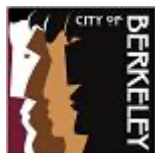


In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS – Tax Exemption."



\$45,000,000
CITY OF BERKELEY
2021 General Obligation Bonds
(2016 Election: Infrastructure and Facilities Improvements)

Dated: Date of Delivery

Due September 1, as shown on inside front cover

Issuance. The general obligation bonds captioned above (the "Bonds") are being issued by the City of Berkeley (the "City") under provisions of the California Government Code and under a Resolution adopted by the City Council of the City (the "City Council") on April 27, 2021 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the City held on November 8, 2016, at which more than two-thirds of the persons voting on the proposition voted to authorize the issuance and sale of not to exceed \$100,000,000 principal amount of general obligation bonds (the "2016 Authorization"). The Bonds are the second series of bonds to be sold and issued under the 2016 Authorization. See "THE BONDS – Authority for Issuance."

Purpose. The Bonds are being issued 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. See "PLAN OF FINANCE – Purpose of Issue."

Security. The Bonds are general obligations of the City, payable solely from ad valorem property taxes levied by the City and collected by Alameda County (the "County"). The City Council is empowered and is obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the City, without limitation of rate or amount (except certain personal property that is taxable at limited rates). See "SECURITY FOR THE BONDS."

Book-Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds are issuable as fully registered securities in denominations of \$5,000 or any integral multiple of \$5,000. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds. See "THE BONDS" and "APPENDIX E – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. Interest on the Bonds accrues from the date of delivery and is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2021. Payments of principal and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to DTC for subsequent disbursement to DTC Participants, which will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to optional and mandatory redemption prior to maturity. See "THE BONDS – Redemption."

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



Maturity Schedule
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the City, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the City. Certain legal matters are being passed upon for the City by the City Attorney. It is anticipated that the Bonds, in book entry form, will be available for delivery by DTC in New York, New York, on or about May 25, 2021.

MATURITY SCHEDULE
(Base CUSIP†: 084113)

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
2022	\$1,500,000	5.000%	0.100%	106.201%	YE3
2023	1,750,000	5.000	0.110	111.066	YF0
2024	920,000	5.000	0.200	115.620	YG8
2025	965,000	5.000	0.310	119.863	YH6
2026	1,010,000	5.000	0.450	123.654	YJ2
2027	1,065,000	5.000	0.550	127.373	YK9
2028	1,115,000	5.000	0.670	130.659	YL7
2029	1,170,000	5.000	0.800	133.530	YM5
2030	1,230,000	4.000	0.900	124.642 C	YN3
2031	1,280,000	3.000	1.150	114.547 C	YP8
2032	1,320,000	3.000	1.250	113.702 C	YQ6
2033	1,355,000	3.000	1.300	113.282 C	YR4
2034	1,400,000	3.000	1.350	112.864 C	YS2
2035	1,440,000	2.000	1.400	104.667 C	YT0
2036	1,470,000	2.000	1.850	101.143 C	YU7
2037	1,500,000	2.000	1.900	100.760 C	YV5
2038	1,530,000	2.000	1.950	100.378 C	YW3
2039	1,560,000	2.000	2.000	100.000	YX1
2040	1,590,000	2.000	2.020	99.680	YY9
2041	1,620,000	2.000	2.060	99.008	YZ6
2042	1,655,000	2.000	2.100	98.290	ZA0
2043	1,685,000	2.000	2.130	97.703	ZB8
2044	1,720,000	2.125	2.160	99.361	ZC6
2045	1,760,000	2.125	2.190	98.780	ZD4

\$5,505,000 2.250% Term Bonds due September 1, 2048; Yield: 2.270%; Price: 99.593%;
CUSIP†: ZE2

\$5,885,000 2.250% Term Bonds due September 1, 2051; Yield: 2.300%; Price: 98.912%;
CUSIP†: ZF9

C: Priced to first par optional call date of September 1, 2029.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Neither the City nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the City or the Underwriter. This Official Statement and the information contained herein are subject to completion or amendment without notice.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations relating to the Bonds other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Estimates and Projections. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the City and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by the City.

Involvement of Underwriter. The Underwriter (as defined in “UNDERWRITING”) has reviewed the information in this Official Statement in accordance with, and as a 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.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, or the other parties described in this Official Statement, or the condition of the property within the City since the date of this Official Statement.

Website. The City maintains a website; however, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

CITY OF BERKELEY

ELECTED OFFICIALS

Jesse Arreguín, Mayor
Rashi Kesarwani, Councilmember District 1
Terry Taplin, 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

Henry Oyekanmi
Director of Finance

Paul Buddenhagen
Deputy City Manager

Farimah Brown
City Attorney

Jenny Wong
City Auditor

PROFESSIONAL SERVICES

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

NHA Advisors, LLC
San Rafael, California

BOND REGISTRAR, TRANSFER AGENT, AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

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APPENDIX A - FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF BERKELEY AND ALAMEDA COUNTY

APPENDIX B - COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2020

APPENDIX C - PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E - DTC AND THE BOOK-ENTRY ONLY SYSTEM

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OFFICIAL STATEMENT

\$45,000,000
CITY OF BERKELEY
2021 General Obligation Bonds
(2016 Election: Infrastructure and Facilities Improvements)

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the bonds captioned above (the “**Bonds**”) by the City of Berkeley (the “**City**”). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Bond Resolution (as defined below).

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The City. 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 January 1, 2020, population of 122,580, 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 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 charter was adopted in 1895.

See “APPENDIX A – FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF BERKELEY AND ALAMEDA COUNTY” and “APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2020,” for demographic and financial information regarding the City.

COVID-19 Statement. The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the City cannot at this time predict the impacts that the COVID-19 pandemic may have on its operations and finances, property values in the City, and economic activity in the City, the State of California (the “**State**”) and the nation, among others. For more disclosure regarding the COVID-19 emergency, see “SECURITY FOR THE BONDS – COVID-19 Pandemic.” See also references to COVID-19 in the sections herein entitled “PROPERTY

TAXATION”, and in APPENDIX A under the heading “CITY FINANCIAL INFORMATION – State Budget and its Impact on the City.”

Authority for Issuance. The Bonds represent a sale of bonds approved by more than two-thirds of the qualified voters in the City voting at a municipal election on November 8, 2016, to approve the issuance of up to \$100,000,000 of general obligation bonds. On November 15, 2017, the City issued a first series of bonds pursuant to the 2016 Authorization in the aggregate principal amount of \$35,000,000. The Bonds are the second series of bonds issued under the 2016 Authorization. After the issuance of the Bonds, there will be \$20,000,000 remaining under the 2016 Authorization. See “THE BONDS – Authority for Issuance.”

The Bonds are being issued under Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and pursuant to and consistent with the Charter of the City. The City authorized the issuance of the Bonds under a Resolution adopted by the City Council of the City (the “**City Council**”) on April 27, 2021 (the “**Bond Resolution**”).

Purpose for Issuance. The Bonds are being issued 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. See “PLAN OF FINANCE – Purpose of Issue.”

Security and Sources of Payment for the Bonds. The Bonds are general obligations of the City payable solely from ad valorem property taxes levied by the City and collected by the County. The City Council is empowered and is obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the City, without limitation of rate or amount (except with respect to certain personal property that is taxable at limited rates). See “SECURITY FOR THE BONDS.”

The impact that the current COVID-19 outbreak might have on the assessed valuation of property located in the City is uncertain at this time. See “PROPERTY TAXATION – Assessed Valuations” and “SECURITY FOR THE BONDS – COVID-19 Pandemic.”

Payment and Registration of the Bonds. The Bonds will be dated their date of original issuance and delivery (the “**Dated Date**”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple of \$5,000, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“**DTC**”), and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described below. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “THE BONDS” and “APPENDIX E – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Interest on the Bonds accrues from the Dated Date and is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2021. See “THE BONDS – Description of the Bonds.”

Early Redemption. The Bonds are subject to optional and mandatory redemption prior to their maturity as described in “THE BONDS - Redemption.”

Other Information. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the City of Berkeley City Clerk, 2180

Milvia Street, Berkeley, California 94704, (510) 981-7000. The City may impose a charge for copying, mailing and handling.

PLAN OF FINANCE

Purpose of Issue

The net proceeds of the Bonds will be used 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.

Sources and Uses of Funds

The estimated sources and uses of funds with respect to the Bonds will be applied as follows:

Sources of Funds

Principal Amount of Bonds	\$45,000,000.00
<i>Plus:</i> Net Original Issue Premium	2,810,990.35
<i>Less:</i> Underwriter's Discount	<u>(360,000.00)</u>
Total Sources	\$47,450,990.35

Uses of Funds

Deposit to Project Fund	\$45,000,000.00
Deposit to Debt Service Fund	2,255,990.35
Costs of Issuance ⁽¹⁾	<u>195,000.00</u>
Total Uses	\$47,450,990.35

(1) Includes Municipal Advisor fees, Bond Counsel and Disclosure Counsel fees, printing costs, rating agency fees and other related costs.

THE BONDS

Authority for Issuance

The Bonds are issued under Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “**Act**”) and other applicable law, and pursuant to the City’s powers under and consistent with the Charter of the City. The City authorized the issuance of the Bonds pursuant to the Bond Resolution.

The City received authorization at an election held on November 8, 2016, by an affirmative vote of 86.6% of the eligible voters within the City (the “**2016 Authorization**”) to issue \$100,000,000 of general obligation bonds. The Bonds are the second series of Bonds to be sold and issued under the 2016 Authorization.

Description of the Bonds

Book-Entry Form. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“**DTC**”). Purchasers of the Bonds (the “**Beneficial Owners**”) will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice.

The Paying Agent, the City, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

See “APPENDIX E – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Interest. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year (the “**Interest Payment Dates**”), commencing September 1, 2021.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

1. a Bond is authenticated as of an Interest Payment Date, in which event it will bear interest from such date,
2. a Bond is authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date,

3. a Bond is authenticated on or before August 15, 2021, in which event it shall bear interest from the Closing Date, or
4. at the time of authentication of a Bond, interest is in default thereon, in which event it will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Denominations and Maturity. The Bonds shall be issued in the denomination of \$5,000 each or any integral multiple of \$5,000. The Bonds mature on September 1 in the years and amounts set forth on the inside cover page hereof.

See the maturity schedule on the inside cover page hereof and “DEBT SERVICE SCHEDULE” below.

Payment

Interest on the Bonds (including the final interest payment upon maturity) is payable by check of the Paying Agent mailed to the owner thereof at such owner’s address as it appears on the Registration Books (as defined below) at the close of business on the preceding Record Date, except that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the Bonds, which written request is on file with the Paying Agent as of any Record Date, interest on such Bonds shall be paid by wire transfer on the succeeding Interest Payment Date to an account in the United States of America as shall be specified in such written request.

Principal of and premium (if any) on the Bonds is payable in lawful money of the United States of America upon presentation and surrender at the principal office of the Paying Agent.

Redemption

Optional Redemption. The Bonds maturing on or before September 1, 2029, are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after September 1, 2030, are subject to redemption prior to maturity, at the option of the City, in whole or in part among maturities on such basis as designated by the City and by lot within a maturity, from any available source of funds, on September 1, 2029, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 2048 and September 1, 2051 (the “**Term Bonds**”) are subject to redemption prior to their stated maturity date, without a redemption premium, in part by lot, from mandatory sinking fund payments on each September 1, on and after September 1, 2046, in the principal amounts as set forth in the following tables, respectively:

\$5,505,000 Term Bond Due September 1, 2048

Payment Date (September 1)	Payment Amount
2046	\$1,795,000
2047	1,835,000
2048 (Maturity)	1,875,000

\$5,885,000 Term Bond Due September 1, 2051

Payment Date (September 1)	Payment Amount
2049	\$1,920,000
2050	1,960,000
2051 (Maturity)	2,005,000

If some but not all of the Term Bonds have been optionally redeemed, the aggregate principal amount of Term Bonds to be subject to Mandatory Sinking Fund Redemption in each year will be reduced on a pro rata basis in integral multiples of \$5,000, as designated in written notice filed by the City with the Paying Agent.

Redemption Procedure. The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, (i) to the Securities Depositories and the Municipal Securities Rulemaking Board, and (ii) to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books (as defined below) maintained by the Paying Agent. Such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Bonds.

The City is entitled to send a redemption notice that declares that the redemption is conditional upon the availability of moneys to accomplish the redemption, and the City may rescind any notice of optional redemption of the Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption, and the Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this section. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption. The City and the Paying Agent have no liability to the Owners or any other party related to or arising from such rescission.

A redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, will designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and will require that such Bonds be then surrendered at the principal office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Partial Redemption. Upon surrender of Bonds redeemed in part only, the City will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the

City, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Registration, Transfer and Exchange of Bonds

If the book-entry system as described above and in Appendix E is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

Registration Books. The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Bonds (the “**Registration Books**”), which will at all times be open to inspection by the City upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Bonds.

Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The City may charge a reasonable sum for each new Bond issued upon any transfer.

Whenever any Bond or Bonds are surrendered for transfer, the City will execute and the Paying Agent will authenticate and deliver a new Bond or Bonds, for like aggregate principal amount.

Exchange. Bonds may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The City may charge a reasonable sum for each new Bond issued upon any exchange.

Defeasance

The City has the option to pay and discharge the entire indebtedness on all or any portion of the outstanding Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity:
 - (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity;
 - or

(ii) Federal Securities (as defined below), the principal of and interest on, which when due, in the opinion of a certified public accountant delivered to the City, will provide money sufficient to pay the principal of and all unpaid interest to maturity on the Bonds to be paid, as such principal and interest become due.

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

“Federal Securities” means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations, the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions).

<u>Year Ending September 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ -	\$345,553.33	\$345,553.33
2022	1,500,000.00	1,295,825.00	2,795,825.00
2023	1,750,000.00	1,220,825.00	2,970,825.00
2024	920,000.00	1,133,325.00	2,053,325.00
2025	965,000.00	1,087,325.00	2,052,325.00
2026	1,010,000.00	1,039,075.00	2,049,075.00
2027	1,065,000.00	988,575.00	2,053,575.00
2028	1,115,000.00	935,325.00	2,050,325.00
2029	1,170,000.00	879,575.00	2,049,575.00
2030	1,230,000.00	821,075.00	2,051,075.00
2031	1,280,000.00	771,875.00	2,051,875.00
2032	1,320,000.00	733,475.00	2,053,475.00
2033	1,355,000.00	693,875.00	2,048,875.00
2034	1,400,000.00	653,225.00	2,053,225.00
2035	1,440,000.00	611,225.00	2,051,225.00
2036	1,470,000.00	582,425.00	2,052,425.00
2037	1,500,000.00	553,025.00	2,053,025.00
2038	1,530,000.00	523,025.00	2,053,025.00
2039	1,560,000.00	492,425.00	2,052,425.00
2040	1,590,000.00	461,225.00	2,051,225.00
2041	1,620,000.00	429,425.00	2,049,425.00
2042	1,655,000.00	397,025.00	2,052,025.00
2043	1,685,000.00	363,925.00	2,048,925.00
2044	1,720,000.00	330,225.00	2,050,225.00
2045	1,760,000.00	293,675.00	2,053,675.00
2046	1,795,000.00	256,275.00	2,051,275.00
2047	1,835,000.00	215,887.50	2,050,887.50
2048	1,875,000.00	174,600.00	2,049,600.00
2049	1,920,000.00	132,412.50	2,052,412.50
2050	1,960,000.00	89,212.50	2,049,212.50
2051	2,005,000.00	45,112.50	2,050,112.50
Total	\$45,000,000.00	\$18,550,053.33	\$63,550,053.33

Combined Debt Service Schedule. In addition to the Bonds described herein, the City has other series of general obligation bonds and refunding bonds outstanding. The following table shows the combined debt service schedule for outstanding general obligation bonds and refunding bonds of the City, following the issuance of the Bonds, and assuming no optional redemptions.

Year Ending September 1	2014 Bonds	2015 Refunding Bonds	2016 Bonds	2017 Bonds	2020 Measure O Bonds	2020A Refunding Bonds	2020B Refunding Bonds	The Bonds	Total Debt Service
2021	\$902,750.00	\$3,104,587.50	\$748,362.50	\$1,748,556.26	\$2,023,940.00	\$541,200.00	\$818,187.50	\$345,553.33	\$10,233,137.09
2022	905,250.00	3,106,587.50	748,112.50	1,748,806.26	2,020,340.00	543,700.00	814,187.50	2,795,825.00	12,682,808.76
2023	901,750.00	3,103,087.50	747,112.50	1,747,306.26	2,020,740.00	540,450.00	814,437.50	2,970,825.00	12,845,708.76
2024	902,500.00	3,099,087.50	745,362.50	1,749,056.26	2,023,790.00	536,700.00	813,687.50	2,053,325.00	11,923,508.76
2025	905,350.00	3,104,337.50	747,862.50	1,748,806.26	2,020,790.00	537,450.00	811,937.50	2,052,325.00	11,928,858.76
2026	902,225.00	3,108,087.50	748,062.50	1,746,556.26	2,021,915.00	537,450.00	819,187.50	2,049,075.00	11,932,558.76
2027	903,250.00	3,105,287.50	752,662.50	1,746,156.26	2,021,990.00	541,700.00	814,937.50	2,053,575.00	11,939,558.76
2028	905,450.00	2,140,087.50	756,462.50	1,749,356.26	2,021,015.00	544,950.00	814,687.50	2,050,325.00	10,982,333.76
2029	901,850.00	1,001,287.50	764,462.50	1,748,956.26	2,023,990.00	542,200.00	813,187.50	2,049,575.00	9,845,508.76
2030	902,650.00	399,887.50	770,962.50	1,746,906.26	2,020,740.00	548,700.00	815,437.50	2,051,075.00	9,256,358.76
2031	902,650.00	399,975.00	771,862.50	1,746,906.26	2,021,440.00	543,950.00	816,187.50	2,051,875.00	9,254,846.26
2032	901,850.00	399,737.50	772,312.50	1,746,006.26	2,023,452.50	547,550.00	816,587.50	2,053,475.00	9,260,971.26
2033	904,575.00	398,768.76	772,312.50	1,749,206.26	2,024,327.50	550,350.00	815,987.50	2,048,875.00	9,264,402.52
2034	906,268.76	397,043.76	774,437.50	1,746,356.26	2,024,065.00	549,100.00	814,387.50	2,053,225.00	9,264,883.78
2035	901,931.26	399,968.76	781,187.50	1,747,606.26	2,022,665.00	555,300.00	818,687.50	2,051,225.00	9,278,571.28
2036	905,243.76	397,368.76	786,750.00	1,747,806.26	2,020,127.50	557,100.00	817,600.00	2,052,425.00	9,284,421.28
2037	902,243.76	398,956.26	791,787.50	1,746,956.26	2,020,502.50	557,250.00	815,700.00	2,053,025.00	9,286,421.28
2038	903,150.00	--	795,562.50	1,748,518.76	2,024,190.00	556,950.00	816,950.00	2,053,025.00	8,898,346.26
2039	902,743.76	--	798,787.50	1,748,831.26	2,021,002.50	556,200.00	818,850.00	2,052,425.00	8,898,840.02
2040	906,025.00	--	806,462.50	1,747,893.76	2,021,127.50	--	--	2,051,225.00	7,532,733.76
2041	901,825.00	--	813,450.00	1,749,018.76	2,024,377.50	--	--	2,049,425.00	7,538,096.26
2042	906,275.00	--	819,750.00	1,748,681.26	2,020,565.00	--	--	2,052,025.00	7,547,296.26
2043	903,925.00	--	828,600.00	1,746,881.26	2,024,877.50	--	--	2,048,925.00	7,553,208.76
2044	--	--	836,550.00	1,748,618.76	2,021,940.00	--	--	2,050,225.00	6,657,333.76
2045	--	--	843,600.00	1,748,731.26	2,022,540.00	--	--	2,053,675.00	6,668,546.26
2046	--	--	849,750.00	1,747,218.76	2,021,270.00	--	--	2,051,275.00	6,669,513.76
2047	--	--	--	1,747,037.50	2,023,130.00	--	--	2,050,887.50	5,821,055.00
2048	--	--	--	--	2,022,950.00	--	--	2,049,600.00	4,072,550.00
2049	--	--	--	--	2,020,730.00	--	--	2,052,412.50	4,073,142.50
2050	--	--	--	--	2,021,470.00	--	--	2,049,212.50	4,070,682.50
2051	--	--	--	--	--	--	--	2,050,112.50	2,050,112.50
Total	\$20,781,731.30	\$28,064,143.80	\$20,372,587.50	\$47,192,737.76	\$60,666,000.00	\$10,388,250.00	\$15,500,812.50	\$63,550,053.33	\$266,516,316.19

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the City, payable solely from ad valorem property taxes levied by the City and collected by the County. The City is empowered and is obligated to annually levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all property within the City subject to taxation by the City, without limitation of rate or amount (except certain personal property that is taxable at limited rates).

Levy and Collection. The City will levy and the County will collect such ad valorem taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the City and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

City property taxes are assessed and collected by the County in the same manner, at the same time and in the same installments as other ad valorem taxes on real property and will have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the other ad valorem taxes on real property. As described below, although the County has adopted the Teeter Plan, the City has elected not to participate in the Teeter Plan, meaning that the City receives all of the property taxes that are actually collected, and the City also receives any penalties and interest on delinquent taxes. See “PROPERTY TAXATION – Alternative Method of Tax Apportionment – Teeter Plan.”

Annual Tax Rates. The amount of the annual ad valorem tax levied by the City to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the City and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the City may cause the annual tax rate to fluctuate.

Economic and other factors beyond the City’s control, such as economic recession, deflation of land values, a relocation out of the City or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood or other natural disaster, could cause a reduction in the assessed value within the City and necessitate a corresponding increase in the annual tax rate. See “PROPERTY TAXATION – Assessed Valuation – Factors Relating to Increases/Decreases in Assessed Value.” See also “— COVID-19 Pandemic.”

Debt Service Fund

The City will establish the Debt Service Fund for the Bonds (the “**Debt Service Fund**”), which will be established as a separate fund to be maintained distinct from all other funds of the City. All taxes levied by the City pursuant to the Bond Resolution for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the City promptly upon receipt from the County. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The City will transfer amounts in the Debt Service Fund, to the extent necessary to

pay the principal of and interest on the Bonds as the same become due and payable, to the Paying Agent, as required to pay the principal of and interest and premium (if any) on the Bonds.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the City shall transfer such amounts to its General Fund, to be applied solely in a manner that is consistent with the requirements of applicable state and federal tax law.

Limited Obligation

The Bonds are payable solely from the proceeds of an ad valorem tax levied by the City, and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the ad valorem tax for the payment of the Bonds, the Bonds are not a debt of the County.

COVID-19 Pandemic

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 States (the “**President**”) and a state of emergency by the Governor of the State (the “**Governor**”). There has been tremendous volatility in the financial markets in the United States and globally, resulting in the onset of a national and global recession.

Federal Response. 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 multi-billion-dollar 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 27, 2020, the United States Congress passed a \$2 trillion relief package, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the “**CARES Act**”). The package includes direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, \$367 billion for loans to small businesses, a \$500 billion fund to assist distressed large businesses, including approximately \$30 billion to provide emergency grants to educational institutions and local educational agencies. Under the CARES Act, the City received \$14,398,739 from the federal and state government to address the spread of COVID-19 and its economic impacts.

On April 9, 2020, the Federal Reserve took additional actions to provide up to \$2.3 trillion in loans to support the economy, including supplying liquidity to participating financial institutions in the Small Business Administration’s Paycheck Protection Program, purchasing up to \$600 billion in loans through the Main Street Lending Program and offering up to \$500 billion in lending to states and municipalities.

On April 24, 2020, an additional \$484 billion federal aid package was signed into law to provide additional funding for distressed small businesses and to provide funds for hospitals and COVID-19 testing. The legislation adds \$310 billion to the Paycheck Protection Program, increases the small business emergency grant and loan program by \$60 billion, and directs \$75 billion to hospitals and \$25 billion to a new COVID-19 testing program.

On March 11, 2021, the President signed a \$1.9 trillion stimulus package (the “**American Rescue Package**”) into law, authorizing a third round of one-time stimulus payments for qualifying Americans, extending additional unemployment benefits, and providing aid to cities and states facing budget shortfalls. The City has been allocated \$68,258,828 in American Rescue Package funds to respond to the COVID-19 emergency and address its economic effects including assistance to small businesses, households, non-profits and hard-hit industries, offset the loss of revenue for the provision of government services, provide for premium pay for essential workers, and to invest in water, sewer, and broadband infrastructure. These funds will be received 60 days after the effective date of the American Rescue Package and will be received in two payments separated by 12 months. All funds received by the City must be spent by December 31, 2024. In addition, the City will receive \$2,777,361 to develop affordable rental housing, to help acquire non-congregate shelter to be converted into permanent affordable housing or used as emergency shelter. Other resources that the City may qualify for are unknown at this time.

State Response. At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250 and confirmed continued funding for school districts that close under certain conditions. On March 16, 2020, the State legislature passed \$1.1 billion in general purpose spending authority for emergency funds to respond to the Coronavirus crisis. On March 19, 2020, Governor Newsom issued Executive Order N-33-20, a blanket shelter-in-place order, ordering all California residents to stay home except for certain necessities and other essential purposes. On August 28, 2020, the Governor released a new system called “Blueprint for a Safer California,” which places the State’s 58 counties into four color-coded tiers – purple, red, orange, and yellow, in descending order of severity – based on the number of new daily cases of COVID-19 and the percentage of positive tests.

Under the State’s “Blueprint for a Safer California,” counties must spend at least three weeks in each tier before advancing to the next one. The County is currently assigned to the orange tier, which is the second least restrictive tier. On June 15, 2021, the State expects to fully reopen its economy, ceasing use of the Blueprint for a Safer California.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, the economic impacts and actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain and cannot be predicted. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the Governor’s office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). *The City has not incorporated by reference the information on such websites, and the City does not assume any responsibility for the accuracy of the information on such websites.*

Impacts of COVID-19 Pandemic on Global and Local Economies Cannot Be Predicted; Potential Declines in State and Local Revenues. The COVID-19 public health emergency will have negative impacts on global and local economies, including the economy of the State and in the region of the City. The extent and duration of the COVID-19 emergency is currently unknown, and the reach of its impacts uncertain.

The State’s revenue sources are anticipated to be materially impacted by the COVID-19 pandemic, including with respect to reductions in personal income tax receipts and capital gains tax receipts. Economic uncertainty caused by the outbreak will significantly affect California’s

near-term fiscal outlook, with a likely recession due to pullback in activity across wide swaths of the economy. For more detail regarding the State's current budget, and related reports and outlooks, see Appendix A under the heading "CITY FINANCIAL INFORMATION – State Budget and its Impact on the City."

In addition, in an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed an executive order suspending 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. See "PROPERTY TAXATION – Property Tax Collection Procedures – Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes."

Impacts of COVID-19 Emergency Uncertain. The possible impacts that the COVID-19 emergency might have on the City's finances, programs, credit ratings on its debt obligations, local property values and the economy in general are uncertain at this time. In addition, there may be unknown consequences of the COVID-19 emergency, which the City is unable to predict.

General Obligation Bonds Secured by Ad Valorem Tax Revenues. Notwithstanding the impacts the COVID-19 emergency may have on the economy in the State, the County and the City or on the City's general purpose revenues, the Bonds described herein are voter-approved general obligations of the City payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the City. The City cannot predict the impacts that the Coronavirus emergency might have on local property values or tax collections. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes" and "PROPERTY TAXATION – Tax Levies and Delinquencies" herein.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state assessed public utilities' property and property, the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. 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 certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Waiver of State Laws Relating to Penalties for Non-Payment of Property Taxes. 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 impacts the waiver of penalties, costs or interest on delinquent property taxes under the circumstances described in Order N-61-20 have on property tax revenues are unknown at this time. For information about the County's current distribution of property taxes, see below under the heading "-Tax Levies and Delinquencies."

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, including Order N-61-20, which may be enacted by the State legislature or declared by the Governor from time to time. The City cannot predict changes in law or orders of State officials that might occur in the future, particularly with regard to actions that might be taken in an attempt to mitigate the impacts of the COVID-19 pandemic.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities are assessed by the State Board of Equalization (“SBE”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property,” a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

Assessed Valuation History. The following is a table summarizing the historical assessed valuation of the taxable property in the City.

Table 1
CITY OF BERKELEY
Assessed Valuations of All Taxable Property
Fiscal Years 2011-12 to 2020-21

<u>Fiscal Year</u>	<u>Local Secured⁽¹⁾</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent Change</u>
2011-12	\$12,525,929,662	\$555,664	\$667,789,011	\$13,194,274,337	--
2012-13	12,834,926,300	555,664	673,174,230	13,508,656,194	2.38%
2013-14	13,686,258,913	555,664	677,170,723	14,363,985,300	6.33
2014-15	14,116,003,890	630,615	658,143,878	14,774,778,383	2.86
2015-16	15,224,697,461	388,860	702,428,523	15,927,514,844	7.80
2016-17	16,200,483,693	388,860	711,062,469	16,911,935,022	6.18
2017-18	17,376,072,698	443,960	809,921,331	18,186,437,989	7.54
2018-19	18,696,664,672	443,960	731,012,747	19,428,121,379	6.82
2019-20	19,926,615,530	424,880	860,872,387	20,787,912,797	7.00
2020-21	21,450,331,604	424,880	931,765,413	22,382,521,897	7.67

(1) Amounts are net of homeowners’ exemption.

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent natural disasters do not include territory within the City’s boundaries, the City cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related

conditions have or may have on the value of taxable property within the City, or to what extent the effects said disasters might have had on economic activity in the City or throughout the State.

The City cannot predict or make any representations regarding the effects that natural disasters and related conditions have or may have on the value of taxable property within the City, or to what extent the effects said disasters might have had on economic activity in the City or throughout the State. See also “SECURITY FOR THE BONDS – COVID-19 Pandemic.”

Property Tax Base Transfer Ballot Measure. On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment (“**Proposition 19**”), which will: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The City cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the City.

Assessed Valuation by Land Use. The following table shows the land use of parcels in the City, according to assessed valuation. As shown, the majority of land in the City is used for residential purposes.

**Table 2
CITY OF BERKELEY
Assessed Valuation and Parcels by Land Use
Fiscal Year 2020-21**

	2020-21 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial/Office	\$2,267,104,741	10.57%	1,576	5.40%
Vacant Commercial	91,290,948	0.43	58	0.20
Industrial	1,143,756,302	5.33	419	1.44
Vacant Industrial	12,622,599	0.06	24	0.08
Recreational	41,086,102	0.19	18	0.06
Government/Social/Institutional	<u>21,876,782</u>	<u>0.10</u>	<u>648</u>	<u>2.22</u>
Subtotal Non-Residential	\$3,577,737,474	16.68%	2,743	9.40%
Residential:				
Single Family Residence	\$11,112,277,173	51.80%	17,469	59.85%
Condominium/Townhouse	1,059,597,171	4.94	2,887	9.89
Cooperative	28,841,761	0.13	103	0.35
2-4 Residential Units	2,291,864,755	10.68	4,009	13.74
5+ Residential Units/Apartments	3,303,917,245	15.40	1,491	5.11
Miscellaneous Residential	2,752,561	0.01	10	0.03
Vacant Residential	<u>73,343,464</u>	<u>0.34</u>	<u>474</u>	<u>1.62</u>
Subtotal Residential	\$17,872,594,130	83.32%	26,443	90.60%
Total	\$21,450,331,604	100.00%	29,186	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the City, according to assessed valuation.

**Table 3
CITY OF BERKELEY
Per Parcel 2020-21 Assessed Valuation
of Single-Family Homes**

	<u>No. of Parcels</u>	<u>2020-21 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	17,469	\$11,112,277,173	\$636,114	\$512,457

<u>2020-21 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$99,999	1,836	10.510%	10.510%	\$ 120,565,757	1.085%	1.085%
\$100,000 - \$199,999	2,269	12.989	23.499	325,544,524	2.930	4.015
\$200,000 - \$299,999	1,568	8.976	32.475	391,166,839	3.520	7.535
\$300,000 - \$399,999	1,544	8.839	41.313	538,742,151	4.848	12.383
\$400,000 - \$499,999	1,339	7.665	48.978	601,639,822	5.414	17.797
\$500,000 - \$599,999	1,241	7.104	56.082	680,486,144	6.124	23.921
\$600,000 - \$699,999	1,151	6.589	62.671	745,592,397	6.710	30.630
\$700,000 - \$799,999	1,046	5.988	68.659	784,779,415	7.062	37.693
\$800,000 - \$899,999	1,025	5.868	74.526	868,865,842	7.819	45.512
\$900,000 - \$999,999	918	5.255	79.781	869,826,432	7.828	53.339
\$1,000,000 - \$1,099,999	679	3.887	83.668	710,339,004	6.392	59.732
\$1,100,000 - \$1,199,999	531	3.040	86.708	610,896,336	5.497	65.229
\$1,200,000 - \$1,299,999	428	2.450	89.158	533,969,923	4.805	70.034
\$1,300,000 - \$1,399,999	373	2.135	91.293	501,703,469	4.515	74.549
\$1,400,000 - \$1,499,999	339	1.941	93.234	489,871,199	4.408	78.958
\$1,500,000 - \$1,599,999	236	1.351	94.585	364,992,196	3.285	82.242
\$1,600,000 - \$1,699,999	207	1.185	95.770	340,519,288	3.064	85.307
\$1,700,000 - \$1,799,999	160	0.916	96.686	280,362,929	2.523	87.830
\$1,800,000 - \$1,899,999	119	0.681	97.367	220,084,408	1.981	89.810
\$1,900,000 - \$1,999,999	84	0.481	97.848	163,434,316	1.471	91.281
\$2,000,000 and greater	376	2.152	100.000	968,894,782	8.719	100.000
	<u>17,469</u>	<u>100.000%</u>		<u>\$11,112,277,173</u>	<u>100.000%</u>	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to participating political subdivisions, for which the County acts as the tax-levying or tax-collecting agency. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency in the absence of the Teeter Plan. The City has elected not to participate in the Teeter Plan, so the City receives property taxes actually collected, as well as any penalties and interest on delinquent taxes.

The property tax levies and collections for the City for fiscal years 2011-12 through 2019-20 are shown in the following table:

Table 4
CITY OF BERKELEY
SECURED TAX CHARGES AND DELINQUENCIES
2011-12 TO 2019-20
(Dollar amounts in thousands)

Fiscal Year	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30
2011-12	\$40,085,111.77	\$814,536.14	2.03%
2012-13	40,863,072.01	588,607.19	1.44
2013-14	43,482,172.03	491,490.18	1.13
2014-15	45,452,269.29	477,676.28	1.05
2015-16	48,936,168.63	607,465.93	1.24
2016-17	52,097,423.06	562,295.75	1.08
2017-18	56,317,983.19	488,950.31	0.87
2018-19	59,739,122.88	512,267.28	0.86
2019-20	63,775,410.84	663,946.24	1.04

(1) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

There are two types of appeals of assessed values that could adversely impact property tax revenues within the City.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the least of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of

ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In certain recent years, Proposition 8 appeals resulted in changes to assessed valuation, as shown below.

<u>Year</u>	<u>Changes in Assessed Valuation</u>
2017-18	\$367,662,854
2018-19	1,125,587,690
2019-20	1,359,907,418
2020-21	1,233,243,959

The City cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate City assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

Tax Rates

The table below shows historical property tax rates within the City:

Table 5
CITY OF BERKELEY
TYPICAL TAX RATE PER \$100 ASSESSED VALUATION
(TRA 13-000 – 2020-21 Assessed Valuation: \$21,754,831,318⁽¹⁾)

	<u>Fiscal Year</u> <u>2016-17</u>	<u>Fiscal Year</u> <u>2017-18</u>	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2019-20</u>	<u>Fiscal Year</u> <u>2020-21</u>
Countywide Rate	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Alameda County	--	--	.0112	.0108	.0036
Berkeley Unified School District Bonds	.1327	.1218	.1264	.1204	.0999
Peralta Community College District	.0256	.0310	.0269	.0257	.0452
Bay Area Rapid Transit	.0080	.0084	.0070	.0120	.0139
East Bay Municipal Utility District	.0032	.0021	--	--	--
East Bay Regional Park District	.0028	.0011	.0057	.0060	.0014
City of Berkeley	<u>.0445</u>	<u>.0492</u>	<u>.0507</u>	<u>.0435</u>	<u>.0540</u>
Total	\$1.2168	\$1.2136	\$1.2279	\$1.2184	\$1.2180

(1) Net of homeowners' exemption.
Source: California Municipal Statistics, Inc.

Major Taxpayers

The following table shows the twenty largest taxpayers in the City as determined by their secured assessed valuations in 2020-21.

Table 6
CITY OF BERKELEY
Largest 2020-21 Local Secured Taxpayers

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2020-21 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1. Bayer Healthcare LLC	Industrial	\$371,086,797	1.73%
2. Berkeley Multifamily I Property Owner LLC	Apartments with Retail	101,517,135	0.47
3. Granite Library Gardens LP	Apartments	92,007,838	0.43
4. Hanumandla R. & Hanumandla J. Reddy, Trustees	Apartments	84,607,061	0.39
5. BREIT SH Berkeley LLC	Apartments with Retail	81,975,542	0.38
6. CVBAF ACQ LLC	Apartments	76,794,428	0.36
7. MCREAF Acheson LLC	Apartments	70,484,326	0.33
8. 1500 San Pablo LLC	Apartments	65,620,532	0.31
9. Kaiser Foundation Health Plan Inc.	Industrial/Commercial Land	65,117,446	0.30
10. Parkershattuck Owner LLC	Apartments	61,361,380	0.29
11. CLPF Hillside Village LP	Apartments	58,912,826	0.27
12. RI Berkeley LLC	Apartments	57,082,272	0.27
13. CPF Berkeley Varsity LLC	Apartments	55,116,826	0.26
14. Sterling Berkeley Haste LP	Apartments	53,485,617	0.25
15. Essex Berkeley 4th Street LP	Condominiums with Retail	53,111,791	0.25
16. Higby JV LLC	Apartments	51,549,439	0.24
17. Sterling Berkeley Allston LP	Apartments	50,805,951	0.24
18. Garr Land & Resource Management, Inc.	Industrial	45,315,966	0.21
19. John K. Gordon & Janis L. Mitchell, Trustees	Commercial Properties	42,455,635	0.20
20. Dwight Way Residential Property Owner LLC	Apartments	<u>42,339,831</u>	<u>0.20</u>
		\$1,580,748,639	7.37%

(1) 2020-21 Local Secured Assessed Valuation: \$21,450,331,604.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. and effective March 1, 2021. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the percentage that the City’s assessed valuation represents of the total assessed valuation of each public agency identified in the first column; and the third column is an apportionment of the dollar amount of each public agency’s outstanding

debt to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City's assessed valuation represented in the second column.

**Table 7
CITY OF BERKELEY
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
(As of March 1, 2021)**

2020-21 Assessed Valuation: \$22,382,521,897

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/21</u>
Alameda County	6.753%	\$ 12,918,489
Bay Area Rapid Transit District	2.613	48,912,486
Peralta Community College District	18.503	80,896,041
Berkeley Unified School District	99.997	338,364,849
City of Berkeley	100.000	136,995,000⁽¹⁾
City of Berkeley Community Facilities District No. 1	100.000	735,000
East Bay Regional Park District	4.181	5,604,631
City of Berkeley Thousand Oaks Heights AFUU Assessment District	100.000	<u>960,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$625,386,496
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County and Coliseum Obligations	6.753%	\$ 53,776,334
Alameda-Contra Costa Transit District Certificates of Participation	7.996	931,934
Peralta Community College District Pension Obligation Bonds	18.503	24,661,540
City of Berkeley Lease Revenue Bonds and Certificates of Participation	100.000	<u>22,650,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$102,019,808
COMBINED TOTAL DEBT		\$727,406,304⁽²⁾

Ratios 2020-21 Assessed Valuation:

Direct Debt (\$136,995,000)	0.61%
Total Direct and Overlapping Tax and Assessment Debt	2.79%
Combined Direct Debt (\$159,645,000)	0.71%
Combined Total Debt	3.25%

(1) Excludes Bonds to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the City for the payment thereof. See “THE BONDS” and “SECURITY FOR THE BONDS” above. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 62, 111, and 218 and 1A, and certain other provisions of law discussed below are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the City to levy taxes for payment of the Bonds. The tax levied by the City for payment of the Bonds was approved by the City’s voters in compliance with Article XIII A and all applicable laws.

Article XIII A of the State Constitution

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any ad valorem tax on real property to one percent of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service (i) on indebtedness approved by the voters prior to July 1, 1978, (ii) on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the State 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 most local governments are subject to an annual "appropriations limit" imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, 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" excludes 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 XIII B 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 case of emergency; however, the appropriations limit for the next 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 limits. 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. 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 exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City has never exceeded its appropriations limit. Because the issuance of the Bonds has been approved by the voters, the tax levy that is required to pay debt service on the Bonds is not subject to the limitations of Article XIII B.

Articles XIII C and XIII D of the State 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. The interpretation and application of Proposition 218 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.

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 require a majority vote and taxes for specific purposes, 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.

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. If the City is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the City's General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support these activities.

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.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

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

Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62, 111, 218 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

LEGAL MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

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 (the “**Tax Code**”) that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. 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 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond 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 (excluding bond houses and brokers) at which each Bond 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 is 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 Bond 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 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of 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 Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond'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 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date

(with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, 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 Bonds.

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

Other Tax Considerations. Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds 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 Bonds other than as expressly described above.

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

Continuing Disclosure

The City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than April 1 after the end of each fiscal year of the City (currently June 30), commencing with the report for the 2020-21 fiscal year (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events.

The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX D. These covenants will be made in order to assist the Purchaser (as defined below) in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (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 Note 8 of the City’s Comprehensive Annual Financial Report attached to this Official Statement as APPENDIX B.

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 has engaged NHA Advisors, LLC, to review this information annually to ensure compliance with its continuing disclosure undertakings, including the undertaking to be entered into in connection with the Bonds.

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 Bonds, and a certificate to that effect will be furnished to the purchasers at the time of the original delivery of the Bonds. 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 revenues or contesting the City's ability to issue and repay the Bonds.

RATING

Upon issuance of the Bonds, S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), will assign the Bonds a rating of "AA+."

The City has furnished to S&P information and material which has not been included in this Official Statement. Generally, rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by the rating agencies. The ratings reflect only the view of such organization and an explanation of the significance of such rating may be obtained from S&P.

There is no assurance that the rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained NHA Advisors, LLC, San Rafael, California, as its municipal advisor (the "**Municipal Advisor**") in connection with the preparation of this Official Statement and with respect to the issuance of the Bonds. 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. NHA Advisors, LLC, is an independent registered 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 Bonds.

UNDERWRITING

Purchase of the Bonds. Under the terms of a competitive bid, Citigroup Global Markets Inc. (the “**Underwriter**”) has agreed to purchase the Bonds at a price of \$47,450,990.35 (which is equal to the aggregate principal amount of the Bonds (\$45,000,000), plus a net original issue premium of \$2,810,990.35, less an Underwriter’s discount of \$360,000.00). The Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the “Official Notice of Sale,” including the approval of certain legal matters by counsel and certain other conditions.

Offering of the Bonds. The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

EXECUTION

The execution of this Official Statement and its delivery have been approved by the City Council.

CITY OF BERKELEY

By: /s/ Henry Oyekanmi
Director of Finance

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APPENDIX A

FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF BERKELEY AND ALAMEDA COUNTY

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 as of January 1, 2020, 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 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

Year	City of Berkeley	County of Alameda	State of California
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.

<u>Member</u>	<u>District</u>	<u>Term Expires</u>
Jesse Arreguín	Mayor	11/30/2024
Rashi Kesarwani	1	11/30/2022
Terry Taplin	2	11/30/2024
Ben Bartlett	3	11/30/2024
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

CITY FINANCIAL INFORMATION

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 Bonds described in this Official Statement are not secured by the City’s general fund, but are voter-approved general obligations of the City payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the City. See “SECURITY FOR THE BONDS – COVID-19 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 2019-20 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 both a recent history of General Fund revenues, expenditures, transfers, and ending fund balances and recently budgeted amounts.

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

	Actual <u>2016-17</u>	Actual <u>2017-18</u>	Actual <u>2018-19</u>	Actual <u>2019-20</u>
ASSETS:				
Cash and investments in treasury*	\$82,891	\$108,058	\$107,360	\$100,577
Receivables (net of allowance where applicable):				
Accounts	8,777	6,951	4,980	3,131
Interest	526	763	778	398
Taxes	8,109	8,623	9,953	6,502
Subventions/grants	--	180	450	1,582
Due from other funds	3,752	6,659	6,973	7,533
Notes receivable	4,255	3,755	3,697	4,820
Other	5	5	320	5
Prepaid Items	75	142	--	--
Total assets	<u>108,390</u>	<u>135,136</u>	<u>134,512</u>	<u>160,020</u>
LIABILITIES:				
Accounts payable	4,344	3,610	6,736	8,755
Accrued salaries and wages	5,169	5,473	5,989	7,009
Accrued interest payable	--	--	--	694
Advances from other funds	6,683	6,287	4,059	3,113
Deposits held	905	974	781	770
Unearned revenue	--	--	--	--
Tax and revenue anticipation notes	17,000	25,550	14,000	34,780
Other liabilities	2,923	3,755	3,899	3,975
Total liabilities	<u>37,024</u>	<u>45,649</u>	<u>35,463</u>	<u>59,095</u>
Deferred Inflows of Resources	7,707	5,601	5,813	2,856
FUND BALANCES				
Reserved for:				
Encumbrances/Assigned to	3,015	33,373	42,667	44,705
Notes receivable/Nonspendable	4,330	3,898	3,697	4,820
Unreserved/Unassigned, report in:				
General fund	56,313	46,614	46,872	48,544
Total fund balances	<u>63,658</u>	<u>83,885</u>	<u>92,236</u>	<u>98,069</u>
Total liabilities and fund balances	<u>\$108,390</u>	<u>\$135,136</u>	<u>\$135,512</u>	<u>\$160,020</u>

* 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>2016-17</u>	Actual <u>2017-18</u>	Actual <u>2018-19</u>	Actual <u>2019-20</u>
REVENUES:				
Taxes	\$137,277	\$161,666	\$173,216	\$182,470
Licenses and Permits	556	834	1,405	2,099
Subvention and Grants/Intergovernmental	11,509	1,129	1,868	1,771
Service Fees	9,140	9,862	8,433	8,597
Fines and Forfeitures	6,370	6,933	5,443	4,166
Rents	160	284	289	203
Franchises	2,247	1,990	1,800	1,812
Private contribution	--	--	--	179
Interest	1,383	2,416	6,915	9,287
Other	1,750	237	1,722	356
TOTAL REVENUES	<u>170,393</u>	<u>185,351</u>	<u>201,090</u>	<u>210,941</u>
EXPENDITURES:				
General Government	37,871	30,143	27,410	24,693
Public Safety	94,093	95,503	103,084	118,793
Highways and Streets	1,638	1,900	2,904	2,289
Health and Human Services	9,676	9,725	13,319	20,423
Culture-Recreation	6,086	5,476	5,943	7,014
Community Development	6,477	7,153	8,264	9,041
Economic Development	2,332	2,576	2,845	5,879
Debt Service	166	252	270	473
TOTAL EXPENDITURES	<u>158,338</u>	<u>152,728</u>	<u>164,040</u>	<u>188,605</u>
Excess Revenues Over (Under) Expenditures	12,055	32,623	37,050	22,334
Transfers In(out)/Other	(13,421)	(12,396)	(27,699)	(17,502)
Net Change in Fund Balance	(1,366)	20,227	9,351	4,883
Fund Balance, July 1	65,025	63,658	83,885	93,236
Prior Period Adjustment				
Fund Balance, June 30*	<u>\$63,658</u>	<u>\$83,885</u>	<u>\$93,236</u>	<u>\$98,069</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.

The balance of this Appendix is concerned with the operations and performance of the City's General Fund, unless otherwise noted.

Adopted Biennial Budget. The City is currently in the second year of its adopted fiscal year 2019-20 and 2020-21 budget (the "**Fiscal Year 2020 & 2021 Adopted Budget**"). The General Fund is less than one-half of the total budget, with the remainder of the budget consisting of various Special Funds which are restricted in purpose (e.g. Zero Waste, Permit Center, Sewer, Public Health, and Mental Health). Fifty-five percent of the City's General Fund revenue is derived from real and unsecured property, sales and soda taxes, and business license taxes. According to the Fiscal Year 2020 & 2021 Adopted Budget, total proposed revenues for both years is projected at \$398.7 million.

In the Fiscal Year 2020 & 2021 Adopted Budget, General Fund revenues and expenditures for fiscal year 2020-21 are budgeted at \$201.7 million, a \$4.7 million increase over the respective amounts budgeted in the adopted budget for fiscal year 2019-20.

General Fund Reserves

Establishment of General Fund Reserve. On December 13, 2016, the City Council adopted a General Fund reserve policy, establishing a General Fund reserve (the “**Reserve**”), to prepare for the impact of economic cycles and catastrophic events and assure 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, the Reserve, upon a 2/3 vote of the City Council, may be used in accordance with the standards set forth therein.

The Reserve is composed of two elements, a Stability Reserve and a Catastrophic Reserve:

1) A 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.

2) A Catastrophic Reserve is 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.

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

Target Reserve Levels. 55% 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 30% 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.

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 and Fiscal Year 2021-22 Proposed State Budget.

Information about the fiscal year 2020-21 State budget and fiscal year 2021-22 proposed State budget, and other State budgets, is available at www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Legislative Analyst Office at 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. *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.

Ad Valorem Property Taxes

Tax Levies and Collections. Property taxes increased \$13.2 million or 15.1% to \$100.9 million in fiscal year 2019-20 from \$87.7 million in fiscal year 2018-19, and accounts for approximately 33% of the City’s projected revenues for fiscal year 2020-21. 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 following table summarizes the City's actual audited general fund revenues and transfers from fiscal year 2016-17 through fiscal year 2019-20 and budgeted general fund revenues and transfers for fiscal year 2020-21.

CITY OF BERKELEY GENERAL FUND REVENUES AND TRANSFERS

	Actual Revenue <u>FY 2017</u>	Actual Revenue <u>FY 2018</u>	Actual Revenue <u>FY 2019</u>	Actual Revenue <u>FY 2020</u>	Revised Budget Revenue <u>FY 2021</u>
Real Property	\$51,474,746	\$56,038,218	\$59,178,773	\$63,192,678	\$68,058,516
Unsecured Property	2,568,891	2,687,198	2,878,275	3,164,168	3,000,000
Supplemental Taxes	1,874,630	2,237,649	2,174,903	2,334,597	2,000,000
Property Transfer Tax	17,151,793	18,911,368	19,952,981	22,095,507	16,500,000
Sales Tax	20,105,287	17,435,591	18,663,550	17,557,539	16,727,492
Soda Tax	1,550,222	1,457,003	1,547,349	1,331,313	970,794
Business License	18,829,739	19,878,912	19,848,804	20,863,685	15,684,192
Business License – Cannabis Recreation	--	--	1,168,794	1,446,655	1,300,000
Utility Users Tax	15,109,305	14,828,120	13,973,744	13,475,915	12,750,000
Hotel Tax	7,810,884	7,807,273	7,995,188	7,667,762	3,546,260
Vehicle In-Lieu	10,994,452	11,822,917	12,540,784	13,356,044	14,384,459
Parking Fines	6,120,474	6,608,001	6,002,211	3,901,010	4,049,000
Moving Violations	232,523	188,443	177,824	209,894	190,000
Interest	2,385,492	3,638,989	4,334,404	7,942,187	4,051,200
Ambulance Fees	4,183,673	4,343,453	4,424,808	4,996,193	3,342,159
Franchise Fees	1,988,589	2,009,931	1,821,316	1,839,102	1,581,650
Other Revenue	9,414,370	22,958,575	26,422,781	30,784,935	19,440,322
Transfers	9,417,888	5,792,575	5,356,132	5,386,188	17,274,293
TOTAL	<u>\$181,212,958</u>	<u>\$198,642,216</u>	<u>\$208,462,620</u>	<u>\$221,545,372</u>	<u>\$204,850,337</u>

Source: City of Berkeley Fiscal Year 2020 & 2021 Adopted Budget; City of Berkeley Budget Office. Revenues were recorded using the budget basis of accounting (i.e., Cash).

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.

Sales taxes decreased \$2.2 million or 11.5% to \$16.9 million in fiscal year 2019-20 from \$19.1 million in fiscal year 2018-19. Sales taxes were hit very hard by the Governor's shelter in place orders issued in March 2020, as almost all business-related activity came to a halt. In addition, the fiscal year 2018-19 total was overstated by \$556,600 due to a misallocation of revenues between fiscal year 2017-18 and fiscal year 2018-19. The City currently projects that sales tax revenue will decrease by 8.2% in fiscal year 2020-21.

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

	2016	2017	2018	2019	2020
Retail and Food Services:					
Apparel Stores	\$55,449	\$52,645	\$52,991	\$42,772	\$19,009
Gen. Merchandise Stores	15,610	17,178	20,782	21,434	17,620
Food Stores	145,462	150,894	149,662	155,025	171,783
Eating and Drinking Places	364,417	371,299	374,792	391,474	218,307
Home Furnishings and Appliances	71,927	72,358	69,746	66,188	41,054
Bldg. Materials, Farm Implements	100,899	107,333	109,052	101,937	114,258
Auto Dealers, Auto Supplies	115,808	117,513	119,883	119,679	97,216
Gas/Service Stations	75,720	84,041	93,694	94,217	60,024
Other Retail Stores	<u>251,324</u>	<u>243,881</u>	<u>262,209</u>	<u>261,020</u>	<u>185,083</u>
Total Retail and Food Services	1,196,618	1,217,142	1,252,813	1,263,746	942,353
All Other Outlets	<u>431,614</u>	<u>364,736</u>	<u>361,292</u>	<u>372,108</u>	<u>320,758</u>
TOTAL ALL OUTLETS	<u>\$1,628,232</u>	<u>\$1,581,878</u>	<u>1,614,105</u>	<u>\$1,635,854</u>	<u>\$1,245,111</u>

Source: State Department of Tax and Fee Administration for 2016-2019; MuniServices, LLC for 2020.

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. For fiscal year 2019-20, utility users tax revenue totaled \$13.6 million, which was \$0.3 million or 2.5% less than the \$13.9 million received in fiscal year 2018-19. The decrease in fiscal year 2019-20 was experienced in all categories (Cable, Cellular, Gas and Telephone) except for Electricity charges. Utility users tax is currently projected to have a decrease of 15% in fiscal year 2020-21.

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. Business license tax revenue increased \$1.1 million to \$21.0 million or 5.7% in fiscal year 2019-20 from \$19.9 million in fiscal year 2018-19.

The City is currently projecting a decrease of 33% in business license tax revenue 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.

The Council approved a one-time increase to the property transfer tax baseline of \$4,000,000, increasing the baseline from \$12,500,000 to \$16,500,000, and made a one-time revision to the City's budget policies for fiscal year 2020-21 to temporarily suspend the excess property tax allocations included in the Council's fiscal policies, which stipulate that property transfer tax in excess of the \$12.5 million operating baseline will be treated as one-time revenue to be used for the City's infrastructure needs. In addition, to resolve the deficit, Council

appropriated a one-time \$11.4 million allocation from the General Fund Reserves (\$6.9 million from the Stabilization Reserve Fund and \$4.5 million from the Catastrophic Reserve Fund).

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.

Vehicle in-lieu taxes increased \$0.9 million or 7.0% in fiscal year 2019-20 to \$13.4 million from \$12.5 million in fiscal year 2018-19. The City currently projects a 7.8% increase in vehicle in-lieu taxes for fiscal year 2020-21.

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.

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 Appendix B, Note 12.

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**"). For the measurement period ended June 30, 2020 (the measurement date), the average active employee contribution rate is 8.0% of annual pay for the Miscellaneous Plan and 9.0% of annual pay for the Safety Plan (Fire and Police), and the employer contribution rate is 25.704% of annual payroll for the Miscellaneous Plan, 37.946% of annual payroll for the Public Safety Fire Plan, and 51.448% of annual payroll for the Public Safety Police Plan. 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 Appendix B, Note 12 for detailed information about the actuarial assumptions underlying the contributions.

The City's fiscal year 2018-19 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
PERS – Miscellaneous Plan							
6/30/2019	\$1,072,281,650	\$766,546,020	\$20,886,356	\$305,735,630	71.49%	\$100,559,700	304.03%
PERS – Public Safety Fire Plan							
6/30/2019	\$283,67,984	\$203,463,529	\$7,762,455	\$80,204,455	71.73%	\$18,392,338	436.08%
PERS – Public Safety Police Plan							
6/30/2019	\$429,963,439	\$267,952,541	\$13,926,791	\$162,010,898	62.32%	\$21,803,626	743.05%

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 were 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 would take 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 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans. Additionally, many PERS employers will see a 30 to 40 percent 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:

	<u>2019-20 Projected</u>	<u>2020-21 Projected</u>	<u>2021-2022 Projected</u>	<u>2022-2023 Projected</u>
Miscellaneous ⁽¹⁾	\$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 2019-20 contribution to the BPRIBP and the funded status of the BPRIBP is set forth below.

<u>Fiscal Year Ended</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Contributions Employer</u>	<u>Plan Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Plan Net Pension Liability as a Percentage of Covered Employee Payroll</u>
6/30/2020	\$79,951,317	\$5,825,660	\$2,048,826	\$74,125,657	7.29%	\$20,002,000	370.59%

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, 2020 was \$389,485.

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, 2020, the City’s contribution to SMPF was \$566,995.

The funded status of the SMPF as of June 30, 2020, 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	--	\$1,762,635	\$1,762,635	--%	N/A	N/A

For a more detailed discussion of the SMPF, see Note 12.C. 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.

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 Appendix B, Note 3 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, 2016, there were 125 active employees, 35 retirees deferred and 62 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 2019-20 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Contributed	Net OPEB Liability
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
6/30/2020	2,104,622	36	21,177,486

The funded status of the FRFH as of June 30, 2020, the date of the most recent actuarial report, is set forth below:

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
7/1/2019	\$11,945,263	\$33,122,749	\$21,177,486	36.1%	\$15,307,269	138.35%

The actuarial value of the assets in the FRFH as of June 30, 2020 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, 2020, there were 1,656 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 2019-20 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Contributed	Net OPEB Obligation
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
6/30/2020	5,534,572	32.70	60,659,492

The funded status of the RHPAP as of June 30, 2020, the most recent actuarial report, is set forth below:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability- UAAL	Funded Ratio	Covered Payroll	UAAL as Percentage of covered Payroll
7/1/2019	\$90,097,476	\$29,437,984	\$60,659,492	32.7%	\$94,774,757 ⁽¹⁾	64.00%

(1) Estimated.

The actuarial value of the assets in the RHPAP as of June 30, 2020 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 a “Retiree” must meet all of the following criteria:

- (a) A person who is vested in, 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 June 30, 2020, there were 158 active employees, 16 active retirees, and 15 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 2019-20 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Contributed	Net OPEB Liability
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
6/30/2020	4,432,549	4.0	57,472,394

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 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, 2020, the most recent actuarial valuation date, the plan was 4.0% funded. The actuarial accrued liability for benefit was \$59.8 million, and the actuarial value of assets was \$2.4 million, resulting in an unfunded accrued liability of \$57.5 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$20.7 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, 2020, 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
7/1/2019	\$2,373,785	\$59,846,179	\$57,472,394	4.0%	\$20,695,223 ⁽¹⁾	277.7%

(1) Estimated.

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 March 10, 2021, the City employed approximately 1,224 full-time equivalent budgeted employees. There are six employee unions as shown below. In addition, the City employs approximately 101 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 (1)</u>
Berkeley Fire Fighters Association/I.A.F.F. Local 1227	121	6/30/2021
Berkeley Police Association	161	6/30/2021
I. B. E. W. Local 1245	10	6/27/2020
Service Employees International Local 1021 Maintenance and Clerical Chapters	442	6/26/2021
Service Employees International Local 1021 Community Services and Part-Time Recreation Leaders Association Chapters	319	6/26/2021
Public Employees Local 1	171	6/27/2020
Unrepresented Employees	101	

(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; 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 2020-21 TRANS have an outstanding principal amount of \$42,405,000 and mature on July 27, 2021.

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 April 1, 2021, the principal balance outstanding was \$4,765,000. The City expects to refinance the Certificates of Participation in June 2021, with proceeds of its 2021 Refunding Lease Revenue Bonds (2010 Animal Shelter COP Refinancing).

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 April 1, 2021, the principal balance outstanding was \$17,885,000.

Employment

The unemployment rate in the Oakland-Hayward-Berkeley MD was 6.6% in March 2021, down from a revised 6.9% in February 2021, and above the year-ago estimate of 3.6%. This compares with an unadjusted unemployment rate of 8.2% for California and 6.2% for the nation during the same period. The unemployment rate was 6.5% in the County and 6.8% 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 ⁽¹⁾	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: ⁽²⁾</u>					
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 ⁽³⁾	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
2020**

<u>Employer</u>	<u>Number of Employees</u>	<u>% of Total Employment</u>
University of California Berkeley	13,750	20.33%
Lawrence Berkeley National Laboratory	3,773	5.58
Sutter East Bay Medical Foundation/Hospitals	2,117	3.13
City of Berkeley	1,579	2.33
Berkeley Unified School District	1,302	1.93
Bayer Corporation	1,033	1.53
Kaiser Permanente Medical Group	742	1.10
Siemens Corporation/Healthcare Diagnostics, Inc.	736	1.09
Berkeley Bowl Produce	636	0.94
Lifelong Medical Care	426	0.63

Source: City of Berkeley, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

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**COUNTY OF ALAMEDA
Major Employers (Listed Alphabetically)
2020**

Employer Name	Location	Industry
Alameda County Law Enforcement	Oakland	Government Offices-County
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
California State Univ East Bay	Hayward	Schools-Universities & Colleges Academic
East Bay Mud	Oakland	Water & Sewage Companies-Utility
EBMUD	Oakland	Utilities
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
Oakland Police Patrol Div	Oakland	Police Departments
Bay Area Rapid Transit	Oakland	Transit Lines
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
University of CA-BERKELEY	Berkeley	University-College Dept/Facility/Office
University-Ca-Berkeley Dept	Berkeley	University-College Dept/Facility/Office
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, 2020 2nd 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 2017 through 2021.

CITY OF BERKELEY AND COUNTY OF ALAMEDA
Effective Buying Income
As of January 1, 2017 through 2021

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
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
2020	Berkeley	\$5,843,576	\$76,294
	Alameda County	72,243,436	84,435
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	Berkeley	\$6,203,796	\$79,437
	Alameda County	77,794,202	88,389
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790

Source: The Nielsen Company (US), Inc for years 2017 through 2018; Claritas, LLC for 2019 through 2021.

Construction Activity

Provided below are the building permits and valuations for the City of Berkeley for calendar years 2015 through 2019. Annual figures are not yet available for calendar year 2020.

CITY OF BERKELEY Total Building Permit Valuations (Valuations in Thousands)

Permit Valuation	2015	2016	2017	2018	2019
New Single-family	\$2,995.0	\$5,469.1	\$14,776.2	\$13,808.7	\$9,666.3
New Multi-family	53,876.1	9,835.5	47,723.2	24,506.9	7,513.6
Res. Alterations/Additions	<u>52,549.5</u>	<u>45,295.9</u>	<u>45,215.9</u>	<u>80,130.0</u>	<u>40,596.9</u>
Total Residential	109,420.6	60,600.5	107,715.3	118,445.6	57,776.8
New Commercial	20,246.9	32,109.7	24,576.3	18,732.1	10,816.3
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	7,770.1	3,315.8	3,636.5	3,236.6	4,718.7
Com. Alterations/Additions	<u>44,962.7</u>	<u>47,485.2</u>	<u>26,597.7</u>	<u>52,522.6</u>	<u>12,885.4</u>
Total Nonresidential	72,979.7	82,910.7	54,810.5	74,491.3	28,420.4
<u>New Dwelling Units</u>					
Single Family	6	20	43	63	46
Multiple Family	<u>459</u>	<u>69</u>	<u>402</u>	<u>129</u>	<u>42</u>
TOTAL	465	89	445	192	88

Source: Construction Industry Research Board, Building

APPENDIX B
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED
JUNE 30, 2020

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Comprehensive Annual Financial Report

FOR THE YEAR ENDED
JUNE 30, 2020



City
of Berkeley
California

City of Berkeley California

COMPREHENSIVE ANNUAL FINANCIAL REPORT / FISCAL YEAR ENDED JUNE 30, 2020

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

December 31, 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**

First and foremost, I sincerely hope that you and your families remain safe and healthy as our City continues to persevere through the COVID-19 pandemic. Despite this unprecedented pandemic climate, it is my privilege to submit the Comprehensive Annual Financial Report (CAFR) for the City of Berkeley (the City) for the fiscal year ended June 30, 2020.

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 2020, 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, 2020 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

Page 2

December 31, 2020

Re: Presentation of the Comprehensive Annual Financial Report

statements for the fiscal year ended June 30, 2020 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 122,580, 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 2020 adopted budget included \$460,146,093 of expenditures and reserves, of which \$196,913,849 was allocated to the General Fund of the City and \$263,232,244 to all other funds. The City employs approximately 1,579 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; waste management; 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

Page 3

December 31, 2020

Re: Presentation of the Comprehensive Annual Financial Report

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 assignments of fund balance. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year’s budget.

LOCAL ECONOMY

The City is home to the main campus of the University of California. With 42,347 students (Fall 2020) and approximately 13,750 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 3,773 employees, and the Sutter East Bay Hospitals has approximately 2,117 employees. Despite the large student population, the City has a mean household income of \$123,328, 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 \$1.43 billion in taxable sales taxes during FY 2020, slightly less than the \$1.814 billion in FY 2019, as a result of COVID-19. In addition, the City’s unemployment rate (as reported by the State of California Employment Development Department) increased from 3.1 percent in June 2019 to 10.0 percent in June 2020, compared to

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13.5 percent for the County, 15.1 percent for the state and 11.1 percent for the U.S. as a result of the impact of the coronavirus pandemic.

Growth in assessed valuation on secured property increased to \$19.8 billion (after exemptions and other deductions) in FY 2020 or 6.6 percent from \$18.6 billion in FY 2019, for a strong level of \$161,527 per capita. The tax base is diverse, with the top ten property taxpayers accounting for 4.57 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 Council adopted the FY 2020 and FY 2021 Biennial Budget (Biennial Budget) and the FY 2020 and FY 2021 Capital Improvement Program Budget (CIP Budget) on June 25, 2019. The Biennial Budget was a 2-year balanced budget. The Proclamation of Local Emergency for purposes of responding to COVID-19 was issued on March 3, 2020. This event is unprecedented and there are no historical experience to use as a base to understanding the magnitude of the effects and plan accordingly. Developing policies to deal with this event was immediate and are ongoing.

The City has numerous revenue streams that depend on economic activities and the "Shelter in Place" order practically stopped most economic activity. This has had immediate impact in FY 2020, and will continue into FY 2021, as those revenue streams that trail consumer and retail activity feel the brunt of this cessation. The economic and financial impacts of the COVID-19 pandemic on Berkeley's finances was significant and resulted in a projected General Fund deficit estimated at \$39 million in FY 2021.

To resolve this General Fund shortfall departments worked to identify General Fund savings that represent 10%, 12%, and 15% of their FY 2021 General Fund budget. Departments developed thoughtful ideas for deferrals that were realistic and resulted in minimum negative impact to services and operations. Staff was guided by the following Budget Strategies Principles as they developed proposed deferrals to balance the FY 2021 budget.

1. *Continue serving the community.* Public health and safety functions, as well as essential municipal services will be preserved to the maximum extent possible. In so doing, the City will make every effort to avoid service and workforce reductions.
2. *Live within our means.* Strive for long-term sustainability that aligns available resources with needs and the City's values that embrace a commitment to advancing racial, social, and just equity, serving those who are most in need, and environmental sustainability.
3. *Identify expenditures that can be deferred.* Take a deferment first approach by thoroughly assessing expenditures with a special emphasis on large capital projects, equipment purchases, and new projects.

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4. *Pursue other revenue and assistance.* Vigorously pursue cost recovery efforts, secure alternative sources of revenue, and be positioned to capitalize on federal and state assistance.
5. *Manage use of, and replenish, reserves.* In drawing on reserves, the City will adopt a long-term orientation to ensure that funds are available for the duration of the economic downturn. The City will look to its existing policies to ensure that any reserves that are utilized are restored when the economy improves.
6. *Be data-driven and transparent.* Budget decisions will be informed by data and be transparent. Staff will work collaboratively with the Budget and Finance Committee with on-going communication and updates provided to the entire City Council.

City staff scrutinized all projects (capital and non-capital) and personnel expenditures that had been allocated funding through the budget process to determine what could be deferred to free up resources to address the deficit. On June 18, 2020, the Budget & Finance Policy Committee met and voted to forward to Council a recommendation approving a one-time increase to the Property Transfer Tax baseline of \$4,000,000, increasing the baseline from \$12,500,000 to \$16,500,000, and requesting Council make a one-time revision to their budget policies for FY 2021 to temporarily suspend the Excess Property Tax funding allocations included in the Council's Fiscal Policies. Council's fiscal policies stipulates that the Property Transfer Tax in excess of the \$12.5 million operating baseline will be treated as one-time revenue to be used for the City's capital infrastructure needs. In addition, to resolve the deficit, Council appropriated a one-time \$11.4 million allocation from the General Fund Reserves. The combination of the one-time adjustment along with the policy revision, the deferrals proposed by the departments, and the use of the General Fund Reserves are projected to resolve the FY 2021 General Fund shortfall.

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 continue to 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.

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;

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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 (suspended in FY 2021).
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.

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 2020, \$.64 million was contributed to the Stability Reserve Fund, and the balance in this reserve fund at June 30, 2020 was \$20.7 million.
- 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 2020, \$0.52 million was contributed to the Catastrophic Reserve Fund, and the balance in this reserve fund at June 30, 2020, was \$17.1 million.

The economic and financial impacts of the COVID-19 pandemic on Berkeley's finances has been significant and resulted in a projected \$39 million General Fund deficit in FY 2021. Included in the FY 2021 balancing measures was an \$11.4 million allocation of the General Fund Reserves (Catastrophic - \$4.5 million; Stability - \$6.9 million).

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Another significant impact of the COVID-19 pandemic on the City is the lowering of the Parking Revenue Bond for the Center Street Parking Structure from 'A' to 'BBB' by S&P Global. This was mainly due to the material decline in parking revenues due to the consequences of the Shelter in Place order.

Section 115 Trust Fund

On June 26, 2018, 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 2020, the Fund's balance increased by approximately \$1.4 million, as a result of \$1.25 million realized from the discount on the City's prepayment of the required CalPERS unfunded liability payment for FY 2020, and a \$.15 million transfer from the Capital Improvement Fund. As of June 30, 2020, the balance in the Fund was \$10.5 million.

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

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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, 2020, the City was \$68.4 million or 24.9 percent under the total Article XIII B (Gann) spending limitation. The City was not impacted by the spending limitation in FY 2020.

LONG-TERM DEBT RATINGS

During FY 2020, 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 shortly before FY 2020 began. These are the two top national debt rating agencies. The City was able to maintain and increase these ratings in spite of all the challenges to the local economy due to a proven record of sound fiscal management by the City Manager, Mayor, City Council and City staff. The rating increase is a great accomplishment and a testament to the financial stability of the City.

MAJOR COMMUNITY IMPACTS AND INITIATIVES

1. COVID-19 (CORONAVIRUS) PANDEMIC - RESPONSE AND RECOVERY

Since the beginning of the COVID-19 pandemic, the City has been proactively engaged in response activities to protect the health and safety of the community, committed to the safe continuity of operations of essential government services, and providing support for local businesses impacted by COVID-19.

To limit the spread of COVID-19 among the public and staff, some City services were suspended during the Health Officer’s Shelter at Home Orders. All essential services continued. The City continued to provide many services remotely by phone, email and video. All City buildings are closed to the public, with limited exceptions.

Prior to the COVID-19 pandemic, and resulting Shelter at Home Orders, the City’s General Fund revenues were on pace for growth slightly below the 15.9% reported in the mid-year report to the City Council. As a result of the pandemic, the City finished the year with growth of 5.7%. Property-related taxes performed as expected, but almost all business-related activity came to a halt and resulted in huge declines in Transient occupancy taxes, Sales Taxes, Parking Fines, Fees for Services, and other business-related activities.

As a result, during the final four months of FY 2020 (March to June), the Office of Economic Development (OED) staff was fully engrossed in providing support for local businesses impacted by the COVID-19 pandemic. Activities included the following:

- *Emergency Operations:* The COVID-19 pandemic immediately and dramatically impacted businesses and arts organizations throughout our community. Many businesses and arts organizations have closed; businesses that have been able to operate during the pandemic are working to adapt to current conditions and comply

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with new regulations to keep customers and employees safe. As part of the City's Emergency Response, a business liaison and an outreach specialist have been embedded in the Emergency Operations Center (EOC) since March 2020. Both roles have provided educational outreach and assistance to help businesses comply with different iterations of the shelter in place order and guide safe business re-openings. This has included:

- Providing responsive information and proactive outreach to businesses about available resources, including, signs on social distancing, mask compliance, and associated ADA issues.
- Collecting and processing over 300 damage inventory forms from businesses to demonstrate the early widespread impact from COVID-19; this work made Alameda County one of the first qualified for federal Small Business Administration (SBA) Disaster Relief Loans (March 12, 2020).
- Working with rapidly established SBA and Paycheck Protection Program (PPP) plans to survey local lenders and provide funding information to businesses, in conjunction with our partners at the Berkeley Chamber of Commerce and in the business districts.
- Reaching out directly to 5,000+ holders of Berkeley Business Licenses in order to (1) assess whether businesses had requested reduced trash and recycling service as a result of the pandemic, at the request of the City's Zero Waste division and (2) encourage Berkeley businesses to fill out the East Bay Economic Development Alliance (EDA) regional business impact survey and (3) to offer OED resources to the business owners. Outreach in April of 2020 included direct phone calls to 804 individual Berkeley companies without email addresses. This dedicated outreach ensured Berkeley's representation in this regional survey. Berkeley's 561 responses comprised over 29 percent of the regional survey's total responses, which included Alameda and Contra Costa counties. This level of response positioned the City as a leader in the field for providing technical assistance to businesses and will continue to help Berkeley effectively advocate for regional and State business recovery resources.
- Partnering with local employers and the City's mobile testing unit to develop group testing options for Berkeley businesses and their employees.
- Providing free onsite group testing for employees in high-exposure sectors (e.g., grocery store employees, and daycare/camp staff).
- Developing a Worksite Exposure Toolkit with the EOC's Communicable Disease Unit. The toolkit helps employers prevent and prepare for a worksite COVID-19 exposure by providing tools to create a site-specific protection plan to protect staff and customers from COVID-19, as well as education on the employer's role in the contact investigation and reporting process.
- Garnering approval for Small Business Administration (SBA) loans for businesses throughout Alameda County that suffered damages due to Civil Unrest in June 2020. In order to qualify for these funds, Alameda County had

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to provide damage information. The business liaison and outreach team in the EOC worked with the Berkeley Police Department to identify and gather information from impacted businesses in Berkeley. Without Berkeley's contributions, the entire County would not have qualified for SBA assistance, leaving businesses in Berkeley, Oakland, San Leandro and other cities without any access to federal funding assistance.

- *Direct Financial Assistance:* The City implemented the “Business & Arts Continuity Grants” program, an emergency relief grant program to help mitigate COVID-19 related financial losses. ¹OED was the lead department on the creation and administration of the Continuity Grant Program as well as the distribution of funds from the Berkeley Relief Fund. Within six weeks, over 1,000 applications were processed and distributed. These funds were made available from the City Council and private donations as emergency relief funding to businesses hit hardest by the COVID-19 pandemic and helped mitigate financial losses and hardships suffered by Berkeley’s most vulnerable businesses. Through this program, the City awarded 763 grants totaling \$2,624,541 to help stabilize the local economy at the onset of the pandemic-induced financial crisis.
- *Citywide & Sector-Specific COVID-19 business communications:* OED increased the frequency of citywide business communications via its OED Newsletter² to make sure businesses were aware of the latest COVID-19 response and recovery information and resources (e.g. health orders, educational workshops, relief programs, marketing opportunities, legal support clinics, etc.). In addition to working with Emergency Operations Center communications staff to share relevant information and resources through the City of Berkeley’s website, OED also worked with the Berkeley Chamber to hold regular “Business Forums on Outbreak Responses” (open to all), and to develop an online COVID-19 Resource Hub³ with information on a variety of topics (e.g. Financial Resources, Working from Home, Reopening Your Business, Labor & Employment, etc.) and the Civic Arts Program held regular digital meetings with Berkeley arts organizations to share information and resources on topics like Federal aid and health orders. Additionally, OED increased the City’s sector-specific outreach and communications, hosting virtual forums or “Listening Sessions” with business leaders to inform city staff’s development of plans and protocols for partial and full reopening protocols for all of the following industries: food and beverage, retail, arts and culture, personal services (e.g. hair salons, tattoo artists, and massage therapists), fitness, sustainability (e.g. solar power installers, recyclers), office-based businesses, tech startups, manufacturers, and real estate brokers and developers.⁴

¹ City of Berkeley, Memo to City Council, [Business and Arts Organization Continuity Grant Awards](https://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_General/Business%20and%20Arts%20Organization%20Continuity%20Grant%20Programs%20042720.docx.pdf), April 27, 2020, online: https://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_General/Business%20and%20Arts%20Organization%20Continuity%20Grant%20Programs%20042720.docx.pdf.

² City of Berkeley Office of Economic Development (OED), [OED Updates newsletter archives](https://www.cityofberkeley.info/City_Manager/Economic_Development/Updates_Office_of_Economic_Development.aspx), October 2020, online: https://www.cityofberkeley.info/City_Manager/Economic_Development/Updates_Office_of_Economic_Development.aspx.

³ Berkeley Chamber of Commerce, Resource Hub, March – October 2020, online: <https://www.berkeleychamber.com/covid19resources.html>.

⁴ City of Berkeley, [Summaries of Business Recovery Listening Sessions](https://www.cityofberkeley.info/covid19-business/#outreach), June 2020, online: <https://www.cityofberkeley.info/covid19-business/#outreach>.

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Over 300 participants, representing all City Council districts, engaged in meetings to share thoughts, ideas and concerns about reopening. In addition to facilitating peer-to-peer sharing, OED now shares relevant information and resources through tailored communications with these industry-specific groups.

- *Economic Impact Assessments:* In the response to the pandemic, the City of Berkeley's Emergency Operations Center (EOC) utilized staff from other city departments to collect data on the economic impact to businesses. Working out of the EOC, the City of Berkeley's Emergency Business Outreach Team (EBOT), led by OED staff, conducted a ground survey of business closures and business operation pivots in Berkeley's commercial districts in April of 2020. In the summer of 2020, these data were analyzed by graduate students in the Department of City and Regional Planning at UC Berkeley. In addition, the EBOT team also assisted with an initial region-wide survey to assess business' health and ability to withstand Shelter-in-Place (conducted in partnership with the East Bay Economic Development Alliance). Through this work, over 5,000 Berkeley businesses were contacted by email and over 800 businesses were reached via telephone (where the City had no email address on file). Since the initial emergency response work, OED has issued multiple industry-specific surveys to better understand how these businesses are coping with the challenges of 2020, what kinds of support these businesses need from the City and its business partners, and what kinds of trends to anticipate in the future. So far, OED has conducted surveys of childcare and youth education providers, restaurants (and other food & beverage establishments) and will soon launch a survey of Office-Based businesses to better understand how commercial real estate demands might change in the years ahead.
- *Marketing & Promotion:* OED adapted its #DiscoveredinBerkeley⁵ business marketing campaign to include a "Local Love" theme to encourage the community to support local businesses and recognize local entrepreneurs' pandemic-inspired pivots, innovation and resilience. OED will also be developing a #Berkeleyholidays campaign to promote citywide holiday-themed (safe) events and shopping opportunities during the upcoming holiday season.
- *Regulatory Relief - Outdoor Commerce Program:* OED worked with a number of City of Berkeley staff departments on the creation of an urgency ordinance⁶ to allow expanded outdoor commercial activity including sidewalk seating, parklets and street closures for outdoor commerce without a fee to businesses. The ordinance expanded the range of allowed outdoor activities on both public and private property and streamlined the permitting processes. Additionally, the permitting process temporarily waived fees to make outdoor commerce more accessible to small businesses. OED staff engaged the business community to effectively develop policy that worked to comply with health orders, and held educational webinars, and workshops as well as in-person, socially distant site visits for businesses in need of support. Staff worked

⁵ #Discovered in Berkeley website, developed 2018-19, accessed October 2020, online: <https://www.discoveredinberkeley.com/>.

⁶ Berkeley City Council, Outdoor Commerce Ordinance, Urgency Item, June 16, 2020, online: <https://www.cityofberkeley.info/uploadedFiles/Clerk/Urgency%20Item%20Outdoor%20Commerce.pdf>.

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closely with the City's communication team to prepare educational materials⁷ and a webpage to assist businesses with obtaining outdoor commerce permits in a seamless manner⁸. OED also commissioned a Parklet Guide that included five pre-approved parklet designs for streamlined City approval⁹. Since the launch of the outdoor commerce program in June of 2020, over 35 outdoor commerce permits have been issued to Berkeley businesses and organizations.

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Staff anticipates that the balance of FY2021 will be taken up with these efforts; as OED moves from a stance of emergency economic crisis response to supporting sustainable business recovery efforts as the crisis (hopefully) becomes less acute.

2. MAJOR CAPITAL PROJECTS-PUBLIC WORKS

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. The City Council adopted a multi-phase implementation plan for the Measure T1 program. Currently, all projects initially adopted by City Council 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, and 85% of the initial \$35,000,000 in bond proceeds has been spent.

Public Works-managed T1 Bond projects have focused on Facilities, Streets and Green Infrastructure. Major facilities under construction in FY 2020 and scheduled for completion in FY 2021 include the seismic upgrade and renovation of the North Berkeley Senior Center, renovation of the Berkeley Adult Mental Health Center facility, and critical electrical improvements to the Public Works and Marina Corporation Yards. Major T1 Bond streets projects under construction in FY 2020 were paving, pedestrian and bicycle improvements to Adeline Street and Hearst Avenue, and paving, green infrastructure, pedestrian and bicycle improvements on Monterey Avenue and Ward Street. Parks, Recreation and Waterfront is managing a major T1 street project that will be under construction in FY 2021 and FY 2022 at University Avenue, Marina, and Spinnaker Way.

b. Streets and Roads Capital

The City maintains 216 centerline miles of improved streets. An annual amount of \$7.0

⁷ City of Berkeley, *Outdoor Commerce Guide*, updated August 2020, online: https://www.cityofberkeley.info/uploadedFiles/Health_Human_Services/Public_Health/covid19/Aug20_OE_D_OutdoorCommerceGuide.pdf.

⁸ City of Berkeley, *Outdoor Commerce Permit Information*, June 2020, online: <https://www.cityofberkeley.info/covid19-outdoor-commerce/>.

⁹ Berkeley Chamber of Commerce, *Parklet Guide*, June 2020, online: http://www.berkeleychamber.com/uploads/1/2/1/0/121097581/berkeley_parklet_guide_1_.pdf.

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million per year in recurring funding for street paving from state and local sources is supplemented whenever possible by grants or one-time bond funding. In FY 2020, Public Works managed several streets paving construction projects in addition to the T1 funded Adeline & Hearst, and Monterey Avenue & Ward Streets projects. Major streets and roads projects include the construction of the FY 2019 Street Rehabilitation and Surface Seals Project which treated 2.3 miles of streets, and completed construction on the Panoramic Hills Street Rehabilitation project which paved 1.3 miles of streets. Additionally, staff designed and requested bids for construction for the FY 2020 Street Rehabilitation project, and began design on the FY 2021 Street Rehabilitation project.

The City Auditor is developing an updated audit on the Street Rehabilitation Program focused on program funding resource sufficiency as well as paving policy and guidelines that determines which streets gets paved. This report and implementation of recommendations may help inform street paving in future years.

c. Sidewalks Capital

The City manages sidewalk repair programs to keep the City's sidewalks safe and provide for safe pedestrian passage, including make-safe repairs, annual proactive and responsive repair programs, and the City's 50/50 replacement cost share program in which the City shares the liability and costs for broken sidewalks with property owners. Additionally, sidewalk improvements and curb repairs get incorporated into major street repair projects as part of the Complete Streets approach to paving.

The City's major stand-alone sidewalk project for FY 2020 was a project to catch up on the 50/50 sidewalk replacement program. Initiated in 2011, the 50/50 program has been very popular in Berkeley. Over time, the backlog of sidewalk repairs identified to be addressed through the 50/50 program grew well beyond the funding capacity to make the needed repairs. In FY 2020, Council approved an additional allocation of \$500,000 to accelerate the 50/50 program. Staff hired a contractor to review all 3500 addresses on the 50/50 list, and already they have been able to cure 700 of them through a shaving treatment of the sidewalk sites to level them. Sites that need major repairs and replacement have been identified and will be part of the FY 2021 Sidewalk Repair project.

d. Sewer Capital Projects

Sewer projects involve operations, maintenance, and capital improvements of the City's sewer collection system. Revenue for the fund mainly comes from sanitary sewer service fees.

In 2009, the EPA and the State and Regional Water Quality Control Boards sued EBMUD and all agencies conveying flows to EBMUD (Satellite agencies) for violation of the Clean Water Act. In 2014, all parties agreed to a stipulated settlement known as the final Consent Decree (CD), which, required the City to be in compliance in 12 years. To comply with the CD, the City is required to rehabilitate an average of 4.2 miles of sewer pipeline annually based on a three-year rolling average. Rate increases were implemented to support the added financial load of the CD requirements.

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Major sanitary sewer CIP projects under construction in FY 2020 include San Pablo Avenue, Neilson Street, Euclid Avenue, and Seawall Drive, et al. Also, in FY 2020, staff completed the design for FY 2021 sewer rehabilitation improvement projects at West Frontage, Parker Street, MLK Jr. Way and Walnut Street et al. The estimated construction cost of the FY 2021 CIP projects is \$15.1M. Construction is scheduled to start in fall 2021 and projected to be completed by June 30, 2022.

3. 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 and include the Downtown BART Plaza (2018) the Center Street Parking Garage (2018), and the Shattuck Avenue traffic reconfiguration project (2019). The 335-room Pyramid hotel project at the corner of Center Street and Shattuck Avenue is currently under construction and anticipates opening in 2021.

In addition, in FYs 2019-2020, the Office of Economic Development (OED) led a project renaming two blocks of Shattuck Avenue, Shattuck Square and Berkeley Square in Downtown Berkeley to Kala Bagai Way¹⁰. This project involved extensive community and business engagement, and satisfies the goals of improving wayfinding and signage in the Downtown Berkeley Streets & Open Space Improvement Plan (SOSIP).

In FY2020, OED staff participated in the design of the Milvia Bikeway Project in Downtown, one of the city's most popular bike routes. The Milvia Bikeway project includes a continuous protected bikeway on Milvia Street between Hearst Street and Blake Street, improvements to passenger and commercial loading zones, and upgrades to accessible parking spaces. The conceptual bikeway design was the result of a process that engaged downtown businesses, Berkeley High School, the disability community, pedestrian and bicycle advocates, and many other members of the Berkeley community. The completed project will maintain and support the economic vitality of the corridor and Downtown Berkeley and will encourage more trips by biking and walking, thereby reducing automobile traffic and increasing safety.

¹⁰ KQED, *Berkeley Renames Downtown Street*, September 15, 2020, online: <https://www.kqed.org/news/11837958/berkeley-renames-downtown-street-kala-bagai-way-after-south-asian-immigrant-activist>.

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One of Downtown Berkeley's primary strengths is the success of its central 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. In addition to Berkeley Rep's Rhoda Theater, their Peet's Theater stage has been completely refurbished with an advanced sound system and lighting technologies to make it more attractive to theater goers. Other theaters in the area include the 180-seat Aurora Theatre and the 440-seat Freight and Salvage, a traditional music performance venue. The Arts District is also home to the California Jazz Conservatory, an independent, accredited music conservatory offering jazz education to people of all ages and intimate jazz performances on two small stages all year round.

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." With the completion of the Center Street Garage in 2019, the City's Civic Arts Program launched Cube Space gallery dedicated to rotating exhibitions of installation art viewable at all hours, every day of the week. Located on the ground floor of the Center Street Garage on Addison Street in the heart of the Arts District, the Cube Space is a highly visible symbol of the City's support and promotion of art in civic life.

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 with 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. Once completed, 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 were 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). As of September 2019, an additional 2,206 units (in 27 distinct projects) were proposed.

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

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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. UC Berkeley is also working on a conversion of the former UC Berkeley Art Museum (Woo Hon Fai Hall) into the Bakar BioEnginuity Hub. The Hub will bring together a number of campus programs focused on entrepreneurship in “tough tech” and will host a well-equipped incubator with capacity to support up to 80 startup companies, primarily in the life sciences. The incubator will be operated by QB3 and is anticipated to open in late summer 2021, providing approximately 20,000 square feet of wet lab and 20,000 square feet of office space on the eastern edge of Downtown Berkeley.

Downtown Berkeley, within walking distance of campus, continues to be a popular location not only for student recreation but also for innovation sector businesses, especially those that benefit from their proximity to the talent at UC Berkeley and the Berkeley Lab. For example, since it was launched in 2012 as a public-private partnership, the Berkeley SkyDeck startup accelerator, located in the penthouse suite of 2150 Shattuck Avenue, has graduated 600 companies, of which several hundred temporarily relocated their teams to Berkeley, and a dozen have made Berkeley their long-term home. Other incubators that lead to startup and high tech industry activity in Downtown Berkeley include the CITRIS Foundry, the QB3 Garage on UC Berkeley’s campus, the Energy Biosciences Institute Entrepreneurial Business Incubator (EBI2), and the Berkeley Lab’s entrepreneurial fellowship program, and Cyclotron Road, which offers office space, lab facilities and coaching to aspiring founders just up the hill at the Berkeley Lab. Downtown Berkeley also benefits from six co-working spaces that facilitate knowledge-sharing, business collaboration, and early stage business growth. These include WeWork, The Office: Berkeley, Regus, Sandbox Suites, NextSpace (powered by Pacific Workplaces), and CoWorking with Wisdom (which operates within Dharma College).

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 FY2020, staff continued its marketing initiatives to highlight businesses in several districts. The ‘Discovered in Berkeley’ local marketing campaign featured a thoughtful roster of 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 city-wide 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 continued to provide technical

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assistance to each of the BIDs, with particular focus on bolstering the wider Berkeley Business District Network (BBDN), increasing the frequency of meetings to allow for improved communication and sharing across district networks.

In FY 2020, the Office of Economic Development (OED) continued a series of dynamic economic development initiatives to better support small, independently-owned businesses. These included: improving OED's outreach and communications with small businesses, increasing support for businesses navigating the permitting process, further modifying the zoning ordinance to support small local businesses, continuing new small business assistance and retention programs, especially support for worker cooperatives 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 2021 and beyond.

c. Support creation of employment opportunities for local residents:

Berkeley's annual average unemployment rate in FY 2020 was 2.4%, down from 2.8% the previous year. In comparison, Alameda County's average unemployment rate during the same period was 3.1%, while California's was 4.2%. Prior to the economic crisis brought on by the COVID-19 emergency, the unemployment rate was steady, along with a very slight increase in the overall participation in the labor force.

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 2019 include construction, health care and social assistance services.

d. Increase technology transfer from UC Berkeley and Lawrence Berkeley National Laboratory and encourage startups in Downtown and West Berkeley:

In FY2019, the \$1,087 million funding received by the Lawrence Berkeley National Laboratory¹¹ and \$779.8 million received by the University of California - Berkeley (of which 75% was for basic and applied research) served as terrific catalysts for startup growth and entrepreneurship. Notably, in FY 2019, the Department of Energy's Office of Science funding for the Berkeley Lab increased overall by \$10M, including significant new investments in Basic Energy Sciences, Advanced Scientific Computing Research, and Biological and Environmental Research. These additional federal funds complement other federal and non-federal sponsors for research in other areas including: biofuels, biomedical engineering, integrative genomics, computing

¹¹ Online: [Berkeley Lab FY19 Annual Financial Report](#).

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sciences, energy conservation, advanced telecommunications, and other physical, earth and environmental sciences. Across all areas, the Lab made 76 invention disclosures and 77 software disclosures in FY18 alone¹².

Meanwhile, in FY2019, UC Berkeley received more than \$414 million from federal sources (53% of its total funding), \$146.5 million from non-profit organizations, and nearly \$119 million of state funding (an increase of almost 300% from the prior fiscal year), among other contributions from government sources and corporate sponsors¹³. The 2018 award of \$8.24 million from the NIH National Institute of General Medical Sciences for the Molecular Basis of Cell Function (MCF) training program was a highlight. It will support a multi-disciplinary program within Molecular and Cell Biology (MCB) for the next five years and contribute to Berkeley's existing biotech and med-tech industry base, which includes approximately 150 companies, from early-stage startups to multinational Bayer's bio-manufacturing and biologics development facilities which employ more than 1,000 people and span 46 acres in West Berkeley.

Together, UC Berkeley and the Berkeley Lab provide tremendous anchors for Berkeley's "innovation ecosystem", which includes companies, buildings and human capital assets not only on their campuses, but also in Downtown Berkeley and West Berkeley. To support the sector's growth in Berkeley, OED has taken a leadership role in the Berkeley Startup Cluster¹⁴, a partnership between the City, UC Berkeley, Berkeley Lab, Berkeley Chamber and Downtown Berkeley Association. With a mission to make Berkeley a more vibrant, accessible, and equitable place to grow, the Berkeley Startup Cluster enables the City of Berkeley to work closely with both UC Berkeley and Berkeley Lab staff to retain local startups that are commercializing new technology, as well as attract national companies with an interest in intellectual property developed in Berkeley. This collaboration is productive; the companies benefit from the City's interest in nurturing innovative startups and overall responsiveness to business needs and the City receives high quality jobs and investment in return.

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—Berkeley's innovation sector has continued to thrive, even during the pandemic. The City maintains a list of over 400 active Berkeley innovation companies, many of them in Berkeley's many Downtown Berkeley incubators and co-working spaces or in West Berkeley research and development facilities.

In fact, West Berkeley (which houses the Aquatic Park campus of the Berkeley Lab and provides easy access to the I-80/580 freeway which connects Berkeley to San Francisco) is experiencing substantial development of new programs and buildings that support the local bioscience and plant-based foods industries. For example, the QB3 East Bay Innovation Center (EBIC), a unique public-private partnership between UC Berkeley, UCSF, the Berkeley Lab, the cities of Berkeley and Emeryville and private developer, Wareham Development, offers top-quality wet-laboratories, along

¹² Online: [Berkeley Lab Intellectual Property Office 2019 Annual Report](#).

¹³ Online: [University of California, Berkeley Sponsored Projects Annual Report Fiscal Year 2019](#).

¹⁴ Online: www.berkeleystartupcluster.com.

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with office space for support functions, a common lunch and break area, and a formal conference room. Nearby, Bonnevill Labs offers co-working facilities for life sciences entrepreneurs and others who require lab space for R&D, and several other similar innovation hubs/R&D spaces are either leasing now—or set to break ground in the next year. The demand for these types of facilities with combined office & lab are in high demand and rarely have space available.

OED, together with its Berkeley Startup Cluster partners, will continue to advocate for zoning that enables innovation companies to increase the number of high quality jobs they offer in Berkeley, encourage high tech industries to build diverse teams and workplace practices that lead to shared prosperity for the community¹⁵, and shed light on the City's "Deep Tech" resources through newsletters, social media, and the Discovered in Berkeley¹⁶ business marketing campaign.

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 Dashboard*¹⁷, and is routinely publishing the information online in an accessible format 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 2020, based on data gather in Q3 and Q4 of 2019) shows that citywide, there are 36 multi-unit (5+ units) housing projects totaling 2,458 net new housing units that are entitled for development or under construction. An additional 27 multi-unit projects totaling 2,206 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 newer 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 domestic tourism, corporate and association conferences and hospitality services. 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 effectively doubled the budget of Visit Berkeley and had a very positive impact on the local visitor and tourism industry until the COVID-19 pandemic and corresponding Shelter-in-Place

¹⁵ Community engagement, workforce diversity and inclusive cultures are encouraged through the Berkeley Startup Cluster's *Berkeley Ventures, Berkeley Values (BV²)* initiative – see www.berkeleystartupcluster.com/giveback.

¹⁶ Online: <https://www.discoveredinberkeley.com/>.

¹⁷ City of Berkeley, Office of Economic Development, *Berkeley Economic Dashboard and Commercial District Dashboards*, online: <https://www.cityofberkeley.info/oed/reports>.

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orders, during which hotel occupancies dropped 70% (and revenues 80%). The crippled hospitality industry has decreased Visit Berkeley's annual budget by 75%, though, prior to the pandemic, hotel revenues had 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. Build 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 approximately 6,000 jobs in the City of Berkeley, 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 disburses 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.

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 to 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. Since the inception of the Public Art in Private Development program, two on-site art projects have been completed, eight are in progress, and eleven projects have generated a total of \$987,832 paid into the City's public art fund.

Recent major investments in the arts are focused on the Downtown Berkeley BART Plaza, currently showcasing contemporary sound pieces 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 FYs 2019 and 2020.

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

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for the arts, culture and entertainment. In FY2020, substantial progress was made on 16 of 57 action items identified in the plan.

4. CLIMATE ACTION PLAN

The Berkeley Climate Action Plan (CAP) was adopted by City Council in 2009 as a roadmap to reduce community-wide greenhouse gas emissions (GHG) and set a goal of reducing GHG emissions by 80% by 2050. Amplifying the urgency for climate action, Berkeley has also pledged 100% renewable electricity by 2035, resolved to become a “Fossil Fuel Free City,” and declared a Climate Emergency. Berkeley plans to meet CAP goals for a clean energy future by 1) reducing energy use 2) promoting cleaner electricity 3) electrifying buildings and transportation. The City of Berkeley centers equity within its sustainability efforts with the understanding that any GHG reductions goals must be centered on climate justice to ensure those who are most impacted by climate impacts benefit from climate action.

a. Tracking CAP Community Greenhouse Gas Emission Reductions

Based on the available data from 2018, the community has reduced overall GHG emissions by 26% since 2000, despite a population increase of 18% and an expanding economy. This achievement is largely due to reduced energy use in buildings and the transition to cleaner electricity provided by East Bay Community Energy (EBCE). Transportation accounts for 59% of emissions, another 37% comes from building energy use, and 3% comes from landfill waste.

b. East Bay Community Energy

East Bay Community Energy (EBCE), the locally governed electricity supplier for Alameda County, purchases clean electricity from renewable sources such as solar and wind. Berkeley’s decrease in community-wide greenhouse gas emission can largely be attributed to Berkeley joining EBCE in 2018. EBCE offers product options to purchase electricity that are either emissions-free (Brilliant 100 or Renewable 100) or have half of the emissions compared to PG&E (Bright Choice).

c. Berkeley Existing Buildings Electrification Strategy

The City is working with a team of experts (including the Rocky Mountain Institute, Rincon Consultants, Inc., and the Ecology Center) and community stakeholders to identify long and short-term strategies to make existing buildings in Berkeley free of fossil fuels and ensure equitable access to opportunities. A final report on policy options, including costs and timelines, will be submitted for City Council consideration in FY2021.

d. Natural Gas Prohibition

In July 2019, the City Council adopted the first ordinance in the nation to prohibit the use of natural gas in new construction. The Natural Gas Prohibition became effective on January 1, 2020, for new building applications for land use permits or zoning certificates. Instead of installing natural gas appliances, new buildings subject to the

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prohibition will use highly efficient electric heat pumps, for water heating and for heat and air conditioning, and electrically powered appliances.

e. Electric-Favored Energy Reach Code

In December 2019, Berkeley City Council adopted local amendments to the California Energy Code. This reach code, which favors all-electric buildings, was approved by the California Energy Commission in February 2020. It requires newly constructed buildings to either be all-electric or mixed-fuel construction that exceeds the efficiency requirements of the Energy Code and includes electric-readiness. The new energy code also requires solar PV systems and EV charging infrastructure. The reach code and natural gas prohibition work in tandem to support building electrification and its health, safety, and climate benefits.

f. 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 building owners to complete and publicly report building-specific energy efficiency assessments and energy scores so that building owners and potential buyers can make informed decisions about a building's energy system. In FY 2020, a third-party evaluation of the BESO program was completed to assess whether BESO is meeting its goals of being easy, affordable and valuable. Based on these findings, staff is making recommendations to City Council for updates to BESO in FY 2021. In addition, an online application and payment system is currently being developed to improve the implementation process.

g. Municipal Facilities

GHG emissions from municipal facilities account for less than 1% of overall community emissions, but it is important that the City leads by example in making its facilities as clean, efficient, safe, and healthy as possible. 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%.

The City has also shown leadership in energy efficiency and building electrification. Energy efficiency projects have been successfully completed at James Kenney Recreation Center and the Public Safety Building, and electrification measures have been included in upgrades to the North Berkeley Senior Center and Live Oak Park. The upgrade to the Mental Health Building will result in an all-electric building that is zero emissions.

h. Solar + Storage for Critical Facilities

Building on the micro grid feasibility analysis that Berkeley completed in FY2018, the City is now working with East Bay Community Energy (EBCE) to assess the potential for resilient solar + storage systems at critical municipal facilities that could provide clean back-up power in the case of a power outage. The City of Berkeley submitted a list of potential critical facilities to the EBCE project portfolio, which totals 300 buildings across Alameda County. EBCE plans to release a Request for Proposals for vendors

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to bid on the various projects in 2021 and Berkeley will have the opportunity to participate in the procurement.

i. Electric Mobility Roadmap

The Electric Mobility Roadmap was completed in FY2020 and list strategies to supports clean transportation, including walking, biking, public transportation, and a wide range electric vehicles, with a focus on equitable and affordable access.

j. Electric Vehicles & Charging Stations

The City continues to install EV charging stations for public use, and promote the use of electric vehicles. As of January 2020, EVs were 5% of registered personal vehicles in Berkeley. The City of Berkeley currently provides a total of 73 Level 2 EV charging ports for public and fleet charging, including 37 new EV charging ports that were installed in Center Street Garage at the end of 2019. Other publicly available charging stations are located throughout the city including at UC Berkeley and at local retail parking lots.

k. Berkeley Climate Action Coalition

Since 2012, the Berkeley Climate Action Coalition (BCAC), co-convened by the Ecology Center and the City, has been a vehicle for climate engagement. BCAC continues to engage Berkeley and East Bay residents on issues of climate justice. Public engagement and education activities in FY2020 included an electrification expo, a drive electric event, an electric vehicle convening and outreach to seniors about East Bay Community Energy.

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, 2019. 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.

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The City also received the GFOA's award for Distinguished Budget Presentation for the biennium (two-year period) beginning July 1, 2020 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**

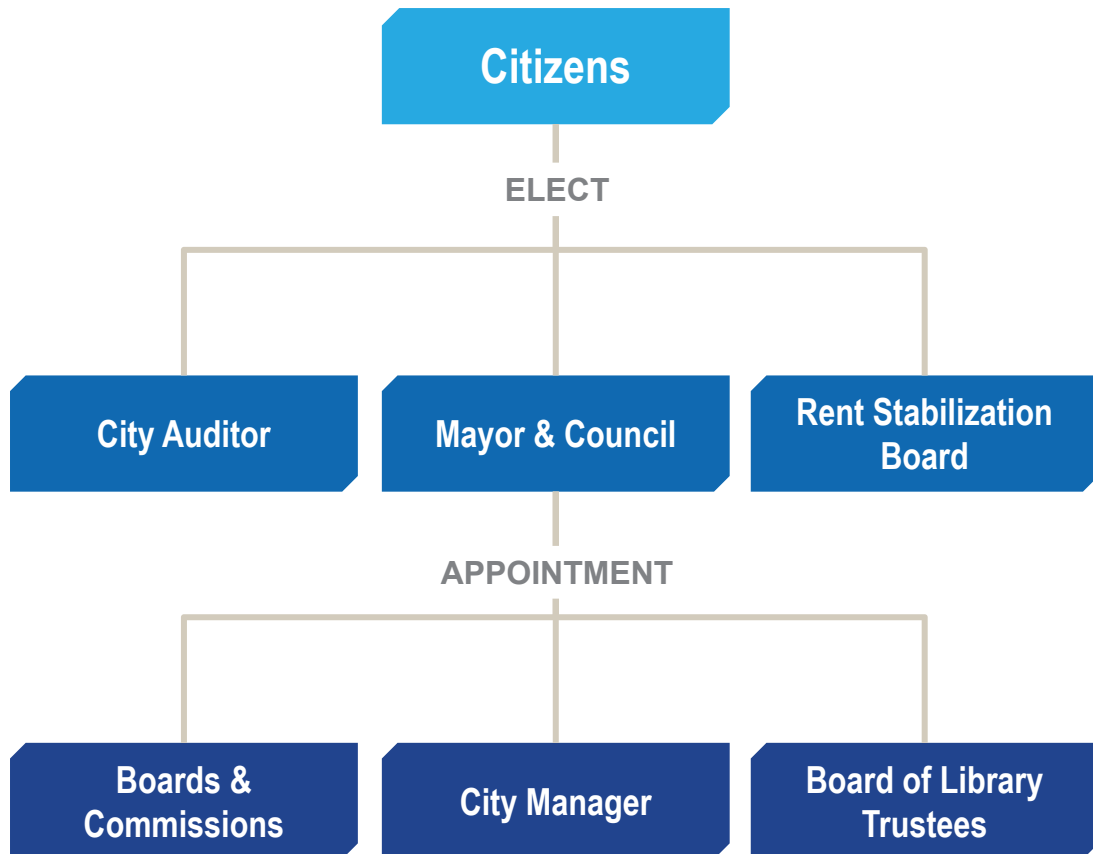
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

CITY OF BERKELEY GOVERNMENT STRUCTURE 2020



CITY OF BERKELEY
FY 2020 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

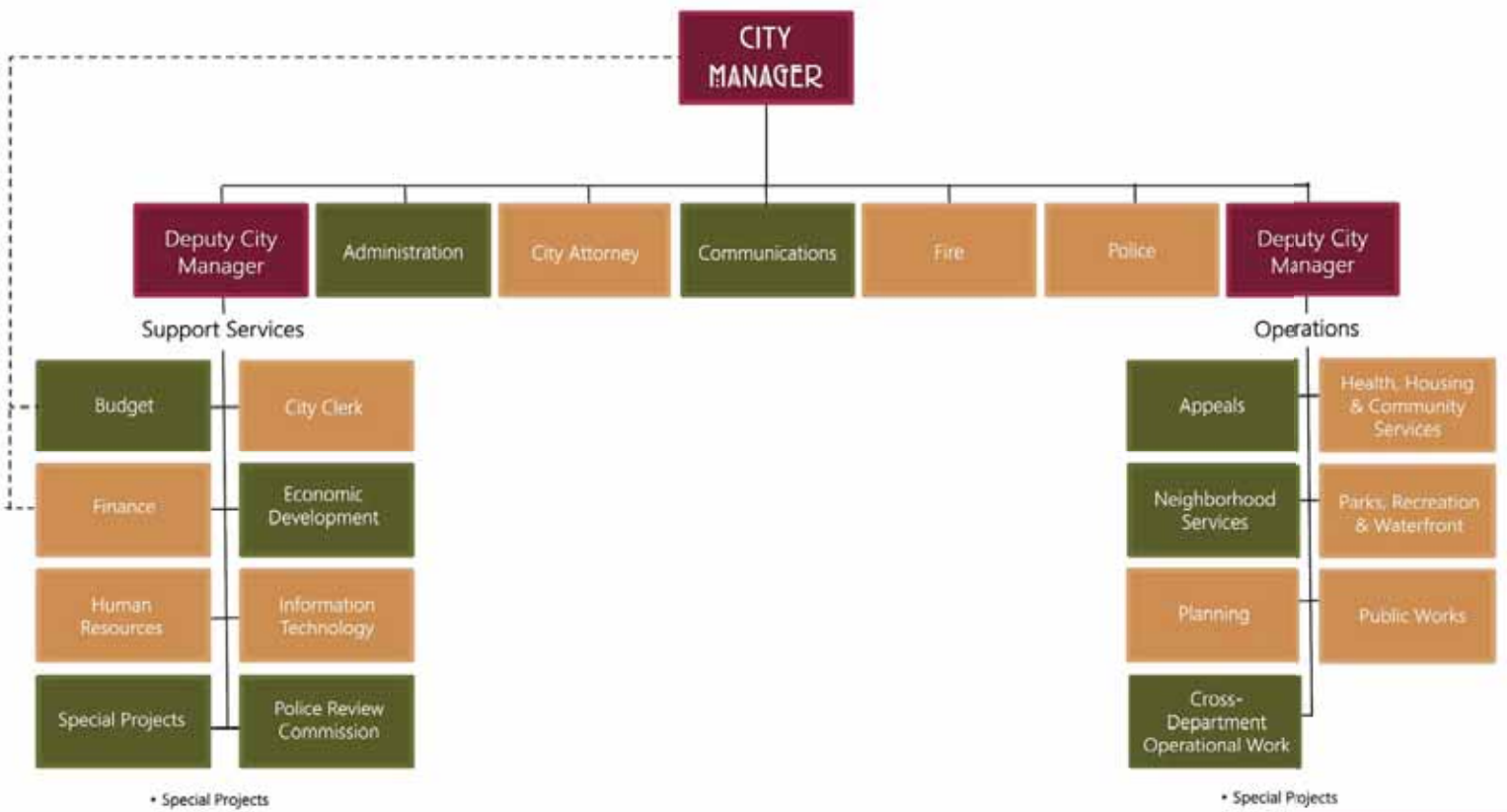
Dee Williams-Ridley

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, 2020, 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, 2020, 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 8-27, budgetary comparison information, and pension information, and other post-employment benefit plan information on pages 130-145 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 148-275, statistical section, and continuing annual disclosure information 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 148-275 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 section, statistical section, 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 December 31, 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.

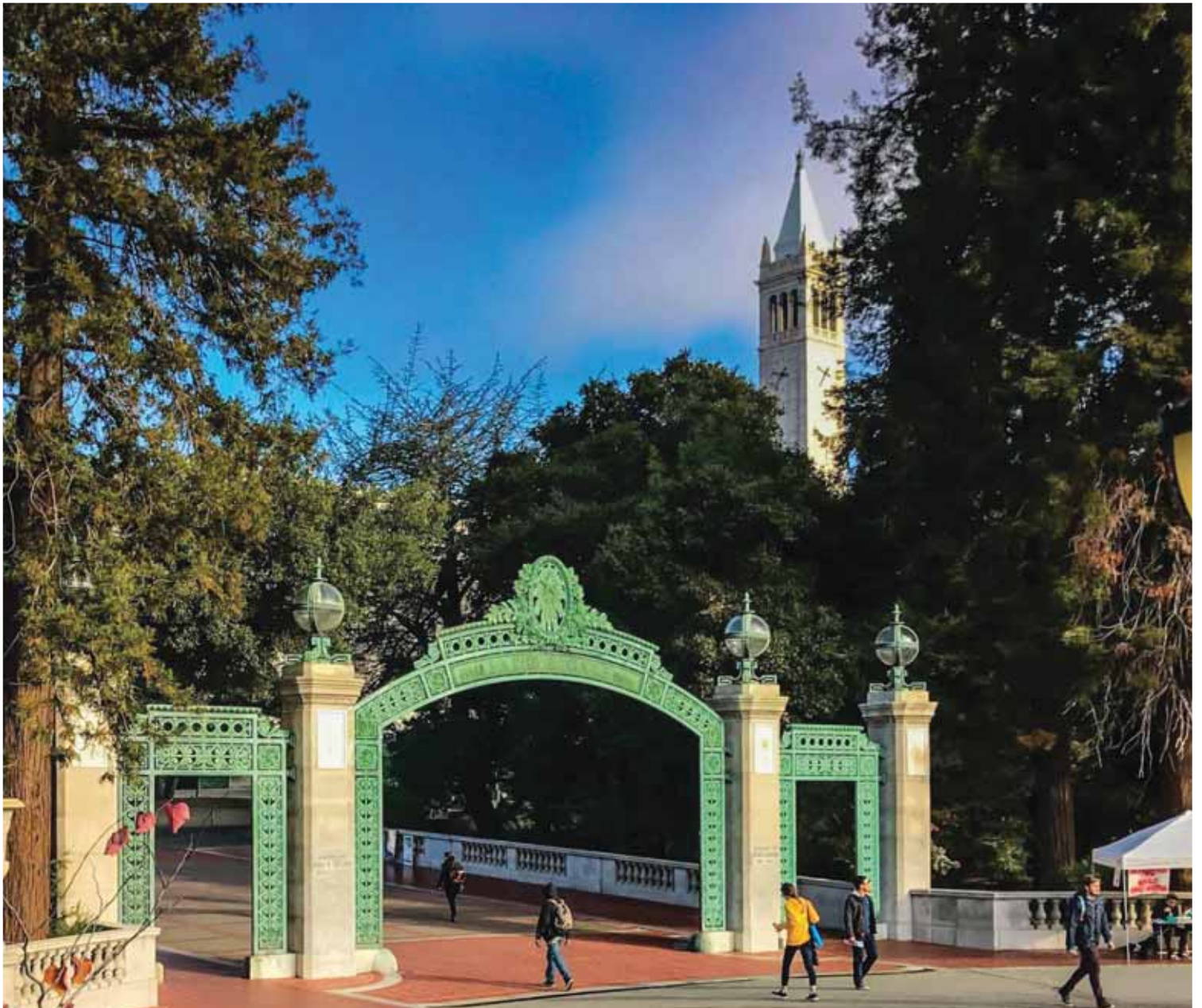
Badawi and Associates
Certified Public Accountants
Berkeley, California
December 31, 2020



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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, 2020. 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, 2020, City assets and deferred outflows exceeded liabilities and deferred inflows by \$78.1 million (net position). Included in this amount was a balance of \$(477.0) 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 \$0.1 million during the fiscal year. Governmental activities net position decreased \$13.8 million compared to prior year's increase of \$20.4 million. Business-type activities net position increased \$13.9 million compared to prior year's increase of \$9.6 million (Pages #-17).
- During FY 2020, net pension liability increased by \$38.0 million or 6.6% during FY 2020 to \$616.4 million from \$578.4 million; it increased \$31.4 million or 6.2% to \$535.2 million from \$503.8 million for governmental activities, while net pension liability also increased by \$6.5 million or 8.7% to \$81.2 million from \$74.7 million for business-type activities.
- During FY 2020, net OPEB liability increased by \$29.2 million or 30.9% during FY 2020 to \$123.8 million from \$94.6 million for governmental activities while net OPEB liability increased by \$6.3 million or 76.8% to \$14.5 million from \$8.2 million for business-type activities.

Fund based

- At the close of fiscal year 2020, governmental funds reported combined ending fund balance of \$361.1 million, an increased of \$24.1 million, primarily due to (1) an increase of \$4.8 million in General Fund revenues and transfers in over expenditures and transfers out; (2) a decrease of \$7.4 million in Grants Fund revenues and transfers in over expenditures and transfers out; (3) a decrease of \$1.4 million in Capital Improvement Fund revenues and transfers in over expenditures and transfers out; and (4) an increase of \$26.5 million in Other Governmental Funds revenues and transfers in over expenditures and transfers out. The ending fund balance is identified as: \$0.5 million or 0.1 percent was non-spendable, \$203.9 million or 56.5 percent was restricted fund balance, \$51.0 million or 14.1 percent was in committed funds, \$57.5 million or 15.9 percent was in assigned funds, and \$48.2 million or 13.3 percent was in unassigned fund balance (Page 19).
- At the close of fiscal year 2020, fund balance for the General Fund was \$98.1 million consisting primarily of \$44.7 in assigned funds and \$48.5 million in unassigned funds (Page 19).
- At the close of fiscal year 2020, General Fund revenues, including transfers in and proceeds from sale of assets, were \$216.3 million. Total revenues and transfers were \$9.5 million higher than the prior fiscal year's revenues and transfers of \$206.9 million (Pages 19-22).
- At the close of fiscal year 2020, General Fund expenditures, including transfers out, were \$211.5 million. Total expenditures were \$14.0 million higher than the prior fiscal year's expenditures of \$197.5 million (Page 22).

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 32-35 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 149-275.

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 131-148.

The basic governmental funds financial statements can be found on pages 38-41 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, and catastrophic loss. 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 260-263.

The basic proprietary funds financial statements can be found on pages 44-49 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 52-53 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 ##-### 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 130-145 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 149-275 of this report.

Statistical tables regarding: fiscal trends, revenue capacity, debt capacity, demographic and economic information, and operating information can be found on pages 280-306 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 \$78.1 million at the close of fiscal year 2020 as summarized below:

Statement of Net Position
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Assets:						
Current and other assets	\$523,927,653	\$451,376,493	\$112,945,346	\$96,162,974	\$636,872,999	\$547,539,467
Capital assets	267,628,229	235,991,054	243,010,716	233,575,042	510,638,945	469,566,096
Total assets	791,555,882	687,367,547	355,956,062	329,738,016	1,147,511,944	1,017,105,563
Deferred outflows of resources:						
Deferred outflows of resources related to pensions	57,949,556	65,947,518	9,675,547	9,738,647	67,625,103	75,686,165
Deferred outflows of resources related to other postemployment benefits	35,937,851	7,388,010	5,661,712	636,588	41,599,563	8,024,598
Total deferred outflows of resources	93,887,407	73,335,527	15,337,259	10,375,235	109,224,666	83,710,763
Liabilities:						
Current and other liabilities	102,832,446	62,854,903	16,966,333	15,228,168	119,798,779	78,083,071
Long-term liabilities	206,327,559	173,121,212	59,624,174	61,098,119	265,951,733	234,219,331
Net pension liability	535,198,961	503,786,521	81,210,896	74,661,726	616,409,857	578,448,247
Net OPEB liability	123,844,827	94,564,996	14,542,961	8,188,430	138,387,788	102,753,426
Total liabilities	968,203,793	834,327,632	172,344,364	159,176,443	1,140,548,157	993,504,075
Deferred inflows of resources:						
Deferred inflows of resources related to pensions	9,229,442	12,609,180	2,013,855	2,493,229	11,243,297	15,102,409
Deferred inflows of resources related to other postemployment benefits	24,267,080	15,991,124	1,678,357	1,673,606	25,945,437	17,664,730
Deferred gain on refunding	936,304	827,584	-	-	936,304	827,584
Total deferred inflows of resources	34,432,826	29,427,888	3,692,212	4,166,835	38,125,038	33,594,723
Net position:						
Net investment in capital assets	161,393,048	148,963,344	189,800,731	178,421,303	351,193,779	327,384,647
Restricted	203,871,553	176,923,358	-	-	203,871,553	176,923,358
Unrestricted	(482,457,931)	(428,939,147)	5,456,014	(1,651,330)	(477,001,917)	(430,590,477)
Total net position	<u>\$(117,193,330)</u>	<u>\$(103,052,445)</u>	<u>\$195,256,745</u>	<u>\$176,769,973</u>	<u>\$78,063,415</u>	<u>\$73,717,528</u>

Statement of Activities

The statement of activities shows how the City's net position changed during fiscal year 2020. The City's net position increased overall by \$0.1 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, 2020**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 24,363,224	\$ 26,272,630	\$ 118,115,431	\$ 117,388,243	\$ 142,478,655	\$ 143,660,873
Operating grants and contributions	30,366,687	27,032,700	-	-	30,366,687	27,032,700
Capital grants and contributions	7,037,595	3,363,352	-	-	7,037,595	3,363,352
General revenues:						
Property taxes, levied for general purposes	114,315,762	100,258,772	-	-	114,315,762	100,258,772
Property taxes, levied for debt services	9,462,115	10,173,201	-	-	9,462,115	10,173,201
Property taxes for special purposes:						
Library	20,375,089	19,697,647	-	-	20,375,089	19,697,647
Parks	13,865,074	13,386,448	-	-	13,865,074	13,386,448
Paramedic	3,156,883	3,050,159	-	-	3,156,883	3,050,159
Fire	5,218,308	5,044,450	-	-	5,218,308	5,044,450
Sales taxes	18,253,632	20,652,090	-	-	18,253,632	20,652,090
Utility user taxes	13,557,384	13,898,172	-	-	13,557,384	13,898,172
Transient occupancy taxes	7,040,883	9,855,058	-	-	7,040,883	9,855,058
Business license tax	28,763,018	27,740,995	-	-	28,763,018	27,740,995
Other taxes	22,962,304	25,008,813	-	-	22,962,304	25,008,813
Other unrestricted state subventions	388,062	387,181	-	-	388,062	387,181
Contributions not restricted to specific programs	443,939	462,614	-	-	443,939	462,614
Investment earnings	13,099,214	10,060,124	3,592,813	2,392,270	16,692,027	12,452,394
Insurance claims reimbursement	3,597,947	17,927,255	-	-	3,597,947	17,927,255
Miscellaneous	1,564,914	2,922,834	-	-	1,564,914	2,922,834
Gain/(loss) on sale of capital assets	17,825	-	11,434	-	29,259	-
Total revenues	337,849,859	337,194,495	121,719,678	119,780,513	459,569,537	456,975,008
Expenses:						
General government	36,361,812	39,612,847	-	-	36,361,812	39,612,847
Public safety	157,090,127	133,934,428	-	-	157,090,127	133,934,428
Highways and streets	24,788,042	22,304,905	-	-	24,788,042	22,304,905
Health and welfare	40,673,233	35,370,732	-	-	40,673,233	35,370,732
Culture and recreation	45,695,251	52,589,539	-	-	45,695,251	52,589,539
Community development and housing	34,523,756	27,346,388	-	-	34,523,756	27,346,388
Economic development	6,704,853	5,459,482	-	-	6,704,853	5,459,482
Interest on long-term debt	5,336,107	4,970,956	-	-	5,336,107	4,970,956
Refuse services	-	-	44,402,312	43,117,311	44,402,312	43,117,311
Marina operations and maintenance	-	-	6,822,452	6,893,836	6,822,452	6,893,836
Sewer services	-	-	16,210,405	17,774,981	16,210,405	17,774,981
Clean storm water	-	-	2,290,427	2,318,716	2,290,427	2,318,716
Permit service center	-	-	20,565,515	17,491,552	20,565,515	17,491,552
Parking related	-	-	15,216,074	15,166,460	15,216,074	15,166,460
Building purchase and management	-	-	2,819,469	2,629,827	2,819,469	2,629,827
Total expenses	351,173,181	321,589,277	108,326,654	105,392,683	459,499,835	426,981,960
Excess in net position before other items	(13,323,322)	15,605,218	13,393,024	14,387,830	69,702	29,993,048
Transfers	(526,148)	4,816,681	526,148	(4,816,681)	-	-
Change in net position	(13,849,470)	20,421,899	13,919,172	9,571,149	69,702	29,993,048
Net position - beginning, as restated (note 15)	(103,343,860)	(123,474,344)	181,337,573	167,198,824	77,993,713	43,724,480
Net position - ending	\$ (117,193,330)	\$ (103,052,445)	\$ 195,256,745	\$ 176,769,973	\$ 78,063,415	\$ 73,717,529

A more detailed statement of activities is shown on pages 30-31.

The largest portion of the City's net position reflects its investment of \$351.2 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, \$203.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(477.0) 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 decreased the City's net position \$13.8 million compared to the prior fiscal year's increase of \$20.4 million. Key elements of the decrease in net position were as follows:

Program revenues increased \$5.1 million due to a decrease in charges for services of \$1.9 million, an increase in operating grants and contributions of \$3.3 million, and an increase in capital grants and contributions of \$3.7 million. The major changes are highlighted below:

- Charges for services decreased \$1.9 million primarily due to a significant increase in the allowance for uncollectible accounts in FY2020.
- Operating grants and contributions increased \$3.3 million primarily due to (1) The new Coronavirus Relief fund created in the City Manager's Office raised approximately \$1.6 million; (2) Several new grants in HS COVID-19 Crisis Response Funding, Children and Adult Triage grants totaling \$.8 million were received; (3) The Community Development Block grant and Emergency Solutions grant in Housing increased by \$.8 million.
- Capital grants and contributions increased \$3.7 million primarily due to (1) Receipt of \$1.0 million from the new Tuolumne Rim Fire grant from FEMA; (2) Measure WW billings increased by \$1.5 million; and, (3) The Hazard Mitigation and Shattuck Reconfiguration project receipts in Public Works increased by \$1.5 million.

General revenues decreased \$4.5 million primarily due to a \$14.8 million increase in property taxes, a \$1.0 million increase in Business License Taxes, \$2.8 million decrease in Transient Occupancy Taxes (TOT), \$2.0 million decrease in other taxes, \$2.4 million decrease in sales tax, \$3.0 million increase in investment earnings, \$14.3 million decrease in Insurance Claims Reimbursement and \$1.4 million decrease in Miscellaneous Income as highlighted below:

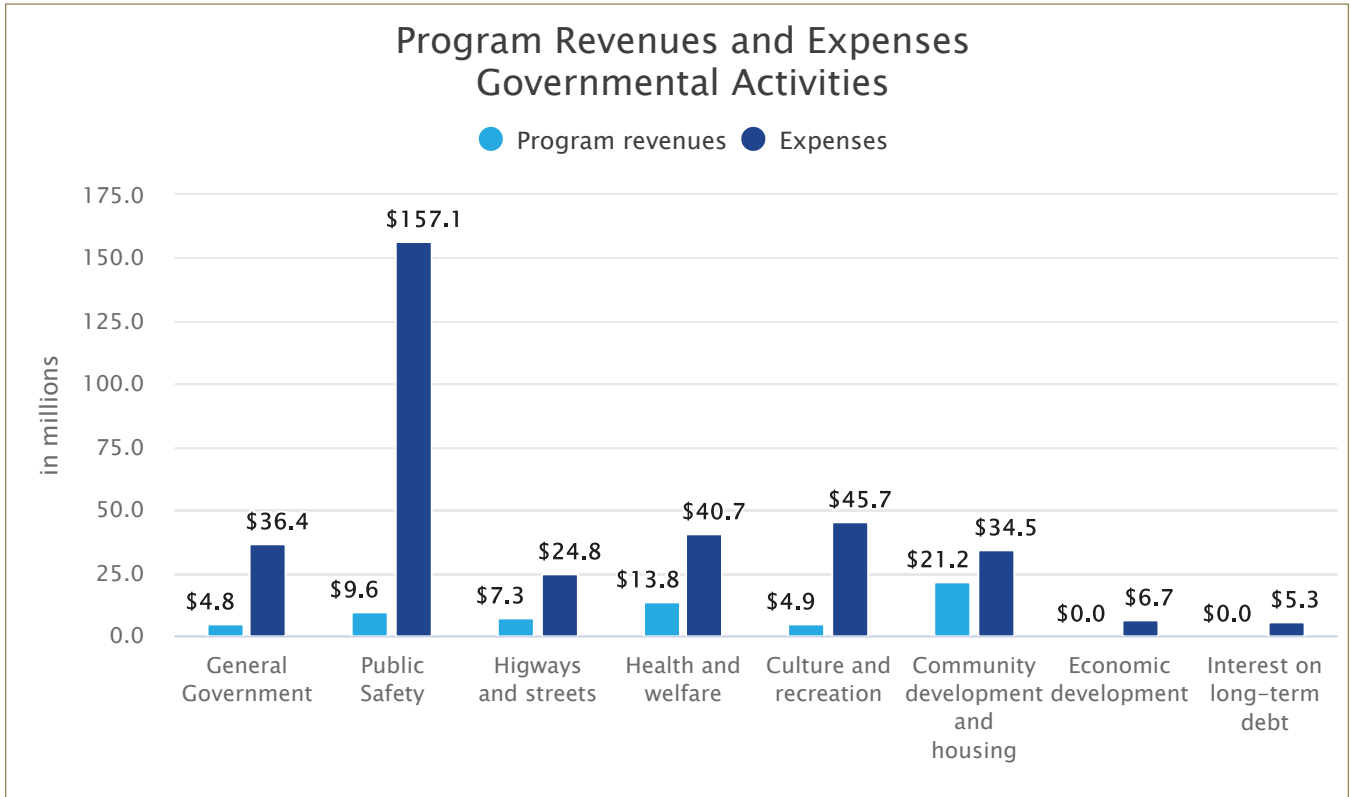
- Property tax revenue increased \$14.8 million, or 9.8% percent, over last year which was due to the following:
 - **Property Taxes for General Purposes** increased \$14.1 million or 14.0%, from \$100.3 million in FY 2019 to \$114.3 million in FY 2020, as a result of an increase of \$4.2 million in Secured Property Taxes primarily due to a 6.6% increase in City assessed values; an increase of \$2.1 million in Property Transfer Taxes, as a result of an increase in the dollar value of property sales in FY 2020; increase of \$6.4 million from Property Transfer Taxes-Measure P (new revenue source starting in FY 2019); and, Vehicle In-Lieu Taxes increased by \$.9 million due to a 6.6% increase in assessed values.
 - **Property Taxes for Debt Service** decreased \$.7 million or 8.6%, from \$10.2 million in FY 2019 to \$9.5 million in FY 2020 primarily as a result of reductions in the debt service tax rates for the following bonds: 2015 Refunding bonds; Measure M Street and Integrated Watershed Improvement bonds; Measure T1 bonds; and, Measure FF Neighborhood Branch Library Improvement bonds. The reduction in debt service tax rates on these bonds more than offset the increase in the debt service tax due to the issuance of \$38 million in Measure O affordable Housing General Obligation bonds during FY 2020.
 - **Property Taxes for Special Purposes** increased \$1.4 million or 3.5%, from \$41.2 million in FY 2019 to \$42.6 million in FY 2020, primarily as a result of a 4.015% increase in the Consumer Price Index in the immediate San Francisco Bay Area for FY 2020 for the Library, Parks, Paramedic and fire special taxes.
- Business License Taxes increased \$1.0 million or 3.7% primarily due to increases in the following categories: Professional/ semi-professional, business personal repair services, construction/contractor, retail, and administrative headquarters.
- Sales tax revenue decreased \$2.4 million or -11.6% to \$18.3 million in FY 2020 from \$20.7 million in FY 2019 primarily as a result of the Governor's shelter in place orders in March 2020, which caused almost all business-related activity to come to a halt. It was also impacted by a misallocation of revenues between FY 2018 and FY 2019, which caused FY 2019 to be overstated by \$.6 million.

- Transient Occupancy taxes (TOT) decreased -\$2.8 million or -28.6% to \$7.0 million in FY 2020 from \$9.9 million in FY 2019. TOT was hit very hard by the Governor’s shelter in place orders issued in March 2020, as almost all travel and business-related activity came to a halt. Hotel occupancy and revenues since then have declined approximately 70% and 80%, respectively.
- Other taxes decreased \$2.0 million or -8.1% primarily as a result of a \$.6 million decrease in Short-term Rentals, \$.2 million decrease in Sugar Tax, and a \$.2 million decrease in Parking Lot Taxes.
- Investment income totaled \$13.1 million which is \$3.0 million or 30.2% more than the total of \$10.1 million received in FY 2019. This increase is primarily attributable to (1) a significant increase in interest rates up to March 2020, especially short-term rates as the Federal Reserve increased short-term interest rates significantly from a level that was near zero; and (2) prior period adjustments totaling \$.7 million.
- Insurance Claims Reimbursement income decreased by -\$14.3 million -79.9% from \$17.9 million in FY 2019 to \$3.6 million in FY 2020 for insurance claim reimbursement for the Tuolumne Camp fire. This is due to the timing of payments for the Tuolumne Camp Reconstruction project. The City is being reimbursed by the insurance company as the project proceeds, based on actual costs. Staff projects reimbursements of \$20.9 million in FY 2021 and \$.6 million in FY 2022.

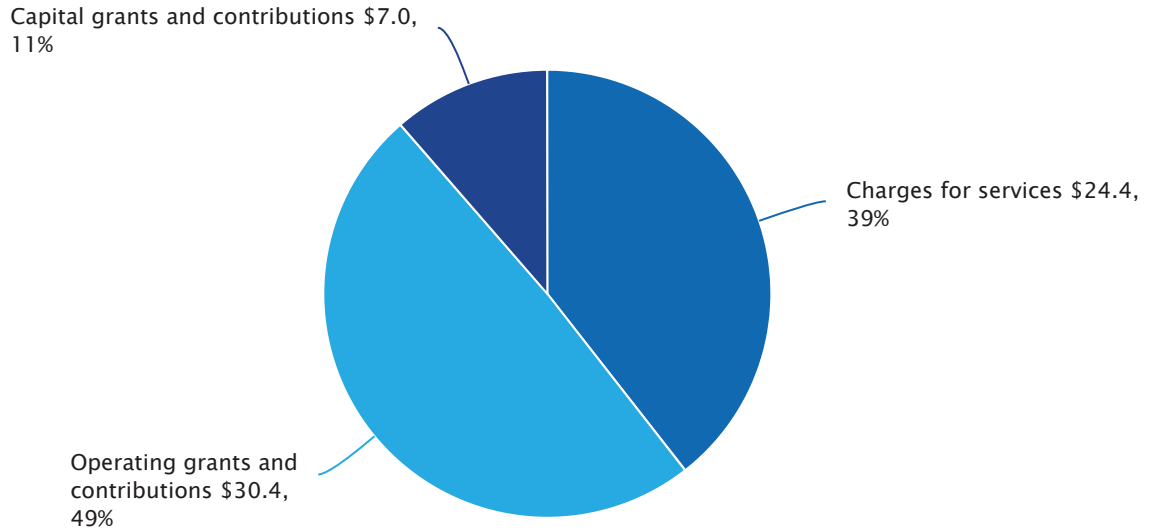
Expenses increased \$32.5 million primarily due to the following: \$3.3 million decrease in general government, \$23.2 million increase in public safety, \$2.5 million increase in highway and streets, \$5.3 million increase in health and welfare, \$6.9 million decrease in culture and recreation, \$7.2 million increase in community development and housing, \$1.2 million increase in economic development and \$0.4 million increase in interest expense. These changes are highlighted below:

- General government expenses decreased \$3.3 million. This was primarily due to (1) salary savings and underspending of non-personnel funds; (2) the reclassification of the Downtown BID (\$1.3 million) and the North Shattuck BID (\$.2 million) to Agency Funds; and, (3) the transfer of Animal Service from the City Manager’s Office to Public Safety (\$2.1 million).
- Public safety expenses increased \$23.2 million primarily due to (1) overspending of Police and Fire overtime budgets. This was related to staffing shortages forcing mandatory overtime; (2) less mutual aid requests; (3) increase in net pension/OPEB expense of \$4.7 million in FY 2020; (4) the transfer of Animal Service from the City Manager’s Office to Public Safety (\$2.1 million) and, (5) There were also increases in salary and benefits.
- Highway and streets expenses increased \$2.5 million primarily due to increases in salary savings and benefits.
- Health and welfare expenses increased \$5.3 million. The increase is due to primarily to overspending in personnel that was only slightly offset by non-personnel savings.
- Culture and recreation expenses decreased \$6.9 million primarily due to substantial cleanup in FY2019 of the aftermath of the Tuolumne Camp fire.
- Community development and housing expenses increased \$7.2 million. The increase is due to primarily to (1) Increase in the following grants: Emergency Solutions grant (\$.4 million); CDBG (\$.8 million); Homeless Emergency Aid program-new grant (\$2.8 million); and, Shelter Plus Care grant (\$.5 million); (2) increased personnel costs.
- Economic development expenses increased \$1.2 million primarily due to increases in salary and benefits.

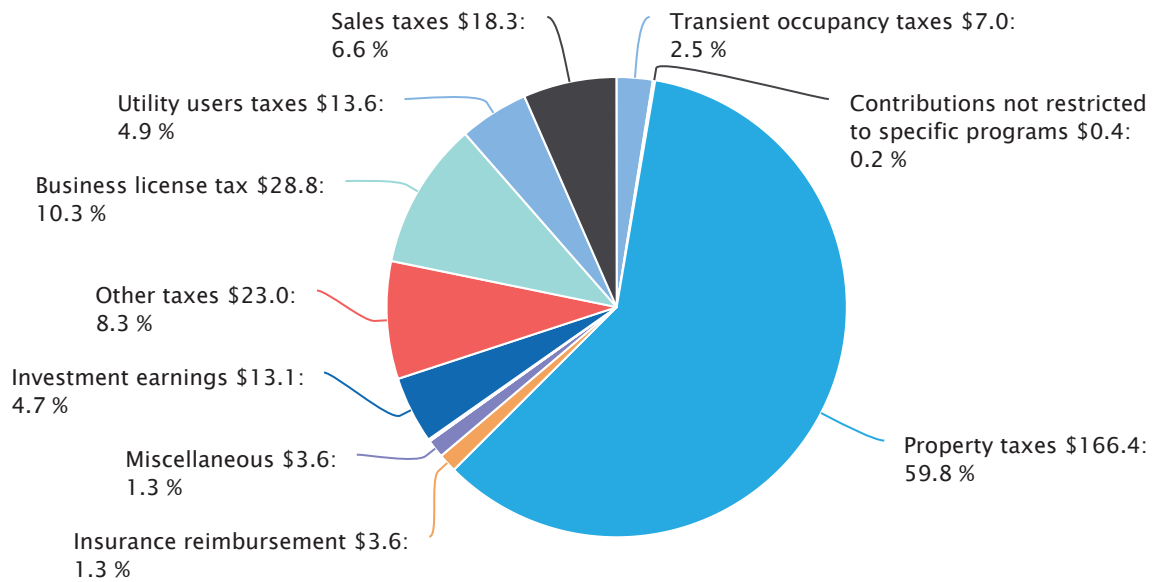
As shown on the charts on the following page, public safety is the largest program (\$157.1 million), followed by culture and recreation (\$45.7 million), health and welfare (\$40.7 million), general government (\$36.4 million), community development and housing (\$34.5 million), highways and streets (\$24.8 million), and economic development (\$6.7 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 General Revenues (in millions)

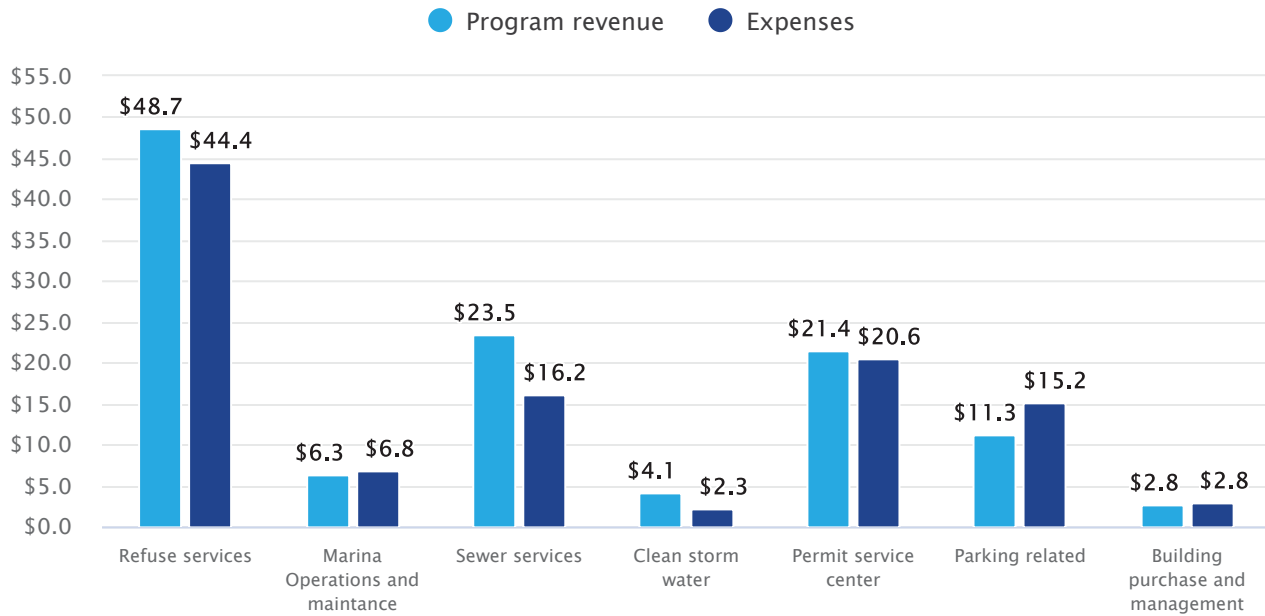


Business-type activities increased the City's net position by \$13.9 million, compared to FY 2019's increase of \$9.6 million. This increase was primarily the result of \$121.7 million in program and general revenues exceeding \$108.3 million in expenses. Key elements of net position changes from the prior fiscal year were as follows:

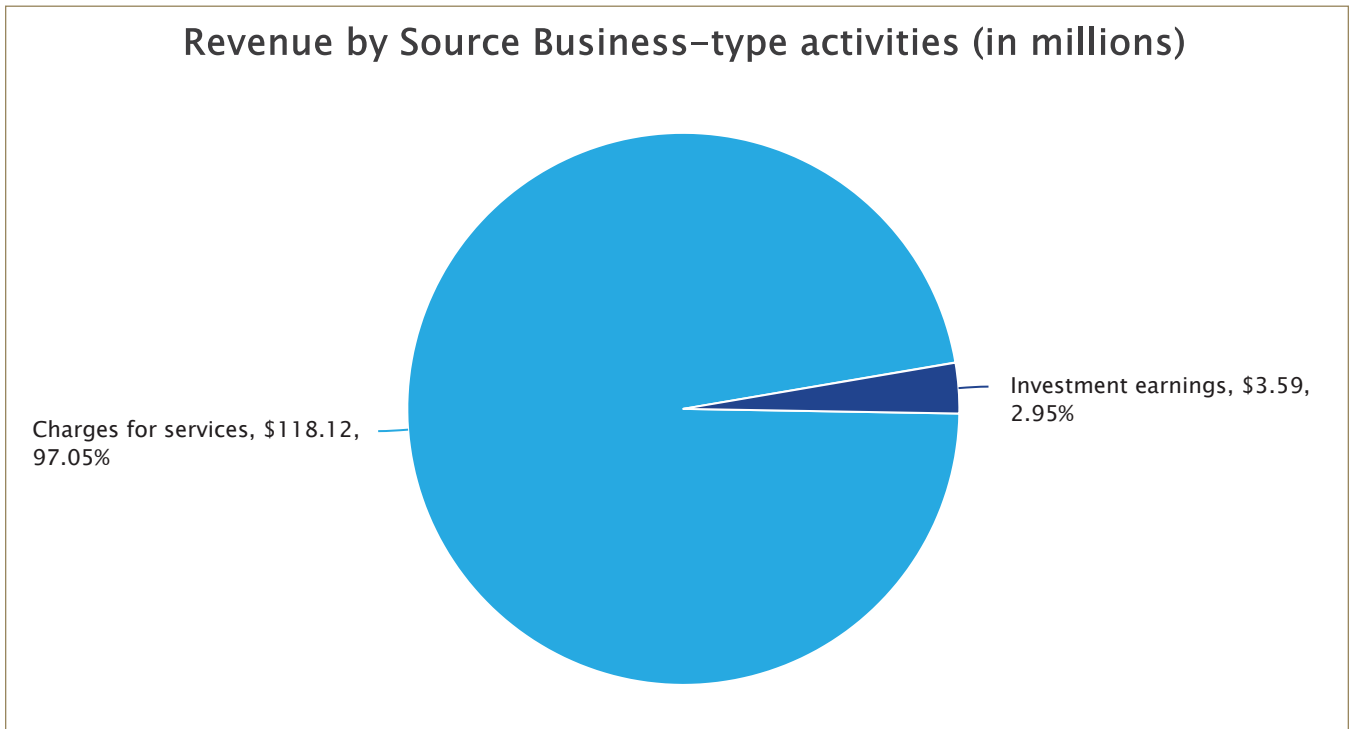
- Parking- Related activities' net position decreased \$3.9 million, compared to the FY 2019 decrease of \$1.0 million. This \$3.9 million decrease was primarily due to the shelter in place orders issued by the Governor and the City's Health Officer, which halted practically all business-related and parking enforcement-related activities starting in March 2020. The Off Street Parking Fund had revenues of \$3.9 million versus expenses of \$7.0 million; The Parking Meter Fund had revenues of \$7.4 million versus expenses of \$8.5 million and Transfers Out of \$1.8 million.
- Marina Operations and Maintenance activities' net position decreased \$0.5 million, compared to the FY 2019 decrease of \$0.1 million. The Marina was negatively impacted by the COVID-19 pandemic, and the resulting shelter in place orders from the Governor and the City's Health Officer. This \$.5 million decrease was primarily due to revenues of \$6.3 million and total expenses of \$7.0 million.
- Refuse Services activities' net position decreased \$4.3 million, compared to the FY 2019 increase of \$5.4 million. This \$4.3 million decrease was primarily due to operating revenues of \$48.7 million, expenses of \$46.8 million, and investment income of \$1.2 million.
- Clean Storm Water activities' net position increased \$1.8 million, compared to the FY 2019 increase of \$1.6 million. This \$1.8 million increase was primarily due to Clean Storm Water Fees of \$4.1 million, operating expenses of \$2.4 million, and Transfers In of \$2.6 million.
- Sewer Services activities' net position increased \$7.3 million, compared to the FY 2019 decrease of \$6.6 million. This \$7.3 million increase was primarily due to operating revenues of \$23.5 million and operating expenses of \$16.5 million and investment income of \$1.3 million.
- Permit Service Center activities' net position increased \$0.8 million, compared to the FY 2019 decrease of \$0.8 million. This \$0.8 million increase was primarily due to operating revenues of \$21.4 million, operating expenses of \$20.8 million, and investment income of \$.6 million.
- Building Purchases and Management activities' net position was basically unchanged versus an increase of \$.1 million in FY 2019.
- Internal Service Funds (ISF) allocation of operating profit increased net position of business-type activities by \$3.7 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, Permit Service Center, and Sanitary Sewer funds have the greatest total expenses with \$44.4 million, \$20.6 million and \$16.2 million, respectively, out of approximately \$108.3 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 2020, City governmental funds reported a combined ending fund balance of \$361.1 million, an increase of \$23.8 million in comparison with FY 2019 combined ending fund balance of \$337.3 million. The increase in fund balance was primarily due to General Fund had an increased of 4.8 million, Grants Fund had a decreased of 7.5 million, Library Fund had an increased of 1.6 million, Capital Improvements Fund had a decreased of 1.4 million, and other Non-Major Governmental Funds had an increased of 26.2 million. Of the \$361.1 million fund balance, approximately \$0.5 million or 0.1 percent was non-spendable, \$203.9 million or 56.5 percent was restricted fund balance, \$51.0 million or 14.1 percent was in committed funds, \$57.5 million or 15.9 percent was in assigned funds, and \$48.2 million or 13.3 percent was in unassigned fund balance. Refer to pages 38-41 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, 2020, ending fund balance had an increased of 4.8 million, to \$98.1 million, compared to the FY 2019 increase of \$9.4 million.

General Fund's fund balance consists of \$4.8 million in restricted fund balance, and \$44.7 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 \$48.5 million was unassigned. Refer to page 38 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

	2020	2019	2018	2017	2016
Revenues	\$ 210,940,719	\$ 201,089,822	\$ 185,351,536	\$ 170,392,751	\$ 165,400,130
Expenditures	(188,605,343)	(164,040,069)	(152,728,506)	(158,338,160)	(140,612,359)
Other financing sources (uses)	(17,501,973)	(27,699,229)	(12,396,323)	(13,420,661)	(13,052,315)
Operating surplus/(deficit)	4,833,403	9,350,524	20,226,707	(1,366,070)	11,735,456
Beginning fund balance	93,235,667	83,885,143	63,658,436	65,024,506	53,289,049
Ending fund balance	<u>\$ 98,069,069</u>	<u>\$ 93,235,667</u>	<u>\$ 83,885,143</u>	<u>\$ 63,658,436</u>	<u>\$ 65,024,505</u>
Fund balance categories:					
Nonspendable	\$ -	\$ -	\$ 142,342	\$ 75,000	\$ -
Restricted	4,820,212	3,696,971	3,755,304	4,255,304	3,595,304
Committed	-	-	-	-	-
Assigned	44,704,796	42,666,449	33,373,367	3,015,329	3,686,427
Unassigned	48,544,061	46,872,247	46,614,130	56,387,803	57,742,775
Fund balance	<u>\$ 98,069,069</u>	<u>\$ 93,235,667</u>	<u>\$ 83,885,143</u>	<u>\$ 63,733,436</u>	<u>\$ 65,024,506</u>

General Fund – Revenue and Expenditure Analysis

General Fund Revenues for fiscal year 2020, including transfers in and proceeds from sale of property, were \$216.3 million, an increase of \$8.3 million, or 4.0%, compared to FY 2019. The chart below compares General Fund revenues for the past two fiscal years followed by key information

Comparison of General Fund Revenues

	Fiscal Year		Variance	% of Increase (Decrease)	% of Total
	2020	2019	Over/(Under) LastYear	Over Prior Year	
Property taxes	\$ 100,862,317	\$ 87,658,633	\$ 13,203,684	15.1%	46.8%
Sales taxes	16,922,114	19,115,447	(2,193,333)	-11.5%	7.9%
Utility users taxes	13,557,384	13,898,202	(340,818)	-2.5%	6.3%
Transient occupancy taxes	5,760,616	8,023,698	(2,263,082)	-28.2%	2.7%
Business license taxes	21,009,453	19,872,199	1,137,254	5.7%	9.8%
U1 revenues	5,597,359	5,853,334	(255,975)	-4.4%	2.6%
Short-term Rentals	1,280,267	1,831,361	(551,094)	-30.1%	0.6%
Vehicle In-Lieu taxes	13,356,044	12,482,284	873,760	7.0%	6.2%
Other taxes	4,124,237	4,481,116	(356,879)	-8.0%	1.9%
Other licenses & permits	2,098,678	1,404,519	694,159	49.4%	1.0%
Intergovernmental	1,770,912	1,867,871	(96,959)	-5.2%	0.8%
Charges for services	7,584,958	8,433,154	(848,196)	-10.1%	3.5%
Fines and penalties	4,166,280	5,442,563	(1,276,283)	-23.5%	1.9%
Rents and royalties	203,169	289,435	(86,266)	-29.8%	0.1%
Franchise	1,812,128	1,799,630	12,498	0.7%	0.8%
Investment income	9,287,397	6,914,540	2,372,857	34.3%	4.3%
Other revenue	535,794	1,721,836	(1,186,042)	-68.9%	0.2%

- Property taxes increased \$13.2 million or 15.1% to \$100.9 million in FY 2020 from \$87.7 million in FY 2019, primarily as a result of increases in the following revenue sources:
 - i. Real Property Taxes increased \$4.2 million or 7.1% to \$63.3 million in FY 2020 from \$59.1 million in FY 2019. This increase was consistent with the FY 2020 increase in assessed valuation of 6.6%.
 - ii. Property Transfer Taxes increased \$2.1 million or 10.8% to \$21.5 million in FY 2019 from \$19.4 million in FY 2019. This resulted primarily from an increase in the dollar value of property sales during FY 2020: During FY 2020, there was the sale of a small group of properties totaling \$87.5 million that resulted in Property Transfer Tax revenues of \$1.3 million.
 - iii. Property Transfer Tax-Measure P was a new revenue source in FY 2019. Property Transfer Tax-Measure P increased \$6.4 million or 182.8% to \$9.9 million in FY 2020 from \$3.5 million in FY 2019 (for approximately half a year).
- Sales taxes decreased \$2.2 million or 11.5% to \$16.9 million in FY 2020 from \$19.1 million in FY 2019. Sales Taxes were hit very hard by the Governor’s shelter in place orders issued in March 2020, as almost all business-related activity came to a halt. In addition, the FY 2019 total was overstated by \$555,600 due 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.
- Business License Taxes (BLT) revenue increased \$1.1 million to \$21.0 million or 5.7% in FY 2020 to \$19.9 million in FY 2019. Categories with significant increases were the following: Professional/semi-professional (+\$413,395); Business personal repair service (+\$146,659); Construction/contractor (+\$58,562); Retail (+\$35,864); and Administrative Headquarters (+\$49,929).

- U1 revenue was a new revenue source starting 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 decreased \$0.3 million to \$5.6 million or 4.4% in FY 2020 to \$5.9 million in FY 2019.
- Transient Occupancy taxes (TOT) decreased \$2.3 million or 28.2% to \$5.8 million in FY 2020 from \$8.0 million in FY 2019. TOT was hit very hard by the Governor's shelter in place orders issued in March 2020, as almost all travel and business-related activity came to a halt. Hotel occupancy and revenues since then have declined approximately 70% and 80%, respectively.
- 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 decreased \$0.6 million or 30.1% to \$1.3 million in FY 2020 from \$1.8 million in FY 2019. Like TOT, Short-term Rentals was hit very hard by the Governor's shelter in place orders issued in March 2020, as almost all travel and business-related activity came to a halt.
- Utility Users Taxes revenue for FY 2020 totaled \$13.6 million, which is \$0.3 million or 2.5% less than the \$13.9 million received in FY 2019. The decrease in FY 2020 was experienced in all categories (Cable, Cellular, Gas and Telephone) except for Electricity charges.
- Vehicle In-Lieu Taxes increased \$0.9 million or 7.0% in FY 2020 to \$13.4 million from \$12.5 million in FY 2019. This is consistent with the 6.6% increase in FY 2020 assessed values reported by the County.
- Other Taxes decreased \$0.4 million or 8.0% in FY 2020 to \$4.1 million from \$4.5 million in FY 2019. This decrease is primarily attributable to a decrease in Parking Lot Taxes and Soda Taxes.
- Fines and penalties decreased \$1.3 million or 23.5% to \$4.2 million in FY 2020 from \$5.4 million in FY 2019 primarily due to Parking enforcement stopping ticket writing as a result of the Governor's shelter in place orders in March 2020.
- Investment income totaled \$9.3 million which is \$2.4 million or 31.7% more than the total of \$6.9 million received in FY 2019. This increase is primarily attributable to (1) a significant increase in interest rates up to March 2020, especially short-term rates as the Federal Reserve increased short-term interest rates significantly from a level that was near zero; (2) an increase of \$376,697 in interest income on cash balances at the custodial bank in FY 2020. In FY 2019, this interest income was netted against the bank fees charged; and,(3) the FY 2019 total included a prior period adjustment of \$352,189 to allocate five years of interest income to the Measure M bond project.
- Other revenue decreased \$1.2 million or -68.9%, to \$0.5 million in FY 2020 from \$1.7 million in FY 2019 primarily due to (1) Mutual aid-wildfire revenue (\$.3 million); (2) CBS Outdoor revenue (\$.3 million); and (3) return of unused funds revenue (\$.2 million) received in FY 2019 and not in FY 2020.

General Fund Expenditures for fiscal year 2020, including transfers out, increased \$14.0 million, or 7.1 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	Fiscal Year	Variance	% of Increase/ (Decrease)	
	2020	2019	Over/(Under)	Over Prior	% of Total
			Prior Fiscal	Year	
General government	\$ 24,693,087	\$ 27,410,030	\$ (2,716,943)	-9.9%	11.7%
Public safety	118,792,927	103,084,496	15,708,431	15.2%	56.2%
Highway and streets	2,289,459	2,904,262	(614,803)	-21.2%	1.1%
Health and welfare	20,423,061	13,318,820	7,104,241	53.3%	9.7%
Culture-recreation	7,013,665	5,943,167	1,070,498	18.0%	3.3%
Community development and housing	9,040,990	8,263,703	777,287	9.4%	4.3%
Economic development	5,878,762	2,845,178	3,033,584	106.6%	2.8%
Debt service	473,393	270,413	202,980	75.1%	0.2%
Other financing uses	22,888,365	33,462,313	(10,573,948)	-31.6%	10.8%
Total Expenditures and Other Financing	\$ 211,493,709	\$ 197,502,382	\$ 13,991,327	7.1%	100.0%

- General government expenditures decreased \$2.7 million or -9.9% in FY 2020, compared to the prior fiscal year. This was primarily due to salary savings and underspending of non-personnel funds.
- Public safety expenditures increased \$15.7 million or 15.2% in FY 2020, compared to the prior fiscal year. The increase is due to overspending of Police and Fire overtime budgets, which was precipitated by staffing shortages forcing mandatory overtime, and mutual aid requests.
- Highways and streets expenditures decreased \$0.6 million or -21.2% in FY 2020, compared to the prior fiscal year. The increase is primarily due to salary savings and underspending of non-personnel funds.
- Health and welfare expenditures increased \$7.1 million or 53.3% in FY 2020, compared to the prior fiscal year. The increase is primarily due to overspending in personnel that was only slightly offset by non-personnel savings.
- Culture-Recreation expenditures increased \$1.1 million or 18.0% in FY 2020, compared to the prior fiscal year. The increase is due to increased personnel costs.
- Community Development and Housing expenditures increased \$0.8 million or 9.4% in FY 2020, compared to the prior fiscal year. The increase is due to increased personnel costs.
- Other Financing Uses decreased \$10.6 million or -31.6% to \$22.9 million in FY 2020 from \$33.5 million in FY 2019. This decrease resulted primarily from a one-time transfer of \$7.9 million in FY 2019 to establish the new Internal Service Fund: IT Cost Allocation Plan Fund; and, \$4 million was transferred to the Section 115 Pension Trust Fund in FY 2019 versus zero in FY 2020.

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 \$7.4 million compared to prior fiscal year’s decrease of \$0.9 million. Much of the FY 2019 decrease resulted from \$26.8 million in grants expenditures versus \$34.3 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 \$1.6 million which is comparable to prior fiscal year’s decrease of \$1.4 million. Much of the FY 2020 increase was due to a 4.015% increase in the Library services special tax, which

resulted in additional revenue of \$.8 million. The 4.015% increase in the tax rate was a result of the increase of that rate in the Consumer Price Index of the immediate San Francisco Bay Area in FY 2020.

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 decreased \$1.4 million, compared to the prior fiscal year's increase of \$5.3 million. The net decrease of \$1.4 million is primarily due to (1) Transfers In from the General Fund declining by \$1.1 million; and, (2) total Transfers Out increasing by \$2.7 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, 2020

Fund	Unrestricted Net Position	Change in Unrestricted Net Position	Total Net Position	Change in Total Net Position
Zero Waste	\$ (3,120,814)	\$ 1,499,192	\$ 1,358,866	\$ 2,933,465
Marina Operations	(2,007,723)	(2,139,409)	1,080,113	(535,050)
Sanitary Sewer	9,025,750	1,208,973	149,364,036	8,054,744
Clean Storm Water	2,771,675	(435,220)	22,573,606	4,520,948
Permit Service Center	(3,284,709)	(571,302)	619,562	1,143,570
Off-Street Parking	(596,297)	4,185,049	14,563,526	(3,093,165)
Parking Meters	(5,092,008)	(3,249,467)	(4,318,661)	(2,785,434)
Building Purchases and Management	(6,566,805)	(167,183)	(4,311,248)	(24,920)
Total	\$ (8,870,931)	\$ 330,633	\$ 180,929,800	\$ 10,214,158

Other factors concerning the finances of these six funds have been addressed in the discussion of the City's business-type activities on pages 13-15. Proprietary financial statements can be found on pages 39-45.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund budget and actual report can be found on page 131. The \$33.9 million increase between the original and final budget (expenditures plus transfer out) is the result of \$5.5 million of encumbered rollovers, \$4.2 million in unencumbered rollovers, and \$24.2 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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	160,838,723	182,428,723	183,713,498	1,284,775
Licenses and permits	1,911,273	1,911,273	2,098,678	187,405
Intergovernmental	1,028,586	514,746	1,201,866	687,120
Charges for service	8,582,247	8,216,975	8,907,550	690,575
Fines and penalties	7,016,823	6,270,000	4,133,511	(2,136,489)
Rents and royalties	186,513	186,513	203,169	16,656
Franchise	2,068,928	2,068,928	1,839,102	(229,826)
Private contributions and donations	143,680	143,680	179,487	35,807
Investment income	3,564,000	5,000,000	7,942,187	2,942,187
Miscellaneous	6,401,422	6,671,357	414,436	(6,256,921)
Total revenues	191,742,195	213,412,195	210,633,484	-2,778,711
Expenditures:				
Current:				
General government	37,206,313	36,678,916	25,018,053	11,660,863
Public safety	109,243,162	112,845,681	118,033,442	(5,187,761)
Highway and streets	2,028,942	3,489,429	2,298,198	1,191,231
Health and welfare	11,812,691	20,336,094	20,485,002	(148,908)
Culture-recreation	7,025,343	7,724,377	6,987,179	737,198
Community development and housing	7,971,012	12,926,757	10,312,579	2,614,178
Economic development	2,933,186	7,235,434	5,854,192	1,381,242
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	200,000	200,000	402,212	(202,212)
Bond issuance cost	-	-	-	-
TRAN issuance costs	-	-	71,181	71,181
Total expenditures	178,420,649	201,436,688	189,462,038	12,117,012
Revenues over/(under) expenditures	13,321,546	11,975,507	21,171,446	9,195,939
Other financing sources/(uses)				
Transfers in	5,386,188	5,266,688	5,386,187	119,499
Transfers out	(13,472,869)	(24,356,333)	(30,482,826)	(6,126,493)
Interfund repayments	-	-	2,177,986	2,177,986
Interfund advances	-	-	3,797,231	3,797,231
Sale of capital assets	-	-	204	204
Total other financing sources/(uses)	(8,086,681)	(19,089,645)	(19,121,218)	(31,573)
Net change in fund balance	5,234,865	(7,114,138)	2,050,228	9,164,366

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 2,050,228
Receivable accrual	307,232
Due from other fund -Repayment	(2,177,985)
Due from other fund - advance	3,797,231
Payable accrual	856,695
Net change in fund balances - GAAP basis	<u>\$ 4,833,401</u>

Revenues, excluding other financing sources, were \$2.8 million, or -1.3%, lower than budgetary estimates as a result of receiving lower than anticipated revenue as follows:

- Taxes were \$1.3 million over budget due to: Property transfer tax exceeding the final budget by \$2.1 million; Supplemental Taxes exceeding the final budget by \$.5 million; Unsecured Property Taxes exceeding the final budget by \$.5 million; Business License Tax exceeding the final budget by \$1.3 million Sales Taxes under the final budget by \$.7 million; Transient Occupancy Taxes (TOT) under the final budget by \$1.4 million; Short-term rentals under the final budget by \$.4 million.
- Investment income was over budget by \$2.9 million due to higher interest rates in FY 2020 than in FY 2019 until March 2020.
- Parking Fines income was under the budget by \$2.1 million due to the Governor's March 2020 shelter in place orders resulting from the COVID-19 pandemic. This put a halt to almost all ticket writing in the City.

Expenditures, excluding other financing uses, were less than budgetary estimates by \$12.1 million, or 6.0 percent, primarily due to the following:

- General government was under budget by \$11.7 million due to salary savings and underspending of non-personnel funds.
- Public Safety was over budget by \$5.2 million due to overspending of Police and Fire overtime budgets. This was related to staffing shortages forcing mandatory overtime, and due to mutual aid requests.
- Highways and streets were under budget by \$1.2 million due to salary savings and underspending of non-personnel funds.
- Economic Development Health and welfare was under budget by \$1.4 million due to overbudgeting of community agency line item and underspending in non-personnel funds.
- Community Development and Housing expenditures were under budget by \$2.6 million due to salary savings and underspending of non-personnel funds..

CAPITAL ASSET AND DEBT ADMINISTRATION**Capital assets**

Investments in capital assets for governmental and business-type activities as of June 30, 2020, totaled \$510.6 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 increase in capital assets for fiscal year 2020 was \$41.1 million, which represents a 13.41 percent increase for governmental activities and a 4.04 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:

City of Berkeley
Capital Assets (net of accumulated depreciation)
Fiscal Year Ended June 30, 2020

Fund	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 25,142,014	\$ 25,141,987	\$ 2,979,050	\$ 2,979,050	\$ 28,121,064	\$ 28,121,037
Buildings	83,155,873	76,738,150	67,763,091	70,101,148	150,918,964	146,839,298
Improvements Other than Buildings	17,155,700	15,372,176	10,695,751	10,848,310	27,851,451	26,220,486
Machinery and Equipment	17,470,287	18,635,074	3,211,384	3,268,495	20,681,671	21,903,569
Infrastructure	108,830,749	100,063,267	158,361,440	146,378,039	267,192,189	246,441,306
Construction in Progress	15,873,606	40,400	-	-	15,873,606	40,400
Total Capital Assets, Net	<u>\$ 267,628,229</u>	<u>\$ 235,991,054</u>	<u>\$ 243,010,716</u>	<u>\$ 233,575,042</u>	<u>\$ 510,638,945</u>	<u>\$ 469,566,096</u>

Major capital asset events during fiscal year 2020 included the following:

- Governmental activities' Buildings increased by \$6.4 million or 8.36 percent from the prior fiscal year primarily due to FY 2020 additions of \$11.2 million and depreciation expense of \$4.8 million. \$0.3 million of assets was removed.
- Governmental activities Infrastructure increased by \$8.8 million or 8.76% over the prior fiscal year primarily due to FY 2020 additions of \$14.9 million and depreciation expense of \$6.1 million.
- Governmental activities Construction in Progress increased by \$15.8 million or 39,191.10% over the prior fiscal year primarily due to additions of \$10.4 million for reconstruction of the Berkeley Tuolumne Park that burned down and purchase of four fire trucks and a tiller for \$5.4 million.
- Business-type activities Infrastructure increased by \$12.0 million or 8.19 percent, over the prior fiscal year primarily due to FY2020 additions of \$15.6 million and depreciation of \$3.6 million.

Long-term debt

At the end of fiscal year 2020, the City had total long-term debt outstanding of \$231.2 million (Excluding pension liabilities, OPEB liabilities and compensated absences). Of this amount, \$151.2 million, or 65.4 percent, of total long-term debt consisted of the City's general obligation bonds, and a total of \$80 million, or 34.6 percent, consisted of revenue bonds, certificates of participation, notes/loans payable and capital leases payable. Long-term debt increased overall by \$34.8 million, primarily due to the issuance of \$38 million in general obligation bonds to fund Measure O Affordable Housing within the City. 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:

Type	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 151,181	\$ 117,251	\$ -	\$ -	\$ 151,181	\$ 117,251
Revenue Bonds	4,153	4,496	51,629	53,570	55,782	58,066
Capital Leases	5,650	1,442	-	-	5,650	1,442
Certificate of Participations	5,202	5,337	-	-	5,202	5,337
Notes/Loans Payable	6,951	7,698	6,449	6,629	13,400	14,327
Total Long-Term Debt	<u>\$ 173,137</u>	<u>\$ 136,225</u>	<u>\$ 58,078</u>	<u>\$ 60,199</u>	<u>\$ 231,215</u>	<u>\$ 196,424</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 \$1.69 billion in taxable sales taxes during FY 2020, less than the \$1.814 billion generated in FY 2019. In addition, the City's unemployment rate (as reported by the State of California Employment Development Department) increased from 3.1 percent in June 2019 to 10.0 percent in

June 2020, compared to 13.5 percent for the County, 15.1 percent for the state, and 11.1 percent for the U.S. as a result of the negative impact of the coronavirus pandemic.

Growth in assessed valuation on secured property increased by 6.6 percent to \$19.8 billion in FY 2020 (net of exemptions and other deductions) from \$18.6 billion in FY 2019, 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 just completed the first year of its adopted fiscal year 2020 and 2021 budget (the **“Fiscal Year 2020 and 2021 Adopted Budget”**):

The City Council adopted the FY 2020 and FY 2021 Biennial Budget (Biennial Budget) and the FY 2020 and FY 2021 Capital Improvement Program Budget (CIP Budget) on June 25, 2019. The Biennial Budget was a 2-year balanced budget. The Proclamation of Local Emergency for purposes of responding to COVID-19 was issued on March 3, 2020. This event is unprecedented and we have no historical experience to use as a base to pull from or to plan. Developing policies to deal with this event were immediate and are ongoing.

The City has numerous revenue streams that depend on economic activities and the “Shelter in Place” order practically stopped most economic activity. This has had immediate impact in FY 2020, and will continue into FY 2021, as those revenue streams that trail consumer and retail activity feel the brunt of this cessation. The economic and financial impacts of the COVID-19 pandemic on Berkeley’s finances was significant and resulted in a projected General Fund deficit estimated at \$39 million in FY 2021.

To resolve this General Fund shortfall departments worked to identify General Fund savings that represent 10%, 12%, and 15% of their FY 2021 General Fund budget. Departments developed thoughtful ideas for deferrals that were realistic and resulted in minimum negative impact to services and operations. Staff was guided by the following Budget Strategies Principles as they developed proposed deferrals to balance the FY 2021 budget.

1. Continue serving the community. Public health and safety functions, as well as essential municipal services will be preserved to the maximum extent possible. In so doing, the City will make every effort to avoid service and workforce reductions.
2. Live within our means. Strive for long-term sustainability that aligns available resources with needs and the City’s values that embrace a commitment to advancing racial, social, and just equity, serving those who are most in need, and environmental sustainability.
3. Identify expenditures that can be deferred. Take a deferment first approach by thoroughly assessing expenditures with a special emphasis on large capital projects, equipment purchases, and new projects.
4. Pursue other revenue and assistance. Vigorously pursue cost recovery efforts, secure alternative sources of revenue, and be positioned to capitalize on federal and state assistance.
5. Manage use of, and replenish, reserves. In drawing on reserves, the City will adopt a long-term orientation to ensure that funds are available for the duration of the economic downturn. The City will look to its existing policies to ensure that any reserves that are utilized are restored when the economy improves.
6. Be data-driven and transparent. Budget decisions will be informed by data and be transparent. Staff will work collaboratively with the Budget and Finance Committee with on-going communication and updates provided to the entire City Council.

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. This report is also available on the City’s website at www.cityofberkeley.info/finance.



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A photograph of a city street scene. In the foreground, there's a street lamp with a white globe on a green pole. The background shows trees with bare branches, some decorated with colorful ornaments. A building with a green awning is visible on the left. The sky is overcast.

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA

Basic Financial Statements





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Government-Wide Financial Statement

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA

**Statement of Net Position
June 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Rent Stabilization Board
Assets				
Current assets:				
Cash and investments	\$ 244,292,401	\$ 93,135,771	\$ 337,428,172	\$ 5,680,150
Restricted cash and investments	193,172,207	1,142	193,173,349	-
Receivables (net of allowance for uncollectible)	33,450,759	5,488,179	38,938,938	-
Prepaid items	485,140	-	485,140	-
Inventories	76,013	-	76,013	-
Internal balances	(14,320,254)	14,320,254	-	-
Property held for resale	713,313	-	713,313	-
Total current assets	457,869,579	112,945,346	570,814,925	5,680,150
Noncurrent assets:				
Restricted cash and investments	414,545	-	414,545	-
Notes Receivable	65,643,529	-	65,643,529	-
Capital assets:				
Land	25,142,014	2,979,050	28,121,064	-
Building	184,762,537	93,081,469	277,844,006	-
Improvements other than buildings	23,267,289	17,170,158	40,437,447	-
Machinery and equipment	75,179,434	11,470,971	86,650,405	595,666
Infrastructure	246,078,556	232,852,818	478,931,374	-
Construction in progress	15,873,606	-	15,873,606	-
Less accumulated depreciation	(302,675,207)	(114,543,750)	(417,218,957)	(592,929)
Total capital assets	267,628,229	243,010,716	510,638,945	2,737
Total noncurrent assets	333,686,303	243,010,716	576,697,019	2,737
Total assets	791,555,882	355,956,062	1,147,511,944	5,682,887
Deferred outflows of resources				
Deferred pension items	57,949,556	9,675,547	67,625,103	866,508
Deferred OPEB items	35,937,851	5,661,712	41,599,563	506,805
Total deferred outflows of resources	93,887,407	15,337,259	109,224,666	1,373,313
Liabilities				
Current liabilities:				
Accounts payable	28,069,647	10,186,836	38,256,483	290,095
Accrued salaries and wages	10,408,979	2,509,160	12,918,139	193,947
Accrued interest payable	2,377,919	514,773	2,892,692	-
Deposits held	918,796	487,818	1,406,614	15,075
Other liabilities	3,987,925	274,469	4,262,394	76,764
Unearned revenues	821,902	125,400	947,302	-
Advances - rent registration	-	-	-	3,261,328
Taxes and revenue anticipation note	34,780,000	-	34,780,000	-
Current portion of LT liability due within one year	21,467,278	2,867,877	24,335,155	20,456
Total current liabilities	102,832,446	16,966,333	119,798,779	3,857,665
Noncurrent liabilities due in more than one year:				
Net pension liabilities	535,198,961	81,210,896	616,409,857	7,429,419
Net OPEB liabilities	123,844,827	14,542,961	138,387,788	921,584
Others due in more than one year	206,327,559	59,624,174	265,951,733	249,172
Total noncurrent liabilities	865,371,347	155,378,031	1,020,749,378	8,600,175
Total liabilities	968,203,793	172,344,364	1,140,548,157	12,457,840
Deferred inflows of resources				
Deferred pension items	9,229,442	2,013,855	11,243,297	133,000
Deferred OPEB items	24,267,080	1,678,357	25,945,437	144,200
Deferred gain on refunding	936,304	-	936,304	-
Total deferred inflows of resources	34,432,826	3,692,212	38,125,038	277,200
Net position				
Net investment in capital assets	161,393,048	189,800,731	351,193,779	2,737
Restricted for:				
Other purposes	15,427,121	-	15,427,121	-
Law enforcement	5,300,254	-	5,300,254	-
Highway and streets	34,419,760	-	34,419,760	-
Health and welfare	24,628,841	-	24,628,841	-
Park, recreation, and education	16,862,333	-	16,862,333	-
Urban redevelopment and housing	83,274,248	-	83,274,248	-
Economic development	3,275,524	-	3,275,524	-
Debt service	12,604,209	-	12,604,209	-
Capital projects	8,079,264	-	8,079,264	-
Unrestricted	(482,457,931)	5,456,014	(477,001,917)	(5,681,577)
Total net position	\$ (117,193,330)	\$ 195,256,745	\$ 78,063,415	\$ (5,678,840)

The accompanying notes are an integral part of these financial statements



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Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government					
Governmental activities:					
General government	\$ 41,851,595	\$ (5,489,783)	\$ 3,131,573	\$ 1,706,401	\$ -
Public safety	157,040,476	49,651	9,067,824	576,275	-
Highways and streets	24,788,042	-	2,722,787	701,925	3,887,665
Health and welfare	40,673,233	-	1,163,819	12,630,635	-
Culture and recreation	45,695,251	-	1,202,687	557,576	3,149,930
Community development and housing	34,369,496	154,260	7,074,535	14,173,876	-
Economic development	6,704,853	-	-	20,000	-
Interest on long-term debt	5,336,107	-	-	-	-
Total governmental activities	<u>356,459,052</u>	<u>(5,285,872)</u>	<u>24,363,224</u>	<u>30,366,687</u>	<u>7,037,595</u>
Business-type activities:					
Refuse services	42,129,549	2,272,763	48,721,810	-	-
Marina operations and maintenance	6,442,660	379,792	6,304,333	-	-
Sewer services	15,291,510	918,895	23,533,991	-	-
Clean storm water	2,200,401	90,026	4,062,103	-	-
Permit service center	18,941,120	1,624,395	21,413,637	-	-
Parking related	15,216,074	-	11,268,937	-	-
Building purchase and management	2,819,469	-	2,810,620	-	-
Total business-type activities	<u>103,040,782</u>	<u>5,285,872</u>	<u>118,115,431</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 459,499,834</u>	<u>\$ -</u>	<u>\$ 142,478,655</u>	<u>\$ 30,366,687</u>	<u>\$ 7,037,595</u>
Component unit:					
Rent stabilization board	\$ 5,726,628	\$ -	\$ 5,383,509	\$ -	\$ -
Total component unit	<u>\$ 5,726,628</u>	<u>\$ -</u>	<u>\$ 5,383,509</u>	<u>\$ -</u>	<u>\$ -</u>

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
- Gain/(loss) on sales of capital assets

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
\$ (31,523,839)	\$ -	\$ (31,523,839)	
(147,446,028)	-	(147,446,028)	
(17,475,665)	-	(17,475,665)	
(26,878,779)	-	(26,878,779)	
(40,785,058)	-	(40,785,058)	
(13,275,345)	-	(13,275,345)	
(6,684,853)	-	(6,684,853)	
(5,336,107)	-	(5,336,107)	
<u>(289,405,674)</u>	<u>-</u>	<u>(289,405,674)</u>	
-	4,319,498	4,319,498	
-	(518,119)	(518,119)	
-	7,323,586	7,323,586	
-	1,771,676	1,771,676	
-	848,122	848,122	
-	(3,947,137)	(3,947,137)	
-	(8,849)	(8,849)	
-	9,788,777	9,788,777	
<u>\$ (289,405,674)</u>	<u>\$ 9,788,777</u>	<u>\$ (279,616,897)</u>	
			\$ (343,119)
			<u>\$ (343,119)</u>
114,315,762	-	114,315,762	-
9,462,115	-	9,462,115	-
-	-	-	-
20,375,089	-	20,375,089	-
13,865,074	-	13,865,074	-
3,156,883	-	3,156,883	-
5,218,308	-	5,218,308	-
18,253,632	-	18,253,632	-
13,557,384	-	13,557,384	-
7,040,883	-	7,040,883	-
28,763,018	-	28,763,018	-
22,962,304	-	22,962,304	-
<u>256,970,451</u>	<u>-</u>	<u>256,970,452</u>	<u>-</u>
388,062	-	388,062	-
443,939	-	443,939	-
13,099,214	3,592,813	16,692,027	11,565
3,597,947	-	3,597,947	-
1,564,914	-	1,564,914	-
17,825	11,434	29,259	-
<u>(526,148)</u>	<u>526,148</u>	<u>-</u>	<u>-</u>
<u>275,556,204</u>	<u>4,130,395</u>	<u>279,686,599</u>	<u>11,565</u>
<u>(13,849,470)</u>	<u>13,919,172</u>	<u>69,702</u>	<u>(331,554)</u>
<u>(103,343,860)</u>	<u>181,337,573</u>	<u>77,993,713</u>	<u>(5,347,286)</u>
<u>\$ (117,193,330)</u>	<u>\$ 195,256,745</u>	<u>\$ 78,063,415</u>	<u>\$ (5,678,840)</u>



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Governmental Fund Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA

Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds					
	General Fund	Grants	Library	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments in treasury	\$ 100,576,614	\$ -	\$ -	\$ 8,590,255	\$ 58,545,890	\$ 167,712,759
Restricted cash and investments	35,473,667	23,124,167	14,763,918	-	120,225,000	193,586,752
Receivables (net of allowance where applicable):						
Accounts	3,131,274	141,278	6,095	-	880,747	4,159,394
Interest	397,636	-	-	-	573,055	970,691
Taxes	6,501,617	-	121,495	-	1,589,350	8,212,462
Subventions/grants	1,581,784	14,970,683	-	-	2,433,694	18,986,161
Due from other funds	7,532,797	-	-	7,079,194	45,207	14,657,198
Notes receivable	4,820,212	31,470,191	-	8,079,264	21,273,862	65,643,529
Other	4,812	530,554	-	-	-	535,366
Property held for resale	-	-	-	-	713,313	713,313
Prepaid items	-	485,140	-	-	-	485,140
Total assets	\$ 160,020,413	\$ 70,722,013	\$ 14,891,508	\$ 23,748,713	\$ 206,280,118	\$ 475,662,765
Liabilities						
Accounts payable	\$ 8,755,327	\$ 3,180,181	\$ 692,509	\$ 2,184,366	\$ 10,877,948	\$ 25,690,331
Accrued salaries and wages	7,009,112	633,357	671,895	87,359	1,587,994	9,989,717
Accrued interest payable	693,667	-	-	-	-	693,667
Advances from other funds	3,113,057	-	-	-	-	3,113,057
Due to other funds	-	12,741,542	-	-	1,908,965	14,650,507
Deposits held	769,621	-	-	12,933	136,242	918,796
Unearned revenues	-	735,919	83,411	-	2,573	821,903
Taxes and revenue anticipation note	34,780,000	-	-	-	-	34,780,000
Other liabilities	3,974,535	-	13,151	-	239	3,987,925
Total liabilities	59,095,319	17,290,999	1,460,966	2,284,658	14,513,961	94,645,903
Deferred Inflows of Resources						
Unavailable revenue	2,856,026	13,193,193	6,095	554,285	3,349,720	19,959,319
Total deferred inflows of resources	2,856,026	13,193,193	6,095	554,285	3,349,720	19,959,319
Fund Balances						
Nonspendable	-	485,140	-	-	-	485,140
Restricted	4,820,212	39,752,681	13,424,447	8,079,264	137,794,947	203,871,551
Committed	-	-	-	-	51,007,441	51,007,441
Assigned	44,704,796	-	-	12,830,506	-	57,535,302
Unassigned	48,544,061	-	-	-	(385,951)	48,158,110
Total fund balances	98,069,069	40,237,821	13,424,447	20,909,770	188,416,437	361,057,544
Total liabilities, deferred inflows of resources, and fund balances	\$ 160,020,413	\$ 70,722,013	\$ 14,891,508	\$ 23,748,713	\$ 206,280,118	\$ 475,662,765

The accompanying notes are an integral part of these financial statements

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2020

Fund balances - total governmental funds (Page 38)	\$ 361,057,544
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	25,142,014
Buildings	184,762,537
Improvements other than buildings	23,267,289
Machinery and equipment	75,179,434
Infrastructure	246,078,556
Construction in progress	15,873,606
Less accumulated depreciation	<u>(302,675,207)</u>
Governmental activities capital assets, net	267,628,229
Less: capital assets for Internal Service Funds	<u>(18,885,709)</u>
Net capital assets	248,742,520
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	(189,241,004)
Net pension liability - CalPERS Police Plan	(162,010,898)
Net pension liability - CalPERS Fire Plan	(80,204,455)
Net pension liability - Berkeley Police Retirement Income Benefit	(74,125,657)
Net pension liability - Safety Member Pension Plan	(1,762,635)
Net OPEB liability - Miscellaneous Retiree	(39,644,919)
Net OPEB liability - Police Retiree Premium Assistance Plan	(57,472,394)
Net OPEB liability - Fire Retiree Healthcare Plan	(21,177,486)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Unavailable revenue	19,959,319
Deferred outflow on pension - CalPERS Miscellaneous Plan	21,737,254
Deferred outflow on pension - CalPERS Police Plan	18,022,109
Deferred outflow on pension - CalPERS Fire Plan	14,789,825
Deferred outflow on Safety Member Pension Plan	3,634
Deferred outflow on OPEB - Miscellaneous Retiree Healthcare Plan	12,682,047
Deferred outflow on OPEB - Police Retiree Healthcare Plan	15,240,176
Deferred outflow on OPEB - Fire Retiree Healthcare Plan	5,990,341
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	6,879,912
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	(1,643,286)
Bonds, certificates of participation, notes and loans	(167,494,951)
Compensated absences	(14,286,179)
Other long-term liabilities and deferred inflows are not available to pay for current period therefore, are deferred in the funds.	
Deferred inflow on pension - CalPERS Miscellaneous Plan	(2,702,515)
Deferred inflow on pension - CalPERS Police Plan	(2,805,512)
Deferred inflow on pension - CalPERS Fire Plan	(3,031,034)
Deferred inflow on pension - Berkeley Police Retirement Income Benefit Plan	(66,486)
Deferred inflow on OPEB - Miscellaneous Retiree Healthcare Plan	(3,691,766)
Deferred inflow on OPEB - Police Retiree Healthcare Plan	(14,287,463)
Deferred inflow on OPEB - Fire Retiree Healthcare Plan	(5,713,067)
Deferred inflows due to the advance refunding resulting in defeasance of debt	<u>(936,304)</u>
Net position of governmental activities (Page 32)	<u>\$ (117,193,330)</u>

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, 2020

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Grants	Library	Capital Improvement		
Revenues:						
Taxes	\$182,469,791	\$ -	\$ 20,374,696	\$ -	\$ 54,027,666	\$ 256,872,153
Licenses and permits	2,098,678	-	-	-	357,337	2,456,015
Intergovernmental	1,770,912	26,514,649	53,142	-	3,138,218	31,476,921
Charges for service	8,596,774	86,019	-	5,000	10,382,666	19,070,459
Fines and penalties	4,166,280	-	26,601	-	189,063	4,381,944
Rents and royalties	203,169	-	-	-	596,814	799,983
Franchise	1,812,128	-	-	-	160,036	1,972,164
Private contribution and donations	179,487	-	129,342	-	135,110	443,939
Investment income	9,287,397	233,682	5,180	14,252	1,350,728	10,891,239
Miscellaneous	356,103	-	27,784	-	379,339	763,226
Insurance reimbursement	-	-	-	-	3,597,947	3,597,947
Total revenues	210,940,719	26,834,350	20,616,745	19,252	74,314,924	332,725,990
Expenditures:						
Current:						
General government	24,693,087	218,943	-	103,862	4,421,724	29,437,616
Public safety	118,792,927	195,244	-	-	9,814,892	128,803,063
Highway and streets	2,289,459	323,385	-	-	11,474,717	14,087,561
Health and welfare	20,423,061	13,791,217	-	-	2,475,749	36,690,027
Culture-recreation	7,013,665	331,426	19,009,097	-	20,786,996	47,141,184
Community development and housing	9,040,990	12,600,780	-	1,673,522	15,961,176	39,276,468
Economic development	5,878,762	11,000	-	-	554,816	6,444,578
Debt service:						
Principal repayment	-	-	-	-	6,476,012	6,476,012
Interest and fiscal charges	402,212	-	-	-	5,302,413	5,704,625
Bonds issuance costs	-	-	-	-	1,029,749	1,029,749
TRAN issuance costs	71,181	-	-	-	-	71,181
Capital outlay:						
Highway and streets	-	4,041,694	-	4,831,615	9,026,869	17,900,178
Culture-recreation	-	2,759,233	-	1,001,383	3,508,958	7,269,574
Total expenditures	188,605,344	34,272,922	19,009,097	7,610,382	90,834,071	340,331,816
Excess/(deficiency) of revenues over/ (under) expenditures	22,335,375	(7,438,572)	1,607,648	(7,591,130)	(16,519,147)	(7,605,826)
Other financing sources/(uses)						
Transfers in	5,386,188	-	-	9,597,784	8,089,615	23,073,587
Transfers out	(22,888,365)	-	-	(3,433,072)	(4,767,800)	(31,089,237)
Debt issuance	-	-	-	-	38,000,000	38,000,000
Face value of refunding bonds issued	-	-	-	-	19,480,000	19,480,000
Payment to refunded bond escrow agent	-	-	-	-	(21,185,000)	(21,185,000)
Premium on debt issuance	-	-	-	-	3,422,838	3,422,838
Sale of capital assets	204	-	-	-	-	204
Total other financing sources/(uses)	(17,501,973)	-	-	6,164,712	43,039,653	31,702,392
Net change in fund balance	4,833,402	(7,438,572)	1,607,648	(1,426,418)	26,520,506	24,096,566
Fund balance, July 1, 2019	93,235,667	47,676,393	11,816,799	22,336,188	161,895,931	336,960,978
Fund balance, June 30, 2020	\$ 98,069,069	\$ 40,237,821	\$ 13,424,447	\$ 20,909,770	\$ 188,416,437	\$ 361,057,544

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, 2020

Net change in fund balances - total governmental funds (Page 40) \$ 24,096,566

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)	40,991,721
Depreciation expense is therefore deducted from fund balance (net of ISF's amount)	(13,316,269)

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

Tax receivable	696
Grant receivable	6,413,032
Accounts receivable	(3,623,564)

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.

Debt issuance	
Face value of bonds issued	(38,000,000)
Face value of refunding bonds issued	(19,480,000)
Principal payment on bonds, certificates of participation, notes and loans	6,476,012
Payment to refunded bonds escrow agent	21,185,000
Issuance of premium on debt	(3,422,838)

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	(2,024,081)
Amortization of original issuance premium on debt	329,433
Amortization of deferred gain on refunding of 2015 general obligation refunding bonds	91,954
Pension expense - CalPERS Miscellaneous Plan	(38,892,925)
Pension expense - CalPERS Police Plan	(23,636,741)
Pension expense - CalPERS Fire Plan	(13,528,661)
Pension expense - Berkeley Police Retirement Income Benefit	(6,555,981)
Pension expense - Safety Member Pension Plan	114,213
Net OPEB expense - Miscellaneous Retiree	(2,989,806)
Net OPEB expense - Police Retiree Healthcare Plan	(4,199,234)
Net OPEB expense - Fire Retiree Healthcare Plan	(1,339,150)
Accrued interest payable	50,811

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	24,067,276
CalPERS Police Plan	15,735,542
CalPERS Fire Plan	8,703,901

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.

Income/(loss)	9,270,741
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Changes in net position of governmental activities (page 35) \$ (13,849,470)

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, 2020**

	Business-type Activities				
	Zero Waste	Marina Operations	Sanitary Sewer	Clean Storm Water	Permit Service Center
Assets					
Current assets:					
Cash and investments in treasury	\$ 28,119,244	\$ 4,350,624	\$ 31,246,762	\$ 5,871,285	\$ 18,267,924
Accounts receivable	3,763,892	529,553	18,035	84,911	164,476
Accrued interest	166,719	26,513	187,510	34,957	108,312
Inventory	-	-	-	-	-
Total current assets	32,049,855	4,906,690	31,452,307	5,991,153	18,540,712
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	2,006,786	37,373	4,373,636
Improvements other than buildings	1,974,908	13,294,503	126,696	-	-
Machinery and equipment	3,144,028	256,572	890,717	67,603	211,623
Infrastructure	-	-	194,740,051	38,112,767	-
Construction in progress	-	-	-	-	-
Less accumulated depreciation	(3,656,258)	(8,501,995)	(57,466,390)	(18,415,812)	(680,988)
Total noncurrent assets	4,479,680	9,536,726	140,338,286	19,801,931	3,904,271
Total assets	36,529,535	14,443,416	171,790,593	25,793,084	22,444,983
Deferred outflows of resources:					
Deferred pension items	3,489,149	638,965	2,035,389	493,700	1,872,113
Deferred OPEB items	2,033,002	429,507	944,641	146,148	1,655,458
Total deferred outflows of resources	5,522,151	1,068,472	2,980,030	639,848	3,527,571
Liabilities					
Current liabilities:					
Accounts payable	2,087,493	286,601	5,910,863	8,197	235,442
Accrued salaries and wages	981,281	124,593	400,194	46,849	661,036
Accrued interest payable	3,368	271,635	-	-	-
Due to other funds	-	-	-	-	-
Compensated absences - due within one year	282,956	23,381	108,050	11,779	109,818
Other liabilities	274,469	-	-	-	-
Deposits held	215	299,015	-	-	98,506
Landfill liabilities - due within one year	259,300	-	-	-	-
Unearned revenues	-	125,400	-	-	-
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	3,889,082	1,311,204	6,419,107	66,825	1,104,802
Noncurrent liabilities:					
Compensated absences - due in more than one year	1,484,614	122,678	566,921	61,799	576,192
Landfill liabilities - due in more than one year	236,000	-	-	-	-
Claims and judgments payable - due in more than one year	-	-	-	-	-
Notes payable - due in more than one year	-	6,268,311	-	-	-
Capital lease payable - due in more than one year	-	-	-	-	-
Revenue bonds payable - due in more than one year	-	-	-	-	-
Net pension liabilities	28,539,336	5,393,922	15,140,442	3,109,073	19,055,675
Net OPEB liabilities	5,263,667	1,082,289	2,582,370	472,035	3,742,043
Total noncurrent liabilities	35,523,617	12,867,200	18,289,733	3,642,907	23,373,910
Total liabilities	39,412,699	14,178,404	24,708,840	3,709,732	24,478,712
Deferred inflows of resources:					
Deferred pension items	718,555	134,965	417,976	98,041	403,834
Deferred OPEB items	561,566	118,406	279,771	51,553	470,446
Total deferred inflows of resources	1,280,121	253,371	697,747	149,594	874,280
Net position					
Net investment in capital assets	4,479,680	3,087,836	140,338,286	19,801,931	3,904,271
Unrestricted	(3,120,814)	(2,007,723)	9,025,750	2,771,675	(3,284,709)
Total net position	\$ 1,358,866	\$ 1,080,113	\$ 149,364,036	\$ 22,573,606	\$ 619,562

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
\$ 1,395,917	\$ 3,884,015	\$ -	\$ 93,135,771	\$ 76,579,642
346,524	4,201	-	4,911,592	169,191
29,723	22,853	-	576,587	417,494
-	-	-	-	76,013
<u>1,772,164</u>	<u>3,911,069</u>	<u>-</u>	<u>98,623,950</u>	<u>77,242,340</u>
-	-	1,142	1,142	-
-	-	-	-	3,113,057
1,291,709	-	-	2,979,050	-
56,310,371	3,421	24,492,149	93,081,469	1,174,730
-	-	1,774,051	17,170,158	171,524
1,668,318	5,015,279	216,831	11,470,971	44,352,438
-	-	-	232,852,818	-
-	-	-	-	5,400,848
<u>(9,207,529)</u>	<u>(4,245,353)</u>	<u>(12,369,425)</u>	<u>(114,543,750)</u>	<u>(32,213,831)</u>
<u>50,062,869</u>	<u>773,347</u>	<u>14,114,748</u>	<u>243,011,858</u>	<u>21,998,766</u>
<u>51,835,033</u>	<u>4,684,416</u>	<u>14,114,748</u>	<u>341,635,808</u>	<u>99,241,106</u>
107,844	899,369	139,018	9,675,547	3,396,737
78,610	311,911	62,435	5,661,712	2,025,287
<u>186,454</u>	<u>1,211,280</u>	<u>201,453</u>	<u>15,337,259</u>	<u>5,422,024</u>
1,199,138	304,379	154,723	10,186,836	2,379,316
20,297	250,144	24,766	2,509,160	419,262
89,555	-	150,215	514,773	40,966
-	-	6,691	6,691	-
4,308	51,581	7,004	598,877	72,627
-	-	-	274,469	-
5,566	-	84,516	487,818	-
-	-	-	259,300	12,111,576
-	-	-	125,400	-
-	-	-	180,579	-
-	-	-	-	1,085,585
780,000	-	1,049,121	1,829,121	-
<u>2,098,864</u>	<u>606,104</u>	<u>1,477,036</u>	<u>16,973,024</u>	<u>16,109,332</u>
22,601	270,636	36,750	3,142,191	884,654
-	-	-	236,000	-
-	-	-	-	27,295,001
-	-	-	6,268,311	-
-	-	-	-	4,564,265
34,123,046	-	15,854,626	49,977,672	-
995,024	7,951,247	1,026,177	81,210,896	27,854,314
170,590	1,045,157	184,810	14,542,961	5,550,025
<u>35,311,261</u>	<u>9,267,040</u>	<u>17,102,363</u>	<u>155,378,031</u>	<u>66,148,259</u>
<u>37,410,125</u>	<u>9,873,144</u>	<u>18,579,399</u>	<u>172,351,055</u>	<u>82,257,591</u>
23,007	189,449	28,028	2,013,855	623,894
24,829	151,764	20,022	1,678,357	574,784
<u>47,836</u>	<u>341,213</u>	<u>48,050</u>	<u>3,692,212</u>	<u>1,198,678</u>
15,159,823	773,347	2,255,557	189,800,731	13,235,859
<u>(596,297)</u>	<u>(5,092,008)</u>	<u>(6,566,805)</u>	<u>(8,870,931)</u>	<u>7,971,002</u>
<u>\$ 14,563,526</u>	<u>\$ (4,318,661)</u>	<u>\$ (4,311,248)</u>	<u>\$ 180,929,800</u>	<u>\$ 21,206,861</u>
			14,326,945	Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
			<u>\$ 195,256,745</u>	Net position of business-type activities

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities - Enterprise Funds			
	Zero Waste	Marina Operations	Sanitary Sewer	Clean Storm Water
Operating revenues:				
Parking related revenues	\$ -	\$ -	\$ -	\$ -
Marina operations and maintenance	-	6,303,937	-	-
Sewer service fees	-	-	23,533,991	-
Clean storm water fees	-	-	-	4,062,103
Refuse service fees	48,706,419	-	-	-
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	15,391	396	-	-
Total operating revenues	48,721,810	6,304,333	23,533,991	4,062,103
Operating expenses:				
Personnel services	11,764,409	1,979,728	4,990,433	472,051
Employee benefits	10,502,692	1,674,438	4,452,432	498,345
Transportation	6,541,768	137,265	640,050	108,888
Repairs and maintenance	1,273,842	217,241	909,873	265,273
Materials and supplies	11,580	416,894	185,910	58,307
Utilities	671,652	580,645	26,448	3,416
Insurance	-	48,298	-	-
Specialized and professional services	13,347,290	696,235	1,402,132	24,447
Depreciation	390,696	487,285	3,122,187	651,655
Judgments and claims	-	-	-	-
Communication	14,078	21,859	25,394	1,232
General administration	2,317,301	439,014	967,852	269,097
Total operating expenses	46,835,308	6,698,902	16,722,711	2,352,711
Operating income (loss)	1,886,502	(394,569)	6,811,280	1,709,392
Nonoperating revenues (expenses):				
Investment earnings	1,157,833	180,513	1,338,212	231,255
Interest expense	-	(298,388)	-	-
Gain (loss) on disposal of capital assets	-	3,660	7,774	-
Total nonoperating revenues (expenses)	1,157,833	(114,215)	1,345,986	231,255
Income (loss) before transfers	3,044,335	(508,784)	8,157,266	1,940,647
Transfers in	-	-	90,501	2,605,386
Transfers out	(110,870)	(26,266)	(193,023)	(25,085)
Change in net position	2,933,465	(535,050)	8,054,744	4,520,948
Total net position - beginning as restated	(1,574,599)	1,615,163	141,309,292	18,052,658
Total net position - ending	\$ 1,358,866	\$ 1,080,113	\$ 149,364,036	\$ 22,573,606

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
\$ -	\$ 3,636,513	\$ 7,325,084	\$ -	\$ 10,961,597	\$ -
-	-	-	-	6,303,937	-
-	-	25,000	-	23,558,991	-
-	-	-	-	4,062,103	-
-	-	-	-	48,706,419	-
7,699,193	-	-	-	7,699,193	-
2,273,993	-	-	-	2,273,993	-
8,222,152	-	-	-	8,222,152	-
3,211,784	-	-	-	3,211,784	-
-	-	-	-	-	13,326,384
-	-	-	-	-	3,796,575
-	-	-	2,810,620	2,810,620	289,508
-	-	-	-	-	10,834,289
-	-	-	-	-	12,612,902
-	-	-	-	-	3,217,970
6,515	280,248	2,092	-	304,642	-
<u>21,413,637</u>	<u>3,916,761</u>	<u>7,352,176</u>	<u>2,810,620</u>	<u>118,115,431</u>	<u>44,077,628</u>
8,144,576	286,275	2,979,846	305,627	30,922,945	11,493,918
6,959,280	256,254	2,798,124	278,419	27,419,984	8,584,065
162,829	4,792	495,479	-	8,091,071	306,804
1,102,223	622,118	131,280	73,523	4,595,373	352,374
241,512	34,557	205,923	37,599	1,192,282	4,592,317
-	265,501	12,195	309,707	1,869,564	52,591
-	-	-	-	48,298	6,650
2,296,767	2,402,218	1,253,135	305,745	21,727,969	4,267,743
147,303	1,926,168	438,305	892,257	8,055,856	3,173,075
-	-	-	-	-	7,130,411
25,095	36,992	18,627	8,373	151,650	145,704
1,708,932	9,485	169,932	4,362	5,885,975	607,655
<u>20,788,517</u>	<u>5,844,360</u>	<u>8,502,846</u>	<u>2,215,612</u>	<u>109,960,967</u>	<u>40,713,307</u>
625,120	(1,927,599)	(1,150,670)	595,008	8,154,464	3,364,321
574,087	-	116,174	1,142	3,599,216	2,207,991
-	(1,157,646)	-	(621,070)	(2,077,104)	(103,680)
-	-	-	-	11,434	17,621
<u>574,087</u>	<u>(1,157,646)</u>	<u>116,174</u>	<u>(619,928)</u>	<u>1,533,546</u>	<u>2,121,932</u>
1,199,207	(3,085,245)	(1,034,496)	(24,920)	9,688,010	5,486,253
-	-	-	-	2,695,887	7,489,502
(55,637)	(7,920)	(1,750,938)	-	(2,169,739)	-
1,143,570	(3,093,165)	(2,785,434)	(24,920)	10,214,158	12,975,755
(524,008)	17,656,691	(1,533,227)	(4,286,328)	-	8,231,106
<u>\$ 619,562</u>	<u>\$ 14,563,526</u>	<u>\$ (4,318,661)</u>	<u>\$ (4,311,248)</u>		<u>\$ 21,206,861</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				3,705,014	
Change in net position of business-type activities				<u>\$ 13,919,172</u>	

City of Berkeley
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities			
	Zero Waste	Marina Operations	Sanitary Sewer	Clean Storm Water
Cash flows from operating activities:				
Cash received from customers	\$ 47,993,320	\$ 5,982,328	\$ 23,525,503	\$ 4,010,815
Cash paid for goods and services	(23,436,426)	(2,568,468)	(2,822,964)	(730,831)
Cash paid for employee services	(19,320,047)	(3,054,411)	(7,975,212)	(777,231)
Claims and judgments paid	-	-	-	-
Net cash provided (used) by operating activities	<u>5,236,847</u>	<u>359,449</u>	<u>12,727,327</u>	<u>2,502,753</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	90,501	2,605,386
Transfers out	(110,870)	(26,266)	(193,023)	(25,085)
Advances to other funds	-	-	-	-
Interfund advance	-	-	(341,720)	-
Net cash provided (used) from noncapital financing activities	<u>(110,870)</u>	<u>(26,266)</u>	<u>(444,242)</u>	<u>2,580,301</u>
Cash flows from capital and related financing activities:				
Interest paid	-	(305,141)	-	-
Purchases of capital assets	(24,509)	(439,541)	(13,346,047)	(2,311,677)
Loan proceeds for equipment purchase	-	-	-	-
Debt issuance / (repayment)	(569,957)	(180,579)	-	-
Proceeds from disposal of capital assets	-	3,660	7,774	-
Net cash provided (used) from capital and related financing activities	<u>(594,466)</u>	<u>(921,601)</u>	<u>(13,338,273)</u>	<u>(2,311,677)</u>
Cash flows from investing activities:				
Interest received	1,040,869	164,661	1,210,036	202,692
Net cash provided (used) from investing activities	<u>1,040,869</u>	<u>164,661</u>	<u>1,210,036</u>	<u>202,692</u>
Net increase (decrease) in cash and cash equivalents	5,572,380	(423,757)	154,848	2,974,069
Cash and cash equivalents, July 1, 2019	22,546,864	4,774,381	26,879,882	2,897,216
Fund balance restatement	-	-	4,212,032	-
Cash and cash equivalents, June 30, 2020	<u>\$ 28,119,244</u>	<u>\$ 4,350,624</u>	<u>\$ 31,246,762</u>	<u>\$ 5,871,285</u>
Financial statement presentation:				
Cash and investments	\$ 28,119,244	\$ 4,350,624	\$ 31,246,762	\$ 5,871,285
Restricted cash and investments with fiscal agent	-	-	-	-
Total	<u>\$ 28,119,244</u>	<u>\$ 4,350,624</u>	<u>\$ 31,246,762</u>	<u>\$ 5,871,285</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Income (loss) from operations	\$ 1,886,502	\$ (394,569)	\$ 6,811,280	\$ 1,709,392
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	390,696	487,285	3,122,187	651,655
Change in:				
Accounts receivable	(728,490)	(322,005)	(8,488)	(51,288)
Deferred outflow	(1,786,018)	(377,655)	(828,548)	(127,693)
Inventory	-	-	-	-
Accounts payable	783,518	(13,128)	1,334,695	(171)
Deposits held	-	2,111	-	-
Accrued salaries and wages	213,250	(37,038)	100,139	9,036
Compensated absences	168,748	(427)	182,817	12,726
Claims and judgments payable	-	-	-	-
Net pension liabilities	2,226,710	438,291	1,027,394	146,434
Net OPEB liability	2,285,642	482,904	1,060,260	163,259
Other liabilities	(42,433)	-	-	-
Deferred inflows	(161,278)	(31,720)	(74,409)	(10,597)
Net cash provided (used) by operating activities	<u>\$ 5,236,847</u>	<u>\$ 234,049</u>	<u>\$ 12,727,327</u>	<u>\$ 2,502,753</u>

The accompanying notes are an integral part of these financial statements

Business-type Activities					Governmental Activities
Permit Service Center	Off-Street Parking	Parking Meter	Building Purchases & Management	Total	Internal Service Funds
\$ 21,364,483	\$ 3,732,037	\$ 7,350,026	\$ 2,810,620	\$ 116,769,132	\$ 44,032,199
(5,593,129)	(4,077,286)	(2,077,690)	(671,865)	(41,978,659)	(10,567,268)
(12,640,728)	(435,788)	(4,969,109)	(490,514)	(49,663,040)	(17,402,471)
-	-	-	-	-	(8,306,465)
<u>3,130,626</u>	<u>(781,037)</u>	<u>303,227</u>	<u>1,648,241</u>	<u>25,127,433</u>	<u>7,755,995</u>
-	-	-	-	2,695,887	7,489,502
(55,637)	(7,920)	(1,750,938)	-	(2,169,739)	-
-	-	-	-	-	946,163
-	-	-	(14,426)	(356,146)	-
<u>(55,637)</u>	<u>(7,920)</u>	<u>(1,750,938)</u>	<u>(14,426)</u>	<u>170,002</u>	<u>8,435,665</u>
-	(1,159,453)	-	(630,938)	(2,095,532)	(69,286)
(24)	(1,252,681)	(117,050)	-	(17,491,529)	(7,501,914)
-	-	-	-	-	4,943,625
-	(760,001)	-	(1,003,174)	(2,513,711)	(735,498)
-	-	-	-	11,434	17,621
<u>(24)</u>	<u>(3,172,135)</u>	<u>(117,050)</u>	<u>(1,634,112)</u>	<u>(22,089,338)</u>	<u>(3,345,452)</u>
498,204	6,410	105,114	1,142	3,229,128	1,920,366
<u>498,204</u>	<u>6,410</u>	<u>105,114</u>	<u>1,142</u>	<u>3,229,128</u>	<u>1,920,366</u>
3,573,169	(3,954,682)	(1,459,647)	845	6,437,225	14,766,574
14,694,755	4,995,031	5,343,662	297	82,132,088	61,813,068
-	355,568	-	-	4,567,600	-
<u>\$ 18,267,924</u>	<u>\$ 1,395,917</u>	<u>\$ 3,884,015</u>	<u>\$ 1,142</u>	<u>\$ 93,136,913</u>	<u>\$ 76,579,642</u>
\$ 18,267,924	\$ 1,395,917	\$ 3,884,015	\$ -	\$ 93,135,771	76,579,642
-	-	-	1,142	1,142	-
<u>\$ 18,267,924</u>	<u>\$ 1,395,917</u>	<u>\$ 3,884,015</u>	<u>\$ 1,142</u>	<u>\$ 93,136,913</u>	<u>\$ 76,579,642</u>
\$ 625,120	\$ (1,927,599)	\$ (1,150,670)	\$ 595,008	\$ 8,154,464	\$ 3,364,321
147,303	1,926,168	438,305	892,257	8,055,856	3,173,075
(49,154)	(184,724)	(2,150)	-	(1,346,299)	(45,429)
(1,452,805)	(68,810)	(265,860)	(54,635)	(4,962,024)	(1,778,512)
-	-	-	-	-	(12,039)
(70,943)	(701,623)	208,881	67,444	1,608,673	(223,391)
15,172	-	-	-	17,283	-
124,618	963	50,093	3,391	464,452	21,779
195,899	4,843	47,800	10,578	622,984	138,693
-	-	-	-	-	(1,176,054)
1,871,035	88,036	681,986	69,284	6,549,170	2,175,572
1,859,943	88,087	344,503	69,933	6,354,531	2,275,524
-	-	-	-	(42,433)	-
(135,562)	(6,378)	(49,661)	(5,019)	(474,624)	(157,544)
<u>\$ 3,130,626</u>	<u>\$ (781,037)</u>	<u>\$ 303,227</u>	<u>\$ 1,648,241</u>	<u>\$ 25,002,033</u>	<u>\$ 7,755,995</u>



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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, 2020**

	Pension and Other Post- Employment Benefit Trust Funds	Private Purpose Trust Fund - Successor Agency of Former RDA	Agency Funds
Assets			
Cash and cash equivalents	\$ 14,663,725	\$ 2,788,289	\$ 4,843,397
Restricted cash	-	-	684,392
Investments, at fair value:			
Medium term notes	8,069,103	-	-
US agency securities	8,042,616	-	-
Municipal bonds	9,108,845	-	-
Preferred Stock	9,473,477	-	-
Savo Island loan	270,000	-	-
Interest receivable	-	21	-
Taxes receivable	396,981	-	15,541
Other accounts receivable	-	-	429,123
Total current assets	<u>50,024,747</u>	<u>2,788,310</u>	<u>5,972,454</u>
Total assets	<u>50,024,747</u>	<u>2,788,310</u>	<u>5,972,454</u>
Liabilities			
Accounts payable	35,664	-	-
Accrued interest payable	-	7,200	-
Accrued salaries and wages	-	-	-
Bonds payable - noncurrent	-	270,000	-
Other agency obligations	-	-	5,972,454
Total liabilities	<u>35,664</u>	<u>277,200</u>	<u>\$ 5,972,454</u>
Net position restricted for:			
Employee pension benefits held in trust	5,823,434	-	
Employee OPEB benefits held in trust	44,165,649	-	
City of Berkeley Successor Agency assets held in trust	-	2,511,110	
Total net position	<u>\$ 49,989,083</u>	<u>\$ 2,511,110</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, 2020

	Pension and Other Post - Employment Benefit Trust Funds	Private Purpose Trust Funds - Successor Agency of Former RDA
Additions:		
Tax increment income	\$ -	\$ 975,868
Contributions: employer	5,932,049	-
Investment income	1,681,190	-
Total additions	<u>7,613,239</u>	<u>975,868</u>
Deductions:		
Community development	-	24,588
Benefits payment for service	5,115,425	-
Administrative expenses	39,196	-
Total deductions	<u>5,154,621</u>	<u>24,588</u>
Change in net position	2,458,618	951,280
Total net position - beginning	<u>47,530,465</u>	<u>1,559,830</u>
Total net position - ending	<u>\$ 49,989,083</u>	<u>\$ 2,511,110</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 included as a private purpose trust fund. 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

During FY 2020, the City implemented the following Governmental Accounting Standards Board (the GASB) Statements:

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. This statement amends Statement No. 83, Certain Asset Retirement Obligations, paragraph 30; Statement No. 84, Fiduciary Activities, paragraph 27; Statement No. 87, Leases, paragraph 92; Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, paragraph 7; Statement No. 89, Accounting for Interest Cost Incurred before the End of Construction Period, paragraph 6; Statement No. 90, Majority Equity Interests, paragraph 10; Statement No. 91, Conduit Debt Obligations, paragraph 27; Statement No. 92, Omnibus 2020, paragraph 4,5, and 14; Statement No. 93, Replacement of Interbank Offered Rates, paragraph 15; Implementation Guide No. 2018-1, Implementation Guidance Update-2018, paragraph 6; Implementation Guide No. 2019-1, Implementation Guidance Update-2019, paragraph 6; Implementation Guide No. 2019-2, Fiduciary Activities, paragraph 6; and Implementation Guide No. 2019-3, Leases, paragraph 5.

The City applied GASB Statement No. 95, except for GASB 83, Certain Asset Retirement Obligations, paragraph 30 and GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement, paragraph 7, which were implemented in FY 2019. The City did not have any direct borrowings or direct placements as of June 30,2020.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 Funds** 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 Purpose 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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, 2020 are as follows:

	<u>Restricted Cash</u>
Government activities:	
Tax revenue anticipation notes	\$ 35,473,667
Grants	23,124,167
Library	14,763,918
Non-major fund - Special revenue fund	48,662,033
Non-major fund - Capital project fund	59,029,367
Non-major fund - Debt service fund	12,533,600
Total government activities	<u>\$ 193,586,752</u>
Business-type activities:	
Building Purchases & Management	\$ 1,142
Total business-type activities	<u>\$ 1,142</u>
Agency funds:	
North Shattuck Business Improvement District	1,384
Downtown Berkeley Property and Improvement District	282,583
CFD No. 1 Disaster Fire Protection Mello-Roos	400,254
Thousand Oaks Underground	171
Total agency funds	<u>\$ 684,392</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:

Valuation/Lien Dates	<u>Secured</u>	<u>Unsecured</u>
	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).

I. Land Held for Resale

Land parcels held for resale are accounted for at the lower of cost or net realizable market value.

J. 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

NOTES TO THE FINANCIAL STATEMENTS

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

K. 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.

L. 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, 2020, the City did not have a liability due.

M. 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.

N. 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.

O. 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

NOTES TO THE FINANCIAL STATEMENTS

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 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.

P. 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.

Q. 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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

R. 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, 2020 are classified in the accompanying financials statements at fair value as follows:

	Unrestricted	Restricted	Total
Primary government except for fiduciary fund	\$ 337,428,172	\$ 193,587,894	\$ 531,016,066
Fiduciary fund	57,259,452	684,392	57,943,844
Component unit: Rent Stabilization Board	5,680,150	-	5,680,150
Total cash and investments	<u>\$ 400,367,774</u>	<u>\$ 194,272,286</u>	<u>\$ 594,640,060</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash and deposits:		
Cash on hand		\$ 18,950
Deposits with financial institutions in pooled cash account		
Primary government		3,835,009
Fiduciary funds		22,295,411
Rent Stabilization Board		5,680,150
Total deposits with financial institutions		<u>31,810,570</u>
Deposits with fiscal agents		132,101
Deposits with fiscal agents for Fiduciary fund		684,392
Total cash and deposits		<u>32,646,013</u>
Investments:		
Investments for City government, excluding trust funds		527,030,006
Investments held in trust		34,964,041
Total investments		<u>561,994,047</u>
Total cash, deposits and investments		<u>\$ 594,640,060</u>
Equity in pooled cash and investment held by treasury		\$ 536,280,148
Cash and investments held by fiscal agent		416,068
Cash and investments of retirement plans		49,627,766
Cash and investments of other trust funds		2,788,289
Cash and investments of Agency funds		5,527,789
Total cash, deposits and investments		<u>\$ 594,640,060</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."

NOTES TO THE FINANCIAL STATEMENTS

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. Pursuant to Section 53622, some of the investment vehicles the City Council has authorized includes equity mutual funds or equity index funds, preferred stocks and bond 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.

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
JPA Pools (Other Investment Pools)	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, 2020.

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)					More than 5
		Less than 1	1 - 2	2 - 3	3 - 4	4 - 5	
U.S. Agency securities	\$ 44,279,780	\$ 24,150,430	\$ -	\$ -	\$ 5,062,150	\$ 15,067,200	\$ -
Municipal bond	5,598,700	-	-	-	-	5,598,700	-
Medium term notes	138,934,467	11,599,699	22,273,100	23,125,962	25,604,280	13,831,150	42,500,276
Commercial paper	55,734,593	55,734,593	-	-	-	-	-
Certificates of deposit	544,498	-	-	-	544,498	-	-
Money Market	281,937,968	281,937,968	-	-	-	-	-
Total Investments	\$ 527,030,006	\$ 373,422,690	\$ 22,273,100	\$ 23,125,962	\$ 31,210,928	\$ 34,497,050	\$ 42,500,276

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)					More than 5	No Maturity
		Less than 1	1 - 2	2 - 3	3 - 4	4 - 5		
U.S. Agency securities	\$ 8,042,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,042,617	\$ -
Municipal bond	9,108,846	-	2,829,696	-	-	-	6,279,150	-
Medium term notes	8,069,101	5,149,300	-	-	-	-	2,919,801	-
Preferred stock	9,473,477	-	-	-	-	-	-	9,473,477
Savo Island loan	270,000	-	-	-	-	-	270,000	-
Total Investments	\$ 34,964,041	\$ 5,149,300	\$ 2,829,696	\$ -	\$ -	\$ -	\$ 17,511,568	\$ 9,473,477

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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, 2020
U.S. Agency Securities	\$ 44,279,780	AA+	AA+
Municipal bond	5,598,700	A	AA+
Medium Term Notes	138,934,467	A	A+
Commercial Paper	55,734,593	A	A
Certificates of Deposit	544,498	N/A	N/A
Money Market	281,937,968	N/A	N/A
Total	\$ 527,030,006		

Trust Fund Investments

Investment Type	Amount Held	Minimum Legal Rating	S & P Rating June 30, 2020
U.S. agency securities	\$ 8,042,617	AA+	AA+
Municipal bonds	9,108,846	A	A+
Medium term notes	8,069,101	A	A
Preferred stock	9,473,477	N/A	N/A
Savo Island loan	270,000	N/A	Not rated
Total	\$ 34,964,041		

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 Farm Credit Banks	\$ 24,150,430	9.9%
Federal Home Loan Banks	20,129,350	8.2%
Daimler Finance	14,378,399	5.9%
Total	\$ 58,658,179	24.0%

Trust Fund Investments

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage of Holdings</u>
AT&T Inc.	Preferred securities	\$ 9,473,477	27.1%
Federal Farm Credit Banks	Federal agency securities	8,042,617	23.0%
Sacramento County CA PO Bond	Municipal bond	6,279,151	18.0%
Morgan Stanley	Medium-term notes	5,149,300	14.7%
Morgan Stanley DW DTC#0015	Medium-term notes	2,919,801	8.4%
Oakland CA Pension Obligation Bond	Municipal bond	2,829,695	8.1%
	Total	\$ 34,694,041	99.3%

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, 2020:

City's Investments

<u>Investment Types</u>	<u>Amount</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets</u>		<u>Significant Unobservable</u>
		<u>Identical Assets (Level 1)</u>	<u>Similar Assets (Level 2)</u>	<u>Inputs (Level 3)</u>
U.S. agency securities	\$ 44,279,780	\$ -	\$ 44,279,780	\$ -
Municipal bond	5,598,700	-	5,598,700	-
Medium term notes	138,934,467	-	138,934,467	-
Commercial paper	55,734,593	-	55,734,593	-
Certificates of deposit	544,498	-	544,498	-
	245,092,038		245,092,038	
Investment not subject to levelling:				
Money Market	281,937,968			
Total	\$ 527,030,006	\$ -	\$ 245,092,038	\$ -

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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	\$ 8,042,617	\$ -	\$ 8,042,617	\$ -
Municipal bonds	9,108,846	-	9,108,846	-
Medium term notes	8,069,101	-	8,069,101	-
Preferred securities	9,473,477	-	9,473,477	-
Others	270,000	-	-	270,000
Total	\$ 34,964,041	\$ -	\$ 34,694,041	\$ 270,000

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, 2020. 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	\$ 71,282	\$ 87,047	\$ 224,718	\$ 116,953	\$ 500,000
Uninsured and collateralized with securities held by pledging institution's trust department or agent, but not in City's name	5,032,617	6,145,602	15,865,325	8,257,054	35,300,598
Total bank balance - all deposits	\$ 5,103,899	\$ 6,232,649	\$ 16,090,043	\$ 8,374,007	\$ 35,800,598

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, 2020, the City had an increase 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	\$ 7,562,308
Net increase/(decrease) in the fair value of investments	1,725,089
Total investment income	\$ 9,287,397

3. NOTES AND LOANS RECEIVABLE

Details of Notes Receivable as of June 30, 2020 are as follows:

Notes/Loans Receivable	June 30, 2020
General Fund:	
Development Loans	\$ 2,835,304
Housing Assistance Loans	660,000
S.B. Rental Rehabilitation	1,560,784
Allowance for uncollectible	(235,876)
Total General Fund	<u>4,820,212</u>
Grant Fund:	
Development Loans	29,977,596
CalHome Senior Home Repair	1,307,362
Rehabilitation - Emergency Repair	5,233
1st Time Homebuyer Home Loans	180,000
Total Grant Fund	<u>31,470,191</u>
Capital Improvement Fund:	
Development Loans	7,582,802
Security deposit	375,000
CalHome Senior Home Repair	121,461
Total Capital Improvement Fund	<u>8,079,264</u>
Nonmajor Governmental Funds:	
Development Loans	18,986,783
S.B. Rental Rehabilitation	27,253
CalHome Senior Home Repair	299,395
Rehabilitation - Emergency Repair	930,758
Rehabilitation - Senior Disabled	409,208
OED - Citywide Loans	122,556
OED - Mortgage Loan	77,000
OED - Revolving Loan	654,737
Allowance for uncollectible	(233,828)
Total Nonmajor Governmental Funds	<u>21,273,862</u>
Total Notes/Loans Receivable	<u>\$ 65,643,529</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

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

1st 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, 2020, the City had the following due to/from other funds:

Due To / From Other Funds		
Fund	Due To	Due From
General Fund	\$ -	\$ 7,532,797
Grant Funds	12,741,542	-
Capital Projects Funds	-	7,079,194
Nonmajor Governmental Funds	1,908,965	45,207
Enterprise Funds	6,691	-
	<u>\$ 14,657,198</u>	<u>\$ 14,657,198</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, 2020, the City had the following transfers in/out which arise in the normal course of operations.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	Capital project support	\$ 9,597,784
		Internal Service Funds	Equipment Replacement
	Non-Major Funds	Public Liability	2,895,888
		Catastrophic Insurance	1,351,564
		Information Technology Support	959,470
		Paramedic Fund Support	670,158
		Employee Training	750,000
		PERS Savings Fund	1,246,784
		Health State Aid	1,953,018
		VOIP Replacement Fund	198,000
		Fund\$ Replacement Fund	1,929,000
			<u>22,888,365</u>
	Capital Improvement Fund	Non-Major Funds	First Source Fund
Public Art Fund			44,915
PERS Savings Fund			151,632
Debt Service Payments			902,415
Clean Storm Water Fund			1,759,810
Enterprise Funds	Internal Service Fund	Information Technology Support	544,357
			<u>3,433,072</u>
Zero Waste Fund	Internal Service Funds	Catastrophic Insurance	110,870
Marina Operations Fund	Non-Major Funds	First Source Fund	1,875
		Public Art Fund	2,813
	Internal Service Funds	Catastrophic Insurance	21,578
		<u>26,266</u>	
Sanitary Sewer Operation Fund	Enterprise Funds	Private Sewer Lateral	90,501
	Internal Service Funds	Catastrophic Insurance	102,522
			<u>193,023</u>
Clean Storm Water Fund	Internal Service Funds	Catastrophic Insurance	25,085
Permit Service Center Fund	Internal Service Funds	Catastrophic Insurance	55,637
Off Street Parking Fund	Internal Service Funds	Catastrophic Insurance	7,920
Parking Meter Fund	General Fund	Homeless program funded by parking meters	1,742,288
	Internal Service funds	Catastrophic Insurance	8,650
		<u>1,750,938</u>	
Non-Major Funds	General Fund	UC Settlement	1,000,620
		Health State Aid	2,643,280
	Non-Major	First Source Fund	11,625
		Gilman Fields Reserve	180,000
		Public Art Fund	17,437
		Clean Storm Water	845,576
		Catastrophic Insurance	69,262
	<u>4,767,800</u>		
		<u>\$ 33,258,976</u>	

NOTES TO THE FINANCIAL STATEMENTS

C. Advances to/from

During FY 2019 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 \$946,163 on the loan balance of \$4,059,220 on June 30, 2019 was made during FY2020, leaving a principal balance outstanding of \$3,113,057 as of June 30, 2020.

5. CAPITAL ASSETS

At June 30, 2020, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total	Component Unit
Non-Depreciable Assets				
Land	\$ 25,142,014	\$ 2,979,050	\$ 28,121,064	\$ -
Construction in Progress	15,873,606	-	15,873,606	-
Total Non-Depreciable Assets	<u>41,015,620</u>	<u>2,979,050</u>	<u>43,994,670</u>	<u>-</u>
Depreciable Assets				
Buildings	184,762,537	93,081,469	277,844,006	-
Improvements Other than Buildings	23,267,289	17,170,158	40,437,447	-
Machinery and Equipment	75,179,434	11,470,971	86,650,405	595,664
Infrastructure	246,078,556	232,852,818	478,931,374	-
Total Depreciable Assets	<u>529,287,816</u>	<u>354,575,416</u>	<u>883,863,232</u>	<u>595,664</u>
Less Accumulated Depreciation for:				
Buildings	101,606,664	25,318,378	126,925,042	-
Improvements Other than Buildings	6,111,589	6,474,407	12,585,996	-
Machinery and Equipment	57,709,147	8,259,587	65,968,734	592,928
Infrastructure	137,247,807	74,491,378	211,739,185	-
Total Accumulated Depreciation	<u>302,675,207</u>	<u>114,543,750</u>	<u>417,218,957</u>	<u>592,928</u>
Total Depreciable Assets, net	<u>226,612,609</u>	<u>240,031,666</u>	<u>466,644,275</u>	<u>2,736</u>
Total Capital Assets	<u>\$ 267,628,229</u>	<u>\$ 243,010,716</u>	<u>\$ 510,638,945</u>	<u>\$ 2,736</u>

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	\$ 27	\$ -	\$ 25,142,014
Construction in Progress	40,400	15,833,206	-	15,873,606
Total Non-Depreciable Assets	<u>25,182,387</u>	<u>15,833,233</u>	<u>-</u>	<u>41,015,620</u>
Depreciable Assets				
Buildings	173,503,570	11,775,524	(516,557)	184,762,537
Improvements Other than Buildings	20,846,389	2,485,614	(64,714)	23,267,289
Machinery and Equipment	73,959,111	3,585,765	(2,365,442)	75,179,434
Infrastructure	231,216,921	14,861,635	-	246,078,556
Total Depreciable Assets	<u>499,525,991</u>	<u>32,708,538</u>	<u>(2,946,713)</u>	<u>529,287,816</u>
Less Accumulated Depreciation for:				
Buildings	96,765,420	5,025,365	(184,121)	101,606,664
Improvements Other than Buildings	5,474,214	698,063	(60,688)	6,111,589
Machinery and Equipment	55,324,037	4,678,525	(2,293,415)	57,709,147
Infrastructure	131,153,654	6,094,153	-	137,247,807
Total Accumulated Depreciation	<u>288,717,324</u>	<u>16,496,106</u>	<u>(2,538,224)</u>	<u>302,675,207</u>
Total Depreciable Assets, net	<u>210,808,667</u>	<u>16,212,430</u>	<u>(408,489)</u>	<u>226,612,609</u>
Total Capital Assets	<u>\$ 235,991,054</u>	<u>\$ 32,045,663</u>	<u>\$ (408,489)</u>	<u>\$ 267,628,229</u>

Depreciation expense by program for capital assets for the fiscal year ended June 30, 2020 was as follows:

General Government	\$ 1,231,651
Public Safety	1,090,738
Highways and Streets	6,197,671
Health and Welfare	96,094
Culture and Recreation	2,902,894
Community Development and Housing	1,803,982
Internal Service Funds	3,173,076
Total Depreciation Expense	<u>\$ 16,496,106</u>

NOTES TO THE FINANCIAL STATEMENTS

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	Ending Balance
Non-Depreciable Assets				
Land	\$ 2,979,050	\$ -	\$ -	\$ 2,979,050
Construction in Progress	-	-	-	-
Total Non-Depreciable Assets	<u>2,979,050</u>	<u>-</u>	<u>-</u>	<u>2,979,050</u>
Depreciable Assets				
Buildings	92,520,257	561,211	-	93,081,468
Improvements Other than Buildings	16,738,680	431,477	-	17,170,157
Machinery and Equipment	10,636,094	860,449	(25,570)	11,470,973
Infrastructure	217,213,378	15,639,441	-	232,852,819
Total Depreciable Assets	<u>337,108,409</u>	<u>17,492,578</u>	<u>(25,570)</u>	<u>354,575,416</u>
Less Accumulated Depreciation for:				
Buildings	22,419,109	2,899,269	-	25,318,378
Improvements Other than Buildings	5,890,370	584,037	-	6,474,407
Machinery and Equipment	7,367,599	916,508	(24,520)	8,259,587
Infrastructure	70,835,339	3,656,039	-	74,491,378
Total Accumulated Depreciation	<u>106,512,417</u>	<u>8,055,852</u>	<u>(24,520)</u>	<u>114,543,750</u>
Total Depreciable Assets, net	<u>230,595,992</u>	<u>9,436,726</u>	<u>(1,050)</u>	<u>240,031,666</u>
Total Capital Assets	<u>\$ 233,575,042</u>	<u>\$ 9,436,726</u>	<u>\$ (1,050)</u>	<u>\$ 243,010,716</u>

Depreciation expense by program for capital assets for the fiscal year ended June 30, 2020 was as follows:

Parking-Related	\$ 2,339,777
Marina Operations and Maintenance	487,285
Sewer Services	3,122,193
Clean Storm Water	651,642
Refuse Services	390,700
Permit Service Center	172,000
Building Purchases	892,256
Total Depreciation Expense	<u>\$ 8,055,852</u>

C. Discretely Presented Component Unit

Capital asset activity for the Rent Stabilization Board for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Assets				
Machinery and Equipment	\$ 595,664	\$ -	\$ -	\$ 595,664
Total Depreciable Assets	<u>595,664</u>	<u>-</u>	<u>-</u>	<u>595,664</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	591,144	1,784	-	592,928
Total Accumulated Depreciation	<u>591,144</u>	<u>1,784</u>	<u>-</u>	<u>592,928</u>
Total Capital Assets	<u>\$ 4,520</u>	<u>\$ (1,784)</u>	<u>\$ -</u>	<u>\$ 2,736</u>

6. OPERATING LEASES

The government leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$494,697 for the fiscal year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2021	\$ 392,129
2022	289,735
2023	296,870
2024	304,188
2025	311,695
2026-2030	941,052
2031-2035	921,593
Total	<u>\$ 3,457,262</u>

7. TAX REVENUE ANTICIPATION NOTES PAYABLE

In FY 2020, the City issued \$34,780,000 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 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.

	Beginning Balance	Additions	Deletions	Ending Balance
Tax Revenue Anticipation Notes Payable	<u>\$ 14,000,000</u>	<u>\$ 34,780,000</u>	<u>\$ (14,000,000)</u>	<u>\$ 34,780,000</u>

A. Pledged Revenues

Tax Revenue Anticipation Notes are secured by the City's General Fund tax revenues received in FY 2020. The City pledges to reserve an amount equal to:

- i. 50 percent of the principal amount of the Notes in January 2020;
- ii. an amount equal to 50 percent of the principal amount of the Notes in the month of May 2020; and
- iii. an amount sufficient to pay interest as due on the Notes at their maturity, in the month of June 2020

The City had pledged and assigned approximately \$34,780,000 plus interest of \$695,600 or 18 percent of the City's rights to the General Fund FY 2020 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, 2020

Governmental Activities	Beginning Balance	Additions	Deletions	Bond Discount/ (Premium)	Ending Balance	Due Within One Year
Bonds Payable:						
General Obligation Bonds:						
Measure FF - Neighborhood Branch Library						
Series 2009	\$ 8,555,000		\$ (8,555,000)		\$ -	-
Series 2010	13,481,144	-	(13,270,000)	(211,144)	-	-
2020 General Obligation Refunding Bonds						
Series A 2020	-	8,540,008	-	(6,522)	8,533,486	345,000
Series B 2020	-	13,227,683	-	(6,686)	13,220,997	580,000
Measure M - Street and Integrated Watershed						
Series 2014	14,052,356	-	(320,000)	(14,580)	13,717,776	335,000
Series 2016	15,077,966	-	(285,000)	(22,468)	14,770,498	295,000
Measure T1 - Infrastructure and Facilities						
Series 2017	33,978,891	-	(1,350,000)	(28,185)	32,600,706	660,000
Measure O Affordable Housing						
Series 2020		39,135,147	-	-	39,135,147	845,000
2015 General Obligation Refunding Bonds	32,105,940	-	(2,715,000)	(188,859)	29,202,081	2,850,000
Revenue Bonds:						
2012 Lease Revenue Bonds	4,496,115	-	(306,826)	(36,134)	4,153,155	320,879
Total Bonds Payable	121,747,411	60,902,838	(26,801,826)	(514,578)	155,333,846	6,230,879
Certificates of Participation:						
2010 - Animal Shelter	5,337,462	-	(120,000)	(15,532)	5,201,930	125,000
Loans Payable:						
HUD 108 - Adeline	110,000	-	(26,000)	-	84,000	26,000
HUD 108 - UNA	590,000	-	(2,000)	-	588,000	2,000
HUD 108 - Ed Roberts Campus	4,990,000	-	(360,000)	-	4,630,000	375,000
California Energy Resources Conservation	2,008,365	-	(351,190)	-	1,657,175	354,761
Total Loans Payable	7,698,365	-	(739,190)	-	6,959,175	757,761
Capital Lease Payable:						
2016 Fire Engine and Trucks	1,441,721	-	(402,028)	-	1,039,693	409,865
2020 Fire Engine and Tiller	-	4,943,625	(333,470)	-	4,610,155	675,719
Total Capital Lease Payable	1,441,721	4,943,625	(735,498)	-	5,649,848	1,085,584
Other Long-Term Obligations						
Accrued Vacation and Sick Leave	13,080,688	12,472,452	(10,309,677)	-	15,243,462	1,156,476
Accrued Workers' Compensation Claims and Judgements	36,186,000	2,082,463	(3,628,463)	-	34,640,000	7,345,000
Accrued Public Liability Claims and Judgements	4,396,631	735,511	(365,563)	-	4,766,579	4,766,578
Total Other Long-Term Obligations	53,663,319	15,290,426	(14,303,703)	-	54,650,041	13,268,054
Net Pension Liability:						
CalPERS Miscellaneous Plan	199,087,582	78,681,336	(60,673,602)	-	217,095,316	-
CalPERS Fire Plan	75,670,351	26,783,420	(22,249,316)	-	80,204,455	-
CalPERS Police Plan	159,078,815	35,981,329	(33,049,246)	-	162,010,898	-
Police Retirement Income Benefit	68,086,844	11,855,113	(5,816,299)	-	74,125,658	-
Safety Member Pension Fund	1,862,714	466,916	(566,995)	-	1,762,635	-
Total Net Pension Liability	503,786,306	153,768,114	(122,355,458)	-	535,198,961	-
Net OPEB Liability:						
Miscellaneous Employees Retiree Health Plan	28,679,092	19,518,614	(3,002,760)	-	45,194,946	-
Fire Retiree Premium Assistance Plan	19,633,312	7,833,860	(6,289,686)	-	21,177,486	-
Police Retiree Premium Assistance Plan	46,252,565	17,709,151	(6,489,322)	-	57,472,394	-
Total Net OPEB Liability	94,564,969	45,061,625	(15,781,768)	-	123,844,826	-
Total Governmental Activities	\$788,239,553	\$ 279,966,628	\$ (180,837,443)	\$ (530,110)	\$ 886,838,627	\$ 21,467,278

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 - Series A 2020 General Obligation Refunding Bonds

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.

On April 16, 2020, the City issued \$7,790,000 City of Berkeley 2020 Refunding Bonds, Series A to refund the 2009 Bonds. The refunding generated net present value savings (including all transaction costs) equal to 24.27% of the outstanding principal amount of the 2009 Bonds for the benefit of property taxpayers in the City.

A portion of the net proceeds \$8,407,689 from the issuance of Refunding Bonds were deposited in an irrevocable trust with an escrow agent to provide debt service payments, principal amount \$8,330,000 and interest, until all the 2009 Bonds were called on September 1, 2020.

As a result of the advance refunding, the City of Berkeley reduced its total debt service requirements by \$2,570,813 over the next 20 years, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,021,831, and deferred gain of \$200,674.

The annual debt service requirements on the Measure FF Series A 2020 General Obligation Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 345,000	\$ 261,269	\$ 606,269
2022	250,000	284,950	534,950
2023	265,000	272,075	537,075
2024	275,000	258,575	533,575
2025	285,000	244,575	529,575
2026-2030	1,675,000	986,875	2,661,875
2031-2035	2,145,000	555,450	2,700,450
2036-2040	2,550,000	195,150	2,745,150
Subtotal	7,790,000	<u>\$ 3,058,919</u>	<u>\$ 10,848,919</u>
Bond Premium	743,486		
Total	<u>\$ 8,533,486</u>		

NOTES TO THE FINANCIAL STATEMENTS

Measure FF - Series B 2020 General Obligation Refunding Bonds

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.

On June 3, 2020, the City issued \$11,690,000 of City of Berkeley 2020 Refunding General Obligation Bonds, Series B 2020 to refund the 2010 Bonds. The refunding generated net present value savings (including all transaction costs) equal to 17.31% of the outstanding principal amount of the 2010 Bonds for the benefit of property taxpayers in the City.

A portion of the net proceeds \$13,115,253 from the issuance of Refunding Bonds were deposited in an irrevocable trust with an escrow agent to provide debt service payments, principal amount \$12,855,000 and interest, until all the 2010 Bonds were called on September 1, 2020.

As a result of the advance refunding, the City of Berkeley reduced its total debt service requirements by \$2,680,608 over the next 20 years, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,225,136.

The annual debt service requirements on the Measure FF – Series B 2020 General Obligation Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 580,000	\$ 333,295	\$ 913,295
2022	380,000	428,688	808,688
2023	395,000	409,313	804,313
2024	415,000	389,063	804,063
2025	435,000	367,813	802,813
2026-2030	2,530,000	1,480,688	4,010,688
2031-2035	3,195,000	820,213	4,015,213
2036-2040	3,760,000	275,944	4,035,944
Subtotal	11,690,000	\$ 4,505,017	\$ 16,195,017
Bond Premium	1,530,997		
Total	\$ 13,220,997		

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
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	405,000	491,425	896,425
2026-2030	2,240,000	2,236,775	4,476,775
2031-2035	2,715,000	1,747,634	4,462,634
2036-2040	3,335,000	1,107,359	4,442,359
2041-2044	3,245,000	300,038	3,545,038
Subtotal	13,380,000	\$ 8,021,481	\$ 21,401,481
Bond Premium	337,776		
Total	\$ 13,717,776		

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
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	350,000	386,613	736,613
2026-2030	2,035,000	1,696,063	3,731,063
2031-2035	2,500,000	1,327,000	3,827,000
2036-2040	2,950,000	964,213	3,914,213
2041-2045	3,540,000	513,381	4,053,381
2046-2047	1,620,000	49,050	1,669,050
Subtotal	14,250,000	\$ 6,646,647	\$ 20,896,647
Bond Premium	520,498		
Total	\$ 14,770,498		

NOTES TO THE FINANCIAL STATEMENTS

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.

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

Year Ending June 30,	Principal	Interest	Total
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	2,495,000	541,713	3,036,713
2026-2030	11,065,000	1,201,863	12,266,863
2031-2035	1,625,000	342,953	1,967,953
2036-2038	1,115,000	61,309	1,176,309
Subtotal	25,960,000	\$ 5,504,815	\$ 31,464,815
Bond Premium	3,242,081		
Total	\$ 29,202,081		

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
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	805,000	923,931	1,728,931
2026-2030	4,590,000	4,071,381	8,661,381
2031-2035	5,310,000	3,345,731	8,655,731
2036-2040	6,165,000	2,479,863	8,644,863
2041-2045	7,205,000	1,419,013	8,624,013
2046-2048	4,910,000	251,122	5,161,122
Subtotal	31,835,000	\$ 16,561,015	\$ 48,396,015
Bond Premium	765,706		
Total	\$ 32,600,706		

NOTES TO THE FINANCIAL STATEMENTS

Measure O – Affordable Housing, Series 2020

On November 6, 2018, more than two-thirds of the residents of Berkeley voted for and approved Ballot Measure O, authorizing \$135,000,000 of 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.

On February 25, 2020, the City Council authorized the issuance of the initial series of Measure O bonds in the amount of \$38,000,000. The interest rates on the bonds range from 2.125 percent to 5.000 percent. Interest and principal are payable annually on September 1.

Year Ending June 30,	Principal	Interest	Total
2021	\$ 845,000	\$ 503,528	\$ 1,348,528
2022	715,000	1,308,940	2,023,940
2023	740,000	1,280,340	2,020,340
2024	770,000	1,250,740	2,020,740
2025	800,000	1,223,790	2,023,790
2026-2030	4,430,000	5,679,700	10,109,700
2031-2035	5,250,000	4,864,025	10,114,025
2036-2040	6,195,000	3,913,488	10,108,488
2041-2045	7,445,000	2,667,888	10,112,888
2046-2050	8,855,000	1,255,620	10,110,620
2051	1,955,000	66,470	2,021,470
Subtotal	38,000,000	\$ 24,014,529	\$ 62,014,529
Bond Premium	1,135,147		
Total	\$ 39,135,147		

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
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	386,461	111,842	498,303
2026-2030	2,055,267	273,750	2,329,017
Subtotal	3,818,933	\$ 1,004,321	\$ 4,823,254
Bond Premium	334,222		
Total	\$ 4,153,155		

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
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	155,000	245,094	400,094
2026-2030	930,000	1,075,825	2,005,825
2031-2035	1,235,000	766,044	2,001,044
2036-2040	1,635,000	356,356	1,991,356
2041	385,000	11,069	396,069
Subtotal	4,890,000	\$ 3,517,357	\$ 8,407,357
Bond Premium	311,930		
Total	\$ 5,201,930		

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
2021	\$ 26,000	\$ 3,977	\$ 29,977
2022	26,000	2,532	28,532
2023	32,000	902	32,902
Total	<u>\$ 84,000</u>	<u>\$ 7,411</u>	<u>\$ 91,411</u>

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
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	<u>\$ 588,000</u>	<u>\$ 77,696</u>	<u>\$ 665,696</u>

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
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	475,000	85,881	560,881
2026-2030	2,505,000	200,881	2,705,881
Total	<u>\$ 4,630,000</u>	<u>\$ 745,306</u>	<u>\$ 5,375,306</u>

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
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	\$ 1,657,175	\$ 42,536	\$ 1,699,711

Capital Lease Payable

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.

The assets acquired through the capital lease were as follows on the following page:

Year Ended June 30, 2020	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	\$ 1,999,786

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 409,865	\$ 18,192	\$ 428,057
2022	417,855	10,202	428,057
2023	211,973	2,056	214,029
Total	\$ 1,039,693	\$ 30,450	\$ 1,070,143

NOTES TO THE FINANCIAL STATEMENTS

The City entered into a lease in FY 2019-20 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 one tiller which are allocated among four fire stations. The acquisition amount for the equipment described in this schedule to be paid to the vendor is \$4,943,578 (excluding sales tax of \$457,280 to be payable to the State Board of Equalization) and the contract rate is 1.75 percent.

There were no depreciation in FY 2020 as this was a new lease.

The assets acquired through the capital lease were as follows on the following page:

Year Ended June 30, 2020	Governmental Activities
Assets:	
Fire Engine Quantum 1500 GPM Pump	\$ 945,072
Fire Engine Quantum 1500 GPM Pump	945,072
Fire Engine Quantum 1500 GPM Pump	945,072
Fire Engine Quantum 1500 GPM Pump	945,072
Tiller 107' Quantum	1,620,560
Less: Accumulated Depreciation	-
Total	<u>\$ 5,400,848</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 675,719	\$ 77,734	\$ 753,453
2022	687,596	65,857	753,453
2023	699,681	53,772	753,453
2024	711,979	41,474	753,453
2025	724,493	28,960	753,453
2026-2027	1,110,687	19,493	1,130,180
Total	<u>\$ 4,610,155</u>	<u>\$ 287,291</u>	<u>\$ 4,897,445</u>

Business-Type Activities

The following is a summary of long-term liabilities including amortization for the fiscal year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
Bonds Payable:					
2012 Refunding Lease Revenue Bond	\$ 17,906,920	\$ -	\$ (1,003,174)	\$ 16,903,746	\$ 1,049,121
Parking Revenue Bonds, Series 2016	35,663,046	-	(760,000)	34,903,046	780,000
Total Bonds Payable	<u>53,569,966</u>	<u>-</u>	<u>(1,763,174)</u>	<u>51,806,792</u>	<u>1,829,121</u>
Notes Payable					
Harbor Construction 5	6,629,472	-	(180,579)	6,448,893	180,581
Total Loans Payable	<u>6,629,472</u>	<u>-</u>	<u>(180,579)</u>	<u>6,448,893</u>	<u>180,581</u>
Other Long-Term Obligations					
Accrued Vacation and Sick Leave	3,118,084	3,456,151	(2,833,167)	3,741,068	598,877
Landfill Liabilities	1,065,257	-	(569,957)	495,300	259,300
Total Other Long-Term Obligations	<u>4,183,341</u>	<u>3,456,151</u>	<u>(3,403,124)</u>	<u>4,236,368</u>	<u>858,177</u>
Net Pension Liability - CalPERS					
Miscellaneous Plan	74,661,827	28,616,823	(22,067,754)	81,210,896	-
Net OPEB Liability - Miscellaneous					
Employees Retiree Health Plan	8,188,428	7,509,867	(1,155,334)	14,542,961	-
Total Business-Type Activities	<u>\$ 147,233,034</u>	<u>\$ 39,582,841</u>	<u>\$ (28,569,965)</u>	<u>\$ 158,245,910</u>	<u>\$ 2,867,879</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
2021	\$ 1,049,121	\$ 584,645	\$ 1,633,766
2022	1,102,725	530,849	1,633,575
2023	1,152,501	480,231	1,632,732
2024	1,198,448	427,220	1,625,668
2025	1,263,539	365,670	1,629,210
2026-2030	6,719,733	943,906	7,663,639
2031-2032	2,950,000	99,500	3,049,500
Subtotal	15,436,068	\$ 3,432,022	\$ 18,868,090
Bond Premium	1,467,678		
Total	\$ 16,903,746		

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 had an underlying rating of A from S&P on June 30, 2020, and an insured rating of AA. However, the rating was downgraded to BBB by S&P’s global ratings on November 19, 2020. See Note 16 - Subsequent Events.

The annual debt service requirements on the Parking Revenue Bonds, Series 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	905,000	1,006,250	1,911,250
2026-2030	5,110,000	4,457,450	9,567,450
2031-2035	6,205,000	3,351,450	9,556,450
2036-2040	7,335,000	2,227,200	9,562,200
2041-2045	8,505,000	1,059,000	9,564,000
2046	1,855,000	55,650	1,910,650
Subtotal	33,210,000	\$ 16,509,800	\$ 49,719,800
Bond Premium	1,693,046		
Total	\$ 34,903,046		

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
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	225,371	260,348	485,719
2026-2030	1,295,700	1,132,895	2,428,595
2031-2035	1,622,769	805,826	2,428,595
2036-2040	2,032,413	396,182	2,428,595
2041	464,245	21,428	485,673
Total	\$ 6,448,893	\$ 3,751,160	\$ 10,200,053

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	\$	495,300

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, 2020, the estimated landfill closure cost liabilities totaled \$1,065,257 and estimated annual landfill closure cost are as follows:

Total Estimated Closure and Post-Closure Costs	\$	495,300
Percentage of Used Capacity to Total Capacity		100%
Revised Estimated Total Closure and Post-Closure Costs Liability		495,300
Previous Closure Costs Accrued		1,065,257
FY 2020 Payment made on the liability	\$	<u>(569,957)</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 Net pension and OPEB liabilities) 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	\$ 367,770	\$ 316,501	\$ (435,099)	\$ 249,172	\$ 20,456
Net Pension Liability - CalPERS Miscellaneous Plan	6,817,947	2,672,376	(2,060,901)	7,429,422	-
Net OPEB Liability - Miscellaneous Employees Retiree Health Plan	352,222	672,921	(103,558)	921,585	-
Total Discretely Presented Component Unit	\$ 7,537,939	\$ 3,661,798	\$ (2,599,558)	\$ 8,600,179	\$ 20,456

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, 2020, \$957,281 in compensated absences, \$39,406,577 in claims and judgments payables, \$5,550,025 in Net OPEB Liability, and \$27,854,314 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, 2020 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

NOTES TO THE FINANCIAL STATEMENTS

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, 2020 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 -\$5,502 at June 30, 2019, so for FY 2020, the pledged revenues (FY 2020 budgeted transfers in) were \$499,802 compared with debt service of \$499,802.

9. FUND BALANCES FOR GOVERNMENTAL FUNDS

Fund balances as of June 30, 2020, for the governmental funds were categorized as nonspendable, restricted, committed, assigned, or unassigned for the following purposes:

	Major Funds				OTHER	Total
	General Fund	Grants	Library	Capital Improvement	Governmental Funds	Governmental Funds
Fund balances:						
Nonspendable for:						
Prepaid items	\$ -	\$ 485,140	\$ -	\$ -	\$ -	\$ 485,140
Subtotal nonspendable for:	-	485,140	-	-	-	485,140
Restricted for:						
Other purposes	-	-	-	-	10,606,909	10,606,909
Public safety	-	(95,662)	-	-	5,395,916	5,300,254
Street maintenance	-	(3,439,442)	-	-	37,859,202	34,419,760
Health and welfare	4,820,212	15,757,615	-	-	8,871,223	29,449,050
Park and recreation	-	(2,817,598)	13,424,447	-	6,255,484	16,862,333
Community development and housing loan	-	30,354,994	-	8,079,264	52,919,254	91,353,512
Economic development	-	(7,226)	-	-	3,282,750	3,275,524
Debt service reserve	-	-	-	-	12,604,209	12,604,209
Subtotal restricted for:	4,820,212	39,752,680	13,424,447	8,079,264	137,794,947	203,871,550
Committed for:						
Capital projects	-	-	-	-	9,261,616	
Health and welfare	-	-	-	-	2,451,798	2,451,798
Park and recreation	-	-	-	-	17,804,833	17,804,833
Community development and housing loan	-	-	-	-	18,049,377	18,049,377
Economic development	-	-	-	-	1,781,361	1,781,361
Debt service reserve	-	-	-	-	1,658,456	1,658,456
Subtotal committed for:	-	-	-	-	51,007,441	51,007,441
Assigned to:						
Operating reserves	40,096,717	-	-	-	-	40,096,717
Capital projects	-	-	-	175,106	-	175,106
Public safety	1,560,261	-	-	-	-	1,560,261
Street maintenance	48,719	-	-	8,145,722	-	8,194,441
Health and welfare	944,229	-	-	-	-	944,229
Park and recreation	373,173	-	-	1,688,254	-	2,061,427
Community development and housing loan	1,314,719	-	-	2,789,281	-	4,104,000
Economic development	366,978	-	-	32,144	-	399,122
Subtotal assigned for:	44,704,796	-	-	12,830,506	-	57,535,302
Unassigned:						
Operating reserves	48,544,061	-	-	-	(378,713)	48,165,348
Public safety	-	-	-	-	(87)	(87)
Debt service reserve	-	-	-	-	(7,151)	(7,151)
Subtotal unassigned for:	48,544,061	-	-	-	(385,951)	48,158,110
Total fund balance	\$ 98,069,069	\$ 40,237,821	\$ 13,424,447	\$ 20,909,770	\$ 188,416,437	\$ 361,057,543

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):

	<u>Amount</u>
Measure T1	\$ (750) ¹
Measure M GO 2014	(750) ¹
Employee Training Fund	(23,335) ¹
Paramedic Assessment	(204,930) ¹
Business Economic Development Fund	(1,035) ¹
UC Settlement Fund	(8,907) ¹
Park Acquisition	(240) ¹
Condo Conversion Program	(27,894) ¹
Measure O Housing Bond Capital Project Fund	(785,000) ¹
09 Measure FF Library Fund	(974) ¹
2010 COP Animal Shelter	(34) ¹
Measure GG	(223,245) ¹

1 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, 2020:

Special revenue funds	<u>Amount</u>
California Energy Commission	\$ (87) 1
Paramedic Assessment District	(378,713) 2
1st Response Advanced Life Support	(5,998) 5
Total special revenue funds	<u>(384,798)</u>
Debt service funds	
Berkeley Repertory Theatre	(7,151) 3
Total debt service funds	<u>(7,151)</u>
Internal service funds	
Building Maintenance	(2,412,717) 4
Central Services	(4,842) 4
Public Liability	(5,460,345) 4
IT Cost Allocation Plan	(8,475,086) 4
Total internal service funds	<u>(16,352,990)</u>
Total	<u>\$ (16,744,939)</u>

1 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.

2 FY 2021 expenditures will be reduced to eliminate deficit or an increase in the General Fund transfer will have to be approved.

3 Capital Improvement Fund will transfer money in FY 2020 to cover deficit.

4 Ongoing deficit that the City is aware of. Internal charges to funds have been increased to gradually decrease the deficit.

5 Created by net pension and OPEB liabilities, 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, 2020 is as follows:

Total assets	\$	53,996,705
Total liabilities		34,418,222
Net position	\$	19,578,483
Total revenues	\$	22,437,074
Total expenses		17,347,164
Net income/(loss)	\$	5,089,910

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, 2020, \$4,766,577 and \$34,640,000 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, 2020 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.

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, 2019	\$ 4,396,631	\$ 36,186,000	\$ 40,582,631
Incurring claims and changes in estimates	735,510	2,082,463	2,817,973
Claims paid	(365,563)	(3,628,463)	(3,994,026)
Balance, June 30, 2020	<u>\$ 4,766,577</u>	<u>\$ 34,640,000</u>	<u>\$ 39,406,577</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 of June 30, 2020, construction commitments totaled approximately \$45.3 million. The major projects comprising the bulk of the commitments are the North Berkeley Senior Center Renovation, Mental Health Adult Services Clinic Facility Renovation, Adeline & Hearst Street Improvements, Monterey/Ward Street Paving and Green Infrastructure, Shattuck Avenue Reconfiguration, Woolsey Cistern/LID Green Infrastructure Project, FY 20 Sanitary Sewer Rehabilitation, Undergrounding Utility District #48, and the FY 20 Street Rehabilitation and Surface Seals Project.

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, 2020, 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	3,486,275
Total governmental funds	<u>\$ 21,898,652</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, 2020 are described in the following table:

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expenses
By Individual Plan				
CalPERS Miscellaneous Plan	\$ 35,676,043	\$ 5,473,265	\$ 305,735,630	\$ 47,627,617
CalPERS Public Safety - Police Plan	18,022,109	2,805,512	162,010,898	23,644,962
CalPERS Public Safety - Fire Plan	14,789,825	3,031,034	80,204,455	13,528,661
Berkeley Retirement Income Benefit Plan	-	66,486	74,125,658	8,604,807
Safety Members Pension Plan	3,634	-	1,762,635	452,782
Total	\$ 68,491,611	\$ 11,376,297	\$ 623,839,276	\$ 93,858,829
By Individual Fund				
Governmental Activities				
Governmental Funds	\$ 54,552,822	\$ 8,605,547	\$ 507,344,649	\$ 76,191,072
Internal Service Funds	3,396,734	623,895	27,854,312	4,116,977
Subtotal Governmental Activities	57,949,556	9,229,442	535,198,961	80,308,049
Enterprise Funds	9,675,547	2,013,855	81,210,896	12,393,429
Trust Fund - Successor Agency				-
Discretely Presented Component Unit				
Rent Stabilization Board Fund	866,508	133,000	7,429,419	1,157,351
Total	\$ 68,491,611	\$ 11,376,297	\$ 623,839,276	\$ 93,858,829

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, 2020, 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	32.500%	48.200%	66.600%
Required Unfunded Liability Payment	\$19,679,811	\$5,003,584	\$10,323,069

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, 2020, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Public Safety	
		Fire	Police
Inactive Employees or Beneficiaries			
Currently Receiving Benefits	1,646	209	330
Inactive Employees Entitled to But Not Yet Receiving Benefits	1,055	43	78
Active Employees	1,075	132	154
Total	3,776	384	562

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, 201920 (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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2019 actuarial valuations were determined using the following assumptions:

	Miscellaneous	Public Safety	
		Fire	Police
Valuation Date	June 30, 2018	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method		
Actuarial Assumptions:			
Discount Rate	7.15%	7.15%	7.15%
Inflation	2.75%	2.75%	2.75%
Salary Increases	Varies by Entry Age and Services		
Investment Rate of Return ⁽¹⁾	7.375%	7.375%	7.375%
Mortality ⁽²⁾	Derived using CalPERS' Membership Data for all Funds		
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter		

⁽¹⁾ Net of pension plan investment expenses, including inflation.

⁽²⁾ 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, 2018 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:

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
Balance at June 30, 2018	\$ 1,016,396,249	\$ 735,828,894	\$ 280,567,355
Changes in the Measurement Period			
Service Cost	19,887,312	-	19,887,312
Interest on the Total Pension Liability	72,675,697	-	72,675,697
Changes of Assumptions	-	-	-
Difference Between Expected and Actual Experience	16,884,427	-	16,884,427
Plan to Plan Resource Movement	-	(6,474)	6,474
Contribution - Employer	-	20,886,356	(20,886,356)
Contribution - Employees	-	15,885,527	(15,885,527)
Net Investment Income	-	48,037,150	(48,037,150)
Benefit Payable, Including Refunds of Employee Contributions	(53,562,035)	(53,562,035)	-
Administrative Expense	-	(525,103)	525,103
Other Miscellaneous Income/Expense	-	1,705	(1,705)
Net Change	55,885,401	30,717,126	25,168,275
Balance at June 30, 2019	\$ 1,072,281,650	\$ 766,546,020	\$ 305,735,630

Public Safety - Fire Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
Balance at June 30, 2018	\$ 272,593,862	\$ 196,923,511	\$ 75,670,351
Changes in the Measurement Period			
Service Cost	5,094,809	-	5,094,809
Interest on the Total Pension Liability	19,278,306	-	19,278,306
Changes of Assumptions	-	-	-
Difference Between Expected and Actual Experience	2,269,776	-	2,269,776
Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	7,762,455	(7,762,455)
Contribution - Employees	-	1,800,299	(1,800,299)
Net Investment Income	-	12,686,105	(12,686,105)
Benefit Payable, Including Refunds of Employee Contributions	(15,568,769)	(15,568,769)	-
Administrative Expense	-	(140,529)	140,529
Other Miscellaneous Income/Expense	-	457	(457)
Net Change	11,074,122	6,540,018	\$ 4,534,104
Balance at June 30, 2019	\$ 283,667,984	\$ 203,463,529	\$ 80,204,455

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
Public Safety - Police Plan			
Balance at June 30, 2018	\$ 416,996,462	\$ 257,917,647	\$ 159,078,815
Changes in the Measurement Period			
Service Cost	6,572,589	-	6,572,589
Interest on the Total Pension Liability	29,224,684	-	29,224,684
Changes in Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(261,541)	-	(261,541)
Plan to Plan Resource Movement	-	6,474	(6,474)
Contribution - Employer	-	13,926,791	(13,926,791)
Contribution - Employees	-	2,005,991	(2,005,991)
Net Investment Income	-	16,847,851	(16,847,851)
Benefit Payable, Including Refunds of Employee Contributions	(22,568,755)	(22,568,755)	-
Administrative Expense	-	(184,056)	184,056
Other Miscellaneous Income/Expense	-	598	(598)
Net Change	<u>12,966,977</u>	<u>10,034,894</u>	<u>2,932,083</u>
Balance at June 30, 2019	<u>\$ 429,963,439</u>	<u>\$ 267,952,541</u>	<u>\$ 162,010,898</u>

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	Current Discount Rate	1% Increase
	6.15%	7.15%	8.15%
Net Pension Liability			
Miscellaneous Plan	\$ 440,061,296	\$ 305,735,630	\$ 193,994,581
Public Safety - Fire Plan	115,825,876	80,204,455	50,667,179
Public Safety - Police Plan	218,587,909	162,010,898	115,422,735

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, 2020, the City recognized pension expense of \$47,627,617.

At June 30, 2020, 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	\$ 24,067,276	\$ -
Changes in assumptions	11,608,767	(1,934,728)
Differences between expected and actual experiences	-	-
Net differences between projected and actual earnings on pension plan investments	-	(3,538,537)
	<u>\$ 35,676,043</u>	<u>\$ (5,473,265)</u>

NOTES TO THE FINANCIAL STATEMENTS

\$24,067,276 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, 2021. 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
2021	\$ 7,813,165
2022	(1,393,610)
2023	(1,062,197)
2024	778,144
Thereafter	-

As of June 30, 2020, the City had no reported payables to the plan.

Public Safety - Fire Plan

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$13,528,661.

At June 30, 2020, 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	\$ 8,703,901	\$ -
Changes in assumptions	4,332,006	(508,702)
Differences between expected and actual experiences	1,753,918	(1,556,138)
Net differences between projected and actual earnings on pension plan investments	-	(966,194)
	<u>\$ 14,789,825</u>	<u>\$ (3,031,034)</u>

\$8,703,901 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	\$ 3,484,209
2021	(871,582)
2022	7,433
2023	434,829
Thereafter	-

As of June 30, 2020, the City had no reported payables to the plan.

Public Safety – Police Plan

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$23,644,962.

At June 30, 2020, 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	\$ 15,735,542	\$ -
Changes in assumptions	2,058,868	(813,516)
Differences between expected and actual experiences	227,699	(646,910)
Net differences between projected and actual earnings on pension plan investments	-	(1,345,086)
	<u>\$ 18,022,109</u>	<u>\$ (2,805,512)</u>

\$15,735,542 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, 2021. 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	\$ 2,036,888
2021	(2,421,983)
2022	(400,486)
2023	266,636
Thereafter	-

As of June 30, 2020, 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, 2020, the following employees were covered by the Berkeley Police Employee Retirement Income Plan:

	PERIP
Retirees	149
Active employees	-
Total	<u>149</u>

Contribution Description

The City (employer) contributed \$2,048,826 in FY 2020 and paid \$2,427,646 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, 2020, 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

	PERIP	
Valuation date	June 30, 2019	
Measurement date	June 30, 2020	
Actuarial assumptions:		
Discount rate	2.45% - Based on Crossover test results using assumptions below	
Inflation	2.75%	
Investment rate of return ⁽¹⁾	3.75%	
Mortality	CalPERS 2017 experience Study Fully generational with Scale MP-2019	
Future benefit increase	Based on Medical Trend:	
	Year	Increase
	2021	7.5%
	2022	7.0%
	2023 and beyond	4%-6.75%
Crossover test assumptions		
Active police payroll increases	3.00%	
AA municipal bond rate	2.21%	
Administrative expenses	Assumes City will pay from City assets, and not the trust	
Future employer contributions	Average of past 3 fiscal years contributions as a percent of total police active employee payroll	
	2019	9.856%
	2018	9.041%
	2017	10.690%

⁽¹⁾ Net of pension plan investment expenses, including inflation.

Discount Rate

The discount rate used to measure the total pension liability was 2.45 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 2031.

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)
Balance at June 30, 2019	\$ 73,643,792	\$ 5,556,948	\$ 68,086,844
Changes in the measurement period			
Service cost			
Interest on the total pension liability	2,549,534	-	2,549,534
Changes in Assumptions	9,305,578		9,305,578
Changes in Benefit Terms			
Difference between expected and actual experience	(3,119,941)	-	(3,119,941)
Plan to plan resource movement			
Contribution - employer	-	2,048,826	(2,048,826)
Contribution - employees			
Net investment income	-	647,532	(647,532)
Changes of assumptions	-	-	-
Benefit payable, including refunds	(2,427,646)	(2,427,646)	-
Administrative expense	-		-
Net change	<u>6,307,525</u>	<u>268,712</u>	<u>6,038,813</u>
Balance at June 30, 2020	<u>\$ 79,951,317</u>	<u>\$ 5,825,660</u>	<u>\$ 74,125,657</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 1.450%	Current Discount Rate 2.450%	1% Increase 3.450%
Net pension liability	\$87,204,132	\$74,125,657	\$63,385,672

Pension Expenses/(Income) and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$8,604,807.

At June 30, 2020, 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	-	66,486
	<u>\$ -</u>	<u>\$ 66,486</u>

These deferred outflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ 57,099
2022	4,240
2023	(38,576)
2024	(89,249)

As of June 30, 2020, 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:

- o Current active salary increases (based on the same rank at retirement) or
- o The increase in the California Consumer Price Index (with a 1 percent minimum and a 3 percent cap).

Employees Covered

At June 30, 2020, the following employees were covered by SMPF:

	SMPF
Retirees	8
Active employees	-
Total	8

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 2020 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 2019, 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, 2020, using an annual actuarial valuation as of June 30, 2020. 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

	SMPF
Valuation date	June 30, 2020
Measurement date	June 30, 2020
Actuarial assumptions:	
Discount rate	2.21% - Bond Buyer-20 rate as of 6/30/20
Inflation	2.75%
Investment rate of return ⁽¹⁾	N/A
Mortality	CalPERS 2017 experience Study Mortality projected fully generational with Scale MP-19
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 2.21 percent for the Plan. This rate includes investment expenses and inflation. A Crossover test was performed to determine the discount rate.

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)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
Balance at June 30, 2019	\$ 1,862,714	\$ -	\$ 1,862,714
Changes in the measurement period			
Service cost	-	-	-
Interest on the total pension liability	55,273	-	55,273
Difference between expected and actual experience	365,385	-	365,385
Plan to plan resource movement	-	-	-
Contribution - employer	-	566,995	(566,995)
Contribution - employees	-	-	-
Net investment income	-	-	-
Changes of assumptions	46,258	-	46,258
Benefit payable, including refunds	(566,995)	(566,995)	-
Administrative expense	-	-	-
Net change	(100,079)	-	(100,079)
Balance at June 30, 2020	<u>\$ 1,762,635</u>	<u>\$ -</u>	<u>\$ 1,762,635</u>

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 1.210%	Current Discount Rate 2.210%	1% Increase 3.210%
Net pension liability	\$1,814,831	\$1,762,635	\$1,713,691

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$452,782.

At June 30, 2020, 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	3,634	-
	<u>\$ 3,634</u>	<u>\$ -</u>

Fiscal Year Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2021	\$ 2,162
2022	1,175
2023	297

As of June 30, 2020, 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, 2020 are described in the following table:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Actuarial OPEB Expenses
By Individual Plan				
Fire Retiree Healthcare Plan	\$ 5,990,341	\$ 5,713,067	\$ 21,177,486	\$ 1,339,150
Miscellaneous Employees Retiree Health Premium Assistance Plan	20,875,851	6,089,107	60,659,492	4,921,264
Police retiree Healthcare Plan	15,240,176	14,287,463	57,472,394	4,199,234
Total	\$ 42,106,368	\$ 26,089,637	\$ 139,309,372	\$ 10,459,648
By Individual Fund				
Governmental Activities				
Governmental Funds	\$ 33,912,563	\$ 23,692,296	\$ 118,294,799	\$ 8,528,190
Internal Service Funds	2,025,288	574,784	5,550,027	477,755
Subtotal Governmental Activities	35,937,851	24,267,080	123,844,826	9,005,945
Enterprise Funds	5,661,712	1,678,357	14,542,961	1,334,158
Discretely Presented Component Unit				
Rent Stabilization Board Fund	506,805	144,200	921,585	119,545
Total	\$ 42,106,368	\$ 26,089,637	\$ 139,309,372	\$ 10,459,648

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, 2020, the following current and former employees were covered by the benefit terms for FRHF

	FRHF
Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	34
Active employees	133
Total	220

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 2020 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	\$ 364	\$ 728	\$ 449	\$ 894
Retired after 7/1/06	364	728	607	1,211

During FY 2020, the City contributed \$742,397 to the trust and made benefit payments of \$634,761.

Net OPEB Liability of the City

The Total OPEB Liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2019, using the following actuarial assumptions, applied to all prior periods including the measurement:

Actuarial Assumptions

Discount rate	2.75%
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-19
AA municipal bond rate	2.21% (Bond Buyer 20 Index)
Non-medicare trend	7.25% for 2021, decreasing to an ultimate rate of 4.00% for 2076
Medicare trend	6.30% for 2021, 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, 2020 and June 30, 2019, were as follows:

	FY Ending	
	6/30/2020	6/30/2019
Total OPEB liability	\$ 33,122,749	\$ 30,929,365
Fiduciary net position	11,945,263	11,296,053
Net OPEB Liability	\$ 21,177,486	\$ 19,633,312
Funded Status	36.1%	36.5%

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Policy Target Allocation</u>	<u>Expected Real Rate of Return</u>
Medium Term Notes	34.00%	1.47%
US Agency Securities	22.00%	0.66%
Cash and other	24.00%	0.06%
Preferred Stock	20.00%	1.47%
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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.69 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 2.50 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.

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, 2020 (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)
Balance at June 30, 2019	\$ 30,929,365	\$ 11,296,053	\$ 19,633,312
Changes in the measurement period			
Service cost	1,342,365	-	1,342,365
Interest	1,156,748	-	1,156,748
Difference between expected and actual experience	(5,001,736)	-	(5,001,736)
Changes of assumptions	5,330,768		5,330,768
Contribution - employer	-	742,397	(742,397)
Contribution - employees	-	-	-
Net investment income	-	545,553	(545,553)
Benefit payments	(634,761)	(634,761)	-
Administrative expense		(3,979)	3,979
Net change	<u>2,193,384</u>	<u>649,210</u>	<u>1,544,174</u>
Balance at June 30, 2020	<u>\$ 33,122,749</u>	<u>\$ 11,945,263</u>	<u>\$ 21,177,486</u>

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 2.75 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
	1.75%	2.75%	3.75%
Net OPEB liability	\$ 28,603,411	\$ 21,177,486	\$ 15,496,241

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	\$ 19,910,597	\$ 21,177,486	\$ 21,656,450

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$1,339,150. As of fiscal year ended June 30, 2020, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

Deferred Outflows/Inflows Balances at June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 4,987,613
Changes in assumptions	5,990,341	611,104
Net differences between projected and actual earnings on plan investments	-	114,350
	<u>\$ 5,990,341</u>	<u>\$ 5,713,067</u>

Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ 4,000
2022	4,001
2023	(68,345)
2024	(13,998)
2025	124,345
Thereafter	227,271

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:

Years of Service	City Percentage
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, 2020, the following current and former employees were covered by the benefit terms for RHPAP

	RHPAP
Inactive employees or beneficiaries currently receiving benefits	266
Inactive employees entitled to but not yet receiving benefits	314
Active employees	1,076
Total	1,656

Contributions

The City's maximum contribution for Miscellaneous retirees for FY 2020 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	\$ 34	\$ 68
SEIU Local 1021 CSU - retired prior to June 29, 2008	370	740	136	272
SEIU Local 1021 CSU - retired after June 29, 2008	513	883	136	272
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	34	68
PEU Local One - retired after July 1, 2008	603	1,207	479	957
Unrepresented (Z-1, Z-5, Z-7) - retired prior to July 1, 2008	370	740	188	376
Unrepresented (Z-1, Z-5, Z-7) - retired after July 1, 2008	443	886	260	521
Unrepresented (all others) - retired prior to June 29, 2008	370	740	188	376
Unrepresented (all others) - retired after June 29, 2008	513	883	188	376

During FY 2020, 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, 2020.

Asset Class	Policy Target Allocation	Expected Real Rate of Return
Medium Term Notes	6.00%	1.47%
US Agency Securities	10.00%	0.66%
Municipal Bonds	31.00%	1.21%
Cash and other	34.00%	0.06%
Preferred Stock	19.00%	1.47%
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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.73 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 2.50 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, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2019, using the following actuarial assumptions, applied to all prior periods including the measurement:

Actuarial Assumptions

Discount rate	2.50%
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-19.
AA municipal bond rate	2.21% (Bond Buyer 20 Index)
Crossover test	Employer contributions after 2020 equal to bargained rates. Administrative expenses equal to 0.01% of pay. Crossover occurs in 2042.
Non-medicare trend	7.25% for 2021, decreasing to an ultimate rate of 4.00% in 2076
Medicare trend	6.30% for 2021, 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, 2020 and June 30, 2019 were as follows:

	FY Ending	
	6/30/2020	6/30/2019
Total OPEB liability	\$ 90,097,476	\$ 65,605,879
Fiduciary net position	29,437,984	28,386,133
Net OPEB Liability	<u>\$ 60,659,492</u>	<u>\$ 37,219,746</u>
Funded Status	32.70%	43.30%

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)
Balance at June 30, 2019	\$ 65,605,879	\$ 28,386,133	\$ 37,219,746
Changes in the measurement period			
Service cost	3,179,095	-	3,179,095
Interest	2,431,913	-	2,431,913
Difference between expected and actual experience	(1,851,097)	-	(1,851,097)
Changes of assumptions	22,060,044		22,060,044
Contribution - employer	-	2,193,113	(2,193,113)
Contribution - employees	-	-	-
Net investment income	-	217,442	(217,442)
Benefit payments	(1,328,358)	(1,328,358)	-
Administrative expense		(30,346)	30,346
Net change	<u>24,491,597</u>	<u>1,051,851</u>	<u>23,439,746</u>
Balance at June 30, 2020	<u>\$ 90,097,476</u>	<u>\$ 29,437,984</u>	<u>\$ 60,659,492</u>

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 2.50 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%	Current	1%
	Decrease	Discount Rate	Increase
	1.50%	2.50%	3.50%
Net OPEB liability	\$78,665,957	\$60,659,492	\$46,503,678

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 7.25 percent decreasing to 4.00 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%	Current Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Net OPEB liability	\$ 48,108,889	\$ 60,659,492	\$ 63,739,499

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$4,921,264. As of fiscal year ended June 30, 2020, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

Deferred Outflows/Inflows Balances at June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 2,706,825
Changes in assumptions	20,717,367	3,382,282
Net differences between projected and actual earnings on plan investments *	158,484	-
	<u>\$ 20,875,851</u>	<u>\$ 6,089,107</u>

*Deferred Inflows and Outflows combined for footnote disclosure

Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ 2,553,148
2022	2,553,150
2023	2,437,572
2024	2,691,842
2025	2,519,307
Thereafter	2,031,725

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.

Years of Service	City Percentage
10-14	25%
15-19	50%
20+	100%

NOTES TO THE FINANCIAL STATEMENTS

Employees Covered

At June 30, 2020, the following current and former employees were covered by the benefit terms for PRPAP:

	<u>PRPAP</u>
Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>158</u>
Total	<u>189</u>

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, 2020, there were 158 active employees and 22 retirees. The base monthly dollar amount paid by the City for FY 2020 was as follows

	City's Contribution for Non-Medicare Eligible Retirees		City's Contribution for Medicare Eligible Retirees	
	<u>Single-Party</u>	<u>Two-Party</u>	<u>Single-Party</u>	<u>Two-Party</u>
PRPAP	\$763	\$1,526	\$ 436	\$ 872

During FY 2020, the City contributed \$400,136 to the trust and made benefit payments of \$203,998.

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Policy Target Allocation</u>	<u>Expected Real Rate of Return</u>
Medium Term Notes	27.00%	1.47%
US Agency Securities	45.00%	0.66%
Cash and other	28.00%	0.06%
Total	<u>100.00%</u>	
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, 2020, 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 2.23 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, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, using the following actuarial assumptions, applied to all prior periods including the measurement:

Actuarial Assumptions

Discount rate	2.23%
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-19
AA municipal bond rate	2.21% (Bond Buyer 20 Index)
Non-medicare trend	7.25% for 2021, decreasing to an ultimate rate of 4.00% for 2076
Medicare trend	6.30% for 2021, 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, 2020 and June 30, 2019, were as follows:

	FY Ended	
	6/30/2020	6/30/2019
Total OPEB liability	\$ 59,846,179	\$ 48,702,720
Fiduciary net position	2,373,785	2,450,155
Net OPEB Liability	\$ 57,472,394	\$ 46,252,565
Funded Status	4.00%	5.00%

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, 2019	\$ 48,702,720	\$ 2,450,155	\$ 46,252,565
Changes in the measurement period			
Service cost	2,923,570	-	2,923,570
Interest	1,803,350	-	1,803,350
Difference between expected and actual experience	(6,089,186)	-	(6,089,186)
Changes of assumptions	12,709,723		12,709,723
Contribution - employer	-	400,136	(400,136)
Contribution - employees	-	-	-
Net investment income	-	(267,637)	267,637
Benefit payments	(203,998)	(203,998)	-
Administrative expense		(4,871)	4,871
Net change	<u>11,143,459</u>	<u>(76,370)</u>	<u>11,219,829</u>
Balance at June 30, 2020	<u>\$ 59,846,179</u>	<u>\$ 2,373,785</u>	<u>\$ 57,472,394</u>

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 2.23 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
	1.23%	2.23%	3.23%
Net OPEB liability	\$ 73,868,468	\$ 57,472,394	\$ 45,325,736

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	\$ 44,376,308	\$ 57,472,394

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$4,199,234. As of fiscal year ended June 30, 2020, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

Deferred Outflows/Inflows Balances at June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 10,373,715
Changes in assumptions	15,160,899	3,913,748
Net differences between projected and actual earnings on plan investments	79,277	-
	<u>\$ 15,240,176</u>	<u>\$ 14,287,463</u>

Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ (40,773)
2022	(40,774)
2023	(56,089)
2024	23,505
2025	(48,352)
Thereafter	1,115,196

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, 2020, was \$6,933,728 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.

NOTES TO THE FINANCIAL STATEMENTS

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, 8 active employees and 54 disabled participants receiving benefits. The unfunded liability for SRIP I at July 1, 2020, the date of the last actuarial study, was \$12,977,000. For FY 2020, the City paid total SRIP 1 disability payments of \$1,335,689.

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 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, 2020 were \$70,582,800 and there were 2,341 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, 2020 were as follows:

Plan	Contributions	Covered Payroll	% of Covered Payroll
SRIP I	\$ 14,774	\$ 259,199	5.70%
SRIP II	2,581,567	38,531,751	6.70%
SRIP III	116,043	5,802,123	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 1,160 active and 755 inactive participants in this plan as of June 30, 2020.

The total asset of PARS available for benefits at June 30, 2020 was \$3,018,886, 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, 2020 were as follows:

<u>Contributions</u>	<u>Covered Payroll</u>	<u>% of Covered Payroll</u>
\$ 181,454	\$ 4,856,189	3.74%

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 GOVERNMENT WIDE STATEMENT OF ACTIVITIES, GOVERNMENTAL AND ENTERPRISE FUND BALANCES

The Statement of Activities show a net \$291,415 decrease to the Governmental Activities' beginning net position. This restatement was due to reclassification of two business improvement district funds, Downtown Berkeley Property and Improvement District fund \$290,031 and North Shattuck Business Improvement District \$1,384, from special revenue funds to agency funds. This same (\$291,415) adjustment affected the beginning governmental fund balance as well.

The Statement of Activities and Statement of Net Position show the beginning balance of Business-type Activities net position increased by \$4,567,600. The beginning net position of Sanitary sewer and Off-street parking funds increased by \$4,212,032 and \$355,567, respectively. These restatements were due to reclassification of changes in retainage which was recorded as expenditures in fiscal year 2019. In fiscal year 2020, changes in retainage were recorded as changes in infrastructures.

Governmental Activities		Total	
Net position - beginning		\$ (103,052,445)	
Restatement: Reclassification to Agency Fund		(291,415)	
Net position - beginning, as restated		<u>\$ (103,343,860)</u>	
Governmental Funds		Total	
Fund balance - beginning		\$ 337,252,393	
Adjustment: Reclassification to Agency Fund		(291,415)	
Fund balance - beginning, as restated		<u>\$ 336,960,978</u>	
Business-type Activities		Total	
Net position - beginning		\$ 176,769,973	
Restatement: Sanitary Sewer Fund		4,212,032	
Restatement: Off-Street Parking Fund		355,568	
Net position - beginning, as restated		<u>\$ 181,337,573</u>	
Enterprise Funds		Sanitary Sewer	Off-Street Parking
Net position - beginning		\$ 137,097,260	\$ 17,301,123
Restatement		4,212,032	355,568
Net position - beginning, as restated		<u>\$ 141,309,292</u>	<u>\$ 17,656,691</u>

NOTES TO THE FINANCIAL STATEMENTS

16. SUBSEQUENT EVENTS

A. FY 2021 Tax and Revenue Anticipation Notes

On July 14, 2020, the City issued \$42,405,000 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 1.75 percent and a yield of .160 percent and are recorded in the General Fund. Interest and principal on these notes are payable on July 27, 2021 by the General Fund. The City has maintained a MIG-1 rating on this short-term issue.

B. Downgrade of the 2016 Parking Revenue Bonds

On November 19, 2020 S&P Global Ratings lowered the underlying rating from A to BBB on the Berkeley Joint Powers Financing Authority, Calif.'s series 2016 Parking revenue bonds and gave it a negative outlook. The rating action was based on a material decline in parking revenue and their expectation that demand for the parking facilities will be materially depressed and unpredictable for the remainder of 2020 and beyond as a result of the COVID-19 pandemic and associated effects they believe are outside of management's control. As a result of the revenue declines from lower parking demand stemming from COVID-19, the parking system did not meet the rate covenants for fiscal 2020.

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, 2020.

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, 2020:

Successor Agency	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Savo Island	\$ 304,000	\$ -	\$ (34,000)	\$ 270,000	\$ 37,000
Total Successor Agency	\$ 304,000	\$ -	\$ (34,000)	\$ 270,000	\$ 37,000



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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, Legacy Fund, 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 \$460,146,093 for FY 2020 and made supplementary budget appropriations totaling \$198,453,102 (for a total of revised budget of \$658,599,195) during the year. The supplementary budget appropriations consisted of the following: (1) FY 2019 outstanding encumbered rollovers of \$62,446,752; (2) FY 2019 unencumbered carryovers of \$46,026,715; and (3) other budget adjustments of \$89,979,635. 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)
Revenues:				
Taxes	\$ 160,838,723	\$ 182,428,723	\$ 183,713,498	\$ 1,284,775
Licenses and permits	1,911,273	1,911,273	2,098,678	187,405
Intergovernmental	1,028,586	514,746	1,201,866	687,120
Charges for service	8,582,247	8,216,975	8,907,550	690,575
Fines and penalties	7,016,823	6,270,000	4,133,511	(2,136,489)
Rents and royalties	186,513	186,513	203,169	16,656
Franchise	2,068,928	2,068,928	1,839,102	(229,826)
Private contributions and donations	143,680	143,680	179,487	35,807
Investment income	3,564,000	5,000,000	7,942,187	2,942,187
Miscellaneous	6,401,422	6,671,357	414,436	(6,256,921)
Total revenues	191,742,195	213,412,195	210,633,484	(2,778,711)
Expenditures:				
Current:				
General government	37,206,313	36,678,916	25,018,053	11,660,863
Public safety	109,243,162	112,845,681	118,033,442	(5,187,761)
Highway and streets	2,028,942	3,489,429	2,298,198	1,191,231
Health and welfare	11,812,691	20,336,094	20,485,002	(148,908)
Culture-recreation	7,025,343	7,724,377	6,987,179	737,198
Community development and housing	7,971,012	12,926,757	10,312,579	2,614,178
Economic development	2,933,186	7,235,434	5,854,192	1,381,242
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	200,000	200,000	402,212	(202,212)
Bond issuance cost	-	-	-	-
TRAN issuance costs	-	-	71,181	71,181
Total expenditures	178,420,649	201,436,688	189,462,038	12,117,012
Revenues over/(under) expenditures	13,321,546	11,975,507	21,171,446	9,195,939
Other financing sources/(uses)				
Transfers in	5,386,188	5,266,688	5,386,187	119,499
Transfers out	(13,472,869)	(24,356,333)	(30,482,826)	(6,126,493)
Interfund repayments	-	-	2,177,986	2,177,986
Interfund advances	-	-	3,797,231	3,797,231
Sale of capital assets	-	-	204	204
Total other financing sources/(uses)	(8,086,681)	(19,089,645)	(19,121,218)	(31,573)
Net change in fund balance	5,234,865	(7,114,138)	2,050,228	9,164,366
Fund balance, July 1, 2019	70,320,590	70,320,590	70,320,590	-
Fund balance, June 30, 2020	\$ 75,555,455	\$ 63,206,452	\$ 72,370,818	\$ 9,164,366

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 2,050,228
Receivable accrual	307,234
Due from other fund -Repayment	(2,177,985)
Due from other fund - advance	3,797,231
Payable accrual	856,695
Net change in fund balances - GAAP basis	\$ 4,833,402

**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)
Revenues:				
Intergovernmental	\$ 25,978,053	\$ 26,093,053	\$ 27,743,471	\$ 1,650,418
Charges for service	35,032	35,032	86,019	50,987
Investment income	149,767	149,767	337,916	188,149
Miscellaneous	3,000	3,000	-	(3,000)
Total revenues	<u>26,165,852</u>	<u>26,280,852</u>	<u>28,167,406</u>	<u>1,886,554</u>
Expenditures:				
General government	104,658	714,439	218,944	495,495
Public safety	234,804	519,804	195,244	324,560
Highway and streets	318,244	1,153,644	311,243	842,401
Health and welfare	17,022,728	19,888,847	13,922,616	5,966,231
Culture-recreation	1,771,703	2,578,603	331,426	2,247,177
Community development and housing	9,942,193	18,352,786	12,237,396	6,115,390
Economic development	724,043	2,824,955	11,000	2,813,955
Capital outlay:				
Highway and streets (CO)	60,000	4,905,139	3,425,899	1,479,240
Culture-recreation (CO)	1,346,680	7,358,582	2,679,679	4,678,903
Total expenditures	<u>31,525,053</u>	<u>58,296,799</u>	<u>33,333,447</u>	<u>24,963,352</u>
Revenues over/(under) expenditures	<u>(5,359,201)</u>	<u>(32,015,947)</u>	<u>(5,166,041)</u>	<u>26,849,906</u>
Net change in fund balance	(5,359,201)	(32,015,947)	(5,166,041)	(26,849,906)
Fund balance, July 1, 2019	13,072,949	13,072,949	13,072,949	(15,256,547)
Fund balance, June 30, 2020	<u>\$ 7,713,748</u>	<u>\$ (18,942,998)</u>	<u>\$ 7,906,908</u>	<u>\$ (42,106,453)</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (5,166,041)
Receivable accrual	(1,228,823)
Notes receivable accrual	(104,234)
Payable accrual	(939,476)
Net change in fund balances - GAAP basis	<u>\$ (7,438,572)</u>

**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)
Revenues:				
Taxes	\$ 20,452,814	\$ 20,452,814	\$ 20,431,020	\$ (21,794)
Intergovernmental	60,000	60,000	92,252	32,252
Fines and penalties	40,000	40,000	26,628	(13,372)
Rents and royalties	-	-	-	-
Private contributions and donations	370,000	370,000	129,342	(240,658)
Investment Income	-	-	5,180	5,180
Miscellaneous	32,000	32,000	50,106	18,106
Total revenues	<u>20,954,814</u>	<u>20,954,814</u>	<u>20,734,528</u>	<u>(220,286)</u>
Expenditures:				
Culture-recreation	26,148,574	24,233,418	18,892,958	5,340,460
Total expenditures	<u>26,148,574</u>	<u>24,233,418</u>	<u>18,892,958</u>	<u>5,340,460</u>
Net change in fund balance	(5,193,760)	(3,278,604)	1,841,570	5,120,174
Fund balance, July 1, 2019	10,782,070	10,782,070	10,782,070	-
Fund balance, June 30, 2020	<u>\$ 5,588,310</u>	<u>\$ 7,503,466</u>	<u>\$ 12,623,640</u>	<u>\$ 5,120,174</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 1,841,570
Receivable accrual	(64,373)
Grant receivable accrual	(53,411)
Payable accrual	(116,138)
Net change in fund balances - GAAP basis	<u>\$ 1,607,648</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⁽³⁾

Measurement period	2014 ⁽¹⁾	2015	2016	2017	2018	2019 ⁽²⁾
Total pension liability						
Service cost	\$ 17,671,892	\$ 16,872,462	\$ 16,093,496	\$ 18,319,450	\$ 18,834,712	\$ 19,887,312
Interest	60,962,710	62,911,744	65,105,036	66,532,424	68,846,245	72,675,697
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(15,778,151)	(9,281,443)	(10,781,092)	3,269,467	16,884,427
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)	(53,562,035)
Net change in total pension liability	41,325,300	10,269,884	27,978,846	81,104,557	33,062,816	55,885,401
Total pension liability - beginning	822,654,845	863,980,146	874,250,030	902,228,876	983,333,433	1,016,396,249
Total pension liability - ending (a)	\$ 863,980,146	\$ 874,250,030	\$ 902,228,876	\$ 983,333,433	\$ 1,016,396,249	\$ 1,072,281,650
Plan fiduciary net position						
Contributions - employer	\$ 17,742,374	\$ 18,303,639	\$ 20,032,929	\$ 21,214,582	\$ 20,393,310	\$ 20,886,356
Contributions - employee	9,202,333	6,752,797	6,904,128	9,301,166	13,747,826	15,885,527
Net investment income	98,032,089	14,859,667	3,476,221	70,963,526	58,233,830	48,037,150
Benefit payments, including refunds of employee contributions	(37,309,302)	(38,947,389)	(43,938,243)	(45,764,257)	(49,503,784)	(53,562,035)
Administrative expense	-	(737,609)	(399,523)	(946,894)	(1,084,722)	(525,103)
Plan to plan resource movement	-	284,821	(284,978)	(3,491)	(1,705)	(6,474)
Other Miscellaneous Income/Expense	-	-	-	-	(2,059,905)	1,705
Net change in fiduciary net position	87,667,494	515,926	(14,209,466)	54,764,632	39,724,850	30,717,126
Plan fiduciary net position - beginning	655,032,952	655,032,952	655,548,878	641,339,412	696,104,044	735,828,894
Plan fiduciary net position - ending (b)	\$ 655,032,952	\$ 655,548,878	\$ 641,339,412	\$ 696,104,044	\$ 735,828,894	\$ 766,546,020
Plan net position liability/(asset) - ending (a) - (b)	\$ 208,947,194	\$ 218,701,152	\$ 260,889,464	\$ 287,229,389	\$ 280,567,355	\$ 305,735,630
Plan fiduciary net position as a % of the total pension liability	75.82%	74.98%	71.08%	70.79%	72.40%	71.49%
Covered payroll	\$ 87,614,737	\$ 87,918,618	\$ 85,480,937	\$ 88,645,362	\$ 94,371,740	\$ 100,559,700
Plan net pension liability/(asset) as a % of covered payroll	238.48%	248.75%	305.20%	324.02%	297.30%	304.03%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) 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.

(3) Includes one year's payroll growth assumption using 2.75% payroll growth assumption for fiscal years ended June 30, 2018-19; 3% payroll growth assumption for fiscal years ended June 30, 2014-17.

Public Safety - Fire Plan

Measurement period	2014 ⁽¹⁾	2015	2016	2017	2018	2019 ⁽²⁾
Total pension liability						
Service cost	\$ 4,183,753	\$ 4,154,748	\$ 4,316,812	\$ 4,976,440	\$ 5,050,545	\$ 5,094,809
Interest	17,150,102	17,400,087	17,876,017	18,140,550	18,548,037	19,278,306
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(4,736,917)	(1,327,136)	(2,451,159)	(1,273,144)	2,269,776
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)	(15,568,769)
Net change in total pension liability	7,886,002	(1,340,618)	6,859,075	20,281,619	5,607,703	11,074,122
Total pension liability - beginning	233,300,081	241,186,083	239,845,465	246,704,540	266,986,159	272,593,862
Total pension liability - ending (a)	\$ 241,186,083	\$ 239,845,465	\$ 246,704,540	\$ 266,986,159	\$ 272,593,862	\$ 283,667,984
Plan fiduciary net position						
Contributions - employer	\$ 4,754,912	\$ 5,237,775	\$ 5,967,197	\$ 6,328,886	\$ 6,983,081	\$ 7,762,455
Contributions - employee	1,410,383	1,489,005	1,523,845	1,575,673	1,801,681	1,800,299
Net investment income	28,071,245	4,117,374	939,196	19,375,895	15,877,869	12,686,105
Benefit payments, including refunds of employee contributions	(13,447,853)	(14,168,237)	(14,006,618)	(14,713,157)	(15,785,115)	(15,568,769)
Administrative expense	-	(205,370)	(111,091)	(260,728)	(294,358)	(140,529)
Plan to plan resource movement	-	(70)	-	-	(457)	-
Other Miscellaneous Income/Expense	-	-	-	-	(558,991)	457
Net change in fiduciary net position	20,788,687	(3,529,523)	(5,687,471)	12,306,569	8,023,710	6,540,018
Plan fiduciary net position - beginning	165,021,539	185,810,226	182,280,703	170,905,761	188,899,801	196,923,511
Plan fiduciary net position - ending (b)	\$ 185,810,226	\$ 182,280,703	\$ 176,593,232	\$ 183,212,330	\$ 196,923,511	\$ 203,463,529
Plan net position liability/(asset) - ending (a) - (b)	\$ 55,375,857	\$ 57,564,762	\$ 70,111,308	\$ 78,086,358	\$ 75,670,351	\$ 80,204,455
Plan fiduciary net position as a percentage of the total pension liability	77.04%	76.00%	71.58%	68.62%	72.24%	71.73%
Covered payroll	\$ 14,907,370	\$ 15,467,011	\$ 16,185,414	\$ 16,684,346	\$ 17,219,137	\$ 18,392,338
Plan net pension liability/(asset) as a percentage of covered payroll	371.47%	372.18%	433.18%	468.02%	439.45%	436.08%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) 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 ⁽¹⁾	2015	2016	2017	2018	2019 ⁽²⁾
Total pension liability						
Service cost	\$ 6,933,491	\$ 6,687,437	\$ 6,603,067	\$ 7,540,371	\$ 7,206,671	\$ 6,572,589
Interest	25,322,913	26,160,351	26,905,428	27,414,758	28,303,833	29,224,684
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(3,081,594)	(4,051,767)	(5,198,038)	607,197	(261,541)
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)	(22,568,755)
Net change in total pension liability	14,148,409	4,766,144	10,085,803	32,358,726	12,411,292	12,966,977
Total pension liability - beginning	343,226,088	357,374,497	362,140,641	372,226,444	404,585,170	416,996,462
Total pension liability - ending (a)	\$ 357,374,497	\$ 362,140,641	\$ 372,226,444	\$ 404,585,170	\$ 416,996,462	\$ 429,963,439
Plan fiduciary net position						
Contributions - employer	\$ 10,060,801	\$ 10,108,019	\$ 10,777,599	\$ 11,858,699	\$ 13,095,114	\$ 13,926,791
Contributions - employee	2,037,428	1,988,892	2,054,362	2,098,584	2,103,617	2,005,991
Net investment income	35,084,789	5,119,789	1,121,784	25,095,844	20,550,338	16,847,851
Benefit payments, including refunds of employee contributions	(18,107,995)	(18,657,601)	(19,370,925)	(20,045,912)	(21,537,031)	(22,568,755)
Administrative expense	-	(260,769)	(141,206)	(333,874)	(381,485)	(184,056)
Plan to plan resource movement	-	(42)	(1,123)	3,491	(598)	6,474
Other Miscellaneous Income/Expense	-	-	-	-	(724,446)	598
Net change in fiduciary net position	29,075,023	(1,701,712)	(5,559,509)	18,676,832	13,105,509	10,034,894
Plan fiduciary net position - beginning	204,321,504	233,396,527	231,694,815	226,135,306	244,812,138	257,917,647
Plan fiduciary net position - ending (b)	\$ 233,396,527	\$ 231,694,815	\$ 226,135,306	\$ 244,812,138	\$ 257,917,647	\$ 267,952,541
Plan net position liability/(asset) - ending (a) - (b)	\$ 123,977,970	\$ 130,445,826	\$ 146,091,138	\$ 159,773,032	\$ 159,078,815	\$ 162,010,898
Plan fiduciary net position as a percentage of the total pension liability	65.31%	63.98%	60.75%	60.51%	61.85%	62.32%
Covered payroll	\$ 22,471,207	\$ 22,490,875	\$ 22,289,585	\$ 22,933,002	\$ 22,701,037	\$ 21,803,626
Plan net pension liability/(asset) as a percentage of covered payroll	551.72%	579.99%	655.42%	696.69%	700.76%	743.05%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) 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	FY 2020
Actuarially determined contribution	\$ 18,303,639	\$ 20,032,929	\$ 21,214,582	\$ 20,393,310	\$ 20,894,560	\$ 24,067,276
Contribution in relation to the actuarially determined contributions	(18,303,639)	(20,032,929)	(21,214,582)	(20,393,310)	(20,894,560)	(24,067,276)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 87,918,618	\$ 85,480,937	\$ 88,645,362	\$ 94,371,740	\$ 100,559,700	\$ 100,639,199
Contributions as a percentage of covered payroll	20.82%	23.44%	23.93%	21.61%	20.78%	23.91%

* 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	FY 2020
Actuarially determined contribution	\$ 5,237,775	\$ 5,967,197	\$ 6,328,886	\$ 6,983,081	\$ 7,762,455	\$ 8,703,901
Contribution in relation to the actuarially determined contributions	(5,237,775)	(5,967,197)	(6,328,886)	(6,983,081)	(7,762,455)	(8,703,901)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,467,011	\$ 16,185,414	\$ 16,684,346	\$ 17,219,137	\$ 18,392,338	\$ 17,619,953
Contributions as a percentage of covered payroll	33.86%	36.87%	37.93%	40.55%	42.20%	49.40%

* 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	FY 2020
Actuarially determined contribution	\$ 10,108,019	\$ 10,777,599	\$ 11,858,699	\$ 13,095,114	\$ 13,918,569	\$ 15,735,542
Contribution in relation to the actuarially determined contributions	(10,108,019)	(10,777,599)	(11,858,699)	(13,095,114)	(13,918,569)	(15,735,542)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 22,490,875	\$ 22,289,585	\$ 22,933,002	\$ 22,701,037	\$ 21,803,626	\$ 21,101,838
Contributions as a percentage of covered payroll	44.94%	48.35%	51.71%	57.69%	63.84%	74.57%

* 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 2020 were derived from the June 30, 2016 funding valuation report.

	Miscellaneous	Public Safety	
		Fire	Police
Actuarial cost method		Entry-age normal	
Amortization method/period	For details, see June 30, 2016 Funding Valuation Report		
Asset valuation method	Fair 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	7.375% 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 ⁽¹⁾	2015	2016	2017	2018	2019	2020
Total pension liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,399,970	2,503,642	2,441,727	2,222,569	2,456,058	2,774,656	2,549,534
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	-	1,501,596	7,453,545	-	(2,399,531)	(2,744,787)	(3,119,941)
Change of assumptions	7,559,895	4,403,685	6,961,164	(7,646,392)	6,217,552	3,226,771	9,305,578
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)	(2,427,646)
Net change in total pension liability	8,275,313	6,729,974	14,811,840	(7,535,845)	4,118,865	637,874	6,307,525
Total pension liability - beginning	46,605,771	54,881,084	61,611,058	76,422,898	68,887,053	73,005,918	73,643,792
Total pension liability - ending (a)	\$ 54,881,084	\$ 61,611,058	\$ 76,422,898	\$ 68,887,053	\$ 73,005,918	\$ 73,643,792	\$ 79,951,317
Plan fiduciary net position							
Contributions - employer	\$ 1,489,304	\$ 1,467,997	\$ 1,943,978	\$ 2,132,901	\$ 1,857,970	\$ 1,854,528	\$ 2,048,826
Contributions - employee	-	-	-	-	-	-	-
Net investment income	410,656	164,247	284,425	922	44,462	(29,544)	647,532
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)	(2,427,646)
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)	268,712
Plan fiduciary net position - beginning	6,403,422	6,587,939	6,499,461	6,641,114	6,620,711	6,350,730	5,556,948
Plan fiduciary net position - ending (b)	\$ 6,587,939	\$ 6,499,461	\$ 6,641,114	\$ 6,620,711	\$ 6,350,730	\$ 5,556,948	\$ 5,825,660
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	\$ 74,125,657
Plan fiduciary net position as a percentage of the total pension liability	12.00%	10.55%	8.69%	9.61%	8.70%	7.55%	7.29%
Covered-employee payroll	\$ 19,920,000	\$ 20,002,000	\$ 20,002,000 ⁽²⁾	\$ 20,002,000 ⁽²⁾	\$ 20,002,000 ⁽²⁾	\$ 20,002,000 ⁽²⁾	\$ 20,002,000 ⁽²⁾
Plan net pension liability/(asset) as a percentage of covered payroll	242.44%	242.44%	275.53%	275.53%	311.30%	333.24%	370.59%

(1) Historical information is required only for measurement periods for which GASB 67 is applicable.

(2) Estimated

Schedule of Plan Contributions for Berkeley Retirement Income Benefit Plan

There was no required contribution calculation for FY 2020.

Schedule of Investment Returns

Year ending June 30	2014	2015	2016	2017	2019	2020
Annual money-weighted rate of return on investments	6.53%	2.55%	3.94%	3.71%	3.33%	.84%

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	2015 ⁽¹⁾	2016	2017	2018	2019	2020
Total pension liability						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	218,441	205,818	110,849	106,968	84,747	55,273
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	518,607	-	418,546	(112,533)	(100,070)	365,385
Change of assumptions	-	38,147	(225,811)	7,477	18,332	46,258
Benefit payments, including refunds of employee contributions	(1,003,620)	(1,001,957)	(832,203)	(752,108)	(625,486)	(566,995)
Net change in total pension liability	(266,572)	(757,992)	(528,619)	(750,196)	(622,477)	(100,079)
Total pension liability - beginning	5,094,747	4,828,175	3,764,006	3,235,387	2,485,191	1,862,714
Total pension liability - ending (a)	\$ 4,828,175	\$ 4,070,183	\$ 3,235,387	\$ 2,485,191	\$ 1,862,714	\$ 1,762,635
Plan fiduciary net position						
Contributions - employer	\$ 568,620	\$ 604,755	\$ 513,316	\$ 454,108	\$ 525,486	\$ 566,995
Contributions - employee	-	-	-	-	-	-
Net investment income	124,010	96,509	43,310	17,690	3,066	-
Benefit payments, including refunds of employee contributions	(1,003,620)	(1,001,957)	(832,203)	(752,108)	(625,486)	(566,995)
Administrative expenses	-	-	(10,113)	(10,113)	-	-
Net change in fiduciary net position	(310,990)	(300,693)	(285,690)	(290,423)	(96,934)	-
Plan fiduciary net position - beginning	1,564,995	1,254,005	662,934	377,244	96,934	-
Plan fiduciary net position - ending (b)	\$ 1,254,005	\$ 953,312	\$ 377,244	\$ 96,934	\$ -	\$ -
Plan net position liability/(asset) - ending (a) - (b)	\$ 3,574,170	\$ 3,116,871	\$ 2,858,143	\$ 2,388,257	\$ 1,862,714	\$ 1,762,635
Plan fiduciary net position as a percentage of the total pension liability	25.97%	23.42%	11.66%	3.90%	0.00%	0.00%
Covered-employee 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

(1) 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	20197	2018	2019	2020
Annual money-weighted rate of return on investments	6.53%	2.55%	3.94%	3.94%	3.71%	3.33%	N/A

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 RETIREE HEALTH PLANS

A. Berkeley Fire Employees Retiree Health Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

Measurement Period	2017 ⁽¹⁾	2018	2019	2020
Total OPEB liability				
Service cost	\$ 1,139,553	\$ 1,096,067	\$ 1,168,001	\$ 1,342,365
Interest cost	1,016,737	1,102,679	1,101,475	1,156,748
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	(696,670)	(240,242)	(5,001,736)
Changes of assumptions	(1,120,587)	(1,018,507)	1,769,199	5,330,768
Benefit payments	(435,736)	(409,061)	(325,861)	(634,761)
Net change in total OPEB liability	599,967	74,508	3,472,572	2,193,384
Total OPEB liability - beginning	26,782,318	27,382,285	27,456,793	30,929,365
Total OPEB liability - ending	<u>\$ 27,382,285</u>	<u>\$ 27,456,793</u>	<u>\$ 30,929,365</u>	<u>\$ 33,122,749</u>
Plan fiduciary net position				
Contributions - employer	\$ 862,969	\$ 737,933	\$ 759,000	\$ 742,397
Contributions - employee	-	-	-	-
Net investment income	52,551	38,661	662,448	545,553
Benefit payments and refunds	(435,736)	(409,061)	(325,861)	(634,761)
Administrative expenses	(25,329)	(14,233)	(4,945)	(3,979)
Other changes	-	-	-	-
Net changes	454,455	353,300	1,090,642	649,210
Plan fiduciary net position - beginning	9,397,656	9,852,111	10,205,411	11,296,053
Plan fiduciary net position - ending	<u>\$ 9,852,111</u>	<u>\$ 10,205,411</u>	<u>\$ 11,296,053</u>	<u>\$ 11,945,263</u>
Plan net OPEB liability/(asset)	\$ 17,530,174	\$ 17,251,382	\$ 19,633,312	\$ 21,177,486
Fiduciary net position as a percentage of the total OPEB liability	36.0%	37.2%	36.5%	36.1%
Covered-employee payroll	\$ 15,139,847	\$ 15,614,466	\$ 15,667,851	\$ 15,307,269 ⁽²⁾
Net OPEB liability as a percentage of covered-employee payroll	115.80%	110.50%	125.31%	138.35%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 75 is applicable.

⁽²⁾ 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 ⁽¹⁾	2018	2019	2020
Actuarially determined contribution (ADC)	\$ 1,991,925	\$ 2,163,028	\$ 2,326,493	\$ 2,104,622
Contributions in relations to the actuarially determined contribution	862,969	737,933	759,000	742,397
Contribution deficiency/(excess)	\$ 1,128,956	\$ 1,425,095	\$ 1,567,493	\$ 1,362,225
Covered-employee payroll	\$ 15,139,847	\$ 15,614,466	\$ 15,667,851	\$ 15,307,269
Contributions as a percentage of covered employee payroll	5.7%	4.7%	4.8%	4.8%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 75 is applicable.

Notes to Schedule of Employer Contributions

Valuation date	July 1, 2019
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-7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare-6.3% for 2021, 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-19

B. Berkeley Miscellaneous Employees Retiree Health Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

Measurement Period	2017 ⁽¹⁾	2018	2019	2020
Total OPEB liability				
Service cost	\$ 3,158,691	\$ 2,758,915	\$ 2,722,025	\$ 3,179,095
Interest cost	2,037,274	2,347,169	2,384,553	2,431,913
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	(1,080,363)	(632,496)	(1,851,097)
Changes of assumptions	(6,804,556)	(5,371,861)	2,729,815	22,060,044
Benefit payments	(736,196)	(927,645)	(984,708)	(1,328,358)
Net change in total OPEB liability	(2,344,787)	(2,273,785)	6,219,189	24,491,597
Total OPEB liability - beginning	64,005,272	61,660,475	59,386,690	65,605,879
Total OPEB liability - ending	\$61,660,475	\$59,386,690	\$65,605,879	\$90,097,476
Plan fiduciary net position				
Contributions - employer	\$ 3,352,941	\$ 2,000,393	\$ 2,003,621	\$ 2,193,113
Contributions - employee	-	-	-	-
Net investment income	212,183	393,160	2,233,680	217,442
Benefit payments and refunds	(735,196)	(927,645)	(984,708)	(1,328,358)
Administrative expenses	(64,386)	(69,263)	(37,536)	(30,346)
Other changes	-	-	-	-
Net changes	2,764,542	1,396,649	3,215,057	1,051,851
Plan fiduciary net position - beginning	20,995,355	23,774,427	25,171,076	28,386,133
Plan fiduciary net position - ending	\$23,759,897	\$25,171,076	\$28,386,133	\$29,437,984
Plan OPEB net liability/(asset)	\$37,900,578	\$34,215,614	\$37,219,746	\$60,659,492
Fiduciary net position as a percentage of the total OPEB liability	38.50%	42.40%	43.27%	32.67%
Covered-employee payroll	\$84,216,839	\$90,333,251	\$91,491,386	\$94,774,757 ⁽²⁾
Net OPEB liability as a percentage of covered employee payroll	45.00%	37.90%	40.68%	64.00%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 75 is applicable.

⁽²⁾ 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 ⁽¹⁾	2018	2019	2020
Actuarially determined contribution (ADC)	\$ 4,610,828	\$ 4,729,448	\$ 5,051,655	\$ 5,534,572
Contributions in relations to the actuarially determined contribution	3,352,941	2,000,397	2,003,621	2,193,113
Contribution deficiency/(excess)	\$ 7,963,769	\$ 6,729,845	\$ 3,048,034	\$ 3,341,459
Covered-employee payroll	\$84,216,839	\$90,333,251	\$91,491,386	\$96,774,757
Contributions as a percentage of covered-employee payroll	4.0%	2.2%	2.2%	2.3%

⁽¹⁾ 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, 2019
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-7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare- 6.3% for 2021, 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-19

C. POLICE RETIREE PREMIUM ASSISTANCE PLAN

Schedule of Changes in Net OPEB Liability and Related Ratios

Measurement Period	2017 ⁽¹⁾	2018	2019	2020
Total OPEB liability				
Service cost	\$ 3,710,498	\$ 3,023,242	\$ 2,629,121	\$ 2,923,570
Interest cost	1,556,852	1,800,859	1,779,243	1,803,350
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(8,663,806)	(2,849,858)	(3,609,918)	(6,089,186)
Changes of assumptions	-	(5,544,476)	4,668,732	12,709,723
Benefit payments	(150,908)	(226,007)	(221,190)	(203,998)
Net change in total OPEB liability	(3,547,364)	(3,796,240)	5,245,988	11,143,459
Total OPEB liability - beginning	50,800,336	47,252,972	43,456,732	48,702,720
Total OPEB liability - ending	\$ 47,252,972	\$ 43,456,732	\$ 48,702,720	\$ 59,846,179
Plan fiduciary net position				
Contributions - employee	\$ 562,995	\$ 295,743	\$ 400,137	\$ 400,136
Net investment income	-	-	-	-
Contributions - employer	(9,698)	(5,508)	468,950	(267,637)
Benefit payments and refunds	(150,908)	(226,007)	(221,190)	(203,998)
Administrative expenses	(12,167)	(4,209)	(1,886)	(4,871)
Other changes	-	-	-	-
Net changes	390,222	60,019	646,011	(76,370)
Plan fiduciary net position - beginning	1,353,903	1,744,125	1,804,144	2,450,155
Plan fiduciary net position - ending	\$ 1,744,125	\$ 1,804,144	\$ 2,450,155	\$ 2,373,785
Plan net OPEB liability/(asset)	\$ 45,508,847	\$ 41,652,588	\$ 46,252,565	\$ 57,472,394
Fiduciary net position as a percentage of the total OPEB liability	3.7%	4.2%	5.0%	4.0%
Covered-employee payroll	\$ 20,303,490	\$ 19,473,765	\$ 18,760,962	\$ 20,695,223 ⁽²⁾
Net OPEB liability as a percentage of covered-employee payroll	224.1%	213.9%	246.5%	277.7%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 75 is applicable.

⁽²⁾ 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 ⁽¹⁾	2018	2019	2020
Actuarially determined contribution (ADC)	\$ 5,105,429	\$ 4,929,429	\$ 5,155,293	\$ 4,432,549
Contributions in relations to the actuarially determined contribution	562,995	295,743	400,137	400,136
Contribution deficiency/(excess)	\$ 4,542,434	\$ 4,633,686	\$ 4,755,156	\$ 4,032,413
Covered-employee payroll	\$ 20,303,490	\$ 19,473,765	\$ 18,760,962	\$ 20,695,223
Contributions as a percentage of covered-employee payroll	2.77%	1.52%	2.13%	1.93%

⁽¹⁾ 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

⁽²⁾ Estimated

Notes to Schedule of Employer Contributions

Valuation date	July 1, 2019
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	3.60%
Inflation	2.75%
Medical trend	Non-Medicare-7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare- 6.3% for 2021, 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-19



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Combining Financial Statements and Schedules

COMPREHENSIVE ANNUAL FINANCIAL REPORT / CITY OF BERKELEY, CALIFORNIA



UNIVERSITY of CALIFORNIA
**BOTANICAL
GARDEN**



**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Fund
For the Fiscal Year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	-
Charges for service	5,600	-	5,000	5,000
Rents and royalties	-	-	-	-
Investment income	28,918	-	14,252	14,252
Miscellaneous	24,749	4,277	-	(4,277)
Total revenues	<u>59,267</u>	<u>4,277</u>	<u>19,252</u>	<u>14,975</u>
Expenditures:				
Current:				
General government	588,640	644,588	103,863	540,725
Community development and housing	1,161,801	3,839,977	1,464,819	2,375,158
Economic development	6,642	86,266	-	86,266
Capital outlay:				
Highway and streets	2,922,124	9,398,403	6,144,399	3,254,004
Culture-recreation	1,534,078	1,800,402	1,001,383	799,019
Total expenditures	<u>6,213,285</u>	<u>15,769,636</u>	<u>8,714,464</u>	<u>7,055,172</u>
Revenues over/(under) expenditures	<u>(6,154,018)</u>	<u>(15,765,359)</u>	<u>(8,695,212)</u>	<u>7,070,147</u>
Other financing sources/(uses)				
Transfers in	-	11,225,592	9,597,784	(1,627,808)
Transfers out	(143,567)	(2,073,036)	(1,673,262)	399,774
Total other financing sources/(uses)	<u>(143,567)</u>	<u>9,152,556</u>	<u>7,924,522</u>	<u>(1,228,034)</u>
Net change in fund balance	(6,297,585)	(6,612,803)	(770,690)	5,842,113
Fund balance, July 1, 2019	15,011,606	15,011,606	15,011,606	-
Fund balance, June 30, 2020	<u>8,714,021</u>	<u>8,398,803</u>	<u>14,240,916</u>	<u>5,842,113</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (770,690)
Receivable accrual	-
Notes receivable accrual	-
Payable accrual	(655,729)
Net change in fund balances - GAAP basis	<u>\$ (1,426,419)</u>

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 **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 **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 **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 **Legacy fund** accounts for balances in inactive funds.

The **Miles Lab Fund** is used to provide job training for Berkeley residents.

The **Employee Training Fund** is used to provide training to city employees.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds, continued

The **UC Settlement Fund** established to account for agreed upon expenses to be shared between City of Berkeley and University of California, Berkeley.

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 **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.

The **PERS Savings Fund** accounts for monies accumulated to assist City pay for its pension and OPEB liabilities.

NONMAJOR GOVERNMENTAL FUNDS

Capital Project Funds

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 **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.

The **Measure O Housing Bond Fund** accounts for the expenditure of the bond proceeds for the Measure O Affordable Housing General Obligation Bonds, Series 2020.

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds

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.

The ***Measure O Housing Bond Fund*** will be used to receive monies to make interest and principal payments on the Measure O Affordable Housing General Obligation Bonds, Series 2020.

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds			
	Asset Forfeiture	Special Tax for Disabled	Workforce Investment Act	Community Workforce
Assets				
Cash and investments in treasury	\$ -	\$ -	\$ -	\$ 10,074
Restricted cash and investments	695,726	186,519	30,818	-
Receivables (net of allowance where applicable):				
Accounts receivable	-	317	-	-
Interest receivable	-	-	-	-
Taxes receivable	-	7,935	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>695,726</u>	<u>194,771</u>	<u>30,818</u>	<u>10,074</u>
Liabilities				
Accounts payable	458	-	-	-
Accrued salaries and wages	-	964	-	-
Advances from other funds	-	-	-	-
Due to other funds	341,562	-	-	-
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	<u>342,020</u>	<u>964</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue	-	317	-	-
Total deferred inflows of resources	<u>-</u>	<u>317</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	353,706	193,490	30,818	-
Committed	-	-	-	10,074
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>353,706</u>	<u>193,490</u>	<u>30,818</u>	<u>10,074</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 695,726</u>	<u>\$ 194,771</u>	<u>\$ 30,818</u>	<u>\$ 10,074</u>

Special Revenue Funds

Sec 108 Hud Loan Grant Assistance	Fund Raising Activities	California Housing Finance Agency	Gilman Sport Field	Gilman Fields Reserve	Animal Shelter
\$ -	\$ 244,594	\$ -	\$ 96,620	\$ 465,696	\$ 59,533
1,250,742	-	111,418	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,754,108	-	82,401	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,004,850	244,594	193,819	96,620	465,696	59,533
-	3,223	-	38,158	-	3,789
-	732	-	-	-	-
-	-	-	-	-	-
25,494	-	-	-	-	-
60,000	-	-	-	-	-
-	-	-	-	-	2,573
-	-	-	-	-	-
85,494	3,955	-	38,158	-	6,362
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,919,356	-	193,819	-	-	-
-	240,639	-	58,462	465,696	53,171
-	-	-	-	-	-
5,919,356	240,639	193,819	58,462	465,696	53,171
\$ 6,004,850	\$ 244,594	\$ 193,819	\$ 96,620	\$ 465,696	\$ 59,533

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds			
	Paramedic Assessment District	California Energy Commission	Tieback Mitigation R-O-W	Domestic Violence Prevention Vital Statistics
Assets				
Cash and investments in treasury	\$ -	\$ -	\$ 822,079	\$ 20,059
Restricted cash and investments	-	-	-	-
Receivables (net of allowance where applicable):				
Accounts receivable	766	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	19,061	-	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>19,827</u>	<u>-</u>	<u>822,079</u>	<u>20,059</u>
Liabilities				
Accounts payable	538	-	-	637
Accrued salaries and wages	154,381	-	-	-
Advances from other funds	-	-	-	-
Due to other funds	242,855	87	-	-
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	<u>397,774</u>	<u>87</u>	<u>-</u>	<u>637</u>
Deferred Inflows of Resources				
Unavailable revenue	766	-	-	-
Total deferred inflows of resources	<u>766</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	822,079	19,422
Assigned	-	-	-	-
Unassigned	(378,713)	(87)	-	-
Total fund balances	<u>(378,713)</u>	<u>(87)</u>	<u>822,079</u>	<u>19,422</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,827</u>	<u>\$ -</u>	<u>\$ 822,079</u>	<u>\$ 20,059</u>

Special Revenue Funds

Affordable Housing Mitigation Fee	Affordable Child Care	Inclusionary Housing Program	Condo Conversion Program	Parking In-Lieu Fee	Playground Camp
\$ 8,886,418	\$ 205,734	\$ 1,047,900	\$ 1,514,652	\$ 727,010	\$ 19,589,034
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,169,679
-	-	-	-	-	-
3,607,154	-	914,210	1,351,481	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,493,572</u>	<u>205,734</u>	<u>1,962,110</u>	<u>2,866,133</u>	<u>727,010</u>	<u>20,758,713</u>
-	-	-	-	-	2,272,866
330	-	7,010	998	-	49,359
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	239
<u>330</u>	<u>-</u>	<u>7,010</u>	<u>998</u>	<u>-</u>	<u>2,322,464</u>
-	-	-	-	-	1,169,679
-	-	-	-	-	1,169,679
-	-	-	-	-	-
-	-	-	-	-	-
12,493,242	205,734	1,955,100	2,865,135	727,010	17,266,570
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,493,242</u>	<u>205,734</u>	<u>1,955,100</u>	<u>2,865,135</u>	<u>727,010</u>	<u>17,266,570</u>
\$ <u>12,493,572</u>	\$ <u>205,734</u>	\$ <u>1,962,110</u>	\$ <u>2,866,133</u>	\$ <u>727,010</u>	\$ <u>20,758,713</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds			
	State Proposition 172	Traffic Congestion Relief	State Transportation Tax	CDBG
Assets				
Cash and investments in treasury	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	1,286,595	-	5,112,752	-
Receivables (net of allowance where applicable):				
Accounts receivable	-	-	364,393	2,500
Interest receivable	-	-	-	119,063
Taxes receivable	62,770	-	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	1,122,516
Due from other funds	-	-	-	45,207
Notes receivable	-	-	-	7,002,811
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
Total assets	1,349,365	-	5,477,145	8,292,097
Liabilities				
Accounts payable	62,217	-	165,048	134,237
Accrued salaries and wages	-	-	83,517	66,649
Advances from other funds	-	-	-	-
Due to other funds	-	-	-	1,021,133
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	62,217	-	248,565	1,222,019
Deferred Inflows of Resources				
Unavailable revenue	-	-	38,210	1,331,247
Total deferred inflows of resources	-	-	38,210	1,331,247
Fund Balances				
Nonspendable	-	-	-	-
Restricted	1,287,148	-	5,190,370	5,738,831
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,287,148	-	5,190,370	5,738,831
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,349,365	\$ -	\$ 5,477,145	\$ 8,292,097

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
\$ 1,592,579	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,806,856	558,612	148,532	1,163,707	7,619,831
407,388	25,000	-	-	-	-
-	-	-	-	-	-
1,261	551,383	66,356	52,035	-	517,800
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,001,228</u>	<u>3,383,239</u>	<u>624,968</u>	<u>200,567</u>	<u>1,163,707</u>	<u>8,137,631</u>
971	151,700	15,212	450	27,870	1,134,026
62,221	92,950	8,123	5,253	11,680	2,528
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>63,192</u>	<u>244,650</u>	<u>23,335</u>	<u>5,703</u>	<u>39,550</u>	<u>1,136,554</u>
407,388	25,000	-	-	-	-
<u>407,388</u>	<u>25,000</u>	-	-	-	-
-	-	-	-	-	-
-	3,113,589	601,633	194,864	1,124,157	7,001,077
1,530,648	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,530,648</u>	<u>3,113,589</u>	<u>601,633</u>	<u>194,864</u>	<u>1,124,157</u>	<u>7,001,077</u>
\$ <u>2,001,228</u>	\$ <u>3,383,239</u>	\$ <u>624,968</u>	\$ <u>200,567</u>	\$ <u>1,163,707</u>	\$ <u>8,137,631</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds			
	Measure BB: Bike and Pedestrian	Measure BB: Paratransit	Shelter Operations	One Time Funding
Assets				
Cash and investments in treasury	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	828,751	437,197	82,226	1,137,954
Receivables (net of allowance where applicable):				
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	54,065	52,825	-	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
Total assets	882,816	490,022	82,226	1,137,954
Liabilities				
Accounts payable	41,330	4,000	-	-
Accrued salaries and wages	4,424	1,275	-	-
Advances from other funds	-	-	-	-
Due to other funds	-	-	-	-
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	45,754	5,275	-	-
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	837,062	484,747	82,226	1,137,954
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	837,062	484,747	82,226	1,137,954
Total liabilities, deferred inflows of resources, and fund balances	\$ 882,816	\$ 490,022	\$ 82,226	\$ 1,137,954

Special Revenue Funds

Park Tax	Street and Open Space Improvement	Measure GG: Fire Preparation Tax	1st Response Advanced Life Support (ALSFR)	Street Lighting
\$ -	\$ -	\$ -	\$ -	\$ -
7,802,047	1,575,494	3,086,802	-	2,050,211
6,637	-	32,678	-	19,789
-	-	-	-	-
83,675	-	-	-	11,485
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>7,892,359</u>	<u>1,575,494</u>	<u>3,119,480</u>	<u>-</u>	<u>2,081,485</u>
1,126,902	480,420	80,034	-	358,502
503,024	-	288,454	-	15,459
-	-	-	-	-
-	-	-	5,998	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,629,926</u>	<u>480,420</u>	<u>368,488</u>	<u>5,998</u>	<u>373,961</u>
6,949	-	1,559	-	20,776
<u>6,949</u>	<u>-</u>	<u>1,559</u>	<u>-</u>	<u>20,776</u>
-	-	-	-	-
6,255,484	1,095,074	2,749,433	(5,998)	1,686,748
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>6,255,484</u>	<u>1,095,074</u>	<u>2,749,433</u>	<u>(5,998)</u>	<u>1,686,748</u>
\$ <u>7,892,359</u>	\$ <u>1,575,494</u>	\$ <u>3,119,480</u>	\$ <u>-</u>	\$ <u>2,081,485</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Business Economic Development	Citywide RLF	Legacy Fund
Assets			
Cash and investments in treasury	\$ -	\$ 590,803	\$ 76,592
Restricted cash and investments	358,657	-	-
Receivables (net of allowance where applicable):			
Accounts receivable	-	-	-
Interest receivable	-	-	-
Taxes receivable	-	-	-
Special assessments	-	-	-
Subventions/grants	-	-	-
Due from other funds	-	-	-
Notes receivable	654,737	199,556	-
Other	-	-	-
Property held for resale	-	-	-
Prepaid items	-	-	-
Total assets	1,013,394	790,359	76,592
Liabilities			
Accounts payable	883	-	255
Accrued salaries and wages	-	-	-
Advances from other funds	-	-	-
Due to other funds	209,317	-	-
Deposits held	-	-	-
Unearned revenues	-	-	-
Taxes and revenue anticipation note	-	-	-
Other liabilities	-	-	-
Total liabilities	210,200	-	255
Deferred Inflows of Resources			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Nonspendable	-	-	-
Restricted	803,194	-	-
Committed	-	790,359	76,337
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	803,194	790,359	76,337
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,013,394	\$ 790,359	\$ 76,592

Special Revenue Funds

Miles Lab	Employee Training	UC Settlement	Private Percent-Art Fund	Private Party Sidewalks	Public Art
\$ 233,126	\$ 79,037	\$ 462,503	\$ 872,420	\$ 358,540	\$ -
-	-	-	-	-	55,910
-	-	-	-	8,994	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
233,126	79,037	462,503	872,420	367,534	55,910
7,214	-	1,202	3,342	3,815	1,000
363	19,087	300	981	-	2,201
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,577	19,087	1,502	4,323	3,815	3,201
-	-	-	-	8,994	-
-	-	-	-	8,994	-
-	-	-	-	-	-
-	-	-	-	-	52,709
225,549	59,950	461,001	868,097	354,725	-
-	-	-	-	-	-
-	-	-	-	-	-
225,549	59,950	461,001	868,097	354,725	52,709
\$ 233,126	\$ 79,037	\$ 462,503	\$ 872,420	\$ 367,534	\$ 55,910

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds			
	Lillie B. Wall Memorial	Vital and Health Statistic	East Bay Public Utilities Commission	PERS Savings
Assets				
Cash and investments in treasury	\$ -	\$ 260,662	\$ -	\$ 10,590,217
Restricted cash and investments	12,918	-	3,774	-
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	-	-	-	-
Total assets	<u>12,918</u>	<u>260,662</u>	<u>3,774</u>	<u>10,590,217</u>
Liabilities				
Accounts payable	-	47	-	-
Accrued salaries and wages	-	-	-	-
Advances from other funds	-	-	-	-
Due to other funds	-	-	-	-
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>47</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	12,918	-	3,774	10,590,217
Committed	-	260,615	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>12,918</u>	<u>260,615</u>	<u>3,774</u>	<u>10,590,217</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,918</u>	<u>\$ 260,662</u>	<u>\$ 3,774</u>	<u>\$ 10,590,217</u>

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	\$ -	\$ -	\$ -	\$ -	\$ 5,585
-	2,800,348	209,054	6,042,643	1,022,824	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	41,287	-	100,212	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>76,242</u>	<u>2,841,635</u>	<u>209,054</u>	<u>6,142,855</u>	<u>1,022,824</u>	<u>5,585</u>
-	-	-	440,459	9,339	-
-	24,932	14,329	22,738	1,858	-
-	-	-	-	-	-
76,242	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>76,242</u>	<u>24,932</u>	<u>14,329</u>	<u>463,197</u>	<u>11,197</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,816,703	194,725	5,679,658	1,011,627	-
-	-	-	-	-	5,585
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>2,816,703</u>	<u>194,725</u>	<u>5,679,658</u>	<u>1,011,627</u>	<u>5,585</u>
\$ <u>76,242</u>	\$ <u>2,841,635</u>	\$ <u>209,054</u>	\$ <u>6,142,855</u>	\$ <u>1,022,824</u>	\$ <u>5,585</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>
	<u>Alameda County Abandoned Vehicle Abatement Authority</u>	<u>Total Special Revenue Funds</u>	<u>Infrastructure & Facilities Measure T1</u>
Assets			
Cash and investments in treasury	\$ -	\$ 48,887,709	\$ -
Restricted cash and investments	183,115	48,662,033	20,467,524
Receivables (net of allowance where applicable):			
Accounts receivable	-	868,462	-
Interest receivable	-	119,063	-
Taxes receivable	-	1,480,651	-
Special assessments	-	-	-
Subventions/grants	-	2,433,694	-
Due from other funds	-	45,207	-
Notes receivable	-	18,566,458	-
Other	-	-	-
Property held for resale	-	-	-
Prepaid items	-	-	-
Total assets	<u>183,115</u>	<u>121,063,277</u>	<u>20,467,524</u>
Liabilities			
Accounts payable	29	6,570,173	3,566,715
Accrued salaries and wages	1,290	1,447,410	66,056
Advances from other funds	-	-	-
Due to other funds	-	1,846,446	-
Deposits held	-	136,242	-
Unearned revenues	-	2,573	-
Taxes and revenue anticipation note	-	-	-
Other liabilities	-	239	-
Total liabilities	<u>1,319</u>	<u>10,003,083</u>	<u>3,632,771</u>
Deferred Inflows of Resources			
Unavailable revenue	1,656	3,012,541	-
Total deferred inflows of resources	<u>1,656</u>	<u>3,012,541</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	180,140	66,611,253	16,834,753
Committed	-	41,815,200	-
Assigned	-	-	-
Unassigned	-	(378,800)	-
Total fund balances	<u>180,140</u>	<u>108,047,653</u>	<u>16,834,753</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 183,115</u>	<u>\$ 121,063,277</u>	<u>\$ 20,467,524</u>

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
\$ 464,700	\$ 7,115,364	\$ 1,958,034	\$ -	\$ -	\$ -	\$ 86,983
-	-	-	58	1,177,628	6,103	-
-	-	-	-	-	-	-
-	-	37,964	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
464,700	7,115,364	1,995,998	58	1,177,628	6,103	86,983
-	434,580	-	-	187,416	-	-
-	69,324	-	-	5,204	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	503,904	-	-	192,620	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	58	985,008	6,103	-
464,700	6,611,460	1,995,998	-	-	-	86,983
-	-	-	-	-	-	-
-	-	-	-	-	-	-
464,700	6,611,460	1,995,998	58	985,008	6,103	86,983
\$ 464,700	\$ 7,115,364	\$ 1,995,998	\$ 58	\$ 1,177,628	\$ 6,103	\$ 86,983

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Capital Project Funds		
	Park Acquisition Development	Income Housing Fund: West Berkeley Improvement Project	Income Housing Fund: Savo Island Project
Assets			
Cash and investments in treasury	\$ 33,100	\$ -	\$ -
Restricted cash and investments	-	66,834	-
Receivables (net of allowance where applicable):			
Accounts receivable	2,250	-	-
Interest receivable	-	453,992	-
Taxes receivable	-	-	-
Special assessments	-	-	-
Subventions/grants	-	-	-
Due from other funds	-	-	-
Notes receivable	-	2,266,264	441,140
Other	-	-	-
Property held for resale	-	713,313	-
Prepaid items	-	-	-
Total assets	35,350	3,500,403	441,140
Liabilities			
Accounts payable	-	119,064	-
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	-	-	-
Total liabilities	-	164,271	-
Deferred Inflows of Resources			
Unavailable revenue	2,250	334,929	-
Total deferred inflows of resources	2,250	334,929	-
Fund Balances			
Nonspendable	-	-	-
Restricted	-	3,001,203	441,140
Committed	33,100	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	33,100	3,001,203	441,140
Total liabilities, deferred inflows of resources, and fund balances	\$ 35,350	\$ 3,500,403	\$ 441,140

Capital Project Funds		Debt Service Funds				
Measure O Housing Bond	Total Capital Project Funds	Pension Refunding Bonds	09 Measure FF Library	GO 2015 Refunding Bonds for GO 2007 Refunding Bonds		Berkeley Repertory Theatre
\$ -	\$ 9,658,181	\$ -	\$ -	\$ -	\$ -	\$ -
37,311,220	59,029,367	128,660	1,249,566	2,412,002		349
-	2,250	-	-	-	-	-
-	453,992	-	-	-	-	-
-	37,964	-	12,140	22,337	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,707,404	-	-	-	-	-
-	-	-	-	-	-	-
-	713,313	-	-	-	-	-
-	-	-	-	-	-	-
<u>37,311,220</u>	<u>72,602,471</u>	<u>128,660</u>	<u>1,261,706</u>	<u>2,434,339</u>		<u>349</u>
-	4,307,775	-	-	-	-	-
-	140,584	-	-	-	-	-
-	-	-	-	-	-	-
-	45,207	-	-	-	-	7,500
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,493,566	-	-	-	-	7,500
-	337,179	-	-	-	-	-
-	337,179	-	-	-	-	-
-	-	-	-	-	-	-
37,311,220	58,579,485	128,660	1,261,706	2,434,339		-
-	9,192,241	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(7,151)
<u>37,311,220</u>	<u>67,771,726</u>	<u>128,660</u>	<u>1,261,706</u>	<u>2,434,339</u>		<u>(7,151)</u>
\$ 37,311,220	\$ 72,602,471	\$ 128,660	\$ 1,261,706	\$ 2,434,339		\$ 349

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	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
Assets				
Cash and investments in treasury	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	1,308,660	459,207	496,241	414,577
Receivables (net of allowance where applicable):				
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Taxes receivable	4,047	1,619	5,180	-
Special assessments	-	-	-	-
Subventions/grants	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
Other	-	-	-	-
Property held for resale	-	-	-	-
Prepaid items	-	-	-	-
Total assets	1,312,707	460,826	501,421	414,577
Liabilities				
Accounts payable	-	-	-	-
Accrued salaries and wages	-	-	-	-
Advances from other funds	-	-	-	-
Due to other funds	-	-	-	9,812
Deposits held	-	-	-	-
Unearned revenues	-	-	-	-
Taxes and revenue anticipation note	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	-	-	-	9,812
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Nonspendable				
Restricted	1,312,707	460,826	501,421	404,765
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,312,707	460,826	501,421	404,765
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,312,707	\$ 460,826	\$ 501,421	\$ 414,577

Debt Service Funds

GO 2014				
Measure M Street and Watershed Improvement	Infrastructure & Facilities Measure T1	Measure O Housing Bond	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 58,545,890
2,017,253	1,745,073	2,302,012	12,533,600	120,225,000
-	-	10,035	10,035	880,747
-	-	-	-	573,055
10,521	14,891	-	70,735	1,589,350
-	-	-	-	-
-	-	-	-	2,433,694
-	-	-	-	45,207
-	-	-	-	21,273,862
-	-	-	-	-
-	-	-	-	713,313
-	-	-	-	-
<u>2,027,774</u>	<u>1,759,964</u>	<u>2,312,047</u>	<u>12,614,370</u>	<u>206,280,118</u>
-	-	-	-	10,877,948
-	-	-	-	1,587,994
-	-	-	-	-
-	-	-	17,312	1,908,965
-	-	-	-	136,242
-	-	-	-	2,573
-	-	-	-	-
-	-	-	-	239
-	-	-	17,312	14,513,961
-	-	-	-	3,349,720
-	-	-	-	3,349,720
2,027,774	1,759,964	2,312,047	12,604,209	137,794,947
-	-	-	-	51,007,441
-	-	-	-	-
-	-	-	(7,151)	(385,951)
<u>2,027,774</u>	<u>1,759,964</u>	<u>2,312,047</u>	<u>12,597,058</u>	<u>188,416,437</u>
\$ 2,027,774	\$ 1,759,964	\$ 2,312,047	\$ 12,614,370	\$ 206,280,118

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Fund
For the year ended June 30, 2020**

	Special Revenue Funds			
	Asset Forfeiture	Special Tax for Disabled	Workforce Investment Act	Community Workforce
Revenues:				
Taxes	\$ -	\$ 1,315,744	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	-	-	-
Fines and penalties	81,114	-	-	-
Rents and royalties	-	-	-	-
Franchise	-	-	-	-
Private contributions and donations	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Insurance Reimbursement	-	-	-	-
Total revenues	81,114	1,315,744	-	-
Expenditures:				
Current:				
General government	-	18,977	-	-
Public safety	69,751	-	-	-
Highway and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture-recreation	-	-	-	-
Community development and housing	-	1,297,768	24,338	-
Economic development	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital outlay:				
Highway and streets	-	-	-	-
Community development and housing	-	-	-	-
Total expenditures	69,751	1,316,745	24,338	-
Revenues over/(under) expenditures	11,363	(1,001)	(24,338)	-
Other financing sources/(uses)				
Transfers in	-	-	43,443	-
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Face value of refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on bond issued	-	-	-	-
Total other financing sources/(uses)	-	-	43,443	-
Net change in fund balance	11,363	(1,001)	19,105	-
Fund balance, July 1, 2019	342,343	194,491	11,713	10,074
Fund balance, June 30, 2020	\$ 353,706	\$ 193,490	\$ 30,818	\$ 10,074

Special Revenue Funds

Sec 108 Hud Loan Grant Assistance	Fund Raising Activities	California Housing Finance Agency	Gilman Sport Field	Gilman Fields Reserve	Animal Shelter
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	3,691
-	-	-	212,064	60,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	67,124	-	-	-	31,084
191,161	-	2,700	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>191,161</u>	<u>67,124</u>	<u>2,700</u>	<u>212,064</u>	<u>60,000</u>	<u>34,775</u>
-	-	-	-	-	30,764
-	-	-	-	-	-
-	12,583	-	-	-	-
-	-	-	225,369	2,694	-
-	38,046	-	-	-	-
580	-	-	-	-	-
388,000	-	-	-	-	-
158,678	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>547,258</u>	<u>50,629</u>	<u>-</u>	<u>225,369</u>	<u>2,694</u>	<u>30,764</u>
<u>(356,097)</u>	<u>16,495</u>	<u>2,700</u>	<u>(13,305)</u>	<u>57,306</u>	<u>4,011</u>
-	-	-	-	180,000	-
-	-	-	(150,000)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(150,000)	180,000	-
<u>(356,097)</u>	<u>16,495</u>	<u>2,700</u>	<u>(163,305)</u>	<u>237,306</u>	<u>4,011</u>
<u>6,275,453</u>	<u>224,144</u>	<u>191,119</u>	<u>221,767</u>	<u>228,390</u>	<u>49,160</u>
<u>\$ 5,919,356</u>	<u>\$ 240,639</u>	<u>\$ 193,819</u>	<u>\$ 58,462</u>	<u>\$ 465,696</u>	<u>\$ 53,171</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Fund
For the year ended June 30, 2020**

	Special Revenue Funds			
	Paramedic Assessment District	California Energy Commission	Tieback Mitigation R-O-W	Domestic Violence Prevention Vital Statistics
Revenues:				
Taxes	\$ 3,156,873	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	10,308	-	-	19,498
Fines and penalties	-	-	-	-
Rents and royalties	-	-	-	-
Franchise	-	-	-	-
Private contributions and donations	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Insurance Reimbursement	-	-	-	-
Total revenues	<u>3,167,181</u>	<u>-</u>	<u>-</u>	<u>19,498</u>
Expenditures:				
Current:				
General government	18,977	-	-	-
Public safety	4,047,286	-	-	-
Highway and streets	-	-	-	-
Health and welfare	-	-	-	17,270
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	<u>4,066,263</u>	<u>-</u>	<u>-</u>	<u>17,270</u>
Revenues over/(under) expenditures	<u>(899,082)</u>	<u>-</u>	<u>-</u>	<u>2,228</u>
Other financing sources/(uses)				
Transfers in	670,158	-	-	-
Transfers out	(10,712)	-	-	-
Debt proceeds	-	-	-	-
Face value of refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on bond issued	-	-	-	-
Total other financing sources/(uses)	<u>659,446</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(239,636)</u>	<u>-</u>	<u>-</u>	<u>2,228</u>
Fund balance, July 1, 2019	(139,077)	(87)	822,079	17,194
Fund balance, June 30, 2020	<u>\$ (378,713)</u>	<u>\$ (87)</u>	<u>\$ 822,079</u>	<u>\$ 19,422</u>

Special Revenue Funds

Affordable Housing Mitigation Fee	Affordable Child Care	Inclusionary Housing Program	Condo Conversion Program	Parking In-Lieu Fee	Playground Camp
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
4,676,952	8,960	476,668	250,338	645,000	131,674
-	-	-	-	-	-
-	-	-	-	-	10,000
-	-	-	-	-	-
-	-	-	-	-	11,775
-	-	-	-	-	-
-	-	-	-	-	354,845
-	-	-	-	-	3,597,947
<u>4,676,952</u>	<u>8,960</u>	<u>476,668</u>	<u>250,338</u>	<u>645,000</u>	<u>4,106,241</u>
-	-	-	-	-	769
-	-	-	-	-	-
-	-	-	-	-	-
-	13,275	-	-	-	-
-	-	-	-	-	4,498,166
2,330	-	113,143	27,894	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,585,706
<u>2,330</u>	<u>13,275</u>	<u>113,143</u>	<u>27,894</u>	<u>-</u>	<u>7,084,641</u>
<u>4,674,622</u>	<u>(4,315)</u>	<u>363,525</u>	<u>222,444</u>	<u>645,000</u>	<u>(2,978,400)</u>
-	-	-	-	-	-
-	-	-	-	-	(3,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(3,000)
<u>4,674,622</u>	<u>(4,315)</u>	<u>363,525</u>	<u>222,444</u>	<u>645,000</u>	<u>(2,981,400)</u>
<u>7,818,620</u>	<u>210,049</u>	<u>1,591,575</u>	<u>2,642,691</u>	<u>82,010</u>	<u>20,247,970</u>
<u>\$ 12,493,242</u>	<u>\$ 205,734</u>	<u>\$ 1,955,100</u>	<u>\$ 2,865,135</u>	<u>\$ 727,010</u>	<u>\$ 17,266,570</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Fund
For the year ended June 30, 2020**

	Special Revenue Funds			
	State Proposition 172	Traffic Congestion Relief	State Transportation Tax	CDBG
Revenues:				
Taxes	\$ 990,508	\$ -	\$ 4,927,461	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	2,768,989
Charges for service	-	-	46,894	-
Fines and penalties	-	-	-	-
Rents and royalties	-	-	-	526,589
Franchise	-	-	-	-
Private contributions and donations	-	-	-	-
Investment income	-	-	61,465	15,842
Miscellaneous	-	-	-	-
Insurance Reimbursement	-	-	-	-
Total revenues	990,508	-	5,035,820	3,311,420
Expenditures:				
Current:				
General government	22,450	-	421,253	-
Public safety	549,905	-	-	-
Highway and streets	-	-	2,165,010	-
Health and welfare	-	-	-	-
Culture-recreation	-	-	-	-
Community development and housing	-	-	-	3,768,548
Economic development	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital outlay:				
Highway and streets	-	-	2,259,813	-
Community development and housing	-	-	-	-
Total expenditures	572,355	-	4,846,076	3,768,548
Revenues over/(under) expenditures	418,153	-	189,744	(457,128)
Other financing sources/(uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(111,120)	-
Debt proceeds	-	-	-	-
Face value of refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on bond issued	-	-	-	-
Total other financing sources/(uses)	-	-	(111,120)	-
Net change in fund balance	418,153	-	78,624	(457,128)
Fund balance, July 1, 2019	868,995	-	5,111,746	6,195,959
Fund balance, June 30, 2020	\$ 1,287,148	\$ -	\$ 5,190,370	\$ 5,738,831

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
\$ -	\$ 3,330,434	\$ 400,798	\$ 314,298	\$ 399,214	\$ 3,125,221
-	-	-	-	-	-
-	-	-	-	-	-
1,501,739	14,016	-	-	-	-
98,542	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	37,748	6,649	2,652	12,903	99,754
-	-	-	-	-	-
-	-	-	-	-	-
1,600,281	3,382,198	407,447	316,950	412,117	3,224,975
-	73,963	78,149	-	2,500	-
-	-	-	-	-	-
-	2,038,148	204,971	-	154,408	267,596
-	-	-	-	-	-
-	-	-	-	-	-
1,325,597	-	-	455,244	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,906,070	38,036	-	149,481	3,613,797
-	-	-	-	-	-
1,325,597	4,018,181	321,156	455,244	306,389	3,881,393
274,684	(635,983)	86,291	(138,294)	105,728	(656,418)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
274,684	(635,983)	86,291	(138,294)	105,728	(656,418)
1,255,964	3,749,572	515,342	333,158	1,018,429	7,657,495
\$ 1,530,648	\$ 3,113,589	\$ 601,633	\$ 194,864	\$ 1,124,157	\$ 7,001,077

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Fund
For the year ended June 30, 2020**

	Special Revenue Funds			
	Measure BB: Bike and Pedestrian	Measure BB: Paratransit	Shelter Operations	One Time Funding
Revenues:				
Taxes	\$ 326,314	\$ 318,830	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	-	-	-
Fines and penalties	-	-	-	9,407
Rents and royalties	-	-	10,000	-
Franchise	-	-	-	-
Private contributions and donations	-	-	-	17,000
Investment income	11,312	4,382	-	-
Miscellaneous	-	-	-	-
Insurance reimbursement	-	-	-	-
Total revenues	337,626	323,212	10,000	26,407
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highway and streets	313,948	-	-	-
Health and welfare	-	-	-	-
Culture-recreation	-	-	-	-
Community development and housing	-	142,169	-	-
Economic development	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Capital outlay:				
Highway and streets	44,511	-	-	120,000
Community development and housing	-	-	-	-
Total expenditures	358,459	142,169	-	120,000
Revenues over/(under) expenditures	(20,833)	181,043	10,000	(93,593)
Other financing sources/(uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Face value of refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on bond issued	-	-	-	-
Total other financing sources/(uses)	-	-	-	-
Net change in fund balance	(20,833)	181,043	10,000	(93,593)
Fund balance, July 1, 2019	857,895	303,704	72,226	1,231,547
Fund balance, June 30, 2020	\$ 837,062	\$ 484,747	\$ 82,226	\$ 1,137,954

Special Revenue Funds

Park Tax	Street and Open Space Improvement	Measure GG: Fire Preparation Tax	1st Response Advanced Life Support (ALSFR)	Street Lighting
\$ 13,865,034	\$ -	\$ 5,218,308	\$ -	\$ 1,917,352
19,136	-	-	-	-
-	-	-	-	-
2,068	340,832	49,369	-	1,836
-	-	-	-	-
23,006	-	-	-	-
-	-	-	-	-
7,500	-	-	-	-
72,290	-	-	-	6,518
11,054	-	-	-	-
-	-	-	-	-
14,000,088	340,832	5,267,677	-	1,925,706
-	-	328,398	-	45,089
38,612	-	4,691,411	53,144	238,668
-	-	-	-	1,265,229
-	-	137,856	-	-
13,813,619	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	351,191
-	-	-	-	10,069
-	-	-	-	-
-	818,862	-	-	-
923,252	-	-	-	-
14,775,483	818,862	5,157,665	53,144	1,910,246
(775,395)	(478,030)	110,012	(53,144)	15,460
-	-	-	-	-
(102,492)	-	-	-	(12,120)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(102,492)	-	-	-	(12,120)
(877,887)	(478,030)	110,012	(53,144)	3,340
7,133,371	1,573,104	2,639,421	47,146	1,683,408
\$ 6,255,484	\$ 1,095,074	\$ 2,749,433	\$ (5,998)	\$ 1,686,748

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Fund
For the year ended June 30, 2020**

	Business Economic Development	Citywide RLF	Legacy Fund
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for service	-	-	-
Fines and penalties	-	-	-
Rents and royalties	-	-	-
Franchise	-	-	-
Private contributions and donations	-	-	-
Investment income	23,552	5,232	4,176
Miscellaneous	-	-	-
Insurance reimbursement	-	-	-
Total revenues	<u>23,552</u>	<u>5,232</u>	<u>4,176</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Highway and streets	-	-	-
Health and welfare	-	-	-
Culture-recreation	-	-	-
Community development and housing	-	-	-
Economic development	7,872	-	-
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Debt issuance costs	-	-	-
Capital outlay:			
Highway and streets	-	-	-
Community development and housing	-	-	-
Total expenditures	<u>7,872</u>	<u>-</u>	<u>-</u>
Revenues over/(under) expenditures	<u>15,680</u>	<u>5,232</u>	<u>4,176</u>
Other financing sources/(uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Debt proceeds	-	-	-
Face value of refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Premium on bond issued	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	15,680	5,232	4,176
Fund balance, July 1, 2019	787,514	785,127	72,161
Fund balance, June 30, 2020	<u>\$ 803,194</u>	<u>\$ 790,359</u>	<u>\$ 76,337</u>

Special Revenue Funds

Miles Lab	Employee Training	UC Settlement	Private Percent- Art Fund	Private Party Sidewalks	Public Art
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	338,201	-	-
-	-	-	-	-	-
-	-	1,751,328	-	75,625	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,751,328	338,201	75,625	-
-	752,633	-	-	-	2,000
7,934	-	-	-	-	-
-	-	9,629	-	181	-
-	-	-	-	-	-
9,786	-	-	-	-	-
-	-	-	251	-	-
-	-	-	70,899	-	76,205
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	76,299	-
-	-	-	-	-	-
17,720	752,633	9,629	71,150	76,480	78,205
(17,720)	(752,633)	1,741,699	267,051	(855)	(78,205)
-	750,000	-	-	-	65,165
-	-	(1,294,328)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	750,000	(1,294,328)	-	-	65,165
(17,720)	(2,633)	447,371	267,051	(855)	(13,040)
243,269	62,583	13,630	601,046	355,580	65,749
\$ 225,549	\$ 59,950	\$ 461,001	\$ 868,097	\$ 354,725	\$ 52,709

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Fund
For the year ended June 30, 2020**

	Special Revenue Funds			
	Lillie B. Wall Memorial	Vital and Health Statistic	East Bay Public Utilities Commission	PERS Savings
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for service	-	21,448	-	-
Fines and penalties	-	-	-	-
Rents and royalties	-	-	-	-
Franchise	-	-	-	-
Private contributions and donations	627	-	-	-
Investment income	-	-	49	-
Miscellaneous	-	-	-	-
Insurance reimbursement	-	-	-	-
Total revenues	<u>627</u>	<u>21,448</u>	<u>49</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Health and welfare	-	9,041	-	-
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	<u>-</u>	<u>9,041</u>	<u>-</u>	<u>-</u>
Revenues over/(under) expenditures	<u>627</u>	<u>12,407</u>	<u>49</u>	<u>-</u>
Other financing sources/(uses)				
Transfers in	-	-	-	1,398,416
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Face value of refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Premium on bond issued	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,398,416</u>
Net change in fund balance	627	12,407	49	1,398,416
Fund balance, July 1, 2019	12,291	248,208	3,725	9,191,801
Fund balance, June 30, 2020	<u>\$ 12,918</u>	<u>\$ 260,615</u>	<u>\$ 3,774</u>	<u>\$ 10,590,217</u>

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
\$ -	\$ 1,814,426	\$ 262,500	\$ 2,882,236	\$ -	\$ -
-	-	-	-	-	-
-	-	75,000	-	290,538	-
-	-	-	-	-	855
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,324	-	11,736	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,814,426	338,824	2,882,236	302,274	855
-	-	-	-	-	-
-	-	-	-	118,181	-
-	-	-	-	-	-
-	603,330	252,220	1,390,619	-	-
-	-	-	-	-	-
-	-	-	569,077	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	603,330	252,220	1,959,696	118,181	-
-	1,211,096	86,604	922,540	184,093	855
-	1,953,018	-	-	-	-
-	(2,643,280)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(690,262)	-	-	-	-
-	520,834	86,604	922,540	184,093	855
-	2,295,869	108,121	4,757,118	827,534	4,730
\$ -	\$ 2,816,703	\$ 194,725	\$ 5,679,658	\$ 1,011,627	\$ 5,585

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Fund
For the year ended June 30, 2020**

	Special Revenue Funds		Capital Project Funds
	Alameda County Abandoned Vehicle Abatement Authority	Total Special Revenue Funds	Infrastructure & Facilities Measure T1
Revenues:			
Taxes	\$ -	\$ 44,565,551	\$ -
Licenses and permits	-	357,337	-
Intergovernmental	-	3,138,218	-
Charges for service	85,194	10,382,666	-
Fines and penalties	-	189,063	-
Rents and royalties	-	569,595	-
Franchise	-	-	-
Private contributions and donations	-	135,110	-
Investment income	-	571,445	678,724
Miscellaneous	3,054	368,953	-
Insurance reimbursement	-	3,597,947	-
Total revenues	88,248	63,875,885	678,724
Expenditures:			
Current:			
General government	-	1,795,922	-
Public safety	-	9,814,892	-
Highway and streets	-	6,419,120	1,559,150
Health and welfare	39,555	2,475,749	-
Culture-recreation	-	18,549,634	2,237,362
Community development and housing	-	7,764,405	4,755,719
Economic development	-	155,556	399,260
Debt service:			
Principal repayment	-	739,191	-
Interest and fiscal charges	-	168,747	-
Debt issuance costs	-	-	-
Capital outlay:			
Highway and streets	-	9,026,869	2,765,906
Community development and housing	-	3,508,958	3,441,052
Total expenditures	39,555	60,419,043	15,158,449
Revenues over/(under) expenditures	48,693	3,456,842	(14,479,725)
Other financing sources/(uses)			
Transfers in	-	5,060,200	-
Transfers out	-	(4,327,052)	-
Debt proceeds	-	-	-
Face value of refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Premium on bond issued	-	-	-
Total other financing sources/(uses)	-	733,148	-
Net change in fund balance	48,693	4,189,990	(14,479,725)
Fund balance, July 1, 2019	131,447	103,857,663	31,314,478
Fund balance, June 30, 2020	\$ 180,140	\$ 108,047,653	\$ 16,834,753

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	160,036	-	26,018	-	-
-	-	-	-	-	79	1,125
-	-	-	-	-	-	-
-	-	160,036	-	26,018	79	1,125
107,281	2,479,323	38,957	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	371,794	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	358,747	-	-
-	-	-	-	-	-	-
107,281	2,479,323	38,957	-	730,541	-	-
(107,281)	(2,479,323)	121,079	-	(704,523)	79	1,125
198,000	1,929,000	-	-	-	-	-
-	-	-	-	(440,748)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
198,000	1,929,000	-	-	(440,748)	-	-
90,719	(550,323)	121,079	-	(1,145,271)	79	1,125
373,981	7,161,783	1,874,919	58	2,130,279	6,024	85,858
\$ 464,700	\$ 6,611,460	\$ 1,995,998	\$ 58	\$ 985,008	\$ 6,103	\$ 86,983

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Fund
For the year ended June 30, 2020**

	Capital Project Funds		
	Park Acquisition Development	Income Housing Fund: West Berkeley Improvement Project	Income Housing Fund: Savo Island Project
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for service	-	-	-
Fines and penalties	-	-	-
Rents and royalties	1,201	-	-
Franchise	-	-	-
Private contributions and donations	-	-	-
Investment income	419	1,754	-
Miscellaneous	-	-	-
Insurance reimbursement	-	-	-
Total revenues	1,620	1,754	-
Expenditures:			
Current:			
General government	240	-	-
Public safety	-	-	-
Highway and streets	-	-	-
Health and welfare	-	-	-
Culture-recreation	-	-	-
Community development and housing	-	-	-
Economic development	-	-	-
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	1,754	-
Debt issuance costs	-	-	-
Capital outlay:			
Highway and streets	-	-	-
Community development and housing	-	-	-
Total expenditures	240	1,754	-
Revenues over/(under) expenditures	1,380	-	-
Other financing sources/(uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Debt proceeds	-	-	-
Face value of refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Premium on bond issued	-	-	-
Total other financing sources/(uses)	-	-	-
Net change in fund balance	1,380	-	-
Fund balance, July 1, 2019	31,720	3,001,203	441,140
Fund balance, June 30, 2020	\$ 33,100	\$ 3,001,203	\$ 441,140

Capital Project Funds		Debt Service Funds				
Measure O Housing Bond	Total Capital Project Funds	Pension Refunding Bonds	09 Measure FF Library	GO 2015 Refunding Bonds for GO 2007 Refunding Bonds		Berkeley Repertory Theatre
\$ -	\$ -	\$ -	\$ 1,423,670	\$ 2,619,552	\$ -	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	27,219	-	-	-	-	-
-	160,036	-	-	-	-	-
-	-	-	-	-	-	-
96,220	778,321	-	-	-	-	-
-	-	-	-	-	-	351
-	-	-	-	-	-	-
96,220	965,576	-	1,423,670	2,619,552	-	351
-	2,625,801	-	-	-	-	-
-	-	-	-	-	-	-
-	5,055,597	-	-	-	-	-
-	-	-	-	-	-	-
-	2,237,362	-	-	-	-	-
-	8,196,771	-	-	-	-	-
-	399,260	-	-	-	-	-
-	-	-	640,000	1,825,479	-	306,826
-	1,754	-	1,318,647	786,141	-	194,976
785,000	785,000	-	244,749	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
785,000	19,301,545	-	2,203,396	2,611,620	-	501,802
(688,780)	(18,335,969)	-	(779,726)	7,932	-	(501,451)
-	2,127,000	-	-	-	-	499,802
-	(440,748)	-	-	-	-	-
38,000,000	38,000,000	-	-	-	-	-
-	-	-	19,480,000	-	-	-
-	-	-	(21,185,000)	-	-	-
-	-	-	2,287,691	-	-	-
38,000,000	39,686,252	-	582,691	-	-	499,802
37,311,220	21,350,283	-	(197,035)	7,932	-	(1,649)
-	46,421,443	128,660	1,458,741	2,426,407	-	(5,502)
\$ 37,311,220	\$ 67,771,726	\$ 128,660	\$ 1,261,706	\$ 2,434,339	\$ -	\$ (7,151)

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Fund
For the year ended June 30, 2020**

	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
Revenues:			
Taxes	\$ 474,557	\$ 189,823	\$ 607,432
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	<u>474,557</u>	<u>189,823</u>	<u>607,432</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Highway and streets	-	-	-
Health and welfare	-	-	-
Culture-recreation	-	-	-
Community development and housing	-	-	-
Economic development	-	-	-
Debt service:			
Principal repayment	335,582	126,394	427,544
Interest and fiscal charges	144,518	54,432	184,122
Debt issuance costs	-	-	-
Capital outlay:			
Highway and streets	-	-	-
Community development and housing	-	-	-
Total expenditures	<u>480,100</u>	<u>180,826</u>	<u>611,666</u>
Revenues over/(under) expenditures	<u>(5,543)</u>	<u>8,997</u>	<u>(4,234)</u>
Other financing sources/(uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Debt proceeds	-	-	-
Face value of refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Premium on bond issued	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(5,543)</u>	<u>8,997</u>	<u>(4,234)</u>
Fund balance, July 1, 2019	1,318,250	451,829	505,655
Fund balance, June 30, 2020	<u>\$ 1,312,707</u>	<u>\$ 460,826</u>	<u>\$ 501,421</u>

Debt Service Funds					
2010 COP Animal Shelter	GO 2014 Measure M Street and Watershed Improvement	Infrastructure & Facilities Measure T1	Measure O Housing Bond	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,233,848	\$ 1,746,368	\$ 1,166,865	\$ 9,462,115	\$ 54,027,666
-	-	-	-	-	357,337
-	-	-	-	-	3,138,218
-	-	-	-	-	10,382,666
-	-	-	-	-	189,063
-	-	-	-	-	596,814
-	-	-	-	-	160,036
-	-	-	-	-	135,110
962	-	-	-	962	1,350,728
-	-	-	10,035	10,386	379,339
-	-	-	-	-	3,597,947
<u>962</u>	<u>1,233,848</u>	<u>1,746,368</u>	<u>1,176,900</u>	<u>9,473,463</u>	<u>74,314,924</u>
-	-	-	-	-	4,421,722
-	-	-	-	-	9,814,892
-	-	-	-	-	11,474,717
-	-	-	-	-	2,475,749
-	-	-	-	-	20,786,996
-	-	-	-	-	15,961,176
-	-	-	-	-	554,816
120,000	605,000	1,350,000	-	5,736,825	6,476,014
284,532	1,043,488	1,121,056	-	5,131,912	5,302,413
-	-	-	-	244,749	1,029,749
-	-	-	-	-	9,026,869
-	-	-	-	-	3,508,958
<u>404,532</u>	<u>1,648,488</u>	<u>2,471,056</u>	<u>-</u>	<u>11,113,486</u>	<u>90,834,071</u>
<u>(403,570)</u>	<u>(414,640)</u>	<u>(724,688)</u>	<u>1,176,900</u>	<u>(1,640,023)</u>	<u>(16,519,147)</u>
402,613	-	-	-	902,415	8,089,615
-	-	-	-	-	(4,767,800)
-	-	-	-	-	38,000,000
-	-	-	-	19,480,000	19,480,000
-	-	-	-	(21,185,000)	(21,185,000)
-	-	-	1,135,147	3,422,838	3,422,838
<u>402,613</u>	<u>-</u>	<u>-</u>	<u>1,135,147</u>	<u>2,620,253</u>	<u>43,039,653</u>
(957)	(414,640)	(724,688)	2,312,047	980,230	26,520,506
405,722	2,442,414	2,484,652	-	11,616,828	161,895,931
<u>\$ 404,765</u>	<u>\$ 2,027,774</u>	<u>\$ 1,759,964</u>	<u>\$ 2,312,047</u>	<u>\$ 12,597,058</u>	<u>\$ 188,416,437</u>

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Forfeiture Fund - Budgetary Basis
For the year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and penalties	\$ 55,000	\$ 55,000	\$ 81,114	\$ 26,114
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>81,114</u>	<u>26,114</u>
Expenditures:				
Public safety	201,000	201,000	69,751	131,249
Total expenditures	<u>201,000</u>	<u>201,000</u>	<u>69,751</u>	<u>131,249</u>
Revenues over/(under) expenditures	<u>(146,000)</u>	<u>(146,000)</u>	<u>11,363</u>	<u>157,363</u>
Net change in fund balance	(146,000)	(146,000)	11,363	157,363
Fund balance, July 1, 2019	342,343	342,343	342,343	-
Fund balance, June 30, 2020	<u>\$ 196,343</u>	<u>\$ 196,343</u>	<u>\$ 353,706</u>	<u>\$ 157,363</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,316,894	\$ 1,316,894	\$ 1,318,223	\$ 1,329
Total revenues	<u>1,316,894</u>	<u>1,316,894</u>	<u>1,318,223</u>	<u>1,329</u>
Expenditures:				
General government	19,126	19,126	18,977	149
Community development and housing	1,297,768	1,297,768	1,297,768	-
Total expenditures	<u>1,316,894</u>	<u>1,316,894</u>	<u>1,316,745</u>	<u>149</u>
Net change in fund balance	-	-	1,478	1,478
Fund balance, July 1, 2019	184,076	184,076	184,076	-
Fund balance, June 30, 2020	<u>\$ 184,076</u>	<u>\$ 184,076</u>	<u>\$ 185,554</u>	<u>\$ 1,478</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 1,478
Receivable accrual	(2,479)
Net change in fund balances - GAAP basis	<u>\$ (1,001)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Community development and housing	47,327	47,327	24,338	22,989
Total expenditures	47,327	47,327	24,338	22,989
Revenues over/(under) expenditures	(47,327)	(47,327)	(24,338)	22,989
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	(3,884)	(3,884)	19,105	22,989
Fund balance, July 1, 2019	11,713	11,713	11,713	-
Fund balance, June 30, 2020	\$ 7,829	\$ 7,829	\$ 30,818	\$ 22,989

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 407,443	\$ 407,443	\$ 439,871	\$ 32,428
Investment income	219,280	219,280	192,717	(26,563)
Miscellaneous	-	-	-	-
Total revenues	<u>626,723</u>	<u>626,723</u>	<u>632,588</u>	<u>5,865</u>
Expenditures:				
Current:				
Economic Development	300	1,400	580	820
Debt service:				
Principal repayment	388,000	388,000	388,000	-
Interest and fiscal charges	158,679	158,679	158,678	1
Total expenditures	<u>546,979</u>	<u>548,079</u>	<u>547,258</u>	<u>821</u>
Net change in fund balance	79,744	78,644	85,330	6,686
Fund balance, July 1, 2019	672,629	672,629	672,629	-
Fund balance, June 30, 2020	<u>\$ 752,373</u>	<u>\$ 751,273</u>	<u>\$ 757,959</u>	<u>\$ 6,686</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 85,330
Notes accrual	<u>(441,427)</u>
Net change in fund balances - GAAP basis	<u>\$ (356,097)</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Fund Raising Activities Fund - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Private contribution and donations	\$ 40,765	\$ 40,765	\$ 67,124	\$ 26,359
Total revenues	<u>40,765</u>	<u>40,765</u>	<u>67,124</u>	<u>26,359</u>
Expenditures:				
Health and welfare	27,600	27,600	12,583	15,017
Community development and housing	43,808	64,808	38,046	26,762
Total expenditures	<u>71,408</u>	<u>92,408</u>	<u>50,629</u>	<u>41,779</u>
Net change in fund balance	(30,643)	(51,643)	16,495	68,138
Fund balance, July 1, 2019	224,144	224,144	224,144	-
Fund balance, June 30, 2020	<u>\$ 193,501</u>	<u>\$ 172,501</u>	<u>\$ 240,639</u>	<u>\$ 68,138</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ 295,166	\$ 295,166	\$ 212,064	\$ (83,102)
Miscellaneous	3,580	3,580	-	(3,580)
Total revenues	<u>298,746</u>	<u>298,746</u>	<u>212,064</u>	<u>(86,682)</u>
Expenditures:				
Culture-recreation	189,807	240,478	225,061	15,417
Total expenditures	<u>189,807</u>	<u>240,478</u>	<u>225,061</u>	<u>15,417</u>
Revenues over/(under) expenditures	<u>108,939</u>	<u>58,268</u>	<u>(12,997)</u>	<u>(71,265)</u>
Other financing sources/(uses):				
Transfers out (OFS)	-	150,000	150,000	-
Net change in fund balance	108,939	(91,732)	(162,997)	(71,265)
Fund balance, July 1, 2019	221,767	221,767	221,767	-
Fund balance, June 30, 2020	<u>\$ 330,706</u>	<u>\$ 130,035</u>	<u>\$ 58,770</u>	<u>\$ (71,265)</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (162,997)
Payable accrual	<u>(307)</u>
Net change in fund balances - GAAP basis	<u>\$ (163,305)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ -	\$ -	\$ 60,000	\$ 60,000
Total revenues	-	-	60,000	60,000
Expenditures:				
Culture-recreation	-	70,480	2,694	67,786
Total expenditures	-	70,480	2,694	67,786
Revenues over/(under) expenditures	-	(70,480)	57,306	127,786
Other financing sources/(use)				
Transfers in (OFS)	-	180,000	180,000	-
Total other financing sources(uses)	-	180,000	180,000	-
Net change in fund balance	-	109,520	237,306	127,786
Fund balance, July 1, 2019	228,390	228,390	228,390	-
Fund balance, June 30, 2020	<u>\$ 228,390</u>	<u>\$ 337,910</u>	<u>\$ 465,696</u>	<u>\$ 127,786</u>

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Animal Shelter Fund - Budgetary Basis
For the year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Private contributions and donations	\$ 45,000	\$ 45,000	\$ 31,084	\$ (13,916)
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>31,084</u>	<u>(13,916)</u>
Expenditures:				
General government	51,480	60,084	30,764	29,320
Public safety	1,000	1,000	-	1,000
Total expenditures	<u>52,480</u>	<u>61,084</u>	<u>30,764</u>	<u>30,320</u>
Net change in fund balance	(7,480)	(16,084)	320	16,404
Fund balance, July 1, 2019	49,160	49,160	49,160	-
Fund balance, June 30, 2020	<u>\$ 41,680</u>	<u>\$ 33,076</u>	<u>\$ 49,480</u>	<u>\$ 16,404</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 320
Receivable accrual	<u>3,691</u>
Net change in fund balances - GAAP basis	<u>\$ 4,011</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,160,356	\$ 3,160,356	\$ 3,162,951	\$ 2,595
Charges for service	-	-	10,308	10,308
Total revenues	<u>3,160,356</u>	<u>3,160,356</u>	<u>3,173,259</u>	<u>12,903</u>
Expenditures:				
Current:				
General government	19,126	19,126	18,977	149
Public safety	3,842,206	3,842,206	4,047,285	(205,079)
Total expenditures	<u>3,861,332</u>	<u>3,861,332</u>	<u>4,066,262</u>	<u>(204,930)</u>
Revenues over/(under) expenditures	<u>(700,976)</u>	<u>(700,976)</u>	<u>(893,003)</u>	<u>(192,027)</u>
Other financing sources/(uses)				
Transfers in	612,696	670,158	670,158	-
Transfers out	(10,712)	(10,712)	(10,712)	-
Total other financing sources/(uses)	<u>601,984</u>	<u>659,446</u>	<u>659,446</u>	<u>-</u>
Net change in fund balance	(1,302,960)	(41,530)	(233,557)	(192,027)
Fund balance, July 1, 2019	(164,219)	(164,219)	(164,219)	-
Fund balance, June 30, 2020	<u>\$ (1,467,179)</u>	<u>\$ (205,749)</u>	<u>\$ (397,776)</u>	<u>\$ (192,027)</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (233,557)
Receivable accrual	(6,079)
Net change in fund balances - GAAP basis	<u>\$ (239,636)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ 25,703	\$ 25,703	\$ 19,498	\$ (6,205)
Total revenues	<u>25,703</u>	<u>25,703</u>	<u>19,498</u>	<u>(6,205)</u>
Expenditures:				
Health and welfare	25,646	25,646	17,270	8,376
Total expenditures	<u>25,646</u>	<u>25,646</u>	<u>17,270</u>	<u>8,376</u>
Net change in fund balance	57	57	2,228	2,171
Fund balance, July 1, 2019	17,193	17,193	17,193	-
Fund balance, June 30, 2020	<u>\$ 17,250</u>	<u>\$ 17,250</u>	<u>\$ 19,421</u>	<u>\$ 2,171</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ -	\$ -	\$ 4,676,952	\$ 4,676,952
Total revenues	-	-	4,676,952	4,676,952
Expenditures:				
Community development and housing	-	3,036,368	2,330	3,034,038
Economic development	-	2,527,054	1,580,236	946,818
Total expenditures	-	5,563,422	1,582,566	3,980,856
Net change in fund balance	-	(5,563,422)	3,094,386	8,657,808
Fund balance, July 1, 2019	5,791,703	5,791,703	5,791,703	-
Fund balance, June 30, 2020	<u>\$ 5,791,703</u>	<u>\$ 228,281</u>	<u>\$ 8,886,089</u>	<u>8,657,808</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 3,094,386
Notes receivable accrual	(1,580,236)
Net change in fund balances - GAAP basis	<u>\$ 4,674,622</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ 11,851	\$ 11,851	\$ 8,960	\$ (2,891)
Total revenues	<u>11,851</u>	<u>11,851</u>	<u>8,960</u>	<u>(2,891)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Health and welfare	13,275	13,275	13,275	-
Total expenditures	<u>13,275</u>	<u>13,275</u>	<u>13,275</u>	<u>-</u>
Net change in fund balance	(1,424)	(1,424)	(4,315)	(2,891)
Fund balance, July 1, 2019	210,049	210,049	210,049	-
Fund balance, June 30, 2020	<u>\$ 208,625</u>	<u>\$ 208,625</u>	<u>\$ 205,734</u>	<u>\$ (2,891)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ -	\$ -	\$ 476,668	\$ 476,668
Total revenues	-	-	476,668	476,668
Expenditures:				
Health and Welfare	-	87,429	-	87,429
Community development and housing	147,145	235,872	113,143	122,729
Economic development	-	349,716	-	349,716
Total expenditures	147,145	673,017	113,143	559,874
Net change in fund balance	(147,145)	(673,017)	363,525	1,036,542
Fund balance, July 1, 2019	677,365	677,365	677,365	-
Fund balance, June 30, 2020	<u>\$ 530,220</u>	<u>\$ 4,348</u>	<u>\$ 1,040,890</u>	<u>\$ 1,036,542</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ 196,000	\$ 196,000	\$ 250,338	\$ 54,338
Total revenues	<u>196,000</u>	<u>196,000</u>	<u>250,338</u>	<u>54,338</u>
Expenditures:				
Community development and housing	-	-	27,894	(27,894)
Total expenditures	<u>-</u>	<u>-</u>	<u>27,894</u>	<u>(27,894)</u>
Net change in fund balance	196,000	196,000	222,444	26,444
Fund balance, July 1, 2019	1,291,211	1,291,211	1,291,211	-
Fund balance, June 30, 2020	<u>\$ 1,487,211</u>	<u>\$ 1,487,211</u>	<u>\$ 1,513,655</u>	<u>\$ 26,444</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Playground Camp Fund - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ 688,000	\$ 688,000	\$ 131,674	\$ (556,326)
Rents and royalties	260,332	260,332	10,000	(250,332)
Private contributions and donations	-	-	11,775	11,775
Miscellaneous	290,000	290,000	354,845	64,845
Insurance reimbursement	-	-	3,597,947	3,597,947
Total revenues	<u>1,238,332</u>	<u>1,238,332</u>	<u>4,106,241</u>	<u>2,867,909</u>
Expenditures:				
General government	-	770	770	-
Culture-recreation	1,936,129	5,884,266	4,765,824	1,118,442
Culture-recreation (CO)	-	2,456,421	2,456,421	-
Total expenditures	<u>1,936,129</u>	<u>8,341,457</u>	<u>7,223,015</u>	<u>1,118,442</u>
Revenues over/(under) expenditures	<u>(697,797)</u>	<u>(7,103,125)</u>	<u>(3,116,774)</u>	<u>3,986,351</u>
Other financing sources/(uses)				
Transfer out	3,000	3,000	3,000	-
Total other financing sources/(uses)	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balance	(700,797)	(7,106,125)	(3,119,774)	3,986,351
Fund balance, July 1, 2019	20,731,211	20,731,211	20,731,211	-
Fund balance, June 30, 2020	<u>\$ 20,030,414</u>	<u>\$ 13,625,086</u>	<u>\$ 17,611,437</u>	<u>\$ 3,986,351</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (3,119,774)
Payable accrual	(138,373)
Net change in fund balances - GAAP basis	<u>\$ (2,981,400)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 931,227	\$ 931,227	\$ 927,739	\$ (3,488)
Total revenues	<u>931,227</u>	<u>931,227</u>	<u>927,739</u>	<u>(3,488)</u>
Expenditures:				
General government	77,877	15,000	22,450	(7,450)
Public safety	384,604	977,016	536,691	440,325
Total expenditures	<u>462,481</u>	<u>992,016</u>	<u>559,141</u>	<u>432,875</u>
Net change in fund balance	468,746	(60,789)	368,598	429,387
Fund balance, July 1, 2019	1,010,486	1,010,486	1,010,486	-
Fund balance, June 30, 2020	<u>\$ 1,479,232</u>	<u>\$ 949,697</u>	<u>\$ 1,379,084</u>	<u>\$ 429,387</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 368,598
Receivable accrual	62,770
Payable accrual	<u>(13,214)</u>
Net change in fund balances - GAAP basis	<u>\$ 418,153</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,187,405	\$ 5,187,405	\$ 5,000,150	\$ (187,255)
Charges for service	34,544	34,544	46,894	12,350
Investment income	-	-	61,465	61,465
Total revenues	<u>5,221,949</u>	<u>5,221,949</u>	<u>5,108,509</u>	<u>(113,440)</u>
Expenditures:				
Current:				
General government	34,544	466,629	421,704	44,925
Highway and streets	4,748,650	7,152,155	2,165,152	4,987,003
Capital outlay:				
Highway and streets (CO)	250,000	3,950,230	2,342,078	1,608,152
Total expenditures	<u>5,033,194</u>	<u>11,569,014</u>	<u>4,928,934</u>	<u>6,640,080</u>
Net change in fund balance	188,755	(6,347,065)	179,575	6,526,640
Fund balance, July 1, 2019	4,810,642	4,810,642	4,810,642	-
Fund balance, June 30, 2020	<u>\$ 4,999,397</u>	<u>\$ (1,536,423)</u>	<u>\$ 4,990,217</u>	<u>\$ 6,526,640</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 179,575
Receivable accrual	(72,690)
Payable accrual	(28,262)
Net change in fund balances - GAAP basis	<u>\$ 78,624</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
CDBG Fund - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,585,914	\$ 2,585,914	\$ 2,768,989	\$ 183,075
Rents and royalties	-	-	526,589	526,589
Investment Income	441,667	441,667	66,980	(374,687)
Miscellaneous	400,518	400,518	-	(400,518)
Total revenues	<u>3,428,099</u>	<u>3,428,099</u>	<u>3,362,558</u>	<u>(65,541)</u>
Expenditures:				
Community development and housing	2,513,991	5,417,341	3,581,742	1,835,599
Total expenditures	<u>2,513,991</u>	<u>5,417,341</u>	<u>3,581,742</u>	<u>1,835,599</u>
Net change in fund balance	914,108	(1,989,242)	(219,184)	1,770,058
Fund balance, July 1, 2019	(191,521)	(191,521)	(191,521)	-
Fund balance, June 30, 2020	<u>\$ 722,587</u>	<u>\$ (2,180,763)</u>	<u>\$ (410,705)</u>	<u>\$ 1,770,058</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (219,184)
Notes receivable accrual	(51,138)
Payable accrual	(186,803)
Net change in fund balances - GAAP basis	<u>\$ (457,128)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ 1,351,498	\$ 1,351,498	\$ 1,506,445	\$ 154,947
Fines and penalties	117,900	117,900	98,542	(19,358)
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	<u>1,469,398</u>	<u>1,469,398</u>	<u>1,604,987</u>	<u>134,589</u>
Expenditures:				
Community development and housing	1,553,079	1,901,605	1,325,597	576,008
Total expenditures	<u>1,553,079</u>	<u>1,901,605</u>	<u>1,325,597</u>	<u>576,008</u>
Net change in fund balance	(83,681)	(432,207)	279,390	710,597
Fund balance, July 1, 2019	1,249,997	1,249,997	1,249,997	-
Fund balance, June 30, 2020	<u>\$ 1,166,316</u>	<u>\$ 817,790</u>	<u>\$ 1,529,387</u>	<u>\$ 710,597</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 279,390
Receivable accrual	(4,706)
Net change in fund balances - GAAP basis	<u>\$ 274,684</u>

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,270,830	\$ 3,270,830	\$ 3,370,915	\$ 100,085
Charges for service	-	-	14,016	14,016
Investment income	-	-	37,748	37,748
Total revenues	<u>3,270,830</u>	<u>3,270,830</u>	<u>3,422,679</u>	<u>151,849</u>
Expenditures:				
Current:				
General government	405,784	404,922	73,963	330,959
Highway and streets	2,493,611	5,029,883	2,038,148	2,991,735
Capital Outlay:				
Highway and streets (CO)	280,000	3,419,788	1,809,970	1,609,818
Total expenditures	<u>3,179,395</u>	<u>8,854,593</u>	<u>3,922,081</u>	<u>4,932,512</u>
Net change in fund balance	91,435	(5,583,763)	(499,402)	5,084,361
Fund balance, July 1, 2019	3,163,772	3,163,772	3,163,772	-
Fund balance, June 30, 2020	<u>\$ 3,255,207</u>	<u>\$ (2,419,991)</u>	<u>\$ 2,664,370</u>	<u>\$ 5,084,361</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (499,402)
Receivable accrual	(40,481)
Payable accrual	(96,100)
Net change in fund balances - GAAP basis	<u>\$ (635,983)</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 389,613	\$ 389,613	\$ 404,944	\$ 15,331
Investment income	-	-	6,649	6,649
Total revenues	<u>389,613</u>	<u>389,613</u>	<u>411,593</u>	<u>21,980</u>
Expenditures:				
Current:				
General government	82,369	82,369	78,149	4,220
Highway and streets	258,400	347,630	223,751	123,879
Capital Outlay:				
Highway and streets (CO)	192,517	170,249	38,036	132,213
Total expenditures	<u>533,286</u>	<u>600,248</u>	<u>339,936</u>	<u>260,312</u>
Net change in fund balance	(143,673)	(210,635)	71,657	282,292
Fund balance, July 1, 2019	463,622	463,622	463,622	-
Fund balance, June 30, 2020	<u>\$ 319,949</u>	<u>\$ 252,987</u>	<u>\$ 535,279</u>	<u>\$ 282,292</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 71,657
Receivable accrual	(4,146)
Payable accrual	18,780
Net change in fund balances - GAAP basis	<u>\$ 86,291</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 313,555	\$ 313,555	\$ 318,691	\$ 5,136
Investment income	-	-	2,652	2,652
Total revenues	<u>313,555</u>	<u>313,555</u>	<u>321,343</u>	<u>7,788</u>
Expenditures:				
Community development and housing	475,359	513,767	455,244	58,523
Total expenditures	<u>475,359</u>	<u>513,767</u>	<u>455,244</u>	<u>58,523</u>
Net change in fund balance	(161,804)	(200,212)	(133,901)	66,311
Fund balance, July 1, 2019	276,728	276,728	276,728	-
Fund balance, June 30, 2020	<u>\$ 114,924</u>	<u>\$ 76,516</u>	<u>\$ 142,827</u>	<u>\$ 66,311</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (133,901)
Receivable accrual	<u>(4,393)</u>
Net change in fund balances - GAAP basis	<u>\$ (138,294)</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 446,509	\$ 446,509	\$ 485,498	\$ 38,989
Investment income	-	-	12,903	12,903
Total revenues	<u>446,509</u>	<u>446,509</u>	<u>498,401</u>	<u>51,892</u>
Expenditures:				
Current:				
General government	2,500	2,500	2,500	-
Highway and streets	365,825	370,640	154,409	216,231
Capital Outlay:				
Highway and streets (CO)	155,000	471,807	237,007	234,800
Total expenditures	<u>523,325</u>	<u>844,947</u>	<u>393,916</u>	<u>451,031</u>
Net change in fund balance	(76,816)	(398,438)	104,485	502,923
Fund balance, July 1, 2019	1,032,145	1,032,145	1,032,145	-
Fund balance, June 30, 2020	<u>\$ 955,329</u>	<u>\$ 633,707</u>	<u>\$ 1,136,630</u>	<u>\$ 502,923</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 104,485
Receivable accrual	(86,284)
Payable accrual	87,526
Net change in fund balances - GAAP basis	<u>\$ 105,728</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,078,338	\$ 3,078,338	\$ 3,162,685	\$ 84,347
Investment income	-	-	99,754	99,754
Total revenues	<u>3,078,338</u>	<u>3,078,338</u>	<u>3,262,439</u>	<u>184,101</u>
Expenditures:				
Current:				
Highway and streets	2,754,183	6,890,939	267,596	6,623,343
Capital Outlay:				
Highway and streets (CO)	1,204,183	7,078,515	2,578,002	4,500,513
Total expenditures	<u>3,958,366</u>	<u>13,969,454</u>	<u>2,845,598</u>	<u>11,123,856</u>
Net change in fund balance	(880,028)	(10,891,116)	416,841	11,307,957
Fund balance, July 1, 2019	7,182,830	7,182,830	7,182,830	-
Fund balance, June 30, 2020	<u>\$ 6,302,802</u>	<u>\$ (3,708,286)</u>	<u>\$ 7,599,671</u>	<u>\$ 11,307,957</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 416,841
Receivable accrual	(37,464)
Payable accrual	(1,035,795)
Net change in fund balances - GAAP basis	<u>\$ (656,418)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 318,142	\$ 318,142	\$ 329,634	\$ 11,492
Investment income	-	-	11,312	11,312
Total revenues	<u>318,142</u>	<u>318,142</u>	<u>340,946</u>	<u>22,804</u>
Expenditures:				
Current:				
Highway and streets	611,828	1,058,169	313,948	744,221
Capital Outlay:				
Highway and streets (CO)	631,828	824,304	44,656	779,648
Total expenditures	<u>1,243,656</u>	<u>1,882,473</u>	<u>358,604</u>	<u>1,523,869</u>
Net change in fund balance	(925,514)	(1,564,331)	(17,658)	1,546,673
Fund balance, July 1, 2019	803,005	803,005	803,005	-
Fund balance, June 30, 2020	<u>\$ (122,509)</u>	<u>\$ (761,326)</u>	<u>\$ 785,347</u>	<u>\$ 1,546,673</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (17,658)
Receivable accrual	(3,321)
Payable accrual	145
Net change in fund balances - GAAP basis	<u>\$ (20,833)</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 319,014	\$ 319,014	\$ 324,122	\$ 5,108
Investment income	-	-	4,382	4,382
Total revenues	<u>319,014</u>	<u>319,014</u>	<u>328,504</u>	<u>9,490</u>
Expenditures:				
Community development and housing	<u>384,702</u>	<u>410,624</u>	<u>142,168</u>	<u>268,456</u>
Total expenditures	<u>384,702</u>	<u>410,624</u>	<u>142,168</u>	<u>268,456</u>
Net change in fund balance	(65,688)	(91,610)	186,336	277,946
Fund balance, July 1, 2019	245,586	245,586	245,586	-
Fund balance, June 30, 2020	<u>\$ 179,898</u>	<u>\$ 153,976</u>	<u>\$ 431,922</u>	<u>\$ 277,946</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 186,336
Receivable accrual	<u>(5,292)</u>
Net change in fund balances - GAAP basis	<u>\$ 181,043</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Shelter Operations Funds - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Rents and royalties	\$ -	\$ -	\$ 10,000	\$ 10,000
Total revenues	-	-	10,000	10,000
Expenditures:				
Community development and housing	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	10,000	10,000
Fund balance, July 1, 2019	72,227	72,227	72,227	-
Fund balance, June 30, 2020	<u>\$ 72,227</u>	<u>\$ 72,227</u>	<u>\$ 82,227</u>	<u>\$ 10,000</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ -	\$ -	\$ 17,000	\$ 17,000
Fines and penalties	-	-	9,407	9,407
Total revenues	-	-	26,407	26,407
Expenditures:				
Capital Outlay:				
Highway and streets (CO)	-	120,000	120,000	-
Total expenditures	-	120,000	120,000	-
Net change in fund balance	-	(120,000)	(93,593)	26,407
Fund balance, July 1, 2019	1,231,546	1,231,546	1,231,546	-
Fund balance, June 30, 2020	<u>\$ 1,231,546</u>	<u>\$ 1,111,546</u>	<u>\$ 1,137,953</u>	<u>\$ 26,407</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Park Tax Fund - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 13,903,376	\$ 13,903,376	\$ 13,890,513	\$ (12,863)
Licenses and permits	50,000	50,000	19,136	(30,864)
Charges for service	50,000	50,000	2,068	(47,932)
Rents and royalties	10,000	10,000	23,006	13,006
Private contribution and donations	12,000	12,000	7,500	(4,500)
Investment income	3,000	3,000	72,290	69,290
Miscellaneous	-	-	11,054	11,054
Total revenues	<u>14,028,376</u>	<u>14,028,376</u>	<u>14,025,567</u>	<u>(2,809)</u>
Expenditures:				
Current:				
Public safety	3,032,993	470,855	38,612	432,243
Culture-recreation	13,237,088	18,692,701	14,517,137	4,175,564
Capital Outlay:				
Culture-recreation (CO)	257,578	726,739	152,102	574,637
Total expenditures	<u>16,527,659</u>	<u>19,890,295</u>	<u>14,707,851</u>	<u>5,182,444</u>
Revenues over/(under) expenditures	<u>(2,499,283)</u>	<u>(5,861,919)</u>	<u>(682,284)</u>	<u>5,179,635</u>
Other financing sources/(uses)				
Transfers out	(72,492)	(132,492)	(102,492)	30,000
Total other financing sources/(uses)	<u>(72,492)</u>	<u>(132,492)</u>	<u>(102,492)</u>	<u>30,000</u>
Net change in fund balance	(2,571,775)	(5,994,411)	(784,776)	5,209,635
Fund balance, July 1, 2019	7,080,676	7,080,676	7,080,676	-
Fund balance, June 30, 2020	<u>\$ 4,508,901</u>	<u>\$ 1,086,265</u>	<u>\$ 6,295,900</u>	<u>\$ 5,209,635</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (784,776)
Tax receivable accrual	(25,479)
Payable accrual	(67,632)
Net change in fund balances - GAAP basis	<u>\$ (877,887)</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Street and Open Space Improvement Fund - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Charges for service	-	-	340,832	340,832
Total revenues	-	-	340,832	340,832
Expenditures:				
Capital Outlay:				
Highway and streets (CO)	-	484,211	348,574	135,637
Total expenditures	-	484,211	348,574	135,637
Net change in fund balance	-	(484,211)	(7,742)	476,469
Fund balance, July 1, 2019	1,573,105	1,573,105	1,573,105	-
Fund balance, June 30, 2020	<u>\$ 1,573,105</u>	<u>\$ 1,088,894</u>	<u>\$ 1,565,363</u>	<u>\$ 476,469</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (7,742)
Payable accrual	(470,288)
Net change in fund balances - GAAP basis	<u>\$ (478,030)</u>

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,238,098	\$ 5,238,098	\$ 5,232,959	\$ (5,139)
Charges for service	46,000	46,000	49,369	3,369
Total revenues	<u>5,284,098</u>	<u>5,284,098</u>	<u>5,282,328</u>	<u>(1,770)</u>
Expenditures:				
General government	319,126	328,546	328,397	149
Public safety	4,232,031	4,384,257	4,691,411	(307,154)
Health and welfare	224,310	221,616	137,856	83,760
Total expenditures	<u>4,775,467</u>	<u>4,934,419</u>	<u>5,157,664</u>	<u>(223,245)</u>
Net change in fund balance	508,631	349,679	124,664	(225,015)
Fund balance, July 1, 2019	2,593,649	2,593,649	2,593,649	-
Fund balance, June 30, 2020	<u>\$ 3,102,280</u>	<u>\$ 2,943,328</u>	<u>\$ 2,718,313</u>	<u>\$ (225,015)</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 124,664
Receivable accrual	(14,651)
Net change in fund balances - GAAP basis	<u>\$ 110,012</u>

**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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Public safety	-	53,144	53,144	-
Total expenditures	-	53,144	53,144	-
Net change in fund balance	-	(53,144)	(53,144)	-
Fund balance, July 1, 2019	47,144	47,144	47,144	-
Fund balance, June 30, 2020	\$ 47,144	\$ (6,000)	\$ (6,000)	\$ -

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Street Lighting Fund - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,925,489	\$ 1,925,489	\$ 1,925,568	\$ 79
Charges for service	-	-	1,836	1,836
Investment income	-	-	6,518	6,518
Total revenues	<u>1,925,489</u>	<u>1,925,489</u>	<u>1,933,922</u>	<u>8,433</u>
Expenditures:				
Current:				
General government	30,483	39,359	35,898	3,461
Public safety	87,137	288,245	341,808	(53,563)
Highway and streets	2,120,692	2,123,426	1,265,230	858,196
Debt service:				
Principal repayment	351,190	351,190	175,156	176,034
Interest and fiscal charges	19,261	19,261	10,069	9,192
Total expenditures	<u>2,608,763</u>	<u>2,821,481</u>	<u>1,828,161</u>	<u>993,320</u>
Revenues over/(under) expenditures	<u>(683,274)</u>	<u>(895,992)</u>	<u>105,761</u>	<u>1,001,753</u>
Other financing sources/(uses)				
Transfers out	12,120	12,120	12,120	-
Total other financing sources/(uses)	<u>12,120</u>	<u>12,120</u>	<u>12,120</u>	<u>-</u>
Net change in fund balance	(695,394)	(908,112)	93,641	1,001,753
Fund balance, July 1, 2019	1,770,819	1,770,819	1,770,819	-
Fund balance, June 30, 2020	<u>\$ 1,075,425</u>	<u>\$ 862,707</u>	<u>\$ 1,864,460</u>	<u>\$ 1,001,753</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 93,641
Receivable accrual	(8,216)
Payable accrual	(82,085)
Net change in fund balances - GAAP basis	<u>\$ 3,340</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ 23,552	\$ 23,552
Miscellaneous	150,000	150,000	95,881	(54,119)
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>119,433</u>	<u>(30,567)</u>
Expenditures:				
Economic development	<u>156,387</u>	<u>156,837</u>	<u>157,872</u>	<u>(1,035)</u>
Total expenditures	<u>156,387</u>	<u>156,837</u>	<u>157,872</u>	<u>(1,035)</u>
Net change in fund balance	(6,387)	(6,837)	(38,439)	(31,602)
Fund balance, July 1, 2019	186,897	186,897	186,897	-
Fund balance, June 30, 2020	<u>\$ 180,510</u>	<u>\$ 180,060</u>	<u>\$ 148,458</u>	<u>\$ (31,602)</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (38,439)
Notes receivable accrual	(95,881)
Loans payable accrual	150,000
Net change in fund balances - GAAP basis	<u>\$ 15,680</u>

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Miles Lab Fund - Budgetary Basis
For the year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 8,500	\$ 8,500	\$ -	\$ (8,500)
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>-</u>	<u>(8,500)</u>
Expenditures:				
Public Safety	-	138,014	720	137,294
Culture-recreation	8,500	8,500	9,786	(1,286)
Total expenditures	<u>8,500</u>	<u>146,514</u>	<u>10,506</u>	<u>136,008</u>
Net change in fund balance	-	(138,014)	(10,506)	127,508
Fund balance, July 1, 2019	243,269	243,269	243,269	-
Fund balance, June 30, 2020	<u>\$ 243,269</u>	<u>\$ 105,255</u>	<u>\$ 232,763</u>	<u>\$ 127,508</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (10,506)
Payable accrual	<u>(7,214)</u>
Net change in fund balances - GAAP basis	<u>\$ (17,720)</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Employee Training Fund - Budgetary Basis
For the year ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
General government	\$ 780,629	\$ 729,298	\$ 752,633	\$ (23,335)
Total expenditures	<u>780,629</u>	<u>729,298</u>	<u>752,633</u>	<u>(23,335)</u>
Revenues over/(under) expenditures	<u>(780,629)</u>	<u>(729,298)</u>	<u>(752,633)</u>	<u>(23,335)</u>
Other financing sources/(uses)				
Transfers in	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Total other financing sources/(uses)	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Net change in fund balance	(30,629)	20,702	(2,633)	(23,335)
Fund balance, July 1, 2019	62,586	62,586	62,586	-
Fund balance, June 30, 2020	<u>\$ 31,957</u>	<u>\$ 83,288</u>	<u>\$ 59,953</u>	<u>\$ (23,335)</u>

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ -	\$ 1,174,828	\$ 1,751,328	\$ 576,500
Total revenues	-	1,174,828	1,751,328	576,500
Expenditures:				
Highway and streets	-	1,203	10,110	(8,907)
Total expenditures	-	1,203	10,110	(8,907)
Revenues over/(under) expenditures	-	1,173,625	1,741,218	567,593
Other financing sources/(uses)				
Transfers out	-	(1,294,328)	(1,294,328)	-
Total other financing sources/(uses)	-	(1,294,328)	(1,294,328)	-
Net change in fund balance	-	(120,703)	446,890	567,593
Fund balance, July 1, 2019	14,107	14,107	14,107	-
Fund balance, June 30, 2020	<u>\$ 14,107</u>	<u>\$ (106,596)</u>	<u>\$ 460,997</u>	<u>\$ 567,593</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 446,890
Payable accrual	482
Net change in fund balances - GAAP basis	<u>\$ 447,371</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)
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 338,201	\$ 338,201
Total revenues	-	-	338,201	338,201
Expenditures:				
Community development and housing	-	-	251	(251)
Economic development	22,012	152,569	70,899	81,670
Total expenditures	22,012	152,569	71,150	81,670
Net change in fund balance	(22,012)	(152,569)	267,051	419,871
Fund balance, July 1, 2018	601,046	601,046	601,046	-
Fund balance, June 30, 2019	<u>\$ 579,034</u>	<u>\$ 448,477</u>	<u>\$ 868,097</u>	<u>\$ 419,871</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Private Party Sidewalks Fund - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ 100,000	\$ 100,000	\$ 75,626	\$ (24,374)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>75,626</u>	<u>(24,374)</u>
Expenditures:				
Current				
Highway and streets	100,000	272,485	181	272,304
Capital outlay				
Highway and streets	-	122,485	72,485	50,000
Total expenditures	<u>100,000</u>	<u>394,970</u>	<u>72,666</u>	<u>322,304</u>
Net change in fund balance	-	(294,970)	2,960	297,930
Fund balance, July 1, 2019	355,577	355,577	355,577	-
Fund balance, June 30, 2020	<u>\$ 355,577</u>	<u>\$ 60,607</u>	<u>\$ 358,537</u>	<u>\$ 297,930</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 2,960
Payable accrual	<u>(3,815)</u>
Net change in fund balances - GAAP basis	<u>\$ (855)</u>

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Public Art Fund - Budgetary Basis
For the year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government	\$ -	\$ 20,000	\$ 2,000	\$ 18,000
Economic development	\$ 65,164	\$ 94,143	\$ 76,205	\$ 17,938
Total expenditures	<u>65,164</u>	<u>114,143</u>	<u>78,205</u>	<u>35,938</u>
Revenues over/(under) expenditures	<u>(65,164)</u>	<u>(114,143)</u>	<u>(78,205)</u>	<u>35,938</u>
Other financing sources/(uses)				
Transfers in	<u>65,165</u>	<u>65,165</u>	<u>65,165</u>	<u>-</u>
Total other financing sources/(uses)	<u>65,165</u>	<u>65,165</u>	<u>65,165</u>	<u>-</u>
Net change in fund balance	1	(48,978)	(13,040)	35,938
Fund balance, July 1, 2019	65,750	65,750	65,750	-
Fund balance, June 30, 2020	<u>\$ 65,751</u>	<u>\$ 16,772</u>	<u>\$ 52,710</u>	<u>\$ 35,938</u>

**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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for service	\$ 28,000	\$ 28,000	\$ 21,448	\$ (6,552)
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>21,448</u>	<u>(6,552)</u>
Expenditures:				
Health and welfare	<u>28,195</u>	<u>27,635</u>	<u>9,041</u>	<u>18,594</u>
Total expenditures	<u>28,195</u>	<u>27,635</u>	<u>9,041</u>	<u>18,594</u>
Net change in fund balance	(195)	365	12,407	12,042
Fund balance, July 1, 2019	248,209	248,209	248,209	-
Fund balance, June 30, 2020	<u>\$ 248,014</u>	<u>\$ 248,574</u>	<u>\$ 260,616</u>	<u>\$ 12,042</u>

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
PERS Savings Fund - Budgetary Basis
For the year ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other financing sources/(uses)				
Transfers in	\$ 151,632	\$ 151,632	\$ 1,398,416	\$ 1,246,784
Total other financing sources/(uses)	<u>151,632</u>	<u>151,632</u>	<u>1,398,416</u>	<u>1,246,784</u>
Net change in fund balance	151,632	151,632	1,398,416	1,246,784
Fund balance, July 1, 2019	9,191,801	9,191,801	9,191,801	-
Fund balance, June 30, 2020	<u>\$ 9,343,433</u>	<u>\$ 9,343,433</u>	<u>\$ 10,590,217</u>	<u>\$ 1,246,784</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,794,743	\$ 1,794,743	\$ 1,798,762	\$ 4,019
Total revenues	1,794,743	1,794,743	1,798,762	4,019
Expenditures:				
Health and welfare	1,482,371	1,484,730	603,330	881,400
Total expenditures	1,482,371	1,484,730	603,330	881,400
Revenues over/(under) expenditures	312,372	310,013	1,195,432	885,419
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	(377,890)	(380,249)	505,170	885,419
Fund balance, July 1, 2019	2,270,250	2,270,250	2,270,250	-
Fund balance, June 30, 2020	<u>\$ 1,892,360</u>	<u>\$ 1,890,001</u>	<u>\$ 2,775,420</u>	<u>\$ 885,419</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 505,170
Tax receivable accrual	15,664
Net change in fund balances - GAAP basis	<u>\$ 520,834</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Tobacco Control Fund - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 324,000	\$ 324,000	\$ 262,500	\$ (61,500)
Intergovernmental	-	-	75,000	75,000
Investment income	-	-	1,324	1,324
Total revenues	<u>324,000</u>	<u>324,000</u>	<u>338,824</u>	<u>14,824</u>
Expenditures:				
Health and welfare	<u>350,227</u>	<u>466,567</u>	<u>252,220</u>	<u>214,347</u>
Total expenditures	<u>350,227</u>	<u>466,567</u>	<u>252,220</u>	<u>214,347</u>
Net change in fund balance	(26,227)	(142,567)	86,604	229,171
Fund balance, July 1, 2019	108,120	108,120	108,120	-
Fund balance, June 30, 2020	<u>\$ 81,893</u>	<u>\$ (34,447)</u>	<u>\$ 194,724</u>	<u>\$ 229,171</u>

**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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,806,686	\$ 2,806,686	\$ 2,882,235	\$ 75,549
Total revenues	<u>2,806,686</u>	<u>2,806,686</u>	<u>2,882,235</u>	<u>75,549</u>
Expenditures:				
Health and welfare	3,003,718	3,091,714	1,390,619	1,701,095
Community development and housing	-	552,984	552,983	1
Total expenditures	<u>3,003,718</u>	<u>3,644,698</u>	<u>1,943,602</u>	<u>1,701,096</u>
Net change in fund balance	(197,032)	(838,012)	938,633	1,776,645
Fund balance, July 1, 2019	4,673,715	4,673,715	4,673,715	-
Fund balance, June 30, 2020	<u>\$ 4,476,683</u>	<u>\$ 3,835,703</u>	<u>\$ 5,612,348</u>	<u>\$ 1,776,645</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 938,633
Payable accrual	<u>(16,093)</u>
Net change in fund balances - GAAP basis	<u>\$ 922,540</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 290,538	\$ 40,538
Investment income	-	-	11,736	11,736
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>302,274</u>	<u>52,274</u>
Expenditures:				
General government	-	-	-	-
Public safety	258,921	249,633	118,181	131,452
Total expenditures	<u>258,921</u>	<u>249,633</u>	<u>118,181</u>	<u>131,452</u>
Net change in fund balance	(8,921)	367	184,093	183,726
Fund balance, July 1, 2019	827,533	827,533	827,533	-
Fund balance, June 30, 2020	<u>\$ 818,612</u>	<u>\$ 827,900</u>	<u>\$ 1,011,626</u>	<u>\$ 183,726</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for service	\$ 98,000	\$ 98,000	\$ 86,850	\$ (11,150)
Miscellaneous	-	-	3,054	3,054
Total revenues	<u>98,000</u>	<u>98,000</u>	<u>89,904</u>	<u>(8,096)</u>
Expenditures:				
Health and welfare	<u>99,920</u>	<u>98,979</u>	<u>39,555</u>	<u>59,424</u>
Total expenditures	<u>99,920</u>	<u>98,979</u>	<u>39,555</u>	<u>59,424</u>
Net change in fund balance	(1,920)	(979)	50,349	51,328
Fund balance, July 1, 2019	131,444	131,444	131,444	-
Fund balance, June 30, 2020	<u>\$ 129,524</u>	<u>\$ 130,465</u>	<u>\$ 181,793</u>	<u>\$ 51,328</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 50,349
Receivable accrual	<u>(1,656)</u>
Net change in fund balances - GAAP basis	<u>\$ 48,693</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 1,019,528	\$ 140,009	\$ 693,611	\$ 553,602
Total revenues	<u>1,019,528</u>	<u>140,009</u>	<u>693,611</u>	<u>553,602</u>
Expenditures:				
Current:				
Highway and streets	1,400,540	637,108	801,373	(164,265)
Culture-recreation	2,459,172	11,466,510	2,120,910	9,345,600
Community development and housing	2,027,978	6,806,367	4,623,969	2,182,398
Economic development	345,535	45,625	399,260	(353,635)
Capital outlay:				
Highway and streets	-	2,198,266	2,198,266	-
Community development and housing	1,690,824	4,832,426	3,210,331	1,622,095
Total expenditures	<u>7,924,049</u>	<u>25,986,302</u>	<u>13,354,109</u>	<u>11,010,098</u>
Revenues over/(under) expenditures	<u>(6,904,521)</u>	<u>(25,846,293)</u>	<u>(12,660,498)</u>	<u>11,563,700</u>
Net change in fund balance	(6,904,521)	(25,846,293)	(12,660,498)	11,563,700
Fund balance, July 1, 2019	31,519,820	31,519,820	31,519,820	-
Fund balance, June 30, 2020	<u>\$ 24,615,299</u>	<u>\$ 5,673,527</u>	<u>\$ 18,859,322</u>	<u>\$ 11,563,700</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (12,660,498)
Receivable accrual	(14,887)
Payable accrual	(1,804,340)
Net change in fund balances - GAAP basis	<u>\$ (14,479,725)</u>

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Phone System Replacement Fund - Budgetary Basis
For the year ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
General government	4,418	194,492	107,281	87,211
Total expenditures	4,418	194,492	107,281	87,211
Revenue over/(under) expenditures	(4,418)	(194,492)	(107,281)	87,211
Other financing sources/(uses)				
Transfers in	-	198,000	198,000	-
Total other financing sources/(uses)	-	198,000	198,000	-
Net change in fund balance	(4,418)	3,508	90,719	87,211
Fund balance, July 1, 2019	203,300	373,981	373,981	-
Fund balance, June 30, 2020	<u>\$ 198,882</u>	<u>\$ 377,489</u>	<u>\$ 464,700</u>	<u>\$ 87,211</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Fund\$ Replacement Fund - Budgetary Basis
For the year ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
General government	\$ 6,133,645	\$ 14,293,223	\$ 2,462,732	\$ 11,830,491
Total expenditures	<u>6,133,645</u>	<u>14,293,223</u>	<u>2,462,732</u>	<u>11,830,491</u>
Revenues over/(under) expenditures	<u>(6,133,645)</u>	<u>(14,293,223)</u>	<u>(2,462,732)</u>	<u>11,830,491</u>
Other financing sources/(uses)				
Transfers in	-	1,929,000	1,929,000	-
Total other financing sources/(uses)	<u>-</u>	<u>1,929,000</u>	<u>1,929,000</u>	<u>-</u>
Net change in fund balance	(6,133,645)	(12,364,223)	(533,732)	11,830,491
Fund balance, July 1, 2019	7,492,056	7,492,056	7,492,056	-
Fund balance, June 30, 2020	<u>\$ 1,358,411</u>	<u>\$ (4,872,167)</u>	<u>\$ 6,958,324</u>	<u>\$ 11,830,491</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (533,732)
Payable accrual	(16,591)
Net change in fund balances - GAAP basis	<u>\$ (550,323)</u>

**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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Franchise	\$ 180,908	\$ -	\$ 165,431	\$ 165,431
Total revenues	<u>180,908</u>	<u>-</u>	<u>165,431</u>	<u>165,431</u>
Expenditures:				
General government	56,174	100,000	38,957	61,043
Community development and housing	-	-	-	-
Total expenditures	<u>56,174</u>	<u>100,000</u>	<u>38,957</u>	<u>61,043</u>
Net change in fund balance	124,734	(100,000)	126,474	226,474
Fund balance, July 1, 2019	1,831,560	1,831,560	1,831,560	-
Fund balance, June 30, 2020	<u>\$ 1,956,294</u>	<u>\$ 1,731,560</u>	<u>\$ 1,958,034</u>	<u>\$ 226,474</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 126,474
Receivable accrual	(5,395)
Net change in fund balances - GAAP basis	<u>\$ 121,079</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 2	\$ -	\$ -	\$ -
Total revenues	2	-	-	-
Expenditures:				
Community development and housing	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	2	-	-	-
Fund balance, July 1, 2019	58	56	58	2
Fund balance, June 30, 2020	<u>\$ 60</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Rents and royalties	\$ 416,913	\$ 6,028	\$ 26,018	\$ 19,990
Total revenues	416,913	6,028	26,018	19,990
Expenditures:				
Current:				
Highway and streets	628,027	1,279,952	371,794	908,158
Capital outlay:				
Highway and streets	262,176	789,612	988,784	(199,172)
Total expenditures	890,203	2,069,564	1,360,577	708,987
Revenues over/(under) expenditures	(473,290)	(2,063,536)	(1,334,559)	728,977
Other financing sources/(uses)				
Transfers out (OFS)	694,876	159,866	-	159,866
Debt proceeds (OFS)	-	-	-	-
Total other financing sources/(uses)	694,876	159,866	-	159,866
Net change in fund balance	(1,168,166)	(2,223,402)	(1,334,559)	888,843
Fund balance, July 1, 2019	2,504,162	2,504,162	2,504,162	1,704,512
Fund balance, June 30, 2020	\$ 1,335,996	\$ 280,760	\$ 1,169,603	\$ 2,593,355

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (1,334,559)
Payables accrual	(630,036)
Transfers out (OFS)	440,748
Net change in fund balances - GAAP basis	\$ (1,445,271)

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 129	\$ -	\$ 79	\$ 79
Total revenues	<u>129</u>	<u>-</u>	<u>79</u>	<u>79</u>
Expenditures:				
Community development and housing	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	129	-	79	79
Fund balance, July 1, 2019	6,024	6,024	6,024	-
Fund balance, June 30, 2020	<u>\$ 6,153</u>	<u>\$ 6,024</u>	<u>\$ 6,103</u>	<u>\$ 79</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Street Improvement Fund - Budgetary Basis
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 1,822	\$ 9	\$ 1,125	\$ 1,116
Total revenues	<u>1,822</u>	<u>9</u>	<u>1,125</u>	<u>1,116</u>
Net change in fund balance	1,822	9	1,125	1,116
Fund balance, July 1, 2019	85,858	85,858	85,858	-
Fund balance, June 30, 2020	<u>\$ 87,680</u>	<u>\$ 85,867</u>	<u>\$ 86,983</u>	<u>\$ 1,116</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Rents and royalties	\$ 2,987	\$ -	\$ 1,201	\$ 1,201
Investment income	-	-	419	419
Total revenues	<u>2,987</u>	<u>-</u>	<u>1,620</u>	<u>1,620</u>
Expenditures:				
General government	65	-	240	(240)
Total expenditures	<u>65</u>	<u>-</u>	<u>240</u>	<u>(240)</u>
Net change in fund balance	2,922	-	1,380	1,380
Fund balance, July 1, 2019	31,720	31,720	31,720	-
Fund balance, June 30, 2020	<u>\$ 34,642</u>	<u>\$ 31,720</u>	<u>\$ 33,100</u>	<u>\$ 1,380</u>

**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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Rents and royalties	\$ 34,553	\$ 34,553	\$ -	\$ (34,553)
Investment income	2,905	2,905	-	(2,905)
Miscellaneous	-	-	19,493	19,493
Total revenues	<u>37,458</u>	<u>37,458</u>	<u>19,493</u>	<u>(17,965)</u>
Expenditures:				
Interest and fiscal charges	2,905	2,905	1,754	1,151
Total expenditures	<u>2,905</u>	<u>2,905</u>	<u>1,754</u>	<u>1,151</u>
Net change in fund balance	34,553	34,553	17,739	(16,814)
Fund balance, July 1, 2019	(115,175)	(115,175)	(115,175)	-
Fund balance, June 30, 2020	<u>\$ (80,622)</u>	<u>\$ (80,622)</u>	<u>\$ (97,436)</u>	<u>\$ (16,814)</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 17,739
Receivable accrual	(17,739)
Net change in fund balances - GAAP basis	<u>\$ -</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Measure O Housing Bond Capital Project Fund
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ 96,220	\$ 96,220
Total revenues	-	-	96,220	96,220
Expenditures:				
Debt issuance costs	-	-	785,000	(785,000)
Total expenditures	-	-	785,000	(785,000)
Other financing sources/(uses):				
Debt proceeds	-	11,279,577	38,000,000	26,720,423
Total other financing sources/(uses)	-	11,279,577	38,000,000	26,720,423
Net change in fund balance	-	11,279,577	37,311,220	26,031,643
Fund balance, July 1, 2019	-	-	-	-
Fund balance, June 30, 2020	\$ -	\$ 11,279,577	\$ 37,311,220	\$ 26,031,643

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ 1,429,180	\$ 1,429,180
Total revenues	-	-	1,429,180	1,429,180
Expenditures:				
Principal repayment	640,000	640,000	-	640,000
Interest and fiscal charges	979,731	979,731	980,705	(974)
Other financing sources/(uses)				
Payment to refunded bond escrow agent	-	-	640,000	(640,000)
Total expenditures	1,619,731	1,619,731	1,620,705	(974)
Net change in fund balance	(1,619,731)	(1,619,731)	(191,525)	1,428,206
Fund balance, July 1, 2019	1,441,089	1,441,089	1,441,089	-
Fund balance, June 30, 2020	\$ (178,642)	\$ (178,642)	\$ 1,249,564	\$ 1,428,206

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (191,525)
Receivable accrual	21,762,180
Payable accrual	(21,767,691)
Net change in fund balances - GAAP basis	\$ (197,035)

**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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,309,864	\$ 3,309,864	\$ 2,625,871	\$ (683,993)
Total revenues	<u>3,309,864</u>	<u>3,309,864</u>	<u>2,625,871</u>	<u>(683,993)</u>
Expenditures:				
Principal repayment	1,825,479	1,825,479	1,825,479	-
Interest and fiscal charges	786,989	786,989	786,141	848
Total expenditures	<u>2,612,468</u>	<u>2,612,468</u>	<u>2,611,620</u>	<u>848</u>
Net change in fund balance	697,396	697,396	14,251	(683,145)
Fund balance, July 1, 2019	2,397,749	2,397,749	2,397,749	-
Fund balance, June 30, 2020	<u>\$ 3,095,145</u>	<u>\$ 3,095,145</u>	<u>\$ 2,412,000</u>	<u>\$ (683,145)</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 14,251
Receivable accrual	<u>(6,320)</u>
Net change in fund balances - GAAP basis	<u>\$ 7,932</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	351	351
Total revenues	-	-	351	351
Expenditures:				
Principal repayment	306,826	306,826	306,825	1
Interest and fiscal charges	195,576	195,576	194,976	600
Total expenditures	502,402	502,402	501,801	601
Revenues over/(under) expenditures	(502,402)	(502,402)	(501,450)	952
Other financing sources/(uses)				
Transfers in	499,802	499,802	499,802	-
Total other financing sources/(uses)	499,802	499,802	499,802	-
Net change in fund balance	(2,600)	(2,600)	(1,649)	952
Fund balance, July 1, 2019	(5,502)	(5,502)	(5,502)	-
Fund balance, June 30, 2020	<u>\$ (8,102)</u>	<u>\$ (8,102)</u>	<u>\$ (7,151)</u>	<u>\$ 952</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,463,321	\$ 1,463,321	\$ 475,701	\$ (987,620)
Total revenues	<u>1,463,321</u>	<u>1,463,321</u>	<u>475,701</u>	<u>(987,620)</u>
Expenditures:				
Principal repayment	335,582	335,582	335,582	-
Interest and fiscal charges	147,018	147,018	144,518	2,500
Total expenditures	<u>482,600</u>	<u>482,600</u>	<u>480,100</u>	<u>2,500</u>
Revenues over/(under) expenditures	<u>980,721</u>	<u>980,721</u>	<u>(4,399)</u>	<u>(985,120)</u>
Net change in fund balance	980,721	980,721	(4,399)	(985,120)
Fund balance, July 1, 2019	1,313,058	1,313,058	1,313,058	-
Fund balance, June 30, 2020	<u>\$ 2,293,779</u>	<u>\$ 2,293,779</u>	<u>\$ 1,308,659</u>	<u>\$ (985,120)</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (4,399)
Receivable accrual	(1,145)
Net change in fund balances - GAAP basis	<u>\$ (5,543)</u>

**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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 256,987	\$ 256,987	\$ 190,281	\$ (66,706)
Total revenues	<u>256,987</u>	<u>256,987</u>	<u>190,281</u>	<u>(66,706)</u>
Expenditures:				
Principal repayment	126,394	126,394	126,393	1
Interest and fiscal charges	55,280	55,280	54,432	848
Total expenditures	<u>181,674</u>	<u>181,674</u>	<u>180,825</u>	<u>849</u>
Net change in fund balance	75,313	75,313	9,456	(65,857)
Fund balance, July 1, 2019	449,751	449,751	449,751	-
Fund balance, June 30, 2020	<u>\$ 525,064</u>	<u>\$ 525,064</u>	<u>\$ 459,207</u>	<u>\$ (65,857)</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 9,456
Receivable accrual	(458)
Net change in fund balances - GAAP basis	<u>\$ 8,997</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 305,652	\$ 305,652	\$ 608,898	\$ 303,246
Total revenues	<u>305,652</u>	<u>305,652</u>	<u>608,898</u>	<u>303,246</u>
Expenditures:				
Principal repayment	427,545	427,545	427,545	-
Interest and fiscal charges	185,017	185,017	184,122	895
Total expenditures	<u>612,562</u>	<u>612,562</u>	<u>611,667</u>	<u>895</u>
Net change in fund balance	(306,910)	(306,910)	(2,769)	304,141
Fund balance, July 1, 2019	499,009	499,009	499,009	-
Fund balance, June 30, 2020	<u>\$ 192,099</u>	<u>\$ 192,099</u>	<u>\$ 496,240</u>	<u>\$ 304,141</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (2,769)
Receivable accrual	(1,465)
Net change in fund balances - GAAP basis	<u>\$ (4,234)</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ 962	\$ 962
Total revenues	-	-	962	962
Expenditures:				
Principal repayment	120,000	120,000	120,000	-
Interest and fiscal charges	284,498	284,498	284,532	(34)
Total expenditures	404,498	404,498	404,532	(34)
Revenues over/(under) expenditures	(404,498)	(404,498)	(403,570)	928
Other financing sources/(uses)				
Transfers in	402,613	402,613	402,613	-
Total other financing sources/(uses)	402,613	402,613	402,613	-
Net change in fund balance	(1,885)	(1,885)	(957)	928
Fund balance, July 1, 2019	(8,793)	(8,793)	(7,254)	1,539
Fund balance, June 30, 2020	<u>\$ (10,678)</u>	<u>\$ (10,678)</u>	<u>\$ (8,211)</u>	<u>\$ 2,467</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)
Revenues:				
Taxes	\$ -	\$ -	\$ 1,242,014	\$ 1,242,014
Total revenues	<u>-</u>	<u>-</u>	<u>1,242,014</u>	<u>1,242,014</u>
Expenditures:				
Principal repayment	605,000	605,000	605,000	-
Interest and fiscal charges	1,042,738	1,042,738	1,043,488	(750)
Total expenditures	<u>1,647,738</u>	<u>1,647,738</u>	<u>1,648,488</u>	<u>(750)</u>
Revenues over/(under) expenditures	<u>(1,647,738)</u>	<u>(1,647,738)</u>	<u>(406,474)</u>	<u>1,241,264</u>
Net change in fund balance	(1,647,738)	(1,647,738)	(406,474)	1,241,264
Fund balance, July 1, 2018	1,722,904	1,722,904	1,722,904	-
Fund balance, June 30, 2019	<u>\$ 75,166</u>	<u>\$ 75,166</u>	<u>\$ 1,316,430</u>	<u>\$ 1,241,264</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (406,474)
Receivable accrual	(8,168)
Net change in fund balances - GAAP basis	<u>\$ (414,640)</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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ 1,757,849	\$ 1,757,849
Total revenues	-	-	1,757,849	1,757,849
Expenditures:				
Principal repayment	1,350,000	1,350,000	1,350,000	-
Interest and fiscal charges	1,120,306	1,120,306	1,121,056	(750)
Total expenditures	2,470,306	2,470,306	2,471,056	(750)
Revenues over/(under) expenditures	(2,470,306)	(2,470,306)	(713,207)	1,757,099
Net change in fund balance	(2,470,306)	(2,470,306)	(713,207)	1,757,099
Fund balance, July 1, 2019	2,458,279	2,458,279	2,458,279	-
Fund balance, June 30, 2020	<u>\$ (12,027)</u>	<u>\$ (12,027)</u>	<u>\$ 1,745,072</u>	<u>\$ 1,757,099</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ (713,207)
Receivable accrual	(11,481)
Net change in fund balances - GAAP basis	<u>\$ (724,688)</u>

**Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
Measure O Housing Bond Debt Service
For the year ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ 1,166,864	\$ 1,166,864
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>1,166,864</u>	<u>1,166,864</u>
 Other financing sources/(uses):				
Premium on bond issued	-	-	1,135,147	(1,135,147)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,135,147</u>	<u>(1,135,147)</u>
 Net change in fund balance	-	-	2,302,011	31,717
 Fund balance, July 1, 2019	-	-	-	-
 Fund balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,302,011</u>	<u>\$ 31,717</u>

Explanation of differences between budgetary basis to modified accrual basis:

Net change in fund balances - budgetary basis	\$ 2,302,011
Receivable accrual	10,035
Net change in fund balances - GAAP basis	<u>\$ 2,312,047</u>



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INTERNAL SERVICE FUNDS

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.

The **IT Cost Allocation Fund** was established to replace the existing financial system of the City.

Combining Statement of Net Position
All Internal Service Funds
June 30, 2020

	<u>Equipment Maintenance Replacement</u>	<u>Building Maintenance</u>	<u>Central Services</u>	<u>Computer Replacement</u>
Assets				
Current assets:				
Cash and investments in treasury	\$ 17,147,746	\$ 2,714,957	\$ 154,567	\$ 122,491
Accounts receivable	6,106	7,690	-	-
Accrued interest	101,660	16,092	-	707
Inventory	-	-	76,013	-
Total current assets	<u>17,255,512</u>	<u>2,738,739</u>	<u>230,580</u>	<u>123,198</u>
Noncurrent assets:				
Advances to other funds	-	-	-	-
Capital assets:				
Building	1,162,882	11,848	-	-
Improvements other than buildings	171,524	-	-	-
Machinery and equipment	42,595,389	128,998	66,030	1,416,923
Construction in progress	5,400,848	-	-	-
Less accumulated depreciation	<u>(30,659,299)</u>	<u>(78,943)</u>	<u>(65,241)</u>	<u>(1,328,244)</u>
Total noncurrent assets	<u>18,671,344</u>	<u>61,903</u>	<u>789</u>	<u>88,679</u>
Total assets	<u>35,926,856</u>	<u>2,800,642</u>	<u>231,369</u>	<u>211,877</u>
Deferred outflows of resources:				
Deferred pension items	993,675	644,460	17,925	-
Deferred OPEB items	544,580	316,792	14,763	-
Total deferred outflows of resources	<u>1,538,255</u>	<u>961,252</u>	<u>32,688</u>	<u>-</u>
Liabilities				
Current liabilities				
Accounts payable	782,584	46,933	61,039	114,000
Accrued salaries and wages	207,263	126,336	4,971	-
Accrued interest payable	40,966	-	-	-
Compensated absences	23,856	7,951	300	-
Other liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Claims and judgments payable	-	-	-	-
Capital lease payable	1,085,585	-	-	-
Total current liabilities	<u>2,140,254</u>	<u>181,220</u>	<u>66,310</u>	<u>114,000</u>
Noncurrent liabilities				
Compensated absences	290,588	96,846	3,649	-
Claims and judgments payable	-	-	-	-
Capital lease payable	4,564,265	-	-	-
Net pension liabilities	7,770,701	4,782,160	151,294	-
Net OPEB liabilities	1,378,798	891,593	39,650	-
Total noncurrent liabilities	<u>14,004,352</u>	<u>5,770,599</u>	<u>194,593</u>	<u>-</u>
Total liabilities	<u>16,144,606</u>	<u>5,951,819</u>	<u>260,903</u>	<u>114,000</u>
Deferred inflows of resources:				
Deferred pension items	207,851	131,606	4,211	-
Deferred OPEB items	144,398	91,186	3,785	-
Total deferred inflows of resources	<u>352,249</u>	<u>222,792</u>	<u>7,996</u>	<u>-</u>
Net position				
Net investment in capital assets	13,021,494	61,903	789	88,679
Unrestricted	7,946,762	(2,474,620)	(5,631)	9,198
Total net position	<u>\$ 20,968,256</u>	<u>\$ (2,412,717)</u>	<u>\$ (4,842)</u>	<u>\$ 97,877</u>

<u>Workers' Compensation</u>	<u>Sick Leave & Vacation Payouts</u>	<u>Public Liability</u>	<u>Catastrophic Loss</u>	<u>IT Cost Allocation Plan</u>	<u>Total</u>
\$ 43,185,938	\$ 6,040,132	\$ 791,293	\$ 492,452	\$ 5,930,066	\$ 76,579,642
49,191	-	-	-	106,204	169,191
255,690	35,795	4,695	2,855	-	417,494
-	-	-	-	-	76,013
<u>43,490,819</u>	<u>6,075,927</u>	<u>795,988</u>	<u>495,307</u>	<u>6,036,270</u>	<u>77,242,340</u>
3,113,057	-	-	-	-	3,113,057
-	-	-	-	-	1,174,730
-	-	-	-	-	171,524
26,074	-	39,902	-	79,122	44,352,438
-	-	-	-	-	5,400,848
(26,074)	-	(39,902)	-	(16,128)	(32,213,831)
<u>3,113,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,994</u>	<u>21,998,766</u>
<u>46,603,876</u>	<u>6,075,927</u>	<u>795,988</u>	<u>495,307</u>	<u>6,099,264</u>	<u>99,241,106</u>
196,210	-	74,810	-	1,469,657	3,396,737
159,768	-	60,204	-	929,180	2,025,287
<u>355,978</u>	<u>-</u>	<u>135,014</u>	<u>-</u>	<u>2,398,837</u>	<u>5,422,024</u>
1,162	-	663,845	-	709,753	2,379,316
43,097	32,067	5,528	-	-	419,262
-	-	-	-	-	40,966
4,603	-	189	-	35,728	72,627
-	-	-	-	-	-
-	-	-	-	-	-
7,344,999	-	4,766,577	-	-	12,111,576
-	-	-	-	-	1,085,585
<u>7,393,861</u>	<u>32,067</u>	<u>5,436,139</u>	<u>-</u>	<u>745,481</u>	<u>16,109,332</u>
56,073	-	2,299	-	435,199	884,654
27,295,001	-	-	-	-	27,295,001
-	-	-	-	-	4,564,265
1,798,997	-	754,714	-	12,596,448	27,854,314
378,836	-	161,536	-	2,699,612	5,550,025
<u>29,528,907</u>	<u>-</u>	<u>918,549</u>	<u>-</u>	<u>15,731,259</u>	<u>66,148,259</u>
<u>36,922,768</u>	<u>32,067</u>	<u>6,354,688</u>	<u>-</u>	<u>16,476,740</u>	<u>82,257,591</u>
39,835	-	14,914	-	225,477	623,894
42,700	-	21,745	-	270,970	574,784
<u>82,535</u>	<u>-</u>	<u>36,659</u>	<u>-</u>	<u>496,447</u>	<u>1,198,678</u>
-	-	-	-	62,994	13,235,859
<u>9,954,551</u>	<u>6,043,860</u>	<u>(5,460,345)</u>	<u>495,307</u>	<u>(8,538,080)</u>	<u>7,971,002</u>
<u>\$ 9,954,551</u>	<u>\$ 6,043,860</u>	<u>\$ (5,460,345)</u>	<u>\$ 495,307</u>	<u>\$ (8,475,086)</u>	<u>\$ 21,206,861</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the year ended June 30, 2020**

	Equipment Maintenance Replacement	Building Maintenance	Central Services	Computer Replacement
Operating revenues:				
Equipment rentals service charge	\$ 13,326,384	\$ -	\$ -	\$ -
Building maintenance	-	3,796,575	-	-
Central store service charge	-	-	289,508	-
Workers' compensation fees	-	-	-	-
IT service fee	-	-	-	-
Other revenues	-	2,864	-	-
Total operating revenues	<u>13,326,384</u>	<u>3,799,439</u>	<u>289,508</u>	<u>-</u>
Operating expenses:				
Personnel services	2,528,562	1,414,485	63,693	-
Employee benefits	2,465,832	1,414,515	50,438	-
Transportation	158,738	127,357	15,331	-
Repairs and maintenance	117,037	235,337	-	-
Materials and supplies	3,298,627	410,096	117,999	114,000
Utilities	44,966	7,625	-	-
Insurance	6,650	-	-	-
Specialized and professional services	679,228	146,910	34,436	-
Depreciation	3,098,185	22,108	-	37,465
Judgments and claims	-	-	-	-
Communication	5,822	17,243	80	-
General administration	58,034	51,137	7,056	-
Total operating expenses	<u>12,461,681</u>	<u>3,846,813</u>	<u>289,033</u>	<u>151,465</u>
Operating income (loss)	864,703	(47,374)	475	(151,465)
Nonoperating revenues (expenses):				
Investment earnings	538,519	85,144	-	3,191
Interest expense	(103,680)	-	-	-
Gain (loss) on disposal of capital assets	17,621	-	-	-
Total nonoperating revenues (expenses)	<u>452,460</u>	<u>85,144</u>	<u>-</u>	<u>3,191</u>
Income (loss) before transfers	1,317,163	37,770	475	(148,274)
Transfers in	1,336,699	-	-	-
Transfers out	-	-	-	-
Change in net position	2,653,862	37,770	475	(148,274)
Total net position - beginning balance	<u>18,314,394</u>	<u>(2,450,487)</u>	<u>(5,317)</u>	<u>246,151</u>
Total net position - ending	<u>\$ 20,968,256</u>	<u>\$ (2,412,717)</u>	<u>\$ (4,842)</u>	<u>\$ 97,877</u>

Workers' Compensation	Sick Leave & Vacation Payouts	Public Liability	Catastrophic Loss	IT Cost Allocation Plan	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,326,384
-	-	-	-	-	3,796,575
-	-	-	-	-	289,508
10,834,289	-	-	-	-	10,834,289
-	-	-	-	12,612,902	12,612,902
-	3,215,106	-	-	-	3,217,970
<u>10,834,289</u>	<u>3,215,106</u>	<u>-</u>	<u>-</u>	<u>12,612,902</u>	<u>44,077,628</u>
554,236	2,196,947	130,213	-	4,605,782	11,493,918
508,812	210,182	193,576	-	3,740,710	8,584,065
4,867	-	-	-	511	306,804
-	-	-	-	-	352,374
1,138	-	-	-	650,457	4,592,317
-	-	-	-	-	52,591
-	-	-	-	-	6,650
668,296	-	22,437	-	2,716,436	4,267,743
-	-	-	-	15,317	3,173,075
2,082,462	-	2,556,525	2,491,424	-	7,130,411
3,793	-	31	-	118,735	145,704
-	-	69	-	491,359	607,655
<u>3,823,604</u>	<u>2,407,129</u>	<u>2,902,851</u>	<u>2,491,424</u>	<u>12,339,307</u>	<u>40,713,307</u>
7,010,685	807,977	(2,902,851)	(2,491,424)	273,595	3,364,321
1,353,626	189,239	24,975	13,297	-	2,207,991
-	-	-	-	-	(103,680)
-	-	-	-	-	17,621
<u>1,353,626</u>	<u>189,239</u>	<u>24,975</u>	<u>13,297</u>	<u>-</u>	<u>2,121,932</u>
8,364,311	997,216	(2,877,876)	(2,478,127)	273,595	5,486,253
-	-	2,895,888	1,753,088	1,503,827	7,489,502
-	-	-	-	-	-
8,364,311	997,216	18,012	(725,039)	1,777,422	12,975,755
<u>1,590,240</u>	<u>5,046,644</u>	<u>(5,478,357)</u>	<u>1,220,346</u>	<u>(10,252,508)</u>	<u>8,231,106</u>
<u>\$ 9,954,551</u>	<u>\$ 6,043,860</u>	<u>\$ (5,460,345)</u>	<u>\$ 495,307</u>	<u>\$ (8,475,086)</u>	<u>\$21,206,861</u>

Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2020

	<u>Equipment Maintenance Replacement</u>	<u>Building Maintenance</u>	<u>Central Services</u>	<u>Computer Replacement</u>
Cash flows from operating activities:				
Cash received from customers	\$ 13,331,709	\$ 3,800,290	\$ 289,508	\$ -
Cash paid for goods and services	(4,318,949)	(992,129)	(125,916)	(227,560)
Cash paid for employee services	(4,298,796)	(2,407,388)	(97,451)	-
Claims and judgments paid	-	-	-	-
Net cash provided (used) by operating activities	<u>4,713,964</u>	<u>400,773</u>	<u>66,141</u>	<u>(227,560)</u>
Cash flows from noncapital financing activities:				
Transfers in	1,336,699	-	-	-
Transfers out	-	-	-	-
Advance repayment	-	-	-	-
Net cash provided (used) from noncapital financing activities	<u>1,336,699</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Interest paid	(69,286)	-	-	-
Purchases of capital assets	(7,460,877)	(10,595)	-	-
Loan proceeds for equipment purchase	4,943,625	-	-	-
Debt repayment	(735,498)	-	-	-
Proceeds from disposal of capital assets	17,621	-	-	-
Net cash provided (used) from capital and related financing activities	<u>(3,304,415)</u>	<u>(10,595)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest received	467,607	74,019	-	3,249
Net cash provided (used) from investing activities	<u>467,607</u>	<u>74,019</u>	<u>-</u>	<u>3,249</u>
Net increase (decrease) in cash and cash equivalents	3,213,855	464,197	66,141	(224,311)
Cash and cash equivalents, July 1, 2019	13,933,891	2,250,760	88,426	346,802
Cash and cash equivalents, June 30, 2020	<u>\$ 17,147,746</u>	<u>\$ 2,714,957</u>	<u>\$ 154,567</u>	<u>\$ 122,491</u>
Financial statement presentation:				
Cash and investments	17,147,746	2,714,957	154,567	122,491
Total	<u>\$ 17,147,746</u>	<u>\$ 2,714,957</u>	<u>\$ 154,567</u>	<u>\$ 122,491</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Income (loss) from operations	\$ 864,703	\$ (47,374)	\$ 475	\$ (151,465)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation	3,098,185	22,108	-	37,465
Change in:				
Accounts receivable	5,325	851	-	-
Deferred outflow	(479,126)	(278,268)	(13,032)	-
Inventory	-	-	(12,039)	-
Accounts payable	50,153	3,576	61,025	(113,560)
Accrued salaries and wages	23,368	13,115	757	-
Compensated absences	9,966	31,727	1,331	-
Other liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Claims and judgments payable	-	-	-	-
Net pension liabilities	569,820	322,570	11,855	-
Net OPEB liability	612,821	355,813	16,625	-
Deferred inflows	(41,251)	(23,345)	(856)	-
Net cash provided (used) by operating activities	<u>\$ 4,713,964</u>	<u>\$ 400,773</u>	<u>\$ 66,141</u>	<u>\$ (227,560)</u>

<u>Workers' Compensation</u>	<u>Sick Leave & Vacation Payouts</u>	<u>Public Liability</u>	<u>Catastrophic Loss</u>	<u>IT Cost Allocation Plan</u>	<u>Total</u>
\$ 10,834,289	\$ 3,215,106	\$ -	\$ -	\$ 12,561,297	\$ 44,032,199
(678,498)	(4,601)	(260,436)	-	(3,959,179)	(10,567,268)
(882,038)	(2,412,277)	(275,098)	-	(7,029,423)	(17,402,471)
(3,628,462)	-	(2,186,579)	(2,491,424)	-	(8,306,465)
<u>5,645,291</u>	<u>798,228</u>	<u>(2,722,113)</u>	<u>(2,491,424)</u>	<u>1,572,695</u>	<u>7,755,995</u>
-	-	2,895,888	1,753,088	1,503,827	7,489,502
-	-	-	-	-	-
946,163	-	-	-	-	946,163
<u>946,163</u>	<u>-</u>	<u>2,895,888</u>	<u>1,753,088</u>	<u>1,503,827</u>	<u>8,435,665</u>
-	-	-	-	-	(69,286)
-	-	-	-	(30,442)	(7,501,914)
-	-	-	-	-	4,943,625
-	-	-	-	-	(735,498)
-	-	-	-	-	17,621
-	-	-	-	(30,442)	(3,345,452)
1,176,118	164,649	21,595	13,129	-	1,920,366
<u>1,176,118</u>	<u>164,649</u>	<u>21,595</u>	<u>13,129</u>	<u>-</u>	<u>1,920,366</u>
7,767,572	962,877	195,370	(725,207)	3,046,080	14,766,574
35,418,366	5,077,255	595,923	1,217,659	2,883,986	61,813,068
<u>\$ 43,185,938</u>	<u>\$ 6,040,132</u>	<u>\$ 791,293</u>	<u>\$ 492,452</u>	<u>\$ 5,930,066</u>	<u>\$ 76,579,642</u>
43,185,938	6,040,132	791,293	492,452	5,930,066	76,579,642
<u>\$ 43,185,938</u>	<u>\$ 6,040,132</u>	<u>\$ 791,293</u>	<u>\$ 492,452</u>	<u>\$ 5,930,066</u>	<u>\$ 76,579,642</u>
\$ 7,010,685	\$ 807,977	\$ (2,902,851)	\$ (2,491,424)	\$ 273,595	\$ 3,364,321
-	-	-	-	15,317	3,173,075
-	-	-	-	(51,605)	(45,429)
(140,602)	-	(52,438)	-	(815,046)	(1,778,512)
-	-	-	-	-	(12,039)
(404)	(4,601)	(237,899)	-	18,319	(223,391)
3,107	(5,148)	(13,420)	-	-	21,779
(10,444)	-	(20,708)	-	126,821	138,693
-	-	-	-	-	-
-	-	-	-	-	-
(1,546,000)	-	369,946	-	-	(1,176,054)
160,830	-	73,373	-	1,037,124	2,175,572
179,757	-	67,205	-	1,043,303	2,275,524
(11,638)	-	(5,321)	-	(75,133)	(157,544)
<u>\$ 5,645,291</u>	<u>\$ 798,228</u>	<u>\$ (2,722,113)</u>	<u>\$ (2,491,424)</u>	<u>\$ 1,572,695</u>	<u>\$ 7,755,995</u>



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FIDUCIARY FUNDS

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.

**Statement of Fiduciary Net Position
Pension and OPEB Trust Funds
June 30, 2020**

	Pension Trust Funds		Other Post- Employment Benefits Trust Funds
	Safety Members Pension Annuity Fund	Police Retirement Income Benefit Plan	Miscellaneous Retiree Health Premium Assistance Plan
Assets			
Cash and cash equivalents	\$ 35,664	\$ 1,030,693	\$ 10,064,726
Investments, at fair value:			
Medium term notes	-	2,300,393	1,716,437
US agency securities	-	1,492,687	2,904,278
Municipal bonds	-	-	9,108,845
Preferred Securities	-	944,292	5,526,234
Savo Island loan	-	-	270,000
Guaranteed investment contracts	-	-	-
Interest receivable	-	55,369	256,562
Total assets	35,664	5,823,434	29,847,082
Liabilities			
Accounts payable	35,664	-	-
Accrued interest payable	-	-	-
Accrued salaries and wages	-	-	-
Bonds payable - noncurrent	-	-	-
Net pension liabilities	-	-	-
Total liabilities	35,664	-	-
Net position restricted for:			
Employee pension benefits held in trust	-	5,823,434	-
Employee OPEB benefits held in trust	-	-	29,847,082
Held in trust City of Berkeley Successor Agency assets	-	-	-
Total net position	\$ -	\$ 5,823,434	\$ 29,847,082

**Other Post-Employment Benefits
Trust Funds**

Police Retiree Premium Assistance Plan	Fire Employees Retiree Health Plan	Total
\$ 654,465	\$ 2,878,177	\$ 14,663,725
-	4,052,273	8,069,103
1,076,482	2,569,169	8,042,616
-	-	9,108,845
634,606	2,368,345	9,473,477
-	-	270,000
-	-	-
7,752	77,298	396,981
<u>2,373,305</u>	<u>11,945,262</u>	<u>50,024,747</u>
-	-	35,664
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>35,664</u>
-	-	5,823,434
2,373,305	11,945,262	44,165,649
-	-	-
<u>\$ 2,373,305</u>	<u>\$ 11,945,262</u>	<u>\$ 49,989,083</u>

**Statement of Changes in Fiduciary Net Position
Pension and OPEB Trust Funds
For the year ended June 30, 2020**

	Pension Trust Funds		Other Post- Employment Benefits Trust Funds
	Safety Members Pension Annuity Fund	Police Retirement Income Benefit Plan	Miscellaneous Retiree Health Premium Assistance Plan
Additions:			
Tax increment income	\$ -	\$ -	\$ -
Contributions: employer	566,995	2,048,826	2,173,694
Investment income	-	661,299	795,546
Total additions	<u>566,995</u>	<u>2,710,125</u>	<u>2,969,240</u>
Deductions:			
Community development	-	-	-
Benefits payment for service	566,995	2,427,649	1,282,020
Administrative expenses	-	-	30,346
Investment expense	-	-	-
Total deductions	<u>566,995</u>	<u>2,427,649</u>	<u>1,312,366</u>
Change in net position	-	282,476	1,656,874
Total net position - beginning	-	5,540,958	28,190,208
Total net position - ending	<u>\$ -</u>	<u>\$ 5,823,434</u>	<u>\$ 29,847,082</u>

**Other Post-Employment Benefits
Trust Funds**

Police Retiree Premium Assistance Plan	Fire Employees Retiree Health Plan	Total
\$ -	\$ -	\$ -
400,136	742,398	5,932,049
(306,134)	530,479	1,681,190
<u>94,002</u>	<u>1,272,877</u>	<u>7,613,239</u>
-	-	-
203,999	634,762	5,115,425
4,871	3,979	39,196
-	-	-
<u>208,870</u>	<u>638,741</u>	<u>5,154,621</u>
(114,868)	634,136	2,458,618
<u>2,488,173</u>	<u>11,311,126</u>	<u>47,530,465</u>
<u>\$ 2,373,305</u>	<u>\$ 11,945,262</u>	<u>\$ 49,989,083</u>



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AGENCY FUNDS

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.

The ***North Shattuck Business Improvement District Fund*** established for the purpose of collecting and accounting for bid revenues.

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.

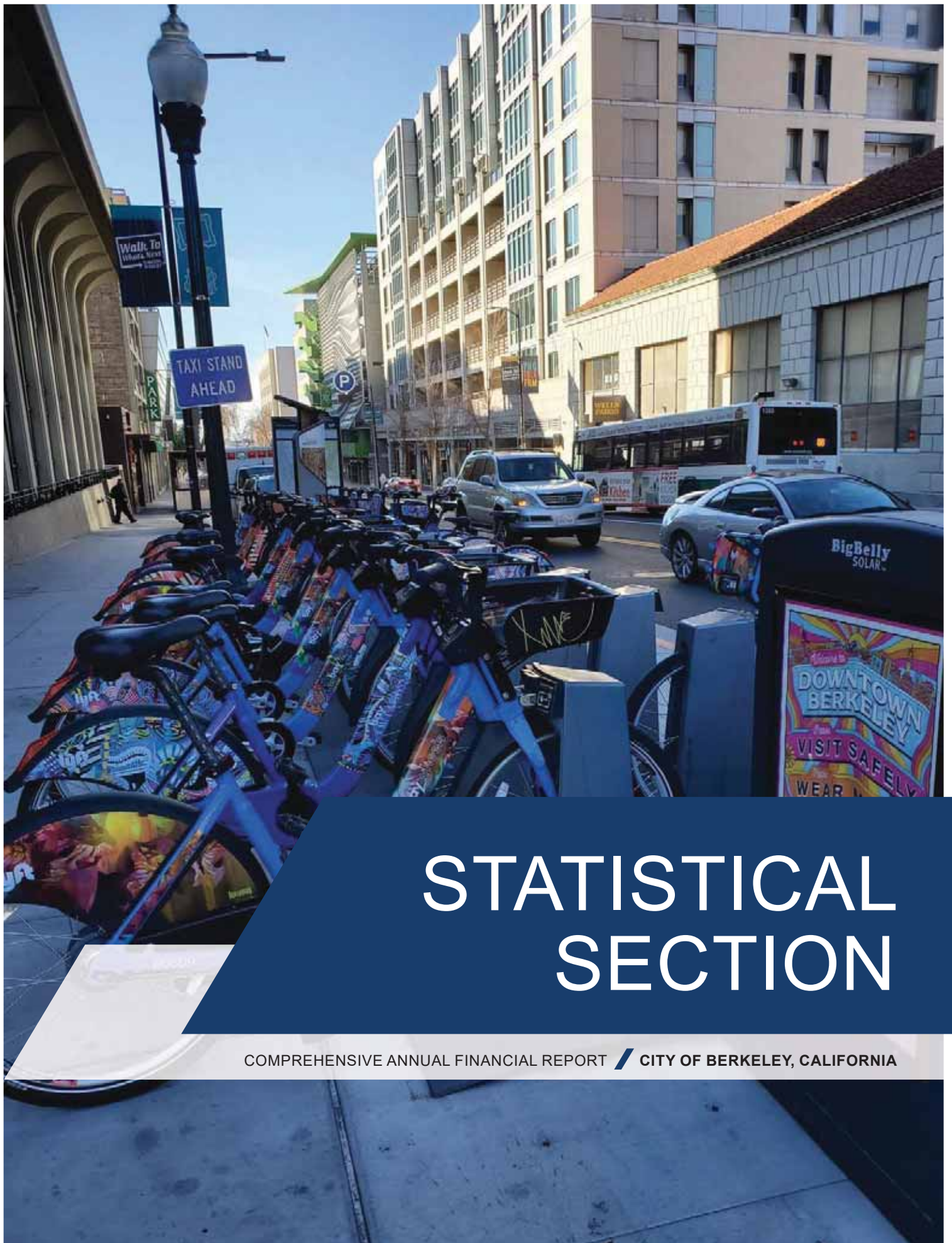
**Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2020**

	District 47 Underground/ Miller	Sustainable Energy	Solano Avenue Bid	Telegraph Business Improvement District	Thousand Oaks Undergrounding
Assets					
Cash and cash equivalents, July 1, 2019	\$ 124,312	\$ 24,337	\$ 33,254	\$ 201,335	\$ 267,206
Additions	258,262	23,293	29,434	492,060	108,775
Deletions	(258,262)	(23,951)	(53,148)	(453,681)	(102,751)
Cash and cash equivalents, June 30, 2020	<u>124,312</u>	<u>23,680</u>	<u>9,541</u>	<u>239,714</u>	<u>273,230</u>
Restricted cash and cash equivalents, July 1, 2019	-	-	-	-	91
Additions	-	22,135	-	-	98,001
Deletions	-	(22,135)	-	-	(97,921)
Restricted cash and cash equivalents, June 30, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171</u>
Taxes receivable, July 1, 2019	-	-	-	5,017	2,450
Additions	-	-	-	1,613	-
Deletions	-	-	-	(5,018)	-
Taxes receivable, June 30, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,613</u>	<u>2,450</u>
Other accounts receivable, July 1, 2019	-	-	500	-	-
Additions	-	-	-	-	-
Deletions	-	-	-	-	-
Other accounts receivable, June 30, 2020	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 124,312</u>	<u>\$ 23,680</u>	<u>\$ 10,041</u>	<u>\$ 241,328</u>	<u>\$ 275,851</u>
Liabilities					
Other agency obligations, July 1, 2019	\$ 124,312	\$ 24,337	\$ 33,754	\$ 206,352	\$ 269,747
Additions	258,262	45,428	29,434	493,674	206,776
Deletions	(258,262)	(46,086)	(53,148)	(458,698)	(200,672)
Other agency obligations, June 30, 2020	<u>124,312</u>	<u>23,680</u>	<u>10,041</u>	<u>241,328</u>	<u>275,851</u>
Total liabilities	<u>\$ 124,312</u>	<u>\$ 23,680</u>	<u>\$ 10,041</u>	<u>\$ 241,328</u>	<u>\$ 275,851</u>

Measure H School Tax	CFD No. 1 Disaster Fire Protection Mello-Roos	Sick Leave Entitlement	Berkeley Tourism BID	Elmwood Business Improvement District	North Shattuck Business Improvement District	DT Berkeley Property and Improvement District	Total
\$ -	\$ 4,291,766	\$ -	\$ 84,464	\$ 38,175	\$ -	\$ -	\$ 5,064,848
235,532	1,675,455	72,353	598,563	34,543	183,758	1,293,693	5,005,721
(233,912)	(1,890,712)	(72,353)	(597,201)	(34,882)	(182,647)	(1,323,673)	(5,227,172)
<u>1,620</u>	<u>4,076,508</u>	<u>-</u>	<u>85,825</u>	<u>37,836</u>	<u>1,111</u>	<u>(29,981)</u>	<u>4,843,397</u>
-	401,682	-	-	-	1,384	282,583	685,740
-	1,479,194	-	-	-	-	-	1,599,330
-	(1,480,622)	-	-	-	-	-	(1,600,678)
<u>-</u>	<u>400,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,384</u>	<u>282,583</u>	<u>684,392</u>
-	8,722	-	-	-	-	7,448	23,637
-	9,808	-	-	-	-	4,347	15,769
-	(12,150)	-	-	-	-	(6,698)	(23,865)
<u>-</u>	<u>6,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,097</u>	<u>15,541</u>
3,061	-	427,760	-	(2,500)	-	-	428,821
235,834	-	-	-	5,000	-	-	240,834
(235,532)	-	-	-	(5,000)	-	-	(240,532)
<u>3,363</u>	<u>-</u>	<u>427,760</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>429,123</u>
<u>\$ 4,984</u>	<u>\$ 4,483,143</u>	<u>\$ 427,760</u>	<u>\$ 85,825</u>	<u>\$ 35,336</u>	<u>\$ 2,495</u>	<u>\$ 257,700</u>	<u>\$ 5,972,454</u>
\$ 3,061	\$ 4,702,170	\$ 427,760	\$ 84,464	\$ 35,675	\$ 1,384	\$ 290,031	\$ 6,203,047
471,366	3,164,456	72,353	598,563	39,543	183,758	1,298,040	6,861,653
(469,444)	(3,383,483)	(72,353)	(597,201)	(39,882)	(182,647)	(1,330,371)	(7,092,247)
<u>4,984</u>	<u>4,483,143</u>	<u>427,760</u>	<u>85,825</u>	<u>35,336</u>	<u>2,495</u>	<u>257,700</u>	<u>5,972,454</u>
<u>\$ 4,984</u>	<u>\$ 4,483,143</u>	<u>\$ 427,760</u>	<u>\$ 85,825</u>	<u>\$35,336</u>	<u>\$ 2,495</u>	<u>\$ 257,700</u>	<u>\$5,972,454</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.

Contents	Page
Financial Trends (Schedules I-IV)	280
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity (Schedules V-VIII)	290
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property tax.	
Debt Capacity (Schedules IX-XII)	294
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information (Schedules XIII – XV)	300
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.	
Operating Information (Schedules XVI-XVII)	304
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)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 135,833,582	\$ 140,218,431	\$ 152,332,997	\$ 153,321,028
Restricted for debt services	11,599,189	9,320,347	8,586,832	9,879,916
Restricted for special purpose	74,138,620 ⁽¹⁾	74,074,662 ⁽⁴⁾	79,924,244 ⁽⁴⁾	98,125,716
Restricted for capital project	44,913,484 ⁽²⁾	27,810,334 ⁽⁴⁾	19,015,248 ⁽⁴⁾	14,927,978
Unrestricted	(26,481,637) ⁽³⁾	(10,330,463) ⁽⁴⁾⁽⁵⁾	(7,839,453) ⁽⁴⁾	(391,884,379) ⁽⁷⁾
Total governmental activities net position (as restated)	<u>\$ 240,003,238</u>	<u>\$ 241,093,311</u>	<u>\$ 252,019,869</u>	<u>\$ (115,629,741)</u>
Business-type activities				
Net investment in capital assets	\$ 135,560,473	\$ 138,673,632	\$ 144,532,319	\$ 141,101,726
Restricted for debt services	-	-	-	3,564,661
Unrestricted	27,616,182	24,796,734 ⁽⁶⁾	19,443,910	(37,326,378)
Total business-type activities net position (as restated)	<u>\$ 163,176,655</u>	<u>\$ 163,470,366</u>	<u>\$ 163,976,229</u>	<u>\$ 107,340,009</u>
Primary government				
Net investment in capital assets	\$ 271,394,055	\$ 278,892,063	\$ 296,865,316	\$ 294,422,754
Restricted	130,651,294	111,205,343	107,526,325	126,498,271
Unrestricted	1,134,546	14,466,271	11,604,457	(429,210,756) ⁽⁷⁾
Total primary government net position (as restated)	<u>\$ 403,179,895</u>	<u>\$ 404,563,677</u>	<u>\$ 415,996,098</u>	<u>\$ (8,289,731)</u>

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.
- ⁽¹⁾ components.
 - ⁽²⁾ The city began to separate "Restricted assets" into different categories in FY2009 and FY2010
 - ⁽³⁾ Restated 2009
 - ⁽⁴⁾ 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
 - ⁽⁵⁾ Restated 2010 due to look back adjustment
 - ⁽⁶⁾ Restated 2010 due to landfill liabilities & look back adjustment
 - ⁽⁷⁾ Restated due to implementation of GASB 63 and 65 in FY2013 and a prior period adjustment for fixed assets
 - ⁽⁸⁾ Restated due to implementation of GASB 68 Accounting and Financial Reporting for Pension
 - ⁽⁹⁾ 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

2015	2016	2017	2018	2019	2020
\$ 144,121,755	\$ 141,589,468	\$ 155,083,001	\$ 163,655,234	\$ 148,963,344	\$ 161,393,048
10,252,532	14,108,873	8,514,072	11,633,006	11,493,670	12,604,209
103,118,112	115,277,370	160,127,390	196,956,720	157,015,284	183,188,081
11,955,810	13,173,675	8,019,032	7,986,845	7,929,263	8,079,264
(387,079,250) ⁽⁷⁾	(383,255,676) ⁽⁸⁾	(394,429,659)	(502,673,152)	(428,454,001)	(482,457,931)
<u>\$ (117,631,041)</u>	<u>\$ (99,106,290)</u>	<u>\$ (62,686,164)</u>	<u>\$ (122,441,347)</u>	<u>\$ (103,052,440)</u>	<u>\$ (117,193,329)</u>
\$ 148,835,892	\$ 159,340,573	\$ 163,478,626	\$ 171,499,174	\$ 178,421,303	\$ 189,800,731
-	-	-	-	-	-
(25,344,187)	(16,664,516) ⁽⁸⁾	(6,500,826)	(4,300,338)	(1,651,335)	5,456,014
<u>\$ 123,491,705</u>	<u>\$ 142,676,057</u>	<u>\$ 156,977,800</u>	<u>\$ 167,198,836</u>	<u>\$ 176,769,968</u>	<u>\$ 195,256,745</u>
\$ 292,957,647	\$ 300,930,041	\$ 318,561,627	\$ 335,154,408	\$ 327,384,647	\$ 351,193,779
125,326,454	142,559,917	176,660,494	216,576,571	176,438,217	203,871,554
(412,423,438) ⁽⁷⁾	(399,920,192) ⁽⁸⁾⁽⁹⁾	(400,930,485)	(506,973,490)	(430,105,336)	(477,001,917)
<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>	<u>\$ 78,063,415</u>

Schedule II
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses					
Governmental activities:					
General government	\$ 32,723,124	\$ 29,929,909	\$ 30,692,445	\$ 30,139,123	\$ 31,486,649
Public safety	92,302,278	93,967,743	94,011,336	95,581,595 ⁽²⁾	106,809,311
Highways and streets	13,405,466	13,890,897	13,460,624	14,732,355 ⁽²⁾	19,738,696
Health and welfare	21,671,819	19,546,406	19,700,947	20,035,232	19,422,959
Culture and recreation	34,033,319	35,885,547	36,489,886	36,753,573 ⁽²⁾	35,475,983
Community development/housing	19,136,705	19,665,018	16,040,026	17,793,785 ⁽²⁾	17,752,712
Economic development	2,745,171	3,646,479	3,506,704	3,112,661	3,850,278
Interest on long-term debt	4,898,759	4,088,267	4,455,553	5,458,242	3,886,382
Total governmental activities	<u>220,916,641</u>	<u>220,620,266</u>	<u>218,357,521</u>	<u>223,606,566</u>	<u>238,422,970</u>
Business-type activities:					
Parking related	6,984,781	7,360,188	8,468,678	8,420,892	8,915,668
Marina operations and maintenance	5,099,639	5,854,093	5,648,421	5,648,254	5,067,986
Sewer services	11,687,510	12,813,186	12,400,758	13,223,132	13,545,934
Clean storm water	2,363,869	2,390,350	2,447,033	3,081,135	2,902,288
Refuse services	35,014,849	32,417,995	33,142,494	31,936,126	32,611,968
Permit service center	9,371,901	9,152,576	9,581,029	10,247,574	12,069,245
Building purchase and management	3,100,961	3,259,428	3,392,344	2,932,886	2,749,275
Total business-type activities	<u>73,623,510</u>	<u>73,247,816</u>	<u>75,080,757</u>	<u>75,489,999</u>	<u>77,862,364</u>
Total primary government expenses	<u>\$ 294,540,151</u>	<u>\$ 293,868,082</u>	<u>\$ 293,438,278</u>	<u>\$ 299,096,565</u>	<u>\$ 316,285,334</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 3,013,989	\$ 2,965,332	\$ 3,774,777	\$ 3,794,993	\$ 3,584,077
Public safety	13,808,972	16,271,404	18,684,450	14,294,277	7,440,233
Highways and streets	2,414,877	2,165,995	2,015,313	2,507,375	2,320,608
Health and welfare	1,401,541	1,472,907	1,471,882	1,612,417	1,582,411
Culture and recreation	3,387,609	3,122,421	3,319,845	2,268,394	2,182,771
Community development/housing	2,095,751	2,129,425	2,176,943	3,049,266	2,319,125
Economic development	736,560	1,505,706	518,561	639,700	691,350
Operating grants and contributions	35,975,381	31,483,965	29,551,902	33,064,026	33,379,186
Capital grants and contributions	3,360,193	4,191,566	3,413,791	2,421,781	2,000,063
Total governmental activities program revenues	<u>66,194,873</u>	<u>65,308,721</u>	<u>64,927,464</u>	<u>63,652,229</u>	<u>55,499,824</u>
Business-type activities:					
Charges for services:					
Parking related	9,047,693	9,817,873	10,274,629	11,717,962	13,062,773
Marina operations and maintenance	4,736,825	5,299,039	5,242,568	5,477,565	6,242,357
Sewer services	12,677,638	12,166,250	13,271,175	13,394,617	13,090,534
Clean storm water	2,070,815	2,065,087	2,070,413	2,067,572	2,068,847
Refuse services	33,740,848	32,702,914	33,346,812	34,246,485	38,923,942
Permit service center	8,487,701	8,968,166	9,995,079	14,848,940	17,911,716
Building purchase and management	3,011,690	2,984,924	2,632,538	2,212,217	2,216,349
Operating and capital grants and contributions	139,323	29,831	109,224	41,575	383,930
Total business-type activities program revenues	<u>73,912,533</u>	<u>74,034,084</u>	<u>76,942,438</u>	<u>84,006,933</u>	<u>93,900,448</u>
Total primary government revenues	<u>\$ 140,107,406</u>	<u>\$ 139,342,805</u>	<u>\$ 141,869,902</u>	<u>\$ 147,659,162</u>	<u>\$ 149,400,272</u>
Net (Expense)/Revenue					
Governmental activities	\$ (154,721,768)	\$ (155,311,545)	\$ (153,430,057)	\$ (159,954,337)	\$ (182,923,146)
Business-type activities	289,023	786,268	786,268	786,268	16,038,085
Total primary government net (expense)/revenue	<u>\$ (154,432,745)</u>	<u>\$ (154,525,277)</u>	<u>\$ (152,643,789)</u>	<u>\$ (159,168,069)</u>	<u>\$ (166,885,061)</u>

2016	2017	2018	2019	2020
\$ 31,344,033	\$ 36,177,528	\$ 47,539,559	\$ 39,612,843	\$ 36,361,812
114,150,343	101,655,408	123,171,811	133,992,694	157,090,127
17,611,249	16,051,208	18,628,805	22,246,641	24,788,042
19,734,011	23,806,106	28,183,652	35,370,732	40,673,233
34,749,031	37,190,348	42,996,852	52,589,537	45,695,251
17,593,646	20,571,263	25,125,419	27,346,388	34,523,756
4,183,775	2,311,510	2,719,990	5,459,483	6,704,853
4,778,074 ⁽³⁾	4,595,099	5,287,052	4,970,955	5,336,107
<u>244,144,162</u>	<u>242,358,470</u>	<u>293,653,140</u>	<u>321,589,272</u>	<u>351,173,181</u>
8,482,161	10,701,956	10,736,569	15,166,461	15,216,074
5,075,974	6,027,251	7,046,873	6,893,836	6,822,452
12,061,833	13,143,481	13,018,315	17,774,981	16,210,405
2,857,423	2,975,238	2,938,401	2,318,716	2,290,427
30,939,532	36,964,948	40,242,431	43,117,310	44,402,312
14,887,645	14,667,858	16,915,058	17,491,552	20,565,515
2,440,891 ⁽³⁾	2,814,061	2,666,087	2,629,827	2,819,469
<u>76,745,459</u>	<u>87,294,793</u>	<u>93,563,734</u>	<u>105,392,683</u>	<u>108,326,654</u>
<u>\$ 320,889,621</u>	<u>\$ 329,653,263</u>	<u>\$ 387,216,874</u>	<u>\$ 426,981,955</u>	<u>\$ 459,499,835</u>
\$ 3,915,028	\$ 5,236,680	\$ 5,720,397	\$ 4,313,273	\$ 3,131,573
14,535,669	14,387,253	11,168,764	11,145,339	9,067,824
1,666,472	1,355,297	1,909,139	1,413,973	2,722,787
1,633,130	1,958,225	1,494,988	1,479,103	1,163,819
2,298,241	2,154,058	2,628,060	2,291,989	1,202,687
5,226,574	5,267,951	3,451,491	5,165,907	7,074,535
629,397	43,321	186,584	463,045	-
35,167,186	42,894,135	25,099,244	27,032,700	30,366,687
2,194,454	2,609,542	4,806,465	3,363,352	7,037,595
<u>67,266,151</u>	<u>75,906,462</u>	<u>56,465,132</u>	<u>56,668,681</u>	<u>61,767,507</u>
13,349,457	12,396,672	12,332,740	14,215,039	48,721,810
6,709,274	6,435,644	5,793,447	6,934,118	6,304,333
14,880,418	19,868,359	23,979,787	24,344,044	23,533,991
2,087,827	2,064,770	2,061,279	3,949,602	4,062,103
40,529,067	41,846,007	45,004,548	48,524,914	21,413,637
15,774,949	18,579,481	17,803,610	16,685,852	11,268,937
2,256,349	1,978,447	2,841,172	2,734,674	2,810,620
99,845	5,250	535,569	-	-
<u>95,687,186</u>	<u>103,174,630</u>	<u>110,352,152</u>	<u>117,388,243</u>	<u>118,115,431</u>
<u>\$ 162,953,337</u>	<u>\$ 179,081,092</u>	<u>\$ 166,817,284</u>	<u>\$ 174,056,924</u>	<u>\$ 179,882,938</u>
\$ (176,878,011)	\$ (166,452,008)	\$ (237,188,008)	\$ (264,920,595)	\$ (289,405,674)
18,941,727	15,879,837	16,788,418	11,995,560	9,788,777
<u>\$ (157,936,284)</u>	<u>\$ (150,572,171)</u>	<u>\$ (220,399,590)</u>	<u>\$ (252,925,035)</u>	<u>\$ (279,616,897)</u>

Continued

**Schedule II
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position					
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>
Business-type activities					
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>
Change in Net Position					
Governmental activities	\$ 1,809,453 ⁽¹⁾	\$ (44,966)	\$ 1,090,074 ⁽²⁾	\$ 10,926,558	\$ 21,216,848
Business-type activities	(1,145,262) ⁽¹⁾	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:

⁽¹⁾ Restated due to "look back adjustments" in FY2011

⁽²⁾ Restated due to implementation of GASB 63 and 65 in FY2013

⁽³⁾ 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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
				Continued
\$ 73,726,035	\$ 80,791,426	\$ 85,758,114	\$ 92,655,664	\$ 114,315,762
7,822,325	7,231,134	7,803,416	9,334,683	9,462,115
16,454,651	17,316,575	18,125,394	19,086,897	20,375,089
9,951,462	11,704,798	12,307,839	12,960,911	13,865,074
2,665,478	2,759,600	2,822,459	2,964,822	3,156,883
4,201,668	4,431,198	4,643,707	4,889,292	5,218,308
17,111,938	20,577,996	17,944,285	18,857,882	18,253,632
14,337,343	14,186,649	15,199,534	14,688,225	13,557,384
7,131,568	7,879,633	7,753,933	8,754,269	7,040,883
16,102,328	18,773,158	19,500,558	25,805,130	28,763,018
3,860,198	3,582,337	7,617,254	22,144,726	22,962,304
-	-	-	-	-
389,343	389,424	387,332	390,434	388,062
221,637	195,733	362,374	265,286	443,939
2,506,398	3,415,952	1,821,527	3,282,904	13,099,214
-	-	-	-	3,597,947
3,445,882	2,169,816	4,671,918	2,871,625	1,564,914
90,971	71,608	-	-	17,825
988,313	-	-	-	-
(85,691)	(74,271)	92,978	1,030,495	(526,148)
<u>180,921,847</u>	<u>195,402,766</u>	<u>206,812,622</u>	<u>239,983,245</u>	<u>275,556,205</u>
27,918	168,021	123,865	280,816	3,592,813
-	-	-	323,866	-
-	332	-	-	11,434
85,691	74,271	(92,978)	(1,030,495)	526,148
113,609	242,624	30,887	(425,813)	4,130,395
<u>\$ 181,035,456</u>	<u>\$ 195,645,390</u>	<u>\$ 206,843,509</u>	<u>\$ 239,557,432</u>	<u>\$ 279,686,599</u>
\$ (2,001,301)	\$ 18,524,751	\$ 40,360,614	\$ 2,795,237	\$ (13,849,470)
16,151,695	19,184,352	15,910,724	16,362,605	13,919,172
<u>\$ 14,150,394</u>	<u>\$ 37,709,103</u>	<u>\$ 56,271,338</u>	<u>\$ 19,157,842</u>	<u>\$ 69,702</u>
				Concluded

Schedule III
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Nonspendable	\$ 3,357,980	\$ 3,438,803	\$ -	\$ -	\$ -
Restricted	-	-	3,648,330	3,648,330	3,648,330
Committed	-	-	-	-	-
Assigned	2,271,366	2,343,500	2,002,369	2,829,511	3,830,670
Unassigned	36,020,731	32,286,557	35,261,429	39,213,698	45,810,050
Total general fund	<u>\$ 41,650,077</u>	<u>\$ 38,068,860</u> ⁽²⁾	<u>\$ 40,912,129</u> ⁽³⁾	<u>\$ 45,691,539</u>	<u>\$ 53,289,050</u> ⁽⁴⁾
All Other Governmental Funds					
Nonspendable	\$ 2,638,276	\$ 2,114,083	\$ 1,991,263	\$ 1,991,263	\$ 3,024,783
Restricted	128,013,017	109,091,260	105,535,062	137,830,132	135,592,436
Committed	-	-	2,761,737	-	-
Assigned	1,702,626	11,431,620	8,449,018	10,524,900	12,140,810
Unassigned	(3,083,091)	(7,290,346)	(6,737,953)	(7,689,049)	(5,111,970)
Total all other governmental funds	<u>\$ 129,270,828</u>	<u>\$ 115,346,617</u> ⁽²⁾	<u>\$ 111,999,128</u> ⁽³⁾	<u>\$ 142,657,246</u>	<u>\$ 145,646,063</u> ⁽⁴⁾

⁽¹⁾ Restated in 2009 due an adjustment in receivables in Capital Project funds

⁽²⁾ Restated in 2010 due to implementation of GASB54 in FY2011 for new fund balances definition

⁽³⁾ 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

⁽⁴⁾ Implementation of GASB 63 and 65 adding "Deferred Inflows of Resources" on the Balance Sheet in Governmental Funds.

2016	2017	2018	2019	2020
\$ -	\$ 75,000	\$ 142,342	\$ -	\$ -
3,595,304	4,255,304	3,755,304	3,696,971	4,820,212
-	-	-	-	-
3,686,427	3,015,329	33,373,367	42,666,449	44,704,796
57,742,775	56,312,803	46,614,130	46,872,247	48,544,061
<u>\$ 65,024,506</u>	<u>\$ 63,658,436</u>	<u>\$ 83,885,143</u>	<u>\$ 93,235,667</u>	<u>\$ 98,069,069</u>
\$ -	\$ 894,467	\$ -	\$ 485,140	\$ 485,140
146,652,555	171,561,176	213,078,230	172,741,247	199,051,339
-	-	-	56,528,083	51,007,441
13,741,138	9,654,440	9,098,207	14,406,925	12,830,506
(4,055,850)	(6,003,579)	(5,458,232)	(144,666)	(385,951)
<u>\$ 156,337,845</u>	<u>\$ 176,106,504</u>	<u>\$ 216,718,205</u>	<u>\$ 244,016,729</u>	<u>\$ 262,988,475</u>

Schedule IV
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2011	2012	2013	2014	2015
Revenues:					
Taxes	\$ 141,205,937	\$ 144,860,044	\$ 152,544,937	\$ 160,511,002	\$ 167,926,924
Licenses and permits	971,120	881,108	647,812	815,336	747,408
Intergovernmental	49,755,227	45,798,782	43,322,094	45,047,739	43,545,804
Charges for service	12,043,388	11,929,921	12,979,187	12,920,362	13,462,066
Fines and penalties	10,561,972	9,851,317	8,614,439	8,946,415	6,458,690
Rents and royalties	409,872	358,434	362,188	318,261	790,282
Franchise	1,771,895	1,539,773	1,810,323	1,833,646	1,820,785
Private contributions and donations	547,171	1,036,535	751,041	1,226,855	221,637
Investment income	4,759,669	2,904,618	2,024,116	3,638,309	2,546,848
Miscellaneous	755,903	1,359,323	1,086,747	6,606,437	2,655,600
Insurance reimbursement	-	-	-	-	-
Total revenues	<u>222,782,154</u>	<u>220,519,855</u>	<u>224,142,884</u>	<u>241,864,362</u>	<u>240,176,044</u>
Expenditures:					
Current:					
General government	28,566,008	28,623,928	28,716,311	28,157,099	29,951,904
Public safety	86,910,102	88,389,316	87,446,217	90,210,207	92,726,601
Highway and streets	8,510,135	9,755,984	8,212,026	9,460,612	14,417,722
Health and welfare	21,757,796	19,443,351	19,393,251	19,727,071	19,390,326
Culture-recreation	32,428,584	32,914,456	34,240,614	34,221,596	32,825,401
Community development/housing	17,753,578	18,099,040	14,461,464	16,151,191	16,204,711
Economic development	2,743,700	3,595,178	3,469,891	3,125,734	3,845,172
Capital outlay	14,195,181	23,678,415	19,047,781	10,740,356	7,027,752
Debt service:					
Principal repayment	4,369,000	3,780,000	4,090,000	4,204,770	8,370,956
Interest and fiscal charges	4,755,777	4,560,657	4,154,700	4,294,180	4,461,272
Bond issuance cost	190,606	57,941	126,959	55,750	57,500
TRAN issuance cost	-	-	-	-	-
Capital outlay:					
Highway and streets	-	-	-	-	-
Culture-recreation	-	-	-	-	-
Total expenditures	<u>222,180,467</u>	<u>232,898,266</u>	<u>223,359,214</u>	<u>220,348,566</u>	<u>229,279,317</u>
Excess (deficiency) of revenues over/(under) expenditures	601,687	(12,378,411)	783,670	21,515,796	10,896,727
Other financing sources(uses):					
Transfers in	19,268,482	20,022,143	19,331,429	20,541,117	18,483,505
Transfers out	(22,232,168)	(21,253,445)	(20,093,967)	(23,213,656)	(22,527,217)
Bonds issued	16,000,000	140	5,693,852	15,000,000	2,700,000
Premium on notes and loans issued	428,536	-	542,791	445,272	-
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	2,548	509,636	8,007	1,149,000	45,000
Total other financing sources(uses)	<u>13,467,398</u>	<u>(721,526)</u>	<u>(1,287,888)</u>	<u>13,921,733</u>	<u>(1,298,712)</u>
Extraordinary gain/ (loss)	-	(4,405,488)	-	-	988,313
Net change in fund balances	<u>\$ 14,069,085</u>	<u>\$ (13,099,937)</u>	<u>\$ (504,218)</u>	<u>\$ 35,437,529</u>	<u>\$ 9,598,015</u>
Debt service as a percentage of noncapital expenditures	4.39%	3.99%	4.04%	4.06%	5.78%

Source: City of Berkeley, Finance Department

	2016	2017	2018	2019	2020
\$	182,816,853	\$ 202,424,662	\$ 232,141,241	\$ 248,703,772	\$ 256,872,153
	322,629	556,331	1,112,474	1,901,597	2,456,015
	49,367,193	38,700,204	32,196,279	28,956,505	31,476,921
	15,763,295	18,690,214	17,369,445	16,925,097	19,070,459
	6,761,750	6,664,490	7,250,933	5,722,785	4,381,944
	1,024,276	575,071	1,167,208	1,149,890	799,983
	1,880,847	2,458,817	2,188,386	1,980,538	1,972,164
	195,733	362,374	265,287	462,613	443,939
	3,329,771	1,821,528	3,282,923	8,973,164	10,891,239
	1,445,540	4,144,140	1,591,740	1,768,486	763,226
	-	-	-	17,927,255	3,597,947
	262,907,887	276,397,831	298,565,916	334,471,702	332,725,990
	29,742,445	42,974,661	35,642,792	33,491,216	29,437,616
	98,101,003	104,685,885	104,307,579	113,030,306	128,803,063
	12,762,905	13,933,075	12,214,301	19,110,976	14,087,561
	21,140,809	24,536,400	26,518,050	30,807,652	36,690,027
	34,226,586	39,520,665	38,347,719	43,279,764	47,141,184
	16,626,123	19,820,452	22,547,249	23,682,683	39,276,468
	4,252,971	2,341,947	2,633,706	5,022,535	6,444,578
	14,020,367	7,660,615	17,383,694	-	-
	2,160,325	10,964,272	5,295,707	6,734,693	6,476,012
	4,893,120	4,761,036	5,181,299	5,477,207	5,704,625
	428,417	214,700	243,954	-	1,029,749
	-	-	-	64,800	71,181
	-	-	-	4,460,002	17,900,178
	-	-	-	2,295,544	7,269,574
	238,355,071	271,413,708	270,316,050	287,457,378	340,331,816
	24,552,816	4,984,123	28,249,866	47,014,324	(7,605,826)
	20,583,750	22,965,817	61,850,103	28,993,415	23,073,587
	(24,464,333)	(25,159,093)	(65,103,257)	(39,358,689)	(31,089,237)
	-	15,000,000	35,000,000	-	38,000,000
	-	608,059	841,306	-	-
	36,680,000	-	-	-	19,480,000
	4,144,029	-	-	-	-
	(38,480,000)	-	-	-	(21,185,000)
	(604,600)	-	-	-	3,422,838
	15,574	3,679	7,145	-	204
	(2,125,580)	13,418,462	32,595,297	(10,365,274)	31,702,392
	-	-	-	-	-
\$	22,427,236	\$ 18,402,585	\$ 60,845,163	\$ 36,649,050	\$ 24,096,566
	3.15%	5.97%	4.15%	4.35%	3.88%

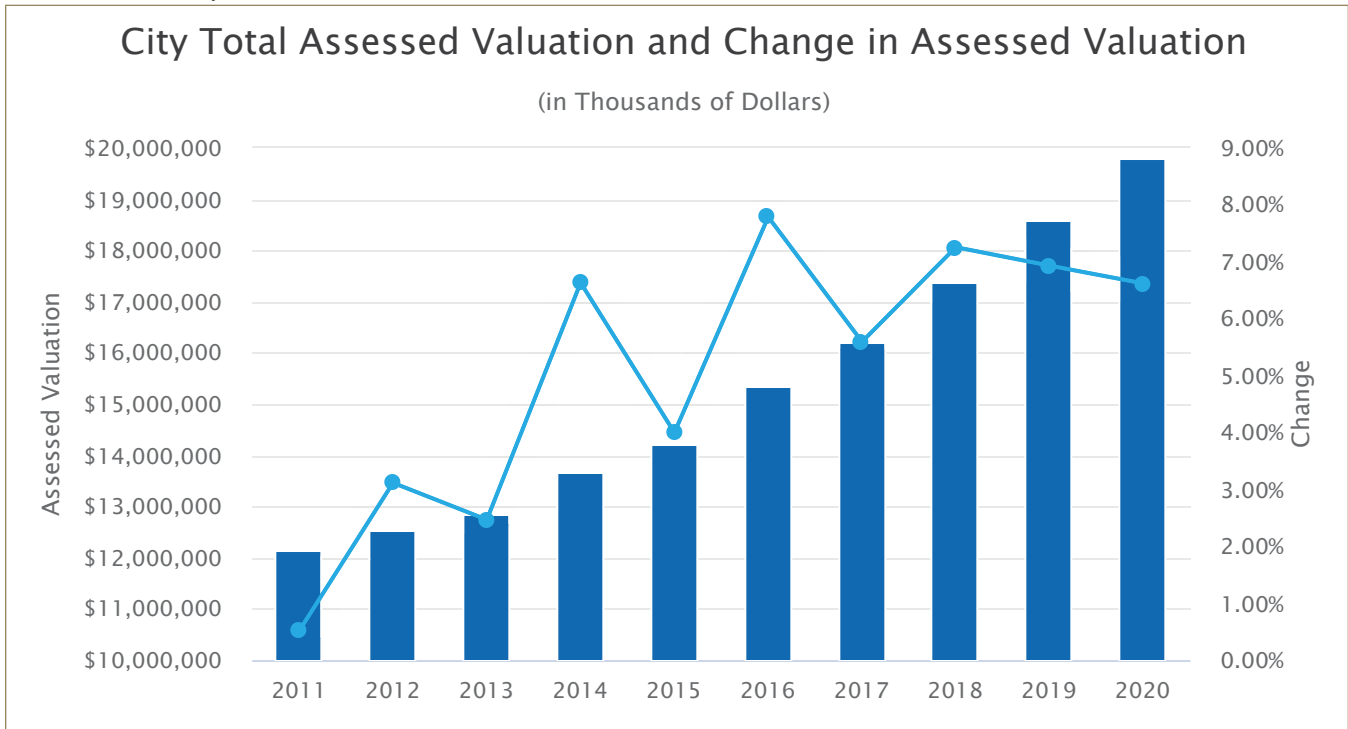
Schedule V
Assessed Value and Estimated Actual Values of Taxable Property
Last Ten Fiscal Years
(In Thousands of Dollars)

Fiscal Year	Residential Property	Utility Property	Commercial and Industrial Property			Less Exemptions:	Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
			Industrial Property	Institutional Property					
2011	\$ 9,943,462	\$ 556	\$ 2,574,960	\$ 269,634	\$ (640,481)	\$ 12,148,132	10.48	\$ 12,148,132	
2012	10,320,198	556	2,600,510	275,155	(669,934)	12,526,485	10.47	12,526,485	
2013	10,578,918	556	2,662,165	280,230	(686,387)	12,835,482	10.47	12,835,482	
2014	11,213,456	556	2,969,778	297,649	(794,624)	13,686,815	10.54	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	10.44	18,581,155	
2020	16,815,887	425	3,532,715	382,314	(920,145)	19,811,196	10.54	19,811,196	

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 ⁽¹⁾	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	
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
2020	10.00	0.54	10.54	1.00	0.45	0.04	0.01	0.14	12.18

Note:

⁽¹⁾ 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	2010		2020	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Bayer Healthcare LLC	\$ 277,453	2.30%	\$ 371,087	1.87%
Berkeley Multifamily I Property Owner LLC		0.00%	101,517	0.51%
Granite Library Gardens LP	78,065	0.65%	92,008	0.46%
Breit SH Berkeley LLC		0.00%	81,976	0.41%
CVBAF ACQ LLC		0.00%	76,794	0.39%
McRef Acheson LLC		0.00%	70,484	0.36%
Parkershattuck Owner, LLC		0.00%	61,361	0.31%
RI Berkeley LLC		0.00%	57,082	0.29%
Essex Berkeley, Inc.		0.00%	53,112	0.27%
Reddy Hanumandla R & Hanumandla J TRS	33,629	0.28%	50,649	0.26%
SC Hillside Berkeley Inc	45,380	0.38%		
GBC Univeristy Associates	46,818	0.39%		
GAIA Building LLC	33,549	0.28%		
Durant Investors LP	27,090	0.22%		
Seventh Street Properties II	22,596	0.19%		
2600 Tenth Street LLC	26,515	0.22%		
EQR Fine Arts Berkeley LP	35,280	0.29%		
Total - Principal taxpayers	\$ 626,375	5.18%	\$ 1,016,070	5.13%
Total - All real properties assessed by the City⁽¹⁾	\$ 12,086,053		\$ 19,811,196	

Note:

⁽¹⁾ 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 ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years ⁽²⁾		
		Amount	Percentage of Levy	Secured	Unsecured	Total
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
2020	67,163	66,315	98.74%	664	184	848

Note:

⁽¹⁾ Levies include Secured and Unsecured Property.

⁽²⁾ 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)

Governmental Activities (long-term debt instruments only)						
Fiscal Year Ended June 30,	General Obligation Bonds (Net of premiums)	General Obligation Bonds (premiums)	Total G.O. Bonds	Lease Revenue Bonds (Net of premiums)	Lease Revenue Bonds (premiums)	Total Revenue Bonds
2011	\$ 82,005	\$ 416	\$ 82,421	\$ 9,520	\$ -	\$ 9,520
2012	79,075	400	79,475	8,875	-	8,875
2013 ⁽²⁾	75,905	385	76,290	7,179	519	7,698
2014	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
2020	142,905	8,276	151,181	3,819	334	4,153

Business-type Activities (long-term debt instruments only)						
Fiscal Year Ended June 30,	Lease Revenue Bonds (Net of premiums)	Lease Revenue Bonds (premiums)	Total Revenue Bonds	Notes/Loans Payable	Certificates of Participation (Net of premiums)	Total Business-Type Activities
2011	3,950	-	3,950	11,056	25,385	40,391
2012	3,650	-	3,650	10,428	24,665	38,743
2013 ⁽²⁾	24,911	1,975	26,886	9,826	-	36,712
2014	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
2020	48,646	2,983	51,629	6,449	-	58,078

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

- ⁽¹⁾ 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.
- ⁽²⁾ 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.
- ⁽³⁾ 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 ⁽¹⁾	Capital Lease	Certificates of Participation (Net of premiums)	Certificates of Participation (premiums)	Total Certificates of Participation	Notes/Loans Payable	Total Governmental Activities
\$ 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
-	5,650	4,890	312	5,202	6,959	173,145

Total Primary Government	Percentage of Personal Income ⁽³⁾	Per Capita ⁽³⁾
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
231,223	3.91%	1,886

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					Total	Net General Bonds Debt as a Percentage of Actual Taxable Value of Property ⁽³⁾	Outstanding Debt Per Capita ⁽³⁾
	General Obligation Bonds ⁽¹⁾	Pension Refunding Bonds	Tax Allocation Bonds ⁽²⁾	Certificates of Participation				
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	
2020	142,905	-	-	4,890	147,795	0.75%	1,206	

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Net of resources restricted for the repayment of the principal of debt.

⁽²⁾ 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.

⁽³⁾ 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, 2020
(In Thousands of Dollars, except assessed valuation)

2019-2020 Assessed Valuation: \$ 19,811,196

	Debt Outstanding 6/30/2020	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt 6/30/2020
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Alameda County	\$ 217,940	6.70%	\$ 14,602
Bay Area Rapid Transit District	1,284,225	2.58%	33,133
Peralta Community College District	463,349	18.69%	86,600
Berkeley Unified School District	286,596	100.00%	286,596
City of Berkeley (GO bonds net of premium)	142,905	100.00%	142,905
City of Berkeley (GO bonds premium)	8,289	100.00%	8,289
City of Berkeley Community Facilities District No. 1	1,435	100.00%	1,435
East Bay Regional Park District	156,944	4.09%	6,419
City of Berkeley Thousand Oaks Heights AFUU Assessment District	1,005	100.00%	1,005
Subtotal overlapping tax and assessment debt			580,984
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Alameda County and Coliseum Obligations	\$ 829,881	6.70%	\$ 55,602
Alameda-Contra Costa Transit District Certificates of Participation	11,662	7.94%	926
Peralta Community College District Pension Obligations	139,691	18.78%	26,234
City of Berkeley Revenue bonds (Governmental activities)	3,819	100.00%	3,819 ⁽¹⁾
City of Berkeley Revenue bonds premium (Governmental activities)	334	100.00%	334 ⁽¹⁾
City of Berkeley Certificates of Participation (Governmental activities)	4,890	100.00%	4,890 ⁽¹⁾
City of Berkeley Certificates of Participation premium (Governmental activities)	312	100.00%	312 ⁽¹⁾
City of Berkeley Capital Leases (Governmental activities)	5,650	100.00%	5,650 ⁽¹⁾
City of Berkeley Notes and Loans Payable (Governmental activities)	6,959	100.00%	6,959 ⁽¹⁾
Subtotal overlapping General Fund debt			\$ 104,726
Overlapping tax increment debt:	-	100.00%	-
TOTAL DIRECT DEBT			173,158
TOTAL OVERLAPPING DEBT			512,552
COMBINED TOTAL DIRECT AND OVERLAPPING DEBT			\$ 685,710⁽²⁾

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.

⁽¹⁾ Excludes issue to be sold.

⁽²⁾ 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)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 1,822,220	\$ 1,878,973	\$ 1,925,322	\$ 2,053,022	\$ 2,135,095
Debt applicable to limit	82,421	68,700	76,290	88,336	84,608
Legal debt margin	<u>\$ 1,739,799</u>	<u>\$ 1,810,273</u>	<u>\$ 1,849,032</u>	<u>\$ 1,964,686</u>	<u>\$ 2,050,487</u>
Total net debt applicable to the limit as a percentage of debt limit	4.74%	3.80%	4.13%	4.50%	4.13%

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 2020

Assessed Value	\$ 19,811,196
Debt limit	2,971,679
Debt applicable to limit:	<u>142,905</u>
Legal Debt Margin	<u>\$ 2,828,774</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 2,301,379	\$ 2,430,131	\$ 2,606,477	\$ 2,787,173	\$ 2,971,679
<u>85,761</u>	<u>91,495</u>	<u>117,520</u>	<u>111,920</u>	<u>142,905</u>
<u>\$ 2,215,618</u>	<u>\$ 2,338,636</u>	<u>\$ 2,696,853</u>	<u>\$ 2,675,253</u>	<u>\$ 2,828,774</u>
3.87%	3.91%	4.36%	4.18%	5.05%

**Schedule XIII
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Public School Enrollment	University of California Enrollment	City Unemployment Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
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 ⁽⁸⁾	33 ⁽⁸⁾	9,385	35,899	7.0%
2014	117,372	4,758,965	40,546 ⁽⁸⁾	32 ⁽⁸⁾	9,410	36,204	5.8%
2015	118,853	4,950,941	41,656	32 ⁽⁸⁾	9,410	37,581	4.0%
2016	119,915	5,111,617	42,627 ⁽⁸⁾	31	9,785	38,204	3.8%
2017	121,238	5,168,012	42,627 ⁽⁸⁾	31	9,410	40,173	3.4%
2018	121,874	5,436,921	44,611 ⁽⁸⁾	31	10,340	41,910	2.7%
2019	123,328	5,640,776	45,738 ⁽⁸⁾	31	10,194	42,501	3.1%
2020	122,580	5,911,911	48,229 ⁽⁸⁾	31	9,844	43,185	13.50%

Source:

- (1) California State Dept. of Finance - Population Research Unit (as of January 1)
- (2) Association of Bay Area Governments, U.S. Census
- (3) From www.bayareacensus.ca.gov/cities/Berkeley.htm
- (4) Association of Bay Area Governments, Bay Area Census
- (5) Berkeley Unified School District from California Department of Education
- (6) University of California
- (7) From State of California Employment Development Department - Labor market Information Division
- (8) From U.S. Census Bureau

**Schedule XIV
Principal Employers
Current Year and Ten Years Ago**

Employer	2010			2020		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
University of California Berkeley	14,444	1	19.01%	13,750	1	20.33%
Lawrence Berkeley National Laboratory	3,735	2	4.91%	3,773	2	5.58%
Sutter East Bay Medical Foundation/Hospitals			0.00%	2,117	3	3.13%
City of Berkeley	1,634	5	2.18%	1,579	4	2.33%
Berkeley Unified School District	1,200	6	1.58%	1,302	5	1.93%
Bayer Coporation	1,659	4	2.15%	1,033	6	1.53%
Kaiser Permanente Medical Group	700	7	0.92%	742	7	1.10%
Siemens Corporation/Healthcare Diagnostics, Inc.			0.00%	736	8	1.09%
Berkley Bowl Produce			0.00%	636	9	0.94%
Lifelong Medical Care			0.00%	426	10	0.63%
Alta Bates Medical Center	3,100	3	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	27,697		36.44%	26,094		38.58%

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>2011</u>	<u>2012 ⁽²⁾</u>	<u>2013 ⁽²⁾</u>	<u>2014</u>	<u>2015</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 ⁽³⁾	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 ⁽¹⁾⁽³⁾	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
Total	<u><u>1,634.11</u></u>	<u><u>1,541.15</u></u>	<u><u>1,486.37</u></u>	<u><u>1,327.49</u></u>	<u><u>1,322.91</u></u>

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

⁽¹⁾ In FY2010 & 2011, some divisions in Health services, Planning were moved to Community development/housing

⁽²⁾ Information is based on FY2012 and 2013 adopted biennial budget from Budget Office

⁽³⁾ During FY12, Housing Department and Health Services Department were consolidated into one department: "Health, Housing & Community Services"

Source: City Manager - Budget Office

2016	2017	2018	2019	2020
175.78	172.28	186.72	197.25	205.75
273.00	272.00	272.00	283.20	288.20
140.00	140.00	148.00	149.00	153.00
121.05	130.25	145.85	145.85	145.85
98.88	96.50	101.50	156.12	155.37
41.05	43.55	38.05	87.33	100.33
5.85	5.85	3.00	7.00	7.00
105.95	107.95	110.15	116.10	116.05
65.00	71.50	82.08	94.80	103.40
289.60	292.60	295.60	300.60	320.50
19.75	20.60	22.75	22.55	22.35
1,335.91	1,353.08	1,405.70	1,559.80	1,617.80

**Schedule XVI
Operating Indicators
Last three fiscal years**

FUNCTION/PROGRAM	<u>Fiscal Year</u> 2018	<u>Fiscal Year</u> 2019	<u>Fiscal Year</u> 2020
General government			
Building Permits Issued			
Residential Permits Issued	3,222	3,354	2,800
Residential Permits Value	\$ 133,112,397	\$ 116,329,189	\$ 107,652,761
Mixed Use Issued	\$ 40	\$ 24	\$ 27 ⁽¹⁾
Mixed Use Value	\$ 108,533,173	\$ 11,155,858	\$ 99,332,466 ⁽¹⁾
Commercial Permits Issued	304	281	289
Commercial Permits Value	\$ 52,169,724	\$ 59,076,763	\$ 80,330,835
Residential Parking Permits			
Number of Daily Permits Issued	39,604	34,312	23,582
Number of 14 Day Permits Issued	1,484	1,456	734
Number of Annual Permits Issued	14,923	13,725	12,671
City Clerk			
Number of Council Resolutions Passed	429	415	389
Number of Ordinances Passed	56	47	42
Number of Contracts Passed	533	478	580
General Services			
Number of Purchase Orders Issued	4,408	4,609	4,977
Police			
Physical Arrests	2,926	2,523	2,855
Parking Violations	145,286	139,516	100,492
Traffic (moving) Violations	4,010	3,684	3,431
DUI Arrests	314	177	175
Fire			
Structure Fires	86	56	74
Vehicle Fire	32	33	34
Other Fires	192	169	228
Medical Calls	10,231	9,696	9,041
Haz-mat Calls	190	188	204
Other Calls	4,790	5,221	5,214
Out of City	96	79	59
Department of Health Services			
Health Inspections and Permits	9,071	4,482	3,007
Public Health Services Encounters	67,069	76,755	57,148
Mobile Crisis Visits	1,397	1,485	917
Housing and Community Services Department			
Home Delivered Meal	57,468	54,975	65,287
Summer and year-round jobs provided for youth	365	347	330
Library			
Number of visits made to Library Branches	1,036,995	1,083,038	794,696
Number of people that are registered library card holders	110,100	110,229	111,985
Number of times materials from the library circulated (items checked out)	2,038,220	2,420,839	2,107,269

(Continued)

Notes

- ⁽¹⁾ Mixed Use previously categorized between residential and commercial based on dominate property use.
- ⁽²⁾ "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.
- ⁽³⁾ 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

FUNCTION/PROGRAM	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
			(2)
Solid Waste Management			
Transfer Station Customers	132,162	134,125	131,051
Total incoming tons at transfer station			
Refuse and C&D	89,133	95,524	89,248
Organics	33,060	33,000	32,382 ⁽³⁾
Total incoming tons	122,193	128,523	121,630 ⁽³⁾
Landfilled Tons	75,577	77,870	72,814
Recycled /Composted Tons	43,770	49,788	46,943
Total tons exiting transfer station	119,347	127,658	119,757
Recycling Method			
Recycled/Composted tons:			
Organics collection to compost facility	21,375	22,361	21,660
Organics - public to compost facility	9,739	10,638	9,779
Transfer Station Salvage	843	807	697
C&D Diverted at sorting facility	15,014	16,788	13,829
Add 'l' TS Diversion Programs	4,215	866	978
TOTAL TRANSFER STATION DIVERSION	51,186	51,460	46,943
Buyback drop-off	3,228	2,772	2,315
Residential Curbside	8,598	8,280	8,408
Commercial recycling	3,882	4,931	4,608
TOTAL RECYLING COLLECTION at CCC (Not at transfer station)	15,708	15,983	15,331
TOTAL CITY CONTROLLED DIVERSION	66,894	67,443	62,274
Other Public Works			
Street Resurfacing/Overlay/Reconstruction (miles)	10	2	5
ADA Compliance: New Curb Ramps	162	76	127
Traffic Circles - Cumulative	55	56	57
Street Poles with Lights - Cumulative	8,185	8,036	8,036
Marina			
Number of Berths	1,032	1,032	1,032
Number of Occupied Berths	812	831	836
Number of new berthers	154	174	145
Number of paid launchers	5,083	6,948	7,971
Launch Ramp Total Revenue	\$ 75,242	\$ 102,255	\$ 127,908
Parking			
Number of Pay and Display Meters Operating	238	233	225
Number of Single Space Meters Operating	2,162	2,145	2,106
Planning and Development Department			
Customers Served	32,656	31,600	28,200
Building & Safety Inspections Performed	36,320	34,366	27,675
Toxics: CUPA Inspections	269	297	249
Sanitary Sewer			
Number of Customer Accounts Billed	33,065	33,459	32,897

(Concluded)

Schedule XVII
Capital Asset Statistics by Function/Program
Last three fiscal years

Function/Program	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
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	36	36	38
Support Vehicles	19	21	20
Transfer Tractors	8	8	8
Transfer Trailers	9	9	9
Other Public Works			
Streets (miles)	216	216	216
Streetlights	8,000	8,036	8,036
Traffic Signals	142	142	142
Sidewalks (miles)	300	300	300
Parks and Recreation			
Number of Parks	52	52	54
Public Swimming Pools	2	2	2
Over night Summer Camps	3	3	3
Number of Community Centers	7	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 ⁽¹⁾			
Number of Parking Garages	3	3	3
Number of Parking Lots	3	3	2
Number of Off Street Parking Meter Spaces	113	142	35
Number of Off Street Parking Garage Spaces	529	1,249	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**

\$15,000,000

\$36,680,000

CITY OF BERKELEY

CITY OF BERKELEY

2014 General Obligation Bonds

2015 General Obligation Refunding Bonds

(Street and Integrated Watershed Improvements)

\$15,000,000

\$35,000,000

CITY OF BERKELEY

CITY OF BERKELEY

2016 General Obligation Bonds

2017 General Obligation Bonds

**(Street and Integrated Watershed
Improvements)**

**(2016 Election: Infrastructure and Facilities
Improvements)**

\$38,000,000

CITY OF BERKELEY

2020 General Obligation Bonds

(2018 Election Measure O: Affordable Housing)

(Federally Taxable)

(Sustainability Bonds)

\$7,790,000

CITY OF BERKELEY

2020 Refunding General Obligation Bonds,

Series A

2008 Election Measure FF: Neighborhood Branch

Library Improvements Project)

(Green Bonds)

\$11,690,000

CITY OF BERKELEY

2020 Refunding General Obligation Bonds, Series B

(2008 Election Measure FF: Neighborhood Branch Library Improvements Project)

(Green Bonds)

\$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

- a) Audited financial statements:

This exhibit is attached to the City's audited financial statements.

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

- b) investment policies:

**City of Berkeley
Investment Portfolio
as of June 30, 2020**

Security Type	Market Value	Book Value
U.S. agency securities	44,279,780	44,001,000
Municipal bonds	5,598,700	5,069,731
Medium term notes	138,934,467	131,206,982
Commercial paper	55,734,593	55,624,604
Certificates of deposit	544,498	500,000
Money market	281,937,968	281,937,968
Total	527,030,006	518,340,285

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 assesses 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 6/30/2020)	Bond Issue	Outstanding (as of 6/30/2020)
1992	\$55,000,000	\$0*	2015 Bonds (Refunded 2002	\$25,960,000
1996	\$49,000,000	\$0	Bonds, 2007 A Bonds,	
2002	\$7,200,000	\$0	2007 B Bonds, 2008 Bonds)	
2008	\$26,000,000	\$0	2009 Bonds (Refunded 2009 Bonds)	\$7,790,000
			2010 Bonds (Refunded 2010 Bonds)	\$11,690,000
2012	\$30,000,000	\$0	2014 Bonds	\$13,380,000
			2016 Bonds	\$14,250,000
2016	\$100,000,000	\$65,000,000	2017 Bonds	\$31,835,000
2018	\$135,000,000	\$97,000,000	2020 Bonds	\$38,000,000
Total	\$402,200,000	\$162,000,000		\$142,905,000

* \$32,500,000 of this authorization was unissued but canceled

REPORT INFORMATION

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, 2020).

Fiscal Year	2009	2010	2014	2015	2016	2017	2020	2020	2020	Total
	G.O.Bonds	G.O.Bonds	G.O.Bonds	G.O.Bonds	G.O.Bonds	G.O.Bonds	G.O.Bonds (Measure O)	G.O.Bonds (Series A)	G.O.Bonds (Series B)	
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			896,125.00	3,872,962.50	745,737.50	1,730,056.26	2,002,997.50	606,268.75	913,295.14	10,767,442.65
2021-22			894,000.00	3,050,587.50	740,737.50	1,731,181.26	2,009,640.00	534,950.00	808,687.50	9,769,783.76
2022-23			896,000.00	3,049,837.50	740,112.50	1,730,556.26	2,005,540.00	537,075.00	804,312.50	9,763,433.76
2023-24			892,125.00	3,043,587.50	738,737.50	1,728,181.26	2,007,265.00	533,575.00	804,062.50	9,747,533.76
2024-25			896,425.00	3,036,712.50	736,612.50	1,728,931.26	2,009,790.00	529,575.00	802,812.50	9,740,858.76
2025-26			898,787.50	3,038,712.50	740,462.50	1,727,681.26	2,006,352.50	529,950.00	800,562.50	9,742,508.76
2026-27			895,237.50	3,066,687.50	740,362.50	1,728,856.26	2,006,952.50	529,575.00	807,062.50	9,774,733.76
2027-28			894,350.00	3,062,687.50	744,562.50	1,727,756.26	2,006,502.50	533,325.00	802,312.50	9,771,496.26
2028-29			896,150.00	2,110,687.50	747,962.50	1,739,156.26	2,005,002.50	536,075.00	801,437.50	8,836,471.26
2029-30			892,250.00	988,087.50	757,712.50	1,737,931.26	2,007,365.00	532,950.00	799,312.50	7,715,608.76
2030-31			892,650.00	394,931.25	763,912.50	1,731,906.26	2,003,590.00	538,825.00	800,812.50	7,126,627.51
2031-32			892,250.00	394,856.25	764,587.50	1,731,456.26	2,004,946.25	535,750.00	803,887.50	7,127,733.76
2032-33			890,712.50	394,253.13	764,812.50	1,730,106.26	2,006,390.00	538,950.00	803,787.50	7,129,011.89
2033-34			892,921.88	392,906.26	765,875.00	1,732,781.26	2,006,696.25	544,725.00	802,687.50	7,138,593.15
2034-35			894,100.01	391,006.26	767,812.50	1,729,481.26	2,005,865.00	542,200.00	804,037.50	7,134,502.53
2035-36			888,587.51	393,668.76	773,968.75	1,730,206.26	2,003,896.25	548,700.00	810,643.75	7,149,671.28
2036-37			891,243.76	390,662.51	779,268.75	1,729,881.26	1,997,815.00	549,675.00	806,650.00	7,145,196.28
2037-38			887,696.88	391,978.13	783,675.00	1,727,737.51	1,997,346.25	549,600.00	806,325.00	7,144,358.77
2038-39			887,946.88		787,175.00	1,728,675.01	2,000,096.25	549,075.00	805,400.00	6,758,368.14
2039-40			886,884.38		790,125.00	1,728,362.51	1,996,065.00	548,100.00	806,925.00	6,756,461.89
2040-41			888,925.00		797,456.25	1,725,956.26	1,995,252.50			5,407,590.01
2041-42			884,050.00		804,100.00	1,726,350.01	1,997,471.25			5,411,971.26
2042-43			887,600.00		809,175.00	1,725,281.26	1,992,721.25			5,414,777.51
2043-44			884,462.50		817,575.00	1,722,750.01	1,995,908.75			5,420,696.26
2044-45					825,075.00	1,723,675.01	1,994,740.00			4,543,490.01
2045-46					831,675.00	1,722,975.01	1,994,405.00			4,549,055.01
2046-47					837,375.00	1,719,628.13	1,992,200.00			4,549,203.13
2047-48						1,718,518.75	1,993,040.00			3,711,558.75
2048-49							1,991,840.00			1,991,840.00
2049-50							1,988,600.00			1,988,600.00
2050-51							1,988,235.00			1,988,235.00
Total	\$ 672,875.00	\$ 945,881.26	\$ 22,298,981.30	\$ 35,349,025.05	\$ 21,646,881.25	\$ 50,866,322.15	\$ 62,014,527.50	\$ 10,848,918.75	\$ 16,195,013.89	\$ 220,838,426.15

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, 2020): \$1,005,000

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 2019-2020**

Total Levy	Amount Delinquent	Number of Delinquent Parcels	Delinquency Rate
\$112,017	\$1,605.98	2	1.43%

\$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 2019-2020**

Use Type	Square Feet
Residential	62,118,250
Commercial	18,384,164
Institutional	3,387,211
Governmental	303,045
Taxable Total	84,192,670
Exempt Total	5,849,194
TOTAL	90,041,864

**Levy and Coverage Data
Fiscal Year 2019-2020**

Total Tax Levy	Bond Year		Coverage Ratio
	Debt Service		
\$1,018,985	\$754,075		1.35

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: \$33,210,000

B. Balance in funds and accounts held by the Authority, the City or the Trustee relating to the Bonds (as of June 30, 2020):

Project Fund:	\$0.00
Capitalized Interest Subaccount:	\$0.00

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⁽¹⁾)**

Year	Center Street Garage		Telegraph Channing Garage		Oxford Street Garage	
	Short-term ⁽²⁾	Overall ⁽³⁾	Short-Term ⁽²⁾	Overall ⁽³⁾	Short-term ⁽²⁾	Overall ⁽³⁾
2014 ⁽⁴⁾	85%	70%	47%	51%	77%	70%
2015 ⁽⁵⁾	96%	78%	89%	78%	77%	73%
2015 ⁽⁶⁾	105% ⁽⁷⁾	78%	67%	67%	70%	63%
2016	107% ⁽⁷⁾	75%	64%	58%	68%	75%
2017	0% ⁽⁸⁾	0% ⁽⁸⁾	49%	70%	60%	75%
2018	0% ⁽⁸⁾	0% ⁽⁸⁾	69%	74%	61%	77%
2019 ⁽⁹⁾	30%	40%	61%	66%	84%	87%
2020 ⁽¹⁰⁾	35%	44%	77%	80%	90%	93%
2020 - Pandemic ⁽¹¹⁾	5%	12%	5%	9%	0%	0%

⁽¹⁾ Weekday peak parking – Tuesday through Thursday 10 a.m. to 2 p.m.

⁽²⁾ Represents hourly parkers.

⁽³⁾ Represents hourly parkers and monthly permit parkers.

⁽⁴⁾ February 2014 data (prior to implementation of new rates on June 2, 2014).

⁽⁵⁾ March 2015 data (prior to implementation of new rates on September 1, 2015).

⁽⁶⁾ October 2015 data (following implementation of new rates on September 1, 2015).

⁽⁷⁾ 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.

⁽⁸⁾ Reflects demolition and reconstruction of a new Center Street Garage.

⁽⁹⁾ May 2019 data.

⁽¹⁰⁾ September 2019 data.

⁽¹¹⁾ May 2020 data. Please note: In Q4 FY2020 (3/16/20), shelter-in-place orders due to the COVID-19 pandemic significantly affected City parking facilities. Due to safety concerns and reduced customer demand, the City closed the Oxford Garage and reduced hours at the Center Street and Telegraph Channing Garages. These remained in place through the end of the fiscal year.

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

Fiscal Year Ended June 30:	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Assets					
Current Assets:					
Cash and investments in treasury	\$ 10,299,836	\$ 10,115,453	\$ 11,587,202	\$ 4,819,762	\$ 1,395,917
Accounts receivables, net	200,071	210,219	217,851	197,933	376,247
Total current assets	10,499,907	10,325,672	11,805,053	5,017,695	1,772,164
Noncurrent Assets:					
Restricted cash and cash equivalents ⁽¹⁾	-	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	4,065,874	16,363,701	41,880,706	-	-
Buildings, property, equip. and infrastructure	3,753,428	3,451,933	3,353,993	49,444,647	48,771,160
Total capital assets, net	9,111,011	21,107,343	46,526,408	50,736,356	50,062,869
Total noncurrent assets	9,111,011	46,709,631	48,897,664	50,911,625	50,062,869
Total assets	19,610,918	57,035,303	60,702,717	55,929,320	51,835,033
Deferred outflows of resources					
Deferred pension items ⁽²⁾	86,916	187,312	198,645	117,644	186,454
Total Deferred outflows of resources	86,916	187,312	198,645	117,644	186,454
Liabilities					
Current liabilities:					
Accounts payable	424,135	1,620,988	2,977,538	1,900,761	1,199,138
Accrued salaries and wages	19,505	29,514	26,101	19,334	20,297
Accrued interest payable	-	-	91,362	91,362	89,555
Compensated absences	984	3,899	4,038	3,532	4,308
Other liabilities	-	1,886,418	-	-	-
Deposits held	5,566	5,566	5,566	5,566	5,566
Revenue bonds payable ⁽³⁾	-	-	-	760,000	760,000
Total current liabilities	450,190	3,546,385	3,104,605	2,780,555	2,078,864
Noncurrent liabilities:					
Compensated absences	5,165	20,455	21,189	18,534	22,601
Revenue bonds payable ⁽³⁾	-	33,970,000	35,725,946	34,903,047	34,143,046
Net pension liability ⁽²⁾	735,432	874,653	930,291	906,988	995,024
Net OPEB liabilities	18,589	23,097	71,214	82,503	170,590
Total noncurrent liabilities:	759,186	34,888,205	36,748,640	35,911,072	35,331,261
Total liabilities	1,209,376	38,434,590	39,853,245	38,691,627	37,410,125
Deferred inflows of resources					
Deferred pension items ⁽²⁾	81,561	40,074	32,982	54,214	47,836
Total Deferred inflows of resources	81,561	40,074	32,982	54,214	47,836
Net Position					
Net investment in capital assets	9,111,011	12,739,631	10,800,462	15,073,309	15,159,823
Unrestricted (deficit)	9,295,886	6,008,320	10,193,369	2,227,814	(596,297)
Total Net Position	\$ 18,406,897	\$ 18,747,951	\$ 20,993,831	\$ 17,391,123	\$ 14,563,526

⁽¹⁾ Revenue bonds retired in March 2015; restricted cash no longer required.

⁽²⁾ Reflects implementation of GASB 68 in FY2014-15.

⁽³⁾ 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

Fiscal Year Ended June 30:	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Revenues:					
Center Street Garage	\$ 1,916,513	\$ 53,085	\$ 74,225	\$ 1,651,401	\$ 2,273,066
Oxford Garage	568,752	696,598	751,608	666,667	444,237
Telegraph Garage	1,299,923	1,245,278	1,324,060	1,093,389	884,430
Others	248,453	282,417	318,593	422,197	315,028
Total revenues ⁽¹⁾	<u>4,033,641</u>	<u>2,277,378</u>	<u>2,468,486</u>	<u>3,833,654</u>	<u>3,916,761</u>
Operating Expenses:					
Personnel services	162,510	248,427	385,259	336,859	286,275
Employee benefits	65,292	119,197	269,545	257,438	256,254
Transportation	4,753	8,079	5,703	3,728	4,792
Repairs and maintenance	315,068	765,642	561,060	635,281	622,118
Materials and supplies	254,890	309,977	783	285,262	34,557
Utilities ⁽²⁾	208,545	209,280	174,679	240,831	265,501
Specialized and professional services ⁽³⁾	1,390,363	1,221,177	1,448,880	3,032,607	2,402,218
Depreciation	301,596	301,493	332,229	1,634,582	1,926,168
Communication	25,536	17,296	14,545	59,940	36,999
General administration	-	506,629	12,205	10,171	9,485
Total operating expenses	<u>2,728,553</u>	<u>3,707,197</u>	<u>3,204,888</u>	<u>6,496,699</u>	<u>5,844,367</u>
Operating Income (Loss) ⁽³⁾	1,305,088	(1,429,819)	(736,402)	(2,663,045)	(1,927,599)
Non-operating revenues (expenses):					
Other Financing Sources (uses):					
Investment earnings ⁽⁴⁾	15,736	20,753	46,757	81,889	-
Interest expense ⁽⁵⁾	-	-	39,110	(1,090,150)	(1,157,646)
Gain (loss) on disposal of capital assets	-	-	-	-	-
Total non-operating revenue (expenses)	<u>15,736</u>	<u>20,753</u>	<u>85,867</u>	<u>(1,008,261)</u>	<u>(1,157,646)</u>
Net income (loss) before contributions and transfers	1,320,824	(1,409,066)	(650,535)	(3,671,306)	(3,085,245)
Transfer in ⁽⁶⁾	900,000	2,000,000	2,967,509	-	-
Transfer out	(7,920)	(230,780)	(7,920)	(21,395)	(7,920)
Change in net position	<u>2,212,904</u>	<u>360,154</u>	<u>2,309,054</u>	<u>(3,692,701)</u>	<u>(3,093,165)</u>
Total Net Position - Beginning ⁽⁷⁾	16,193,994	18,387,797	18,684,777	20,993,831	17,656,691
Total Net Position - Ending	<u>\$ 18,406,898</u>	<u>\$ 18,747,951</u>	<u>\$ 20,993,831</u>	<u>\$ 17,301,129</u>	<u>\$ 14,563,526</u>

⁽¹⁾ Total revenues reflect audited figures prepared on a full accrual basis. Garage figures provided on a cash basis.

⁽²⁾ Increases in utilities in FY 2013-14 and FY 2014-15 due to utility rate increases

⁽³⁾ Increase in professional services in FY 2015-16 due in part to one-time expenses associated with the Center Street Garage Project.

⁽⁴⁾ GASB 31 requires the City to record the unrecognized loss of investments to reflect the fair market value.

⁽⁵⁾ Represents interest payable on prior parking revenue bonds, which were retired in March 2015.

⁽⁶⁾ Transfer in FY 2015-16 of \$900,000 from Parking Meter Fund for City Center Garage Project financing.

⁽⁷⁾ 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

Fiscal Year Ended June 30:	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Assets					
Current Assets:					
Cash and cash equivalents	\$ 6,387,104	\$ 6,133,740	\$ 3,614,954	\$ 5,343,662	\$ 3,884,015
Accounts receivables, net	-	14,455	41,168	13,844	27,054
Total current assets	6,387,104	6,148,195	3,656,122	5,357,506	3,911,069
Noncurrent Assets:					
Capital Assets:					
Land	-	-	-	-	-
Construction in Progress	3,421	3,421	3,421	-	-
Buildings, property, equip. & infrastructure, net	1,324,708	1,077,949	1,500,874	1,094,602	773,347
Total capital assets, net	1,328,129	1,081,370	1,504,295	1,094,602	773,347
Total noncurrent assets	1,328,129	1,081,370	1,504,295	1,094,602	773,347
Total assets	7,715,233	7,229,565	5,160,417	6,452,108	4,684,416
Deferred outflows of resources					
Deferred pension items ⁽¹⁾	699,716	1,524,175	1,602,768	945,420	1,211,280
Total Deferred outflows of resources	699,716	1,524,175	1,602,768	945,420	1,211,280
Liabilities					
Current liabilities:					
Accounts payable	819,263	301,746	205,165	95,498	304,379
Accrued salaries and wages	174,331	188,624	183,710	200,051	250,144
Compensated absences	32,519	42,201	44,093	43,929	51,581
Total current liabilities	1,026,113	532,571	432,968	339,478	606,104
Noncurrent liabilities:					
Compensated absences	170,622	221,421	231,345	230,488	270,636
Net pension liability ⁽¹⁾	5,920,616	7,063,920	7,449,784	7,269,261	
Net OPEB liabilities	173,130	201,024	656,501	700,654	8,996,404
Total noncurrent liabilities:	6,264,368	7,486,365	8,337,630	8,200,403	9,267,040
Total liabilities	7,290,481	8,018,936	8,770,598	8,539,881	9,873,144
Deferred inflows of resources					
Deferred pension items	656,608	315,903	266,721	390,874	341,213
Total Deferred inflows of resources	656,608	315,903	266,721	390,874	341,213
Net Position					
Net investment in capital assets	1,328,129	1,081,370	1,504,295	1,094,602	773,347
Unrestricted (deficit)	(860,269)	(662,469)	(3,911,936)	(2,627,829)	(5,092,008)
Total Net Position	\$ 467,860	\$ 418,901	\$ (2,407,641)	\$ (1,533,227)	\$ (4,318,661)

⁽¹⁾ 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

Fiscal Year Ended June 30:	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Operating Revenues:					
Parking meter revenues ⁽¹⁾	\$ 9,315,816	\$ 10,119,294	\$ 10,170,358	\$ 10,381,385	\$ 7,352,176
Total Revenues	9,315,816	10,119,294	10,170,358	10,381,385	7,352,176
Operating Expenses:					
Personnel services ⁽²⁾	2,380,949	2,355,413	2,543,643	2,746,985	2,979,846
Employee benefits	1,541,674	1,763,648	2,189,173	2,419,282	2,798,124
Transportation	301,133	374,027	412,685	408,485	495,479
Repairs and maintenance ⁽³⁾	506,581	91,057	102,956	95,061	131,280
Materials and supplies ⁽³⁾	493,710	787,830	300,554	238,090	205,923
Utilities	12,560	13,005	16,234	12,370	12,195
Specialized and professional services	698,959	1,482,652	1,667,755	1,379,317	1,253,135
Depreciation	77,154	292,977	319,996	436,448	438,305
Communication	10,915	12,834	10,887	77,106	188,559
Total Operating Expenses	6,023,635	7,173,443	7,563,883	7,813,144	8,502,846
Operating Income (Loss)	3,292,181	2,945,851	2,606,475	2,568,241	(1,150,670)
Non-operating Revenues (Expenses):					
Investment earnings ⁽⁴⁾	11,976	(19,665)	(17,178)	96,473	116,174
Gain(loss) of dispos. capital assets	-	(1,670)	(4)	-	-
Total non-operating revenue (expenses)	11,976	(21,335)	(17,182)	96,473	116,174
Net income (loss) before contributions and transfers	3,304,157	2,924,516	2,589,293	2,664,714	(1,034,496)
Transfers in ⁽⁵⁾	339,321	223,965	223,965	-	-
Transfers out ⁽⁶⁾	(1,935,459)	(3,040,593)	(4,713,262)	(1,790,299)	(1,750,938)
Change in net position	1,708,019	107,888	(2,123,969)	874,415	(2,785,434)
Total Net Position - Beginning	(1,240,157)	311,013	(130,934)	(2,407,641)	(1,533,227)
Total Net Position - Ending ⁽⁷⁾	\$ 467,862	\$ 418,901	\$ (2,254,903)	\$ (1,533,226)	\$ (4,318,661)

⁽¹⁾ Revenue increases reflect meter rate increases that went into effect in December 2, 2013, June 2, 2014 and September 1, 2015.

⁽²⁾ 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 liability equals \$5,797,305 in FY 2014-15 and \$6,093,746 for FY 2015-16.

⁽³⁾ 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.

⁽⁴⁾ GASB 31 requires the City to record the unrecognized loss of investments to reflect the fair market value.

⁽⁵⁾ 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.

⁽⁶⁾ 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.

⁽⁷⁾ 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

Fiscal Year Ended June 30:	2019-2020
Off Street Parking Enterprise Operating Revenues	
Center Street Garage	\$ 2,273,066
Oxford Garage	444,237
Telegraph/Channing Garage	884,430
Telegraph/Channing Mall Rents	280,248
Other	34,780
Total Off Street Parking Enterprise Revenues	3,916,761
Off Street Parking Enterprise Operating Expenses	
Personnel	542,529
Non-personnel	5,301,838
Property and Business Interruption Insurance for Center Street Garage	-
Parking Management Services	-
Total Off Street Parking Enterprise Expenses	5,844,367
NET OFF STREET PARKING REVENUES FOR COVERAGE	\$ (1,927,606)
Parking Meter Enterprise Operating Revenues	
Various Lots	\$ 7,352,176
PSC Transfer	-
Total Parking Meter Enterprise Revenues	7,352,176
Parking Meter Enterprise Operating Expenses	
Personnel	5,777,970
Non-personnel	2,724,876
Total Parking Meter Enterprise Expenses	8,502,846
NET PARKING METER REVENUES FOR COVERAGE	\$ (1,150,670)
TOTAL NET REVENUES FOR COVERAGE	
2020 Revenue Bonds Debt Service	1,634,111
Coverage Ratio (Off Street Parking Fund Only)	-84.77%
Coverage Ratio (Off Street Parking Fund and Parking Meter Fund)	-53.09%



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Berkeley, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
December 31, 2020



APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

May 25, 2021

City Council
City of Berkeley
2180 Milvia Street
Berkeley, California 94704

OPINION: \$45,000,000 City of Berkeley
2021 General Obligation Bonds
(2016 Election: Infrastructure and Facilities Improvements)

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of Berkeley (the "City") of its City of Berkeley 2021 General Obligation Bonds (2016 Election: Infrastructure and Facilities Improvements) issued in the aggregate principal amount of \$45,000,000 (the "Bonds"). The Bonds have been issued by the City under the Constitution of the State of California, Chapter 7.64 of the Berkeley Municipal Code, laws of the State of California, including but not limited to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53506) of the Government Code of the State of California, and Resolution No. [] of the City Council of the City of Berkeley, adopted on April 27, 2021 (the "Resolution"). We have examined the law and such certified proceedings, opinions, certifications and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly organized and validly existing as a charter city and municipal corporation under the Constitution and laws of the State of California, with the power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Bonds are valid and binding general obligations of the City.

3. The City has the power, is obligated and in the Resolution has covenanted to levy ad valorem taxes upon all property within the City which is subject to taxation by the City, without limitation of rate or amount, for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds 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 opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 which must be satisfied subsequent to the issuance of the Bonds in order that 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 Bonds.

5. The interest on the Bonds 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 Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds 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. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations, covenants and opinions referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Berkeley (the “City”) in connection with the issuance of the bonds captioned above (the “Bonds”). The Bonds are being issued under the Constitution and laws of the State of California, including but not limited to, Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, under a resolution adopted by the City Council of the City on April 27, 2021 (the “Bond Resolution”) and pursuant to and consistent with the Charter of the City.

The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than April 1 after the end of each fiscal year of the City (currently June 30th).

“*Dissemination Agent*” means the City or any other Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. As of the date of this Disclosure Certificate, NHA Advisors, LLC is acting as Dissemination Agent.

“*Listed Events*” means any of the events listed in Section 5(a).

“*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.

“*Official Statement*” means the final official statement executed by the City in connection with the issuance of the Bonds.

“*Participating Underwriter*” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means 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. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2022, with the report for the 2020-21 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice of failure to file an annual report.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the Official Statement:

- (i) Assessed value of taxable property within the jurisdiction of the City;

- (ii) Summary of property tax rates for all taxing entities within the City expressed as a percentage of assessed valuation in the form of Table 5 of the Official Statement;
- (iii) Top ten property tax assessesees for current fiscal year, taxable value and percentage of total assessed value in substantially the form of Table 6 of the Official Statement;
- (iv) If and to the extent such information is available from the County, property tax collection delinquencies for the City; and
- (v) Amount of all general obligation debt of the City outstanding, and total scheduled debt service on such general obligation debt.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (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 Bonds 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), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. 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 it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(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.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. 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 Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, 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 Bonds, 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 Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably

feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds 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 Bond 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 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) 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 they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the City:	City of Berkeley 2180 Milvia Street Berkeley, California 94704 (510) 981-7000
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Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: May 25, 2021

CITY OF BERKELEY

By: _____
Director of Finance

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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 Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds 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 Bonds (the “**Issuer**”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (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 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “**Rules**” applicable to DTC are on file with the Securities and Exchange Commission and the current “**Procedures**” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

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.

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.

