

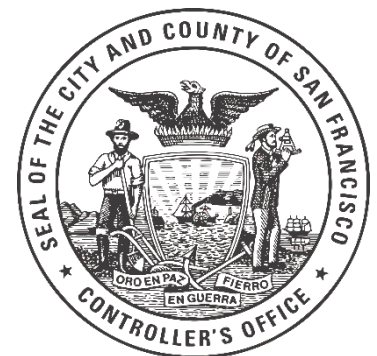
Nine-Month Budget Status Report



Prepared by

**OFFICE OF THE CONTROLLER
BUDGET AND ANALYSIS DIVISION**

May 12, 2026



About the Controller's Office

The Controller is the chief financial officer and auditor for the City and County of San Francisco. We produce regular reports on the City's financial condition, economic condition, and the performance of City government. We are also responsible for key aspects of the City's financial operations — from processing payroll for City employees to processing and monitoring the City's budget.

Our team includes financial, tech, accounting, analytical and other professionals who work hard to secure the City's financial integrity and promote efficient, effective, and accountable government. We strive to be a model for good government and to make the City a better place to live and work.

About the Budget & Analysis Division

The Budget and Analysis Division (BAD) manages the technical development of the City's annual budget, including forecasting tax revenues, costing and budgeting labor and benefit costs, and assisting the Mayor and Board of Supervisors with costing and budgeting of policy initiatives. The group manages the City's adherence to voter-approved spending requirements and financial policies and produces a variety of reports, including quarterly budget status updates. Additionally, the division manages property tax apportionment, rate setting, and reporting to the state, places special assessments on property tax bills, and processes the Assessor's changes to prior and current year property tax rolls.

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Executive Summary

- We project a \$728.2 million General Fund ending balance in the current fiscal year, a \$53.9 million improvement from the \$674.3 million balance in our last projection (March 2026 Update to the Five-Year Financial Plan). Application of this additional current year fund balance would decrease the projected shortfall in the upcoming two-year budget to \$606.9 million (from \$642.8 million) and by \$18.0 million in FY 2028-29.
- 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 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. We project 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.

- 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.

Table 1. FY 2025-26 Projected General Fund Variances to Budget (\$ millions)

	Fall 2025 Projection	6-Month	March 2026 Update	9-Month	Change
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

A. General Fund Starting Balance

The FY 2025-26 and FY 2026-27 adopted budget assumed total use of fund balance of \$382.4 million, of which \$152.7 million was appropriated in FY 2025-26 and \$229.6 million was appropriated in FY 2026-27. General Fund available fund balance at the end of FY 2024-25 was \$38.6 million more than appropriated and assigned.

B. CURRENT YEAR REVENUES AND EXPENDITURES

Citywide Revenue

As shown in Table 2, citywide revenues are projected to be \$339.9 million above budget. This represents a \$53.2 million improvement in the current year from the most recent Update to the Five-Year Financial Plan issued in March 2026. The variance from the prior projection is largely due to improvement in property and real property transfer taxes.

Table 2. General Fund Citywide Revenues Variances to Budget (\$ millions)

	FY 2024-25	FY 2025-26					Variance	
	Actuals	Budget	5-Yr (Fall 25)	6-Mo (Feb 26)	5-Yr Update (Mar 26)	9-Mo (May 26)	Vs Budget	Vs March 5-Yr
Traditional Property Tax	2,122.8	2,164.0	2,173.0	2,142.0	2,129.0	2,142.0	(22.0)	13.0
Excess ERAF	362.3	273.0	313.4	309.0	322.0	322.0	49.0	-
Property Tax Total	2,485.1	2,437.0	2,486.4	2,451.0	2,451.0	2,464.0	27.0	13.0
Business Taxes	1,120.4	1,139.6	1,268.8	1,294.8	1,337.6	1,341.6	202.0	4.0
Sales Tax - Local 1%	188.3	189.5	191.6	193.6	201.0	201.0	11.4	-
Hotel Room Tax	255.3	265.2	272.0	275.7	282.8	288.1	22.9	5.2
Utility User & Access Line Taxes	170.0	170.8	192.5	192.5	200.1	200.1	29.2	-
Parking Tax	81.3	88.8	83.5	83.5	83.5	83.5	(5.3)	-
Real Property Transfer Tax	294.4	267.6	290.7	336.7	345.3	376.2	108.7	30.9
Sugar Sweetened Beverage Tax	11.4	11.6	11.4	11.4	11.4	11.4	(0.3)	-
Stadium Admissions Tax	8.9	8.6	9.9	9.9	9.9	9.9	1.3	-
Cannabis Tax	-	-	-	-	-	-	-	-
Franchise Taxes	17.4	16.1	17.4	17.4	17.4	17.4	1.3	-
Interest Income	171.1	151.9	166.3	175.0	175.0	175.0	23.1	-
FEMA Disaster Relief	73.9	87.0	7.0	3.7	3.7	3.7	(83.3)	-
Health & Welfare Realignment	307.6	272.8	278.6	278.6	278.6	278.6	5.8	-
Public Safety Realignment	52.2	53.5	53.1	53.1	53.1	53.1	(0.4)	-
Public Safety Sales Tax	96.1	97.2	96.8	96.3	96.3	96.3	(1.0)	-
Airport Transfer In	58.5	61.3	60.5	59.4	59.9	59.9	(1.4)	-
Commercial Rent Tax Transfer In	26.7	27.7	27.2	27.2	26.4	26.4	(1.3)	-
Total Citywide Revenues	5,418.5	5,346.1	5,513.8	5,559.8	5,632.8	5,686.0	339.9	53.2

Baseline Contributions

Table 3 shows the impact of voter-mandated funding requirements. In line with a projected surplus of \$484.6 million in Aggregate Discretionary Revenue (ADR), the General Fund portion of baseline contributions is projected to be \$71.0 million above budget and \$9.5 million above the March 2026 Update to the Five-Year Financial Plan projection. Highlights include:

- MTA baselines are projected to be \$41.1 million above budget. This is driven by the \$46.4 million surplus in projected revenue from ADR-based transfers for the Municipal Railway Baseline and Parking & Traffic Baselines. Relative strength in ADR-based transfers is partially offset by weakness in projected parking tax in-lieu revenues and Proposition B Population Adjustment baseline transfers, as actual calendar year 2025 daytime population growth was 0.13% versus the 0.35% growth assumed in the budget.
- The Library baseline and property tax set-aside are projected to be \$8.5 million above budget, of which \$9.3 million is due to increases in projected aggregate discretionary revenue (ADR), partially offset by \$0.9 million in property tax weakness related to recent Assessment Appeals Board decisions. A \$1.8 million General Fund return is assumed.
- The Open Space property tax set-aside is projected to be \$0.9 million below budget.
- The Children and Youth Fund property tax set-aside is projected to be \$1.4 million below budget.
- The Children's Services Baseline requirement is projected to be \$248.5 million or \$23.4 million above the \$225.1 million requirement as of the adopted budget. Children's Baseline eligible expenditures in the adopted budget totaled \$262.7 million, exceeding the current required amount.
- The Transitional Aged Youth Baseline requirement is projected to be \$29.8 million or \$2.8 million above the \$27.0 million requirement as of the adopted budget. The adopted budget appropriated \$28.2 million for the Transitional Aged Youth Baseline, and as a result, the City must appropriate an additional \$1.6 million of eligible expenditures to reach the updated requirement of \$29.8 million.
- Required General Fund support for the Public Education Enrichment Fund baseline and annual contributions to SFUSD and OECE are projected to be \$16.2 million above budget.

Table 3. Baselines, Set-Asides, Special Taxes, and Other Mandates (\$ millions)

	FY 2024-25	FY 2025-26					Variance
	Actuals	Budget ^[1]	5-Year (Dec 25)	6-Month (Feb 26)	5-Year Update (Mar 26)	9-Month (May 26)	9-Month vs. Budget
General Fund Aggregate Discretionary Revenue (ADR)	4,726.8	4,660.0	4,997.3	5,038.9	5,085.1	5,144.6	484.6
1 MUNICIPAL TRANSPORTATION AGENCY (SFMTA)							
Municipal Railway Baseline - 7.0675% ADR - GF Transfer	334.1	329.4	353.2	356.1	359.4	363.6	34.3 *
Parking & Traffic Baseline - 2.5070% ADR - GF Transfer	118.5	116.8	125.3	126.3	127.5	129.0	12.2 *
Population Adjustment - GF Transfer	88.7	90.5	89.4	89.4	89.4	89.4	(1.1) *
Parking Tax In-Lieu - 80% Parking Tax - GF Transfer	65.0	71.0	66.8	66.8	66.8	66.8	(4.2) *
Traffic Congestion Mitigation Fund - Special Tax (50%)	9.5	10.0	10.0	10.0	10.0	10.0	-
Subtotal Municipal Transportation Agency	615.8	617.7	644.6	648.6	653.1	658.8	41.1
2 LIBRARY PRESERVATION FUND							
Library Preservation Fund Baseline - 2.2858% ADR - GF Transfer, net of GF Return	108.1	106.5	114.2	114.7	116.2	115.8	9.3 *
Library Preservation Fund Property Tax - \$0.025 per \$100 NAV	77.4	79.3	79.9	78.6	77.8	78.5	(0.9)
Subtotal Library	185.5	185.9	194.2	193.3	194.0	194.3	8.5
3 RECREATION & PARKS							
Open Space Property Tax - \$0.025 per \$100 NAV	77.4	79.3	79.9	78.6	77.8	78.5	(0.9)
Recreation & Parks Baseline MOE Required GF Support	85.2	88.2	88.2	88.2	88.2	88.2	- *
Subtotal Recreation and Parks	162.6	167.5	168.1	166.8	166.0	166.6	(0.9)
CHILDREN'S SERVICES							
4 Children & Youth Fund							
Children and Youth Fund Property Tax Set-Aside: \$0.4 per \$100 NAV	123.8	126.9	127.9	126.0	124.9	125.6	(1.4)
Children's Services Baseline - Requirement: 4.830% ADR	228.3	225.1	241.4	243.4	245.6	248.5	23.4 *
Transitional Aged Youth Baseline - Requirement: 0.580% ADR	27.4	27.0	29.0	29.2	29.5	29.8	2.8 *
5 Babies & Families First Fund							
Commercial Rents Tax (85%)	152.7	156.7	154.3	154.3	149.6	149.6	(7.1)
Early Care and Education Baseline - Requirement: 2.212% ADR	93.8	93.8	93.8	93.8	93.8	93.8	- *
6 Public Education Enrichment Fund - 3.0567% ADR							
Public Education Enrichment Fund Total - GF Transfer	144.5	142.5	152.8	154.0	155.4	157.3	14.8 *
1/3 Annual Contribution to Preschool for All	48.2	47.5	50.9	51.3	51.8	52.4	4.9
2/3 Annual Contribution to SF Unified School District	96.3	95.0	101.8	102.7	103.6	104.8	9.9
Public Education Enrichment Fund Baseline: 0.290% ADR (50% GF, 50% CYF)	13.7	13.5	14.5	14.6	14.7	14.9	1.4 *
7 Student Success Fund (SFUSD) - GF Transfer	35.0	35.0	35.0	35.0	35.0	35.0	- *
8 Fair Wages for Educators Fund (SFUSD) - Parcel Tax	54.0	54.0	54.0	54.0	55.6	55.6	1.6
Subtotal Childrens Services (Required)	873.2	874.5	902.5	904.3	904.2	910.1	35.5
HOMELESSNESS & HOUSING							
9 Our City, Our Home Fund							
Homelessness Gross Receipts Tax	296.0	335.9	366.5	397.0	434.0	434.0	98.1
Our City, Our Home Baseline Requirement	200.8	200.8	200.8	200.8	200.8	200.8	-
10 Housing Trust Fund - GF Transfer (net of loan repayment)	47.3	48.8	50.7	51.2	51.7	52.3	3.5 *
11 Affordable Housing Opportunity Fund - GF Transfer	-	-	-	-	-	-	- *
12 Housing Activation Fund - Empty Homes Tax	-	-	-	-	-	-	-
Subtotal Homelessness and Housing	544.1	585.5	618.0	649.0	686.5	687.1	101.6
ARTS							
13 Hotel Tax for Arts Fund - Hotel Tax	32.0	33.0	33.8	34.3	35.2	35.2	2.2
14 Property Tax - Municipal Symphony - \$0.00125 per \$100 NAV	4.4	4.5	4.5	4.5	4.5	4.5	(0.0)
Subtotal Arts	36.4	37.5	38.3	38.8	39.7	39.7	2.2
OTHER							
15 Small Business Assistance Fund - Commercial Vacancy Tax	2.7	2.0	2.7	2.0	2.0	1.5	(0.5)
16 Dignity Fund - GF Transfer	59.1	59.1	59.1	59.1	59.1	59.1	- *
17 Street Tree Maintenance Fund - GF Transfer	23.0	23.0	23.0	23.0	23.0	23.0	- *
18 City Services Auditor: 0.2% of Citywide Budget	26.8	26.3	26.3	26.3	26.3	26.3	- *
Subtotal Other	111.6	110.4	111.1	110.4	110.4	109.9	(0.5)
Total Baselines, Set Asides and Special Taxes	2,529.1	2,579.0	2,676.9	2,711.1	2,753.8	2,766.5	187.5
Note:						* General Fund Impact	71.0

[1] For expenditure baselines with "requirement" in the description, the budgeted FY 2025-26 amounts represent projected requirement as of the adopted budget.

Departmental Operations

A projected departmental operating surplus of \$89.5 million is summarized in Table 4 and further detailed in Appendix 2.

Table 4. FY 2025-26 Departmental Operating Summary (\$ millions)

Note: Figures may not sum due to rounding.

	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
Sheriff	1.9	(6.1)	(4.2)
Superior Court	-	(3.4)	(3.4)
Public Works	(2.9)	-	(2.9)
City Planning	(3.8)	2.7	(1.0)
Police Department	(0.4)	-	(0.4)
Human Resources	(4.2)	3.9	(0.3)
Police Accountability	(0.1)	-	(0.1)
Early Childhood	(4.4)	4.2	(0.3)
Subtotal Net Shortfall Departments	(14.0)	1.3	(12.7)
	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
Net Surplus Departments			
Human Services Agency	(2.0)	35.1	33.2
Public Health	32.5	-	32.5
General City Responsibility	6.2	5.1	11.3
City Attorney	(1.4)	5.8	4.4
Homelessness and Supportive Housing	(1.3)	5.5	4.3
City Administrator	(0.4)	3.8	3.4
Elections	0.3	2.0	2.4
District Attorney	(0.1)	2.3	2.2
Adult Probation	0.0	2.2	2.2
Treasurer / Tax Collector	(3.1)	4.8	1.7
Mayor	(0.1)	1.2	1.0
Subtotal Net Surplus Departments	30.6	67.8	98.4
All Other	(10.2)	13.9	3.7
TOTAL	6.5	83.0	89.5

C. SUPPLEMENTAL APPROPRIATIONS

Table 5. Approved & Pending Supplemental Appropriations (\$ millions)

Use	Source	Status	Amount
Elections - Statewide November 2025 Special Election	State Revenue	Approved	4.5
MOHCD - Immigration Legal Defense	General Reserve	Approved	3.5
Human Services - CalFresh (SNAP) Benefits Backfill	Federal & State Rev Risk Reserve	Approved	9.1
MTA - Lunar New Year Parking, Transit, Ambassadors	General Reserve	Approved	0.3
Emergency Management - Street Conditions Staffing	General Reserve	Approved	4.0
Human Rights - Community Initiatives	General Reserve	Approved	0.2
Police - Overtime	Existing Budget	Approved	34.4
Public Defender - Personnel Costs	General Reserve	Approved	1.5
Approved			57.5
DEM/FIR/PUC - Overtime	Projected Revenue & Existing Budget	Pending	10.4
REC - Zoological Society Loan	Existing Budget	Pending	2.5
Pending			12.9
Approved + Pending			70.4

The Board of Supervisors has approved the following uses of the General Reserve in the current year, which will require a like amount to be deposited in the budget year:

- \$3.5 million for the Mayor's Office of Housing and Community Development (MOHCD) to support coordinated services for immigration legal defense and community response services to the immigrant community;
- \$0.3 million for the Municipal Transportation Agency to support free one-hour parking in the Portsmouth Square garage and transit fares for the Lunar New Year Parade weekend;
- \$4.0 million for Emergency Management to expand street conditions staffing;
- \$0.2 million to the Human Rights Commission for community initiatives;
- \$1.5 million to the Public Defender for salary and benefit costs.

In addition, the Board appropriated \$9.1 million from the Federal & State Revenue Risk Reserve for the Human Services Agency for CalFresh (SNAP) benefits backfill during the fall federal government shutdown and \$4.5 million of state reimbursements to the department of Elections for costs associated with the statewide November 2025 special election.

The Police, Sheriff, Fire, and Emergency Management departments and the Public Utilities Commission require supplemental appropriations for overtime, as required by Administrative Code Section 3.17. The Police Department supplemental has been approved by the Board of Supervisor. While the Emergency Management departments and the Public Utilities Commission propose to reallocate existing expenditure appropriation, the Fire Department will request authority to appropriate a revenue surplus, and the Sheriff's Office will likely require use of General Reserve. No supplemental appropriation to address this deficit has been introduced as of this writing.

D. PREVIOUSLY UNAPPROPRIATED FUND BALANCE

The projection includes \$140.0 million of unappropriated fund balance, which was designated for balancing future budget shortfalls in Section 32.1 of the Administrative Provisions of the FY 2025-26 and FY 2026-27 Budget and Appropriations Ordinance.

E. PROJECTED ENDING FUND BALANCE OF \$728.2 MILLION

Based on the above assumptions and projections, this report anticipates an ending available General Fund balance for FY 2025-26 of \$728.2 million, a \$53.9 million improvement from prior projections in the March 2026 Update to the 5-Year Financial Plan.

Other Funds

Special revenue funds are used for departmental activities that have dedicated revenue sources or legislative requirements that mandate the use of segregated accounts outside the General Fund. Some of these special revenue funds receive General Fund baseline transfers and other subsidies. Others are used to record dedicated tax revenues and related expenditures. Enterprise funds are used primarily for self-supporting agencies, including the Airport, the Public Utilities Commission, and the Port. The Municipal Transportation Agency (MTA) receives a significant General Fund subsidy. p

Projected General Fund Support requirements for these funds are included in the department budget projections in Appendix 2. Appendix 4 provides a table of selected special revenue and enterprise fund projections.

Nine-Month Overtime Report

Administrative Code Section 18.13-1 requires the Controller to submit overtime reports to the Board of Supervisors at the time of the Six-Month and Nine-Month Budget Status Reports, and annually. Appendix 5 presents actual overtime expenditures through the first six months of the year. Administrative Code Section 3.17 requires select departments to request a supplemental appropriation to increase overtime budgets in annual operating funds.

APPENDICES

1. General Fund Revenues
 2. General Fund Departments
 3. Reserves Status
 4. Other Funds Highlights
 5. Overtime Report
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Appendix 1: General Fund Revenues

As shown in Table A1-1, total General Fund revenues are projected to be \$407.2 million above budget. There is a \$339.9 million projected surplus in citywide tax-based revenue (Table 2 above) and a \$67.3 million surplus in departmental revenue. Table 4 in Appendix 2 shows a \$6.4 million revenue surplus; the variance between the two tables is driven by revenue at the City's two hospitals and inter-departmental work order recoveries not considered in the table below.

Table A1-1. Detail of General Fund Revenue and Transfers In (\$ in millions)

GENERAL FUND (\$ Millions)	FY 2024-25	FY 2025-26					Variance	Note
	Year End Actual	Revised Budget	5-Year Fall Update	6-Month	March Joint Report	9-Month	Vs Revised Budget	
PROPERTY TAXES	2,485.1	2,437.0	2,486.4	2,451.0	2,451.0	2,464.0	27.0	1
BUSINESS TAXES								
Business Registration Tax	42.9	53.0	48.0	48.0	50.0	54.0	1.0	
Payroll Tax	1.4	-	-	-	-	-	-	
Gross Receipts Tax	985.4	1,100.6	1,234.8	1,241.8	1,255.0	1,255.0	154.4	
Admin Office Tax	-	-	-	-	-	-	-	
Overpaid Executive Tax	90.7	(14.0)	(14.0)	5.0	32.6	32.6	46.6	
Total Business Taxes	1,120.4	1,139.6	1,268.8	1,294.8	1,337.6	1,341.6	202.0	2
OTHER LOCAL TAXES								
Sales Tax	188.3	189.5	191.6	193.6	201.0	201.0	11.4	3
Hotel Room Tax	255.3	265.2	272.0	275.7	282.8	288.1	22.9	4
Utility Users Tax	111.8	116.4	116.1	116.1	120.1	120.1	3.7	
Parking Tax	81.3	88.8	83.5	83.5	83.5	83.5	(5.3)	5
Real Property Transfer Tax	294.4	267.6	290.7	336.7	345.3	376.2	108.7	6
Sugar Sweetened Beverage Tax	11.4	11.6	11.4	11.4	11.4	11.4	(0.3)	
Stadium Admission Tax	8.9	8.6	9.9	9.9	9.9	9.9	1.3	
Access Line Tax	58.1	54.5	76.4	76.4	80.0	80.0	25.5	7
Cannabis Tax	-	-	-	-	-	-	-	8
Total Other Local Taxes	1,009.5	1,002.2	1,051.6	1,103.3	1,133.9	1,170.1	168.0	
LICENSES, PERMITS & FRANCHISES								
Licenses & Permits	16.5	7.1	7.1	6.8	6.8	6.8	(0.3)	
Franchise Fee	17.4	16.1	17.4	17.4	17.4	17.4	1.3	
Total Licenses, Permits & Franchises	33.9	23.1	24.5	24.2	24.2	24.1	1.0	
FINES, FORFEITURES & PENALTIES	5.3	6.0	6.0	4.8	4.8	4.2	(1.9)	
INTEREST & INVESTMENT INCOME	171.1	151.9	166.3	175.0	175.0	175.0	23.1	9
RENTS & CONCESSIONS	15.8	18.6	18.5	18.7	18.7	20.7	2.1	

GENERAL FUND (\$ Millions)	FY 2024-25	FY 2025-26					Variance	Note
	Year End Actual	Revised Budget	5-Year Fall Update	6-Month	March Joint Report	9-Month	Vs Revised Budget	
INTERGOVERNMENTAL REVENUES								
Federal Government	394.2	479.8	379.1	391.2	391.2	392.0	(87.8)	10
State Government	1,023.4	925.8	915.3	932.8	932.8	935.5	9.6	11
Other Regional Government	2.0	3.9	3.4	3.1	3.1	3.1	(0.8)	
CHARGES FOR SERVICES	354.5	382.7	382.9	448.0	448.0	455.6	72.9	
RECOVERY OF GEN. GOV'T. COSTS	27.7	22.3	22.3	22.3	22.3	22.3	-	
OTHER REVENUES	11.8	19.2	18.9	12.5	12.5	14.3	(4.8)	
TOTAL REVENUES	6,654.7	6,612.1	6,744.1	6,881.7	6,955.1	7,022.6	410.5	
TRANSFERS INTO GENERAL FUND:								
Airport Transfer In	58.5	61.3	60.5	59.4	59.9	59.9	(1.4)	12
Commercial Rent Tax Transfer In	26.7	27.7	27.2	27.2	26.4	26.4	(1.3)	
Other Transfers	208.9	170.8	169.6	170.8	170.8	170.1	(0.7)	
Total Transfers In	294.0	259.7	257.3	257.5	257.1	256.4	(3.4)	
TOTAL GENERAL FUND RESOURCES	6,948.7	6,871.8	7,001.4	7,139.1	7,212.2	7,279.0	407.2	

1. Property Tax

Property tax revenue in the General Fund is projected to be \$27.0 million (1.1%) above budget and \$21.1 million (0.8%) below prior year actuals. The improvement from the March 2026 Update to the Five-Year Financial Plan stems from additional closed assessment appeals, resulting in a lower projected reserve deposit from the General Fund at year-end.

The amount of property tax refunds paid for commercial properties relating to Assessment Appeals Board (AAB) decisions on past years' appeals has increased over the prior year; through April 30, 2026, approximately \$113 million was refunded from the General Fund's share of prior years' property tax collections for all property types, compared to \$79 million for all of FY 2024-25. However, the amount of current year revenue set aside to pay anticipated refunds has decreased since the March 2026 Update to the Five-Year Financial Plan given additional closed appeals. According to updated AAB data through April 8, 2026 on reductions made by the Assessment Appeals Board (AAB), there are 12,572 open appeals with a total current assessed value of \$257.6 billion. The Controller's Office projects a current year General Fund AAB reserve deposit of \$50.4 million, which would bring the total reserve to \$376.2 million.

Refunds are projected using average actual percent reductions for similar property types in the same assessment year where a sufficient sample of cases has been closed. Where there is only a small sample of cases, reductions are generally estimated using multiple prior years' experience. All 2025 (current billed assessment year) open appeals assume the same reduction as used for 2024 assessment year open appeals. Percent reductions in assessed value for open 2024 and 2023 assessment year appeals are assumed to be equal to those already decided by the AAB, with the exception of office appeals, which assume reductions of 33.0%, consistent with previous projections.

2. Business Tax

Business taxes in the General Fund include Business Registration fees, the Gross Receipts tax, the Administrative Office tax, and the Overpaid Executive tax. Total business tax revenue is projected to be \$1,341.6 million in FY 2025-26, or \$202.0 million (17.7%) above budget and \$221.2 million (19.7%) above prior year actuals. Of these, the Gross Receipts tax is by far the largest, projected to be \$1,255.0 million this fiscal year.

Proposition M (2024), first effective for tax year 2025, restructured the City's business taxes by modifying gross receipts calculations and tax rates, decreasing overpaid executive tax rates, increasing the small business exemption, and reorganizing business activity categories. This restructuring created significant uncertainty in the revenue forecast. The filing deadline for 2025 taxes was March 2, 2026, although businesses can file for an extension with a due date of November 30, 2026. To date, an estimated 60% of the City's Gross Receipts tax base has filed. Although full information about Prop M will not be available until after the extension deadline in November 2026, the filings to date provide the first concrete information about its impact. Even with the challenges in forecasting revenue with the change to Prop M, actual tax year 2025 filed revenue is within approximately 1% of projected revenue.

The Six-Month Report forecast overestimated the share of the tax base that would file taxes by March 2, which changes the distribution of revenue across fiscal years. Because the tax rates are increasing, taxpayers on average would owe additional taxes when they filed. The forecast assumed that 75% of the tax base would have filed by March 2 and the City would have received the additional taxes with the filings. Since only 60% of the tax base has filed, the City has received less revenue than expected in FY 2025-26. Although this does not affect the total revenue collected for a tax year, it shifts revenue recognized from FY 2025-26 to FY 2026-27.

As required by Prop M, the Controller will issue a report by September 1, 2026 with a discussion of the performance of the new tax system.

Litigation continues to be a factor affecting revenue projections. Several large cases have settled in FY 2025-26, including General Motors, Airbnb, and Microsoft. The total revenue impact of all litigation, however, must account for other factors. The City has received new gross receipts tax claims, and taxpayers in ongoing matters have expanded their claims to include more tax years. In addition, as explained in previous reports, the current budget reflects the decision to smooth revenue among fiscal years by funding 75% of the estimated liability in FY 2024-25 and the remaining 25% in FY 2025-26, which requires a reserve deposit of more than \$80 million in the current fiscal year. Taken together, the projected reserve for General Fund tax litigation has decreased from \$394 million to \$384 million since the Six-Month Budget Status Report was issued.

Two measures related to business taxes are on the June 2026 ballot. Proposition D would increase the Overpaid Executive tax, raising an estimated \$250-\$300 million annually. Proposition C would increase the small business tax exemption and accelerate currently scheduled increases in the Overpaid Executive tax, reducing revenue by an estimated \$30-\$40 million annually. Neither measure would affect business tax revenue until FY 2027-28.

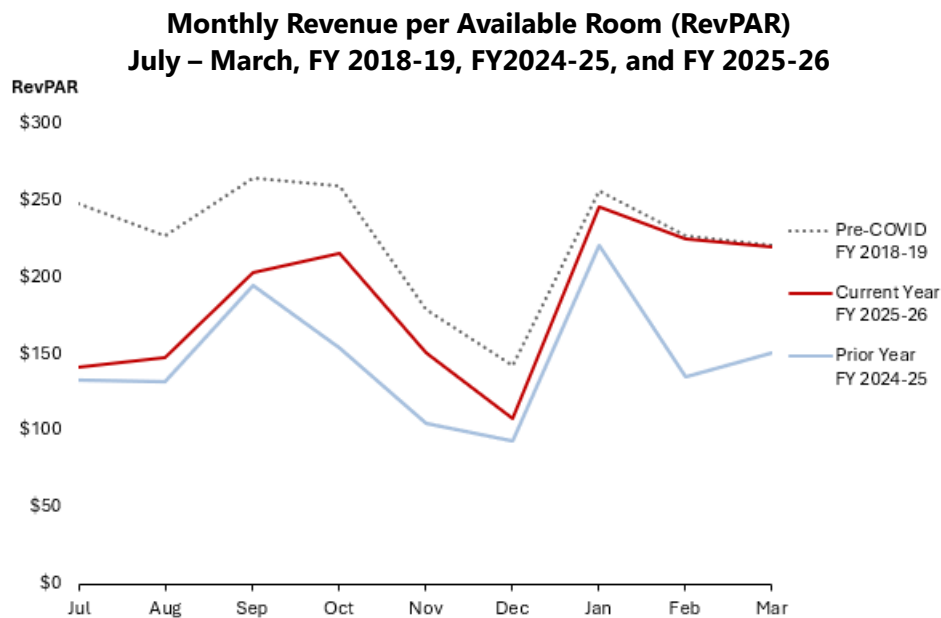
3. Local Sales Tax

Local sales tax revenues are projected to be \$201.0 million, \$11.4 million (6.0%) above budget and \$12.7 million (6.7%) above prior-year actuals. In the City's most recent quarter of sales tax receipts (October through December 2025) compared to the same quarter last year, San Francisco's sales tax adjusted for misallocations increased by 10.9%, greater than both the state (1.2%) and the Bay Area (2.5%). The overall growth in San Francisco is primarily related to growth in revenue from business and industry (29.5%), restaurants and hotels (12.4%), and county and state pools (mostly e-commerce, 11.1%). The forecast accounts for increased sales tax receipts from hosting Superbowl LX in February 2026.

4. Hotel Room Tax

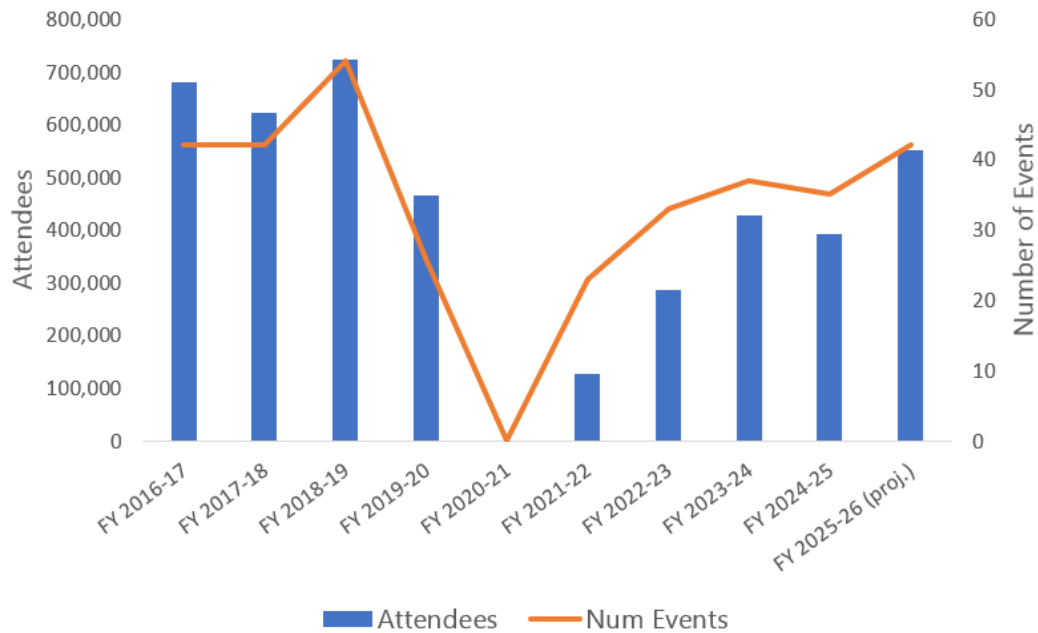
Hotel taxes for all funds are projected to be \$323.3 million, \$25.1 million (8.4%) above budget and \$34.0 million (11.7%) above prior year. General Fund hotel tax revenues are projected to be \$288.1 million, \$22.9 million (8.6%) above budget and \$32.8 million (12.8%) above prior year.

Hotel tax is highly correlated with the hotel industry indicator revenue per available room (RevPAR), which is the combined effect of occupancy rates and average daily room rates. As shown in the graph below, monthly RevPAR for the first nine months of FY 2025-26 exceeded the monthly levels observed in FY 2024-25. Additionally, the gap between pre-COVID and current-year monthly RevPAR increasingly shrank throughout FY 2025-26 such that by March 2026, monthly current-year RevPAR was just \$1.50 below March 2019 RevPAR. While these comparisons do not account for inflation, they mark important gains in San Francisco's hotel industry in the aftermath of the COVID-19 pandemic.



Because conventions drive up hotel room rates through compression pricing, the return of conferences and conventions plays a key role in the recovery of hotel tax revenues. The rebound of Moscone Center event attendance stalled in FY 2024-25 but resumed in FY 2025-26. Super Bowl LX not only drew tens of thousands of visitors to the Bay Area, but also materially boosted Moscone Center attendance by drawing over 100,000 attendees to a series of events held during the first week of February 2026.

**Number of Attendees and Events at the Moscone Center
FY 2016-17 to FY 2025-26 (Projected)**



Proposition E (November 2018) allocates 1.5% of the 14% hotel tax rate (or approximately 10.7% of total hotel tax revenue) to arts programming outside of the General Fund. The allocation to arts programs is projected to be \$35.2 million in FY 2025-26, or \$2.2 million (6.7%) above budget and \$3.2 million (10.0%) above the prior year. See the Other Funds section for more information about the Hotel Tax for Arts fund.

FY 2025-26 Allocation of Hotel Tax for Arts (Prop E)

	Budget	Five Year	6-Month	March Joint Report	9-Month	9-Month Variance from Budget
Grants for the Arts	16.8	17.2	17.5	17.9	17.9	1.1
Arts Impact Endowment	2.6	2.6	2.7	2.7	2.8	0.2
Cultural Centers	3.9	4.0	4.1	4.2	4.2	0.3
Cultural Equity Endowment	6.6	6.8	6.9	7.0	7.0	0.4
Cultural Districts	3.1	3.2	3.2	3.3	3.3	0.2
Total	33.0	33.8	34.3	35.2	35.2	2.2

5. Parking Tax

Parking tax revenue is projected to be \$83.5 million, which is \$5.3 million (6.0%) below budget and \$2.2 million (2.7%) above prior year actuals. Although there are fewer commuters coming into the City now than before the pandemic, a higher percentage of them travel by car rather than public transportation, and projected revenue is approaching pre-pandemic levels. According to American Community Survey data, the percentage of workers still coming into an office or worksite who drove to work rose from 37.8% in 2019 to 46.2% in 2024, or approximately 265,000 cars in 2019 and 247,000 cars in 2024. The City deposits parking tax revenue into the General Fund, from which an amount equivalent to 80% is transferred to the MTA for public transit under Charter Section 8A.105.

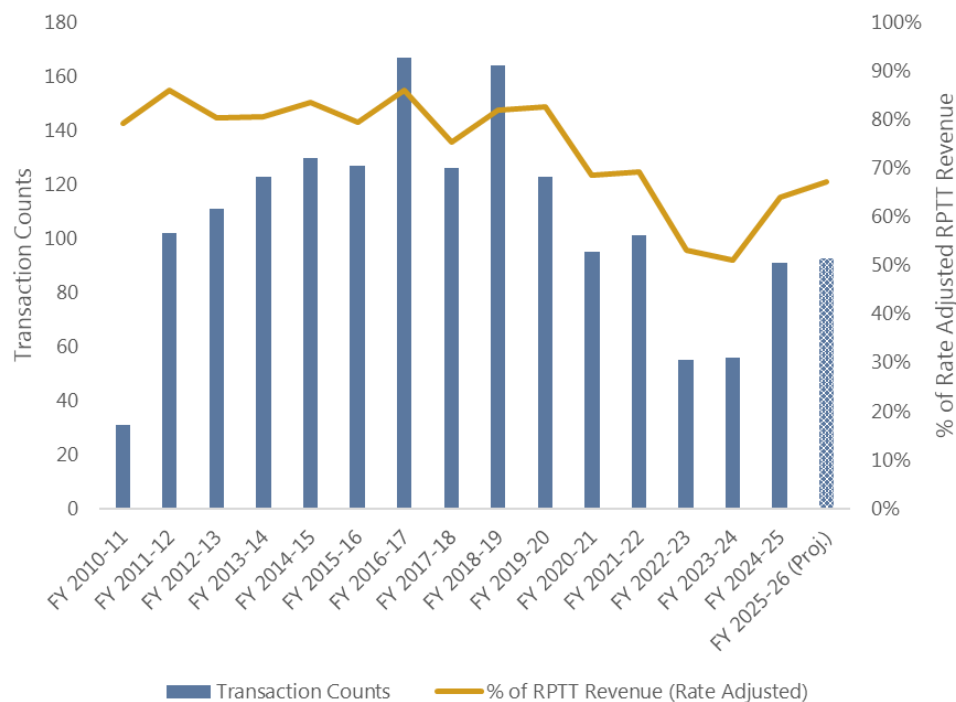
6. Real Property Transfer Tax

Real property transfer tax revenue is projected to be \$376.2 million, which is \$108.7 million (40.6%) above budget and \$81.9 million (27.8%) above prior-year actual revenues. The forecast is \$50.7 million higher than the prior five-year average of \$325.5 million, triggering an estimated \$38.1 million deposit to the Budget Stabilization Reserve pursuant to the City's reserve policy. The impact of November 2020 Proposition I, which increased transfer tax on transactions over \$10 million, is projected to be \$127.7 million.

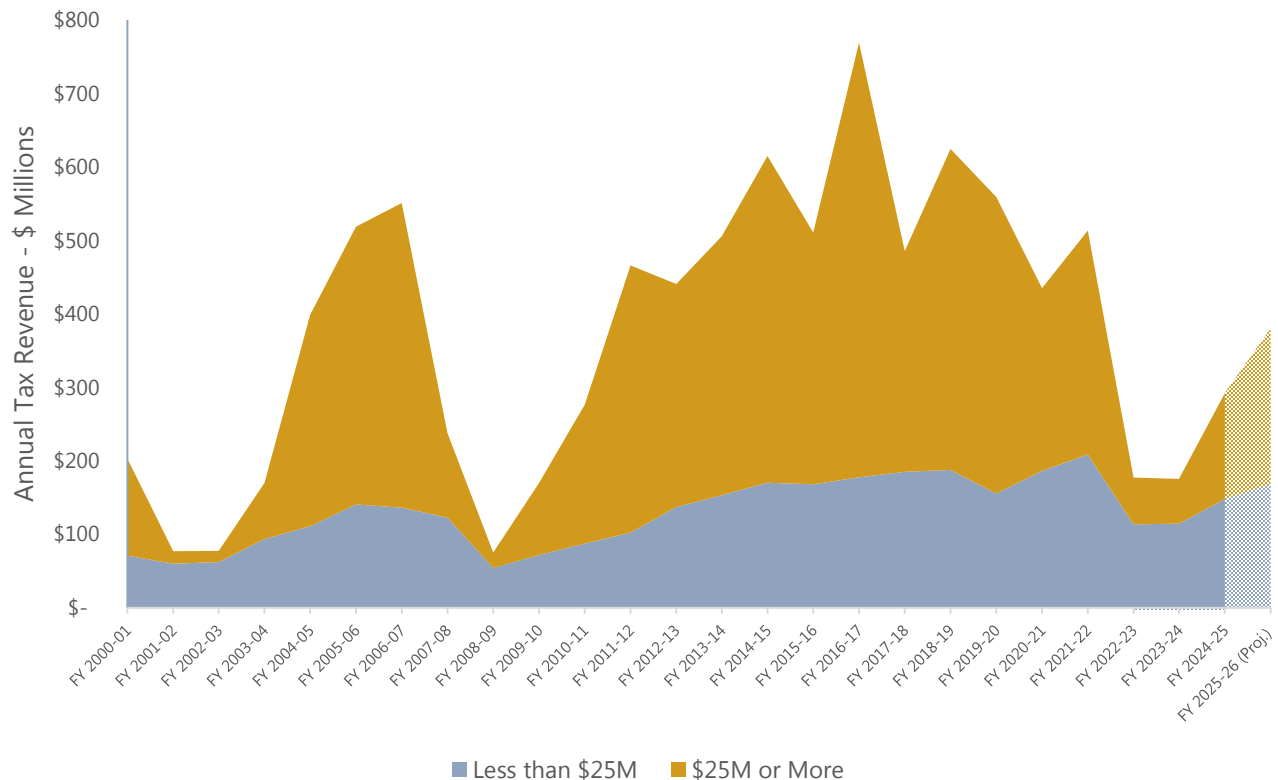
Over the past 18 months, the City's real estate transfer volumes and tax revenues have significantly recovered. The rise of remote and hybrid work arrangements in San Francisco brought on by the pandemic caused demand for office space in the City to fall, office vacancies to soar, and building sales to slow. However, a combination of factors has helped "reset" the real estate market and increase the number of transactions in the City. Notably, the Federal Reserve has lowered the Federal Funds Effective Rate from 5.33% in August 2024 to 3.64% in January 2026 – making it cheaper to borrow to acquire buildings. Additionally, building owners, landlords, and their creditors have increasingly accepted the post-pandemic reality that with office vacancy rates staying stubbornly above 30% many commercial office buildings are not worth what they paid for them in the 2010's.

Since 2025, a growing number of commercial buildings have traded hands at steep discounts – helping to "unstuck" the top end of the market. In FY 2024-25, the number of transactions over \$10 million jumped 62.5% from the previous year (56 to 91). And in the first nine months of FY 2025-26, the number of transactions over \$25M (31) exceeded the amount in the entire 12 months of FY 2022-23 (16) and FY 2023-24 (21). For context, the average annual number of transactions over \$10 million between FY 2014-15 and FY 2018-19 was 143.

Number of Real Property Transfers Over \$10 million, FY 2011-12 through FY 2025-26



Similarly, real property transfers below \$10 million (tax tiers 1 through 4) are expected to be below pre-pandemic levels but begin to recover from the FY 2023-24 low. Between 2014-15 and FY 2018-19, there were an average of 9,172 transactions in these tiers. The forecast for FY 2025-26 assumes there will be approximately 8,100 transactions in these tiers, which is lower than the pre-pandemic average but approximately 1,000 more than the 7,245 transactions in the prior year. Finally, transfer tax revenue is one of the General Fund's most volatile sources. The tax is highly progressive, with a handful of high-value transactions generating much of the tax. Of the roughly 7,400 transactions that generated \$294.4 million of revenue in FY 2024-25, 38 transactions (or 0.5%) over \$25 million generated \$144.3 million (or 48%) of total revenue. As the number of high-value transactions grow and the top end of the market "unsticks," this concentration will continue. We project Tier 6 will continue to make up 0.5% of transactions, but its revenue share will jump to 56%. One of the transactions most emblematic of this concentration is the recent sale of the Transamerica Pyramid that [reportedly](#) sold for \$691 million, which could translate to as much as \$41.5 million in transfer tax revenue. The graph below shows rate-adjusted transfer tax from FY 2000-01 through FY 2025-26, broken out by the value of transactions above and below \$25 million. The graph underscores the magnitude and volatility of the highest-tier commercial transactions.

Rate-Adjusted Real Property Transfer Tax, FY 2000-01 through FY 2025-26 (\$ millions)

7. Access Line Tax

Access line tax revenue is projected to be \$80.0 million, which is \$25.5 million (46.9%) above budget and \$21.9 million (37.6%) above prior-year actual revenues. This variance reflects one-time, unbudgeted payments of over \$20.0 million that the City expects to receive from negotiated settlements resolving an access line tax liability dispute with several major payers.

8. Cannabis Tax

The local Cannabis Business Tax, approved by voters in 2018 via Proposition D, continues to be suspended. The tax was originally scheduled to take effect in 2019, but was postponed several times, first to the end of 2021 and then again to the end of 2022. In December 2022, the Mayor and Board of Supervisors extended the suspension of the tax to January 1, 2026. In December 2025, the Mayor and Board of Supervisors extended the suspension of the local cannabis excise tax another 10 years, through December 31, 2035.

9. Interest & Investment Income

Interest and investment revenues are projected to be \$175.0 million, \$23.1 million (15.2%) above budget and \$3.9 million (2.3%) above prior year actual revenues. The improvement from budget is primarily due to higher-than-expected earned income yield (EIY) on the City's pooled investments; the budget assumed FY 2025-26 EIY of 3.43% while actuals to-date for the nine months of FY 2025-26 have been 3.76%, very nearly the same as the Six-Month Report.

Beginning in FY 2014-15, to reduce employer pension contribution cost growth, the City entered into an agreement with the Retirement System (SFERS) to prepay the entire fiscal year's estimated pension contribution on July 1 of the fiscal year (rather than with each biweekly pay period), given SFERS' ability to achieve a much higher rate of return on investments compared to cash in the Treasurer's pool. To make implementation feasible, the General Fund prepaid the cost for all departments and funds, including enterprise funds. While the benefit of lower pension contribution rates was enjoyed by all, only the General Fund earned negative interest on the negative cash balance created by the prepayments. The FY 2025-26 General Fund interest forecast reflects the allocation of \$3.4 million of negative interest from the General Fund to enterprise and special revenue funds.

10. Intergovernmental Revenues – Federal

Federal revenues are projected to be \$392.0 million, or \$87.8 million (18.3%) below budget and \$2.2 million (0.6%) below prior year actuals. The budget assumed \$87.0 million of FEMA reimbursements, \$80.0 million related to COVID response costs and \$7.0 million related to 2023 winter storms. Similar to the Six-Month Report, the projection assumes no reimbursements for COVID response costs and \$3.7 million (payments received to-date) for winter storms. COVID claims are currently undergoing eligibility reviews by CalOES (California Office of Emergency Services). The City has the option to appeal costs deemed ineligible.

Projections assume no changes to federal revenue related to the current administration's funding actions. The department sections below provide specific information about federal funding risk.

11. Intergovernmental Revenues – State

State grants and subventions are projected to total \$935.5 million, \$9.6 million (1.0%) above revised budget and \$87.9 million (8.6%) below prior year actuals. The variance from budget is largely due to a \$5.9 million surplus in sales tax and vehicle license fees received under 1991 Health & Welfare Realignment. In FY 2024-25, counties discovered that the State Controller's Office (SCO) had misallocated FY 2023-24 realignment payments. As the SCO has reconciled and corrected payment differences over the course of FY 2025-26, the City has revised its forecast for the current year.

Projections assume no changes to federal revenue related to the current administration's funding actions. The department sections below provide specific information about federal funding risk.

12. Airport Transfer In

The Airport's annual service payment to the General Fund is projected to be \$59.9 million, which is \$1.4 million (2.3%) below revised budget and \$1.4 million (2.3%) above prior year actuals. The San Francisco International Airport (SFO) transfers 15% of its annual concession revenue to the General Fund. This revenue is dependent upon lease agreements with concessionaires and passenger traffic and spending levels.

Appendix 2: General Fund Departments

Table A2-1. General Fund Supported Operations (\$ millions) *Note: Figures may not sum due to rounding.*

GENERAL FUND SUPPORTED OPERATING (\$ MILLIONS)	Expenditures - Revised Budget	Expenditures - Projected Year End	Revenue Surplus/ (Deficit)	Expenditure Savings/ (Deficit)	Net New Surplus/ (Deficit)	
PUBLIC PROTECTION						
Adult Probation	61.5	59.4	0.0	2.2	2.2	1
Superior Court	33.3	36.6	-	(3.4)	(3.4)	2
District Attorney	85.3	79.7	(0.1)	2.3	2.2	3
Emergency Management	83.8	80.4	-	0.5	0.5	4
Fire Department	529.0	510.7	2.2	(2.2)	-	5
Juvenile Probation	31.3	30.4	0.0	0.4	0.4	6
Public Defender	57.7	57.6	-	-	-	7
Police Department	749.2	734.5	(0.4)	-	(0.4)	8
Sheriff	337.3	342.3	1.9	(6.1)	(4.2)	9
Police Accountability	9.9	9.6	(0.1)	0.0	(0.1)	10
Office of Sheriff's Inspector General	1.4	1.3	-	-	-	
PUBLIC WORKS, TRANSPORTATION & COMMERCE						
Public Works	100.7	96.4	(2.9)	-	(2.9)	11
Building Inspection	3.0	3.0	-	-	-	
Economic & Workforce Development	83.4	46.5	(12.9)	12.9	-	12
Board of Appeals	1.3	1.2	(0.1)	0.1	-	13
HUMAN WELFARE & NEIGHBORHOOD DEVELOPMENT						
Children, Youth and Their Families	12.7	12.1	-	-	-	
Human Services Agency	1,231.4	1,114.5	(2.0)	35.1	33.2	14
Human Rights Commission	12.6	9.5	-	-	-	
Homelessness and Supportive Housing	280.1	245.9	(1.3)	5.5	4.3	15
Early Childhood	43.7	36.0	(4.4)	4.2	(0.3)	16
Environment	1.1	0.9	-	-	-	
COMMUNITY HEALTH						
Public Health	3,001.0	2,956.8	32.5	-	32.5	17
CULTURE & RECREATION						
Asian Art Museum	12.6	12.1	-	0.2	0.2	18
Arts Commission	9.5	8.5	-	-	-	
Fine Arts Museum	21.5	21.5	-	-	-	
Law Library	1.2	1.2	-	0.1	0.1	19
Recreation and Park Department	132.9	128.6	0.4	-	0.4	20
Academy of Sciences	8.4	7.7	-	0.4	0.4	21
War Memorial	6.8	9.1	-	-	-	
GENERAL ADMINISTRATION & FINANCE						
City Administrator	171.2	166.7	(0.4)	3.8	3.4	22
Assessor/Recorder	39.4	37.5	0.5	-	0.5	23
Board of Supervisors	24.5	23.9	-	-	-	
City Attorney	127.3	110.7	(1.4)	5.8	4.4	24
Controller	105.4	79.2	-	-	-	
City Planning	41.7	38.0	(3.8)	2.7	(1.0)	25
Civil Service Commission	1.6	1.6	-	0.1	0.1	26
Ethics Commission	6.6	5.9	0.1	0.7	0.7	27
Human Resources	44.0	35.7	(4.2)	3.9	(0.3)	28
Health Service System	12.8	11.9	(0.1)	0.4	0.3	29
Mayor	136.6	116.6	(0.1)	1.2	1.0	30
Elections	32.3	20.7	0.3	2.0	2.4	31
Technology	6.1	5.2	(0.2)	0.2	0.0	32
Treasurer / Tax Collector	47.6	39.7	(3.1)	4.8	1.7	33
Retirement System	2.5	2.2	-	-	-	
GENERAL CITY RESPONSIBILITY	204.2	158.6	6.2	5.1	11.3	34
TOTAL	7,947.7	7,507.7	6.4	83.0	89.5	

NOTES TO GENERAL FUND DEPARTMENT BUDGET PROJECTIONS

The following notes explain projected variances for select departments' revenues and expenditures compared to the revised budget.

1. Adult Probation

The Adult Probation Department projects to end the fiscal year with a net operating surplus of \$2.2 million, primarily due to salary and fringe benefit savings.

2. Superior Court

The Superior Court projects a \$3.4 million expenditure shortfall driven by increased caseload volumes accepted by the Bar Association of San Francisco (BASF) for Indigent Defense Administration (IDA). Anticipated delays in billing and the availability of FY 2026-27 funds beginning in July 2026 suggest that the projected deficit will require policy solutions in FY 2026-27 rather than current year. The Controller's Office is working with the department and Mayor's Office to identify solutions for FY 2026-27.

3. District Attorney

The District Attorney's Office projects to end the fiscal year with a \$2.2 million surplus, primarily due to salary and fringe benefit savings.

4. Emergency Management

The Department of Emergency Management projects to end the year with a \$0.5 million surplus primarily attributed to salary and fringe benefit savings of \$0.3 million and savings of \$0.2 million from interdepartmental services for workers compensation expense.

5. Fire Department

The Fire Department currently projects the Board will approve the use of a \$2.2 million projected revenue surplus for overtime, and to end the fiscal year on budget. The \$2.2 million revenue surplus includes \$1.2 million in surplus emergency services revenue and \$1.2 million in surplus fire prevention revenue, offset by a shortfall of \$0.2 million in other operating revenue. Personnel expenditures are expected to be \$6.6 million above budget primarily due to a higher number of role transitions and overtime required to backfill. The department also anticipates \$1.4 million in workers' compensation savings. The Mayor's Office introduced a supplemental appropriation to appropriate projected surplus emergency services revenue and reallocate existing salary budget to overtime, as required by Administrative Code Section 3.17. The department also anticipates receiving \$3.1 million from the MOU Reserve for eligible one-time salary and benefit payments.

6. Juvenile Probation

The Juvenile Probation Department projects to end the fiscal year with a net operating surplus of \$0.4 million, primarily driven by savings from interdepartmental services for workers compensation and power utilities.

7. Public Defender

The Public Defender projects to end the fiscal year on budget. The department's net shortfall of \$1.9 million is driven by a \$1.9 million salary and fringe benefits shortfall will be partially offset by materials and supplies savings and \$0.4 million from the MOU reserve for eligible one-time salary and benefit payments and other eligible costs. Additionally, the Board of Supervisors approved \$1.5 million from the General Reserve to address the remainder of the salaries and fringe benefit shortfall.

8. Police

The Police Department projects to end the year with a \$0.4 million shortfall primarily due to reduced recoveries for services provided to other departments. In addition to the \$5.7 million MOU reserve transfer already completed, the projection assumes an additional use of \$3.0 million from the MOU reserve for eligible costs.

9. Sheriff

The Sheriff's Office projects to end the year with a net deficit of \$4.2 million. Revenues are expected to be \$1.9 million higher than budget due to more federal reimbursement for the boarding of federal prisoners. Expenditures are expected to be \$6.1 million over budget primarily due to an overtime budget deficit of \$14.2 million, partially offset with \$6.0 million savings in regular salaries and fringe benefits and the planned use of \$1.5 million from the MOU reserve for eligible costs. As required by Administrative Code section 3.17, the Sheriff's Office plans to introduce a supplemental appropriation to reallocate savings to overtime. However, additional funds from the General Reserve or de-appropriation of previously approved budgeted items, or a combination thereof, will be required to resolve the department's overspending.

The City prepays its CalPERS retirement contribution at the beginning of the fiscal year from a central account that recovers the cost through biweekly employee and department payroll contributions. Most of the remaining members in this closed plan are sworn staff of the Sheriff's Office; new hires are SFERS members. The budget overestimated the number of CalPERS participants, which understated the employer contribution rate, resulting in a \$3.3 million shortfall in the General Fund recovery of the CalPERS prepayment, which will be addressed using previously appropriated reserves. This issue has been corrected for future budgets.

10. Police Accountability

The Department of Police Accountability projects a \$0.1 million shortfall due to a \$0.1 million under recovery from interdepartmental services and \$0.1 million salary and fringe benefit shortfall. The department anticipates receiving \$0.1 million from the MOU reserve for eligible one-time salary and benefit payments to address the expenditure shortfall.

11. Public Works

The Department of Public Works projects to end the fiscal year with a \$2.9 million deficit. Revenues are projected to be \$2.9 million below budget primarily due to fee revenue shortfalls due to the elimination of various permit fees and under recovery from interdepartmental services. The Department projects a \$0.3 million shortfall in utility costs. To remain within its expenditure budget, the Department will offset this shortfall by identifying \$0.3 million in non-personnel or equipment savings.

12. Economic and Workforce Development

The Office of Economic and Workforce Development projects a \$12.9 million shortfall in developer exaction revenue and expenditure recovery offset by \$12.9 million expenditure savings in developer exaction related activities. Expenditures related to public private development projects are expected to be fully recovered.

13. Board of Appeals

The Board of Appeals is projected to end the year on budget. The department is projecting a \$0.1 million revenue deficit offset by \$0.1 million in salary and fringe benefit savings.

14. Human Services Agency

	Sources	Uses	Net
	Surplus/(Deficit)	Surplus/(Deficit)	Surplus/(Deficit)
Aid Payments	(11.8)	17.7	6.0
Operations & Administration	9.8	17.4	27.2
Total	(2.0)	35.1	33.2

The Human Services Agency projects to end the year with a net surplus of \$33.2 million, comprised of a \$2.0 million revenue deficit and a \$35.1 million in expenditure savings.

The department projects a net surplus of \$6.0 million in aid payments, comprised of \$11.8 million in revenue deficit and \$17.7 million in expenditure savings. County Adult Assistance Programs (CAAP) is projected to have a net surplus of \$1.5 million primarily due to lower homeless caseload than budgeted and savings from program reforms and higher than budgeted SSI-IAR reimbursements. Skim-Scam is projected to have a net surplus of \$0.1 million due to decreased costs from rollout of food benefits card protections. Foster Care and Foster Care Childcare Aid programs are projected to have a net surplus of \$1.8 million due to lower caseload in Foster Care Aid and delays in implementation of emergency beds for high-needs youth in the current year. In-Home Supportive Services (IHSS) is projected to have a net surplus of \$2.5 million primarily due to the agency's successful effort in reducing backlog cases, decreasing the county's share of Community First Choice Option (CFCO) penalties compared to budget. All other aid programs are projected to have a combined \$0.1 million surplus.

In operations and administration, the department projects a net surplus of \$27.2 million, comprised of \$9.8 million in revenue surplus and \$17.4 million in expenditure savings. As a result of higher than budgeted allocation, the following programs are projected to end the year with revenue surpluses: CalFresh (\$3.0 million), IHSS administration (\$1.3 million), HDAP (\$0.2 million), Adult Protective Services (\$1.0 million), Medi-Cal (\$0.1 million), CalWORKS (\$1.3 million), and Child Welfare Services (\$0.2 million). 2011 Realignment sales tax subventions revenue is projected to be \$1.6 million above budget, including available funding to shift from aid payments to operations and administration. As a result of changes in the allocation of staff time across fund sources and savings in labor and non-personnel costs, the following programs are projected to end the year with net surpluses: CalFresh Eligibility (\$8.3 million); CAAP and CAPI Eligibility Services (\$4.1 million); CalWORKs and Refugee Eligibility Services, CalWORKs Expanded Subsidized Employment, Workforce Development Refugee, and Mental Health/Substance Abuse (\$11.4 million); CalFresh Employment and Training (\$0.8 million); Medi-Cal Eligibility (\$0.3 million); Human Services Care Fund (\$0.1 million); and IHSS Administration (\$0.5

million). An increased allocation of staff time and costs results in projected net deficits in the following programs: Aging Grants, Community Living Fund, Community Services Block Grant – Health Related (CSBG-HR), and Adult Protective Services (\$1.0 million); Non-Welfare (\$2.9 million); Child Welfare Services, Adoptions, and Independent Living (\$4.5 million); and CalSAWS and miscellaneous grants (\$0.1 million). A delay in acquiring a new Southeast site, which requires further planning from various City departments, is projected to add a net surplus of \$1.6 million in operations and administration.

In January 2026, the U. S. Department of Health and Human Services, through the Administration for Children and Families (ACF), requested detailed client information and documentation from certain Democratic-led states to verify eligibility of recipients of programs funded by Temporary Assistance for Needy Families, California Child Care and Development Fund, and Social Services Block Grant programs. These states were temporarily restricted from drawing down funds while ACF completed its review. In response, the states filed suit, and a court has granted the states’ motion for a preliminary injunction. Revenue at risk in the current year is uncertain but could potentially reach tens of millions of dollars.

15. Homelessness and Supportive Housing

The Department of Homelessness and Supportive Housing projects a \$4.3 million surplus due to savings from community-based organization grants, salaries, and fringe benefits due to vacant positions.

16. Early Childhood

The Department of Early Childhood projects a net operating deficit of \$0.3 million, comprised of a \$4.4 million shortfall in federal funding and interdepartmental services revenue, which is partially offset by \$4.2 million in savings in community-based organization grants.

The California Child Care and Development Fund provides federal childcare funding in the Department of Childhood’s budget. The U.S. Department of Health and Human Services has imposed a funding freeze, which is currently under litigation as noted in the Human Services Agency section above. The estimated current year revenue risk is approximately \$3.0 million.

17. Public Health

The Department of Public Health (DPH) projects to end the fiscal year with a \$32.5 million revenue surplus.

Table A2-3. Department of Public Health by Fund (\$ millions)

	Sources	Uses	Net
	Surplus/(Deficit)	Surplus/(Deficit)	Surplus/(Deficit)
Public Health General Fund	71.3	18.6	89.9
Laguna Honda Hospital	26.2	10.0	36.2
Zuckerberg San Francisco General Hospital	(64.9)	(28.7)	(93.6)
Total	32.5	-	32.5

Public Health General Fund

The projected surplus for Public Health General Fund programs (including Primary Care, Behavioral Health, Jail Health, SF Health Network, Population Health Division, and Public Health Administration) is \$89.9 million.

DPH projects a combined revenue surplus of \$71.3 million in its General Fund operations, primarily driven by Behavioral Health Services revenue of \$50.3 million due to higher billed service volumes and associated revenue recognition driven by sustained utilization growth above budget assumptions, timing of State claim submissions and prior-period revenue recognition under established claiming and audit timelines, and one-time settlement revenue. Primary Care projects a \$9.7 million surplus from better-than-expected patient visit volumes and increased QIP revenue, partially offset by shortfalls in SF Health Plan capitation and pay-for-performance revenue. Jail Health projects a \$3.4 million revenue surplus due to implementation of the CalAIM Medicaid Waiver Justice Involved Initiative, which enables billing and reimbursement for jail-based healthcare services. Health Network Services reports a \$4.4 million surplus from new CalAIM Recuperative Care Community Support billing and CCS cost-reimbursement revenue, partially offset by declines in HCAO fee revenue and Healthy San Francisco waivers. Population Health Division projects a \$0.8 million surplus from expanded insurance billing for Public Health Laboratory services and partial recovery of Proposition M waived revenue, partially offset by reduced CMAA participation.

The department also projects an \$18.6 million expenditure surplus, driven by savings in non-personnel services and materials and supplies from prior-year contract purchase order closeouts, pharmaceuticals, and annual projects. These savings are partially offset by higher salaries and fringe benefits related to temporary staffing needs, security contracts, and increased City Attorney litigation costs.

Laguna Honda Hospital

The department projects Laguna Honda Hospital (LHH) will have a net operating surplus of \$36.2 million. A \$26.2 million revenue surplus is driven by temporarily increased DP/NF supplemental payments of \$25.8 million for calendar years 2024 and 2025. Additionally, patient revenue projection includes a Medi-Cal rate increase for Skilled Nursing bed day services retroactive to January 1, 2025 and assumes LHH will reach full census by the end of the fiscal year.

The department projects an expenditure surplus of \$10.0 million, primarily from \$7.8 million in salary and fringe benefit savings due to lower overtime and delayed onboarding, \$3.1 million in non-personnel savings from reduced CMS recertification consulting costs, and \$1.2 million in interdepartmental services savings, partially offset by a \$2.0 million shortfall in materials and supplies due to increased pharmaceutical costs.

Zuckerberg San Francisco General Hospital

The department projects a \$93.6 million net deficit at Zuckerberg San Francisco General Hospital (ZSFG). Expenditures are projected to exceed budget by \$28.7 million, including a \$17.3 million shortfall in salaries and fringe benefits, \$6.5 million in non-personnel services due to unexpected costs in security and registry contracts and repairs to the hospital's chilling system, and \$4.9 million in materials and supplies driven by pharmaceutical spending and inflationary pressures on medical supplies.

The department projects a \$64.9 million revenue shortfall. The largest driver is a \$61 million decline in patient service revenue due to lower-than-expected patient volume and census, along with a \$14 million shortfall in prior-year settlements. Additional negative variances include \$3.8 million in Medi-Cal Managed Care Supplemental revenue reflecting higher intergovernmental transfer payments for EPP and QIP programs, and

\$2.1 million in miscellaneous state and other revenue. These shortfalls are partially offset by favorable variances of \$6.1 million from Global Payment Program Medi-Cal Waiver and \$7.1 million in Medicaid Graduate Medical Education revenue. The revenue assumes that CMS approves the proposed Hospital Fee Program year nine at its historical annual value. Additionally, the department projects a positive variance of \$2.9 million in Capitation revenue.

18. Asian Art Museum

The Asian Art Museum projects a net operating surplus of \$0.2 million due to salary and fringe benefit savings.

19. Law Library

The Law Library projects \$0.1 million of salary and fringe benefit savings from delayed hiring.

20. Recreation and Park Department

The Recreation and Park Department is projected to end the year with a \$0.4 million surplus as a \$1.9 million shortfall in revenue from charges for services is projected to be fully offset by a \$2.3 million surplus in rents and concessions, primarily from garage revenue.

21. Academy of Sciences

The department projects \$0.4 million in salary and fringe benefit savings due to staff vacancies.

22. City Administrator

The City Administrator projects a net operating surplus of \$3.4 million. A projected net revenue shortfall of \$0.4 million includes a \$0.5 million surplus from increased County Clerk certificate and Entertainment Commission fees offset by a \$0.2 million shortfall in Animal Care and Control licenses and fees and Office of Cannabis revenues due to lower market demand, and a \$0.2 million surplus in workorder recoveries primarily driven by increased Medical Examiner lab recoveries. The department projects \$3.8 million expenditure savings, primarily in salary and fringe benefit savings, Community Ambassadors Program savings, and Hall of Justice relocation debt service savings.

23. Assessor/Recorder

The Assessor/Recorder projects an operating surplus of \$0.5 million, including a \$0.5 million revenue surplus due to settlement revenue from Real Property Transfer Tax litigation. Projected salary and fringe benefit savings of \$0.4 million will be applied to the property tax system replacement project per Section 26.1 of the administrative provisions of the AAO.

24. City Attorney

The City Attorney's Office projects an operating surplus of \$4.4 million. An expenditure surplus of \$5.8 million consists of \$1.8 million in salary and fringe benefit savings and \$4.0 million of non-personnel savings primarily driven by prior year carryforward budget offset by a \$1.4 million shortfall in recoveries for services provided to other departments.

25. City Planning

City Planning projects a \$1.0 million operating deficit. The department projects a \$3.8 million revenue shortfall driven primarily by lower recoveries for services provided to other departments and lower conditional use and environmental review fee revenue. Recent state legislative changes have made these types of reviews ministerial (instead of discretionary), meaning that City Planning expects to complete fewer of these reviews and collect less in these fees. Expenditure savings of \$2.7 million, including \$2.5 million from salaries and fringe benefits and \$0.2 million from interdepartmental services, only partially offset the revenue shortfall.

26. Civil Service Commission

The Civil Service Commission projects \$0.1 million in operating surplus driven by salary and fringe benefit savings from vacant positions.

27. Ethics

The Ethics Commission projects \$0.7 million in operating surplus driven by salary and fringe benefit savings from vacant positions.

28. Human Resources

The Department of Human Resources expects to end the year with a deficit of \$0.3 million. The Department projects a \$4.2 million revenue shortfall primarily due to a shortfall in recoveries from other departments. The shortfall will be offset by \$3.9 million of expenditure savings, primarily from salaries and benefits and interdepartmental services.

29. Health Service System

The Health Service System anticipates a net surplus of \$0.3 million, primarily due to expenditure savings from salaries and fringe benefits, non-personnel services, and services of other departments.

30. Mayor

The Mayor's Office, which includes the Mayor's Office of Housing and Community Development (MOHCD), projects to end the year with an operating surplus of \$1.0 million. MOHCD anticipates expenditure savings of \$1.2 million, comprised of \$1.0 million from unspent prior year grant balances and \$0.2 million from staff vacancies in grant-related projects.

31. Elections

The Department of Elections projects to end the fiscal year with a \$2.4 million surplus, primarily due to \$2 million of expenditure savings driven by non-personnel savings of \$1.5 million and \$0.5 million salaries and mandatory fringe benefit savings. The department projects \$0.3 million revenue surplus from higher-than-expected candidate filing fees and ballot argument fees partially offset by a \$0.1 million shortfall in recoveries for services provided to other departments.

32. Department of Technology

The Department of Technology projects to end the year on budget, with a shortfall of \$0.2 million due to under-recovery in interdepartmental services and \$0.2 million in salary and non-personnel savings.

33. Treasurer/Tax Collector

The Treasurer/Tax Collector projects a net surplus of \$1.7 million. A \$3.1 million net revenue deficit is due to a \$4.2 million shortfall in interdepartmental revenue partially offset by a \$1.1 million revenue surplus in charges for services. An expenditure surplus of \$4.8 million is due to a \$3.7 million savings in interdepartmental expenditures a \$1.1 million savings in salary and fringe benefits.

34. General City Responsibility

General City Responsibility contains funds that are allocated for use across various City departments and is projected to have a revenue surplus of \$6.2 million, including \$3.1 million in SB 90 state mandate reimbursements, \$2.3 million in return of unspent Free City College funds, \$1.4 million in city and county motor vehicle license fees, \$0.7 million in payments in lieu of property taxes, and \$2.4 million in unspent Year 5 Free City College funds returned to the City, partially offset by a \$1.2 million shortfall in escheatment revenue. Expenditure savings of \$0.8 million in retiree health costs and \$7.6 million in funds for community-based organizations to comply with the Minimum Compensation Ordinance (MCO) are partially offset by a \$3.2 million current year correction to project closeouts that were overstated in the prior year, resulting in a projected net operating surplus of \$11.3 million.

Appendix 3: Reserve Status

Various code and Charter provisions govern the establishment and use of reserves. Reserve uses, deposits, and projected year-end balances are displayed in Table A3-1 and discussed in detail below. Table A3-1 also includes anticipated deposits and withdrawals.

Table A3-1. Reserve Balances (\$ millions)

Note: Figures may not sum due to rounding.

	FY 2024-25	FY 2025-26			FY 2026-27			
	Ending Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance	Note
General Reserve	\$ 136.8	\$ 27.6	(9.5)	\$ 154.9	\$ 40.2	-	\$ 195.1	1
Rainy Day Economic Stabilization City Reserve	114.5	-	-	114.5	-	-	114.5	2
Budget Stabilization Reserve	390.9	38.1	-	429.0	35.8	-	464.8	3
Economic Stabilization Reserves	505.4	38.1	-	543.5	35.8	-	579.3	
Percent of General Fund Revenues	7.6%			7.7%			8.2%	
Budget Stabilization One Time Reserve	54.8	-	-	54.8	-	(54.8)	-	
Rainy Day Economic Stabilization SFUSD Reserve	1.0	-	-	1.0	-	-	1.0	
Federal and State Emergency Grant Disallowance Reserve	2.1	-	(1.1)	1.1	-	(1.1)	-	4
Fiscal Cliff Reserve	40.0	-	(25.0)	15.0	-	(15.0)	-	4
Federal and State Revenue Risk Reserve	221.6	220.8	(9.1)	433.3	-	-	433.3	4
Business Tax Stabilization Reserve	29.5	-	-	29.5	-	-	29.5	
Public Health Revenue Management Reserve	174.2	-	-	174.2	-	-	174.2	5
Free City College Reserve	0.1	8.2	(8.3)	-	-	-	-	
Student Success Fund Reserve	18.1	-	-	18.1	-	-	18.1	
Other Reserves	541.4	229.0	(43.4)	727.0	-	(70.9)	656.1	
Litigation Reserve	-	11.0	(11.0)	-	-	-	-	
Salary and Benefits Reserve	9.6	22.0	(19.6)	12.0	21.3	(33.3)	-	6
Annual Operating Reserves	9.6	33.0	(30.6)	12.0	21.3	(33.3)	-	
TOTAL, General Fund Reserves	1,193.2	327.7	(83.5)	1,437.4	97.4	(104.2)	1,430.6	

1. General Reserve

Pursuant to a financial policy approved by the Board of Supervisors in 2011 and codified in Administrative Code Section 10.60(b), year-end balances in the General Reserve are carried forward into subsequent years and thereby reduce the amount of future appropriations required to support reserve requirements established by the policy. The General Reserve balance in FY 2025-26 is required to be no less than 2.50% of budgeted regular General Fund revenues.

The FY 2024-25 ending balance of the General Reserve was \$136.8 million, and the FY 2025-26 approved budget includes a \$27.6 million required deposit. This report assumes several one-time uses approved by the Board of the General Reserve in the current year, including \$3.5 million for immigration legal services, \$4.0

million for street condition staffing, \$0.2 million for HRC community initiatives, and \$0.3 million for free parking at Portsmouth Square during Lunar New Year, and \$1.5 million for Public Defender salary and fringe cost increases. Any additional uses of the reserve during the current year increase the required deposit in the budget year (FY 2026-27) by a like amount.

2. Rainy Day Economic Stabilization Reserve

Charter Section 9.113.5 established a Rainy Day Economic Stabilization Reserve, amended in November 2014 with the passage of Proposition C, which replaced the Rainy Day Economic Stabilization Reserve with two separate reserves—the School Reserve and the City Reserve. Of the excess revenue growth (50% of revenue growth in good years), 75% is deposited to the City Reserve and 25% to the School Reserve.

The FY 2024-25 ending balance of the City Rainy Day Economic Stabilization Reserve was \$114.5 million and the School Rainy Day Reserve was \$1.0 million. In FY 2025-26, the City is not withdrawing from or depositing to either Rainy Day Reserves.

3. Budget Stabilization Reserve

Established in 2010 by Administrative Code Section 10.60(c), the Budget Stabilization reserve augments the Rainy Day Economic Stabilization Reserve. The Budget Stabilization Reserve is funded by the deposit each year of 75% of real property transfer taxes above the prior five-year average (adjusted for policy changes) and ending unassigned fund balance above the fund balance appropriated as a source in the subsequent year's budget.

The FY 2024-25 ending balance of the Budget Stabilization Reserve was \$390.9 million and the Budget Stabilization One Time Reserve was \$54.8 million. When the combined value of the City Rainy Day Reserve and the Budget Stabilization Reserve reaches 10% of General Fund revenues, amounts above this cap are deposited into a Budget Stabilization One-Time Reserve for nonrecurring expenses. As discussed in the Real Property Transfer Tax section above, due to the increase in transfer tax projection above the prior five-year average, the City is anticipating a \$38.1 million deposit to the Budget Stabilization Reserve.

4. Federal and State Revenue Risk Reserve

Through the FY 2025-26 and FY 2026-27 budget and FY 2024-25 fiscal year close, the City created a new Federal and State Revenue Risk Reserve by combining the unspent balances of the Fiscal Cliff Reserve (\$142.4 million) and Federal and State Emergency Grant Disallowance Reserve (\$79.2 million). The latter was created to manage revenue shortfalls related to reimbursement disallowances from the Federal Emergency Management Agency (FEMA) and other state and federal agencies. The new Federal and State Revenue Risk Reserve expands in scope to manage a portion of potential revenue shortfalls related to changes in federal and state funding levels, including revenue losses due to H.R.1. The City will further deposit all revenue escheated to the General Fund in the current year from City Option Medical Reimbursement Accounts, currently estimated to be \$220.0 million. The Board of Supervisors has approved the use of \$9.1 million of the reserve to support families who lost access to Supplemental Nutrition Assistance Program (SNAP) benefits during the October to November 2025 federal shutdown. The projected ending balance of the reserve is \$433.3 million.

The HCSO City Option Fund is a fiduciary fund containing the balances of medical reimbursement accounts created pursuant to the Health Care Security Ordinance (HCSO), which generally requires employers to make a minimum level of health care expenditures for their San Francisco employees. One way to comply with the HCSO is to make payments under the SF City Option on behalf of employees who are then eligible for a medical reimbursement account. In FY 2022-23, City Option funds previously held in a non-interest bearing account of the San Francisco Health Plan were deposited into the City's treasury. The San Francisco Health Plan (SFHP) deposits employer contributions into, and issues reimbursements to account holders from, its accounts outside the City. Should the value of contributions exceed the value of reimbursements, the City Option Fund would receive a net transfer from the SFHP. In recent fiscal years, the value of reimbursements has exceeded the value of contributions, and the City Option Fund has made periodic transfers to SFHP for cash flow purposes.

This fund began the fiscal year with a cash balance of \$939.4 million and an \$8.7 million interest receivable balance. As discussed above, \$220.0 million is expected to be escheated to the General Fund, reducing the cash balance by a like amount. We expect interest earnings to slightly exceed the cost of managing participant accounts, slightly offsetting the escheatment.

5. Public Health Revenue Management Reserve

Section 12.6 of the administrative provisions of the Annual Appropriation Ordinance authorizes the Controller to defer surplus transfer payments, indigent health revenues, and Realignment funding to offset future reductions or audit adjustments associated with funding allocations for indigent health services in order to manage revenue volatility. At its December 7, 2021, meeting, the San Francisco Health Commission affirmed the department's methodology for calculating the maximum reserve level at 5% of total Medi-Cal, Medicare, and net patient revenue in the most recent adopted two-year budget. As of the end of FY 2024-25, the balance of the reserve is \$174.2 million. No deposits or withdrawals are projected in the current year.

6. Salary and Benefits Reserve

Section 10.4 of the administrative provisions of the AAO authorizes the Controller to transfer funds from the Salary and Benefits Reserve (or "MOU Reserve") to adjust appropriations for employee salaries and benefits stipulated in Board-adopted collective bargaining agreements. The reserve had a fiscal year starting balance of \$31.6 million, including \$22.0 million appropriated in the current year and \$9.6 million from prior year budgets. The Controller's Office has transferred \$8.1 million to departments and anticipates transferring an additional \$10.4 million by year end, as detailed in Table A3-2.

Table A3-2. FY 2025-26 Salary and Benefits (MOU) Reserve Uses (\$ millions)

Sources	
FY 2025-26 Adopted Budget	22.0
Carryforward balance from FY 2024-25	9.6
Total Sources	31.6
Uses	
Transfers to Departments	
Police Excess Retirement, Payouts	5.7
Sheriff Payouts, Retro payouts	1.1
Other, including Tuition Reimbursement	1.0
Police Recruitment	0.3
Total Transfers to Departments	8.1
Anticipated Allocations	
Police Excess Retirement, Payouts	3.0
Fire Excess Retirement, Payouts	3.1
CalPERS Contribution Shortfall	3.3
Sheriff Payouts	0.4
Public Defender Excess Retirement, Payouts	0.4
All Other (tuition, retirements)	0.2
Total Anticipated Allocations	10.4
Total Anticipated Uses in the Current Year	18.5
Total Anticipated Uses in the Budget Year	13.1
Net Surplus / (Shortfall)	-

Appendix 4: Other Funds Highlights

Table A4-1. Other Funds Highlights (\$ millions) Notes below reflect notable changes to values as reported in the FY 2025-26 Six-Month Budget Status Report. Note: Figures may not sum due to rounding.

	Prior Year		FY 2025-26					FY 2026-27	
	FY 2024-25 Year End Fund Balance	Fund Balance Used in FY 2025-26 Budget	Beginning Fund Balance	Revenue Surplus/ (Deficit)	Expenditure Surplus/ (Deficit)	Net Operating Surplus/ (Deficit)	Estimated Ending Fund Balance	Fund Balance Used in Previously Adopted FY 2026-27 Budget	Notes
<u>BASELINES & SET-ASIDES</u>									
Children and Youth Fund	51.2	8.8	42.4	(1.4)	5.7	4.3	46.7	11.4	
Public Education Early Care Fund (OECE)	15.7	5.7	9.9	6.4	-	6.4	16.3	2.6	
Public Education Special Fund (SFUSD)	22.7	6.4	16.3	9.9	-	9.9	26.1	6.6	
Library Preservation Fund	31.5	6.8	24.6	9.5	4.9	14.3	39.0	-	
Open Space Fund	36.1	4.6	31.6	0.4	2.0	2.4	34.0	1.9	
Street Tree Maintenance Fund	7.1	-	7.1	-	-	-	7.1	-	
Housing Trust Fund	6.3	-	6.3	6.7	-	3.4	9.7	-	
Affordable Housing Opportunity Fund	-	-	-	-	-	-	-	-	
<u>SPECIAL PURPOSE TAXES</u>									
Neighborhood Beautification Fund	0.6	-	0.6	(0.2)	-	(0.2)	0.4	-	
Culture and Recreation Hotel Tax Fund	1.4	0.7	0.7	2.2	-	2.2	2.9	0.2	
Traffic Congestion Mitigation Fund (TCM Tax)	0.1	-	0.1	-	-	-	0.1	-	
Babies and Families First Fund (Commercial Rents Tax)	60.3	-	60.3	(5.5)	11.8	6.3	66.5	-	
Our City, Our Home Fund (Homelessness Gross Receipts Tax)	198.6	124.2	74.4	98.1	-	98.1	172.6	74.4	
Vacancy Tax)	2.0	1.7	0.4	(0.5)	-	(0.5)	(0.2)	-	
Fair Wages for Educators Fund (Parcel Tax)	0.4	-	0.4	-	-	-	0.4	-	
Housing Activation Fund (Empty Homes Tax)	-	-	-	-	-	-	-	-	
<u>SELECT SPECIAL REVENUE AND INTERNAL SERVICES FUNDS</u>									
Building Inspection Operating Fund	35.3	12.0	23.4	15.6	4.2	19.7	43.1	-	1
Convention Facilities Fund - Operating	43.1	14.3	28.8	7.6	2.6	10.2	39.0	7.7	2
General Services Agency-Central Shops Fund	7.4	1.2	6.3	2.1	(0.2)	1.9	8.1	1.2	
General Services Agency-Repro Fund	1.7	0.3	1.4	0.3	(0.3)	(0.0)	1.4	-	
Golf Fund	4.4	2.0	2.4	0.9	-	0.9	3.2	-	
Marina Fund	2.3	2.5	(0.1)	(0.2)	0.2	0.0	(0.1)	0.5	
Museum Admissions Fund	(3.9)	-	(3.9)	0.4	3.0	3.4	(0.5)	-	
Public Works Gas Tax Fund	16.6	3.2	13.4	11.5	0.8	12.3	25.7	6.2	
Public Works Overhead Fund	17.7	9.4	8.4	(7.4)	7.7	0.3	8.7	3.1	
Public Works Paid Time Off Fund	19.7	8.6	11.1	(0.8)	1.7	0.8	12.0	-	
Real Estate Fund	16.9	15.9	1.0	(2.5)	14.7	12.2	13.3	0.4	
Solid Waste Fund	4.1	1.2	2.9	-	-	-	2.9	-	
Telecomm. & Information Systems Fund	17.1	5.0	12.1	(0.0)	2.2	2.1	14.3	5.6	
War Memorial Fund	4.9	1.2	3.7	(0.1)	1.2	1.1	4.8	0.5	3
<u>SELECT ENTERPRISE OPERATING FUNDS</u>									
Airport Operating Funds	182.7	-	182.7	(19.0)	106.2	87.1	269.8	-	
MTA Operating Funds	135.5	6.4	129.1	38.1	10.7	48.9	178.0	3.9	
Port Operating Funds	211.0	18.5	192.5	(3.2)	13.4	10.1	202.6	-	4
PUC Hetch Hetchy Operating Funds	246.6	33.4	213.2	(8.0)	64.9	56.9	270.1	17.0	
PUC Wastewater Operating Funds	181.3	34.6	146.7	(6.9)	6.8	(0.1)	146.5	-	
PUC Water Operating Funds	218.5	33.0	185.5	(36.4)	34.3	(2.2)	183.3	-	
PUC Clean Power Funds	131.7	-	131.7	(32.2)	70.2	38.0	169.7	-	5

NOTES TO SELECT SPECIAL REVENUE & ENTERPRISE FUNDS

1. Building Inspection Fund

The Building Inspection Fund began the year with available unappropriated reserves of \$23.4 million. The department projects a \$19.7 million net surplus given a \$15.6 million revenue surplus in fees for building permits, plan review, and apartment and hotel license fees and expenditure savings of \$4.2 million in salary and fringe benefit, non-personnel services, and interdepartmental services costs. As a result, the department expects to end the year with net available unappropriated reserves of \$43.1 million.

2. Convention Facilities Fund – Annual Operating

The Convention Facilities Annual Operating Fund began the year with \$28.8 million fund balance, net of \$14.3 million appropriated in the current year. The department projects a net operating surplus of \$10.2 million due to a revenue surplus of \$7.6 million from new events and \$2.6 million of non-personnel expenditure savings. As a result, there is an anticipated ending balance of \$39.0 million, of which \$7.7 million was used to balance the previously adopted FY 2026-27 budget.

In prior reports, the Convention Facilities Fund reflected the activity of four sub-funds, aligning to the ACFR reporting. In this report, the table includes only the Convention Facilities Annual Operating Fund (11430) to better reflect fund balance available for appropriation.

3. War Memorial Fund

The War Memorial Fund began the fiscal year with \$4.3 million in fund balance, net of \$0.6 million appropriated in the current year. An additional \$0.6 million of fund balance was appropriated in the current year mid-year for facilities maintenance expenses. The department projects \$0.1 million in revenue shortfall primarily driven by lower charges for services and \$1.2 million in expenditure savings primarily driven by savings in services of other departments, resulting in an ending balance of \$4.8 million, of which \$0.5 million was used to balance the previously adopted FY 2026-27 budget.

4. Port Operating Funds

The Port began the fiscal year with \$211.0 million in available annual fund balance. An additional \$18.5 million of fund balance was appropriated in the current year for stabilization and disposal of dry docks and other shipyard improvements and safety measures. The department projects a net operating surplus of \$10.1 million from a \$13.4 million expenditure savings partially offset by a \$3.2 million operating revenue shortfall attributed to parking revenue as well as charges for services, other revenue, and rents and concessions and interest income actual performance that has exceeded budget. The expenditure savings include: \$1.4 million dollars in Salary and Fringe Benefits from the Mayor's Office review of Requests to Fill and the reclassification of eligible costs to Capital; \$1.1 million dollars in Overhead and Allocations from aligning with centrally loaded COWCAP and City Overhead amounts; \$3.8 million dollars in Non Personnel Services due to lower use of as needed contracts and prior period accrual adjustments; \$0.7 million dollars in Debt Service from a revised payment schedule following the 2013 Certificates of Participation refunding; \$5.8 million dollars in Interdepartmental Services due to reduced Risk Management insurance premiums, MTA parking management

delays, and other updated year to date billings; and \$0.5 million dollars in Programmatic Projects from project reprioritization and availability of alternate funding. Port Operating Funds are projected to end the fiscal year with a balance of \$202.6 million.

5. Public Utilities Commission – Clean Power Fund

The Clean Power SF Fund balance began the fiscal year with \$131.7 million, which includes unapproved reserves for the Hetch Hetchy Clean Power SF Customer Trust Fund. The Clean Power SF Fund is projected to end the fiscal year with a net operating surplus of \$38.0 million, comprised of a revenue deficit of \$32.2 million and expenditure savings of \$70.2 million. The revenue deficit is mainly due to an approved reduction to the retail rate effective March 1, 2026, and expenditure savings are primarily due to salary savings from vacancies and as well as lower costs for energy purchases and energy attributes.

The Fund is projected to end the fiscal year with a balance of \$169.7 million. Fund balance totals differ from totals previously reported given the exclusion of carry forward and encumbered values included in prior calculations.

Appendix 5: Overtime Report

Department (\$ in Millions)	FY2024-25	FY 2025-26		
	Actual	Overtime Budget	Overtime Actuals through 3/13/26	% of Budget Expended through 3/13/26
Airport*				
Annual Operating Fund	\$ 5.3	\$ 5.9	\$ 5.1	85%
Airport Annual Operating Fund	\$ 5.3	\$ 5.9	\$ 5.1	85%
Emergency Management*				
General Fund	\$ 8.5	\$ 7.8	\$ 5.3	68%
Emergency Management Annual Operating Fund	\$ 8.5	\$ 7.8	\$ 5.3	68%
Fire*				
General Fund	\$ 55.4	\$ 46.7	\$ 38.6	83%
General Fund Work Order	\$ 1.9	\$ 4.5	\$ 1.2	26%
Airport Annual Operating Fund	\$ 7.9	\$ 7.9	\$ 5.9	75%
Fire Annual Operating Funds	\$ 65.1	\$ 59.2	\$ 45.7	77%
Police*				
General Fund***	\$ 97.7	\$ 100.2	\$ 73.4	73%
General Fund Work Order	\$ 2.9	\$ 3.0	\$ 2.0	68%
<i>Subtotal - General Fund</i>	<i>\$ 100.5</i>	<i>\$ 103.2</i>	<i>\$ 75.4</i>	<i>73%</i>
Airport Annual Operating Fund***	\$ 10.2	\$ 15.8	\$ 10.5	67%
Police Annual Operating Funds	\$ 110.7	\$ 119.0	\$ 85.9	72%
<i>Special Revenue (108)</i>	<i>\$ 14.7</i>		<i>\$ 10.8</i>	
<i>Total - Police Annual Operating Funds and 108</i>	<i>\$ 125.4</i>		<i>\$ 96.7</i>	
Public Health*				
ZSF General Hospital Annual Operating Fund	\$ 27.4	\$ 32.6	\$ 19.0	58%
Laguna Honda Hospital Annual Operating Fund	\$ 12.7	\$ 18.0	\$ 11.5	64%
Other Annual Funds	\$ 4.1	\$ 4.2	\$ 3.5	84%
Public Health Annual Operating Funds	\$ 44.3	\$ 54.8	\$ 34.0	62%
Public Utilities Commission*				
PUC Annual Operating Funds	\$ 6.9	\$ 6.2	\$ 5.1	82%
Public Utilities Commission Annual Operating Funds	\$ 6.9	\$ 6.2	\$ 5.1	82%
Public Works*				
DPW Annual Operating Funds	\$ 3.2	\$ 4.0	\$ 2.6	64%
Public Works Annual Operating Funds	\$ 3.2	\$ 4.0	\$ 2.6	64%
Recreation & Parks*				
General Fund**	\$ 1.6	\$ 2.5	\$ 1.4	55%
Recreation & Parks Annual Operating Fund	\$ 1.6	\$ 2.5	\$ 1.4	55%
Sheriff*				
General Fund	\$ 42.1	\$ 31.7	\$ 33.4	105%
General Fund Work Order	\$ 9.2	\$ 9.5	\$ 6.8	71%
Sheriff Annual Operating Funds	\$ 51.3	\$ 41.2	\$ 40.2	97%
City Attorney	\$ 0.2	\$ 0.0	\$ -	0%
Juvenile Probation	\$ 2.7	\$ 0.4	\$ -	0%
Board Of Supervisors	\$ 0.0	\$ 0.0	\$ -	0%
City Administrator	\$ 3.3	\$ 1.2	\$ -	0%
Public Library	\$ 0.6	\$ 0.2	\$ -	0%
District Attorney	\$ 0.3	\$ 0.1	\$ -	0%
Port	\$ 0.7	\$ 0.3	\$ -	0%
Asian Art Museum	\$ 0.1	\$ 0.1	\$ -	0%
Municipal Transportation Agency	\$ 69.4	\$ 44.4	\$ -	0%
War Memorial	\$ 0.3	\$ 0.3	\$ -	0%
Building Inspection	\$ 0.4	\$ 0.3	\$ -	0%
Human Services	\$ 5.1	\$ 2.4	\$ -	0%
Public Defender	\$ 0.0	\$ 0.0	\$ -	0%
Academy Of Sciences	\$ 0.0	\$ 0.1	\$ -	0%
Board Of Appeals	\$ 0.0	\$ 0.0	\$ -	0%
Child Support Services	\$ 0.0	\$ 0.0	\$ -	0%
Superior Court	\$ 0.2	\$ 0.1	\$ -	0%
Adult Probation	\$ 0.1	\$ 0.1	\$ -	0%
Fine Arts Museum	\$ 1.1	\$ 3.2	\$ -	0%
Retirement System	\$ 0.0	\$ 0.0	\$ -	0%
Elections	\$ 0.4	\$ 0.6	\$ -	0%
Controller	\$ 0.0	\$ 0.2	\$ -	0%
Treasurer/Tax Collector	\$ 0.0	\$ 0.0	\$ -	0%
Total Overtime***	\$ 396.6	\$ 354.9	\$ 225.2	63%
* Administrative Code Section 3.17 requires these departments to receive appropriation authority from the Board of Supervisors to increase the authorized budget for overtime in annual operating funds.				
** Recreation & Parks increased overtime appropriation as allowed by Section 11.5 Tenant Overtime in the AAO Administration Provisions.				
*** Total overtime excludes non-annual operating funds in departments listed in Administrative Code Section 3.17.				
*** Overtime budget includes supplemental appropriation adopted by the Board of Supervisors on 4/7/26.				