the City is approximately $5.2 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 Original Budget.

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

Revenues	**FY 27 & FY28 Original Budget**	
	Revenues	**Percentage of Total**
Property Taxes	$ 2,407,000	33.7%
Business Taxes	1,572,180	22.0
Other Local Taxes[(1)]	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	1,298,572	18.2
Charges for Services	489,614	6.9
Other	16,344	0.2
Total Revenues	$ 7,141,629	100.0%

(1) 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[1]
Fiscal Years 2023-24 through 2027-28
($000s)

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

(1) Figures exclude Homelessness Gross Receipts and Commercial Rent taxes.
(2) 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.
(3) Based on May 2026 Nine-Month Report.
(4) Based on FY27 & FY28 Original 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 Original Budget assumes General Fund hotel tax revenues of $289.4 million in fiscal year 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[1]
Fiscal Years 2023-24 through 2027-28
($000s)

Fiscal Year[2]	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[3]	14.0	323,300	33,953	11.7
2026-27 Original Budget[4]	14.0	325,400	2,100	0.6
2027-28 Original Budget[4]	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 Original 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. However, high value transactions have bounced back, with the number of transactions over $10 million increasing 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 6,714 transfers in fiscal year 2022-23, and further declining to 6,491 transfers in fiscal year 2023-24. These lower value transactions have only partially bounced back recently, with the number of transactions under $10 million in fiscal year 2025-26 reaching 8,379.

The FY27 & FY28 Original 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[1]	Revenue	Change	
2023-24	$ 177,700	$ (8,547)	-4.6%
2024-25	294,366	116,666	65.7
2025-26 Estimated[2]	376,229	81,863	27.8
2026-27 Adopted Budget[3]	358,770	(17,459)	-4.6
2027-28 Adopted Budget[3]	370,410	11,640	3.2

(1) Figures for fiscal years 2023-24 and 2024-25 are actuals.
(2) Based on May 2026 Nine-Month Report.
(3) Based on FY27 & FY28 Original 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

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

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

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[(1)]	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[(2)]	8.625	1.00	200,952	12,604	6.7
2026-27 Original Budget[(3)]	8.625	1.00	201,820	868	0.4
2027-28 Original Budget[(3)]	8.625	1.00	207,770	5,950	2.9

(1) Figures for fiscal years 2023-24 and 2024-25 are actuals.
(2) Based on May 2026 Nine-Month Report.
(3) Based on FY27 & FY28 Original 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 2023-24 through 2024-25, estimated amounts for fiscal year 2025-26 and the FY27 & FY28 Original Budget for fiscal years 2026-27 and 2027-28, 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 Actuals[1]	2024-25 Actuals[1]	2025-26 Estimated[2]	2026-27 Original Budget[3]	2027-28 Original Budget[3]
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 Tax	11,625	11,372	11,372	11,370	11,370
Stadium Admissions Tax	8,567	8,864	9,921	9,920	9,920

(1) Figures for fiscal years 2023-24 and 2024-25 are actuals.
(2) Based on May 2026 Nine-Month Report.
(3) Based on FY27 & FY28 Original 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 Final Budget[1]	2024-25 Final Budget[1]	2025-26 Final Estimated[2]	2026-27 Original Budget[3]	2027-28 Original Budget[3]
Public Protection	$ 1,747,925	$ 1,860,865	$ 1,923,582	$ 2,026,436	$ 2,064,508
Human Welfare & Neighborhood Development	1,686,647	1,654,758	1,670,511	1,738,334	1,814,067
Community Health	1,099,022	1,203,239	1,223,759	1,313,703	1,328,304
General Administration & Finance	346,074	357,895	342,691	370,626	383,472
Culture & Recreation	198,594	186,330	204,503	215,549	222,328
General City Responsibilities	213,493	180,453	201,002	254,654	299,163
Public Works, Transportation & Commerce	254,637	230,938	177,859	218,088	247,541
Total[2]	$ 5,546,392	$ 5,674,478	$ 5,743,907	$ 6,137,390	$ 6,359,383

(1) Figures for fiscal years 2023-24 and 2024-25 are as reflected in ACFR.
(2) Fiscal year 2025-26 amounts are from the Original Budget, adopted July 25, 2025.
(3) Based on FY27 & FY28 Original 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 FY2& & FY28 Original Budget provides approximately $660 million of such funding in each fiscal year, which constitutes approximately 34% 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 Initatives," The FY27 & FY28 Original Budget assumes that two revenue measures on the November 2026 ballot supporting the MTA will pass. The FY27 & FY28 Original 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 Original Budget[1]	2026-27 Original Budget[2]	2027-28 Original Budget[2]
General Fund Aggregate Discretionary Revenue (ADR)	**4,660.0**	**5,280.6**	**5,230.3**
MUNICIPAL TRANSPORTATION AGENCY (SFMTA)			
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	71.0	66.8	66.8
Traffic Congestion Mitigation Fund - Special Tax (50%)	9.9	9.9	9.9
Subtotal Municipal Transportation Agency	**617.6**	**672.1**	**667.6**
LIBRARY PRESERVATION FUND			
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
Subtotal Library	**185.9**	**197.3**	**197.1**
RECREATION & PARKS			
Open Space Property Tax - $0.025 per $100 NAV	79.3	76.6	77.6
Recreation & Parks Baseline MOE - Budgeted Amount	90.1	91.5	89.8
(Recreation & Parks Baseline MOE - Required GF Support)	88.2	90.6	89.3
Subtotal Recreation and Parks	**169.4**	**168.1**	**167.4**
CHILDREN'S SERVICES			
Children & Youth Fund			
Children and Youth Fund Property Tax Set-Aside: $0.4 per $100 NAV	126.9	122.5	124.1
Children's Services Baseline - Budgeted Amount	275.2	293.6	299.2
(Children's Services Baseline - Requirement: 4.830% ADR)	225.1	260.4	253.2
Transitional Aged Youth Baseline - Budgeted Amount	52.5	60.3	66.0
(Transitional Aged Youth Baseline - Requirement: 0.580% ADR)	27.0	30.6	30.3
Babies & Families First Fund			
Commercial Rents Tax (85%)	156.7	147.5	143.3
Early Care and Education Baseline - Budgeted Amount	77.5	87.0	86.8
(Early Care and Education Baseline - Requirement: 2.212% ADR)	76.9	79.5	78.8
Public Education Enrichment Fund - 3.0567% ADR			
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 SF Unified School District	95.0	107.6	106.6
Public Education Enrichment Fund Baseline: 0.290% ADR (50% GF, 50% CYF)	13.5	15.3	15.2
Student Success Fund (SFUSD) - GF Transfer	35.0	45.0	60.0
Fair Wages for Educators Fund (SFUSD) - Parcel Tax	54.0	57.3	59.0
Subtotal Children's Services (Required)	**933.8**	**989.9**	**1,013.50**
HOMELESSNESS & HOUSING			
Our City, Our Home Fund			
Homelessness Gross Receipts Tax	335.9	465.2	444.9
Our City, Our Home Baseline - Budgeted Amount	365.4	374.6	397.7
(Our City, Our Home Baseline Requirement)	200.8	200.8	200.8
Housing Trust Fund - GF Transfer (net of loan repayment)	48.8	53.8	53.3
Affordable Housing Opportunity Fund	-	8.3	8.3
Housing Activation Fund - Empty Homes Tax	-		
Subtotal Homelessness and Housing	**750.1**	**901.9**	**904.1**
ARTS			
Hotel Tax for Arts Fund - Hotel Tax	33.0	36.0	36.3
Property Tax - Municipal Symphony - $0.00125 per $100 NAV	4.5	4.6	4.6
Subtotal Arts	**37.5**	**40.6**	**40.9**
OTHER			
Small Business Assistance Fund - Commercial Vacancy Tax	2.0	1.4	1.4
Dignity Fund - GF Transfer	59.1	62.1	61.5
Street Tree Maintenance Fund - GF Transfer	23.0	23.6	23.4
City Services Auditor - 0.2% of Citywide Budget	27.6	28.8	29.2
Subtotal Other	**111.6**	**116.0**	**115.5**
Total Baselines, Set Asides and Special Taxes	**2,806.0**	**3,085.8**	**3,106.1**

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

(2) Based on FY27 & FY28 Original 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 Original Budget. For the General Fund, the combined salary and benefits in the FY27 & FY28 Original 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 Original Budget includes approximately 39,170 full-time and part-time positions, of which 32,711 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. 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.

As of September 2026, the City had reached agreement with 11 of its 27 labor organizations, representing approximately 22,860 active employees, to extend their MOUs through fiscal year 2030-31 in advance of expiration. The four-year MOU extensions are subject to final legislative approval of the San Francisco Board of Supervisors, scheduled to be heard in October 2026. For fiscal year 2027-28, the extended agreements include a 1.0% base wage increase effective January 1, 2028. For fiscal year 2028-29, the extended agreements include increases of 2.0% on July 1, 2028, and 1.0% on December 30, 2028. For fiscal year 2029-30, the extended agreements include increases of 2.0% on July 1, 2029, and 1.0% on December 29, 2029. For fiscal year 2030-31, the extended agreements include increases of 2.0% on July 1, 2030, 1.0% on December 28, 2030, and 2.0% on April 5, 2031. Together, these base wage increases represent a cumulative increase of approximately 12% over the four-year contract extension.

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TABLE A-19
Employee Organizations as of September 15, 2026

CITY AND COUNTY OF SAN FRANCISCO (All Funds)

Organization	City Budgeted Positions FY 2026-27	Expiration Date of MOU
Automotive Machinists, Local 1414	515	30-Jun-27
Bricklayers, Local 3	4	30-Jun-27
Building Inspectors' Association	85	30-Jun-27
Carpenters, Local 22	111	30-Jun-27
Carpet, Linoleum & Soft Tile	4	30-Jun-27
Cement Masons, Local 300	40	30-Jun-27
Deputy Probation Officers' Association (DPOA)	106	30-Jun-27
Deputy Sheriffs' Association (DSA)	798	30-Jun-27
Electrical Workers, Local 6	928	30-Jun-27
Firefighters' Association, Local 798	1,990	30-Jun-30
Glaziers, Local 718	14	30-Jun-27
Hod Carriers, Local 36	0	30-Jun-27
Ironworkers, Local 377	14	30-Jun-27
Laborers, Local 261	1,164	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	1,722	30-Jun-27
Municipal Executives' Association (MEA) Police	14	30-Jun-30
Operating Engineers, Local 3 Miscellaneous	64	30-Jun-27
Operating Engineers, Local 3 Supervising Probation	28	30-Jun-27
Pile Drivers, Local 34	20	30-Jun-27
Plumbers, Local 38	361	30-Jun-27
Police Officers' Association (POA)	2,364	30-Jun-30
Professional and Technical Engineers, Local 21	7,295	30-Jun-27
Roofers, Local 40	11	30-Jun-27
SEIU, Local 1021 Misc	13,086	30-Jun-27
SEIU, Local 1021 Nurses	1,874	30-Jun-27
SF City Workers United	136	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	708	30-Jun-27
Teamsters, Local 853	183	30-Jun-27
Teamsters, Local 856, Multi	94	30-Jun-27
Teamsters, Local 856, Supervising Nurses	125	30-Jun-27
Theatrical Stage Emp, Local 16	30	30-Jun-27
TWU, Local 200	412	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)	206	30-Jun-27
Unrepresented Employees	90	30-Jun-27
Other	1,001	
	39,170	

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 July 1st	Active Members	Vested Members	Reciprocal Members	Total Non-retired	Retirees & Continuants	Retiree to 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 1st. 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, 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 July 1st	Actuarial Liability	Market Value of Assets	Actuarial Value of Assets	Market Percent Funded	Actuarial Percent Funded	Employee & Employer Contributions in prior FY	Employer Contribution Rates(1) in prior FY
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

(1) 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 15.27% after cost-sharing). The 2024-25 fiscal year City employer contributions to the Retirement System were $651.6 million, which includes $382.3 million from the General Fund. The fiscal year 2025-26 employer contribution rate was 16.53% (estimated to be 14.87% 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 16.68% (expected to be 15.01% 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 also reflects changes in assumed merit and longevity salary increase rates adopted after the 2025 SFERS demographic study. 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 July 1st	Collective Total Pension Liability (TPL)	Discount Rate	Plan Fiduciary Net Position	Plan Net Position as % of TPL	Collective Net Pension Liability (NPL)	City and County's Proportionate Share of NPL
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, 5th 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. Based on preliminary data as of August 31, 2026, the estimated value of SFERS' investment portfolio was $41.7 billion. 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, 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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Retiree Medical Coverage/Employer Contribution for Those Hired On or After January 10, 2009	
Years of Credited Service at Retirement	Percentage of Employer Contribution Established in Charter Section A8.428 Subsection (b)(3)
Less than 5 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) **(A8.428 Subsection (b)(6))**	0% - Access to Retiree Medical Benefits Coverage. Including Access to Dependent Coverage
At least 10 but less than 15 years of Credited Service with the Employers **(AB.428 Subsection (b)(5))**	50%
At least 15 but less than 20 years pf Credited Service with the Employers **(AB.428 Subsection (b)(5))**	75%
At least 20 years of Credited Service with the Employer; Retired Persons who retired for disability; surviving spouses or surviving domestic partners of active employees who died in the line of duty **(AB.428 Subsection (b)(4))**	100%

Health Care Reform

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

Three ACA taxes 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) Paygo Benefit Payments	(B) Trust Contributions	(A + B = C) Annual OPEB Cost	(D) Annual OPEB Expense	(C / D = E) Annual OPEB Cost as % of Annual OPEB Expense	Plan Fiduciary Net Position	Plan Fiduciary Net Position as % of TOL	Net OPEB 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 Actual[1]	2024-25 Actual[1]	2025-26 Estimated[1]	2026-27 Budget[1]	2027-28 Budget[1]
SFERS and PERS Retirement Contributions	$ 679,959	$ 707,436	$ 706,232	$ 744,354	$ 786,841
Social Security & Medicare	281,694	302,224	321,602	334,493	348,425
Health - Medical + Dental, active employees[2]	633,720	731,818	741,683	803,492	868,021
Health - Retiree Medical[2]	230,515	249,249	265,500	286,182	312,454
Other Benefits[3]	14,362	15,265	16,456	21,858	31,385
Total Benefit Costs	$ 1,840,251	$2,005,992	$2,051,474	$2,190,379	$2,347,126

(1) 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 Original Budget. See "PERIODIC FINANCIAL REPORTING; RECENT REPORTS" for recent financial reports and projections.

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

(3) "Other Benefits" includes unemployment insurance premiums, life insurance and other miscellaneous employee benefits.

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 August 31, 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 August 31, 2026

Type of Investment	Par Value	Book Value	Market Value
U.S. Treasuries	$ 5,059,000,000	$ 5,056,478,655	$ 5,003,996,943
Federal Agencies	7,784,446,000	7,782,757,755	7,724,939,412
Negotiable Certificates of Deposit	2,350,000,000	2,350,000,000	2,349,473,050
Commercial Paper	914,000,000	898,977,840	898,802,959
Medium Term Notes	162,846,000	162,755,599	162,600,191
Money Market Funds	981,145,464	981,145,464	981,145,464
Supranationals	142,323,000	141,767,354	141,437,539
Secured Bank Deposit	168,684,877	168,684,877	168,684,877
Total	$ 17,562,445,341	$ 17,542,567,545	$ 17,431,080,435

August Earned Income Yield: 3.824%
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 August 31, 2026

Maturity in Months			Par Value	Percentage
0	to	1	$ 1,960,646,341	11.16%
1	to	2	664,385,000	3.78
2	to	3	707,600,000	4.03
3	to	4	702,000,000	4.00
4	to	5	578,850,000	3.30
5	to	6	587,000,000	3.34
6	to	12	3,103,228,000	17.67
12	to	24	2,973,653,000	16.93
24	to	36	2,288,019,000	13.03
36	to	48	2,721,464,000	15.50
48	to	60	1,275,600,000	7.26
			$ 17,562,445,341	100.00%

Weighted Average Maturity: 600 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. 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 September 15, 2026[1][2][3]

Fiscal Year	Principal	Interest	Annual Debt Service
2026-27	$ 188,425,840	$ 110,745,421	$ 299,171,261
2027-28	182,514,035	103,426,173	285,940,208
2028-29	188,631,751	94,997,521	283,629,272
2029-30	197,900,095	86,162,219	284,062,313
2030-31	166,996,950	76,920,327	243,917,277
2031-32	174,095,000	69,526,566	243,621,566
2032-33	144,810,000	61,988,770	206,798,770
2033-34	128,815,000	55,818,610	184,633,610
2034-35	124,670,000	50,436,008	175,106,008
2035-36	91,870,000	45,278,131	137,148,131
2036-37	83,180,000	41,492,229	124,672,229
2037-38	86,600,000	38,079,736	124,679,736
2038-39	82,545,000	34,501,861	117,046,861
2039-40	84,340,000	31,056,371	115,396,371
2040-41	80,895,000	27,486,966	108,381,966
2041-42	84,535,000	23,859,792	108,394,792
2042-43	88,360,000	20,046,378	108,406,378
2043-44	92,370,000	16,050,894	108,420,894
2044-45	96,530,000	11,905,032	108,435,032
2045-46	61,090,000	7,589,213	68,679,213
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
TOTAL	**$ 2,552,618,671**	**$ 1,045,226,080**	**$ 3,597,844,752**

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

(2) Totals reflect rounding to nearest dollar.

(3) 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 $114.9 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 September 15, 2026[(1)(2)]

Bond Authorization Name	Election Date	Authorized Amount	Series	Bonds Issued	Bonds Outstanding	Authorized & Unissued
Seismic Safety Loan Program	11/3/92	$350,000,000	1994A	$35,000,000	$ -	
			2007A	30,315,450	6,418,671	
			2015A	24,000,000	-	
Reauthorization to Repurpose for Affordable Housing	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 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	
			2026A-1	189,005,000	189,005,000	
			2026A-2	2,500,000	2,500,000	114,860,000
Earthquake Safety and Emergency Response Bond	6/2/26	535,000,000				535,000,000
SUBTOTAL		$7,203,700,000		$5,674,075,450	$1,879,173,671	$1,529,624,550

General Obligation Refunding Bonds	Dated Issued			Bonds Issued	Bonds 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	
TOTALS		**$7,203,700,000**		**$6,715,375,450**	**$2,552,618,571**	**$1,529,624,550**

(1) Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.

(2) Of the $35,000,000 authorized by the Board of Supervisors in February 2007, $30,315,450 has been drawn upon to date pursuant to the Credit Agreement described under "General Obligation Bonds."

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 September 15, 2026.

TABLE A-29
Debt Service on Lease Revenue Bonds and Certificates of Participation
As of September 15, 2026[1][2]

Fiscal Year	Principal	Interest[3]	Annual Payment Obligation
2026-27[4]	$ 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
TOTAL[5]	**$ 1,447,798,731**	**$ 659,070,585**	**$ 2,106,869,317**

(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 September 2026, the Board authorized the issuance of certificates of participation to fund projects and refund the currently outstanding 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[(1)]
As of September 15, 2026[(1)(2)]

Issue Name	Final Maturity	Original Principal	Outstanding Principal
CERTIFICATES OF PARTICIPATION			
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
SUBTOTAL CERTIFICATES OF PARTICIPATION		**$ 1,609,180,000**	**$ 1,404,155,000**
LEASE PURCHASE FINANCINGS			
2016 Lease Purchase Financing (Public Safety Radio Replacement Project)	2026	34,184,136	1,848,731
SUBTOTAL LEASE PURCHASE FINANCINGS		**$ 34,184,136**	**$ 1,848,731**
FINANCE CORPORATION LEASE REVENUE BONDS			
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
SUBTOTAL LEASE REVENUE BONDS		**$ 193,645,000**	**$ 37,955,000**
TOTAL		**$ 1,837,009,136**	**$ 1,443,958,731**

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

(2) 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, and Series 2025-R1, 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, and Moscone North located at 747 Howard Street, 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 anticipates issuing additional long-term COPs to fund Hope SF COP projects in the future.

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 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 September 15, 2026, the outstanding principal amount of CP Notes is $74.5 million. The interest rate for the $52.7 million outstanding tax-exempt CP Notes is 2.55%. The interest rate for the $13.9 million outstanding taxable CP Notes is 3.82%. The projects with Board of Supervisors authorized and unissued Certificates of Participation currently utilizing the CP Program include 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 September 15, 2026

Project	CP Notes Outstanding as of 9/15/2026
Affordable Housing & Community Development	$ 1,805,532
Critical Repairs & Recovery Stimulus	30,779,153
Police Vehicle Acquisition	859,676
HOJ Relocation – Tenant Improvements	3,352,588
Street Resurfacing & Reconstruction	37,748,049
TOTAL*	**$74,545,000**

**** 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 Original 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 October 9, 2026, is approximately $64.8 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 September 15, 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 September 15, 2026

2026-27 Assessed Valuation (includes unitary utility valuation):	$	366,329,988,172[(1)]
GENERAL OBLIGATION BONDED DEBT		
San Francisco City and County	**$**	**2,552,618,671**
San Francisco Unified School District		1,152,085,000
San Francisco Community College District		548,315,000
TOTAL GENERAL OBLIGATION BONDED DEBT	$	4,253,018,671
LEASE OBLIGATIONS BONDS		
San Francisco City and County	$	1,443,958,731
TOTAL LEASE OBLIGATION BONDED DEBT	$	1,443,958,731[(2)]
TOTAL COMBINED DIRECT DEBT	$	5,696,977,402
OVERLAPPING TAX AND ASSESSMENT DEBT		
Bay Area Rapid Transit District General Obligation Bond (33.728%)	$	933,146,261
San Francisco Community Facilities District No. 6		109,440,000
San Francisco Community Facilities District No. 7		24,665,000
San Francisco Community Facilities District No. 2009-1, Improvement Areas 1 and 2		1,724,335
San Francisco Community Facilities District No. 2014-1 Transbay Transit Center		547,635,000
San Francisco Community Facilities District No. 2016-1 Treasure Island, Improvement Areas 1 and 2		97,575,000
San Francisco Special Tax District No. 2020-1 Mission Rock Facilities		148,940,000
ABAG Community Facilities District No. 2004-1 Seismic Safety Improvements		7,010,000
ABAG Community Facilities District No. 2006-1 San Francisco Rincon Hill		3,815,000
ABAG Community Facilities District No. 2006-2 San Francisco Mint Plaza		2,265,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$	1,876,215,596
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to the San Francisco Redevelopment Agency	$	771,436,373
Transbay Joint Powers Authority		217,475,000
TOTAL OVERLAPPING INCREMENT DEBT	$	988,911,373
OVERLAPPING TAX INCREMENT REVENUE DEBT:		
San Francisco Infrastructure and Revitalization Financing District No. 1	$	62,665,000
TOTAL OVERLAPPING TAX INCREMENT REVENUE DEBT	$	62,665,000
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	$	8,624,769,371[(3)]

Ratios to 2026-27 Assessed Valuation ($366,329,988,172)	**Actual Ratio**
Direct General Obligation Bonded Debt ($4,253,018,671)	1.16%[(4)]
Combined Direct Debt ($5,696,977,402)	1.56%
Total Direct and Overlapping Bonded Debt	2.35%
Ratio to 2026-27 Redevelopment Incremental Valuation ($45,861,908,273)	
Total Overlapping Tax Increment Debt	2.16%

(1) Includes $584,540,172 homeowner's exemption for FY26-27.

(2) Excludes 833 Bryant lease.

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

(4) The Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City. The City's general obligation debt as a percentage of FY26-27 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 46th 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 Appointed	Current Term Expires
Connie Chan, District 1	2021	2029
Stephen Sherrill, 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 Fielder, 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 XIIIA of the California Constitution

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

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

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

Article XIIIB of the California Constitution

Article XIIIB was enacted by California voters as an initiative constitutional amendment in November 1979. Article XIIIB limits the annual appropriations from the proceeds of taxes of the State and any city, county,

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

Articles XIIIC and XIIID of the California Constitution

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

In addition, Article XIIIC addresses the initiative power in matters of local taxes, assessments, fees, and charges. Pursuant to Article XIIIC, the voters of the City could, by initiative, repeal, reduce or limit any existing or future local tax, assessment, fee, or charge, subject to certain limitations imposed by the courts and additional limitations with respect to taxes levied to repay bonds. The City raises a substantial portion of its revenues from various local taxes which are not levied to repay bonded indebtedness, and which could be reduced by initiative under Article XIIIC. No assurance can be given that the voters of the City will 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 XIIID contains several provisions making it generally more difficult for local agencies, such as the City, to levy and maintain "assessments" (as defined in Article XIIID) for local services and programs. The City has created a number of special assessment districts both for neighborhood business improvement purposes and community benefit purposes and has caused limited obligation bonds to be issued in 1996 to finance construction of a new public right of way. The City cannot predict the future impact of Proposition 218 on the finances of the City, and no assurance can be given that Proposition 218 will not have a material adverse impact on the City's revenues.

Proposition 1A

Proposition 1A, a constitutional amendment proposed by the State Legislature and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government

authority to levy a sales tax rate, or change the allocation of local sales tax revenues, subject to certain exceptions. As set forth under the laws in effect as of November 3, 2004, Proposition 1A generally prohibits the State from shifting any share of property tax revenues allocated to local governments for any fiscal year to schools or community colleges. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years. If the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

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

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

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily 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 XIIIA and XIIIC 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 XIIIC 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.

Investigations

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. Recently, the California Legislature passed SB577 raising the burden of proof for alleged victims 40 years or over. As a result of that legislation, victims who are over 40 must prove their claims with "clear and convincing" evidence. The bill was presented to Governor Newsom for signature on September 8, 2026. The increased evidentiary burden is designed to protect local governments and public bodies from unmeritorious claims. 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.


SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

APPENDIX B

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2025


SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

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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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

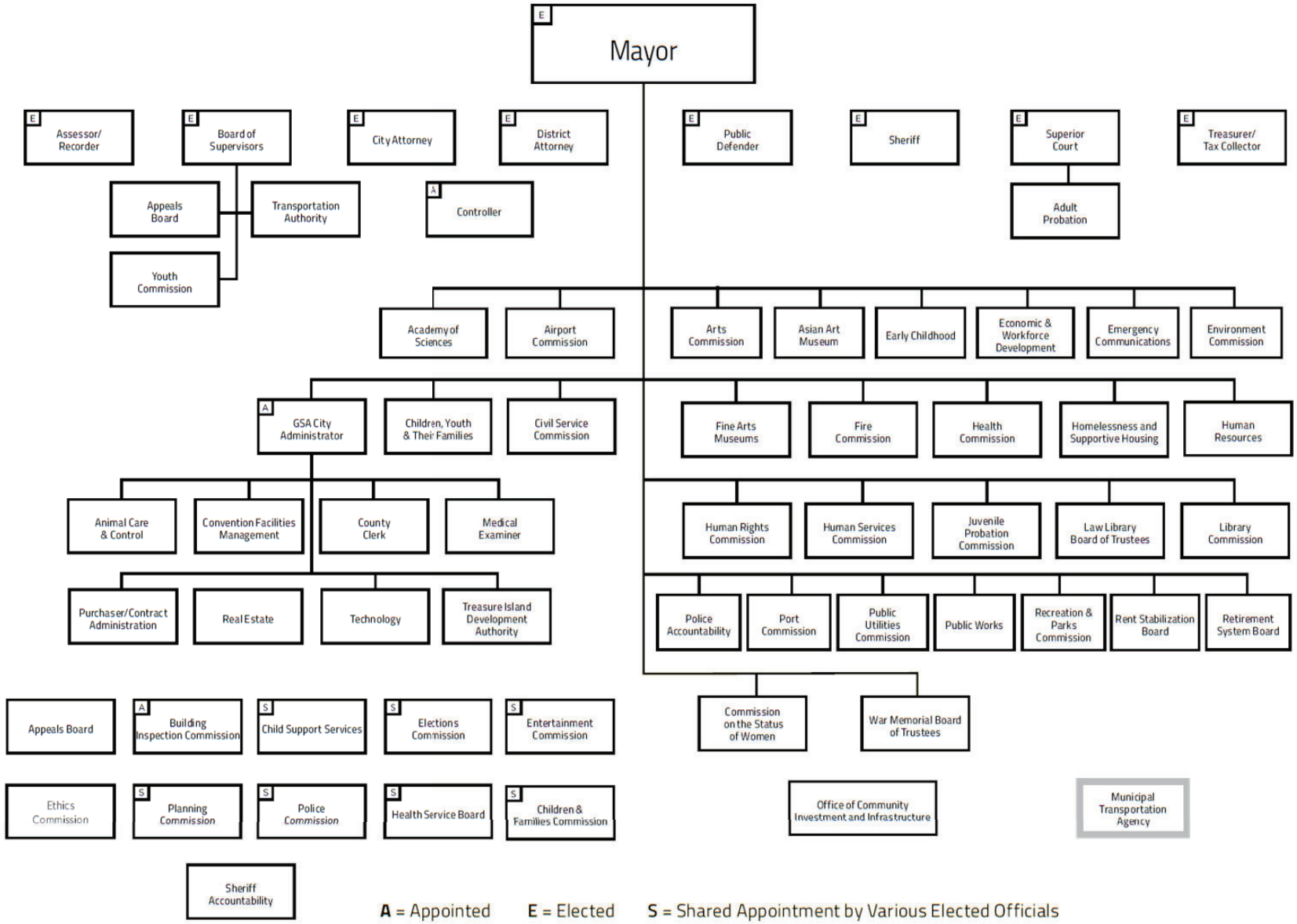
June 30, 2024

Christopher P. Morrill

Executive Director/CEO

CITY AND COUNTY OF SAN FRANCISCO

Organization Chart
As of June 30, 2025



CITY AND COUNTY OF SAN FRANCISCO

List of Principal Officials
As of June 30, 2025

ELECTED OFFICIALS

Mayor	Daniel Lurie
Board of Supervisors:	
President	Rafael Mandelman
Supervisor	Connie Chan
Supervisor	Chyanne Chen
Supervisor	Matt Dorsey
Supervisor	Joel Engardio
Supervisor	Jackie Fielder
Supervisor	Bilal Mahmood
Supervisor	Myrna Melgar
Supervisor	Danny Sauter
Supervisor	Stephen Sherrill
Supervisor	Shamann Walton
Assessor/Recorder	Joaquín Torres
City Attorney	David Chiu
District Attorney	Brooke Jenkins
Public Defender	Manohar Raju
Sheriff	Paul Miyamoto
Superior Courts	
Presiding Judge	Judge Rochelle C. East
Treasurer	José Cisneros

APPOINTED OFFICIALS

City Administrator	Carmen Chu
Controller	Greg Wagner

DEPARTMENT DIRECTORS/ADMINISTRATORS

Airport	Mike Nakornkhet
Appeals Board	Julie Lamarre
Arts Commission	Ralph Remington
Asian Art Museum	Soyoung Lee
Board of Supervisors	Angela Calvillo
Assessment Appeals Board	Alistair Gibson
County Transportation Authority	Tilly Chang
Building Inspection	Patrick O'Riordan
California Academy of Sciences	Scott D. Sampson
Child Support Services	Karen M. Roye
Children, Youth and Their Families	Sherrice Dorsey-Smith
Civil Service	Sandra Eng
Early Childhood	Ingrid Mezquita
Economic and Workforce Development	Anne Taupier
Elections	John Arntz
Emergency Management	Mary Ellen Carroll
Entertainment	Maggie Weiland
Environment	Tyrone Jue
Ethics	Patrick Ford
Fine Arts Museums	Thomas P. Campbell

CITY AND COUNTY OF SAN FRANCISCO

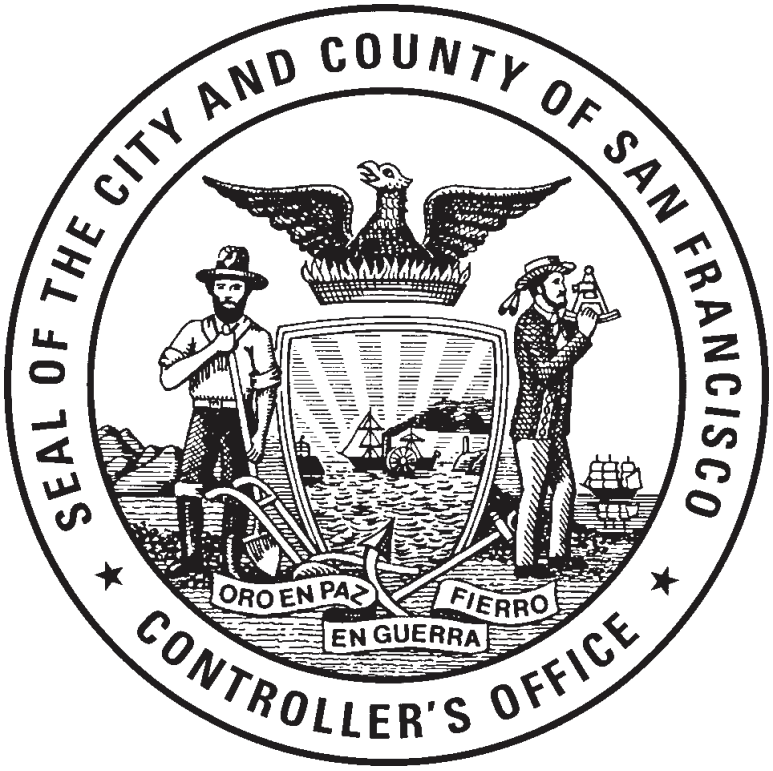
List of Principal Officials
As of June 30, 2025

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

mgo. | Certified Public Accountants

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/ Fund Balances	Revenues/ 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.

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.

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.

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

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The following table summarizes the major features of the financial statements. The overview section below also describes the structure and contents of each of the statements in more detail.

	Government - wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the City for basic governmental services	The day-to-day operating activities of the City for business-type enterprises	Instances in which the City administers resources on behalf of others, such as employee benefits
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of balance information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Balances of spendable resources	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	All resources held in a trustee or custodial capacity for others
Type of inflow and outflow information	All inflows and outflows during year, regardless of when cash is received or paid	Near-term inflows and outflows of spendable resources	All inflows and outflows during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public protection, public works, transportation and commerce, human welfare and neighborhood development, community health, culture and recreation, general administration and finance, 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.

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.

Combining Statements and Schedules

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

Condensed Statement of Net Position
(in thousands)

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 11,025,968	$ 10,071,536	$ 10,470,295	$ 9,166,236	$ 21,496,263	$ 19,237,772
Capital assets	8,206,965	8,066,041	28,291,413	26,518,571	36,498,378	34,584,612
Total assets	19,232,933	18,137,577	38,761,708	35,684,807	57,994,641	53,822,384
Deferred outflows of resources:	1,775,316	1,754,934	1,425,862	1,407,646	3,201,178	3,162,580
Liabilities:						
Current liabilities	4,212,564	3,468,324	2,748,037	2,547,818	6,960,601	6,016,142
Noncurrent liabilities	10,476,345	9,848,431	26,478,660	24,077,838	36,955,005	33,926,269
Total liabilities	14,688,909	13,316,755	29,226,697	26,625,656	43,915,606	39,942,411
Deferred inflows of resources:	625,675	761,760	1,897,790	2,060,255	2,523,465	2,822,015
Net position:						
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) *	(2,516,580)	(2,097,259)	650,222	365,498	(1,202,017)	(1,294,744)
Total net position	$ 5,693,665	$ 5,813,996	$ 9,063,083	$ 8,406,542	$ 14,756,748	$ 14,220,538

* 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

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)

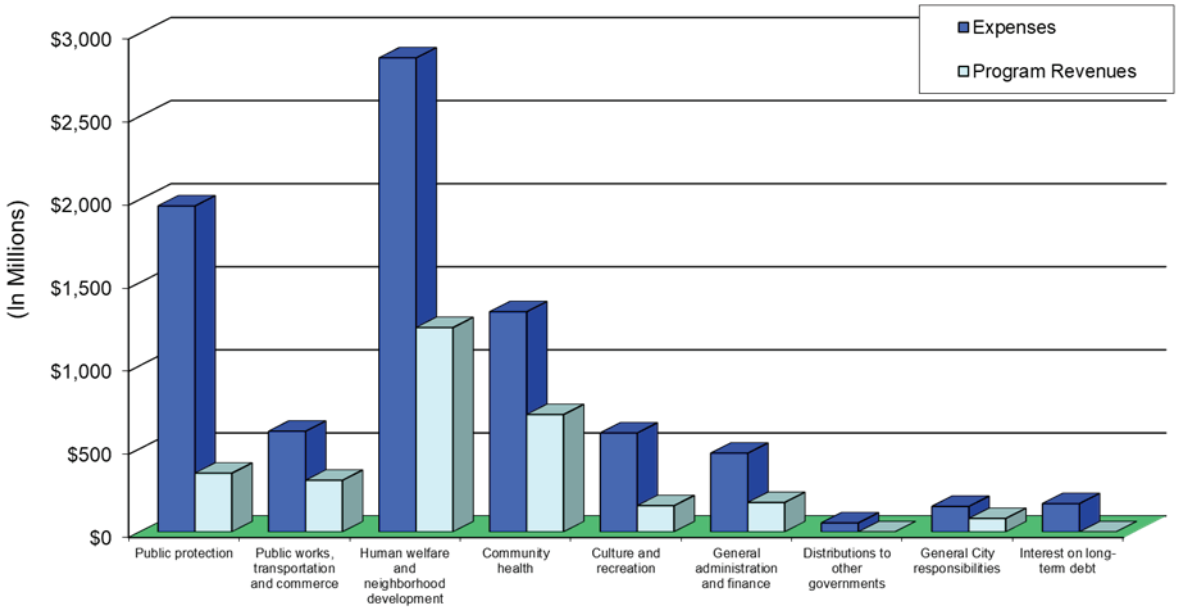
	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 932,757	$ 1,178,918	$ 5,148,344	$ 4,865,739	$ 6,081,101	$ 6,044,657
Operating grants and contributions	1,949,723	1,867,598	561,185	535,623	2,510,908	2,403,221
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	9,454,074	9,418,198	6,866,739	6,316,478	16,320,813	15,734,676
Expenses						
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	595,032	590,549	-	-	595,032	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	8,189,336	8,205,748	7,091,480	6,709,585	15,280,816	14,915,333
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	204,898	291,450	835,099	527,893	1,039,997	819,343
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	5,488,767	5,522,546	8,227,984	7,878,649	13,716,751	13,401,195
Net position at end of year	$ 5,693,665	$ 5,813,996	$ 9,063,083	$ 8,406,542	$ 14,756,748	$ 14,220,538

Analysis of Changes in Net Position

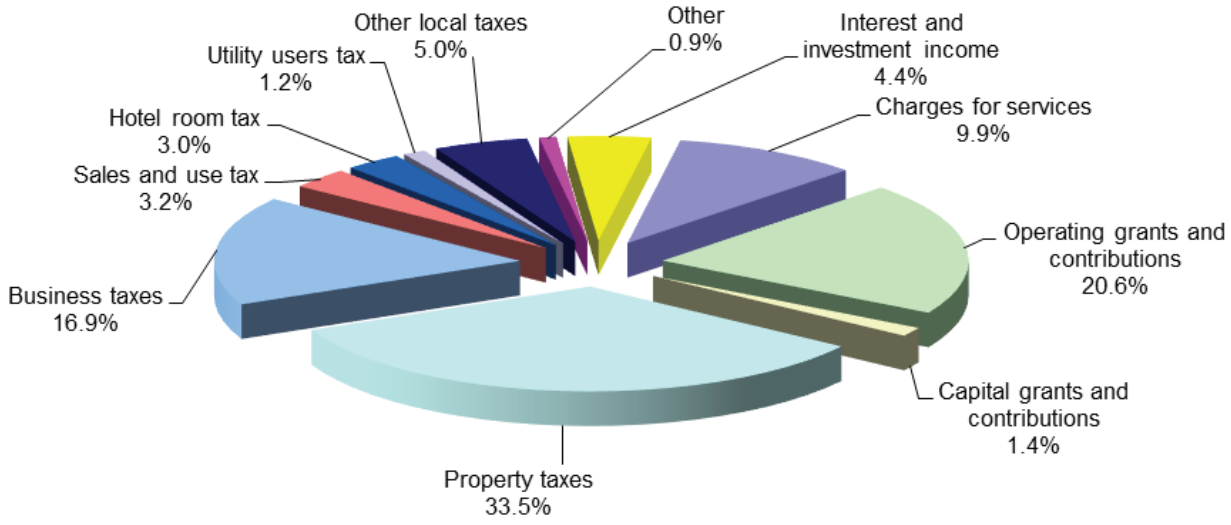
The City's change in net position was $1.04 billion in fiscal year 2024-25, a 26.9 percent increase from the prior fiscal year before the cumulative effect of $503.8 million for the adoption of GASB Statement No. 101 effective July 1, 2024, as noted above. The increase in the change in net position was due to increases of $307.2 million from business-type activities and offset by the decreases of $86.6 million from governmental activities.

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.

Expenses and Program Revenues - Governmental Activities



Revenues By Source - Governmental Activities



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.

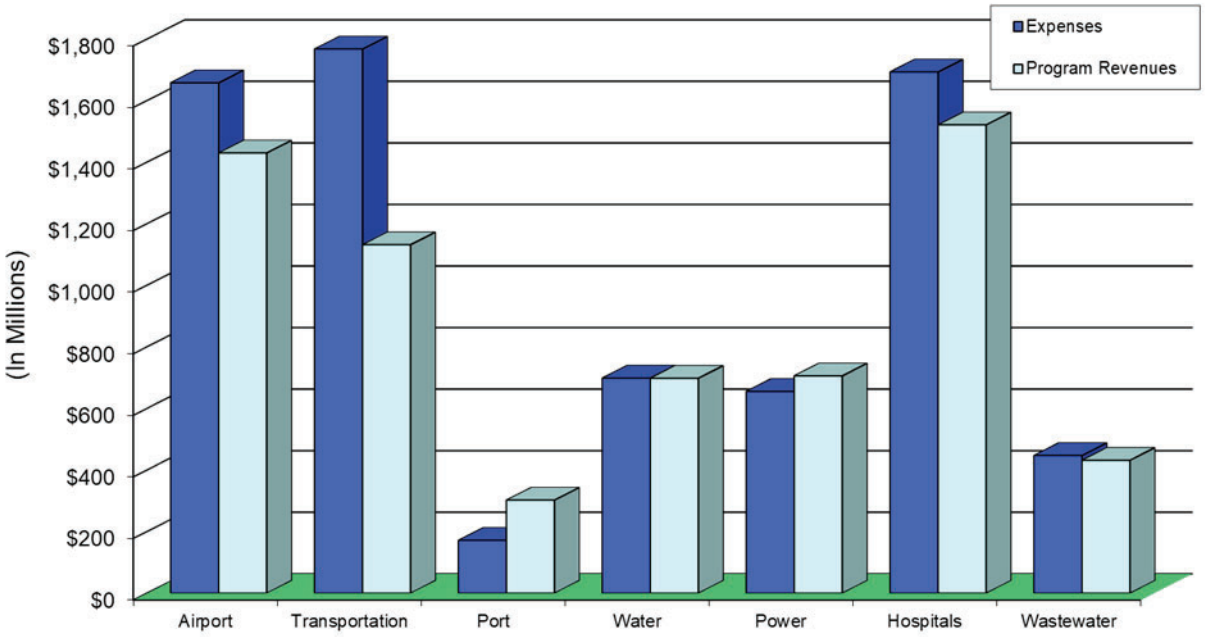
Net transfers from governmental activities to business-type activities were $1,059.8 million, a $138.8 million or 15.1 percent increase from the prior year. The increase primarily attributable to transfers of bond proceeds from issuance of General Obligation Bonds Embarcadero Seawall Earthquake Safety 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

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.

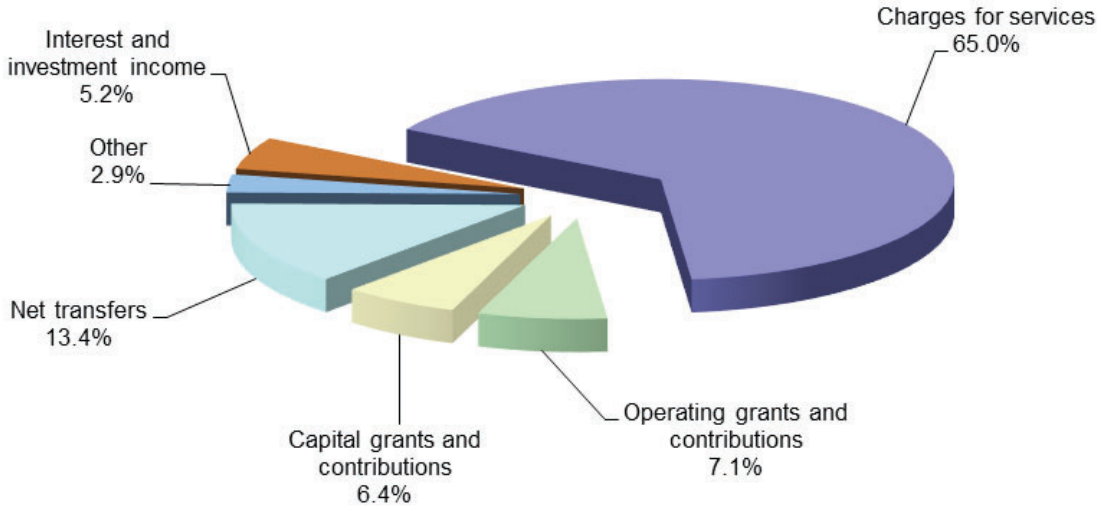
Total governmental expenses slightly reduced by $16.4 million or 0.2 percent, primarily attributed to lower city loan issuance and related allowance of $254.9 million brought about by the timing of one-time sources and increasing costs for non-profit developers. Spending funded by various Affordable 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.

Expenses and Program Revenues - Business-Type Activities



Revenues and Transfers By Source - Business-type Activities



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

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 hydrogeneration 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.

- 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

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.

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

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 Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating Revenues (Expenses)	Capital Contributions	Interfund Transfers, Net	Change In Net Position
Airport	$ 1,369,248	$ 1,146,671	$ 222,577	$ (172,375)	$ 60,776	$ (58,489)	$ 52,489
Water	678,637	495,463	183,174	(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	431,191	292,481	138,710	(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	$ 512,414	$ 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 Francsico 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.

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 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

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.

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 Franciso 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.

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.

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

San Francisco Water Enterprise
Hetch Hetchy Water and Power
San Francisco Wastewater Enterprise
Chief Financial Officer
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

Municipal Transportation Agency
SFMTA Chief Financial Officer
1 South Van Ness Avenue, 7th Floor
San Francisco, CA 94103

Zuckerberg San Francisco
General Hospital and Trauma Center
Chief Financial Officer
1001 Potrero Avenue, Suite 2A5
San Francisco, CA 94110

Successor Agency to the
San Francisco Redevelopment Agency
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

San Francisco County Transportation Authority
Deputy Director for Administration and Finance
1455 Market Street, 22nd Floor
San Francisco, CA 94103

Port of San Francisco
Public Information Officer
Pier 1, The Embarcadero
San Francisco, CA 94111

Laguna Honda Hospital
Chief Financial Officer
375 Laguna Honda Blvd.
San Francisco, CA 94116

Health Service System
Chief Financial Officer
1145 Market Street, Suite 300
San Francisco, CA 94103

San Francisco
Employees' Retirement System
Executive Director
1145 Market Street, 5th Floor
San Francisco, CA 94103

Retiree Health Care Trust
c/o Employees' Retirement System
1145 Market Street, 5th Floor
San Francisco, CA 94103

San Francisco Finance Corporation
Office of Public Finance
City Hall, Room 338
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position

June 30, 2025

(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
ASSETS				
Current assets:				
Deposits and investments with City Treasury	$ 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.	1,814,522	6,441,713	8,256,235	34,846
Facilities, infrastructure and equipment, net of depreciation/amortization	6,392,443	21,849,700	28,242,143	82,153
Total capital assets	8,206,965	28,291,413	36,498,378	116,999
Total noncurrent assets	8,826,870	31,978,023	40,804,893	134,394
Total assets	19,232,933	38,761,708	57,994,641	168,936
DEFERRED OUTFLOWS OF RESOURCES				
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	$ 8

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
	Governmental Activities	Business-Type Activities	Total	Treasure Island Development Authority
LIABILITIES				
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
DEFERRED INFLOWS OF RESOURCES				
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
NET POSITION				
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	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Treasure Island Development Authority
Primary government:								
Governmental activities:								
Public protection	$ 1,961,323	$ 115,553	$ 237,536	$ 40	$ (1,608,194)	$ -	$ (1,608,194)	$ -
Public works, transportation and commerce	605,508	134,280	95,097	80,868	(295,263)	-	(295,263)	-
Human welfare and 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 finance	473,461	164,336	10,423	1,872	(296,830)	-	(296,830)	-
Distributions to other 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 debt and cost of issuance	169,938	-	-	-	(169,938)	-	(169,938)	-
Total governmental 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 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)	(6,045,992)	-
Component unit:								
Treasure Island Development 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)
Other					84,604	233,225	317,829	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
Change in net position					204,898	835,099	1,039,997	(7,450)
Net position at beginning of year, as previously reported					5,813,996	8,406,542	14,220,538	111,557
Cumulative effect of accounting change					(325,229)	(178,558)	(503,787)	-
Net position at beginning of year, as restated					5,488,767	8,227,984	13,716,751	111,557
Net position at end of year					$ 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

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	$ 5,693,665

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 Governmental Funds	Total Governmental 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	6,619,395	2,741,362	9,360,757
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	5,443,711	3,411,564	8,855,275
Excess (deficiency) of revenues over (under) expenditures	1,175,684	(670,202)	505,482
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)	(1,122,065)	1,022,378	(99,687)
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	$ 2,617,229	$ 3,967,271	$ 6,584,500

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

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Net Position - Proprietary Funds

June 30, 2025

(In Thousands)

	Business-Type Activities - Enterprise Funds									
	Major Funds									
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total	Governmental Activities - Internal Service Funds
ASSETS										
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	$ 80,558
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	78
Interest and other	15,852	11,824	5,193	12,735	271,663	3,619	12,259	804	333,949	261
Leases	129,322	2,752	-	12,111	333	241	41,516	122	186,397	14,335
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	28,467	4,138	11	-	83,614	5,282	40,015	364,965	4,186
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	99,418
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	46,155
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	7,439	-	-	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	239
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	57,939
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	58,178
Total noncurrent assets	9,724,818	6,231,599	1,193,989	6,338,396	181,191	6,721,606	1,067,332	519,092	31,978,023	104,333
Total assets	12,134,766	6,857,992	1,866,896	7,493,083	707,095	7,298,427	1,748,569	752,753	38,859,581	203,751
DEFERRED OUTFLOWS OF RESOURCES										
Unamortized loss on refunding of debt	16,871	82,711	-	674	-	-	130	-	100,386	417
Pensions	141,401	98,819	30,386	334,413	218,918	44,997	19,722	84,110	972,766	25,887
OPEB	59,162	27,309	7,760	126,004	81,592	11,099	7,154	32,630	352,710	9,166
Total deferred outflows of resources	217,434	208,839	38,146	461,091	300,510	56,096	27,006	116,740	1,425,862	35,470

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									
	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	Governmental Activities - Internal Service Funds
LIABILITIES										
Current liabilities:										
Accounts payable	$ 100,148	$ 21,230	$ 50,272	$ 71,293	$ 44,520	$ 21,325	$ 12,685	$ 5,272	$ 326,745	$ 10,605
Accrued payroll	27,460	15,784	6,622	63,659	49,028	9,782	3,506	16,448	192,289	4,792
Compensated absences	32,796	17,393	8,384	70,525	52,520	14,531	4,064	18,158	218,371	6,175
Accrued workers' compensation	3,670	2,365	667	37,641	7,558	1,602	961	4,340	58,804	303
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	107
Accrued interest payable	-	37,030	2,854	5,782	101	42,174	1,197	470	89,608	1,122
Bonds, loans, leases, and other payables	159,766	164,607	174,141	23,527	6,703	48,085	5,014	7,473	589,316	37,490
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	60,594
Noncurrent liabilities:										
Compensated absences	29,474	14,670	7,615	42,985	20,540	12,726	3,676	6,913	138,599	6,752
Accrued workers' compensation	12,662	9,936	2,816	155,200	36,936	7,299	3,242	21,101	249,192	1,271
Estimated claims payable	5,596	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	126,093	48,106	22,514,221	66,467
Net pension liability	229,504	166,978	49,980	556,813	367,506	74,339	32,037	136,935	1,614,092	43,038
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	49,060
Total noncurrent liabilities	11,040,561	5,817,484	423,945	2,009,701	815,546	5,713,206	291,883	366,334	26,478,660	166,588
Total liabilities	11,902,644	6,170,915	739,791	2,397,463	1,306,873	5,974,764	345,844	486,276	29,324,570	227,182
DEFERRED INFLOWS OF RESOURCES										
Unamortized gain on refunding of debt	39,916	49,499	-	-	-	15,217	-	767	105,399	124
Pensions	8,498	7,050	2,659	16,768	12,458	2,172	1,341	4,935	55,881	2,020
OPEB	29,386	23,394	8,030	104,932	64,663	6,477	3,927	16,146	256,955	8,340
Leases	906,469	33,235	-	71,345	7,005	954	459,734	813	1,479,555	6,234
Total deferred inflows of resources	984,269	113,178	10,689	193,045	84,126	24,820	465,002	22,661	1,897,790	16,718
NET POSITION										
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	12,221
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	1,538,698	-
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	(16,900)
Total net position	$ (534,713)	$ 782,738	$ 1,154,562	$ 5,363,666	$ (383,394)	$ 1,354,939	$ 964,729	$ 360,556	$ 9,063,083	$ (4,679)

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

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									
	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	Governmental Activities - Internal Service Funds
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	-	-	-	-	1,159,026	-	-	237,424	1,396,450	-
Sewer service	-	-	-	-	-	427,493	-	-	427,493	-
Rents and concessions	208,571	7,354	329	12,281	3,071	875	96,926	-	329,407	529
Parking and transportation	205,262	-	-	200,912	-	-	22,555	-	428,729	-
Other charges for services	-	-	-	33,138	-	-	-	-	33,138	207,079
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	394,837	1,180,138	431,191	133,015	259,808	5,148,344	207,608
Operating expenses:										
Personnel services	388,763	175,770	90,248	1,101,263	768,879	128,217	54,559	262,380	2,970,079	82,352
Contractual services	134,010	17,587	23,961	191,959	328,616	24,527	17,451	19,629	757,740	53,967
Light, heat and power	30,090	-	420,946	-	-	-	3,701	-	454,737	-
Materials and supplies	18,700	23,170	4,648	78,577	180,277	15,673	1,655	22,928	345,628	18,823
Depreciation and amortization	414,926	159,900	28,397	288,340	17,329	86,476	32,192	12,778	1,040,338	29,013
General and administrative	6,726	33,427	53,510	5,954	2,153	(6,625)	3,310	-	98,455	478
Services provided by other departments	33,347	85,609	14,020	105,861	58,269	44,213	34,774	16,672	392,765	21,525
Other	120,109	-	-	(25,670)	1,330	-	2,891	-	98,660	1,518
Total operating expenses	1,146,671	495,463	635,730	1,746,284	1,356,853	292,481	150,533	334,387	6,158,402	207,676
Operating income (loss)	222,577	183,174	65,740	(1,351,447)	(176,715)	138,710	(17,518)	(74,579)	(1,010,058)	(68)
Nonoperating revenues (expenses):										
Operating grants:										
Federal	-	1,712	309	164,133	9,621	447	3,054	2,798	182,074	68
State / 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	44,065	36,778	4,104	411,571	4,156
Interest expense	(399,390)	(201,152)	(16,034)	(17,015)	(610)	(154,566)	(4,218)	(1,365)	(794,350)	(2,986)
Other nonoperating revenues	129,746	26,646	6,492	627	-	4,084	53,399	12,231	233,225	1,005
Other nonoperating expenses	(111,784)	(1,898)	(3,714)	(4,261)	-	(225)	(16,846)	-	(138,728)	-
Total nonoperating revenues (expenses)	(172,375)	(145,078)	17,302	488,471	88,373	(106,080)	84,522	17,768	272,903	2,243
Income (loss) before capital contributions and transfers	50,202	38,096	83,042	(862,976)	(88,342)	32,630	67,004	(56,811)	(737,155)	2,175
Capital contributions	60,776	17,436	4,032	276,034	-	145	153,991	-	512,414	-
Transfers in	-	41,215	47,084	685,153	142,800	-	119,626	164,824	1,200,702	-
Transfers out	(58,489)	(47,115)	(3,532)	-	(9,981)	(1,472)	(32)	(20,241)	(140,862)	(3,020)
Change in net position	52,489	49,632	130,626	98,211	44,477	31,303	340,589	87,772	835,099	(845)
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	2,520
Cumulative effect of accounting change	(34,718)	(16,542)	(7,713)	(53,856)	(34,767)	(13,803)	(3,742)	(13,417)	(178,558)	(6,354)
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	(3,834)
Net position (deficit) at end of year	$ (534,713)	$ 782,738	$ 1,154,562	$ 5,363,666	$ (383,394)	$ 1,354,939	$ 964,729	$ 360,556	$ 9,063,083	$ (4,679)

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2025

(In Thousands)

	Business-Type Activities - Enterprise Funds									
	Major Funds									
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total	Governmental Activities - Internal Service Funds
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	$ 4,948,528	$ 222,342
Cash received from tenants for rent	-	3,240	310	2,412	1,614	829	46,910	-	55,315	-
Cash paid for employees' services	(393,881)	(156,968)	(87,615)	(1,018,785)	(760,684)	(116,892)	(52,748)	(261,045)	(2,848,618)	(74,129)
Cash paid to suppliers for goods and services	(379,523)	(164,876)	(510,913)	(440,248)	(567,195)	(105,702)	(61,361)	(60,892)	(2,290,710)	(96,415)
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	396,582	104,110	(1,024,870)	(180,484)	206,952	(34,648)	(78,207)	(166,110)	51,798
Cash flows from noncapital financing activities:										
Operating grants	-	1,595	247	535,553	79,057	591	1,772	3,324	622,139	68
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)	(3,020)
Insurance proceeds and miscellaneous receipts	11,105	-	345	1,882	-	-	51,849	-	65,181	-
Non-capitalizable project costs	(109,456)	(39,208)	-	-	-	(1,459)	(4,652)	-	(154,775)	-
Net cash provided by (used in) noncapital financing activities	(156,840)	(43,513)	(2,940)	1,176,167	211,876	(2,340)	48,937	68,276	1,299,623	(2,952)
Cash flows from capital and related financing activities:										
Capital grants and other proceeds restricted for capital purposes	66,858	-	-	310,709	-	-	516	12,233	390,316	-
Transfers in	-	-	47,084	46,421	-	-	119,626	79,631	292,762	-
Bond sale proceeds and loans received	699,792	241,359	37,720	-	-	1,266,912	-	-	2,245,783	-
Proceeds from sale/transfer of capital assets	-	1,701	40	48	-	14	1	-	1,804	-
Proceeds from commercial paper borrowings	375,000	142,400	78,679	-	-	648	-	-	596,727	-
Proceeds from passenger facility charges	122,912	-	-	-	-	-	-	-	122,912	-
Acquisition of capital assets	(759,451)	(325,639)	(102,692)	(420,320)	(40,511)	(914,791)	(25,840)	(47,228)	(2,636,472)	(2,691)
Retirement of leases, subscriptions, bonds and loans	(211,686)	(141,542)	(4,062)	(23,658)	(2,183)	(41,899)	(4,703)	(6,817)	(436,550)	(43,276)
Bond issue costs paid	-	(5,035)	-	-	-	(3,291)	-	-	(8,326)	-
Interest paid on debt	(441,643)	(215,784)	(17,567)	(18,159)	(595)	(149,899)	(4,481)	(2,480)	(850,608)	(3,047)
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	502
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	8,557	(275,670)	39,622	(91,830)	(42,735)	160,098	130,707	35,472	(35,779)	(48,512)
Cash flows from investing activities:										
Purchases of investments with trustees	(1,089,375)	(1,560,899)	(23,093)	-	-	(1,463,839)	-	-	(4,137,206)	-
Proceeds from sale of investments with trustees	965,338	1,626,714	29,850	-	-	1,476,445	-	-	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	31
Other investing activities	-	-	-	-	-	-	-	-	-	3,020
Net cash provided by investing activities	32,637	87,554	28,110	46,416	10,309	45,995	24,266	4,246	279,533	3,051
Net increase (decrease) in cash and cash equivalents	328,809	164,953	168,902	105,883	(1,034)	410,705	169,262	29,787	1,377,267	3,385
Cash and cash equivalents-beginning of year	2,275,559	495,492	516,042	866,418	186,319	479,099	436,650	93,440	5,349,019	81,359
Cash and cash equivalents-end of year	$ 2,604,368	$ 660,445	$ 684,944	$ 972,301	$ 185,285	$ 889,804	$ 605,912	$ 123,227	$ 6,726,286	$ 84,744

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Cash Flows – Proprietary Funds (Continued)

Year Ended June 30, 2025

(In Thousands)

	Business-Type Activities - Enterprise Funds									
	Major Funds									
	San Francisco International Airport	San Francisco Water Enterprise	Hetch Hetchy Water and Power	Municipal Transportation Agency	General Hospital Medical Center	San Francisco Wastewater Enterprise	Port of San Francisco	Laguna Honda Hospital	Total	Governmental Activities - Internal Service Funds
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)	$ (74,579)	$ (1,010,058)	$ (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	29,013
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)	(939)	(249)	(51,143)	(128)	(204,377)	(433)
Other	(220)	2,874	4,504	-	-	7,679	-	-	14,837	401
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)	13,021
Due from other funds	-	(5)	1,405	-	-	-	(3,281)	(26,949)	(28,830)	-
Inventories	52	258	(215)	(9,021)	(3,598)	(395)	(76)	(84)	(13,079)	-
Other assets	(10,852)	-	(609)	66	-	-	(285)	-	(11,680)	-
Accounts payable	2,418	(4,123)	6,835	(3,088)	6,530	2,484	3,410	(585)	13,881	158
Accrued payroll	5,139	2,340	1,263	7,301	7,487	1,663	667	2,288	28,148	895
Compensated absences	2,622	1,518	1,069	3,087	2,803	1,365	623	534	13,621	618
Accrued workers' compensation	2,232	1,299	(150)	12,749	2,300	(111)	756	1,618	20,693	196
Estimated claims payable	-	(7,824)	(3,118)	(20,749)	-	(35,982)	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	1,482
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	2,434
Net OPEB liability and OPEB related deferred outflows and inflows of resources	(23,527)	7,399	(95)	42,853	(2,691)	3,677	(1,000)	(1,421)	25,195	4,081
Total adjustments	221,878	213,408	38,370	326,577	(3,769)	68,242	(17,130)	(3,628)	843,948	51,866
Net cash provided by (used in) operating activities	$ 444,455	$ 396,582	$ 104,110	$ (1,024,870)	$ (180,484)	$ 206,952	$ (34,648)	$ (78,207)	$ (166,110)	$ 51,798
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	$ 80,558
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	987,429	85,898	7,970	2,416	33,560	119,128	5,282	40,015	1,281,698	4,186
Total deposits and investments	3,586,618	659,823	687,237	972,301	185,285	914,722	606,112	123,227	7,735,325	84,744
Adjustments: Investments outside City Treasury not meeting the definition of cash equivalents and fair value adjustments	(982,250)	622	(2,293)	-	-	(24,918)	(200)	-	(1,009,039)	-
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	$ 84,744
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	$ 40,164
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	-	-	-	-	-	-	11,853	-

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

CITY AND COUNTY OF SAN FRANCISCO

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025
(In Thousands)

	Pension, Other Employee and Other Post-Employment Benefit Trust Funds	Private-Purpose Trust Fund	Custodial Funds: External Investment Pool	Custodial Funds: Other Custodial Funds
Assets:				
Deposits and investments with City Treasury	$ 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	-	-	-
Receivables:				
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	-	-
Restricted assets:				
Deposits and investments outside City Treasury	-	233,995	-	23,396
Capital assets:				
Land and other assets not being depreciated	-	552	-	-
Total assets	40,382,093	377,984	1,629,140	1,669,567
Deferred outflows of resources:				
Unamortized loss on refunding of debt	-	28,814	-	-
Pensions	-	10,068	-	-
OPEB	2,366	1,309	-	-
Total deferred outflows of resources	2,366	40,191	-	-
Liabilities:				
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	-	-	-
Total liabilities	1,289,620	930,849	35	364,703
Deferred inflows of resources:				
Pensions	-	2,038	-	-
OPEB	2,434	212	-	-
Total deferred inflows of resources	2,434	2,250	-	-
Net position restricted for:				
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
Total net position	$ 39,092,405	$ (514,924)	$ 1,629,105	$ 1,304,864

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, Other Employee and Other Post-Employment Benefit Trust Funds	Private-Purpose Trust Fund	Custodial Funds	
			External Investment Pool	Other Custodial Funds
Additions:				
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	-
Total contributions	2,783,845	132,413	3,074,725	5,659,056
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	-	-	-
Total investment income	3,175,812	17,841	86,423	84,704
Less investment expenses:				
Other investment expenses	(80,224)	-	-	-
Net investment income	3,095,588	17,841	86,423	84,704
Custodial additions	-	-	-	128,888
Other additions	-	4,016	-	-
Total additions, net	5,879,433	154,270	3,161,148	5,872,648
Deductions:				
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	-	-
Total deductions	3,581,949	209,376	3,265,792	5,832,628
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	$ 39,092,405	$ (514,924)	$ 1,629,105	$ 1,304,864

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

(1) The Financial Reporting Entity

San Francisco is a city and county chartered by the State of California and as such can exercise the powers as both a city and a county under state law. As required by generally accepted accounting principles, the accompanying financial statements present the City and County of San Francisco (the City or primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationships with the City.

As a government agency, the City is exempt from both federal income taxes and California State franchise taxes.

Blended Component Units

Following is a description of those legally separate component units for which the City is financially accountable that are blended with the primary government because of their individual governance or financial relationships to the City.

San Francisco County Transportation Authority (Transportation Authority) – The voters of the City created the Transportation Authority in 1989 to impose voter-approved sales and use tax of one-half of one percent, for a period not to exceed 20 years, to fund essential traffic and transportation projects. In 2003, the voters approved Proposition K, extending the city-wide one-half of one percent sales tax with a new 30-year plan. A board consisting of the eleven members of the City's Board of Supervisors serving ex officio governs the Transportation Authority. The Transportation Authority is reported in a special revenue fund in the City's basic financial statements. Financial statements for the Transportation Authority can be obtained from their finance and administrative offices at 1455 Market Street, 22nd Floor, San Francisco, CA 94103.

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 administrate 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 administrate 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.

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, 7th 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

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, 5th Floor, San Francisco, CA 94103.

Community Facilities Districts and Special Tax Districts – A community facilities district (CFD) is a legally constituted governmental entity formed under the State's Mello-Roos law and with approval of the Board of Supervisors. A special tax district (STD) is established pursuant to the San Francisco Special Tax Financing Law, which incorporates the Mello-Roos law. Several CFDs and STDs 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 administrate the CFD or STD. CFDs and STDs are fiduciary component units of the City because assets are held by the City for the benefit of the CFD or STD. The combined activities of all CFDs and STDs are presented as a custodial fund. Separate financial statements are not prepared for CFDs and STDs. Further information can be obtained from their administrative offices at City Hall, Room 338, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Non-Disclosed Organizations

There are other governmental agencies that provide services within the City. These entities have independent governing boards and the City is not financially accountable for them. The City's basic financial statements, except for certain cash held by the City as an agent, do not reflect operations of the San Francisco Airport Improvement Corporation, San Francisco Health Authority, San Francisco Housing Authority, San Francisco Unified School District and San Francisco Community College District. The City is represented in two regional agencies, the Bay Area Rapid Transit District and the Bay Area Air Quality Management District, both of which are also excluded from the City's reporting entity.

(2) Summary of Significant Accounting Policies

(a) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on 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.

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.

- 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.

(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.

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.

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

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.

- *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.

(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).

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.

(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 Governmental Funds	Long-term Assets, Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Statement of Net Position Totals
Assets					
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
Deferred outflows of resources					
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
Liabilities					
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
Deferred inflows of resources					
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
Fund balances/ net position					
Total fund balances/ net position	$ 6,584,500	$ (832,174)	$ (58,661)	$ -	$ 5,693,665

(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	(3,752,426)
	$ 8,148,787

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	(5,203,521)
	$(6,456,558)

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	(126,322)
	$(1,332,208)

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	(280,074)
	$(2,043,567)

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	(10,311)
	$ 990,888

(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	99
	$ (58,661)

(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 Governmental Funds	Long-term Revenues/ Expenses (3)	Capital-related Items (4)	Internal Service Funds (5)	Long-term Debt Transactions (6)	Statement of Activities Totals
Revenues						
Property taxes	$ 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	9,360,757	58,027	335	3,630	-	9,422,749
Expenditures/ Expenses						
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	8,855,275	(43,776)	(97,942)	(12,170)	(512,051)	8,189,336
Excess (deficiency) of revenues over (under) expenditures	505,482	101,803	98,277	15,800	512,051	1,233,413
Other financing sources (uses) / changes in net position						
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)	(99,687)	-	-	(3,020)	(957,133)	(1,059,840)
Capital contributions	-	-	31,325	-	-	31,325
Net change for the year	$ 405,795	$ 101,803	$ 129,602	$ 12,780	$ (445,082)	$ 204,898

(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	$ 129,602

(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

(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
	476,193

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)
	(921,227)
	$ (445,034)

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)
	$ 35,858

(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 As Previously Reported	Changes in Accounting Principle	June 30, 2024 As Restated
Government-Wide			
Governmental Activities	$ 5,813,996	$(325,229)	$ 5,488,767
Business-Type Activities	8,406,542	(178,558)	8,227,984
Total Primary Government	**14,220,538**	**(503,787)**	**13,716,751**
Fiduciary Funds			
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.

(5) Deposits and Investments

(a) Cash, Deposits and Investments Presentation

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

	Primary Government			
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Deposits and investments with City Treasury	$ 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
Total deposits and investments	$ 9,032,286	$ 7,735,325	$ 43,428,752	$ 60,196,363
Cash and deposits				$ 96,217
Investments				60,100,146
Total deposits and investments				$ 60,196,363

(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.

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasuries	5 years	100%	100%
Federal Agencies	5 years	100%	100%
State and Local Government Agency Obligations**	5 years	20% *	5% *
Public Time Deposits	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
Supranationals	5 years	30%	None
State of California Local Agency Investment Fund (LAIF)	N/A	Statutory	None

* Represents restriction on which the City's investment policy is more restrictive than the California Government Code.
** 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.

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:

Asset Class	Target Allocation effective as of July 2024
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%
	100.00%

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.

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:

	Target Allocation Since February 13, 2023	
Asset Class	**City and County of San Francisco Sub-Trust**	**Community College District Sub-Trust**
Equities		
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%
Credit		
High Yield Bonds	3.0%	3.0%
Bank Loans	3.0%	3.0%
Emerging Market Bonds	-	3.0%
Rate Sensitive		
Short-Term Treasury Inflation-Protected Securities (TIPS)	5.0%	3.0%
Investment Grade Bonds	7.0%	15.0%
Long-Term Government Bonds	-	5.0%
Private Markets		
Private Equity	10.0%	-
Private Credit	5.0%	-
Core Private Real Estate	5.0%	-
Private Infrastructure	2.0%	-
Risk Mitigating Strategies		
Global Macro	10.0%	-
	100.0%	100.0%

(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 Measurements Using		
	Fair Value 6/30/2025		Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Primary Government:					
Investments in City Treasury:					
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	18,261,367		$ -	$ 15,425,947	$ -
Investments Outside City Treasury:					
(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	2,014,681		$ 753,538	$ 325,105	$ -

* Not subject to fair value hierarchy

(Continued)

	Fair Value 6/30/2025	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Employees' Retirement System Investments				
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	9,957,918	$ 7,826,409	$ 1,830,534	$ 300,975
Investments measured at the net asset value (NAV)				
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	28,337,857			
Subtotal Investments in Employees' Retirement System *	38,295,775			
Retiree Health Care Trust Investments measured at the NAV				
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 *	1,528,323			
Total Investments	**$ 60,100,146**			

* Excludes investments with City Treasury

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.

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.

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:	**$201,097**				
Public equity	227,823	N/A	Annually	60 calendar days	
	1,476,291		Monthly	30 calendar days	
	94,832		Semi-annually*	30 calendar days	
	665,234		Quarterly	45 calendar days	
	87,967		Quarterly	60 calendar days	
	1,151,855		Quarterly	90 calendar days	$554,415 / No lock up $597,440 / Lock up ends fiscal year 2026
	153,420		Semi-annually	60 calendar days	
	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:	**$5,994,725**				
Absolute return	2,012,370	$61,389	Monthly	5-95 days	No lock up
	1,016,738		Quarterly	45-180 days	$653,913 No lock up $176,502 < 1Year $186,323 < 2Years
	507,190		Semi-annually	60-90 days	No lock up
	36,844		N/A	N/A	No lock up
Total:	**$3,573,142**				
Real assets	631,940	1,925,919	Quarterly, subject to available liquidity	90 calendar days	N/A
	4,447,255		Illiquid	N/A	N/A
Total:	**$5,079,195**				
Private credit	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
	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)
	2,313,899		Illiquid	N/A	N/A
Total:	**$3,398,891**				
Private equity	10,088,382	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.

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.

	S&P Rating	Fair Value	Investment Maturities: Less than 1 year	1 to 5 years	5 to 10 years	More than 10 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		18,247,662	$ 10,442,943	$ 7,804,719	$ -	$ -
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		2,014,681	$ 1,339,471	$ 675,210	$ -	$ -
Retiree Health Care Trust Investments		1,531,105				
Employees' Retirement System investments		38,306,698				
Total Investments		**$ 60,100,146**				

As of June 30, 2025, the investments in the City Treasury had a weighted average maturity of 487 days.

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:

Airport:	
Federal Home Loan Bank Discount Notes	13.2%
Freddie Mac Multifamily Structured Pass-Through Certificates	12.6%
Wastewater Enterprise:	
Royal Bank of Canada Commercial Paper	20.8%

(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:

Statement of Net Position	
Net position held in trust for all pool participants	$ 18,271,276
Equity of internal pool participants	$ 15,720,470
Equity of external pool participants	2,550,806
Total equity	$ 18,271,276
Statement of Changes in Net Position	
Net position at July 1, 2024	$ 16,226,987
Net change in investments by pool participants	2,044,289
Net position at June 30, 2025	$ 18,271,276

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
Pooled Investments:				
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
			$ 18,315,583	18,261,367
Carrying amount of deposits with Treasurer				9,909
Total cash and investments with Treasurer				$ 18,271,276

(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	1,530,133
Subtotal debt securities	3,699,761
Total fixed income investments	4,064,578
Equity securities:	
Domestic	9,034,662
International	2,223,225
Total equities securities:	11,257,887
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	847,489
Total Retirement System Investments	$ 38,306,698

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:

		Maturities			
Investment Type	Fair Value	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	$4,063,939	$445,131	$ 1,761,521	$ 1,267,352	$ 589,935

*$640 Credit default swaps are excluded because they are not subject to interest rate risk.

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	$ 1,920,598	100.0%

The securities listed as "Not Rated" include short-term investment funds, government mortgage-backed securities, and investments that invest primarily in rated securities, such as commingled funds and money market funds, but do not themselves have a specific credit rating. Excluding these investments, the "not rated" component of credit would be approximately 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

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	-	-	-	4,820	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	$5,008	$1,340,354	$184,220	$258,213	$541,474	$168,261	$ (71,503)	$2,426,027

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.

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.

		Maturities			
Derivative Type / Contracts	**Fair Value**	**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

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
		$ 245,818	$ 449

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	$ (71,502)	$ -	$ 222	$ 67	$ (71,213)

Contingent Features

At June 30, 2025, the Retirement System held no positions in derivatives containing contingent features.

Securities Lending

The Retirement System lends U.S. government obligations, domestic and international bonds, and equities to various brokers with a simultaneous agreement to return collateral for the same securities plus a fee in the future. The securities lending agent manages the securities lending program and receives securities and cash as collateral. Cash and non-cash collateral is pledged at 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 Loaned Securities	Cash Collateral	Fair Value of Non-Cash Collateral
Securities on Loan for Cash Collateral			
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	-
Securities on Loan for Non-Cash Collateral			
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
	$ 2,222,448	$ 847,211	$ 1,527,047

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.

		Maturities
Investment Type	Fair Value	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 *	$ 847,489	$ 847,489

*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 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	$ 847,489	100.0%

*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	$ 5,079,195

(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 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.

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.

(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.

(7) Capital Assets

Primary Government

Capital asset activity of the primary government for the year ended June 30, 2025, was as follows:

Governmental Activities:	Balance July 1, 2024	Increases [1]	Decreases [1]	Balance June 30, 2025
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	1,705,123	327,030	(217,631)	1,814,522
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 [2]	836,265	116,163	(22,764)	929,664
Intangible assets	160,607	7,475	-	168,082
Total capital assets, being depreciated/amortized	9,854,683	450,475	(23,243)	10,281,915
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 [2]	233,843	115,762	(19,375)	330,230
Intangible assets	66,159	11,882	-	78,041
Total accumulated depreciation/amortization	3,493,765	415,561	(19,854)	3,889,472
Total capital assets, being depreciated/amortized, net	6,360,918	34,914	(3,389)	6,392,443
Governmental activities capital assets, net	$ 8,066,041	$ 361,944	$ (221,020)	$ 8,206,965

(1) The increases and decreases include transfers of categories of capital assets from construction in progress to depreciable categories.
(2) See Note 17 for additional information.

Total Business-type Activities:	Balance July 1, 2024	Increases [1]	Decreases [1]	Balance June 30, 2025
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 [2]	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 [2]	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	$ 26,518,571	$ 3,677,848	$ (1,905,006)	$ 28,291,413

(1) The increases and decreases include transfers of categories of capital assets from construction in progress to depreciable categories.
(2) See Note 17 for additional information.

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

Governmental Activities:		
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 charged to the various functions on a prorated basis		29,013
Total depreciation/amortization expense - governmental activities	$	415,561
Business-type Activities:		
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	$	1,040,338

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.

Component Unit

Capital asset activity of the component unit for the year ended June 30, 2025, was as follows:

Treasure Island Development Authority:	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
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 asssets, 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.

(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, 2024	Additional Obligation	Current Maturities	June 30, 2025
Governmental activities:				
Multiple Capital Projects	$ 33,314	$348,931	$ (338,698)	$ 43,547
Governmental activities short-term obligations	$ 33,314	$348,931	$ (338,698)	$ 43,547
Business-type activities:				
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.

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

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, 2024	Increases	Decreases	June 30, 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		$ -	$ 375,000	$ (375,000)	$ -

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.

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.

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.

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

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.

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 Maturity Date	Remaining Interest Rates	Amount
GENERAL OBLIGATION BONDS [a]:			
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			2,499,230
LEASE REVENUE BONDS:			
San Francisco Finance Corporation [b], [e] & [f]	2030	0.25% - 5.00% *	55,525
SALES TAX REVENUE BONDS			
SFCTA revenue bonds [g]	2034	3.00% - 4.00%	164,515
CERTIFICATES OF PARTICIPATION:			
Certificates of participation [c] & [d]	2050	2.00% - 6.375%	1,342,130
SPECIAL TAX BONDS:			
Development special tax bonds [h]	2052	4.00% - 5.75%	114,240
INCREMENT TAX BONDS:			
Tax increment revenue bonds [i]	2054	5.00% - 5.50%	37,420
OTHER LONG-TERM OBLIGATIONS:			
Loans [d], [f] & [g]	2045	3.83% - 4.50%	83,793
Lease purchase - Public Safety Radio Replacement [d]	2027	1.6991%	5,500
Governmental activities total long-term obligations			$ 4,302,353

* 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.

Internal Service Funds serve primarily the governmental funds. Accordingly, long-term liabilities for the Internal Service Funds are included in the above amounts.

BUSINESS-TYPE ACTIVITIES

Entity and Type of Obligation	Final Maturity Date	Remaining Interest Rates	Amount
San Francisco International Airport:			
Revenue bonds *	2058	1.92% - 5.75%*	$ 9,733,390
San Francisco Water Enterprise:			
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
Hetch Hetchy Water and Power:			
Energy and revenue bonds	2054	3.00% - 5.00%	281,700
Certificates of participation	2042	6.36% - 6.49%	11,685
Municipal Transportation Agency:			
Revenue bonds	2051	0.824% - 5.00%	402,240
Loans	2047	3.30%	10,295
San Francisco General Hospital:			
Certificates of participation	2026	5.55%	1,137
San Francisco Wastewater Enterprise:			
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
Port of San Francisco:			
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
Laguna Honda Hospital:			
Certificates of participation	2031	3.00% - 5.00%	49,405
Business-type activities total long-term obligations			$ 20,920,193

* 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.

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 July 1, 2024*	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2025	Amounts Due Within One Year
Governmental activities:					
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 w orkers' 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*

	Restated July 1, 2024*	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2025	Amounts Due Within One Year
Business-type Activities:					
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.

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:

Governmental Activities [1]

Fiscal Year Ending June 30	General Obligation Bonds		Lease Revenue Bonds		Other Long-Term Obligations		Total	
	Principal	Interest [2]	Principal	Interest [3]	Principal	Interest	Principal	Interest
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.....	172,699	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
Total.....	$ 2,499,230	$ 1,028,128	$ 55,525	$ 2,749	$ 1,747,598	$ 803,992	$ 4,302,353	$ 1,834,869

Business-Type Activities [1]

Fiscal Year Ending June 30	Revenue and Clean Renewable Bonds [4] [5]		Certificates of Participation [5]		Other Long-Term 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
Total.....	$ 18,649,375	$ 13,650,498	$ 193,997	$ 92,664	$ 2,076,821	$ 706,221	$ 20,920,193	$ 14,449,383

[1] The specific year for payment of estimated claims payable, accrued compensated absences and accrued workers' compensation is not practicable to determine.

[2] The interest is before the federal subsidy for the General Obligation Bonds Series 2010C and Series 2010D. The subsidy is approximately $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.

[3] Includes the Moscone Center Expansion Project Lease Revenue Refunding Bonds Series 2008-1 & 2 which bear interest at a weekly rate. An assumed rate of 0.25%, together with liquidity fee of 0.32% and remarketing fee of 0.05% were used to project the interest rate payment in this table.

[4] Debt service for the Airport is per debt service requirement. In the event the letters of credit securing the Airport's outstanding variable rate bonds had to be withdrawn upon to pay such bonds and the amount drawn had to be repaid by the Airport pursuant to the terms of the related agreement with banks providing such letters of credit, the total interest would be $24.2 million less.

[5] 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.

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

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.

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:

Governmental Activities - Lease Revenue Bonds

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	$ 219,222

Finance Corporation

The purpose of the Finance Corporation is to provide a means to publicly finance, through lease financings, the acquisition, construction and installation of facilities, equipment, and other tangible real and personal property for the City's general governmental purposes.

The Finance Corporation uses lease revenue bonds to finance the purchase or construction of property and equipment, which are in turn leased to the City under the terms of an Indenture and Equipment Lease Agreement. These assets are then recorded in the basic financial statements of the City. Since the sole purpose of the bond proceeds is to provide lease financing to the City, any amount that is not applied towards the acquisition or construction of real and personal property such as unapplied acquisition fund, bond issuance costs, funds withheld pursuant to a reserve fund requirement, and amounts designated for capitalized interest are recorded as unearned revenues in the internal service fund until such time it is used for its intended purpose. The unearned amounts are eliminated in the governmental activities statement of net position.

The lease revenue bonds are payable by pledged revenues from the base rental payments payable by the City, pursuant to a Master Lease Agreement between the City and the Finance Corporation for the use of equipment and facilities acquired, constructed, and improved by the Finance Corporation. The total debt service requirement remaining on the lease revenue bonds is $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

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.

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			$ 114,240

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.

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			$ 37,420

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.

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.

The letters of credit securing the Variable Rate Bonds included in long-term debt as of June 30, 2025, are as follows:

	Series 2018B	Series 2018C
Principal amount	$ 138,170	$ 138,170
Expiration date	June 3, 2026	April 5, 2027
Credit provider	Barclays [1]	SMBC [2]

(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.

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 Defeasance 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

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

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%.

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.

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

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:

Bonds	Remaining Interest Rate	Final Maturity Date	Amount
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			$ 562,820

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.

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 Interest Rates	Final Maturity 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			$ 99,140

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 Interest Rates	Final Maturity 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			$ 36,585

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.

(9) Employee Benefit Programs

(a) Retirement Plans

General Information About the Pension Plans – The San Francisco City and County Employees' Retirement System (Retirement System) administers a cost-sharing multiple-employer defined benefit pension plan (SFERS Plan), which covers substantially all of the employees of the City and County of San Francisco, and certain classified and certificated employees of the San Francisco Community College and Unified School Districts, and San Francisco Trial Court employees other than judges. The San Francisco City and County Charter and the Administrative Code are the authority which establishes and amends the benefit provisions and employer obligations of the SFERS Plan. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the SFERS Plan. That report may be obtained on the Retirement System's website at http://mysfers.org or by writing to the San Francisco City and County Employees' Retirement System, 1145 Market Street, 5th Floor, San Francisco, CA 94103 or by calling (415) 487-7000.

Replacement Benefits Plan – The Replacement Benefits Plan (RBP) is a qualified excess benefit plan established in October 1989. Internal Revenue Code Section 415(m) provides for excess benefit arrangements that legally permit benefit payments above the Section 415 limits, provided that the payments are not paid from the SFERS Trust. The RBP allows the City to pay SFERS retirees any portion of the Charter-mandated retirement allowance that exceeds the annual Section 415(b) limit. The RBP plan does not meet the criteria of a qualified trust under GASB Statement No. 73 because RBP assets are subject to the claims of the employer's general creditors under federal and State law in the event of insolvency.

In addition, some City employees are eligible to participate in the Public Employees' Retirement Fund (PERF) of the California Public Employees' Retirement System (CalPERS) Safety Plan, an agent multi-employer pension plan, or the CalPERS Miscellaneous Rate Plan, included in CalPERS public agency cost-sharing multiple-employer pension plan. Some employees of the Transportation Authority, a blended component unit, and the Successor Agency, a fiduciary component unit, are eligible to participate in a CalPERS Miscellaneous Rate Plan or a CalPERS Public Employees' Pension Reform Act (PEPRA) Miscellaneous Rate Plan, both rate plans are included in CalPERS public agency cost-sharing multiple-employer pension plan. In addition, some employees of the Treasure Island Development Authority, a discretely presented component unit, are eligible to participate in the CalPERS Miscellaneous Rate Plan included in CalPERS public agency cost-sharing multiple-employer pension plan.

CalPERS acts as a common investment and administrative agent for various local and State governmental agencies within the State of California . Benefit provisions and other requirements are established by State statute, employer contract with CalPERS, by City resolution and resolution of component units. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits

SFERS – The SFERS Plan provides service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and provides annual cost-of-living adjustments (COLA) after retirement. The SFERS Plan also provides pension continuation benefits to qualified survivors. The Retirement System pays benefits according to the category of employment and the type of benefit coverage provided by the City. The four main categories of SFERS Plan members are:

- Miscellaneous Non-Safety Members – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- Sheriff's Department and Miscellaneous Safety Members – sheriffs assuming office on and after January 7, 2012, and undersheriffs, deputized personnel of the Sheriff's Department, and miscellaneous safety employees hired on and after January 7, 2012.
- Firefighter Members – firefighters and other employees whose principal duties are in fire prevention and suppression work or who occupy positions designated by law as firefighter member positions.
- Police Members – police officers and other employees whose principal duties are in active law enforcement or who occupy positions designated by law as police member positions.

The membership groups and the related service retirement benefits are summarized as follows:

Miscellaneous Non-Safety Members			
	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	- At least 50 years old with 20 years of credited service. - Age 60 with 10 or more years of credited service.		- At least 53 years old with 20 years of credited service. - Age 60 with 10 or more years of credited services.
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 retirment) 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 retirment) 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	- Death prior to retirement: 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. 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. - Death benefit after retirement: 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.		
Cost-of-Living Adjustment (COLA)	- Basic COLA: 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%. - Supplemental COLA [(1)]: o When there are sufficient "excess" investment earnings in the SFERS Plan. o Maximum benefit adjustment each July 1 is 3.5% including the Basic COLA.		

	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 retirment) 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 retirment) multiplied by years of credited service times age factor up to maximum of 90% of final compensation.	
Disability Retirement Benefit	- 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 memeber'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%			
	- 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.			
Death Benefits (work-related)	- Death prior to retirement:			
	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.			
	o If not qualified for service retirement, salary continuation is proivded to the qualified survivor until such time as the member would have qualified for service retirment had he or she lived at which time a continuation benefit equal to 100% of the member's service retirment allowance is provided to the qualified survivor.			
	o If not qualified for service retirement and no survivor continuation benefits are payable, a lum sum distribution of member contributions and interest plus 6 months compensation earnable paid to designated Plan beneficiary or estate.			
	- Death benefit after retirement:			
	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.			
Death Benefits (non-work-related)	- Death prior to retirement:			
	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.			
	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.			
	o If not qualified for service retirement and no survivor continuation benefits are payable, a lum sum distribution of member contributions and interest plus 6 months compensation earnable paid to designated Plan beneficiary or estate.			
	- Death benefit after retirement:			
	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.			
Cost-of-Living Adjustment (COLA)	- Basic COLA:			
	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%.			
	- Supplemental COLA [(1)]:			
	o When there are sufficient "excess" investment earnings in the SFERS Plan.			
	- Maximum benefit adjustment each July 1 is 3.5% including the Basic COLA.			

(1) - 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

	City Safety Plan	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 50, 2% @ 55, or 3% @ 55	2% @ 57 or 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.*

	Transportation Authority Miscellaneous Plan		Successor Agency Miscellaneous Plan	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Required employee contribution rates	6.93%	7.75%	6.93%	8.00%
Required employer contribution rates	12.52%	7.87%	13.05%	8.07%

At June 30, 2025, the following current and former employees were covered by the benefit terms under each pension plan:

	SFERS Plan	City CalPERS Miscellaneous Plan	City CalPERS Safety Plan	Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	Treasure Island Development Authority CalPERS Miscellaneous Plan
Inactive employees or beneficiaries currently receiving benefits	33,328	55	1,400	21	186	1
Inactive employees entitled to but not yet receiving benefits	13,842	1	219	75	100	-
Active employees	35,990	-	529	39	35	-
Total	83,160	56	2,148	135	321	1

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	$ 702,376

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.

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	$ (20,088)	$ 4,303,512	$ 4,283,424

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 & PEPRA Miscellaneous Plans	0.0326%	3,948
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	0.3221%	39,058
Treasure Island Development Authority CalPERS Miscellaneous Plan	0.0000%	3
Replacement Benefits Plan	N/A	137,644
Total		$ 4,283,424

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 (Measurement Date)		June 30, 2023 (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 & PEPRA Miscellaneous Plans	0.0326%	3,948	0.0318%	3,964
Successor Agency CalPERS Classic & PEPRA Miscellaneous Plans	0.3221%	39,058	0.3412%	39,202
Treasure Island Development Authority CalPERS Miscellaneous Plan	0.0000%	3	0.0000%	4
Total		$ 3,798,637		$ 3,481,594

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	79,212	92,988	(13,776)
Balance at June 30, 2024 (MD)	$ 1,832,942	$ 1,485,799	$ 347,143

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	5,510
Balance at June 30, 2024 (MD)	$ 137,644

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:

	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 & PEPRA Miscellaneous Plans	1,176	-	-	-	1,176
Successor Agency CalPERS Classic & PEPRA 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		CalPERS City Miscellaneous Plan		CalPERS Transportation Authority Miscellaneous Plan		CalPERS 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

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	CalPERS City 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)	$ (139,931)
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 Miscellaneous and	
All New Plans	2.00%	Miscellaneous Contract COLA up to 2.30% until Purchasing Protection Allowance Floor on Purchasing Power applies.
Old Police and Fire:		
Pre 7/1/75 Retirements	1.90%	Safety standard COLA 2.0%
Chapters A8.595 and A8.596	2.50%	
Chapters A8.559 and A8.585	3.60%	

For SFERS, mortality rates for healthy Miscellaneous members were based upon adjusted PubG-2010 Employee and Retiree tables for non-annuitants and retirees, respectively. Mortaily 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

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 for Members with a 2.00% Basic COLA

Year Ending June 30	96 - Prop C	Before 11/6/96 or 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.

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 January 2021 - June 2024	Target Allocation effective as of July 2024	Long-Term Expected 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.

The table below reflects long-term expected real rates of return by asset class.

Asset Class	Target Allocation	Real Return[1],[2]
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%

(1) An expected price inflation of 2.30% used for this period.
(2) 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.

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.

Cost-Sharing Pension Plans Proportionate Share of Net Pension Liability/(Asset)	1% Decrease Share of NPL/(NPA) @ 6.20%	Current Share of NPL/(NPA) @ 7.20%	1% Increase Share of NPL/(NPA) @ 8.20%
SFERS	$ 8,691,583	$ 3,775,716	$ (274,896)

	1% Decrease Share of NPL/(NPA) @ 5.90%	Current Share of NPL/(NPA) @ 6.90%	1% Increase Share of NPL/(NPA) @ 7.90%
City CalPERS Miscellaneous Plan	$ (17,835)	$ (20,088)	$ (21,944)
Transportation Authority CalPERS Classic & PEPRA Miscellaneous Plans	7,022	3,948	1,417
Successor Agency CalPERS Classic & PEPRA 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.

Agent Pension Plan	1% Decrease @ 5.90%	Measurement Date @ 6.90%	1% Increase @ 7.90%
City CalPERS Safety Plan	$ 581,664	$ 347,143	$ 152,847

Single Employer Plan	1% Decrease @ 2.93%	Measurement Date @ 3.93%	1% Increase @ 4.93%
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.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or other beneficiaries until termination, retirement, death, or unforeseeable emergency.

The City has no administrative involvement and does not perform the investing function. The City has no fiduciary accountability for the plan and, accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.

Health Service System

The Health Service System was established in 1937. Health care benefits of employees, retired employees and surviving spouses are financed by beneficiaries and by the City through the Health Service System. The employers' contribution, which includes the San Francisco Community College District, San Francisco Unified School District and the San Francisco Superior Court, amounted to approximately $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.

Former employees of the City and County of San Francisco who were members of the Health Service System and who retire under SFERS or CalPERS are eligible for postretirement health benefits from the City and County of San Francisco. Effective with Proposition B, passed June 3, 2008, employees hired on or after January 10, 2009, must retire within 180 days of separation in order to be eligible for retiree healthcare benefits from the City. The eligibility requirements are as follows:

City and County of San Francisco's Retirement System (SFERS)

Normal Retirement	Miscellaneous	Age 50 with 20 years of credited service [1]
		Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
Disabled Retirement [2]	Any age with 10 years of credited service	
Terminated Vested	5 years of credited service at separation	

California Public Employees' Retirement System (CalPERS) – the Safety Plan of the City and County of San Francisco

Normal Retirement	Age 50 with 5 years of credited service
Disabled Retirement [2]	Any age with 5 years of credited service
Terminated Vested	5 years of credited service at separation

[1] Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012 under Charter Section 8.603.
[2] No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses / domestic partners of those killed in the line of duty.

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)
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:

	City Plan
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	60,158

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.

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:

	Transportation Authority	Successor Agency
Active plan members	39	35
Inactive employees or beneficiaries currently receiving benefit payments	8	97
Total	47	132

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 1st of each subsequent year, the active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute an additional 0.25% of pre-tax compensation up to a maximum of 1%. Starting July 1, 2016, the City contributes 0.25% of compensation into the RHCTF for each officer and employee who commenced employment on or before January 9, 2009. Beginning on July 1st of each subsequent year, the City contributes an additional 0.25% of compensation, up to a maximum of 1% for each officer and employee who commenced employment on or before January 9, 2009. When the City's actuary has determined that the City's portion of the RHCTF is fully funded, the City's 1% contribution shall cease, and officers and employees will each

contribute 50% of the 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.

	Net OPEB Asset	Net OPEB Liability	Total
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	$ (6,067)	$ 3,921,861	$ 3,915,794

As of June 30, 2025, the City's net OPEB liability (asset) is comprised of the following:

	Share of Net OPEB Liability (Asset)
City defined benefit healthcare plan	$ 3,921,797
Transportation Authority defined benefit healthcare plan	64
Successor Agency defined benefit healthcare plan	(6,067)
Total	$ 3,915,794

The changes in the City OPEB Plan's net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fidiciary Net Position	Net OPEB Liability
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 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:

	Transportation Authority			Successor Agency		
	Total OPEB Liability	Plan Fidiciary Net Position	Net OPEB Liability (Asset)	Total OPEB Liability	Plan Fidiciary Net Position	Net OPEB Liability (Asset)
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)

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:

	Primary Government			
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
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:

	Governmental Activites		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
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 earnings on plan investments	58	24,309	-	19,458
Total	$ 367,665	$ 288,414	$ 352,710	$ 256,955

	Fiduciary Funds		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
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 earnings on plan investments	144	148	202	43,915
Total	$ 3,675	$ 2,646	$ 724,050	$ 548,015

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:

Year ending June 30:	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
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	$ (87,578)	$ (37,577)	$ (928)	$ (126,083)

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 6.87% trending down to ultimate rate of 3.94% in 2075 Medicare trend starts at 6.87% trending down to ultimate rate of 3.93% in 2075 10-County average trend starts at 5.00% trending down to ultimate rate of 3.94% in 2075 Vision and expenses trend remains a flat 3.0% for all years
Expected Rate of Return on Plan Assets	7.00%
Discount Rate	7.00%
Salary Increase Rate	Wage Inflation Component: 3.25% Additional Merit Component (dependent on years of service): Police: 0.50% - 7.50% Fire: 0.50% - 14.00% Muni Drivers: 0.00% - 16.00% Craft: 0.50% - 3.75% Misc: 0.30% - 5.50%
Inflation Rate	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ended June 30, 2019.

Non-Annuitants

	Published Table	Adjustment Factor Male	Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

	Published Table	Adjustment Factor Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044

Disabled Retirees

	Published Table	Adjustment Factor Male	Female
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995

Beneficiaries

	Published Table	Adjustment Factor Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubG-2010 Employee	1.031	0.977

The mortality rates in the base tables are projected generationally from the base year using the modified version of the MP-2019 projection scale.

The Transportation Authority net OPEB liability 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:

	June 30, 2024 Measurement Date	
Key Actuarial Assumptions	**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; Medicare (non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076; 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:

	June 30, 2024 (measurement year)		
Plan	**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.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
U.S. 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%
Credit		
Bank Loans	3.0%	3.7%
High Yield Bonds	3.0%	3.9%
Rate Securities		
Investment Grade Corporate Bonds	7.0%	1.9%
Short-term Treasury Inflation-Protected Securities (TIPS)	5.0%	0.9%
Private Markets		
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%
Risk Mitigating Strategies		
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.

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:

	June 30, 2024 (measurement year)		
Plan	1% Decrease 6.00%	Discount Rate 7.00 %	1% Increase 8.00%
City	$ 4,623,021	$ 3,921,797	$ 3,346,242

	June 30, 2024 (measurement year)		
	1% Decrease 5.40%	Discount Rate 6.40%	1% Increase 7.40%
Transportation Authority	$ 487	$ 64	$ (285)

	June 30, 2024 (measurement year)		
	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Successor Agency	$ (4,879)	$ (6,067)	$ (7,076)

(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

(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

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.

(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 Governmental Funds	Total Governmental 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	$ 468,784	$ 611,730	$ 1,080,514

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.

(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	
June 30,		
2026	$	31,233
2027		29,115
2028		27,084
2029		27,453
2030		27,353
2031-2035		40,249
2036-2039		13,502
Total	$	195,989

(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.

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	$ 332,750

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

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

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:

	Environmental Remediation
Environmental liabilities at July 1, 2024.....	$ 16,030
Current year claims and changes in estimates….	805
Environmental liabilities at June 30, 2025.....	$ 16,835

(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).

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 re-calculation, 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

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:

Condensed Statements of Net Position	Hetchy Water	Hetchy Power	CleanPowerSF	Total
Assets:				
Current and other assets	$ 127,978	$ 386,239	$ 292,342	$ 806,559
Capital assets	250,330	809,921	86	1,060,337
Total assets	378,308	1,196,160	292,428	1,866,896
Deferred outflows of resources:				
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	15,389	18,809	3,948	38,146
Liabilities:				
Current liabilities	8,728	268,911	38,207	315,846
Noncurrent liabilities	41,312	373,550	9,083	423,945
Total liabilities	50,040	642,461	47,290	739,791
Deferred inflows of resources:				
Pensions	868	1,061	730	2,659
Other postemployment benefits	2,832	3,461	1,737	8,030
Total deferred inflows of resources	3,700	4,522	2,467	10,689
Net position:				
Net investment in capital assets	248,610	341,791	-	590,401
Restrictricted 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	$ 339,957	$ 567,986	$ 246,619	$ 1,154,562

Condensed Statements of Revenues, Expenses, and Changes in Fund Net Position	Hetchy Water	Hetchy Power	CleanPowerSF	Total
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	7,740	382	57,618	65,740
Nonoperating revenues (expenses):				
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	60,014	2,135	68,477	130,626
Net position at beginning of year, as restated	279,943	565,851	178,142	1,023,936
Net position at end of year	$ 339,957	$ 567,986	$ 246,619	$ 1,154,562

Condensed Statements of Cash Flows	Hetchy Water	Hetchy 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:

Hetchy Power	
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.

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

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

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

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:

Patient Receivables, Net

	Medi-Cal	Medicare	Other	Total
Gross Accounts Receivable	$ 48,320	$ 4,003	$ 168	$ 52,491
Less:				
Contractual Allowance	(29,260)	(2,424)	(102)	(31,786)
Total, Net Accounts Receivable	$ 19,060	$ 1,579	$ 66	$ 20,705

Net Patient Service Revenue

	Medi-Cal	Medicare	Other	Total
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	$ 226,883	$ 10,227	$ 314	$ 237,424

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.

(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:

Patient Receivables, Net

	Medi-Cal	Medicare	Other	Total
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	$ 27,244	$ 22,363	$ 30,763	$ 80,370

Net Patient Service Revenue

	Medi-Cal	Medicare	Other	Total
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	$ 416,508	$ 266,628	$ 475,890	$ 1,159,026

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

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.

(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 Maturity Date	Remaining Interest Rate	Amount
Tax allocation revenue bonds [(a)]	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.

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, 2024	Additional Obligations, Interest Accretion and Net Increases	Current Maturities, Retirements, and Net Decreases	June 30, 2025	Due Within 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
Accreted interest payable[(1)]	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

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

As of June 30, 2025, the debt service requirements to maturity for the Successor Agency, excluding accrued compensated absences, are as follows:

	Tax Revenue Bonds	
June 30,	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	$ 757,789	$ 401,722

* 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.

(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

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
		$ 25,274	$ 7,304	$ 32,578

(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	$ 22,917
Nonmajor Governmental Funds	Nonmajor Governmental Funds	16,808
San Francisco Water Enterprise	Nonmajor Governmental Funds	107
	Hetch Hetchy Water and Power Enterprise	37,822
		37,929
Hetch Hetchy Water and Power Enterprise	Nonmajor Governmental Funds	2,571
	San Francisco Wastewater Enterprise	291
		2,862
Municipal Transportation Agency	Nonmajor Governmental Funds	52,119
Port of San Francisco	Nonmajor Governmental Funds	4,893
San Francisco Wastewater Enterprise	Nonmajor Governmental Funds	70
Total		$ 137,598

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.

Due from component units:

Receivable Entity	Payable Entity	Amount	
General Fund	Component unit – TIDA	$ 10,956	(1)
Nonmajor Governmental Funds	Component unit – TIDA	14,318	(1)
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:

Receivable Entity	Payable Entity	Amount	
Hetch Hetchy Water and Power Enterprise	Component unit – TIDA	$ 7,304	(1)

(1) See discussion at Note 15.

Transfers Out:	Transfers In:								
Funds	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

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.

(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 theses 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 theses 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):

Governmental Activities:	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Right-to-use assets:				
Land	$ 1,675	$ -	$ -	$ 1,675
Building/Facility	749,665	82,381	(21,647)	810,399
Equipment	283	-	(283)	-
Subscription assets	84,642	33,782	(834)	117,590
Total right-to-use assets	836,265	116,163	(22,764)	929,664
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	36,294	31,118	(833)	66,579
Total accumulated amortization	233,843	115,762	(19,375)	330,230
Governmental activities right-to-use assets, net	$ 602,422	$ 401	$ (3,389)	$ 599,434

* Building/Facility asset and accumulated amortization increases included $3,793 in lease modification.

Business-Type Activities:	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
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	14,122	9,554	(1,429)	22,247
Total right-to-use assets	285,390	26,423	(10,903)	300,910
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	4,360	7,249	(1,430)	10,179
Total accumulated amortization	57,165	28,604	(6,635)	79,134
Business-type activities right-to-use assets, net	$ 228,225	$ (2,181)	$ (4,268)	$ 221,776

Future annual lease and subscription payments are as follows:

Governmental Activities

Fiscal 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	$ 628,828	$ 117,043	$ 745,871

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	-	-	-	-	2,284	2,284	-	-	-
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.

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

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	$ 129,322	$ 24,993	$ 154,315	$ 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	38,267	108,129	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	522	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	387	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	$ 39,178	$ 225,575
2027	11,500	1,536	13,036	2,409	695	3,104	257	19	276	184,055	35,612	219,667
2028	11,794	1,246	13,040	2,423	645	3,068	214	12	226	169,774	29,441	199,215
2029	11,892	943	12,835	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	90,000	19,789	109,789
2031-2035	4,456	3,388	7,844	10,936	2,128	13,064	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	-	-	-	23,892	18,694	42,586
2061-2065	5,391	859	6,250	973	725	1,698	-	-	-	30,381	14,937	45,318
2066-2070	5,655	283	5,938	1,384	584	1,968	-	-	-	31,344	10,298	41,642
2071-2075	-	-	-	1,893	389	2,282	-	-	-	34,395	5,767	40,162
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:

(a) Lease rates cannot exceed a reasonable amount.

(b) Lease rates should be similar for similar situated lessees, and

(c) The lessor cannot deny potential lessees if facilities are available.

Such regulated leases at the Airport include:

(a) 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

(b) Non-terminal aeronautical buildings and land leases.

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 [(a)]	7
Exclusive rental only	36
Non-space rental, only common use	6
Subtotal	49
Other Regulated [(b)]	7
Total	56

Notes:

[(a)] Includes preferential gate holdroom leases.

[(b)] Includes cargo, fuel, fixed-base facility leases, hangar leases, ground leases, and flight support services leases.

Lease revenues and interest revenues recognized during the year ended June 30, 2025, for regulated leases is presented below:

Expected minimum payments [a]	$	29,731
Additional fixed payments [b]		3,727
Total fixed payments		33,458
Additional exclusive use payments [c]		183,825
Additional preferential use payments [d]		75,332
Year-end true-ups		16,609
Total regulated lease payments	$	309,224

Notes:

[a] 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.

[b] Includes additional rent above the expected minimum payments after adjusted by CPI and reappraisals.

[c] 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.

[d] 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 Years	Expected Future Minimum Payments [a]	
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		2,877
Total	$	50,247

Note:

[a] 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.

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 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.....	$ 21,246	$ 5,270	$ 26,516

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.

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):

Governmental Activities:	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Building/Facility	$ 7,163	$ 1,145	$ -	$ 8,308
Equipment	621	197	-	818
Infrastructure	1,809	-	-	1,809
Total public-private partnership assets	9,593	1,342	-	10,935
Less accumulated amortization:				
Building/Facility	320	318	-	638
Equipment	82	95	-	177
Infrastructure	106	60	-	166
Total accumulated amortization	508	473	-	981
Governmental activities public-private partnership, net	$ 9,085	$ 869	$ -	$ 9,954

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.

(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

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.

Risks	Coverage
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.

The coverage approach for the Water, Hetch Hetchy and Wastewater is summarized below:

Risk	Coverage for Water & Hetch Hetchy	Coverage for Wastewater
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:

Fiscal Year	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
2023-2024	$ 536,047	$ 158,272	$ (136,952)	$ 557,367
2024-2025	557,367	53,194	(201,500)	409,061

Breakdown of the estimated claims payable on June 30, 2025, is as follows:

Governmental activities:	
Current portion of estimated claims payable	$ 164,050
Long-term portion of estimated claims payable	87,046
Total	$ 251,096
Business-type activities:	
Current portion of estimated claims payable	$ 65,682
Long-term portion of estimated claims payable	92,283
Total	$ 157,965

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 Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year 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:

Governmental activities:	
Current portion of accrued workers' compensation liability	$ 76,225
Long-term portion of accrued workers' compensation liability	322,507
Total	$ 398,732
Business-type activities:	
Current portion of accrued workers' compensation liability	$ 58,804
Long-term portion of accrued workers' compensation liability	249,192
Total	$ 307,996

(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

(Dollars in Thousands)

	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 SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.1042%	-0.1573%	0.0215%	0.2820%	0.0003%
Proportionate share of the net pension liability (asset)	$ 4,030,207	$ (15,154)	$ 2,069	$ 27,178	$ 28
Covered payroll	$ 3,045,153	$ 390	$ 4,039	$ 5,742	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	132.35%	-3885.64%	51.22%	473.32%	N/A
Plan fiduciary net position as a percentage of total pension liability	85.20%	75.26%	75.26%	75.26%	75.26%

	For the year ended June 30, 2018				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.0674%	-0.1388%	0.0216%	0.2751%	0.0003%
Proportionate share of the net pension liability (asset)	$ 4,697,131	$ (13,766)	$ 2,142	$ 27,280	$ 28
Covered payroll	$ 2,880,112	$ 344	$ 4,202	$ 5,042	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	163.09%	-4001.74%	50.97%	541.05%	N/A
Plan fiduciary net position as a percentage of total pension liability	81.78%	73.31%	73.31%	73.31%	73.31%

	For the year ended June 30, 2017				
		CalPERS Miscellaneous Plans			
	City SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	94.2175%	-0.1469%	0.0204%	0.2691%	0.0003%
Proportionate share of the net pension liability (asset)	$ 5,476,654	$ (12,711)	$ 1,765	$ 23,281	$ 27
Covered payroll	$ 2,681,695	$ 329	$ 3,644	$ 3,769	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	204.22%	-3863.53%	48.44%	617.70%	N/A
Plan fiduciary net position as a percentage of total pension liability	77.61%	74.06%	74.06%	74.06%	74.06%

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 SFERS Plan	City	Transportation Authority Classic & PEPRA	Successor Agency Classic & PEPRA	Treasure Island
Proportion of net pension liability	93.9032%	-0.2033%	0.0188%	0.2413%	0.0004%
Proportionate share of the net pension liability (asset)	$ 2,156,049	$ (13,956)	$ 1,288	$ 16,563	$ 24
Covered payroll	$ 2,529,879	$ 319	$ 3,684	$ 3,427	$ -
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	85.22%	-4374.92%	34.96%	483.31%	0.00%
Plan fiduciary net position as a percentage of total pension liability	89.90%	78.40%	78.40%	78.40%	78.40%

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
Total pension liability:					
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 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	$1,832,942	$1,753,730	$1,678,023	$1,590,799	$1,524,757
Plan fiduciary net position:					
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 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	$1,485,799	$1,392,811	$1,322,431	$1,446,527	$1,189,665
Plan net pension liability, ending	$ 347,143	$ 360,919	$ 355,592	$ 144,272	$ 335,092
Plan fiduciary net position as a percentage of the 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 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
Total pension liability:					
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 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	$1,460,539	$1,401,943	$1,320,856	$1,189,116	$ 1,119,705
Plan fiduciary net position:					
Plan to plan resource movement	$ -	$ (3)	$ -	$ -	$ (4)
Contributions from the employer	43,789	31,189	30,575	23,640	20,718
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 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	$1,142,641	$1,082,203	$1,017,528	$ 925,208	$ 930,868
Plan net pension liability, ending	$ 317,898	$ 319,740	$ 303,328	$ 263,908	$ 188,837
Plan fiduciary net position as a percentage of the 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 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)

City Replacement Benefits Plan	2025	2024	2023	2022	2021
Plan total pension liability:					
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
Plan total pension liability, ending:	$ 137,644	$ 132,134	$ 155,931	$ 219,574	$ 185,203
Covered-employee payroll	$ 4,151,209	$ 3,848,752	$ 3,589,396	$ 3,470,495	$ 3,414,923
Plan total pension liability as a percentage of the covered-employee payroll	3.32%	3.43%	4.34%	6.33%	5.42%

City Replacement Benefits Plan	2020	2019	2018	2017
Plan total pension liability:				
Service cost	$ 1,286	$ 1,298	$ 1,605	$ 956
Interest	3,538	2,998	2,218	2,112
Changes of benefits	-	-	-	10,310
Differences between expected and actual experience	13,588	564	15,326	-
Changes of assumptions	29,565	5,540	(10,290)	11,516
Benefit payments	(2,958)	(2,442)	(3,164)	(1,332)
Net change in total pension liability	45,019	7,958	5,695	23,562
Total pension liability, beginning	92,253	84,295	78,600	55,038
Plan total pension liability, ending:	$ 137,272	$ 92,253	$ 84,295	$ 78,600
Covered-employee payroll	$ 3,225,854	$ 3,082,273	$ 2,919,519	$ 2,719,691
Plan total pension liability as a percentage of the covered-employee payroll	4.26%	2.99%	2.89%	2.89%

Notes to Schedule:

No assets are accumulated in a trust that 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					
		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
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					
		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
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					
		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
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					
		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
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)

	City SFERS Plan	CalPERS Miscellaneous Plans: City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
For the year ended June 30, 2021						
Actuarially determined contributions	$ 791,736	$ -	$ 606	$ 2,299	$ 8	$ 51,185
Contributions in relation to the actuarially determined contributions	(791,736)	-	(606)	(2,299)	(8)	(51,185)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,434,713	$ -	$ 4,826	$ 7,430	$ -	$ 93,702
Contributions as a percentage of covered payroll	23.05%	N/A	12.56%	30.94%	N/A	54.63%
For the year ended June 30, 2020						
Actuarially determined contributions	$ 701,307	$ 10	$ 539	$ 2,012	$ 7	$ 40,778
Contributions in relation to the actuarially determined contributions	(701,307)	(10)	(539)	(2,012)	(7)	(40,778)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,378,945	$ 179	$ 4,423	$ 6,745	$ -	$ 92,968
Contributions as a percentage of covered payroll	20.76%	5.59%	12.19%	29.83%	N/A	43.86%
For the year ended June 30, 2019						
Actuarially determined contributions	$ 607,408	$ 28	$ 479	$ 1,637	$ 7	$ 34,933
Contributions in relation to the actuarially determined contributions	(607,408)	(28)	(479)	(1,637)	(7)	(34,933)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,186,405	$ 359	$ 4,396	$ 6,384	$ -	$ 94,522
Contributions as a percentage of covered payroll	19.06%	7.80%	10.89%	25.64%	N/A	36.96%
For the year ended June 30, 2018						
Actuarially determined contributions	$ 582,568	$ 42	$ 403	$ 1,283	$ 6	$ 30,743
Contributions in relation to the actuarially determined contributions	(582,568)	(42)	(403)	(1,283)	(6)	(30,743)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,045,153	$ 390	$ 4,039	$ 5,742	$ -	$ 106,765
Contributions as a percentage of covered payroll	19.13%	10.77%	9.99%	22.34%	N/A	28.80%

CITY AND COUNTY OF SAN FRANCISCO

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

June 30, 2025

(Dollars in Thousands)

	For the year ended June 30, 2017					
		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 519,073	$ 35	$ 293	$ 970	$ 2	$ 27,190
Contributions in relation to the actuarially determined contributions	(519,073)	(35)	(293)	(970)	(2)	(27,190)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,880,112	$ 344	$ 4,202	$ 5,042	$ -	$ 107,812
Contributions as a percentage of covered payroll	18.02%	10.17%	6.97%	19.24%	N/A	25.22%

	For the year ended June 30, 2016					
		CalPERS Miscellaneous Plans				
	City SFERS Plan	City	Transportation Authority	Successor Agency	Treasure Island	CalPERS Safety Plan
Actuarially determined contributions	$ 496,343	$ 33	$ 280	$ 828	$ 2	$ 23,640
Contributions in relation to the actuarially determined contributions	(496,343)	(33)	(280)	(828)	(2)	(23,640)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,681,695	$ 329	$ 3,644	$ 3,769	$ -	$ 110,139
Contributions as a percentage of covered payroll	18.51%	10.03%	7.68%	21.97%	N/A	21.46%

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%

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%

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) 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) 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) 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) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.75%
Payroll growth	3.00%

Required Supplementary Information (Unaudited) –
Schedules of Employer Contributions – Pension Plans (Continued)
June 30, 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) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Actuarial Value of Assets
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	Varies by Entry-Age and Service
Inflation	2.75%
Payroll growth	3.00%

Methods and assumptions used to determine FY 2015-16 contribution rates to CalPERS plans

Valuation date	June 30, 2013
Actuarial cost method	Entry-age normal cost method
Amortization method	Level percent of payroll
Amortization period	Gains and losses over a fixed 30-year period with increases or decreases in the rate spread directly over a 5-year period (Miscellaneous) Experience gains and losses over a fixed 30-year period and spread rate increases or decreases over a 5-year period (Safety)
Asset valuation method	Market Value
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

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
Total OPEB Liability			
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)
Net change in total OPEB liability	**280,752**	**103**	**99**
Total OPEB liability - beginning	**4,863,698**	**11,539**	**2,649**
Total OPEB liability - ending	**$ 5,144,450**	**$ 11,642**	**$ 2,748**
Plan fiduciary net position			
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)
Net change in plan fiduciary net position	**283,787**	**1,745**	**389**
Plan fiduciary net position - beginning	**938,866**	**15,964**	**2,295**
Plan fiduciary net position - ending	**$ 1,222,653**	**$ 17,709**	**$ 2,684**
Net OPEB liability/(asset) - ending	**$ 3,921,797**	**$ (6,067)**	**$ 64**
Plan fiduciary net position as a percentage of the total OPEB liability	23.8%	152.1%	97.7%
Covered payroll	$ 4,877,917	$ 6,691	$ 4,909
Net OPEB liability/(asset) as a percentage of covered payroll	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
Total OPEB Liability			
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)
Net change in total OPEB liability	**377,547**	**168**	**592**
Total OPEB liability - beginning	**4,486,151**	**11,371**	**2,057**
Total OPEB liability - ending	**$ 4,863,698**	**$ 11,539**	**$ 2,649**
Plan fiduciary net position			
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)
Net change in plan fiduciary net position	**198,985**	**2,475**	**137**
Plan fiduciary net position - beginning	**739,881**	**13,489**	**2,158**
Plan fiduciary net position - ending	**$ 938,866**	**$ 15,964**	**$ 2,295**
Net OPEB liability/(asset) - ending	**$ 3,924,832**	**$ (4,425)**	**$ 354**
Plan fiduciary net position as a percentage of the total OPEB liability	19.3%	138.3%	86.6%
Covered payroll	$ 4,524,099	$ 6,405	$ 4,854
Net OPEB liability/(asset) as a percentage of covered payroll	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
Total OPEB Liability			
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)
Net change in total OPEB liability	**76,252**	**154**	**101**
Total OPEB liability - beginning	**4,409,899**	**11,217**	**1,956**
Total OPEB liability - ending	**$ 4,486,151**	**$ 11,371**	**$ 2,057**
Plan fiduciary net position			
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)
Net change in plan fiduciary net position	**21,103**	**(1,251)**	**(335)**
Plan fiduciary net position - beginning	**718,778**	**14,740**	**2,493**
Plan fiduciary net position - ending	**$ 739,881**	**$ 13,489**	**$ 2,158**
Net OPEB liability/(asset) - ending	**$ 3,746,270**	**$ (2,118)**	**$ (101)**
Plan fiduciary net position as a percentage of the total OPEB liability	16.5%	118.6%	104.9%
Covered payroll	$ 4,184,087	$ 6,633	$ 5,032
Net OPEB liability/(asset) as a percentage of covered payroll	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
Total OPEB Liability			
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)
Net change in total OPEB liability	**97,574**	**(1,202)**	**334**
Total OPEB liability - beginning	**4,312,325**	**12,419**	**1,622**
Total OPEB liability - ending	**$ 4,409,899**	**$ 11,217**	**$ 1,956**
Plan fiduciary net position			
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)
Net change in plan fiduciary net position	**229,788**	**4,412**	**537**
Plan fiduciary net position - beginning	**488,990**	**10,328**	**1,956**
Plan fiduciary net position - ending	**$ 718,778**	**$ 14,740**	**$ 2,493**
Net OPEB liability/(asset) - ending	**$ 3,691,121**	**$ (3,523)**	**$ (537)**
Plan fiduciary net position as a percentage of the total OPEB liability	16.3%	131.4%	127.5%
Covered payroll	$ 3,955,498	$ 7,430	$ 4,420
Net OPEB liability/(asset) as a percentage of covered payroll	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
Total OPEB Liability			
Service cost (BOY)	$ 141,642	$ 344	$ 92
Interest (includes interest on service cost)	314,907	830	114
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(381,922)	-	(1)
Changes of assumptions	151,725	(248)	-
Benefit payments, including refunds of member contributions	(196,445)	(902)	(61)
Net change in total OPEB liability	**29,907**	**24**	**144**
Total OPEB liability - beginning	**4,282,418**	**12,395**	**1,478**
Total OPEB liability - ending	**$ 4,312,325**	**$ 12,419**	**$ 1,622**
Plan fiduciary net position			
Contributions - employer	$ 235,963	$ 2,901	$ 61
Contributions - member	60,236	-	-
Net investment income	22,746	285	67
Benefit payments, including refunds of member contributions	(196,445)	(902)	(61)
Administrative expense	(113)	(7)	(1)
Net change in plan fiduciary net position	**122,387**	**2,277**	**66**
Plan fiduciary net position - beginning	**366,603**	**8,051**	**1,890**
Plan fiduciary net position - ending	**$ 488,990**	**$ 10,328**	**$ 1,956**
Net OPEB liability/(asset) - ending	**$ 3,823,335**	**$ 2,091**	**$ (334)**
Plan fiduciary net position as a percentage of the total OPEB liability	11.3%	83.2%	120.6%
Covered payroll	$ 3,951,792	$ 6,745	$ 4,355
Net OPEB liability/(asset) as a percentage of covered payroll	96.7%	31.0%	-7.7%

CITY AND COUNTY OF SAN FRANCISCO

Required Supplementary Information (Unaudited) –
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
Total OPEB Liability			
Service cost (BOY)	$ 133,736	$ 335	$ 118
Interest (includes interest on service cost)	283,520	812	143
Changes of benefit terms	-	-	-
Differences between expected and actual experience	194,068	-	(596)
Changes of assumptions	-	-	(63)
Benefit payments, including refunds of member contributions	(185,839)	(906)	(60)
Net change in total OPEB liability/(asset)	**425,485**	**241**	**(458)**
Total OPEB liability - beginning	**3,856,933**	**12,154**	**1,936**
Total OPEB liability - ending	**$ 4,282,418**	**$ 12,395**	**$ 1,478**
Plan fiduciary net position			
Contributions - employer	$ 218,625	$ 2,967	$ 138
Contributions - member	51,024	-	-
Net investment income	26,959	407	106
Benefit payments, including refunds of member contributions	(185,839)	(906)	(60)
Administrative expense	(132)	(3)	(1)
Net change in plan fiduciary net position	**110,637**	**2,465**	**183**
Plan fiduciary net position - beginning	**255,966**	**5,586**	**1,707**
Plan fiduciary net position - ending	**$ 366,603**	**$ 8,051**	**$ 1,890**
Net OPEB liability/(asset) - ending	**$ 3,915,815**	**$ 4,344**	**$ (412)**
Plan fiduciary net position as a percentage of the total OPEB liability	8.6%	65.0%	127.9%
Covered payroll	$ 3,763,446	$ 6,384	$ 4,039
Net OPEB liability/(asset) as a percentage of covered payroll	104.0%	68.1%	-10.2%

CITY AND COUNTY OF SAN FRANCISCO

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

CITY AND COUNTY OF SAN FRANCISCO

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

* Fiscal year 2017-18 was the first year of implementation of GASB No. 75, therefore only 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) – Schedules of Employer Contributions Other Postemployment Healthcare Benefits Plans (Continued)

Year Ended June 30, 2025
(In Thousands)

Notes to Schedule:

The City Plan, Transportation Authority and Successor Agency calculate the annual required contributions on an actuarially determined basis. The methods and assumptions used to determine the fiscal year 2024-25 contribution rates for the plans are as follows:

Actuarial Assumptions	City Plan
Valuation Date	June 30, 2022 updated to June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 7.24% trending down to ultimate rate of 3.94% in 2075 Medicare trend starts at 7.24% trending down to ultimate rate of 3.94% in 2075 10-County average trend starts at 5.00% trending down to ultimate rate of 3.94% in 2075 Vision and expenses trend remains a flat 3.0% for all years
Expected Rate of Return on Plan Assets	7.00%
Discount Rate	7.00%
Salary Increase Rate	Wage Inflation Component: 3.25% Additional Merit Component (dependent on years of service): Police: 0.50% - 7.50% Fire: 0.50% - 14.00% Muni Drivers: 0.00% - 16.00% Craft: 0.50% - 3.75% Misc: 0.30% - 5.50%
Inflation Rate	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ended June 30, 2019.

Non-Annuitants

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044

Disabled Retirees

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995

Beneficiaries

	Published Table	Adjustment Factor Male	Adjustment Factor Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubG-2010 Employee	1.031	0.977

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)

Actuarial Assumptions	Transportation Authority	Successor Agency
Actuarial Valuation Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry age normal cost method	Entry age normal cost method
Asset Valuation Method	Unsmoothed market value of assets	Actuarial value of assets
General Inflation	2.80% per annum	2.50%
Salary Increases	2.80% per annum, in aggregate	2.75%; Merit based on 2017 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	Derived using CalPERS 2021 Experience Study. Mortality projected fully generational with Scale MP-2021
Healthcare Cost Trend Rate	Various initial all grading down to 4.0%	Non-Medicare - 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare (non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076

CITY AND COUNTY OF SAN FRANCISCO

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

Year Ended June 30, 2025

(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Budgetary Fund Balance, July 1	$ 301,875	$ 2,813,034	$ 2,813,034	$ -
Resources (Inflows):				
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	69,656
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)
Subtotal - Resources (Inflows)	6,557,062	6,657,297	6,945,340	288,043
Total amounts available for appropriation	6,858,937	9,470,331	9,758,374	288,043

CITY AND COUNTY OF SAN FRANCISCO

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

Year Ended June 30, 2025

(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Charges to Appropriations (Outflows):				
Public Protection				
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	-
Subtotal - Public Protection	1,833,223	1,860,865	1,846,217	14,648
Public Works, Transportation and Commerce				
Appeals Board	1,199	1,199	984	215
Building Inspection	-	67	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
Subtotal - Public Works, Transportation and Commerce	232,735	230,938	221,804	9,134
Human Welfare and Neighborhood Development				
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
Subtotal - Human Welfare and Neighborhood Development	1,631,707	1,654,758	1,624,164	30,594
Community Health				
Public Health	1,134,553	1,203,239	1,197,168	6,071
Culture and Recreation				
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
Subtotal - Culture and Recreation	181,803	186,330	183,795	2,535

CITY AND COUNTY OF SAN FRANCISCO

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

Year Ended June 30, 2025

(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
General Administration and Finance				
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	337,078	357,895	333,950	23,945
General City Responsibilities				
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	$ -	$ 2,411,628	$ 2,853,785	$ 442,157

Budgetary fund balance, June 30 before reserves and designations	$ 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)
Net Available Budgetary Fund Balance, June 30	$ 861,986

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	$ 6,619,395

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	$ 5,443,711

Notes to Budgetary Schedule:

(a) Budgetary Data

The City adopts two-year rolling budgets annually for all governmental funds on a substantially modified accrual basis of accounting except for capital project funds and certificates of participation and other debt service funds, which substantially adopt project length budgets.

The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are deliberated, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

The Administrative Code Chapter 3 outlines the City's general budgetary procedures, with Section 3.3 detailing the budget timeline. A summary of the key budgetary steps is summarized as follows:

Original Budget

(1) Departments and Commissions conduct hearings to obtain public comment on their proposed annual budgets beginning in December and submit their budget proposals to the Controller's Office no later than February 21.

(2) The Controller's Office consolidates the budget estimates and transmits them to the Mayor's Office no later than the first working day of March. Staff of the Mayor's Office analyze, review and refine the budget estimates before transmitting the Mayor's Proposed Budget to the Board of Supervisors.

(3) By the first working day of May, the Mayor submits the Proposed Budget for selected departments to the Board of Supervisors. The selected departments are determined by the Controller in consultation with the Board President and the Mayor's Budget Director. Criteria for selecting the departments include (1) that they are not supported by the City's General Fund or (2) that they do not rely on the State's budget submission in May for their revenue sources.

(4) By the first working day of June, the Mayor submits the complete Proposed Budget to the Board of Supervisors along with a draft of the Annual Appropriation Ordinance prepared by the Controller's Office.

(5) Within five working days of the Mayor's proposed budget transmission to the Board of Supervisors, the Controller reviews the estimated revenues and assumptions in the Mayor's Proposed Budget and provides an opinion as to their accuracy and reasonableness. The Controller also may make a recommendation regarding prudent reserves given the Mayor's proposed resources and expenditures.

(6) The designated Committee (usually the Budget Committee) of the Board of Supervisors conducts hearings, hears public comment, and reviews the Mayor's Proposed Budget. The Committee recommends an interim budget reflecting the Mayor's budget transmittal and, by June 30, the Board of Supervisors passes interim appropriation and salary ordinances.

(7) Not later than the last working day of July, the Board of Supervisors adopts the budget through passage of the Annual Appropriation Ordinance, the legal authority for enactment of the budget.

Final Budget

The final budgetary data presented in the 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 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		$ 2,617,229

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		$ 1,529,429
Available for appropriations:		
Assigned for Litigation and Contingences	325,541	
Assigned balance subsequently appropriated as part of 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		1,324,356
Fund Balance, June 30, 2025 - Budget basis		$ 2,853,785

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.

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 Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund Bequest Fund	Total Nonmajor Governmental Funds
Assets:					
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
Total assets	$ 4,958,774	$ 258,887	$ 642,754	$ 5,325	$ 5,865,740
Liabilities:					
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
Total liabilities	1,096,527	66,404	123,808	-	1,286,739
Deferred inflows of resources	598,991	4,467	8,272	-	611,730
Fund balances:					
Restricted	2,983,006	188,016	510,674	5,325	3,687,021
Assigned	281,631	-	-	-	281,631
Unassigned	(1,381)	-	-	-	(1,381)
Total fund balances	3,263,256	188,016	510,674	5,325	3,967,271
Total liabilities, deferred inflows of resources and fund balances	$ 4,958,774	$ 258,887	$ 642,754	$ 5,325	$ 5,865,740

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 Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund Bequest Fund	Total Nonmajor Governmental 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	2,313,004	379,854	47,678	826	2,741,362
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	2,632,709	540,267	238,487	101	3,411,564
Excess (deficiency) of revenues over (under) expenditures	(319,705)	(160,413)	(190,809)	725	(670,202)
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)	620,647	132,507	269,315	(91)	1,022,378
Net changes in fund balances	300,942	(27,906)	78,506	634	352,176
Fund balances at beginning of year	2,962,314	215,922	432,168	4,691	3,615,095
Fund balances at end of year	$ 3,263,256	$ 188,016	$ 510,674	$ 5,325	$ 3,967,271

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds
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
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 amounts)	146	-	293,229	-	-	-
Long-term opioid settlement receivable	-	-	-	202,610	-	-
Other assets	-	-	13,814	-	-	-
Total assets	$ 66,966	$ 928,298	$ 1,262,087	$ 415,327	$ 70,839	$ 58,874
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	13,082	128,692	104,846	49,245	6,585	8,881
Deferred inflows of resources	173	3,096	300,364	226,196	-	260
Fund balances:						
Restricted	53,711	796,510	730,284	139,886	64,254	38,375
Assigned	-	-	126,593	-	-	11,358
Unassigned	-	-	-	-	-	-
Total fund balances	53,711	796,510	856,877	139,886	64,254	49,733
Total liabilities, deferred inflows of resources and fund balances	$ 66,966	$ 928,298	$ 1,262,087	$ 415,327	$ 70,839	$ 58,874

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds (Continued)
June 30, 2025
(In Thousands)

	Environmental Protection Fund	Gasoline Tax Fund	General Services Fund	Gift and Other Expendable Trusts Fund	Golf Fund	Human 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 Income Housing Asset Fund	Open Space and Park Fund	Our City Our Home Fund	Public Library Fund	Public Protection Fund	Public Works, Transportation and Commerce 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	8,782
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	958	-	-	-	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 Protection Fund	Gasoline Tax Fund	General Services Fund	Gift and Other Expendable Trusts Fund	Golf Fund	Human 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	8,384	78,085	10,854	3,987	16,512	134,925
Expenditures:						
Current:						
Public protection	9	-	182	117	-	-
Public works, transportation and commerce	-	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	7,263	71,467	11,560	3,857	22,033	204,426
Excess (deficiency) of revenues over (under) expenditures	1,121	6,618	(706)	130	(5,521)	(69,501)
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)	(108)	(5,613)	290	(743)	5,611	77,088
Net changes in fund balances	1,013	1,005	(416)	(613)	90	7,587
Fund balances at beginning of year	1,113	108,439	29,119	20,379	10,673	19,873
Fund balances at end of year	$ 2,126	$ 109,444	$ 28,703	$ 19,766	$ 10,763	$ 27,460

(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 Moderate Income Housing Asset Fund	Open Space and Park Fund	Our City Our Home Fund	Public Library Fund	Public Protection Fund	Public Works, Transportation and Commerce 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	5,926	81,248	335,133	89,271	121,676	73,996
Expenditures:						
Current:						
Public protection	-	-	-	-	98,724	-
Public works, transportation and commerce	-	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	11,348	80,176	330,929	186,717	111,686	68,641
Excess (deficiency) of revenues over (under) expenditures	(5,422)	1,072	4,204	(97,446)	9,990	5,355
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)	(9)	(5,928)	-	102,082	(4,367)	(2,805)
Net changes in fund balances	(5,431)	(4,856)	4,204	4,636	5,623	2,550
Fund balances at beginning of year	50,777	69,790	527,775	146,702	57,718	116,643
Fund balances at end of year	$ 45,346	$ 64,934	$ 531,979	$ 151,338	$ 63,341	$ 119,193

(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 Property Fund	San Francisco County Transportation Authority Fund	Senior Citizens Program Fund	Tax Increment Financing Districts Fund	War Memorial 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	110,880	170,965	11,721	19,146	5,406	2,313,004
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	86,376	115,143	11,583	24,105	22,219	2,632,709
Excess (deficiency) of revenues over (under) expenditures	24,504	55,822	138	(4,959)	(16,813)	(319,705)
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)	(27,154)	1,517	72	(384)	15,909	620,647
Net changes in fund balances	(2,650)	57,339	210	(5,343)	(904)	300,942
Fund balances at beginning of year	44,921	(5,604)	(1,591)	32,511	9,003	2,962,314
Fund balances at end of year	$ 42,271	$ 51,735	$ (1,381)	$ 27,168	$ 8,099	$ 3,263,256

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 Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (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	64,072	65,028	76,820	11,792	402,653	405,309	404,949	(360)
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	88,179	88,935	84,001	4,934	576,937	538,158	499,890	38,268
Excess (deficiency) of revenues over (under) expenditures	(24,107)	(23,907)	(7,181)	16,726	(174,284)	(132,849)	(94,941)	37,908
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)	5,000	4,510	4,510	-	153,685	161,337	161,337	-
Net changes in fund balances	(19,107)	(19,397)	(2,671)	16,726	(20,599)	28,488	66,396	37,908
Budgetary fund balances, July 1	19,107	51,348	51,348	-	20,599	732,448	732,448	-
Budgetary fund balances, June 30	$ -	$ 31,951	$ 48,677	$ 16,726	$ -	$ 760,936	$ 798,844	$ 37,908

(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	328,998	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	983	(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	-	-	-	-	1,804	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	859	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	4,382	4,382	-	-	-	-	-
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	-	-	-	-	195,640	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	-	195,640	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)	(6,046)	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	-	847	847	-
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	-	55,663	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	-	1,662	(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	-	-	-	-	108,308	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	2,767,864	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	-	-	-	-	-	252,545	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	(953)	(1,680)	(998)	682	(316,480)	70,855	261,130	190,275
Budgetary fund balances, July 1	953	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)
BUILDING INSPECTION FUND				
Public Works, Transportation and Commerce				
Building Inspection	$ 88,179	$ 88,935	$ 84,001	$ 4,934
Total Building Inspection Fund	88,179	88,935	84,001	4,934
CHILDREN AND FAMILIES FUND				
Public Works, Transportation and Commerce				
Public Works	-	59	59	-
Human Welfare and Neighborhood Development				
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	-
	523,937	484,215	445,947	38,268
Community Health				
Public Health	-	33	33	-
Distributions to Other Governments				
Distributions to Other Governments	53,000	53,851	53,851	-
Total Children and Families Fund	576,937	538,158	499,890	38,268
COMMUNITY / NEIGHBORHOOD DEVELOPMENT FUND				
Public Works, Transportation and Commerce				
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	-
	8,468	24,085	24,085	-
Human Welfare and Neighborhood Development				
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
	105,775	291,949	289,805	2,144
Community Health				
Public Health	-	1,257	1,257	-
Culture and Recreation				
Arts Commission	-	184	184	-
Recreation and Park Commission	1,005	281	281	-
	1,005	465	465	-
General Administration and Finance				
General Services Agency - Administrative Services	2,519	4,038	4,038	-
Planning	10,152	5,683	5,683	-
	12,671	9,721	9,721	-
Total Community / Neighborhood Development Fund	127,919	327,477	325,333	2,144

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Schedule of Current Expenditures by Department
Budget and Actual – Budget Basis
Nonmajor Governmental Funds – Special Revenue Funds (Continued)

Year Ended June 30, 2025

(In Thousands)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
COMMUNITY HEALTH SERVICES FUND				
Public Works, Transportation and Commerce				
Public Works	-	986	986	-
Human Welfare and Neighborhood Development				
Homelessness and Supportive Housing	5,550	5,066	5,066	-
Community Health				
Public Health	255,500	218,676	218,676	-
Total Community Health Services Fund	261,050	224,728	224,728	-
CONVENTION FACILITIES FUND				
Public Works, Transportation and Commerce				
Public Works	-	60	60	-
Culture and Recreation				
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
CULTURE AND RECREATION FUND				
Public Works, Transportation and Commerce				
Economic and Workforce Development	500	1,236	1,236	-
Public Works	-	241	241	-
	500	1,477	1,477	-
Human Welfare and Neighborhood Development				
Mayor's Office	3,355	3,952	3,952	-
Culture and Recreation				
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
General Administration and Finance				
General Services Agency - Administrative Services	18,231	16,231	16,231	-
Total Culture and Recreation Fund	55,662	50,228	50,023	205
ENVIRONMENTAL PROTECTION FUND				
Public Protection				
Sheriff	-	9	9	-
Human Welfare and Neighborhood Development				
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 Positive (Negative)
GASOLINE TAX FUND				
Public Works, Transportation and Commerce				
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
General Administration and Finance				
Telecommunications and Information Services	-	8	8	-
Total Gasoline Tax Fund	64,593	75,282	71,619	3,663
GENERAL SERVICES FUND				
Public Protection				
District Attorney	310	114	114	-
Juvenile Probation	-	68	68	-
	310	182	182	-
Culture and Recreation				
Fine Arts Museums	-	956	956	-
General Administration and Finance				
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 Positive (Negative)
GIFT AND OTHER EXPENDABLE TRUSTS FUND				
Public Protection				
Police Department	-	117	117	-
Public Works, Transportation and Commerce				
Economic and Workforce Development	-	1	1	-
Public Works	-	1,310	1,310	-
	-	1,311	1,311	-
Human Welfare and Neighborhood Development				
Environment	-	73	73	-
Homelessness and Supportive Housing	-	98	98	-
Human Services	-	14	14	-
Mayor's Office	-	33	33	-
	-	218	218	-
Community Health				
Public Health	255	356	356	-
Culture and Recreation				
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	-
General Administration and Finance				
General Services Agency - Administrative Services	-	38	38	-
Total Gift and Other Expendable Trusts Fund	1,116	3,762	3,762	-
GOLF FUND				
Public Works, Transportation and Commerce				
Public Works	-	116	116	-
Culture and Recreation				
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 Positive (Negative)
HUMAN WELFARE FUND				
Public Works, Transportation and Commerce				
Public Works	-	3,621	3,621	-
Human Welfare and Neighborhood Development				
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
LOW AND MODERATE INCOME HOUSING ASSET FUND				
Human Welfare and Neighborhood Development				
Mayor's Office	5,000	7,693	7,693	-
Total Low and Moderate Income Housing Asset Fund	5,000	7,693	7,693	-
OPEN SPACE AND PARK FUND				
Public Works, Transportation and Commerce				
Public Works	-	310	310	-
Public Utilities Commission	-	4	4	-
	-	314	314	-
Culture and Recreation				
Recreation and Park Commission	82,422	83,665	79,433	4,232
General Administration and Finance				
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
OUR CITY OUR HOME FUND				
Public Works, Transportation and Commerce				
Public Works	-	11,574	11,574	-
Human Welfare and Neighborhood Development				
Homelessness and Supportive Housing	362,342	146,909	146,909	-
Mayor's Office	-	74,718	74,718	-
	362,342	221,627	221,627	-
Community Health				
Public Health	105,718	95,196	95,196	-
General Administration and Finance				
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 Positive (Negative)
PUBLIC LIBRARY FUND				
Public Works, Transportation and Commerce				
Public Works	-	12,537	12,537	-
Culture and Recreation				
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
PUBLIC PROTECTION FUND				
Public Protection				
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	-
Public Works, Transportation and Commerce				
Public Works	-	20	20	-
Human Welfare and Neighborhood Development				
Children, Youth and Their Families	7,482	6,092	6,092	-
Status of Women	-	3,219	3,219	-
	7,482	9,311	9,311	-
Community Health				
Public Health	-	37	37	-
General Administration and Finance				
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	-
PUBLIC WORKS, TRANSPORTATION AND COMMERCE FUND				
Public Works, Transportation and Commerce				
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
Human Welfare and Neighborhood Development				
Environment	17,212	16,219	16,032	187
Culture and Recreation				
Recreation and Park Commission	-	16	16	-
General Administration and Finance				
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 Positive (Negative)
REAL PROPERTY FUND				
Public Works, Transportation and Commerce				
Public Works	-	110	110	-
Culture and Recreation				
Recreation and Park Commission	-	104	104	-
General Administration and Finance				
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
SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY FUND				
Public Works, Transportation and Commerce				
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
SENIOR CITIZENS PROGRAM FUND				
Human Welfare and Neighborhood Development				
Human Services	9,632	11,512	11,512	-
Total Senior Citizens Program Fund	9,632	11,512	11,512	-
TAX INCREMENT FINANCING DISTRICTS FUND				
Public Works, Transportation and Commerce				
Port	-	11,317	11,317	-
General Administration and Finance				
General Services Agency - Administrative Services	-	277	277	-
Total Tax Increment Financing Districts Fund	-	11,594	11,594	-
WAR MEMORIAL FUND				
Culture and Recreation				
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 Obligation Bond Fund	Certificates of Participation Funds	Other Bond 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
Total assets	$ 200,156	$ 58,726	$ 5	$ 258,887
Liabilities:				
Unearned revenues and other liabilities	66,404	-	-	66,404
Total liabilities	66,404	-	-	66,404
Deferred inflows of resources	4,467	-	-	4,467
Fund balances:				
Restricted	129,285	58,726	5	188,016
Total fund balances	129,285	58,726	5	188,016
Total liabilities, deferred inflows of resources and fund balances	$ 200,156	$ 58,726	$ 5	$ 258,887

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 Obligation Bond Fund	Certificates of Participation Funds	Other Bond 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
Total revenues	376,773	3,068	13	379,854
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
Total expenditures	428,541	107,998	3,728	540,267
Deficiency of revenues 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)
Total other financing sources (uses)	25,303	103,667	3,537	132,507
Net changes in fund balances	(26,465)	(1,263)	(178)	(27,906)
Fund balances at beginning of year	155,750	59,989	183	215,922
Fund balances at end of year	$ 129,285	$ 58,726	$ 5	$ 188,016

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 Budget	Final Budget	Actual	Variance Positive (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 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 Improvement Fund	Recreation and Park Projects Fund	Street Improvement 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 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 Improvement Fund	Recreation and Park Projects Fund	Street Improvement 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	23,274	20,856	3,548	47,678
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	136,288	47,070	46,218	229,576
Total expenditures	143,957	48,067	46,463	238,487
Deficiency of revenues under expenditures	(120,683)	(27,211)	(42,915)	(190,809)
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)	234,645	21,499	13,171	269,315
Net changes in fund balances	113,962	(5,712)	(29,744)	78,506
Fund balances at beginning of year	417,197	5,942	9,029	432,168
Fund balances at end of year	$ 531,159	$ 230	$ (20,715)	$ 510,674

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 Fund	Finance Corporation	Reproduction Fund	Telecom-munications & Information Fund	Total
Assets:					
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, 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
Liabilities:					
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 Fund	Finance Corporation	Reproduction Fund	Telecom-munications & Information Fund	Total
Operating revenues:					
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
Operating expenses:					
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)
Nonoperating revenues (expenses):					
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, 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 Fund	Finance Corporation	Reproduction Fund	Telecom-munications & Information 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 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 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 inflows of resources	290	-	-	2,144	2,434
Net OPEB liability and OPEB related deferred outflows and inflows of resources	1,571	-	-	2,510	4,081
Total adjustments	3,010	14,624	662	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 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 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 Fund	Other Employee Benefit Trust Fund	Other Post-employment Benefit Trust Fund	
	Employees' Retirement System	Health Service System	Retiree Health Care Trust	Total
Assets:				
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
Liabilities:				
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
Net position restricted for:				
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 Fund	Other Employee Benefit Trust Fund	Other Post-employment Benefit Trust Fund	
	Employees' Retirement System	Health Service System	Retiree Health Care Trust	Total
Additions:				
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
Deductions:				
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 Program Fund	Community Facilities Districts Fund	Deposits Fund
Assets:			
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	20,686	182,143	29,427
Liabilities:			
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	-	8,900	926
Net position restricted for:			
Individuals, organizations, and other governments	$ 20,686	$ 173,243	$ 28,501

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Fiduciary Net Position
Fiduciary Funds
Custodial Funds (Continued)

June 30, 2025
(In Thousands)

	Medical Reimbursement Accounts Fund	State Revenue Collection Fund	Successor Agency Custodial Fund
Assets:			
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	948,155	741	84,526
Liabilities:			
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	1,577	741	244
Net position restricted for:			
Individuals, organizations, and other governments	$ 946,578	$ -	$ 84,282

(Continued)

CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Fiduciary Net Position
Fiduciary Funds
Custodial Funds (Continued)

June 30, 2025
(In Thousands)

	Tax Collection Fund	Other	Total
Assets:			
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	324,574	79,315	1,669,567
Liabilities:			
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	324,574	27,741	364,703
Net position restricted for:			
Individuals, organizations, and other governments	$ -	$ 51,574	$ 1,304,864

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)

	Assistance Program Fund	Community Facilities Districts Fund	Deposits Fund
Additions:			
Property taxes	$ -	$ 43,425	$ -
Interest and investment income	1,015	8,984	1,357
Custodial additions	1,171	-	27,945
Total additions, net	2,186	52,409	29,302
Deductions:			
Interest on debt	-	37,251	-
Property taxes distributed to other governments	-	-	-
Custodial distributions to State	-	-	-
Other custodial deductions	1,012	14,654	27,340
Total deductions	1,012	51,905	27,340
Change in net position	1,174	504	1,962
Net position at beginning of year	19,512	172,739	26,539
Net position at end of year	$ 20,686	$ 173,243	$ 28,501

(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 Reimbursement Accounts Fund	State Revenue Collection Fund	Successor Agency Custodial Fund
Additions:			
Property taxes	$ -	$ -	$ 20,516
Interest and investment income	47,513	93	3,763
Custodial additions	214	15,989	1,538
Total additions, net	47,727	16,082	25,817
Deductions:			
Interest on debt	-	-	-
Property taxes distributed to other governments	-	-	-
Custodial distributions to State	-	16,082	-
Other custodial deductions	15,080	-	22,076
Total deductions	15,080	16,082	22,076
Change in net position	32,647	-	3,741
Net position at beginning of year	913,931	-	80,541
Net position at end of year	$ 946,578	$ -	$ 84,282

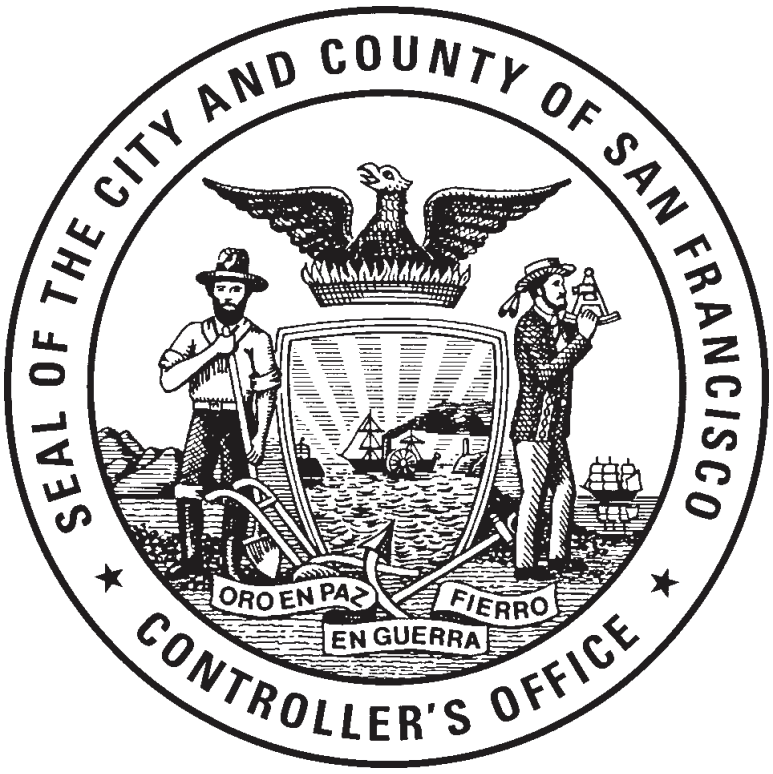
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CITY AND COUNTY OF SAN FRANCISCO

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Custodial Funds (Continued)

Year Ended June 30, 2025
(In Thousands)

	Tax Collection 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	-	82,031	128,888
Total additions, net	5,373,112	326,013	5,872,648
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	-	82,402	162,564
Total deductions	5,373,112	326,021	5,832,628
Change in net position	-	(8)	40,020
Net position at beginning of year	-	51,582	1,264,844
Net position at end of year	$ -	$ 51,574	$ 1,304,864



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 [2]	2019	2020	2021 [3]	2022 [4]	2023 [5]	2024	2025 [6]
Governmental activities										
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	$ 5,130,602
Restricted for:										
Reserve for rainy day	120,106	125,689	143,977	324,977	229,069	114,539	114,359	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	196,598	186,015	297,975	256,804	299,063	319,105	324,619	153,862
Community development	433,398	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	240,524	265,444	319,595	415,236	470,912	505,112	582,898	656,619	983,289	945,903
Unrestricted (deficit)	(2,073,235)	(2,560,735)	(2,950,722)	(2,804,237)	(2,838,247)	(3,133,782)	(2,037,466)	(2,030,666)	(2,097,259)	(2,516,580)
Total governmental activities net position	$ 2,009,063	$ 1,786,411	$ 1,891,977	$ 2,901,491	$ 3,133,622	$ 3,759,197	$ 5,331,019	$ 5,522,546	$ 5,813,996	$ 5,693,665
Business-type activities										
Net investment in capital assets	$ 5,690,741	$ 5,752,069	$ 6,176,022	$ 6,764,333	$ 7,013,098	$ 7,003,396	$ 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	285,932	363,277
Capital projects	340,896	394,634	515,072	556,980	523,169	510,813	651,052	1,014,138	1,296,948	1,538,698
Other purposes	70,505	93,696	294,122	165,675	116,861	301,944	358,526	10,174	12,206	19,349
Unrestricted (deficit)	(231,379)	(670,759)	(1,492,713)	(1,117,385)	(1,004,826)	(1,162,508)	(435,349)	(168,113)	365,498	650,222
Total business-type activities net position	$ 5,997,836	$ 5,771,902	$ 5,787,002	$ 6,700,721	$ 6,964,973	$ 6,896,026	$ 7,496,160	$ 7,878,649	$ 8,406,542	$ 9,063,083
Primary government										
Net investment in capital assets [1]	$ 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	229,069	114,539	114,359	114,539	114,539	114,539
Debt service	210,102	310,441	430,631	435,838	430,436	378,952	311,287	328,083	436,718	492,492
Capital projects [1]	423,132	569,948	569,115	692,052	793,888	646,400	771,576	1,208,105	1,552,536	1,422,004
Community development	433,398	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	613,717	580,911	587,773	807,056	941,424	666,793	995,495	965,252
Unrestricted (deficit) [1]	(1,897,787)	(2,844,956)	(3,971,305)	(3,473,875)	(3,424,068)	(3,805,674)	(1,909,623)	(1,666,540)	(1,294,744)	(1,202,017)
Total primary government activities net position	$ 8,006,899	$ 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 [1]	2019	2020	2021 [2]	2022 [3]	2023 [4]	2024	2025 [5]
Expenses										
Governmental activities:										
Public protection	$ 1,222,549	$ 1,692,224	$ 1,496,749	$ 1,496,341	$ 1,661,262	$ 1,744,103	$ 1,252,725	$ 1,671,702	$ 1,903,640	$ 1,961,323
Public works, transportation and commerce	418,978	387,423	321,577	331,717	362,133	530,087	336,059	446,286	501,421	605,508
Human welfare and neighborhood development	1,233,403	1,543,047	1,552,060	1,720,425	2,137,968	2,384,993	2,332,530	2,883,425	3,090,344	2,852,489
Community health	747,071	868,628	914,512	960,422	1,148,208	1,241,282	1,151,847	1,206,314	1,256,673	1,324,609
Culture and recreation	311,028	539,516	425,668	594,219	519,015	467,251	398,314	537,393	590,549	595,032
General administration and finance	246,383	337,209	430,711	330,358	416,370	475,428	335,772	482,618	477,594	473,461
Distributions to other governments	-	-	-	-	-	-	47,296	49,113	51,597	53,851
General City responsibilities	113,490	145,247	118,956	156,907	119,693	100,077	129,138	175,522	160,887	153,125
Unallocated interest on long-term debt and cost of issuance	115,357	113,264	138,048	153,220	145,600	144,334	155,467	155,749	173,043	169,938
Total governmental activities expenses	4,408,259	5,626,558	5,398,281	5,743,609	6,510,249	7,087,555	6,139,148	7,608,122	8,205,748	8,189,336
Business-type activities:										
Airport	900,621	1,122,802	1,092,154	1,067,265	1,344,734	1,294,064	1,175,430	1,278,517	1,416,013	1,657,845
Transportation	1,106,420	1,468,586	1,304,254	1,304,358	1,438,417	1,327,418	1,076,249	1,439,742	1,660,266	1,767,560
Port	91,449	118,361	102,667	123,116	131,884	142,126	110,108	127,817	148,226	171,597
Water	470,254	572,509	536,068	536,480	576,140	627,875	606,409	666,970	739,346	698,513
Power	153,472	198,621	202,366	314,471	392,669	411,605	477,202	544,742	570,557	655,478
Hospitals	1,050,618	1,370,154	1,294,045	1,236,823	1,332,648	1,376,112	1,300,196	1,419,409	1,621,045	1,693,215
Sewer	244,289	273,077	264,298	304,010	296,842	318,976	326,952	343,018	554,132	447,272
Total business-type activities expenses	4,017,123	5,124,110	4,795,852	4,886,523	5,513,334	5,498,176	5,072,546	5,820,215	6,709,585	7,091,480
Total primary government expenses	$ 8,425,382	$ 10,750,668	$ 10,194,133	$ 10,630,132	$ 12,023,583	$ 12,585,731	$ 11,211,694	$ 13,428,337	$ 14,915,333	$ 15,280,816
Program Revenues										
Governmental activities:										
Charges for services:										
Public protection	$ 86,164	$ 83,896	$ 87,614	$ 121,848	$ 105,508	$ 85,593	$ 101,317	$ 103,361	$ 121,608	$ 115,553
Public works, transportation and commerce	130,410	148,804	157,416	164,578	138,328	136,455	102,094	133,565	109,064	134,280
Human welfare and neighborhood development	273,986	164,755	82,925	134,839	212,743	207,974	237,611	170,535	147,158	120,478
Community health	90,078	68,601	104,335	101,678	107,078	120,141	87,248	91,056	425,354	185,910
Culture and recreation	98,205	97,614	125,776	136,928	127,196	42,676	92,549	135,998	151,761	138,541
General administration and finance	52,417	45,385	73,235	99,278	97,130	80,780	108,893	188,245	152,485	164,336
General City responsibilities	45,922	37,367	54,136	56,027	66,885	57,943	55,587	66,925	71,488	73,659
Operating grants and contributions	1,289,902	1,263,262	1,279,900	1,392,516	1,518,051	1,925,539	2,185,343	1,762,809	1,867,598	1,949,723
Capital grants and contributions	24,795	19,493	63,181	233,184	146,400	130,937	105,459	150,625	109,202	130,401
Total governmental activities program revenues	2,091,879	1,929,177	2,028,518	2,440,876	2,519,319	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	943,879	515,416	821,253	1,064,104	1,401,390	1,369,248
Transportation	495,296	500,030	511,984	505,159	390,285	207,288	315,543	350,188	352,802	394,837
Port	99,733	113,353	109,769	122,033	108,863	94,330	120,951	128,667	134,589	133,015
Water	419,516	460,331	525,639	542,391	583,351	581,612	573,117	691,091	676,890	678,637
Power	164,736	189,979	191,963	345,386	421,284	391,171	480,447	583,477	630,438	701,470
Hospitals	922,320	873,221	967,936	1,014,124	1,092,622	1,070,390	1,167,993	1,213,925	1,274,589	1,439,946
Sewer	261,775	277,341	315,096	331,081	344,128	327,665	368,882	363,936	395,041	431,191
Operating grants and contributions	199,623	270,167	217,506	251,757	455,673	710,059	545,636	444,009	535,623	561,185
Capital grants and contributions	374,924	353,046	456,166	467,069	361,266	231,890	185,816	235,952	387,080	512,414
Total business-type activities program revenues	3,804,914	3,964,268	4,359,861	4,559,443	4,701,351	4,129,821	4,579,638	5,075,349	5,788,442	6,221,943
Total primary government program revenues	$ 5,896,793	$ 5,893,445	$ 6,388,379	$ 7,000,319	$ 7,220,670	$ 6,917,859	$ 7,655,739	$ 7,878,468	$ 8,944,160	$ 9,234,824

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.

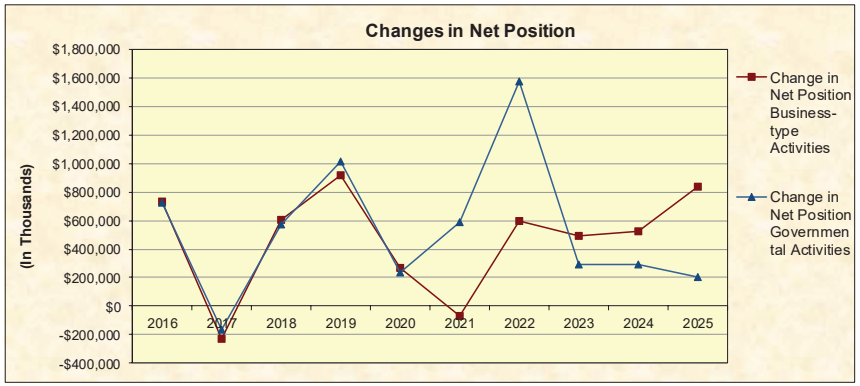
(5) In fiscal year 2024-25, the City adopted the provisions of GASB Statement Nos. 101. As restatement of all prior periods is not practical, the cumulative effect of applying GASB Statement Nos. 101 is reported as a restatement of beginning net position as of July 1, 2024.

CITY AND COUNTY OF SAN FRANCISCO

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year									
	2016	2017	2018 [1]	2019	2020	2021 [2]	2022 [3]	2023 [4]	2024 [5]	2025 [6]
Net (expenses)/revenue										
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	(212,209)	(1,159,842)	(435,991)	(327,080)	(811,983)	(1,368,355)	(492,908)	(744,866)	(921,143)	(869,537)
Total primary government net expenses	$ (2,528,589)	$ (4,857,223)	$ (3,805,754)	$ (3,629,813)	$ (4,802,913)	$ (5,667,872)	$ (3,555,955)	$ (5,549,869)	$ (5,971,173)	$ (6,045,992)
General Revenues and Other Changes in Net Position										
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	660,926	702,331	899,142	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	279,453	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	453,852	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	416,359
Other	59,266	182,933	71,834	88,788	63,552	67,838	80,295	99,471	69,536	84,603
Transfers - internal activities of primary government	(671,173)	(647,942)	(753,283)	(802,748)	(679,450)	(861,966)	(866,631)	(885,106)	(921,000)	(1,059,840)
Special item	-	-	116,690	-	-	-	-	-	-	-
Total governmental activities	3,038,229	3,529,767	3,939,005	4,312,247	4,223,061	4,889,541	4,633,745	5,093,692	5,341,480	5,381,352
Business-type activities:										
Interest and investment income (loss)	28,566	28,547	39,010	182,666	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	647,942	753,283	802,748	679,450	861,966	866,631	885,106	921,000	1,059,840
Special item	-	-	-	18,340	-	-	-	-	-	-
Total business-type activities	940,375	933,908	1,039,120	1,240,799	1,076,235	1,299,408	1,085,457	1,233,955	1,449,036	1,704,636
Total primary government	$ 3,978,604	$ 4,463,675	$ 4,978,125	$ 5,553,046	$ 5,299,296	$ 6,188,949	$ 5,719,202	$ 6,327,647	$ 6,790,516	$ 7,085,988
Change in Net Position										
Governmental activities	$ 721,849	$ (167,614)	$ 569,242	$ 1,009,514	$ 232,131	$ 590,024	$ 1,570,698	$ 288,689	$ 291,450	$ 204,897
Business-type activities	728,166	(225,934)	603,129	913,719	264,252	(68,947)	592,549	489,089	527,893	835,099
Total primary government	$ 1,450,015	$ (393,548)	$ 1,172,371	$ 1,923,233	$ 496,383	$ 521,077	$ 2,163,247	$ 777,778	$ 819,343	$ 1,039,996



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) 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)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
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	879,567	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	510,408	670,179	453,088	477,511	562,254	608,011
Total general fund	$ 1,429,162	$ 1,870,703	$ 2,221,941	$ 2,717,023	$ 2,685,922	$ 2,670,104	$ 2,905,143	$ 2,648,137	$ 2,563,610	$ 2,617,229
All other governmental funds										
Nonspendable	$ 82	$ 82	$ 82	$ 140	$ 82	$ 82	$ 124	$ 356	$ 81	$ -
Restricted	1,443,956	1,701,020	2,232,040	2,309,105	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	$ 1,406,312	$ 1,534,070	$ 2,355,294	$ 2,423,554	$ 2,353,954	$ 3,607,095	$ 3,874,527	$ 3,855,325	$ 3,615,095	$ 3,967,271

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
Revenues:										
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	$ 3,155,559
Business taxes	660,926	702,331	899,142	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	411,369	421,024	442,328	590,697	907,362	1,096,707	635,680	650,161	710,605
State	776,866	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
Total revenues	5,789,974	5,971,620	6,411,371	7,561,936	7,181,394	8,453,129	8,543,836	8,673,710	9,133,777	9,360,757
Expenditures:										
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	49,113	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	8,934	876	4,455	7,864	3,330	5,747	5,586	5,147
Payment to refunded bond escrow agent	-	-	-	-	8,905	7,167	7,768	-	159,798	-
Capital outlay	223,904	297,089	337,741	323,979	454,137	275,638	250,764	220,917	353,221	305,714
Total expenditures	5,074,865	5,316,019	5,848,496	6,269,601	7,034,870	7,274,701	7,758,523	8,422,321	8,895,979	8,855,275
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
Other financing sources (uses):										
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)	(1,398,562)	(1,654,966)	(1,380,325)	(1,825,686)	(1,626,205)	(1,587,557)	(1,683,666)	(1,876,218)
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)	-	-	-	(257,675)	(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)	598,450	(728,993)	(247,225)	23,344	(282,842)	(538,955)	(562,555)	(99,687)
Special item	-	-	11,137	-	-	-	-	-	-	-
Net change in fund balances	$ 546,531	$ 569,299	$ 1,172,462	$ 563,342	$ (100,701)	$ 1,201,772	$ 502,471	$ (287,566)	$ (324,757)	$ 405,795
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	1,649,631	1,905,045	1,787,521	1,490,916	1,529,429
Assigned and unassigned, available for appropriation					
Assigned for litigation and contingencies	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	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	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
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	$ 2,670,104	$ 2,905,143	$ 2,648,137	$ 2,563,610	$ 2,617,229

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
Revenues:					
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[2]	709,018	1,115,553	1,108,545	912,392	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
Total Revenues	5,669,155	6,324,948	6,143,050	6,377,784	6,619,395
Expenditures:					
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	1,562,982	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 and finance	314,298	298,742	301,748	293,959	303,882
General City responsibilities	113,913	156,870	189,570	168,497	153,057
Total expenditures[1]	4,896,675	4,889,705	5,128,666	5,185,813	5,273,279
Excess of revenues over expenditures[1]	772,480	1,435,243	1,014,384	1,191,971	1,346,116
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[1]	(338)	(74,928)	(74,677)	(76,864)	(94,300)
Total other financing sources (uses)[1]	(823,695)	(1,200,204)	(1,271,390)	(1,276,498)	(1,292,497)
Net change in fund balance	(51,215)	235,039	(257,006)	(84,527)	53,619
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	35,397	-	-	-	-
Total fund balances at end of year - GAAP basis	$ 2,670,104	$ 2,905,143	$ 2,648,137	$ 2,563,610	$ 2,617,229
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

[1] 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.

[2] 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 [1][3][4]

Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Assessed Value			Exemptions [2]			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 [5]	339,396,199	6,844,840	346,241,039	20,799,072	587,889	21,589,228	303,264,850	1.00%
2024 [5]	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

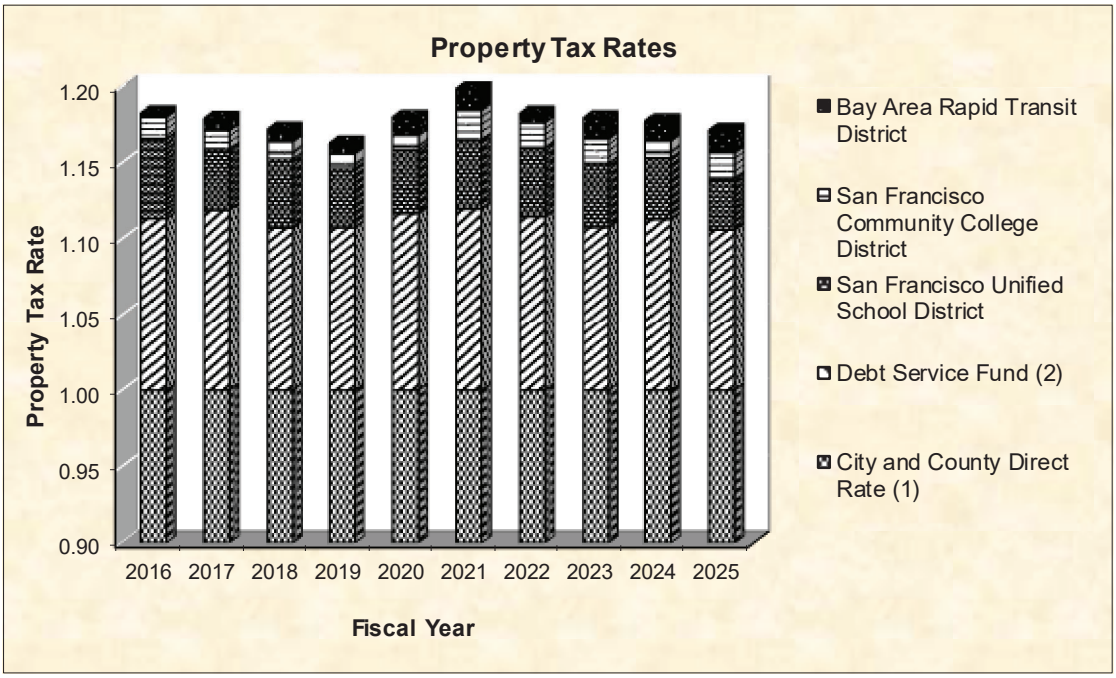
Notes:
(1) Assessed value of taxable property represents all property within the City. The maximum tax rate is 1% of the full cash value or $1/$100 of the assessed value, excluding the tax rate for debt service.
(2) Exemptions are summarized as follows:
  (a) Non-reimbursable exemptions are revenues 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)

		Overlapping Rates				
Fiscal Year	City and County Direct Rate [1]	Debt Service Fund [2]	San Francisco Unified School District	San Francisco Community College District	Bay Area Rapid Transit District	Total
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 XIIIA of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

CITY AND COUNTY OF SAN FRANCISCO

PRINCIPAL PROPERTY ASSESSEES

Current Fiscal Year and Nine Fiscal Years Ago
(Dollar in Thousands)

		Fiscal Year 2025			Fiscal Year 2016		
Assessee	Type of Business	Taxable Assessed Value [1]	Rank	Percentage of Total Taxable Assessed Value [2]	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value [2]
Transbay Towers LLC	Office, Commercial	$ 1,911,819	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	-		-	408,713	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

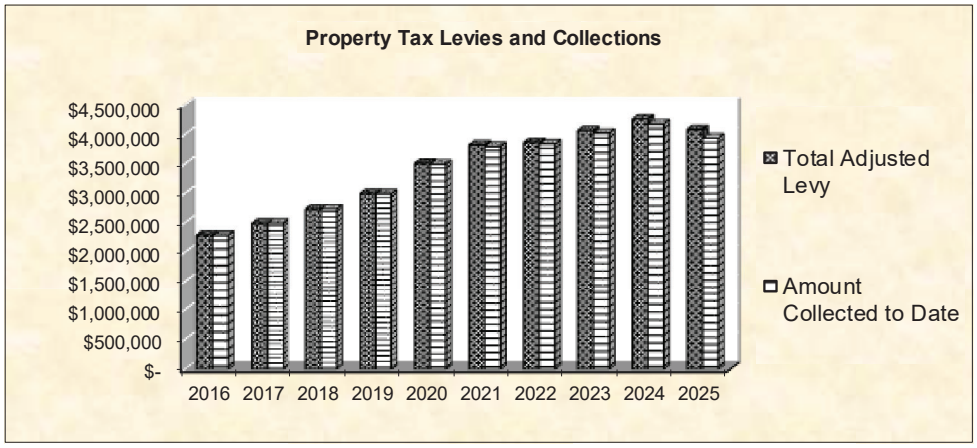
Notes:
(1) Data for fiscal year 2024-2025 updated as of August 1, 2024.
(2) Assessed values for fiscal years 2024-2025 and 2015-2016 are from the tax rolls of calendar year 2024 and 2015, respectively.

CITY AND COUNTY OF SAN FRANCISCO

PROPERTY TAX LEVIES AND COLLECTIONS [1] [2]

Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years [3]	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy [5]
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 [4]	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

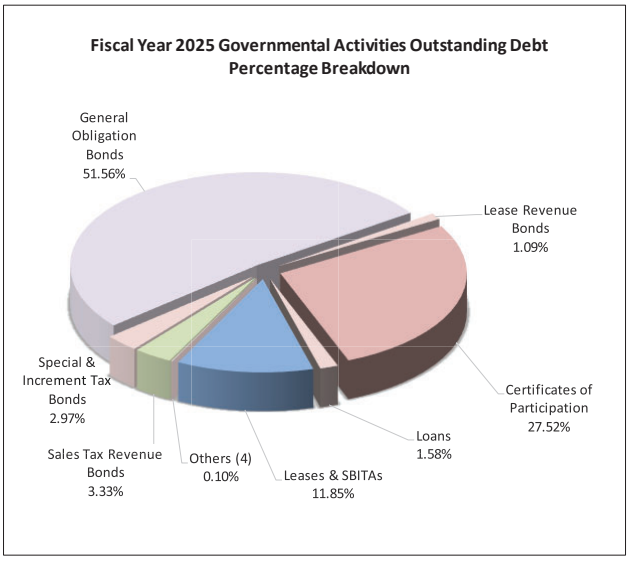
RATIOS OF OUTSTANDING DEBT BY TYPE

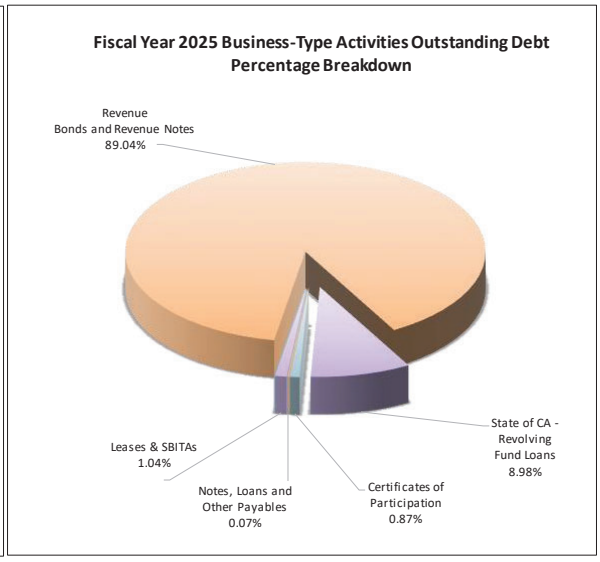
Last Ten Fiscal Years

(In Thousands, except per capita amount)

	Governmental Activities								
Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	Loans	Leases & SBITAs	Others [4]	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 [5]	Subtotal	Total Primary Government	Percentage of Personal Income [1] [2]	Per Capita [1] [3]
2016	$ 10,078,794	$ -	$ 343,270	$ 8,180	$ -	$ 266	$ 10,430,510	$ 13,622,257	14.17%	$ 15,549
2017	11,185,043	-	330,924	9,241	-	-	11,525,208	14,768,106	13.93%	16,798
2018	13,194,466	22,607	318,019	14,196	-	-	13,549,288	17,748,254	15.37%	20,153
2019	14,935,423	88,032	304,547	18,763	-	-	15,346,765	19,230,959	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	18,364,590	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:

[1] See Demographic and Economic Statistics, for personal income and population data.

[2] 2022, 2023 and 2024 were updated from last year's ACFR with newly available data.

[3] 2020, 2021, 2022, 2023 and 2024 were updated from last year's ACFR with newly available data.

[4] 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.

[5] 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 [1]	Less: Amounts Restricted for Debt Service	Total	Per Capita [2] [3]	Percentage of Taxable Assessed Value [4]
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:

[1] Details regarding the City's outstanding debt can be found in the notes to the financial statements. In compliance with GASB Statement No. 65, the amount for general obligation bonds was restricted to exclude bond refunding gains or losses.

[2] Population data can be found in Demographic and Economic Statistics.

[3] Fiscal years 2020, 2021, 2022, 2023 and 2024 were updated from last year's ACFR with newly available data.

[4] 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 [1]	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 [1]	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 [2]	22,316,721
Assessed value [2]	$ 349,304,506
Debt limit (three percent of valuation subject to taxation)[3]	$ 10,479,135
Debt applicable to limit - general obligation bonds	2,736,743
Legal debt margin	$ 7,742,392

Notes:

[1] Per outstanding general obligation bonds adjusted with bond premium and discount.

[2] Source: Assessor, City and County of San Francisco

[3] City's Administrative Code Section 2.60 Limitations on Bonded Indebtedness.
"There shall be a limit on outstanding general obligation bond indebtedness of three percent of the assessed value of all taxable real and personal property, located within the City and County."

CITY AND COUNTY OF SAN FRANCISCO

DIRECT AND OVERLAPPING DEBT
(In Thousands)

2024-25 Assessed Valuation as of August 1, 2024: $351,900,093 (includes unitary utility valuation)

GENERAL OBLIGATION BONDED DEBT:	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
TOTAL GENERAL OBLIGATION BONDED DEBT	4,098,095
LEASE OBLIGATION BONDS:	
San Francisco City and County	$ 1,597,152
TOTAL LEASE OBLIGATION BONDED DEBT	$ 1,597,152
TOTAL COMBINED DIRECT DEBT	$ 5,695,247
OVERLAPPING TAX AND ASSESSMENT DEBT:	
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
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	1,764,438
OVERLAPPING TAX INCREMENT DEBT:	
Successor Agency to the San Francisco Redevelopment Agency	$ 757,789
Transbay Joint Powers Authority	222,965
TOTAL OVERLAPPING INCREMENT DEBT	980,754
OVERLAPPING TAX INCREMENT REVENUE DEBT:	
San Francisco Infrastructure and Revitalization Financing District No. 1	$ 37,420
TOTAL OVERLAPPING TAX INCREMENT REVENUE DEBT	37,420
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	$ 8,477,859 (1)

(1) Excludes tax and revenue anticipation notes, enterprise revenue bonds and airport improvement corporation bonds.

Ratios to 2024-25 Assessed Valuation ($351,900,093):	
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%
Ratio to 2024-25 Redevelopment Incremental Valuation ($45,832,885):	
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 [1]

Fiscal Year	Operating Revenues [2]	Less: Operating Expenses [3]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2016	$ 880,948	$ 412,114	$ 468,834	$ 208,860	$ 185,297	$ 394,157	1.19
2017	934,692	543,019	391,673	194,225	210,330	404,555	0.97
2018	1,075,118	505,018	570,100	201,295 [4]	204,046 [4]	405,341	1.41
2019	1,072,368	495,222	577,146	214,710 [4]	221,749 [4]	436,459	1.32
2020	1,031,129	618,954	412,175	210,595	268,573	479,168	0.86
2021	540,309 [4]	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 [5]

Fiscal Year	Gross Revenues [6]	Less: Operating Expenses [7]	Adjustments [9]	Net Available Revenue	Debt Service Principal	Debt Service Interest [8]	Debt Service Total	Coverage
2016	$ 423,111	$ 314,786	283,568	$ 391,893	$ 29,695	$ 189,500	$ 219,195	1.79
2017	464,662	421,827	351,605	394,440	41,310	166,502	207,812	1.90
2018	532,087	370,147	337,643	499,583	48,875	185,084	233,959	2.14
2019	558,041	357,094	332,034	532,981	76,665	184,973	261,638	2.04
2020	593,868	398,117	386,127	581,878	100,970	168,240	269,210	2.16
2021	581,141	448,690	335,287	467,738	76,440	171,987	248,427	1.88
2022	565,317	401,612 [10]	246,741	410,446	108,500	170,852	279,352	1.47
2023	705,443	438,837	300,158	566,764	125,285	181,777	307,062	1.85
2024	704,041	502,318	353,862	555,585	135,075	171,294	306,369	1.81
2025	711,917	469,741	404,596	646,772	138,410	160,029	298,439	2.17

(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 [11][12]	Less: Operating Expenses [13]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
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 parity 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 [14]

Fiscal Year	Gross Revenues [15]	Less: Operating Expenses [16]	Adjustments [17]	Net Available Revenue	Debt Service Principal	Debt Service Interest [18]	Debt Service Total	Coverage
2016	$ 262,960	$ 221,553	$ 198,524	$ 239,931	$ 31,115	$ 28,907	$ 60,022	4.00
2017	279,668	244,220	216,095	251,543	20,870	39,537	60,407	4.16
2018	317,413	238,906	231,515	310,022	20,015	26,988	47,003	6.60
2019	351,782	259,813	161,677	253,646	22,435	37,912	60,347	4.20
2020	356,265	262,259	287,798	381,804	23,324	39,475	62,799	6.08
2021	325,008	290,737	271,906	306,177	25,698	56,367	82,065	3.73
2022	360,756	255,010	205,089	310,835	25,363	61,257	86,620	3.59
2023	365,667	254,283	202,059	313,443	36,826	61,985	98,811	3.17
2024	419,959	452,231	386,954	354,682	30,596	61,005	91,601	3.87
2025	474,126	284,523	226,704	416,307	40,999	73,351	114,350	3.64

(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. FY2018 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 [19]

Fiscal Year	Total Operating Revenues [20]	Less: Operating Expenses [21]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
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	128,222	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 [22]	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 [23]

Fiscal Year [27]	Gross Revenues [24]	Less: Operating Expenses [25]	Adjustments [26]	Net Available Revenue	Debt Service [27] Principal	Debt Service [27] Interest	Debt Service [27] Total	Coverage
2016	$ 122,954	$ 110,012	$ 20,102	$ 33,044	$ -	$ -	$ -	-
2017	122,187	116,935	58,176	63,428	-	-	-	-
2018	122,251	119,395	64,356	67,212	710	1,860	2,570	26.15
2019	152,873	122,687	40,827	71,013	730	1,839	2,569	27.64
2020	151,835	148,127	76,853	80,561	755	1,813	2,568	31.37
2021	142,696	139,566	31,048	34,178	785	1,782	2,567	13.31
2022	176,897	142,716	64,445	98,626	815	3,602	4,417	22.33
2023	208,887	181,769	135,281	162,399	850	6,847	7,697	21.10
2024	226,341	175,660	115,960	166,641	880	10,241	11,121	14.98
2025	232,368	190,657	186,975	228,686	2,880	12,930	15,810	14.46

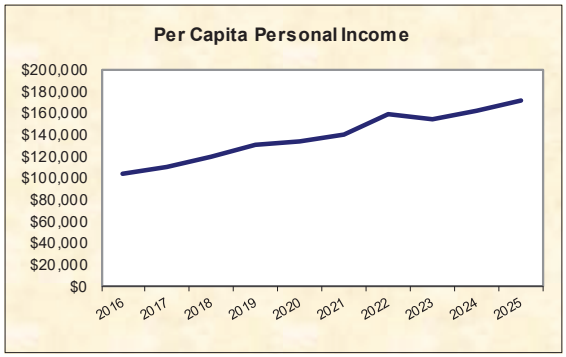
(23) The pledged-revenue coverage calculations presented in this schedule conform to the requirements of GASB Statement No. 44 and as such differ significantly from those calculated in accordance with the bond indenture.
(24) Gross revenues consists of charges for power services, rental income and other 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.

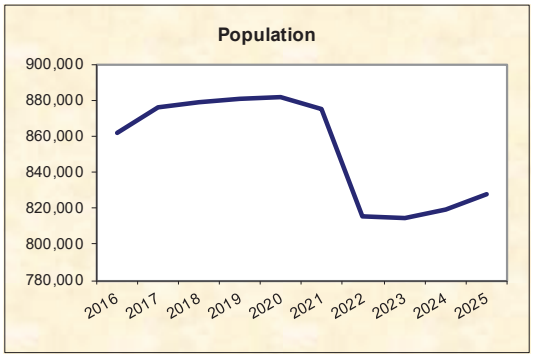
CITY AND COUNTY OF SAN FRANCISCO

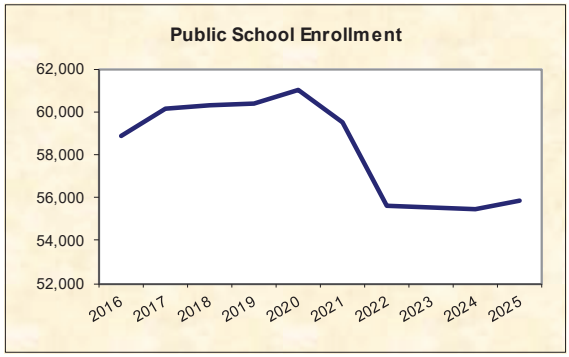
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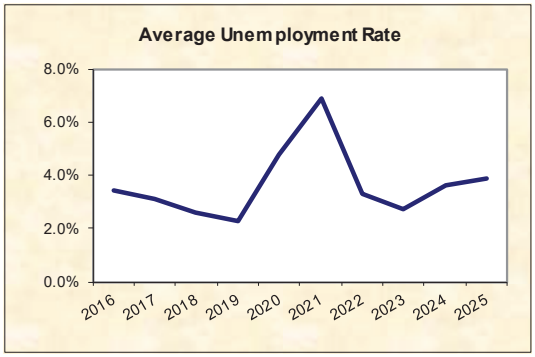
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income (In Thousands) [2]	Per Capita Personal Income [3]	Median Age [4]	Public School Enrollment [5]	Average Unemployment Rate [6]
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 [7]	122,788,484	140,358 [9]	38.2	61,031	4.8%
2021	815,498 [7]	129,774,521	159,135 [9]	38.2	59,498	6.9%
2022	814,176 [7]	125,358,765 [8]	153,970 [9]	38.5	55,592	3.3%
2023	819,151 [7]	133,327,237 [8]	162,763 [9]	38.9	55,537	2.7%
2024	827,526 [7]	142,436,595 [8]	172,123 [9]	39.1	55,452	3.6%
2025	835,987 [7]	147,398,559 [8]	176,317 [9]	39.2 [10]	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

	Year 2023 [1][a]			Year 2014 [2] [b]		
Employer	**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 [3]	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 [1]

Last Ten Fiscal Years

	Fiscal Year									
Function	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023 [2]**	**2024**	**2025**
Public Protection										
Fire Department	1,575	1,620	1,646	1,667	1,677	1,641	1,678	1,801	1,806	1,815
Police	2,871	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
Public Works, Transportation and Commerce										
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	1,682	1,764
Department of Public Works	925	981	1,027	1,057	1,071	1,063	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
Community Health										
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
Human Welfare and Neighborhood Development										
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	394	411	426	499	596	619	637
Total Human Welfare and Neighborhood Development	2,288	2,443	2,485	2,488	2,552	2,586	2,703	2,846	2,881	2,929
Culture and Recreation										
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
General Administration and Finance										
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
General City Responsibilities										
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

Note:

(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

	Fiscal Year									
Function	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Public Protection										
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)[1]	N/A	6.90	7.20	7.30	5.48	5.81	6.64	6.85	5.96	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
Public Works, Transportation, and Commerce										
General Services Agency - Public Works										
Percentage of San Franciscans who rate cleanliness of neighborhood streets as good or very good (Biennial City Survey)[2]	N/A	51%	N/A	44%	N/A	N/A	N/A	32%	N/A	N/A
Number of blocks of City streets repaved	721	704	608	664	438	415	504	507	506	561
Municipal Transportation Agency										
Muni 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%
Culture and Recreation										
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 [3]	10,778,428	10,814,015	11,092,406	11,730,624	10,924,062	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 [4]	1,830,284	1,730,378	1,678,682	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 FY25.
(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

	Fiscal Year									
Function	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Police protection [1]										
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 [2]										
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 [3]	1,287	1,287	1,287	1,304	1,372	1,404	1,407	1,407	1,417	1,417
Number of streetlights [4]	44,498	44,686	44,891	44,832	44,631	42,737	43,202	43,205	43,376	45,345
Water [4]										
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 [4]										
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 [5]	223	224	224	224	224	225	226	226	232	234
Number of libraries [6]	28	28	28	28	28	28	28	28	28	28
Number of library volumes (million) [6]	3.8	3.9	3.7	3.5	3.9	3.5	4.4	4.9	4.8	4.2
Public school education [7]										
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


SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

The following is a summary of certain provisions of the Trust Agreement, the First Supplement to Trust Agreement, the Second Supplement to Trust Agreement, the Third Supplement to Trust Agreement, the Fourth Supplement to Trust Agreement, the Fifth Supplement to Trust Agreement, the Sixth Supplement to Trust Agreement, the Seventh Supplement to Trust Agreement, the Eighth Supplement to Trust Agreement, the Ninth Supplement to Trust Agreement, the Tenth Supplement to Trust Agreement, the Eleventh Supplement to Trust Agreement, the Project Lease, the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease, the Fifth Supplement to Project Lease, the Sixth Supplement to Project Lease, the Seventh Supplement to Project Lease, the Eighth Supplement to Project Lease, the Ninth Supplement to Project Lease, the Tenth Supplement to Project Lease, the Eleventh Supplement to Project Lease, the Property Lease, the First Supplement to Property Lease, the Second Supplement to Property Lease, the Third Supplement to Property Lease, the Fourth Supplement to Property Lease, the Fifth Supplement to Property Lease, the Sixth Supplement to Property Lease, the Seventh Supplement to Property Lease, the Eighth Supplement to Property Lease, the Ninth Supplement to Property Lease, the Tenth Supplement to Property Lease and the Eleventh Supplement to Property Lease. These summaries do not purport to be complete or definitive and reference should be made to such documents for a full and complete statement of their provisions. All capitalized terms not defined in the Official Statement have the meanings set forth in the Trust Agreement.

DEFINITIONS OF CERTAIN TERMS

"2009A Certificates" means City and County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital Improvement Projects) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2009B Certificates" means City and County of San Francisco Certificates of Participation, Series 2009B (Multiple Capital Improvement Projects) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2010A Certificates" means the City and County of San Francisco Refunding Certificates of Participation, Series 2010A.

"2012A Certificates" means City and County of San Francisco Certificates of Participation, Series 2012A (Multiple Capital Improvement Projects) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2012A Reserve Account" means the account within the Reserve Fund established pursuant to the Trust Agreement in connection with the 2012A Certificates.

"2019-R1 Certificates" means City and County of San Francisco Refunding Certificates of Participation, Series 2019-R1 (Multiple Capital Improvement Projects) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2020-R1 Certificates" means City and County of San Francisco Refunding Certificates of Participation, Series 2020-R1 (Multiple Capital Improvement Projects) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2021A Certificates" means City and County of San Francisco Certificates of Participation, Series 2021A (Multiple Capital Improvement Projects) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2021A Reserve Account" means the account within the Reserve Fund established pursuant to the Trust Agreement in connection with the 2021A Certificates.

"2023A Certificates" means City and County of San Francisco Certificates of Participation, Series 2023A (Affordable Housing and Community Facilities Projects) (Federally Taxable) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2023B Certificates" means City and County of San Francisco Certificates of Participation, Series 2023B (Multiple Capital Improvement Projects) (Tax-Exempt) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2024-R1 Certificates" means City and County of San Francisco Refunding Certificates of Participation, Series 2024-R1 (Multiple Capital Improvement Projects) (Tax-Exempt) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2025-R1 Certificates" means City and County of San Francisco Refunding Certificates of Participation, Series 2025-R1 (Multiple Capital Improvement Projects) (Tax-Exempt) authorized by the Trust Agreement and at any time Outstanding thereunder.

"2026A Certificates" means City and County of San Francisco Certificates of Participation, Series 2026A (Multiple Capital Improvement Projects) (Tax-Exempt) authorized by the Trust Agreement and at any time Outstanding thereunder.

"Additional Certificates" means any additional certificates of participation executed and delivered pursuant to the Trust Agreement, as supplemented.

"Additional Rental" means the amounts specified as such in the Project Lease.

"Base Rental" means the amounts specified as such in the Project Lease, as such amounts may be adjusted from time to time in accordance with the terms of the Project Lease, and any amounts as may be specified in a supplement to the Project Lease in connection with Additional Certificates, but does not include Additional Rental.

"Certificates" means the 2009A Certificates and all Additional Certificates under the Trust Agreement.

"Defeasance Securities" means

(i) Government Obligations and

(ii) 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 has been given irrevocable instruction 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 Government Obligations;

(c) the principal of and interest on the Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations;

(d) the Government Obligations serving as security for the municipal obligations are held by an escrow agent or trustee;

(e) the Government Obligations are not available to satisfy any other claims, including those of or against the trustee or escrow agent; and

(f) the municipal obligations are rated AAA by S&P and Aaa by Moody's.

"Facilities" means the improvements, structures and fixtures related thereto and located on the Site, together with all other works, property or structures located from time to time on the Site.

"Government Certificates" means evidences of indebtedness or ownership of proportionate interests in future principal and interest payments of Government Obligations, including depository receipts thereof, wherein

(i) a bank or trust company acts as custodian and holds the underlying Government Obligations;

(ii) the owner of the Government Certificate is a real party in interest with the right to proceed directly and individually against the obligor of the underlying Government Obligations; and

(iii) the underlying Government Obligations are held in trust in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian or any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Government Obligations" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or evidence of ownership in a portion thereof (which may consist of specified portions of interest thereon and obligations of the Resolution Funding Corporation which constitute interest strips) if held by a custodian on behalf of the Trustee, obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and pre-refunded municipal obligations rated in the highest rating category by Moody's and S&P.

"Leased Property" means the Site and the Facilities, as the same may be modified, substituted or supplemented in accordance with the terms of the Project Lease.

"Outstanding" when used as of any particular time with respect to any Certificate, means any Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except:

(i) any Certificate paid in accordance with its terms;

(ii) any Certificate theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(iii) any Certificate for the payment or prepayment of which funds or Defeasance Securities in the necessary amount shall have theretofore been deposited with the Trustee (whether prior to the Certificate Payment Date or prepayment date of such Certificate), provided that, if such Certificate is to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iv) any Certificate purchased by the City; and

(v) any Certificate in lieu of or in exchange for which another Certificate or other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

"Permitted Investments" means, if and to the extent permitted by law and by any policy guidelines promulgated by the City:

(a) Government Obligations or Government Certificates;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Farmers Home Administration (FmHA) - Certificates of beneficial ownership;

(ii) Federal Housing Administration Debentures (FHA);

(iii) General Services Administration - Participation certificates;

(iv) Government National Mortgage Association (GNMA or "Ginnie Mae") - guaranteed mortgage backed bonds and GNMA guaranteed pass-through obligations (participation certificates);

(v) U.S. Maritime Administration - Guaranteed Title XI financing;

(vi) U.S. Department of Housing and Urban Development (HUD) - Project notes and local authority bonds; and

(vii) Any other agency or instrumentality of the United States of America the obligations of which are guaranteed by the full faith and credit of the United States of America;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States of America government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Federal Home Loan Bank System - Senior debt obligations (consolidated debt obligations);

(ii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") - Participation certificates (mortgage-backed securities) and senior debt obligations;

(iii) Fannie Mae - mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities which are valued greater than par on the portion of the unpaid principal);

(iv) Student Loan Marketing Association (SLMA or "Sallie Mae") - Senior debt obligations;

(v) Resolution Funding Corp. (REFCORP) - Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(vi) Federal Farm Credit System - Consolidated system-wide bonds and notes; and

(vii) Any other agency or instrumentality of the United States of America the obligations of which are guaranteed by the non-full faith and credit of the United States of America;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of AAAm-G or AAAm and by Moody's of Aaa;

(e) Certificates of deposit issued by a state or national bank or a state or federal savings and loan; provided that such certificates of deposit are required to be either (i) continuously and fully insured by the FDIC; or (ii) have a maturity of not greater than 365 days and have one of the two highest short-term letter and numerical ratings, at the time of purchase, of Moody's and S&P;

(f) Savings accounts or money market deposits that are fully insured by FDIC;

(g) Investment agreements, including guaranteed investment contracts, provided either (i) the long-term unsecured debt or claims ability of the issuer or guarantor thereof is rated, at the time of purchase, in one of the two highest rating category by Moody's and S&P, or (ii) such agreement is fully collateralized by Government Obligations or Government Certificates;

(h) Commercial paper of "prime" quality rated, at the time of purchase, in one of the two highest rating category by Moody's and S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States;

(i) Bonds or notes issued by any state or municipality which are rated, at the time of purchase, by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(j) Federal funds or banker's acceptances which are eligible for purchases by members of the Federal Reserve System, drawn on any bank the short-term obligations of which are rated in the highest rating category by Moody's and S&P; provided that the maturity cannot exceed 270 days;

(k) Repurchase agreements with maturities of either (a) 30 days or less, or (b) less than one year, provided that the collateral is marked-to-market daily, entered into with financial institutions such as banks or trust companies organized under state or federal law, insurance companies, or government bond dealers reporting to, or trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of SPIC, or with a dealer or parent holding company that is rated, at the time of purchase, A or better by Moody's and S&P. The repurchase agreement must be in respect of Government Obligations or Government Certificates or obligations described in paragraph (b) above, which, exclusive of accrued interest, are required to be maintained at least 100% of par. In addition, repurchase agreements are required to meet the following criteria: (i) the third party (who is not permitted to be the provider of the collateral) has possession of the repurchase securities and the Government Obligations or Government Certificates; (ii) failure to maintain the requisite collateral levels requires liquidation; and (iii) the third party having possession of the securities has a perfected, first priority security interest in the securities;

(l) Defeasance Securities described in clause (ii) of the definition thereof;

(m) Any other debt or fixed income security specified by the City (except securities of the City and any agency, department, commission or instrumentality thereof) and rated, at the time of purchase, in one of the two highest rating category by Moody's and S&P, including pre-refunded municipal obligations;

(n) The Local Agency Investment Fund administered by the State of California; and

(o) Any investment, with confirmation from the Rating Agencies that the ratings on the Certificates will not be lowered as a result of such investment.

In connection with the purchase of any Permitted Investment, the City may enter into agreements, including forward purchase agreements, with the seller thereof.

"Prior Parity Certificates" means, as the context requires, all Certificates issued and Outstanding under the Trust Agreement.

"Project" means the health care, assisted living and/or other type of continuing care facility or facilities and related improvements and equipment to be financed with the 2009A Certificates, and any facilities financed with Additional Certificates, as the same may be amended, modified or supplemented in accordance with the Trust Agreement.

"Record Date" means any Regular Record Date.

"Regular Record Date" means the close of business on the 15th day of the calendar month next preceding each Interest Payment Date, whether or not a Business Day.

"Reserve Requirement" means, for the 2021A Certificates, $5,872,650, as initially designated in the Fifth Supplement to Trust Agreement. For each of the 2019-R1 Certificates, the 2020-R1 Certificates, the 2023A Certificates, the 2023B Certificates, the 2024-R1 Certificates, the 2024A Certificates, the 2025-R1 Certificates and the 2026A Certificates, the Reserve Requirement was established as zero dollars ($0.00). For each series of Additional Certificates, the Reserve Requirement may be established as zero dollars ($0.00) or such greater amount as may be designated in a supplement to the Original Trust Agreement executed in connection with the execution and delivery of such series of Additional Certificates.

"Site" means the real property described in the Project Lease, including any real property substituted therefor or added thereto pursuant to the Project Lease, but excluding real property that has been released or for which new real property has been substituted in accordance with the Project Lease.

"Tax-Exempt" means, with respect to interest on, or with respect to, any obligations of a state or local government, including the Certificates, that such interest is excluded from the gross income of the Owners thereof (other than any Owner who is a "substantial user" of facilities financed with such obligations or a "related person" within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

TRUST AGREEMENT

Although certain provisions of the Trust Agreement are summarized below, this summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Trust Agreement.

Authorization and Designation

The Trustee is authorized and directed under the Trust Agreement to execute and deliver the Certificates to the original purchaser or purchasers thereof. The Certificates evidence proportionate interests in the right to receive Base Rental payments under the Project Lease, as more particularly described therein, in the Trust Agreement and in the Certificates.

Eminent Domain

If the Leased Property or any portion thereof is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) then the provisions set forth in the Project Lease pertaining to eminent domain will apply. Notwithstanding the provisions of the Project Lease, the City, with the prior written consent of a City Representative, within 90 days of the conclusion of the eminent domain proceeding, is to notify the Trustee in writing of whether the Leased Property will be replaced or the Certificates prepaid. The proceeds of any condemnation award are to be deposited as soon as possible with the Trustee and

be held by the Trustee in a special fund and made available for and, to the extent necessary, are required to be applied to prepay Certificates in accordance with the Trust Agreement or applied to the cost of replacement of the Leased Property, in either case upon receipt of a written request of a City Representative. The Trustee may conclusively rely upon any such written request. Pending such application, such proceeds may be invested by the Trustee as directed by a City Representative in Permitted Investments that mature not later than such times that such moneys are expected to be needed.

The proceeds of any condemnation award remaining after the Leased Property has been replaced by property available to the City in substantially the same condition and fair rental value as that which existed prior to the eminent domain proceedings or the prepayment, or provision for the prepayment, of Certificates as required under the Trust Agreement, in each case as evidenced by a certificate signed by a City Representative to such effect, are required to be deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement (proportionately among any Reserve Accounts in the Reserve Fund). Any amounts not required to be so deposited into the Reserve Fund pursuant to the preceding sentence, if there is first delivered to the Trustee a written certificate of the Director of Property to the effect that the annual fair rental value of the Leased Property (including any replacement property) is at least equal to the maximum amount of Base Rental payments becoming due under the Project Lease in the then-current Project Lease Year or any subsequent Project Lease Year, are required to be paid to the City to be used for any lawful purpose. If the City cannot deliver the certificate described in the preceding sentence it is to so notify the Trustee in writing, and then any excess amounts are required to be transferred by the Trustee to the Base Rental Fund and used to prepay Certificates pursuant to the Trust Agreement, unless the City otherwise directs in writing that such amounts are to be transferred to the Rebate Fund.

Title Insurance

Proceeds of any policy of title insurance received by the Trustee in respect of the Leased Property or any portion thereof for the benefit of the Owners are required to be applied and disbursed by the Trustee as follows:

(a) If the City determines that the title defect giving rise to such proceeds has not materially affected the City's right to the use and possession of the Leased Property and will not result in an abatement of Base Rental payable by the City under the Project Lease, upon written direction of the City such proceeds are required to be deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement. Amounts not required to be so deposited, if there is first delivered to the Trustee a written certificate of a City Representative to the effect that the annual fair rental value of the Leased Property, notwithstanding the title defect for which the payment was made, is at least equal to the maximum amount of Base Rental becoming due under the Project Lease in the then current Project Lease Year or any subsequent Project Lease Year, are required to be paid to the City to be used for any lawful purpose. If the City cannot deliver the certificate described in the preceding sentence, then such amounts are required to be transferred to the Base Rental Fund and used to prepay Certificates pursuant to the Trust Agreement, unless the City otherwise directs in writing that such amounts are to be transferred to the Rebate Fund.

(b) If any portion of the Leased Property has been affected by such title defect, and if the City certifies in writing that such title defect will result in an abatement of Base Rental payable by the City under the Project Lease, then upon written direction of the City either (i) the Trustee on behalf of the City is required to use the insurance proceeds to remove the title defect, or (ii) the Trustee, if not notified in writing by a City Representative within 90 days of the receipt by the Trustee of the insurance proceeds that the City will use the proceeds to remove the title defect, is required to deposit such proceeds in the Base Rental Fund, and such proceeds are required to be applied to the prepayment of Certificates in the manner provided in the Trust Agreement.

(c) Any excess proceeds with respect to title insurance remaining after application pursuant to the terms of the Trust Agreement are required to be paid to the City to be used for any lawful purpose.

Amendments to Trust Agreement

The Trust Agreement may be amended in writing by agreement between the parties thereto, but no such amendment will become effective as to the Owners unless and until approved in writing by the Owners of a majority in aggregate principal amount of Certificates then Outstanding.

Notwithstanding the foregoing description of the amendment provision of the Trust Agreement, the Trust Agreement and the rights and obligations provided thereby may also be modified or amended at any time without the consent of any Owners upon the written agreement of a City Representative and the Trustee, but only for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting or supplementing any defective provision contained in the Trust Agreement,

(a) in regard to questions arising under the Trust Agreement which the City and the Trustee may deem necessary or desirable and not inconsistent with the Trust Agreement and which does not materially adversely affect the interests of the Owners of the Certificates then Outstanding,

(b) to preserve and maintain the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates executed as Tax-Exempt Certificates,

(c) to qualify the Trust Agreement under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect,

(d) to execute and deliver Additional Certificates in accordance with the Trust Agreement, or

(e) for any other reason, provided such modification or amendment does not adversely affect the interests of the Owners of the Certificates then Outstanding;

provided that the City and the Trustee may rely, in entering into any such amendment or modification thereof, upon the opinion of Independent Counsel (which opinion may rely upon the opinions of other experts, consultants or advisors) stating that the requirements of this provision of the Trust Agreement have been met with respect to such amendment or modification.

No amendment to the Trust Agreement is permitted to impair the right of any Owner to receive principal and interest with respect to his or her Certificate without the consent of the affected Owner. No such amendment or supplement to the Trust Agreement is permitted to (1) extend the payment date of any Certificate or reduce the rate of interest with respect thereto or extend the time of payment of such interest or reduce the amount of principal represented thereby without the prior written consent of the Owner of the Certificate so affected, or (2) reduce the percentage of Owners whose consent is required for the execution of any amendment or any supplement to the Trust Agreement, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto, or (4) amend the section of the Trust Agreement pertaining to Amendments to the Trust Agreement, without the prior written consent of the Owners of all Certificates then Outstanding.

Amendments to Property Lease or Project Lease

The Property Lease or the Project Lease may be amended in writing by agreement between the parties thereto, with the written consent of the Trustee, but no such amendment will become effective as to the Owners of the Certificates Outstanding unless and until approved in writing by the Owners of not less than a majority of the aggregate principal amount of Certificates then Outstanding.

Notwithstanding the foregoing description of the amendment provisions of the Property Lease and the Project Lease, the Property Lease, the Project Lease and the rights and obligations provided thereby may also be modified or amended at any time without the consent of any Owners, upon the written agreement between the respective parties thereto, but only

(a) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting or supplementing any defective provision contained in the Property Lease or the Project Lease,

(b) in regard to questions arising under the Property Lease or the Project Lease, which the City and the Trustee deem necessary or desirable and not inconsistent with the terms thereof and which do not materially adversely affect the interests of the Owners of the Certificates then Outstanding,

(c) to modify or amend the description of the Leased Property to release from the Property Lease or the Project Lease any portion thereof or to add or substitute other property and/or improvements for the Leased Property or any portion thereof in accordance with the Project Lease,

(d) to execute and deliver Additional Certificates in accordance with the Trust Agreement, or

(e) for any other reason, provided such modification or amendment does not materially adversely affect the interests of the affected Owners;

provided that the City and the Trustee may request and rely, in entering into any such amendment or modification thereof or giving its consent thereto, upon the opinion of Independent Counsel (which opinion may rely upon the certificates or opinions of other experts, consultants or advisors) stating that the requirements of this provision of the Property Lease or the Project Lease, as applicable, have been met with respect to such amendment or modification.

Notwithstanding anything in the Trust Agreement to the contrary, no amendment to the Property Lease or the Project Lease for the purpose of adding, substituting or releasing property and/or improvements as set forth in clause (c) above will be effective unless and until the City has satisfied the requirements set forth in the Project Lease.

Consent of Owners

If the City should desire to obtain any consent in writing of Owners, the governing body of the City may, by resolution, propose the amendment to which consent is desired. A copy of such resolution, together with a request to Owners for their consent to the amendment proposed to therein, is required to be mailed by first-class mail, postage paid, to each Owner at such Owner's address as it appears on the Certificate Register.

The lack of actual receipt by any Owner of such resolution and request for consent and any defects in such resolution and request for consent will not affect the validity of the proceedings for the obtaining of such consent. Any such written consent will be binding upon the Owner giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or by the subsequent Owner. To be effective, any revocation of consent must be filed at the address provided in the request for consent before the adoption of the resolution accepting consents as hereinafter described.

After the Owners of at least a majority of the aggregate principal amount of the Certificates then Outstanding have consented in writing, the governing body of the City is required to adopt a resolution accepting such consents and such resolution will constitute complete evidence of the consent of Owners under the Trust Agreement.

Notice specifying the amendment that has received the consent of Owners as required by the Trust Agreement is to be sent by first-class mail, postage prepaid, not more than 60 days following the final action in the proceedings for the obtaining of such consent, to each Owner at such Owner's address as it appears on the Certificate Register. Such notice is only for the information of Owners, and failure to mail such notice or any defect therein will not affect the validity of the proceedings theretofore taken in the obtaining of such consent.

City to Perform Property Lease and Project Lease

The City, in the Property Lease and the Project Lease, covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Property Lease and the Project Lease.

Compliance with Trust Agreement

The Trustee will not execute or deliver any Certificates in any manner other than in accordance with the provisions of the Trust Agreement, and the City will not suffer or permit any default by it to occur thereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms of the Trust Agreement required to be complied with, kept, observed and performed by it.

Performance

The City is to faithfully observe all covenants and other provisions contained in the Financing Documents to which it is a party.

Prosecution and Defense of Suits

The City is to promptly take such action as may be necessary to cure any defect in the title to the Leased Property or any part thereof, whether now existing or hereafter occurring, and is to prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose.

Further Assurances

The City will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Trust Agreement, and for the better assuring and confirming to the Owners the rights and benefits provided in the Trust Agreement.

Continuing Disclosure

The City has covenanted under the Project Lease that it will comply with the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an Event of Default; however, the Trustee, to the extent indemnified from and against any cost, liability or expense, may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owners of at least 25% aggregate principal amount of Outstanding Certificates, is required to) or any Certificate holder or Beneficial Owner may, take such actions as may be necessary and appropriate, to cause the City to comply with the provisions of the Continuing Disclosure Certificate.

Events of Default

Any one or more of the following events are an "Event of Default" under the Trust Agreement: the City defaults under the Project Lease by failing to deposit with the Trustee any Base Rental payment required to be so deposited pursuant to the Base Rental provisions of the Project Lease, by the related Interest Payment Date; or the City breaches any other provision of the Project Lease or fails to observe or perform any covenant,

condition or agreement on its part to be observed or performed under the Trust Agreement, other than such failure as may constitute an Event of Default under the Trust Agreement pertaining to the failure to pay Base Rental, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the City by the Trustee or to the City and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding, provided, that failure to comply with the Continuing Disclosure Certificate does not constitute an Event of Default under the Trust Agreement; provided, further, however, if the failure stated in the notice cannot be corrected within such 60-day period, then such period will be extended so long as corrective action is instituted by the City within such period and diligently pursued until the default is corrected, but only if such extension would not materially adversely affect the interest of any Owner.

Remedies on Default

Upon the occurrence and continuance of any Event of Default specified in the Trust Agreement, pertaining to the failure to deposit with the Trustee any Base Rental payment required to be so deposited, the Trustee is to proceed, or upon the occurrence and continuance of any other Event of Default under the Trust Agreement, the Trustee may proceed (and upon written request of the Owners of not less than a majority of the aggregate principal amount of the Certificates then Outstanding, is required to proceed) to exercise the remedies set forth in the Project Lease to the extent an Event of Default has occurred under the Project Lease.

Notice of Events of Default

If an Event of Default occurs under the Trust Agreement, the Trustee is required to give notice, at the expense of the City of such Event of Default to the Owners. Such notice is to state that an Event of Default has occurred and is to provide a brief description of such Event of Default. The Trustee in its discretion may withhold notice if it deems it in the best interests of the Owners. The notice provided for in the Trust Agreement is required to be given by first-class mail, postage prepaid, to the Owners within 30 days of the Trustee's receipt of knowledge of the occurrence of such Event of Default.

No Remedy Exclusive

No remedy conferred upon or reserved to the Trustee under the Trust Agreement is intended to be exclusive and every such remedy will be cumulative and in addition to every other remedy given under the Trust Agreement, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default is to be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Owners to exercise any remedy reserved to it or them, it will not be necessary to give any notice other than such notice as may be required in the Trust Agreement or by law.

Waiver; No Additional Waiver Implied by One Waiver

The Trustee may in its discretion waive any Event of Default and its consequences and is to also do so upon the written request of the Owners of not less than a majority of the aggregate principal amount of the Certificates then Outstanding; provided, however, that no default in the payment of the principal, premium, if any, or interest with respect to any Certificate is to be waived unless prior to such waiver, all arrears of such payments have been made and all fees and expenses of the Trustee have been paid. In case of any such waiver, the Trustee, the City and the Owners are to be restored to their former positions and rights under the Trust Agreement, respectively, but such waiver is to be limited to the particular breach so waived and is not to be deemed to waive any other breach under the Trust Agreement.

Action by Owners

In the event the Trustee fails to take any action to eliminate an Event of Default under the Trust Agreement, the Owners of not less than a majority of the aggregate principal amount of the Certificates then Outstanding may institute suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Trust Agreement, but only if such Owners have first made written request of the Trustee after the right to exercise such powers or right of action has arisen, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted therein or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless, also, the Trustee has been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time.

Notwithstanding any other provision in the Trust Agreement, the right of any Owner to receive principal and interest in accordance with the terms of his or her Certificate or to institute suit for the enforcement of any such payment on or after such payments become due is not to be impaired or affected without the consent of such Owner.

Application of Proceeds in Event of Default

Except to the extent necessary to compensate the Trustee for its reasonable fees and expenses (including reasonable attorneys' fees and expenses) and to pay all principal of and interest then due and unpaid with respect to all Outstanding Certificates, all damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under the Trust Agreement or the Project Lease are required to be deposited by the Trustee into the Base Rental Fund and used first to pay interest with respect to the Certificates and then to pay the principal with respect to the Certificates. If the amount deposited into the Base Rental Fund is not sufficient to pay all overdue interest payments, the amounts deposited are required to be distributed pro rata to Owners on the basis of the amount of interest due and unpaid to such Owners. If the amount deposited into the Base Rental Fund is not sufficient to pay all overdue payments of principal, the amounts deposited are required to be distributed pro rata to Owners on the basis of the amount of principal due and unpaid to such Owners.

To the extent not required to be deposited into the Base Rental Fund pursuant to the immediately preceding paragraph, all damages or other payments received by the Trustee from the enforcement of any rights and powers under the Trust Agreement are required to be applied as follows in the order of priority indicated:

(i) deposited into the Reserve Fund to the extent that the amount in the Reserve Fund is less than the Reserve Requirement; and (ii) any remaining amounts are required to be deposited into and retained in the Base Rental Fund for application to the payments due with respect to the Certificates on the next succeeding payment dates thereof.

Defeasance

(a) If all Certificates are paid and discharged as provided in the Trust Agreement, then all obligations of the Trustee and the City under the Trust Agreement with respect to all Certificates will cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the Owners thereof all sums due with respect to the Certificates and to register, transfer and exchange Certificates pursuant to the Trust Agreement, (ii) the obligation of the City to pay the amounts owing to the Trustee under the Trust Agreement, and (iii) the obligation of the City to comply with provisions relating to the Rebate Fund and tax covenants in the Trust Agreement, as applicable to Certificates executed as Tax-Exempt Certificates. Any funds held by the Trustee at the time of such termination which are not required for payment to Owners, or for payment to be made to the Trustee by the City, will be paid to the City to the extent of any amounts owed to it as evidenced by a certificate of a City Representative and any excess will be paid to the City.

Any Certificate or portion thereof in an Authorized Denomination will be deemed no longer Outstanding under the Trust Agreement if paid or discharged in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal and interest with respect to such Certificates which have become due and payable;

(ii) by depositing with the Trustee, in trust, cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations) which, together with the amounts then on deposit in the Base Rental Fund and the Reserve Fund and dedicated to this purpose is fully sufficient to pay on the Certificate Payment Date or earlier prepayment date thereof all principal of, premium, if any, and interest due with respect thereto; or

(iii) by depositing with the Trustee, in trust, Defeasance Securities in such amount as in the written report of a certified public accountant or other financial consultant will, together with the interest to accrue on such Defeasance Securities without the need for reinvestment, be fully sufficient to pay when due all principal, premium, if any, and interest with respect to such Certificate to the Certificate Payment Date or earlier prepayment date thereof, notwithstanding that such Certificates have not been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit as described in clauses (a)(ii) or (a)(iii) above will be deemed a payment of such Certificates until the earlier to occur of:

(i) proper notice of prepayment of such Certificate will have been previously given in accordance with the Trust Agreement to the Owners thereof or, in the event such Certificate is not by its terms subject to prepayment within the next 45 days of making the deposit as described in clauses (ii) and (iii) of subsection (a) above, a City Representative will have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid, notice to the Owners of such Certificate as soon as practicable stating that the deposit required as described in clauses (ii) and (iii) of subsection (a) above, as applicable, has been made with the Trustee and that such Certificate is deemed to have been paid and further stating such prepayment date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(ii) the Certificate Payment Date of such Certificates.

(c) Any funds held by the Trustee at the time of the first to occur of the events described above with respect to all Certificates, which are not required for payment to Owners, or for payment to be made to the Trustee by the City, will be paid to the City to the extent of any amounts owed to it as evidenced by a certificate of a City Representative.

FIRST SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2009B Certificates

The Trustee is authorized and directed under the First Supplement to Trust Agreement to execute and deliver the 2009B Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the 2009A Certificates.

SECOND SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2012A Certificates

The Trustee is authorized and directed under the Second Supplement to Trust Agreement to execute and deliver the 2012A Certificates as a series of Additional Certificates under the Trust Agreement delivered in

accordance therewith and representing Base Rental on a parity basis with the 2009A Certificates and the 2009B Certificates.

THIRD SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2019-R1 Certificates

The Trustee is authorized and directed under the Third Supplement to Trust Agreement to execute and deliver the 2019-R1 Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the 2012A Certificates. A portion of the proceeds of the 2019-R1 Certificates was used, together with other funds of the City, to prepay and retire the 2009A Certificates and the 2009B Certificates.

FOURTH SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2020-R1 Certificates

The Trustee is authorized and directed under the Fourth Supplement to Trust Agreement to execute and deliver the 2020-R1 Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the Outstanding 2012A Certificates and 2019-R1 Certificates.

FIFTH SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2021A Certificates

The Trustee is authorized and directed under the Fifth Supplement to Trust Agreement to execute and deliver the 2021A Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the then-Outstanding Prior Parity Certificates.

SIXTH SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2023A Certificates

The Trustee is authorized and directed under the Sixth Supplement to Trust Agreement to execute and deliver the 2023A Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the then-Outstanding Prior Parity Certificates.

SEVENTH SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2023B Certificates

The Trustee is authorized and directed under the Seventh Supplement to Trust Agreement to execute and deliver the 2023B Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the then-Outstanding Prior Parity Certificates.

EIGHTH SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2024-R1 Certificates

The Trustee is authorized and directed under the Eighth Supplement to Trust Agreement to execute and deliver the 2024-R1 Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the Outstanding Prior Parity Certificates.

NINTH SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2024A Certificates

The Trustee is authorized and directed under the Ninth Supplement to Trust Agreement to execute and deliver the 2024A Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the then-Outstanding Prior Parity Certificates.

TENTH SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2025-R1 Certificates

The Trustee is authorized and directed under the Tenth Supplement to Trust Agreement to execute and deliver the 2025-R1 Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the then-Outstanding Prior Parity Certificates.

ELEVENTH SUPPLEMENT TO TRUST AGREEMENT

Authorization, Designation and Description of the 2026A Certificates

The Trustee is authorized and directed under the Eleventh Supplement to Trust Agreement to execute and deliver the 2026A Certificates as a series of Additional Certificates under the Trust Agreement delivered in accordance therewith and representing Base Rental on a parity basis with the then-Outstanding Prior Parity Certificates.

THE PROJECT LEASE

Although certain provisions of the Project Lease are summarized below, this summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Project Lease.

Project Lease Term; Transfer of Title to City

Pursuant to the Project Lease, the Trustee leases the Leased Property to the City, and the City leases the Leased Property from the Trustee and agrees to pay the Base Rental and the Additional Rental as provided therein for the right to use and occupy the Leased Property, all on the terms and conditions set forth therein.

The term of the Project Lease began on May 27, 2009, and will end on the earliest of

(a) April 1, 2045, or

(b) at such earlier date as the Certificates and all other amounts due under the Project Lease and under the Trust Agreement have been paid or provision for their payment have been made in accordance with the Trust Agreement, or

(c) the date of termination of the Project Lease due to casualty or condemnation in accordance with the terms of the Project Lease;

provided, however, that, to the extent permitted by law, if Base Rental has been abated in any year in accordance with the Project Lease or has otherwise gone unpaid in whole or in part, the term of the Project Lease will end on the earlier of the date falling 10 years after the date set forth in subparagraph (a) above, or April 1, 2055, or the date on which no Certificates remain Outstanding and all Additional Rental has been paid.

Upon the termination of the Project Lease (other than as provided in the sections of the Project Lease relating to Eminent Domain or Default by the City), all of the Trustee's right, title and interest with respect to the Leased Property, and any improvements thereon or additions thereto, will be transferred directly to the City or, at the option of the City, to any assignee or nominee of the City, in accordance with the provisions of the Project Lease, free and clear of any interest of the Trustee. Upon such termination, the Trustee will execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Rental Payments

The City agrees, subject to the terms of the Project Lease, to pay to the Trustee the Base Rental and to pay to the parties entitled thereto Additional Rental in an aggregate amount not greater than the fair rental value of the Leased Property in each Project Lease Year. In satisfaction of its obligations under the Project Lease, the City is required to pay the Base Rental and Additional Rental in the amounts, at the times and in the manner hereinafter described, such amounts constituting the aggregate rent payable under the Project Lease.

Budget

The City covenants under the Project Lease to take such action as may be necessary to include all Rental Payments due thereunder in its annual budget and to make the necessary annual appropriations for all such Rental Payments, subject to the rental abatement provisions of the Project Lease. The requirement to include the Rental Payments in the annual budget and to make the necessary appropriations therefor are deemed to be, and are to be construed as, ministerial duties imposed by law. Notwithstanding the foregoing, the obligation of the City to make Base Rental or Additional Rental payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the City to make Base Rental or Additional Rental payments constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Payment; Credit

Amounts necessary to pay Base Rental are required to be deposited by the City on the dates set forth in the Project Lease, in lawful money of the United States of America, at the Principal Office of the Trustee, or at such other place or places as may be established in accordance with the Trust Agreement. Except as provided in the provisions of the Project Lease regarding rental abatement, any amount necessary to pay any Base Rental or portion thereof that is not so deposited is to remain due and payable until received by the Trustee. Notwithstanding any dispute between the City and the Trustee under the Project Lease, the City is required to make all Rental Payments when due and is not to withhold any Rental Payments pending the final resolution of such dispute or for any reason whatsoever. The City's obligation to make Rental Payments in the amount and on the terms and conditions specified under the Project Lease is absolute and unconditional without any right of set-off or counterclaim, and without abatement, subject only to the applicable provisions of the Project Lease.

Amounts required to be deposited with the Trustee pursuant to the Project Lease on any date set forth in the Project Lease are to be reduced as permitted in the Project Lease.

Additional Rental

In addition to the Base Rental set forth in the Project Lease, the City agrees to pay as Additional Rental all of the following:

(i) All taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Leased Property or upon any interest of the Trustee or the Owners therein or in the Project Lease;

(ii) Insurance premiums, if any, on all insurance required under the provisions of the Project Lease;

(iii) All fees, costs and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Certificates) of the Trustee and any paying agent in connection with the Trust Agreement;

(iv) Amounts required to be deposited in the Rebate Fund in accordance with the Tax Certificate;

(v) Any other fees, costs or expenses incurred by the Trustee in connection with the execution, performance or enforcement of the Project Lease or any assignment thereof or of the Trust Agreement or any of the transactions contemplated hereby or thereby or related to the Leased Property; and

(vi) Amounts required to replace, maintain and repair the Leased Property pursuant to the Project Lease.

Amounts constituting Additional Rental payable under the Project Lease will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 30 days after notice in writing from the Trustee to the City stating the amount of Additional Rental then due and payable and the purpose thereof.

Rental Abatement

Except to the extent of (i) available amounts held by the Trustee in the Base Rental Fund or in the Reserve Fund, (ii) amounts, if any, received in respect of rental interruption insurance, and (iii) amounts, if any, otherwise legally available to the City for payments in respect of the Project Lease or to the Trustee for payments in respect of the Certificates, Rental Payments due under the Project Lease are to be subject to abatement in accordance with the Project Lease during any period in which, by reason of material damage, destruction or condemnation of the Leased Property or any portion thereof, non-completion of the construction of the Facilities, or due to defects in title to the Leased Property, or any portion thereof, there is substantial interference with the right to the use and occupancy of the Leased Property or any portion thereof by the City.

The amount of annual rental abatement will be such that the resulting Rental Payments in any Project Lease Year during which such interference continues, excluding any amounts described in clauses (i), (ii), (iii) above, do not exceed the annual fair rental value of the portions of the Leased Property with respect to which there has not been substantial interference, as evidenced by a certificate of a City Representative. Such abatement will continue for the period commencing with the date of such damage, destruction, condemnation or discovery of such title defect and ending with the restoration of the Leased Property or portion thereof to tenantable condition or correction of the title defect. In the event of any such damage, destruction, condemnation or title defect, the Project Lease is to continue in full force and effect, except as set forth in the Project Lease under sections pertaining to eminent domain and application of insurance proceeds. Notwithstanding the foregoing,

the City in its sole discretion may in lieu of abatement elect, but is not obligated, to substitute property for the damaged, condemned or destroyed Leased Property, or portion thereof, pursuant to the Project.

Triple Net Lease

The Project Lease is intended to be a triple net lease. The City agrees that the Rental Payments provided for therein are to be an absolute net return to the Trustee free and clear of any expenses, charges or set-offs whatsoever.

Replacement, Maintenance and Repairs

The City is to, at its own expense and as determined and specified by the Director of Property, during the Project Lease Term maintain the Leased Property, or cause the same to be maintained, in good order, condition and repair. The City is to replace any portion of the Leased Property that is destroyed or damaged to such an extent that there is substantial interference with the right to the use and occupancy of the Leased Property or any portion thereof by the City that would result in an abatement of Rental Payments or any portion thereof pursuant to the Project Lease; provided, however, that the City will not be required to repair or replace any such portion of the Leased Property pursuant to the Project Lease if there will be applied to the prepayment of Outstanding Certificates insurance or condemnation proceeds or other legally available funds sufficient to prepay (i) all of the Certificates Outstanding and to pay all other amounts due thereunder and under the Trust Agreement, or (ii) any portion thereof such that the resulting Rental Payments payable pursuant to the Project Lease in any Project Lease Year following such partial prepayment are sufficient to pay in the then current and any future Project Lease Year the principal and interest with respect to all Certificates to remain Outstanding and all other amounts due under the Project Lease and under the Trust Agreement, to the extent it is due and payable in such Project Lease Year.

The City will provide or cause to be provided all security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Leased Property. It is understood and agreed that in consideration of the payment by the City of the Rental Payments herein described, the City is entitled to use and occupy the Leased Property and the Trustee has no obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Leased Property during the Project Lease Term. The Trustee will not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to the Leased Property. The City expressly waives the right to make repairs or to perform maintenance of the Leased Property at the expense of the Trustee and (to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the California Civil Code relating thereto.

The City will keep the Leased Property free and clear of all liens, charges, security interests and encumbrances that materially reduce the fair rental value of the Leased Property other than (i) those existing on or prior to the Closing Date, including the exceptions listed on Schedule B to the applicable pro forma title policy, (ii) those existing on or prior to the date any property is substituted for the Leased Property or any portion thereof pursuant to the Project Lease or any property is added to the Leased Property in connection with Additional Certificates pursuant to the Trust Agreement, including the exceptions listed on Schedule B to the applicable pro forma title policy, (iii) any supplements or amendments to the Project Lease or Property Lease which are entered into pursuant to the terms thereof, including but not limited to supplements or amendments in connection with Additional Certificates delivered pursuant to the Trust agreement, (iv) any liens of mechanics, materialmen, suppliers, vendors or other persons or entities for work or services performed or materials furnished in connection with the Leased Property that are not due and payable or the amount, validity or application of which is being contested in accordance with the Project Lease and (v) any encumbrances that do not materially reduce the fair rental value of the Leased Property under the Project Lease (collectively, the "Permitted Encumbrances").

Taxes, Other Governmental Charges and Utility Charges

The City contemplates that the Leased Property will be used for a governmental purpose of the City and, therefore, that the Leased Property will be exempt from all taxes presently assessed and levied with respect to the Leased Property. Nevertheless, the City hereby agrees to pay during the Project Lease Term, as the same respectively become due, all taxes (except for income or franchise taxes of the Trustee), utility charges and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Leased Property; provided, however, that with respect to any governmental charges that may lawfully be paid in installments over a period of years, the City will be obligated to pay only such installments as are accrued during such time as the Project Lease is in effect; and provided further, that the City may contest in good faith the validity or application of any tax, utility charge or governmental charge in any reasonable manner that, in the opinion of Independent Counsel does not adversely affect the right, title and interest of the Trustee in and to any portion of the Leased Property or its rights or interests under the Project Lease or subject any portion of the Leased Property to loss or forfeiture. Any such taxes or charges will constitute Additional Rental under the Project Lease and will be payable directly to the entity assessing such taxes or charges.

Insurance

The City is to maintain or cause to be maintained, throughout the Project Lease Term (but during the period of construction of the Facilities only the insurance described in paragraphs (i) and (vi) below is to be required and may be provided by the contractor under the construction contract for the Facilities):

(i) General liability insurance against damages occasioned by reason of the construction of improvements to, or operation of, the Leased Property. Such liability insurance may be maintained as part of or in conjunction with excess coverage or any other liability insurance coverage carried by the City.

(ii) All risk property insurance on all structures constituting any part of the Leased Property in an amount equal to the Outstanding principal amount of Certificates (to the extent commercially available). Said insurance is to, as nearly as practicable, cover loss or damage by fire, lightning, explosion, windstorm, hail, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance.

(iii) To the extent commercially available, earthquake insurance in an amount equal to the lesser of the Outstanding principal amount of the Certificates; provided that no such earthquake insurance is required if the Risk Manager files a written recommendation annually with the Trustee that such insurance is not obtainable in reasonable amounts at reasonable costs on the open market from reputable insurance companies.

(iv) Commencing on the date of Final Completion of the Facilities, rental interruption insurance with the Trustee as a named insured, as its interests may appear, in an amount not less than the aggregate Base Rental payable by the City pursuant to the Project Lease for a period of at least 24 months (such amount to be adjusted annually on or prior to October 1 of each year, to reflect the actual scheduled Base Rental payments due under the Project Lease for the next succeeding 24 months), to insure against loss of rental income from the Leased Property caused by perils covered by the insurance required by clauses (ii) and (iii) above. Such insurance will not be subject to any deductible.

(v) Boiler and machinery insurance, comprehensive form, insuring against accidents to pressure vessels and mechanical and electrical equipment.

(vi) Builders' risk insurance in an amount equal to the lesser of the Outstanding principal amount of the Certificates, or the replacement cost of the Facilities, which insurance is to be outstanding until Final Completion of the Facilities.

Notwithstanding anything in the Project Lease to the contrary, the City has the right to adopt alternative risk management programs to insure against any of the risks required to be insured against under the Project Lease, including a program of self-insurance (other than rental interruption insurance and title insurance), in whole or in part.

The City is required to deliver to the Trustee, on the date of execution and delivery of the Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), in an amount at least equal to the initial aggregate principal amount of the Certificates, insuring a leasehold interest in the Leased Property in the name of the Trustee, and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the Certificates.

Liens

The City promptly will pay or cause to be paid all sums of money that may become due for any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for, in, upon or about the Leased Property and that may be secured by any mechanic's, materialman's or other lien against the Leased Property, or the interest of the Trustee therein, and will cause each such lien to be fully discharged and released; provided, however, that the City or the Trustee (i) may contest in good faith any such claim or lien without payment thereof so long as such non-payment and contest stays execution or enforcement of the lien, but if such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the City will forthwith pay and discharge such judgment or lien, or (ii) delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture.

Laws and Ordinances

The City agrees to observe and comply with all rules, regulations and laws applicable to the City with respect to the Leased Property and the operation thereof. The cost, if any, of such observance and compliance will be borne by the City, and the Trustee will not be liable therefor. The City agrees further to place, keep, use, maintain and operate the Leased Property in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants, licensees and the public.

Performance

The City will faithfully observe all covenants and other provisions contained in the Financing Documents (as defined in the Trust Agreement) to which it is a party.

Tax Matters

In order to maintain the exclusion from gross income for federal income tax purposes of the interest with respect to the Certificates executed as Tax-Exempt Certificates, the City covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of this covenant, the City agrees to comply with the covenants contained in, and the instructions given pursuant to, the Tax Certificate (as defined in the Trust Agreement) executed in connection with Certificates executed as Tax-Exempt Certificates, as such Tax Certificate may be amended from time to time.

Continuing Disclosure

The City covenants and agrees that it will comply with the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate will not be considered an event of default under the Project Lease; however, the Trustee may (and, at the request of the Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the

Outstanding Certificates, is to) or any holder or Beneficial Owner (as defined in the Continuing Disclosure Certificate), may take such actions as may be necessary and appropriate to cause the City to comply with the provisions of the Continuing Disclosure Certificate.

Acquisition, Construction and Renovation of the Facilities

The City will use its commercially reasonable best efforts to cause the construction, renovation and installation to be performed diligently to the end that the Facilities will be substantially completed in accordance with the aforesaid plans and specifications. The City will cause the acquisition, construction, renovation, installation or improvement to the Facilities to be completed in accordance with any applicable requirements of governmental authorities and law.

Eminent Domain

If the Leased Property, or so much thereof as to render the remainder of the Leased Property unusable for the City's purposes under the Project Lease, is taken under the power of eminent domain, then the Project Lease terminates as of the later of the day possession is so taken and the date of entry of the interlocutory judgment and in either case, after payment of any Additional Rental owed thereunder. Notwithstanding the foregoing, the City may, at its option, but is not obligated to apply the proceeds relating to the condemnation to the replacement of the condemned Leased Property, and in the event there has been an abatement of Rental Payments pursuant to the Project Lease, then Rental Payments again begin to accrue with respect thereto upon replacement of the Leased Property.

If less than a substantial portion of the Leased Property is taken under the power of eminent domain, and the remainder is useable for the City's purposes, then the Project Lease is to continue in full force and effect as to the remaining portions of the Leased Property, subject only to such rental abatement as is required by the Project Lease. The City and the Trustee waive the benefit of any law to the contrary. Any award made in eminent domain proceedings for the taking is required to be paid to the Trustee for application in accordance with the provisions of the Trust Agreement. If the City elects, pursuant to the Trust Agreement, to apply such proceeds to the repair or replacement of the condemned portion of the Leased Property, and in the event there has been an abatement of Rental Payments pursuant to the Project Lease, then Rental Payments again begin to accrue with respect thereto upon the completion of repair or replacement of such portion of the Leased Property.

Assignment

The City is not permitted to sell, mortgage, pledge, assign or transfer any interest of the City in the Project Lease or in the Leased Property by voluntary act or by operation of law, or otherwise; provided, however, that the City may grant concessions (including by sublease) to others involving the use of any portion of the Leased Property whether or not such concessions purport to convey a leasehold interest or a license to use a portion of the Leased Property. Any such concession will be, and is to specifically state that it is, subject and subordinate in all respects to the Project Lease. Subject to the limitations set forth in the Project Lease, the City will at all times remain liable for the performance of the covenants and conditions on its part to be performed under the Project Lease, notwithstanding any granting of concessions which may be made. Nothing contained in the Project Lease is to be construed to relieve the City of its primary obligation to pay Rental Payments as provided in the Project Lease or to relieve the City of any other obligations contained therein. In no event is the City to sublease to or permit the use of all or any part of the Leased Property by any person so as to cause the interest component with respect to the Certificates to be includable in gross income for federal income tax purposes (with respect to Certificates executed as Tax-Exempt Certificates) or to be subject to State personal income tax.

The City expressly approves and consents to the Trust Agreement and to the execution and delivery of the Certificates evidencing proportionate interests in all of the rights of the Trustee under the Project Lease, including the right to receive Base Rental Payments thereunder.

Additions and Improvements; Removal

The City will have the right during the Project Lease Term to make any additions or improvements to the Leased Property, to attach fixtures, structures or signs, and to affix any personal property to the Leased Property, so long as the fair rental value of the Leased Property is not thereby materially reduced. Title to all fixtures, equipment or personal property placed by the City on the Leased Property is to remain in the City to the extent that such items may be removed from the Site without damage. Title to any personal property, improvements or fixtures placed on any portion of the Leased Property by any sublessee or licensee of the City is to be controlled by the sublease or license agreement between such sublessee or licensee and the City, which sublease or license agreement is not to be inconsistent with the Project Lease.

Right of Entry

Representatives of the Trustee, subject to reasonable security precautions, have the right (but not the duty) to enter upon the Leased Property during reasonable business hours (and in emergencies at all times) (i) to inspect the same, (ii) for any purpose connected with the rights or obligations of the Trustee under the Project Lease, or (iii) for all other lawful purposes.

Quiet Enjoyment

The Trustee covenants and agrees that the City, upon keeping and performing the covenants and agreements contained in the Project Lease, at all times during the Project Lease Term, will peaceably and quietly have, hold, and enjoy the Leased Property.

Indemnification and Hold Harmless Agreement

To the extent permitted by law, the City hereby agrees to indemnify and hold the Trustee and its officers, directors and employees harmless against any costs, expenses, claims and all other liabilities (other than the negligence or willful misconduct of the Trustee and its officers, directors and employees) that might arise out of or are related to the Leased Property or any portion thereof (including, without limitation, arising out of any use, storage, release, presence or disposal of any Hazardous Substances on or about the Leased Property and the acquisition, transfer, delivery and use of the Leased Property) and the Certificates. The provisions of the Project Lease described in this paragraph will survive the termination of the Project Lease.

Events of Default

The following are events of default under the Trust Agreement: (i) the City fails to deposit with the Trustee any Base Rental payment required to be so deposited pursuant to the applicable Project Lease provisions by the related Interest Payment Date; (ii) the City fails to pay any item of Additional Rental as and when the same become due and payable pursuant to the Project Lease, or (iii) the City breaches any other terms, covenants or conditions contained in the Project Lease, in the Property Lease or in the Trust Agreement, and fails to remedy any such breach with all reasonable dispatch within a period of 60 days after written notice thereof from the Trustee, or its assignee to the City, or, if such breach cannot be remedied within such 60-day period, fails to institute corrective action within such 60-day period and diligently pursue the same to completion; provided, however, that failure to comply with the Continuing Disclosure Certificate will not constitute an event of default under the Project Lease.

Remedies on Default

The Trustee has the right, at its option, without any further demand or notice:

(i) to reenter the Leased Property and eject all parties in possession therefrom and, without terminating the Project Lease, relet the Leased Property as the agent and for the account of the City upon such

terms and conditions as the Trustee may deem advisable, in which event the rents received on such reletting are required to be applied as set forth in the Trust Agreement; provided, that if a sufficient sum is not realized to pay such sums and other charges then the City is required to pay to the Trustee any net deficiency existing on the date when the Base Rental or Additional Rental is due under the Project Lease; provided, however, that such reentry and reletting are to be done only with the consent of the City, which consent is irrevocably given; or

(ii) in lieu of the above, so long as the Trustee does not terminate the Project Lease or the City's possession of the Leased Property, to enforce all of its rights and remedies under the Project Lease, including the right to recover Base Rental payments as they become due under the Project Lease pursuant to Section 1951.4 of the California Civil Code by pursuing any remedy available in law or in equity, except as expressly provided therein.

Any reentry pursuant to the Project Lease is to be allowed by the City without hindrance, and the Trustee will not be liable in damages for any reentry or be guilty of trespass. The Trustee or any assignee of the rights of the Trustee thereunder is not to exercise its remedies thereunder so as to cause the interest with respect to the Certificates executed as Tax-Exempt Certificates to be includable in gross income for federal income tax purposes or the interest with respect to the Certificates to be subject to State personal income tax.

Notwithstanding any other provision of the Project Lease or the Trust Agreement, (i) in no event is the Trustee to have the right to accelerate the payment of any Base Rental under the Project Lease and (ii) the foregoing remedies to reenter and relet the Leased Property are to be subject to applicable laws regarding the use of such property (including but not limited to applicable laws relating to the use of property financed with general obligation bonds or federal or state grants).

Each and every remedy of the Trustee or any assignee of the rights of the Trustee under the Project Lease is cumulative and the exercise of one remedy will not impair the right of the Trustee or its assignee to any or all other remedies. If any statute or rule validly limits the remedies given to the Trustee or any assignee of the rights of the Trustee, the Trustee or its assignee nevertheless will be entitled to whatever remedies are allowable under any statute or rule of law.

All damages and other payments received by the Trustee pursuant to the provisions of the Project Lease pertaining to default are required to be applied in the manner set forth in the Trust Agreement.

Addition, Release and Substitution

If no Project Lease Event of Default has occurred and is continuing thereunder, the Project Lease may be modified or amended at any time, and the Trustee may consent thereto without the consent of the Owners, if such amendment is to modify or amend the description of the Leased Property or to release from the Project Lease any portion of the Leased Property, or to add other property and improvements to the Leased Property or substitute other property and improvements for the Leased Property, provided that the City has delivered to the Trustee and to the Rating Agencies all of the following:

(i) Executed copy of the Project Lease and, if applicable, the Property Lease or amendments thereto containing the amended legal description of the Leased Property;

(ii) Evidence that a copy of the Project Lease and, if applicable, the Property Lease or amendments thereto containing the amended legal description of the Leased Property have been duly recorded in the official records of the County Recorder of the County of San Francisco;

(iii) A certificate of a City Representative stating that the annual fair rental value of the Leased Property and/or improvements that will constitute the Leased Property after such addition, release or substitution will be at least equal to 100% of the maximum amount of Base Rental payments becoming due in the then current Project Lease Year or in any subsequent Project Lease Year;

(iv) In the case of the addition or substitution of property for the then existing Leased Property, a title policy or policies meeting the requirements of the Project Lease, or a commitment or commitments for such policies or amendments or endorsements to existing policies resulting in the issuance of a title insurance policy with respect to the Leased Property after such addition or substitution in an amount at least equal to the amount of such insurance provided with respect to the Leased Property prior to such addition or substitution. Each such insurance instrument, when issued, is to insure such added or substituted project subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such added or substituted project and as will not result in an abatement of Base Rental payments payable by the City under the Project Lease;

(v) A certificate of a City Representative stating that such addition, release or substitution does not materially adversely affect the ability of the City to perform its obligations under the Project Lease or the Property Lease;

(vi) (A) An opinion of counsel stating that such amendment or modification (1) is authorized or permitted by the Constitution and laws of the State and by the Project Lease, the Property Lease and the Trust Agreement; (2) complies with the terms of the Constitution and laws of the State and of the Project Lease, the Property Lease and the Trust Agreement; and (3) will, upon the execution and delivery thereof, be valid and binding upon the Trustee and the City in accordance with its terms; and (B) an opinion of Independent Counsel stating that such amendment or modification will not cause the interest component of the Base Rental payments relating to the Certificates executed as Tax-Exempt Certificates to be included in gross income for federal income tax purposes or the interest component of the Base Rental payments relating to the Certificates to be subject to State personal income tax;

(vii) A certificate of a City Representative stating that the useful life of the project that will constitute the Leased Property after such addition, release or substitution meets or exceeds the remaining term of the Certificates; and

(viii) A certificate of the Director of Property stating the useful life of the project that will constitute the Leased Property after such addition, release or substitution and that such project is not encumbered by any prior liens (other than Permitted Encumbrances and liens which do not, in the aggregate, prohibit the use of such project in the manner intended by the City).

Amendment

The Project Lease may be amended only in accordance with and as permitted by the terms of the Trust Agreement. Any amendment in connection with the execution and delivery of Additional Certificates will be substantially in the form of the Project Lease.

Excess Payments

Notwithstanding anything contained in the Project Lease or in the Trust Agreement to the contrary, if for any reason, including but not limited to damage, destruction, condemnation, transfer, sale or disposition, the City or the Trustee receives payments, proceeds or awards with respect to the Leased Property in excess of the amount necessary to pay or prepay or provide in accordance with the Trust Agreement for the payment or prepayment of all of the Outstanding Certificates and all other amounts due under the Project Lease and under the Trust Agreement, such excess represents the City's equity interest in the Leased Property and is all to be paid to the City.

FIRST SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2009B Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), in an amount at least equal to the initial aggregate principal amount of the 2009B Certificates, showing a leasehold interest in the Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2009B Certificates.

SECOND SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2012A Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), in an amount at least equal to the initial aggregate principal amount of the 2012A Certificates, showing a leasehold interest in the Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2012A Certificates.

THIRD SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2019-R1 Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), in an amount at least equal to the initial aggregate principal amount of the 2019-R1 Certificates, showing a leasehold interest in the Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2019-R1 Certificates.

FOURTH SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2020-R1 Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required) with respect to the additional Leased Property identified in Exhibit A-1 attached to the Fourth Supplemental Project Lease (which is the property generally known as the San Bruno Complex, 1 Moreland Drive, San Bruno, California 94006), which policy, when combined with the policy of title insurance issued in connection with the issuance and delivery of the 2019-R1 Certificates, is to be in an aggregate amount at least equal to the initial aggregate principal amount of the 2020-R1 Certificates and then-Outstanding aggregate principal amounts of the 2012A Certificates and the 2019-R1 Certificates, inclusive, showing a leasehold interest in such additional Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2020-R1 Certificates and such then-Outstanding 2012A Certificates and 2019-R1 Certificates.

FIFTH SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2021A Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required) with respect to the additional Leased Property identified in Exhibit A-1 attached to the Fifth Supplemental Project Lease (which is the property generally known as South Residence building, located on a portion of the real property of the campus of Laguna Honda Hospital, 375 Laguna Honda Boulevard in the City, including all rights of access reasonably necessary to enter, leave and make reasonable use of such building), which policy, when combined with the policies of title insurance issued in connection with the issuance and delivery of the 2019-R1 Certificates and the 2020-R1 Certificates, is to be in an aggregate amount at least equal to the initial aggregate principal amount of the 2021A Certificates and then-Outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, showing a leasehold interest in such additional Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2021A Certificates and such then-Outstanding Prior Parity Certificates.

SIXTH SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2023A Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), which policy, when combined with the policies of title insurance issued in connection with the issuance and delivery of the 2019-R1 Certificates, the 2020-R1 Certificates, and the 2021A Certificates, is to be in an aggregate amount at least equal to the initial aggregate principal amount of the 2023A Certificates and then-Outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, showing a leasehold interest in such additional Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2023A Certificates and such then-Outstanding Prior Parity Certificates.

SEVENTH SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2023B Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), which policy, when combined with the policies of title insurance issued in connection with the issuance and delivery of the 2019-R1 Certificates, the 2020-R1 Certificates, and the 2021A Certificates, is to be in an aggregate amount at least equal to the initial aggregate principal amount of the 2023B Certificates and then-Outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, showing a leasehold interest in such additional Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2023B Certificates and such then-Outstanding Prior Parity Certificates.

EIGHTH SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2024-R1 Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), which policy, when combined with

the policies of title insurance issued in connection with the issuance and delivery of the 2019-R1 Certificates, the 2020-R1 Certificates, the 2021A Certificates, the 2023A Certificates and the 2023B Certificates is to be in an aggregate amount at least equal to the initial aggregate principal amount of the 2024-R1 Certificates and then-Outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, showing a leasehold interest in such additional Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2024-R1 Certificates and such then-Outstanding Prior Parity Certificates.

NINTH SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2024A Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), which policy, when combined with the policies of title insurance issued in connection with the issuance and delivery of the 2019-R1 Certificates, the 2020-R1 Certificates, the 2021A Certificates, the 2023A Certificates, the 2023B Certificates and the 2024−R1 Certificates is to be in an aggregate amount at least equal to the initial aggregate principal amount of the 2024A Certificates and then-Outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, showing a leasehold interest in such additional Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2024A Certificates and such then-Outstanding Prior Parity Certificates.

TENTH SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2025-R1 Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), which policy, when combined with the policies of title insurance issued in connection with the issuance and delivery of the 2019-R1 Certificates, the 2020-R1 Certificates, the 2021A Certificates, the 2023A Certificates, the 2023B Certificates, the 2024-R1 Certificates and the 2024A Certificates is to be in an aggregate amount at least equal to the initial aggregate principal amount of the 2025-R1 Certificates and then-Outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, showing a leasehold interest in such additional Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2025-R1 Certificates and such then-Outstanding Prior Parity Certificates.

ELEVENTH SUPPLEMENT TO PROJECT LEASE

Insurance

A new section is added to the Project Lease requiring that the City deliver to the Trustee, on the date of execution and delivery of the 2026A Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required), which policy, when combined with the policies of title insurance issued in connection with the issuance and delivery of the 2019-R1 Certificates, the 2020-R1 Certificates, the 2021A Certificates, the 2023A Certificates, the 2023B Certificates, the 2024-R1 Certificates, the 2024A Certificates and the 2025-R1 Certificates is to be in an aggregate amount at least equal to the initial aggregate principal amount of the 2026A Certificates and then-Outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, showing a leasehold interest in such additional Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 2026A Certificates and such then-Outstanding Prior Parity Certificates.

THE PROPERTY LEASE

Although certain provisions of the Property Lease are summarized below, this summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Property Lease.

Lease of Leased Property

The City leases to the Trustee the real property located in San Francisco, California and described in Exhibit A attached to the Property Lease (the "Site"), together with all buildings and improvements then situated or thereafter constructed thereon (collectively, the "Leased Property"), subject (i) to the terms thereof and (ii) to Permitted Encumbrances. The City also grants to the Trustee such rights of ingress and egress to the Site (as defined in the Project Lease) and infrastructure and utilities as the Trustee may require in order to fulfill its obligations under the Property Lease and under the Project Lease.

Assignment and Project Lease

As long as the Project Lease is in effect and there has been no event of default under the Project Lease, the Trustee is not to assign, mortgage, hypothecate or otherwise encumber the Property Lease or any rights thereunder or the leasehold created thereby pursuant to any trust agreement, indenture or deed of trust or otherwise, or sublet the Leased Property, in all cases, without the written consent of the City.

The City expressly approves and consents to the Project Lease and the Trust Agreement and to the execution and delivery of the Certificates evidencing proportionate interests in all of the rights of the Trustee under the Project Lease, including the right to receive Base Rental Payments payable thereunder.

Right of Entry

The City reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time.

Quiet Enjoyment

The Trustee at all times during the term of the Property Lease will peaceably and quietly have, hold and enjoy all of the Leased Property.

Default

In the event that the Trustee or its assignee is in default in the performance of any obligation on its part to be performed under the terms of the Property Lease, the City may exercise any and all remedies granted by law, except that no merger of the Property Lease and of the Project Lease will be deemed to occur as a result thereof; provided, however, that the City has no power to terminate the Property Lease by reason of any default on the part of the Trustee or its assignee so long as any Certificate is Outstanding. So long as any such assignee of the Trustee or any successor in interest to the Trustee duly performs the terms and conditions of the Property Lease, such assignee is be deemed to be and becomes the tenant of the City under the Property Lease, entitled to all of the rights and privileges granted under any such assignment.

FIRST SUPPLEMENT TO PROPERTY LEASE

Rent

Under the Original Property Lease, as additional consideration to the City, the parties agreed that, upon a request made by the City to the Trustee within twenty-four (24) months of the date thereof, the parties would

amend the Original Property Lease to increase the rent payable by the Trustee thereunder by an amount specified by the City not to exceed $42,000,000, and negotiate in good faith in connection with an amendment to the Original Property Lease to provide for additional Base Rental payments by the City thereunder. The City and the Trustee agreed in the First Supplement to Property Lease that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2009B Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the First Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund and other funds and accounts as provided in the Trust Agreement.

SECOND SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agreed that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2012A Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Second Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund and other funds and accounts as provided in the Original Trust Agreement.

THIRD SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agree that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2019-R1 Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Third Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund and other funds and accounts as provided in the Third Supplement to Trust Agreement.

FOURTH SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agree that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2020-R1 Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Fourth Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund and other funds and accounts as provided in the Fourth Supplement to Trust Agreement.

FIFTH SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agree that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2021A Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Fifth Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund and other funds and accounts as provided in the Fifth Supplement to Trust Agreement.

SIXTH SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agree that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2023A Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Sixth Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund and other funds and accounts as provided in the Sixth Supplement to Trust Agreement.

SEVENTH SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agree that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2023B Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Seventh Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund and other funds and accounts as provided in the Seventh Supplement to Trust Agreement.

EIGHTH SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agree that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2024-R1 Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Eighth Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund and other funds and accounts as provided in the Eighth Supplement to Trust Agreement.

NINTH SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agree that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2024A Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Ninth Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund, Refunding Fund and other funds and accounts as provided in the Ninth Supplement to Trust Agreement.

TENTH SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agree that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2025-R1 Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Tenth Supplement to Property Lease over its term. Such moneys are to be deposited in the Project Fund, Refunding Fund and other funds and accounts as provided in the Tenth Supplement to Trust Agreement.

ELEVENTH SUPPLEMENT TO PROPERTY LEASE

Rent

As additional consideration to the City payable under the Original Property Lease, the City and the Trustee agree that the Trustee will pay to the City an advance rent in the amount of the net proceeds of the 2026A Certificates as additional prepaid rental and additional rent of $1 per year as consideration for the Eleventh Supplement to Property Lease over its term. Such moneys are to be deposited in the 2026A Project Account, 2026A Streets Project Account and other funds and accounts as provided in the Tenth Supplement to Trust Agreement.


SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION
SERIES 2026A
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)
(TAX-EXEMPT)

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 delivery of the certificates of participation captioned above (the "Certificates"). The Certificates are issued pursuant to that certain Trust Agreement, dated as of May 1, 2009 (the "Original Trust Agreement"), as previously supplemented and amended and as supplemented and amended by the Eleventh Supplement to Trust Agreement, dated as of November 1, 2026 (as supplemented and amended, the "Trust Agreement"), between the City and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association (as trustee, the "Trustee"). Pursuant to Section 8.10 of the Original Trust Agreement and Section 4.8 of that certain Project Lease, dated as of May 1, 2009, as previously supplemented and amended and as supplemented and amended by the Eleventh Supplement to Project Lease, dated as of November 1, 2026 (as supplemented and amended, the "Project Lease"), by and between the Trustee and the City, 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 Certificates and in order to assist the Participating Underwriters (defined below) in complying with Securities and Exchange Commission (the "S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms will have the following meanings:

"Annual Report" will mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" will mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Certificates or to dispose of ownership of any Certificates; or (b) is treated as the owner of any Certificates for federal income tax purposes.

"Dissemination Agent" will 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" will mean either the registered owners of the Certificates, or, if the Certificates are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" will mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" will 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" will mean any of the original underwriters or purchasers of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Rule" will mean Rule 15c2-12(b)(5) adopted by the S.E.C. under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City will, or will 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 will 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 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 will submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City's fiscal year changes, it will give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City will send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent will (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 will 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 summary of aggregate annual scheduled lease payments or rental obligations with respect to outstanding certificates of participation and lease revenue bonds payable from the general fund of the City.

(f) a summary of outstanding and authorized but unissued lease obligations and certificates of participation payable from the general fund 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 will clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) To the extent applicable and pursuant to the provisions of this Section 5, the City will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates:

(1) Principal and interest payment delinquencies;
(2) Nonpayment related defaults, if material;
(3) Unscheduled draws on any debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
(7) Modifications to the rights of Certificate holders, if material;
(8) Certificate calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
(13) Consummation of a merger, consolidation or acquisition involving an obligated person of 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, if material;
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
(15) incurrence of a Financial Obligation of the City, if material, 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, if material; and
(16) 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.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City will, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate will terminate upon the legal defeasance, prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final Certificate Payment Date of the Certificates, the City will give notice of such termination in the same manner as for a Listed Event under Section 5(b).

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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent will 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 or 5(a), 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 Certificates or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original delivery of the Certificates, 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 Certificates or (ii) does not, in the opinion of a 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 will describe such amendment in the next Annual Report, and will 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 will 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 will 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 will 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 Certificates 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 will be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate will 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 Certificates, and will 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: November __, 2026

CITY AND COUNTY OF SAN FRANCISCO

_____

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 Issuer:	CITY AND COUNTY OF SAN FRANCISCO
Name of Issue:	CITY AND COUNTY OF SAN FRANCISCO CERTIFICATES OF PARTICIPATION, SERIES 2026A (MULTIPLE CAPITAL IMPROVEMENT PROJECTS) (TAX-EXEMPT)
Date of Delivery:	November __, 2026

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Certificates as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated the Date of Delivery. 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 Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, 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 Certificates, "Issuer" means the City, and "Agent" means the Trustee.

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.

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 detailed 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 SPECIAL COUNSEL OPINION

[Closing Date]

Board of Supervisors
City and County of San Francisco
San Francisco, California

Re: $_____ City and County of San Francisco Certificates of Participation, Series 2026A (Multiple Capital Improvement Projects) (Tax-Exempt)

We have acted as special counsel to our client the City and County of San Francisco (the "City") in connection with the execution and delivery by the City of its $_____ City and County of San Francisco Certificates of Participation, Series 2026A (Multiple Capital Improvement Projects) (Tax-Exempt) (the "Certificates"), evidencing undivided and proportionate interests of the owners of the Certificates in certain base rental payments (the "Base Rental Payments") to be made by the City pursuant to that certain Project Lease, dated as of May 1, 2009, as previously supplemented and amended (the "Original Project Lease"), as further supplemented and amended by that certain Eleventh Supplement to Project Lease, dated as of November 1, 2026, relating to the Certificates (the "Eleventh Supplement to Project Lease" and, together with the Original Project Lease, as previously supplemented and amended, the "Project Lease"), by and between U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as lessor, and the City, as lessee. In that regard, we have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the City in connection with the authorization, execution and delivery by the City of the Project Lease. We have also reviewed that certain Trust Agreement, dated as of May 1, 2009, as previously supplemented and amended (the "Original Trust Agreement"), as further supplemented and amended by that certain Eleventh Supplement to Trust Agreement, dated as of November 1, 2026 (the "Eleventh Supplement to Trust Agreement" and, together with the Original Trust Agreement, as supplemented and amended, the "Trust Agreement"), by and between U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee (the "Trustee"), and the City. Each capitalized term used but not defined herein shall have the meaning given thereto in the Trust Agreement.

Pursuant to the Trust Agreement, the Trustee has agreed to execute and deliver the Certificates, which Certificates are dated their date of delivery. The Certificates mature on the dates and in the amounts set forth in the Eleventh Supplement to Trust Agreement, and interest due with respect to the Certificates is payable on the dates and at the rates per annum set forth in the Eleventh Supplement to Trust Agreement.

In our capacity as special counsel, we have examined the transcript of proceedings relating to the issuance of the Certificates, the Trust Agreement, the Project Lease, the Property Lease, a copy of the signed and authenticated Certificates and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. Each of the Project Lease, the Property Lease and the Trust Agreement has been duly authorized, executed and delivered by the City and constitutes a valid and legally binding agreement of the City enforceable against the City in accordance with its terms.

2. The obligation of the City to pay Base Rental Payments in accordance with the terms of the Project Lease is a valid and binding obligation payable from the funds of the City lawfully available therefor,

and the obligation of the City to make Base Rental Payments under the Project Lease does not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any statutory or constitutional debt limitation or restriction and does not constitute a pledge of the faith and credit or taxing power of the City, the State of California or any political subdivision thereof.

3. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, the portion of each Base Rental Payment constituting interest with respect to the Certificates and received by the owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

4. The portion of each Base Rental Payment constituting interest with respect to the Certificates and received by the owners of the Certificates is also exempt from State of California personal income taxes. We express no opinion as to the treatment for federal income tax purposes or State of California income tax purposes of amounts paid to owners of the Certificates in the event of termination of the Project Lease as the result of money not being appropriated to pay Base Rental Payments, and we express no opinion as to any other tax consequences regarding the Certificates.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions, which are subject to change, and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the City.

We express no opinion herein regarding the priority of the lien on moneys held by the Trustee or other funds created by the Trust Agreement. We express no opinion herein with respect to the status or quality of title to, or any interest in, any of the property described in the Project Lease, or the accuracy or sufficiency of the description contained therein of any of that property, or the priority of, or the remedies available to enforce, any claim on or interest in any of that property.

In rendering those opinions with respect to treatment of the portion of each Base Rental Payment constituting interest with respect to the Certificates under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including the Tax Certificate executed by the City relating to Certificates. Failure to comply with certain of those covenants subsequent to issuance of the Certificates may cause the portion of each Base Rental Payment constituting interest with respect to the Certificates paid to owners of the Certificates to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Certificates and the enforceability of the Certificates, the Trust Agreement, the Property Lease and the Project Lease are, and the opinions expressed above are qualified to the extent that they are, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are given only as of the time of its delivery, and we disclaim any obligation to revise or supplement this letter thereafter, including to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. Our engagement as special counsel in connection with the original execution and delivery of the Certificates is concluded upon delivery of this.

APPENDIX G

CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE TREASURER INVESTMENT POLICY


SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE TREASURER & TAX COLLECTOR

INVESTMENT POLICY

Effective August 2026

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

.

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 Coded include the following terms:

> (1) The Treasurer of the City & County of San Francisco 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 Treasurer of the City and County of San Francisco 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 (*for Negotiable CDs that are not subject to a bail-in provision):

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 and others CDs that are subject to a bail-in provision 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	397 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 Assets Maximum	Maturity/Term 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.

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 or 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: (l) 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 l5(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.