MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Aa1 to San Francisco, CA's 2026B, C, D, E and F GOs and Aa2 to 2026A COPs; outlook is stable

09 Oct 2026

New York, October 09, 2026 -- Moody's Ratings (Moody's) has assigned Aa1 ratings to the City & County of San Francisco, CA's proposed $83.5 million Tax-Exempt General Obligation Bonds (Health and Recovery, 2020), Series 2026B; $134.9 million Tax-Exempt General Obligation Bonds (Earthquake Safety and Emergency Response, 2020), Series 2026C; $107.5 million Taxable General Obligation Bonds (Social Bonds - Affordable Housing, 2019), Series 2026D; $42.3 million Taxable General Obligation Bonds (Social Bonds - Affordable Housing, 2024), Series 2026E; and $47.5 million Taxable General Obligation Bonds (Social Bonds - Affordable Housing, 2016 - Preservation and Seismic Safety), Series 2026F. Concurrently, we assigned a Aa2 to the proposed $47.5 million Certificates of Participation, Series 2026A (Multiple Capital Improvement Projects) (Tax-Exempt). We maintain a Aa1 issuer rating for the city. Post issuance, the city's outstanding long-term debt will include $2.97 billion in GO bonds and $1.50 billion in lease-backed obligations. The outlook remains stable.

RATINGS RATIONALE

The Aa1 issuer rating incorporates the city's currently robust financial profile, strong budgeting practices and diverse revenue sources supported by a favorable property tax structure. Available fund balance and net cash ratios are 43.5% and 82.6% respectively as of fiscal 2025. The city's assessed value (AV) grew at a very low 1.8% annually over the last three years, reflecting the large number of successful appeals of prior years' valuations. Although refunds for property tax appeals continue to grow, that trend is likely to slow or reverse as the backlog of appeals is declining. Additionally, the city reserves funds for the estimated potential appeal refunds annually, largely mitigating the financial risk, and budgets lower revenue in future years.

We anticipate the city's financial position to remain strong in the near term. Fiscal 2026 financial results were stable, with significant budget-balancing measures that produced a small general fund surplus. While the city's adopted biennial budget relies on use of fund balance, planned draws on reserves have been reduced from prior projections. While the city faces projected future deficits that will require continued structural budget changes, management has a track record of conservative budgeting and scenario planning for economic downturns, which we anticipate will result in the city's reserve levels remaining consistent with the Aa1 rating level in the near term.

The rating incorporates the city's very large tax base, with unusually strong resident incomes at 152.3% of US and robust AV per capita of $440,000 as of fiscal 2027. While GDP growth in the metropolitan statistical area was stronger than the US over the five years ending in 2024, the city's economic recovery from the pandemic has been uneven, with growth in employment from artificial intelligence, but slow growth in other sectors. The city's long-term liabilities ratio is elevated at 317.5% of revenue, though nearly 80% of the city's debt is self-supporting enterprise debt. The fixed cost ratio rose slightly to 18.6% in 2025 and will remain manageable.

The Aa1 rating on the city's GOULT bonds is the same as the issuer rating based on the dedicated unlimited ad valorem property tax pledge supporting the bonds.

The Aa2 certificate of participation rating is one notch below the city's issuer rating, typical of abatement

leases for assets we consider more essential and for equipment where the term matches the useful life of the leased assets. The current issuance is secured by assets under a master lease including a portion of Laguna Honda Hospital, the Moscone North portion of the George R. Moscone Convention Center, One South Van Ness and the San Bruno Jail Complex.

RATING OUTLOOK

The stable outlook reflects our expectation that the city will continue making necessary expenditure cuts and outperform conservative budget projections to materially reduce the structural gap between its revenues and expenditures. Governmental fund reserves and strong financial policies provide flexibility to maintain a financial position consistent with the current rating level. Management has identified potential risks to federal and state funding, as well as the potential reversal of the economic recovery underway, and has a track record of making adjustments when needed.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Greater certainty regarding long-term economic recovery and reinvention

- Outperforming the US in GDP growth

- Meaningful financial outperformance relative to expectations

- Reduction of long-term liabilities or fixed cost burdens below 150% and 15%, respectively

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Meaningful fund balance and reserve drawdowns consistent with forecast

- Inability to develop long-term solutions for the city's most pressing economic challenges

- Material growth in the long-term liabilities ratio to over 500%

PROFILE

The City & County of San Francisco is the economic, employment and cultural center of the San Francisco Bay Area and Northern California. With about 831,000 residents, the city encompasses over 93 square miles, of which 49 square miles are land and the balance comprising tidelands and a portion of San Francisco Bay. Its combined city-county organization is unique in California, with governance by a board of supervisors elected from eleven districts and a mayor elected citywide who serves as chief executive officer.

METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties published in June 2026 and available at https://ratings.moodys.com/rmc-documents/466689. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

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