



CITY OF OAKLAND

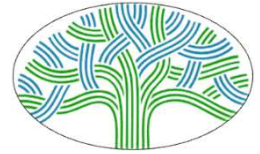
FY 2025-26 Third Quarter (Q3)  
Revenue and Expenditure Report

Presenter  
Bradley Johnson,  
Finance Director

**May 26, 2026**  
**Finance and Management**  
**Committee Meeting**



# Agenda



## Introduction

- Report Background

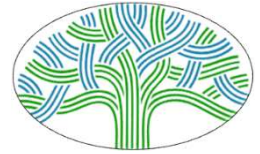
## FY 2025-26 Q3 R&E Report

- GPF Overview
- GPF Revenues
- GPF Expenditures
- GPF Fund Balance
- Select Non-GPF Funds

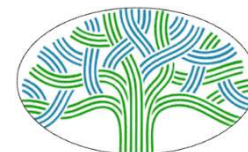
## Ongoing Concerns

- Pressures and Opportunities
- Summary of FY 2025-26 Q3 R&E and Next Steps

# Report Background



- This FY 2025-26 Q3 Report has been provided per the City's Consolidated Fiscal Policy (Ordinance No. 13487 C.M.S.).
- This report presents revenue and expenditure information only on the funds required to be reported in accordance with the City of Oakland Consolidated Fiscal Policy (Ordinance No. 13487 C.M.S.).
- The purpose of this report is to inform the public of the City's projected financial performance to use as a budget monitoring tool, improve fiscal transparency and accountability, and present data to make informed adjustments to maintain fiscal health.
- In the event that a department is projected to overspend in the General Purpose Fund by more than one percent (1%), the City Administrator shall bring an informational report to the City Council within 60 days following acceptance of the Revenue & Expenditure report by the City Council. The report shall list the actions the Administration is taking to bring the expenditures into alignment with the budget.



# FY 2025-26 Third Quarter GPF Fund Balance

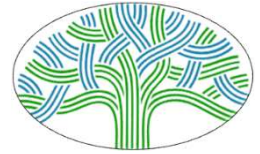
## FY 2025-26 General Purpose Fund Projected Fiscal Year-End

- When obligations against fund balance are considered, the City's estimated available fund balance in the GPF at the end of FY 2025-26 is **\$32.32 million**. This is an increase of **\$15.45 million** from the FY 2024-25 YE Fund Balance of **\$16.87 million**. Year End Fund balance is equivalent to **less than 4%** of projected expenditures.

### **FY 2025-26 General Purpose Fund Estimated Year-End Available Fund Balance (\$ in millions)**

GENERAL PURPOSE FUND (1010)	FY 2025-26 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>	<b>87.43</b>
Revenue	787.61
Expenditures	840.80
Estimated Current Year Surplus/(Shortfall)	<b>(53.19)</b>
<b>Estimated Ending Fund Balance</b>	<b>34.24</b>
<b>Use of Fund Balance in FY 2025-26</b>	
Restricted Legal Settlements	<b>(1.92)</b>
<b>Estimated Ending Fund Balance</b>	<b>32.32</b>

# FY 2025-26 Third Quarter Results: General Purpose Fund (GPF)



## In FY 2025-26 GPF Expenditures are projected to exceed Revenues by \$53.19 million

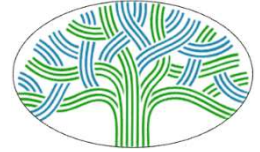
- The Adjusted Budget of \$847.54 million assumes the following to balance expenditures:
  - \$55.30 million in use of fund balance to cover FY 2024-25 carry-forwards.
  - \$0.56 million in fund balance to support budgeted expenditures.
- Revenues are projected to end the year \$59.93 million under the Adjusted Budget.
- Expenditures are projected end the year \$6.74 million over the Adjusted Budget.

**FY 2025-26 General Purpose Fund Third Quarter (\$ in millions)**

	FY 2025-26 Adopted Budget	FY 2025-26 Adjusted Budget	FY 2025-26 Q3 YTD Actuals	FY 2025-26 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
FY2025-26 Revenues	791.29	847.54	528.03	787.61	(59.93)	(7.1) %
FY 2025-26 Expenditures	791.29	847.54	576.45	840.80	6.74	0.8 %
<b>Operating (Shortfall) / Surplus</b>	—	—	(48.42)	(53.19)	(53.19)	(6.3) %

- The Operating shortfall in the above table is the result of the 55.30 million n use of fund balance to cover FY 2024-25 carry-forwards. Without these carryforwards the City would not have an operating deficit.

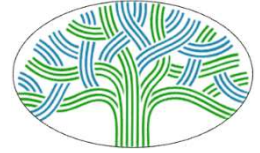
# FY 2025-26 Third Quarter GPF Revenues



## FY 2025-26 GPF Budget to Actual Expenditures (\$ in millions)

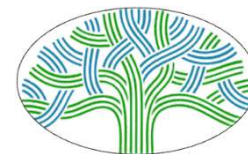
Revenue Category	FY 2025-26 Adopted Budget	FY 2025-26 Adjusted Budget	FY 2025-26 Q3 YTD Actuals	FY 2025-26 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Property Tax	322.29	322.29	190.61	312.26	(10.04)	(3.1)%
Business License Tax	129.53	129.53	115.65	132.08	2.54	2.0 %
Sales Tax	84.14	84.14	45.40	81.56	(2.59)	(3.1)%
Utility Consumption Tax	75.62	75.62	47.52	70.60	(5.02)	(6.6)%
Real Estate Transfer Tax	68.30	68.30	52.44	69.92	1.62	2.4 %
Service Charges	51.90	51.99	28.21	53.46	1.47	2.8 %
Fines & Penalties	24.57	24.57	18.10	26.59	2.02	8.2 %

# FY 2025-26 Third Quarter GPF Revenues (continued)



## FY 2025-26 GPF Budget to Actual Expenditures (\$ in millions)

Revenue Category	FY 2025-26 Adopted Budget	FY 2025-26 Adjusted Budget	FY 2025-26 Q3 YTD Actuals	FY 2025-26 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Parking Tax	11.94	11.94	7.82	10.96	(0.98)	(8.2)%
Miscellaneous Revenue	3.10	3.10	3.77	4.27	1.17	37.8 %
Interfund Transfers	2.16	2.16	2.16	2.16	—	— %
Licenses & Permits	1.35	1.35	1.20	1.61	0.26	19.2 %
Grants & Subsidies	—	0.85	2.58	2.58	1.73	— %
Interest Income	0.34	0.34	(0.75)	2.50	2.16	635.1 %
Vehicle License Fee	—	—	0.66	0.66	0.66	N / A
<b>Subtotal</b>	<b>790.72</b>	<b>791.67</b>	<b>528.03</b>	<b>787.61</b>	<b>(4.06)</b>	<b>(0.5)%</b>
Project Offsets & Carryforwards	—	55.30	—	—	(55.30)	(100.0)%
<b>Total Revenue</b>	<b>791.29</b>	<b>847.54</b>	<b>528.03</b>	<b>787.61</b>	<b>(59.93)</b>	<b>(7.1)%</b>

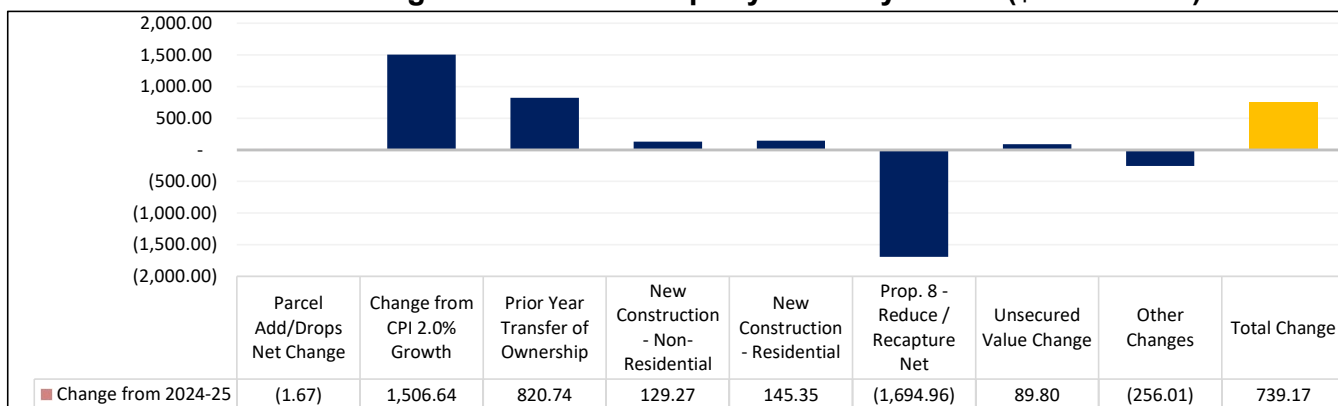


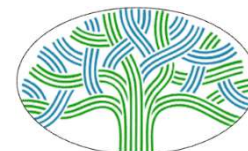
# FY 2025-26 Third Quarter Property Tax

## Assessed Valuation Growth Slowdown

- FY 2025-26 collections of Property Tax are projected to end the year at \$312.26 million, which is \$10.04 million or 3.1% under the Adjusted Budget of \$322.29 million.
- Assessed value growth slowed sharply to below 1% in FY 2025–26, driven primarily by Proposition 8 (Prop 8) reductions, which lower assessed values when market value falls below assessed base-year value; commercial properties accounted for the majority of these reductions.
- Over the past 30 years, assessed values increased at an average rate of approximately 6% annually, highlighting the contrast with the current slowdown.

**FY 2025-26 Change in Assessed Property Value by Cause (\$ in Millions)**



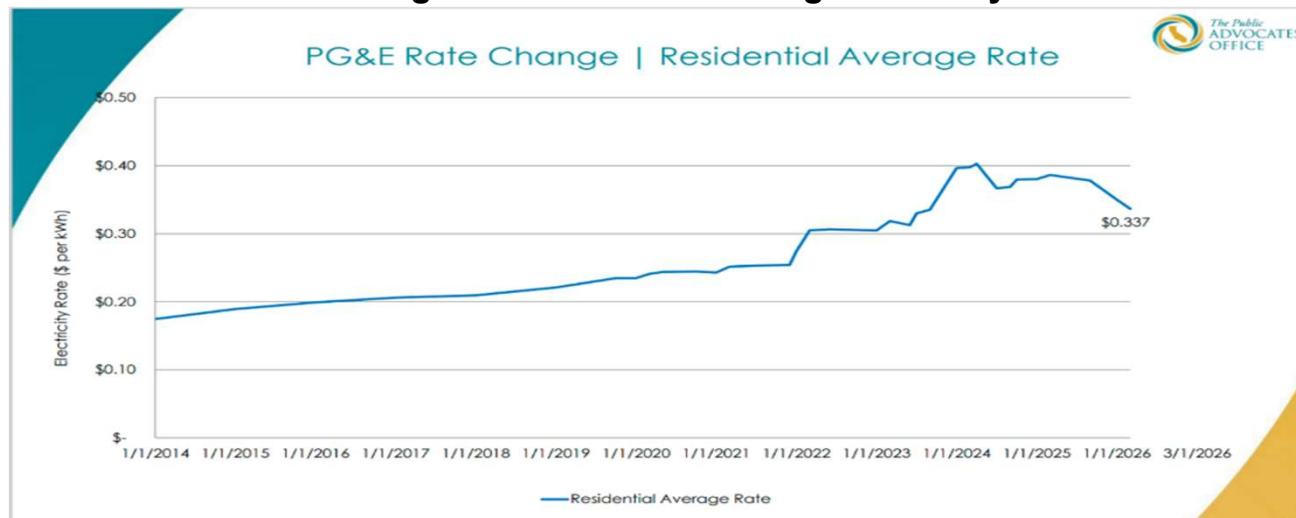


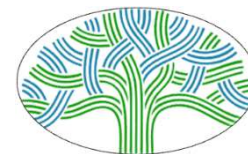
# FY 2025-26 Third Quarter Utility Consumption Tax

## Utility Rates Flattening

- Utility Consumption Tax (UCT): FY 2025-26 collections of UCT are projected to end the year at \$70.60 million which is \$5.02 million or 6.6% under the Adjusted Budget.
- UCT revenues have grown significantly over the past decade, largely driven by substantial utility rate increases
- The budget assumed continued growth, but electric rates have stabilized.
- Year-to-date UCT revenue trends are consistent with this stabilization in rates. Through February, revenues were essentially flat compared to the same period in the prior year, declining slightly by 0.2%.

### PG&E Residential Average Electrical Rate Changes January 2014 - March 2026



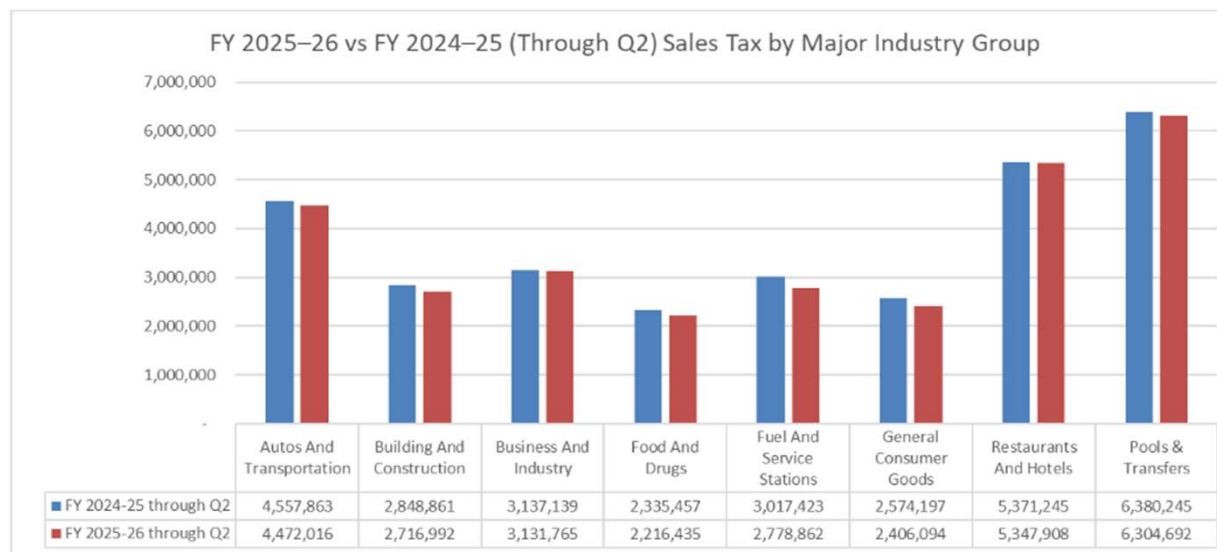


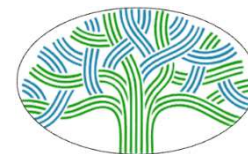
# FY 2025-26 Third Quarter Sales Tax

## Sales Tax Comparison by Major Categories FY2024-25 Q2 and FY 2025-26 Q2

- FY 2025-26 Sales Tax collections are projected to end the year at \$81.56 million, which is \$2.59 million or 3.1%, below the Adjusted Budget of \$84.14 million.
- Sales Tax is collected by the State reporting lags other categories. Detailed data is available through the Second Quarter (Q2) of FY 2025-26. Oakland's receipts through FY 2025-26 Q2 were on average 3.5% below FY 2024-25 through Q2.

### Sales Tax Comparison by Major Categories FY2024-25 Q2 and FY 2025-26 Q2

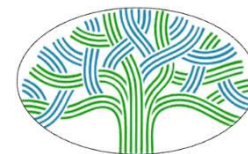




# FY 2025-26 Third Quarter GPF Expenditures

## FY 2025-26 GPF Budget to Actual Expenditures (\$ in millions)

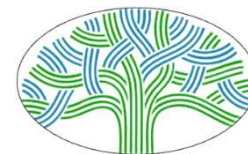
Department	FY 2025-26 Adopted Budget	FY 2025-26 Adjusted Budget	FY 2025-26 Q3 YTD Actuals	FY 2025-26 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget	% of Adjusted Budget Spent YTD
Capital Improvement Projects	0.32	3.07	2.92	3.07	—	— %	95%
City Administrator	4.17	4.74	3.49	4.74	—	— %	74%
City Attorney	22.25	25.49	17.83	25.82	(0.34)	(1.33)%	70%
City Auditor	3.49	3.83	2.31	3.72	0.12	3.03%	60%
City Clerk	3.97	7.21	2.20	6.66	0.55	7.63%	30%
City Council	7.28	7.32	5.09	6.99	0.33	4.50%	70%
Department of Transportation	26.20	27.23	15.58	27.64	(0.41)	(1.51)%	57%
Department of Violence Prevention	5.72	6.00	2.97	5.68	0.32	5.35%	49%
Department of Workplace and Employment Standard	1.33	1.53	0.59	1.34	0.20	12.85%	38%
Economic and Workforce Development Department	10.38	12.72	3.62	11.82	0.90	7.04%	28%
Finance Department	23.35	27.02	14.85	25.99	1.03	3.83%	55%
Fire Department	210.49	221.92	151.53	221.95	(0.03)	(0.01)%	68%
Human Resources Management Department	0.44	0.57	0.25	0.59	(0.03)	(4.59)%	43%



## FY 2025-26 Third Quarter GPF Expenditures (continued)

Department	FY 2025-26 Adopted Budget	FY 2025-26 Adjusted Budget	FY 2025-26 Q3 YTD Actuals	FY 2025-26 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget	% of Adjusted Budget Spent YTD
Human Services Department	36.36	40.10	31.36	39.52	0.59	1.46%	78%
Information Technology Department	6.06	7.37	3.40	7.99	(0.62)	(8.45)%	46%
Mayor	5.70	5.87	4.07	5.45	0.42	7.08%	69%
Non Departmental and Port	32.35	39.27	35.54	43.34	(4.06)	(10.34)%	90%
Oakland Animal Services	5.27	6.44	3.52	5.73	0.71	11.07%	55%
Oakland Parks and Recreation Department	12.69	13.12	7.53	12.22	0.90	6.87%	57%
Oakland Public Library Department	11.75	12.30	9.85	13.07	(0.76)	(6.19)%	80%
Oakland Public Works Department	0.79	1.59	0.92	3.16	(1.57)	(98.95)%	58%
Police Commission	7.13	7.71	3.37	5.81	1.89	24.56%	44%
Police Department	349.96	360.85	251.65	354.32	6.53	1.81%	70%
Public Ethics Commission	2.82	3.17	1.35	2.48	0.68	21.56%	42%
Race and Equity Department	1.01	1.09	0.68	1.03	0.05	4.98%	63%
<b>Total</b>	<b>791.29</b>	<b>847.54</b>	<b>576.45</b>	<b>840.80</b>	<b>6.74</b>	<b>0.80%</b>	<b>68%</b>

\*Departments projected to overspend were adjusted to include one-time bonuses. Without these adjustments, these departments would have been projected to come in under budget.



# FY 2025-26 Third Quarter GPF Fund Balance

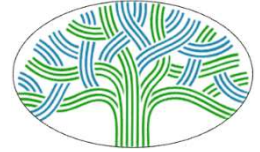
## FY 2025-26 General Purpose Fund Projected Fiscal Year-End

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# FY 2025-26 Third Quarter Reserve Balances



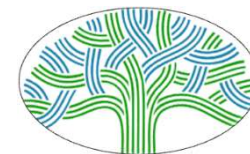
## FY 2025-26 Reserve Balances

### FY 2025-26 Q3 Reserve Balances (\$ in millions)

Description	FY 2024-25 Beginning Balances	FYE Estimated 2025-26 Balances
Mandated Emergency Reserves	63.81	64.13
Vital Services Stabilization Fund	—	—
OMERS Reserves (Reso. No. 85098 C.M.S)	2.36	2.36
<b>Total Reserves</b>	<b>66.17</b>	<b>66.49</b>

The 7.5% GPF reserve requirement is met.

# FY 2025-26 Third Quarter Select Non-GPF Funds



## FY 2025-26 Fund Balance and Appropriations (\$ in millions)

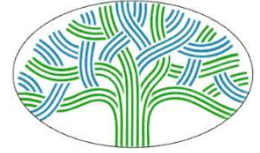
Fund Description	FY25-26 Beg Audited Fund Balance	FY25-26 Year End Rev Projections	FY25-26 Year End Exp Projections	FY25-26 Year End Estimated Fund Balance
1030 - Measure HH (SSBDT)	6.73	6.25	11.20	1.78
1100 - Self Insurance Liability	23.73	73.87	68.20	29.40
1870 - Affordable Housing Trust Fund*	14.97	13.76	29.59	(0.86)
Measure BB and Measure F Funds (2215, 2216, 2217, 2218, 2219, 2220)**	43.33	36.71	86.53	(6.49)
State Transportation (Gas Tax) Funds (2230, 2232)***	14.18	26.85	38.62	2.41
2244 - Measure Q - Parks & Recreation Preservation, Litter Reduction, and Homelessness Support Act	19.64	34.45	41.03	13.06
2310 - Lighting and Landscape Assessment District	1.94	19.80	18.87	2.87
4100 - Equipment	18.67	30.17	43.07	5.76
4400 - City Facilities	7.98	48.69	52.60	4.07

\*Fund 1870 expenditure projection was reduced by \$4.8M after adjustments were made to account for anticipated prior year carryforwards.

\*\*Measure BB beginning fund balance reduced by \$40M to correct a prior miscalculation presented during the Q2.

\*\*\*Gas Tax expenditure projection increased by \$24M to reflect expenditures not previously captured in Q2, primarily related to CIP projects.

# Fiscal Pressures & Opportunities

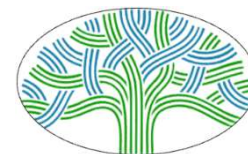


The City continues to face fiscal pressures from several areas including:

- CalPERS, Healthcare, Insurance
- Uncertainty around Federal Funding
- June 2026 Revenue Measure
- Restoring Ballot Measure MOE's
- Equipment & Facility Needs
- Negative Funds

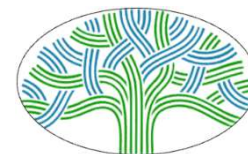
However, the City has opportunities to potentially mitigate these fiscal pressures:

- Build on Revenue Collection Performance
- Maintain Discipline in Spending
- Positive Beginning Position
- Successful Access of Bond Market



## Key Takeaways of FY 2025-26 Q3 R&E & Next Steps

- There is a projected positive ending fund balance of \$32.32 million.
- FY 25-26 is projected to end the year with an operating deficit of \$53.19 million in the GPF due to carryforward, to the extent these carryforwards represent ongoing expenditures they pose a future fiscal challenge.
- With a balanced FY26-27 Midcycle Proposed Budget released, the City continues to work on correcting structural imbalances between revenues and expenditures on an ongoing basis.
- The City must continue to exercise fiscal prudence to ensure long term fiscal sustainability.



## Questions