

PRELIMINARY OFFICIAL STATEMENT DATED JULY 1, 2020

NEW ISSUE BOOK-ENTRY ONLY

**RATING**  
Moody's: "MIG-1"  
See "RATING."

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Notes is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes. See "TAX MATTERS."



**\$43,000,000\***  
**CITY OF BERKELEY**  
**2020-21 TAX AND REVENUE ANTICIPATION NOTES**

**Dated:** Date of Delivery

**Due:** July 27, 2021

The notes captioned above (the "Notes") will be issued in denominations of \$5,000 or any integral multiple thereof. Principal and interest on the Notes will be payable upon maturity. The Notes are to be delivered as fully registered Notes, without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York (as described in APPENDIX E – BOOK-ENTRY ONLY SYSTEM). DTC will act as securities depository of the Notes. Purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. **The Notes are not subject to redemption prior to maturity.**

The Notes are by statute general obligations of the City of Berkeley, California (the "City"), payable solely from taxes, income, revenues, cash receipts and other moneys that are received by the City for the General Fund for fiscal year 2020-21 and that are generally available for the payment of current expenses and other obligations of the City (the "Unrestricted Moneys"). The Notes are secured by a pledge of Unrestricted Moneys to be received by the City in (a) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of January 2021; (b) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May 2021; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2021 (such pledged amounts being hereinafter called the "Pledged Revenues"). The Pledged Revenues will be deposited into, and held by the City in, a special fund designated "City of Berkeley, California, 2020-21 Tax and Revenue Anticipation Notes Special Account," as established in the City's Resolution adopted on June 30, 2020.

Principal of and interest on the Notes are payable in lawful moneys of the United States of America upon maturity, and interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months and accrues from the date of delivery.

The Notes are legal investments for commercial banks in California and are eligible to secure deposits of public moneys in California.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The following firm, serving as municipal advisor to the City, has structured this issue.



**MATURITY SCHEDULE**

Interest Rate

Reoffering Yield

CUSIP<sup>†</sup>

The Notes are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the City by Jones Hall, A Professional Law Corporation, as Disclosure Counsel, and by the City Attorney. It is anticipated that the Notes, in definitive form, will be available for delivery through DTC in New York, New York on or about July 28, 2020.

Dated: July \_\_, 2020

<sup>†</sup> Preliminary; subject to change.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and, if given or made, such information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person to make such offer, solicitation or sale.

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

The information set forth in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expressions of opinion stated in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the City since the date hereof. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any purpose, unless authorized in writing by the City.

The Notes have not been registered under the Securities Act of 1933, as amended (the “**Securities Act**”), in reliance upon an exemption contained in such Act. The Notes have not been registered under the securities laws of any state.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS AND BANKS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Although the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference in this Official Statement or is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Notes or any other bonds or obligations of the City.

# **CITY OF BERKELEY, CALIFORNIA**

## **ELECTED OFFICIALS**

Jesse Arreguín, Mayor  
Rashi Kesarwani, Councilmember District 1  
Cheryl Davila, Councilmember District 2  
Ben Bartlett, Councilmember District 3  
Kate Harrison, Councilmember District 4  
Sophie Hahn, Councilmember District 5  
Susan Wengraf, Councilmember District 6  
Rigel Robinson, Councilmember District 7  
Lori Droste, Councilmember District 8

## **CITY OFFICIALS**

Dee Williams-Ridley  
*City Manager*

David White  
*Deputy City Manager*

Paul Buddenhagen  
*Deputy City Manager*

Farimah Brown  
*City Attorney*

Jenny Wong  
*City Auditor*

Henry Oyekanmi  
*Director of Finance*

## **PROFESSIONAL SERVICES**

### **Municipal Advisor**

NHA Advisors, LLC  
San Rafael, California

### **Bond Counsel and Disclosure Counsel**

Jones Hall, A Professional Law Corporation  
San Francisco, California

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**OFFICIAL STATEMENT**  
**\$43,000,000\***  
**CITY OF BERKELEY**  
**2020-21 TAX AND REVENUE ANTICIPATION NOTES**

**INTRODUCTORY STATEMENT**

**General.** This Official Statement, which includes the cover page, the appendices hereto and this Introductory Statement, is provided to furnish information in connection with the sale by the City of Berkeley, California (the “**City**”), of its 2020-21 Tax and Revenue Anticipation Notes (the “**Notes**”).

The Notes are issued in full conformity with the Constitution and laws of the State of California (the “**State**”), including Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850 of the Government Code of the State), (the “**Law**”) and under the Law are general obligations of the City payable solely from those taxes, income, revenues, cash receipts and other moneys that are received by the City for the General Fund for fiscal year 2020-21 and that are generally available for the payment of current expenses and other obligations of the City (the “**Unrestricted Moneys**”). The Notes are authorized by a resolution adopted by the City Council on June 30, 2020 (the “**Resolution**”). The City may, under the Law, issue the Notes only if the principal of and interest on the Notes will not exceed 85% of the estimated amount of the uncollected Unrestricted Moneys that will be available for the payment of said Notes. Proceeds from the sale of the Notes will be deposited into a segregated account in the General Fund and used and expended by the City for any purpose for which it is authorized to expend funds from the General Fund.

**THE NOTES**

**Description of the Notes**

The Notes will be issued in the principal amount and at the interest rate shown on the cover page of this Official Statement. Principal of and interest on the Notes are payable in lawful moneys of the United States of America upon maturity, and interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months and accrues from the date of delivery.

The Notes will be dated the date of delivery and will mature on July 27, 2021. The Notes are to be delivered as fully registered Notes, without coupons, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), New York, New York. DTC will act as securities depository of the Notes. Purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof.

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\* Preliminary; subject to change.

## Purpose of Issue

Proceeds of the Notes will provide moneys to meet the City's General Fund cash flow requirements during the 2020-21 fiscal year commencing July 1, 2020, and ending June 30, 2021, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness.

## Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered certificates registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM."

So long as the Notes are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to the Notes will be made to DTC as provided as in the representation letter delivered on the date of issuance of the notes. The City cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium, if any, with respect to the Notes paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Notes or an error or delay relating thereto.

## SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES

### Security for the Notes

The principal amount of the Notes, together with the interest thereon, is payable from Unrestricted Moneys, being the first taxes, income, revenue, cash receipts, and other moneys that are received by the City for the General Fund for fiscal year 2020-21 and which are generally available for the payment of current expenses and other obligations of the City. Estimated Unrestricted Moneys exceed estimated payment requirements by more than eight to one. See "THE NOTES – Available Sources of Payment."

As security for the repayment of principal of and interest on the Notes, the City has pledged to deposit into a special fund designated as the "2020-21 Tax and Revenue Anticipation Note Special Account" (the "**Special Account**") the first Unrestricted Moneys to be received by the City as follows: (a) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of January 2021; (b) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May 2021; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2021 (such pledged amounts, the "**Pledged Revenues**"). The Notes are equally and ratably secured by the City's pledge of the Pledged Revenues.

The principal of the Notes and the interest thereon shall constitute a first lien and charge against and shall be paid from the first moneys received by the City from such Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the City lawfully available therefor. In the event there are insufficient Unrestricted Moneys received by the City to permit the

deposits into the Special Account of the full amount of the Pledged Revenues to be deposited in the applicable month, by the last business day of such month, then the amount of such deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the payment of the Notes and the interest thereon.

All Pledged Revenues, as and when received, shall be deposited by the City into the Special Account, which will be held by the City for the payment of the principal of and interest on the Notes at maturity. Amounts deposited by the City into the Special Account shall be applied solely for the purpose of paying the principal of and interest on the Notes. Such amounts shall be invested by the City in legal investments, as permitted by Section 53601 of the Government Code of the State. See "CITY INVESTMENT POLICY AND PORTFOLIO."

### **Available Sources of Repayment**

The Notes, in accordance with State law, are general obligations of the City, but are payable only out of Unrestricted Moneys, which include the taxes, income, revenues, cash receipts and other moneys that are received by the City for the General Fund for fiscal year 2020-21 and that are generally available for payment of current expenses and other obligations of the City. The Constitution of the State substantially limits the City's ability to levy ad valorem taxes. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS." The City may, under existing law, issue the Notes only if the principal of, and interest on, the Notes will not exceed 85% of the estimated uncollected Unrestricted Moneys that will be available for the repayment of the Notes.

The Note coverage ratio is shown in the following table and is the ratio of estimated Unrestricted Moneys to the amount of Unrestricted Moneys needed to pay principal of and interest on the Notes.

The table below gives detail as to the sources of estimated Unrestricted Moneys and the Note Coverage Ratio.

**CITY OF BERKELEY**  
**Estimated Unrestricted Moneys**  
**Fiscal Year 2020-21**

<u>Source</u>	<u>Amount</u>
Available Cash Balance, July 1, 2020	\$35,094,668
Taxes (including property tax, sales tax and other taxes)	152,015,939
Other Revenue	60,702,584
Proceeds of the Notes <sup>(1)*</sup>	43,946,370
Transfers In	<u>10,253,810</u>
TOTAL UNRESTRICTED MONEYS*	\$302,013,370
ESTIMATED PRINCIPAL PLUS INTEREST NEEDED FOR NOTE REPAYMENT*	\$81,319,586
NOTE COVERAGE RATIO*	3.71x

\* Preliminary; subject to change.

(1) Excluding underwriter's discount and costs of issuance.

Source: City of Berkeley Finance Department.

### Monthly Cash Flows

The City has prepared the accompanying monthly General Fund cash flow statements covering fiscal year 2019-20 and the projected fiscal year 2020-21. The General Fund is used to finance the ordinary operations of the City and is available for any legal authorized purposes. While expenditures generally occur evenly throughout the fiscal year, cash receipts occur unevenly. As a result, the General Fund cash balance tends to show a deficit during parts of the fiscal year. The projections are based on the City's budget and current financial condition.

**City of Berkeley**  
**FY 2019-20 Actual/Projected General Fund Cash Flows<sup>(1)(2)</sup>**

	Actual										Projected		TOTAL
	July	August	September	October	November	December	January	February	March	April	May	June	
<b>Beginning Balance</b>	\$39,223,322	\$41,135,792	\$37,786,371	\$35,042,663	\$32,425,125	\$30,106,679	\$61,632,344	\$36,813,131	\$37,271,290	\$49,967,101	\$68,956,501	\$48,434,476	\$39,223,322
<b>CASH RECEIPTS</b>													
Property Tax	\$2,168,516	\$8,199,745	\$2,596,351	\$7,349,806	\$2,643,636	\$35,177,275	\$2,243,234	\$1,103,995	\$11,627,986	\$17,481,467	\$2,765,651	\$3,700,000	\$97,057,662
Sales Tax	1,643,230	1,640,879	1,383,121	1,810,837	1,546,648	1,405,818	1,684,332	2,062,446	1,319,651	1,167,587	713,000	713,000	17,090,549
Other Taxes	2,580,415	2,262,869	2,555,606	2,768,210	2,623,939	9,157,658	6,450,787	8,301,183	10,295,120	12,817,385	1,744,121	853,631	62,410,924
License and Permits	397,408	150,804	159,065	209,469	56,685	566,396	71,282	51,145	252,736	25,263	11,519	13,642	1,965,414
Subventions & Grants	36,954	3,944	172,562	92,192	87,153	66,306	5,251	101,188	301,229	4,590	0	190,486	1,061,855
Service Fees	772,925	813,982	706,198	486,538	568,390	813,493	1,150,021	825,501	849,143	500,523	319,427	266,963	8,073,104
Fines and Penalties	205,817	640,908	212,404	435,241	79,353	977,099	490,272	563,214	645,526	(17,280)	(292,310)	17,602	3,957,845
Miscellaneous	41,157	2,773	8,899	269,020	3,178	8,785	10,471	26,904	72,481	5,856	5,960	5,960	461,444
Interest Income	870,987	364,104	442,948	347,017	536,139	458,633	1,124,552	(22,293)	547,027	885,219	535,000	1,596,784	7,686,120
Rents and Royalties	22,680	15,987	11,320	18,106	12,579	13,034	8,420	23,511	18,657	0	0	0	144,294
Franchises	14,487	202,307	0	14,146	190,474	0	13,903	185,572	0	1,020,465	184,219	0	1,825,573
Transfers In/Indirect Costs	438,933	1,499,539	639,050	1,292,325	647,214	641,825	1,586,769	657,647	642,058	1,319,187	633,460	840,054	10,838,062
CalPERS Prepayments from Other Departments	1,346,402	4,039,207	2,692,805	2,692,805	2,692,805	2,692,805	4,039,207	2,692,805	2,692,805	2,692,805	2,692,805	4,039,207	35,006,464
TRAN Proceeds	35,000,000	0	0	0	0	0	0	0	0	0	0	0	35,000,000
<b>TOTAL RECEIPTS</b>	<b>\$45,539,912</b>	<b>\$19,837,049</b>	<b>\$11,580,329</b>	<b>\$17,785,712</b>	<b>\$11,688,193</b>	<b>\$51,979,127</b>	<b>\$18,878,503</b>	<b>\$16,572,817</b>	<b>\$29,264,420</b>	<b>\$37,903,067</b>	<b>\$9,312,852</b>	<b>\$12,237,329</b>	<b>\$282,579,310</b>
<b>CASH DISBURSEMENTS</b>													
General Government	\$1,835,091	\$3,519,894	\$2,128,942	\$2,406,101	\$2,181,717	\$2,297,283	\$2,869,721	\$2,474,999	\$2,430,348	\$2,152,501	\$2,040,075	\$3,211,235	\$29,547,908
Public Safety	4,006,075	12,155,632	8,871,555	9,485,368	8,898,714	9,796,912	12,768,593	9,446,995	8,998,380	9,104,338	8,392,832	13,356,396	115,281,787
Highways and Streets	101,429	274,302	182,338	175,170	148,276	183,039	218,314	154,040	153,184	222,465	155,908	242,898	2,211,361
Health and Human Service	1,896,582	1,263,521	849,757	1,593,940	1,274,542	1,297,850	2,135,855	1,475,803	2,655,710	1,897,156	1,744,239	3,993,463	22,078,418
Culture - Recreation	364,921	922,480	755,998	562,995	536,223	453,030	627,943	426,443	454,662	380,864	301,816	485,315	6,272,691
Urban Redevelopment/Housing	354,192	1,246,691	603,655	904,442	640,609	595,965	1,147,734	665,202	744,686	858,452	587,034	2,267,448	10,616,109
Econ Dev & Assistance	72,648	623,444	175,496	274,470	716,151	160,594	252,353	135,394	106,325	1,826,288	560,223	470,007	5,373,393
Debt Service: Workers Comp Loan Repayment	0	0	0	0	0	946,163	0	0	0	0	0	0	946,163
Transfers Out/Other	162,752	3,163,965	162,752	3,163,965	162,752	2,960,105	2,532,965	162,752	162,752	3,886,080	162,752	162,752	16,846,339
Transfer Out to Pension Section 115 Trust Fund	0	0	0	0	0	0	0	0	0	0	0	1,246,784	1,246,784
Transfer Out of Excess of Property Transfer Tax	0	0	0	0	0	2,526,916	1,263,458	0	0	856,506	0	0	4,646,879
Transfer Out to Stabilization Reserve Fund	0	0	0	0	0	320,000	160,000	0	0	160,000	0	0	640,000
Transfer Out to Catastrophic Reserve Fund	0	0	0	0	0	260,000	130,000	0	0	130,000	0	0	520,000
Prepayment to CalPERS	35,006,464	0	0	0	0	0	0	0	0	0	0	0	35,006,464
TRAN Principal Pledge	0	0	0	0	0	0	17,390,000	0	0	0	17,390,000	0	34,780,000
TRAN Interest Pledge	0	0	0	0	0	0	0	0	0	0	0	693,668	693,668
Advances from GF/(Repayment to GF)	(172,712)	16,541	593,544	1,836,799	(552,343)	(1,344,394)	2,200,781	1,173,032	862,562	(2,560,982)	(1,500,000)	(552,829)	(0)
<b>TOTAL DISBURSEMENTS</b>	<b>\$43,627,442</b>	<b>\$23,186,469</b>	<b>\$14,324,037</b>	<b>\$20,403,249</b>	<b>\$14,006,640</b>	<b>\$20,453,462</b>	<b>\$43,697,716</b>	<b>\$16,114,659</b>	<b>\$16,568,609</b>	<b>\$18,913,667</b>	<b>\$29,834,877</b>	<b>\$25,577,137</b>	<b>\$286,707,964</b>
<b>Interfund Borrowings</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Cash Flow</b>	<b>\$1,912,470</b>	<b>(\$3,349,420)</b>	<b>(\$2,743,708)</b>	<b>(\$2,617,538)</b>	<b>(\$2,318,447)</b>	<b>\$31,525,665</b>	<b>(\$24,819,212)</b>	<b>\$458,159</b>	<b>\$12,695,811</b>	<b>\$18,989,401</b>	<b>(\$20,522,025)</b>	<b>(\$13,339,808)</b>	<b>(\$4,128,654)</b>
<b>Ending Balance</b>	<b>\$41,135,792</b>	<b>\$37,786,371</b>	<b>\$35,042,663</b>	<b>\$32,425,125</b>	<b>\$30,106,679</b>	<b>\$61,632,344</b>	<b>\$36,813,131</b>	<b>\$37,271,290</b>	<b>\$49,967,101</b>	<b>\$68,956,501</b>	<b>\$48,434,476</b>	<b>\$35,094,668</b>	<b>\$35,094,668</b>

(1) Actual through April 30, 2020.

(2) Cash and investment balances provided in the table above represent the City's available cash balance (i.e., General Fund cash and investments less the Stabilization and Catastrophic Reserve Fund cash balances and short term liabilities).

Source: City of Berkeley.

**City of Berkeley**  
**FY 2020-21 Projected General Fund Cash Flows<sup>(1)</sup>**  
**(Including FY 2020-21 TRAN)**

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
<b>Beginning Balance</b>	\$35,094,668	\$30,637,444	\$24,753,864	\$19,520,098	\$12,952,449	\$8,841,757	\$42,567,014	\$13,227,116	\$13,578,810	\$24,927,268	\$42,994,876	\$21,677,558	\$35,094,668
<b>CASH RECEIPTS</b>													
Property Tax	\$1,931,175	\$7,302,296	\$2,312,184	\$6,545,381	\$2,354,294	\$31,327,176	\$1,997,716	\$983,165	\$10,355,320	\$15,568,147	\$2,462,954	\$3,295,041	\$86,434,848
Sales Tax	1,117,819	1,515,647	1,277,561	1,672,634	1,428,608	1,298,526	1,555,784	1,105,040	1,218,935	1,078,477	1,458,584	1,058,584	15,786,200
Other Taxes	1,258,798	1,605,442	2,039,004	2,208,631	2,093,524	7,306,487	5,146,795	6,623,143	8,214,016	10,226,420	1,591,556	1,481,074	49,794,891
License and Permits	250,780	87,234	93,108	118,949	40,308	402,753	50,688	36,368	179,716	67,964	60,000	9,701	1,397,569
Subventions & Grants	26,269	2,804	122,668	65,536	61,953	47,135	3,733	71,930	214,132	3,263	0	135,409	754,832
Service Fees	154,336	399,717	480,582	537,784	628,257	899,178	1,271,152	912,450	938,583	903,243	903,072	895,082	8,923,436
Fines and Penalties	63,023	115,628	168,232	270,837	323,441	583,860	673,441	626,046	626,046	678,650	626,046	505,209	5,260,458
Miscellaneous	15,706	1,058	3,396	102,662	1,213	3,352	3,996	10,267	27,660	2,235	2,275	2,275	176,094
Interest Income	323,097	135,066	164,313	128,728	198,883	170,132	385,158	23,730	202,922	328,376	198,461	1,910,836	4,169,702
Rents and Royalties	23,453	7,461	8,953	10,445	4,476	14,921	10,445	11,937	13,429	16,413	11,937	15,342	149,210
Franchises	12,314	171,956	0	12,024	161,898	0	11,817	157,732	0	867,372	156,582	0	1,551,696
Transfers In/Indirect Costs	415,271	1,418,703	604,601	1,222,659	612,324	607,226	1,501,230	622,195	607,447	1,248,073	599,312	794,769	10,253,810
CalPERS Prepayments from Other Departments	2,652,894	2,947,660	2,947,660	2,947,660	2,947,660	4,421,491	2,947,660	2,947,660	2,947,660	2,947,660	2,947,660	4,716,257	38,319,586
TRAN Proceeds	43,946,370	0	0	0	0	0	0	0	0	0	0	0	43,946,370
<b>TOTAL RECEIPTS</b>	<b>\$52,191,306</b>	<b>\$15,710,672</b>	<b>\$10,222,262</b>	<b>\$15,843,931</b>	<b>\$10,856,841</b>	<b>\$47,082,235</b>	<b>\$15,559,614</b>	<b>\$14,131,664</b>	<b>\$25,545,867</b>	<b>\$33,936,294</b>	<b>\$11,018,439</b>	<b>\$14,819,577</b>	<b>\$266,918,702</b>
<b>CASH DISBURSEMENTS</b>													
General Government	\$2,728,031	\$2,981,234	\$1,803,143	\$2,037,888	\$1,847,842	\$1,945,723	\$2,430,559	\$2,096,242	\$2,058,425	\$1,823,097	\$1,727,876	\$2,719,810	\$26,199,870
Public Safety	4,838,852	14,682,528	10,715,762	11,457,174	10,748,567	10,269,758	10,814,576	8,001,292	7,621,330	7,711,073	7,108,451	11,312,426	115,281,787
Highways and Streets	85,907	232,325	154,434	148,363	125,585	155,028	184,904	130,467	129,742	188,420	132,048	205,726	1,872,950
Health and Human Service	1,606,342	1,070,161	719,716	1,350,015	1,079,495	1,099,236	1,808,998	1,249,956	2,249,299	1,606,828	1,477,313	3,382,331	18,699,689
Culture - Recreation	309,076	781,310	640,306	476,838	454,163	383,701	531,847	361,183	385,084	322,579	255,628	411,046	5,312,762
Urban Redevelopment/Housing	299,989	1,055,906	511,276	766,032	542,574	504,762	972,093	563,404	630,724	727,080	497,198	1,920,453	8,991,493
Econ Dev & Assistance	61,531	528,037	148,639	232,467	606,556	136,018	213,734	114,674	90,054	1,546,805	474,490	398,080	4,551,086
Debt Service: Workers Comp Loan Repayment	946,163	0	0	0	0	0	0	0	0	0	0	0	946,163
Debt Service: 2016 Parking Revenue Bonds	1,910,250	0	0	0	0	0	0	0	0	0	0	0	1,910,250
Transfers Out/Other	3,317,802	162,752	162,752	3,317,802	162,752	162,752	3,317,802	162,752	162,752	3,317,802	162,752	162,752	14,573,224
Transfer Out to Pension Section 115 Trust Fund	0	0	0	0	0	0	0	0	0	0	0	1,318,502	1,318,502
Transfer Out of Excess of Property Transfer Tax	1,125,000	0	0	1,125,000	0	0	1,125,000	0	0	1,125,000	0	0	4,500,000
Transfer Out to Stabilization Reserve Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer Out to Catastrophic Reserve Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Continuity Grants	800,000	0	0	0	0	0	0	0	0	0	0	0	800,000
San Pablo Parcel Loans	550,000	0	0	0	0	0	0	0	0	0	0	0	550,000
Prepayment to CalPERS	38,319,586	0	0	0	0	0	0	0	0	0	0	0	38,319,586
TRAN Principal Pledge	0	0	0	0	0	0	21,500,000	0	0	0	21,500,000	0	43,000,000
TRAN Interest Pledge	0	0	0	0	0	0	0	0	0	0	0	1,286,417	1,286,417
Advances from GF/(Repayment to GF)	(250,000)	100,000	600,000	1,500,000	(600,000)	(1,300,000)	2,000,000	1,100,000	870,000	(2,500,000)	(1,000,000)	(520,000)	0
<b>TOTAL DISBURSEMENTS</b>	<b>\$56,648,529</b>	<b>\$21,594,252</b>	<b>\$15,456,029</b>	<b>\$22,411,579</b>	<b>\$14,967,534</b>	<b>\$13,356,978</b>	<b>\$44,899,513</b>	<b>\$13,779,970</b>	<b>\$14,197,409</b>	<b>\$15,868,685</b>	<b>\$32,335,756</b>	<b>\$22,597,544</b>	<b>\$288,113,778</b>
<b>Interfund Borrowings</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Cash Flow</b>	<b>(\$4,457,224)</b>	<b>(\$5,883,580)</b>	<b>(\$5,233,767)</b>	<b>(\$6,567,648)</b>	<b>(\$4,110,692)</b>	<b>\$33,725,257</b>	<b>(\$29,339,899)</b>	<b>\$351,694</b>	<b>\$11,348,458</b>	<b>\$18,067,609</b>	<b>(\$21,317,318)</b>	<b>(\$7,777,966)</b>	<b>(\$21,195,076)</b>
<b>Ending Balance</b>	<b>\$30,637,444</b>	<b>\$24,753,864</b>	<b>\$19,520,098</b>	<b>\$12,952,449</b>	<b>\$8,841,757</b>	<b>\$42,567,014</b>	<b>\$13,227,116</b>	<b>\$13,578,810</b>	<b>\$24,927,268</b>	<b>\$42,994,876</b>	<b>\$21,677,558</b>	<b>\$13,899,592</b>	<b>\$13,899,592</b>

(1) Cash and investment balances provided in the table above represent the City's available cash balance (i.e., General Fund cash and investments less the Stabilization and Catastrophic Reserve Fund cash balances and short term liabilities).  
Source: City of Berkeley.

## COVID-19 Global Pandemic

**Background.** The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (“**COVID-19**”), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United State (the “**President**”) and a state of emergency by the Governor of the State (the “**Governor**”). There has been tremendous volatility in the markets in the United States and globally, resulting in significant declines and speculation of a national and global recession.

The President’s declaration of a national emergency on March 13, 2020 made available more than \$50 billion in federal resources to combat the spread of the virus. A multibillion-dollar COVID-19 relief package was signed into law by the President on March 18, 2020 providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 19, 2020, the Governor issued a shelter-in-place order, Executive Order N-33-20, ordering all California residents to stay home except to get food, care for a relative, get necessary healthcare or go to an essential job. The stay at home order went into effect immediately and will stay in effect until further notice.

On March 27, 2020, the House approved a \$2 trillion relief package, including economic stimulus in the form of direct payment to certain Americans and billions of dollars to hospitals. In addition, the Federal Reserve has lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

**Impacts on Global and Local Economies; Potential Declines in State Revenues.** The COVID-19 public health emergency is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies, including the economy of the State. Under the 2020-21 State Budget, approximately 70% of the State’s general fund revenue is projected to be derived from personal income tax receipts. Additionally, capital gains tax receipts are budgeted to account for about 10% of such receipts in fiscal year 2019-20. California’s Legislative Analyst’s Office published reports on March 18, 2020, and April 15, 2020, which anticipate that the economic uncertainty caused by the outbreak will significantly affect California’s near-term fiscal outlook, including lower capital gains-related tax revenue due to the volatility in the financial markets, and the likelihood that a recession is forthcoming due to pullback in activity across wide swaths of the economy. The City cannot predict the short or long-term impacts that COVID-19 will have on global, State-wide and local economies, which could impact City operations and local property values.

The City cannot predict the impacts that the COVID-19 emergency might have on the City’s finances or operations.

## CITY INVESTMENT POLICY AND PORTFOLIO

The authority to invest the City's funds is derived from a resolution adopted annually by the City Council delegating to the Director of Finance and the Treasurer of the City the authority to invest these funds within the guidelines of Section 53600 et seq. of the Government Code of the State (the "**Government Code**"). The Government Code also directs the City to present an annual investment policy (the "**Investment Policy**") for confirmation to the City Council. The City Council voted to affirm the Investment Policy and designate the investment authority on July 1, 2019. The Investment Policy may be revised by the City Council at any time.

The objectives of the Investment Policy are preservation of capital, liquidity and yield. The Investment Policy addresses the soundness of financial institutions in which the City may deposit funds, types of investment instruments permitted by the City and the Government Code, investment duration and the amount which may be invested in certain instruments. The Investment Policy also reflects and supports the City's policy positions on important social and environmental issues, as contained in formal City Council actions including the Nuclear-Free Berkeley Act, the Responsible Investment Ordinance, the Oppressive States Contract Resolution and Divestment from Publicly-Traded Fossil Fuel Companies and Gun Manufacturers and Tobacco companies. Summarized below are the permitted investments under the Investment Policy. These policies may further restrict investment options available to the City.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage/Dollar of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Bank/Time Deposit Accounts	5 years	100%	N/A
Money Market Funds	N/A	100%	N/A
Repurchase Agreements	1 year	10%	N/A
Reverse Repurchase Agreements	7 days	10%	N/A
Banker's Acceptances	7 days	40%	30%
U.S. Government Securities (Treasury bills, Notes and Bonds)	5 years 30 years*	100%	N/A
U.S. Agency Securities by Agency	5 years 30 years*	100%	N/A
Negotiable Certificates of Deposit	5 years 30 years*	30%	\$250,000
Local Agency Bonds	5 years 30 years*	100%	N/A
Commercial Paper	180 days	25%	\$5M or 2%
Medium Term Notes	5 years 30 years*	30%	30%

\* Maturities over five years, up to 30 years, are authorized only for Retiree Medical Plan Trust and debt service reserve funds.

As of April 30, 2020, the City portfolio included \$470,519,344.99 in pooled investments. The average life of the investments was 1,065 days and the weighted yield was 2.553% from July 1, 2019 to April 30, 2020. The following is a list of investments held by the City:



**CITY OF BERKELEY**  
**(As of April 30, 2020)**

<u>Security</u>	<u>Market Value</u>	<u>% of Total Portfolio</u>
Medium Term Notes	\$123,265,952.08	26.20%
Municipal Bonds	5,072,177.46	1.08
Federal Agency Coupon Notes	44,001,000.00	9.35
Money Market Fund and CDs	252,674,264.14	53.70
Commercial Paper	<u>45,505,951.31</u>	<u>9.67</u>
TOTAL:	\$470,519,344.99	100.00%

*Source: City of Berkeley Finance Department.*

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## SPECIAL RISK FACTORS

The following information should be considered by prospective investors in evaluating the Notes; however, this information does not purport to be an exhaustive listing of the risks and other considerations, which may be relevant to an investment in the Notes.

### Bankruptcy Considerations

In 1994, Orange County, California issued its 1994-1995 Tax and Revenue Anticipation Notes (the “**Orange County Notes**”) under the same statutory authority as the Notes. On December 6, 1994, Orange County filed a petition in bankruptcy. Subsequently, Orange County declined to set aside the taxes and revenues it had pledged for the repayment of the Orange County Notes and a noteholder brought suit to compel Orange County to do so. A March 8, 1995 ruling of the United States Bankruptcy Court for the Central District of California, held that the lien securing the Orange County Notes did not attach to revenues received by Orange County after the filing of its bankruptcy petition on December 6, 1994, and therefore, Orange County was not required to set aside the revenues pledged under the note resolution following the bankruptcy. The Bankruptcy Court ruled that under the United States Bankruptcy Code (the “**Bankruptcy Code**”), the lien did not attach to revenues received by Orange County after December 6, 1994, because the lien was a consensual security interest rather than a statutory lien. In July 1995, the United States District Court for the Central District of California reversed the decision of the Bankruptcy Court. Orange County appealed the decision of the District Court to the United States Court of Appeals for the Ninth Circuit. Before the Ninth Circuit rendered a decision, the parties settled their disputes. Accordingly, if the City were to file for bankruptcy, it is not clear whether it would be required to set aside revenues pledged under the Resolution as described above.

In addition, the Pledged Revenues and other moneys that will be set aside to pay the Notes will be held in the City’s General Fund, and these funds will be invested in the pooled investment fund. Should the City go into bankruptcy, a court might hold that the owners of the Notes do not have a valid lien on the Pledged Revenues. In that case, unless the owners could “trace” the funds, the owners would merely be unsecured creditors of the City. There can be no assurance that the owners of the Notes could successfully so “trace” the Pledged Revenues.

### Limitations on Remedies

The rights of the owners of the Notes are subject to the limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes and the obligations incurred by the City, may become subject to the following: the Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## Climate Change

The adoption by the State of the California Global Warming Solutions Act of 2006 (AB 32) and subsequent companion bills demonstrate the commitment by the State to take action and reduce greenhouse gases (“**GHG**”) to 1990 levels by 2020 and 80% below 1990 levels by 2050. The State Attorney General’s Office, in accordance with SB 375, now requires that local governments examine local policies and large-scale planning efforts to determine how to reduce greenhouse gas emissions. Additionally, the State adopted Senate Bill No. 32, which established a revised statewide GHG emission reduction target of 40% below 1990 levels by 2030.

The City is vulnerable to the impacts of climate change. The severity of these impacts will depend on the amount of greenhouse gas emissions produced worldwide over the coming decades and the City’s ability to adapt to the changing climate. These impacts will continue to grow in intensity and will disproportionately affect vulnerable communities such as the elderly, children, people with disabilities, and people with low incomes. In order to mitigate climate change locally, the City developed the Berkeley Climate Action Plan (CAP). The CAP sets a target of achieving 80% GHG reductions below 2000 levels by 2050. The City also has goals to achieve net zero carbon emissions by 2050, become a fossil fuel free city, and reach 100% renewable electricity citywide by 2035. From 2000 to 2016, the City has reduced its greenhouse gas emissions by 15% despite a population increase of approximately 18% in that same period. The City’s mitigation efforts include developing plans, programs and policies to:

- Reduce energy use in building construction and operation, in transportation by shifting travel to walking, biking, and transit, and by minimizing landfilled waste;
- Clean the electricity used in the City and
- Electrify transportation and buildings to significantly reduce natural gas and petroleum use.

It is also critical that the City adapt to current and projected climate change impacts, including sea level rise, drought, severe storms, and extreme heat, in order to protect its community, infrastructure, buildings, and economy. The City has several plans that address climate adaptation including the Local Hazard Mitigation Plan, the Resilience Strategy, and the Climate Action Plan. The City is also developing a sea level rise plan for the Berkeley Marina and a green infrastructure plan. Some key climate resilience actions that the City is taking include implementing green infrastructure projects and identifying opportunities for clean energy assurance solutions, such as solar plus storage, for buildings. The City also actively participates in regional organizations such as the Bay Area Climate Adaptation Network to develop regional strategies and solutions to adapt to climate change.

Climate change will have new, direct impacts and will also exacerbate existing local natural hazards. Rising sea levels have the potential to impact infrastructure and community members in west Berkeley and the Berkeley waterfront. This could increase the City’s exposure to tsunami inundation and to flooding of critical infrastructure in these areas, which includes sanitary sewers, state highways, and railroad lines. Increased temperatures, when coupled with prolonged drought events, can increase the intensity of wildfires that may occur, and pose significant health and safety risks for vulnerable communities. Shorter, more intense wet seasons could make flooding more frequent, and may increase the landslide risk in the Berkeley hills. California may experience greater water and food insecurity, and drought may become a more persistent issue as the effects of climate change deepen.

## Cybersecurity

The City and its departments face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. There have been, however, only limited cyber-attacks on the computer systems of the City. No assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat and attack. The results of any attack on the computer and information technology systems could have a material adverse impact on the operations of the City and damage the digital networks and systems. The resulting costs and/or impacts on operations and General Fund revenues could be material.

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

### Limitations on Revenues

**Article XIII A of the California Constitution.** Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum ad valorem tax on real property to one percent of “full cash value,” and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for payment of the City’s general obligation bonds falls within the exception for bonds approved by a two-thirds vote.

Section 2 of Article XIII A defines “full cash value” to mean the county assessor’s valuation of real property as shown on the fiscal year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

***Article XIII C and Article XIII D of the California Constitution.*** On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article XIII C define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Taxes. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (“**general taxes**”) require a majority vote; taxes for specific purposes (“**special taxes**”), even if deposited in the City’s General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Property-Related Fees, Charges and Assessments. Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a “special benefit,” as defined in Article XIII D, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reduction or Repeal of Taxes, Fees and Charges. Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s ability to pay debt service on the Notes could be adversely affected.

Burden of Proof. Article XIII C provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity,

and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity." Similarly, Article XIID provides that in "any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance" with Article XIID.

Impact on City's General Fund. The approval requirements of Articles XIIC and XIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that the City may need to meet increased expenditure needs.

The City does not believe that any material source of General Fund revenue is subject to challenge under Articles XIIC or XIID.

Judicial Interpretation. The interpretation and application of Articles XIIC and XIID will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

## **Expenditures and Appropriations**

***Article XIIB of the California Constitution.*** In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual "appropriations limit" or "Gann Limit" imposed by Article XIIB of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" exclude tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Article XIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity have their own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceed the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

### **Split Roll Initiative**

An initiative measure (the "**Split Roll Initiative**") to amend Article XIII A has qualified for the State's November 2020 ballot. If adopted, the Split Roll Initiative would base property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Such market values would be reassessed by the applicable county assessor's office at least once every three years. The Split Roll Initiative includes exceptions for businesses with a total market value of less than \$2 million (adjusted for inflation), which would continue to be subject to property taxes based on purchase price, and exempts from property tax assessments up to \$500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. There can be no assurance that the Split Roll Initiative will be adopted. Moreover, if the Split Roll Initiative is adopted, the City is unable to predict how it would affect the level of commercial building activity within the City and the relationship of the assessed value between land use types (i.e. residential versus commercial) in the City, or what other impacts the Split Roll Initiative might have on the local economy or the City's financial condition.

### **Future Initiatives**

Article XIII A, Article XII B, Article XII C, Article XII D and Proposition 111 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting City revenues or the City's ability to expend revenues. The nature and impact of these measures cannot be predicted by the City.

## **LEGAL OPINION**

The statements of law and legal conclusions set forth in this Official Statement under the heading "TAX MATTERS" have been reviewed by Bond Counsel. Bond Counsel's employment is limited to a review of the legal proceedings required for the authorization of the Notes and to rendering the opinion discussed below. Such opinion will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Notes not mentioned in this paragraph. Bond Counsel takes no responsibility for the accuracy, completeness or fairness of this Official Statement. Bond Counsel's compensation is contingent upon the delivery of the Notes. Certain legal matters will be passed upon for the City by the City Attorney.

## **TAX MATTERS**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Notes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes.

***Tax Treatment of Original Issue Discount and Premium.*** If the initial offering price to the public at which a Note is sold is less than the amount payable at maturity thereof, then such difference constitutes "**original issue discount**" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Note is sold is greater than the amount payable at maturity thereof, then such difference constitutes "**original issue premium**" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Notes to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Note. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Notes who purchase the Notes after the initial offering of a substantial amount of such maturity. Owners of such Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Notes under federal alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Note (said term being the shorter of the Note's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Note for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Note is amortized each year over the term to maturity of the Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Note premium is not deductible for federal income tax purposes. Owners of premium Notes, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Notes.

In the further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes.

Owners of the Notes should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Notes may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Notes other than as expressly described above.



A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

## **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events. The notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the notices of enumerated events is summarized under the caption "APPENDIX D – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the purchaser of the Notes in complying with Rule 15c2- 12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**").

The City and its related governmental entities have previously entered into numerous disclosure undertakings under the Rule in connection with the issuance of long-term obligations (See "APPENDIX B – The City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019." Notes to Basic Financial Statements, Note 3"). In order to meet its continuing disclosure obligations, the City retained NHA Advisors, LLC as dissemination agent.

In the previous five years, the City failed to timely file a material event notice in connection with changes to the credit rating for one series of the City's bonds. To ensure future compliance with its continuing disclosure undertakings, the City has developed procedures for including all required continuing disclosure information in the supplementary section of its audited financial statements. In addition, the City engaged NHA Advisors, LLC to review this information annually to ensure compliance with its continuing disclosure undertakings.

Neither the County nor any other entity other than the City shall have any obligation or incur any liability whatsoever with respect to the performance of the City's duties regarding continuing disclosure.

## **ABSENCE OF MATERIAL LITIGATION**

No litigation is pending or threatened concerning the validity of the Notes, and a certificate to that effect will be furnished to the underwriter at the time of the original delivery of the Notes. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City's ability to receive ad valorem taxes or to collect other Unrestricted Moneys or contesting the City's ability to issue and retire the Notes.

There are a number of lawsuits and claims pending against the City. The aggregate amount of the uninsured liabilities of the City, and the timing of any anticipated payments of judgments that may result from suits and claims, will not, in the opinion of the City, materially affect the finances of the City or impair its ability to repay the Notes. A certificate of the City to this effect will be available at the time of original delivery of the Notes.

## UNDERWRITING

The Notes were purchased by \_\_\_\_\_ (the “**Underwriter**”) at a price of \$ \_\_\_\_\_ (representing \$ \_\_\_\_\_ aggregate principal amount of the Notes plus a purchase premium of \$ \_\_\_\_\_, less an Underwriter’s discount of \$ \_\_\_\_\_). The purchase contract for the Notes provides that the Underwriter will purchase all of the Notes if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell Notes to certain dealers and others at prices lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

## MUNICIPAL ADVISOR

The City has retained NHA Advisors, LLC, San Rafael, California, as municipal advisor (the “**Municipal Advisor**”) in connection with the preparation of this Official Statement and with respect to the issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is a municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor’s compensation is contingent upon the delivery of the Notes.

## RATING

Moody’s Investor Services Inc. has assigned a rating to the Notes as shown on the cover of this Official Statement. The City supplied certain information to the rating agency to be considered in evaluating the Notes. The rating issued reflects only the views of such rating agency, and any explanation of the significance of such rating should be obtained from the rating agency. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Notes.

## **ADDITIONAL INFORMATION**

The purpose of this Official Statement is to supply information to purchasers of the Notes. Quotations from and summaries and explanations of the Notes and the Resolution and of statutes and documents contained herein do not purport to be complete, and reference is hereby made to the Resolution, statutes and documents for full and complete statements of their provisions. Additional information can be obtained from the City's Director of Finance.

This Official Statement speaks only as of its date, and the information presented in this Official Statement is subject to change. Any statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the City and any purchaser or owners of the Notes. This Official Statement and its distribution have been authorized and approved by the City Council of the City.

CITY OF BERKELEY, CALIFORNIA

By: \_\_\_\_\_  
City Manager

## APPENDIX A

### CERTAIN INFORMATION CONCERNING THE CITY OF BERKELEY

#### Introduction

The City of Berkeley, California (the “**City**”) is located in Alameda County (the “**County**”) on the east side of the San Francisco Bay, approximately 10 miles northeast of San Francisco. The City encompasses a total area of approximately 19 square miles and had an estimated population of 122,580, giving it the highest population density of any city in the East Bay. The University of California is a major component of the City's economy, employing more than 235,000 full and part-time workers.

The City is among the oldest in California. The City was founded in 1864, incorporated as a town in 1878, and incorporated as a city in 1909. The City's first charter was adopted in 1895.

#### Population

Population figures for the City, County and State for the last five years are shown in the following table.

**CITY OF BERKELEY**  
**Population Estimates**  
**As of January 1**

<b>Year</b>	<b>City of Berkeley</b>	<b>County of Alameda</b>	<b>State of California</b>
2016	120,059	1,632,599	39,131,307
2017	121,050	1,646,711	39,398,702
2018	121,752	1,655,306	39,586,646
2019	122,358	1,664,783	39,695,376
2020	122,580	1,670,834	39,782,870

*Source: State Department of Finance estimates (as of January 1).*

#### City Government

The City operates under a Council-Manager form of government. The City is governed by a nine-member City Council, eight of whom are elected by district, plus the Mayor, who is elected on a city-wide basis. The Mayor and the City Council members serve four-year terms. The Council appoints a City Manager who is responsible for daily administration of City affairs and preparation and submission of the annual budget under the direction of the Mayor and the City Council for the Mayor's submission to the City Council. The City Manager appoints a Director of Finance to supervise the City's financial affairs. The Director of Finance also serves as the City's Treasurer.

The City Attorney, City Clerk and Director of Finance are appointed by the City Manager subject to City Council approval. The City Auditor is elected at the same time as the Mayor.

The City Council members are shown in the below table:

<u>Member</u>	<u>District</u>	<u>Term Expires</u>
Jesse Arreguin	Mayor	11/30/2020
Rashi Kesarwani	1	11/30/2022
Cheryl Davila	2	11/30/2020
Ben Bartlett	3	11/30/2020
Kate Harrison	4	11/30/2022
Sophie Hahn	5	11/30/2020
Susan Wengraf	6	11/30/2020
Rigel Robinson	7	11/30/2022
Lori Droste	8	11/30/2022

### **Possible Impacts of COVID-19**

As described in this Official Statement, the short-term and long-term impact of COVID-19 on the City's finances cannot be predicted. The Notes described in this Official Statement are by statute general obligations of the City, payable solely from taxes, income, revenues, cash receipts and other moneys that are received by the City for the General Fund for fiscal year 2020-21 and that are generally available for the payment of current expenses and other obligations of the City (the "**Unrestricted Moneys**"). The Notes are secured by a pledge of Unrestricted Moneys to be received by the City in (a) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of January 2021; (b) an amount equal to fifty percent (50%) of the principal amount of the Notes in the month of May 2021; and (c) an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2021. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES – COVID-19 Global Pandemic."

### **Accounting Policies and Financial Reporting**

The accounts of the City are organized on the basis of funds and account groups, to account for different activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The City's general fund and other governmental fund types use the modified accrual basis of accounting. All of the City's other funds, including proprietary fund types and fiduciary fund types use the accrual basis of accounting. The basis of accounting for all funds is more fully explained in the "Notes to the Financial Statements" contained in Appendix B.

The City Council employs, at the beginning of each fiscal year, an independent certified public accountant who, at such time or times as specified by the City Council, at least annually, and at such other times as he or she shall determine, examines the combined financial statements of the City in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, a final audit and report is submitted by such accountant to the City Council and a copy of the financial statements as of the close of the fiscal year is published.

The City, all its funds and the funds of certain other component entities of the City are audited annually by a certified public accounting firm. The firm of Badawi and Associates, Certified

Public Accounts, Oakland, California, is the City's current auditor (the "**Auditor**"). The comprehensive annual financial report of the City for fiscal year 2018-19 is attached hereto as APPENDIX B. *The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor.*

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) government-wide financial statements prepared using the economic measurement focus and the accrual basis of accounting and fund financial statements prepared using both the current financial resources measurement focus and the modified accrual method of accounting (governmental funds) and funds using the economic measurement focus and the accrual basis of accounting (proprietary funds) and (iii) required supplementary information. The City's financial statements are prepared in conformance with the requirements of Statement No. 34.

### **Comparative Financial Statements**

The following tables provide a recent history of the City's Comparative Balance Sheet, and a recent history of General Fund revenues, expenditures, transfers, and ending fund balances.

**CITY OF BERKELEY**  
**GENERAL FUND BALANCE SHEET**  
**(Fiscal Year Ending June 30)**  
**(Dollar amounts in thousands)**

	Actual <u>2015-16</u>	Actual <u>2016-17</u>	Actual <u>2017-18</u>	Actual <u>2018-19</u>
<b>ASSETS:</b>				
Cash and investments in treasury*	\$82,615	\$82,891	\$108,058	\$107,360
Receivables (net of allowance where applicable):				
Accounts	7,072	8,777	6,951	4,980
Interest	534	526	763	778
Taxes	9,421	8,109	8,623	9,953
Subventions/grants	--	--	180	450
Due from other funds	2,920	3,752	6,659	6,973
Notes receivable	3,595	4,255	3,755	3,697
Other	353	5	5	320
Prepaid Items	--	75	142	--
Total assets	106,512	108,390	135,136	134,512
<b>LIABILITIES:</b>				
Accounts payable	1,768	4,344	3,610	6,736
Accrued salaries and wages	4,502	5,169	5,473	5,989
Advances from other funds		6,683	6,287	4,059
Deposits held	840	905	974	781
Unearned revenue	--	--	--	--
Tax and revenue anticipation notes	24,995	17,000	25,550	14,000
Other liabilities	3,706	2,923	3,755	3,899
Total liabilities	35,811	37,024	45,649	35,463
Deferred Inflows of Resources	5,676	7,707	5,601	5,813
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances/Assigned to	3,686	3,015	33,373	42,667
Notes receivable/Nonspendable	3,595	4,330	3,898	3,697
Unreserved/Unassigned, report in:				
General fund	57,743	56,313	46,614	46,872
Total fund balances	65,025	63,658	83,885	92,236
Total liabilities and fund balances	\$106,512	\$108,390	\$135,136	\$135,512

\* Cash and investments in treasury includes restricted cash and investments.  
Source: City of Berkeley, Comprehensive Annual Financial Reports.

**CITY OF BERKELEY**  
**STATEMENT OF GENERAL FUND**  
**REVENUES, EXPENDITURES, TRANSFERS AND BALANCES**  
**(Fiscal Year Ending June 30)**  
**(Dollar amounts in thousands)**

	Actual <u>2015-16</u>	Actual <u>2016-17</u>	Actual <u>2017-18</u>	Actual <u>2018-19</u>
REVENUES:				
Taxes	\$133,249	\$137,277	\$161,666	\$173,216
Licenses and Permits	323	556	834	1,405
Subvention and Grants/Intergovernmental	11,208	11,509	1,129	1,868
Service Fees	9,528	9,140	9,862	8,433
Fines and Forfeitures	6,371	6,370	6,933	5,443
Rents	215	160	284	289
Franchises	1,673	2,247	1,990	1,800
Interest	2,784	1,383	2,416	6,915
Other	48	1,750	237	1,722
TOTAL REVENUES	<u>165,400</u>	<u>170,393</u>	<u>185,351</u>	<u>201,090</u>
EXPENDITURES:				
General Government	28,244	37,871	30,143	27,410
Public Safety	89,076	94,093	95,503	103,084
Highways and Streets	1,337	1,638	1,900	2,904
Health and Human Services	7,354	9,676	9,725	13,319
Culture-Recreation	5,848	6,086	5,476	5,943
Community Development	6,057	6,477	7,153	8,264
Economic Development	2,325	2,332	2,576	2,845
Debt Service	372	166	252	270
TOTAL EXPENDITURES	<u>140,613</u>	<u>158,338</u>	<u>152,728</u>	<u>164,040</u>
Excess Revenues Over (Under) Expenditures	24,788	12,055	32,623	37,050
Transfers In(out)/Other	(13,052)	(13,421)	(12,396)	(27,699)
Net Change in Fund Balance	11,735	(1,366)	20,227	9,351
Fund Balance, July 1	53,289	65,025	63,658	83,885
Prior Period Adjustment	<u>--</u>	<u>---</u>	<u>---</u>	<u>---</u>
Fund Balance, June 30*	<u>\$65,025</u>	<u>\$63,658</u>	<u>\$83,885</u>	<u>\$93,236</u>

\* Totals may not add due to rounding.

Source: City of Berkeley Comprehensive Annual Financial Reports

## General Fund Budget

**Budgetary Process and Administration.** The City employs a two-year budget process. In year one of the biennial budget cycle, the City Council formally adopts authorized appropriations for the first fiscal year and approves “planned” appropriations for the second fiscal year. In year two, the City Council considers revisions and formally adopts authorized appropriations for the second fiscal year. Although the budget cycle covers a two-year period, the City Charter requires that the City Council adopt an annual appropriations ordinance for each budget year.

From about January to May of each year, the City Council meets in public to discuss policies and priorities for the upcoming budget. The City Manager prepares a proposed budget



based on input from department heads, and presents this to the City Council by the first Monday in May of a budget year or as fixed by the City Council. The City also maintains additional budgetary controls to ensure compliance with the annual appropriated budget. The City Manager is authorized to transfer budgeted amounts within funds as deemed necessary to meet the City's needs; however, revisions that alter the total budget or move amounts from one fund to another must be approved by the City Council.

Revenues and expenditures relating to the City's general governmental operations are budgeted and accounted for in the City's general fund, including public safety, highways and streets, health, housing and human services, culture and recreation, community development and economic development. General taxes and fees support most of these activities. The "business" or proprietary activities of the City are accounted for in each of eight enterprise funds, which include those established for Refuse Collection, Marina Operations, Sanitary Sewers, Clean Storm Water, Permit Service Center, Off-Street Parking, Parking Meter, and Building Purchases & Management. These activities are intended to be completely or largely self-supporting through user fees and charges.

**Projected General Fund Revenues.** Presented in the table below is a 5-year revenue projection of the City, as of the date of this Official Statement. The following estimates are based on the most current and reliable information in the City's possession at this time. The City is unable to predict the total impact that COVID-19 may have on the City's finances or operations. As the longer-term impacts of COVID-19 on the local economy becomes more apparent, the City's predictions about the effects on City revenues will continue to evolve. The City notes that, in this unprecedented time, the national economy shrank by 4.8% in the first calendar quarter of 2020, and that the second quarter is expected to be much worse.

**CITY OF BERKELEY  
PROJECTED GENERAL FUND REVENUES  
(Fiscal Year Ending June 30)**

	2019-20	2020-21	2021-22	2022-23	2023-24
<b><u>UNDESIGNATED REVENUES:</u></b>					
Secured Property Taxes	\$58,842,496	\$61,165,455	\$62,388,764	\$63,636,539	\$64,909,270
Supplemental Taxes	2,308,127	1,260,000	1,285,200	1,310,904	1,337,122
Unsecured Property Taxes	3,189,177	2,250,000	2,295,000	2,340,900	2,387,718
Property Transfer Taxes	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
Property Transfer Tax-Measure P	9,363,238	4,747,414	3,000,000	3,060,000	3,121,200
Sales Taxes	16,576,384	15,786,200	16,101,924	16,423,962	16,752,442
Soda Tax	1,303,490	970,794	1,401,278	1,373,252	1,345,787
Utility Users Taxes	12,874,576	12,750,000	13,005,000	13,265,100	13,530,402
Transient Occupancy Taxes (TOT)	6,000,000	5,070,000	4,968,600	5,067,972	5,169,331
Short-term Rentals	1,281,390	676,260	662,735	675,989	689,509
Business License Taxes	20,923,080	12,984,192	13,243,876	13,508,753	13,778,928
Recreational Cannabis	1,299,831	1,300,000	1,326,000	1,352,520	1,379,570
Measure U1	5,644,971	2,700,000	2,754,000	2,809,080	2,865,262
Other Taxes	1,934,663	1,456,560	1,427,429	1,398,880	1,370,903
Vehicle in Lieu Taxes	13,356,044	12,421,597	12,670,029	12,923,429	13,181,898
Parking Fines-Regular Collections	3,747,153	5,049,000	4,948,020	4,849,060	4,752,078
Parking Fines-Booting Collections	8,685	--	90,000	100,000	102,000
Moving Violations	196,812	190,000	170,000	173,400	176,868
Ambulance Fees	4,482,762	5,103,208	4,200,000	4,200,000	4,200,000
Interest Income	6,387,463	2,800,000	2,600,000	2,500,000	2,500,000
Franchise Fees	1,844,101	1,551,696	1,520,662	1,490,249	1,460,444
Other Revenues	7,352,507	7,027,993	6,676,593	6,476,295	6,346,769
Indirect cost reimbursements	5,450,042	5,490,000	5,200,000	5,304,000	5,410,080
Transfers	5,385,915	4,106,408	4,188,536	4,272,306	4,357,752
<b>Total Undesignated Revenues</b>	<b>202,252,907</b>	<b>179,356,777</b>	<b>178,623,646</b>	<b>181,012,590</b>	<b>183,625,333</b>
<b><u>DESIGNATED REVENUES:</u></b>					
Property Transfer Tax for Cap.Improvement	9,064,668	3,928,465	3,000,000	3,060,000	3,121,200
<b>Total Undesignated Revenues</b>					
<b>Total Revenues and Transfers</b>	<b>\$211,317,575</b>	<b>\$183,285,242</b>	<b>\$181,623,646</b>	<b>\$184,072,590</b>	<b>\$186,746,533</b>

## Ad Valorem Property Taxes

**Tax Levies and Collections.** Property taxes accounted for approximately 34% of the City's general fund revenues for fiscal year 2018-19. The City has decreased its previously expected property tax revenue by approximately 6.5% in fiscal years 2019-20 and 2020-21 to account for anticipated additional uncollectable amounts due from property owners due to COVID-19. Considering the extended impact of the COVID-19 crisis on overall economic growth, and the expected slow pace of the subsequent recovery, the City has also lowered its forecasted increases in property tax revenue for fiscal year 2022-23 from 3.5% per year to 2.0%, calculated from the lowered expected fiscal year 2019-20 baseline.

Taxes are levied for each fiscal year on taxable real and personal property that is situated in the City as of the preceding January 1. A supplemental roll is developed when property changes hands, which produces additional revenue.

A ten percent penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for recording in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20 ("**Order N-61-20**"). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Said penalties, costs and interest shall be cancelled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector, and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response to COVID-19.

The County levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within that county's taxing boundaries.

See Table 1 of the forepart of this Official Statement for a table summarizing the historical and current assessed valuation of the taxable property in the City.

The City does not participate in the Teeter Plan. See Table 4 of the forepart of this Official Statement for a history of secured tax charges and delinquencies within the City during the past 10 years.

### **Other General Fund Revenues and Transfers**

In addition to property taxes, the City has several other major tax and fee revenue sources, as described below. The City currently expects all revenue sources to be negatively impacted by the impacts of COVID-19, though specific information regarding current projections is detailed below only with respect to sales and use taxes, utility users taxes and business license taxes.

**Sales and Use Tax.** The sales tax is an excise tax imposed on retailers for the privilege of selling or leasing tangible personal property. The use tax is an excise tax imposed for the storage, use, or other consumption of tangible personal property purchased from any retailer. The total sales tax rate within the City is currently 9.25%. The proceeds of sales and uses taxes imposed within the City are distributed by the State to various agencies, with the City receiving 1.0% of the amount collected.

Collection of the sales and use tax is administered by the California Department of Tax and Fee Administration (the “**CDTFA**”). This process was formerly administered by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017, which took effect July 1, 2017, restructured the State Board of Equalization and separated its functions among three separate entities: the State Board of Equalization, the CDTFA and the Office of Tax Appeals. The State Board of Equalization will continue to perform the duties assigned to it by the state Constitution, while all other duties will be transferred to the newly established CDTFA and the Office of Tax Appeals. CDTFA will handle most of the taxes and fees previously collected by the State Board of Equalization, including sales and use tax. According to the CDTFA, it distributes quarterly tax revenues to local jurisdictions (like the City) using the following method:

Using the prior year’s like quarterly tax allocation as a starting point, the CDTFA first eliminates nonrecurring transactions such as fund transfers, audit payments and refunds, and then adjusts for growth, in order to establish the estimated base amount. The CDTFA disburses 90% of the base amount to each local jurisdiction in three monthly installments (advances) prior to the final computation of the quarter’s actual receipts. Ten percent is withheld as a reserve against unexpected occurrences that can affect tax collections (such as earthquakes, fire or other natural disaster) or distributions of revenue such as unusually large refunds or negative fund transfers. The first and second advances each represent 30% of the 90% distribution, while the third advance represents the remaining 40%. One advance payment is made each month, and the quarterly reconciliation payment (clean-up) is distributed in conjunction with the first advance for the subsequent quarter. Statements showing total collections, administrative costs, prior advances and the current advance are provided with each quarterly clean-up payment.

The CDTFA receives an administrative fee based on the cost of services provided by the Board to the City in administering the City’s sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Total taxable sales in the City during fiscal year 2018-19 were reported to be \$1.814 billion, a slight increase over the total taxable sales of \$1.8 billion reported during fiscal year 2017-18. Due to the effects of COVID-19, the City currently projects that sales tax revenue will be down 15% in the current and next fiscal year, based on estimates of activity in the City’s business

categories, and due to closures affecting retail sales and the potential impact of a deferral program currently being considered by the CDTFA).

**CITY OF BERKELEY  
TAXABLE TRANSACTIONS  
(Figures in Thousands)**

	2014	2015	2016	2017	2018
Retail and Food Services:					
Apparel Stores	\$59,369	\$57,048	\$55,449	\$52,645	\$52,991
Gen. Merchandise Stores	12,292	15,165	15,610	17,178	20,782
Food Stores	123,572	133,916	145,462	150,894	149,662
Eating and Drinking Places	323,125	347,926	364,417	371,299	374,792
Home Furnishings and Appliances	74,682	74,514	71,927	72,358	69,746
Bldg. Materials, Farm Implements	90,104	98,958	100,899	107,333	109,052
Auto Dealers, Auto Supplies	126,527	125,716	115,808	117,513	119,883
Gas/Service Stations	94,630	83,285	75,720	84,041	93,694
Other Retail Stores	248,626	255,133	251,324	243,881	262,209
Total Retail and Food Services	1,152,938	1,191,661	1,196,618	1,217,142	1,252,813
All Other Outlets	394,169	413,156	431,614	364,736	361,292
<b>TOTAL ALL OUTLETS</b>	<b><u>\$1,547,107</u></b>	<b><u>\$1,604,817</u></b>	<b><u>\$1,628,232</u></b>	<b><u>\$1,581,878</u></b>	<b><u>1,614,105</u></b>

*Source: State Department of Tax and Fee Administration.*

Factors that have historically affected sales tax revenues include the overall economic growth of the Bay Area, competition from neighboring cities, the growth of specific industries within the City, the City's business attraction and retention efforts, and catalog and Internet sales.

**Utility Users Tax.** The City imposes a 7.5% tax on users of gas, electricity and telephone, as well as cellular telephone services for billing addresses within the City. The tax is not applicable to State, County, or City agencies, or to insurance companies and banks. Some of the factors affecting this revenue stream include consumer demand for these utilities, legislative and regulatory action, rate changes, and the evolution of technology. Approximately 70% of the utility users tax revenue is generated from utility usage by commercial and industrial customers, and the City is currently projecting a 50% decline in this category for the duration of fiscal year 2019-20, due to mandated closures of businesses due to COVID-19, which amounts to a 9% annualized reduction in overall utility users tax revenue.

**Business License Tax.** The City requires all businesses within the City to be licensed and imposes a business license tax on all business locations and a new license registration fee on applicants for a new license. The annual tax is generally determined based on the type of business and the business's gross receipts. The tax rate varies between \$0.60 per \$1,000 gross receipts for grocers, on the low end, and \$50.00 per \$1,000 gross receipts for adult cannabis sales on the high end. Most types of businesses are required to pay a minimum tax of at least \$51 per year. The overall revenue from this tax is dependent on the number of license renewals each year and the growth of businesses and industries within the City and the Bay Area more generally. During fiscal year 2018-19, business license taxes increased by 7.4% from fiscal year 2017-18, primarily due to a business license taxes on recreational cannabis, which was a new tax in fiscal year 2018-19.

The City is currently projecting a 9% reduction from previous estimates for fiscal year 2019-20. However, the City notes that mandated closures will significantly impact future revenues, and projects an additional 35% reduction for fiscal year 2020-21.

**Property Transfer Tax.** The City's transfer tax rate is 1.5% for properties with a consideration up to \$1.5 million and 2.5% for transferred properties with a consideration over \$1.5 million. The \$1.5 million threshold will be adjusted annually to capture approximately the top 33% of such transfers based on transfers that occurred in the 12 months preceding September 1 of the preceding year. However, the threshold cannot be reduced below \$1.5 million, meaning that the tax on properties transferred for \$1.5 million or less would remain at 1.5%, notwithstanding any adjustment. The tax is due when the transfer is recorded with the County. Title companies collect the tax as part of the sale closing process and remit the funds to the County when sales or transfers are finalized. The County remits the amounts due monthly, and the amounts are credited to the general fund. A buyer of residential housing built before 1989 may voluntarily choose to reserve up to one-third of the transfer tax to perform seismic upgrades. Buyers typically have up to one year to complete the work and file for a rebate. Previously the title companies held the reserved amount in escrow until the work was completed, but since May 2007, the City has held the money in escrow accounts, with the interest going to the City.

Prior to fiscal year 2017-18, it was the City Council's policy that property transfer tax in excess of \$10.5 million is treated as one-time revenue to be transferred to the Capital Improvement Fund for capital infrastructure needs; that amount was increased to \$12.5 million in fiscal year 2017-18.

For fiscal year 2018-19, property transfer tax revenue increased by 5.3% from fiscal year 2017-18, due primarily to an increase in the average property sales prices.

**Parking Fines.** The City issues and adjudicates citations and civil penalties for parking violations through its own administrative structure. It has a great degree of control over the administration of parking fines, although issuing agencies within the County try to standardize parking penalties to the extent possible. Revenue from parking fines is affected by the penalties imposed for violations, the number of employees issuing tickets, how many tickets employees are able to issue, and the number of working parking meters, among other factors. Currently, the City must remit an additional \$12.50 per citation to the State/County for State and County construction funds, Maddy emergency medical fund, and DNA identification fund.

**Vehicle in Lieu Fees.** Vehicle license fees ("VLF") imposed for the operation of vehicles on state highways are collected by the State Department of Motor Vehicles in lieu of personal property taxes on vehicles. In connection with the offset of the VLF, the State Legislature authorized appropriations from the State General Fund to "backfill" the offset so that local governments, which receive all of the vehicle license fee revenues, would not experience any loss of revenues. The legislation that established the VLF offset program also provided that if there were insufficient State General Fund moneys to fully "backfill" the VLF offset, the percentage offset would be reduced proportionately (i.e., the license fee payable by drivers would be increased) to assure that local governments would not be underfunded.

As part of the 2004 Budget Act negotiations, an agreement was made between the State and local government officials under which the VLF rate was permanently reduced from 2% to 0.65%. In order to protect local governments, the reduction in VLF revenue to cities and counties from this rate change was replaced by an increase in the amount of property tax they receive. Commencing in fiscal year 2004-05, local governments began to receive their full share of replacement property taxes, and those replacement property taxes now enjoy constitutional protection against certain transfers by the State because of the approval of Proposition 1A at the November 2004 election.

As a part of its fiscal year 2009-10 budget, California increased the vehicle license fee from 0.65% to 1.15% for registration fees due on or after the May 19, 2009 special election. This provision expired on July 1, 2011. On July 1, 2011, vehicle license fees returned to 0.65%, and the City is unaware of any current State legislative efforts likely to increase these in fees in the future.

For fiscal year 2018-19, VLF revenue totaled \$12,540,784, which is \$717,867 or 6.1% more than the \$11,822,917 received in fiscal year 2017-18 and is consistent with the 6.93% increase in assessed values for fiscal year 2018-19. The amount of \$12,540,784 received in fiscal year 2018-19 was \$159,656 more than the adopted budget amount of \$12,381,128.

**Other Revenues.** The City also collects additional general fund revenues from franchise fees, transient occupancy taxes, ambulance fees, a tax on sugar-sweetened beverages, and other more minor sources. Under the City's cable and electric and gas franchise fee arrangements, the local cable provider pays an annual franchise fee of 5% of gross revenues, and the electricity and gas providers pay the greater of 2% of gross receipts attributable to miles of line operated or 0.5% of gross receipts. The transient occupancy tax, also known as the hotel tax, is a 12% tax on the room charge for rental of transient lodging; it is paid by the hotel guest, the receipt of which is projected to be significantly reduced in fiscal year 2019-20 and future fiscal years due to restrictions on travel and events due to COVID-19. The City also has an agreement with the County to be the exclusive provider of all emergency ground ambulance services within the City; the specific ambulance fee depends on the type of service delivered and is billed to clients or their insurance companies. Finally, other more minor revenue sources include payments for moving violations, interest on existing funds, and other service fees.

## **General Fund Reserves**

On December 13, 2016, the City Council established a General Fund reserve policy (the "**Policy**"), to prepare for the impact of economic cycles and catastrophic events. The Reserve Policy was enacted to ensure that fluctuations in revenue do not impede the City's ability to meet expenditure obligations. When revenues fail to meet the City's operating requirements, or the need for disbursements exceeds receipts, General Fund reserves, upon a majority vote of the City Council, may be used in accordance with the standards set forth in the Policy. The Reserve Policy provides that the General Fund reserve shall be comprised of two elements: a Stability Reserve and a Catastrophic Reserve:

The Stability Reserve is maintained to mitigate loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period. The purpose of the Stability Reserve is to provide fiscal stability in response to unexpected downturns or revenue shortfalls, and not to serve as a funding source for new programs or projects. During fiscal year 2018-19, \$5,600,000 was contributed to the Stability Reserve, and the balance at June 30, 2019 was \$20,022,922.

The Catastrophic Reserve is maintained to sustain General Fund operations in the event of a natural disaster or other catastrophic event. The Catastrophic Reserve may be used to respond to extreme, one-time events, such as earthquakes, fires, floods, civil unrest, or terrorist attacks. The Catastrophic Reserve may not be accessed to meet operational shortfalls or to fund new programs or projects. During fiscal year 2018-19, \$4,580,000 was contributed to the Catastrophic Reserve, and the balance at June 30, 2019 was \$16,622,481.

The Reserve is accounted for in the Unassigned fund balance of the City's balance sheet.

**Target Reserve Levels.** Fifty-five percent of the Reserve is allocated to the Stability Reserve and 45% to the Catastrophic Reserve.

The short-term goal for the Reserve was a minimum of 13.8% of 2016-17 adopted General Fund revenues; the intermediate goal for the Reserve is a minimum of 16.7% of adopted General Fund revenues by the end of fiscal year 2019-20 (the "**Intermediate Goal**"); the long-term goal for the Reserve is a minimum of 20% of the adopted General Fund revenues, to be achieved within no more than 10 years of the adopted of the General Fund Reserve Policy ("**Long-Term Goal**"). Based on a risk assessment (according to best practices), to be updated at least every five years, the City Council may consider increasing or lowering the Reserve level. The City believes that it is on track to meet the Intermediate and Long-Term Goals as long as the revenue projections are achieved. As of June 30, 2019, the Stability Reserve balance was \$20.0 million and the Catastrophic Reserve balance was \$16.6 million.

**Replenishment of the General Fund Reserve.** The City Manager will recommend a replenishment schedule for all monies proposed for appropriation from the Reserve. The replenishment schedule will be adopted simultaneous with the appropriation to withdraw Reserve funds or, if infeasible due to emergency circumstances, no more than three months from the date of the withdrawal appropriation. Repayment shall begin no more than five years from the date of withdrawal and be completed within 10 years from the date of withdrawal.

While staff envisions that, in most cases, repayment will start as soon as possible, the repayment guidelines are meant to reflect a commitment to maintain a sufficient Reserve, while also recognizing that a use of Reserve amounts may occur during an economic downturn and it may be necessary to postpone repayment while the economy improves.

## **State Budget and its Impact on the City**

**Fiscal Year 2020-21 State Budget.** Information about the fiscal year 2020-21 State budget and other State budgets is available at [www.ebudget.ca.gov](http://www.ebudget.ca.gov). An impartial analysis of the budget is posted by the Legislative Analyst Office at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or Underwriter, and the City and Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

**Impacts of COVID-19.** The 2020-21 State budget was prepared prior to the COVID-19 outbreak, and the projections included therein did not account for any of the negative economic impacts to date associated with the outbreak, nor any potential impacts yet to be realized. The May revision to the Proposed 2020-21 Budget, and the final budget approved by the Legislature, could reflect significantly lower projections of State revenues and/or higher projections of State expenditures.

On March 24, 2020, the California Department of Finance (the "DOF") released Budget Letter 20-08 which states that the DOF anticipates a severe drop in economic activity in California as a result of the COVID-19 pandemic, which could negatively impact anticipated revenue levels in fiscal year 2019-20 and will certainly produce impacts on the 2020-21 Proposed State Budget.



On May 7, 2020, the DOF released a fiscal update, indicating that the State is facing a \$54 billion budget deficit. Job losses and business closures are predicted to sharply reduce State revenues. The State's three main general fund revenue sources, personal income taxes, sales and use taxes and corporate taxes, are projected to drop for the 2020-21 fiscal year by 22.5%, 27.2% and 22.7%, respectively. The revenue declines, combined with the increased costs of supporting health and human service programs, results in the \$54.3 billion deficit, of which \$13.4 billion occurs in the current fiscal year, and \$40.9 billion occurs in the 2020-21 budget year. The DOF notes that the overall deficit is equal to nearly 37% of State general fund spending authorized in the Budget Act for fiscal year 2019-20.

***Dissolution of Redevelopment Agencies.*** State legislation enacted as part of the 2011 Budget Act, and upheld by the California Supreme Court, resulted in the formal dissolution of redevelopment agencies, including the Berkeley Redevelopment Agency (the "**Former Redevelopment Agency**"), effective as of February 1, 2012. The impact on the City's General Fund of the dissolution of the Former Redevelopment Agency is minimal because the City is in the process of winding down its redevelopment program, and the funding the City received from the Former Redevelopment Agency prior to its dissolution only supported 1.5 full-time employees.

## **Retirement Programs**

***PERS Plan Description.*** The City contributes to three plans in California Public Employees' Retirement System ("**PERS**"). The first plan covers all of the City's full-time and part-time benefited sworn uniformed fire employees and all chiefs (and is referred to as the Safety Fire Plan in this Official Statement). The second covers all of the City's full-time and part-time benefited sworn uniformed police employees and all chiefs (and is referred to as the Safety Police Plan in this Official Statement). The third plan covers all remaining eligible City employees (and is referred to as the Miscellaneous Plan in this Official Statement). These plans are agent multiple-employer defined benefit pension plans administered by PERS, which acts as a common investment and administrative agent for participating public employers within the State of California.

***PERS Plan Eligibility.*** For a more detailed discussion of the eligibility requirements for the City's PERS retirement plans, see Note 12.A. of APPENDIX B to this Official Statement.

**PERS Plan Contributions.** The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration (the “**Board of Administration**”). The required employer contribution rates of annual covered payroll for Miscellaneous Plan, Safety Fire Plan and Safety Police Plan employees for fiscal years 2017-18 through 2020-21 are shown below:

<u>Miscellaneous Plan</u>		<u>Safety Fire Plan</u>		<u>Safety Police Plan</u>	
<u>Fiscal Year</u>	<u>Discount Rate</u>	<u>Fiscal Year</u>	<u>Discount Rate</u>	<u>Fiscal Year</u>	<u>Discount Rate</u>
2017-18	27.900%	2017-08	39.900%	2017-18	56.600%
2018-19	30.500	2018-19	44.000	2018-19	60.800
2019-20	30.414	2019-20	49.474	2019-20	64.729
2020-21	32.908	2020-21	53.303	2020-21	68.667

The contribution requirements of the plan members are established by State statute, and the employer contribution rates are established and may be amended by PERS.

**Implementation of GASB Nos. 68.** Commencing with fiscal year ended June 30, 2015, the City implemented the provisions of GASB Statement Nos. 68, which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the City to recognize its proportionate share of the unfunded pension obligation by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As a result of the implementation of GASB Statement Nos. 68, the City reflected a restatement of its beginning net position as of July 1, 2014.

For a more detailed discussion of the eligibility requirements for the City’s retirement plans, see Note 12.B. of APPENDIX B to this Official Statement for detailed information about the actuarial assumptions underlying the contributions.

The City's fiscal year 2015-16 through 2017-18 contributions to the pension plans and the funded status of the pension plans are set forth below.

Fiscal Year Ended	Total Pension Liability	Plan Fiduciary Net Position	Contributions Employer	Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Employee Payroll	Plan Net Pension Liability as a Percentage of Covered Employee Payroll
<b>PERS – Miscellaneous Plan</b>							
6/30/2016	\$902,228,876	\$641,339,412	\$20,032,929	\$260,889,464	71.08%	\$85,480,937	305.20%
6/30/2017	983,333,433	696,104,044	21,214,582	287,229,389	70.79	88,645,362	324.02
6/30/2018	1,016,396,249	735,828,894	20,393,310	280,567,355	72.40	94,371,740	297.30
<b>PERS – Public Safety Fire Plan</b>							
6/30/2016	\$246,704,540	\$176,593,232	\$5,967,197	\$70,111,308	71.58%	\$16,185,414	433.18%
6/30/2017	266,986,159	188,899,801	6,328,886	78,086,358	70.75	16,684,346	468.02
6/30/2018	272,593,862	196,923,511	6,983,081	75,670,351	72.24	17,219,137	439.45
<b>PERS – Public Safety Police Plan</b>							
6/30/2016	\$372,226,444	\$226,135,306	\$10,777,599	\$146,091,138	60.75%	\$22,289,585	655.42%
6/30/2017	404,585,170	244,812,138	11,858,699	159,773,032	60.51	22,933,002	696.69
6/30/2018	416,996,462	257,917,647	13,095,114	159,078,815	61.85	22,701,037	700.76

**Recent Actions by PERS.** At its April 17, 2013, meeting, the Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy that spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The new amortization and smoothing policy was used for the first time in the June 30, 2013, actuarial valuations in setting employer contribution rates for fiscal year 2015-16.

On February 18, 2014, the Board of Administration approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The Board of Administration also assumed earlier retirements for Police 3%@50, Fire 3%@55, and Miscellaneous 2.7%@55 and 3%@60, which will increase costs for those groups. As a result of these changes, rates will increase beginning in fiscal year 2016-17 (based on the June 30, 2014 valuation) with full impact in fiscal year 2020-21.

On November 18, 2015, the Board of Administration adopted a funding risk mitigation policy intended to incrementally lower its discount rate - its assumed rate of investment return - in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy establishes a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.5%, by at least four percentage points. PERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually

over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through PERS' web site at the following website address: <https://www.calpers.ca.gov/page/newsroom/calpers-news/2015/adopts-funding-risk-mitigation-policy>. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

On December 21, 2016, the Board of Administration voted to lower its discount rate from the current 7.5% to 7.0% over three years according to the following schedule.

<u>Fiscal Year</u>	<u>Discount Rate</u>
2018-19	7.375%
2019-20	7.250
2020-21	7.000

For public agencies like the City, the new discount rate took effect July 1, 2018. Lowering the discount rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Public Employees' Pension Reform Act will also see their contribution rates rise. The three-year reduction of the discount rate will result in average employer rate increases of about 1% to 3% of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2% to 5% increase for most safety plans. Additionally, many PERS employers will see a 30% to 40% increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the pension fund to a fully funded status over the long-term.

***Dollar Contribution Based on Projected PERS Rate Increases.*** The City's projected annual financial contributions as a result of the PERS rate changes for the next five years are shown in the table below, with dollar amounts shown in millions:

	<b>2019-20 Projected</b>	<b>2020-21 Projected</b>	<b>2021-2022 Projected</b>	<b>2022-2023 Projected</b>
Miscellaneous <sup>(1)</sup>	\$33.67	\$36.55	\$41.83	\$43.30
Police	16.27	17.6	18.58	19.16
Fire	8.78	9.46	9.55	9.90
Total	\$58.72	\$63.61	\$69.96	\$72.36

(1) Miscellaneous includes the 8% employee share paid by the City on behalf of the employees and negotiated employee contributions to the City's rate.

**Berkeley Police Retirement Income Benefit Plan.** Prior to December 22, 2012, the City maintained the Berkeley Police Retirement Income Benefit Plan (“**BPRIBP**”), a single-employer defined benefit income plan, for its police retirees and surviving spouses. Effective September 19, 2012, police retired on or after this date are no longer covered by BPRIBP. The City replaced this plan with the “Retiree Health Premium Assistance Coverage Plan.”

The City’s fiscal year 2018-19 contribution to the BPRIBP and the funded status of the BPRIBP is set forth below.

Fiscal Year Ended	Total Pension Liability	Plan Fiduciary Net Position	Contributions Employer	Plan Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll	Plan Net Pension Liability as a Percentage of Covered Employee Payroll
6/30/2019	\$73,643,792	\$5,556,948	\$1,854,528	\$68,086,844	7.55%	N/A	N/A

For a more detailed discussion of the BPRIBP, see Note 13.C. of APPENDIX B to this Official Statement.

**Peace Officers Research Association of California.** Effective December 23, 2012, the City established a new sick leave program called Peace Officers Research Association of California (“**PORAC**”). If a sworn member of the Berkeley Police department has an accrued sick leave balance on December 23, 2012 that exceeds 200 hours, one half of all those hours in excess of 200 shall be maintained in a separate account. The financial value of those hours shall be converted and deposited into the employee’s PORAC medical trust account over five successive years in equal installments commencing on January 1, 2013. The conversion was at the employee’s rate of pay on December 23, 2012. The City may accelerate the payment of hours to be converted. The remaining fifty percent of the sick leave balance in excess of 200 hours was credited into the employee’s separate “catastrophic/service time” bank no later than February 1, 2013, up to a maximum of 500 hours.

The City’s contribution to PORAC for the calendar year ending December 31, 2019 was \$327,753.

**Safety Members Pension Fund.** In addition, the City maintains the Safety Members Pension Fund (“**SMPF**”), a defined benefit plan for fire and police officers who retired prior to March 1973. In March 1973, all active fire and police officers were transferred from SMPF to PERS. The City pays the benefits to SMPF members on a pay-as-you-go basis, primarily through a Funding Agreement, purchased by the Berkeley Civic Improvement Corporation on behalf of the City in 1989. For the fiscal year ended June 30, 2019, the City’s contribution to SMPF was \$525,486.

The funded status of the SMPF as of June 30, 2019, the most recent actuarial date, is set forth below:

Actuarial Valuation Date	Plan Fiduciary Net Position	Total Pension Liability	Plan Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll	Plan Net Pension Liability as a Percentage of Covered Employee Payroll
6/30/2019	--	\$1,862,714	\$1,862,714	--%	N/A	N/A

For a more detailed discussion of the SMPF, see Note 12.B. of APPENDIX B of this Official Statement.

**COVID-19 Impacts:** Recent investment losses in the PERS portfolios as a result of the general market downturn caused by the COVID-19 outbreak may result in increases in the City's required contributions in future years. At this time, the City cannot predict the level of such increases, if any.

### Strategy to Reduce Unfunded Liabilities

The City has large pension and OPEB liability, and the cost escalation of these liabilities is unknown at this time. The City is not making full actuarially determined contributions towards its OPEB liability, and its currently unfunded liability exerts a strain on the City's operations. During fiscal year 2018-19, required pension and OPEB contributions total 15.9% of total governmental fund expenditures.

At its June 26, 2018 meeting, the City Council adopted a Resolution appointing the City Manager as plan administrator and authorizing the City Manager to take the necessary steps to negotiate and execute the documents to establish a Section 115 Trust Fund (the "Trust Fund") to use as a pension rate stabilizing fund.

The City Council authorized the establishment of the Trust Fund in order to prefund pension obligations. During fiscal year 2018-19, \$4 million was contributed to the Trust Fund from General Fund operations, and an additional \$1.1 million was contributed to the Trust Fund from the discount on prepayment of the required PERS unfunded liability payment for fiscal year 2018-19. As of June 30, 2019, the balance in the Trust Fund was \$9,191,801.

### Post-Employment Health Benefits

The City offers certain post-employment health benefits to retirees. There are three plans: (i) the City of Berkeley Fire Employees Retiree Health Plan ("**FRHF**"), (ii) the City of Berkeley Miscellaneous Employees Retiree Health Plan ("**RHPAP**") and (iii) the Police Retiree Premium Assistance Plan ("**PRPAP**").

The City has adopted Government Accounting Standards Board Statement 45 which requires governmental agencies to change their accounting for Other Post-Employment Benefits ("**OPEB**") from pay-as-you-go to an accrual basis.

See Note 13 of the City's Comprehensive Annual Financial Report attached to this Official Statement as APPENDIX B for information about the City's OPEB liabilities.

**City of Berkeley Fire Employees Retiree Health Plan.** The FRFH is a single-employer defined benefit medical plan. To be eligible for benefits, sworn Fire employees must retire from

the City on or after July 1, 1997, be vested in a PERS pension, and retire from the City on or after age 50. Benefits commence immediately upon retirement. Benefits are payable for the retiree's lifetime and continue for his or her covered spouse's/domestic partner's lifetime. The amount the City contributes toward the Fire Employees Retiree Health Plan is 4.5% per year regardless of the amount of increase in the underlying premium rate. The establishment and amendments of benefit provisions are negotiated between the employee bargaining units and the City Labor Negotiating Team and are approved by the City Manager and City Council. As of July 1, 2019, there were 128 active employees, 43 retirees deferred and 59 retirees receiving benefits.

The City's targeted funding policy is equal to the service cost for active employees plus an amount to amortize unfunded liabilities over 30 years (rolling 30-year amortization) as a level percentage of payroll. The City strives to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45.

For the FRFH, the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2018-19 and the three preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Contributed</b>	<b>Net OPEB Liability</b>
6/30/2016	\$853,748	98	\$12,362
6/30/2017	1,991,925	43	17,530,174
6/30/2018	2,163,028	34	17,251,382
6/30/2019	2,326,493	36	19,633,312

The funded status of the FRFH as of June 30, 2019, the date of the most recent actuarial report, is set forth below:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)-Unit Credit</b>	<b>Unfunded Actuarial Accrued Liability-UAAL</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as Percentage of covered Payroll</b>
7/1/2018	\$11,296,053	\$30,929,365	\$19,633,312	36.5%	\$15,667,851	125.31%

The actuarial value of the assets in the FRFH as of June 30, 2019 was equal to their market value.

**City of Berkeley Miscellaneous Employees Retiree Health Premium Assistance Plan.** The RHPAP is a single-employer defined benefit medical plan. It provides retiree health benefits to eligible retirees and his/her spouse or domestic partner. The establishment and amendments of benefit provisions are negotiated between the employee bargaining units and the City and are approved by the City Council.

Retirees who are at least age 50, with at least 8 years of service with the City at the time of separation from service are eligible to receive retiree health benefits commencing at age 55. Benefits are payable for the retiree's lifetime and continue for his or her covered spouse's/domestic partner's lifetime. The City pays the monthly cost of the monthly premiums up to a participant's applicable percentage of the base dollar amount and subject to annual 4.5%

increases regardless of the amount of increase in the underlying premium rate. As of June 30, 2019, there were 1,094 active employees.

The City's targeted funding policy is equal to the normal cost for active employees plus an amount to amortize unfunded liabilities over 30 years as a level percentage of payrolls. The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. Any changes to the contribution requirements of the plan are negotiated by the bargaining units and City negotiating staff and approved by the City Council.

For the RHPAP, the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2018-19 and the three preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2016	\$3,492,010	52.0	\$9,050,063
6/30/2017	4,610,828	72.7	37,900,578
6/30/2018	4,729,448	42.3	34,215,614
6/30/2019	5,051,655	43.3	37,219,746

The funded status of the RHPAP as of June 30, 2019, the most recent actuarial report, is set forth below:

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Accrued Liability-UAAL</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as Percentage of covered Payroll</b>
7/1/2018	\$65,605,879	\$28,386,133	\$37,219,746	43.3%	\$91,491,386 <sup>(1)</sup>	40.68%

(1) Estimated.

The actuarial value of the assets in the RHPAP as of June 30, 2019 was equal to their market value.

**Police Retiree Premium Assistance Plan.** Effective September 19, 2012, the City replaced the "Berkeley Police Retirement Income Benefit Plan" with the "Retiree Health Premium Assistance Coverage Plan" for any police employees hired on or after that date, as well as any current employees who retire on or after such date. Under the newly established retiree health premium assistance plan, benefits will be the paid by the City directly to the provider who is providing retiree health coverage to the retiree or his or her surviving spouse. The maximum amount will be equal in value to the City sponsored health plan.

In order to be eligible for the Retiree Health Premium Assistance Coverage Plan, a "Retiree" must meet all of the following criteria:

- (a) A person who is vested in the plan, and
- (b) Has reached the age of 50, and
- (c) Has retired from the City at age 50 or thereafter, and
- (d) Has applied for and is receiving a pension from at the time of retirement.



The maximum amount the City will contribute toward the payment of medical insurance premiums is based on the employee's years of service as a sworn member of the Berkeley Police Department at time of retirement. The retiree must have at least 10 years of service as a sworn member of the Berkeley Police Department to qualify for this benefit.

<u>Years of Service</u>	<u>City Percentage</u>
10 to 14	25%
15 to 19	50
20 or more	100

Beginning September 19, 2012, each month after the employee retires the City will pay the health care service provider an appropriate percentage based on years of service above an amount equal to \$1,200 per month for two-party coverage for the retiree and a qualifying spouse/domestic partner or \$600 per month for single party coverage. Upon death of either the retiree or the retiree's spouse, the City will only pay the appropriate percentage of the single party rate to the provider on behalf of the surviving retiree or spouse/domestic partner. If there is no spouse/domestic partner at the time of retirement, the City shall only pay the single party rate. The retiree and/or surviving spouse/domestic partner will be responsible for payment of the difference between the amount the City contributes toward payment of the premium and the actual premium cost. The funds for this difference will come from the retirees retirement account and the retiree must authorize such withdrawal of funds.

Beginning July 1, 2013 and effective each July 1 thereafter, the base rates the City contributes toward payment of the premium amount described in the preceding paragraph shall be increased by either the amount Kaiser increases the retiree medical premium for that year, or 6%, whichever is less. The retiree and/or surviving spouse/domestic partner shall pay the difference between the amount the City contributes toward payment of the premium and the actual premium cost. As of July 1, 2019, there were 152 active employees, 22 active retirees, and 6 retirees entitled to, but not yet receiving, benefits.

For the retiree health premium assistance plan, the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2018-19 and the three preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Contributed</b>	<b>Net OPEB Liability</b>
6/30/2016	\$5,779,291	8.0	\$16,449,480
6/30/2017	5,105,429	11.0	45,508,847
6/30/2018	4,929,429	6.0	41,652,588
6/30/2019	5,155,293	6.0	46,252,565

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on the assumptions and census data described in this report. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal

cost is zero. In determining the Annual Required Contribution, the Unfunded AAL is amortized as a level percentage of payroll over 30 years.

As of June 30, 2018, the most recent actuarial valuation date, the plan was 4.2% funded. The actuarial accrued liability for benefit was \$48.7 million, and the actuarial value of assets was \$2.5 million, resulting in an unfunded accrued liability of \$46.2 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$18.8 million. The fair value of the assets was determined using market values as of the date of the actuarial report. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Funded status of the plan as of June 30, 2018, the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Unit Credit	Unfunded Actuarial Accrued Liability- UAAL	Funded Ratio	Covered Payroll	UAAL as Percentage of covered Payroll
7/1/2018	\$2,450,155	\$48,702,720	\$46,252,565	5.0%	\$18,760,962	246.5%

### Defined Contribution Plans

The City offers certain supplemental retirement and income plans to retirees. See Appendix B, Note 12.D. for information about the City's defined contribution plans.

### Labor Relations

As of January 28, 2020, the City employed approximately 1,457 full-time equivalent budgeted employees. There are six employee unions as shown below. In addition, the City employs approximately 108 unrepresented employees that include Executive Management, Confidential professional or Confidential Office support positions. The City has not experienced any work stoppages or strikes by its employees.

#### CITY OF BERKELEY Labor Relations

<u>Labor Organization</u>	<u>Employees</u>	<u>Contract Expiration Date</u>
Berkeley Fire Fighters Association/I.A.F.F. Local 1227	128	06/27/2020
Berkeley Police Association	163	06/30/2020
I. B. E. W. Local 1245	10	06/27/2020
Service Employees International Local 1021 Maintenance and Clerical Chapters	438	06/27/2020
Service Employees International Local 1021 Community Services and Part-Time Recreation Leaders Association Chapters	446	06/27/2020
Public Employees Local 1	164	06/27/2020
Unrepresented Employees	108	N/A

(1) Terms of contract remain in effect after expiration until new contract becomes effective.  
Source: City of Berkeley.

## Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or restriction of assets, errors or omissions, injuries to employees, earthquakes, environmental risks, climate risks and sea-level rise because of its location and or acts of God.

The City is self-insured for liability claims below \$350,000. The City is a member of the Bay Cities Joint Powers Insurance Authority ("**BCJPIA**"). The BCJPIA consists of 20 municipal or public agency members, all located within the metropolitan San Francisco Bay Area. The BCJPIA provides general liability, auto liability, and errors and omissions coverage between \$350,000 and \$1,000,000. The California Affiliated Risk Management Authority ("**CARMA**") provides additional coverage to the BCJPIA and its member entities for claims in excess of \$1,000,000, up to \$29,000,000.

The City is self-insured for workers' compensation. Payments are made to the Workers' Compensation Self-Insurance Internal Service Fund by transfers from the City's general fund and other funds of the City on a pay-as-you-go basis.

The City requires pre-employment physical examinations for high risk, high hazard employees as well as annual examination for all uniformed officers. As part of its workers' compensation program, copies of all injured employee medical reports are monitored by a third-party agent to ensure that injured employees receive proper care.

## City Debt Structure

**Short-Term Debt.** The City has issued Tax and Revenue Anticipation Notes ("**TRANS**") in each recent year. The City's TRANS are a general obligation of the City, payable from the City's general fund and any other lawfully available moneys. The fiscal year 2019-20 TRANS have an outstanding principal amount of \$34,780,000 and mature on July 22, 2020.

**Outstanding General Fund Obligations.** The City currently has outstanding long-term General Fund debt and lease obligations described below. The City has never defaulted on the payment of principal of or interest on any of its indebtedness.

*Certificates of Participation.* In June 2010, The Bank of New York Mellon Trust Company, N.A., executed and delivered certificates of participation on behalf of the City in the aggregate principal amount of \$5,750,000 (the "**Certificates of Participation**"). The City's underlying rental obligation is a general obligation payable from any available funds of the City. The certificates bear interest at rates between 4.50%-5.75%, and the final maturity date is August 1, 2040. As of June 1, 2020, the principal balance outstanding was \$4,890,000.

On February 25, 2020, the Authority and the City each approved the issuance of Lease Revenue Bonds, Series 2020 (2010 Animal Shelter Financing) for the purpose of prepaying, in full, the outstanding Certificates of Participation, which are expected to be executed and delivered in summer of 2020.

*Lease Revenue Bonds.* In October 2012, the Berkeley Joint Powers Financing Authority (the "**Authority**") issued lease revenue bonds on behalf of the City in the aggregate principal amount of \$27,260,000 to refund the Authority's 1999 Lease Revenue Bonds and 2003 Certificates of Participation. The City's underlying rental obligation is a

general fund obligation of the City. The bonds bear interest at rates between 3.00%-5.00%, and the final maturity date is October 1, 2031. As of June 1, 2020, the principal balance outstanding was \$19,255,000.

## Employment

The unemployment rate in the Oakland-Hayward-Berkeley MD was 14.2% in April 2020, up from a revised 4.0% in March 2020, and above the year-ago estimate of 2.7%. This compares with an unadjusted unemployment rate of 16.1% for the State and 14.4% for the nation during the same period. The unemployment rate was 14.1% in the County, and 14.5% in Contra Costa County.

The table below list employment by industry group for Alameda and Contra Costa Counties for the years 2015 to 2019.

**OAKLAND- HAYWARD-BERKELEY MD  
(Alameda and Contra Costa Counties)  
Annual Averages Civilian Labor Force, Employment and Unemployment,  
Employment by Industry  
(March 2019 Benchmark)**

	2015	2016	2017	2018	2019
Civilian Labor Force <sup>(1)</sup>	1,363,500	1,384,900	1,397,800	1,403,300	1,406,100
Employment	1,297,300	1,324,400	1,345,500	1,359,400	1,364,200
Unemployment	66,200	60,400	52,300	43,900	41,900
Unemployment Rate	4.9%	4.4%	3.7%	3.1%	3.0%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>					
Agriculture	1,200	1,300	1,400	1,300	1,400
Mining and Logging	300	300	200	200	200
Construction	62,800	67,900	71,200	74,900	75,600
Manufacturing	88,100	91,000	95,500	100,400	99,600
Wholesale Trade	47,000	48,100	48,700	47,500	45,600
Retail Trade	111,800	113,400	114,400	114,400	112,100
Transportation, Warehousing, Utilities	37,500	39,200	40,500	41,900	42,900
Information	25,300	26,700	27,100	27,800	27,900
Finance and Insurance	37,400	38,800	38,700	37,200	37,100
Real Estate and Rental and Leasing	16,800	16,900	17,400	17,800	18,000
Professional and Business Services	177,200	180,900	184,300	189,300	191,900
Educational and Health Services	178,600	185,900	191,500	194,300	197,700
Leisure and Hospitality	106,600	111,700	114,900	117,700	120,100
Other Services	38,100	39,100	40,200	41,000	41,300
Federal Government	13,800	13,900	13,800	13,400	13,400
State Government	39,900	39,700	39,300	39,400	39,600
Local Government	115,600	119,800	121,500	121,800	122,100
Total, All Industries <sup>(3)</sup>	1,098,000	1,134,600	1,160,600	1,180,400	1,186,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

The following tables show the major employers in the City and the County.

**CITY OF BERKELEY  
Major Employers  
2019**

<b><u>Employer</u></b>	<b><u>Number of Employees</u></b>	<b><u>% of Total Employment</u></b>
University of California Berkeley	13,394	19.69%
Lawrence Berkeley National Laboratory	3,312	4.87
Sutter East Bay Media Foundation	2,242	3.30
City of Berkeley	1,568	2.31
Bayer Corporation	1,267	1.86
Berkeley Unified School District	1,225	1.80
Siemens Corporation	855	1.26
Kaiser Permanente Medical Group	831	1.22
Berkeley Bowl Produce	640	0.94
Whole Foods Market California Inc.	389	0.57

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*Source: City of Berkeley, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019.*

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**COUNTY OF ALAMEDA**  
**Major Employers (Listed Alphabetically)**  
**December 2019**

<b>Employer Name</b>	<b>Location</b>	<b>Industry</b>
Alameda County Sheriff's Ofc	Oakland	Government Offices-County
Alta Bates Summit Med Ctr Alta	Berkeley	Hospitals
Alta Bates Summit Med Ctr Lab	Oakland	Laboratories-Medical
BART	Oakland	Transportation
Bayer Health Care	Berkeley	Laboratories-Pharmaceutical (mfrs)
California State Univ East Bay	Hayward	Schools-Universities & Colleges Academic
East Bay MUD	Oakland	Water & Sewage Companies-Utility
Grifols Diagnostic Solutions	Emeryville	Pharmaceutical Research Laboratories
Highland Hospital	Oakland	Hospitals
Kaiser Permanente Oakland Med	Oakland	Hospitals
Lawrence Berkeley Lab	Berkeley	Laboratories-Research & Development
Lawrence Livermore Natl Lab	Livermore	University-College Dept/Facility/Office
Lifescan Inc	Fremont	Physicians & Surgeons Equip & Supls-Mfrs
Tesla	Fremont	Automobile Dealers-Electric Cars
Transportation Dept-California	Oakland	Government Offices-State
UCSF Benioff Children's Hosp	Oakland	Hospitals
University of CA Berkeley	Berkeley	Schools-Universities & Colleges Academic
Valley Care Health System	Livermore	Health Services
Washington Hospital Healthcare	Fremont	Hospitals
Western Digital Corp	Fremont	Computer Storage Devices (mfrs)

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.*

## Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City of Berkeley, the County of Alameda, the State and the United States for the period 2015 through 2019.

### CITY OF BERKELEY AND COUNTY OF ALAMEDA Effective Buying Income As of January 1, 2015, through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	Berkeley	\$3,909,548	\$52,592
	Alameda County	47,744,408	60,575
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	Berkeley	\$4,264,478	\$56,194
	Alameda County	52,448,661	64,030
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	Berkeley	\$4,618,113	\$59,958
	Alameda County	56,091,066	67,631
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Berkeley	\$5,070,468	\$66,382
	Alameda County	61,987,949	73,633
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Berkeley	\$5,517,451	\$72,412
	Alameda County	67,609,653	79,446
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.



## Construction Activity

Provided below are the building permits and valuations for the City of Berkeley for calendar years 2014 through 2018.

<b>CITY OF BERKELEY</b> <b>Total Building Permit Valuations</b> <b>(Valuations in Thousands)</b>					
	2014	2015	2016	2017	2018
<u>Permit Valuation</u>					
New Single-family	\$5,453.0	\$2,995.0	\$5,469.1	\$14,776.2	13,808.7
New Multi-family	23,757.6	53,876.1	9,835.5	47,723.2	24,506.9
Res. Alterations/Additions	<u>53,835.6</u>	<u>52,549.5</u>	<u>45,295.9</u>	<u>45,215.9</u>	<u>80,130.0</u>
Total Residential	82,946.2	109,420.6	60,600.5	107,715.3	118,445.6
New Commercial	31,152.1	20,246.9	32,109.7	24,576.3	18,732.1
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	12,156.5	7,770.1	3,315.8	3,636.5	3,236.6
Com. Alterations/Additions	<u>46,571.3</u>	<u>44,962.7</u>	<u>47,485.2</u>	<u>26,597.7</u>	<u>52,522.6</u>
Total Nonresidential	89,779.9	72,979.7	82,910.7	54,810.5	74,491.3
<u>New Dwelling Units</u>					
Single Family	15	6	20	43	63
Multiple Family	<u>249</u>	<u>459</u>	<u>69</u>	<u>402</u>	<u>129</u>
TOTAL	264	465	89	445	192

*Source: Construction Industry Research Board, Building*

**APPENDIX B**

**THE CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED JUNE 30, 2019**

# Comprehensive Annual Financial Report

FOR THE YEAR ENDED  
**JUNE 30, 2019**

A photograph of a park path in Berkeley, California. The path is paved and runs alongside a grassy area. A black metal fence separates the path from a garden bed. In the background, a large, historic building with a prominent steeple is visible. The sky is blue with some clouds. The image is framed by a large blue diagonal shape on the left and bottom right.

**City  
of Berkeley  
California**

# City of Berkeley California

COMPREHENSIVE ANNUAL FINANCIAL REPORT / FISCAL YEAR ENDED JUNE 30, 2019

PREPARED BY THE FINANCE DEPARTMENT

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# INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT / **CITY OF BERKELEY, CALIFORNIA**





Department of Finance  
Office of the Director

## MEMORANDUM

**DATE:** January 22, 2020  
**TO:** Honorable Mayor and Members of the City Council, City Manager, and Citizens of the City of Berkeley  
**FROM:** Henry Oyekanmi, Director of Finance  
**RE:** **Presentation of the Comprehensive Annual Financial Report**

---

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Berkeley (the City) for the fiscal year ended June 30, 2019.

The CAFR has been prepared by the Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). This CAFR consists of management's representations concerning the finances of the City of Berkeley and City management assumes full responsibility for the completeness, accuracy and reliability of all of the information presented in this report, including all disclosures. The report has been compiled in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

The City's management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and, to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed anticipated benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief, that this financial report is complete and reliable in all material respects.

An annual financial audit, performed by independent certified public accountants, is required by the City Charter. For FY 2019, the independent audit was conducted by Badawi & Associates, Certified Public Accountants. The goal of the audit was to provide reasonable assurance that the financial statements of the City of Berkeley for the fiscal year ended June 30, 2019 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors expressed an opinion that the City's financial statements for the fiscal year ended June 30, 2019 are fairly stated in conformity with generally accepted accounting principles in the United States.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditor's report.

## **THE REPORTING ENTITY**

This report combines the financial statements of the City and the Rent Stabilization Board (RSB) in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board (GASB). The Rent Stabilization Board is a discretely presented component unit because its governing body is not substantively the same as that of the City. It has a different governing body (nine-member Board of Commissioners), elected by the citizens of Berkeley, and City management does not have operational responsibility for the Rent Stabilization Board. In addition, it does not provide services entirely or almost entirely to the City. It is financially accountable in that it receives significant support services from the City, and it provides regulation of residential rents throughout the City.

## **PROFILE OF THE CITY**

The City of Berkeley is located in Alameda County on the east side of the San Francisco Bay approximately ten (10) miles east of San Francisco. The City encompasses a total area of approximately 19 square miles and has an estimated population of 123,328, giving it the highest population density of any City in the East Bay. The City is defined to a large degree, both culturally and economically, by the presence of the University of California campus located on the eastern side of the City.

The City of Berkeley is among the oldest cities in California. It was founded in 1864, incorporated as a town in 1878, and incorporated as a City in 1909. The original City Charter was adopted in 1895. At the geographic midpoint of the Greater Bay Area, Berkeley is 20 minutes from San Francisco and close to population centers in Contra Costa County and the Silicon Valley. The City is governed by a City Council composed of members elected from eight districts to serve four-year terms, and a Mayor who serves as the president of the City Council, elected citywide to a four-year term. The City's FY 2019 adopted budget included \$406,847,665 of expenditures and reserves, of which \$184,250,046 was allocated to the General Fund of the City and \$222,597,619 to all other funds. The City employs approximately 1,560 full-time equivalent employees.

The City provides a full range of services exceeding that of most similarly-sized cities in California. Services include public safety (police and fire); sanitation and sewer; leisure (parks, recreation and marina); health, housing and community services, including City funded health clinics and mental health services; animal control; public improvements; planning and zoning; general and administrative services; and library services. In addition, the City's reporting entity includes the financial activities of the Rent Stabilization Board.

The budget process is the vehicle through which the City establishes goals and objectives, and prioritizes the desired programs or services that the City should provide, and which can be financed by the City's projected revenue for the budget year. It is the vehicle through which policy decisions are made, effected, controlled and monitored. Under the City Charter, the City Manager is responsible for preparing and recommending an operating budget and a capital improvements budget for City Council consideration and adoption.

The City of Berkeley employs a two-year budget process. In year one of the biennial budget cycle, the City Council formally adopts authorized appropriations for the first year of the two-year budget and approves "planned" appropriations for the second fiscal year. In year two of the budget cycle, the City Council considers revisions and formally adopts authorized appropriations for the second fiscal year. Although the budget cycle covers a two-year period, the City Charter requires that the City Council adopt an annual appropriations ordinance for each budget year.

The City's Capital Budget is considered a part of the City's Five-Year Capital Improvement Plan. Upon adoption each year by Council, the projects included in the annual budget represent legal appropriations. Capital expenditures are not fully "consumed" in the year of expenditure but instead produce long-term, tangible, future benefits.

In addition to this budget planning process, the City maintains budgetary controls. The City's objective in maintaining budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is authorized to transfer budgeted amounts within funds as deemed necessary in order to meet the City's needs. However, revisions that alter the total budget or move amounts from one fund to another must be approved by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and Proprietary Funds are included in the annual appropriated budget.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Purchase orders, contracts, and other commitments for the expenditure of money are secured in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balance. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year's budget.

## **LOCAL ECONOMY**

During FY 2019, the City of Berkeley's financial position improved and the City continued to be financially strong. The City continues to benefit from participation in the Bay Area's diverse and stable economy. The City also continues to maintain a bond rating of AA+ from Standard and Poor's, and had its rating increased from Aa2 to Aa1 at Moody's. These are the two top national debt rating agencies. The rating increase is a great accomplishment and a testament to the financial stability of the City.

The City is home to the main campus of the University of California. With 43,204 students (Fall 2019) and approximately 13,394 employees, the University provides a high degree of economic stability for the City and has spurred growth in the high technology and biotechnology sectors. The Lawrence Berkeley Laboratory also has 3,312 employees, and the Sutter East Bay Hospitals has approximately 2,242 employees. Despite the large student population, the City has a mean household income of \$115,629, according to World Population Review.

During the fiscal year, the local economy grew consistent with regional trends. Berkeley's current economic base consists of approximately 13,100 licensed businesses operating in the City. These businesses include private manufacturing, technology research, retail and service businesses, educational services, healthcare and social assistance, cannabis clubs, consulting, arts and entertainment, hospitality services, along with several state, federal, and non-profit institutions. The City's revenue base generated approximately \$1.814 billion in taxable sales taxes during FY 2019, slightly more than the \$1.796 billion in FY 2018. In addition, the City's unemployment rate (as reported by the State of California Employment Development Department) declined from 3.4 percent in June 2018 to 3.1 percent in June 2019, compared to 3.2 percent for the County, 4.2 percent for the state and 4.0 percent for the U.S.

Growth in assessed valuation on secured property increased to \$18.6 billion (after exemptions and other deductions) in FY 2019 or 9.6 percent from \$17.4 billion in FY 2018, for a strong level of \$152,612 per capita. The tax base is diverse, with the top ten property taxpayers accounting for 4.62 percent of total assessed valuation.

## **COMMUNITY PLANNING-CITY WORK**

One of the major components of the City's efforts to develop an integrated budget process is the establishment of policy priorities by the City Council. One element of this process is an attempt through the biennial Budget and a strategic plan which tries to align City Council approved objectives with resources to make sure the highest priorities are met with the resources available to deliver desired results.

## **ADDRESSING LONG-TERM UNCERTAINTIES/ FINANCIAL POLICIES**

The City is currently in the first year of its adopted fiscal year 2020 and 2021 budget (the "**Fiscal Year 2020 and 2021 Adopted Budget**").

ThFY 2020 & FY 2021 Adopted Biennial General Fund Budget is a balanced budget for the two years. The City was facing a Biennial Budget in deficit position; however, the passage of Measure O1 and Measure P<sup>2</sup> helped to alleviate the pressure that was being placed on the General Fund and provides funding that supports some of the most vulnerable members of the community we serve.

The Marina Enterprise Fund – the mechanism for managing all Waterfront revenues and expenditures. The fund has annual revenues of approximately \$6.2 million and annual expenditures of approximately \$7.2 million, with an annual structural deficit in excess of \$1 million. The Fund is projected to exhaust all reserves within the next two years (by FY 2021) as can be seen in more detail in the Other Funds Section.

Controlling expenditures has been and will continue to be a necessity in managing the City's budget, and labor costs are a critical factor in that approach. Achieving a sustainable balance of both personnel and non-personnel expenditures against reasonable revenue projections will continue to require close attention, especially as we move into new labor negotiations. Over the next fiscal year, staff will work with Council, labor, and the community to address the ongoing structural deficits and bring projected expenditures in line with projected revenues. This may involve a combination of expenditure reductions, identification of new revenues, or realignment of current services or programs.

<sup>1</sup> \$135 million in general obligation bonds to create and preserve affordable housing for low-income households, working families, and individuals including teachers, seniors, veterans, the homeless, and persons with disabilities. [https://www.cityofberkeley.info/uploadedFiles/Clerk/Elections/Berkeley%20Bond%20Measure%20-%20All\\_Ballot%20Question%20and%20Full%20Text%20and%20Tax%20Rate%20Statement.pdf](https://www.cityofberkeley.info/uploadedFiles/Clerk/Elections/Berkeley%20Bond%20Measure%20-%20All_Ballot%20Question%20and%20Full%20Text%20and%20Tax%20Rate%20Statement.pdf)  
<sup>2</sup> Funding for general municipal purposes such as navigation centers, mental health support, rehousing and other services for the homeless, including homeless seniors and youth. [https://www.cityofberkeley.info/uploadedFiles/Clerk/Elections/Transfer%20Tax%20-%20All\\_Ballot%20Question%20and%20Full%20Text.pdf](https://www.cityofberkeley.info/uploadedFiles/Clerk/Elections/Transfer%20Tax%20-%20All_Ballot%20Question%20and%20Full%20Text.pdf)

A variety of assumptions and factors drive the forecast, such as labor costs, inflation, federal and state initiatives, and unforeseen events and emergencies. These assumptions impact revenue and expenditure projections and variations can cause unanticipated swings in budget balancing strategies.

The fiscal policies adopted by the Council include:

1. Focusing on the long-term fiscal health of the City by adopting a two-year budget and conducting multi-year planning;
2. Building a prudent reserve;
3. Developing long-term strategies to reduce unfunded liabilities;
4. Controlling labor costs while minimizing layoffs;
5. Allocating one-time revenue for one-time expenses;
6. Requiring enterprise and grant funds to be in balance and new programs to pay for themselves; and
7. Any new expenditure requires revenue or expenditure reductions.
8. Property Transfer Tax in excess of \$12.5 million dollars will be treated as one-time revenue to be allocated to the City's capital infrastructure needs.
9. As the General Fund subsidy to the Safety Members Pension Fund declines over the next several years, the amount of the annual decrease will be used to help fund the new Police Employee Retiree Health Plan.
10. Starting in FY 2019, revenues from the short term rentals as approved by the City Council states that any amounts in excess of the budgeted revenue amounts less the administration cost of implementing the program shall be appropriated from the short-term rental taxes collected pursuant to BMC Section 23 C.22.050, Section H, with primary allocation of the rental tax to the following purposes:
  - Two thirds (66.7%) allocated to the Affordable Housing Trust Fund.
  - One third (33.3%) allocated to the Civic Arts Grant Fund.

Revenue in excess of the FY 2018 adopted amount (\$800,000) will be allocated in accordance with the new fiscal policy.

#### Implementation of Policies to Build Prudent Reserves and Strategy to Reduce Unfunded Liabilities

On December 13, 2016, the City Council of the City of Berkeley established a General Fund Reserve ("Reserve") policy to prepare for the impact of economic cycles and catastrophic events. The policy was to ensure that fluctuations in revenue do not impede the City's ability to meet expenditure obligations. When revenues fail to meet the City's normal operating requirements, or the need for disbursements temporarily exceeds receipts, General Fund reserves, upon a majority vote of the City Council, may be used in accordance with the standards set forth herein. The Reserve shall be comprised of two elements: a Stability Reserve and a Catastrophic Reserve:

A Stability Reserve will be maintained to mitigate loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period. The purpose of the Stability Reserve is to provide fiscal stability in response to unexpected downturns or revenue shortfalls, and not to serve as a funding source for new programs or projects. During FY 2019, \$5,600,000 was contributed to the Fund, and the balance in this reserve fund at June 30, 2019 is \$20,022,922.

A Catastrophic Reserve will be maintained for the purpose of sustaining General Fund operations in the case of a public emergency such as a natural disaster or other catastrophic event. The Catastrophic Reserve will be used to respond to extreme, onetime events, such as earthquakes, fires, floods, civil unrest, and terrorist attacks. The Catastrophic Reserve will not be accessed to meet operational shortfalls or to fund new programs or projects. During FY 2019, \$4,580,000 was contributed to the Fund, and the balance in this reserve fund at June 30, 2019 is \$16,622,481.

In addition, at the June 26, 2018 Council meeting, the City Council adopted a Resolution appointing the City Manager as the Plan Administrator and authorizing the City Manager to take the necessary steps to negotiate and execute the documents to establish a Section 115 Trust Fund to use as a pension rate stabilizing fund.

Recent changes in rate smoothing strategies by CalPERS have increased volatility in employer contribution rates in pensions. Monies set aside in a Section 115 Trust can be used to ease budgetary pressures resulting from unanticipated spikes in employer contribution rates. For example, a CalPERS employer who has extra money after making their current CalPERS contribution might set aside some or all of the surplus to use in future years when the required contribution is less affordable. The City wants to take steps to better manage and reduce its pension and other post-employment benefit liabilities. These actions will represent best practices for financial management,

slowing the increases in the City's annual pension costs, and positioning the City to achieve retiree medical cost savings into the future.

The City Council authorized the establishment of an IRS Section 115 Trust Fund to help prefund pension obligations. During FY 2019, \$4 million was contributed to the Fund from General Fund operations, in addition approximately \$1.1 million was also added to the fund. The \$1.1 Million was realized from the discount on the prepayment of the required CalPERS unfunded liability payment for FY 2019. As of June 30, 2019 the balance in the Fund is \$9,191,801.

### **The Budget Reflects the City's Strategic Goals and Priorities**

The City's budget is a reflection of the City of Berkeley Strategic Plan, which identifies the long-term goals that the City government will achieve on behalf of the community, and the specific, short-term, two-year priority projects designed to advance those goals. The Plan serves as a guide for City staff to ensure that the priorities of the Mayor and City Council are met, all regulatory and financial obligations are fulfilled, and that the City continuously improves the services it provides for the community. The Plan helps employees throughout the organization to prioritize limited time and resources and to connect short-term, week-to-week work with longer-term goals for the city.

The City of Berkeley Strategic Plan reflects Berkeley's values and provides a strategic framework for the work that city employees accomplish. The specific priorities associated with each goal are updated every two years along with the City's biennial budget.

For a project or program to be included as a two-year priority in the Strategic Plan, it must:

- Help to advance one or more City Council priorities
- Be completed within the Plan's two-year cycle (or at least a clear phase of the work must be completed)
- Have adequate resources in the City's budget to get the work done
- Engage multiple City departments collaborating to advance a shared priority

### **LONG-TERM DEBT RATINGS**

Standard & Poor's Corporation assigned the General Obligation Bonds rating of AA+, upon their issuance. During the fiscal year, Moody's Investors Service raised the City's rating from Aa2 to Aa1. The City was able to maintain/increase these ratings in spite of all the challenges to the local economy and the City's budgets, due to a proven record of sound fiscal management by the Mayor, City Council, City Manager and City staff.

### **SPENDING LIMITATION**

Article XIII B of the California Constitution, also known as the GANN spending limit, restricts the amount of "proceeds of taxes" California governments may spend. As of June 30, 2019, the City was \$67.0 million or 25.5 percent under the total Article XIII B (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2019.

### **MAJOR COMMUNITY IMPACTS AND INITIATIVES**

#### **1. MAJOR CAPITAL –PROJECTS PUBLIC WORK**

##### **A. Measure T1 – Infrastructure and Facilities Improvements General Obligation Bonds**

In November 2016, Berkeley residents voted for and approved Ballot Measure T1, authorizing \$100,000,000 of general obligation bonds to meet the unfunded needs for repairs, renovation, replacement, or reconstruction of the City's aging infrastructure and facilities, including sidewalks, storm drains/watershed, streets, senior and recreation centers, parks, and other important City facilities and buildings.

With the approval of Measure T1, Department of Public Works (DPW) identified certain previously deferred projects to be funded by this series of bonds. DPW operates, maintains, and manages 56 facilities, including fire stations; senior centers; buildings dedicated to the delivery of health services; and facilities that support City government operations. DPW is also responsible for maintaining approximately 325 retaining walls, bridges, tunnels, culverts and other miscellaneous non-building structures within the public right of way; 254 miles of public sanitary sewer mains and 130 miles of public sewer laterals; 300 miles of concrete sidewalks; a storm drain system containing 78 miles of underground pipes, manholes, catch basins, and crossdrains; and 216 miles of City streets.

The City Council adopted a three phase implementation plan for the Measure T1 program. Currently, all projects initially adopted by City Council in June 2017 for Phase 1 of the T1 Bond Program have begun. Since



the bonds were sold in November of 2017, all of the projects slated for construction have gone through the planning and/or design phase and most have construction underway.

**B. Center Street Garage**

Construction of a new garage to replace the Center Street Garage was completed in November 2018. The new garage meets modern seismic codes and has increased parking capacity from 440 to 720 parking spaces. Additionally, there is secure valet and self-service parking for over 300 bikes, rooftop photoelectric panels for electricity generation, capacity to charge up to 57 electric vehicles, a rainwater capture system, an art display area, and café retail space on the ground floor. The final cost of the garage project was \$48,137,383, of which \$31.6 million was funded via Parking Revenue Bond, and the remaining \$14.5 from the City's Off-Street and On-Street Parking Funds.

**C. Measure M Streets & Watershed General Obligation Bond**

In November 2012, Berkeley voters approved Measure M, a \$30 million general obligation (GO) bond to significantly accelerate the implementation of the 5-Year Street Paving Plan and, when appropriate, install green infrastructure, as it is defined in the Watershed Management Plan (WMP).

Since program inception in 2014, citywide paving work has accelerated prior to bond passage, with the creation of a second annual "Measure M" paving project in addition to the annual paving project supported by baseline local funding. At the end of FY 2019, the program reached the 85% of completion mark, with a major green infrastructure "Woolsey" scheduled to complete the remainder of Measure M funding in FY 2020.

**D. Storm water & Streetlight Programs and Proposition 218 Update**

Stormwater

The City owns and operates storm drainage facilities consisting of approximately 93 miles of storm drain pipelines and associated manholes, inlets, and catch basins within the public right-of-way. All the creeks and storm drains in Berkeley eventually drain to the San Francisco Bay. The City's Clean Stormwater program reduces pollutants that enter the storm drain, and ensures that regulatory mandates for clean water are met. The Program also funds capital needs to reduce flooding and avoid structural failures. The City's 2011 Watershed Management Plan identified \$208 million of capital costs to help achieve these goals. Property owners currently pay clean stormwater fees that generate about \$2 million annually, which is insufficient to cover operating and maintenance costs.

Clean Stormwater Fee rates have not increased since the City's August 8, 1991 passage of Ordinance No. 6070-N.S. Current rates are insufficient to fund capital needs related to facility replacement or renewal, and to meet the City's Municipal Regional Permit clean stormwater requirements.

Streetlight

Of the 8,000 streetlights located in the City of Berkeley, 3,200 steel streetlight poles are owned by Pacific Gas & Electric and maintained by the City). By Resolution No. 51,230-N.S., the City established the Streetlight Assessment Fund on April 6, 1982 to maintain and service existing and future streetlights.

Funds collected from property owners at current rates have proven insufficient to pay for regular streetlight maintenance and repair, as well as replacement of City owned streetlights. The Streetlight Fund has consistently experienced annual funding deficits for streetlight operations, and required an annual subsidy from the General Fund in excess of \$500,000.

Proposition 218 Fee Passage

In order to meet these unfunded needs, the City conducted rate studies and balloting processes in compliance with Proposition 218 for both the Clean Stormwater Fee and Streetlight Assessment District rates. After a mailed public opinion survey, developing fee studies and analysis for both rates, and mailing ballots to all Berkeley property owners, both fee initiatives passed by balloted vote in May 2018. Estimated revenues for the new Clean Stormwater Fee is for an additional \$2,500,000 per year, beginning in FY 2019. Estimated revenues for the new Streetlight Assessment District fee is for an additional \$500,000 per year, beginning in FY 2019. In FY 2019, those new additional revenues were collected for the first time. Initial projects for streetlight and stormwater will have design completed and construction begin in FY 2020.

## 2. ECONOMIC DEVELOPMENT

Berkeley's economic development strategy seeks to build on existing strengths to accomplish goals that have been identified by the City Council and citizen planning processes:

### A. Revitalize Downtown Berkeley and strengthen its role in the local and regional economy:

Downtown Berkeley is a critical location within the local and regional economy as a center for transit-oriented jobs, housing, arts and entertainment, cultural activities, dining, and other commerce and social activities. Over the past several years, the area has benefited from tens of millions of dollars of public and private investment in housing, commercial development, and infrastructure. There are a number of infrastructure upgrades and development projects in the Downtown which are either underway or recently completed. These projects represent over a quarter of a billion dollars in private development and public improvements. Two publicly funded projects opened to great fanfare in October of 2018: the Downtown BART Plaza and the Center Street Parking Garage, both of which include public art and cultural programming. In 2019, construction began on the Shattuck Avenue traffic reconfiguration project, and the 335-room Pyramid hotel project at the corner of Center Street and Shattuck Avenue.

One of Downtown Berkeley's primary strengths is the success of its growing Arts District in attracting a regional nighttime clientele and the emergence of the Downtown as a residential neighborhood. The Arts District is anchored by the Berkeley Repertory Theatre, which attracts an annual audience of 200,000 and employs more than 500 artists, artisans and administrators. The Peet's Theater stage (at Berkeley Rep) has been completely refurbished with an advanced sound system and lighting technologies to make it more attractive to theatergoers. Other theaters in the area include the 180-seat Aurora Theatre and the 440-seat Freight and Salvage, a traditional music performance venue. In January of 2016, the Diller Scofidio + Renfro designed Berkeley Art Museum/Pacific Film Archive opened at the corner of Oxford and Center Street. The museum has become a transformative cultural anchor, the largest single investment to date in Downtown Berkeley's arts cluster. A major addition to the district was the adaptive reuse of the U.C. Theater; the former cinema reopened in 2016 as a state of the art concert hall featuring a sound system engineered by the local (and globally acclaimed) Meyer Sound and capacity for 1,400 in concert attendance. 2017 saw the establishment of Cornerstone, a 10,000 square foot music venue and restaurant, and Draw, an upscale billiard club with a cocktail bar and restaurant. In 2018 and 2019, the popular Arts District adjacent restaurant, Comal, expanded its footprint offering lunch and sidewalk seating at "Comal Next Door", and the new Cube Gallery space in the ground floor of the Center Street parking garage hosted a series of rotating art installations.

Downtown Berkeley is also an attractive location for urban living. Several multi-unit housing projects have recently been entitled or begun construction, including the 12-story apartments at 1951 Shattuck Avenue with 156 units, the Logan Park Apartments at 2352 Shattuck Avenue (204 units), the 2067 University Avenue project with 99 units, the Aquatic Shattuck at 2628 Shattuck Avenue with 78 units and 2,000 square feet of retail. Each of these projects are anticipated to lease up quickly, with strong demand driven by regional economic growth as well as the increasing student population at UC Berkeley. As of September 2019, there are 2,458 additional housing units (in 36 distinct projects) in the development pipeline (currently under construction, or seeking approval of building permits or land use permits). This represents an 8% increase from the number of units that were entitled or under construction as of December 2018 (2,268).

UC Berkeley has also been active in Downtown area development, opening a new student center in late 2015, and opening an office/education building on Berkeley Way. The 320,000 square foot Berkeley Way West project adjacent to the Energy Biosciences Building is now housing the Graduate School of Education, the School of Public Health, and the Department of Psychology. The project includes more than 7,000 square feet of retail space on the ground floor, and classrooms, offices, open workstations, on the seven floors above. The Legends Aquatic Center on Bancroft Way was completed in late 2016, and a 783 bed-dorm project (Blackwell Residence Hall) at Bancroft and Dana (Stiles Hall) was completed and occupied by students in August of 2018. UC is currently undertaking planning work on a new student transfer center at 1990 Oxford Street, and a housing project at 2556 Haste Street.

Downtown Berkeley continues to be a popular location for startups and University spinout businesses. The \$1.8 billion dollar pipeline of research investment<sup>1</sup> at the University of California Berkeley and Lawrence Berkeley National Laboratory is a catalyst for entrepreneurship and the Downtown, within close walking distance of campus, is a logical launch pad for these new businesses, as is West Berkeley, where many research and development (R&D) facilities are located, in close proximity to the Aquatic Park campus of the Berkeley

<sup>1</sup> See: UC Berkeley Sponsored Projects Annual Report, Lawrence Berkeley National Laboratory Annual Fiscal Report, Office of the Chief Financial Officer, 2018.



Lab. The City has supported these technology and life sciences industry startups through the Berkeley Startup Cluster, a partnership between the City, University, Lab, Berkeley Chamber and Downtown Berkeley Association. Currently, the City maintains a list of over 350 active Berkeley startups.

Berkeley benefits from a very high concentration of incubators and co-working spaces that facilitate new business starts. The Berkeley SkyDeck startup accelerator, located in the penthouse suite of 2150 Shattuck Avenue, currently houses 129 start-up companies. Since the program was launched in 2012 as a public-private partnership, it has graduated 325 companies, many of which are making tangible contributions to the local and regional economy. Other incubators include the CITRIS Foundry, two QB3s (the East Bay Innovation Center in West Berkeley and the Garage on UC Berkeley's campus), the Energy Biosciences Institute Entrepreneurial Business Incubator, or EBI2, on UC Berkeley's campus), and the Berkeley Lab's entrepreneurial fellowship program, Cyclotron Road, which also offers office and lab space to aspiring founders. Berkeley's co-working spaces include six in Downtown Berkeley (WeWork, The Office: Berkeley, Regus, Sandbox Suites, NextSpace powered by Pacific Workplaces, and CoWorking with Wisdom which operates within Dharma College) and one with lab space and work benches for R&D companies in West Berkeley: Bonneville Labs. UC Berkeley is also pursuing a plan to convert the former UC Berkeley Art Museum (Woo Hon Fai Hall) into the QB3 Bioengenuity hub for life sciences research and commercialization, which will have over 40,000 square feet dedicated to a wet lab space on the eastern edge of Downtown Berkeley. It is anticipated that demand for co-working spaces, wet labs, and other high quality office space near Downtown Berkeley will continue in the future, based on recent feedback from individual founders, accelerator leaders, and real estate brokers serving Berkeley's innovation sector.

The Berkeley Startup Cluster also works to brand Berkeley as a place of innovation and entrepreneurship. The initiative's website ([www.berkeleystartupcluster.com](http://www.berkeleystartupcluster.com)) provides a range of resources that are helpful to budding technology businesses. Berkeley's annual Visionary Awards ceremony recognizes successful Berkeley business leaders who have demonstrated "innovation with a conscience". And the recently-launched *Discovered in Berkeley* business marketing campaign features "Deep Tech" businesses, among other Berkeley innovative and compassionate businesses, through a website ([www.discoveredinberkeley.com](http://www.discoveredinberkeley.com)), social media posts (on Twitter, Instagram and NextDoor), and a media partnership with Berkeleyside.

- B. Strengthen neighborhood commercial districts such as Solano, Elmwood, Telegraph, Adeline, Fourth Street, San Pablo, North Shattuck and University Avenue:** The City seeks to encourage shopping opportunities close to residential neighborhoods, which reduces the need to drive for short trips. Efforts are underway to support expansion of district-based niche marketing campaigns that recognize local strengths and "district identity." In 2018, staff continued its marketing initiatives in several districts including the Adeline and Sacramento corridors, in Downtown and on Telegraph Avenue. The *Discovered in Berkeley* local marketing campaign also features unique local-serving storefront businesses and the business districts in which they reside, by highlighting Berkeley businesses that fall into the categories of "Food Forward", "The Upcycle", and "Dare to Share."

The City facilitates five business improvement districts (BIDs) in the Downtown, Telegraph, Elmwood, North Shattuck, and Solano commercial districts that generate funds through a self-assessment to help promote and maintain their districts. There is also a Tourism BID which is funded by the self-assessment of Berkeley's hotels and motels and directly supports Visit Berkeley, the City's Convention and Visitor's Bureau. Over the past year, the City has provided technical assistance to each of the BIDs, with particular focus on bolstering the Berkeley Business District Network (BBDN), increasing the frequency of meetings to allow for improved communication and sharing across district networks.

In FY 2019, the Office of Economic Development (OED) launched a new economic development initiatives to better support small, independently-owned businesses. These include: improving OED's outreach & communications with small businesses, increasing support for businesses navigating the permitting process, modifying the zoning ordinance to support small local businesses, piloting new small business assistance and retention programs, and increasing marketing, technical assistance, and networking opportunities for locally-owned retail and services businesses. OED will continue its support of these and other initiatives in FY 2020 and beyond.

- C. Support creation of employment opportunities for local residents:** Berkeley's annual average unemployment rate in FY 2019 was 2.8%, up from 2.3% the previous year. In comparison, Alameda County's average unemployment rate in 2019 was 3.1%, while California's was 4.2%. The unemployment rate continues to be steady, along with a very slight increase in the overall participation in the labor force. Berkeley's economy has a greater number of jobs than employed residents: in late 2018, there were 68,011 jobs located in Berkeley and

62,055 employed residents. Berkeley's jobs to employed residents ratio is calculated at approximately 1.09. (Source: CA Employment Development Department, Monthly Labor Force Data; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Q4 2018, and U.S. Census 5-year ACS Estimate). This high proportion is due in part to the fact that UC faculty have a strong propensity to live in Berkeley, as well as the fact that students who live in Berkeley often have part-time jobs close to where they live. As a result, many people who live elsewhere in the Bay Area commute to Berkeley work sites. In order to reduce impacts on the environment from commuting as well as provide jobs to unemployed local residents, the City attempts to increase the number of people who both live and work in Berkeley. The City's First Source employment program requires certain new and expanding businesses to consider Berkeley residents first in their hiring.

Approximately 29% of the jobs in Berkeley are in the public sector, including those employed by UC Berkeley, Lawrence Berkeley Laboratory, Berkeley Unified School District, Berkeley City College (Peralta College) and the City of Berkeley. Berkeley's largest private sector employers include Sutter Bay Hospitals, Medical Foundation, and Health Support Services (including the Alta Bates and Herrick campuses), Bayer Corporation (pharmaceuticals manufacturing), Kaiser Permanente, the grocery retailer Berkeley Bowl, and Siemens Corporation. About 90% (4,969) of Berkeley's 5,500 employers have fewer than 20 employees (Source: EDD, 2018 Q4). Berkeley's strong employment sectors include food services, biomedical/biopharmaceutical, computer systems design services, printing and publishing, environmental consulting services, and arts and entertainment. The sectors that showed the greatest job growth in Berkeley as of late 2018 include construction, health care/social assistance and professional and business services.

- D. Increase technology transfer from UC Berkeley and Lawrence Berkeley National Laboratory and encourage startups in Downtown and West Berkeley:** In FY 2019, federal, state and private sources have provided nearly 1.8 billion dollars in new funding for research at UC Berkeley and Lawrence Berkeley National Laboratory in areas that are national priorities such as biofuels, energy conservation, advanced telecommunications, and biomedical engineering. Berkeley is working closely with tech transfer staff of both UC Berkeley and the Berkeley Lab to retain local startups that are commercializing new technology as well as attract national companies to set up research centers in Berkeley. This collaboration is productive; the companies benefit from the City's entrepreneurial climate and from interaction with UC faculty and graduate students. For this and other reasons—including the overall quality of life in Berkeley, access to a highly educated workforce, the central and accessible location within the Bay Area, and access to investment opportunities—many early-stage founders want to locate their businesses in Berkeley. As companies get established and grow, however, they often seek larger spaces than are available. The Berkeley Startup Cluster is attempting to address these real estate shortages by increasing founders' awareness of their options for securing suitable office space in Berkeley. This also includes encouraging property owners to upgrade their existing buildings to create more high-quality office space in Berkeley, and working with property owners and community partners to explore the entitlement of a new office tower in Downtown Berkeley.

Additionally, through *Berkeley-Emerlyville BIO*, the City's Office of Economic Development actively works with the City of Emeryville's Economic Development Office to support the cluster of life science and biotech companies concentrated in the two cities. The efforts have paid off: Berkeley is experiencing substantial development of new programs and buildings that support the local bioscience industry. In addition to the QB3 Garage and EBI<sup>2</sup> incubators on UC Berkeley's campus (as well as the planned QB3 Bakar BioEnginuity hub, at Woo Hon Fai Hall, 2625 Durant Avenue), West Berkeley is becoming a second nexus of biotech innovation. The result of a unique public-private sector partnership between UC Berkeley, UCSF, Lawrence Berkeley National Laboratory, Wareham Development, and the cities of Berkeley and Emeryville, the QB3 East Bay Innovation Center (EBIC) offers top-quality wet-laboratories, along with office space for support functions, a common lunch and break area, and a formal conference room. Nearby, the nearby Bonnevill Labs offers co-working facilities for life sciences entrepreneurs and others who require lab space for R&D. Both see continuous demand for their facilities and rarely have space available.

Significantly, Berkeley is now experiencing substantial development of new buildings that will further support the local bioscience industry. Current projects in the pipeline include Wareham Development's entitlement of a 60,000 square foot research and development and medical office facility at 1050 Parker Street, and the pending entitlement of the 8.67 acre "Berkeley Innovation and Technology Park" which is currently under contract and in the pre-application phase for a large life science development at 600 Addison Street.

- E. Generate location-based economic data to monitor and analyze local business trends and help fill commercial vacancies:** Economic Development staff updates its inventory of ground floor space in the City's commercial districts twice per year, and tracks commercial vacancy rates closely. This effort has proven valuable as an

analytic tool, and staff has been able to generate reports that outline and assess sectoral and sub-sectoral trends within specific commercial neighborhoods. In addition, staff produces semiannual reports (the Berkeley Economic Dashboard and Commercial District Dashboards) and is routinely publishing the information online in an accessible format (see: <https://www.cityofberkeley.info/oed/reports/>) for clients and researchers to use. The dashboard reports outline the state of real estate and business development and commercial vacancy in Berkeley. For example, the most recent dashboard report (published March 2019) shows that citywide, there are 32 multi-unit (5+ units) housing projects totaling 2,268 net new housing units that are entitled for development or under construction. An additional 28 multi-unit projects totaling 1,183 units are proposed and seeking entitlement. By comparison, about 1,100 units in multi-unit projects were completed from 2005 to 2015 in the city. The majority of these development projects are clustered along University Avenue, San Pablo Avenue, and in the Downtown and Telegraph districts.

- F. Market Berkeley's visitor appeal and support Berkeley's Hotel/Motel Industry:** The City provides annual support to Visit Berkeley (the Berkeley Convention and Visitors' Bureau) for its comprehensive marketing efforts aimed at promoting local tourism and hospitality services. Visit Berkeley also promotes Berkeley to the national and international film and television industry, through website advertising, and working with location scouts to coordinate film and photography permits. In FY 2017, the City Council authorized a ten year extension of the "Tourism Business Improvement District (BID)" that assesses all of the City's hotel and motel properties for the purposes of promoting increased tourism to Berkeley. This BID has effectively doubled the budget of Visit Berkeley and has had a very positive impact on the local visitor and tourism industry. Hotel revenues has risen consistently year over year since the Tourism BID's establishment in late 2012.

In August of 2018, construction began on the largest hotel project in Berkeley to date: a 16-story, 335 room hotel constructed by the Pyramid Hotel group at 2129 Shattuck Ave (at the corner of Center Street). The project is slated to open in 2021. When completed, the hotel will generate an estimated \$2.7 million per year in tax revenue to the city's general fund over its initial eight years. After year eight, this figure will substantially increase because of the expiration of a rebate designed to assist project feasibility.

- G. Buld on Berkeley's strength as a regional hub of arts and culture:** More than 150 arts and cultural organizations comprise an arts community that collectively is among the largest employment sectors in Berkeley. The arts provide some 6,000 jobs, reach an annual audience of 2.6 million people, have a combined budget of approximately \$98 million, and generate nearly \$165 million of economic impact (including direct and indirect expenditures). Arts, culture, and entertainment help drive the City's local economy. The City provides substantial support to the Berkeley Art Center and also annual arts grants to non-profit arts groups, individual artists and festivals through a competitive selection process. The City also provides funds for public art commissions based on a percent for art program that is tied to City building and infrastructure spending.<sup>1</sup>

In 2017 the City launched its Public Art in Private Development program. This program requires developers of multi-unit housing projects and commercial projects greater than 10,000 square feet to include on-site, publicly accessible art projects with a value equal of at least 1.75% of total construction costs. Alternatively, projects can contribute an in-lieu fee at a discounted rate of 0.8% of total construction costs. The City expects this program to generate ongoing and significant new resources for the arts and strengthen the community's arts and cultural fabric.

Reent major investments in the art are focused on the Downtown Berkeley BART Plaza, currently showcasing contemporary sound pieces<sup>2</sup> and outdoor performances; a rotating sculpture installation; and ongoing arts and cultural event programming. The \$7.6 million transportation improvement project, funded by a grant from the Metropolitan Transportation Commission, is bolstered by an additional \$400,000 of investment in infrastructure and programming for the arts in FY2019. Investments in the arts at the most prominent public plaza by the City and its partners will continue annually.

In addition, in FY2019 the City completed and adopted a comprehensive update to its Arts & Culture Plan. The Arts & Culture Plan, funded by a grant from the William & Flora Hewlett Foundation, and the UC Berkeley Chancellor's Community Partnership Fund, provides a forward thinking blueprint for maintaining and expanding the arts programs and cultural institutions that have established Berkeley as a regional center for the arts, culture and entertainment.

<sup>1</sup> City of Berkeley, Economic Impact Report of the Arts in Berkeley, MIG, September 2017.

<sup>2</sup> Sam Whiting, San Francisco Chronicle, Strange Sounds Mix with Street Noise at Berkeley BART Art Installation, October 25, 2018.

### 3. CLIMATE ACTION PLAN

The Berkeley Climate Action Plan (CAP) was adopted by City Council on June 2, 2009 as a roadmap to reduce community-wide greenhouse gas emissions (GHG). The CAP goal is to reduce GHG emissions by 33% below 2000 levels by 2020 and 80% by 2050. New strategies and resources are required to accelerate the rate of GHG reductions and to reach the increasingly ambitious goals recently proposed by the Mayor and City Council including:

- Achieving net zero carbon emissions (carbon neutrality) by 2045
- Becoming a Fossil Fuel Free City
- Reaching 100% renewable electricity citywide by 2035

In FY 2019, the City advanced implementation of the Climate Action Plan in several important ways, including:

#### **A. Tracking our Progress on Climate Action Plan Metrics and Goals:**

The City monitors and reports a range of metrics designed to illustrate the status of progress toward meeting the City's Climate Action Plan and greenhouse gas emissions reduction goals. The most recent data (2016) show that community-wide greenhouse gas (GHG) emissions, including emissions from transportation, building energy use, and solid waste disposal, are approximately 15% below year 2000 baseline levels despite a population increase of approximately 18%. Transportation accounts for 60% of emissions; another 37% comes from building energy use.

#### **B. Building Energy Saving Ordinance (BESO):**

Berkeley's Building Energy Saving Ordinance (BESO) became effective December 1, 2015 as Berkeley Municipal Code 19.81. BESO requires Berkeley building owners to complete energy efficiency opportunity assessments and publicly report a building's energy efficiency information. It provides individualized and comparative energy data to building owners and potential buyers so that they can make smart energy-based decisions and energy upgrades to their buildings. The assessments are conducted by registered energy assessors who provide tailored recommendations on how to save energy and link building owners to incentive programs for energy efficiency upgrades. Residential homeowners are required to comply with BESO at the time of sale and owners of large multifamily and commercial buildings are required to comply on a phased-in schedule, and report their energy usage on an annual basis. An online application and payment system is currently being developed to improve the implementation process. In addition, an evaluation of BESO will be completed by early 2020 which will include recommendations for improvements.

#### **C. Electric Vehicles:**

The City continues its efforts to encourage electric vehicles (EVs) by removing barriers for EV adoption, increasing EV infrastructure, and providing technical assistance and streamlined permitting for residential and commercial EV charging stations. In our region, an EV produces approximately 70% less greenhouse gas emissions than a conventional vehicle and is a key means of reducing the 60% of emissions associated with transportation in Berkeley. Use of EVs in Berkeley continues to grow. As of October 2018 there were approximately 2,630 electric vehicles registered to Berkeley residents, nearly 4% of all registered cars in Berkeley. The City of Berkeley owns a total of 34 Level 2 charging ports across 5 locations for public charging. Berkeley's first Electric Mobility Roadmap, currently under development, is identifying ways of creating equitable access to clean, fossil fuel-free transportation. The Electric Mobility Roadmap will be completed by early 2020 and list strategies to achieve the goals of ensuring social equity in transitions to electric mobility, improving and complementing alternatives to driving, achieving zero net carbon emissions from private vehicles, and city leadership to green its fleet.

#### **D. East Bay Community Energy:**

East Bay Community Energy (EBCE), our locally governed electricity supplier, is now serving commercial and residential customers in Berkeley and throughout Alameda County. EBCE offers a pivotal opportunity to reduce GHGs via equitable access to clean electricity. EBCE purchases electricity from clean, renewable sources such as solar and wind on behalf of Alameda County residents and business.

EBCE began serving businesses and institutional organizations in June 2018. Residential service began November 2018 and solar customers transitioned in 2019. All customers are automatically enrolled in EBCE's Bright Choice standard electricity service which is less expensive than PG&E. Customers also have the choice to opt up to either Brilliant 100 or Renewable, or can continue to purchase electricity directly from PG&E by opting out of EBCE. On April 24, 2018, Berkeley City Council voted to opt-up its municipal accounts to



EBCE's 100% carbon-free electricity service – *Brilliant 100* – reducing municipal GHG emissions from energy use by more than 50%.

**E. Clean Energy Microgrid:**

In FY 2018, Berkeley completed a feasibility analysis to design a clean energy microgrid. The project was funded by a \$1.5 million grant from the California Energy Commission. The two year grant was used to conduct a feasibility analysis for a microgrid that could be used to provide clean emergency back-up power for key Berkeley buildings in case of a major loss of power. The analysis found that a fully-connected microgrid is not a financially viable option at this time. Instead, the City is working with East Bay Community Energy (EBCE) to analyze solar + storage options for its critical facilities.

**F. Berkeley Climate Action Coalition:**

The Berkeley Climate Action Coalition (BCAC) continued to engage Berkeley and East Bay residents via educational events, community outreach and advocacy, while steadily growing its membership. Activities included an electrification expo, a drive electric event, an electric vehicle convening and outreach to seniors about East Bay Community Energy.

**G. Berkeley Pathways to Clean Energy:**

Combustion of natural gas within Berkeley buildings accounted for 27% of total GHG emissions in 2016 and 73% of building sector GHG emissions. As the electrical supply becomes cleaner, it is critical to transition Berkeley's energy needs away from fossil fuels, like gasoline and natural gas, to clean electricity instead. As a built-out city, concentrating on electrifying the existing building stock in Berkeley is critical.

In July of 2019, the City launched the "Pathways to Clean Energy Buildings Report: Existing Building Program Evaluation and Recommendation." The consulting team of Rincon, Rocky Mountain Institute and the Ecology Center was selected to lead this project. This project will identify and analyze policy alternatives and develop long-range strategy with short-term measures to transition to 100% clean energy in existing buildings within Berkeley. The project will be completed in 2020 and will identify policy and program options to transition Berkeley's existing building stock to efficient, clean energy buildings and ensure equitable access to opportunities. Along with the Building Electrification Initiative assistance, the project will provide the City with strategic opportunities for bold advancements for electrification in existing buildings to reduce the GHG emissions currently associated with their operations.

**H. Electrification of New Construction:**

In Berkeley, new infill development, particularly near transit, is an effective climate action strategy and is occurring. As a result, ensuring that new buildings in Berkeley are energy efficient, utilize renewable power, and minimize or avoid the use of natural gas, is vital to meeting climate goals. By passing a Natural Gas Prohibition and amending the City's Municipal Code (Title 12), Berkeley was the first in the nation to ban natural gas infrastructure in new buildings. This means that instead of furnaces, gas-fired water heaters, gas stoves, and gas clothes dryers, as of January 1, 2020, new buildings must now be built with ultra-efficient electric heat pump technology, induction stoves, and electric clothes dryers.

In addition to adopting the first Natural Gas Prohibition for newly constructed buildings applying for a land use permit, Berkeley will also consider adopting electrification-supportive elements to the 2019 State Building Codes, specifically the 2019 Energy Code and 2019 CALGreen (California Green Building Code). The Berkeley City Council will consider a reach code for new construction that would exceed requirements of the Energy Code in November 2019, which if passed, would go into effect January 1, 2020. The proposed reach code will include pathways for either all-electric construction or mixed-fuel construction that exceeds the efficiency requirements of the Energy Code. The proposed reach code would apply to all types of buildings, residential and nonresidential. Reach codes, and all other building code requirements, are enforced during the building permit process.

#### **4. OTHER INFORMATION:**

##### **INDEPENDENT AUDIT**

The City's Charter requires an annual audit of the City's records. These records, represented in the basic financial statements included in the CAFR have been audited by the public accounting firm, Badawi & Associates, CPAs.

##### **AWARDS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. In order to receive this prestigious award of the Certificate of Achievement, the City must publish and submit such report to the GFOA for their evaluation. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to fulfill the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's award for Distinguished Budget Presentation for the biennium (two-year period) beginning July 1, 2018 and staff plans to pursue that award for the current budget.

##### **ACKNOWLEDGEMENTS**

The preparation of this report could not be accomplished without the efforts of the following individuals: Alyssa Loo, Sandy Barger and the entire Accounting Division of the Finance Department, as well as the City's Budget Manager, Teresa Berkeley-Simmons, the accounting firm of Badawi & Associates, CPA, and the continued support of sound financial management by the City Manager, Dee Williams-Ridley, Mayor Jesse Arreguin and the City Council.

Due to the efforts of the entire City staff, the City's accounting and financial reporting systems continue to improve, as well as the quality of the information being reported to our citizens, the City Council, Department heads and Managers, Bond-holders, Federal, State and County agencies, and to other users of the City's financial reports.

Respectfully submitted,



Henry Oyekanmi  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Berkeley  
California**

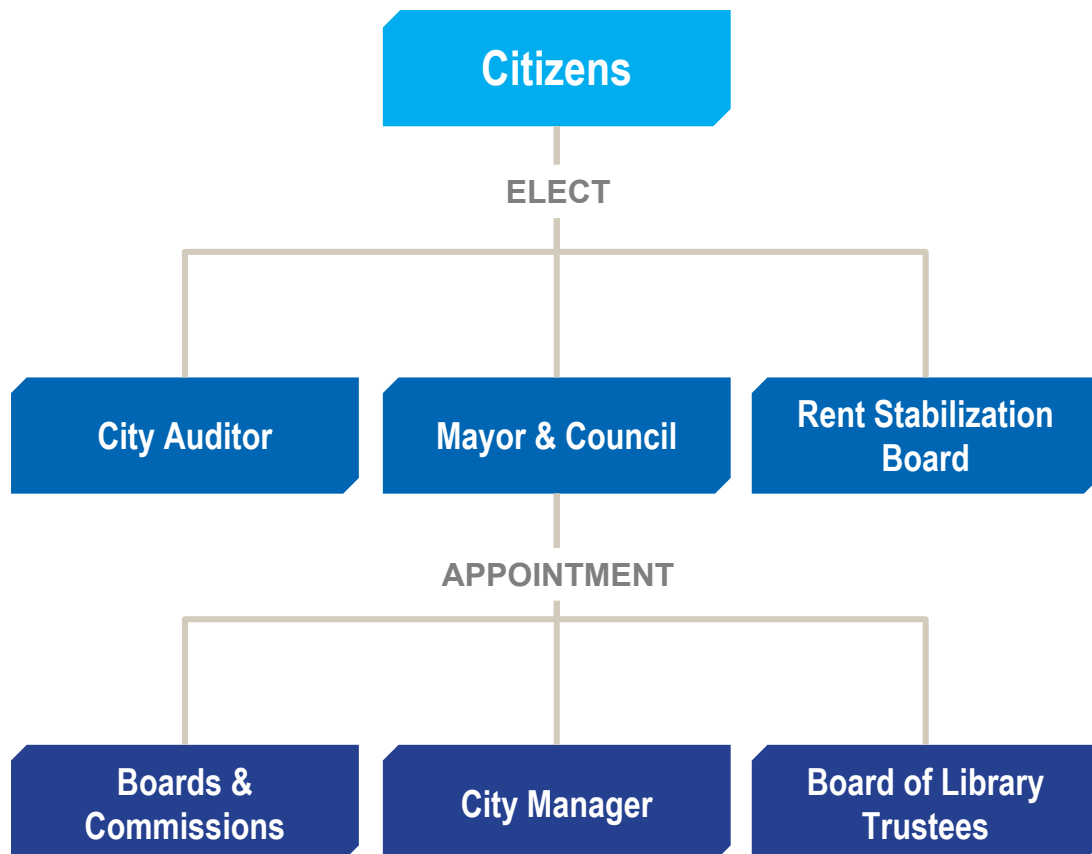
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF BERKELEY GOVERNMENT STRUCTURE 2019





# **CITY OF BERKELEY**

## **FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

### **ELECTED OFFICIALS**

#### **Mayor**

Jesse Arreguin

#### **Councilmembers**

Rashi Kesarwani (District 1)

Cheryl Davila (District 2)

Ben Bartlett (District 3)

Kate Harrison (District 4)

Sophie Hahn (District 5)

Susan Wengraf (District 6)

Rigel Robinson (District 7)

Lori Droste (District 8)

#### **City Auditor**

Jenny Wong

### **APPOINTED OFFICIALS**

#### **City Manager**

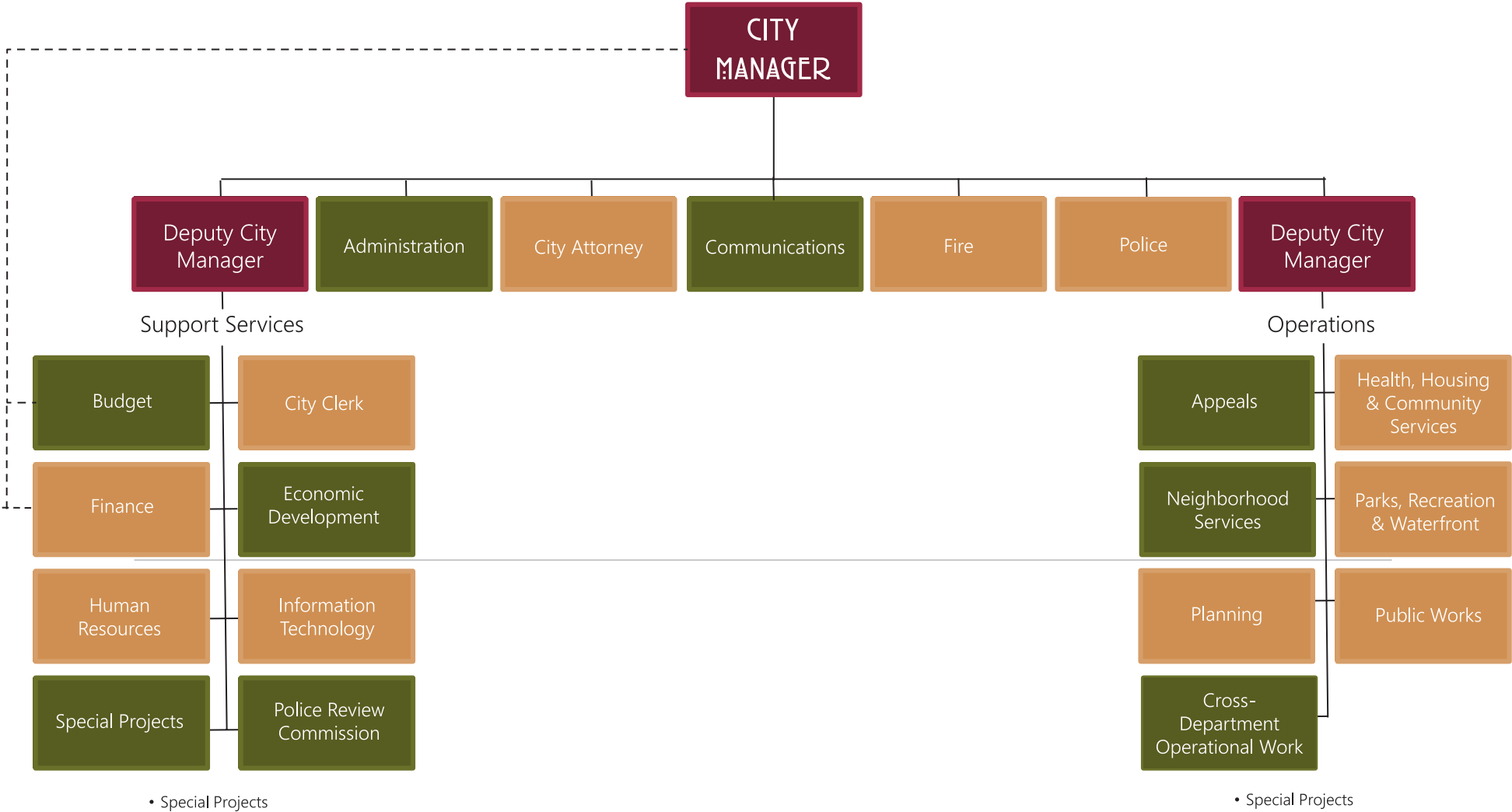
Dee Williams-Ridley

#### **Deputy City Managers**

Paul Buddenhagen

David White

CITY OF BERKELEY ORGANIZATION CHART

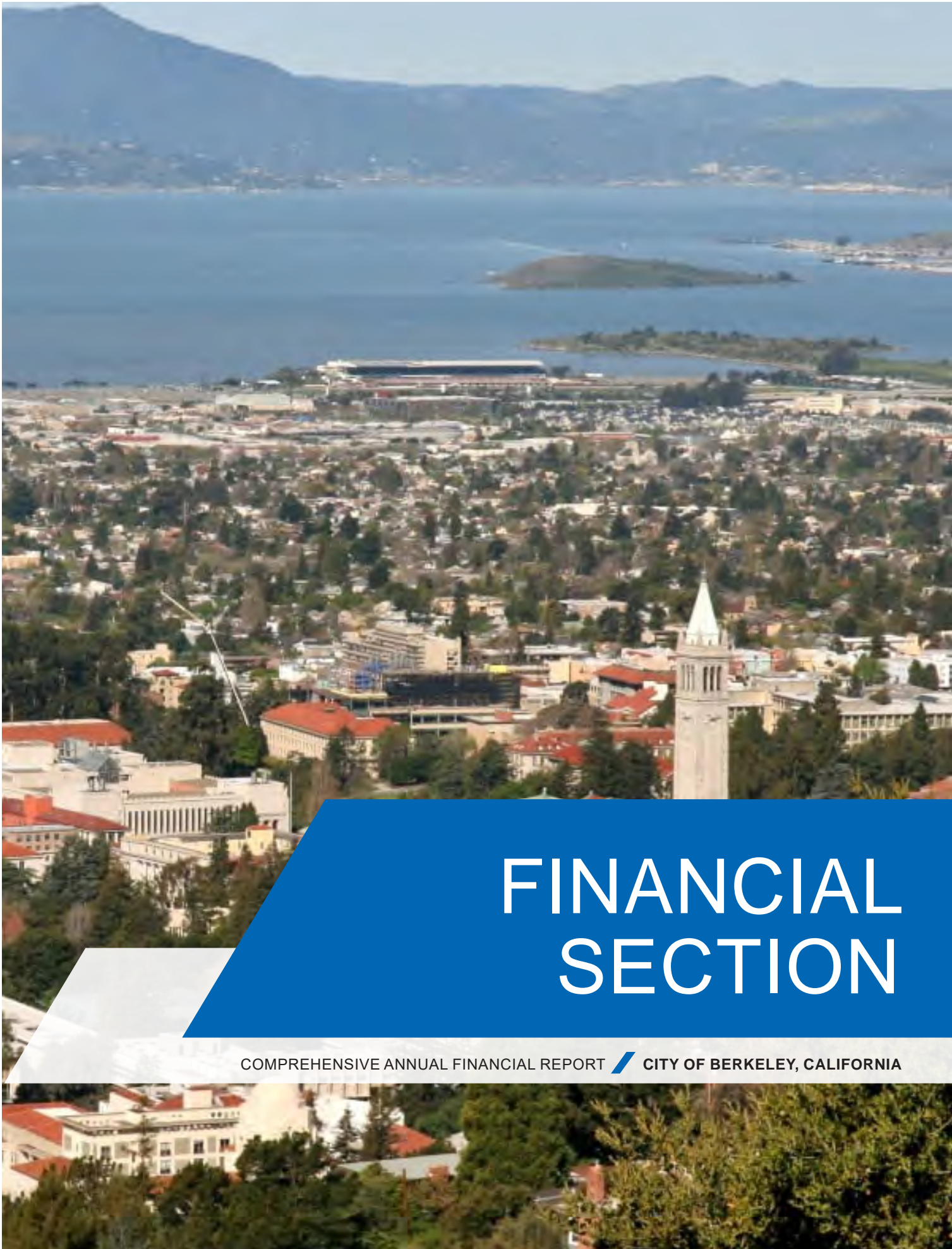




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# FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council  
of the City of Berkeley  
Berkeley, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Berkeley, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-23, budgetary comparison information 120-122, and pension information on pages 123-129, and other post-employment benefit plan information on pages 130-134 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

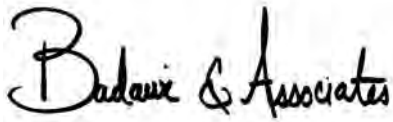
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 136-316, statistical section, and continuing annual disclosure are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules on 136-316 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections, and continuing annual disclosure have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and Members of City Council  
of the City of Berkeley  
Berkeley, California  
Page Three

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates  
Certified Public Accountants  
Berkeley, California  
January 22, 2020





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# Management's Discussion and Analysis

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Berkeley (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages v-xix of this report. Comparative data on the government-wide financial statements is only presented in Management's Discussion and Analysis.

## FINANCIAL HIGHLIGHTS

### Government-wide

- On June 30, 2019, City assets and deferred outflows exceeded liabilities and deferred inflows by \$ 73.7 million (net position). Included in this amount was a balance of (\$430.1) million in unrestricted net position. Unrestricted net position is net position that may be used to meet the City's ongoing obligations to citizens and creditors. The negative unrestricted net position is primarily due to the recognition of pension and OPEB liabilities.
- City total net position increased \$30.0 million during the fiscal year. Governmental activities net position increased \$20.4 million compared to prior year's increase of \$2.8 million. Business-type activities net position increased \$9.6 million compared to prior year's increase of \$16.4 million (Pages 9-15).
- Net pension liability decreased by \$6.6 million or 1.3 % during FY 2019 to \$503.8 million from \$510.4 million for governmental activities while net pension liability also decreased by \$1.7 million or 2.3% to \$74.7 million from \$76.4 million for business-type activities.
- During FY 2019, net OPEB liability increased by \$9.1 million or 10.6% to \$94.6 million from \$85.5 million for governmental activities while net OPEB liability increased by \$0.8 million or 11.0% to \$8.2 million from \$7.4 million for business-type activities.

### Fund based

- At the close of fiscal year 2019, governmental funds reported combined ending fund balance of \$337.3 million, an increase of \$36.6 million, primarily due to (1) an increase of \$9.4 million in General Fund revenues and transfers in over expenditures and transfers out; (2) an increase of \$5.3 million in Capital Improvement Fund revenues and transfers in over expenditures and transfers out; and an increase of \$21.6 million in Other Governmental Funds revenues and transfers in over expenditures and transfers out. The ending fund balance is identified as: \$176.5 million restricted (52.3 percent), \$57.1 million assigned (16.9 percent), \$46.7 million unassigned (13.9 percent), \$56.5 million committed (16.7 percent), and \$.8 million nonspendable (.2 percent) (Page 15).
- At the close of fiscal year 2019, fund balance for the General Fund was \$93.2 million consisting primarily of \$46.9 million in unassigned funds and 42.7 million in assigned funds (Page 16).
- At the close of fiscal year 2019, General Fund revenues, including transfers in and proceeds from sale of assets, were \$206.9 million. Total revenues and transfers were \$15.8 million higher than the prior fiscal year's revenues and transfers of \$191.1 million (Pages 16-17).
- At the close of fiscal year 2019, General Fund expenditures, including transfers out, were \$197.5 million. Total expenditures were \$26.6 million higher than the prior fiscal year's expenditures of \$170.9 million (Page 17).

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

### Government-wide financial statements

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

The statement of net position presents information on all of the City's assets and deferred outflows, and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid (e.g., earned but unused vacation leave or uncollected taxes).

Government-wide financial statements distinguish City governmental activities that are principally supported by taxes and intergovernmental revenues from other business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the City include general government, public safety, transportation, community development, and culture and leisure. Business-type activities of the City include water, wastewater, golf course, transportation, solid waste management, and theatres operations. The government-wide financial statements can be found on pages 28-31 of this report.

### **Fund financial statements**

Fund financial statements are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized by their type (special revenue, debt service, and capital projects funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Grants, Library, and Capital Improvements funds, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements shown on pages 161-299.

The City adopts a biennial appropriated budget for its General Fund and major funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget on pages 145-147.

The basic governmental funds financial statements can be found on pages 34-37 of this report.

**Proprietary funds** are generally used to account for services for which the City charges outside customers or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of zero waste, marina operations, sanitary sewer, clean storm water, permit service center, off-street parking, parking meter, and building purchases and management.
- **Internal service funds** are used to report activities that provide internal services for the City. The City uses internal service funds to account for its equipment maintenance replacement, building maintenance, central services, computer replacement, workers' compensation, sick leave and vacation payout, public liability, catastrophic loss, and IT cost allocation plan. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements found on pages 284-287.

The basic proprietary funds financial statements can be found on pages 40-45 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the City's own programs.

The basic fiduciary funds financial statements can be found on pages 48-49 of this report.

### **Notes to basic financial statements**

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 51-141 of this report.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information (RSI) concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. RSI can be found on pages 143-159 of this report.

Combining statements for non-major governmental funds, internal service funds, and agency funds are presented immediately following the RSI. Combining financial statements and schedules can be found on pages 161-299 of this report.

Statistical tables regarding: fiscal trends, revenue capacity, debt capacity, demographic and economic information, and operating information can be found on pages 302-330 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Position**

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. City assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$73.7 million at the close of fiscal year 2019 as summarized below:

#### **Statement of Net Position June 30, 2019 and 2018**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2018</b>
<b>Assets:</b>						
Current and other assets	\$ 451,376,493	\$ 408,424,448	\$ 96,162,974	\$ 81,923,149	\$ 547,539,467	\$ 490,347,597
Capital assets	235,991,054	239,918,713	233,575,042	233,010,312	469,566,096	472,929,025
Total assets	687,367,547	648,343,161	329,738,016	314,933,461	1,017,105,563	963,276,622
<b>Deferred outflows of resources:</b>						
Deferred outflows of resources related to pensions	65,947,518	96,988,058	9,738,647	16,430,333	75,686,165	113,418,391
Deferred outflows of resources related to other postemployment benefits	7,388,010	674,435	636,588	127,588	8,024,598	802,023
Total deferred outflows of resources	73,335,527	97,662,493	10,375,235	16,557,921	83,710,762	114,220,414
<b>Liabilities:</b>						
Current and other liabilities	62,854,903	64,147,190	15,228,168	13,011,233	78,083,071	77,158,423
Long-term liabilities	173,121,212	177,561,771	61,098,119	63,195,265	234,219,331	240,757,036
Net pension liability	503,786,521	510,382,237	74,661,726	76,395,288	578,448,247	586,777,525
Net OPEB liability	94,564,996	85,466,354	8,188,430	7,374,008	102,753,426	92,840,362
Total liabilities	834,327,632	837,557,552	159,176,443	159,975,794	993,504,075	997,533,346
<b>Deferred inflows of resources:</b>						
Deferred inflows of resources related to pensions	12,609,180	16,950,926	2,493,229	2,755,903	15,102,409	19,706,829
Deferred inflows of resources related to other postemployment benefits	15,991,124	13,018,982	1,673,606	1,560,848	17,664,730	14,579,830
Deferred gain on refunding	827,584	919,538	-	-	827,584	919,538
Total deferred inflows of resources	29,427,888	30,889,446	4,166,835	4,316,751	33,594,723	35,206,197
<b>Net position:</b>						
Net investment in capital assets	148,963,344	163,655,234	178,421,303	171,499,174	327,384,647	335,154,408
Restricted	176,438,217	216,576,571	-	-	176,438,217	216,576,571
Unrestricted	(428,454,006)	(502,673,152)	(1,651,330)	(4,300,338)	(430,105,336)	(506,973,490)
Total net position	\$ (103,052,445)	\$ (122,441,347)	\$ 176,769,973	\$ 167,198,836	\$ 73,717,528	\$ 44,757,489

## Statement of Activities

The statement of activities shows how the City's net position changed during fiscal year 2019. The City's net position increased overall by \$30.0 million during the fiscal year. These increases are explained in the governmental and business-type activities on the following pages. Provided below is a summary of changes in net position.

### Statement of Activities Year Ended June 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 26,272,630	\$ 26,559,422	\$ 117,388,243	\$ 109,816,582	\$ 143,660,873	\$ 136,376,004
Operating grants and contributions	27,032,700	25,099,244	-	-	27,032,700	25,099,244
Capital grants and contributions	3,363,352	4,806,465	-	535,569	3,363,352	5,342,034
General revenues:						
Property taxes, levied for general purposes	100,258,772	92,655,664	-	-	100,258,772	92,655,664
Property taxes, levied for debt services	10,173,201	9,334,683	-	-	10,173,201	9,334,683
Property taxes for special purposes:						
Library	19,697,647	19,086,897	-	-	19,697,647	19,086,897
Parks	13,386,448	12,960,911	-	-	13,386,448	12,960,911
Paramedic	3,050,159	2,964,822	-	-	3,050,159	2,964,822
Fire	5,044,450	4,889,292	-	-	5,044,450	4,889,292
Sales taxes	20,652,090	18,857,882	-	-	20,652,090	18,857,882
Utility user taxes	13,898,172	14,688,225	-	-	13,898,172	14,688,225
Transient occupancy taxes	9,855,058	8,754,269	-	-	9,855,058	8,754,269
Business license tax	27,740,995	25,805,130	-	-	27,740,995	25,805,130
Other taxes	25,008,813	22,144,726	-	-	25,008,813	22,144,726
Other unrestricted state subventions	387,181	390,434	-	-	387,181	390,434
Contributions not restricted to specific program	462,614	265,286	-	-	462,614	265,286
Investment earnings	10,060,124	3,282,904	2,392,270	280,816	12,452,394	3,563,720
Insurance Claims Reimbursement	17,927,255	923,844	-	-	17,927,255	923,844
Miscellaneous	2,922,834	1,947,781	-	323,866	2,922,834	2,271,647
Gain/(loss) on sale of capital assets	-	-	-	-	-	-
Total revenues	337,194,495	295,417,881	119,780,513	110,956,833	456,975,008	406,374,714
Expenses:						
General government	39,612,847	47,539,559	-	-	39,612,847	47,539,559
Public safety	133,934,428	123,171,811	-	-	133,934,428	123,171,811
Highways and streets	22,304,905	18,628,805	-	-	22,304,905	18,628,805
Health and welfare	35,370,732	28,183,652	-	-	35,370,732	28,183,652
Culture and recreation	52,589,539	42,996,852	-	-	52,589,539	42,996,852
Community development and housing	27,346,388	25,125,419	-	-	27,346,388	25,125,419
Economic development	5,459,482	2,719,990	-	-	5,459,482	2,719,990
Interest on long-term debt	4,970,956	5,287,051	-	-	4,970,956	5,287,051
Parking related	-	-	15,166,460	10,736,569	15,166,460	10,736,569
Marina operations and maintenance	-	-	6,893,836	7,046,873	6,893,836	7,046,873
Sewer services	-	-	17,774,981	13,018,315	17,774,981	13,018,315
Clean storm water	-	-	2,318,716	2,938,401	2,318,716	2,938,401
Refuse services	-	-	43,117,311	40,242,431	43,117,311	40,242,431
Permit service center	-	-	17,491,552	16,915,058	17,491,552	16,915,058
Building purchase and management	-	-	2,629,827	2,666,087	2,629,827	2,666,087
Total expenses	321,589,277	293,653,139	105,392,683	93,563,734	426,981,960	387,216,873
Excess in net position before other items	15,605,218	1,764,742	14,387,830	17,393,099	29,993,048	19,157,841
Transfers	4,816,681	1,030,494	(4,816,681)	(1,030,494)	-	-
Change in net position	20,421,899	2,795,236	9,571,149	16,362,605	29,993,048	19,157,841
Net position - beginning as restated	(123,474,344)	(125,236,583)	167,198,824	150,836,231	43,724,480	25,599,648
Net position - ending	\$ (103,052,445)	\$ (122,441,347)	\$ 176,769,973	\$ 167,198,836	\$ 73,717,528	\$ 44,757,489

The largest portion of the City's net position reflects its investment of \$327.4 million in capital assets (land, buildings and improvements, equipment, intangibles, infrastructure, and construction in progress, net of accumulated depreciation), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position, \$176.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$430.1) million may be used to meet the government's ongoing obligations to citizens and creditors, as well as to meet City imposed designations (e.g., reserves, endowments, pending litigations, contingencies, and capital projects).

**Governmental activities** increased the City's net position \$20.4 million compared to the prior fiscal year's increase of \$40.4 million. Key elements of the increase in net position were as follows:

**Program revenues** increased \$.2 million due to a decrease in charges for services of \$.6 million, an increase in operating grants and contributions of \$2.7 million, and a decrease in capital grants and contributions of \$2.2 million. The major changes are highlighted below:

- Charges for services decreased \$.3 million primarily because mutual aid reimbursements were recorded as charges for services in FY 2018, but recorded as intergovernmental revenue in FY 2019. This accounted for a decrease of \$.8 million.
- Operating grants and contributions increased \$1.9 million primarily due to (1) mutual aid reimbursements of \$.8 million was reclassified as operating grants and contributions in FY 2019; The HOME funds generated an increase of \$.3 million in FY 2019; and (3) the Homeless Coordinated Entry Services had increased revenue of \$.5 million.
- Capital grants and contributions decreased \$1.4 million primarily because the MTC had a decrease of \$1.24 million in FY 2019 as the Hearst Ave. complete street project was completed.

**General revenues** increased \$41.6 million primarily due to a \$9.7 million increase in property taxes, a \$1.9 million increase in Business License Taxes, \$2.8 million increase in other taxes, \$1.7 million increase in sales tax, \$6.8 million increase in investment earnings, and \$17.1 million in Insurance Claims Reimbursement as highlighted below:

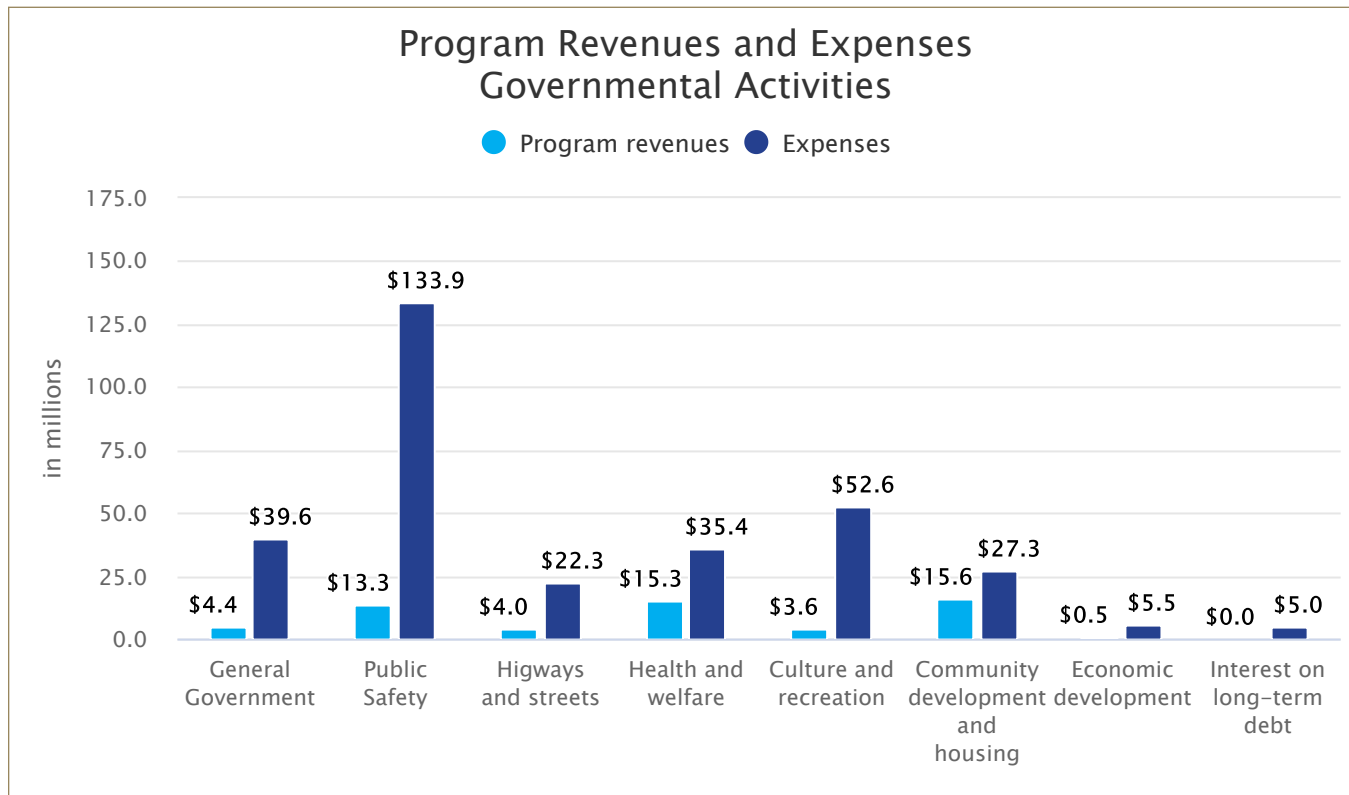
- Property tax revenue increased \$9.7 million, or 6.8% percent, over last year which was due to the following:
  - i. **Property Taxes for General Purposes** increased \$7.6 million as a result of an increase of \$3.1 million in Secured Property Taxes primarily due to a 6.9% increase in City assessed values; an increase of \$1.0 million in Property Transfer Taxes, as a result of an increase in the dollar value of property sales in FY 2019; and, receipt of \$3.4 million from a new revenue source: Property Transfer Taxes-Measure P.
  - ii. **Property Taxes for Debt Service** increased \$.8 million or 8.6% due to a one-time rate reduction in FY 2018 due to the application of unspent bond proceeds towards the FY 2018 bond debt service on the 2009 Measure FF Library bonds.
  - iii. **Property Taxes for Special Purposes** increased \$1.3 million or 3.2% primarily as a result of a 3.67% increase in the Personal income Growth Factor in the State of California for FY 2019.
- Business License Taxes increased \$1.9 million or 7.4% primarily due to an increase of \$.8 million in Business License Tax (BLT), referred to as U1 revenue, and proceeds of \$1.1 million from a new Business License Tax on Recreational Cannabis.
- Utility user taxes decreased \$.8 million primarily due to significant decreases in Cellular charges, Gas/Electricity charges, and Cable charges.
- Sales taxes increased \$1.7 million or 9.9% to \$19.1 million in FY 2019 from \$17.4 million in FY 2018. This was primarily a misallocation of revenues between FY 2018 and FY 2019. When the California Department of Tax and Fee Administration (Formerly State Board of Equalization) changed the allocations from three advances and a cleanup to two advances and a cleanup, they underpaid most cities' Sales Tax revenue in the first quarter of FY 2018. This was because CDTFA had issues with the processing of payments. As a result, Berkeley was underpaid \$.6 million in Sales Tax revenue in FY 2018 and that amount was paid during FY 2019.
- Other taxes increased \$2.8 million or 12.9% primarily as a result of a \$.8 million increase in Short-term Rentals and a \$1.7 million increase in State transportation Taxes.
- Investment earnings increased \$6.8 million from \$3.3 million in FY 2018 to \$10.0 million in FY 2018. That increase was due to (1) a significant increase in short-term interest rates as the Federal Reserve increased short-term interest rates from a level near zero; (2) an increase in the fair market value of the City's investments in FY 2019; and (3) a significant increase in accrued interest receivable.
- Insurance Claims Reimbursement income increased from \$.9 million in FY 2018 to \$18.0 million in FY 2019 due primarily to the receipt of an insurance claim reimbursement of \$17.9 million for the Tuolumne Camp fire.



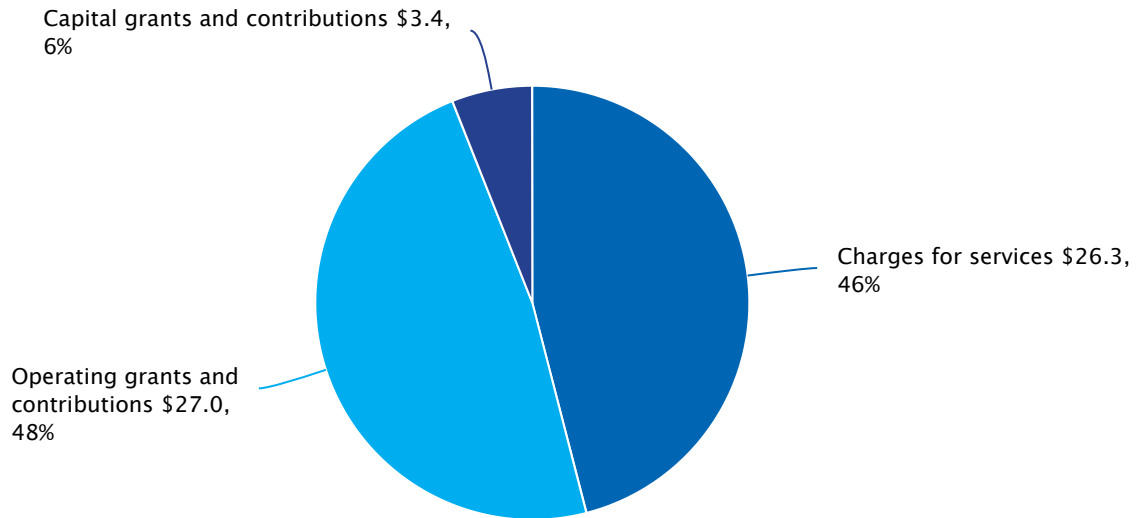
**Expenses** increased \$27.9 million primarily due to the following increases/(decreases): (\$7.9 million) in general government, \$10.7 million in public safety, \$3.7 million in highway and streets, \$7.2 million in health and welfare, \$9.6 million in culture and recreation, \$2.2 million in community development and housing, and \$2.7 million economic development. These changes are highlighted below:

- General government expenses decreased \$7.9 million primarily due to the establishment of the IT Department as a new Internal Service Fund: IT Cost Allocation Fund during FY 2019. It was previously reported in General Government (General Fund).
- Public safety expenses increased \$10.7 million primarily due to a positive net pension/OPEB expense of \$17.4 million in FY 2018. There were also increases in salary and benefits.
- Highway and streets expenses increased \$3.7 million primarily due to increases in salary and benefits.
- Health and welfare expenses increased \$7.2 million primarily due to increases in salary and benefits.
- Culture and recreation expenses increased \$9.6 million primarily due to increases in salary and benefits.
- Community development and housing expenses increased \$2.2 million primarily due to increases in salary and benefits.
- Economic development expenses increased \$2.7 million primarily due to increases in salary and benefits.

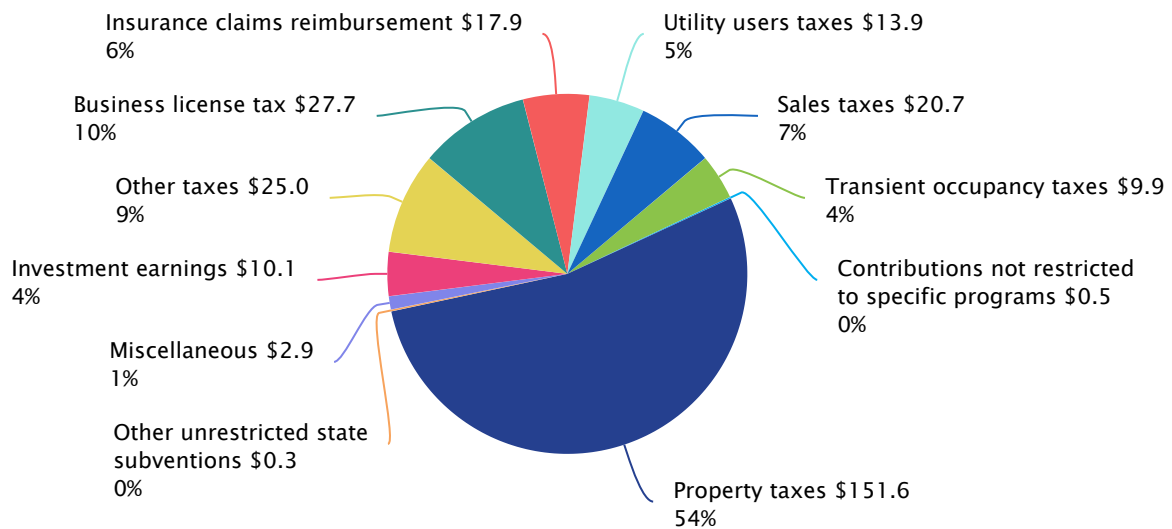
As shown on the charts on the following page, public safety is the largest program (\$133.9 million), followed by culture and recreation (\$52.6 million), general government (\$39.6 million), health and welfare (\$35.4 million), community development and housing (\$27.3 million), highways and streets (\$22.3 million), and economic development (\$5.5 million). General revenues, such as property and sales tax, are not shown by program, but are effectively used to support program activities citywide.



### Revenue by Source Governmental Activities Program Revenues (in millions)



### Revenue by Source Governmental Activities Program Revenues (in millions)

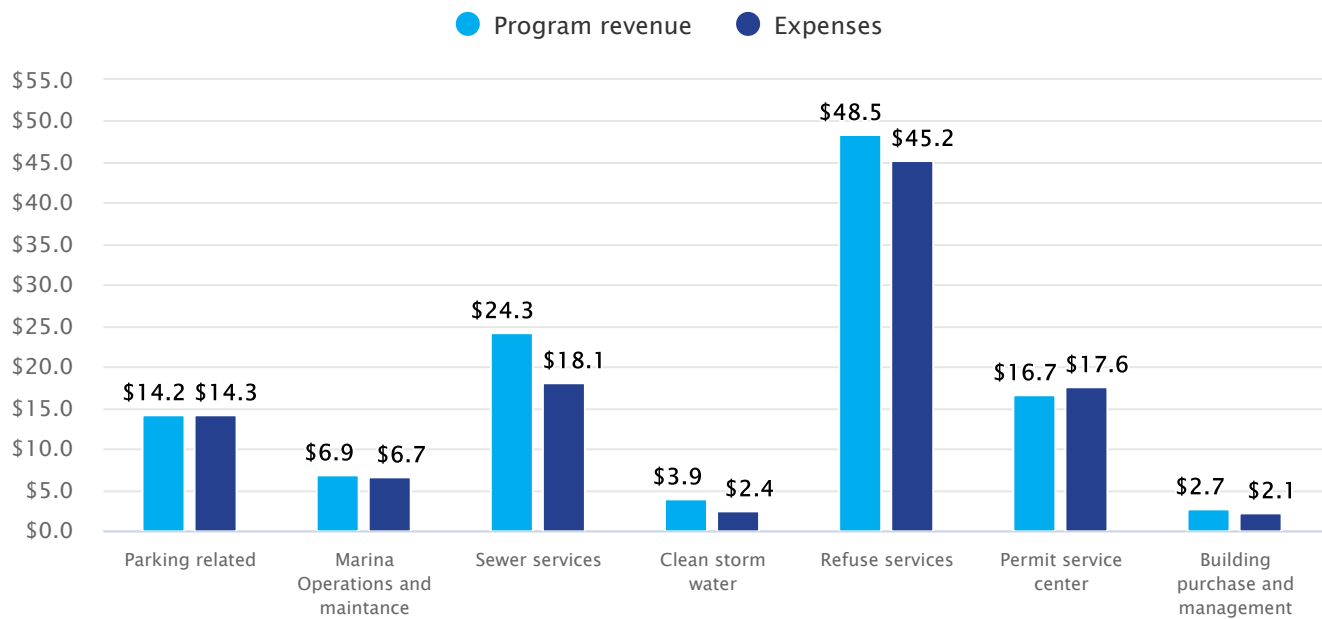


**Business-type activities** increased the City's net position by \$9.6 million, compared to FY 2018's increase of \$16.4 million. This increase was primarily the result of \$119.8 million in program and general revenues exceeding \$110.2 million in expenses and Transfers Out of \$9.6 million. Key elements of net position changes from the prior fiscal year were as follows:

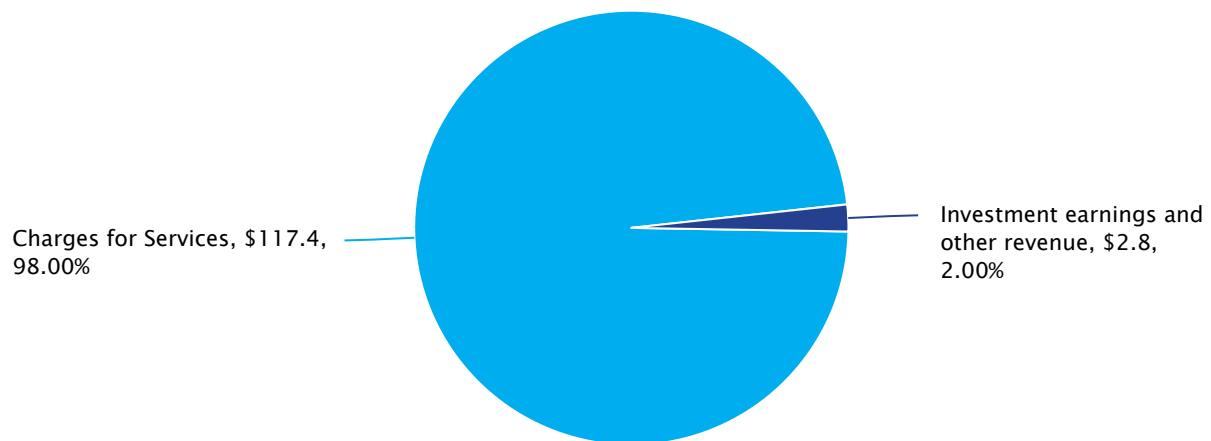
- Parking- Related activities' net position decreased \$2.8 million, compared to FY 2018's decrease of \$.8 million. This \$2.8 million decrease was primarily due to Off Street Parking Fund revenues of \$3.8 million versus Off Street Parking Fund expenses of \$6.5 million.
- Marina Operations and Maintenance activities' net position was flat with a decrease of \$.01 million.
- Refuse services activities' net position increased \$2.1 million, compared to FY 2018's increase of \$3.6 million. This \$1.9 million increase was primarily due to operating revenues of \$48.5 million, expenses of \$45.2 million, Interest earnings of \$.7 million, and Transfers Out of \$2.1 million.
- Clean Storm Water activities' net position increased \$1.9 million, compared to FY 2018's increase of \$0.1 million. This \$1.9 million increase was primarily due to Clean Storm Water Fees of \$3.9 million, operating expenses of \$2.4 million, and Transfers In of \$.5 million.
- Sewer Services activities' net position increased \$6.5 million, compared to FY 2018's increase of \$10.8 million. This \$6.5 million increase was primarily due to operating revenues of \$24.3 million and operating expenses of \$18.1 million.
- Permit Service Center activities' net position decreased by \$1.2 million, compared to FY 2018's increase of \$.7 million. This \$1.3 million decrease was primarily due to operating revenues of \$16.7 million, operating expenses of \$17.7 million, and Transfers Out of \$.5 million.
- Building Purchases and Management activities' net position was basically unchanged with an increase of \$.1 million.
- Internal Service Funds (ISF) allocation of operating profit increased net position of business-type activities by \$3.0 million which was \$1.1 million higher when compared to prior fiscal year's increase of \$1.9 million. The increase was primarily due to an increase in operating income of \$0.9 million, an increase of \$12.3 million in operating expenses, and an increase in transfer in of \$11.0 million.

As shown below, Refuse Services, Sanitary Sewer and Permit Service Center funds have the greatest total expenses with \$45.2 million, \$18.1 million and \$17.6 million, respectively, out of approximately \$106.5 million in total business-type expenses. For all the business-type activities below, charges for services provided nearly 100 percent of revenues.

### Program Revenues and Expenses Business Activities (in million)



### Revenue by Source Business-type activities (in millions)



## FINANCIAL ANALYSIS OF CITY FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the close of fiscal year 2019, City governmental funds reported a combined ending fund balance of \$337.3 million, an increase of \$36.6 million in comparison with FY 2018 combined ending fund balance of \$300.6 million. The increase in fund balance was primarily due to an increase in the General Fund in the amount of \$9.4 million, Grants Fund had a decrease of \$.9 million, Library Fund had an increase of \$1.4 million, Capital Improvements Fund had an increase of \$5.3 million, and other Non-Major Governmental Funds had an increase of \$21.6 million. Of the \$337.3 million fund balance, approximately \$.5 million or 0.2 percent was nonspendable, \$176.5 million, or 52.3 percent, was restricted fund balance, \$57.1 million, or 16.9 percent, was in assigned funds, and \$46.7 million, or 13.8 percent, in unassigned fund balance. Refer to pages 33-37 for more detail of governmental funds.

### ***General Fund – Fund Balance Analysis***

The General Fund is the chief operating fund of the City. As of June 30, 2019, ending fund balance increased \$9.4 million, to \$93.2 million, compared to FY 2018's increase of \$20.2 million.

General Fund's fund balance consists of \$3.7 million in restricted fund balance, and \$42.7 million was assigned to stability reserves, catastrophic reserves and public safety, street maintenance, health and welfare, park and recreation, community development and housing loans, and economic development. The remaining \$46.9 million was unassigned. Refer to page 97 for more detail of fund balance.

Below is a five-year trend on the General Fund:

### **Changes to General Fund - Fund Balance by Fiscal Year**

	2019	2018	2017	2016	2015
Revenues	\$ 201,089,822	\$ 185,351,536	\$ 170,392,751	\$ 165,400,130	\$ 153,036,479
Expenditures	(164,040,069)	(152,728,506)	(158,338,160)	(140,612,359)	(134,966,982)
Other financing sources (uses)	(27,699,229)	(12,396,323)	(13,420,661)	(13,052,315)	(10,471,987)
Operating surplus/(deficit)	9,350,524	20,226,707	(1,366,070)	11,735,456	7,597,510
Beginning fund balance	83,885,143	63,658,436	65,024,506	53,289,049	45,691,539
Ending fund balance	\$ 93,235,667	\$ 83,885,143	\$ 63,658,436	\$ 65,024,505	\$ 53,289,049
Fund balance categories:					
Nonspendable	\$ -	\$ 142,342	\$ 75,000	\$ -	\$ -
Restricted	3,696,971	3,755,304	4,255,304	3,595,304	3,648,330
Assigned	42,666,449	33,373,367	3,015,329	3,686,427	3,830,670
Unassigned	46,872,247	46,614,130	56,387,803	57,742,775	45,810,049
Fund balance	\$ 93,235,667	\$ 83,885,143	\$ 63,733,436	\$ 65,024,506	\$ 53,289,049

## General Fund – Revenue and Expenditure Analysis

General Fund Revenues for fiscal year 2019, including transfers in and proceeds from sale of property, were \$206.9 million, an increase of \$15.7 million, or 8.2%, compared to FY 2018. The chart below compares General Fund revenues for the past two fiscal years followed by key information

### Comparison of General Fund Revenues

	Fiscal Year 2019	Fiscal Year 2018	Variance Over/(Under) Last Year	% of Increase (Decrease) Over Prior Year	% of Total
Property taxes	\$ 87,658,633	\$ 80,832,747	\$ 6,825,886	8.4%	42.5%
Sales taxes	19,115,447	17,400,879	1,714,568	9.9%	9.2%
Utility users taxes	13,898,202	14,688,225	(790,023)	-5.4%	6.7%
Transient occupancy taxes	8,023,698	7,700,454	323,244	4.2%	3.9%
Business license taxes	19,872,199	19,879,343	(7,144)	0.0%	9.6%
U1 revenues	5,853,334	5,161,615	691,719	13.4%	2.8%
Short-term Rentals	1,831,361	1,053,815	777,546	73.8%	0.9%
Vehicle In-Lieu taxes	12,482,284	11,822,917	659,367	5.6%	6.0%
Other taxes	4,481,116	3,125,922	1,355,194	43.4%	2.2%
Other licenses & permits	1,404,519	833,922	570,597	68.4%	0.7%
Intergovernmental	1,867,871	1,129,219	738,652	65.4%	0.9%
Charges for services	8,433,154	9,862,158	(1,429,004)	-14.5%	4.1%
Fines and penalties	5,442,563	6,933,447	(1,490,884)	-21.5%	2.6%
Rents and royalties	289,435	284,377	5,058	1.8%	0.1%
Franchise	1,799,630	1,990,191	(190,561)	-9.6%	0.9%
Investment income	6,914,540	2,415,594	4,498,946	186.2%	3.3%
Other revenue	1,721,836	236,711	1,485,125	627.4%	0.8%
Other financing sources	5,763,084	5,773,499	(10,415)	-0.2%	2.8%
Total revenues	\$ 206,852,906	\$ 191,125,035	\$ 15,727,871	8.2%	100.0%

- Property taxes increased \$6.8 million or 8.4% to \$87.7 million in FY 2019 from \$80.8 million in FY 2018, percent, primarily as a result of increases in the following revenue sources:
  - A. Real Property Taxes increased \$3.1 million or 5.5% to \$59.1 million in FY 2019 from \$56.0 million in FY 2018. This increase was lower than the FY 2019 increase in assessed valuation of 6.9%.
  - B. Property Transfer Taxes increased \$1.0 million or 5.3% to \$19.9 million in FY 2019 from \$18.9 million in FY 2018. This resulted primarily from an increase in the dollar value of property sales during FY 2019.
  - C. Property Transfer Tax-Measure P was a new revenue source in FY 2019. Property Transfer Tax-Measure P revenue totaled \$3.4 million in FY 2019.
- Sales taxes increased \$1.7 million or 9.9% to \$19.1 million in FY 2019 from \$17.4 million in FY 2018, percent. However, the apparent big jump in revenue in FY 2019 was primarily a misallocation of revenues between FY 2018 and FY 2019. When the California Department of Tax and Fee Administration (Formerly State Board of Equalization) changed the allocations from three advances and a cleanup to two advances and a cleanup, they underpaid most cities' Sales Tax revenue in the first quarter of FY 2018. This was because CDTFA had issues with the processing of payments. As a result, Berkeley was underpaid \$555,600 in Sales Tax revenue in FY 2018 and that amount was paid during FY 2019.
- U1 revenue was a new revenue source in FY 2018. Per the passage of enhanced Business License Tax (BLT) on November 8, 2016, the owners of five or more residential rental units must pay an increase in BLT from 1.081% to 2.880%. That increase in the tax is U1 revenue, which will be used to create roughly 400 affordable homes in Berkeley and also will be used to fund emergency rental assistance. U1 revenue increased \$.7 million or 13.4% to \$5.9 million in FY 2019 from \$5.2 million in FY 2018, due to an increase in the dollar value of property sales.

- Short-term Rentals was a new tax in FY 2018 on Berkeley residents who host short-term rentals. They are required to register with the City and pay a 12% Transient Occupancy Tax on such rentals. Short-term Rentals revenue increased \$.8 million or 73.8% to \$1.8 million in FY 2019 from \$1.1 million in FY 2018.
- Utility Users Taxes revenue for FY 2019 totaled \$13.9 million, which is \$.8 million or 5.4% less than the \$14.7 million received in FY 2018. The decrease in FY 2019 is attributable to significant decreases in Cellular charges, Gas/Electricity charges, and Cable charges.
- Vehicle In-Lieu Taxes increased by \$.7 million or 5.6% in FY 2019 to \$12.5 million from \$11.8 million in FY 2018. This is below the 6.9% increase in FY 2019 assessed values reported by the County.
- Other Taxes increased by \$1.4 million or 43.4% in FY 2019 to \$4.5 million from \$3.1 million in FY 2018. This increase is primarily attributable to an increase in Recreational Cannabis Business License Tax (+\$1.1 million), which was a new tax in FY 2019, and Soda Taxes (\$.15 million).
- For FY 2019, investment income totaled \$6.9 million which is \$4.5 million or 186.2% more than the total of \$2.4 million received in FY 2018. This increase is primarily attributable to (1) a significant increase in interest rates, especially short-term rates as the Federal Reserve increased short-term interest rates significantly from a level that was near zero; (2) a significant increase in the market value of investments held by the City; and, (3) a significant increase in accrued interest receivable.
- Other revenue increased \$1.5 million, or 627.4%, primarily due to (1) Mutual aid-wildfire (\$.3 million); (2) CBS Outdoor (\$.3 million); (3) Bathroom study payment (\$.08 million); (4) return of unused funds (\$.2 million).

General Fund Expenditures for fiscal year 2019, including transfers out, increased \$26.6 million, or 15.6 percent. The chart below compares general fund expenditures for the last two fiscal years followed by key information:

#### Comparison of General Fund Expenditures and Other Financing Uses

	Fiscal Year 2019	Fiscal Year 2018	Variance Over/(Under) Last Year	% of Increase (Decrease) Over Prior Year	% of Total
General government	\$ 27,410,030	\$ 30,143,078	\$ (2,733,048)	-9.1%	13.9%
Public safety	103,084,496	95,503,310	7,581,186	7.9%	52.3%
Highway and streets	2,904,262	1,900,216	1,004,046	52.8%	1.5%
Health and welfare	13,318,820	9,725,031	3,593,789	37.0%	6.7%
Culture-recreation	5,943,167	5,476,356	466,811	8.5%	3.0%
Community development and housing	8,263,703	7,152,789	1,110,914	15.5%	4.2%
Economic development	2,845,178	2,575,749	269,429	10.5%	1.4%
Debt Service	270,413	251,978	18,435	7.3%	0.1%
Other financing uses	33,462,313	18,176,967	15,285,346	84.1%	16.9%
Total Expenditures and Other Financing	\$ 197,502,382	\$ 170,905,474	\$ 26,596,908	15.6%	100.0%

- General government expenditures decreased \$2.7 million or 9.1% in FY 2019, compared to the prior fiscal year. This was primarily attributed to the establishment of the IT Department as a new Internal Service Fund: IT Cost Allocation Fund during FY 2019. In FY 2018, the IT Department's primary budget was in the General Fund (Actual IT Department expenditures in the General Fund in FY 2018 totaled \$5.8 million). The decrease related to the transfer of the IT Department was partially offset by increased personnel costs for the remaining departments.
- Public safety expenditures increased by \$7.6 million, or 7.9% in FY 2019, compared to the prior fiscal year. The increase is due to increased personnel costs including overtime and increased non-personnel costs.
- Highways and streets expenditures increased by \$1.0 million, or 52.8% in FY 2019, compared to the prior fiscal year. The increase is due to primarily to increased personnel costs.
- Health and welfare expenditures increased by \$3.6 million, or 37.0% in FY 2019, compared to the prior fiscal year. The increase is due to primarily to increased personnel costs.
- Culture-Recreation expenditures increased \$.5 million or 8.5% in FY 2019, compared to the prior fiscal year. The increase is due to primarily to increased personnel costs.

- Community Development and Housing expenditures increased by \$1.1 million or 15.5% in FY 2019, compared to the prior fiscal year. The increase is due to primarily to increased personnel costs.
- Other Financing Uses increased \$15.3 million or 84.1% to \$33.5 million in FY 2019 from \$18.2 million in FY 2018. This increase resulted primarily from a one-time transfer of \$7.9 million to establish the new Internal Service Fund: IT Cost Allocation Plan Fund; and, \$4 million was transferred to the Section 115 Pension Trust Fund.

### **Other Major Governmental Funds**

#### ***Grants Fund***

The Grants Fund accounts for revenues derived from grants, which are used for various projects throughout the City. The City's Grant Fund fund balance decreased \$.9 million compared to prior fiscal year's increase of \$4.3 million. Much of the FY 2019 decrease resulted from \$25.4 million in grants expenditures versus \$24.5 million grants revenues in FY 2019.

#### ***Library Fund***

The Library Fund provides for the operation of the City's library system. Property taxes and other revenues are restricted for library operations and maintenance expenditures.

The City's Library Fund fund balance increased \$1.4 million which is comparable to prior fiscal year's increase of \$1.8 million. Much of the FY 2019 increase was due to a 3.67% increase in the Library services special tax, which resulted in additional revenue of \$.8 million. The 3.67% increase in the tax rate was a result of the increase of that rate in the Per Capita Growth factor in California in FY 2019.

#### ***Capital Improvements Fund***

The Capital Improvements Fund accounts for local revenues, including developer fees, which are used to finance expenditures for land, buildings, major reconstruction and renovation of structures, and for major landscaping or park improvements.

The fund balance of the Capital Improvements Fund increased \$5.3 million, compared to the prior fiscal year's decrease of \$.6 million. The net increase of \$5.3 million is primarily due to (1) Transfers In from the General Fund of \$11.8 million; and, (2) total expenditures of \$5.0 million.

### **Proprietary funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements in greater detail.

Details on net position for the Zero Waste, Marina Operations, Sanitary Sewer, Clean Storm Water, Permit Service Center, Off-Street Parking, Parking Meters, and Building Purchases and Management funds, are provided below.

#### **Proprietary Funds Fiscal Year Ended June 30, 2019**

<b>Fund</b>	<b>Unrestricted Net Position</b>	<b>Change in Unrestricted Net Position</b>	<b>Total Net Position</b>	<b>Change in Total Net Position as restated</b>
Zero Waste	\$ (6,420,466)	\$ 1,520,068	\$ (1,574,599)	\$ 2,105,256
Marina Operations	(1,339,838)	(6,383,858)	1,615,163	(11,833)
Sanitary Sewer	6,982,834	7,903,635	137,097,260	6,480,188
Clean Storm Water	(89,251)	2,340,310	18,052,658	1,884,453
Permit Service Center	(4,575,558)	(1,145,261)	(524,008)	(1,194,246)
Off-Street Parking	2,227,814	(43,660,997)	17,301,123	(3,692,701)
Parking Meters	(2,627,829)	1,242,382	(1,533,227)	874,415
Building Purchases and Management	(6,430,967)	(17,983,370)	(4,286,328)	98,361
<b>Total</b>	<b>\$ (12,273,261)</b>	<b>\$ (56,167,091)</b>	<b>\$ 166,148,042</b>	<b>\$ 6,543,893</b>



## BUDGETARY HIGHLIGHTS

**General Fund**

The General Fund budget and actual report can be found on page 145. The \$42.2 million increase between the original and final budget is the result of \$5.5 million of encumbered rollovers, \$5.0 million in unencumbered rollovers, and \$31.7 million of other City Council approved budget adjustments. Provided below is a more detailed summary of budget and actual, with expenditures shown by category as opposed to activity. Major differences are highlighted below and on the following page.

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual****General Fund - Budgetary Basis****For the Fiscal Year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 153,288,617	\$ 166,534,530	\$ 172,813,468	\$ 6,278,938
Licenses and permits	556,600	556,600	1,404,520	847,920
Intergovernmental	514,746	514,746	1,864,567	1,349,821
Charges for service	9,151,806	11,497,789	8,315,478	(3,182,311)
Fines and penalties	6,283,054	6,215,183	6,329,751	114,568
Rents and royalties	159,508	159,508	289,435	129,927
Franchise	1,984,643	2,010,000	1,821,316	(188,684)
Private contributions and donations	-	-	101,073	101,073
Investment income	2,500,000	3,500,000	4,564,664	1,064,664
Miscellaneous	5,931,498	6,671,357	6,744,481	73,124
Total revenues	<u>180,370,472</u>	<u>197,659,713</u>	<u>204,248,753</u>	<u>6,589,040</u>
<b>Expenditures:</b>				
Current:				
General government	50,036,892	46,408,532	32,142,364	14,266,168
Public safety	94,748,115	98,593,057	103,127,253	(4,534,196)
Highway and streets	1,917,554	3,122,050	2,895,524	226,526
Health and welfare	9,584,222	11,687,635	13,256,879	(1,569,244)
Culture-recreation	5,747,738	6,411,380	5,943,167	468,213
Community development and housing	6,981,597	13,124,219	8,173,689	4,950,530
Economic development	2,484,264	2,520,290	2,820,609	(300,319)
Debt service:				
Interest and fiscal charges	200,000	200,000	205,613	(5,613)
Bond issuance costs	-	-	64,800	(64,800)
Total expenditures	<u>171,700,382</u>	<u>182,067,163</u>	<u>168,629,898</u>	<u>13,437,265</u>
Revenues over/(under) expenditures	<u>8,670,090</u>	<u>15,592,550</u>	<u>35,618,855</u>	<u>20,026,305</u>
Other financing sources/(uses)				
Transfers in	4,385,568	6,507,883	5,763,084	(744,799)
Transfers out	(12,549,664)	(44,615,846)	(33,462,313)	8,519,290
Interfund repayments	-	-	1,930,416	1,930,416
Interfund advances	-	-	(4,952,043)	(2,317,800)
Total other financing sources/(uses)	<u>(8,164,096)</u>	<u>(38,107,963)</u>	<u>(30,720,856)</u>	<u>7,387,107</u>
Net change in fund balance	505,994	(22,515,413)	4,897,999	27,413,412
Fund balance, July 1, 2018	65,422,589	65,422,589	65,422,589	-
Fund balance, June 30, 2019	<u>\$ 65,928,583</u>	<u>\$ 42,907,176</u>	<u>\$ 70,320,588</u>	<u>\$ 27,413,412</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 4,898,001
Receivable accrual	2,064,794
Due from other fund - repayment	(1,930,416)
Due from other fund - advance	4,952,043
Pay able accrual	(633,897)
Net change in fund balances - GAAP basis	<u>\$ 9,350,525</u>

Revenues, excluding other financing sources, were \$6.6 million, or 3.3%, higher than budgetary estimates as a result of receiving greater than anticipated revenue as follows:

- Taxes were \$6.3 million over budget due to: Property transfer tax exceeding the final budget by \$2.4 million; Property Transfer Tax-Measure P was a new revenue source in FY 2019, and exceeded the final budget by \$.5 million; Sales Taxes exceeded the final budget by \$.5 million; Business License Tax exceeded the final budget by \$.6 million; Short-term rentals exceeded the final budget by \$.8 million; and, U1 revenue (new revenue source in FY 2018) exceeded the final budget by \$.6 million.
- Investment income was over budget by \$1.1 million due to higher interest rates in FY 2019 than in FY 2018, especially for the short-term portion of the City's portfolio.
- Charges for services income was under the budget by \$3.1 million due to the reclassification of some other taxes to the taxes category.

Expenditures, excluding other financing uses, were less than budgetary estimates by \$29.8 million, or 13.2 percent, primarily due to the following:

- General government was under budget by \$14.3 million as a result of budget savings in personnel due to a lot of vacancies, and transfer of the IT Department to a new Internal Service Fund.
- Community Development and Housing expenditures were under budget by \$4.9 million due personnel savings from vacancies that amounted and savings in the non-personnel budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital assets

Investments in capital assets for governmental and business-type activities as of June 30, 2019, totaled \$469.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total decrease in capital assets for fiscal year 2019 was \$3.4 million, which represents a 1.6 percent decrease for governmental activities and a .2 percent increase for business-type activities. Additional information on the City's capital assets can be found on pages 75-76 in the notes to basic financial statements. Capital assets are summarized below:

Type	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 25,141,987	\$ 25,141,987	\$ 2,979,050	\$ 2,979,050	\$ 28,121,037	\$ 28,121,037
Buildings	76,738,150	81,149,098	70,101,148	24,992,530	146,839,298	106,141,628
Improvements Other than Buildings	15,372,176	14,383,875	10,848,310	11,261,422	26,220,486	25,645,297
Machinery and Equipment	18,635,074	22,885,258	3,268,495	3,500,136	21,903,569	26,385,394
Infrastructure	100,063,267	96,318,095	146,378,039	148,393,046	246,441,306	244,711,141
Construction in Progress	40,400	40,400	-	41,884,128	40,400	41,924,528
Total Capital Assets, Net	\$ 235,991,054	\$ 239,918,713	\$ 233,575,042	\$ 233,010,312	\$ 469,566,096	\$ 472,929,025

Major capital asset events during fiscal year 2019 included the following:

- Governmental activities' Buildings decreased by \$4.4 million or 5.4 percent from the prior fiscal year primarily due to FY 2019 depreciation expense of \$5.0 million.
- Governmental activities Machinery and Equipment decreased by \$4.36 million or 18.6% over the prior fiscal year primarily due to FY 2019 depreciation expense of \$4.8 million. There were also total additions of \$1.1 million, which partially offset the decrease related to depreciation expense.
- Governmental activities Infrastructure increased by \$3.7 million or 3.9% over the prior fiscal year primarily due to additions of \$9.8 million and FY 2019 depreciation expense of \$6.0 million
- Business-type activities Infrastructure decreased by \$2.0 million, 1.4 percent, over the prior fiscal year primarily due to additions of \$1.6 million and depreciation of \$3.6 million.
- Business-type activities Buildings increased by \$45.1 million and Business-type activities Construction in Progress decreased by \$41.9 million, from the prior fiscal year, due to the completion of the construction of a new parking garage on Center Street.

## Long-term debt

At the end of fiscal year 2019, the City had total long-term debt outstanding of \$196.4 million (Excluding pension liabilities, OPEB liabilities and compensated absences). Of this amount, \$117.3 million, or 59.7 percent, of total long-term debt consisted of the City's general obligation, bonds, and a total of \$79.2 million, or 40.3 percent, consisted of revenue bonds, certificates of participation, notes/loans payable and capital leases payable. Long-term debt decreased overall by \$9.3 million, primarily due to a total of \$8.7 million in principal payments on bonds, certificates of participation, notes/loans and capital leases payable. Additional information on long-term liabilities can be found on pages 80-96 in the notes to the basic financial statements. Long-term debt outstanding (including premiums) is summarized below:

### Long-Term Debt (dollars in thousands)

Type	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 117,251,297	\$ 123,116	\$ -	\$ -	\$ 117,251,297	\$ 123,116
Revenue Bonds	4,496,115	4,826	53,569,964	54,709	58,066,080	59,535
Capital Leases	1,441,721	2,371	-	-	1,441,721	2,371
Certificate of Participations	5,337,462	5,468	-	-	5,337,462	5,468
Notes/Loans Pay able	7,698,365	8,424	6,629,472	6,802	14,327,837	15,226
Total Long-Term Debt	<u>\$ 136,224,960</u>	<u>\$ 144,205</u>	<u>\$ 60,199,436</u>	<u>\$ 61,511</u>	<u>\$ 196,424,397</u>	<u>\$ 205,716</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the fiscal year, the local economy grew consistent with regional trends. Berkeley's current economic base consists of approximately 13,100 licensed businesses operating in the City. These businesses include private manufacturing, technology research, retail and service businesses, educational services, healthcare and social assistance, consulting, arts and entertainment, hospitality services, along with several state, federal, and non-profit institutions. The City's revenue base generated approximately \$1.814 billion in taxable sales taxes during FY 2019, slightly more than the \$1.8 billion generated in FY 2018. In addition, the City's unemployment rate (as reported by the State of California Employment Development Department) declined from 3.1 percent in June 2018 to 3.0 percent in June 2019, compared to 3.1 percent for the County, 4.2 percent for the state, and 3.7 percent for the U.S.

Growth in assessed valuation on secured property increased by 6.9 percent to \$18.6 billion in FY 2019 (net of exemptions and other deductions) from \$17.4 billion in FY 2018, for a strong level of \$150,665 per capita. The tax base is diverse, with the top ten property taxpayers accounting for 5.23 percent of total assessed valuation.

The City is currently in the first year of its adopted fiscal year 2020 and 2021 budget (the "**Fiscal Year 2020 and 2021 Adopted Budget**").

The FY 2020 & FY 2021 Adopted Biennial General Fund Budget is a balanced budget for the two years. The City was facing a Biennial Budget in deficit position; however, the passage of Measure O and Measure P helped to alleviate the pressure that was being placed on the General Fund and provides funding that supports some of the most vulnerable members of the community we serve.

The Marina Enterprise Fund – the mechanism for managing all Waterfront revenues and expenditures – has annual revenues of approximately \$6.2 million and annual expenditures of approximately \$7.2 million, with an annual structural deficit in excess of \$1 million. The Fund is projected to exhaust all reserves within the next two years (by FY 2021) as can be seen in more detail in the Other Funds Section.

Controlling expenditures has been and will continue to be a necessity in managing the City's budget, and labor costs are a critical factor in that approach. Achieving a sustainable balance of both personnel and non-personnel expenditures against reasonable revenue projections will continue to require close attention, especially as we move into new labor negotiations. Over the next fiscal year, staff will work with Council, labor, and the community to address the ongoing structural deficits and bring projected expenditures in line with projected revenues. This may involve a combination of expenditure reductions, identification of new revenues, or realignment of current services or programs.

A variety of assumptions and factors drive the forecast, such as labor costs, inflation, federal and state initiatives, and unforeseen events and emergencies. These assumptions impact revenue and expenditure projections and variations can cause unanticipated swings in budget balancing strategies.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of City finances for all those with an interest in the government's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, City of Berkeley, 2180 Milvia Street, Third Floor, Berkeley, California 94704, or call (510) 981-7200, or e-mail [finance@cityofberkeley.info](mailto:finance@cityofberkeley.info). This report is also available on the City's website at [www.cityofberkeley.info/finance](http://www.cityofberkeley.info/finance).



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# Basic Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA



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# Government-wide Financial Statement

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA



**Statement of Net Position**  
**June 30, 2019**

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Rent
				Stabilization Board
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 220,581,964	\$ 81,956,522	\$ 302,538,486	\$ 6,410,679
Receivables (net of allowance for uncollectible)	34,086,776	3,771,792	37,858,568	-
Prepaid items	485,140	-	485,140	-
Inventories	63,974	-	63,974	-
Internal balances	(10,259,094)	10,259,094	-	-
Total current assets	244,958,760	95,987,408	340,946,168	6,410,679
Noncurrent assets:				
Restricted cash and investments	142,852,843	175,566	143,028,409	-
Notes Receivable	63,564,890	-	63,564,890	-
Capital assets:				
Land	25,141,987	2,979,050	28,121,037	-
Building	173,503,571	92,520,257	266,023,828	-
Improvements other than buildings	20,846,388	16,738,680	37,585,068	-
Machinery and equipment	73,959,111	10,636,094	84,595,205	595,664
Infrastructure	231,216,921	217,213,378	448,430,299	-
Construction in progress	40,400	-	40,400	-
Less accumulated depreciation	(288,717,324)	(106,512,417)	(395,229,741)	(591,144)
Total capital assets	235,991,054	233,575,042	469,566,096	4,520
Total noncurrent assets	442,408,787	233,750,608	676,159,395	4,520
Total assets	687,367,547	329,738,016	1,017,105,563	6,415,199
<b>Deferred outflows of resources</b>				
Deferred pension items	65,947,518	9,738,647	75,686,165	872,402
Deferred OPEB items	7,388,010	636,588	8,024,598	56,535
Total deferred outflows of resources	73,335,528	10,375,235	83,710,763	928,937
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	16,281,271	8,578,164	24,859,435	144,181
Accrued salaries and wages	8,917,592	2,044,708	10,962,300	175,171
Accrued interest payable	1,700,669	533,200	2,233,869	-
Deposits held	930,047	470,535	1,400,582	114,100
Other liabilities	3,930,142	316,902	4,247,044	96,764
Unearned revenues	328,118	-	328,118	-
Advances - rent registration	-	-	-	4,301,865
Taxes and revenue anticipation note	14,000,000	-	14,000,000	-
Current portion of LT liability due within one year	16,767,064	3,284,659	20,051,723	27,902
Long-term liabilities:				
Net pension liabilities	503,786,521	74,661,726	578,448,247	6,817,833
Net OPEB liabilities	94,564,996	8,188,430	102,753,426	352,197
Others due in more than one year	173,121,212	61,098,119	234,219,331	339,868
Total liabilities	834,327,632	159,176,443	993,504,075	12,369,881
<b>Deferred inflows of resources</b>				
Deferred pension items	12,609,180	2,493,229	15,102,409	177,768
Deferred OPEB items	15,991,124	1,673,606	17,664,730	143,773
Deferred gain on refunding	827,584	-	827,584	-
Total deferred inflows of resources	29,427,888	4,166,835	33,594,723	321,541
<b>Net position</b>				
Net investment in capital assets	148,963,344	178,421,303	327,384,647	4,520
Restricted for:				
Other purposes	6,008,914	-	6,008,914	-
Law enforcement	1,094,947	-	1,094,947	-
Highway and streets	54,310,124	-	54,310,124	-
Health and welfare	28,895,109	-	28,895,109	-
Park, recreation, and education	17,348,498	-	17,348,498	-
Urban redevelopment and housing	47,027,442	-	47,027,442	-
Economic development	2,330,250	-	2,330,250	-
Debt service	11,493,670	-	11,493,670	-
Capital projects	7,929,263	-	7,929,263	-
Unrestricted	(428,454,006)	(1,651,330)	(430,105,336)	(5,351,806)
Total net position	\$ (103,052,445)	\$ 176,769,973	\$ 73,717,528	\$ (5,347,286)

The accompanying notes are an integral part of these financial statements



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**Statement of Activities**  
**For the year ended June 30, 2019**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>					
Governmental activities:					
General government	\$ 44,836,569	\$ (5,223,724)	\$ 4,313,273	\$ 75,500	\$ -
Public safety	133,934,428	-	11,145,339	2,126,511	-
Highways and streets	22,244,158	60,748	1,413,973	405,508	2,145,942
Health and welfare	35,370,732	-	1,479,103	13,835,779	-
Culture and recreation	52,589,539	-	2,291,989	124,246	1,217,410
Community development and housing	27,198,932	147,456	5,165,907	10,465,156	-
Economic development	5,459,482	-	463,045	-	-
Interest on long-term debt	4,970,956	-	-	-	-
Total governmental activities	326,604,796	(5,015,520)	26,272,629	27,032,700	3,363,352
Business-type activities:					
Parking related	15,166,460	-	14,215,039	-	-
Marina operations and maintenance	6,467,036	426,800	6,934,118	-	-
Sewer services	16,964,483	810,498	24,344,044	-	-
Clean storm water	2,190,654	128,062	3,949,602	-	-
Refuse services	40,940,719	2,176,592	48,524,914	-	-
Permit service center	16,017,984	1,473,568	16,685,852	-	-
Building purchase and management	2,629,827	-	2,734,674	-	-
Total business-type activities	100,377,163	5,015,520	117,388,243	-	-
Total primary government	\$ 426,981,959	\$ -	\$ 143,660,872	\$ 27,032,700	\$ 3,363,352
 Component unit:					
Rent stabilization board	\$ 5,408,109	\$ -	\$ 5,251,555	\$ -	\$ -
Total component unit	\$ 5,408,109	\$ -	\$ 5,251,555	\$ -	\$ -

**General Revenues:**
**Taxes:**

Property taxes, levied for general purposes  
 Property taxes, levied for debt services  
 Property taxes, levied for special purposes  
 Library  
 Parks  
 Paramedic  
 Fire  
 Sales taxes  
 Utility users taxes  
 Transient occupancy taxes  
 Business license tax  
 Other taxes  
 Total taxes  
 Other unrestricted state subventions  
 Contributions not restricted to specific programs  
 Investment earnings  
 Insurance reimbursement  
 Miscellaneous

**Transfers:**

Primary government  
 Total general revenues and transfers  
 Changes in net position  
 Net position - beginning, as restated (note 15)  
 Net position - ending

The accompanying notes are an integral part of these financial statements

## Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Rent Stabilization Board
\$ (35,224,072)	\$ -	\$ (35,224,072)	
(120,662,578)	-	(120,662,578)	
(18,339,483)	-	(18,339,483)	
(20,055,850)	-	(20,055,850)	
(48,955,894)	-	(48,955,894)	
(11,715,325)	-	(11,715,325)	
(4,996,437)	-	(4,996,437)	
(4,970,956)	-	(4,970,956)	
(264,920,595)	-	(264,920,595)	
-	(951,421)	(951,421)	
-	40,282	40,282	
-	6,569,063	6,569,063	
-	1,630,886	1,630,886	
-	5,407,603	5,407,603	
-	(805,700)	(805,700)	
-	104,847	104,847	
-	11,995,560	11,995,560	
(264,920,595)	11,995,560	(252,925,035)	

\$ (156,554)

\$ (156,554)

100,258,772	-	100,258,772	-
10,173,201	-	10,173,201	-
-	-	-	-
19,697,647	-	19,697,647	-
13,386,448	-	13,386,448	-
3,050,159	-	3,050,159	-
5,044,450	-	5,044,450	-
20,652,090	-	20,652,090	-
13,898,172	-	13,898,172	-
9,855,058	-	9,855,058	-
27,740,995	-	27,740,995	-
25,008,813	-	25,008,813	-
248,765,805	-	248,765,805	-
387,181	-	387,181	-
462,614	-	462,614	-
10,060,124	2,392,270	12,452,394	-
17,927,255	-	17,927,255	-
2,922,834	-	2,922,834	-
4,816,681	(4,816,681)	-	-
285,342,494	(2,424,411)	282,918,083	-
20,421,899	9,571,149	29,993,048	(156,554)
(123,474,344)	167,198,824	43,724,480	(5,190,732)
\$ (103,052,445)	\$ 176,769,973	\$ 73,717,528	\$ (5,347,286)



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# Governmental Fund Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	Major Funds						
	General			Capital	Other	Total	
	Fund	Grants	Library	Improvement	Governmental	Governmental	
					Funds	Funds	
Assets							
Cash and investments in treasury	\$ 92,941,104	\$ -	\$ -	\$ 11,733,511	\$ 54,094,281	\$ 158,768,896	
Restricted cash and investments	14,418,833	23,924,312	12,650,407	-	91,859,291	142,852,843	
Receivables (net of allowance where applicable):							
Accounts	4,980,235	196,932	5,702	-	1,083,076	6,265,945	
Interest	777,516	-	-	-	573,791	1,351,307	
Taxes	9,953,147	-	177,818	-	1,796,645	11,927,610	
Special assessments	-	-	-	-	-	-	
Subventions/grants	450,425	11,531,989	-	-	1,107,931	13,090,345	
Due from other funds	6,973,098	-	-	4,178,965	45,207	11,197,270	
Notes receivable	3,696,971	31,574,425	-	7,929,263	20,364,231	63,564,890	
Other	320,495	156,082	8,048	-	-	484,625	
Property held for resale	-	-	-	-	713,313	713,313	
Prepaid items	-	485,140	-	-	-	485,140	
Total assets	\$ 134,511,824	\$ 67,868,880	\$ 12,841,975	\$ 23,841,739	\$ 171,637,766	\$ 410,702,184	
Liabilities							
Accounts payable	\$ 6,735,514	\$ 1,355,529	\$ 360,758	\$ 839,926	\$ 4,386,834	\$ 13,678,561	
Accrued salaries and wages	5,988,638	485,033	597,509	98,407	1,350,522	8,520,109	
Advances from other funds	4,059,220	-	-	-	-	4,059,220	
Due to other funds	-	9,409,147	-	-	1,425,286	10,834,433	
Deposits held	780,872	-	-	12,933	136,242	930,047	
Unearned revenues	-	291,854	30,000	-	6,264	328,118	
Taxes and revenue anticipation note	14,000,000	-	-	-	-	14,000,000	
Other liabilities	3,898,593	-	31,207	-	342	3,930,142	
Total liabilities	35,462,837	11,541,563	1,019,474	951,266	7,305,490	56,280,630	
Deferred Inflows of Resources							
Unavailable revenue	5,813,321	8,650,924	5,702	554,285	2,144,927	17,169,159	
Total deferred inflows of resources	5,813,321	8,650,924	5,702	554,285	2,144,927	17,169,159	
Fund Balances							
Nonspendable	-	485,140	-	-	-	485,140	
Restricted	3,696,971	47,191,253	11,816,799	7,929,263	105,803,932	176,438,218	
Committed	-	-	-	-	56,528,083	56,528,083	
Assigned	42,666,449	-	-	14,406,925	-	57,073,374	
Unassigned	46,872,247	-	-	-	(144,666)	46,727,581	
Total fund balances	93,235,667	47,676,393	11,816,799	22,336,188	162,187,349	337,252,396	
Total liabilities, deferred inflows of resources, and fund balances	\$ 134,511,824	\$ 67,868,880	\$ 12,841,975	\$ 23,841,739	\$ 171,637,766	\$ 410,702,184	

The accompanying notes are an integral part of these financial statements



## Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Position June 30, 2019

Fund balances - total governmental funds \$ 337,252,396

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.

Land	25,141,987
Buildings	173,503,571
Improvements other than buildings	20,846,388
Machinery and equipment	73,959,111
Infrastructure	231,216,921
Construction in progress	40,400
Less accumulated depreciation	(288,717,324)
Governmental activities capital assets, net	235,991,054
Less: capital assets for Internal Service Funds	(14,556,870)
Net capital assets	221,434,184

Net OPEB liability) and assets and net pension liability in governmental activities are not due and payable and therefore, are not reported in the funds.

Net pension liability - CalPERS Miscellaneous Plan	(173,409,055)
Net pension liability - CalPERS Police Plan	(159,078,815)
Net pension liability - CalPERS Fire Plan	(75,670,351)
Net pension liability - Berkeley Police Retirement Income Benefit	(68,086,844)
Net pension liability - Safety Member Pension Plan	(1,862,714)
Net OPEB liability - Miscellaneous Retiree	(25,404,618)
Net OPEB liability - Police Retiree Premium Assistance Plan	(46,252,565)
Net OPEB liability - Fire Retiree Healthcare Plan	(19,633,312)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Unavailable revenue	17,169,159
Deferred outflow on pension - CalPERS Miscellaneous Plan	21,889,797
Deferred outflow on pension - CalPERS Police Plan	24,093,215
Deferred outflow on pension - CalPERS Fire Plan	16,096,128
Deferred outflow on pension - Berkeley Police Retirement Income Benefit Plan	450,682
Deferred outflow on OPEB - Miscellaneous Retiree Healthcare Plan	1,420,903
Deferred outflow on OPEB - Police Retiree Healthcare Plan	4,201,859
Deferred outflow on OPEB - Fire Retiree Healthcare Plan	1,539,433

Internal service funds are used by management to charge the costs of public liability, equipment maintenance, building maintenance, supply warehouse, workers compensation, electrical warehouse, and catastrophic loss services to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	(2,390,834)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable on long-term debt	(1,694,097)
Bonds, certificates of participation, notes and loans	(134,783,235)
Compensated absences	(12,262,100)

Other long-term liabilities and deferred inflows are not available to pay for current period therefore, are deferred in the funds.

Deferred outflow on pension - CalPERS Miscellaneous Plan	(3,861,358)
Deferred outflow on pension - CalPERS Police Plan	(3,907,502)
Deferred outflow on pension - CalPERS Fire Plan	(4,046,681)
Deferred outflow on Safety Member Pension Plan	(10,500)
Deferred outflow on OPEB - Miscellaneous Retiree Healthcare Plan	(3,681,117)
Deferred outflow on OPEB - Police Retiree Healthcare Plan	(10,269,741)
Deferred outflow on OPEB - Fire Retiree Healthcare Plan	(1,467,183)
Deferred inflows due to the advance refunding resulting in defeasance of debt	(827,579)

Net position of governmental activities \$ (103,052,445)

The accompanying notes are an integral part of these financial statements

**City of Berkeley**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2019**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Grants	Library	Capital Improvement		
<b>Revenues:</b>						
Taxes	\$173,216,273	\$ -	\$ 19,695,645	\$ -	\$ 55,791,854	\$ 248,703,772
Licenses and permits	1,404,520	-	-	-	497,077	1,901,597
Intergovernmental	1,867,871	23,502,702	67,293	-	3,518,639	28,956,505
Charges for service	8,433,154	620,694	-	5,600	7,865,649	16,925,097
Fines and penalties	5,442,563	-	38,976	-	241,246	5,722,785
Rents and royalties	289,435	-	-	-	860,455	1,149,890
Franchise	1,799,630	-	-	-	180,908	1,980,538
Private contribution and donations	101,073	-	225,548	-	135,992	462,613
Investment income	6,914,540	362,182	8,532	1,812	1,686,098	8,973,164
Miscellaneous	1,620,763	-	27,293	24,750	95,680	1,768,486
Insurance reimbursement	-	-	-	-	17,927,255	17,927,255
Total revenues	201,089,822	24,485,578	20,063,287	32,162	88,800,853	334,471,702
<b>Expenditures:</b>						
Current:						
General government	27,410,031	12,635	18,431	1,352,079	4,698,040	33,491,216
Public safety	103,084,496	138,758	-	-	9,807,052	113,030,306
Highway and streets	2,904,262	465,486	-	-	15,741,228	19,110,976
Health and welfare	13,318,820	13,330,029	-	-	4,158,803	30,807,652
Culture-recreation	5,943,167	162,904	18,672,836	-	18,500,857	43,279,764
Community development and housing	8,263,703	7,609,317	-	539,925	7,269,738	23,682,683
Economic development	2,845,178	-	-	7,795	2,169,562	5,022,535
Debt service:						
Principal repayment	-	-	-	-	6,734,693	6,734,693
Interest and fiscal charges	205,613	-	-	-	5,271,594	5,477,207
Bonds issuance costs	-	-	-	-	-	-
TRAN issuance costs	64,800	-	-	-	-	64,800
Capital outlay:						
Highway and streets	-	2,003,356	-	2,456,646	-	4,460,002
Culture-recreation	-	1,653,229	-	642,315	-	2,295,544
Total expenditures	164,040,070	25,375,714	18,691,267	4,998,760	74,351,567	287,457,378
Excess/(deficiency) of revenues over/ (under) expenditures	37,049,752	(890,136)	1,372,020	(4,966,598)	14,449,286	47,014,324
Other financing sources/(uses)						
Transfers in	5,763,084	-	-	11,759,636	11,470,695	28,993,415
Transfers out	(33,462,313)	-	-	(1,541,901)	(4,354,475)	(39,358,689)
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources/(uses)	(27,699,229)	-	-	10,217,735	7,116,220	(10,365,274)
Net change in fund balance	9,350,523	(890,136)	1,372,020	5,251,137	21,565,506	36,649,050
Fund balance, July 1, 2018	83,885,144	48,566,529	10,444,779	17,085,051	140,621,843	300,603,346
Fund balance, June 30, 2019	\$ 93,235,667	\$ 47,676,393	\$ 11,816,799	\$ 22,336,188	\$ 162,187,349	\$ 337,252,396

The accompanying notes are an integral part of these financial statements

**City of Berkeley****Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2019**

Net change in fund balances - total governmental funds	\$	36,649,050
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance (net of ISF's amount)	12,482,967
Depreciation expense is therefore deducted from fund balance (net of ISF's amount)	(13,224,163)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Tax receivable	3,532
Grant receivable	1,885,229
Accounts receivable	(256,627)

Issuance of long-term debt provides current financial resources to governmental funds but incurring debt increases long-term liabilities in the Statement of Net Position. Repayment of principal on long-term debts is an expenditures in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Principal payment on bonds, certificates of participation, notes and loans	6,734,699
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(2,232,066)
Amortization of original issuance premium on debt	316,226
Amortization of deferred gain on refunding of 2015 general obligation refunding bonds	91,954
Pension expense - CalPERS Miscellaneous Plan	(32,245,034)
Pension expense - CalPERS Police Plan	(19,003,654)
Pension expense - CalPERS Fire Plan	(8,729,293)
Pension expense - Berkeley Police Retirement Income Benefit	(1,376,706)
Pension expense - Safety Member Pension Plan	541,153
Net OPEB expense - Miscellaneous Retiree	(937,128)
Net OPEB expense - Police Retiree Healthcare Plan	(3,157,766)
Net OPEB expense - Fire Retiree Healthcare Plan	(1,112,566)
Accrued interest payable	98,071

Employer contributions made during the year and subsequent to the measurement date for pension are classified as expenditures for governmental funds, but are considered deferred outflows of resource son the statement of net position.

CalPERS Miscellaneous Plan	20,894,560
CalPERS Police Plan	13,918,569
CalPERS Fire Plan	7,762,455

Internal service funds are used by management to charge the costs of public liability, equipment maintenance, building maintenance, supply warehouse, workers compensation, electrical warehouse, and catastrophic loss services to individual funds. The activities of the internal service funds is reported with governmental activities.

Changes in net position of governmental activities	\$	<u>20,421,899</u>
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The accompanying notes are an integral part of these financial statements



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# Proprietary Fund Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA



**Statement of Net Position  
Proprietary Funds  
June 30, 2019**

	Business-type Activities				
	Zero Waste	Marina Operations	Sanitary Sewer	Clean Storm Water	Permit Service Center
<b>Assets</b>					
Current assets:					
Cash and investments in treasury	\$ 22,546,864	\$ 4,774,381	\$ 26,879,882	\$ 2,897,216	\$ 14,694,755
Accounts receivable	3,035,402	207,548	9,547	33,623	115,322
Accrued interest	49,755	10,661	59,334	6,394	32,429
Inventory	-	-	-	-	-
Total current assets	25,632,021	4,992,590	26,948,763	2,937,233	14,842,506
Noncurrent assets:					
Restricted cash and cash equivalents	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Capital assets:					
Land	1,089,529	557,386	40,426	-	-
Building	1,927,473	3,930,260	2,006,810	37,373	4,373,612
Improvements other than buildings	1,974,908	12,863,028	126,693	-	-
Machinery and equipment	3,119,519	253,071	892,368	67,603	211,623
Infrastructure	-	-	181,412,288	35,801,090	-
Construction in progress	-	-	-	-	-
Less accumulated depreciation	(3,265,562)	(8,019,275)	(54,364,159)	(17,764,157)	(533,685)
Total noncurrent assets	4,845,867	9,584,470	130,114,426	18,141,909	4,051,550
Total assets	30,477,888	14,577,060	157,063,189	21,079,142	18,894,056
<b>Deferred outflows of resources:</b>					
Deferred pension items	3,510,604	643,187	2,045,288	495,111	1,890,140
Deferred OPEB items	225,529	47,630	106,194	17,044	184,626
Total deferred outflows of resources	3,736,133	690,817	2,151,482	512,155	2,074,766
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	1,303,975	299,729	4,576,168	8,368	306,385
Accrued salaries and wages	768,031	161,631	300,055	37,813	536,418
Accrued interest payable	3,368	278,388	-	-	-
Due to other funds	-	-	341,720	-	-
Compensated absences - due within one year	255,943	23,450	78,785	9,741	78,458
Other liabilities	316,902	-	-	-	-
Deposits held	215	296,904	-	-	83,334
Recycling carts	-	-	-	-	-
Landfill liabilities - due within one year	841,757	-	-	-	-
Claims and judgments payable - due within one year	-	-	-	-	-
Notes payable - due within one year	-	180,579	-	-	-
Capital lease payable - due within one year	-	-	-	-	-
Revenue bonds payable - due within one year	-	-	-	-	-
Total current liabilities	3,490,191	1,240,681	5,296,728	55,922	1,004,595
Noncurrent liabilities:					
Compensated absences - due in more than one year	1,342,879	123,036	413,369	51,111	411,653
Landfill liabilities - due in more than one year	223,500	-	-	-	-
Other long-term liabilities	-	-	-	-	-
Claims and judgments payable - due in more than one year	-	-	-	-	-
Notes payable - due in more than one year	-	6,448,890	-	-	-
Capital lease payable - due in more than one year	-	-	-	-	-
Revenue bonds payable - due in more than one year	-	-	-	-	-
Net pension liabilities	26,312,626	4,955,631	14,113,048	2,962,639	17,184,640
Net OPEB liabilities	2,978,025	599,385	1,522,110	308,776	1,882,100
Total noncurrent liabilities	30,857,030	12,126,942	16,048,527	3,322,526	19,478,393
Total liabilities	34,347,221	13,367,623	21,345,255	3,378,448	20,482,988
<b>Deferred inflows of resources:</b>					
Deferred pension items	881,542	167,046	493,178	108,760	540,786
Deferred OPEB items	559,857	118,045	278,978	51,431	469,056
Total deferred inflows of resources	1,441,399	285,091	772,156	160,191	1,009,842
<b>Net position</b>					
Net investment in capital assets	4,845,867	2,955,001	130,114,426	18,141,909	4,051,550
Unrestricted	(6,420,466)	(1,339,838)	6,982,834	(89,251)	(4,575,558)
Total net position	\$ (1,574,599)	\$ 1,615,163	\$ 137,097,260	\$ 18,052,658	\$ (524,008)

The accompanying notes are an integral part of these financial statements

Business-type Activities				Governmental Activities
Off-Street Parking	Parking Meter	Building Purchases & Management	Total	Internal Service Funds
\$ 4,819,762	\$ 5,343,662	\$ -	\$ 81,956,522	\$ 61,813,068
161,800	2,051	-	3,565,293	123,762
36,133	11,793	-	206,499	129,869
-	-	-	-	63,974
5,017,695	5,357,506	-	85,728,314	62,130,673
175,269	-	297	175,566	-
-	-	-	-	4,059,220
1,291,709	-	-	2,979,050	-
55,749,159	3,421	24,492,149	92,520,257	1,174,730
-	-	1,774,051	16,738,680	171,527
976,849	4,898,230	216,831	10,636,094	43,184,785
-	-	-	217,213,378	-
-	-	-	-	-
(7,281,361)	(3,807,049)	(11,477,169)	(106,512,417)	(29,974,172)
50,911,625	1,094,602	15,006,159	233,750,608	18,616,090
55,929,320	6,452,108	15,006,159	319,478,922	80,746,763
108,692	905,940	139,685	9,738,647	3,417,696
8,952	39,480	7,133	636,588	225,816
117,644	945,420	146,818	10,375,235	3,643,512
1,900,761	95,498	87,279	8,578,163	2,602,707
19,334	200,051	21,375	2,044,708	397,483
91,362	-	160,082	533,200	6,572
-	-	21,117	362,837	-
3,532	43,929	5,311	499,149	62,105
-	-	-	316,902	-
5,566	-	84,516	470,535	-
-	-	-	-	-
-	-	-	841,757	8,896,631
-	-	-	-	-
-	-	-	180,579	402,028
-	-	-	-	-
760,000	-	1,003,174	1,763,174	-
2,780,555	339,478	1,382,854	15,591,004	12,367,526
18,534	230,488	27,865	2,618,935	756,483
-	-	-	223,500	-
-	-	-	-	-
-	-	-	-	31,686,000
-	-	-	6,448,890	-
-	-	-	-	1,039,695
34,903,047	-	16,903,747	51,806,794	-
906,988	7,269,261	956,893	74,661,726	25,678,742
82,503	700,654	114,877	8,188,430	3,274,501
35,911,072	8,200,403	18,003,382	143,948,275	62,435,421
38,691,627	8,539,881	19,386,236	159,539,279	74,802,947
29,451	239,368	33,099	2,493,230	783,139
24,763	151,506	19,970	1,673,606	573,083
54,214	390,874	53,069	4,166,836	1,356,222
15,073,309	1,094,602	2,144,639	178,421,303	13,115,147
2,227,814	(2,627,829)	(6,430,967)	(12,273,261)	(4,884,041)
\$ 17,301,123	\$ (1,533,227)	\$ (4,286,328)	\$ 166,148,042	\$ 8,231,106
10,621,931				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
\$ 176,769,973				Net position of business-type activities

**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Zero Waste</b>	<b>Marina Operations</b>	<b>Sanitary Sewer</b>	<b>Clean Storm Water</b>
<b>Operating revenues:</b>				
Parking related revenues	\$ -	\$ -	\$ -	\$ -
Marina operations and maintenance	-	6,909,118	-	-
Sewer service fees	-	-	24,344,044	-
Clean storm water fees	-	-	-	3,949,602
Refuse service fees	48,524,125	-	-	-
Building permits	-	-	-	-
Other permits	-	-	-	-
Plan checking fees	-	-	-	-
Other fees	-	-	-	-
Contract	-	-	-	-
Equipment rentals service charge	-	-	-	-
Building maintenance	-	-	-	-
Central store service charge	-	-	-	-
Workers' compensation fees	-	-	-	-
Other revenues	789	25,000	-	-
<b>Total operating revenues</b>	<b>48,524,914</b>	<b>6,934,118</b>	<b>24,344,044</b>	<b>3,949,602</b>
<b>Operating expenses:</b>				
Personnel services	11,104,405	2,280,635	4,226,342	648,018
Employee benefits	8,722,102	1,661,379	3,569,176	526,053
Transportation	6,035,813	141,604	641,725	108,466
Repairs and maintenance	489,531	19,582	456,922	71,251
Materials and supplies	999,682	386,855	4,314,811	49,863
Utilities	308,833	558,018	24,288	4,169
Insurance	-	53,354	-	-
Specialized and professional services	14,461,281	638,205	909,866	26,143
Depreciation	330,014	491,975	3,097,338	655,473
Judgments and claims	-	-	-	-
Communication	11,736	21,074	22,203	1,415
General administration	2,732,441	453,759	884,244	281,575
<b>Total operating expenses</b>	<b>45,195,838</b>	<b>6,706,440</b>	<b>18,146,915</b>	<b>2,372,426</b>
<b>Operating income (loss)</b>	<b>3,329,076</b>	<b>227,678</b>	<b>6,197,129</b>	<b>1,577,176</b>
<b>Nonoperating revenues (expenses):</b>				
Investment earnings	838,695	166,050	852,581	74,186
Interest expense	-	(305,837)	-	-
Operating grants	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>838,695</b>	<b>(139,787)</b>	<b>852,581</b>	<b>74,186</b>
<b>Income (loss) before transfers</b>	<b>4,167,771</b>	<b>87,891</b>	<b>7,049,710</b>	<b>1,651,362</b>
Transfers in	-	-	90,501	452,198
Transfers of pension and OPEB related amounts	-	-	-	-
Transfers out	(2,062,515)	(99,724)	(660,023)	(219,107)
<b>Change in net position</b>	<b>2,105,256</b>	<b>(11,833)</b>	<b>6,480,188</b>	<b>1,884,453</b>
<b>Total net position - beginning as restated</b>	<b>(3,679,855)</b>	<b>1,626,996</b>	<b>130,617,072</b>	<b>16,168,205</b>
<b>Total net position - ending</b>	<b>\$ (1,574,599)</b>	<b>\$ 1,615,163</b>	<b>\$ 137,097,260</b>	<b>\$ 18,052,658</b>

The accompanying notes are an integral part of these financial statements



Business-type Activities - Enterprise Funds					Governmental Activities
Permit Service Center	Off-Street Parking	Parking Meter	Building Purchases & Management	Total	Internal Service Funds
\$ -	\$ 3,456,586	\$ 10,380,957	\$ -	\$ 13,837,543	\$ -
-	-	-	-	6,909,118	-
-	-	-	-	24,344,044	-
-	-	-	-	3,949,602	-
-	-	-	-	48,524,125	-
4,984,434	-	-	-	4,984,434	-
2,678,120	-	-	-	2,678,120	-
6,350,945	-	-	-	6,350,945	-
2,667,754	-	-	-	2,667,754	-
-	-	-	-	-	12,541,295
-	-	-	-	-	3,939,941
-	-	-	2,734,674	2,734,674	319,241
-	-	-	-	-	9,849,428
-	-	-	-	-	622,041
4,599	377,068	428	-	407,884	3,027,772
16,685,852	3,833,654	10,381,385	2,734,674	117,388,243	30,299,718
7,213,269	336,859	2,746,985	275,238	28,831,751	10,836,169
5,768,490	257,438	2,419,282	238,205	23,162,125	7,465,048
155,256	3,728	408,485	-	7,495,077	398,455
74,700	635,281	95,061	63,996	1,906,324	325,780
722,365	285,262	238,090	54,279	7,051,207	3,784,075
-	240,831	12,370	320,126	1,468,635	52,118
-	-	-	-	53,354	6,040
1,952,655	3,032,607	1,379,317	216,125	22,616,199	3,489,170
190,221	1,634,582	436,448	901,355	7,737,406	3,058,570
-	-	-	-	-	12,633,873
25,194	59,940	12,586	6,857	161,005	74,454
1,552,834	10,171	64,520	15,669	5,995,213	102,895
17,654,984	6,496,699	7,813,144	2,091,850	106,478,296	42,226,647
(969,132)	(2,663,045)	2,568,241	642,824	10,909,947	(11,926,929)
281,203	81,889	96,473	1,193	2,392,270	-
-	(1,090,150)	-	(545,656)	(1,941,643)	1,086,961
-	-	-	-	-	-
-	-	-	-	-	3,703
281,203	(1,008,261)	96,473	(544,463)	450,627	1,090,664
(687,929)	(3,671,306)	2,664,714	98,361	11,360,574	(10,836,265)
-	-	-	-	542,699	15,264,355
(506,317)	(21,395)	(1,790,299)	-	(5,359,380)	(11,391,195)
(1,194,246)	(3,692,701)	874,415	98,361	6,543,893	(7,045,505)
670,238	20,993,824	(2,407,642)	(4,384,689)	-	15,276,611
\$ (524,008)	\$ 17,301,123	\$ (1,533,227)	\$ (4,286,328)	-	\$ 8,231,106
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				3,027,256	
Change in net position of business-type activities				\$ 9,571,149	

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

	<b>Business-type Activities</b>				
	<b>Zero Waste</b>	<b>Marina Operations</b>	<b>Sanitary Sewer</b>	<b>Clean Storm Water</b>	<b>Permit Service Center</b>
Cash flows from operating activities:					
Cash received from customers	\$ 47,731,826	\$ 6,991,359	\$ 24,359,302	\$ 3,938,956	\$ 16,674,835
Cash paid for goods and services	(24,557,996)	(3,143,594)	(4,769,423)	(582,800)	(4,379,230)
Cash paid for employee services	(18,104,531)	(3,418,309)	(6,981,102)	(1,089,369)	(11,474,861)
Claims and judgments paid	-	-	-	-	-
Net cash provided (used) by operating activities	<u>5,069,299</u>	<u>429,457</u>	<u>12,608,777</u>	<u>2,266,787</u>	<u>820,744</u>
Cash flows from noncapital financing activities:					
Transfers in	-	-	90,501	452,198	-
Transfers out	(2,062,515)	(99,724)	(660,023)	(219,107)	(506,317)
Grants received	-	-	-	-	-
Interfund advance	-	-	341,720	-	-
Net cash provided (used) from noncapital financing activities	<u>(2,062,515)</u>	<u>(99,724)</u>	<u>(227,802)</u>	<u>233,091</u>	<u>(506,317)</u>
Cash flows from capital and related financing activities:					
Interest paid	-	(27,449)	-	-	-
Purchases of capital assets	(739,162)	(24,179)	(1,464,007)	(176,994)	(26,514)
Proceeds from debt issuance	-	-	-	-	-
Debt repayment	-	(172,634)	-	-	-
Proceeds from disposal of capital assets	-	-	-	-	-
Net cash provided (used) from capital and related financing activities	<u>(739,162)</u>	<u>(224,262)</u>	<u>(1,464,007)</u>	<u>(176,994)</u>	<u>(26,514)</u>
Cash flows from investing activities:					
Interest received	839,945	168,001	835,235	69,167	293,542
Net cash provided (used) from investing activities	<u>839,945</u>	<u>168,001</u>	<u>835,235</u>	<u>69,167</u>	<u>293,542</u>
Net increase (decrease) in cash and cash equivalents	3,107,567	273,471	11,752,203	2,392,051	581,454
Cash and cash equivalents, July 1, 2018	19,439,297	4,500,910	15,127,679	505,165	14,113,300
Cash and cash equivalents, June 30, 2019	<u>\$ 22,546,864</u>	<u>\$ 4,774,381</u>	<u>\$ 26,879,882</u>	<u>\$ 2,897,216</u>	<u>\$ 14,694,755</u>
Financial statement presentation:					
Cash and investments	\$ 22,546,864	\$ 4,774,381	\$ 26,879,882	\$ 2,897,216	\$ 14,694,755
Restricted cash and investments with fiscal agent	-	-	-	-	-
Total	<u>\$ 22,546,864</u>	<u>\$ 4,774,381</u>	<u>\$ 26,879,882</u>	<u>\$ 2,897,216</u>	<u>\$ 14,694,755</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Income (loss) from operations	\$ 3,329,076	\$ 227,678	\$ 6,197,129	\$ 1,577,176	\$ (969,132)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:					
Depreciation	330,014	491,975	3,097,338	655,473	190,221
Change in:					
Accounts receivable	(793,088)	57,241	15,258	(10,646)	(11,017)
Deferred outflow	2,092,083	409,148	964,825	136,544	1,762,766
Inventory	-	-	-	-	-
Accounts payable	413,649	(871,143)	2,484,636	(39,918)	131,569
Accrued salaries and wages	(24,213)	161,631	(805)	(27,004)	39,034
Compensated absences	(673)	16,059	8,853	(4,025)	4,023
Claims and judgments payable	-	-	-	-	-
Net pension liabilities	(589,408)	(116,015)	(271,951)	(38,761)	(495,262)
Net OPEB liability	292,937	61,891	135,887	20,924	238,378
Other liabilities	67,672	-	-	-	(27,795)
Deferred inflows	(48,751)	(9,009)	(22,393)	(2,976)	(42,040)
Net cash provided (used) by operating activities	<u>\$ 5,069,299</u>	<u>\$ 429,457</u>	<u>\$ 12,608,777</u>	<u>\$ 2,266,787</u>	<u>\$ 820,744</u>

The accompanying notes are an integral part of these financial statements

Business-type Activities				Governmental Activities
Off-Street Parking	Parking Meter	Building Purchases & Management	Total	Internal Service Funds
\$ 3,833,655	\$ 10,410,662	\$ 2,743,302	\$ 116,683,898	\$ 30,290,390
(5,344,597)	(2,320,096)	(672,172)	(45,769,908)	(6,420,927)
(535,310)	(4,639,323)	(451,991)	(46,694,796)	(4,841,085)
-	-	-	-	(9,050,640)
(2,046,252)	3,451,243	1,619,139	24,219,193	9,977,738
-	-	-	542,699	15,264,355
(21,395)	(1,790,299)	-	(5,359,380)	(11,391,195)
-	-	-	-	(82,400)
-	-	10,985	352,705	2,227,291
(21,395)	(1,790,299)	10,985	(4,463,976)	6,018,051
(1,090,150)	-	(555,107)	(1,672,706)	(4,240)
(5,844,530)	(26,755)	-	(8,302,141)	(606,963)
-	-	-	-	-
(62,907)	-	(1,076,168)	(1,311,709)	(929,782)
-	-	-	-	3,703
(6,997,587)	(26,755)	(1,631,275)	(11,286,556)	(1,537,282)
101,807	94,520	1,193	2,403,410	1,082,938
101,807	94,520	1,193	2,403,410	1,082,938
(8,963,427)	1,728,709	42	10,872,071	15,541,445
13,958,458	3,614,953	255	71,260,018	46,271,623
\$ 4,995,031	\$ 5,343,662	\$ 297	\$ 82,132,088	\$ 61,813,068
\$ 4,819,762	\$ 5,343,662	\$ -	\$ 81,956,522	61,813,068
175,269	-	297	175,566	-
\$ 4,995,031	\$ 5,343,662	\$ 297	\$ 82,132,088	\$ 61,813,068
\$ (2,663,045)	\$ 2,568,241	\$ 642,824	\$ 10,909,947	(11,926,929)
1,634,582	436,448	901,355	7,737,406	3,058,570
1	29,277	8,628	(704,345)	(9,328)
82,897	669,233	65,190	6,182,686	(519,271)
-	-	-	-	10,816
(1,071,211)	(109,667)	4,880	942,795	2,208,792
(6,767)	16,341	(2,079)	156,138	25,056
(3,161)	(1,021)	9,256	29,311	334,350
-	-	-	-	(407,548)
(23,303)	(180,522)	(18,340)	(1,733,562)	3,583,233
11,289	44,153	8,963	814,422	11,257,976
(5,566)	-	-	34,311	1,814,236
(1,968)	(21,240)	(1,538)	(149,915)	547,785
\$ (2,046,252)	\$ 3,451,243	\$ 1,619,139	\$ 24,219,193	\$9,977,738



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# Fiduciary Fund Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA



**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<b>Pension and Other Post- Employment Benefit Trust Funds</b>	<b>Private Trust Fund - Successor Agency of Former RDA</b>	<b>Agency Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 3,350,612	\$ 1,895,636	\$ 5,064,848
Restricted cash	-		401,773
Investments, at fair value:			
Medium term notes	18,025,249	-	-
US agency securities	16,543,260	-	-
Municipal bonds	9,160,215	-	-
Savo Island loan	304,000	-	-
Guaranteed investment contracts	-	-	-
Interest receivable	497,157	20	-
Taxes receivable	-	-	16,189
Other accounts receivable	-	-	428,821
Total current assets	<u>47,880,493</u>	<u>1,895,656</u>	<u>5,911,632</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	2,536	-
Less accumulated depreciation	-	(2,536)	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>47,880,493</u>	<u>1,895,656</u>	<u>\$ 5,911,632</u>
<b>Liabilities</b>			
Accounts payable	316,739	23,719	\$ -
Accrued interest payable	-	8,107	-
Accrued salaries and wages	33,289	-	-
Bonds payable - noncurrent	-	304,000	-
Other agency obligations	-	-	5,911,632
Total liabilities	<u>350,028</u>	<u>335,826</u>	<u>\$ 5,911,632</u>
<b>Net position restricted for:</b>			
Employee pension benefits	5,540,957	-	
Employee OPEB benefits	41,989,508	-	
City of Berkeley Successor Agency assets held in trust	-	1,559,830	
Total net position	<u>\$ 47,530,465</u>	<u>\$ 1,559,830</u>	

The accompanying notes are an integral part of the financial statements.

**Statement of Changes in Fiduciary Net Position****Fiduciary Funds****For the year ended June 30, 2019**

	<b>Pension and Other Post - Employment Benefit Trust Funds</b>	<b>Private Trust Funds - Successor Agency of Former RDA</b>
<b>Additions:</b>		
Tax increment income	\$ -	\$ 1,122,593
Contributions: employer	5,591,422	-
Investment income	2,815,331	-
Total additions	<u>8,406,753</u>	<u>1,122,593</u>
<b>Deductions:</b>		
Community development	-	48,466
Benefits payment for service	4,780,644	-
Administrative expenses	44,367	-
Total deductions	<u>4,825,011</u>	<u>48,466</u>
Change in net position	3,581,742	1,074,127
Total net position - beginning as restated	<u>43,948,723</u>	<u>485,703</u>
Total net position - ending	<u>\$ 47,530,465</u>	<u>\$ 1,559,830</u>

The accompanying notes are an integral part of the financial statements.



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# Notes to Basic Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA

## NOTES TO THE FINANCIAL STATEMENTS

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Description of the Reporting Entity**

The City of Berkeley (the City) is a municipal corporation created under the laws of the State of California. The City operates under its own charter. The current charter provides for a Council-Manager form of government and the City is governed by an elected mayor and eight-member council. The City provides the following services: public safety (police and fire); sanitation and sewer; housing; leisure (parks, recreation, and marina); health and human services, including City funded health clinics; animal control; public improvements; planning and zoning; library services; and general and administrative services.

As required by generally accepted accounting principles, these financial statements present the City of Berkeley and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens, on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

**Successor Agency Trust for Assets of Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Berkeley that previously had reported Berkeley Redevelopment Agency (BRA) within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected the City to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 65.574-N.S. As a result, BRA is no longer reported as a component unit of the City. Please refer to more details under the "Notes to the Successor Agency" section.

**Blended Component Units**

These basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The blended component unit has a June 30 year-end. The following entity is reported as a blended component unit:

The Berkeley Joint Powers Financing Authority (BJPFA) was established solely to assist the City in the City in the issuance of certain bonds. The City Council served as the Board of Directors of the BJPFA. It is controlled by and financially dependent on the City; its financial activities were accounted for as part of the respective funds. Separate financial statements for the BJPFA are not issued.

**Discretely Presented Component Units**

The Rent Stabilization Board (Rent Board) is responsible for: the proper administration of programs to regulate residential rents; protecting tenants from unwarranted rent increases and arbitrary, discriminatory, or retaliation evictions; helping maintain the diversity of the Berkeley community; and to ensure compliance with legal obligations relating to the rental of housing. The nine member Board of Commissioners is elected by the citizens. However, the Rent Board is fiscally dependent upon the City because the City Council authorizes any bonded debt, and provides support services such as accounting, human resources, payroll, information technology and finance.



Complete financial statements for the rent board may be obtained at the entity's administrative offices:

Rent Stabilization Board  
2125 Milvia Street  
Berkeley, California

## **B. Implementation of Recently Issued Accounting Principles**

Effective July 1, 2018, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

### **GASB Statement No. 83, Certain asset Retirement Obligations**

In November 2016, GASB issued Statement No. 83-Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The objective of this Statement is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable; it requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred; and it requires that the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The application of Statement No. 83 did not have any effect on the City's financial statements.

### **GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements**

In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The application of Statement No. 88 did not have any effect on the City's financial statements.

## **C. Financial Statement Presentation**

### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements except in the case of interfund services provided and used, which are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Program revenues come from sources other than the tax base. Therefore, taxes are reported instead as general revenues.

### **Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category, such as governmental, proprietary, and fiduciary, are presented. The emphasis of fund financial statements is on the major governmental and enterprises funds of the City, and are reported separately in the accompanying financial statements, all remaining governmental funds are aggregated and reported as nonmajor funds in the accompanying financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for all the enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include personnel services, employee benefits, repairs and maintenance, professional services, transportation, materials and supplies, claims and judgments, rent, insurance, utilities, communications, general administration and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Grants Fund** accounts for grant monies received from other governments and private sources to be used to cover expenditures for providing public services and improving public safety.

The **Library Fund** accounts for all monies received and expended for the operation of the City's main and branch libraries, the major source of revenues are special taxes approved by two-thirds of the voters.

The **Capital Improvement Fund** accounts for expenditures for land, buildings, major reconstruction and renovation of structures, and for major landscaping or park improvements financed by local revenues.

The government reports the following major enterprise funds:

The **Zero Waste Fund** accounts for monies received and expended from refuse collection services, including the surcharge to provide for expenses incurred in the collection and disposal of solid waste materials as well as for plans, surveys, engineering expenses, property acquisition, and construction costs of facilities for future refuse disposal.

The **Marina Operations Fund** accounts for the day-to-day operations of the Berkeley Marina.

The **Sanitary Sewer Fund** accounts for the collection of revenues from sanitary sewer charges, and the expenses related to the operation, maintenance, replacement, reconstruction, and repair of sanitary facilities.

The **Clean Storm Water Fund** accounts for the fees collected to improve the quality of storm water discharged from the City's storm drainage system.

The **Permit Service Center Fund** accounts for revenues from customers processing development permit application (i.e., building and zoning permits) and the funds expended to operate the permit review functions of the Permit Service Center.

The **Off Street Parking Fund** accounts for the operations of the City's Center Street garage, Sather Gate garage, Sather Gate Mall leases, and Oxford/Fulton parking lot.

The **Parking Meter Fund** accounts for the collection of coins from the City's parking meters and for the purchasing, leasing, installing, repairing, maintaining, operating, removing, and policing of the meters.

The **Building Purchases & Management Fund** accounts for the purchase and management of the building at 1947 Center Street.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

The **Debt Service Fund** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The **Internal Service Funds** account for equipment maintenance replacement, building maintenance, central services, computer replacement, workers' compensation, sick and vacation payouts, public liability, catastrophic loss services to other departments of the City on a cost reimbursement basis, and IT cost allocation plan.

The **Pension Trust Funds** account for the activities of the Safety Members Pension Fund, which provides pension benefits on a pay-as-you-go basis for fire and police employees hired on or before February 28, 1973; Police Retirement and Pension Annuity fund and the Police Retirement Income Benefit Plan. It also accounts for the *Other Post-Employment Benefits Trust Funds*, including the Retiree Medical Benefit Trust, Berkeley Police Employees Retiree Health Plan Trust Fund, and Fire Medical Trust funds and allocated sources to provide medical benefits for retirees.

The **Private Trust Funds** account for **Successor Agency** activities of the former Berkeley Redevelopment Agency, which was dissolved on January 31, 2012 under AB 1X 26. Please refer to more details above in Section 1 under "*Successor Agency Trust for Assets of Former Redevelopment Agency*".

The **Agency Funds** account for the District 47 Underground/Miller, Sustainable Energy, Thousand Oaks Heights Applicant Funded Utility Undergrounding special assessment tax monies, Measure H School Tax, Community Facilities District No. 1 Disaster Fire Protection special assessment tax monies, Sick Leave Entitlement, Berkeley Tourism BID, Elmwood Business Improvement District, Solano Avenue Business Improvement District, and Telegraph Business Improvement District.

#### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements, except for Agency Funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, utility users taxes, transient occupancy taxes, ambulance fees, interest, and sales taxes associated with the current fiscal year are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the City receives cash.

#### E. Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term instruments with original maturities of three months or less from the date acquisition.

State of California statutes authorize the City to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, State and Local agencies, certificates of deposits, commercial paper rated A-1/P-1, medium term corporate notes rated A or its equivalent or better by Moody's or Standard & Poor's, asset backed corporate notes, negotiable certificates of deposits, bankers' acceptances, mutual funds, guaranteed investment contracts, repurchase agreements, reverse repurchase agreements when authorized by the City Council, and the State Treasurer's investment pool (Local Agency Investment Fund).

The City does not utilize the Local Agency Investment Fund, as this fund is not in compliance with the City's nuclear free ordinance.

NOTES TO THE FINANCIAL STATEMENTS

Investments for the City, as well as for its component units, are reported at fair value. The value is determined based upon quoted market closing prices. The fair value of mutual funds is stated at share value. Income from pooled investments is allocated to the individual funds based on the fund average monthly balance in relation to the total pooled investments.

For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

**F. Restricted Cash and Investments**

Certain proceeds of the City's Off-Street Parking enterprise fund revenue bonds, Animal Shelter fund Certificates of Participation, and pension refunding bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

The debt service account is used to segregate resources accumulated for principal payments; the construction account is used to report those proceeds of the revenue bond issuance that are restricted for use in construction; the interest account is used to segregate resources accumulated for interest payments; the debt service reserve account is used to segregate resources set aside to make up potential future deficiencies in the interest account and the debt service account; and the cost of issuance account is used to segregate proceeds of the revenue bond issuance that are to be used to pay the cost of issuance.

The balance of the restricted cash as of June 30, 2019 are as follows:

	<u>Restricted Cash</u>
<b>Government activities:</b>	
Tax revenue anticipation notes	\$ 14,418,833
Grants	23,924,312
Library	12,650,407
Non-major fund - Special revenue	45,918,473
Non-major fund - Capital project fund	34,414,543
Non-major fund - Debt service fund	11,526,275
Total government activities	<u>\$ 142,852,843</u>
<b>Business-type activities:</b>	
Building Purchases & Management	\$ 297
Off-Street Parking - Off Street Parking Fund	175,269
Total business-type activities	<u>\$ 175,566</u>
<b>Agency funds:</b>	
CFD No. 1 Disaster Fire Protection Mello-Roos	\$ 401,682
Thousand Oaks Underground	91
Total agency funds	<u>\$ 401,773</u>

**G. Receivables and Payables**

Transactions between funds that are representative of long-term lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/advances from other funds". All other outstanding balances between funds are reported as "due to/from other funds". The latter transactions are typically loans from the General Fund to cover cash shortages in other funds that result from the pooled cash arrangement. The loans are short-term in nature and generally result from the time lag in receiving grant reimbursements. The amounts are repaid to the General Fund when the grant reimbursements are made. Any residual balances

between the governmental activities and business type activities are reported in the government-wide financial statements as internal balances.

All trade accounts receivable are presented net of allowance for doubtful accounts. No allowances for doubtful accounts have been provided for taxes or rental registration fees. Property taxes are levied as of July 1 on property assessed on the same date. Alameda County assesses properties, bills for, collects and distributes property taxes as follows:

	<b>Secured</b>	<b>Unsecured</b>
Valuation/Lien Dates	January 1	January 1
Levy Dates	July 1	July 1
Due Dates	50% on Nov1 50% on Feb1	July 1
Delinquent as of	Dec 10 (for Nov) Apr 10 (for Feb)	August 31

The term “unsecured” refers to taxes on businesses’ machinery, furniture, and equipment. Property taxes are secured by liens on the property being taxed.

Property taxes are recorded as revenue when they become both measurable and available to finance expenditures in the fiscal year. Deferred inflows of resources is recorded for the amount included in taxes receivable, which is not collected within 60 days after fiscal year-end.

## H. Inventories

All inventories are valued at the lower of cost or market on a first-in-first-out basis. Inventory in the Supplies Warehouse Fund consists of postage supplies held for consumption by all departments of the City. The cost is recorded as an expense in the appropriate fund at the time inventory items are withdrawn for use (consumption method).

Property Held for Resale:

Property held for resale is recorded at the lower of cost or market value.

## I. Capital Assets

Capital assets, which include land, buildings, machinery, construction in progress and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

City policy has set the capitalization threshold for reporting capital assets at the following:

Non-Infrastructure Capital Assets	\$5,000
Infrastructure Capital Assets	\$100,000

For capital assets, depreciation is recorded on the straight-line method over the useful lives of the assets as follows:

Building and Improvements	15 to 30 years
Equipment	4 to 10 years
Infrastructure	10 to 50 years



## NOTES TO THE FINANCIAL STATEMENTS

**J. Compensated Absences****Compensated Absences - Other**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued when incurred in proprietary funds and is reported as a fund liability. In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. The City has established an Internal Service Fund (Sick and Vacation Payout Fund) to pay for compensated absences when a worker leaves the City or retires. The City uses the vested method for calculating compensated absences.

The personnel policies of the City do not allow employees to accrue vacation in excess of eight weeks (320 hours). For example, when a miscellaneous employee (Police and Fire sworn employees have different formulas) is terminated or retires, with a vested pension with twenty years of service, an employee is entitled to be paid 38 percent of the accrued sick leave balance and 62 percent of the balance can be used for CALPERS credit. Employees with at least twenty-eight (28) years of benefited City service or an employee retiring on permanent disability arising out of, and incurred in, the course and scope of their employment with the City with at least twenty-eight (28) years of benefited service shall be entitled to receive payment in an amount equal to 50 percent of their accrued sick leave days up to a maximum of (200) unused sick leave days. The employee has the option of using the payout entitlement for retiree medical insurance premium payments. The liability for retirees who do not choose the payout option is paid from the medical sick leave entitlement trust fund.

**Compensated Absences-New Sick Leave Program for Police (PORAC)**

Effective December 23, 2012, Section 24.6 Maximum Sick Leave Accrual, of the Police MOU in its entirety has been abolished and the following New Sick Leave Program is in effect:

**Initial Implementation with Existing Sick Leave Balances**

If a sworn member of the Berkeley Police Department has an accrued sick leave balance on December 23, 2012, one half of those hours in excess of 200 it has been converted and will be deposited into the employee's retiree Peace Officers Research Association of California (PORAC) medical trust account over five successive years in installments commencing on January 1, 2013. The conversion rate is the employee's rate of pay on December 23, 2012. The remaining fifty percent of the sick leave balance in excess of 200 hours was credited into the employee's separate "catastrophic/service time" bank no later than February 1, 2013 up to a maximum of 500 hours.

**After initial implementation and Going Forward**

Beginning January 1, 2013, at the end of each calendar year, if an employee has an accrued sick leave balance of 200 hours or more of sick leave, fifty percent of all hours accrued in excess of 200 hours is converted into a cash equivalent at the end of each calendar year. The annual cash conversion is calculated at the employee's hourly rate including additional pay such as POST pay, Bilingual Pay and Longevity Pay then in effect at the end of the calendar year. The annual cash conversion is limited to 50 percent of the hours an employee has accrued in excess of 200 hours as of December 31 of each year. The City pays the annual cash equivalent into an employee's retiree PORAC medical trust account on behalf of the employee member. Upon retirement, any sick leave hours that have not been converted into an employee's PORAC medical trust account, used for the purposes of additional retirement service credit as provided in PERL Section 20965, or "catastrophic/service time" bank is forfeited.

**K. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs with the exception of bond insurance are expensed at time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Tax Reform Act of 1986 instituted arbitrage restrictions related to the issuance of tax-exempt bonds issued after August 31, 1986. Those regulations relate to the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. An independent firm performs arbitrage rebate calculations to determine the applicability of federal arbitrage regulations. As of June 30, 2019, the City did not have a liability due.

#### L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### M. Net Position

In the government-wide and proprietary funds financial statements, net position is categorized in the following categories:

**Net Investment in Capital Assets** is the portion of net position that relates to the City's capital assets less accumulated depreciation and any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended proceeds.

**Restricted Net Position** is the portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position** consists of all net position that does not meet the definition of either of the other two components.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

#### N. Fund Balances

The City follows the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB Statement No. 54 established Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

GASB Statement No. 54 distinguishes fund balance between amounts that are considered non-spendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that controls the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts is reported in the classifications listed on the following page.

**Nonspendable Fund Balance** are amounts that are not in a spendable form, such as inventories, prepaid items, and long-term loans and notes receivable. It also includes amounts that are legally or contractually required to be maintained intact or required to be retained in perpetuity, such as the principal of an endowment fund.

**Restricted Fund Balance** are amounts reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (e.g., through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed Fund Balance** are amounts that have been limited to specific purposes as defined in the City Charter or through adoption of an ordinance by the City Council, the highest level of decision making authority

## NOTES TO THE FINANCIAL STATEMENTS

in the City. These commitments may be changed or lifted, but only by the same formal action that was used to impose the constraint originally. City Council action to commit fund balance must occur within the fiscal reporting period, while the amount committed may be subsequently determined.

**Assigned Fund Balance** are amounts that are intended to be used by the City for specific purposes that are neither restricted nor committed through City Council budgetary action, which includes the approval of appropriations and revenues pertaining to the next fiscal year's budget. Intent is expressed by the City Council or City Manager. To which the City Council has delegated the authority, to assign amounts to be used for specific purposes.

**Unassigned Fund Balance** are amounts within the General Fund, the residual resources (either positive or negative), in excess of what can properly be classified in one of the other four fund balance categories. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other four fund balance categories.

In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance categories, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

### Spending Policy

The City's policy is to spend restricted fund balances first, before spending unrestricted fund balances, for expenditures incurred for purposes for which both restricted and unrestricted fund balances are available, except for instances wherein a City's ordinance or resolution specifies the fund balance.

The City's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances have been spent, when expenditure are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, except for instances where in a City ordinance specifies the fund balance. For committed fund balance, the City Council is the highest level of decision making authority. Commitments may be changed or lifted only by the City adopting a resolution that imposed the constraint originally. For assigned fund balance, it comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council or City manager, to which the City Council has delegated the authority, to assign amounts to be used for specific purposes.

### O. Use of Estimates

A number of estimates and assumptions relating to the reporting of revenues, expenditure/expenses, assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America, actual results could differ from these results.

### P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's three Plans (Separate ones for Miscellaneous, Fire and Police employees) and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

### Q. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, the fiduciary net position of the City's defined benefit retirement plans (Police Retiree Income Plan, Safety Members Pension Plan and the California Public Employees' Retirement System), and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported in the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## 2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 are classified in the accompanying financials statements at fair value as follows:

	Unrestricted	Restricted	Total
Primary government except for fiduciary fund	\$ 302,538,486	\$ 143,028,409	\$ 445,566,895
Fiduciary fund	10,311,096	44,434,497	54,745,593
Component unit: Rent Stabilization Board	6,410,679	-	6,410,679
Total cash and investments	<u>\$ 319,260,261</u>	<u>\$ 187,462,906</u>	<u>\$ 506,723,167</u>
Cash and investments as of June 30, 2019 consist of the following:			
Cash and deposits:			
Cash on hand			\$ 30,653
Deposits with financial institutions			38,833,636
Deposits with fiscal agents			992,288
Total cash and deposits			<u>39,856,577</u>
Investments:			
Investments for City government, excluding trust funds			422,833,865
Investments held in OPEB and Pension Trust			44,032,725
Total investments			<u>466,866,590</u>
Total cash, deposits and investments			<u>\$ 506,723,167</u>
Equity in pooled cash and investment held by treasury			\$ 451,621,648
Cash and investments held by fiscal agent			590,514
Cash and investments of retirement plans			47,383,337
Cash and investments of other trust funds			1,895,636
Cash and investments of Agency funds			5,232,032
Total cash, deposits and investments			<u>\$ 506,723,167</u>

**Pooled Cash and Investments** - The City maintains a cash and investment pool that is available for use by all funds and component units. Each fund's portion of this pool is displayed on the governmental fund balance sheets and proprietary fund statement of net position as "cash and investments."

**Restricted Cash and Investments** - The City has other investments, not held by the City Treasury, that are invested pursuant to governing bond covenants. These amounts are reflected as restricted cash in the financial statements.

**Investments in Retirement Plans** - The funds of the retirement plans and retiree medical plans are invested pursuant to City investment policies established specifically for those plans by the City Council, which are pursuant to Sections 2.44.040 and 2.44.060 of the Berkeley Municipal Code, Resolution No. 45,087-N.S., and Sections 53601, 53607, 53636 and 53648 of the State Government Code, the Director of Finance, the Treasurer of the City, is authorized to make investments of the City's Trusts' idle funds. The Code also directs the City to present an annual investment policy to the City Council for approval. The objective of the investment policies is to maximize the expected return of the plans at the acceptable level of risk.

### A. Investments

#### Investments Authorized by the California Government Code and the City of Berkeley Investment Policies

The table below identifies the **investment types** that are authorized for the City of Berkeley's pooled investment policies. The table also identifies certain provisions of the California Government Code and/or the City's investment policies that address **interest rate risk and concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code.

## NOTES TO THE FINANCIAL STATEMENTS

**Investments Authorized by the California Government Code and the City of Berkeley Investment Policies**

Authorized Investment Type	Maximum Maturity	Percentage/ Dollar of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	100%	N/A
U.S. Treasury Securities	10 years	100%	N/A
U.S. Agency Securities	10 years	100%	N/A
Banker's Acceptances	7 days	40%	30%
Commercial Paper	180 days	25%	\$5MM or 2%
Negotiable Certificates of Deposit	10 years	30%	N/A
Repurchase Agreements	1 year	10%	N/A
Medium-Term Notes	10 years	30%	N/A
Guaranteed Investment Contracts	5 years	25%	N/A
Money Market Funds	N/A	100%	N/A
Mortgage Pass-Through Securities	5 years	20%	N/A
County Pooled Investment Funds	N/A	N/A	N/A

**Investments Authorized by Debt Agreements**

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policies. The table on the next page identifies the **investment types** that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address **interest rate risk**, and **concentration of credit risk**.

Authorized Investment Type	Maximum Maturity	Percentage/ Dollar of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Securities	10 years	100%	N/A
U.S. Agency Securities	10 years	100%	N/A
Money Market Funds	N/A	100%	N/A
Guaranteed Investment Contracts	5 years	25%	N/A

## B. Risk Disclosures

### i. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The City has the intention of holding all investments to maturity. The average maturity of the City's pooled investments governed by the Investment Policies was approximately 1.51 years as of June 30, 2019.

#### *City's Investments*

Information about the sensitivity of the fair values of the City's investments (excluding investments held in trust for retiree medical plans) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Investment Maturities (in years)					
		Less than 1	1 - 2	2 - 3	3 - 4	4 - 5	More than 5
U.S. Agency securities	\$ 183,584,551	\$ 109,529,117	\$ 38,971,385	\$ 4,989,450	\$ -	\$ 25,092,950	\$ 5,001,650
Municipal bond	10,347,700	5,023,650	-	-	-	-	5,324,050
Medium term notes	87,413,698	-	1,455,055	8,770,501	20,287,750	26,695,145	30,205,248
Money Market	141,487,915	141,487,915	-	-	-	-	-
<b>Total Investments</b>	<b>\$ 422,833,865</b>	<b>\$ 256,040,682</b>	<b>\$ 40,426,439</b>	<b>\$ 13,759,951</b>	<b>\$ 20,287,750</b>	<b>\$ 51,788,095</b>	<b>\$ 40,530,948</b>

#### *Trust Fund Investments*

In accordance with Government Code Sections 53620-53622, the assets of the City of Berkeley retiree medical plan trusts may be invested in any form or type of investments deemed prudent by the City Council. These plans are authorized by investment policies approved by the City Council to invest in various types of investments, up to a maturity of 30 years.

- The issuer of commercial paper must have the highest rating from two nationally recognized rating agencies, not one (as required by the State).
- Purchases of corporate notes shall be limited to securities rated "A" or higher by Moody's or Standard and Poor's.
- Purchases of long-term (i.e., beyond five years) corporate bonds are limited to the Retiree Medical Plan Trust Fund and debt service reserve funds. Issuers must have a Moody's credit rating of "A3" or higher and Standard and Poor's rating of "A-" or higher.

These OPEB and pension investments are reported at fair value, as follows:

Investment Type	Total	Investment Maturities (in years)					
		Less than 1	1 - 2	2 - 3	3 - 4	4 - 5	More than 5
U.S. Agency securities	\$ 16,543,260	\$ 2,490,595	\$ -	\$ -	\$ -	\$ -	\$ 14,052,665
Municipal bond	9,160,215	-	-	2,852,465	-	-	6,307,750
Medium term notes	18,025,250	-	5,251,650	-	-	-	12,773,600
Savo Island loan	304,000	-	-	-	-	-	304,000
<b>Total Investments</b>	<b>\$ 44,032,725</b>	<b>\$ 2,490,595</b>	<b>\$ 5,251,650</b>	<b>\$ 2,852,465</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,438,015</b>



## NOTES TO THE FINANCIAL STATEMENTS

## ii. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's investment policies, or debt agreements and the actual rating as of the year end for each investment type.

### City's Investments

Investment Type	Amount Held	Minimum Legal Rating	S & P Rating June 30, 2019
U.S. Agency Securities	\$ 183,584,551	AA+	AA+
Municipal Bonds	10,347,700	A	A+
Medium Term Notes	87,413,698	A	A
Money Market	141,487,916	N/A	N/A
<b>Total</b>	<b>\$ 422,833,865</b>		

### Trust Fund Investments

Investment Type	Amount Held	Minimum Legal Rating	S & P Rating June 30, 2019
U.S. agency securities	\$ 16,543,260	AA+	AA+
Municipal bonds	9,160,215	A	A+
Medium term notes	18,025,250	A	A
Savo Island loan	304,000	N/A	Not rated
<b>Total</b>	<b>\$ 44,032,725</b>		

## iii. Concentration of Credit Risk

The investment policies of the City contain no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5 percent or more of total investments are as follows:

### City's Investments

	Investment Type	Reported Amount	Percentage of Holdings
Federal Home Loan Bank	Federal Agency Securities	\$ 79,716,292	28.3%
Federal Farm Credit Banks	Federal Agency Securities	50,446,850	17.9%
Federal National Mortgage Association	Federal Agency Securities	28,410,160	10.1%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	14,988,200	5.3%
	<b>Total</b>	<b>\$ 173,561,501</b>	<b>61.7%</b>

*Trust Fund Investments*

Issuer	Investment Type	Reported Amount	Percentage of Holdings
Barclays Bank Plc Notes	Medium-term notes	\$ 10,005,900	22.7%
Fed. Farm Credit Banks Funding	Federal agency securities	7,449,984	16.9%
Farmer Mac	Federal agency securities	6,602,681	15.0%
Sacramento County CA PO Bond	Municipal bond	6,307,750	14.3%
Morgan Stanley Note	Medium-term notes	5,000,000	11.4%
Oakland CA Pension Obligation Bond	Municipal bond	2,852,465	6.5%
Morgan Stanley DW DTC#0015	Medium-term notes	2,767,700	6.3%
<b>Total</b>		<b>\$ 40,986,480</b>	<b>93.1%</b>

**iv. Custodial Credit Risk**

For an investment, custodial credit risk is the risk that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counter party fails. All of the City's investments except money market mutual funds and guaranteed investment contracts are subject to custodial risk. However, the California Government Code and the City's investment policies do not contain legal or policy requirements that would limit the exposure to custodial risk for investments. The City's investments, OPEB trust fund investments and pension fund investments are held by Wells Fargo, in the Trust and Custody Department, which is separate from the operations of the bank. In addition, Wells Fargo maintains a Financial Institution Bond of at least \$100 million which provides protection from losses sustained by employee dishonesty, burglary, robbery, check forgery, securities forgery, computer crime, safe deposit, etc.

**C. Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered hierarchy, as follows:

- Level 1: Investments reflect prices quoted for identical assets in active markets
- Level 2: Investments reflect prices quoted for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active or inputs other than quoted prices that are observable for the asset
- Level 3: Investments reflect prices based upon unobservable sources.

The City has the following recurring fair value measurements as of June 30, 2019:

*City's Investments*

Investment Types	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets		Significant Unobservable Inputs (Level 3)
		Identical Assets (Level 1)	Similar Assets (Level 2)	
U.S. agency securities	\$ 183,584,551	\$ -	\$ 183,584,551	\$ -
Municipal bonds	10,347,700	-	10,347,700	-
Medium term notes	87,413,698	-	87,413,698	-
	281,345,949	-	281,345,949	-
Investment not subject to levelling:				
Money market	141,487,915	-	-	-
<b>Total</b>	<b>\$ 422,833,864</b>	<b>\$ -</b>	<b>\$ 281,345,949</b>	<b>\$ -</b>

## NOTES TO THE FINANCIAL STATEMENTS

## Trust Fund Investments

Investment Types	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets		Significant Unobservable Inputs (Level 3)
		Identical Assets (Level 1)	Similar Assets (Level 2)	
U.S. agency securities	\$ 16,543,260	\$ -	\$ 16,543,260	\$ -
Municipal bonds	9,160,215	-	9,160,215	-
Medium term notes	18,025,250	-	18,025,250	-
Others	304,000	-	-	304,000
<b>Total</b>	<b>\$ 44,032,725</b>	<b>\$ -</b>	<b>\$ 43,728,725</b>	<b>\$ 304,000</b>

## D. Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits. Included as deposits are bank deposits. In accordance with the California Government Code, demand deposits that are not insured must be collateralized with governmental securities at 110 percent of all such deposits or pledging of first deed mortgage notes equal to 150 percent of the City's deposits. The collateral must be held by the bank in the City's name. The following chart presents bank deposit balances for the primary government, its component units, and fiduciary funds as of June 30, 2019. Deposits are listed in terms of whether they are exposed to custodial credit risk (i.e., the risk that in the event of a bank failure, the City's deposits may not be returned). Deposits are exposed to custodial credit risk if they are either, (1) insured and collateralized, (2) uninsured and collateralized with securities held by the pledging financial institution, or (3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the City.

## Bank Deposit Balances

## Deposits Exposed to Custodial Credit Risk

Description	Primary Government	Component Unit (Rent Board)	Fiduciary Funds		Total Bank Balances
			OPEB	Others	
Insured and/or collateralized	\$ 486,697	\$ 7,316	\$ 3,824	\$ 2,163	\$ 500,000
Uninsured and collateralized with securities held by pledging institution's trust department or agent, but not in City's name	37,042,776	556,810	291,023	164,649	38,055,257
<b>Total bank balance - all deposits</b>	<b>\$ 37,529,473</b>	<b>\$ 564,126</b>	<b>\$ 294,847</b>	<b>\$ 166,812</b>	<b>\$ 38,555,257</b>

The City applies the provision of GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires governments to present investments at fair value. For the fiscal year ended June 30, 2019, the City had a decrease in the fair value of investments based on quoted market prices for the securities held, which are included as investment income in the General Fund, as follows:

Interest income	\$ 6,235,693
Net increase/(decrease) in the fair value of investments	678,847
<b>Total investment income</b>	<b>\$ 6,914,540</b>

### 3. NOTES AND LOANS RECEIVABLE

Details of Notes Receivable as of June 30, 2019 are as follows:

Notes/Loans Receivable	June 30, 2019
General Fund:	
Development Loans	\$ 2,835,304
Housing Assistance Loans	660,000
S.B. Rental Rehabilitation	201,667
Total General Fund	<u>3,696,971</u>
Grant Fund:	
Development Loans	30,008,086
CalHome Senior Home Repair	1,381,106
Rehabilitation - Emergency Repair	5,233
1st Time Homebuyer Home Loans	180,000
Total Grant Fund	<u>31,574,425</u>
Capital Improvement Fund:	
Development Loans	7,582,802
Security deposit	225,000
CalHome Senior Home Repair	121,461
Total Capital Improvement Fund	<u>7,929,263</u>
Nonmajor Governmental Funds:	
Development Loans	17,867,467
S.B. Rental Rehabilitation	27,253
CalHome Senior Home Repair	342,110
Rehabilitation - Emergency Repair	900,307
Rehabilitation - Senior Disabled	409,208
OED - Citywide Loans	140,268
OED - Mortgage Loan	77,000
OED - Revolving Loan	600,618
Total Nonmajor Governmental Funds	<u>20,364,231</u>
Total Notes/Loans Receivable	<u><b>\$ 63,564,890</b></u>

#### Development Loans

This loan program began in 1991, in which the City awards loans to developers every year. The first year of maturity for loans starts in 2046, but most of the loans may be forgiven. Development loans normally are charged 6 percent simple interest per annum, with a range of 3 to 6 percent. The agreements require the borrower to pay annual interest only, at the lesser of 50 percent of the property's net cash flow or the amount of interest calculated at 6 percent. The loans may be forgiven after 55 years from the loan date, if the terms of the agreement are satisfied.

#### Senior Rehabilitation Loans

This loan program began in 1980. The City is unable to predict the maturity dates of the loans because most of them are only due upon sale of the property. Ninety percent of these loans are deferred with no monthly payments required. Interest rates range between 0 to 6 percent.

#### CALHOME Senior Home Repair Loans

Cal Home funds are additional resources to existing Senior and Disabled Home Rehabilitation Loan Programs. Financial assistance from the Cal Home is in the form of a deferred payment loan that is due and payable upon sale or transfer of title to the property. The interest rate is zero. Cal Home has been in existence since 2002 and it targets seniors and disabled homeowners who are very low income and are unable to undertake rehabilitation of their homes because of limited income.

## NOTES TO THE FINANCIAL STATEMENTS

**Rehabilitation – Emergency Repair**

This loan program was done primarily in the 1980s and was a predecessor for the Senior and Disabled Rehabilitation Loan Programs. Funds are used for repairs to homes.

**Rehabilitation – Senior Disabled**

This loan program is related to CDBG and CalHome funds, which are used for zero-interest loans to homeowners who are either 62 or older or disabled. Funds are used for health and safety repairs.

**1<sup>st</sup> Time Homebuyer Home Loans**

This loan program provides a second mortgage for low-income homeowners. It was implemented in approximately 1998 and 1999.

**OED Citywide, Mortgage, and Revolving Loans**

OED loans are revolving loans funds that can provide access to capital for businesses and entrepreneurs who seek to grow, retain or create jobs, but do not qualify for a traditional bank loan. The OED program serves all commercial areas in the City. The interest rate is based on Prime Rate plus 2 percent at the time of loan approval. Loan terms are up to 7 years.

**4. INTERFUND TRANSACTIONS**
**A. Due To/From Other Funds**

At June 30, 2019, the City had the following due to/from other funds:

Due To / From Other Funds			
Fund	Due To	Due From	
General Fund	\$ -	\$ 6,973,098	
Grant Funds	9,409,147	-	
Capital Projects Funds	-	4,178,965	
Nonmajor Governmental Funds	1,425,286	45,207	
Enterprise Funds			
Sanitary Sewer	341,720	-	
Building Purchases & Management Fund	21,117	-	
	<u>\$ 11,197,270</u>	<u>\$ 11,197,270</u>	

The amounts due to the General Fund and Capital Improvement Funds from other funds represent reclassified temporary negative cash balances pending grant reimbursements or other receivables. Current interfund balances arise in the normal course of operations and are expected to be repaid within the next fiscal year.

**B. Transfers**

At June 30, 2019, the City had the following transfers in/out which arise in the normal course of operations.

From Fund	To Fund	Purpose	Amount
General Fund	Capital Improvement Fund	Capital project support	11,759,637
		Equipment Replacement	823,592
	Internal Service Funds	Public Liability	1,695,888
		Catastrophic Insurance	1,351,564
		Information Technology Support	7,522,458
		Paramedic Fund Support	612,696
		Energy Fund	25,017
		Employee Training Fund	750,000
		PERS Savings Fund	1,095,443
		Employee Pension and Retirement Fund	4,000,000
		Health State Aid	1,953,018
		VOIP Replacement Fund	163,000
		Fund\$ Replacement Fund	1,710,000
			<u>33,462,313</u>
Capital Improvement Fund	General Fund	Loan Payment to Workers Compensation	406,952
		First Source Fund	29,943
		Public Art Fund	44,915
		PERS Savings Fund	151,065
		Debt Service Payments	901,848
	Non-Major Funds	Clean Storm Water Fund	7,178
			<u>1,541,901</u>
Zero Waste Fund	Internal Service Funds	Equipment Maintenance	1,262,247
		Catastrophic Insurance	110,870
		Information Technology Support	689,398
			<u>2,062,515</u>
Marina Operations Fund	Non-Major Funds	First Source Fund	1,875
		Public Art Fund	2,813
		Catastrophic Insurance	21,578
		Information Technology Support	73,458
			<u>99,724</u>
Sanitary Sewer Operation Fund	Enterprise Fund	Private Sewer Lateral	90,501
	Internal Service Funds	Catastrophic Insurance	102,522
		Information Technology Support	467,000
			<u>660,023</u>
Clean Storm Water Fund	Internal Service Funds	Catastrophic Insurance	25,085
		Information Technology Support	194,022
			<u>219,107</u>



## NOTES TO THE FINANCIAL STATEMENTS

From Fund	To Fund	Purpose	Amount
Permit Service Center Fund	Internal Service Funds	Catastrophic Insurance	55,638
		Information Technology Support	450,679
			<u>506,317</u>
Off Street Parking Fund	Internal Service Funds	Catastrophic Insurance	7,920
		Information Technology Support	13,475
			<u>21,395</u>
Parking Meter Fund	General Fund	Homeless program funded by parking meters	1,742,288
	Internal Service Funds	Catastrophic Insurance	8,650
		Information Technology Support	39,361
			<u>1,790,299</u>
Internal Service Funds	Internal Service Funds	Information Technology Support	82,400
Non-major Funds	General Fund	UC Settlement	970,564
		Health State Aid	2,643,280
	Non-major Funds	First Source Fund	11,625
		Public Art Fund	17,437
		Clean Storm Water	445,019
		Catastrophic Insurance	69,262
		Information Technology Support	197,288
			<u>4,354,475</u>
			<u>\$ 44,800,469</u>

### C. Advances to/from

During FY 20187 the General Fund borrowed \$6,683,398 from the Workers Compensation Fund to fund the purchase of a building located at 1001, 1007, and 1011 University Avenue and 1925 Ninth Street. Repayment of the loan will be funded from a combination of the Business License Tax of five or more units and excess Property Transfer Tax. Interest on the loan is the State of California Local Agency Investment Fund rate of 0.68 percent. A principal repayment of \$2,227,291 on the loan was made during FY 2019, leaving a principal balance outstanding of \$4,059,220 as of June 30, 2019.

## 5. CAPITAL ASSETS

At June 30, 2019, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total	Component Unit
Non-Depreciable Assets				
Land	\$ 25,141,987	\$ 2,979,050	\$ 28,121,037	\$ -
Construction in Progress	40,400		40,400	-
Total Non-Depreciable Assets	25,182,387	2,979,050	28,161,437	-
Depreciable Assets				
Buildings	173,503,570	92,520,257	266,023,827	-
Improvements Other than Buildings	20,846,389	16,738,680	37,585,069	-
Machinery and Equipment	73,959,111	10,636,094	84,595,205	595,664
Infrastructure	231,216,921	217,213,378	448,430,299	-
Total Depreciable Assets	499,525,991	337,108,409	836,634,400	595,664
Less Accumulated Depreciation for:				
Buildings	96,765,420	22,419,109	119,184,529	-
Improvements Other than Buildings	5,474,213	5,890,370	11,364,583	-
Machinery and Equipment	55,324,037	7,367,599	62,691,636	591,144
Infrastructure	131,153,654	70,835,339	201,988,993	-
Total Accumulated Depreciation	288,717,323	106,512,417	395,229,741	591,144
Total Depreciable Assets, net	210,808,668	230,595,992	441,404,659	4,520
Total Capital Assets	\$ 235,991,054	\$ 233,575,042	\$ 469,566,096	\$ 4,520

### A. Government Activities

The following is a summary of changes in the capital assets for the governmental activities during the fiscal year:

	Beginning Balance as Restated	Additions	Deletions	Ending Balance
Non-Depreciable Assets				
Land	\$ 25,141,987	\$ -	\$ -	\$ 25,141,987
Construction in Progress	40,400			40,400
Total Non-Depreciable Assets	25,182,387	-	-	25,182,387
Depreciable Assets				
Buildings	172,883,181	620,389	-	173,503,570
Improvements Other than Buildings	19,224,763	1,622,000	(374)	20,846,389
Machinery and Equipment	77,987,493	1,084,995	(5,113,377)	73,959,110
Infrastructure	221,454,375	9,762,546		231,216,921
Total Depreciable Assets	491,549,812	13,089,930	(5,113,751)	499,525,991
Less Accumulated Depreciation for:				
Buildings	91,734,085	5,031,335		96,765,420
Improvements Other than Buildings	4,840,885	633,702	(374)	5,474,213
Machinery and Equipment	55,829,880	4,600,322	(5,106,165)	55,324,037
Infrastructure	125,136,281	6,017,373		131,153,654
Total Accumulated Depreciation	277,541,131	16,282,732	(5,106,539)	288,717,324
Total Depreciable Assets, net	214,008,680	(3,192,802)	(7,212)	210,808,667
Total Capital Assets	\$ 239,191,067	\$ (3,192,802)	\$ (7,212)	\$ 235,991,054

## NOTES TO THE FINANCIAL STATEMENTS

Depreciation expense by program for capital assets for the fiscal year ended June 30, 2019 was as follows:

General Government	\$	1,269,211
Public Safety		1,070,532
Highways and Streets		6,129,839
Health and Welfare		133,437
Culture and Recreation		2,847,811
Community Development and Housing		1,773,332
Internal Service Funds		3,058,570
Total Depreciation Expense	\$	<u>16,282,732</u>

## B. Business-Type Activities

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

	Beginning Balance	Additions	Deletions	Transfer	Ending Balance
<b>Non-Depreciable Assets</b>					
Land	\$ 2,979,050	\$ -	\$ -	\$ -	\$ 2,979,050
Construction in Progress	41,884,127	-	-	(41,884,127)	-
Total Non-Depreciable Assets	44,863,177	-	-	(41,884,127)	2,979,050
<b>Depreciable Assets</b>					
Buildings	46,349,309	5,911,874	(1,625,053)	41,884,127	92,520,257
Improvements Other than Buildings	16,573,447	165,233	-	-	16,738,680
Machinery and Equipment	10,537,578	606,574	(508,058)	-	10,636,094
Infrastructure	215,594,921	1,618,457	-	-	217,213,378
Total Depreciable Assets	289,055,255	8,302,138	(2,133,111)	41,884,127	337,108,409
<b>Less Accumulated Depreciation for:</b>					
Buildings	21,356,774	2,687,388	(1,625,053)	-	22,419,109
Improvements Other than Buildings	5,312,025	578,345	-	-	5,890,370
Machinery and Equipment	7,037,440	838,217	(508,058)	-	7,367,599
Infrastructure	67,201,881	3,633,458	-	-	70,835,339
Total Accumulated Depreciation	100,908,120	7,737,408	(2,133,111)	-	106,512,417
Total Depreciable Assets, net	188,147,135	564,730	-	41,884,127	230,595,992
Total Capital Assets	\$ 233,010,312	\$ 564,730	\$ -	\$ -	\$ 233,575,042

Depreciation expense by program for capital assets for the fiscal year ended June 30, 2019 was as follows:

Parking-Related	\$	2,071,030
Marina Operations and Maintenance		491,975
Sewer Services		3,097,338
Clean Storm Water		655,473
Refuse Services		330,016
Permit Service Center		190,221
Building Purchases		901,355
Total Depreciation Expense	\$	<u>7,737,408</u>

**C. Discretely Presented Component Unit**

Capital asset activity for the Rent Stabilization Board for the fiscal year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Assets				
Machinery and Equipment	\$ 674,742	\$ -	\$ (79,078)	\$ 595,664
Total Depreciable Assets	674,742	-	(79,078)	595,664
Less Accumulated Depreciation for:				
Machinery and Equipment	654,319	15,903	(79,078)	591,144
Total Accumulated Depreciation	654,319	15,903	(79,078)	591,144
Total Capital Assets	\$ 20,423	\$ (15,903)	\$ -	\$ 4,520

**6. OPERATING LEASES**

The government leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$456,287 for the fiscal year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2020	\$ 379,753
2021	286,740
2022	293,815
2023	301,072
2024	308,517
2025-2029	1,103,134
2030-2034	1,151,580
Total	\$ 3,824,611

**7. TAX REVENUE ANTICIPATION NOTES PAYABLE**

In FY 2019, the City issued \$14,000,000 of Tax Revenue Anticipation Notes (Notes) in order to alleviate the strain on working capital prior to the receipt of property tax revenues in December. The Notes were issued with a coupon rate of 3.00 percent and a yield of 1.45 percent and are recorded in the General Fund. Interest and principal on these Notes are payable on July 17, 2019 by the General Fund. The City has maintained a MIG-1 rating on this short-term issue.

	Beginning Balance	Additions	Deletions	Ending Balance
Tax Revenue Anticipation Notes Payable	\$ 25,550,000	\$ 14,000,000	\$ (25,550,000)	\$ 14,000,000

**A. Pledged Revenues**

Tax Revenue Anticipation Notes are secured by the City's General Fund tax revenues received in FY 2019. The City pledges to reserve an amount equal to:

- i. 50 percent of the principal amount of the Notes in January 2019;
- ii. an amount equal to 50 percent of the principal amount of the Notes in the month of May 2019; and
- iii. an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2019

The City had pledged and assigned approximately \$14,000,000 plus interest of \$418,833 or 13 percent of the City's rights to the General Fund FY 2019 annual revenues.

## NOTES TO THE FINANCIAL STATEMENTS

## 8. LONG-TERM LIABILITIES

## A. Governmental Activities

The following is a summary of long-term liabilities including amortization for the fiscal year ended June 30, 2019

Governmental Activities	Beginning Balance	Additions	Deletions	Bond Discount/ (Premium)	Ending Balance	Due Within One Year
<b>Bonds Payable:</b>						
General Obligation Bonds:						
Measure FF - Neighborhood Branch Library,						
Series 2009	\$ 8,770,000	\$ -	\$ (215,000)	\$ -	\$ 8,555,000	\$ 225,000
Series 2010	13,886,614	-	(395,000)	(10,470)	13,481,144	415,000
Measure M - Street and Integrated Watershed,						
Series 2014	14,371,936	-	(305,000)	(14,580)	14,052,356	320,000
Series 2016	15,380,434	-	(280,000)	(22,468)	15,077,966	285,000
2015 General Obligation Refunding Bonds	34,884,799	-	(2,590,000)	(188,859)	32,105,940	2,715,000
Measure T1 - Infrastructure and Facilities	35,822,076	-	(1,815,000)	(28,185)	33,978,891	1,350,000
2012 Lease Revenue Bonds	4,826,190	-	(293,944)	(36,131)	4,496,115	306,825
Total Bonds Payable	127,942,049	-	(5,893,944)	(300,693)	121,747,412	5,616,825
<b>Certificates of Participation:</b>						
2010 - Animal Shelter	5,467,994	-	(115,000)	(15,532)	5,337,462	120,000
<b>Loans Payable:</b>						
HUD 108 - Adeline	136,000	-	(26,000)	-	110,000	26,000
HUD 108 - UNA	592,000	-	(2,000)	-	590,000	2,000
HUD 108 - Ed Roberts Campus	5,340,000	-	(350,000)	-	4,990,000	360,000
California Energy Resources Conservation	2,356,119	-	(347,754)	-	2,008,365	351,190
Total Loans Payable	8,424,119	-	(725,754)	-	7,698,365	739,190
<b>Capital Lease Payable:</b>						
2009 Fire Engine and Trucks	535,442	-	(535,442)	-	-	-
2016 Fire Engine and Trucks	1,836,062	-	(394,341)	-	1,441,721	402,028
Total Capital Lease Payable	2,371,504	-	(929,783)	-	1,441,721	402,028
<b>Other Long-Term Obligations</b>						
Accrued Vacation and Sick Leave	10,514,271	17,227,658	(14,661,244)		13,080,685	992,390
Accrued Workers' Compensation Claims and Judgements	34,804,000	5,922,209	(4,540,209)	-	36,186,000	4,500,000
Accrued Public Liability Claims and Judgements	2,195,398	2,808,409	(607,176)	-	4,396,631	4,396,631
Total Other Long-Term Obligations	47,513,669	25,958,276	(19,808,629)	-	53,663,316	9,889,021
<b>Net Pension Liability:</b>						
CalPERS Miscellaneous Plan	203,854,268	67,316,367	(72,082,838)	-	199,087,797	-
CalPERS Fire Plan	78,086,358	24,452,388	(26,868,395)	-	75,670,351	-
CalPERS Police Plan	159,773,032	37,224,230	(37,918,447)	-	159,078,815	-
Police Retirement Income Benefit	66,655,188	6,030,971	(4,599,315)	-	68,086,844	-
Safety Member Pension Fund	2,388,257	103,079	(628,622)	-	1,862,714	-
Total Net Pension Liability	510,757,103	135,127,035	(142,097,617)	-	503,786,521	-
<b>Net OPEB Obligation:</b>						
Miscellaneous Employees Retiree Health Plan	26,562,382	5,547,994	(3,431,259)	-	28,679,117	-
Police Retiree Premium Assistance Plan	41,652,590	4,043,620	(1,661,690)	-	44,034,520	-
Fire Retiree Premium Assistance Plan	17,251,382	9,078,982	(4,479,005)	-	21,851,359	-
Total Net OPEB Obligation	85,466,354	18,670,596	(9,571,954)	-	94,564,996	-
<b>Total Governmental Activities</b>	<b>\$787,942,792</b>	<b>\$ 179,755,907</b>	<b>\$ (179,142,681)</b>	<b>\$ (316,225)</b>	<b>\$ 788,239,793</b>	<b>\$ 16,767,064</b>

### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds have been issued for governmental activities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 25-30 year serial bonds with amounts of principal maturing each year. General Obligation Bonds currently outstanding are as follows:

#### Measure FF - Neighborhood Branch Library Improvement Project Bonds, Series 2009

On November 4, 2008, the residents of the City duly approved, by at least a two-thirds vote, Measure FF which authorized the City to issue \$26,000,000 in General Obligation Bonds to provide funds to finance renovations, construction, seismic and access improvements, and expansion of program areas at four neighborhood branch libraries in the City.

On April 14, 2009, the City issued the first series of bonds for \$10,000,000. The interest rates on the bonds range from 1.25 percent to 5.30 percent. Interest is payable semi-annually on March 1 and September 1, and principal is payable annually on September 1. The General Obligation Bonds mature on September 1, 2039, but are callable on or after September 1, 2019. This bond has a rating of Aa2 from Moody's and AA+ from S&P.

The annual debt service requirements on the Measure FF – Neighborhood Branch Library Improvement Project Bonds, Series 2009 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 225,000	\$ 447,875	\$ 672,875
2021	240,000	436,137	676,137
2022	250,000	420,213	670,213
2023	265,000	403,475	668,475
2024	280,000	385,763	665,763
2025-2029	1,650,000	1,676,700	3,326,700
2030-2034	2,160,000	1,192,976	3,352,976
2035-2039	2,825,000	557,143	3,382,143
2040	660,000	17,325	677,325
Total	\$ 8,555,000	\$ 5,537,607	\$ 14,092,607

#### Measure FF - Neighborhood Branch Library Improvement Project Bonds, Series 2010

On November 4, 2008, the residents of the City duly approved, by at least a two-thirds vote, Measure FF which authorized the City to issue \$26,000,000 in General Obligation Bonds to provide funds to finance renovations, construction, seismic and access improvements, and expansion of program areas at four neighborhood branch libraries in the City.

On August 3, 2010, the City issued the second series of bonds for \$16,000,000. The interest rates on the bonds range from 3.00 percent to 5.00 percent. Interest is payable semi-annually on March 1 and September 1, and principal is payable annually on September 1. The General Obligation Bonds mature on September 1, 2039, but are callable on or after September 1, 2019. This bond has a rating of Aa2 from Moody's and AA+ from S&P.

NOTES TO THE FINANCIAL STATEMENTS

The annual debt service requirements on the Measure FF – Neighborhood Branch Library Improvement Project Bonds, Series 2010 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 415,000	\$ 530,881	\$ 945,881
2021	435,000	509,631	944,631
2022	460,000	491,856	951,856
2023	470,000	477,906	947,906
2024	485,000	462,975	947,975
2025-2029	2,715,000	2,012,570	4,727,570
2030-2034	3,310,000	1,405,489	4,715,489
2035-2039	4,060,000	640,647	4,700,647
2040	920,000	19,550	939,550
Subtotal	13,270,000	\$ 6,551,505	\$ 19,821,505
Bond Premium	211,144		
Total	\$ 13,481,144		

**Measure M - Street and Integrated Watershed Improvements Bonds, Series 2014**

On November 6, 2012, the residents of the City duly approved, by at least a two-thirds vote, Measure M which authorized the City to issue \$30,000,000 in General Obligation Bonds to provide funds to improvements to streets, with integrated watershed improvements within the City.

On November 19, 2013, the City issued the first series of bonds for \$15,000,000. The interest rates on the bonds range from 3.00 percent to 5.00 percent. Interest is payable semi-annually on March 1 and September 1, and the principal is payable annually on September 1. The General Obligation bonds mature on September 1, 2043. This bond has a rating of Aa2 from Moody's and AA+ from S&P.

The annual debt service requirements on the Measure M – Street and Integrated Watershed Improvements Bonds, Series 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 320,000	\$ 292,750	\$ 612,750
2021	335,000	561,125	896,125
2022	350,000	544,000	894,000
2023	370,000	526,000	896,000
2024	385,000	507,125	892,125
2025-2029	2,165,000	2,315,950	4,480,950
2030-2034	2,605,000	1,855,785	4,460,785
2035-2039	3,200,000	1,249,576	4,449,576
2040-2044	3,970,000	461,922	4,431,922
Subtotal	13,700,000	\$ 8,314,233	\$ 22,014,233
Bond Premium	352,356		
Total	\$ 14,052,356		

**Measure M - Street and Integrated Watershed Improvements Bonds, Series 2016**

On November 6, 2012, the residents of the City duly approved, by at least a two-thirds vote, Measure M which authorized the City to issue \$30,000,000 in General Obligation Bonds to provide funds to improvements to streets, with integrated watershed improvements within the City.

On May 31, 2016, the City issued the second series of bonds for \$15,000,000. The interest rates on the bonds range from 2.00 percent to 5.00 percent. Interest is payable semi-annually on March 1 and September 1, and the principal is payable annually on September 1. The General Obligation bonds mature on September 1, 2046. This bond has a rating of Aa2 from Moody's and AA+ from S&P.



The annual debt service requirements on the Measure M – Street and Integrated Watershed Improvements Bonds, Series 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 285,000	\$ 465,238	\$ 750,238
2021	295,000	450,738	745,738
2022	305,000	435,738	740,738
2023	320,000	420,113	740,113
2024	335,000	403,738	738,738
2025-2029	1,935,000	1,774,963	3,709,963
2030-2034	2,420,000	1,396,900	3,816,900
2035-2039	2,850,000	1,041,901	3,891,901
2040-2044	3,405,000	613,431	4,018,431
2045-2047	2,385,000	109,125	2,494,125
Subtotal	14,535,000	\$ 71,118,853	\$ 21,646,883
Bond Premium	542,966		
Total	\$ 15,077,966		

### 2015 General Obligation Refunding Bonds

On July 15, 2015, the City of Berkeley issued \$36,680,000 of General Obligation Refunding Bonds and paid \$6,275,000 of cash on hand to current refund the 2002, 2007A, and 2007B General Obligation Bonds and advance refund the 2008 General Obligation Bonds with interest rates ranging from 3.00 percent to 5.50 percent and a combined par value of \$44,940,000.

The 2002 General Obligation Bonds were issued to finance facilities to increase the level of fire protection in the City, including the construction of a jointly funded, multi-jurisdictional fire station, the seismic retrofitting of City buildings which house public safety personnel and equipment, the replacement of water mains and the seismic retrofitting of other City buildings.

The 2007A and 2007B General Obligation Bonds were issued to refund the 1992 Series C Bonds and the 1996 Series A, Series B, and Series C Bonds respectively. Those bonds were issued to acquire property, expand and retrofit the Main Library, internally retrofit (as the most cost-effective means to achieve earthquake safety) and improve the Martin Luther King, Jr. Civic Center building, and revitalize the downtown/ Civic Center area.

The 2008 General Obligation Bonds were issued to finance a new Animal Shelter to replace the existing shelter in the City and to pay for costs of issuing the bonds.

A portion of the net proceeds from the issuance of the 2015 Refunding Bonds were used to purchase U.S. government securities. A portion of those securities (\$6,534,205) was deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2008 Bonds were called on September 1, 2016. The remaining amount (\$33,903,767), combined with cash on hand, was deposited in an irrevocable trust with an escrow agent to redeem the refunded bonds on September 26, 2015 (2002 Bonds) and September 1, 2015 (2007 Series A & B Bonds).

The advance and current refunding met the requirements of an in-substance defeasance and the term bonds were removed from the City's government-wide financial statements.

As a result of the advance and current refunding, the City of Berkeley reduced its total debt service requirements by \$7,137,075, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,808,919.

Interest is payable semi-annually on March 1 and September 1, and the principal is payable annually on September 1. The General Obligation bonds mature on September 1, 2037. This bond has a rating of Aa2 from Moody's and AA+ from S&P.

The 2015 Refunding Bonds were issued at a premium of \$4,144,029 and, after paying issuance costs of \$245,094 and underwriter's discount of \$140,961, the net proceeds were \$40,437,973. The net carrying amount of the old debt exceeded the reacquisition price by \$1.1 million. This amount is being amortized over the remaining life of the old debt.

## NOTES TO THE FINANCIAL STATEMENTS

The annual debt service requirements on the 2015 General Obligation Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,715,000	\$ 1,169,213	\$ 3,884,213
2021	2,850,000	1,022,963	3,872,963
2022	2,160,000	890,588	3,050,588
2023	2,270,000	779,838	3,049,838
2024	2,380,000	663,588	3,043,588
2025-2029	12,680,000	1,635,488	14,315,488
2030-2034	2,160,000	405,034	2,565,034
2035-2039	1,460,000	107,316	1,567,316
Subtotal	28,675,000	\$ 6,674,026	\$ 35,349,026
Bond Premium	3,430,940		
Total	\$ 32,105,940		

### Measure T1 – Infrastructure and Facilities, Series 2017

On October 17, 2017, the City of Berkeley issued the first series of bonds for \$35,000,000 from an aggregate authorized amount of not to exceed \$100,000,000 of General Obligation Bonds duly approved by at least two-thirds of the voters voting on Measure T1 at an election held on November 8, 2016, to provide funds to finance the repair, renovation, replacement, or reconstruction of existing City infrastructure and facilities, including sidewalks, storm drains, parks, streets, senior and recreation centers, and other important City facilities and buildings. The interest rates on the bonds range from 2.125 percent to 5.000 percent, with an average yield of 2.66 percent. Interest is payable semi-annually on March 1 and September 1, and the principal is payable annually on September 1. The General Obligation bonds mature on September 1, 2047.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,350,000	\$ 1,120,306	\$ 2,470,306
2021	660,000	1,070,056	1,730,056
2022	695,000	1,036,181	1,731,181
2023	730,000	1,000,556	1,730,556
2024	765,000	963,181	1,728,181
2025-2029	4,415,000	4,247,581	8,662,581
2030-2034	5,165,000	3,499,181	8,664,181
2035-2039	5,980,000	2,665,982	8,645,982
2040-2044	6,980,000	1,648,701	8,628,701
2045-2047	6,445,000	468,316	6,913,316
Subtotal	33,185,000	\$ 17,720,041	\$ 50,905,041
Bond Premium	793,891		
Total	\$ 33,978,891		

### Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets or tax increment or the General Fund to pay debt service.

Revenue bond debt service requirements to maturity for the Pension Refunding Bonds and Berkeley Repertory Theatre are as follows:

#### 2012 Lease Revenue Bonds

On October 24, 2012, the Berkeley Joint Powers Financing Authority (BJPFA) issued \$5,693,851 of Refunding Lease Revenue Bonds, to refund the 1999 BJPFA Lease Revenue Bonds, with interest rates ranging from 2.00 percent to 5.00 percent and to current refund prior Lease Revenue Bonds with interest rates ranging from 5.20 percent to 5.70 percent and a par value of \$6,770,000.

The 1999 Lease Revenue Bonds were issued to acquire a new theatre facility and a 6.4 acre park and park facilities.

The current Refunding Lease Revenue Bonds were issued at a premium of \$542,791 and, after paying issuance costs of \$58,095 and underwriter's discount of \$18,247, the net proceeds were \$6,160,299. The net proceeds from the issuance of the Refunding Lease Revenue Bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds were called on November 9, 2012.

The current refunding met the requirements of an in-substance defeasance and the term bonds were removed from the City's government-wide financial statements.

As a result of the current refunding, Berkeley Joint Powers Financing Authority reduced its total debt service requirements by \$1,661,350, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,214,306.

The annual debt service requirements on the 2012 Lease Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 306,825	\$ 192,976	\$ 499,802
2021	320,879	178,817	499,696
2022	337,275	162,363	499,638
2023	352,499	146,881	499,380
2024	366,552	130,668	497,220
2025-2029	2,120,849	369,131	2,489,980
2030	320,881	16,461	337,340
Subtotal	4,125,760	\$ 1,197,297	\$ 5,323,056
Bond Premium	370,355		
Total	\$ 4,496,115		

### Certificates of Participation - Animal Shelter

On May 19, 2010, the Berkeley Joint Powers Financing Authority issued \$5,750,000 of Certificates of Participation (COP) to provide funds to the City to finance a portion of the acquisition and construction of an animal shelter. Annual principal payments on the debt range from \$100,000 in FY 2012-13 to \$385,000 in FY2040-41. Interest rates range from 3.00 percent in FY 2012-13 to 5.75 percent in FY 2040-41. The COP will be repaid from a transfer from the Capital Improvement Fund. The face value of the COP was deposited into two separate funds: \$4,896,625 was recorded in the Capital Projects – 2010 COP Animal Shelter Fund for project construction; and \$853,375 was recorded in the Debt Service Funds – 2010 Animal Shelter for capitalized interest. This COP has a rating of Aa3 from Moody's and AA from S&P.

The annual debt service requirements on the Certificates of Participation – Animal Shelter are as follows on the following page:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 120,000	\$ 282,613	\$ 402,613
2021	125,000	276,800	401,800
2022	135,000	270,106	405,106
2023	140,000	262,200	402,200
2024	150,000	253,863	403,863
2025-2029	875,000	1,127,720	2,002,720
2030-2034	1,170,000	835,188	2,005,188
2035-2039	1,545,000	447,781	1,992,781
2040-2041	750,000	43,700	793,700
Subtotal	5,010,000	\$ 3,799,971	\$ 8,809,971
Bond Premium	327,462		
Total	\$ 5,337,462		

## NOTES TO THE FINANCIAL STATEMENTS

**Loans Payable**
**HUD 108 – Adeline Street**

On August 7, 2003, the City of Berkeley borrowed \$500,000 from the U.S. Housing and Urban Development (HUD) Section 108 Loan Guarantee Program to bridge a funding gap that resulted from a 30 percent increase in construction costs of 3222 Adeline Street Apartments and anticipated increases for monthly utility costs. The apartments consist of a 19-unit mixed-use project for persons with disabilities and their families. Though the City, as the grantee, is required to make the loan payments, the funds for the repayment are the obligation and responsibility of the project developer as with any conventional loan a developer may secure. The HUD 108 Loan is secured by a first or second lien on the property and by a pledge of an income stream, such as monthly rents. The interest rate is 4.25 percent, and interest is payable semiannually on February 1 and August 1 of each year. This loan will mature on August 1, 2022.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 26,000	\$ 6,815	\$ 32,815
2021	26,000	5,406	31,406
2022	26,000	3,977	29,977
2023	32,000	902	32,902
Total	\$ 110,000	\$ 17,100	\$ 127,100

**HUD 108 – University Avenue Neighborhood Apartments (UNA)**

As of June 30, 2012, the City of Berkeley made a total drawdown of \$604,000 of the \$705,000 loan commitment from the U.S. Housing and Urban Development (HUD) Section 108 Loan Guarantee Program. The purpose of this loan is to help finance the costs associated with the development of certain real property located at 1719 and 1725 University Avenue, Berkeley, California. The interest is payable semiannually on February 1 and August 1 of each year. This loan will mature on August 1, 2024.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,000	\$ 17,401	\$ 19,401
2021	2,000	17,356	19,356
2022	2,000	17,306	19,306
2023	2,000	17,253	19,253
2024	2,000	17,197	19,197
2025	580,000	8,584	588,584
Total	\$ 590,000	\$ 95,097	\$ 685,097

**HUD 108- Ed Roberts Campus**

In August 2009, the City of Berkeley accepted a \$6,000,000 loan from the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program and executed a loan agreement with The Ed Roberts Campus, Inc. to construct a public facility that will operate primarily as a one-stop service center for people with disabilities. The interest rate is 3.40 percent, and interest is payable semiannually on February 1 and August 1 of each year. This loan will mature on August 1, 2029.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 360,000	\$ 135,872	\$ 495,872
2021	375,000	128,775	503,775
2022	400,000	120,363	520,363
2023	425,000	110,456	535,456
2024	450,000	98,950	548,950
2025-2029	2,500,000	278,722	2,778,722
2030	480,000	8,040	488,040
Total	\$ 4,990,000	\$ 881,178	\$ 5,871,178

### California Energy Resources Conservation and Development

In February 2014, the City of Berkeley accepted a \$3,000,000 loan from the California Energy Resources Conservation and Development Commission (the Energy Commission) with loan number 005-13-ECD. This loan is made to the City for an energy savings project, which consists of retrofitting 7,975 street lights with LED technology. It is estimated that the City will have an annual energy cost savings of \$387,021 after implementation. This loan consists of a 1.00 percent interest rate, with interest payable semiannually on December 22 and June 22 of each year. This loan will mature on June 22, 2025.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 351,190	\$ 19,261	\$ 370,451
2021	354,761	15,690	370,451
2022	358,318	12,133	370,451
2023	361,910	8,541	370,451
2024	365,527	4,924	370,451
2025	216,659	1,248	217,907
Total	\$ 2,008,365	\$ 61,797	\$ 2,070,162

### Capital Lease Payable

The City entered into a lease in FY 2008-09 for financing the acquisition of fire equipment. This lease agreement qualifies as a capital lease for accounting purposes and therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The assets acquired through this capital lease include four engines and two trucks which are allocated among four fire stations. The acquisition amount for the equipment described in this schedule to be paid to the vendor is \$4,439,584 (excluding sales tax of \$386,276 to be payable to the State Board of Equalization) and the contract rate is 4.38 percent.

The assets acquired through the capital lease were as follows:

Year Ended June 30, 2019	Governmental Activities
Assets:	
Fire Engine	\$ 669,680
Fire Engine	669,680
Fire Engine	669,680
Fire Engine	669,680
Ladder Truck	1,073,570
Ladder Truck	1,073,570
Less: Accumulated Depreciation	(4,584,567)
Total	\$ 241,293

The lease was paid off during FY 2019.

The City entered into a lease in FY 2015-16 for financing the acquisition of fire equipment. This lease agreement qualifies as a capital lease for accounting purposes and therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The assets acquired through this capital lease include three engines and one hazmat response vehicle which are allocated among four fire stations. The acquisition amount for the equipment described in this schedule to be paid to the vendor is \$2,789,241 (excluding sales tax of \$135,829 to be payable to the State Board of Equalization) and the contract rate is 1.94 percent.

NOTES TO THE FINANCIAL STATEMENTS

The assets acquired through the capital lease were as follows on the following page:

	Year Ended June 30, 2019	Governmental Activities
Assets:		
Fire Engine		\$ 756,628
Fire Engine		756,628
Fire Engine		756,628
Hazardous Material Arrow XT		784,335
Less: Accumulated Depreciation		(1,054,433)
Total		<u>\$ 1,999,786</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 402,028	\$ 26,029	\$ 428,057
2021	409,865	18,192	428,057
2022	417,855	10,202	428,057
2023	211,973	2,056	214,029
Total	<u>\$ 1,441,721</u>	<u>\$ 56,479</u>	<u>\$ 1,498,200</u>

Business-Type Activities

The following is a summary of long-term liabilities including amortization for the fiscal year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Bond Discount/ (Premium)	Ending Balance	Due Within One Year
<b>Business-Type Activities</b>						
Bonds Payable:						
2012 Refunding Lease Revenue Bond	\$ 18,983,088	\$ -	\$ (961,056)	\$ (115,112)	\$ 17,906,920	\$ 1,003,174
Parking Revenue Bonds, Series 2016	35,725,946	-	-	(62,902)	35,663,044	760,000
Total Bonds Payable	<u>54,709,034</u>	<u>-</u>	<u>(961,056)</u>	<u>(178,014)</u>	<u>53,569,964</u>	<u>1,763,174</u>
Notes Payable						
Harbor Construction 5	6,802,105	-	(172,633)	-	6,629,472	180,579
Total Loans Payable	<u>6,802,105</u>	<u>-</u>	<u>(172,633)</u>	<u>-</u>	<u>6,629,472</u>	<u>180,579</u>
Other Long-Term Obligations						
Accrued Vacation and Sick Leave	3,088,771	3,909,792	(3,880,478)	-	3,118,085	499,149
Landfill Liabilities	1,060,052	5,205	-	-	1,065,257	841,757
Total Other Long-Term Obligations	<u>4,148,823</u>	<u>3,914,997</u>	<u>(3,880,478)</u>	<u>-</u>	<u>4,183,342</u>	<u>1,340,906</u>
Net Pension Liability - CalPERS Miscellaneous Plan	76,395,288	24,483,875	(26,217,437)	-	74,661,726	-
Net OPEB Obligation - Miscellaneous Employees Retiree Health Plan	<u>7,374,008</u>	<u>2,134,624</u>	<u>(1,320,202)</u>	<u>-</u>	<u>8,188,430</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 149,429,258</u>	<u>\$ 30,533,496</u>	<u>\$ (32,551,806)</u>	<u>\$ (178,014)</u>	<u>\$ 147,232,934</u>	<u>\$ 3,284,659</u>

## Revenue Bonds

### 2012 Lease Revenue Bonds

On October 24, 2012, the BJPFA issued \$21,566,149 of Refunding Lease Revenue Bonds with interest rates ranging from 2.00 percent to 5.00 percent to current refund prior Certificates of Participation with interest rates ranging from 3.625 percent to 5.00 percent and a par value of \$24,665,000.

The prior Certificates of Participation were issued on behalf of the City to purchase and renovate the building at 1947 Center Street.

The current Refunding Lease Revenue Bonds were issued at a premium of \$2,055,885 and, after paying issuance costs of \$220,043 and underwriter's discount of \$69,114, the net proceeds were \$23,332,876. The net proceeds from the issuance of the Refunding Lease Revenue Bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds were called on November 9, 2012.

The current refunding met the requirements of an in-substance defeasance and the term bonds were removed from the City's government-wide financial statements.

As a result of the current refunding, BJPFA reduced its total debt service requirements by \$6,627,294, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$4,818,892.

The annual debt service requirements on the 2012 Lease Revenue Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,003,174	\$ 630,937	\$ 1,634,111
2021	1,049,121	584,645	1,633,766
2022	1,102,725	530,849	1,633,574
2023	1,152,501	1,806,986	2,959,487
2024	1,198,448	427,220	1,625,668
2025-2029	6,934,151	1,206,881	8,141,032
2030-2032	3,999,121	202,195	4,201,316
Subtotal	16,439,241	\$ 5,389,713	\$ 21,828,954
Bond Premium	1,467,679		
Total	\$ 17,906,920		

### Parking Revenue Bonds, Series 2016

On August 9, 2016, the BJPFA issued \$33,970,000 in parking revenue bonds, on behalf of the City, to provide funds to (1) finance the demolition of the current Center Street garage, the construction of a new downtown Center Street Garage and other related work; (2) purchase a reserve fund insurance policy for the bonds; and (3) pay capitalized interest through June 1, 2019. Interest rates ranging from 3.00 percent to 4.00 percent are payable semi-annually on June 1 and December 1. Principal is due annually on June 1 starting in FY 2019-20. The bonds mature June 1, 2046 and are collateralized solely by all the installment payments received by BJPFA from the City under the installment sale agreement, any business interruption insurance proceeds paid to the Trustee pursuant to the installment sale agreement, and certain monies derived from certain other funds and accounts held by the Trustee pursuant to the indenture. This bond has an underlying rating of A from S&P, and an insured rating of AA.



## NOTES TO THE FINANCIAL STATEMENTS

The annual debt service requirements on the Parking Revenue Bonds, Series 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 760,000	\$ 1,153,050	\$ 1,913,050
2021	780,000	1,130,250	1,910,250
2022	805,000	1,106,850	1,911,850
2023	840,000	1,074,650	1,914,650
2024	870,000	1,041,050	1,911,050
2025-2029	4,910,000	4,653,850	9,563,850
2030-2034	5,970,000	3,590,250	9,560,250
2035-2039	7,120,000	2,440,800	9,560,800
2040-2044	8,255,000	1,306,650	9,561,650
2045-2046	3,660,000	165,450	3,825,450
Subtotal	33,970,000	\$ 17,662,850	\$ 51,632,850
Bond Premium	1,693,046		
Total	\$ 35,663,046		

### Notes Payable

#### Harbor Construction 5

The City of Berkeley borrowed a total of \$7.1 million of the \$9.0 million maximum loan amount from the California State Department of Boating and Waterways. The purpose of this loan is financing for the demolition and replacement of wooden docks and wood piles into a new marina berthing system and concrete piles. New utilities, including electrical power and water are to be installed. The new docks and gangways were to be designed and built for barrier-free access. In addition, existing restroom buildings were to be replaced. The loan is payable on August 1 of each year with an interest of 4.50 percent.

The annual debt service requirements on the Harbor Construction 5 Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 180,579	\$ 305,140	\$ 485,719
2021	188,059	297,660	485,719
2022	197,546	288,173	485,719
2023	206,639	279,080	485,719
2024	216,150	269,569	485,719
2025-2029	1,237,991	1,190,604	2,428,595
2030-2034	1,551,364	877,231	2,428,595
2035-2039	1,942,982	430,412	2,373,394
2040-2041	908,163	63,229	971,392
Total	\$ 6,629,473	\$ 4,001,098	\$ 10,630,571

### Other Long-Term Obligations

#### Landfill Liabilities

On July 13, 2010, the City Council adopted an amendment with SCS Field Services for Cesar Chavez Park Landfill post-closure monitoring and maintenance under contract No. 71988. The City began to record the landfill liabilities in FY 2010-11 based on the requirements of GASB Statement No. 18. This Statement is based on the October 9, 1991, U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria," which establishes closure requirements for all municipal solid waste landfills (MSWLFs) that receive solid waste after October 9, 1991. The EPA rule also establishes thirty-year post closure care requirements for MSWLFs that accept solid waste after October 9, 1993. The effect of the EPA rule and similar state and local laws or regulations is to obligate MSWLF owners and operators to perform certain closing functions and post closure monitoring and maintenance functions as a condition of the right to operate the MSWLF in the current period. For MSWLFs that use proprietary fund accounting and reporting, a portion of the estimated total current cost of MSWLF closure and post closure care is required to be recognized as an expense and

as a liability in each period that the MSWLF accepts solid waste. Recognition should begin on the date the MSWLF begins accepting solid waste, continue in each period that it accepts waste, and be completed by the time it stops accepting waste. Estimated total current cost should be assigned to periods based on MSWLF use rather than on the passage of time, using a formula provided in this Statement. MSWLF capital assets excluded from the calculation of the estimated total cost of MSWLF closure and post closure care should be fully depreciated by the date that the MSWLF stops accepting solid waste. Capital assets used for a single cell should be fully depreciated by the date that each cell is closed.

In accordance with requirements established by the California Integrated Waste Management Board, the City has recognized a portion of the landfill's closure and post closure care (closure) costs. These cost estimates are based on the amount of landfill used to date. The estimated closure and corrective action costs are current estimates based on data provided by SCS Field Services, an independent consultant and are subject to changes in inflation, technological advancements, or regulatory changes. The total estimated costs are as follows:

Total Estimated Closure Costs	\$	-
Total Estimated Post-Closure Costs	\$	1,065,257

The City last accepted waste in 1983 and closed the landfill in phases over the period 1981 through 1990 in accordance with closure regulations contained in California Code of Regulations Title 14, Chapter 15 and the San Francisco Regional Water Quality Control Board requirements which were then in effect. As of June 30, 2019, the estimated landfill closure cost liabilities totaled \$1,065,257 and estimated annual landfill closure cost adjustment of \$29,327 was calculated as follows:

Total Estimated Closure and Post-Closure Costs	\$	1,065,257
Percentage of Used Capacity to Total Capacity		100%
Revised Estimated Total Closure and Post-Closure Costs Liability		1,065,257
Previous Closure Costs Accrued		1,035,930
FY 2019 Expense for Closure and Post-Closure Costs	\$	<u>29,327</u>

The landfill has an estimated remaining capacity of zero cubic yards and closure construction was completed in 1990.

Other long-term obligation payments (Including pension and OPEB obligations) are primarily made from general revenues recorded in the General Fund, except for workers compensation claims which are paid from the Workers Compensation Fund, and public liability claim which are paid from the Public Liability Fund.

### Compensated Absences

It is the policy of the City to record the cost of vested vacation and sick leave as earned. Earned vacation and sick leave that is taken during the year is payable from the fund(s) the employee's salary or wage is chargeable to. The vested compensated absences balances for employees who retire or otherwise leave the City are paid from the Sick Leave and Vacation Payouts Internal Service Fund at the time of departure.

### B. Discretely Presented Component Unit

Discretely Presented Component Unit	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued Vacation and Sick Leave	\$ 315,517	\$ 346,881	\$ (294,628)	\$ 367,770	\$ 27,902
Net Pension Liability - CalPERS Miscellaneous Plan	6,979,834	2,286,438	(2,448,439)	6,817,833	-
Net OPEB Liability - Miscellaneous Employees Retiree Health Plan	279,222	191,336	(118,361)	352,197	-
Total Discretely Presented Component Unit	<u>\$ 7,574,573</u>	<u>\$ 2,824,655</u>	<u>\$ (2,861,428)</u>	<u>\$ 7,537,800</u>	<u>\$ 27,902</u>

## NOTES TO THE FINANCIAL STATEMENTS

**C. Internal Service Funds**

These funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals above for governmental activities. As of June 30, 2019, \$818,588 in compensated absences, \$40,582,631 in claims and judgments payables, \$3,274,501 in Net OPEB Liability, and \$25,678,742 in Net Pension Liability are included in the above amounts. The liabilities for workers' compensation are paid from the Workers' Compensation Internal Service Fund and the liabilities for public liability claims are paid from the Public Liability Internal Service Fund.

**D. Non-Obligatory Debt****Thousand Oaks Heights**

On September 2, 2004, the City issued \$1,490,000 in Thousand Oaks Heights Applicant Funded Utility Undergrounding Assessment District Limited Obligation Improvement Bonds (Bonds) pursuant to the provision of the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code) for the purpose of financing the construction and acquisition of certain public improvement within the City's Thousand Oaks Heights Applicant Funded Utility Undergrounding Assessment District. Interest on the Bonds is payable March 2, 2005, and thereafter semiannually on September 2 and March 2 of each year. The Bonds were issued to improve 105 parcel district by providing the undergrounding of existing overhead utility facilities, removal of existing poles and related above ground facilities, replacement of street lighting, with appurtenant work and improvements and including incidental costs and expenses of project design and construction supervision, legal proceedings, and bond financing. The Bonds were issued upon, and secured by, the unpaid special assessment levied on parcels within the Districts. The Bonds are special limited obligations of the City; they are not payable from the City's General Fund and the City is not obligated in any way to repay the debt in the event of a default. The Bonds are due in annual installments ranging from \$50,525 to \$100,255, and have an interest rate ranging between 4.60 and 5.25 percent. The total principal outstanding as of June 30, 2019 was \$1,050,000.

**Community Facilities District No. 1**

On June 1, 2002, the City issued \$9,750,000 in Community Facilities District No. 1 bonds (for disaster fire protection), pursuant to the Mello-Roos Community Facilities Act of 1982 (being section 53311 et seq. of the California Government Code and City Council Resolution #66,615-N.S.). The bonds were issued to finance a mobile disaster fire protection system for the delivery of auxiliary firefighting water, including: transportation pumping units, ultra large diameter hose, transport and support vehicles, portable hydrants, accessory fittings, hose bridges, and a storage site or sites, together with incidental expenses related thereto. These bonds will be repaid from amounts levied against property owners benefited by the disaster fire protection system. The amounts levied against property owners to repay the bonds are accounted for in an agency fund. The faith and credit or taxing power of the City is not pledged to the payment of the bonds. Accordingly, the debt has not been included in the basic financial statements. The bonds are due in annual installments ranging from \$270,000 to \$760,000, and have an interest rate ranging between 3.00 and 4.75 percent. The City is not obligated in any way to repay the debt in the event of a default. The total principal outstanding as of June 30, 2019 was \$2,105,000. This bond has had a rating of Aa3 from Moody's since April 16, 2010 and A (Stable) from S&P since March 8, 2011.

**E. Pledged Revenue****The Bank of New York Trust Company**

City Pledge to The Bank of New York Trust Company: On October 6, 1999, the City of Berkeley issued \$9,125,000 of bonds called the Berkeley Joint Powers Financing Authority Lease Revenue Bonds, Series 1999. The bonds were issued for the acquisition of a theatre and park facilities. All of the revenues and fund balance are pledged in their entirety to the payment of principal and interest on the bonds. The City has pledged and assigned to Berkeley Joint Powers Financing Authority approximately 100 percent of the City's rights to the revenues and 100 percent of the fund balance of the Berkeley Repertory Theatre Fund. On October 2012, The Berkeley Joint Powers Financing Authority issued its 2012 Refunding Lease Revenue Bonds (1999 and 2003 Refinancing). The Bonds were being issued to provide funds to (i) refinance three outstanding lease obligations of the City and related outstanding 1999 Lease Revenue Bonds of the Authority and 2003 Certificates of Participation of the City and (ii) pay the costs of issuing the Bonds. As a result of the refinancing of the Original Theater Lease and the Original Park Lease, the Authority will concurrently defease and provide for redemption of the Authority's outstanding \$9,125,000 Berkeley Joint Powers Financing Authority Lease Revenue Bonds, Series 1999, which the Authority issued pursuant to a Trust Indenture, dated as of October 1, 1999, by and among the Authority, the City and The Bank of New York

Mellon Trust Company, N.A., as trustee. The total original principal of 2012 Refunding Lease Revenue Bonds as of October 24, 2012 was \$5,693,852. The fund had a deficit fund balance of -\$4,031 at June 30, 2018, so for FY 2019, the pledged revenues (FY 2019 budgeted transfers in) were \$498,935, compared with debt service of \$498,935.

## 9. FUND BALANCES FOR GOVERNMENTAL FUNDS

Fund balances as of June 30, 2019, for the governmental funds were categorized as nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Grants	Library	Capital Improvement		
<b>Fund balances:</b>						
<b>Nonspendable for:</b>						
Prepaid items	\$ -	\$ 485,140	\$ -	\$ -	\$ -	\$ 485,140
<b>Subtotal nonspendable for</b>	-	485,140	-	-	-	485,140
<b>Restricted for:</b>						
Other purposes	3,696,971	-	-	-	2,311,943	6,008,914
Operating reserves	-	-	-	-	-	-
Public safety	-	(80,954)	-	-	1,175,901	1,094,947
Street maintenance	-	(1,411,318)	-	-	55,721,442	54,310,124
Health and welfare	-	20,148,851	-	-	8,746,258	28,895,109
Park and recreation	-	(1,730,332)	11,816,799	-	7,262,031	17,348,498
Community development and housing loan	-	29,270,552	-	7,929,263	17,756,890	54,956,705
Economic development	-	994,453	-	-	1,335,797	2,330,250
Debt service reserve	-	-	-	-	11,493,670	11,493,670
<b>Subtotal restricted for</b>	3,696,971	47,191,253	11,816,799	7,929,263	105,803,932	176,438,218
<b>Committed for:</b>						
Operating reserves	-	-	-	-	18,737,228	18,737,228
Capital projects	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Street maintenance	-	-	-	-	1,376,351	1,376,351
Health and welfare	-	-	-	-	252,938	252,938
Park and recreation	-	-	-	-	21,022,276	21,022,276
Community development and housing loan	-	-	-	-	14,354,163	14,354,163
Economic development	-	-	-	-	785,127	785,127
<b>Subtotal committed for:</b>	-	-	-	-	56,528,083	56,528,083
<b>Assigned for:</b>						
Operating reserves	39,785,572	-	-	-	-	39,785,572
Capital projects	-	-	-	3,896,826	-	3,896,826
Public safety	527,421	-	-	-	-	527,421
Street maintenance	73,523	-	-	7,080,300	-	7,153,823
Health and welfare	459,337	-	-	-	-	459,337
Park and recreation	297,232	-	-	1,851,215	-	2,148,447
Community development and housing loan	1,232,752	-	-	1,556,118	-	2,788,870
Economic development	290,612	-	-	22,466	-	313,078
<b>Subtotal assigned for:</b>	42,666,449	-	-	14,406,925	-	57,073,374
<b>Unassigned:</b>						
Operating reserves	46,872,247	-	-	-	-	46,872,247
Public safety	-	-	-	-	(139,077)	(139,077)
Street maintenance	-	-	-	-	(87)	(87)
Debt Service reserve	-	-	-	-	(5,502)	(5,502)
<b>Subtotal Unassigned for:</b>	46,872,247	-	-	-	(144,666)	46,727,581
<b>Total fund balance</b>	<u>\$ 93,235,667</u>	<u>\$ 47,676,393</u>	<u>\$ 11,816,799</u>	<u>\$ 22,336,188</u>	<u>\$ 162,187,349</u>	<u>\$ 337,252,396</u>

NOTES TO THE FINANCIAL STATEMENTS

10. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures / Over Appropriations

The following non-major governmental funds expenditures exceeded appropriations at the legal level of budgetary control (the fund level):

	Amount
Affordable Child Care	\$ (75,000) <sup>1</sup>
Paramedic Assessment District	(217,329) <sup>1</sup>
Measure GG: Fire Preparation Tax	(356,876) <sup>1</sup>
North Shattuck BID	(173,950) <sup>1</sup>
2009 Measure FF Library	(259) <sup>1</sup>
Income Housing Fund: West Berkeley, Improvement Project	(2,905) <sup>1</sup>
Park Acquisition Development	(65) <sup>1</sup>
2010 COP Animal Shelter	(35) <sup>1</sup>
2014 Measure M Street and Watershed Improvement	(749) <sup>1</sup>
Measure T1 Infrastructure & Facilities	(749) <sup>1</sup>

<sup>1</sup> An amendment to the appropriations ordinance was not prepared. The fund balance was used to cover the excess.

B. Deficit Fund Balances/Net Position

The following nonmajor funds had deficit fund balances / net position as of June 30, 2019:

Special revenue funds	Amount
California Energy Commission	\$ (87) <sup>1</sup>
Paramedic Assessment District	(139,077) <sup>2</sup>
Total special revenue funds	(139,164)
Debt service funds	
Berkeley Repertory Theatre	(5,502) <sup>3</sup>
Total debt service funds	(5,502)
Internal service funds	
Building Maintenance	(2,450,487) <sup>4</sup>
Central Services	(5,316) <sup>4</sup>
Public Liability	(5,478,356) <sup>5</sup>
IT Cost Allocation Plan	(10,252,507) <sup>6</sup>
Total internal service funds	(18,186,666)
Total	\$ (18,331,332)

<sup>1</sup> Deficit partially due to timing of receivables and billing of project costs. The City plans to transfer General Fund monies to cover the unbillable amount after the project is complete.

<sup>2</sup> FY 2019 expenditures will be reduced to eliminate deficit.

<sup>3</sup> Capital Improvement Fund will transfer money in FY 2019 to cover deficit.

<sup>4</sup> Ongoing deficit that the City is aware of. Internal charges to funds have been increased to gradually decrease the deficit.

<sup>5</sup> General Fund will transfer General Fund monies in FY 2019 to eliminate deficit.

<sup>6</sup> Created by pension and OPEB obligations, where beneficiary payments are long term and steps are being taken by the city to increase the funding ratio over the long term.

## 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

### A. Public Liability

The City has excess coverage for Public Liability claims between \$350,000 and \$1,000,000 through Bay Cities Joint Powers Insurance Authority (BCJPIA). The California Affiliated Risk Management Authority (CARMA) provides additional coverage to BCJPIA and its member entities from claims in excess of \$1 million to \$29 million. The program is administered through the Public Liability Internal Service Fund. There were no transfers in FY 2018. Disbursements from the Public Liability Internal Service Fund are restricted to the payment of liability claims, personnel and other investigation costs.

The City is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA) for its liability coverage. BCJPIA was created in 1986 to develop effective risk management programs to reduce the amount and frequency of losses; to provide for pooled self-insurance among member agencies, to share the risk of self-insured losses; and to jointly purchase and provide administrative and other services including, but not limited to claims adjusting, data processing, risk management, loss prevention, accounting services, actuarial services, and legal services in connection with the program. BCJPIA consists of 15 cities, four towns, and one police and fire authority all located within the metropolitan Bay Area.

BCJPIA provides General Liability, Auto Liability, and Errors & Omissions coverage for its members in excess of the member's retained limit, or Self-Insured Retention (SIR), up to \$1,000,000 per occurrence.

Each Member retains the portion of every loss that falls within their SIR, ranging from \$5,000 to \$500,000. The City's SIR is \$350,000. BCJPIA is also a member of the California Affiliated Risk Management Authorities (CARMA), a risk-sharing joint powers authority. When losses exceed the \$1,000,000 per occurrence limit, CARMA provides coverage up to \$29,000,000. BCJPIA is governed by a Board of Directors, which is comprised of appointed officials from the member entities. To the extent that allocated losses and administrative expenses exceed contributions previously paid and other income, the BCJPIA may assess its members' additional premiums. Complete financial statements of BCJPIA can be obtained from: Bay Cities Joint Powers Insurance Authority, 6371 Auburn Blvd., Suite B, Citrus Heights, CA 95621-0488. Condensed accrual basis financial information of BCJPIA as of and for the year ended June 30, 2019 is as follows:

Total assets	\$	46,769,765
Total liabilities		32,281,192
Net position	\$	<u>79,050,957</u>
Total revenues	\$	19,321,066
Total expenses		16,178,648
Net income/(loss)	\$	<u>35,499,714</u>

### B. Workers' Compensation

The City is self-insured for workers' compensation. Payments are made to the Workers' Compensation Self- Insurance Internal Service Fund by transfers from all City funds. Funds are available to pay claims and administrative costs of the program.

At June 30, 2019, \$4,396,631 and \$36,186,000 have been accrued for public liability, and workers' compensation claims, respectively. These accruals represent estimates of amounts to ultimately be paid for reported claims and, upon past experience, recent claim settlement trends and other information. It is the City's practice to obtain an actuarial study on an annual basis. Although the amount of actual losses incurred through June 30, 2019 are dependent on future developments, based upon information from the administrators and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to cover such losses.



NOTES TO THE FINANCIAL STATEMENTS

Changes in the balance of claim liabilities during the fiscal year for all self-insurance funds are as follows:

	Public Liability	Workers' Compensation	Total
Balance, July 1, 2018	\$ 2,195,398	\$ 34,804,000	\$ 36,999,398
Incurred claims and changes in estimates	2,808,409	5,922,209	8,730,618
Claims paid	(607,176)	(4,540,209)	(5,147,385)
Balance, June 30, 2019	<u>\$ 4,396,631</u>	<u>\$ 36,186,000</u>	<u>\$ 40,582,631</u>

There were no significant reductions in insurance coverage from the prior year in public liability and there were no settlements exceeding the limits of the City's excess coverage for the past three years.

### C. Construction Commitments

As June 30, 2019, construction commitments totaled approximately \$38.6 million. The major projects comprising the bulk of the commitments are the North Berkeley Senior Center Renovation, Mental Health Adult Services Clinic Facility Renovation, Shattuck Avenue Reconfiguration, Woolsey Cistern/LID Green Infrastructure Project, FY 19 Sanitary Sewer Rehabilitation, and FY 19 Street Rehabilitation and Surface Seals Project.

In addition, Measure FF Branch Libraries Improvement Program has remaining unspent funds totaling \$1,332,962. All major construction activities have been completed. The remaining balance were used to lower the bond tax rate for FY 2019.

### D. Encumbrances

The City establishes encumbrances to record the amount of purchase orders, contracts, and other obligations, which have not yet been fulfilled, cancelled or discharged, at June 30, 2019, total governmental funds encumbrance balances for the City were:

General fund	\$ 5,509,118
Grant fund	7,726,648
Library fund	685,164
Capital improvement fund	4,491,447
Non-major governmental funds	26,068,400
Total governmental funds	<u>\$ 44,480,777</u>

### E. Contingent Liabilities

#### Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although City management expects such amounts, if any, to be immaterial.

#### Lawsuits and Claims

There are a number of lawsuits and claims pending against the City. Included in these are a number of property damage, civil suits, and personal injury seeking damages in excess of the City's insurance limits. The aggregate amount of the uninsured liabilities of the City which may result from all suits and claims will not, in the opinion of City management, materially affect the City's finances, or impair its ability to otherwise meet its obligations.



## 12. DEFINED BENEFIT PENSION PLANS

Pension related balances presented on the Statement of Net Position as of June 30, 2019 are described in the following table:

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expenses
<b>By Individual Plan</b>				
CalPERS Miscellaneous Plan	\$ 35,918,542	\$ 7,315,494	\$ 280,567,355	\$ 38,938,326
CalPERS Public Safety - Police Plan	24,093,215	3,907,502	159,078,815	19,004,374
CalPERS Public Safety - Fire Plan	16,096,128	4,046,681	75,670,351	8,729,293
Police Employees Retiree Income Plan	450,682	-	68,086,845	3,231,234
Safety Members Pension Plan	-	10,500	1,862,714	15,667
Total	<u>\$ 76,558,567</u>	<u>\$ 15,280,177</u>	<u>\$ 585,266,080</u>	<u>\$ 69,918,894</u>
<b>By Individual Fund</b>				
Governmental Activities				
Governmental Funds	\$ 62,529,822	\$ 11,826,041	\$ 478,107,779	\$ 55,473,821
Internal Service Funds	3,417,696	783,139	25,678,742	3,365,867
Subtotal Governmental Activities	65,947,518	12,609,180	503,786,521	58,839,687
Enterprise Funds	9,738,647	2,493,229	74,661,726	10,132,343
Discretely Presented Component Unit				
Rent Stabilization Board Fund	872,402	177,768	6,817,833	946,863
Total	<u>\$ 76,558,567</u>	<u>\$ 15,280,177</u>	<u>\$ 585,266,080</u>	<u>\$ 69,918,894</u>

### A. California Public Employees' Retirement System (CALPERS)

#### General Information about the Pension Plans

##### Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

##### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

## NOTES TO THE FINANCIAL STATEMENTS

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	Public Safety	
		Fire	Police
Vesting Period	5 Years Service	5 Years Service	5 Years Service
Benefit Payment	Monthly for Life	Monthly for Life	Monthly for Life
Earliest Retirement Age	55	50	50
Benefit Factor for Each Year of Service as a % of Annual Salary	2.7% at Age 55	3% at Age 55	3% at Age 55
Required Employee Contribution Rates	8%	9%	9%
Required Employer Contribution Rates	21.400%	43.900%	61.800%
Required Unfunded Liability Payment	\$16,913,126	\$4,247,594	\$9,084,195

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013 who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2 percent at 62 plan and PEPRA safety members (Fire and Police) will be enrolled in a 2.7 percent at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

### Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Public Safety	
		Fire	Police
Inactive Employees or Beneficiaries			
Currently Receiving Benefits	1,602	214	323
Inactive Employees Entitled to But Not Yet Receiving Benefits	1,022	38	77
Active Employees	1,088	127	149
Total	3,712	379	549

### Contributions Description

Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2017 (the measurement date), the average active employee contribution rate is 8.0 percent of annual pay for the Miscellaneous Plan and 9.0 percent of annual pay for the Safety Plan (Fire and Police), and the employer contribution rate is 25.704 percent of annual payroll for the Miscellaneous Plan, 37.946 percent of annual payroll for the Public Safety Fire Plan, and 51.448 percent of annual payroll for the Public Safety Police Plan.

### Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

### Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following assumptions:

	Miscellaneous	Public Safety	
		Fire	Police
Valuation Date	June 30, 2017	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method		
Actuarial Assumptions:			
Discount Rate	7.15%	7.15%	7.15%
Inflation	2.50%	2.50%	2.50%
Salary Increases	Varies by Entry Age and Services		
Investment Rate of Return <sup>(1)</sup>	7.15%	7.15%	7.15%
Mortality <sup>(2)</sup>	Derived using CalPERS' Membership Data for all Funds		
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies; 2.50% thereafter		

<sup>(1)</sup> Net of pension plan investment expenses, including inflation.

<sup>(2)</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the 2014 CalPERS Experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

### Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for each Plan. This rate includes investment expenses and inflation. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans will run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11- 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

## NOTES TO THE FINANCIAL STATEMENTS

Asset Class	Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	100.00%		
(a) Expected inflation for this period		2.00%	
(b) Expected inflation for this period		2.92%	

### Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
<b>Miscellaneous Plan</b>			
<b>Balance at June 30, 2017</b>	\$ 983,333,433	\$ 696,104,044	\$ 287,229,389
<b>Changes in the Measurement Period</b>			
Service Cost	18,834,712	-	18,834,712
Interest on the Total Pension Liability	68,846,245	-	68,846,245
Changes of Assumptions	(8,383,824)	-	(8,383,824)
Difference Between Expected and Actual Experience	3,269,467	-	3,269,467
Plan to Plan Resource Movement	-	(1,705)	1,705
Contribution - Employer	-	20,393,310	(20,393,310)
Contribution - Employees	-	13,747,826	(13,747,826)
Net Investment Income	-	58,233,830	(58,233,830)
Benefit Payable, Including Refunds of Employee Contributions	(49,503,784)	(49,503,784)	-
Administrative Expense	-	(1,084,722)	1,084,722
Other Miscellaneous Income/Expense	-	(2,059,905)	2,059,905
<b>Net Change</b>	33,062,816	39,724,850	(6,662,034)
<b>Balance at June 30, 2018</b>	\$ 1,016,396,249	\$ 735,828,894	\$ 280,567,355

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
<b>Public Safety - Fire Plan</b>			
<b>Balance at June 30, 2017</b>	\$ 266,986,159	\$ 188,899,801	\$ 78,086,358
<b>Changes in the Measurement Period</b>			
Service Cost	5,050,545	-	5,050,545
Interest on the Total Pension Liability	18,548,037	-	18,548,037
Changes of Assumptions	(932,620)	-	(932,620)
Difference Between Expected and Actual Experience	(1,273,144)	-	(1,273,144)
Plan to Plan Resource Movement	-	(457)	457
Contribution - Employer	-	6,983,081	(6,983,081)
Contribution - Employees	-	1,801,681	(1,801,681)
Net Investment Income	-	15,877,869	(15,877,869)
Benefit Payable, Including Refunds of Employee Contributions	(15,785,115)	(15,785,115)	-
Administrative Expense	-	(294,358)	294,358
Other Miscellaneous Income/Expense	-	(558,991)	558,991
<b>Net Change</b>	5,607,703	8,023,710	(2,416,007)
<b>Balance at June 30, 2018</b>	\$ 272,593,862	\$ 196,923,511	\$ 75,670,351

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
<b>Public Safety - Police Plan</b>			
<b>Balance at June 30, 2017</b>	\$ 404,585,170	\$ 244,812,138	\$ 159,773,032
<b>Changes in the Measurement Period</b>			
Service Cost	7,206,671	-	7,206,671
Interest on the Total Pension Liability	28,303,833	-	28,303,833
Changes in Assumptions	(2,169,378)	-	(2,169,378)
Changes in Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	607,197	-	607,197
Plan to Plan Resource Movement	-	(598)	598
Contribution - Employer	-	13,095,114	(13,095,114)
Contribution - Employees	-	2,103,617	(2,103,617)
Net Investment Income	-	20,550,338	(20,550,338)
Benefit Payable, Including Refunds of Employee Contributions	(21,537,031)	(21,537,031)	-
Administrative Expense	-	(381,485)	381,485
Other Miscellaneous Income/Expense	-	(724,446)	724,446
<b>Net Change</b>	<b>12,411,292</b>	<b>13,105,509</b>	<b>(694,217)</b>
<b>Balance at June 30, 2018</b>	<b>\$ 416,996,462</b>	<b>\$ 257,917,647</b>	<b>\$ 159,078,815</b>

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
<b>Net Pension Liability</b>			
Miscellaneous Plan	\$ 409,063,858	\$ 280,567,355	\$ 173,740,284
Public Safety - Fire Plan	110,218,519	75,670,351	47,071,128
Public Safety - Police Plan	214,780,668	159,078,815	113,300,634

### Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

### Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

#### Miscellaneous Plan

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$38,938,326.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 20,894,560	\$ -
Changes in assumptions	10,559,606	(5,159,276)
Differences between expected and actual experiences	2,011,980	(2,156,218)
Net differences between projected and actual earnings on pension plan investments	2,452,396	-
	<u>\$ 35,918,542</u>	<u>\$ (7,315,494)</u>

NOTES TO THE FINANCIAL STATEMENTS

\$20,894,560 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 15,539,839
2021	1,004,867
2022	(6,995,876)
2023	(1,840,342)
Thereafter	-

As of June 30, 2019, the City had no reported payables to the plan.

**Public Safety - Fire Plan**

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$8,729,293.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 7,762,455	\$ -
Changes in assumptions	7,664,319	(999,052)
Differences between expected and actual experiences	-	(3,047,629)
Net differences between projected and actual earnings on pension plan investments	669,354	-
	<u>\$ 16,096,128</u>	<u>\$ (4,046,681)</u>

\$7,762,455 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 3,899,961
2021	2,739,866
2022	(1,615,925)
2023	(736,910)
Thereafter	-

As of June 30, 2019, the City had no reported payables to the plan.

### Public Safety – Police Plan

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$19,004,374.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,918,569	\$ -
Changes in assumptions	8,921,761	(1,491,447)
Differences between expected and actual experiences	417,448	(2,416,055)
Net differences between projected and actual earnings on pension plan investments	835,436	-
	<u>\$ 24,093,215</u>	<u>\$ (3,907,502)</u>

\$13,918,569 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	\$ 7,678,268
2021	1,857,433
2022	(2,601,437)
2023	(667,121)
Thereafter	-

As of June 30, 2019, the City had no reported payables to the plan.

## B. City Sponsored Defined Benefit Pension Plan

### Berkeley Police Employees Retirement Income Plan

#### Plan Description

The City sponsors a Retiree Income Plan for its Police retirees. This plan is a single-employer defined benefit pension plan. To be eligible for benefits, Police employees must retire from the City on or after July 1, 1989 and before September 19, 2012, be vested in a CalPERS pension, have ten years of service with the Berkeley Police department, and retire from the City on or after age 50 or with a disability benefit. Benefits commence 10 years after retirement for retirements before July 6, 1997, 5 years after retirement for retirements before July 1, 2007, and 2 years after retirement for retirements on or after July 1, 2007.

#### Benefits Provided

Benefits are payable for the retiree's lifetime and continue for the life of the surviving spouse. For employees retiring before September 19, 2012, the City pays a monthly income benefit equal to the City's Active 2-party Kaiser premium regardless of marital status. The monthly benefit is pro-rated by service according to the schedule shown in Appendix A, if the employee has less than 20 years of service with the City at retirement. Appendix A provides a more detailed summary of benefits. Benefits are paid from a Section 401(a) trust; therefore, benefits are taxable to the retiree when paid.

At June 30, 2019, the following employees were covered by the Berkeley Police Employee Retirement Income Plan:

	PERIP
Retirees	150
Active employees	-
Total	<u>150</u>



## NOTES TO THE FINANCIAL STATEMENTS

### Contribution Description

The City (employer) contributed \$1,854,528 in FY 2019 and paid \$2,618,766 in benefits.

### Net Pension Liability

The City's net pension liability for the Berkeley Police Employees Retirement Income Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

### Actuarial Methods and Assumptions Used to Determine Total Pension Liability

	PERIP								
Valuation date	June 30, 2018								
Measurement date	June 30, 2019								
Actuarial assumptions:									
Discount rate	3.52% - Based on Crossover test results using assumptions below								
Inflation	2.75%								
Investment rate of return <sup>(1)</sup>	3.75%								
Mortality	CalPERS 2017 experience Study Fully generational with Scale MP-2018								
Future benefit increase	Based on Medical Trend:								
	<table> <tr> <th>Year</th><th>Increase</th></tr> <tr> <td>2020</td><td>7.5%</td></tr> <tr> <td>2021</td><td>7.2%</td></tr> <tr> <td>2022 and beyond</td><td>4%-7.0%</td></tr> </table>	Year	Increase	2020	7.5%	2021	7.2%	2022 and beyond	4%-7.0%
Year	Increase								
2020	7.5%								
2021	7.2%								
2022 and beyond	4%-7.0%								
Crossover test assumptions									
Active police payroll increases	3.00%								
AA municipal bond rate	3.50%								
Administrative expenses	Increase with inflation after 2019								
Future employer contributions	Average of past 3 fiscal years contributions as a percent of total police active employee payroll								
	<table> <tr> <td>2018</td><td>9.041%</td></tr> <tr> <td>2017</td><td>10.690%</td></tr> <tr> <td>2016</td><td>10.006%</td></tr> </table>	2018	9.041%	2017	10.690%	2016	10.006%		
2018	9.041%								
2017	10.690%								
2016	10.006%								

<sup>(1)</sup> Net of pension plan investment expenses, including inflation.

### Discount Rate

The discount rate used to measure the total pension liability was 3.52 percent for the Plan. This rate includes investment expenses and inflation. A Crossover test was performed to determine the discount rate. Based on the testing, the Plan will run out of assets in FY 2026-27.

### Change in Net Pension Liability

The changes in the Net Pension Liability for the Berkeley Police Employees Retirement Income Plan was as follows on the following page:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
<b>Balance at June 30, 2018</b>	\$ 73,005,918	\$ 6,350,729	\$ 66,655,188
<b>Changes in the measurement period</b>			
Service cost			
Interest on the total pension liability	2,774,656	-	2,774,656
Changes in Assumptions			
Changes in Benefit Terms			
Difference between expected and actual experience	(2,744,787)	-	(2,744,787)
Plan to plan resource movement			
Contribution - employer	-	1,854,528	(1,854,528)
Contribution - employees			
Net investment income	-	(29,544)	29,544
Changes of assumptions	3,226,771	-	3,226,771
Benefit payable, including refunds	(2,618,766)	(2,618,766)	-
Administrative expense	-		-
<b>Net change</b>	637,874	(793,782)	1,431,656
<b>Balance at June 30, 2019</b>	<u>\$ 73,643,792</u>	<u>\$ 5,556,948</u>	<u>\$ 68,086,844</u>

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for Berkeley Police Employees Retirement Income Plan, calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 2.520%	Current Discount Rate 3.520%	1% Increase 4.520%
Net pension liability	\$79,750,951	\$68,086,844	\$58,651,686

### Pension Expenses/(Income) and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$3,231,234.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ -
Differences between expected and actual experiences	-	-
Net differences between projected and actual earnings on pension plan investments	450,682	-
	<u>\$ 450,682</u>	<u>\$ -</u>

## NOTES TO THE FINANCIAL STATEMENTS

These deferred outflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 160,169
2021	146,349
2022	93,490
2023	50,674

As of June 30, 2019, the City had no reported payables to the plan.

### Safety Members Pension Fund

#### Plan Description

The City maintains the Safety Members Pension Fund (SMPF). This plan is a single-employer defined benefit pension plan for fire and police officers that retired before March 1973. In March 1973, all active fire and police officers were transferred from SMPF to CalPERS. The Safety Members Pension Board administers the plan. The authority under which benefit provisions are established or may be amended is the Berkeley Municipal Code chapters 4.20, 4.24, 4.28 and 4.32.

#### Benefits Provided

Service and disability retirement benefits are based on a percentage of salary at retirement, multiplied by years of service. Benefits are adjusted annually by either:

- Current active salary increases (based on the same rank at retirement) or
- The increase in the California Consumer Price Index (with a 1 percent minimum and a 3 percent cap).

#### Employees Covered

At June 30, 2019, the following employees were covered by SMPF:

	<b>SMPF</b>
Retirees	9
Active employees	-
Total	9

#### Contribution Description

The City pays SMPF benefits on a pay-as-you-go basis. In February 1989, the Berkeley Civic Improvement Corporation purchased, on behalf of the City, a Guaranteed Income Contract (GIC) from Massachusetts Mutual. This contract provides annual payments through 2019 and an annual guaranteed 9.68 percent rate of return (net of expenses). The City pays the difference between actual benefit payments and contract provided annual payments, from the General Fund. Additional amounts may be paid, through 2018, under a Risk Agreement to compensate the City for the difference between the amounts paid by the City to its pensioners and the actuarially determined amounts.

#### Net Pension Liability

The City's net pension liability for the SMPF is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measure as of June 30, 2019, using an annual actuarial valuation as of June 30, 2019. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

### Actuarial Methods and Assumptions Used to Determine Total Pension Liability

	<b>SMPF</b>
Valuation date	June 30, 2019
Measurement date	June 30, 2019
Actuarial assumptions:	
Discount rate	3.50% - Bond Buyer-20 rate as of 6/30/19
Inflation	2.75%
Investment rate of return <sup>(1)</sup>	9.68%
Mortality	CalPERS 2017 experience Study
	Mortality projected fully generational with Scale MP-18
Future benefit increase	2.75%
Crossover test assumptions	
AA municipal bond rate	N/A
Administrative expenses	N/A
Future employer contributions	N/A

(1) Based on return from MassMutual GIC

#### Discount Rate

The discount rate used to measure the total pension liability was 3.50 percent for the Plan. This rate includes investment expenses and inflation.

#### Change in Net Pension Liability

The changes in the Net Pension Liability for the Berkeley Safety Members Pension Fund was as follows on the following page:

	Increase (Decrease)		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability / (Asset)</b>
<b>Balance at June 30, 2018</b>	\$ 2,485,191	\$ 96,934	\$ 2,388,257
<b>Changes in the measurement period</b>			
Service cost	-	-	-
Interest on the total pension liability	84,747	-	84,747
Difference between expected and actual experience	(100,070)	-	(100,070)
Plan to plan resource movement	-	-	-
Contribution - employer	-	525,486	(525,486)
Contribution - employees	-	-	-
Net investment income	-	3,066	(3,066)
Changes of assumptions	18,332	-	18,332
Benefit payable, including refunds	(625,486)	(625,486)	-
Administrative expense	-	-	-
<b>Net change</b>	(622,477)	(96,934)	(525,543)
<b>Balance at June 30, 2019</b>	\$ 1,862,714	\$ -	\$ 1,862,714

## NOTES TO THE FINANCIAL STATEMENTS

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City for Berkeley Police Employees Retirement Income Plan, calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 2.500%	Current Discount Rate 3.500%	1% Increase 4.500%
Net pension liability	\$1,918,552	\$1,862,714	\$1,810,395

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the fiscal year ended June 30, 2019, the City recognized pension income of \$15,667.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Changes in assumptions	\$ -	\$ -
Differences between expected and actual experiences	-	-
Net differences between projected and actual earnings on pension plan investments	-	10,500
	\$ -	\$ 10,500

Fiscal Year Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2020	\$ (14,134)
2021	2,162
2022	1,175
2023	297

As of June 30, 2019, the City had no reported payables to the plan.

### 13. OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefits (OPEB) related balances presented on the Statement of Net Position as of June 30, 2019 are described in the following table:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Actuarial OPEB Expenses
By Individual Plan				
Fire Retiree Healthcare Plan	\$ 1,539,433	\$ 1,467,183	\$ 19,633,312	\$ 1,871,566
Miscellaneous Employees Retiree Health Premium Assistance Plan	2,339,841	6,071,579	37,219,746	3,546,148
Police retiree Healthcare Plan	4,201,859	10,269,741	46,252,565	3,557,903
Total	<u>\$ 8,081,133</u>	<u>\$ 17,808,503</u>	<u>\$ 103,105,623</u>	<u>\$ 8,975,617</u>
By Individual Fund				
Governmental Activities				
Governmental Funds	\$ 7,162,194	\$ 15,418,041	\$ 91,290,494	\$ 7,583,853
Internal Service Funds	225,816	573,083	3,274,501	344,259
Subtotal Governmental Activities	7,388,010	15,991,124	94,564,996	7,928,112
Enterprise Funds	636,588	1,673,606	8,188,430	961,363
Discretely Presented Component Unit				
Rent Stabilization Board Fund	56,535	143,773	352,197	86,141
Total	<u>\$ 8,081,133</u>	<u>\$ 17,808,503</u>	<u>\$ 103,105,623</u>	<u>\$ 8,975,617</u>

#### A. Berkeley Fire Employees Retiree Health Plan

##### Plan Description and Benefits Provided

The City of Berkeley Fire Employees Retiree Health Plan (FRHF) is a single-employer defined benefit medical trust plan administered by The Lipman Company (TLC). It is reported in an Other Employee Benefit Trust Fund of the City. To be eligible for benefits, sworn Fire employees must retire from the City on or after July 1, 1997, be vested in a CalPERS pension, and retire from the City on or after age 50. Benefits commence immediately upon retirement. Benefits are payable for the retiree's lifetime and continue for his or her covered spouse's/domestic partner's lifetime.

The amount the City contributes toward the FRHF increases 4.5 percent annually regardless of the amount of increase in the underlying premium rate. The establishment and amendments of benefit provisions are negotiated between the employee bargaining units and the City Labor Negotiating Team, then approved by the City Manager and City Council. The FRHF does not issue a publicly available financial report that includes financial statements and required supplementary information. The City's portion of the benefit is based on the following years of service of the retiree:

Years of Service	City Percentage
Less than 10	0%
10 to 14	25%
15 to 19	50%
20 to 24	75%
More than 25	100%

NOTES TO THE FINANCIAL STATEMENTS

### Employees Covered

At June 30, 2019, the following current and former employees were covered by the benefit terms for FRHF

	FRHF
Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	43
Active employees	128
Total	230

### Contributions

The City makes a contribution towards the medical premium. For all Medicare eligible retirees of retirement age, the maximum payment is equal to the City's percentage of the 2001 single or two-party Health Net Senior Plus rate (depending on whether retiree has a covered dependent) adjusted 4.5 percent annually.

The City's maximum contribution for Fire retirees for FY 2019 is shown in the following table:

	City's Contribution for Non-Medicare Eligible Retirees		City's Contribution for Medicare Eligible Retirees	
	Single-Party	Two-Party	Single-Party	Two-Party
Retired before 7/1/06	\$ 429	\$ 856	\$ 429	\$ 856
Retired after 7/1/06	581	1,159	581	1,159

During FY 2019, the City contributed \$759,000 to the trust and made benefit payments of \$325,861.

### Net OPEB Liability of the City

The Total OPEB Liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2018, using the following actuarial assumptions, applied to all prior periods including the measurement:

#### Actuarial Assumptions

Discount rate	3.62%
Expected long-term rate of return	3.75%
General inflation	2.75%
Aggregate payroll increases	3.00%
Merit payroll increases	CalPERS 1997-2015 Experience Study
Mortality, retirement, disability, termination	CalPERS 1997-2011 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-18
AA municipal bond rate	3.50% (Bond Buyer 20 Index)
Non-medicare trend	7.50% for 2020, decreasing to an ultimate rate of 4.00% for 2076
Medicare trend	6.50% for 2020, decreasing to an ultimate rate of 4.00% for 2076
Healthcare participation for future retirees	100.00%
Cap increases	4.50% annually



The component of the City's Net OPEB Liability at June 30, 2019 and June 30, 2018, were as follows:

	FY Ending	
	6/30/2019	6/30/2018
Total OPEB liability	\$ 30,929,365	\$ 27,456,793
Fiduciary net position	11,296,053	10,205,411
Net OPEB Liability	\$ 19,633,312	\$ 17,251,382
Funded Status	36.50%	37.20%

## Investments

### Investment Policy

FRHF's policy in regard to the allocation of invested assets is established and may be amended by the City of Berkeley City Council.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Policy Target Allocation	Expected Real Rate of Return
Medium Term Notes	55.00%	1.47%
US Agency Securities	40.00%	0.66%
Cash and other	5.00%	0.06%
Total	100.00%	
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return, rounded		3.75%

### Rate of Return

For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 3.62 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount Rate

The discount rate used to measure the total OPEB liability was 3.62 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 (see the discussion of the Plan's investment policy) are as follows:

NOTES TO THE FINANCIAL STATEMENTS

**Change in Net OPEB Liability**

The changes in the Net OPEB Liability for the Berkeley City of Berkeley Fire Employees Retiree Health Plan was as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability / (Asset)
<b>Balance at June 30, 2018</b>	\$ 27,456,793	\$ 10,205,411	\$ 17,251,382
<b>Changes in the measurement period</b>			
Service cost	1,168,001	-	1,168,001
Interest	1,101,475	-	1,101,475
Difference between expected and actual experience	(240,242)	-	(240,242)
Changes of assumptions	1,769,199		1,769,199
Contribution - employer	-	759,000	(759,000)
Contribution - employees	-	-	-
Net investment income	-	662,448	(662,448)
Benefit payments	(325,861)	(325,861)	-
Administrative expense		(4,945)	4,945
<b>Net change</b>	3,472,572	1,090,642	2,381,930
<b>Balance at June 30, 2019</b>	\$ 30,929,365	\$ 11,296,053	\$ 19,633,312

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the City's net OPEB liability calculated, using the discount rate of 3.62 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.620%	3.620%	4.620%
Net OPEB liability	\$ 25,660,454	\$ 19,633,312	\$ 14,959,241

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the City's net OPEB liability calculated, using the current healthcare cost trend rate of well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	\$ 19,611,665	\$ 19,633,312	\$ 19,641,679

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,871,566. As of fiscal year ended June 30, 2019, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

**Deferred Outflows/Inflows Balances at June 30, 2019**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ -	\$ 719,934
Changes in assumptions	1,539,433	746,905
Net differences between projected and actual earnings on plan investments	-	344
	<u>\$ 1,539,433</u>	<u>\$ 1,467,183</u>

**Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense**

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ (12,124)
2021	(12,124)
2022	(12,123)
2023	(84,469)
2024	(30,124)
Thereafter	223,214

**B. Berkeley Miscellaneous Employees Retiree Health Plan****Plan Description and Benefits Provided**

The City of Berkeley Retiree Health Premium Assistance Plan (RHPAP) is a single-employer defined benefit medical plan administered by The Lipman Company (TLC). It is an Other Employee Benefit Trust Fund of the City, which provides retiree health benefits to eligible retirees and his/her spouse or domestic partner. The establishment and amendments of benefit provisions are negotiated between the employee bargaining units and the City, and are approved by the City Council. The RHPAP does not issue a publicly available financial report that includes financial statements and required supplementary information.

Employees are eligible for retiree health benefits if they satisfy the following requirement:

- Retirees who are at least age 50, with at least 8 years of service with the City at the time of separation from service are eligible to receive retiree health benefits commencing at age 55.
- Benefits are payable for the retiree's lifetime and continue for his or her covered spouse's/domestic partner's lifetime. The City pays the monthly cost of the monthly premiums up to a participant's applicable percentage of the base dollar amount and subject to annual 4.5 percent increases as specified in the Retiree Health Premium Assistance Plan document regardless of the amount of increase in the underlying premium rate. The City's portion of the benefit is based on the following years of service of the retiree:

<b>Years of Service</b>	<b>City Percentage</b>
8	30%
9	40%
10	50%
11	58%
12	66%
13	74%
14	82%
15	90%
16	92%
17	94%
18	96%
19	98%
20+	100%

## NOTES TO THE FINANCIAL STATEMENTS

### Employees Covered

At June 30, 2019, the following current and former employees were covered by the benefit terms for RHPAP

	RHPAP
Inactive employees or beneficiaries currently receiving benefits	256
Inactive employees entitled to but not yet receiving benefits	297
Active employees	1,094
Total	1,647

### Contributions

The City's maximum contribution for Miscellaneous retirees for FY 2019 is shown in the following table:

	City's Contribution for Non-Medicare Eligible		City's Contribution for Medicare Eligible Retirees	
	Single-Party	Two-Party	Single-Party	Two-Party
SEIU Local 1021 C&M	\$ 370	\$ 740	\$ 33	\$ 66
SEIU Local 1021 CSU - retired prior to June 29, 2008	370	740	132	263
SEIU Local 1021 CSU - retired after June 29, 2008	513	883	132	263
IBEW Local 1245 - retired prior to June 28, 2009	370	740	34	68
IBEW Local 1245 - retired after June 28, 2009	513	1,026	34	68
IBEW Local 1245 - retired on or after June 27, 2010	581	1,163	34	68
IBEW Local 1245 - retired on or after June 26, 2011	614	1,229	34	68
IBEW Local 1245 - retired on or after June 24, 2012	740	1,480	34	68
IBEW Local 1245 - retired on or after June 23, 2013	800	1,600	34	68
IBEW Local 1245 - retired on or after June 22, 2014	829	1,657	34	68
PEU Local One - retired prior to July 1, 2008	370	740	33	66
PEU Local One - retired after July 1, 2008	603	1,207	464	927
Unrepresented (Z-1, Z-5, Z-7) - retired prior to July 1, 2008	370	740	182	365
Unrepresented (Z-1, Z-5, Z-7) - retired after July 1, 2008	443	886	252	505
Unrepresented (all others) - retired prior to June 29, 2008	370	740	182	364
Unrepresented (all others) - retired after June 29, 2008	513	883	182	364

During FY 2019, the City contributed \$2,003,621 to the trust and made benefit payments of \$984,708.

### Investments

#### Investment Policy

RHPAP's policy in regard to the allocation of invested assets is established and may be amended by the City of Berkeley City Council.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return for each major asset class included in the target asset allocation as of June 30, 2019.

Asset Class	Policy Target Allocation	Expected Real Rate of Return
Medium Term Notes	30.00%	1.47%
US Agency Securities	25.00%	0.66%
Municipal Bonds	35.00%	1.21%
Cash and other	10.00%	0.06%
Total	100.00%	
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return, rounded		3.75%

### Rate of Return

For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 3.57 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount Rate

The discount rate used to measure the total OPEB liability was 3.57 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Net OPEB Liability of the City

The Total OPEB Liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2018, using the following actuarial assumptions, applied to all prior periods including the measurement:

### Actuarial Assumptions

Discount rate	3.57%
Expected long-term rate of return	3.75%
General inflation	2.75%
Aggregate payroll increases	3.00%
Merit payroll increases	CalPERS 1997-2015 Experience Study
Mortality, retirement, disability, termination	CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality improvement projected fully generational with Scale MP-18.
AA municipal bond rate	3.50 (Bond Buyer 20 Index)
Crossover test	Employer contributions after 2019 equal to bargained rates. Administrative expenses equal to 0.04% of pay. Crossover occurs in 2042.
Non-medicare trend	7.50% for 2020, decreasing to an ultimate rate of 4.00% in 2076
Medicare trend	6.50% for 2020, decreasing to an ultimate rate of 4.00% in 2076
Healthcare participation for future retirees	Pre-65: 60% Post-65: 95% for Local 1, 80% for other groups
Cap increases	Kaiser retiree premium increase up to a maximum of 4.50% annually

The component of the City's Net OPEB Liability at June 30, 2019 and June 30, 2018 were as follows:

	FY Ending	
	6/30/2019	6/30/2018
Total OPEB liability	\$ 65,605,879	\$ 59,386,690
Fiduciary net position	28,386,133	25,171,076
Net OPEB Liability	<u>\$ 37,219,746</u>	<u>\$ 34,215,614</u>
Funded Status	43.30%	42.40%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## NOTES TO THE FINANCIAL STATEMENTS

### Change in Net OPEB Liability

The changes in the Net OPEB Liability for the Berkeley Miscellaneous Retiree Healthcare Plan was as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability / (Asset)
<b>Balance at June 30, 2018</b>	\$ 59,386,690	\$ 25,171,076	\$ 34,215,614
<b>Changes in the measurement period</b>			
Service cost	2,722,025	-	2,722,025
Interest	2,384,553	-	2,384,553
Difference between expected and actual experience	(632,496)	-	(632,496)
Changes of assumptions	2,729,815		2,729,815
Contribution - employer	-	2,003,621	(2,003,621)
Contribution - employees	-	-	-
Net investment income	-	2,233,680	(2,233,680)
Benefit payments	(984,708)	(984,708)	-
Administrative expense		(37,536)	37,536
<b>Net change</b>	6,219,189	3,215,057	3,004,132
<b>Balance at June 30, 2019</b>	\$ 65,605,879	\$ 28,386,133	\$ 37,219,746

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the City's net OPEB liability calculated, in accordance with GASB Statement No. 74, using the discount rate of 3.57 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 2.570%	Current Discount Rate 3.570%	1% Increase 4.570%
Net OPEB liability	\$48,996,179	\$37,219,746	\$27,877,422

### Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the City's net OPEB liability calculated, in accordance with GASB Statement No. 74, using the current healthcare cost trend rate of 7.20 percent decreasing to 5.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	\$ 30,087,402	\$ 37,219,746	\$ 37,473,626

### OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$3,546,148. As of fiscal year ended June 30, 2019, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

**Deferred Outflows/Inflows Balances at June 30, 2019**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ -	\$ 1,355,746
Changes in assumptions	2,339,841	4,045,475
Net differences between projected and actual earnings on plan investments *	-	670,358
	<u>\$ 2,339,841</u>	<u>\$ 6,071,579</u>

\*Deferred Inflows and Outflows combined for footnote disclosure

**Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense**

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ (635,650)
2021	(635,650)
2022	(635,648)
2023	(751,226)
2024	(496,954)
Thereafter	(576,610)

**C. Police Retiree Premium Assistance Plan****Plan Description and Benefits Provided**

Effective September 19, 2012, the City replaced the "Berkeley Police Retirement Income benefit Plan" with the "Retiree Health Premium Assistance Coverage Plan" for any police employees hired on or after that date, as well as any current employees who retire on or after such date. The Retiree Health Premium Assistance Coverage Plan is a single-employer defined benefit medical plan administered by The Lipman Company (TLC). Under the newly established retiree health premium assistance plan, benefits will be paid by the City directly to the provider who is providing retiree health coverage to the retiree or his or her surviving spouse. The maximum amount will be equal in value to the City sponsored health plan.

In order to be eligible for the Retiree health Premium Assistance Coverage a "Retiree" must meet all of the following criteria:

- A person who is vested in CalPERS, and
- Has reached the age of 50, and
- Has retired from the City at age 50 or thereafter, and
- Has applied for and is receiving a pension from CalPERS at the time of retirement

**Benefits Provided**

The maximum amount the City will contribute toward the payment of medical insurance premiums is based on the employee's years of service as a sworn member of the Berkeley Police Department at time of retirement. The retiree must have at least 10 years of service as a sworn member of the Berkeley Police Department to qualify for this benefit.

<b>Years of Service</b>	<b>City Percentage</b>
10-14	25%
15-19	50%
20+	100%



## NOTES TO THE FINANCIAL STATEMENTS

**Employees Covered**

At June 30, 2019, the following current and former employees were covered by the benefit terms for PRPAP:

	PRPAP
Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	6
Active employees	152
Total	180

**Contributions**

Beginning July 1, 2013 and effective each July 1 thereafter, the base rates the City contributes toward payment of the premium amount described in the preceding paragraph will be increased by either the amount Kaiser increases the retiree medical premium for that year, or 6.0 percent, whichever is less. The retiree and/or surviving spouse/domestic partner shall pay the difference between the amount the City contributes toward payment of the premium and the actual premium cost. As of July 1, 2019, there were 152 active employees and 22 retirees. The base monthly dollar amount paid by the City for FY 2019 was as follows

	City's Contribution for Non-Medicare Eligible Retirees		City's Contribution for Medicare Eligible Retirees	
	Single-Party	Two-Party	Single-Party	Two-Party
PRPAP	\$ 763	\$ 1,526	\$ 423	\$ 845

During FY 2019, the City contributed \$400,137 to the trust and made benefit payments of \$221,190.

**Investments****Investment Policy**

PRPAP's policy in regard to the allocation of invested assets is established and may be amended by the City of Berkeley City Council.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Policy Target Allocation	Expected Real Rate of Return
Medium Term Notes	35.00%	1.47%
US Agency Securities	60.00%	0.66%
Cash and other	5.00%	0.06%
Total	100.00%	
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return, rounded		3.60%

**Rate of Return**

For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 3.50 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule

of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Discount Rate

The discount rate used to measure the total OPEB liability was 3.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Net OPEB Liability of the City

The Total OPEB Liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018, using the following actuarial assumptions, applied to all prior periods including the measurement:

### Actuarial Assumptions

Discount rate	3.50%
Expected long-term rate of return	3.60%
General inflation	2.75%
Aggregate payroll increases	3.00%
Merit payroll increases	CalPERS 1997-2015 Experience Study
Mortality, retirement, disability, termination	CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality projected fully generational with Scale MP-18
AA municipal bond rate	3.50% (Bond Buyer 20 Index)
Non-medicare trend	7.50% for 2020, decreasing to an ultimate rate of 4.00% for 2076
Medicare trend	6.50% for 2020, decreasing to an ultimate rate of 4.00% for 2076
Healthcare participation for future retirees	100.00%
Cap increases	Kaiser retiree premium increase up to a maximum of 6.00% annually

The component of the City's Net OPEB Liability at June 30, 2019 and June 30, 2018, were as follows:

	FY Ended	
	6/30/2019	6/30/2018
Total OPEB liability	\$ 48,702,720	\$ 43,456,732
Fiduciary net position	2,450,155	1,804,144
Net OPEB Liability	<u>\$ 46,252,565</u>	<u>\$ 41,652,588</u>
Funded Status	5.00%	4.20%

## NOTES TO THE FINANCIAL STATEMENTS

### Change in Net OPEB Liability

The changes in the Net OPEB Liability for the Berkeley Retiree health Premium Assistance Plan was as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability / (Asset)
Balance at June 30, 2018	\$ 43,456,732	\$ 1,804,144	\$ 41,652,588
Changes in the measurement period			
Service cost	2,629,121	-	2,629,121
Interest	1,779,243	-	1,779,243
Difference between expected and actual experience	(3,609,918)	-	(3,609,918)
Changes of assumptions	4,668,732		4,668,732
Contribution - employer	-	400,137	(400,137)
Contribution - employees	-	-	-
Net investment income	-	468,950	(468,950)
Benefit payments	(221,190)	(221,190)	-
Administrative expense		(1,886)	1,886
Net change	5,245,988	646,011	4,599,977
Balance at June 30, 2019	\$ 48,702,720	\$ 2,450,155	\$ 46,252,565

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the City's net OPEB liability calculated, in accordance with GASB Statement No. 74, using the discount rate of 3.50 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.500%	3.500%	4.500%
Net OPEB liability	\$ 57,783,760	\$ 46,252,565	\$ 37,541,654

### Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the City's net OPEB liability calculated, using the current healthcare cost trend rate and what it would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	\$ 36,972,963	\$ 16,252,565	\$ 56,146,635

### OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$3,557,903. As of fiscal year ended June 30, 2019, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

#### Deferred Outflows/Inflows Balances at June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 5,539,988
Changes in assumptions	4,201,859	4,457,324
Net differences between projected and actual earnings on plan investments	-	272,429
	\$ 4,201,859	\$ 10,269,741

### Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	\$ (781,371)
2021	(781,371)
2022	(781,372)
2023	(796,687)
2024	(717,093)
Thereafter	(2,209,988)

#### D. Defined Contribution Plans

##### i. Supplemental Retirement and Income Plans (SRIP)

There are three separate Supplemental Retirement and Income Plans (SRIP) that were enacted by Ordinance at different times and are set forth in the Berkeley Municipal Code as follows:

- Supplementary Retirement and Income Plan I (SRIP I) – Berkeley Municipal Code Chapter 4.36.101 et seq.
- Supplementary Retirement and Income Plan II (SRIP II) – Berkeley Municipal Code Chapter 4.38.101 et seq.
- Supplementary Retirement and Income Plan III (SRIP III) – Berkeley Municipal Code Chapter 4.39.101 et seq.
- SRIP I and SRIP II cover non-sworn employees. SRIP III covers sworn Police personnel except for the Police Chief who is included in SRIP II.

##### SRIP I

On January 1, 1983, Ordinance No. 5450-N.S., which was codified in the Berkeley Municipal Code under Chapter 4.36.101 et seq., established SRIP I. The SRIP I plan consists of two components: 1) a defined contribution money purchase pension plan adopted in accordance with Sections 401(a) and 501(a) of the Internal Revenue Code, and 2) an employer paid disability benefit.

**Money Purchase Pension Plan:** The administrators of the money purchase pension plan are Hartford Life Insurance Company and Prudential Retirement Services. The plan is a defined contribution plan whereby the City contributes 5.7 percent of salary up to a salary of \$32,400 into a tax deferred and self-directed investment account and 1 percent of salary up to a salary of \$32,400 into a disability reserve account for each covered employee (all permanent City employees). The total assets of SRIP I available for benefits at June 30, 2019, was \$7,127,237 which was comprised of participant accounts. These assets are the property of the individual account holders and not the property of the City. These assets cannot be used to pay disability benefits.

**Disability Benefit:** Employees hired after January 1, 1983, but prior to July 22, 1988, who became disabled in their own occupation are entitled to receive a disability income benefit equal to 60 percent of their highest compensation, reduced by any disability payments they receive from Social Security, State Disability Insurance, or Workers' Compensation. Employees hired after July 21, 1988, are not eligible for benefits under this plan which was closed to new enrollees.

Benefits are payable for the disabled participant's lifetime or until recovery from disability. The third party administrator is Cigna. Currently, the City pays the monthly cost of the monthly disability benefits on a pay-as-you-go basis. There were a total of 77 closed groups of participants, 12 active employees and 65 disabled participants receiving benefits. The unfunded liability for SRIP I at July 1, 2018, the date of the last actuarial study, was \$14,841,000. For FY 2019, the City paid total SRIP 1 disability payments of \$1,481,097.

With the inception of SRIP II, the City contracted with Standard Insurance Company of Oregon to provide a portion of disability benefits through a Long Term Disability plan for those active employees remaining in SRIP I on or after July 22, 1988. Subsequently, the City prospectively dropped the Long Term Disability

## NOTES TO THE FINANCIAL STATEMENTS

plan provided by Standard Insurance Company of Oregon and purchased a Long Term Disability plan from Hartford Life Insurance Company. Later, the City dropped the Long Term Disability plan provided by Hartford Life and purchased a Long Term Disability Plan from UNUM Provident. Ultimately, the City chose to delete the Long Term Disability plan and self-fund the benefit. The disability benefits of all those in SRIP I disabled prior to July 22, 1988, as well as the self-insured portion of SRIP I disability benefits arising on or after July 22, 1988, applicable to SRIP I coverage, are paid from City contributions.

### SRIP II

On July 22, 1988, Ordinance No. 5900-N.S., which was codified in the Berkeley Municipal Code under Chapter 4.38.101 et seq., established SRIP II, a defined contribution money purchase pension plan adopted in accordance with Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a defined contribution money purchase pension plan, whereby the City contributes 6.7 percent of salary up to a salary of \$32,400 into a tax deferred and self-directed investment account for each eligible employee. Enrollment in the plan is mandatory for all eligible persons hired on or after July 22, 1988, and elective for those eligible and hired prior to July 22, 1988.

### SRIP III

Effective January 1, 1989, the City established SRIP III, which was codified in the Berkeley Municipal Code under Chapter 4.39.101 et seq., a defined contribution money purchase pension plan adopted in accordance with Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a defined contribution plan, whereby the City contributes 2 percent of salary up to a salary of \$32,400 into a tax deferred and self-directed investment account for all sworn police officers except the Police Chief.

The total assets of SRIP II and SRIP III available for benefits at June 30, 2019 were \$69,805,532 and there were 2,449 participants.

The City Council is responsible for establishing or amending (through changes in the Berkeley Municipal Code) retirement provisions and contribution requirement for all SRIP plans. These investments are held by trustees for the benefit of the participants and are not included in the City's basic financial statements.

The City's contributions (required and actual) and covered payroll for SRIP I, SRIP II, and SRIP III for the year ended June 30, 2019 were as follows:

Plan	Contributions	Covered Payroll	% of Covered Payroll
SRIP I	\$ 17,765	\$ 311,669	5.70%
SRIP II	2,508,678	37,443,185	6.70%
SRIP III	107,435	5,371,656	2.00%

## ii. Public Agency Retirement Systems (PARS)

On September 14, 1993, the City Council adopted Resolution # 57,141- N.S. authorizing a contract with the Public Agency Retirement System (PARS) to administer a 401(a) retirement plan for the City's hourly and daily employees, effective October 1, 1993. This retirement plan is an alternative to participation in Social Security. The plan is a defined contribution plan whereby the City and employee each contribute 3.75 percent of salary into a tax deferred savings account. These benefits are non-forfeitable at all time, meaning that the benefit may be distributed to the employee only upon retirement or separation from service or death (with certain restrictions). All temporary and hourly employees are eligible and enrolled in the plan. There were a total of 1,068 active and 1,052 inactive participants in this plan as of June 30, 2018.

The total asset of PARS available for benefits at June 30, 2019 was \$2,938,575, which was comprised of participant accounts. The City Council is responsible for establishing or amending (through changes in the Berkeley Municipal Code) retirement provisions and contribution requirements for the PARS plan. These investments are held by trustees for the benefit of the participants and are not included in the City's basic financial statements. The City's contribution (required and actual) and covered payroll for the year ended June 30, 2019 were as follows:

Contributions	Covered Payroll	% of Covered Payroll
\$ 197,775	\$ 5,274,077	3.75%

#### 14. RELATED PARTY TRANSACTION

In May 2017, the City recruited a new City Manager. Included as part of the compensation package was a \$660,000, 3 percent interest only housing assistance loan, payable after the earlier of 20 years, sale of the house, or within 24 months of the City Manager's separation with the City. The loan is secured by a note signed by the City Manager, and a deed of trust on the residence that was purchased. The payments may be deferred and there is no prepayment penalty.

#### 15. RESTATEMENT OF GOVERNMENTAL ACTIVITIES/GOVERNMENTAL FUND BALANCES

The Statement of Activities on pages 31-32 show a net \$1,032,998 decrease to the Governmental Activities' beginning net position. This includes a (\$305,353) restatement that was the result of reclassifying the net pension related items to the Governmental Activities from Fiduciary Funds- Private Trust, and an (\$727,645) adjustment to accumulated depreciation in Internal Service Funds to agree with the fixed asset subsidiary ledger. These two adjustments (\$305,353, and \$727,645) affected the beginning balances of Internal Service Funds net position and as well as Fiduciary Funds – Private Trust Fund.

Governmental Activities	Total
Net position - beginning	\$ (122,441,346)
Restatement:	
Reclassified the net pension related items to Governmental Activities from Fiduciary Funds -Private Trust Fund	(305,353)
Adjusted the accumulated deprecation in Internal Service Fund to agree with fixed asset subsidiary ledger	(727,645)
Net position - beginning, as restated	<u>\$ (123,474,344)</u>

##### Internal Service Funds

The restatement on the Statement of Activities and reflected on the Statement of Revenues, Expenses, and Changes in Net Position on pages 40-41 of \$727,645 were made to Internal Service Funds to reflect the results of the capital assets adjustment.

Internal service funds	Internal Service Funds
Net position - beginning	\$ 16,004,256
Adjustment:	
Capital Assets	(727,645)
Net position - beginning, as restated	<u>\$ 15,276,611</u>

##### Fiduciary Funds – Private Trust Funds

The restatement on the Statement of Changes in Fiduciary Net Position – Private Trust Funds pages 45-46 was made to the beginning net position due to reclassification of pension related items to Governmental Activities.

Net position - beginning	\$ 180,350
Restatement	
Reclassified the net pension related items to Governmental Activities from Fiduciary Funds -Private Trust Fund	305,353
Net position - beginning, as restated	<u>\$ 485,703</u>

#### 16. SUBSEQUENT EVENTS

##### FY 2020 Tax and Revenue Anticipation Notes

On July 23, 2019, the City issued \$34,780,000 of tax revenue anticipation notes in order to alleviate the strain on working capital prior to the receipt of property tax revenues in December. The notes were issued with a coupon rate of 2.00 percent and a yield of 1.15 percent and are recorded in the General Fund. Interest and principal on these notes are payable on July 22, 2020 by the General Fund. The City has maintained a MIG-1 rating on this short-term issue.



## NOTES TO THE FINANCIAL STATEMENTS

## 17. SUCCESSOR AGENCY

### Description of the Entity

The Redevelopment Agency of the City of Berkeley was established to eliminate blight and provide construction financing for affordable housing. There were two Redevelopment Project Areas: Savo Island and West Berkeley Project Areas.

On June 29, 2011, Governor Brown signed Assembly Bill 1X 26 (AB 1X 26) eliminating redevelopment agencies throughout the State in order to protect funding for core public services at the local level.

Pursuant to City Council action taken on January 17, 2012, the City elected to serve as the Successor Agency to the Berkeley Redevelopment Agency of the City of Berkeley (Successor Agency). The Successor Agency is a separate legal entity, which serves as a custodian for the assets and liabilities of the dissolved Redevelopment Agency pending distribution to the appropriate taxing entities after the payment of enforceable obligations. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Berkeley as Successor Agency of the former Redevelopment Agency.

### Assets, Liabilities, and Net Position or Equity

All the Notes Receivable and capital assets were transferred to Housing Trust Funds of the City and therefore no more outstanding items as of June 30, 2019.

### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditure

The following is a summary of Long-term obligations of the Successor Agency as of June 30, 2019:

Successor Agency	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Savo Island	\$ 336,000	\$ -	\$ (32,000)	\$ 304,000	\$ 34,000
Total Successor Agency	\$ 336,000	\$ -	\$ (32,000)	\$ 304,000	\$ 34,000

## 18. TRANSFER OF PENSION AND OPEB RELATED AMOUNTS

During FY 2019, the City established a new Information Technology internal service fund named IT Cost Allocation Plan Fund. The IT Department was previously in the General Fund. This fund was set up to systematically modernize the Citywide technology infrastructure and safeguard the efficiency of the City's technology assets such as network infrastructure, network operations, enterprise services, cyber security, database and GIS services, helpdesk, implementation and ongoing support of technology applications. Each department is required to contribute based on annual budget times a ratio, which is the number of existing PCs within the department for hardware, and based on the number of FTE equivalent for software and services to the total in the whole City. All the staff in this department are members of the City's CalPERS Miscellaneous Employee Pension Plan and the Miscellaneous Retiree Healthcare Plan. As part of the establishment of this new internal service fund, \$9,637,497 in CalPERS pension liabilities and \$1,753,698 in Miscellaneous Retiree Healthcare Plan liabilities, or a total of \$11,391,195, was transferred to the IT Cost Allocation Plan Fund during FY 2019.





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# Required Supplementary Information

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA



## 1. BUDGETS AND BUDGETARY ACCOUNTING

### A. Budgetary Information

Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the upcoming fiscal year. The proposed budget includes a summary of the proposed expenditures and forecasted revenues, and available cash balances (i.e. budget basis fund balance/net position for the City's General Fund, Special Revenue Funds; Capital Project Funds; all Enterprise Funds, and all Internal Service Funds. The City of Berkeley adopts an annual appropriated budget for its General fund, capital project funds, debt service funds, and special revenue funds except for Community Workforce, California Housing Finance Agency, Tieback Mitigation R-O-W, Parking In-Lieu Fee, Traffic Congestion Relief, Street and Open Space Improvement, Citywide RLF, Lillie B. Wall Memorial, East Bay Public Utilities Commission, Fund for Impounded and Unneutered and Income Housing Fund: Savo Island Project.

The City Council adopts an annual budget by resolution prior to July 1 of each fiscal year. The annual budget indicates appropriations by fund. The Council may adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund. Any revisions or transfers that alter the total appropriations of any fund must be approved by the City Council. The City utilizes a five-year capital plan, which is updated annually. Capital Project Funds are appropriated annually as part of the regular budget process. Any unused funds are re-appropriated to the following fiscal year until the project is completed.

The City Council approved an original annual appropriation ordinance of \$406,847,665 for FY 2019 and made supplementary budget appropriations totaling \$125,473,516 during the year. The supplementary budget appropriations consisted of the following: (1) FY 2018 outstanding encumbered rollovers of \$29,205,266; (2) FY 2018 unencumbered carryovers of \$44,383,787; and (3) other budget adjustments of \$51,884,463. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental fund types.

Encumbrances outstanding at year-end are reported in assigned fund balance unless the purchase order relates to restricted or committed resources. They do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

### B. Budgetary Results Reconciled to Results in Accordance with GAAP

The adopted budget and actual results reported in the governmental funds' budgetary schedules are on a modified cash basis, which is inconsistent with generally accepted accounting principles (GAAP). Under this budget basis, revenues are recorded when received, and interfund loans and repayments are recorded as other financing sources/uses, instead of increases and decreases in the due to/due from accounts.

**C. Budgetary Comparison Schedules**

The following are the budget comparison schedules for the General Fund and all major Special Revenue Funds.

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual****General Fund - Budgetary Basis**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 153,288,617	\$ 166,534,530	\$ 172,813,468	\$ 6,278,938
Licenses and permits	556,600	556,600	1,404,520	847,920
Intergovernmental	514,746	514,746	1,864,567	1,349,821
Charges for service	9,151,806	11,497,789	8,315,478	(3,182,311)
Fines and penalties	6,283,054	6,215,183	6,329,751	114,568
Rents and royalties	159,508	159,508	289,435	129,927
Franchise	1,984,643	2,010,000	1,821,316	(188,684)
Private contributions and donations	-	-	101,073	101,073
Investment income	2,500,000	3,500,000	4,564,664	1,064,664
Miscellaneous	5,931,498	6,671,357	6,744,481	73,124
Total revenues	180,370,472	197,659,713	204,248,753	6,589,040
<b>Expenditures:</b>				
Current:				
General government	50,036,892	46,408,532	32,142,362	14,266,170
Public safety	94,748,115	98,593,057	103,127,253	(4,534,196)
Highway and streets	1,917,554	3,122,050	2,895,524	226,526
Health and welfare	9,584,222	11,687,635	13,256,879	(1,569,244)
Culture-recreation	5,747,738	6,411,380	5,943,167	468,213
Community development and housing	6,981,597	13,124,219	8,173,689	4,950,530
Economic development	2,484,264	2,520,290	2,820,609	(300,319)
Debt service:				
Interest and fiscal charges	200,000	200,000	205,613	(5,613)
Bond issuance cost	-	-	64,800	(64,800)
Total expenditures	171,700,382	182,067,163	168,629,896	13,437,267
Revenues over/(under) expenditures	8,670,090	15,592,550	35,618,857	20,026,307
Other financing sources/(uses)				
Transfers in	4,385,568	6,507,883	5,763,084	(744,799)
Transfers out	(12,549,664)	(44,615,846)	(33,462,313)	11,153,533
Interfund repayments	-	-	1,930,416	1,930,416
Interfund advances	-	-	(4,952,043)	(4,952,043)
Total other financing sources/(uses)	(8,164,096)	(38,107,963)	(30,720,856)	7,387,107
Net change in fund balance	505,994	(22,515,413)	4,898,001	27,413,414
Fund balance, July 1, 2018	65,422,589	65,422,589	65,422,589	-
Fund balance, June 30, 2019	\$ 65,928,583	\$ 42,907,176	\$ 70,320,590	\$ 27,413,414

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 4,898,001
Receivable accrual	2,064,792
Due from other fund -Repayment	(1,930,416)
Due from other fund - advance	4,952,043
Payable accrual	(633,897)
Net change in fund balances - GAAP basis	\$ 9,350,523

## Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual

### Grants Fund - Budgetary Basis

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 22,207,726	\$ 22,263,184	\$ 23,955,020	\$ 1,691,836
Charges for service	36,050	36,050	620,694	584,644
Investment income	58,632	58,632	596,916	538,284
Miscellaneous	3,000	3,000	(100,006)	(103,006)
Total revenues	22,305,408	22,360,866	25,072,624	2,711,758
<b>Expenditures:</b>				
General government	98,362	661,402	12,633	648,769
Public safety	224,054	474,804	138,758	336,046
Highway and streets	318,244	1,699,505	440,316	1,259,189
Health and welfare	14,936,912	16,979,676	13,154,490	3,825,186
Culture-recreation	241,470	884,022	191,412	692,610
Community development and housing	8,148,861	10,529,844	7,525,216	3,004,628
Economic development	515,359	553,893	-	553,893
Capital outlay:				
Highway and streets (CO)	-	2,665,047	1,950,525	714,522
Culture-recreation (CO)	1,282,137	3,415,233	1,905,287	1,509,946
Total expenditures	25,765,399	37,863,426	25,318,637	12,544,789
Revenues over/(under) expenditures	(3,459,991)	(15,502,560)	(246,013)	15,256,547
Net change in fund balance	(3,459,991)	(15,502,560)	(246,013)	(15,256,547)
Fund balance, July 1, 2018	13,318,962	13,318,962	13,318,962	-
Fund balance, June 30, 2019	\$ 9,858,971	\$ (2,183,598)	\$ 13,072,949	\$ (15,256,547)

#### Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (246,013)
Receivable accrual	(352,316)
Notes receivable accrual	(234,733)
Payable accrual	(57,074)
Net change in fund balances - GAAP basis	\$ (890,136)

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Library Fund - Budgetary basis**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 19,746,463	\$ 19,746,463	\$ 19,670,116	\$ (76,347)
Intergovernmental	60,000	60,000	57,852	(2,148)
Fines and penalties	116,000	116,000	38,976	(77,024)
Rents and royalties	250	250	-	(250)
Private contributions and donations	100,000	100,000	225,548	125,548
Investment Income	-	-	8,532	8,532
Miscellaneous	32,000	32,000	19,245	(12,755)
Total revenues	<u>20,054,713</u>	<u>20,054,713</u>	<u>20,020,269</u>	<u>(34,444)</u>
<b>Expenditures:</b>				
General government	-	-	18,431	(18,431)
Culture-recreation	23,365,651	23,608,964	18,721,029	4,887,935
Total expenditures	<u>23,365,651</u>	<u>23,608,964</u>	<u>18,739,460</u>	<u>4,869,504</u>
Net change in fund balance	(3,310,938)	(3,554,251)	1,280,809	4,835,060
Fund balance, July 1, 2018	9,501,261	9,501,261	9,501,261	-
Fund balance, June 30, 2019	<u>\$ 6,190,323</u>	<u>\$ 5,947,010</u>	<u>\$ 10,782,070</u>	<u>\$ 4,835,060</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 1,280,809
Receivable accrual	33,578
Grant receivable accrual	9,441
Payable accrual	48,192
Net change in fund balances - GAAP basis	<u>\$ 1,372,020</u>



## 2. DEFINED BENEFIT PENSION PLANS

### A. CalPERS Plans

#### Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period

##### Miscellaneous Plans

Measurement period	2014 <sup>(1)</sup>	2015	2016	2017	2018 <sup>(2)</sup>
Total pension liability					
Service cost	\$ 17,671,892	\$ 16,872,462	\$ 16,093,496	\$ 18,319,450	\$ 18,834,712
Interest	60,962,710	62,911,744	65,105,036	66,532,424	68,846,245
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(15,778,151)	(9,281,443)	(10,781,092)	3,269,467
Change of assumptions	-	(14,788,782)	-	52,798,032	(8,383,824)
Benefit payments, including refunds of employee contributions	(37,309,302)	(38,947,389)	(43,938,243)	(45,764,257)	(49,503,784)
Net change in total pension liability	41,325,300	10,269,884	27,978,846	81,104,557	33,062,816
Total pension liability - beginning	822,654,845	863,980,146	874,250,030	902,228,876	983,333,433
Total pension liability - ending (a)	<u>\$863,980,146</u>	<u>\$874,250,030</u>	<u>\$902,228,876</u>	<u>\$983,333,433</u>	<u>\$ 1,016,396,249</u>
Plan fiduciary net position					
Contributions - employer	\$ 17,742,374	\$ 18,303,639	\$ 20,032,929	\$ 21,214,582	\$ 20,393,310
Contributions - employee	9,202,333	6,752,797	6,904,128	9,301,166	13,747,826
Net investment income	98,032,089	14,859,667	3,476,221	70,963,526	58,233,830
Benefit payments, including refunds of employee contributions	(37,309,302)	(38,947,389)	(43,938,243)	(45,764,257)	(49,503,784)
Administrative expense	-	(737,609)	(399,523)	(946,894)	(1,084,722)
Plan to plan resource movement	-	284,821	(284,978)	(3,491)	(1,705)
Other Miscellaneous Income/Expense	-	-	-	-	(2,059,905)
Net change in fiduciary net position	87,667,494	515,926	(14,209,466)	54,764,632	39,724,850
Plan fiduciary net position - beginning	567,365,458	655,032,952	655,548,878	641,339,412	696,104,044
Plan fiduciary net position - ending (b)	<u>\$655,032,952</u>	<u>\$655,548,878</u>	<u>\$641,339,412</u>	<u>\$696,104,044</u>	<u>\$ 735,828,894</u>
Plan net position liability/(asset) - ending (a) - (b)	\$208,947,194	\$218,701,152	\$260,889,464	\$287,229,389	\$ 280,567,355
Plan fiduciary net position as a % of the total pension liability	75.82%	74.98%	71.08%	70.79%	72.40%
Covered payroll	\$ 87,614,737	\$ 87,918,618	\$ 85,480,937	\$ 88,645,362	\$ 94,371,740
Plan net pension liability/(asset) as a % of covered payroll	238.48%	248.75%	305.20%	324.02%	297.30%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB No. 68, Accounting and Financial Reporting for Pensions.

**Public Safety - Fire Plan**

Measurement period	2014 <sup>(1)</sup>	2015	2016	2017	2018 <sup>(2)</sup>
<b>Total pension liability</b>					
Service cost	\$ 4,183,753	\$ 4,154,748	\$ 4,316,812	\$ 4,976,440	\$ 5,050,545
Interest	17,150,102	17,400,087	17,876,017	18,140,550	18,548,037
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(4,736,917)	(1,327,136)	(2,451,159)	(1,273,144)
Change of assumptions	-	(3,990,299)	-	14,328,945	(932,620)
Benefit payments, including refunds of employee contributions	(13,447,853)	(14,168,237)	(14,006,618)	(14,713,157)	(15,785,115)
Net change in total pension liability	7,886,002	(1,340,618)	6,859,075	20,281,619	5,607,703
Total pension liability - beginning	233,300,081	241,186,083	239,845,465	246,704,540	266,986,159
Total pension liability - ending (a)	\$ 241,186,083	\$ 239,845,465	\$ 246,704,540	\$ 266,986,159	\$ 272,593,862
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 4,754,912	\$ 5,237,775	\$ 5,967,197	\$ 6,328,886	\$ 6,983,081
Contributions - employee	1,410,383	1,489,005	1,523,845	1,575,673	1,801,681
Net investment income	28,071,245	4,117,374	939,196	19,375,895	15,877,869
Benefit payments, including refunds of employee contributions	(13,447,853)	(14,168,237)	(14,006,618)	(14,713,157)	(15,785,115)
Administrative expense	-	(205,370)	(111,091)	(260,728)	(294,358)
Plan to plan resource movement	-	(70)	-	-	(457)
Other Miscellaneous Income/Expense	-	-	-	-	(558,991)
Net change in fiduciary net position	20,788,687	(3,529,523)	(5,687,471)	12,306,569	8,023,710
Plan fiduciary net position - beginning	165,021,539	185,810,226	182,280,703	176,593,232	188,899,801
Plan fiduciary net position - ending (b)	\$ 185,810,226	\$ 182,280,703	\$ 176,593,232	\$ 188,899,801	\$ 196,923,511
Plan net position liability/(asset) - ending (a) - (b)	\$ 55,375,857	\$ 57,564,762	\$ 70,111,308	\$ 78,086,358	\$ 75,670,351
Plan fiduciary net position as a percentage of the total pension liability	77.04%	76.00%	71.58%	70.75%	72.24%
Covered payroll	\$ 14,907,370	\$ 15,467,011	\$ 16,185,414	\$ 16,684,346	\$ 17,219,137
Plan net pension liability/(asset) as a percentage of covered payroll	371.47%	372.18%	433.18%	468.02%	439.45%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

## Public Safety - Police Plan

Measurement period	2014 <sup>(1)</sup>	2015	2016	2017	2018 <sup>(2)</sup>
Total pension liability					
Service cost	\$ 6,933,491	\$ 6,687,437	\$ 6,603,067	\$ 7,540,371	\$ 7,206,671
Interest	25,322,913	26,160,351	26,905,428	27,414,758	28,303,833
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(3,081,594)	(4,051,767)	(5,198,038)	607,197
Change of assumptions	-	(6,342,449)	-	22,647,547	(2,169,378)
Benefit payments, including refunds of employee contributions	(18,107,995)	(18,657,601)	(19,370,925)	(20,045,912)	(21,537,031)
Net change in total pension liability	14,148,409	4,766,144	10,085,803	32,358,726	12,411,292
Total pension liability - beginning	343,226,088	357,374,497	362,140,641	372,226,444	404,585,170
Total pension liability - ending (a)	\$ 357,374,497	\$ 362,140,641	\$ 372,226,444	\$ 404,585,170	\$ 416,996,462
Plan fiduciary net position					
Contributions - employer	\$ 10,060,801	\$ 10,108,019	\$ 10,777,599	\$ 11,858,699	\$ 13,095,114
Contributions - employee	2,037,428	1,988,892	2,054,362	2,098,584	2,103,617
Net investment income	35,084,789	5,119,789	1,121,784	25,095,844	20,550,338
Benefit payments, including refunds of employee contributions	(18,107,995)	(18,657,601)	(19,370,925)	(20,045,912)	(21,537,031)
Administrative expense	-	(260,769)	(141,206)	(333,874)	(381,485)
Plan to plan resource movement	-	(42)	(1,123)	3,491	(598)
Other Miscellaneous Income/Expense	-	-	-	-	(724,446)
Net change in fiduciary net position	29,075,023	(1,701,712)	(5,559,509)	18,676,832	13,105,509
Plan fiduciary net position - beginning	204,321,504	233,396,527	231,694,815	226,135,306	244,812,138
Plan fiduciary net position - ending (b)	\$ 233,396,527	\$ 231,694,815	\$ 226,135,306	\$ 244,812,138	\$ 257,917,647
Plan net position liability/(asset) - ending (a) - (b)	\$ 123,977,970	\$ 130,445,826	\$ 146,091,138	\$ 159,773,032	\$ 159,078,815
Plan fiduciary net position as a percentage of the total pension liability	65.31%	63.98%	60.75%	60.51%	61.85%
Covered payroll	\$ 22,471,207	\$ 22,490,875	\$ 22,289,585	\$ 22,933,002	\$ 22,701,037
Plan net pension liability/(asset) as a percentage of covered payroll	551.72%	579.99%	655.42%	696.69%	700.76%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

## Schedule of Plan Contributions for CalPERS Pension Plans

### Miscellaneous Plans

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Actuarially determined contribution	\$ 18,303,639	\$ 20,032,929	\$ 21,214,582	\$ 20,393,310	\$ 20,894,560
Contribution in relation to the actuarially determined contributions	(18,303,639)	(20,032,929)	(21,214,582)	(20,393,310)	(20,894,560)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 87,918,618	\$ 85,480,937	\$ 88,645,362	\$ 94,371,740	100,559,700
Contributions as a percentage of covered payroll	20.82%	23.44%	23.93%	21.61%	20.78%

\* Historical information is required only for measurement periods for which GASB 68 is applicable.

### Public Safety – Fire Plan

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Actuarially determined contribution	\$ 5,237,775	\$ 5,967,197	\$ 6,328,886	\$ 6,983,081	\$ 7,762,455
Contribution in relation to the actuarially determined contributions	(5,237,775)	(5,967,197)	(6,328,886)	(6,983,081)	(7,762,455)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,467,011	\$ 16,185,414	\$ 16,684,346	\$ 17,219,137	\$ 18,392,338
Contributions as a percentage of covered payroll	33.86%	36.87%	37.93%	40.55%	42.20%

\* Historical information is required only for measurement periods for which GASB 68 is applicable.

### Public Safety – Police Plan

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Actuarially determined contribution	\$ 10,108,019	\$ 10,777,599	\$ 11,858,699	\$ 13,095,114	\$ 13,918,569
Contribution in relation to the actuarially determined contributions	(10,108,019)	(10,777,599)	(11,858,699)	(13,095,114)	(13,918,569)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 22,490,875	\$ 22,289,585	\$ 22,933,002	\$ 22,701,037	\$ 21,803,626
Contributions as a percentage of covered payroll	44.94%	48.35%	51.71%	57.69%	63.84%

\* Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedules for all plans (miscellaneous, fire, and police) above:**

The actuarial methods and assumptions used to set the actuarially determined contribution for FY 2019 were derived from the June 30, 2015 funding valuation report.

		Public Safety	
	Miscellaneous	Fire	Police
Actuarial cost method		Entry-age normal	
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report		
Asset valuation method		Market value of assets	
Inflation	2.75%	2.75%	2.75%
Salary increases		Varies by entry age and services	
Payroll growth	3.00%	3.00%	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation		
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.		
Mortality	Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries		

**B. Berkeley Retirement Income Benefit Plan****Schedule of Changes in Net Pension Liability and Related Ratios for Berkeley Public Retirement Income Benefit Plan**

Measurement period	2014 <sup>(1)</sup>	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,399,970	2,503,642	2,441,727	2,222,569	2,456,058	2,774,656
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	1,501,596	7,453,545	-	(2,399,531)	(2,744,787)
Change of assumptions	7,559,895	4,403,685	6,961,164	(7,646,392)	6,217,552	3,226,771
Benefit payments, including refunds of employee contributions	(1,684,552)	(1,678,949)	(2,044,596)	(2,112,022)	(2,155,214)	(2,618,766)
Net change in total pension liability	8,275,313	6,729,974	14,811,840	(7,535,845)	4,118,865	637,874
Total pension liability - beginning	46,605,771	54,881,084	61,611,058	76,422,898	68,887,053	73,005,918
Total pension liability - ending (a)	<u>\$54,881,084</u>	<u>\$61,611,058</u>	<u>\$76,422,898</u>	<u>\$68,887,053</u>	<u>\$73,005,918</u>	<u>\$73,643,792</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,489,304	\$ 1,467,997	\$ 1,943,978	\$ 2,132,901	\$ 1,857,970	\$ 1,854,528
Contributions - employee	-	-	-	-	-	-
Net investment income	410,656	164,247	284,425	922	44,462	(29,544)
Benefit payments, including refunds of employee contributions	(1,684,552)	(1,678,949)	(2,044,596)	(2,112,022)	(2,155,214)	(2,618,766)
Administrative expenses	(30,891)	(41,773)	(42,154)	(42,204)	(17,199)	-
Net change in fiduciary net position	184,517	(88,478)	141,653	(20,403)	(269,981)	(793,782)
Plan fiduciary net position - beginning	6,403,422	6,587,939	6,499,461	6,641,114	6,620,711	6,350,730
Plan fiduciary net position - ending (b)	<u>\$ 6,587,939</u>	<u>\$ 6,499,461</u>	<u>\$ 6,641,114</u>	<u>\$ 6,620,711</u>	<u>\$ 6,350,730</u>	<u>\$ 5,556,948</u>
Plan net position liability/(asset) - ending (a) - (b)	\$48,293,145	\$ 55,111,597	\$69,781,784	\$62,266,342	\$66,655,188	\$68,086,844
Plan fiduciary net position as a percentage of the total pension liability	12.00%	10.55%	8.69%	9.61%	8.70%	7.55%
Covered payroll	\$19,920,000	\$20,002,000 <sup>(2)</sup>	\$20,002,000 <sup>(2)</sup>	\$20,002,000 <sup>(2)</sup>	\$20,002,000 <sup>(2)</sup>	\$20,002,000 <sup>(2)</sup>
Plan net pension liability/(asset) as a percentage of covered payroll	242.44%	275.53%	275.53%	311.30%	333.24%	340.40%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 67 is applicable.

<sup>(2)</sup> Estimated

**Schedule of Plan Contributions for Berkeley Retirement Income Benefit Plan**

There was no required contribution calculation for FY 2019.

**Schedule of Investment Returns**

Year ending June 30	2014	2015	2016	2017	2018	2019
Annual money-weighted rate of return on investments	6.53%	2.55%	3.94%	3.94%	3.71%	3.33%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10- year trend is compiled, pension plans should present information for those years which information is available.

## C. Safety Members Pension Fund

### Schedule of Changes in Net Pension Liability and Related Ratios for Safety Members Pension Fund

Measurement period	2014 <sup>(1)</sup>	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	218,441	205,818	185,544	110,849	106,968	84,747
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	518,607	-	480,045	418,546	(112,533)	(100,070)
Change of assumptions	-	38,147	114,194	(225,811)	7,477	18,332
Benefit payments, including refunds of employee contributions	(1,003,620)	(1,001,957)	(1,843,952)	(832,203)	(752,108)	(625,486)
Net change in total pension liability	(266,572)	(757,992)	(1,064,169)	(528,619)	(750,196)	(622,477)
Total pension liability - beginning	5,094,747	4,828,175	4,828,175	3,764,006	3,235,387	2,485,191
Total pension liability - ending (a)	<u>\$ 4,828,175</u>	<u>\$ 4,070,183</u>	<u>\$ 3,764,006</u>	<u>\$ 3,235,387</u>	<u>\$ 2,485,191</u>	<u>\$ 1,862,714</u>
Plan fiduciary net position						
Contributions - employer	\$ 568,620	\$ 604,755	\$ 1,104,309	\$ 513,316	\$ 454,108	\$ 525,486
Contributions - employee	-	-	-	-	-	-
Net investment income	124,010	96,509	166,222	43,310	17,690	3,066
Benefit payments, including refunds of employee contributions	(1,003,620)	(1,001,957)	(1,543,259)	(832,203)	(752,108)	(625,486)
Administrative expenses	-	-	(17,650)	(10,113)	(10,113)	-
Net change in fiduciary net position	(310,990)	(300,693)	(290,378)	(285,690)	(290,423)	(96,934)
Plan fiduciary net position - beginning	1,564,995	1,254,005	953,312	662,934	377,244	96,934
Plan fiduciary net position - ending (b)	<u>\$ 1,254,005</u>	<u>\$ 953,312</u>	<u>\$ 662,934</u>	<u>\$ 377,244</u>	<u>\$ 96,934</u>	<u>\$ -</u>
Plan net position liability/(asset) - ending (a) - (b)	\$ 3,574,170	\$ 3,116,871	\$ 3,101,072	\$ 2,858,143	\$ 2,388,257	\$ 1,862,714
Plan fiduciary net position as a percentage of the total pension liability	25.97%	23.42%	17.61%	11.66%	3.90%	0.00%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan net pension liability/(asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 67 is applicable.

### Schedule of Plan Contributions for Safety Member Pension Fund

Historically, the plan has been funded based on contributions necessary to pay benefits not provided by the MassMutual GIC. Funding is not based on actuarially determined contributions and contributions not neither statutorily not contractually established.

### Schedule of Investment Returns

Year ending June 30	2014	2015	2016	2018	2019
Annual money-weighted rate of return on investments	9.68%	9.68%	9.68%	9.68%	9.68%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years which information is available.



### 3. OTHER POST-EMPLOYMENT BENEFITS

#### A. Berkeley Fire Employees Retiree Health Plan

##### Schedule of Changes in Net OPEB Liability and Related Ratios

Measurement Period	2017 <sup>(1)</sup>	2018	2019
Total OPEB liability			
Service cost	\$ 1,139,553	\$ 1,096,067	\$ 1,168,001
Interest cost	1,016,737	1,102,679	1,101,475
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	(696,670)	(240,242)
Changes of assumptions	(1,120,587)	(1,018,507)	1,769,199
Benefit payments	(435,736)	(409,061)	(325,861)
Net change in total OPEB liability	599,967	74,508	3,472,572
Total OPEB liability - beginning	26,782,318	27,382,285	27,456,793
Total OPEB liability - ending	<u>\$ 27,382,285</u>	<u>\$ 27,456,793</u>	<u>\$ 30,929,365</u>
Plan fiduciary net position			
Contributions - employer	\$ 862,969	\$ 737,933	\$ 759,000
Contributions - employee	-	-	-
Net investment income	52,551	38,661	662,448
Benefit payments and refunds	(435,736)	(409,061)	(325,861)
Administrative expenses	(25,329)	(14,233)	(4,945)
Other changes	-	-	-
Net changes	454,455	353,300	1,090,642
Plan fiduciary net position - beginning	9,397,656	9,852,111	10,205,411
Plan fiduciary net position - ending	<u>\$ 9,852,111</u>	<u>\$ 10,205,411</u>	<u>\$ 11,296,053</u>
Plan net OPEB liability/(asset)	\$ 17,530,174	\$ 17,251,382	\$ 19,633,312
Fiduciary net position as a percentage of the total OPEB liability	36.0%	37.2%	36.5%
Covered employees payroll	\$ 15,139,847	\$ 15,614,466	\$ 15,667,851 <sup>(2)</sup>
Net OPEB liability as a percentage of covered payroll	115.80%	110.50%	125.31%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

<sup>(2)</sup> Estimated

\*Future years' information will be displayed up to 10 years as information becomes available.

\*\*Changes in Assumptions. The discount rate was changed from 4.00% (net of administrative expenses) to 3.75% for the measurement period ended June 30, 2018

##### Schedule of Employer Contributions

Measurement Period	2017 <sup>(1)</sup>	2018	2019
Actuarially determined contribution (ADC)	\$ 1,991,925	\$ 2,163,028	\$ 2,326,493
Contributions in relations to the actuarially determined contribution	862,969	737,933	759,000
Contribution deficiency/(excess)	\$ 1,128,956	\$ 1,425,095	\$ 1,567,493
Covered employees payroll	\$ 15,139,847	\$ 15,614,466	\$ 15,667,851
Contributions as a percentage of covered payroll	5.7%	4.7%	4.8%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

## Notes to Schedule of Employer Contributions

Valuation date	July 1, 2018
Actuarial cost method	Entry age normal, level percentage of payroll
Amortization method	Level dollar, over 30-year open period
Asset valuation method	Market value of assets
Inflation	2.75%
Discount rate	3.75%
Medical trend	Non-Medicare-7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare-6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality	CalPERS 1997-2015 experience study
Mortality improvement	Mortality projected fully generational with Scale MP-18

## B. Berkeley Miscellaneous Employees Retiree Health Plan

### Schedule of Changes in Net OPEB Liability and Related Ratios

Measurement Period	2017 <sup>(1)</sup>	2018	2019
Total OPEB liability			
Service cost	\$ 3,158,691	\$ 2,758,915	\$ 2,722,025
Interest cost	2,037,274	2,347,169	2,384,553
Changes of benefit terms	-	-	-
Difference between expected and actual experience		(1,080,363)	(632,496)
Changes of assumptions	(6,804,566)	(5,371,861)	2,729,815
Benefit payments	(736,196)	(927,645)	(984,708)
Net change in total OPEB liability	(2,344,797)	(2,273,785)	6,219,189
Total OPEB liability - beginning	64,005,272	61,660,475	59,386,690
Total OPEB liability - ending	\$ 61,660,475	\$ 59,386,690	\$ 65,605,879
Plan fiduciary net position			
Contributions - employer	\$ 3,352,941	\$ 2,000,397	\$ 2,003,621
Contributions - employee	-	-	-
Net investment income	212,183	393,160	2,233,680
Benefit payments and refunds	(736,196)	(927,645)	(984,708)
Administrative expenses	(64,386)	(69,263)	(37,536)
Other changes	-	-	-
Net changes	2,764,542	1,396,649	3,215,057
Plan fiduciary net position - beginning	20,995,355	23,774,427	25,171,076
Plan fiduciary net position - ending	\$ 23,759,897	\$ 25,171,076	\$ 28,386,133
Plan OPEB net liability/(asset)	\$ 37,900,578	\$ 34,215,614	\$ 37,219,746
Fiduciary net position as a percentage of the total OPEB liability	38.50%	42.40%	43.27%
Covered employees payroll	\$ 84,216,839	\$ 90,333,251	\$ 91,491,386 <sup>(2)</sup>
Net OPEB liability as a percentage of covered payroll	45.00%	37.90%	40.68%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

<sup>(2)</sup> Estimated

\* Changes in assumptions. The discount rate was changed from 4.0% (net of administrative expenses) to 3.75% for the measurement period ended June 30, 2018

**Schedule of Employer Contributions**

Measurement Period	2017 <sup>(1)</sup>	2018	2019
Actuarially determined contribution (ADC)	\$ 4,610,828	\$ 4,729,448	\$ 5,051,655
Contributions in relations to the actuarially determined contribution	3,352,941	2,000,397	2,003,621
Contribution deficiency/(excess)	\$ 7,963,769	\$ 2,729,051	\$ 3,048,034
	\$		
Covered employees payroll	84,216,839	\$ 90,333,251	\$ 91,491,386
Contributions as a percentage of covered payroll	4.0%	2.2%	2.2%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

\*Future years' information will be displayed up to 10 years as information becomes available.

**Notes to Schedule of Employer Contributions**

Valuation date	July 1, 2018
Actuarial cost method	Entry age normal, level percentage of payroll
Amortization method	Level dollar, over 30-year open period
Asset valuation method	Market value of assets
Discount rate	3.75%
Inflation	2.75%
Medical trend	Non-Medicare-7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare- 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-18

## C. POLICE RETIREE PREMIUM ASSISTANCE PLAN

### Schedule of Changes in Net OPEB Liability and Related Ratios

Measurement Period	2017 <sup>(1)</sup>	2018	2019
<b>Total OPEB liability</b>			
Service cost	\$ 3,710,498	\$ 3,023,242	\$ 2,629,121
Interest cost	1,556,852	1,800,859	1,779,243
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(8,663,806)	(2,849,858)	(3,609,918)
Changes of assumptions	-	(5,544,476)	4,668,732
Benefit payments	(150,908)	(226,007)	(221,190)
Net change in total OPEB liability	(3,547,364)	(3,796,240)	5,245,988
Total OPEB liability - beginning	50,800,336	47,252,972	43,456,732
Total OPEB liability - ending	\$ 47,252,972	\$ 43,456,732	\$ 48,702,720
<b>Plan fiduciary net position</b>			
Contributions - employee	\$ 562,995	\$ 295,743	\$ 400,137
Net investment income	-	-	-
Contributions - employer	(9,698)	(5,508)	468,950
Benefit payments and refunds	(150,908)	(226,007)	(221,190)
Administrative expenses	(12,167)	(4,209)	(1,886)
Other changes	-	-	-
Net changes	390,222	60,019	646,011
Plan fiduciary net position - beginning	1,353,903	1,744,125	1,804,144
Plan fiduciary net position - ending	\$ 1,744,125	\$ 1,804,144	\$ 2,450,155
Plan net OPEB liability/(asset)	\$ 45,508,847	\$ 41,652,588	\$ 46,252,565
Fiduciary net position as a percentage of the total OPEB liability	3.7%	4.2%	5.0%
Covered employees payroll	\$ 20,303,490	\$ 19,473,765	\$ 18,760,962 <sup>(2)</sup>
Net OPEB liability as a percentage of covered employees payroll	224.1%	213.9%	246.5%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

<sup>(2)</sup> Estimated

\* Changes in assumptions. The discount rate was changed from 4.0% (net of administrative expenses) to 3.75% for the measurement period ended June 30, 2018.

### Schedule of Employer Contributions

Measurement Period	2017 <sup>(1)</sup>	2018	2019
Actuarially determined contribution (ADC)	\$ 5,105,429	\$ 4,929,429	\$ 5,155,293
Contributions in relations to the actuarially determined contribution	562,995	295,743	400,137
Contribution deficiency/(excess)	\$ 4,542,434	\$ 4,633,686	\$ 4,755,156
Covered employees payroll	\$ 20,303,490	\$ 19,473,765	\$ 18,760,962
Contributions as a percentage of covered employees payroll	2.77%	1.52%	2.13%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

\*Future years' information will be displayed up to 10 years as information becomes available

<sup>(2)</sup> Estimated

**Notes to Schedule of Employer Contributions**

Valuation date	July 1, 2018
Actuarial cost method	Entry age normal, level percentage of payroll
Amortization method	Level dollar, over 30-year open period
Asset valuation method	Market value of assets
Discount rate	3.75%
Inflation	2.75%
Medical trend	Non-Medicare-7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
	Medicare- 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-18



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# Combining Financial Statements and Schedules

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Capital Improvement Fund**  
**For the Fiscal Year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 59,785	\$ -	\$ -	-
Charges for service	513,080	-	5,600	5,600
Rents and royalties	-	-	-	-
Investment income	100,194	27,106	1,812	(25,294)
Miscellaneous	20,622	-	82,330	82,330
Total revenues	693,681	27,106	89,742	62,636
<b>Expenditures:</b>				
Current:				
General government	5,141	1,940,718	1,365,579	575,139
Community development and housing	810,125	1,695,085	532,897	1,162,188
Economic development	183,083	14,437	7,795	6,642
Capital outlay:				
Highway and streets	695,723	5,353,645	2,483,145	2,870,500
Culture-recreation	93,430	2,176,391	650,856	1,525,535
Total expenditures	1,787,502	11,180,276	5,040,272	6,140,004
Revenues over/(under) expenditures	(1,093,821)	(11,153,170)	(4,950,530)	6,202,640
Other financing sources/(uses)				
Transfers in	9,839,586	11,759,637	11,759,637	-
Transfers out	(3,022,367)	(1,398,335)	(1,534,723)	136,388
Total other financing sources/(uses)	6,817,219	10,361,302	10,224,914	(136,388)
Net change in fund balance	5,723,398	(791,868)	5,274,384	6,339,028
Fund balance, July 1, 2018	9,737,222	9,737,222	9,737,222	-
Fund balance, June 30, 2019	15,460,620	8,945,354	15,011,606	6,339,028

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 5,274,384
Receivable accrual	
Notes receivable accrual	(57,581)
Payable accrual	34,334
Net change in fund balances - GAAP basis	\$ 5,251,137

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

The **Asset Forfeiture Fund** accounts for monies received from the seizure and forfeiture of assets acquired by the City as a result of narcotics related law enforcement.

The **Special Tax for Disabled Fund** accounts for special tax, which is solely for providing emergency services and incidental case management for severely physically disabled persons.

The **Workforce Investment Act Fund** accounts for funds provided by allocation of Workforce Investment Act grant funds.

The **Community Workforce Fund** accounts for funds provided by allocation of adult employment workforce.

The **Sec 108 HUD Loan Grant Assistant** accounts for funds for Sec 108 HUD loan and its disbursement.

The **Fund Raising Activities Fund** accounts for funds donated for providing food meal program.

The **California Housing Finance Agency Fund** accounts for funds for operating a local housing program.

The **Gilman Sports Field Fund** accounts for funds for Gilman sports field.

The **Gilman Fields Reserve Fund** is used to reserve for funds for Gilman fields.

The **Animal Shelter Fund** accounts for funds donated for providing animal shelter and related services.

The **Paramedic Assessment District Fund** is used to account for special tax assessed for paramedic service.

The **California Energy Commission Fund** accounts for street light maintenance and conversion to LED for energy savings.

The **Tieback Mitigation R-O-W Fund** accounts for the collection of mitigation fees from developers for the future potential cost associated in removing tiebacks or any other cost associated in the Public right of way.

The **Domestic Violence Prevention Vital Statistics Fund** accounts for the surcharge for birth and death certificates that are issued by the Berkeley Public Health Vital Statistics unit to be used in the administration and coordination of domestic violence and family violence prevention activities.

The **Affordable Housing Mitigation Fee Fund** accounts for funds received from mitigation fee assessed on the construction of new rental units.

The **Affordable Child Care Fund** accounts for funds received from fees collected from developers of large scale commercial development to assist low-income families with monthly child care payments.

The **Inclusionary Housing Program Fund** accounts for the administration of the Inclusionary Housing Program, whereby 20% of new units in apartment projects in the City of Berkeley must be offered at a rent or sale price that is affordable to low income households. The City charges fees for the administration and monitoring of this program.

The **Condo Conversion Program Fund** accounts for the administration of the affordable housing. Housing department can charge 10% of the revenue for program delivery costs.

The **Parking In-Lieu Fee Fund** accounts for monies received to use for a variety of enhanced transit and transportation demand management programs based on Downtown Area Plan Policy AC 1.3. Fees collected are to be used for capital projects in the Downtown Area.

The **Playground Camp Fund** accounts for registration and miscellaneous fees for the purpose of operating the City's vacation camp and day camps. Fund established to account for the money received under the state's SB300 program.

The **State Proposition 172 Fund** is used to receive monies from sales tax to be used for public safety.

The **Traffic Congestion Relief Fund** established to use for project roadway thermoplastic markings.

The **State Transportation Tax Fund** is used to consolidate Special Gas Tax Fund – Disc; State 2106; State 2107; and State Prop 111, which to receive monies from City's gasoline tax apportionment revenue per code sections, for the highway traffic congestion relief and spending.

The **CDBG Fund** is used pursuant to Housing & Community Development Act of 1974 to consolidate monies for several Federal programs (Model Cities, Urban Renewal, Open Space & Water and Sewer) under a single

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds, continued

block grant designed to allow the City to finance developmental activities (especially housing) on a minimally restricted basis.

The **Rental Housing Safety Program Fund** is used established to receive monies by charging an annual per unit fee to the rental housing property owner, imposing fines to all related violations. The purpose of this fund is to provide and streamline the Rental Housing Safety Program (RHSP) while maintaining the overall goal of having owners, tenants, and the City work together to increase the safety of all residential rental units.

The **CA Endowment Foundation Fund** is used established to receive monies from State to improve the health of Californians.

The **Measure B: Local Streets and Roads Fund** accounts for the tax assessed for local streets and roads.

The **Measure B: Bike and Pedestrians Fund** is used to receive monies for the maintenance of bike and pedestrian lanes.

The **Measure B: Paratransit Fund** accounts for the revenue assessed from property tax to be used for expenses related for paratransit services.

The **Measure F Alameda County VRF Street and Road Fund** accounts for the revenue assessed from vehicle registration fee to be used for expenses related for road and street services

The **Measure BB: Local Streets and Roads Fund** established to account for the tax assessed for local streets and roads, which has to separate from any other funds it receives from Alameda CTC per funding agreement article II.B.2.

The **Measure BB: Bike and Pedestrians Fund** is used to receive monies for the maintenance of bike and pedestrian lanes, which has to separate from any other funds it receives from Alameda CTC per funding agreement article II.B.2.

The **Measure BB: Paratransit Fund** accounts for the revenue assessed from property tax to be used for expenses related for paratransit services, , which has to separate from any other funds it receives from Alameda CTC per funding agreement article II.B.2.

The **Shelter Operations Fund** accounts used to provide shelter needs to homeless people.

The **One Time Funding Fund** accounts for the revenue relating to Ed Roberts Campus.

The **Park Tax Fund** accounts for the receipt and expenditure of the special tax approved by two thirds of the voters on May 6, 1997 and re-authorized in November 2000 and November 2008. It is used for the direct cost of acquisition and maintenance of improvements related to parks and landscape in the city.

The **Downtown Berkeley Property and Improvement District Fund** accounts for the revenue assessed from the Downtown Berkeley's business district to be used for expenses related for cleaning, repairing and advertising improvement for the district in order to general aggressive sales benefit as a long term goal.

The **Street and Open Space Improvement Fund** accounts for the SOSIP impact fee assessed to be used for the comprehensive design of significant positive alternations and additions to Downtown's parks, plazas, and streetscape.

The **Measure GG Fire Preparation Tax Fund** accounts for fire and disaster tax passed in Bond Measure GG in 2009. The monies collected are for emergency responses.

The **1st Response Advanced Life Support (ALSFR) Fund** accounts for funds to set up a minimum requirements, conduct and competency in the operation of ALSFR services.

The **Street Lighting Fund** is established to receive special assessment district monies used for maintenance and or servicing of existing and future public lighting facilities, and the installation or construction of public lighting for the maintenance of servicing thereof, including grading, clearing, removal of debris, the installation of curbs and gutters, walls, sidewalks or paving or water, irrigation, drainage or electrical facilities.

The **North Shattuck Business Improvement District Fund** established for the purpose of collecting and accounting for bid revenues.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds, continued

The **Business Economic Development Fund** is used to receive monies from a federal grant (Economic Development Administration) for the purpose of providing loans to eligible South Berkeley establishments under a program approved by the City Council.

The **Citywide RLF (Revolving Loan Fund) Fund** established to account for Citywide Commercial revolving loan fund for revitalization of business enterprises and job stimulation.

The **Employee Computer Loan Fund** accounts for interest free loans made to employees to purchase computers, and for the repayment of those loans.

The **Miles Lab Fund** is used to provide job training for Berkeley residents.

The **UC Settlement Fund** established to account for agreed upon expenses to be shared between City of Berkeley and University of California, Berkeley.

The **Employee Training Fund** is used to provide training to city employees.

The **Private Percent Art Fund** established for the purpose of implementing the Arts and Cultural Plan.

The **Private Party Sidewalks Fund** accounts for reimbursements from private parties, which were previously passed through Landscape Assessment District Fund, now a parks tax, and all sidewalk funding is to be removed from this fund.

The **Public Art Fund** is used to set aside funds for the development of visual art in public places, including art developed in conjunction with city construction projects.

The **Lillie B. Wall Memorial Fund** established to provide day nursing care to needy children in the City of Berkeley

The **Vital and Health Statistics Fund** established to account for monies held in trust for vital and health statistic program.

The **East Bay Public Utilities Commission Fund** is used to oversee expenses involved in the construction of certain public improvements in Assessment District No. 1960-1 in the City of Berkeley.

The **PERS Savings Fund** accounts for monies saving due to different rates applied.

The **Other Special Deposits Fund** is used to receive monies left in trust with the City of Berkeley for specific purposes from various sources.

The **Health State Aid Realignment Fund** is used to receive monies (Assembly Bill 1491) from vehicle license fees and state sales tax to support public health activities within the City's health jurisdiction. This fund provides for the ongoing fiscal relief measure in response to the local funding dilemma created by Proposition 13. These funds replace the Assembly Bill 8 allocations normally received by the city for providing Public Health Services.

The **Tobacco Control Fund** is used to receive State monies from special tax on cigarettes to provide public health education and outreach on tobacco use prevention and cessation.

The **Mental Health State Aid Realignment Fund** accounts for receive monies from State sales tax for the purpose of providing mental health services to the citizens of Berkeley and Albany.

The **City Opt. Public Safety Trust Fund** is used to receive monies from State as a result of Assembly Bill 3229 for the purpose of purchasing radio equipment for the Communications Center of the new public safety building.

The **Fund for Impounded and Unneutered Fund** accounts for monies held in trust for impounded and unneutered animals.

The **Alameda County Abandoned Vehicle Abatement Authority Fund** was established to provide an interest bearing abandoned and inoperative vehicle fund in accordance with requirements mandated by the California Vehicle Code, section 22710.

## NONMAJOR GOVERNMENTAL FUNDS

### Capital Project Funds

The **Measure FF Branch Renovation Fund** accounts for the receipt and expenditure of the proceeds from the General Obligation bonds approved by over two thirds of the voters on November 4, 2008, to finance renovations, construction, improvements seismic and access improvements, and expansion of program area at four neighborhood libraries in the City.

The **Infrastructure Facilities Measure T1 Fund** accounts for the receipt and expenditure of the proceeds from the General Obligation bonds approved by over two third of the voters on November 8, 2016, to finance renovations, replacement, or reconstruction of the City's aging infrastructure and facilities.

The **Phone System Replacement Fund** accounts for monies received from other funds to build a reserve for the future replacement of the phone system.

The **Fund\$ Replacement Fund** accounts for monies received from other funds to build a reserve for the future replacement of the Fund\$ enterprise wide software system.

The **Public, Education & Government Access Facilities Fund** accounts for monies received from the Cable Television Franchise. These monies are to be used for capital expenditure for PEG studios, video production equipment, mobile production van(s), internal wiring connections, and related capital items.

The **Measure G: Fire Seismic Projects Fund** accounts for fire seismic projects.

The **Measure M: Street and Watershed Improvements Fund** accounts for street and watershed improvements.

The **Measure G: Public Safety Building Fund** accounts for the retrofit of the public safety building.

The **Street Improvement Fund** established by Resolution 26,971 to receive shared County Gas Tax revenues from the City of Berkeley and County of Alameda for use on specific street improvement projects. Contract is for five years, fiscal year 1988-89 through fiscal year 1992-93.

The **Park Acquisition Development Fund** accounts for monies provided by an annual tax levy of \$.20 for each \$100 of assessed valuation. This levy ended after FY 1979-80. A minimum of 75% of the revenues are used for the acquisition and development of real property which are used for recreation and open space purposes determined by the Recreation and Parks Commission and Planning Commission. The balance of the Fund (up to 25%) may be used for the renovation of existing City park properties and for associated administrative expenses.

The **Animal Shelter Land/Building Fund** accounts for monies received for the acquisition of facilities for animal shelter.

The **2010 COP Animal Shelter Fund** accounts for 2010 municipal bond measure solely for the purpose of building a new animal shelter.

The **Income Housing Fund – West Berkeley Improvement Project Fund** accounts for noncash portion transferred from former West Berkeley Low and Moderate Housing Fund due to AB 1X 26.

The **Income Housing Fund – Savo Island Project Fund** accounts for noncash portion transferred from former Savo Island Low and Moderate Housing Fund due to AB 1X 26.

## NONMAJOR GOVERNMENTAL FUNDS

### Debt Service Funds

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The ***Pension Refunding Bonds Fund*** accounts for monies received and to make interest and debt service payments for the 96 Refunding Lease Revenue Bonds (BJPFA).

The ***09 Measure FF – Library Fund*** accounts for a bond measure FF in 2009 – the library's retrofitting projects, part of the monies received are for furniture and fixture.

The ***GO 2015 Refunding bonds for 2007 Refunding Bonds' Fund*** was established to receive monies and to make interest and principal payment on the Berkeley 2015 General obligation refunding bonds replacing 2007 General obligation refunding bonds, which replaced the old Measure S series A, B, C.

The ***Berkeley Repertory Theatre Fund*** was established to receive monies and to make interest and principal payment on the Berkeley Joint Powers Financing Authority Lease Revenue Bonds, Series 1999. The proceeds of the bonds are used to acquire a new theater facility with a park to be constructed by the Berkeley Repertory Theatre or other public facilities.

The ***GO 2015 Refunding bonds for 2002 Refunding Bonds' portion Fund*** was established to receive monies and to make interest and principal payment on the Berkeley 2015 General Obligation refunding bonds replacing 2002 General Obligation bonds, which replaced the old Measure G series A and B.

The ***GO 2015 Refunding bonds for 2007 Refunding Bonds Proceeds' portion Fund*** was established to receive Proceeds on the Berkeley 2015 General Obligation refunding bonds replacing 2007 General Obligation Refunding bonds, which replaced the old Measure G series C.

The ***GO 2015 Refunding bonds for 2008 Animal Shelter – Measure I's portion Fund*** was established to receive monies and to make interest and principal payment on the Berkeley 2015 General Obligation bonds replacing 2008 General Obligation bonds, which replaced 2002 General Obligation bond for the animal shelter.

The ***2010 COP Animal Shelter Fund*** established to receive funds to finance a portion of the acquisition and construction of an animal shelter

The ***GO 2014 Measure M Street and Watershed Improvement Fund*** established to receive monies to make interest and principal payment on the Berkeley 2014 General Obligation bonds for improvements to street, with integrated watershed improvements.

The ***Infrastructure & Facilities Measure T1 Fund*** established to receive monies and to make interest and principal payment on the Berkeley 2017 General Obligations bonds for infrastructure and facilities renovation and improvements.

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>Asset Forfeiture</b>	<b>Special Tax for Disabled</b>	<b>Workforce Investment Act</b>	<b>Community Workforce</b>
<b>Assets</b>				
Cash and investments in treasury	\$ -	\$ -	\$ -	\$ 10,074
Restricted cash and investments	611,711	184,894	13,459	-
Receivables (net of allowance where applicable):				
Accounts receivable	-	313	-	-
Interest receivable	-	-	-	-
Taxes receivable	-	10,414	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>611,711</b>	<b>195,621</b>	<b>13,459</b>	<b>10,074</b>
<b>Liabilities</b>				
Accounts payable	899	-	-	-
Accrued salaries and wages	-	817	1,746	-
Advances from other funds	-	-	-	-
Due to other funds	268,469	-	-	-
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>269,368</b>	<b>817</b>	<b>1,746</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	313	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>313</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	342,343	194,491	11,713	-
Committed	-	-	-	10,074
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>342,343</b>	<b>194,491</b>	<b>11,713</b>	<b>10,074</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 611,711</b>	<b>\$ 195,621</b>	<b>\$ 13,459</b>	<b>\$ 10,074</b>



## Special Revenue Funds

Sec 108 Hud Loan Grant Assistance	Fund Raising Activities	California Housing Finance Agency	Gilman Sport Field	Gilman Fields Reserve	Animal Shelter
\$ -	\$ 225,164	\$ -	\$ 225,297	\$ 231,390	\$ 57,259
1,165,412	-	108,718	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,195,535	-	82,401	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,360,947	225,164	191,119	225,297	231,390	57,259
-	392	-	3,530	3,000	1,835
-	628	-	-	-	-
-	-	-	-	-	-
25,494	-	-	-	-	-
60,000	-	-	-	-	-
-	-	-	-	-	6,264
-	-	-	-	-	-
-	-	-	-	-	-
85,494	1,020	-	3,530	3,000	8,099
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,275,453	-	191,119	-	-	-
-	224,144	-	221,767	228,390	49,160
-	-	-	-	-	-
-	-	-	-	-	-
6,275,453	224,144	191,119	221,767	228,390	49,160
\$ 6,360,947	\$ 225,164	\$ 191,119	\$ 225,297	\$ 231,390	\$ 57,259

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>Paramedic Assessment District</b>	<b>California Energy Commission</b>	<b>Tieback Mitigation R-O-W</b>	<b>Domestic Violence Prevention Vital Statistics</b>
<b>Assets</b>				
Cash and investments in treasury	\$ -	\$ -	\$ 822,079	\$ 18,021
Restricted cash and investments	-	-	-	-
Receivables (net of allowance where applicable):				
Accounts receivable	756	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	25,140	-	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>25,896</b>	<b>-</b>	<b>822,079</b>	<b>18,021</b>
<b>Liabilities</b>				
Accounts payable	3,269	-	-	-
Accrued salaries and wages	152,605	-	-	827
Advances from other funds	-	-	-	-
Due to other funds	8,343	87	-	-
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>164,217</b>	<b>87</b>	<b>-</b>	<b>827</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	756	-	-	-
<b>Total deferred inflows of resources</b>	<b>756</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	822,079	17,194
Assigned	-	-	-	-
Unassigned	(139,077)	(87)	-	-
<b>Total fund balances</b>	<b>(139,077)</b>	<b>(87)</b>	<b>822,079</b>	<b>17,194</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 25,896</b>	<b>\$ -</b>	<b>\$ 822,079</b>	<b>\$ 18,021</b>

## Special Revenue Funds

Affordable Housing Mitigation Fee	Affordable Child Care	Inclusionary Housing Program	Condo Conversion Program	Parking In-Lieu Fee	Playground Camp
\$ 6,133,697	\$ 210,049	\$ 677,365	\$ 1,291,211	\$ 82,010	\$ 20,866,474
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,026,918	-	914,210	1,351,480	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,160,615	210,049	1,591,575	2,642,691	82,010	20,866,474
341,995	-	-	-	-	535,293
-	-	-	-	-	82,869
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	342
341,995	-	-	-	-	618,504
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,818,620	210,049	1,591,575	2,642,691	82,010	20,247,970
-	-	-	-	-	-
-	-	-	-	-	-
7,818,620	210,049	1,591,575	2,642,691	82,010	20,247,970
\$ 8,160,615	\$ 210,049	\$ 1,591,575	\$ 2,642,691	\$ 82,010	\$ 20,866,474

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>State Proposition 172</b>	<b>Traffic Congestion Relief</b>	<b>State Transportation Tax</b>	<b>CDBG</b>
<b>Assets</b>				
Cash and investments in treasury	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	971,316	-	5,010,852	2,022
Receivables (net of allowance where applicable):				
Accounts receivable	-	-	448,066	2,500
Interest receivable	-	-	-	117,309
Taxes receivable	-	-	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	911,483
Due from other funds	-	-	-	45,207
Notes receivable	-	-	-	7,248,904
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>971,316</b>	<b>-</b>	<b>5,458,918</b>	<b>8,327,425</b>
<b>Liabilities</b>				
Accounts payable	102,321	-	232,807	131,108
Accrued salaries and wages	-	-	65,171	56,738
Advances from other funds	-	-	-	-
Due to other funds	-	-	-	825,161
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>102,321</b>	<b>-</b>	<b>297,978</b>	<b>1,013,007</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	49,194	1,118,459
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>49,194</b>	<b>1,118,459</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	868,995	-	5,111,746	6,195,959
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>868,995</b>	<b>-</b>	<b>5,111,746</b>	<b>6,195,959</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 971,316</b>	<b>\$ -</b>	<b>\$ 5,458,918</b>	<b>\$ 8,327,425</b>

## Special Revenue Funds

Rental Housing Safety Program	Measure B: Local Streets and Roads	Measure B: Bike and Pedestrian	Measure B: Paratransit	Measure F: Alameda County VRF Street and Road	Measure BB: Local Streets and Roads
\$ 1,294,006	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,246,839	471,093	290,371	1,047,853	7,333,853
383,345	14,016	-	-	-	-
-	-	-	-	-	-
547	591,864	70,501	56,428	86,284	555,264
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,677,898	3,852,719	541,594	346,799	1,134,137	7,889,117
279	6,819	18,780	7,699	100,052	230,872
43,730	82,312	7,472	5,942	15,656	750
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
44,009	89,131	26,252	13,641	115,708	231,622
377,925	14,016	-	-	-	-
377,925	14,016	-	-	-	-
-	-	-	-	-	-
-	3,749,572	515,342	333,158	1,018,429	7,657,495
1,255,964	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,255,964	3,749,572	515,342	333,158	1,018,429	7,657,495
\$ 1,677,898	\$ 3,852,719	\$ 541,594	\$ 346,799	\$ 1,134,137	\$ 7,889,117

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>Measure BB: Bike and Pedestrian</b>	<b>Measure BB: Paratransit</b>	<b>Shelter Operations</b>	<b>One Time Funding</b>
<b>Assets</b>				
Cash and investments in treasury	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	805,162	248,221	72,226	1,231,547
Receivables (net of allowance where applicable):				
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	57,386	58,117	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>862,548</b>	<b>306,338</b>	<b>72,226</b>	<b>1,231,547</b>
<b>Liabilities</b>				
Accounts payable	3,561	2,355	-	-
Accrued salaries and wages	1,092	279	-	-
Advances from other funds	-	-	-	-
Due to other funds	-	-	-	-
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>4,653</b>	<b>2,634</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	857,895	303,704	72,226	1,231,547
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>857,895</b>	<b>303,704</b>	<b>72,226</b>	<b>1,231,547</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 862,548</b>	<b>\$ 306,338</b>	<b>\$ 72,226</b>	<b>\$ 1,231,547</b>

Special Revenue Funds					
Park Tax	Downtown Berkeley Property and Improvement District	Street and Open Space Improvement	Measure GG: Fire Preparation Tax	1st Response Advanced Life Support (ALSFR)	Street Lighting
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,738,502	282,583	1,573,104	2,796,723	47,146	2,020,846
3,583	-	-	203,665	-	19,789
-	-	-	-	-	-
109,155	7,448	-	-	-	19,456
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,851,240	290,031	1,573,104	3,000,388	47,146	2,060,091
347,931	-	-	22,436	-	329,222
366,042	-	-	180,636	-	26,931
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
713,973	-	-	203,072	-	356,153
3,896	-	-	157,895	-	20,530
3,896	-	-	157,895	-	20,530
-	-	-	-	-	-
7,133,371	290,031	1,573,104	2,639,421	47,146	1,683,408
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,133,371	290,031	1,573,104	2,639,421	47,146	1,683,408
\$ 7,851,240	\$ 290,031	\$ 1,573,104	\$ 3,000,388	\$ 47,146	\$ 2,060,091



**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>North Shattuck Business Improvement District</b>	<b>Business Economic Development</b>	<b>Citywide RLF</b>	<b>Legacy Fund</b>
<b>Assets</b>				
Cash and investments in treasury	\$ -	\$ -	\$ 567,859	\$ 139,334
Restricted cash and investments	1,384	358,016	-	-
Receivables (net of allowance where applicable):				
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	-	-	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	600,618	217,268	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>1,384</b>	<b>958,634</b>	<b>785,127</b>	<b>139,334</b>
<b>Liabilities</b>				
Accounts payable	-	242	-	255
Accrued salaries and wages	-	-	-	-
Advances from other funds	-	-	-	-
Due to other funds	-	170,878	-	66,918
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>171,120</b>	<b>-</b>	<b>67,173</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	1,384	787,514	-	-
Committed	-	-	785,127	72,161
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>1,384</b>	<b>787,514</b>	<b>785,127</b>	<b>72,161</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,384</b>	<b>\$ 958,634</b>	<b>\$ 785,127</b>	<b>\$ 139,334</b>

## Special Revenue Funds

Miles Lab	Employee Training	UC Settlement	Private Percent- Art Fund	Private Party Sidewalks	Public Art
\$ 243,269	\$ 88,942	\$ 29,695	\$ 601,979	\$ 355,580	\$ -
-	-	-	-	-	65,776
-	-	-	-	5,393	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
243,269	88,942	29,695	601,979	360,973	65,776
-	12,223	482	-	-	27
-	14,136	15,583	933	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	26,359	16,065	933	-	27
-	-	-	-	5,393	-
-	-	-	-	5,393	-
-	-	-	-	-	-
-	-	-	-	-	65,749
243,269	62,583	13,630	601,046	355,580	-
-	-	-	-	-	-
-	-	-	-	-	-
243,269	62,583	13,630	601,046	355,580	65,749
\$ 243,269	\$ 88,942	\$ 29,695	\$ 601,979	\$ 360,973	\$ 65,776

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>Lillie B. Wall Memorial</b>	<b>Vital and Health Statistic</b>	<b>East Bay Public Utilities Commission</b>	<b>PERS Savings</b>
<b>Assets</b>				
Cash and investments in treasury	\$ -	\$ 249,935	\$ -	\$ 9,191,801
Restricted cash and investments	12,291	-	3,725	-
Receivables (net of allowance where applicable):				
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	-	-	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<b>12,291</b>	<b>249,935</b>	<b>3,725</b>	<b>9,191,801</b>
<b>Liabilities</b>				
Accounts payable	-	1,727	-	-
Accrued salaries and wages	-	-	-	-
Advances from other funds	-	-	-	-
Due to other funds	-	-	-	-
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,727</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	12,291	-	3,725	-
Committed	-	248,208	-	9,191,801
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>12,291</b>	<b>248,208</b>	<b>3,725</b>	<b>9,191,801</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,291</b>	<b>\$ 249,935</b>	<b>\$ 3,725</b>	<b>\$ 9,191,801</b>

## Special Revenue Funds

Other Special Deposits	Health State Aid Realignment	Tobacco Control	Mental Health State Aid Realignment	City Opt. Public Safety	Fund for Impounded and Unneutered
\$ 76,242	\$ -	\$ -	\$ -	\$ -	\$ 4,730
-	2,277,588	123,165	4,834,225	835,423	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	25,623	-	100,212	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
76,242	2,303,211	123,165	4,934,437	835,423	4,730
-	758	2,574	59,342	6,301	-
-	6,584	12,470	117,977	1,588	-
-	-	-	-	-	-
76,242	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
76,242	7,342	15,044	177,319	7,889	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,295,869	108,121	4,757,118	827,534	-
-	-	-	-	-	4,730
-	-	-	-	-	-
-	-	-	-	-	-
-	2,295,869	108,121	4,757,118	827,534	4,730
\$ 76,242	\$ 2,303,211	\$ 123,165	\$ 4,934,437	\$ 835,423	\$ 4,730

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds		Capital Project Funds
	Alameda County		
	Abandoned Vehicle Abatement Authority	Total Special Revenue Funds	Infrastructure & Facilities Measure T1
<b>Assets</b>			
Cash and investments in treasury	\$ -	\$ 43,693,462	\$ -
Restricted cash and investments	132,427	45,918,473	31,737,405
Receivables (net of allowance where applicable):			
Accounts receivable	-	1,081,426	-
Interest receivable	-	117,309	14,887
Taxes receivable	-	1,648,004	-
Special assessments	-	-	-
Subventions/grants	70,613	1,107,931	-
Due from other funds	-	45,207	-
Notes receivable	-	17,637,334	-
Other	-	-	-
Property held for resale	-	-	-
Prepaid items	-	-	-
Total assets	203,040	111,249,146	31,752,292
<b>Liabilities</b>			
Accounts payable	121	2,510,507	406,650
Accrued salaries and wages	859	1,262,373	31,164
Advances from other funds	-	-	-
Due to other funds	-	1,365,350	-
Deposits held	-	136,242	-
Unearned revenues	-	6,264	-
Taxes and revenue anticipation note	-	-	-
Other liabilities	-	342	-
Total liabilities	980	5,281,078	437,814
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	70,613	1,818,990	-
Total deferred inflows of resources	70,613	1,818,990	-
<b>Fund Balances</b>			
Nonspendable	-	-	-
Restricted	131,447	57,288,420	31,314,478
Committed	-	46,999,822	-
Assigned	-	-	-
Unassigned	-	(139,164)	-
Total fund balances	131,447	104,149,078	31,314,478
Total liabilities, deferred inflows of resources, and fund balances	\$ 203,040	\$ 111,249,146	\$ 31,752,292

## Capital Project Funds

Phone System	Fund\$	Public, Education and Government Access Facilities	Measure G: Fire Seismic Projects	Measure M: Street and Watershed Improvements	Measure G: Public Safety Building	Street Improvement
Replacement	Replacement					
\$ 373,981	\$ 8,077,700	\$ 1,831,560	\$ -	\$ -	\$ -	\$ 85,858
-	-	-	58	2,623,715	6,024	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	43,359	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
373,981	8,077,700	1,874,919	58	2,623,715	6,024	85,858
-	878,196	-	-	474,172	-	-
-	37,721	-	-	19,264	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	915,917	-	-	493,436	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
373,981	7,161,783	1,874,919	-	-	-	85,858
-	-	-	-	-	-	-
-	-	-	-	-	-	-
373,981	7,161,783	1,874,919	58	2,130,279	6,024	85,858
\$ 373,981	\$ 8,077,700	\$ 1,874,919	\$ 58	\$ 2,623,715	\$ 6,024	\$ 85,858

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	<b>Capital Project Funds</b>	
	<b>Park Acquisition Development</b>	<b>Income Housing Fund: West Berkeley Improvement Project</b>
<b>Assets</b>		
Cash and investments in treasury	\$ 31,720	\$ -
Restricted cash and investments	-	47,341
Receivables (net of allowance where applicable):		
Accounts receivable	1,650	-
Interest receivable	-	441,595
Taxes receivable	-	-
Special assessments	-	-
Subventions/grants	-	-
Due from other funds	-	-
Notes receivable	-	2,285,757
Other	-	-
Property held for resale	-	713,313
Prepaid items	-	-
<b>Total assets</b>	<b>33,370</b>	<b>3,488,006</b>
<b>Liabilities</b>		
Accounts payable	-	117,309
Accrued salaries and wages	-	-
Advances from other funds	-	-
Due to other funds	-	45,207
Deposits held	-	-
Unearned revenues	-	-
Taxes and revenue anticipation note	-	-
Other liabilities	-	-
<b>Total liabilities</b>	<b>-</b>	<b>162,516</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	1,650	324,287
<b>Total deferred inflows of resources</b>	<b>1,650</b>	<b>324,287</b>
<b>Fund Balances</b>		
Nonspendable	-	-
Restricted	-	3,001,203
Committed	31,720	-
Assigned	-	-
Unassigned	-	-
<b>Total fund balances</b>	<b>31,720</b>	<b>3,001,203</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 33,370</b>	<b>\$ 3,488,006</b>



Capital Project Funds		Debt Service Funds				
Income Housing Fund: Savo Island Project	Total Capital Project Funds	Pension Refunding Bonds	09 Measure FF Library	GO 2015 Refunding Bonds for GO 2007 Refunding Bonds		Berkeley Repertory Theatre
\$ -	\$ 10,400,819	\$ -	\$ -	\$ -	\$ -	-
-	34,414,543	128,660	1,441,090	2,397,750		91
-	1,650	-	-	-	-	-
-	456,482	-	-	-	-	-
-	43,359	-	17,651	28,657		-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
441,140	2,726,897	-	-	-	-	-
-	-	-	-	-	-	-
-	713,313	-	-	-	-	-
-	-	-	-	-	-	-
441,140	48,757,063	128,660	1,458,741	2,426,407		91
-	1,876,327	-	-	-	-	-
-	88,149	-	-	-	-	-
-	-	-	-	-	-	-
-	45,207	-	-	-	-	5,593
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,009,683	-	-	-	-	5,593
-	325,937	-	-	-	-	-
-	325,937	-	-	-	-	-
-	-	-	-	-	-	-
441,140	36,893,182	128,660	1,458,741	2,426,407		-
-	9,528,261	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(5,502)
441,140	46,421,443	128,660	1,458,741	2,426,407		(5,502)
\$ 441,140	\$ 48,757,063	\$ 128,660	\$ 1,458,741	\$ 2,426,407	\$	91

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Debt Service Funds			
	GO 2015 Refunding Bonds for GO 2002 Refunding Bonds	GO 2015 Refunding Bonds for GO 2007 Refunding Bonds Series A	GO 2015 Refunding Bonds for GO 2008 Animal Shelter Measure I	2010 COP Animal Shelter
<b>Assets</b>				
Cash and investments in treasury	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	1,313,059	449,752	499,010	414,858
Receivables (net of allowance where applicable):				
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	5,191	2,077	6,645	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
Total assets	1,318,250	451,829	505,655	414,858
<b>Liabilities</b>				
Accounts payable	-	-	-	-
Accrued salaries and wages	-	-	-	-
Advances from other funds	-	-	-	-
Due to other funds	-	-	-	9,136
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	-	-	-	9,136
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	1,318,250	451,829	505,655	405,722
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,318,250	451,829	505,655	405,722
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,318,250	\$ 451,829	\$ 505,655	\$ 414,858

Debt Service Funds			
GO 2014			
Measure M Street and Watershed Improvement	Infrastructure & Facilities Measure T1	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 54,094,281
2,423,725	2,458,280	11,526,275	91,859,291
-	-	-	1,083,076
-	-	-	573,791
18,689	26,372	105,282	1,796,645
-	-	-	-
-	-	-	1,107,931
-	-	-	45,207
-	-	-	20,364,231
-	-	-	-
-	-	-	713,313
-	-	-	-
2,442,414	2,484,652	11,631,557	171,637,766
-	-	-	4,386,834
-	-	-	1,350,522
-	-	-	-
-	-	14,729	1,425,286
-	-	-	136,242
-	-	-	6,264
-	-	-	-
-	-	-	342
-	-	14,729	7,305,490
-	-	-	2,144,927
-	-	-	2,144,927
-	-	-	-
2,442,414	2,484,652	11,622,330	105,803,932
-	-	-	56,528,083
-	-	-	-
-	-	(5,502)	(144,666)
2,442,414	2,484,652	11,616,828	162,187,349
\$ 2,442,414	\$ 2,484,652	\$ 11,631,557	\$ 171,637,766

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Government Fund**  
**For the year ended June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>Asset Forfeiture</b>	<b>Special Tax for Disabled</b>	<b>Workforce Investment Act</b>	<b>Community Workforce</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ 1,072,989	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	-	-	-
Fines and penalties	132,977	-	-	-
Rents and royalties	-	-	-	-
Franchise	-	-	-	-
Private contributions and donations	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Insurance Reimbursement	-	-	-	-
<b>Total revenues</b>	<b>132,977</b>	<b>1,072,989</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	20,141	-	-
Public safety	93,522	-	-	-
Highway and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture-recreation	-	-	-	-
Community development and housing	-	1,249,165	37,991	-
Economic development	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital outlay:				
Highway and streets	-	-	-	-
Community development and housing	-	-	-	-
<b>Total expenditures</b>	<b>93,522</b>	<b>1,269,306</b>	<b>37,991</b>	<b>-</b>
<b>Revenues over/(under) expenditures</b>	<b>39,455</b>	<b>(196,317)</b>	<b>(37,991)</b>	<b>-</b>
<b>Other financing sources/(uses)</b>				
Transfers in	-	-	43,443	-
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Premium on bond issued	-	-	-	-
<b>Total other financing sources/(uses)</b>	<b>-</b>	<b>-</b>	<b>43,443</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>39,455</b>	<b>(196,317)</b>	<b>5,452</b>	<b>-</b>
<b>Fund balance, July 1, 2018</b>	<b>302,888</b>	<b>390,808</b>	<b>6,261</b>	<b>10,074</b>
<b>Fund balance, June 30, 2019</b>	<b>\$ 342,343</b>	<b>\$ 194,491</b>	<b>\$ 11,713</b>	<b>\$ 10,074</b>

## Special Revenue Funds

Sec 108 Hud Loan Grant Assistance	Fund Raising Activities	California Housing Finance Agency	Gilman Sport Field	Gilman Fields Reserve	Animal Shelter
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	301,326	60,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	35,110	-	-	-	42,901
201,328	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
201,328	35,110	-	301,326	60,000	42,901
-	-	-	-	-	47,927
-	-	-	-	-	-
-	-	-	-	-	-
-	2,062	-	-	-	-
-	-	-	166,653	36,911	-
-	35,293	-	-	-	-
180	-	-	-	-	-
378,000	-	-	-	-	-
165,837	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
544,017	37,355	-	166,653	36,911	47,927
(342,689)	(2,245)	-	134,673	23,089	(5,026)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(342,689)	(2,245)	-	134,673	23,089	(5,026)
6,618,142	226,389	191,119	87,094	205,301	54,186
\$ 6,275,453	\$ 224,144	\$ 191,119	\$ 221,767	\$ 228,390	\$ 49,160

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Government Fund**  
**For the year ended June 30, 2019**

	Special Revenue Funds			
	Paramedic Assessment District	California Energy Commission	Tieback Mitigation R-O-W	Domestic Violence Prevention Vital Statistics
<b>Revenues:</b>				
Taxes	\$ 3,049,921	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	760,035	-	-
Charges for service	5,647	-	126,000	22,059
Fines and penalties	-	-	-	-
Rents and royalties	-	-	-	-
Franchise	-	-	-	-
Private contributions and donations	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Insurance Reimbursement	-	-	-	-
<b>Total revenues</b>	<b>3,055,568</b>	<b>760,035</b>	<b>126,000</b>	<b>22,059</b>
<b>Expenditures:</b>				
Current:				
General government	18,426	-	-	-
Public safety	3,938,840	-	-	-
Highway and streets	-	-	-	-
Health and welfare	-	-	-	21,100
Culture-recreation	-	-	-	-
Community development and housing	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital outlay:				
Highway and streets	-	-	-	-
Community development and housing	-	-	-	-
<b>Total expenditures</b>	<b>3,957,266</b>	<b>-</b>	<b>-</b>	<b>21,100</b>
<b>Revenues over/(under) expenditures</b>	<b>(901,698)</b>	<b>760,035</b>	<b>126,000</b>	<b>959</b>
<b>Other financing sources/(uses)</b>				
Transfers in	612,696	25,017	-	-
Transfers out	(10,712)	-	-	-
Debt proceeds	-	-	-	-
Premium on bond issued	-	-	-	-
<b>Total other financing sources/(uses)</b>	<b>601,984</b>	<b>25,017</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(299,714)</b>	<b>785,052</b>	<b>126,000</b>	<b>959</b>
<b>Fund balance, July 1, 2018</b>	<b>160,637</b>	<b>(785,139)</b>	<b>696,079</b>	<b>16,235</b>
<b>Fund balance, June 30, 2019</b>	<b>\$ (139,077)</b>	<b>\$ (87)</b>	<b>\$ 822,079</b>	<b>\$ 17,194</b>

## Special Revenue Funds

Affordable Housing Mitigation Fee	Affordable Child Care	Inclusionary Housing Program	Condo Conversion Program	Parking In-Lieu Fee	Playground Camp
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2,213,968	156,948	439,809	230,589	-	780,831
-	-	-	-	-	-
-	-	-	-	-	10,000
-	-	-	-	-	-
-	-	-	-	-	54,665
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	17,927,255
2,213,968	156,948	439,809	230,589	-	18,772,751
-	-	-	-	-	770
-	-	-	-	-	-
-	-	-	-	-	-
-	75,000	-	-	-	-
-	-	-	-	-	3,879,699
20,718	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,718	75,000	-	-	-	3,880,469
2,193,250	81,948	439,809	230,589	-	14,892,282
-	-	-	-	-	-
-	-	-	-	-	(3,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(3,000)
2,193,250	81,948	439,809	230,589	-	14,889,282
5,625,370	128,101	1,151,766	2,412,102	82,010	5,358,688
\$ 7,818,620	\$ 210,049	\$ 1,591,575	\$ 2,642,691	\$ 82,010	\$ 20,247,970



**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Government Fund**  
**For the year ended June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>State Proposition 172</b>	<b>Traffic Congestion Relief</b>	<b>State Transportation Tax</b>	<b>CDBG</b>
<b>Revenues:</b>				
Taxes	\$ 992,134	\$ -	\$ 4,849,864	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	2,412,682
Charges for service	-	-	49,225	-
Fines and penalties	-	-	10,198	-
Rents and royalties	-	-	-	301,602
Franchise	-	-	-	-
Private contributions and donations	-	-	-	-
Investment income	-	-	96,261	47,859
Miscellaneous	-	-	-	21,401
Insurance Reimbursement	-	-	-	-
<b>Total revenues</b>	<b>992,134</b>	<b>-</b>	<b>5,005,548</b>	<b>2,783,544</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	348,395	-
Public safety	624,813	-	-	-
Highway and streets	-	-	3,246,825	-
Health and welfare	-	-	-	-
Culture-recreation	-	-	-	-
Community development and housing	-	-	-	2,630,473
Economic development	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital outlay:				
Highway and streets	-	-	-	-
Community development and housing	-	-	-	-
<b>Total expenditures</b>	<b>624,813</b>	<b>-</b>	<b>3,595,220</b>	<b>2,630,473</b>
<b>Revenues over/(under) expenditures</b>	<b>367,321</b>	<b>-</b>	<b>1,410,328</b>	<b>153,071</b>
<b>Other financing sources/(uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(30,483)	-
Debt proceeds	-	-	-	-
Premium on bond issued	-	-	-	-
<b>Total other financing sources/(uses)</b>	<b>-</b>	<b>-</b>	<b>(30,483)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>367,321</b>	<b>-</b>	<b>1,379,845</b>	<b>153,071</b>
<b>Fund balance, July 1, 2018</b>	<b>501,674</b>	<b>-</b>	<b>3,731,901</b>	<b>6,042,888</b>
<b>Fund balance, June 30, 2019</b>	<b>\$ 868,995</b>	<b>\$ -</b>	<b>\$ 5,111,746</b>	<b>\$ 6,195,959</b>

Rental Housing Safety Program	Measure B: Local Streets and Roads	Measure B: Bike and Pedestrian	Measure B: Paratransit	Measure F: Alameda County VRF Street and Road	Measure BB: Local Streets and Roads
\$ -	\$ 3,598,385	\$ 428,630	\$ 343,069	\$ 496,207	\$ 3,378,078
-	-	-	-	-	-
-	-	-	-	-	-
1,077,384	12,300	-	-	-	-
91,732	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	54,107	9,033	7,523	20,764	125,209
-	-	-	-	-	-
-	-	-	-	-	-
1,169,116	3,664,792	437,663	350,592	516,971	3,503,287
-	71,659	80,043	-	2,500	-
-	-	-	-	-	-
-	1,914,019	270,136	-	477,907	763,077
-	-	-	-	-	-
-	-	-	-	-	-
1,098,921	-	-	377,161	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,098,921	1,985,678	350,179	377,161	480,407	763,077
70,195	1,679,114	87,484	(26,569)	36,564	2,740,210
-	-	-	-	-	-
(26,135)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(26,135)	-	-	-	-	-
44,060	1,679,114	87,484	(26,569)	36,564	2,740,210
1,211,904	2,070,458	427,858	359,727	981,865	4,917,285
\$ 1,255,964	\$ 3,749,572	\$ 515,342	\$ 333,158	\$ 1,018,429	\$ 7,657,495

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Government Fund**  
**For the year ended June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>Measure BB: Bike and Pedestrian</b>	<b>Measure BB: Paratransit</b>	<b>Shelter Operations</b>	<b>One Time Funding</b>
<b>Revenues:</b>				
Taxes	\$ 349,100	\$ 353,350	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	-	-	308,951
Fines and penalties	-	-	-	6,339
Rents and royalties	-	-	21,150	-
Franchise	-	-	-	-
Private contributions and donations	-	-	-	-
Investment income	14,312	3,025	-	-
Miscellaneous	-	-	-	-
Insurance reimbursement	-	-	-	-
<b>Total revenues</b>	<b>363,412</b>	<b>356,375</b>	<b>21,150</b>	<b>315,290</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highway and streets	87,102	-	-	10,837
Health and welfare	-	-	-	-
Culture-recreation	-	-	-	-
Community development and housing	-	238,202	61,205	300,000
Economic development	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital outlay:				
Highway and streets	-	-	-	-
Community development and housing	-	-	-	-
<b>Total expenditures</b>	<b>87,102</b>	<b>238,202</b>	<b>61,205</b>	<b>310,837</b>
<b>Revenues over/(under) expenditures</b>	<b>276,310</b>	<b>118,173</b>	<b>(40,055)</b>	<b>4,453</b>
<b>Other financing sources/(uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Premium on bond issued	-	-	-	-
<b>Total other financing sources/(uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>276,310</b>	<b>118,173</b>	<b>(40,055)</b>	<b>4,453</b>
<b>Fund balance, July 1, 2018</b>	<b>581,585</b>	<b>185,531</b>	<b>112,281</b>	<b>1,227,094</b>
<b>Fund balance, June 30, 2019</b>	<b>\$ 857,895</b>	<b>\$ 303,704</b>	<b>\$ 72,226</b>	<b>\$ 1,231,547</b>

## Special Revenue Funds

Park Tax	Downtown Berkeley Property and Improvement District	Street and Open Space Improvement	Measure GG: Fire Preparation Tax	1st Response Advanced Life Support (ALSFR)	Street Lighting
\$ 13,385,463	\$ 1,341,095	\$ -	\$ 5,044,450	\$ -	\$ 1,860,259
34,032	-	-	-	-	-
-	-	-	-	53,771	-
2,274	-	217,780	109,438	-	918
-	-	-	-	-	-
73,250	-	-	-	-	-
-	-	-	-	-	-
2,500	-	-	-	-	-
126,453	-	-	-	-	33,803
5,800	-	-	-	-	-
-	-	-	-	-	-
13,629,772	1,341,095	217,780	5,153,888	53,771	1,894,980
48,400	-	-	315,101	-	-
34,552	-	-	4,668,528	7,997	263,805
-	-	-	-	-	1,007,008
10,000	-	-	135,957	-	-
12,470,311	-	-	-	-	-
-	-	-	-	-	-
-	1,663,059	-	-	-	-
-	-	-	-	-	347,754
-	-	-	-	-	22,697
-	-	-	-	-	-
-	-	-	-	-	-
12,563,263	1,663,059	-	5,119,586	7,997	1,641,264
1,066,509	(321,964)	217,780	34,302	45,774	253,716
-	-	-	-	-	-
(182,679)	-	-	-	-	(42,603)
-	-	-	-	-	-
-	-	-	-	-	-
(182,679)	-	-	-	-	(42,603)
883,830	(321,964)	217,780	34,302	45,774	211,113
6,249,541	611,995	1,355,324	2,605,119	1,372	1,472,295
\$ 7,133,371	\$ 290,031	\$ 1,573,104	\$ 2,639,421	\$ 47,146	\$ 1,683,408

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Government Fund**  
**For the year ended June 30, 2019**

	<b>Special Revenue Funds</b>			
	<b>North Shattuck Business Improvement District</b>	<b>Business Economic Development</b>	<b>Citywide RLF</b>	<b>Legacy Fund</b>
<b>Revenues:</b>				
Taxes	\$ 175,440	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	-	-	-
Fines and penalties	-	-	-	-
Rents and royalties	-	-	-	-
Franchise	-	-	-	-
Private contributions and donations	-	-	-	-
Investment income	-	25,720	4,780	-
Miscellaneous	-	68,382	-	-
Insurance reimbursement	-	-	-	-
<b>Total revenues</b>	<b>175,440</b>	<b>94,102</b>	<b>4,780</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highway and streets	-	-	-	137,827
Health and welfare	-	-	-	-
Culture-recreation	-	-	-	-
Community development and housing	-	-	-	-
Economic development	173,951	7,256	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital outlay:				
Highway and streets	-	-	-	-
Community development and housing	-	-	-	-
<b>Total expenditures</b>	<b>173,951</b>	<b>7,256</b>	<b>-</b>	<b>137,827</b>
<b>Revenues over/(under) expenditures</b>	<b>1,489</b>	<b>86,846</b>	<b>4,780</b>	<b>(137,827)</b>
<b>Other financing sources/(uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Premium on bond issued	-	-	-	-
<b>Total other financing sources/(uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>1,489</b>	<b>86,846</b>	<b>4,780</b>	<b>(137,827)</b>
<b>Fund balance, July 1, 2018</b>	<b>(105)</b>	<b>700,668</b>	<b>780,347</b>	<b>209,988</b>
<b>Fund balance, June 30, 2019</b>	<b>\$ 1,384</b>	<b>\$ 787,514</b>	<b>\$ 785,127</b>	<b>\$ 72,161</b>

## Special Revenue Funds

Miles Lab	Employee Training	UC Settlement	Private Percent- Art Fund	Private Party Sidewalks	Public Art
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	463,045	-	-
16,500	-	-	-	-	-
-	-	1,605,717	-	15,149	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,500	-	1,605,717	463,045	15,149	-
-	734,341	-	-	-	-
-	-	-	-	-	-
-	-	199,484	-	27	-
-	-	-	-	-	-
250	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30,025	-	290,626
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
250	734,341	199,484	30,025	27	290,626
16,250	(734,341)	1,406,233	433,020	15,122	(290,626)
-	750,000	-	-	-	65,165
-	-	(1,255,717)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	750,000	(1,255,717)	-	-	65,165
16,250	15,659	150,516	433,020	15,122	(225,461)
227,019	46,924	(136,886)	168,026	340,458	291,210
\$ 243,269	\$ 62,583	\$ 13,630	\$ 601,046	\$ 355,580	\$ 65,749

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Government Fund**  
**For the year ended June 30, 2019**

	Special Revenue Funds			
	Lillie B. Wall Memorial	Vital and Health Statistic	East Bay Public Utilities Commission	PERS Savings
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	24,265	-	-
Fines and penalties	-	-	-	-
Rents and royalties	-	-	-	-
Franchise	-	-	-	-
Private contributions and donations	816	-	-	-
Investment income	-	-	79	-
Miscellaneous	-	-	-	-
Insurance reimbursement	-	-	-	-
Total revenues	816	24,265	79	-
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Health and welfare	-	14,930	-	-
Culture-recreation	-	-	-	-
Community development and housing	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital outlay:				
Highway and streets	-	-	-	-
Community development and housing	-	-	-	-
Total expenditures	-	14,930	-	-
Revenues over/(under) expenditures	816	9,335	79	-
Other financing sources/(uses)				
Transfers in	-	-	-	5,246,508
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Premium on bond issued	-	-	-	-
Total other financing sources/(uses)	-	-	-	5,246,508
Net change in fund balance	816	9,335	79	5,246,508
Fund balance, July 1, 2018	11,475	238,873	3,646	3,945,293
Fund balance, June 30, 2019	\$ 12,291	\$ 248,208	\$ 3,725	\$ 9,191,801



## Special Revenue Funds

Other Special Deposits	Health State Aid Realignment	Tobacco Control	Mental Health State Aid Realignment	City Opt. Public Safety	Fund for Impounded and Unneutered
\$ -	\$ 1,853,582	\$ 225,000	\$ 2,821,638	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	275,651	-
-	-	-	-	-	985
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,372	-	17,196	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,853,582	227,372	2,821,638	292,847	985
-	-	-	-	-	-
-	-	-	-	174,995	-
-	-	-	-	-	-
-	685,726	279,582	2,825,621	-	-
-	-	-	-	-	-
-	-	-	8,113	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	685,726	279,582	2,833,734	174,995	-
-	1,167,856	(52,210)	(12,096)	117,852	985
-	1,953,018	-	-	-	-
-	(2,643,280)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(690,262)	-	-	-	-
-	477,594	(52,210)	(12,096)	117,852	985
-	1,818,275	160,331	4,769,214	709,682	3,745
\$ -	\$ 2,295,869	\$ 108,121	\$ 4,757,118	\$ 827,534	\$ 4,730

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Government Fund**  
**For the year ended June 30, 2019**

	<b>Special Revenue Funds</b>		<b>Capital Project Funds</b>
	<b>Alameda County Abandoned Vehicle Abatement Authority</b>	<b>Total Special Revenue Funds</b>	<b>Infrastructure &amp; Facilities Measure T1</b>
<b>Revenues:</b>			
Taxes	\$ -	\$ 45,618,654	\$ -
Licenses and permits	-	497,077	-
Intergovernmental	-	3,518,639	-
Charges for service	104,086	7,865,649	-
Fines and penalties	-	241,246	-
Rents and royalties	-	406,002	-
Franchise	-	-	-
Private contributions and donations	-	135,992	-
Investment income	-	789,824	888,910
Miscellaneous	-	95,583	-
Insurance reimbursement	-	17,927,255	-
<b>Total revenues</b>	<b>104,086</b>	<b>77,095,921</b>	<b>888,910</b>
<b>Expenditures:</b>			
Current:			
General government	-	1,687,703	-
Public safety	-	9,807,052	-
Highway and streets	-	8,114,249	311,497
Health and welfare	108,825	4,158,803	-
Culture-recreation	-	16,553,824	1,947,033
Community development and housing	-	6,057,242	1,212,496
Economic development	-	2,165,097	4,465
Debt service:			
Principal repayment	-	725,754	-
Interest and fiscal charges	-	188,534	-
Debt issuance costs	-	-	-
Capital outlay:			
Highway and streets	-	-	-
Community development and housing	-	-	-
<b>Total expenditures</b>	<b>108,825</b>	<b>49,458,258</b>	<b>3,475,491</b>
<b>Revenues over/(under) expenditures</b>	<b>(4,739)</b>	<b>27,637,663</b>	<b>(2,586,581)</b>
<b>Other financing sources/(uses)</b>			
Transfers in	-	8,695,847	-
Transfers out	-	(4,194,609)	-
Debt proceeds	-	-	-
Premium on bond issued	-	-	-
<b>Total other financing sources/(uses)</b>	<b>-</b>	<b>4,501,238</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(4,739)</b>	<b>32,138,901</b>	<b>(2,586,581)</b>
<b>Fund balance, July 1, 2018</b>	<b>136,186</b>	<b>72,010,177</b>	<b>33,901,059</b>
<b>Fund balance, June 30, 2019</b>	<b>\$ 131,447</b>	<b>\$ 104,149,078</b>	<b>\$ 31,314,478</b>

## Capital Project Funds

Phone System Replacement	Fund\$ Replacement	Public, Education and Government Access Facilities	Measure G: Fire Seismic Projects	Measure M: Street and Watershed Improvements	Measure G: Public Safety Building	Street Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	416,913	-	-
-	-	180,908	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2	-	129	1,822
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	180,908	2	416,913	129	1,822
57,319	2,909,126	43,826	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	7,315,482	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
57,319	2,909,126	43,826	-	7,315,482	-	-
(57,319)	(2,909,126)	137,082	2	(6,898,569)	129	1,822
163,000	1,710,000	-	-	-	-	-
-	-	-	-	(159,866)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
163,000	1,710,000	-	-	(159,866)	-	-
105,681	(1,199,126)	137,082	2	(7,058,435)	129	1,822
268,300	8,360,909	1,737,837	56	9,188,714	5,895	84,036
\$ 373,981	\$ 7,161,783	\$ 1,874,919	\$ 58	\$ 2,130,279	\$ 6,024	\$ 85,858

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Government Fund**  
**For the year ended June 30, 2019**

	<b>Capital Project Funds</b>	
	<b>Park Acquisition Development</b>	<b>Income Housing Fund: West Berkeley Improvement Project</b>
<b>Revenues:</b>		
Taxes	\$ -	\$ -
Licenses and permits	-	-
Intergovernmental	-	-
Charges for service	-	-
Fines and penalties	-	-
Rents and royalties	2,987	34,553
Franchise	-	-
Private contributions and donations	-	-
Investment income	656	2,905
Miscellaneous	-	-
Insurance reimbursement	-	-
<b>Total revenues</b>	<b>3,643</b>	<b>37,458</b>
<b>Expenditures:</b>		
Current:		
General government	65	-
Public safety	-	-
Highway and streets	-	-
Health and welfare	-	-
Culture-recreation	-	-
Community development and housing	-	-
Economic development	-	-
Debt service:		
Principal repayment	-	-
Interest and fiscal charges	-	2,905
Debt issuance costs	-	-
Capital outlay:		
Highway and streets	-	-
Community development and housing	-	-
<b>Total expenditures</b>	<b>65</b>	<b>2,905</b>
<b>Revenues over/(under) expenditures</b>	<b>3,578</b>	<b>34,553</b>
<b>Other financing sources/(uses)</b>		
Transfers in	-	-
Transfers out	-	-
Debt proceeds	-	-
Premium on bond issued	-	-
<b>Total other financing sources/(uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>3,578</b>	<b>34,553</b>
<b>Fund balance, July 1, 2018</b>	<b>28,142</b>	<b>2,966,650</b>
<b>Fund balance, June 30, 2019</b>	<b>\$ 31,720</b>	<b>\$ 3,001,203</b>

Capital Project Funds		Debt Service Funds			
Income Housing Fund: Savo Island Project	Total Capital Project Funds	Pension Refunding Bonds	09 Measure FF Library	GO 2015 Refunding Bonds for GO 2007 Refunding Bonds	
				Berkeley Repertory Theatre	
\$ -	\$ -	\$ -	\$ 1,705,566	\$ 2,769,037	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	454,453	-	-	-	-
-	180,908	-	-	-	-
-	-	-	-	-	-
-	894,424	2	-	-	274
-	-	-	-	-	97
-	-	-	-	-	-
-	1,529,785	2	1,705,566	2,769,037	371
-	3,010,336	-	-	-	-
-	-	-	-	-	-
-	7,626,979	-	-	-	-
-	-	-	-	-	-
-	1,947,033	-	-	-	-
-	1,212,496	-	-	-	-
-	4,465	-	-	-	-
-	-	-	610,000	1,741,433	293,943
-	2,905	-	1,008,924	875,314	206,791
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	13,804,214	-	1,618,924	2,616,747	500,734
-	(12,274,429)	2	86,642	152,290	(500,363)
-	1,873,000	-	-	-	498,935
-	(159,866)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,713,134	-	-	-	498,935
-	(10,561,295)	2	86,642	152,290	(1,428)
441,140	56,982,738	128,658	1,372,099	2,274,117	(4,074)
\$ 441,140	\$ 46,421,443	\$ 128,660	\$ 1,458,741	\$ 2,426,407	\$ (5,502)

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Government Fund**  
**For the year ended June 30, 2019**

	Debt Service Funds		
	GO 2015 Refunding Bonds for GO 2002 Refunding Bonds	GO 2015 Refunding Bonds for GO 2007 Refunding Bonds Series A	GO 2015 Refunding Bonds for GO 2008 Animal Shelter Measure I
<b>Revenues:</b>			
Taxes	\$ 501,637	\$ 200,655	\$ 642,095
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for service	-	-	-
Fines and penalties	-	-	-
Rents and royalties	-	-	-
Franchise	-	-	-
Private contributions and donations	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Insurance reimbursement	-	-	-
Total revenues	501,637	200,655	642,095
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Highway and streets	-	-	-
Health and welfare	-	-	-
Culture-recreation	-	-	-
Community development and housing	-	-	-
Economic development	-	-	-
Debt service:			
Principal repayment	320,132	120,574	407,860
Interest and fiscal charges	161,661	60,606	205,007
Debt issuance costs	-	-	-
Capital outlay:			
Highway and streets	-	-	-
Community development and housing	-	-	-
Total expenditures	481,793	181,180	612,867
Revenues over/(under) expenditures	19,844	19,475	29,228
Other financing sources/(uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Debt proceeds	-	-	-
Premium on bond issued	-	-	-
Total other financing sources/(uses)	-	-	-
Net change in fund balance	19,844	19,475	29,228
Fund balance, July 1, 2018	1,298,406	432,354	476,427
Fund balance, June 30, 2019	\$ 1,318,250	\$ 451,829	\$ 505,655

Debt Service Funds				
2010 COP Animal Shelter	GO 2014 Measure M Street and Watershed Improvement	Infrastructure & Facilities Measure T1	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,805,893	\$ 2,548,317	\$ 10,173,200	\$ 55,791,854
-	-	-	-	497,077
-	-	-	-	3,518,639
-	-	-	-	7,865,649
-	-	-	-	241,246
-	-	-	-	860,455
-	-	-	-	180,908
-	-	-	-	135,992
1,574	-	-	1,850	1,686,098
-	-	-	97	95,680
-	-	-	-	17,927,255
1,574	1,805,893	2,548,317	10,175,147	88,800,853
-	-	-	-	4,698,040
-	-	-	-	9,807,052
-	-	-	-	15,741,228
-	-	-	-	4,158,803
-	-	-	-	18,500,857
-	-	-	-	7,269,738
-	-	-	-	2,169,562
115,000	585,000	1,815,001	6,008,943	6,734,693
289,833	1,071,838	1,200,181	5,080,155	5,271,594
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
404,833	1,656,838	3,015,182	11,089,098	74,351,567
(403,259)	149,055	(466,865)	(913,951)	14,449,286
402,913	-	-	901,848	11,470,695
-	-	-	-	(4,354,475)
-	-	-	-	-
-	-	-	-	-
402,913	-	-	901,848	7,116,220
(346)	149,055	(466,865)	(12,103)	21,565,506
406,068	2,293,359	2,951,517	11,628,931	140,621,843
\$ 405,722	\$ 2,442,414	\$ 2,484,652	\$ 11,616,828	\$ 162,187,349



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Asset Forfeiture Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Fines and penalties	\$ 55,000	\$ 55,000	\$ 132,977	\$ 77,977
Total revenues	55,000	55,000	132,977	77,977
<b>Expenditures:</b>				
Public safety	201,000	201,000	93,522	107,478
Total expenditures	201,000	201,000	93,522	107,478
Revenues over/(under) expenditures	(146,000)	(146,000)	39,455	185,455
Net change in fund balance	(146,000)	(146,000)	39,455	185,455
Fund balance, July 1, 2018	302,888	302,888	302,888	-
Fund balance, June 30, 2019	<u>\$ 156,888</u>	<u>\$ 156,888</u>	<u>\$ 342,343</u>	<u>\$ 185,455</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Special Tax for Disabled - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,270,257	\$ 1,270,257	\$ 1,072,743	\$ (197,514)
Total revenues	1,270,257	1,270,257	1,072,743	(197,514)
<b>Expenditures:</b>				
General government	17,937	17,937	20,141	(2,204)
Community development and housing	1,252,320	1,252,320	1,249,165	3,155
Total expenditures	1,270,257	1,270,257	1,269,306	951
Net change in fund balance	-	-	(196,563)	(196,563)
Fund balance, July 1, 2018	380,639	380,639	380,639	-
Fund balance, June 30, 2019	<u>\$ 380,639</u>	<u>\$ 380,639</u>	<u>\$ 184,076</u>	<u>\$ (196,563)</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (196,563)
Receivable accrual	246
Net change in fund balances - GAAP basis	<u>\$ (196,317)</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Workforce Investment Act Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures:</b>				
Community development and housing	45,841	45,841	37,992	7,849
Total expenditures	45,841	45,841	37,992	7,849
Revenues over/(under) expenditures	(45,841)	(45,841)	(37,992)	7,849
Other financing sources/(uses)				
Transfers in	43,443	43,443	43,443	-
Total other financing sources/(uses)	43,443	43,443	43,443	-
Net change in fund balance	(2,398)	(2,398)	5,451	7,849
Fund balance, July 1, 2018	6,262	6,262	6,262	-
Fund balance, June 30, 2019	<u>\$ 3,864</u>	<u>\$ 3,864</u>	<u>\$ 11,713</u>	<u>\$ 7,849</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Sec 108 Hud Loan Grant Assistance Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 407,443	\$ 407,443	\$ 422,449	\$ 15,006
Investment income	209,280	209,280	201,328	(7,952)
Miscellaneous	-	-	-	-
Total revenues	616,723	616,723	623,777	7,054
<b>Expenditures:</b>				
Current:				
Economic Development	300	300	180	120
Debt service:				
Principal repayment	378,000	378,000	378,000	-
Interest and fiscal charges	166,537	166,537	165,837	700
Total expenditures	544,837	544,837	544,017	820
Net change in fund balance	71,886	71,886	79,760	7,874
Fund balance, July 1, 2018	592,869	592,869	592,869	-
Fund balance, June 30, 2019	\$ 664,755	\$ 664,755	\$ 672,629	\$ 7,874

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 79,760
Notes accrual	(422,448)
Net change in fund balances - GAAP basis	\$ (342,689)

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Fund Raising Activities Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Private contribution and donations	\$ -	\$ -	\$ 35,110	\$ 35,110
Total revenues	-	-	35,110	35,110
<b>Expenditures:</b>				
Health and welfare	9,600	9,600	2,062	7,538
Community development and housing	42,519	54,549	35,293	19,256
Total expenditures	52,119	64,149	37,355	26,794
Net change in fund balance	(52,119)	(64,149)	(2,245)	61,904
Fund balance, July 1, 2018	226,389	226,389	226,389	-
Fund balance, June 30, 2019	<u>\$ 174,270</u>	<u>\$ 162,240</u>	<u>\$ 224,144</u>	<u>\$ 61,904</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Gilman Sport Field Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ 295,166	\$ 295,166	\$ 301,326	\$ 6,160
Miscellaneous	3,580	3,580	-	(3,580)
Total revenues	<u>298,746</u>	<u>298,746</u>	<u>301,326</u>	<u>2,580</u>
<b>Expenditures:</b>				
Culture-recreation	189,807	210,271	166,653	43,618
Total expenditures	<u>189,807</u>	<u>210,271</u>	<u>166,653</u>	<u>43,618</u>
Net change in fund balance	108,939	88,475	134,673	46,198
Fund balance, July 1, 2018	87,094	87,094	87,094	-
Fund balance, June 30, 2019	<u>\$ 196,033</u>	<u>\$ 175,569</u>	<u>\$ 221,767</u>	<u>\$ 46,198</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Gilman Fields Reserve Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ -	\$ -	\$ 60,000	\$ 60,000
Total revenues	-	-	60,000	60,000
<b>Expenditures:</b>				
Culture-recreation	-	40,960	36,911	4,049
Total expenditures	-	40,960	36,911	4,049
Net change in fund balance	-	(40,960)	23,089	64,049
Fund balance, July 1, 2018	205,301	205,301	205,301	-
Fund balance, June 30, 2019	<u>\$ (205,301)</u>	<u>\$ (246,261)</u>	<u>\$ 228,390</u>	<u>\$ 64,049</u>



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Animal Shelter Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Private contributions and donations	\$ 45,000	\$ 45,000	\$ 42,901	\$ (2,099)
Total revenues	45,000	45,000	42,901	(2,099)
<b>Expenditures:</b>				
General government	40,980	61,128	47,927	13,201
Public safety	11,500	1,000	-	1,000
Total expenditures	52,480	62,128	47,927	14,201
Net change in fund balance	(7,480)	(17,128)	(5,026)	12,102
Fund balance, July 1, 2018	54,186	54,186	54,186	-
Fund balance, June 30, 2019	<u>\$ 46,706</u>	<u>\$ 37,058</u>	<u>\$ 49,160</u>	<u>\$ 12,102</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Paramedic Assessment District Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 3,047,265	\$ 3,047,265	\$ 3,049,536	\$ 2,271
Charges for service	-	-	5,647	5,647
Total revenues	3,047,265	3,047,265	3,055,183	7,918
<b>Expenditures:</b>				
Current:				
General government	17,937	17,937	18,426	(489)
Public safety	3,662,000	3,722,000	3,938,840	(216,840)
Total expenditures	3,679,937	3,739,937	3,957,266	(217,329)
<b>Revenues over/(under) expenditures</b>	(632,672)	(692,672)	(902,083)	(209,411)
<b>Other financing sources/(uses)</b>				
Transfers in	612,696	612,696	612,696	-
Transfers out	(10,712)	(10,712)	(10,712)	-
Total other financing sources/(uses)	601,984	601,984	601,984	-
Net change in fund balance	(1,234,656)	(90,688)	(300,099)	(209,411)
Fund balance, July 1, 2018	135,880	135,880	135,880	-
Fund balance, June 30, 2019	<u>\$ (1,098,776)</u>	<u>\$ 45,192</u>	<u>\$ (164,219)</u>	<u>\$ (209,411)</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (300,099)
Receivable accrual	385
Net change in fund balances - GAAP basis	<u>\$ (299,714)</u>

## City of Berkeley

## Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual

## California Energy Commission Fund - Budgetary Basis

For the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 760,035	\$ 760,035
Total revenues	-	-	760,035	760,035
<b>Expenditures:</b>				
Community development and housing	-	4,201	-	4,201
Total expenditures	-	4,201	-	4,201
Revenues over/(under) expenditures	-	(4,201)	760,035	764,236
Other financing sources/(uses):				
Transfers in (OFS)	-	25,017	25,017	-
Total other financing sources(uses)	-	25,017	25,017	-
Net change in fund balance	-	20,816	785,052	764,236
Fund balance, July 1, 2018	(305,276)	(305,276)	(305,276)	-
Fund balance, June 30, 2019	<u>\$ (305,276)</u>	<u>\$ (284,460)</u>	<u>\$ 479,776</u>	<u>\$ 764,236</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Domestic Violence Prevention Vital Statistics Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ 25,000	\$ 25,000	\$ 22,059	\$ (2,941)
Total revenues	25,000	25,000	22,059	(2,941)
<b>Expenditures:</b>				
Health and welfare	24,469	24,469	21,099	3,370
Total expenditures	24,469	24,469	21,099	3,370
Net change in fund balance	531	531	960	429
Fund balance, July 1, 2018	16,233	16,233	16,233	-
Fund balance, June 30, 2019	<u>\$ 16,764</u>	<u>\$ 16,764</u>	<u>\$ 17,193</u>	<u>\$ 429</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Affordable Housing Mitigation Fee Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ -	\$ -	\$ 2,213,968	\$ 2,213,968
Total revenues	-	-	2,213,968	2,213,968
<b>Expenditures:</b>				
Community development and housing	-	3,106,547	1,208,637	1,897,910
Economic development	-	-	-	-
Total expenditures	-	3,106,547	1,208,637	1,897,910
Net change in fund balance	-	(3,106,547)	1,005,331	4,111,878
Fund balance, July 1, 2018	4,786,372	4,786,372	4,786,372	-
Fund balance, June 30, 2019	<u>\$ 4,786,372</u>	<u>\$ 1,679,825</u>	<u>\$ 5,791,703</u>	<u>4,111,878</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 1,005,331
Notes receivable accrual	(1,187,920)
Net change in fund balances - GAAP basis	<u>\$ 2,193,251</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Affordable Child Care Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ 11,851	\$ 11,851	\$ 156,948	\$ 145,097
Total revenues	11,851	11,851	156,948	145,097
<b>Expenditures:</b>				
Current:				
General government	75,000	-	-	-
Health and welfare	-	-	75,000	(75,000)
Total expenditures	-	-	75,000	(75,000)
Net change in fund balance	11,851	11,851	81,948	70,097
Fund balance, July 1, 2018	128,101	128,101	128,101	-
Fund balance, June 30, 2019	<u>\$ 139,952</u>	<u>\$ 139,952</u>	<u>\$ 210,049</u>	<u>\$ 70,097</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
Inclusionary Housing Program Fund - Budgetary Basis  
For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ -	\$ -	\$ 439,809	\$ 439,809
Total revenues	-	-	439,809	439,809
<b>Expenditures:</b>				
Economic development	-	318,616	85,408	233,208
Total expenditures	-	318,616	85,408	233,208
Net change in fund balance	-	(318,616)	354,401	673,017
Fund balance, July 1, 2018	322,964	322,964	322,964	-
Fund balance, June 30, 2019	<u>\$ 322,964</u>	<u>\$ 4,348</u>	<u>\$ 677,365</u>	<u>\$ 673,017</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 354,401
Notes receivable accrual	85,408
Net change in fund balances - GAAP basis	<u>\$ 439,809</u>



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Condo Conversion Program Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Charges for service	\$ 196,000	\$ 196,000	\$ 230,589	\$ 34,589
Total revenues	196,000	196,000	230,589	34,589
<b>Expenditures:</b>				
Community development and housing	-	767,391	-	767,391
Total expenditures	-	767,391	-	767,391
Net change in fund balance	196,000	(571,391)	230,589	801,980
Fund balance, July 1, 2018	1,060,622	1,060,622	1,060,622	-
Fund balance, June 30, 2019	<u>\$ 1,256,622</u>	<u>\$ 489,231</u>	<u>\$ 1,291,211</u>	<u>\$ 801,980</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Playground Camp Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ 458,000	\$ 458,000	\$ 780,831	\$ 322,831
Rents and royalties	260,332	260,332	10,000	(250,332)
Private contributions and donations	-	-	54,665	54,665
Miscellaneous	282,500	282,500	17,927,255	17,644,755
Total revenues	1,000,832	1,000,832	18,772,751	17,771,919
<b>Expenditures:</b>				
General government	-	1,540	770	770
Culture-recreation	1,866,446	6,151,070	3,396,462	2,754,608
Total expenditures	1,866,446	6,151,070	3,397,232	2,755,378
Revenues over/(under) expenditures	(865,614)	(5,150,238)	15,375,519	20,527,297
Other financing sources/(uses)				
Transfer out	-	-	3,000	(3,000)
Total other financing sources/(uses)	-	-	3,000	(3,000)
Net change in fund balance	(865,614)	(5,150,238)	15,372,519	20,524,297
Fund balance, July 1, 2018	5,358,692	5,358,692	5,358,692	-
Fund balance, June 30, 2019	<u>\$ 4,493,078</u>	<u>\$ 208,454</u>	<u>\$ 20,731,211</u>	<u>\$ 20,524,297</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 15,372,519
Payable accrual	483,237
Net change in fund balances - GAAP basis	<u>\$ 14,889,282</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**State Proposition 172 Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 931,227	\$ 931,227	\$ 1,061,534	\$ 130,307
Total revenues	931,227	931,227	1,061,534	130,307
<b>Expenditures:</b>				
General government	74,771	59,771	-	59,771
Public safety	1,225,229	1,208,228	636,641	571,587
Total expenditures	1,300,000	1,267,999	636,641	631,358
Net change in fund balance	(368,773)	(336,772)	424,893	761,665
Fund balance, July 1, 2018	585,593	585,593	585,593	-
Fund balance, June 30, 2019	<u>\$ 216,820</u>	<u>\$ 248,821</u>	<u>\$ 1,010,486</u>	<u>\$ 761,665</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 424,893
Receivable accrual	(69,401)
Payable accrual	11,828
Net change in fund balances - GAAP basis	<u>\$ 367,321</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**State Transportation Tax Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 5,074,556	\$ 5,074,556	\$ 4,707,954	\$ (366,602)
Charges for service	34,544	34,544	49,225	14,681
Fines and penalties	-	-	10,198	10,198
Investment income	-	-	96,261	96,261
Total revenues	5,109,100	5,109,100	4,863,638	(245,462)
<b>Expenditures:</b>				
Current:				
General government	34,544	389,943	347,944	41,999
Highway and streets	3,515,952	6,287,564	3,149,508	3,138,056
Total expenditures	3,550,496	6,677,507	3,497,452	3,180,055
Revenues over/(under) expenditures	1,558,604	(1,568,407)	1,366,186	2,934,593
Other financing sources/(uses)				
Transfers out (OFS)	-	(30,483)	(30,483)	-
Total other financing sources/(uses)	-	(30,483)	(30,483)	-
Net change in fund balance	1,558,604	(1,598,890)	1,335,703	2,934,593
Fund balance, July 1, 2018	3,474,939	3,474,939	3,474,939	-
Fund balance, June 30, 2019	\$ 5,033,543	\$ 1,876,049	\$ 4,810,642	\$ 2,934,593

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 1,335,703
Receivable accrual	141,909.97
Payable accrual	(97,768)
Net change in fund balances - GAAP basis	\$ 1,379,845

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**CDBG Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Intergovernmental	\$ 2,585,914	\$ 2,585,914	\$ 2,412,681	\$ (173,233)
Rents and royalties	-	-	301,602	301,602
Investment Income	441,667	441,667	99,166	(342,501)
Miscellaneous	400,518	400,518	21,401	(379,117)
Total revenues	<u>3,428,099</u>	<u>3,428,099</u>	<u>2,834,850</u>	<u>(593,249)</u>
<b>Expenditures:</b>				
General government	1,798	1,798	-	1,798
Culture-recreation	-	-	-	-
Community development and housing	3,554,817	4,157,580	2,716,768	1,440,812
Total expenditures	<u>3,556,615</u>	<u>4,159,378</u>	<u>2,716,768</u>	<u>1,442,610</u>
Net change in fund balance	(128,516)	(731,279)	118,082	849,361
Fund balance, July 1, 2018	(309,603)	(309,603)	(309,603)	-
Fund balance, June 30, 2019	<u>\$ (438,119)</u>	<u>\$ (1,040,882)</u>	<u>\$ (191,521)</u>	<u>\$ 849,361</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 118,082
Notes receivable accrual	(51,307)
Payable accrual	86,294
Net change in fund balances - GAAP basis	<u>\$ 153,071</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Rental Housing Safety Program Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ 1,120,053	\$ 1,120,053	\$ 1,074,810	\$ (45,243)
Fines and penalties	54,075	54,075	91,732	37,657
Miscellaneous	1,088	1,088	-	(1,088)
Total revenues	1,174,128	1,174,128	1,166,542	(8,674)
<b>Expenditures:</b>				
General government	51,173	25,038	-	25,038
Community development and housing	1,144,021	1,137,420	1,098,920	38,500
Total expenditures	1,195,194	1,162,458	1,098,920	63,538
Revenues over/(under) expenditures	(21,066)	11,670	67,622	54,864
Other financing sources/(uses)				
Transfers in	-	-	-	-
Transfers out	-	(26,135)	(26,135)	-
Total other financing sources/(uses)	-	(26,135)	(26,135)	-
Net change in fund balance	(21,066)	(14,465)	41,487	54,864
Fund balance, July 1, 2018	1,208,510	1,208,510	1,208,510	-
Fund balance, June 30, 2019	\$ 1,187,444	\$ 1,194,045	\$ 1,249,997	\$ 54,864

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 41,487
Receivable accrual	2,573
Net change in fund balances - GAAP basis	\$ 44,061

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure B: Local Streets and Roads Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,958,327	\$ 2,958,327	\$ 3,518,028	\$ 559,701
Charges for service	-	-	12,300	12,300
Investment income	-	-	54,107	54,107
Total revenues	<u>2,958,327</u>	<u>2,958,327</u>	<u>3,584,435</u>	<u>626,108</u>
<b>Expenditures:</b>				
General government	97,755	97,823	71,660	26,163
Highway and streets	<u>2,408,321</u>	<u>1,987,399</u>	<u>1,907,954</u>	<u>79,445</u>
Total expenditures	<u>2,506,076</u>	<u>2,085,222</u>	<u>1,979,614</u>	<u>105,608</u>
Net change in fund balance	452,251	873,105	1,604,821	731,716
Fund balance, July 1, 2018	1,558,951	1,558,951	1,558,951	-
Fund balance, June 30, 2019	<u>\$ 2,011,202</u>	<u>\$ 2,432,056</u>	<u>\$ 3,163,772</u>	<u>\$ 731,716</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 1,604,821
Receivable accrual	80,357
Payable accrual	(6,065)
Net change in fund balances - GAAP basis	<u>\$ 1,679,113</u>



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure B: Bike and Pedestrian Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 362,774	\$ 362,774	\$ 420,854	\$ 58,080
Investment income	-	-	9,033	9,033
Total revenues	362,774	362,774	429,887	67,113
<b>Expenditures:</b>				
General government	77,154	77,154	80,042	(2,888)
Highway and streets	308,657	393,645	251,356	142,289
Total expenditures	385,811	470,799	331,398	139,401
Net change in fund balance	(23,037)	(108,025)	98,489	206,514
Fund balance, July 1, 2018	365,133	365,133	365,133	-
Fund balance, June 30, 2019	<u>\$ 342,096</u>	<u>\$ 257,108</u>	<u>\$ 463,622</u>	<u>\$ 206,514</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 98,489
Receivable accrual	7,776
Payable accrual	(18,780)
Net change in fund balances - GAAP basis	<u>\$ 87,485</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure B: Paratransit Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 335,351	\$ 335,351
Intergovernmental	290,132	290,132	-	(290,132)
Investment income	-	-	7,523	7,523
Total revenues	290,132	290,132	342,874	52,742
<b>Expenditures:</b>				
Community development and housing	360,411	390,562	383,646	6,916
Total expenditures	360,411	390,562	383,646	6,916
Net change in fund balance	(70,279)	(100,430)	(40,772)	59,658
Fund balance, July 1, 2018	317,500	317,500	317,500	-
Fund balance, June 30, 2019	<u>\$ 247,221</u>	<u>\$ 217,070</u>	<u>\$ 276,728</u>	<u>\$ 59,658</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (40,772)
Receivable accrual	7,719
Payable accrual	6,486
Net change in fund balances - GAAP basis	<u>\$ (26,568)</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure F: Alameda County VRF Street and Road Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 473,850	\$ 473,850	\$ 497,910	\$ 24,060
Investment income	-	-	20,764	20,764
Total revenues	473,850	473,850	518,674	44,824
<b>Expenditures:</b>				
General government	2,500	2,500	2,500	-
Highway and streets	405,099	521,255	377,906	143,349
Total expenditures	407,599	523,755	380,406	143,349
Net change in fund balance	66,251	(49,905)	138,268	188,173
Fund balance, July 1, 2018	893,877	893,877	893,877	-
Fund balance, June 30, 2019	<u>\$ 960,128</u>	<u>\$ 843,972</u>	<u>\$ 1,032,145</u>	<u>\$ 188,173</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 138,268
Receivable accrual	(1,703)
Payable accrual	(100,000)
Net change in fund balances - GAAP basis	<u>\$ 36,565</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure BB: Local Streets and Roads Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 2,784,226	\$ 2,784,226	\$ 3,304,332	\$ 520,106
Investment income	-	-	125,209	125,209
Total revenues	<u>2,784,226</u>	<u>2,784,226</u>	<u>3,429,541</u>	<u>645,315</u>
<b>Expenditures:</b>				
General government	-	-	-	-
Highway and streets	<u>2,844,000</u>	<u>2,315,862</u>	<u>915,898</u>	<u>1,399,964</u>
Total expenditures	<u>2,844,000</u>	<u>2,315,862</u>	<u>915,898</u>	<u>1,399,964</u>
Net change in fund balance	(59,774)	468,364	2,513,643	2,045,279
Fund balance, July 1, 2018	4,669,187	4,669,187	4,669,187	-
Fund balance, June 30, 2019	<u>\$ 4,609,413</u>	<u>\$ 5,137,551</u>	<u>\$ 7,182,830</u>	<u>\$ 2,045,279</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 2,513,643
Receivable accrual	72,997
Payable accrual	<u>153,575</u>
Net change in fund balances - GAAP basis	<u>\$ 2,740,209</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure BB: Bike and Pedestrian Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 296,227	\$ 296,227	\$ 342,944	\$ 46,717
Investment income	-	-	14,312	14,312
Total revenues	296,227	296,227	357,256	61,029
<b>Expenditures:</b>				
General government	-	-	-	-
Highway and streets	190,000	417,899	84,605	333,294
Total expenditures	190,000	417,899	84,605	333,294
Net change in fund balance	106,227	(121,672)	272,651	394,323
Fund balance, July 1, 2018	530,354	530,354	530,354	-
Fund balance, June 30, 2019	<u>\$ 636,581</u>	<u>\$ 408,682</u>	<u>\$ 803,005</u>	<u>\$ 394,323</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 272,651
Receivable accrual	6,155
Payable accrual	(2,496)
Net change in fund balances - GAAP basis	<u>\$ 276,311</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure BB: Paratransit Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 345,409	\$ 345,409
Investment income	-	-	3,025	3,025
Total revenues	-	-	348,434	348,434
<b>Expenditures:</b>				
Community development and housing	360,411	390,562	238,202	152,360
Total expenditures	360,411	390,562	238,202	152,360
Net change in fund balance	(360,411)	(390,562)	110,232	500,794
Fund balance, July 1, 2018	135,354	135,354	135,354	-
Fund balance, June 30, 2019	<u>\$ (225,057)</u>	<u>\$ (255,208)</u>	<u>\$ 245,586</u>	<u>\$ 500,794</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 110,232
Receivable accrual	7,940
Net change in fund balances - GAAP basis	<u>\$ 118,173</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Shelter Operations Funds - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Rents and royalties	\$ -	\$ -	\$ 21,150	\$ 21,150
Total revenues	-	-	21,150	21,150
<b>Expenditures:</b>				
Community development and housing	-	61,206	61,205	1
Total expenditures	-	61,206	61,205	1
Net change in fund balance	-	(61,206)	(40,055)	21,151
Fund balance, July 1, 2018	112,282	112,282	112,282	-
Fund balance, June 30, 2019	<u>\$ 112,282</u>	<u>\$ 51,076</u>	<u>\$ 72,227</u>	<u>\$ 21,151</u>



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**One Time Funding Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Charges for service	\$ -	\$ -	\$ 308,951	\$ 308,951
Fines and penalties	-	-	6,339	6,339
Total revenues	-	-	315,290	315,290
<b>Expenditures:</b>				
Highway and streets	-	10,837	10,837	-
Health and welfare	-	3,125	-	3,125
Community development and housing	-	307,626	300,000	7,626
Economic development	-	1,273	-	1,273
Total expenditures	-	322,861	310,837	12,024
Net change in fund balance	-	(322,861)	4,453	327,314
Fund balance, July 1, 2018	1,227,093	1,227,093	1,227,093	-
Fund balance, June 30, 2019	<u>\$ 1,227,093</u>	<u>\$ 904,232</u>	<u>\$ 1,231,546</u>	<u>\$ 327,314</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Park Tax Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 13,411,968	\$ 13,411,968	\$ 13,382,192	\$ (29,776)
Licenses and permits	-	-	34,032	34,032
Charges for service	50,000	50,000	2,274	(47,726)
Rents and royalties	10,000	10,000	73,250	63,250
Private contribution and donations	-	-	2,500	2,500
Investment income	3,000	3,000	126,453	123,453
Miscellaneous	-	-	5,800	5,800
Total revenues	13,474,968	13,474,968	13,626,501	151,533
<b>Expenditures:</b>				
General government	-	-	48,400	(48,400)
Public safety	39,836	39,836	34,551	5,285
Health and welfare	-	10,000	10,000	-
Culture-recreation	12,678,853	14,999,691	12,414,151	2,585,540
Community development and housing	-	-	-	-
Total expenditures	12,718,689	15,049,527	12,507,102	2,542,425
Revenues over/(under) expenditures	756,279	(1,574,559)	1,119,399	2,693,958
Other financing sources/(uses)				
Transfers out	(72,492)	(72,492)	(182,679)	(110,187)
Total other financing sources/(uses)	(72,492)	(72,492)	(182,679)	(110,187)
Net change in fund balance	683,787	(1,647,051)	936,720	2,583,771
Fund balance, July 1, 2018	6,143,956	6,143,956	6,143,956	-
Fund balance, June 30, 2019	\$ 6,827,743	\$ 4,496,905	\$ 7,080,676	\$ 2,583,771

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 936,720
Tax receivable accrual	3,270
Payable accrual	(56,160)
Net change in fund balances - GAAP basis	\$ 883,831

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Downtown Berkeley Property and Improvement District Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ -	\$ 1,281,760	\$ 1,336,949	\$ 55,189
Total revenues	-	1,281,760	1,336,949	55,189
<b>Expenditures:</b>				
Community development and housing	-	-	-	-
Economic development	-	1,895,677	1,663,059	232,618
Total expenditures	-	1,895,677	1,663,059	232,618
Net change in fund balance	-	(613,917)	(326,110)	287,807
Fund balance, July 1, 2018	609,442	609,442	609,442	-
Fund balance, June 30, 2019	\$ 609,442	\$ (4,475)	\$ 283,332	\$ 287,807

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (326,110)
Receivable accrual	4,146
Net change in fund balances - GAAP basis	\$ (321,964)

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure GG: Fire Preparation Tax Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 5,058,273	\$ 5,058,273	\$ 5,037,789	\$ (20,484)
Charges for service	-	-	109,438	109,438
Total revenues	5,058,273	5,058,273	5,147,227	88,954
<b>Expenditures:</b>				
General government	317,937	317,937	315,099	2,838
Public safety	3,977,855	4,232,592	4,668,528	(435,936)
Health and welfare	212,179	212,179	135,957	76,222
Total expenditures	4,507,971	4,762,708	5,119,584	(356,876)
Net change in fund balance	550,302	295,565	27,643	(267,922)
Fund balance, July 1, 2018	2,566,006	2,566,006	2,566,006	-
Fund balance, June 30, 2019	\$ 3,116,308	\$ 2,861,571	\$ 2,593,649	\$ (267,922)

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 27,643
Receivable accrual	6,660
Net change in fund balances - GAAP basis	\$ 34,304

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**1st Response Advanced Life Support (ALSFR) Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 53,771	\$ 53,771
Miscellaneous	-	-	-	-
Total revenues	-	-	53,771	53,771
<b>Expenditures:</b>				
Public safety	407,643	458,424	7,998	450,426
Total expenditures	407,643	458,424	7,998	450,426
Net change in fund balance	(407,643)	(458,424)	45,773	504,197
Fund balance, July 1, 2018	1,371	1,371	1,371	-
Fund balance, June 30, 2019	<u>\$ (406,272)</u>	<u>\$ (457,053)</u>	<u>\$ 47,144</u>	<u>\$ 504,197</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Street Lighting Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,410,489	\$ 1,410,489	\$ 1,852,417	\$ 441,928
Charges for service	-	-	918	918
Investment income	-	-	33,803	33,803
Total revenues	1,410,489	1,410,489	1,887,138	476,649
<b>Expenditures:</b>				
Current:				
General government	4,681	4,681	-	4,681
Public safety	511,817	229,888	157,676	72,212
Highway and streets	1,625,683	1,615,595	1,007,009	608,586
Debt service:				
Principal repayment	347,754	347,754	347,754	-
Interest and fiscal charges	22,697	22,697	22,697	-
Total expenditures	2,512,632	2,220,615	1,535,136	685,479
Revenues over/(under) expenditures	(1,102,143)	(810,126)	352,002	1,162,128
Other financing sources/(uses)				
Transfers out	12,120	12,120	42,603	(30,483)
Total other financing sources/(uses)	12,120	12,120	42,603	(30,483)
Net change in fund balance	(1,114,263)	(822,246)	309,399	1,131,645
Fund balance, July 1, 2018	1,461,420	1,461,420	1,461,420	-
Fund balance, June 30, 2019	\$ 347,157	\$ 639,174	\$ 1,770,819	\$ 1,131,645

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 309,399
Receivable accrual	7,843
Payable accrual	(106,129)
Net change in fund balances - GAAP basis	\$ 211,113

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**North Shattuck Business Improvement District Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ -	\$ 174,011	\$ 175,440	\$ 1,429
Total revenues	-	174,011	175,440	1,429
<b>Expenditures:</b>				
Economic development	-	-	173,950	(173,950)
Total expenditures	-	-	173,950	(173,950)
Net change in fund balance	-	174,011	1,490	(172,521)
Fund balance, July 1, 2018	4,735	4,735	4,735	-
Fund balance, June 30, 2019	<u>\$ 4,735</u>	<u>\$ 178,746</u>	<u>\$ 6,225</u>	<u>\$ (172,521)</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Business Economic Development Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 25,720	\$ 25,720
Miscellaneous	150,000	150,000	68,382	(81,618)
Total revenues	150,000	150,000	94,102	(55,898)
<b>Expenditures:</b>				
Economic development	156,387	156,387	147,256	9,131
Total expenditures	156,387	156,387	147,256	9,131
Net change in fund balance	(6,387)	(6,387)	(53,154)	(46,767)
Fund balance, July 1, 2018	240,051	240,051	240,051	-
Fund balance, June 30, 2019	<u>\$ 233,664</u>	<u>\$ 233,664</u>	<u>\$ 186,897</u>	<u>\$ (46,767)</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (53,154)
Notes receivable accrual	140,000
Net change in fund balances - GAAP basis	<u>\$ 86,846</u>



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Miles Lab Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Intergovernmental	\$ 8,500	\$ 8,500	\$ 16,500	\$ 8,000
Total revenues	8,500	8,500	16,500	8,000
<b>Expenditures:</b>				
Culture-recreation	8,500	166,514	250	166,264
Total expenditures	8,500	166,514	250	166,264
Net change in fund balance	-	(158,014)	16,250	174,264
Fund balance, July 1, 2018	227,019	227,019	227,019	-
Fund balance, June 30, 2019	<u>\$ 227,019</u>	<u>\$ 69,005</u>	<u>\$ 243,269</u>	<u>\$ 174,264</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Employee Training Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Expenditures:</b>				
General government	\$ 755,187	\$ 817,017	\$ 734,341	\$ 82,676
Total expenditures	755,187	817,017	734,341	82,676
Revenues over/(under) expenditures	(755,187)	(817,017)	(734,341)	82,676
Other financing sources/(uses)				
Transfers in	750,000	750,000	750,000	-
Total other financing sources/(uses)	750,000	750,000	750,000	-
Net change in fund balance	(5,187)	(67,017)	15,659	82,676
Fund balance, July 1, 2018	46,927	46,927	46,927	-
Fund balance, June 30, 2019	\$ 41,740	\$ (20,090)	\$ 62,586	\$ 82,676

**City of Berkeley**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**UC Settlement Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ -	\$ 1,140,609	\$ 1,605,717	\$ 465,108
Total revenues	-	1,140,609	1,605,717	465,108
<b>Expenditures:</b>				
Highway and streets	-	422,362	199,003	223,359
Total expenditures	-	422,362	199,003	223,359
Revenues over/(under) expenditures	-	718,247	1,406,714	688,467
Other financing sources/(uses)				
Transfers out	-	(1,255,717)	(1,255,717)	-
Total other financing sources/(uses)	-	(1,255,717)	(1,255,717)	-
Net change in fund balance	-	(537,470)	150,997	688,467
Fund balance, July 1, 2018	(136,890)	(136,890)	(136,890)	-
Fund balance, June 30, 2019	<u>\$ (136,890)</u>	<u>\$ (674,360)</u>	<u>\$ 14,107</u>	<u>\$ 688,467</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 150,997
Payable accrual	(482)
Net change in fund balances - GAAP basis	<u>\$ 150,515</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Private Percent Art Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses and permits	\$ -	\$ -	\$ 463,045	\$ 463,045
Total revenues	-	-	463,045	463,045
<b>Expenditures:</b>				
Economic development	20,179	164,448	30,025	134,423
Total expenditures	20,179	164,448	30,025	134,423
Net change in fund balance	(20,179)	(164,448)	433,020	597,468
Fund balance, July 1, 2018	168,026	168,026	168,026	-
Fund balance, June 30, 2019	\$ 147,847	\$ 3,578	\$ 601,046	\$ 597,468

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Private Party Sidewalks Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Charges for service	\$ 100,000	\$ 100,000	\$ 15,148	\$ (84,852)
Total revenues	100,000	100,000	15,148	(84,852)
<b>Expenditures:</b>				
Highway and streets	100,000	100,000	27	99,973
Total expenditures	100,000	100,000	27	99,973
Net change in fund balance	-	-	15,121	15,121
Fund balance, July 1, 2018	340,456	340,456	340,456	-
Fund balance, June 30, 2019	<u>\$ 340,456</u>	<u>\$ 340,456</u>	<u>\$ 355,577</u>	<u>\$ 15,121</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Public Art Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures:</b>				
Economic development	\$ 65,164	\$ 304,450	\$ 290,626	\$ 13,824
Total expenditures	65,164	304,450	290,626	13,824
Revenues over/(under) expenditures	(65,164)	(304,450)	(290,626)	13,824
Other financing sources/(uses)				
Transfers in	65,165	65,165	65,165	-
Total other financing sources/(uses)	65,165	65,165	65,165	-
Net change in fund balance	1	(239,285)	(225,461)	13,824
Fund balance, July 1, 2018	291,211	291,211	291,211	-
Fund balance, June 30, 2019	\$ 291,212	\$ 51,926	\$ 65,750	\$ 13,824

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Vital and Health Statistic Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Charges for service	\$ 30,000	\$ 30,000	\$ 24,265	\$ (5,735)
Total revenues	30,000	30,000	24,265	(5,735)
<b>Expenditures:</b>				
Health and welfare	29,594	29,594	14,930	14,664
Total expenditures	29,594	29,594	14,930	14,664
Net change in fund balance	406	406	9,335	8,929
Fund balance, July 1, 2018	238,874	238,874	238,874	-
Fund balance, June 30, 2019	<u>\$ 239,280</u>	<u>\$ 239,280</u>	<u>\$ 248,209</u>	<u>\$ 8,929</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**PERS Savings Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other financing sources/(uses)</b>				
Transfers in	\$ 151,065	\$ 4,151,065	\$ 5,246,508	\$ 1,095,443
Total other financing sources/(uses)	151,065	4,151,065	5,246,508	1,095,443
Net change in fund balance	151,065	4,151,065	5,246,508	1,095,443
Fund balance, July 1, 2018	3,945,293	3,945,293	3,945,293	-
Fund balance, June 30, 2019	<u>\$ 4,096,358</u>	<u>\$ 8,096,358</u>	<u>\$ 9,191,801</u>	<u>\$ 1,095,443</u>



**City of Berkeley**
**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**
**Health State Aid Realignment Fund - Budgetary Basis**
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 1,750,000	\$ 1,750,000	\$ 1,855,990	\$ 105,990
Total revenues	1,750,000	1,750,000	1,855,990	105,990
<b>Expenditures:</b>				
Health and welfare	1,198,194	1,220,835	685,726	535,109
Total expenditures	1,198,194	1,220,835	685,726	535,109
Revenues over/(under) expenditures	551,806	529,165	1,170,264	641,099
Other financing sources/(uses)				
Transfers in	1,953,018	1,953,018	1,953,018	-
Transfers out	(2,643,280)	(2,643,280)	(2,643,280)	-
Total other financing sources/(uses)	(690,262)	(690,262)	(690,262)	-
Net change in fund balance	(138,456)	(161,097)	480,002	641,099
Fund balance, July 1, 2018	1,790,248	1,790,248	1,790,248	-
Fund balance, June 30, 2019	<u>\$ 1,651,792</u>	<u>\$ 1,629,151</u>	<u>\$ 2,270,250</u>	<u>\$ 641,099</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 480,002
Tax receivable accrual	(2,408)
Net change in fund balances - GAAP basis	<u>\$ 477,594</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Tobacco Control Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 300,000	\$ 300,000	\$ 225,000	\$ (75,000)
Investment income	-	-	2,372	2,372
Total revenues	300,000	300,000	227,372	(72,628)
<b>Expenditures:</b>				
Health and welfare	288,722	411,366	279,582	131,784
Total expenditures	288,722	411,366	279,582	131,784
Net change in fund balance	11,278	(111,366)	(52,210)	59,156
Fund balance, July 1, 2018	160,330	160,330	160,330	-
Fund balance, June 30, 2019	\$ 171,608	\$ 48,964	\$ 108,120	\$ 59,156

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Mental Health State Aid Realignment Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,710,000	\$ 2,710,000	\$ 2,821,638	\$ 111,638
Total revenues	2,710,000	2,710,000	2,821,638	111,638
<b>Expenditures:</b>				
Health and welfare	2,858,119	3,186,597	2,822,014	364,583
Community development and housing	-	370,708	8,113	362,595
Total expenditures	2,858,119	3,557,305	2,830,127	727,178
Net change in fund balance	(148,119)	(847,305)	(8,489)	838,816
Fund balance, July 1, 2018	4,682,204	4,682,204	4,682,204	-
Fund balance, June 30, 2019	<u>\$ 4,534,085</u>	<u>\$ 3,834,899</u>	<u>\$ 4,673,715</u>	<u>\$ 838,816</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (8,489)
Payable accrual	(3,607)
Net change in fund balances - GAAP basis	<u>\$ (12,096)</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**City Opt. Public Safety Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 275,651	\$ 25,651
Investment income	-	-	17,196	17,196
Total revenues	250,000	250,000	292,847	42,847
<b>Expenditures:</b>				
General government	-	-	-	-
Public safety	178,261	286,939	174,995	111,944
Total expenditures	178,261	286,939	174,995	111,944
Net change in fund balance	71,739	(36,939)	117,852	154,791
Fund balance, July 1, 2018	709,681	709,681	709,681	-
Fund balance, June 30, 2019	<u>\$ 781,420</u>	<u>\$ 672,742</u>	<u>\$ 827,533</u>	<u>\$ 154,791</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Alameda County Abandoned Vehicle Abatement Authority Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for service	\$ 120,000	\$ 120,000	\$ 104,086	\$ (15,914)
Total revenues	120,000	120,000	104,086	(15,914)
<b>Expenditures:</b>				
General government	-	-	-	-
Health and welfare	158,767	158,012	108,825	49,187
Total expenditures	158,767	158,012	108,825	49,187
Net change in fund balance	(38,767)	(38,012)	(4,739)	33,273
Fund balance, July 1, 2018	136,183	136,183	136,183	-
Fund balance, June 30, 2019	<u>\$ 97,416</u>	<u>\$ 98,171</u>	<u>\$ 131,444</u>	<u>\$ 33,273</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure TI- Infrastructure & Facilities Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ 129,264	\$ 130,617	\$ 875,491	\$ 744,874
Total revenues	129,264	130,617	875,491	744,874
<b>Expenditures:</b>				
Highway and streets	184,250	1,712,036	311,498	1,400,538
Culture-recreation	2,013,056	4,428,706	1,915,596	2,513,110
Community development and housing	162,318	3,240,474	1,035,783	2,204,691
Economic development	-	350,000	4,465	345,535
Total expenditures	2,359,624	9,731,216	3,267,342	6,463,874
Revenues over/(under) expenditures	(2,230,360)	(9,600,599)	(2,391,851)	7,208,748
Net change in fund balance	(2,230,360)	(9,600,599)	(2,391,851)	7,208,748
Fund balance, July 1, 2018	33,911,671	33,911,671	33,911,671	-
Fund balance, June 30, 2019	\$ 31,681,311	\$ 24,311,072	\$ 31,519,820	\$ 7,208,748

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (2,391,851)
Receivable accrual	13,419
Payable accrual	(208,150)
Net change in fund balances - GAAP basis	\$ (2,586,582)

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Phone System Replacement Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures:</b>				
General government	-	61,737	57,319	4,418
Total expenditures	-	61,737	57,319	4,418
Revenue over/(under) expenditures	-	(61,737)	(57,319)	4,418
Other financing sources/(uses)				
Transfers in	65,000	163,000	163,000	-
Total other financing sources/(uses)	65,000	163,000	163,000	-
Net change in fund balance	(65,000)	(224,737)	105,681	4,418
Fund balance, July 1, 2018	268,300	268,300	268,300	-
Fund balance, June 30, 2019	<u>\$ 203,300</u>	<u>\$ 43,563</u>	<u>\$ 373,981</u>	<u>\$ 4,418</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Fund\$ Replacement Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures:</b>				
General government	\$ 2,766,412	\$ 9,042,771	\$ 2,578,849	\$ 6,463,922
Total expenditures	2,766,412	9,042,771	2,578,849	6,463,922
Revenues over/(under) expenditures	(2,766,412)	(9,042,771)	(2,578,849)	6,463,922
Other financing sources/(uses)				
Transfers in	449,999	1,710,000	1,710,000	-
Total other financing sources/(uses)	449,999	1,710,000	1,710,000	-
Net change in fund balance	(2,316,413)	(7,332,771)	(868,849)	6,463,922
Fund balance, July 1, 2018	8,360,905	8,360,905	8,360,905	-
Fund balance, June 30, 2019	\$ 6,044,492	\$ 1,028,134	\$ 7,492,056	\$ 6,463,922

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (868,849)
Payable accrual	(330,277)
Net change in fund balances - GAAP basis	\$ (1,199,126)



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Public, Education and Government Access Facilities Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Franchise	\$ 618,308	\$ -	\$ 185,245	\$ 185,245
Total revenues	618,308	-	185,245	185,245
<b>Expenditures:</b>				
General government	4,931	100,000	43,826	56,174
Community development and housing	460,000	-	-	-
Total expenditures	464,931	100,000	43,826	56,174
Net change in fund balance	153,377	(100,000)	141,419	241,419
Fund balance, July 1, 2018	1,690,141	1,690,141	1,690,141	-
Fund balance, June 30, 2019	<u>\$ 1,843,518</u>	<u>\$ 1,590,141</u>	<u>\$ 1,831,560</u>	<u>\$ 241,419</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 141,419
Receivable accrual	(4,337)
Net change in fund balances - GAAP basis	<u>\$ 137,082</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure G: Fire Seismic Projects Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ 839	\$ -	\$ 2	\$ 2
Total revenues	839	-	2	2
<b>Expenditures:</b>				
Community development and housing	66,248	-	-	-
Total expenditures	66,248	-	-	-
Net change in fund balance	(65,409)	-	2	2
Fund balance, July 1, 2018	56	56	56	-
Fund balance, June 30, 2019	<u>\$ (65,353)</u>	<u>\$ 56</u>	<u>\$ 58</u>	<u>\$ 2</u>

**City of Berkeley**
**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**
**Measure M: Street and Watershed Improvements Fund - Budgetary Basis**
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Rents and royalties	\$ -	\$ -	\$ 416,913	\$ 416,913
Total revenues	-	-	416,913	416,913
<b>Expenditures:</b>				
Highway and streets	5,017,930	7,854,053	7,101,463	752,590
Total expenditures	5,017,930	7,854,053	7,101,463	752,590
Revenues over/(under) expenditures	(5,017,930)	(7,854,053)	(6,684,550)	1,169,503
Other financing sources/(uses)				
Transfers out (OFS)	585,726	535,009	-	535,009
Debt proceeds (OFS)	267,083	-	-	-
Total other financing sources/(uses)	852,809	535,009	-	535,009
Net change in fund balance	(5,017,930)	(7,854,053)	(6,684,550)	1,704,512
Fund balance, July 1, 2018	9,188,712	9,188,712	9,188,712	-
Fund balance, June 30, 2019	\$ 4,170,782	\$ 1,334,659	\$ 2,504,162	\$ 1,704,512

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (6,684,550)
Payables accrual	214,020
Transfers out (OFS)	159,866
Net change in fund balances - GAAP basis	\$ (7,058,436)

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure G: Public Safety Building Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ 2,371	\$ -	\$ 129	\$ 129
Total revenues	2,371	-	129	129
<b>Expenditures:</b>				
Community development and housing	128,959	-	-	-
Total expenditures	128,959	-	-	-
Net change in fund balance	(126,588)	-	129	129
Fund balance, July 1, 2018	5,895	5,895	5,895	-
Fund balance, June 30, 2019	<u>\$ (120,693)</u>	<u>\$ 5,895</u>	<u>\$ 6,024</u>	<u>\$ 129</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Street Improvement Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ 1,617	\$ -	\$ 1,822	\$ 1,822
Total revenues	1,617	-	1,822	1,822
Net change in fund balance	1,617	-	1,822	1,822
Fund balance, July 1, 2018	84,036	84,036	84,036	-
Fund balance, June 30, 2019	<u>\$ 85,653</u>	<u>\$ 84,036</u>	<u>\$ 85,858</u>	<u>\$ 1,822</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Park Acquisition Development Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Rents and royalties	\$ 19,714	\$ -	\$ 2,987	\$ 2,987
Investment income	-	-	656	656
Total revenues	19,714	-	3,643	3,643
<b>Expenditures:</b>				
General government	374	-	65	(65)
Total expenditures	374	-	65	(65)
Net change in fund balance	19,340	-	3,578	3,578
Fund balance, July 1, 2018	28,142	28,142	28,142	-
Fund balance, June 30, 2019	\$ 47,482	\$ 28,142	\$ 31,720	\$ 3,578

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Income Housing Fund: West Berkeley Improvement Project Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Rents and royalties	\$ -	\$ -	\$ 34,553	\$ 34,553
Investment income	11,043	-	-	-
Miscellaneous	12,926	-	12,788	12,788
Total revenues	23,969	-	47,341	47,341
<b>Expenditures:</b>				
Interest and fiscal charges	11,043	-	2,905	(2,905)
Total expenditures	11,043	-	2,905	(2,905)
Net change in fund balance	12,926	-	44,436	44,436
Fund balance, July 1, 2018	(159,611)	(159,611)	(159,611)	-
Fund balance, June 30, 2019	<u>\$ (146,685)</u>	<u>\$ (159,611)</u>	<u>\$ (115,175)</u>	<u>\$ 44,436</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 44,436
Receivable accrual	(9,883)
Net change in fund balances - GAAP basis	<u>\$ 34,553</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Pension Refunding Bonds Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 2	\$ 2
Total revenues	-	-	2	2
<b>Expenditures:</b>				
Principal repayment	-	-	-	-
Interest and fiscal charges	2,632	2,632	-	2,632
Total expenditures	2,632	2,632	-	2,632
Net change in fund balance	(2,632)	(2,632)	2	2,634
Fund balance, July 1, 2018	128,658	128,658	128,658	-
Fund balance, June 30, 2019	\$ 126,026	\$ 126,026	\$ 128,660	\$ 2,529



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**09 Measure FF Library Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 1,691,309	\$ 1,691,309
Total revenues	-	-	1,691,309	1,691,309
<b>Expenditures:</b>				
Principal repayment	610,000	610,000	610,000	-
Interest and fiscal charges	1,008,665	1,008,665	1,008,924	(259)
Total expenditures	1,618,665	1,618,665	1,618,924	(259)
Net change in fund balance	(1,618,665)	(1,618,665)	72,385	1,691,050
Fund balance, July 1, 2018	1,368,704	1,368,704	1,368,704	-
Fund balance, June 30, 2019	<u>\$ (249,961)</u>	<u>\$ (249,961)</u>	<u>\$ 1,441,089</u>	<u>\$ (1,296,100)</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 72,385
Receivable accrual	14,257
Net change in fund balances - GAAP basis	<u>\$ 86,642</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**GO 2015 Refunding Bonds for GO 2007 Refunding Bonds Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 3,309,864	\$ 3,309,864	\$ 2,773,865	\$ (535,999)
Total revenues	<u>3,309,864</u>	<u>3,309,864</u>	<u>2,773,865</u>	<u>(535,999)</u>
<b>Expenditures:</b>				
Principal repayment	1,741,433	1,741,433	1,741,433	-
Interest and fiscal charges	876,162	876,162	875,314	848
Total expenditures	<u>2,617,595</u>	<u>2,617,595</u>	<u>2,616,747</u>	<u>848</u>
Net change in fund balance	692,269	692,269	157,118	(535,151)
Fund balance, July 1, 2018	2,240,631	2,240,631	2,240,631	-
Fund balance, June 30, 2019	<u>\$ 2,932,900</u>	<u>\$ 2,932,900</u>	<u>\$ 2,397,749</u>	<u>\$ (535,151)</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 157,118
Receivable accrual	(4,829)
Net change in fund balances - GAAP basis	<u>\$ 152,290</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Berkeley Repertory Theatre Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 274	\$ 274
Miscellaneous	-	-	97	97
Total revenues	-	-	371	371
<b>Expenditures:</b>				
Principal repayment	293,944	293,944	293,943	1
Interest and fiscal charges	207,591	207,591	206,791	800
Total expenditures	501,535	501,535	500,734	801
Revenues over/(under) expenditures	(501,535)	(501,535)	(500,363)	1,172
Other financing sources/(uses)				
Transfers in	498,935	498,935	498,935	-
Total other financing sources/(uses)	498,935	498,935	498,935	-
Net change in fund balance	(2,600)	(2,600)	(1,428)	1,172
Fund balance, July 1, 2018	(4,074)	(4,074)	(4,074)	-
Fund balance, June 30, 2019	<u>\$ (6,674)</u>	<u>\$ (6,674)</u>	<u>\$ (5,502)</u>	<u>\$ 1,172</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**GO 2015 Refunding Bonds for GO 2002 Refunding Bonds Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,463,321	\$ 1,463,321	\$ 502,555	\$ (960,766)
Total revenues	1,463,321	1,463,321	502,555	(960,766)
<b>Expenditures:</b>				
Principal repayment	320,132	320,132	320,132	-
Interest and fiscal charges	163,411	163,411	161,661	1,750
Total expenditures	483,543	483,543	481,793	1,750
Revenues over/(under) expenditures	979,778	979,778	20,762	(959,016)
Net change in fund balance	979,778	979,778	20,762	(959,016)
Fund balance, July 1, 2018	1,292,296	1,292,296	1,292,296	-
Fund balance, June 30, 2019	\$ 2,272,074	\$ 2,272,074	\$ 1,313,058	\$ (959,016)

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 20,762
Receivable accrual	(917)
Net change in fund balances - GAAP basis	\$ 19,844

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**GO 2015 Refunding Bonds for GO 2007 Refunding Bonds Series A Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 256,987	\$ 256,987	\$ 200,841	\$ (56,146)
Total revenues	256,987	256,987	200,841	(56,146)
<b>Expenditures:</b>				
Principal repayment	120,575	120,575	120,574	1
Interest and fiscal charges	61,454	61,454	60,606	848
Total expenditures	182,029	182,029	181,180	849
Net change in fund balance	74,958	74,958	19,661	(55,297)
Fund balance, July 1, 2018	430,090	430,090	430,090	-
Fund balance, June 30, 2019	<u>\$ 505,048</u>	<u>\$ 505,048</u>	<u>\$ 449,751</u>	<u>\$ (55,297)</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 19,661
Receivable accrual	(186)
Net change in fund balances - GAAP basis	<u>\$ 19,475</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
GO 2015 Refunding Bonds for GO 2008 Animal Shelter Measure I Fund - Budgetary Basis  
For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 305,652	\$ 305,652	\$ 643,369	\$ 337,717
Total revenues	305,652	305,652	643,369	337,717
<b>Expenditures:</b>				
Principal repayment	407,860	407,860	407,860	-
Interest and fiscal charges	205,902	205,902	205,007	895
Total expenditures	613,762	613,762	612,867	895
Net change in fund balance	(308,110)	(308,110)	30,502	338,612
Fund balance, July 1, 2018	468,507	468,507	468,507	-
Fund balance, June 30, 2019	<u>\$ 160,397</u>	<u>\$ 160,397</u>	<u>\$ 499,009</u>	<u>\$ 338,612</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 30,502
Receivable accrual	(1,274)
Net change in fund balances - GAAP basis	<u>\$ 29,228</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**2010 COP Animal Shelter Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 1,574	\$ 1,574
Total revenues	-	-	1,574	1,574
<b>Expenditures:</b>				
Principal repayment	115,000	115,000	115,000	-
Interest and fiscal charges	289,798	289,798	289,833	(35)
Total expenditures	404,798	404,798	404,833	(35)
Revenues over/(under) expenditures	(404,798)	(404,798)	(403,259)	1,539
Other financing sources/(uses)				
Transfers in	402,913	402,913	402,913	-
Total other financing sources/(uses)	402,913	402,913	402,913	-
Net change in fund balance	(1,885)	(1,885)	(346)	1,539
Fund balance, July 1, 2018	(6,908)	(6,908)	(6,908)	-
Fund balance, June 30, 2019	<u>\$ (8,793)</u>	<u>\$ (8,793)</u>	<u>\$ (7,254)</u>	<u>\$ 1,539</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**GO 2014 Measure M Street and Watershed Improvement - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 1,809,829	\$ 1,809,829
Total revenues	-	-	1,809,829	1,809,829
<b>Expenditures:</b>				
Principal repayment	585,000	585,000	585,000	-
Interest and fiscal charges	1,071,089	1,071,089	1,071,838	(749)
Total expenditures	1,656,089	1,656,089	1,656,838	(749)
Revenues over/(under) expenditures	(1,656,089)	(1,656,089)	152,991	1,809,080
Net change in fund balance	(1,656,089)	(1,656,089)	152,991	1,809,080
Fund balance, July 1, 2018	1,569,913	1,569,913	1,569,913	-
Fund balance, June 30, 2019	<u>\$ (86,176)</u>	<u>\$ (86,176)</u>	<u>\$ 1,722,904</u>	<u>\$ 1,809,080</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ 152,991
Receivable accrual	(3,936)
Net change in fund balances - GAAP basis	<u>\$ 149,055</u>



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Measure TI- Infrastructure & Facilities Fund - Budgetary Basis**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 2,557,466	\$ 2,557,466
Total revenues	-	-	2,557,466	2,557,466
<b>Expenditures:</b>				
Principal repayment	1,815,000	1,815,000	1,815,001	(1)
Interest and fiscal charges	1,199,433	1,199,433	1,200,181	(748)
Total expenditures	3,014,433	3,014,433	3,015,182	(749)
Revenues over/(under) expenditures	(3,014,433)	(3,014,433)	(457,716)	2,556,717
Net change in fund balance	(3,014,433)	(3,014,433)	(457,716)	2,556,717
Fund balance, July 1, 2018	2,915,995	2,915,995	2,915,995	-
Fund balance, June 30, 2019	<u>\$ (98,438)</u>	<u>\$ (98,438)</u>	<u>\$ 2,458,279</u>	<u>\$ 2,556,717</u>

**Explanation of differences between budgetary basis to modified accrual basis:**

Net change in fund balances - budgetary basis	\$ (457,716)
Receivable accrual	(9,149)
Net change in fund balances - GAAP basis	<u>\$ (466,865)</u>



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## INTERNAL SERVICE FUNDS

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The **Equipment Maintenance and Replacement Fund** accounts for rental fees that are used to maintain and replace equipment in the Corporation yard.

The **Building Maintenance Fund** accounts for charges for services by the Public Works Building Maintenance Division for the maintenance of City buildings.

The **Supply Warehouse Fund** was established for maintaining an inventory of office materials and supplies in the City's warehouse facility. Departmental budgets are charged for this service.

The **Computer Replacement Fund** accounts for the charges to departments to systematically modernize the Citywide PC infrastructure and safeguard the efficiency of the Citywide network operations.

The **Workers' Compensation Self-Insurance Fund** accounts for the cost of providing workers' compensation coverage on a Citywide basis.

The **Sick Leave & Vacation Payouts Fund** accounts for unused sick and vacation benefits.

The **Public Liability Fund** was established to pay any expenditures related to public liability claims. This fund is reimbursed by the General Fund.

The **Catastrophic Loss Fund** was established to fund any public liability judgement against the City in excess of \$250,000.

**Combining Statement of Net Position**  
**All Internal Service Funds**  
**June 30, 2019**

	<b>Equipment Maintenance Replacement</b>	<b>Building Maintenance</b>	<b>Central Services</b>	<b>Computer Replacement</b>
<b>Assets</b>				
Current assets:				
Cash and investments in treasury	\$ 13,933,891	\$ 2,250,760	\$ 88,426	\$ 346,802
Accounts receivable	11,431	8,541	-	-
Accrued interest	30,748	4,967	-	765
Inventory	-	-	63,974	-
Total current assets	13,976,070	2,264,268	152,400	347,567
Noncurrent assets:				
Advances to other funds	-	-	-	-
Capital assets:				
Building	1,162,882	11,848	-	-
Improvements other than buildings	171,527	-	-	-
Machinery and equipment	41,468,773	118,403	66,030	1,416,923
Less accumulated depreciation	(28,494,530)	(56,835)	(65,241)	(1,290,779)
Total noncurrent assets	14,308,652	73,416	789	126,144
Total assets	28,284,722	2,337,684	153,189	473,711
<b>Deferred outflows of resources:</b>				
Deferred pension items	999,165	647,567	18,040	-
Deferred OPEB items	59,964	35,417	1,616	-
Total deferred outflows of resources	1,059,129	682,984	19,656	-
<b>Liabilities</b>				
Current liabilities				
Accounts payable	732,431	43,357	14	227,560
Accrued salaries and wages	183,895	113,221	4,214	-
Accrued interest payable	6,572	-	-	-
Compensated absences	23,100	5,544	199	-
Other liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Claims and judgments payable	-	-	-	-
Capital lease payable	402,028	-	-	-
Total current liabilities	1,348,026	162,122	4,427	227,560
Noncurrent liabilities				
Compensated absences	281,378	67,526	2,419	-
Claims and judgments payable	-	-	-	-
Capital lease payable	1,039,695	-	-	-
Net pension liabilities	7,200,881	4,459,590	139,439	-
Net OPEB liabilities	765,977	535,780	23,025	-
Total noncurrent liabilities	9,287,931	5,062,896	164,883	-
Total liabilities	10,635,957	5,225,018	169,310	227,560
<b>Deferred inflows of resources:</b>				
Deferred pension items	249,560	155,217	5,079	-
Deferred OPEB items	143,940	90,920	3,773	-
Total deferred inflows of resources	393,500	246,137	8,852	-
<b>Net position</b>				
Net investment in capital assets	12,866,929	73,416	789	126,144
Unrestricted	5,447,465	(2,523,903)	(6,106)	120,007
Total net position	\$ 18,314,394	\$ (2,450,487)	\$ (5,317)	\$ 246,151

Workers' Compensation	Sick Leave & Vacation Payouts	Public Liability	Catastrophic Loss	IT Cost Allocation Plan	Total
\$ 35,418,366	\$ 5,077,255	\$ 595,923	\$ 1,217,659	\$ 2,883,986	\$ 61,813,068
49,191	-	-	-	54,599	123,762
78,182	11,205	1,315	2,687	-	129,869
-	-	-	-	-	63,974
35,545,739	5,088,460	597,238	1,220,346	2,938,585	62,130,673
4,059,220	-	-	-	-	4,059,220
-	-	-	-	-	1,174,730
-	-	-	-	-	171,527
26,074	-	39,902	-	48,680	43,184,785
(26,074)	-	(39,902)	-	(811)	(29,974,172)
4,059,220	-	-	-	47,869	18,616,090
39,604,959	5,088,460	597,238	1,220,346	2,986,454	80,746,763
197,758	-	75,517	-	1,479,649	3,417,696
17,618	-	7,059	-	104,142	225,816
215,376	-	82,576	-	1,583,791	3,643,512
1,566	4,601	901,744	-	691,434	2,602,707
39,990	37,215	18,948	-	-	397,483
-	-	-	-	-	6,572
5,396	-	1,760	-	26,106	62,105
-	-	-	-	-	-
-	-	-	-	-	-
4,500,000	-	4,396,631	-	-	8,896,631
-	-	-	-	-	402,028
4,546,952	41,816	5,319,083	-	717,540	12,367,526
65,724	-	21,436	-	318,000	756,483
31,686,000	-	-	-	-	31,686,000
-	-	-	-	-	1,039,695
1,638,167	-	681,341	-	11,559,324	25,678,742
199,079	-	94,331	-	1,656,309	3,274,501
33,588,970	-	797,108	-	13,533,633	62,435,421
38,135,922	41,816	6,116,191	-	14,251,173	74,802,947
51,607	-	20,285	-	301,391	783,139
42,566	-	21,695	-	270,189	573,083
94,173	-	41,980	-	571,580	1,356,222
-	-	-	-	47,869	13,115,147
1,590,240	5,046,644	(5,478,357)	1,220,346	(10,300,377)	(4,884,041)
\$ 1,590,240	\$ 5,046,644	\$ (5,478,357)	\$ 1,220,346	\$ (10,252,508)	\$ 8,231,106

**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**All Internal Service Funds**  
**For the year ended June 30, 2019**

	<b>Equipment Maintenance Replacement</b>	<b>Building Maintenance</b>	<b>Central Services</b>	<b>Computer Replacement</b>
<b>Operating revenues:</b>				
Equipment rentals service charge	\$ 12,541,295	\$ -	\$ -	\$ -
Building maintenance	-	3,939,941	-	-
Central store service charge	-	-	319,241	-
Workers' compensation fees	-	-	-	-
IT service fee	-	-	-	-
Other revenues	5,990	8,756	-	-
Total operating revenues	12,547,285	3,948,697	319,241	-
<b>Operating expenses:</b>				
Personnel services	2,447,561	1,333,066	63,215	-
Employee benefits	2,108,176	1,283,056	43,808	-
Transportation	179,478	157,252	14,400	-
Repairs and maintenance	118,968	206,812	-	-
Materials and supplies	3,089,573	445,030	139,406	-
Utilities	43,781	8,337	-	-
Insurance	6,040	-	-	-
Specialized and professional services	584,355	170,369	31,207	227,560
Depreciation	2,934,723	21,495	27,431	73,454
Judgments and claims	-	-	-	-
Communication	2,263	15,290	52	-
General administration	79,234	8,322	12,323	-
Total operating expenses	11,594,152	3,649,029	331,842	301,014
Operating income (loss)	953,133	299,668	(12,601)	(301,014)
<b>Nonoperating revenues (expenses):</b>				
Investment earnings	247,872	41,340	-	6,670
Gain (loss) on disposal of capital assets	3,703	-	-	-
Total nonoperating revenues (expenses)	251,575	41,340	-	6,670
Income (loss) before transfers	1,204,708	341,008	(12,601)	(294,344)
Transfers in	2,085,839	-	-	-
Transfers of pension and OPEB related amounts	-	-	-	-
Transfers out	(41,200)	(41,200)	-	-
Change in net position	3,249,347	299,808	(12,601)	(294,344)
Total net position - beginning balance as restated	15,065,047	(2,750,295)	7,284	540,495
Total net position - ending	\$ 18,314,394	\$ (2,450,487)	\$ (5,317)	\$ 246,151

Workers' Compensation	Sick Leave & Vacation Payouts	Public Liability	Catastrophic Loss	IT Cost Allocation Plan	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,541,295
-	-	-	-	-	3,939,941
-	-	-	-	-	319,241
9,849,428	-	-	-	-	9,849,428
-	-	-	-	622,041	622,041
-	3,013,026	-	-	-	3,027,772
9,849,428	3,013,026	-	-	622,041	30,299,718
655,101	1,750,481	245,248	-	4,341,497	10,836,169
509,822	164,174	290,167	-	3,065,845	7,465,048
1,127	-	-	-	46,198	398,455
-	-	-	-	-	325,780
2,875	-	-	-	107,191	3,784,075
-	-	-	-	-	52,118
-	-	-	-	-	6,040
880,545	-	1,314	-	1,593,820	3,489,170
(391)	-	1,047	-	811	3,058,570
5,922,788	-	4,963,281	1,747,804	-	12,633,873
2,019	-	-	-	54,830	74,454
315	-	-	-	2,701	102,895
7,974,201	1,914,655	5,501,057	1,747,804	9,212,893	42,226,647
1,875,227	1,098,371	(5,501,057)	(1,747,804)	(8,590,852)	(11,926,929)
659,573	93,289	14,840	23,377	-	1,086,961
-	-	-	-	-	3,703
659,573	93,289	14,840	23,377	-	1,090,664
2,534,800	1,191,660	(5,486,217)	(1,724,427)	(8,590,852)	(10,836,265)
-	-	1,695,888	1,753,089	9,729,539	15,264,355
-	-	-	-	(11,391,195)	(11,391,195)
-	-	-	-	-	(82,400)
2,534,800	1,191,660	(3,790,329)	28,662	(10,252,508)	(7,045,505)
(944,560)	3,854,984	(1,688,028)	1,191,684	-	15,276,611
\$ 1,590,240	\$ 5,046,644	\$ (5,478,357)	\$ 1,220,346	\$ (10,252,508)	\$8,231,106



**Statement of Cash Flows**  
**All Internal Service Funds**  
**For the year ended June 30, 2019**

	Equipment Maintenance Replacement	Building Maintenance	Central Services	Computer Replacement
Cash flows from operating activities:				
Cash received from customers	\$ 12,597,347	\$ 3,943,906	\$ 319,241	\$ -
Cash paid for goods and services	(3,896,816)	(990,303)	(193,303)	(1,665)
Cash paid for employee services	(4,023,044)	(2,411,607)	(96,480)	-
Claims and judgments paid	-	-	-	-
Net cash provided (used) by operating activities	<u>4,677,487</u>	<u>541,996</u>	<u>29,458</u>	<u>(1,665)</u>
Cash flows from noncapital financing activities:				
Transfers in	2,085,839	-	-	-
Transfers in - special items	-	-	-	-
Transfers out	(41,200)	(41,200)	-	-
Advance repayment	-	-	-	-
Net cash provided (used) from noncapital financing activities	<u>2,044,639</u>	<u>(41,200)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Interest paid	(4,240)	-	-	-
Purchases of capital assets	(559,996)	1,713	-	-
Debt repayment	(929,782)	-	-	-
Proceeds from disposal of capital assets	3,703	-	-	-
Net cash provided (used) from capital and related financing activities	<u>(1,490,315)</u>	<u>1,713</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest received	240,158	41,020	-	6,835
Net cash provided (used) from investing activities	<u>240,158</u>	<u>41,020</u>	<u>-</u>	<u>6,835</u>
Net increase (decrease) in cash and cash equivalents	5,471,969	543,529	29,458	5,170
Cash and cash equivalents, July 1, 2018	8,461,922	1,707,231	58,968	341,632
Cash and cash equivalents, June 30, 2019	<u>\$ 13,933,891</u>	<u>\$ 2,250,760</u>	<u>\$ 88,426</u>	<u>\$ 346,802</u>
Financial statement presentation:				
Cash and investments	13,933,891	2,250,760	88,426	346,802
Total	<u>\$ 13,933,891</u>	<u>\$ 2,250,760</u>	<u>\$ 88,426</u>	<u>\$ 346,802</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Income (loss) from operations	\$ 953,133	\$ 299,668	\$ (12,601)	\$ (301,014)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	2,934,723	21,495	27,431	73,454
Change in:				
Accounts receivable	50,062	(4,791)	-	-
Deferred outflow	533,133	301,088	10,781	-
Inventory	-	-	10,816	-
Accounts payable	614,424	21,109	(6,731)	225,895
Accrued salaries and wages	14,812	(3,430)	272	-
Compensated absences	69,018	(46,738)	678	-
Other liabilities	(407,548)	-	-	-
Claims and judgments payable	-	-	-	-
Net pension liabilities	(150,832)	(85,384)	(3,139)	-
Net OPEB liability	78,542	45,603	2,131	-
Deferred inflows	(11,980)	(6,624)	(180)	-
Net cash provided (used) by operating activities	<u>\$ 4,677,487</u>	<u>\$ 541,996</u>	<u>\$ 29,458</u>	<u>\$ (1,665)</u>

Workers' Compensation	Sick Leave & Vacation Payouts	Public Liability	Catastrophic Loss	IT Cost Allocation Plan	Total
\$ 9,849,428	\$ 3,013,026	\$ -	\$ -	\$ 567,442	\$ 30,290,390
(889,472)	4,601	659,337	-	(1,113,306)	(6,420,927)
(1,070,685)	(1,893,306)	(486,149)	-	5,140,186	(4,841,085)
(4,540,789)	-	(2,762,047)	(1,747,804)	-	(9,050,640)
3,348,482	1,124,321	(2,588,859)	(1,747,804)	4,594,322	9,977,738
-	-	1,695,888	1,753,089	9,729,539	15,264,355
-	-	-	-	(11,391,195)	(11,391,195)
-	-	-	-	-	(82,400)
2,227,291	-	-	-	-	2,227,291
2,227,291	-	1,695,888	1,753,089	(1,661,656)	6,018,051
-	-	-	-	-	(4,240)
-	-	-	-	(48,680)	(606,963)
-	-	-	-	-	(929,782)
-	-	-	-	-	3,703
-	-	-	-	(48,680)	(1,537,282)
660,878	92,592	17,530	23,925	-	1,082,938
660,878	92,592	17,530	23,925	-	1,082,938
6,236,651	1,216,913	(875,441)	29,210	2,883,986	15,541,445
29,181,715	3,860,342	1,471,364	1,188,449	-	46,271,623
\$ 35,418,366	\$ 5,077,255	\$ 595,923	\$ 1,217,659	\$ 2,883,986	\$ 61,813,068
35,418,366	5,077,255	595,923	1,217,659	2,883,986	61,813,068
\$ 35,418,366	\$ 5,077,255	\$ 595,923	\$ 1,217,659	\$ 2,883,986	\$ 61,813,068
\$ 1,875,227	\$ 1,098,371	\$ (5,501,057)	\$ (1,747,804)	\$ (8,590,852)	(11,926,929)
(391)	-	1,047	-	811	3,058,570
-	-	-	-	(54,599)	(9,328)
149,932	-	69,586	-	(1,583,791)	(519,271)
-	-	-	-	-	10,816
(2,591)	4,601	660,651	-	691,434	2,208,792
(7,737)	21,349	(210)	-	-	25,056
(25,163)	-	(7,551)	-	344,106	334,350
-	-	-	-	-	(407,548)
1,381,999	-	2,201,234	-	-	3,583,233
(42,571)	-	(19,422)	-	11,559,324	11,257,976
23,038	-	8,613	-	1,656,309	1,814,236
(3,261)	-	(1,750)	-	571,580	547,785
\$ 3,348,482	\$ 1,124,321	\$ (2,588,859)	\$ (1,747,804)	\$ 4,594,322	\$ 9,977,738



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**FIDUCIARY FUNDS**

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The ***Safety Member Pension Fund/Pension Annuity Fund*** accounts for the single-employer defined benefit pension plan for fire and police officers that retired before March 1973.

The ***Police Retirement Fund*** accounts for the single-employer income benefits pension plan for Berkeley police officers that retired on or after July 1, 1989, but before September 19, 2012.

The ***Miscellaneous Retiree Medical Fund*** accounts for the single-employer defined benefit medical plan for retirees and their spouse or domestic partner.

The ***Fire Medical Fund*** accounts for the single-employer defined benefit medical plan for sworn fire officers that retired on or after July 1, 1997.

The ***Police Medical Fund*** accounts for the single-employer defined benefit medical plan for sworn police officers that retired on or after September 19, 2012

The ***Successor Agency for Former RDA Fund*** accounts for the activities of the former Berkeley Redevelopment Agency in Private Trust Funds per AB 1X 26.

**Statement of Fiduciary Net Position**  
**Trust Funds**  
**June 30, 2019**

	<b>Pension Trust Funds</b>		<b>Other Post-Employment Benefits Trust Funds</b>
	<b>Safety Members Pension Annuity Fund</b>	<b>Police Retirement Income Benefit Plan</b>	<b>Miscellaneous Retiree Health Premium Assistance Plan</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 33,289	\$ -	\$ 3,047,443
Investments, at fair value:			
Medium term notes	-	3,466,832	7,754,090
US agency securities	-	2,155,907	7,756,443
Municipal bonds	-	-	9,160,215
Savo Island loan	-	-	304,000
Guaranteed investment contracts	-	-	-
Interest receivable	-	12,469	320,558
Total assets	33,289	5,635,208	28,342,749
<b>Liabilities</b>			
Accounts payable	-	94,251	152,543
Accrued interest payable	-	-	-
Accrued salaries and wages	33,289	-	-
Bonds payable - noncurrent	-	-	-
Net pension liabilities	-	-	-
Total liabilities	33,289	94,251	152,543
<b>Net position restricted for:</b>			
Employee pension benefits held in trust	-	5,540,957	-
Employee OPEB benefits held in trust	-	-	28,190,206
Held in trust City of Berkeley Successor Agency assets	-	-	-
Total net position	\$ -	\$ 5,540,957	\$ 28,190,206

**Other Post-Employment Benefits  
Trust Funds**

<b>Police Retiree Premium Assistance Plan</b>	<b>Fire Employees Retiree Health Plan</b>	<b>Total</b>
\$ 54,478	\$ 215,402	\$ 3,350,612
838,437	5,965,890	18,025,249
1,554,704	5,076,206	16,543,260
-	-	9,160,215
-	-	304,000
-	-	-
67,929	96,201	497,157
2,515,548	11,353,699	47,880,493
27,373	42,572	316,739
-	-	-
-	-	33,289
-	-	-
-	-	-
27,373	42,572	350,028
-	-	5,540,957
2,488,175	11,311,127	41,989,508
-	-	-
\$ 2,488,175	\$ 11,311,127	\$ 47,530,465

**Statement of Changes in Fiduciary Net Position**  
**Trust Funds**  
**For the year ended June 30, 2019**

	<b>Pension Trust Funds</b>		<b>Other Post-Employment Benefits Trust Funds</b>
	<b>Safety Members Pension Annuity Fund</b>	<b>Police Retirement Income Benefit Plan</b>	<b>Miscellaneous Retiree Health Premium Assistance Plan</b>
<b>Additions:</b>			
Tax increment income	\$ -	\$ -	\$ -
Contributions: employer	525,486	1,854,527	2,052,275
Investment income	3,066	(45,641)	1,673,450
Total additions	528,552	1,808,886	3,725,725
<b>Deductions:</b>			
Community development	-	-	-
Benefits payment for service	625,486	2,618,766	989,341
Administrative expenses	-	-	37,536
Investment expense	-	-	-
Total deductions	625,486	2,618,766	1,026,877
Change in net position	(96,934)	(809,880)	2,698,848
Total net position - beginning	96,934	6,350,838	25,491,360
Total net position - ending	\$ -	\$ 5,540,958	\$ 28,190,208

**Other Post-Employment Benefits  
Trust Funds**

<b>Police Retiree Premium Assistance Plan</b>	<b>Fire Employees Retiree Health Plan</b>	<b>Total</b>
\$ -	\$ -	\$ -
400,136	758,998	5,591,422
506,971	677,485	2,815,331
907,107	1,436,483	8,406,753
-	-	-
221,190	325,861	4,780,644
1,886	4,945	44,367
-	-	-
223,076	330,806	4,825,011
684,031	1,105,677	3,581,742
1,804,142	10,205,449	43,948,723
\$ 2,488,173	\$ 11,311,126	\$ 47,530,465





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**AGENCY FUNDS**

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The ***District 47 Underground/Miller Fund*** accounts for property tax collected, and bond proceeds, for the District 47 residents for the underground utility.

The ***Sustainable Energy Fund*** accounts for property tax collected, and bond proceeds, for the renewable solar system for Berkeley citizens.

The ***Thousand Oaks Undergrounding Fund*** accounts for property tax collected, and bond proceeds, for the Thousand Oaks District residents for the underground utility.

The ***Measure H School Tax Fund*** accounts for property tax collected under Measure H for the Berkeley Unified School District.

The ***CFD No. 1 Disaster Fire Protection Mello-Roos Fund*** accounts for property tax collected, and bond proceeds, for the Community Fire District Mello-Roos.

The ***Sick Leave Entitlement Fund*** accounts for unused sick leave balances for retirees.

The ***Berkeley Tourism BID Fund*** accounts for Business Improvement District Taxes collect for the purpose of business and economic development in the city.

The ***Elmwood Business Improvement District Fund*** accounts for assessment fee collected for the Elmwood Business District for improvement purposes.

The ***Solano Avenue Bid Fund*** accounts for the revenue assessed from the Solano Avenue's business district to be used for expenses related for cleaning, repairing and advertising improvement for the district in order to general aggressive sales benefit as a long term goal.

The ***Telegraph Business Improvement District Fund*** is used to receive special real property assessments monies, which is used to improve the commercial business district of Telegraph area. The management district provides maintenance, revitalization and marketing services above and beyond those provided by the City of Berkeley.

**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2019**

	<b>District 47 Underground/ Miller</b>	<b>Sustainable Energy</b>	<b>Solano Avenue Bid</b>	<b>Telegraph Business Improvement District</b>
<b>Assets</b>				
Cash and cash equivalents, July 1, 2018	\$ 124,312	\$ 23,117	\$ 2,807	\$ -
Additions	-	41,231	30,850	495,005
Deletions	-	(40,011)	(403)	(293,670)
Cash and cash equivalents, June 30, 2019	<u>124,312</u>	<u>24,337</u>	<u>33,254</u>	<u>201,335</u>
Restricted cash and cash equivalents, July 1, 2018	-	-	-	-
Additions	-	38,295	-	-
Deletions	-	(38,295)	-	-
Restricted cash and cash equivalents, June 30, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Taxes receivable, July 1, 2018	-	1,218	-	3,540
Additions	-	-	-	5,018
Deletions	-	(1,218)	-	(3,540)
Taxes receivable, June 30, 2019	<u>-</u>	<u>0</u>	<u>-</u>	<u>5,017</u>
Other accounts receivable, July 1, 2018	-	-	-	-
Additions	-	-	1,500	-
Deletions	-	-	(1,000)	-
Other accounts receivable, June 30, 2019	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>
<b>Total assets</b>	<u><b>\$ 124,312</b></u>	<u><b>\$ 24,337</b></u>	<u><b>\$ 33,754</b></u>	<u><b>\$ 206,352</b></u>
<b>Liabilities</b>				
Other agency obligations, July 1, 2018	\$ 124,312	\$ 24,335	\$ 2,807	\$ 3,540
Additions	-	79,526	32,350	500,023
Deletions	-	(79,524)	(1,403)	(297,211)
Other agency obligations, June 30, 2019	<u>124,312</u>	<u>24,337</u>	<u>33,754</u>	<u>206,352</u>
<b>Total liabilities</b>	<u><b>\$ 124,312</b></u>	<u><b>\$ 24,337</b></u>	<u><b>\$ 33,754</b></u>	<u><b>\$ 206,352</b></u>

Thousand Oaks Undergrounding	Measure H School Tax	CFD No. 1 Disaster Fire Protection Mello-Roos	Sick Leave Entitlement	Berkeley Tourism BID	Elmwood Business Improvement District	Total
\$ 252,045	\$ -	\$ 4,193,246	\$ -	\$ -	\$ 31,480	\$ 4,627,007
112,710	243,425	1,112,875	124,340	679,339	37,195	2,876,970
(97,549)	(243,425)	(1,014,355)	(124,340)	(594,875)	(30,500)	(2,439,129)
267,206	-	4,291,766	-	84,464	38,175	5,064,848
7	-	392,680	-	-	-	392,687
95,017	-	1,480,760	-	-	-	1,614,071
(94,933)	-	(1,471,757)	-	-	-	(1,604,985)
91	-	401,682	-	-	-	401,773
2,450	-	8,874	-	-	-	16,082
-	-	12,691	-	-	-	17,709
-	-	(12,843)	-	-	-	(17,601)
2,450	-	8,722	-	-	-	16,189
-	-	-	427,760	-	-	427,760
-	246,535	-	-	-	2,500	250,535
-	(243,474)	-	-	-	(5,000)	(249,474)
-	3,061	-	427,760	-	(2,500)	428,821
<u>\$ 269,747</u>	<u>\$ 3,061</u>	<u>\$ 4,702,170</u>	<u>\$ 427,760</u>	<u>\$ 84,464</u>	<u>\$ 35,675</u>	<u>\$ 5,911,632</u>
\$ 254,501	\$ -	\$ 4,594,800	\$ 427,760	\$ -	\$ 31,480	\$ 5,463,535
207,727	489,961	2,606,326	124,340	679,339	39,695	4,759,286
(192,481)	(486,899)	(2,498,956)	(124,340)	(594,875)	(35,500)	(4,311,189)
269,747	3,061	4,702,170	427,760	84,464	35,675	5,911,632
<u>\$ 269,747</u>	<u>\$ 3,061</u>	<u>\$ 4,702,170</u>	<u>\$ 427,760</u>	<u>\$ 84,464</u>	<u>\$35,675</u>	<u>\$5,911,632</u>



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# STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA



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# INDEX TO STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends (Schedules I-IV)</b>	<b>276</b>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity (Schedules V-VIII)</b>	<b>286</b>
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property tax.	
<b>Debt Capacity (Schedules IX-XII)</b>	<b>290</b>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information (Schedules XIII – XV)</b>	<b>296</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	
<b>Operating Information (Schedules XVI-XVII)</b>	<b>300</b>
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.



**Schedule I**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2010	2011	2012	2013
<b>Governmental activities</b>				
Net investment in capital assets	\$ 127,500,179	\$ 135,833,582	\$ 140,218,431	\$ 152,332,997
Restricted for debt services	11,260,187	11,599,189	9,320,347	8,586,832
Restricted for special purpose	64,496,637 <sup>(1)</sup>	74,138,620 <sup>(4)</sup>	74,074,662 <sup>(4)</sup>	79,924,244
Restricted for capital project	34,156,310 <sup>(2)</sup>	44,913,484 <sup>(4)</sup>	27,810,334 <sup>(4)</sup>	19,015,248
Unrestricted	2,634,900 <sup>(3)</sup>	(26,481,637) <sup>(4)(5)</sup>	(10,330,463) <sup>(4)</sup>	(7,839,453) <sup>(7)</sup>
<b>Total governmental activities net position (as restated)</b>	<b>\$ 240,048,214</b>	<b>\$ 240,003,238</b>	<b>\$ 241,093,311</b>	<b>\$ 252,019,869</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 137,156,516	\$ 135,560,473	\$ 138,673,632	\$ 144,532,319
Restricted for debt services	— <sup>(2)</sup>	—	—	—
Unrestricted	25,636,464	27,616,182 <sup>(6)</sup>	24,796,734	19,443,910
<b>Total business-type activities net position (as restated)</b>	<b>\$ 162,792,979</b>	<b>\$ 163,176,655</b>	<b>\$ 163,470,366</b>	<b>\$ 163,976,229</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 264,656,695	\$ 271,394,055	\$ 278,892,063	\$ 296,865,316
Restricted	109,913,134	130,651,294	111,205,343	107,526,325
Unrestricted	28,271,364	1,134,546	14,466,271	11,604,457 <sup>(7)</sup>
<b>Total primary government net position (as restated)</b>	<b>\$ 402,841,193</b>	<b>\$ 403,179,895</b>	<b>\$ 404,563,677</b>	<b>\$ 415,996,098</b>

**Notes:**

- Prior to GASB54, restricted net position is that portion of net position that has been restricted for general use by external parties or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consist of all net position do not meet the definition of either of the other two components.
- <sup>(1)</sup> components.
- <sup>(2)</sup> The city began to separate "Restricted assets" into different categories in FY2009 and FY2010
- <sup>(3)</sup> Restated 2009
- <sup>(4)</sup> The City implemented GASB 54 in FY2011 and restated FY2010. GASB54 requires fund balances to be broken down into 5 categories: (i). non-spendable; (ii).Restricted; (iii) Committed; (iv) Assigned; and (v) Unassigned
- <sup>(5)</sup> Restated 2010 due to look back adjustment
- <sup>(6)</sup> Restated 2010 due to landfill liabilities & look back adjustment
- <sup>(7)</sup> Restated due to implementation of GASB 63 and 65 in FY2013 and a prior period adjustment for fixed assets
- <sup>(8)</sup> Restated due to implementation of GASB 68 Accounting and Financial Reporting for Pension
- <sup>(9)</sup> Restated due to implementation of GASB 62 changing the amortization of bond premium from straight line (SL) to interest method (IM).

Source: City of Berkeley, Finance Department

2014	2015	2016	2017	2018	2019
\$ 153,321,028	\$ 144,121,755	\$ 141,589,468	\$ 155,083,001	\$ 163,655,234	\$ 148,963,344
9,879,916	10,252,532	14,108,873	8,514,072	11,633,006	11,493,670
98,125,716	103,118,112	115,277,370	160,127,390	196,956,720	157,015,284
14,927,978	11,955,810	13,173,675	8,019,032	7,986,845	7,929,263
(391,884,379) <sup>(7)</sup>	(387,079,250) <sup>(8)</sup>	(383,255,676)	(394,429,659)	(502,673,152)	(428,454,006)
<u>\$ (115,629,741)</u>	<u>\$ (117,631,041)</u>	<u>\$ (99,106,290)</u>	<u>\$ (62,686,164)</u>	<u>\$ (122,441,347)</u>	<u>\$ (103,052,445)</u>
\$ 141,101,726	\$ 148,835,892	\$ 159,340,573	\$ 163,478,626	\$ 171,499,174	\$ 178,421,303
3,564,661	-	-	-	-	-
(37,326,378)	(25,344,187) <sup>(8)</sup>	(16,664,516)	(6,500,826)	(4,300,338)	(1,651,330)
<u>\$ 107,340,009</u>	<u>\$ 123,491,705</u>	<u>\$ 142,676,057</u>	<u>\$ 156,977,800</u>	<u>\$ 167,198,836</u>	<u>\$ 176,769,973</u>
\$ 294,422,754	\$ 292,957,647	\$ 300,930,041	\$ 318,561,627	\$ 335,154,408	\$ 327,384,647
126,498,271	125,326,454	142,559,917	176,660,494	216,576,571	176,438,217
(429,210,756) <sup>(7)</sup>	(412,423,438) <sup>(8)(9)</sup>	(399,920,192)	(400,930,485)	(506,973,490)	(430,105,336)
<u>\$ (8,289,731)</u>	<u>\$ 5,860,663</u>	<u>\$ 43,569,766</u>	<u>\$ 94,291,636</u>	<u>\$ 44,757,489</u>	<u>\$ 73,717,528</u>

**Schedule II**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2010	2011	2012	2013	2014
<b>Expenses</b>					
Governmental activities:					
General government	\$ 32,157,308	\$ 32,723,124	\$ 29,929,909	\$ 30,692,445	\$ 30,139,123
Public safety	83,085,260	92,302,278	93,967,743	94,011,336 <sup>(2)</sup>	95,581,595
Highways and streets	13,628,575	13,405,466	13,890,897	13,460,624 <sup>(2)</sup>	14,732,355
Health and welfare	23,717,544	21,671,819	19,546,406	19,700,947	20,035,232
Culture and recreation	34,126,643	34,033,319	35,885,547	36,489,886 <sup>(2)</sup>	36,753,573
Community development/housing	23,998,513	19,136,705	19,665,018	16,040,026 <sup>(2)</sup>	17,793,785
Economic development	5,151,053	2,745,171	3,646,479	3,506,704	3,112,661
Interest on long-term debt	5,209,064	4,898,759	4,088,267	4,455,553	5,458,242
Total governmental activities	<u>221,073,960</u>	<u>220,916,641</u>	<u>220,620,266</u>	<u>218,357,521</u>	<u>223,606,566</u>
Business-type activities:					
Parking related	7,403,385	6,984,781	7,360,188	8,468,678	8,420,892
Marina operations and maintenance	5,027,085	5,099,639	5,854,093	5,648,421	5,648,254
Sewer services	11,403,889	11,687,510	12,813,186	12,400,758	13,223,132
Clean storm water	2,987,585	2,363,869	2,390,350	2,447,033	3,081,135
Refuse services	32,693,031	35,014,849	32,417,995	33,142,494	31,936,126
Permit service center	9,581,085	9,371,901	9,152,576	9,581,029	10,247,574
Building purchase and management	2,880,513	3,100,961	3,259,428	3,392,344	2,932,886
Total business-type activities	<u>71,976,573</u>	<u>73,623,510</u>	<u>73,247,816</u>	<u>75,080,757</u>	<u>75,489,999</u>
Total primary government expenses	<u>\$ 293,050,533</u>	<u>\$ 294,540,151</u>	<u>\$ 293,868,082</u>	<u>\$ 293,438,278</u>	<u>\$ 299,096,565</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 2,584,744	\$ 3,013,989	\$ 2,965,332	\$ 3,774,777	\$ 3,794,993
Public safety	15,341,433	13,808,972	16,271,404	18,684,450	14,294,277
Highways and streets	2,974,062	2,414,877	2,165,995	2,015,313	2,507,375
Health and welfare	1,367,591	1,401,541	1,472,907	1,471,882	1,612,417
Culture and recreation	3,037,335	3,387,609	3,122,421	3,319,845	2,268,394
Community development/housing	2,292,171	2,095,751	2,129,425	2,176,943	3,049,266
Economic development	480,068	736,560	1,505,706	518,561	639,700
Operating grants and contributions	31,772,355	35,975,381	31,483,965	29,551,902	33,064,026
Capital grants and contributions	8,102,721	3,360,193	4,191,566	3,413,791	2,421,781
Total governmental activities program revenues	<u>67,952,480</u>	<u>66,194,873</u>	<u>65,308,721</u>	<u>64,927,464</u>	<u>63,652,229</u>
Business-type activities:					
Charges for services:					
Parking related	8,231,201	9,047,693	9,817,873	10,274,629	11,717,962
Marina operations and maintenance	4,787,137	4,736,825	5,299,039	5,242,568	5,477,565
Sewer services	12,352,405	12,677,638	12,166,250	13,271,175	13,394,617
Clean storm water	2,062,126	2,070,815	2,065,087	2,070,413	2,067,572
Refuse services	32,313,189	33,740,848	32,702,914	33,346,812	34,246,485
Permit service center	7,908,608	8,487,701	8,968,166	9,995,079	14,848,940
Building purchase and management	2,921,485	3,011,690	2,984,924	2,632,538	2,212,217
Operating and capital grants and contributions	14,963	139,323	29,831	109,224	41,575
Total business-type activities program revenues	<u>70,591,114</u>	<u>73,912,533</u>	<u>74,034,084</u>	<u>76,942,438</u>	<u>84,006,933</u>
Total primary government revenues	<u>\$ 138,543,594</u>	<u>\$ 140,107,406</u>	<u>\$ 139,342,805</u>	<u>\$ 141,869,902</u>	<u>\$ 147,659,162</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (153,121,478)	\$ (154,721,768)	\$ (155,311,545)	\$ (153,430,057)	\$ (159,954,337)
Business-type activities	(1,385,459)	289,023	786,268	786,268	786,268
Total primary government net (expense)/revenue	<u>\$ (154,506,937)</u>	<u>\$ (154,432,745)</u>	<u>\$ (154,525,277)</u>	<u>\$ (152,643,789)</u>	<u>\$ (159,168,069)</u>

2015	2016	2017	2018	2019
\$ 31,486,649	\$ 31,344,033	\$ 36,177,528	\$ 47,539,559	\$ 39,612,845
106,809,311	114,150,343	101,655,408	123,171,811	133,934,428
19,738,696	17,611,249	16,051,208	18,628,805	22,304,906
19,422,959	19,734,011	23,806,106	28,183,652	35,370,732
35,475,983	34,749,031	37,190,348	42,996,852	52,589,539
17,752,712	17,593,646	20,571,263	25,125,419	27,346,388
3,850,278	4,183,775	2,311,510	2,719,990	5,459,482
3,886,382 <sup>(3)</sup>	4,778,074	4,595,099	5,287,052	4,970,956
238,422,970	244,144,162	242,358,470	293,653,140	321,589,276
8,915,668	8,482,161	10,701,956	10,736,569	15,166,460
5,067,986	5,075,974	6,027,251	7,046,873	6,893,836
13,545,934	12,061,833	13,143,481	13,018,315	17,774,981
2,902,288	2,857,423	2,975,238	2,938,401	2,318,716
32,611,968	30,939,532	36,964,948	40,242,431	43,117,311
12,069,245	14,887,645	14,667,858	16,915,058	17,491,552
2,749,275 <sup>(3)</sup>	2,440,891	2,814,061	2,666,087	2,629,827
77,862,364	76,745,459	87,294,793	93,563,734	105,392,683
\$ 316,285,334	\$ 320,889,621	\$ 329,653,263	\$ 387,216,874	\$ 426,981,959
\$ 3,584,077	\$ 3,915,028	\$ 5,236,680	\$ 5,720,397	\$ 4,313,273
7,440,233	14,535,669	14,387,253	11,168,764	11,145,339
2,320,608	1,666,472	1,355,297	1,909,139	1,413,973
1,582,411	1,633,130	1,958,225	1,494,988	1,479,103
2,182,771	2,298,241	2,154,058	2,628,060	2,291,989
2,319,125	5,226,574	5,267,951	3,451,491	5,165,907
691,350	629,397	43,321	186,584	463,045
33,379,186	35,167,186	42,894,135	25,099,244	27,032,700
2,000,063	2,194,454	2,609,542	4,806,465	3,363,352
55,499,824	67,266,151	75,906,462	56,465,132	56,668,681
13,062,773	13,349,457	12,396,672	12,332,740	14,215,039
6,242,357	6,709,274	6,435,644	5,793,447	6,934,118
13,090,534	14,880,418	19,868,359	23,979,787	24,344,044
2,068,847	2,087,827	2,064,770	2,061,279	3,949,602
38,923,942	40,529,067	41,846,007	45,004,548	48,524,914
17,911,716	15,774,949	18,579,481	17,803,610	16,685,852
2,216,349	2,256,349	1,978,447	2,841,172	2,734,674
383,930	99,845	5,250	535,569	-
93,900,448	95,687,186	103,174,630	110,352,152	117,388,243
\$ 149,400,272	\$ 162,953,337	\$ 179,081,092	\$ 166,817,284	\$ 174,056,924
\$ (182,923,146)	\$ (176,878,011)	\$ (166,452,008)	\$ (237,188,008)	\$ (264,920,595)
16,038,085	18,941,727	15,879,837	16,788,418	11,995,560
\$ (166,885,061)	\$ (157,936,284)	\$ (150,572,171)	\$ (220,399,590)	\$ (252,925,035)

Continued

**Schedule II**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes, levied for general purposes	\$ 50,488,138	\$ 50,956,374	\$ 60,233,049	\$ 65,118,610	\$ 70,348,949
Property taxes, levied for debt service	8,549,702	8,049,862	7,115,652	6,479,721	7,684,617
Property taxes for special purposes:					
Library	13,911,751	14,159,245	14,581,791	15,273,714	15,971,859
Parks	8,753,907	8,915,445	9,186,260	9,483,390	9,652,446
Paramedic	2,335,060	2,377,898	2,454,762	2,537,917	2,586,719
Fire	5,220,824	3,629,617	3,741,157	3,926,460	4,119,965
Sales taxes	12,733,983	14,420,383	14,844,945	15,925,900	16,583,124
Utility users taxes	14,418,851	14,411,756	14,091,347	14,363,898	14,387,874
Transient occupancy taxes	3,673,023	4,698,045	4,609,048	555,601	6,245,833
Business license tax	13,505,958	13,954,587	15,645,975	15,266,649	15,370,377
Other taxes	3,440,025	3,180,380	2,853,421	3,995,492	3,135,412
Unrestricted motor vehicle fees	8,543,643	8,739,449	-	-	-
Other unrestricted state subventions	386,461	388,380	399,476	397,143	400,987
Contributions not restricted to specific programs	665,255	547,171	1,036,535	751,041	1,226,855
Interest and investment earnings	5,960,103	4,735,256	2,760,171	2,273,001	4,125,873
Insurance reimbursement	-	-	-	-	-
Miscellaneous	1,507,229	1,186,207	1,972,376	1,448,935	6,924,698
Gain/loss on sale of capital assets	-	21,820	464,093	74,922	1,156,367
Extraordinary gain/(loss)	-	-	(259,613)	-	-
Transfers	837,018	304,928	671,173	1,484,222	1,249,232
Total governmental activities	<u>154,930,931</u>	<u>154,676,803</u>	<u>156,401,618</u>	<u>159,356,616</u>	<u>181,171,187</u>
<b>Business-type activities</b>					
Interest and investment earnings	1,066,472	394,257	176,551	126,400	387,021
Miscellaneous	-	-	-	-	-
Gain on sale of capital assets	10,742	5,324	2,068	2,006	3,293
Transfers	(837,018)	(304,929)	(671,173)	(1,484,222)	(1,249,232)
Total business-type activities	<u>240,196</u>	<u>94,652</u>	<u>(492,554)</u>	<u>(1,355,816)</u>	<u>(858,918)</u>
Total primary government	<u>\$ 155,171,127</u>	<u>\$ 154,771,455</u>	<u>\$ 155,909,064</u>	<u>\$ 158,000,800</u>	<u>\$ 180,312,269</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 1,809,453 <sup>(1)</sup>	\$ (44,966)	\$ 1,090,074 <sup>(2)</sup>	\$ 10,926,558	\$ 21,216,848
Business-type activities	(1,145,262) <sup>(1)</sup>	383,675	293,715	505,863	7,658,016
Total primary government	<u>\$ 664,191</u>	<u>\$ 338,709</u>	<u>\$ 1,383,789</u>	<u>\$ 11,432,421</u>	<u>\$ 28,874,864</u>

## Notes:

<sup>(1)</sup> Restated due to "look back adjustments" in FY2011

<sup>(2)</sup> Restated due to implementation of GASB 63 and 65 in FY2013

<sup>(3)</sup> Restated due to implementation GASB 62 changing the amortization of bond premium from straight line (SL) to interest method (IM).

Source: City of Berkeley, Finance Department

2015	2016	2017	2018	2019
				Continued
\$ 73,726,035	\$ 80,791,426	\$ 85,758,114	\$ 92,655,664	\$ 100,258,772
7,822,325	7,231,134	7,803,416	9,334,683	10,173,201
16,454,651	17,316,575	18,125,394	19,086,897	19,697,647
9,951,462	11,704,798	12,307,839	12,960,911	13,386,448
2,665,478	2,759,600	2,822,459	2,964,822	3,050,159
4,201,668	4,431,198	4,643,707	4,889,292	5,044,450
17,111,938	20,577,996	17,944,285	18,857,882	20,652,090
14,337,343	14,186,649	15,199,534	14,688,225	13,898,172
7,131,568	7,879,633	7,753,933	8,754,269	9,855,058
16,102,328	18,773,158	19,500,558	25,805,130	27,740,995
3,860,198	3,582,337	7,617,254	22,144,726	25,008,813
-	-	-	-	-
389,343	389,424	387,332	390,434	387,181
221,637	195,733	362,374	265,286	462,614
2,506,398	3,415,952	1,821,527	3,282,904	10,060,124
-	-	-	-	17,927,255
3,445,882	2,169,816	4,671,918	2,871,625	2,922,834
90,971	71,608	-	-	-
988,313	-	-	-	-
(85,691)	(74,271)	92,978	1,030,495	4,816,681
180,921,847	195,402,766	206,812,622	239,983,245	285,342,494
27,918	168,021	123,865	280,816	2,392,270
-	-	-	323,866	-
-	332	-	-	-
85,691	74,271	(92,978)	(1,030,495)	(4,816,681)
113,609	242,624	30,887	(425,813)	(2,424,411)
\$ 181,035,456	\$ 195,645,390	\$ 206,843,509	\$ 239,557,432	\$ 282,918,083
\$ (2,001,301)	\$ 18,524,751	\$ 40,360,614	\$ 2,795,237	\$ 20,421,899
16,151,695	19,184,352	15,910,724	16,362,605	9,571,149
\$ 14,150,394	\$ 37,709,103	\$ 56,271,338	\$ 19,157,842	\$ 29,993,048
				Concluded

**Schedule III**  
**Fund Balance, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	2010	2011	2012	2013	2014
<b>General Fund</b>					
Nonspendable	\$ 3,313,193	\$ 3,357,980	\$ 3,438,803	\$ -	\$ -
Restricted	-	-	-	3,648,330	3,648,330
Assigned	2,762,840	2,271,366	2,343,500	2,002,369	2,829,511
Unassigned	37,211,689	36,020,731	32,286,557	35,261,429	39,213,698
Total general fund	<u>\$ 43,287,722</u>	<u>\$ 41,650,077 <sup>(2)</sup></u>	<u>\$ 38,068,860 <sup>(3)</sup></u>	<u>\$ 40,912,129</u>	<u>\$ 45,691,539 <sup>(4)</sup></u>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ 2,721,715	\$ 2,638,276	\$ 2,114,083	\$ 1,991,263	\$ 1,991,263
Restricted	111,973,322	128,013,017	109,091,260	105,535,062	137,830,132
Committed	-	-	-	2,761,737	-
Assigned	1,272,791	1,702,626	11,431,620	8,449,018	10,524,900
Unassigned	(2,403,731)	(3,083,091)	(7,290,346)	(6,737,953)	(7,689,049)
Total all other governmental funds	<u>\$ 113,564,098</u>	<u>\$ 129,270,828 <sup>(2)</sup></u>	<u>\$ 115,346,617 <sup>(3)</sup></u>	<u>\$ 111,999,128</u>	<u>\$ 142,657,246 <sup>(4)</sup></u>

<sup>(1)</sup> Restated in 2009 due an adjustment in receivables in Capital Project funds

<sup>(2)</sup> Restated in 2010 due to implementation of GASB54 in FY2011 for new fund balances definition

<sup>(3)</sup> The City began to implement GASB 54 in FY2011. GASB 54 requires fund balances to be broken down into 5 categories:

(i). non-spendable; (ii).Restricted; (iii) Committed; (iv) Assigned; and (v) Unassigned

<sup>(4)</sup> Implementation of GASB 63 and 65 adding "Deferred Inflows of Resources" on the Balance Sheet in Governmental Funds.

2015	2016	2017	2018	2019
\$ -	\$ -	\$ 75,000	\$ 142,342	\$ -
3,648,330	3,595,304	4,255,304	3,755,304	3,696,971
3,830,670	3,686,427	3,015,329	33,373,367	42,666,449
45,810,050	57,742,775	56,312,803	46,614,130	46,872,247
<u>\$ 53,289,050</u>	<u>\$ 65,024,506</u>	<u>\$ 63,658,436</u>	<u>\$ 83,885,143</u>	<u>\$ 93,235,667</u>
\$ 3,024,783	\$ -	\$ 894,467	\$ -	\$ 485,140
135,592,436	146,652,555	171,561,176	213,078,230	172,741,247
-	-	-	-	-
12,140,810	13,741,138	9,654,440	9,098,207	14,406,925
(5,111,970)	(4,055,850)	(6,003,579)	(5,458,232)	(144,666)
<u>\$ 145,646,063</u>	<u>\$ 156,337,845</u>	<u>\$ 176,106,504</u>	<u>\$ 216,718,205</u>	<u>\$ 187,488,646</u>



**Schedule IV**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	2010	2011	2012	2013	2014
<b>Revenues:</b>					
Taxes	\$ 139,569,452	\$ 141,205,937	\$ 144,860,044	\$ 152,544,937	\$ 160,511,002
Licenses and permits	1,067,931	971,120	881,108	647,812	815,336
Intergovernmental	48,999,218	49,755,227	45,798,782	43,322,094	45,047,739
Charges for service	10,933,508	12,043,388	11,929,921	12,979,187	12,920,362
Fines and penalties	11,158,371	10,561,972	9,851,317	8,614,439	8,946,415
Rents and royalties	460,743	409,872	358,434	362,188	318,261
Franchise	1,914,871	1,771,895	1,539,773	1,810,323	1,833,646
Private contributions and donations	665,255	547,171	1,036,535	751,041	1,226,855
Investment income	5,868,959	4,759,669	2,904,618	2,024,116	3,638,309
Miscellaneous	1,032,941	755,903	1,359,323	1,086,747	6,606,437
Insurance reimbursement	-	-	-	-	-
<b>Total revenues</b>	<b>221,671,249</b>	<b>222,782,154</b>	<b>220,519,855</b>	<b>224,142,884</b>	<b>241,864,362</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	27,966,597	28,566,008	28,623,928	28,716,311	28,157,099
Public safety	79,717,900	86,910,102	88,389,316	87,446,217	90,210,207
Highway and streets	8,812,452	8,510,135	9,755,984	8,212,026	9,460,612
Health and welfare	23,717,437	21,757,796	19,443,351	19,393,251	19,727,071
Culture-recreation	35,754,850	32,428,584	32,914,456	34,240,614	34,221,596
Community development/housing	19,572,531	17,753,578	18,099,040	14,461,464	16,151,191
Economic development	5,136,033	2,743,700	3,595,178	3,469,891	3,125,734
Capital outlay	12,316,245	14,195,181	23,678,415	19,047,781	10,740,356
<b>Debt service:</b>					
Principal repayment	4,399,000	4,369,000	3,780,000	4,090,000	4,204,770
Interest and fiscal charges	4,983,688	4,755,777	4,560,657	4,154,700	4,294,180
Cost of issuance	206,387	190,606	57,941	126,959	55,750
<b>Total expenditures</b>	<b>222,583,120</b>	<b>222,180,467</b>	<b>232,898,266</b>	<b>223,359,214</b>	<b>220,348,566</b>
<b>Excess (deficiency) of revenues over/(under) expenditures</b>	<b>(911,871)</b>	<b>601,687</b>	<b>(12,378,411)</b>	<b>783,670</b>	<b>21,515,796</b>
<b>Other financing sources(uses):</b>					
Transfers in	14,552,263	19,268,482	20,022,143	19,331,429	20,541,117
Transfers out	(16,336,520)	(22,232,168)	(21,253,445)	(20,093,967)	(23,213,656)
Notes and loans received	6,000,000	-	-	-	-
Bonds issued	-	16,000,000	140	5,693,852	15,000,000
Premium on notes and loans issued	-	428,536	-	542,791	445,272
Issuance of certificates of participation	5,750,000	-	-	-	-
Premium on certificate of participation	403,977	-	-	-	-
Face value of refunding bonds issued	-	-	-	-	-
Call Premium on refunding bonds	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	(6,770,000)	-
Premium on refunded bonds	-	-	-	-	-
Sales of capital assets	1,452	2,548	509,636	8,007	1,149,000
<b>Total other financing sources(uses)</b>	<b>10,371,172</b>	<b>13,467,398</b>	<b>(721,526)</b>	<b>(1,287,888)</b>	<b>13,921,733</b>
<b>Extraordinary gain/ (loss)</b>	<b>-</b>	<b>-</b>	<b>(4,405,488)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 9,459,301</b>	<b>\$ 14,069,085</b>	<b>\$ (13,099,937)</b>	<b>\$ (504,218)</b>	<b>\$ 35,437,529</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.47%</b>	<b>4.39%</b>	<b>3.99%</b>	<b>4.04%</b>	<b>4.06%</b>

Source: City of Berkeley, Finance Department

2015	2016	2017	2018	2019
\$ 167,926,924	\$ 182,816,853	\$ 202,424,662	\$ 232,141,241	\$ 248,703,772
747,408	322,629	556,331	1,112,474	1,901,597
43,545,804	49,367,193	38,700,204	32,196,279	28,956,505
13,462,066	15,763,295	18,690,214	17,369,445	16,925,097
6,458,690	6,761,750	6,664,490	7,250,933	5,722,785
790,282	1,024,276	575,071	1,167,208	1,149,890
1,820,785	1,880,847	2,458,817	2,188,386	1,980,538
221,637	195,733	362,374	265,287	462,613
2,546,848	3,329,771	1,821,528	3,282,923	8,973,164
2,655,600	1,445,540	4,144,140	1,591,740	1,768,486
-	-	-	-	17,927,255
240,176,044	262,907,887	276,397,831	298,565,916	334,471,702
29,951,904	29,742,445	42,974,661	35,642,792	33,491,216
92,726,601	98,101,003	104,685,885	104,307,579	113,030,306
14,417,722	12,762,905	13,933,075	12,214,301	19,110,976
19,390,326	21,140,809	24,536,400	26,518,050	30,807,652
32,825,401	34,226,586	39,520,665	38,347,719	43,279,764
16,204,711	16,626,123	19,820,452	22,547,249	23,682,683
3,845,172	4,252,971	2,341,947	2,633,706	5,022,535
7,027,752	14,020,367	7,660,615	17,383,694	4,460,002
8,370,956	2,160,325	10,964,272	5,295,707	6,734,693
4,461,272	4,893,120	4,761,036	5,181,299	5,477,207
57,500	428,417	214,700	243,954	-
229,279,317	238,355,071	271,413,708	270,316,050	285,097,034
10,896,727	24,552,816	4,984,123	28,249,866	49,374,668
18,483,505	20,583,750	22,965,817	61,850,103	
(22,527,217)	(24,464,333)	(25,159,093)	(65,103,257)	28,993,415
-	-	-	-	-
2,700,000	-	15,000,000	35,000,000	-
-	-	608,059	841,306	-
-	-	-	-	-
-	-	-	-	-
-	36,680,000	-	-	-
-	4,144,029	-	-	-
-	(38,480,000)	-	-	-
-	(604,600)	-	-	-
45,000	15,574	3,679	7,145	-
(1,298,712)	(2,125,580)	13,418,462	32,595,297	28,993,415
988,313	-	-	-	-
\$ 9,598,015	\$ 22,427,236	\$ 18,402,585	\$ 60,845,163	\$ 78,368,083
5.78%	3.15%	5.97%	4.15%	4.35%

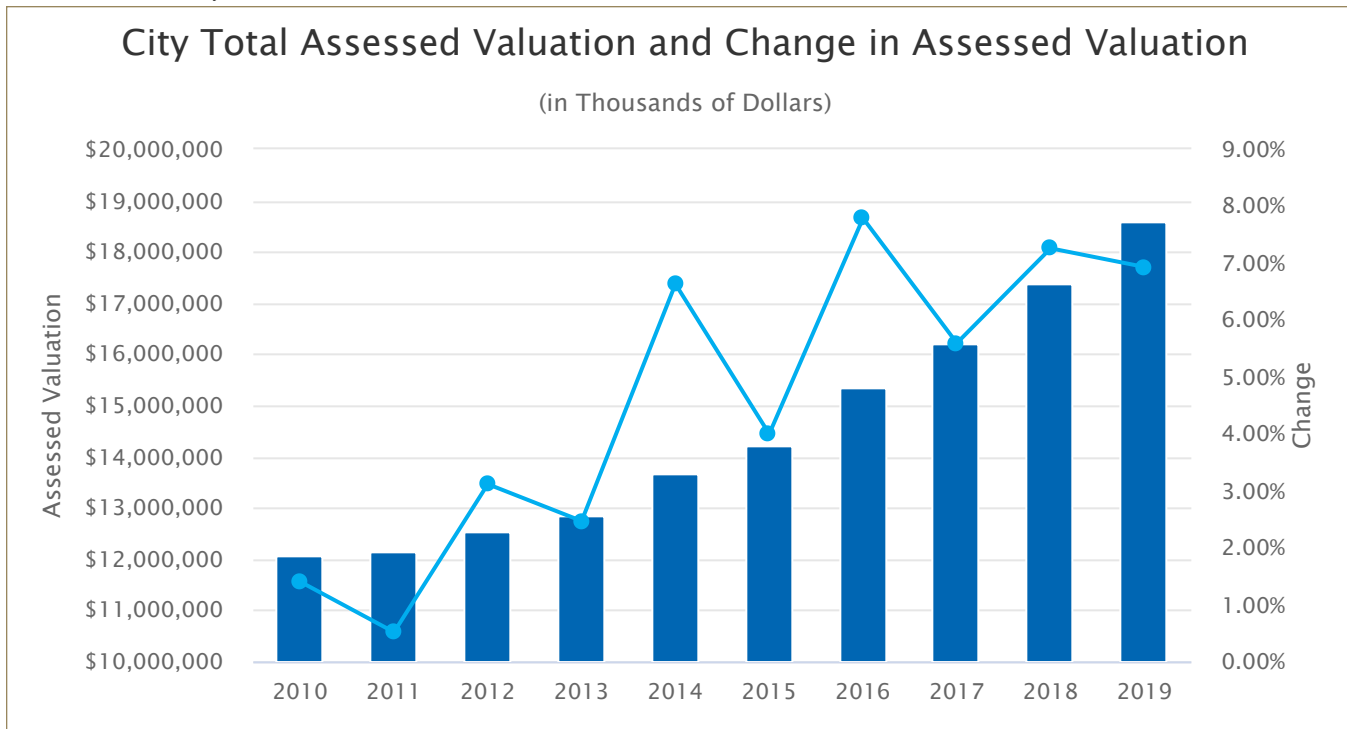
**Schedule V**  
**Assessed Value and Estimated Actual Values of Taxable Property**  
**Last Ten Fiscal Years**  
**(In Thousands of Dollars)**

Fiscal Year	Residential Property	Utility Property	Commercial and Industrial Property	Institutional Property	Less Exemptions:	Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2010	\$ 9,915,723	\$ 474	\$ 2,570,430	\$ 269,072	\$ (669,646)	\$ 12,086,052	10.47	\$ 12,086,052
2011	9,943,462	556	2,574,960	269,634	(640,481)	12,148,132	10.54	12,148,132
2012	10,320,198	556	2,600,510	275,155	(669,934)	12,526,485	10.51	12,526,485
2013	10,578,918	556	2,662,165	280,230	(686,387)	12,835,482	10.43	12,835,482
2014	11,213,456	556	2,969,778	297,649	(794,624)	13,686,815	10.45	13,686,815
2015	11,914,464	631	2,788,276	305,922	(775,326)	14,233,968	10.51	14,233,968
2016	12,776,968	389	2,912,034	328,366	(675,233)	15,342,524	10.43	15,342,524
2017	13,647,543	389	3,081,314	329,444	(857,818)	16,200,872	10.45	16,200,872
2018	14,668,956	444	3,168,968	351,338	(813,189)	17,376,517	10.49	17,376,517
2019	15,708,398	444	3,303,496	387,419	(818,602)	18,581,155	10.49	18,581,155

Note:

In 1978, the voters of the State of California passed Proposition 13 which limited taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold.

Source: Alameda County Auditor - Controller's Office



**Schedule VI**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Rate Per \$1,000 of Assessed Value)**

Fiscal Year	City Direct Rates			Overlapping Rates					Total Rate
	Basic Rate <sup>(1)</sup>	General Obligation Debt Service	Total Direct Rate	Berkeley Unified School	Peralta Community College	East Bay Municipal Utility Dist 1	East Bay Regional Park Dist	Bay Area Rapid Transit	
2009	10.00	0.55	10.55	1.45	0.36	0.06	0.10	0.09	12.62
2010	10.00	0.51	10.51	1.50	0.43	0.07	0.11	0.06	12.67
2011	10.00	0.48	10.48	1.46	0.43	0.07	0.08	0.03	12.56
2012	10.00	0.47	10.47	1.48	0.44	0.07	0.07	0.04	12.56
2013	10.00	0.47	10.47	1.41	0.43	0.07	0.05	0.04	12.47
2014	10.00	0.54	10.54	1.54	0.42	0.07	0.08	0.08	12.72
2015	10.00	0.51	10.51	1.35	0.41	0.09	0.05	0.05	12.45
2016	10.00	0.43	10.43	1.32	0.34	0.07	0.03	0.03	12.22
2017	10.00	0.45	10.45	1.33	0.26	0.03	0.03	0.08	12.17
2018	10.00	0.49	10.49	1.22	0.31	0.01	0.02	0.08	12.14
2019	10.00	0.44	10.44	1.20	0.26	0.11	0.06	0.12	12.19

**Note:**

<sup>(1)</sup> In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% (or \$10 per \$1,000 of assessed value) fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of City, school, and other Districts' bonds.

Source: Alameda County Auditor - Controller's Office

**Schedule VII**  
**Principal Property Tax Payers**  
**Current Year and Ten Years Ago**  
**(In Thousands of Dollars)**

Assessee Name	2009		2019	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Bayer Healthcare LLC	\$ 272,152	2.28%	\$ 353,961	1.90%
Granite Library Gardens LP	76,498	0.64%	83,325	0.45%
CVBAF ACQ LLC	-	0.00%	73,826	0.40%
Parkershattuck Owner, LLC	-	0.00%	58,981	0.32%
CPF Berkeley Varsity LLC	-	0.00%	52,977	0.29%
Essex Berkeley, Inc.	-	0.00%	51,118	0.28%
SC Hillside Berkeley Inc	34,596	0.29%	50,417	0.27%
Reddy Hanumandla R & Hanumandla J TRS	33,320	0.28%	48,676	0.26%
Rajj Berkeley Owner LLC	-	0.00%	45,882	0.25%
1950 MLK LLC	-	0.00%	39,762	0.21%
GARR Land & Resource Management, Inc.	-	0.00%		
GBC Univeristy Associates	45,900	0.39%		
GAIA Building LLC	32,803	0.28%		
First Shattck LLC	23,254	0.20%		
Seventh Street Properties II	22,153	0.19%		
2600 Tenth Street LLC	26,060	0.22%		
EQR Fine Arts Berkeley LP	34,490	0.29%		
Total - Principal taxpayers	<u>\$ 601,226</u>	<u>5.04%</u>	<u>\$ 858,925</u>	<u>4.62%</u>
Total - All real properties assessed by the City <sup>(1)</sup>	<u>\$ 11,918,885</u>		<u>\$ 18,581,155</u>	

Note:

<sup>(1)</sup> Assessed value includes only real properties.

Source: California Municipal Statistics, Inc.

**Schedule VIII**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**  
**(In Thousands of Dollars)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years <sup>(2)</sup>		
		Amount	Percentage of Levy	Secured	Unsecured	Total
2010	\$ 41,312	\$ 39,951	96.71%	\$ 1,222	\$ 139	\$ 1,361
2011	41,409	40,280	97.27%	938	191	1,129
2012	42,783	41,699	97.47%	815	269	1,083
2013	43,522	42,724	98.16%	589	210	799
2014	46,122	45,464	98.57%	491	166	658
2015	48,135	47,523	98.73%	478	134	611
2016	51,764	51,028	98.58%	607	128	736
2017	52,097	51,535	98.92%	787	-	787
2018	59,191	58,534	98.89%	489	168	657
2019	62,757	62,109	98.97%	512	135	647

Note:

<sup>(1)</sup> Levies include Secured and Unsecured Property.

<sup>(2)</sup> Collection in subsequent years is reported based on revenue received from the County for the fiscal year end shown. The City does not receive information from the County that specifies how much of the subsequent collection received belongs to each fiscal year. Subsequent collections for both tax types include penalties and interest assessed on the previously unpaid amounts. As a result, total collections for each levy year are not presented.

Source: Alameda County Auditor - Controller Agency

**Schedule IX**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands, Except Per Capita)**

<b>Governmental Activities (long-term debt instruments only)</b>						
<b>Fiscal Year Ended June 30,</b>	<b>General Obligation Bonds (Net of premiums)</b>	<b>General Obligation Bonds (premiums)</b>	<b>Total G.O. Bonds</b>	<b>Lease Revenue Bonds (Net of premiums)</b>	<b>Lease Revenue Bonds (premiums)</b>	<b>Total Revenue Bonds</b>
2010	\$ 68,700	\$ -	\$ 68,700	\$ 10,215	\$ -	\$ 10,215
2011	82,005	416	82,421	9,520	-	9,520
2012	79,075	400	79,475	8,875	-	8,875
2013	75,905	385	76,290	7,179	519	7,698
2014 <sup>(2)</sup>	87,565	771	88,336	6,625	530	7,155
2015	83,900	708	84,608	6,052	508	6,560
2016	81,125	4,636	85,761	5,495	479	5,974
2017	86,465	5,030	91,495	4,953	443	5,396
2018	117,520	5,596	123,116	4,420	406	4,826
2019	111,920	5,331	117,251	4,126	370	4,496

<b>Business-type Activities (long-term debt instruments only)</b>						
<b>Fiscal Year Ended June 30,</b>	<b>Lease Revenue Bonds (Net of premiums)</b>	<b>Lease Revenue Bonds (premiums)</b>	<b>Total Revenue Bonds</b>	<b>Notes/Loans Payable</b>	<b>Certificates of Participation (Net of premiums)</b>	<b>Total Business-Type Activities</b>
2010	\$ 4,235	\$ -	\$ 4,235	\$ 6,956	\$ 26,080	\$ 37,271
2011	3,950	-	3,950	11,056	25,385	40,391
2012	3,650	-	3,650	10,428	24,665	38,743
2013	24,911	1,975	26,886	9,826	-	36,712
2014 <sup>(2)</sup>	23,925	2,006	25,931	9,200	-	35,131
2015	20,073	1,922	21,995	8,549	-	30,544
2016	19,215	1,813	21,028	7,872	-	28,900
2017	52,297	1,698	53,995	6,967	-	60,962
2018	51,370	3,339	54,709	6,802	-	61,511
2019	50,409	3,161	53,570	6,629	-	60,199

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

<sup>(1)</sup> Tax allocation Bonds belong to Berkeley Redevelopment Agency, which was dissolved on January 31, 2012, due to AB 1X 26. All the outstanding amounts were transferred to the Successor Agency as Private Trust funds.

<sup>(2)</sup> The City refunded over \$27 million to defease 1999 Lease Revenue Bonds and 2003 COP during the year, with the proceeds from a new Refunding Lease Revenue Bond.

<sup>(3)</sup> See Schedule XIII for personal income and population data.

Source: City of Berkeley, Finance Department

## Governmental Activities (long-term debt instruments only)

Tax Allocation Bonds <sup>(1)</sup>	Capital Lease	Certificates of Participation (Net of premiums)	Certificates of Participation (premiums)	Total Certificates of Participation	Notes/Loans Payable	Total Governmental Activities
\$ 5,210	\$ 4,077	\$ 5,750	\$ 403	\$ 6,153	\$ 12,631	\$ 106,986
4,425	3,699	5,750	389	6,139	12,438	118,642
-	3,304	5,750	376	6,126	11,751	109,531
-	2,891	5,650	362	6,012	11,551	104,442
-	2,460	5,550	390	5,940	11,340	115,230
-	2,009	5,445	378	5,823	10,312	109,312
-	4,141	5,345	374	5,719	9,784	111,379
-	3,271	5,235	359	5,594	9,131	114,888
-	2,372	5,125	343	5,468	8,424	144,206
-	1,442	5,010	327	5,337	7,698	136,224

Total Primary Government	Percentage of Personal Income <sup>(3)</sup>	Per Capita <sup>(3)</sup>
\$ 144,257	3.61%	1,281
159,033	3.93%	1,394
148,274	3.64%	1,291
141,154	3.14%	1,220
150,361	3.16%	1,281
139,856	2.82%	1,177
140,279	2.74%	1,170
175,850	3.40%	1,450
205,717	3.78%	1,688
196,423	3.48%	1,688



**Schedule X**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands, Except Per Capita)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding					Net General Bonds Debt as a Percentage of Actual Taxable Value of Property <sup>(3)</sup>	Outstanding Debt Per Capita <sup>(3)</sup>
	General Obligation Bonds <sup>(1)</sup>	Pension Refunding Bonds	Tax Allocation Bonds <sup>(2)</sup>	Certificates of Participation	Total		
2010	\$ 68,700	\$ 2,755	\$ 5,210	\$ 6,154	\$ 82,819	0.69%	\$ 736
2011	82,421	2,285	4,425	6,139	95,270	0.78%	835
2012	79,475	1,865	-	6,126	87,466	0.70%	762
2013	76,290	1,485	-	6,012	83,787	0.65%	724
2014	88,336	1,135	-	5,940	95,411	0.70%	813
2015	84,608	815	-	5,823	91,246	0.64%	768
2016	85,761	520	-	5,719	92,000	0.60%	767
2017	91,495	250	-	5,594	97,339	0.60%	803
2018	117,520	-	-	5,125	122,645	0.71%	1,006
2019	111,920	-	-	5,010	116,930	0.63%	948

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> Net of resources restricted for the repayment of the principal of debt.

<sup>(2)</sup> Tax allocation Bonds belong to Berkeley Redevelopment Agency, which was dissolved on January 31, 2012, due to AB 1X 26. All the outstanding amounts were transferred to the Successor Agency as Private Trust funds.

<sup>(3)</sup> See Schedule XIII for personal income and population data.

Source: Finance Department, City of Berkeley

**Schedule XI**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2019**  
**(In Thousands of Dollars, except assessed valuation)**

2018-19 Assessed Valuation: \$ 18,581,155

	Debt Outstanding 6/30/2019	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt 6/30/2019
<b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Alameda County	\$ 240,149	6.70%	\$ 16,090
Bay Area Rapid Transit District	808,108	2.59%	20,930
Peralta Community College District	365,889	18.78%	68,714
Berkeley Unified School District	307,096	100.00%	307,096
City of Berkeley (GO bonds net of premium)	111,920	100.00%	111,920
City of Berkeley (GO bonds premium)	5,331	100.00%	5,331
City of Berkeley Community Facilities District No. 1	2,105	100.00%	2,105
East Bay Regional Park District	178,875	4.09%	7,316
City of Berkeley Thousand Oaks Heights AFUU Assessment District	1,050	100.00%	1,050
Subtotal overlapping tax and assessment debt			540,552
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Alameda County and Coliseum Obligations	\$ 868,791	6.70%	\$ 58,209
Alameda-Contra Costa Transit District Certificates of Participation	11,461	7.94%	910
Peralta Community College District Pension Obligations	147,540	18.78%	27,708
City of Berkeley Revenue bonds (Governmental activities)	4,126	100.00%	4,126 <sup>(1)</sup>
City of Berkeley Revenue bonds premium (Governmental activities)	370	100.00%	370 <sup>(1)</sup>
City of Berkeley Certificates of Participation (Governmental activities)	5,010	100.00%	5,010 <sup>(1)</sup>
City of Berkeley Certificates of Participation premium (Governmental activities)	327	100.00%	327 <sup>(1)</sup>
City of Berkeley Capital Leases (Governmental activities)	1,442	100.00%	1,442 <sup>(1)</sup>
City of Berkeley Notes and Loans Payable (Governmental activities)	7,698	100.00%	7,698 <sup>(1)</sup>
Subtotal overlapping General Fund debt			\$ 105,800
Overlapping tax increment debt:	-	100.00%	-
TOTAL DIRECT DEBT			136,224
TOTAL OVERLAPPING DEBT			510,128
<b>COMBINED TOTAL DIRECT AND OVERLAPPING DEBT</b>			<b>\$ 646,352<sup>(2)</sup></b>

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

<sup>(1)</sup> Excludes issue to be sold.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, and business-type activities.

Source: California Municipal Statistics, Inc.

**Schedule XII**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**  
**(In Thousands of Dollars)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Debt limit	\$ 1,812,908	\$ 1,822,220	\$ 1,878,973	\$ 1,925,322	\$ 2,053,022
Debt applicable to limit	68,700	82,421	68,700	76,290	88,336
Legal debt margin	<u>\$ 1,744,208</u>	<u>\$ 1,739,799</u>	<u>\$ 1,810,273</u>	<u>\$ 1,849,032</u>	<u>\$ 1,964,686</u>
Total net debt applicable to the limit as a percentage of debt limit	3.94%	4.74%	3.80%	4.13%	4.50%

Note: The City of Berkeley is a charter city and, as such, does not have a debt limit. However, the debt limit computation is calculated using the 15% limit that would be in effect if the city were a general law city.

Source: City of Berkeley, Finance Department

## Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 18,581,155
Debt limit	2,787,173
Debt applicable to limit:	111,920
Legal Debt Margin	<u>\$ 2,675,253</u>

2015	2016	2017	2018	2019
\$ 2,135,095	\$ 2,301,379	\$ 2,430,131	\$ 2,606,477	\$ 2,787,173
84,608	85,761	91,495	117,520	111,920
<u>\$ 2,050,487</u>	<u>\$ 2,215,618</u>	<u>\$ 2,338,636</u>	<u>\$ 2,696,853</u>	<u>\$ 2,675,253</u>
4.13%	3.87%	3.91%	4.36%	4.18%

**Schedule XIII**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Public School Enrollment</b>	<b>University of California Enrollment</b>	<b>City Unemployment Rate</b>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2010	112,580	3,994,564	35,482	34	8,988	35,843	11.3%
2011	114,046	4,046,580	35,482	34	9,248	35,838	10.3%
2012	114,821	4,074,079	35,482	34	9,324	36,142	9.0%
2013	115,716	4,500,890	38,896 <sup>(8)</sup>	33 <sup>(8)</sup>	9,385	35,899	7.0%
2014	117,372	4,758,965	40,546 <sup>(8)</sup>	32 <sup>(8)</sup>	9,410	36,204	5.8%
2015	118,853	4,950,941	41,656	32 <sup>(8)</sup>	9,410	37,581	4.0%
2016	119,915	5,111,617	42,627 <sup>(8)</sup>	31	9,785	38,204	3.8%
2017	121,238	5,168,012	42,627 <sup>(8)</sup>	31	9,410	40,173	3.4%
2018	121,874	5,436,921	44,611 <sup>(8)</sup>	31	10,340	41,910	2.7%
2019	123,328	5,640,776	45,738 <sup>(8)</sup>	31	10,194	42,501	3.10%

Source:

<sup>(1)</sup> California State Dept. of Finance - Population Research Unit (as of January 1)

<sup>(2)</sup> Association of Bay Area Governments, U.S. Census

<sup>(3)</sup> From [www.bayareacensus.ca.gov/cities/Berkeley.htm](http://www.bayareacensus.ca.gov/cities/Berkeley.htm)

<sup>(4)</sup> Association of Bay Area Governments, Bay Area Census

<sup>(5)</sup> Berkeley Unified School District from California Department of Education

<sup>(6)</sup> University of California

<sup>(7)</sup> From State of California Employment Development Department - Labor market Information Division

<sup>(8)</sup> From U.S. Census Bureau

**Schedule XIV**  
**Principal Employers**  
**Current Year and Ten Years Ago**

Employer	2009			2019		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
University of California Berkeley	14,444	1	19.01%	13,394	1	19.69%
Lawrence Berkeley National Laboratory	3,735	2	4.91%	3,312	2	4.87%
Sutter East Bay Medical Foundation/Hospitals	-		0.00%	2,242	3	3.30%
City of Berkeley	1,658	3	2.18%	1,568	4	2.31%
Bayer Coporation	1,500	4	1.97%	1,267	5	1.86%
Berkeley Unified School District	1,200	5	1.58%	1,225	6	1.80%
Siemens Corporation/Healthcare Diagnostics, Inc.	-		0.00%	855	7	1.26%
Kaiser Permanente Medical Group	700	6	0.92%	831	8	1.22%
Berkley Bowl Produce	-		0.00%	640	9	0.94%
Whole Foods Market California Inc.	-		0.00%	389	10	0.57%
Alta Bates Medical Center	3,100	7	4.08%			0.00%
Pacific Steel Casting Company	600	8	0.79%			0.00%
Andronico's Market	325	9	0.43%			0.00%
Berkeley City College	300	10	0.39%			0.00%
Total	27,562		36.27%	25,723		37.82%

Source: City of Berkeley, Office of Economic Development

**Schedule XV**  
**Full-time-Equivalent City Governmental Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 <sup>(2)</sup></u>	<u>2014 <sup>(2)</sup></u>
General Government	203.30	191.30	182.30	175.00	172.00
Police	301.20	294.70	289.20	275.00	273.00
Fire	139.75	139.75	139.75	139.75	139.00
Health Services <sup>(3)</sup>	194.54	158.28	142.35	123.95	122.95
Culture and Recreation	165.33	161.33	157.33	101.73	98.88
Community Development/Housing <sup>(1) (3)</sup>	96.76	96.26	85.64	48.45	41.05
Economic Development	7.85	5.85	5.85	5.85	5.85
Library	115.53	113.78	109.70	97.66	101.33
Planning	65.55	59.05	58.55	53.05	61.30
Public Works/Transportation	326.00	301.00	296.25	287.60	285.60
Rent Board	18.30	19.85	19.45	19.45	21.95
<b>Total</b>	<b>1,634.11</b>	<b>1,541.15</b>	<b>1,486.37</b>	<b>1,327.49</b>	<b>1,322.91</b>

**Notes:**

Full-time equivalent employment is calculated as one or more employee positions totaling one full year of service or approximately 2,080 hours a year

<sup>(1)</sup> In FY2010 & 2011, some divisions in Health services, Planning were moved to Community development/housing

<sup>(2)</sup> Information is based on FY2012 and 2013 adopted biennial budget from Budget Office

<sup>(3)</sup> During FY12, Housing Department and Health Services Department were consolidated into one department: "Health, Housing & Community Services"

Source: City Manager - Budget Office

2015	2016	2017	2018	2019
175.78	172.28	186.72	190.72	197.25
273.00	272.00	272.00	283.20	283.20
140.00	140.00	148.00	148.00	149.00
121.05	130.25	145.85	145.85	145.85
98.88	96.50	101.50	154.12	156.12
41.05	43.55	38.05	78.53	87.33
5.85	5.85	3.00	7.00	7.00
105.95	107.95	110.15	114.10	116.10
65.00	71.50	82.08	92.08	94.80
289.60	292.60	295.60	295.60	300.60
19.75	20.60	22.75	22.35	22.55
<u>1,335.91</u>	<u>1,353.08</u>	<u>1,405.70</u>	<u>1,531.55</u>	<u>1,559.80</u>



**Schedule XVI  
Operating Indicators  
Last three fiscal years**

FUNCTION/PROGRAM	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
General government			
Building Permits Issued			
Residential Permits Issued	3,770	3,222	3,354
Residential Permits Value	\$ 117,648,854	\$ 133,112,397	\$ 116,329,189
Mixed Use Issued	\$ 32	\$ 40	\$ 24 <sup>(1)</sup>
Mixed Use Value	\$ 32,924,952	\$ 108,533,173	\$ 11,155,858 <sup>(1)</sup>
Commercial Permits Issued	358	304	281
Commercial Permits Value	\$ 158,696,463	\$ 52,169,724	\$ 59,076,763
Residential Parking Permits			
Number of Daily Permits Issued	39,053	39,604	34,312
Number of 14 Day Permits Issued	1,444	1,484	1,456
Number of Annual Permits Issued	15,644	14,923	13,725
City Clerk			
Number of Council Resolutions Passed	476	429	415
Number of Ordinances Passed	68	56	47
Number of Contracts Passed	581	533	478
General Services			
Number of Purchase Orders Issued	4,858	4,408	4,609
Police			
Physical Arrests	3,413	2,926	2,523
Parking Violations	146,055	145,286	139,516
Traffic (moving) Violations	4,146	4,010	3,684
DUI Arrests	520	314	177
Fire			
Structure Fires	91	86	56
Vehicle Fire	23	32	33
Other Fires	123	192	169
Medical Calls	10,289	10,231	9,696
Haz-mat Calls	168	190	188
Other Calls	4,698	4,790	5,221
Out of City	89	96	79
Department of Health Services			
Health Inspections and Permits	7,857	9,071	4,482
Public Health Services Encounters	56,885	67,069	76,755
Mobile Crisis Visits	1,657	1,397	1,485
Housing and Community Services Department			
Home Delivered Meal	51,969	57,468	54,975
Summer and year-round jobs provided for youth	326	365	347
Library			
Number of visits made to Library Branches	1,135,601	1,036,995	1,083,038
Number of people that are registered library card holders	111,863	110,100	110,229
Number of times materials from the library circulated (items checked out)	1,998,061	2,038,220	2,420,839

(Continued)

**Notes**

<sup>(1)</sup> Mixed Use previously categorized between residential and commercial based on dominate property use.

<sup>(2)</sup> "Customers" are all paying customers regardless of the town they come from.

Landfilled and recycled tons are all tons going through the transfer station. It includes SWMD collection trucks, as well as paying customers.

<sup>(3)</sup> Outside tons not included in transfer station tons:

a) Tons collected by private haulers and taken to other landfills

b) Tons delivered by members of the public to other landfills or transfer stations

c) Berkeley tons recycled by the private sector

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
FUNCTION/PROGRAM			(2)
Solid Waste Management			
Transfer Station Customers	118,674	132,162	134,125
Total incoming tons at transfer station			
Refuse and C&D	88,908	89,133	95,524
Organics	31,899	33,060	33,000 <sup>(3)</sup>
Total incoming tons	120,807	122,193	128,523 <sup>(3)</sup>
Landfilled Tons	76,164	75,577	77,870
Recycled /Composted Tons	36,622	43,770	49,788
Total tons exiting transfer station	112,786	119,347	127,658
Recycling Method			
Recycled/Composted tons:			
Organics collection to compost facility	21,046	21,375	22,361
Organics - public to compost facility	10,852	9,739	10,638
Transfer Station Salvage	791	843	807
C&D Diverted at sorting facility	5,707	15,014	16,788
Add 'I' TS Diversion Programs	749	4,215	866
TOTAL TRANSFER STATION DIVERSION	39,145	51,186	51,460
Buyback drop-off	3,537	3,228	2,772
Residential Curbside	9,040	8,598	8,280
Commercial recycling	3,724	3,882	4,931
TOTAL RECYLING COLLECTION at CCC (Not at transfer station)	16,301	15,708	15,983
TOTAL CITY CONTROLLED DIVERSION	55,446	66,894	67,443
Other Public Works			
Street Resurfacing/Overlay/Reconstruction (miles)	11	10	2
ADA Compliance: New Curb Ramps	140	162	76
Traffic Circles - Cumulative	55	55	56
Street Poles with Lights - Cumulative	8,043	8,185	8,036
Marina			
Number of Berths	1,021	1,032	1,032
Number of Occupied Berths	847	812	831
Number of new berthers	147	154	174
Number of paid launchers	3,580	5,083	6,948
Launch Ramp Total Revenue	\$ 53,711	\$ 75,242	\$ 102,255
Parking			
Number of Pay and Display Meters Operating	226	238	233
Number of Single Space Meters Operating	2,145	2,162	2,145
Planning and Development Department			
Customers Served		32,656	31,600
Building & Safety Inspections Performed	22,643	36,320	34,366
Toxics: CUPA Inspections	132	269	297
Sanitary Sewer			
Number of Customer Accounts Billed	32,883	33,065	33,459
			(Concluded)

**Schedule XVII**  
**Capital Asset Statistics by Function/Program**  
**Last three fiscal years**

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Function/Program			
Police			
Number of Stations	2	2	2
Parking Enforcement Vehicles	48	48	48
Fire			
Number of Stations	7	7	7
Number of Fire Trucks	13	13*	13
Library			
Central Library	1	1	1
Branch Libraries	4	4	4
Solid Waste Management			
Collection Vehicles	42	36	36
Support Vehicles	20	19	21
Transfer Tractors	8	8	8
Transfer Trailers	9	9	9
Other Public Works			
Streets (miles)	216	216	216
Streetlights	8,036	8,000	8,036
Traffic Signals	141	142	142
Sidewalks (miles)	300	300	300
Parks and Recreation			
Number of Parks	52	52	52
Public Swimming Pools	2	2	2
Over night Summer Camps	2	3	3
Number of Community Centers	4	7	7
Number of Club Houses	2	2	2
Community Gardens	6	6	6
Nature Center	1	1	1
Adventure Playground	1	1	1
Sanitary Sewer			
Public Sanitary Sewer Mains (miles)	254	254	254
Public Sewer Laterals (miles)	130	130	130
Parking <sup>(1)</sup>			
Number of Parking Garages	2	3	3
Number of Parking Lots	3	3	3
Number of Off Street Parking Meter Spaces	110	113	142
Number of Off Street Parking Garage Spaces	529	529	1,249

Source: Operating indicators were provided by the various operating departments

\* On March 2, 2015 as part of pilot program, Fire added a part-time "Truck", 10 hours a day; weekdays only. This addition affected a fraction of 85 days, which calculated out to be approximately 0.10. However, the fractional numbers did not show up towards the total for this report.

**CITY OF BERKELEY  
GENERAL OBLIGATION AND GENERAL FUND OBLIGATIONS  
CONTINUING DISCLOSURE ANNUAL REPORT INFORMATION**

**\$10,000,000  
City of Berkeley  
General Obligation Bonds, Series 2009  
(Measure FF – Neighborhood Branch Library Improvements Project)**

**\$16,000,000  
City of Berkeley  
General Obligation Bonds, Series 2010  
(Measure FF – Neighborhood Branch Library Improvements Project)**

**\$15,000,000  
City of Berkeley  
2014 General Obligation Bonds  
(Street and Integrated Watershed Improvements)**

**\$36,680,000  
City of Berkeley  
2015 General Obligation Refunding Bonds**

**\$15,000,000  
City of Berkeley  
2016 General Obligation Bonds  
(Street and Integrated Watershed Improvements)**

**\$35,000,000  
City of Berkeley  
2017 General Obligation Bonds  
(2016 Election: Infrastructure and Facilities Improvements)**

**\$5,750,000  
City of Berkeley  
2010 Certificates of Participation  
(Animal Shelter Financing)**

**\$27,260,000  
Berkeley Joint Powers Financing Authority  
2012 Refunding Lease Revenue Bonds  
(1999 and 2003 Refinancing)**

**Content of Annual Reports**

1. Audited financial statements:  
This exhibit is attached to the City's audited financial statements.
2. Summary of investments held in the City's investment portfolio for the most recently-completed fiscal year, including market value, book value and a description of any investments that do not comply with the City's investment policies:

**City of Berkeley  
Investment Portfolio  
as of June 30, 2019**

<b>Security Type</b>	<b>Market Value</b>	<b>Book Value</b>
U.S. agency securities	183,584,551	183,733,842
Municipal bonds	10,347,700	10,084,411
Medium term notes	87,413,698	84,998,852
Money market	141,487,915	141,487,915
<b>Total</b>	<b>422,833,864</b>	<b>420,305,020</b>

All of the City's investments comply with its investment policies.

3. General fund budget for the fiscal year during which the annual report is filed (only required for the 2010 Certificates of Participation and 2012 Refunding Lease Revenue Bonds):  
The City's current budget will be provided separately from this report.
4. General fund balance sheet for the most recently-completed fiscal year:  
Please see information in the audited financial statements.
5. General fund summary of revenues and expenditures for the most recently-completed fiscal year:  
Please see information in the audited financial statements.
6. General fund tax revenues by source for the most recently-completed fiscal year:  
Please see information in the audited financial statements.
7. Assessed valuation of property in the City for the most recently-completed fiscal year and, to the extent the City is no longer on the Teeter Plan (or its equivalent) and such information is available from the County, information about property tax levies and collections for the most recently completed fiscal year:  
Please see information in the audited financial statements.
8. Summary of property tax rates for all taxing entities within the City expressed as a percentage of assessed valuation:  
Please see information in the audited financial statements.  
Top ten property tax assessees for current fiscal year, taxable value and percentage of total assessed value:  
Please see information in the audited financial statements.
9. Taxable transactions in the City for the most recently-completed fiscal year (only required for the 2010 Certificates of Participation and 2012 Refunding Lease Revenue Bonds):  
The State of California's taxable transaction data generally lags by approximately one year, and therefore, is not available for the most recently completed fiscal year. The most currently available taxable transaction data for the City will be provided separately from this report.
10. Description of the City's outstanding general fund debt and lease obligations as of the end of the most recently-completed fiscal year, including long-term general fund obligations:  
Please see information in the audited financial statements.
11. A schedule of aggregate annual debt service on tax-supported indebtedness of the City:  
Please see information in the audited financial statements.
12. Summary of outstanding and authorized but unissued tax-supported indebtedness of the City:

Election	Authorized Amount	Unissued (as of 6/30/2019)	Bond Issue	Outstanding (as of 6/30/2019)
1992	\$55,000,000	\$0	2015 Bonds (Refunded 2002	
1996	\$49,000,000	\$0	Bonds,	\$28,675,000
2002	\$7,200,000	\$0	2007 A Bonds,	
2008	\$26,000,000	\$0	2007 B Bonds,	
			2008 Bonds)	
2008	\$26,000,000	\$0	2009 Bonds	\$8,555,000
			2010 Bonds	\$13,270,000
2012	\$30,000,000	\$0	2014 Bonds	\$13,700,000
			2016 Bonds	\$14,535,000
2016	\$100,000,000	\$65,000,000	2017 Bonds	\$33,185,000
2018	135,000,000	135,000,000	N/A	\$0
<b>Total</b>	<b>\$402,200,000</b>	<b>\$200,000,000</b>		<b>\$111,920,000</b>

**13. Amount of all general obligation debt of the City outstanding, and total scheduled debt service on such general obligation debt (as of June 30, 2019).**

<b>Fiscal Year</b>	<b>2009 G.O.Bonds</b>	<b>2010 G.O.Bonds</b>	<b>2014 G.O.Bonds</b>	<b>2015 G.O.Bonds</b>	<b>2016 G.O.Bonds</b>	<b>2017 G.O.Bonds</b>	<b>Total</b>
2018-19	670,843.75	946,131.26	898,125.00	3,891,837.50	757,962.50	3,014,431.26	10,179,331.27
2019-20	672,875.00	945,881.26	897,500.00	3,884,212.50	750,237.50	2,470,306.26	9,621,012.52
2020-21	676,137.50	944,631.26	896,125.00	3,872,962.50	745,737.50	1,730,056.26	8,865,650.02
2021-22	670,212.50	951,856.26	894,000.00	3,050,587.50	740,737.50	1,731,181.26	8,038,575.02
2022-23	668,475.00	947,906.26	896,000.00	3,049,837.50	740,112.50	1,730,556.26	8,032,887.52
2023-24	665,762.50	947,975.01	892,125.00	3,043,587.50	738,737.50	1,728,181.26	8,016,368.77
2024-25	662,075.00	945,093.76	896,425.00	3,036,712.50	736,612.50	1,728,931.26	8,005,850.02
2025-26	660,512.50	944,693.76	898,787.50	3,038,712.50	740,462.50	1,727,681.26	8,010,850.02
2026-27	665,906.25	948,393.76	895,237.50	3,066,687.50	740,362.50	1,728,856.26	8,045,443.77
2027-28	670,050.00	946,193.76	894,350.00	3,062,687.50	744,562.50	1,727,756.26	8,045,600.02
2028-29	668,156.25	943,193.76	896,150.00	2,110,687.50	747,962.50	1,739,156.26	7,105,306.27
2029-30	668,900.00	944,293.76	892,250.00	988,087.50	757,712.50	1,737,931.26	5,989,175.02
2030-31	672,037.50	943,996.88	892,650.00	394,931.25	763,912.50	1,731,906.26	5,399,434.39
2031-32	668,937.50	942,287.50	892,250.00	394,856.25	764,587.50	1,731,456.26	5,394,375.01
2032-33	670,737.50	944,443.75	890,712.50	394,253.13	764,812.50	1,730,106.26	5,395,065.64
2033-34	672,362.50	940,465.63	892,921.88	392,906.26	765,875.00	1,732,781.26	5,397,312.53
2034-35	672,737.50	940,353.13	894,100.01	391,006.26	767,812.50	1,729,481.26	5,395,490.66
2035-36	676,737.50	943,412.50	888,587.51	393,668.76	773,968.75	1,730,206.26	5,406,581.28
2036-37	678,531.25	939,625.00	891,243.76	390,662.51	779,268.75	1,729,881.26	5,409,212.53
2037-38	678,081.25	939,456.25	887,696.88	391,978.13	783,675.00	1,727,737.51	5,408,625.02
2038-39	676,056.25	937,800.00	887,946.88		787,175.00	1,728,675.01	5,017,653.14
2039-40	677,325.00	939,550.00	886,884.38		790,125.00	1,728,362.51	5,022,246.89
2040-41			888,925.00		797,456.25	1,725,956.26	3,412,337.51
2041-42			884,050.00		804,100.00	1,726,350.01	3,414,500.01
2042-43			887,600.00		809,175.00	1,725,281.26	3,422,056.26
2043-44			884,462.50		817,575.00	1,722,750.01	3,424,787.51
2044-45					825,075.00	1,723,675.01	2,548,750.01
2045-46					831,675.00	1,722,975.01	2,554,650.01
2046-47					837,375.00	1,719,628.13	2,557,003.13
						1,718,518.75	1,718,518.75
<b>Total</b>	<b>\$ 14,763,450.00</b>	<b>\$ 20,767,634.51</b>	<b>\$ 23,197,106.30</b>	<b>\$ 39,240,862.55</b>	<b>\$ 22,404,843.75</b>	<b>\$ 53,880,753.41</b>	<b>\$ 174,254,650.52</b>

**14. Additional material information:**

The City is not aware of any additional material information.

**CITY OF BERKELEY  
LAND-SECURED OBLIGATIONS  
CONTINUING DISCLOSURE ANNUAL REPORT INFORMATION**

**\$1,490,000**  
**City of Berkeley**  
**Thousand Oaks Heights Applicant Funded Utility**  
**Undergrounding Assessment District**  
**Limited Obligation Improvement Bonds**

**Content of Annual Reports**

**1. Audited financial statements:**

This exhibit is attached to the City's audited financial statements.

**2. The following information:**

**A.** Principal amount of Bonds outstanding (as of June 30, 2019): \$1,050,000

**B.** Balance in the Acquisition and Improvement Account: \$0

**C.** The amount of any advances made by the City pursuant to Section 8769(a) of the Improvement Bond Act of 1915, to cure any deficiency in the Redemption Account, or, if a reserve account has been established for the Bonds, the balance in reserve account and a statement of projected reserve fund draw, if any: There are no deficiencies in the Redemption Account and no reserve account was established for the bonds.

**D.** The delinquency rate, total amount of delinquencies, number of parcels delinquent in payment of the Assessment:

**Assessment Levy and Delinquency Information  
Fiscal Year 2018-2019**

<b>Total Levy</b>	<b>Amount Delinquent</b>	<b>Number of Delinquent Parcels</b>	<b>Delinquency Rate</b>
\$114,245	\$-	0	0.00%



**\$9,750,000**  
**City of Berkeley**  
**Community Facilities District No. 1**  
**(Disaster Fire Protection)**  
**Special Tax Bonds**

**Content of Annual Reports**

**1. Audited financial statements:**

This exhibit is attached to the City's audited financial statements.

**2. Operating data:**

**Total Building Square Footage  
by Use Type  
Fiscal Year 2018-2019**

<b>Use Type</b>	<b>Square Feet</b>
Residential	62,123,879
Commercial	18,462,663
Institutional	3,139,231
Governmental	303,045
<b>TOTAL</b>	<b>84,028,818</b>
Exempt Total	5,647,321
<b>TAXABLE TOTAL</b>	<b>78,381,497</b>

**Levy and Coverage Data  
Fiscal Year 2018-2019**

<b>Total Tax Levy</b>	<b>Bond Year</b>		<b>Coverage Ratio</b>
	<b>Debt Service</b>		
\$1,081,867	\$754,788		1.43

**3. Additional material information:**

The City is not aware of any additional material information.

**CITY OF BERKELEY  
PARKING ENTERPRISE OBLIGATIONS  
CONTINUING DISCLOSURE ANNUAL REPORT INFORMATION**

**\$33,970,000**  
**Berkeley Joint Powers Financing Authority**  
**Parking Revenue Bonds, Series 2016**

**Content of Annual Reports**

**1. Audited financial statements:**

This exhibit is attached to the City's audited financial statements.

**2. Other financial information and operating data:**

**A. Principal amount of Bonds outstanding: \$33,970,000**

**B. Balance in funds and accounts held by the Authority, the City or the Trustee relating to the Bonds (as of June 30, 2019):**

Project Fund:	\$0.00
Capitalized Interest Subaccount:	\$175,269

**C. A description of any event of default under the Installment Sale Agreement:**

No events of default have occurred to date.

**D. Changes, if any, to the rate structure of the Center Street Garage, Oxford Way Garage or Telegraph Channing Garage:**

No changes have been made to the rate structure since the issuance of the bonds

**E. Occupancy rates, in substantially the form provided in Table 1 of the Official Statement (to be provided within nine months of the close of the most recently completed fiscal year):**

No changes have been made to the rate structure since the issuance of the bonds.

**TABLE 1  
CITY OF BERKELEY PARKING GARAGES  
HISTORICAL OCCUPANCY LEVELS  
(Weekday Peak Parking<sup>(1)</sup>)**

Year	Center Street Garage		Telegraph Channing Garage		Oxford Street Garage	
	Short-term <sup>(2)</sup>	Overall <sup>(3)</sup>	Short-Term <sup>(2)</sup>	Overall <sup>(3)</sup>	Short-term <sup>(2)</sup>	Overall <sup>(3)</sup>
2014 <sup>(4)</sup>	85%	70%	47%	51%	77%	70%
2015 <sup>(5)</sup>	96%	78%	89%	78%	77%	73%
2015 <sup>(6)</sup>	105% <sup>(7)</sup>	78%	67%	67%	70%	63%
2016	107% <sup>(7)</sup>	75%	64%	58%	68%	75%
2017	0% <sup>(8)</sup>	0% <sup>(8)</sup>	49%	70%	60%	75%
2018	0% <sup>(8)</sup>	0% <sup>(8)</sup>	69%	74%	61%	77%
2019 <sup>(9)</sup>	30%	40%	61%	66%	84%	87%

<sup>(1)</sup> Weekday peak parking – Tuesday through Thursday 10 a.m. to 2 p.m.

<sup>(2)</sup> Represents hourly parkers.

<sup>(3)</sup> Represents hourly parkers and monthly permit parkers.

<sup>(4)</sup> February 2014 data (prior to implementation of new rates on June 2, 2014).

<sup>(5)</sup> March 2015 data (prior to implementation of new rates on September 1, 2015).

<sup>(6)</sup> October 2015 data (following implementation of new rates on September 1, 2015).

<sup>(7)</sup> Occupancy exceeding 100% reflects use of City's fleet vehicle spaces for short-term parking when majority of City fleet vehicles are in use during daytime hours.

<sup>(8)</sup> Reflects demolition and reconstruction of a new Center Street Garage.

<sup>(9)</sup> May 2019 data.

Source: City's Garage Parking Access and Control System (PARCS) SKIDATA.

**F. Revenues, expenses and changes in net position and statement of net position for each of the Off Street Parking Enterprise and the Parking Meter Enterprise, in substantially the form provided in Tables 2 through 5, respectively, of the Official Statement. (The City does not need to provide projected results for future years.):**

**Table 2**  
**CITY OF BERKELEY**  
**Off Street Parking Fund**  
**Statement of Net Position**

<b>Fiscal Year Ended June 30:</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
<b>Assets</b>					
Current Assets:					
Cash and investments in treasury	\$ 10,741,038	\$ 10,299,836	\$ 10,115,453	\$ 11,587,202	\$ 4,819,762
Accounts receivables, net	158,798	200,071	210,219	217,851	197,933
Total current assets	10,899,836	10,499,907	10,325,672	11,805,053	5,017,695
Noncurrent Assets:					
Restricted cash and cash equivalents <sup>(1)</sup>	-	-	25,602,288	2,371,256	175,269
Capital Assets:					
Land	1,291,709	1,291,709	1,291,709	1,291,709	1,291,709
Construction in Progress	1,085,103	4,065,874	16,363,701	41,880,706	-
Buildings, property, equip. and infrastructure	4,055,024	3,753,428	3,451,933	3,353,993	49,444,647
Total capital assets, net	6,431,836	9,111,011	21,107,343	46,526,408	50,736,356
Total noncurrent assets	6,431,836	9,111,011	46,709,631	48,897,664	50,911,625
<b>Total assets</b>	<b>17,331,672</b>	<b>19,610,918</b>	<b>57,035,303</b>	<b>60,702,717</b>	<b>55,929,320</b>
<b>Deferred outflows of resources</b>					
Deferred pension items <sup>(2)</sup>	78,192	86,916	187,312	198,645	108,692
<b>Total Deferred outflows of resources</b>	<b>78,192</b>	<b>86,916</b>	<b>187,312</b>	<b>198,645</b>	<b>108,692</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	330,100	424,135	1,620,988	2,977,538	1,900,761
Accrued salaries and wages	7,189	19,505	29,514	26,101	19,334
Accrued interest payable	-	-	-	91,362	91,362
Compensated absences	553	984	3,899	4,038	3,532
Other liabilities	-	-	1,886,418	-	-
Deposits held	5,566	5,566	5,566	5,566	5,566
Revenue bonds payable <sup>(3)</sup>	-	-	-	-	760,000
Total current liabilities	343,408	450,190	3,546,385	3,104,605	2,780,555
Noncurrent liabilities:					
Compensated absences	2,900	5,165	20,455	21,189	18,534
Revenue bonds payable <sup>(3)</sup>	-	-	33,970,000	35,725,946	34,903,047
Net pension liability <sup>(2)</sup>	702,632	735,432	874,653	930,291	906,988
Net OPEB liabilities	16,335	18,589	23,097	71,214	82,503
Total noncurrent liabilities:	721,867	759,186	34,888,205	36,748,640	35,911,072
<b>Total liabilities</b>	<b>1,065,275</b>	<b>1,209,376</b>	<b>38,434,590</b>	<b>39,853,245</b>	<b>38,691,627</b>
<b>Deferred inflows of resources</b>					
Deferred pension items <sup>(2)</sup>	150,596	81,561	40,074	32,982	54,214
<b>Total Deferred inflows of resources</b>	<b>150,596</b>	<b>81,561</b>	<b>40,074</b>	<b>32,982</b>	<b>54,214</b>
<b>Net Position</b>					
Net investment in capital assets	6,431,836	9,111,011	12,739,631	10,800,462	50,736,356
Unrestricted (deficit)	9,762,157	9,295,886	6,008,320	10,193,369	(33,345,233)
<b>Total Net Position</b>	<b>\$ 16,193,993</b>	<b>\$ 18,406,897</b>	<b>\$ 18,747,951</b>	<b>\$ 20,993,831</b>	<b>\$ 17,391,123</b>

<sup>(1)</sup> Revenue bonds retired in March 2015; restricted cash no longer required.

<sup>(2)</sup> Reflects implementation of GASB 68 in FY2014-15.

<sup>(3)</sup> Revenue bonds retired in March 2015.

Source: City of Berkeley, Department of Finance

**Table 3**  
**CITY OF BERKELEY**  
**Off Street Parking Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<b>Fiscal Year Ended June 30:</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
<b>Revenues:</b>					
Center Street Garage	\$ 1,876,598	\$ 1,916,513	\$ 53,085	\$ 74,225	\$ 1,651,401
Oxford Garage	576,847	568,752	696,598	751,608	666,667
Telegraph Garage	1,457,968	1,299,923	1,245,278	1,324,060	1,093,389
Others		248,453	282,417	318,593	422,197
<b>Total revenues <sup>(1)</sup></b>	<b>3,911,413</b>	<b>4,033,641</b>	<b>2,277,378</b>	<b>2,468,486</b>	<b>3,833,654</b>
<b>Operating Expenses:</b>					
Personnel services	197,815	162,510	248,427	385,259	336,859
Employee benefits	146,691	65,292	119,197	269,545	257,438
Transportation	2,856	4,753	8,079	5,703	3,728
Repairs and maintenance	211,376	315,068	765,642	561,060	635,281
Materials and supplies	451,635	254,890	309,977	783	285,262
Utilities <sup>(2)</sup>	200,361	208,545	209,280	174,679	240,831
Specialized and professional services <sup>(3)</sup>	1,185,770	1,390,363	1,221,177	1,448,880	3,032,607
Depreciation	303,756	301,596	301,493	332,229	1,634,582
Communication	22,942	25,536	17,296	14,545	59,940
General administration	-	-	506,629	12,205	10,171
<b>Total operating expenses</b>	<b>2,723,202</b>	<b>2,728,553</b>	<b>3,707,197</b>	<b>3,204,888</b>	<b>6,496,699</b>
<b>Operating Income (Loss) <sup>(3)</sup></b>	<b>1,188,211</b>	<b>1,305,088</b>	<b>(1,429,819)</b>	<b>(736,402)</b>	<b>(2,663,045)</b>
<b>Non-operating revenues (expenses):</b>					
Other Financing Sources (uses):					
Investment earnings <sup>(4)</sup>	(13,627)	15,736	20,753	46,757	81,889
Interest expense <sup>(5)</sup>	(82,654)	-	-	39,110	(1,090,150)
Gain (loss) on disposal of capital assets	-	-	-	-	-
<b>Total non-operating revenue (expenses)</b>	<b>(96,281)</b>	<b>15,736</b>	<b>20,753</b>	<b>85,867</b>	<b>(1,008,261)</b>
<b>Net income (loss) before contributions and transfers</b>	<b>1,091,930</b>	<b>1,320,824</b>	<b>(1,409,066)</b>	<b>(650,535)</b>	<b>(3,671,306)</b>
Transfer in <sup>(6)</sup>	239,544	900,000	2,000,000	2,967,509	-
Transfer out	(7,920)	(7,920)	(230,780)	(7,920)	(21,395)
<b>Change in net position</b>	<b>1,323,554</b>	<b>2,212,904</b>	<b>360,154</b>	<b>2,309,054</b>	<b>(3,692,701)</b>
Total Net Position - Beginning <sup>(7)</sup>	14,870,439	16,193,994	18,387,797	18,684,777	20,993,831
Total Net Position - Ending	<b>\$ 16,193,993</b>	<b>\$ 18,406,898</b>	<b>\$ 18,747,951</b>	<b>\$ 20,993,831</b>	<b>\$ 17,301,129</b>

<sup>(1)</sup> Total revenues reflect audited figures prepared on a full accrual basis. Garage figures provided on a cash basis.

<sup>(2)</sup> Increases in utilities in FY 2013-14 and FY 2014-15 due to utility rate increases

<sup>(3)</sup> Increase in professional services in FY 2015-16 due in part to one-time expenses associated with the Center Street Garage Project.

<sup>(4)</sup> GASB 31 requires the City to record the unrecognized loss of investments to reflect the fair market value.

<sup>(5)</sup> Represents interest payable on prior parking revenue bonds, which were retired in March 2015.

<sup>(6)</sup> Transfer in FY 2015-16 of \$900,000 from Parking Meter Fund for City Center Garage Project financing.

<sup>(7)</sup> Prior period adjustment in FY 2017-18 due to implementation of GASB 72.

Source: City of Berkeley, Department of Finance

**Table 4**  
**CITY OF BERKELEY**  
**Parking Meter Fund**  
**Statement of Net Position**

<b>Fiscal Year Ended June 30:</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 5,548,015	\$ 6,387,104	\$ 6,133,740	\$ 3,614,954	\$ 5,343,662
Accounts receivables, net	1,030	-	14,455	41,168	13,844
Total current assets	5,549,045	6,387,104	6,148,195	3,656,122	5,357,506
Noncurrent Assets:					
Capital Assets:					
Land	-	-	-	-	-
Construction in Progress	-	3,421	3,421	3,421	-
Buildings, property, equip. & infrastructure, net	71,192	1,324,708	1,077,949	1,500,874	1,094,602
Total capital assets, net	71,192	1,328,129	1,081,370	1,504,295	1,094,602
Total noncurrent assets	71,192	1,328,129	1,081,370	1,504,295	1,094,602
<b>Total assets</b>	5,620,237	7,715,233	7,229,565	5,160,417	6,452,108
<b>Deferred outflows of resources</b>					
Deferred pension items <sup>(1)</sup>	629,484	699,716	1,524,175	1,602,768	945,420
<b>Total Deferred outflows of resources</b>	629,484	699,716	1,524,175	1,602,768	945,420
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	177,859	819,263	301,746	205,165	95,498
Accrued salaries and wages	117,516	174,331	188,624	183,710	200,051
Compensated absences	29,587	32,519	42,201	44,093	43,929
Total current liabilities	324,962	1,026,113	532,571	432,968	339,478
Noncurrent liabilities:					
Compensated absences	155,237	170,622	221,421	231,345	230,488
Net pension liability <sup>(1)</sup>	5,656,560	5,920,616	7,063,920	7,449,784	7,269,261
Net OPEB liabilities	140,745	173,130	201,024	656,501	700,654
Total noncurrent liabilities:	5,952,542	6,264,368	7,486,365	8,337,630	8,200,403
<b>Total liabilities</b>	6,277,504	7,290,481	8,018,936	8,770,598	8,539,881
<b>Deferred inflows of resources</b>					
Deferred pension items	1,212,374	656,608	315,903	266,721	390,874
<b>Total Deferred inflows of resources</b>	1,212,374	656,608	315,903	266,721	390,874
<b>Net Position</b>					
Net investment in capital assets	71,192	1,328,129	1,081,370	1,504,295	1,094,602
Unrestricted (deficit)	(1,311,349)	(860,269)	(662,469)	(3,911,936)	(2,627,829)
<b>Total Net Position</b>	\$ (1,240,157)	\$ 467,860	\$ 418,901	\$ (2,407,641)	\$ (1,533,227)

<sup>(1)</sup> Reflects implementation of GASB 68 in FY 2014-15.

Source: City of Berkeley, Department of Finance.

**Table 5**  
**CITY OF BERKELEY**  
**Parking Meter Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<b>Fiscal Year Ended June 30:</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>
<b>Operating Revenues:</b>					
Parking meter revenues <sup>(1)</sup>	\$ 9,151,360	\$ 9,315,816	\$ 10,119,294	\$ 10,170,358	\$ 10,381,385
<b>Total Revenues</b>	<u>9,151,360</u>	<u>9,315,816</u>	<u>10,119,294</u>	<u>10,170,358</u>	<u>10,381,385</u>
<b>Operating Expenses:</b>					
Personnel services <sup>(2)</sup>	2,197,247	2,380,949	2,355,413	2,543,643	2,746,985
Employee benefits	1,757,016	1,541,674	1,763,648	2,189,173	2,419,282
Transportation	400,771	301,133	374,027	412,685	408,485
Repairs and maintenance <sup>(3)</sup>	478,044	506,581	91,057	102,956	95,061
Materials and supplies <sup>(3)</sup>	734,000	493,710	787,830	300,554	238,090
Utilities	8,356	12,560	13,005	16,234	12,370
Specialized and professional services	653,239	698,959	1,482,652	1,667,755	1,379,317
Depreciation	27,366	77,154	292,977	319,996	436,448
Communication	4,968	10,915	12,834	10,887	77,106
<b>Total Operating Expenses</b>	<u>6,261,007</u>	<u>6,023,635</u>	<u>7,173,443</u>	<u>7,563,883</u>	<u>7,813,144</u>
<b>Operating Income (Loss)</b>	<u>2,890,353</u>	<u>3,292,181</u>	<u>2,945,851</u>	<u>2,606,475</u>	<u>2,568,241</u>
<b>Non-operating Revenues (Expenses):</b>					
Investment earnings <sup>(4)</sup>	(1,512)	11,976	(19,665)	(17,178)	96,473
Gain(loss) of dispos. capital assets	-	-	(1,670)	(4)	-
<b>Total non-operating revenue (expenses)</b>	<u>(1,512)</u>	<u>11,976</u>	<u>(21,335)</u>	<u>(17,182)</u>	<u>96,473</u>
Net income (loss) before contributions and transfers	<u>2,888,841</u>	<u>3,304,157</u>	<u>2,924,516</u>	<u>2,589,293</u>	<u>2,664,714</u>
Transfers in <sup>(5)</sup>	406,970	339,321	223,965	223,965	
Transfers out <sup>(6)</sup>	(1,254,871)	(1,935,459)	(3,040,593)	(4,713,262)	(1,790,299)
<b>Change in net position</b>	<u>2,040,940</u>	<u>1,708,019</u>	<u>107,888</u>	<u>(2,123,969)</u>	<u>874,415</u>
Total Net Position - Beginning	(3,281,079)	(1,240,157)	311,013	(130,934)	(2,407,641)
Total Net Position - Ending <sup>(7)</sup>	<u>\$ (1,240,139)</u>	<u>\$ 467,862</u>	<u>\$ 418,901</u>	<u>\$ (2,254,903)</u>	<u>\$ (1,533,226)</u>

<sup>(1)</sup> Revenue increases reflect meter rate increases that went into effect in December 2, 2013, June 2, 2014 and September 1, 2015.

<sup>(2)</sup> Increased personnel expenses in FY 2013-14 attributable to implementation of GASB 68; decreased personnel expenses in FY 2014-15 due to reduction in maintenance personnel from installation of new parking meters; Parking Meter Fund net pension liability and net OPEB obligation equals \$5,797,305 in FY 2014-15 and \$6,093,746 for FY 2015-16.

<sup>(3)</sup> FY 2013-14 and 2014-15 increases in repairs and maintenance due to reclassification of expenses from materials and supplies to repairs and maintenance; FY 2014-15 and 2015-16 increases in materials and supplies due to purchases of parking meters.

<sup>(4)</sup> GASB 31 requires the City to record the unrecognized loss of investments to reflect the fair market value.

<sup>(5)</sup> Transfers in reflect public works engineering fees collected in the Permit Service Center Fund transferred to Parking Meter Fund in lieu of lost parking meter revenues.

<sup>(6)</sup> FY 2015-16 transfers out include \$900,000 to Off Street Parking Fund for Project and \$1,026,000 to General Fund for Public Commons for Everyone Program and other homeless programs, as well as the City's portion of the Downtown Property Based Improvement District.

<sup>(7)</sup> June 30, 2014 ending fund balance does not roll to July 1, 2014 beginning fund balance due to implementation of GASB 68. See "APPENDIX C - The City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015 - Notes to Financial Statements, Note (I)(D)." June 30, 2016 ending fund balance does not roll to July 1, 2016 beginning fund balance due to implementation of GASB 82.

Source: City of Berkeley, Department of Finance.

- G. Coverage ratio calculation for the Bonds, in substantially the form provided in Table 6 of the Official Statement. (The City does not need to provide projected results for future years.):

**Table 6**  
**CITY OF BERKELEY**  
**Off Street Parking Fund and Parking Meter Fund**  
**Summary of Statement of Revenues, Expenses and Debt Service Coverage**

<b>Fiscal Year Ended June 30:</b>	<b>2018-2019</b>
<b>Off Street Parking Enterprise Operating Revenues</b>	
Center Street Garage	\$ 1,651,401
Oxford Garage	666,667
Telegraph/Channing Garage	1,093,389
Telegraph/Channing Mall Rents	377,068
Other	45,129
<b>Total Off Street Parking Enterprise Revenues</b>	<b>3,833,654</b>
<b>Off Street Parking Enterprise Operating Expenses</b>	
Personnel	594,297
Non-personnel	5,902,402
Property and Business Interruption Insurance for Center Street Garage	-
Parking Management Services	-
<b>Total Off Street Parking Enterprise Expenses</b>	<b>6,496,699</b>
<b>NET OFF STREET PARKING REVENUES FOR COVERAGE</b>	<b>\$ (2,663,045)</b>
<b>Parking Meter Enterprise Operating Revenues</b>	
Various Lots	\$ 10,381,385
PSC Transfer	-
<b>Total Parking Meter Enterprise Revenues</b>	<b>10,381,385</b>
<b>Parking Meter Enterprise Operating Expenses</b>	
Personnel	5,166,267
Non-personnel	2,646,877
<b>Total Parking Meter Enterprise Expenses</b>	<b>7,813,144</b>
<b>NET PARKING METER REVENUES FOR COVERAGE</b>	<b>\$ 2,568,241</b>
<b>TOTAL NET REVENUES FOR COVERAGE</b>	
2018 Revenue Bonds Debt Service	-
Coverage Ratio (Off Street Parking Fund Only)	N/A
Coverage Ratio (Off Street Parking Fund and Parking Meter Fund)	N/A





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**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**  
**[LETTERHEAD OF JONES HALL]**

July \_\_, 2020

City Council  
City of Berkeley  
2180 Milvia Street  
Berkeley, California 94704

**OPINION:**     \$\_\_\_\_\_ City of Berkeley, California 2020-21  
                         Tax and Revenue Anticipation Notes

Members of the City Council:

We have acted as bond counsel to the City of Berkeley, California (the "City") in connection with the issuance by the City, of the tax and revenue anticipation notes captioned above, dated the date hereof (the "Notes"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we deem necessary to render this opinion.

The Notes are issued pursuant to Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the "Act"), and a resolution (the "Resolution") of the City Council of the City, adopted on June 30, 2020.

Regarding questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1.     The City is a duly created and validly existing municipal corporation and charter city with the power to adopt the Resolution, perform the agreements on its part contained therein and issue the Notes.

2.     The Resolution constitutes a valid and binding obligation of the City, enforceable against the City.

3.     Pursuant to the Act, the Resolution creates a first lien on funds pledged by the Resolution for the security of the Notes.

4.     The Notes have been duly authorized and executed by the City and are valid and binding general obligations of the City.



5. The interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Notes.

6. The interest on the Notes is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Notes.

The rights of the owners of the Notes and the enforceability of the Notes are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is executed and delivered by the City of Berkeley (the “**City**”) in connection with the issuance by the City, of the \$\_\_\_\_\_ City of Berkeley 2020-21 Tax and Revenue Anticipation Notes (the “**Notes**”). The Notes are being issued pursuant to a resolution adopted by the City Council of the City on June 30, 2020 (the “**Resolution**”). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Dissemination Agent**” shall mean NHA Advisors, LLC, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“**Listed Events**” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“**MSRB**” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“**Participating Underwriter**” shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

#### Section 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Notes:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.

- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Notes under the Resolution.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 3 contain the qualifier

“if material.” The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 3(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 4. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the City shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

Section 5. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NHA Advisors, LLC.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a) it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Notes, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Notes.

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Notes and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2020

CITY OF BERKELEY

By \_\_\_\_\_  
City Manager



## APPENDIX E

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, interest and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Notes (the “**Issuer**”) nor the trustee, fiscal agent or paying agent appointed with respect to the Notes (the “**Agent**”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “**Rules**” applicable to DTC are on file with the Securities and Exchange Commission and the current “**Procedures**” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “**Securities**”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust

companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.