

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2022C-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and interest on the Bonds is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2022C-1 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel observes that interest on the Series 2022C-2 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

\$198,645,000
City of Oakland
General Obligation Bonds
(Measure KK, Series 2022C-1)
(Tax-Exempt)

\$13,670,000
City of Oakland
General Obligation Bonds
(Measure KK, Series 2022C-2)
(Taxable)

Dated: Date of Delivery

Due: July 15, as shown on the inside cover hereof

The \$198,645,000 aggregate principal amount of City of Oakland General Obligation Bonds (Measure KK, Series 2022C-1) (Tax-Exempt) (the "**Series 2022C-1 Bonds**") and \$13,670,000 aggregate principal amount of City of Oakland General Obligation Bonds (Measure KK, Series 2022C-2) (Taxable) (the "**Series 2022C-2 Bonds**") and, together with the Series 2022C-1 Bonds, the "**Bonds**"), are being issued under the Constitution of the State of California (the "**State**"), the Charter of the City, Measure KK (defined herein) and the City's Affordable Housing and Infrastructure Bond Law, Oakland Municipal Code, Chapter 4.54. The specific terms and conditions for issuance of the Bonds are contained in a resolution adopted by the City Council of the City on February 1, 2022. See "THE BONDS – Authority for Issuances."

The proceeds of the Bonds will be used to finance the Series 2022C Projects (as defined herein), to fund a debt service fund and to pay for certain costs related to the issuance of the Bonds. See "THE BONDS – Purpose of the Bonds."

The Bonds will be issued only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made to DTC by U.S. Bank Trust Company, National Association, as fiscal agent. DTC in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM." The Bonds will be dated and bear interest from the date of original issuance. Interest on the Bonds will be payable semiannually on January 15 and July 15 of each year, commencing July 15, 2022. The Bonds will be subject to optional redemption prior to their respective stated maturities (as described herein). See "THE BONDS – Redemption."

The Bonds are payable from *ad valorem* taxes levied upon all taxable property in the City. The City Council of the City has the power and is obligated to 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 as to rate or amount (except certain property which is taxable at limited rates).

The Bonds were sold by competitive sale on February 24, 2022. See "SALE OF BONDS" herein.

The Bonds will be offered when, as and if issued by the City and received by the initial purchaser, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the City by Curls Bartling P.C., as Disclosure Counsel. It is anticipated that the Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about March 10, 2022.

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULES

\$198,645,000
CITY OF OAKLAND
GENERAL OBLIGATION BONDS
(MEASURE KK, SERIES 2022C-1)
(TAX-EXEMPT)

\$159,510,000 Serial Bonds

CUSIP[†] Base: 672240

| Maturity Date (July 15) | Principal Amount | Interest Rate | Yield | Price | CUSIP[†] Suffix |
|------------------------------------|-----------------------------|--------------------------|--------------|----------------------|-------------------------------------|
| 2023 | \$ 3,410,000 | 5.000% | 0.950% | 105.407 | XC7 |
| 2024 | \$ 3,580,000 | 5.000% | 1.190% | 108.791 | XD5 |
| 2025 | \$ 3,760,000 | 5.000% | 1.330% | 111.974 | XE3 |
| 2026 | \$ 3,945,000 | 5.000% | 1.350% | 115.358 | XF0 |
| 2027 | \$ 4,145,000 | 5.000% | 1.410% | 118.426 | XG8 |
| 2028 | \$ 4,350,000 | 5.000% | 1.470% | 121.315 | XH6 |
| 2029 | \$ 4,570,000 | 5.000% | 1.570% | 123.712 | XJ2 |
| 2030 | \$ 4,800,000 | 5.000% | 1.600% | 126.466 | XK9 |
| 2031 | \$ 5,040,000 | 5.000% | 1.630% | 129.106 | XL7 |
| 2032 | \$ 5,290,000 | 5.000% | 1.660% | 130.224 ^c | XM5 |
| 2033 | \$ 5,555,000 | 4.000% | 1.750% | 120.269 ^c | XN3 |
| 2034 | \$ 5,775,000 | 4.000% | 1.800% | 119.769 ^c | XP8 |
| 2035 | \$ 6,005,000 | 4.000% | 1.860% | 119.172 ^c | XQ6 |
| 2036 | \$ 6,245,000 | 4.000% | 1.910% | 118.678 ^c | XR4 |
| 2037 | \$ 6,495,000 | 4.000% | 1.960% | 118.185 ^c | XS2 |
| 2038 | \$ 6,755,000 | 3.000% | 2.430% | 104.963 ^c | XT0 |
| 2039 | \$ 6,960,000 | 3.000% | 2.450% | 104.784 ^c | XU7 |
| 2040 | \$ 7,170,000 | 3.000% | 2.470% | 104.605 ^c | XV5 |
| 2041 | \$ 7,385,000 | 3.000% | 2.490% | 104.427 ^c | XW3 |
| 2042 | \$ 7,605,000 | 3.000% | 2.510% | 104.249 ^c | XX1 |
| 2043 | \$ 7,835,000 | 3.000% | 2.540% | 103.983 ^c | XY9 |
| 2044 | \$ 8,070,000 | 3.000% | 2.620% | 103.277 ^c | XZ6 |
| 2045 | \$ 8,310,000 | 3.000% | 2.700% | 102.576 ^c | YA0 |
| 2046 | \$ 8,560,000 | 3.000% | 2.750% | 102.141 ^c | YB8 |
| 2047 | \$ 8,815,000 | 3.000% | 2.800% | 101.708 ^c | YC6 |
| 2048 | \$ 9,080,000 | 3.000% | 2.850% | 101.277 ^c | YD4 |

\$39,135,000 3.000% Term Bonds due July 15, 2052, Yield 3.020%, Price 99.602, CUSIP[†] No. 672240YH5

^c Priced to par call on January 15, 2032

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only and the City takes no responsibility for the accuracy thereof. The CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding, in whole or in part of the Bonds.

\$13,670,000
CITY OF OAKLAND
GENERAL OBLIGATION BONDS
(MEASURE KK, SERIES 2022C-2)
(TAXABLE)

\$13,670,000 Serial Bonds

CUSIP* Base: 672240

| Maturity Date (July 15) | Principal Amount | Interest Rate | Yield | Price | CUSIP* Suffix |
|------------------------------------|-----------------------------|--------------------------|--------------|--------------|--------------------------|
| 2022 | \$13,670,000 | 5.000% | 0.820% | 101.445 | YJ1 |

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only and the City takes no responsibility for the accuracy thereof. The CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding, in whole or in part of the Bonds.

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CITY OF OAKLAND
County of Alameda, California

CITY COUNCIL

Rebecca Kaplan (At-Large)
Councilmember & Vice Mayor

Sheng Thao (District 4)
Councilmember and President Pro Tempore

Dan Kalb (District 1)
Councilmember

Noel Gallo (District 5)
Councilmember

Nikki Fortunato Bas (District 2)
City Council President and Councilmember

Loren Taylor (District 6)
Councilmember

Carroll Fife (District 3)
Councilmember

Treva Reid (District 7)
Councilmember

CITY OFFICIALS

Libby Schaaf, *Mayor*
Edward Reiskin, *City Administrator*
Courtney Ruby, *City Auditor*
Barbara Parker, *City Attorney*
Asha Reed, *City Clerk*
Erin Roseman, *Director of Finance*

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Disclosure Counsel

Curls Bartling P.C.
Oakland, California

Fiscal Agent

U.S. Bank Trust Company, National Association
San Francisco, California

Municipal Advisor

KNN Public Finance
Berkeley, California

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds by the City. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the City.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. This Official Statement is not to be construed as a contract with the purchasers or owners of any of the Bonds.

The information set forth herein other than that furnished by the City, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. 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. All summaries of the documents and laws herein are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

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

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur, or if actual results, performance or achievements are materially different from any results, performance or achievements described or implied by such forward-looking statements.

In connection with this offering, the initial purchaser may over allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The initial purchaser may offer and sell the Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the initial purchaser.

The Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Bonds have not been registered or qualified under the securities laws of any state. The Bonds have not been recommended by any Federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this Official Statement.

The City maintains a website and social media accounts. The information presented on such website and social media accounts is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are not incorporated herein by such references.

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OFFICIAL STATEMENT

INTRODUCTION

General

The purpose of this Official Statement (including the cover page and appendices attached hereto) is to provide certain information concerning the initial issuance, sale and delivery by the City of Oakland, California (the “**City**”), of its \$198,645,000 aggregate principal amount of City of Oakland General Obligation Bonds (Measure KK, Series 2022C-1) (Tax-Exempt) (the “**Series 2022C-1 Bonds**”) and \$13,670,000 aggregate principal amount of City of Oakland General Obligation Bonds (Measure KK, Series 2022C-2) (Taxable) (the “**Series 2022C-2 Bonds**”) and, together with the Series 2022C-1 Bonds, the “**Bonds**”).

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the Authorizing Resolution and Fiscal Agent Agreement (each defined below).

The Bonds will be payable from *ad valorem* taxes levied upon all taxable property in the City. The City Council of the City (the “**City Council**”) has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the City subject to taxation without limitation as to the rate or the amount (except with respect to certain personal property which is taxable at limited rates). See “SECURITY FOR THE BONDS.” For information on the City’s tax base, tax collection system and property tax revenues, see also “GENERAL PURPOSE FUND REVENUES – Property Taxation” and “CONSTITUTIONAL AND STATUTORY TAX LIMITATIONS” in APPENDIX A-2 – “CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS.”

The City

The City is located in the County of Alameda (the “**County**”) on the eastern shore of the San Francisco Bay (the “**Bay**”), approximately seven miles from downtown San Francisco via the San Francisco-Oakland Bay Bridge. Occupying approximately 53.8 square miles, the City is the largest and most established of the “East Bay” cities. Its geography ranges from industrialized areas in the west, which border the Bay, to suburban foothills in the east. Formerly the industrial heart of the San Francisco Bay Area, the City has developed into a diverse financial, commercial and governmental center. The City is the seat of government for the County and is the eighth most populous city in the State of California (the “**State**”).

For additional information regarding the City’s demographics, budget and operations, including its tax base, property tax revenues and collection, see generally APPENDIX A-1 – “CERTAIN INFORMATION CONCERNING THE ECONOMY OF THE CITY,” APPENDIX A-2 – “CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS” and APPENDIX B – “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF OAKLAND FOR THE YEAR ENDED JUNE 30, 2021.”

THE BONDS

Authority for Issuances

The Bonds will be issued under provisions of the Constitution of the State, the Charter of the City, Measure KK (defined below) and the City of Oakland Affordable Housing and Infrastructure Bond Law, Oakland Municipal Code, Chapter 4.54 (the “**Bond Act**”) and pursuant to Ordinance No. 13670 C.M.S. adopted by the City Council on December 21, 2021 (the “**Ordinance**”). The specific terms and conditions for issuance of the Bonds are contained in Resolution No. 89021 C.M.S adopted by the City Council on February 1, 2022 (the “**Authorizing Resolution**”) and a Fiscal Agent Agreement, dated as of March 1, 2022 (the “**Fiscal Agent Agreement**”), between the City and U.S. Bank Trust Company, National Association, as fiscal agent (together with any successors, the “**Fiscal Agent**”).

The Bonds constitute the fifth and sixth series of bonds to be issued from an aggregate authorized amount of \$600,000,000 of general obligation bonds duly approved by at least two-thirds of the qualified voters voting at an election held in the City on November 8, 2016, an Ordinance Authorizing the Issuance of Infrastructure Bonds In An Amount Not To Exceed \$600 Million to Improve Public Safety And Invest In the Neighborhoods (“**Measure KK**”). Measure KK provides funds “to improve public safety and invest in neighborhoods throughout Oakland by re-paving streets to remove potholes, rebuilding cracked and deteriorating sidewalks, funding bicycle and pedestrian safety improvements, funding affordable housing for Oaklanders, and providing funds for facility improvements, such as, neighborhood recreation centers, playgrounds and libraries.” After the issuance of the Bonds, authorization for the issuance of approximately \$84.9 million of general obligation bonds under Measure KK will remain.

Measure KK required the creation of a citizens’ oversight committee (the “**Measure KK Oversight Committee**”) to review financial and operational reports related to the expenditure of bond proceeds to confirm that such proceeds were used in a manner permitted under Measure KK and to evaluate the impacts and outcomes of the bond expenditures on Measure KK’s stated goals, including social equity, anti-displacement and affordable housing. The Measure KK Oversight Committee reports to the City Council.

Purpose of the Bonds

The Bonds are being issued by the City to: i) provide funds for certain street and road projects including street repaving, resurfacing and other improvements, curb ramps and sidewalk repair, and Safe Routes to Schools projects, and for the construction, improvement or rehabilitation of City facilities including fire, library, parks and recreation, head start and senior facilities, consistent with the City’s Fiscal Year 2021-23 Capital Improvement Program (the “**2022C Projects**”) all as set forth in Resolution No. 89020 C.M.S., adopted by the City Council on February 1, 2022 (the “**Projects Resolution**”); ii) fund a debt service fund; and iii) pay costs associated with the issuance of the Bonds. See “**SOURCES AND USES.**”

Description of the Bonds

The Bonds are being offered in denominations of \$5,000 or integral multiples thereof, will be dated their date of issuance and delivery, and will mature on the dates and bear interest at the respective rates of interest per annum set forth on the inside cover page hereof. Interest on the Bonds will accrue from the date of initial issuance calculated on the basis of a 360-day year composed of twelve (12) 30-day months and will be payable on July 15, 2022, and on each January 15 and July 15 thereafter (each, an “**Interest Payment Date**”).

Form and Registration

The Bonds will be issued in fully registered book-entry form only. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), New York, New York. DTC will act as securities depository for the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners or registered owners will mean Cede & Co. and will not mean the ultimate purchasers of the Bonds. Principal of and redemption premium, if any, and interest on, the Bonds will be paid directly to DTC or Cede & Co. so long as DTC or Cede & Co. is the registered owner of the Bonds. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants. The City and the Fiscal Agent will have no responsibility or obligation with respect to: (i) the accuracy of the records of DTC, its nominee or any participant with respect to any beneficial ownership interest in the Bonds; (ii) the delivery to any participant, beneficial owner or other person, other than DTC, of any notice with respect to the Bonds; (iii) the payment to any participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal of, or premium, if any, or interest on, the Bonds; (iv) any consent given by DTC or its nominee as owner; or (v) if applicable, the selection by DTC or any participant of any beneficial owners to receive payment if the Bonds are redeemed in part. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

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Debt Service

The scheduled debt service for the Bonds (assuming no optional redemption prior to the stated maturity date) is as follows:

**CITY OF OAKLAND
General Obligation Bonds
(Measure KK, Series 2022C)
Debt Service**

| Period Ending (July 15) | 2022C-1 Principal | 2022C-1 Interest | 2022C-2 Principal | 2022C-2 Interest | Total Debt Service |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|-------------------------------|
| 2022 | - | \$2,471,493 | \$13,670,000 | \$237,326 | \$16,378,819* |
| 2023 | \$3,410,000 | 7,117,900 | - | - | 10,527,900 |
| 2024 | 3,580,000 | 6,947,400 | - | - | 10,527,400 |
| 2025 | 3,760,000 | 6,768,400 | - | - | 10,528,400 |
| 2026 | 3,945,000 | 6,580,400 | - | - | 10,525,400 |
| 2027 | 4,145,000 | 6,383,150 | - | - | 10,528,150 |
| 2028 | 4,350,000 | 6,175,900 | - | - | 10,525,900 |
| 2029 | 4,570,000 | 5,958,400 | - | - | 10,528,400 |
| 2030 | 4,800,000 | 5,729,900 | - | - | 10,529,900 |
| 2031 | 5,040,000 | 5,489,900 | - | - | 10,529,900 |
| 2032 | 5,290,000 | 5,237,900 | - | - | 10,527,900 |
| 2033 | 5,555,000 | 4,973,400 | - | - | 10,528,400 |
| 2034 | 5,775,000 | 4,751,200 | - | - | 10,526,200 |
| 2035 | 6,005,000 | 4,520,200 | - | - | 10,525,200 |
| 2036 | 6,245,000 | 4,280,000 | - | - | 10,525,000 |
| 2037 | 6,495,000 | 4,030,200 | - | - | 10,525,200 |
| 2038 | 6,755,000 | 3,770,400 | - | - | 10,525,400 |
| 2039 | 6,960,000 | 3,567,750 | - | - | 10,527,750 |
| 2040 | 7,170,000 | 3,358,950 | - | - | 10,528,950 |
| 2041 | 7,385,000 | 3,143,850 | - | - | 10,528,850 |
| 2042 | 7,605,000 | 2,922,300 | - | - | 10,527,300 |
| 2043 | 7,835,000 | 2,694,150 | - | - | 10,529,150 |
| 2044 | 8,070,000 | 2,459,100 | - | - | 10,529,100 |
| 2045 | 8,310,000 | 2,217,000 | - | - | 10,527,000 |
| 2046 | 8,560,000 | 1,967,700 | - | - | 10,527,700 |
| 2047 | 8,815,000 | 1,710,900 | - | - | 10,525,900 |
| 2048 | 9,080,000 | 1,446,450 | - | - | 10,526,450 |
| 2049 | 9,355,000 | 1,174,050 | - | - | 10,529,050 |
| 2050 | 9,635,000 | 893,400 | - | - | 10,528,400 |
| 2051 | 9,925,000 | 604,350 | - | - | 10,529,350 |
| 2052 | 10,220,000 | 306,600 | - | - | 10,526,600 |
| TOTAL | \$198,645,000 | \$119,652,693 | \$13,670,000 | \$237,326 | \$332,205,019 |

*Expected to be paid with proceeds from the 2022C Debt Service Account.

Redemption

Optional Redemption of the Series 2022C-1 Bonds

The Series 2022C-1 Bonds maturing on or before July 15, 2031, are not subject to optional redemption prior to their respective stated maturities. The Series 2022C-1 Bonds maturing on and after July 15, 2032 are subject to optional redemption prior to their respective stated maturities, at the option of the City, from any source of available funds, as a whole or in part on any date (with the series of Bonds and maturities within such series of Bonds to be redeemed to be determined by the City and by lot within a maturity), on or after January 15, 2032, at redemption prices equal to the principal amount thereof to be redeemed, without premium, together with accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption of the Series 2022C-1 Bonds

The Series 2022C-1 Term Bond maturing on July 15, 2052 (the “**2022C-1 2052 Term Bond**”), is subject to mandatory sinking fund redemption on each Mandatory Sinking Fund Redemption Date in the respective principal amounts set forth in the following schedule at a redemption price equal to 100% of the principal amount to be redeemed (without premium) together with interest accrued thereon to the date fixed for redemption:

| Mandatory Sinking Fund Redemption Date (July 15) | Principal Amount |
|---|-------------------|
| 2049 | \$ 9,355,000 |
| 2050 | 9,635,000 |
| 2051 | 9,925,000 |
| 2052* | <u>10,220,000</u> |
| | \$39,135,000 |

* Maturity

The principal amount of any maturity to be redeemed in each year as shown above will be reduced proportionately by the amount of any Term Bonds of that maturity optionally redeemed prior to the Mandatory Sinking Fund Redemption Date unless otherwise directed by the City.

No Redemption of the Series 2022C-2 Bonds

The Series 2022C-2 Bonds are not subject to optional redemption prior to their respective stated maturities.

Selection of Bonds for Redemption

Whenever less than all of the Outstanding Bonds of a series are called for optional redemption, the City shall select the maturities to be redeemed. Whenever less than all the Outstanding Bonds maturing on any one date are called for redemption on any one date, the Fiscal Agent shall select the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed from the Outstanding Bonds maturing on such date not previously selected for redemption, by lot, in any manner which the Fiscal Agent deems fair.

Notice of Redemption

Notice of any redemption of Bonds shall be mailed, postage prepaid, to the respective registered owners thereof at the addresses appearing on the bond registration books not less than 30 and no more than 60 days prior to the redemption date. The notice of redemption shall: (a) state the redemption date; (b) state the redemption price; (c) state the dates of maturity of the Bonds and, if less than all of any such maturity is called for redemption, the distinctive numbers of the Bonds of such maturity to be redeemed, and in the case of Bonds redeemed in part only, the respective portions of the principal amount thereof, to be redeemed; (d) state the series and the CUSIP number, if any, of each Bond to be redeemed; (e) require that such Bonds be surrendered by the owners at the office of the Fiscal Agent; and (f) give notice that further interest on such Bonds will not accrue after the designated redemption date.

The actual receipt by the owner of any Bond to be redeemed of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice or any defect in such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Conditional Notice; Right to Rescind Notice

The City shall have the right to provide a conditional notice of redemption and to rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if, for any reason, on the date fixed for redemption funds are not available in the respective Redemption Account in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance

The Bonds, or any portions thereof, may be defeased prior to maturity by irrevocably depositing with the Fiscal Agent or other fiduciary: (i) an amount of cash which together with amounts then on deposit in the appropriate Debt Service Account, is sufficient, without reinvestment, to pay and discharge all (or such portions) of the Bonds Outstanding (including all principal, interest, and premium, if any) at or before their stated maturity date; or (ii) United States Treasury Obligations not subject to call, together with cash, if required, in such amount as will, without reinvestment, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the appropriate Debt Service Account together with the interest to accrue thereon, be fully sufficient to pay and discharge all (or such portions) of the Bonds (including all principal, interest, and premium, if any) at or before their stated maturity date.

Notwithstanding that any of the Bonds will not have been surrendered for payment, all obligations of the City with respect to all said Outstanding Bonds to the owners thereof will cease and terminate, except only the obligation of the City: (a) to pay or cause to be paid from funds deposited pursuant to paragraphs (i) or (ii) of the paragraph above to the owners of said Bonds not so surrendered and paid all sums due with respect thereto; and (b) to indemnify the Fiscal Agent, if and as applicable, under the Fiscal Agent Agreement; provided, however, that the City and the Fiscal Agent will have received a verification report from an independent certified public accountant stating that the escrow is sufficient to satisfy the standards

of the Fiscal Agent Agreement and an opinion of bond counsel of said Bonds that the Bonds have been defeased.

If the Bonds to be defeased pursuant to the Fiscal Agent Agreement are to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed pursuant to the Fiscal Agent Agreement, or an irrevocable direction to give such notice shall have been made by the City.

SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds in connection with the Bonds:

| | <u>Series 2022C-1 Bonds</u> | <u>Series 2022C-2 Bonds</u> | <u>Total</u> |
|--|-----------------------------|-----------------------------|-------------------------|
| Sources | | | |
| Principal Amount of Bonds | \$198,645,000.00 | \$13,670,000.00 | \$212,315,000.00 |
| Net Original Issue Premium | 17,165,466.35 | 197,531.50 | 17,362,997.85 |
| Total Sources of Funds | <u>\$215,810,466.35</u> | <u>\$13,867,531.50</u> | <u>\$229,677,997.85</u> |
| Uses | | | |
| 2022C Proceeds Account | \$198,645,000.00 | \$13,670,000.00 | \$212,315,000.00 |
| 2022C Debt Service Account | 16,248,314.20 | 134,416.54 | 16,382,730.74 |
| 2022C Costs of Issuance Account ⁽¹⁾ | 477,163.41 | 32,836.59 | 510,000.00 |
| Underwriter's Discount | 439,988.74 | 30,278.37 | 470,267.11 |
| Total Uses of Funds | <u>\$215,810,466.35</u> | <u>\$13,867,531.50</u> | <u>\$229,677,997.85</u> |

⁽¹⁾ Includes fees and expenses of rating agencies, municipal advisor, bond counsel, disclosure counsel, and other costs.

SECURITY FOR THE BONDS

General

Pursuant to the Resolution, for the purpose of paying the principal of and interest on the Bonds, the City Council, at the time of making the general tax levy after incurring the bond indebtedness, will, in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, or until there is a sum set apart for that purpose in the Treasury of the City sufficient to meet all sums as they become due for payment of principal of and interest on the Bonds, a tax sufficient to pay the interest on the Bonds and such part of the principal as the same become due. Said tax will be in addition to all other taxes levied for City purposes and will be used only for the payment of the Bonds and the interest thereon.

The Bonds are payable from *ad valorem* taxes, and the City Council has the power and the City is obligated and has covenanted in the Fiscal Agent Agreement to levy *ad valorem* taxes upon all property within the City subject to taxation by the City, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates), for the payment of the Bonds and the interest thereon. Provisions will be made for the levy and collection of such taxes in a manner provided by law. See APPENDIX A-2 – CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS – “CONSTITUTIONAL AND STATUTORY TAX LIMITATIONS.”

Said taxes as collected shall be forthwith paid into the fund for which the same were levied and collected, which fund is designated the “City of Oakland General Obligation Bonds (Measure KK) Debt

Service Fund” (the “**Debt Service Fund**”). Pursuant to the Fiscal Agent Agreement, the City will transfer to the Fiscal Agent all sums as they become due for the principal of and interest on the Bonds from such Debt Service Fund. The Fiscal Agent will deposit all such funds into the “City of Oakland General Obligation Bonds (Measure KK) Series 2022C Debt Service Account” (the “**Series 2022C Debt Service Account**”) created by the Fiscal Agent, for the benefit of the City pursuant to the Fiscal Agent Agreement, which account the Fiscal Agent shall keep separate and apart from all other of the funds of the Fiscal Agent and other accounts created thereunder. All monies in the Series 2022C Debt Service Account shall be withdrawn by the Fiscal Agent solely for the purpose of paying principal and interest on the Bonds. Under the framework of the constitutional provisions and statutes applicable to California general obligation bonds, including the Bonds, taxes levied to pay debt service on the Bonds may not be used for any other purpose and are not available to support general City operations.

Under the Resolution, the City is not obligated to pay the debt service from any sources other than as described herein. This Official Statement, including Appendices A-1 and A-2 hereto, provide certain information regarding the City’s overall finances with an emphasis on its General Purpose Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds and that should not be considered available to pay debt service on the Bonds.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. Section 53515 of the California Government Code provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board and will be valid and binding from the time such bonds are executed and delivered. Section 53515 of the California Government Code further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. See also “CERTAIN RISK FACTORS – Possible Limitation on Remedies; Bankruptcy.”

CERTAIN RISK FACTORS

Factors Affecting Property Tax Security for the Bonds

The annual property tax rate for payment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year. Fluctuations in the annual debt service on the Bonds and/or in the assessed value of taxable property in the City may cause the annual property tax rate applicable to the Bonds to fluctuate. In addition, issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase. Discussed below are certain factors that may affect the City’s ability to levy and collect sufficient *ad valorem* taxes to pay scheduled debt service on the Bonds each year.

Total Assessed Value of Taxable Property in the City. The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the City’s general obligation bonds. The total assessed valuation of taxable property in the City for Fiscal Year 2021-22, as indicated by the Alameda County Auditor-Controller, was approximately \$74.1 billion, compared to \$70.0 billion in Fiscal Year 2020-21. Natural and economic forces can affect the assessed value of taxable property in the City. See also Tables 6, 7 and 8 in APPENDIX A-2 –

“CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS – PROPERTY TAXATION” for a ten-year history of assessed valuation in the City.”

The City is located in a seismically active region, and damage from an earthquake in or near the City could cause moderate to extensive or total damage to taxable property. See “*Natural Hazards*” below, regarding seismic risk Other natural or man-made disasters, such as wildfires and sea level rise as well as acts of terrorism or public health emergencies, such as the COVID-19 pandemic, could also cause a reduction in the assessed value of taxable property within the City. See “-COVID-19 Pandemic.”

Economic and market forces, such as a downturn in the Bay Area’s economy generally, can also affect assessed values, particularly as these forces might trigger an increase in foreclosures or in delinquent tax payments or in the number of requests submitted to the assessment appeals board for a reduction in assessed value of taxable property in the City.

Additionally, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). For a discussion of the City’s property and other taxes, see APPENDIX A-2 – “CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS - PROPERTY TAXATION” for discussion of assessed valuation, tax rates and delinquencies and assessment appeals and “- OTHER TAXES AND GENERAL FUND REVENUES.”

Concentration of Taxable Property Ownership. The more property (by assessed value) owned by any single taxpayer, the more exposure of tax collections to weakness in that taxpayer’s financial situation and ability or willingness to pay property taxes. For Fiscal Year 2021-22, no single taxpayer owned more than 0.60% of the total taxable property in the City. See Table 12 titled “City of Oakland, Largest FY 2021-22 Local Secured Taxpayers in APPENDIX A-2 – “CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS – PROPERTY TAXATION.”

Property Tax Rates. Another factor impacting the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The total tax rate per \$100 of assessed value (including the basic countywide 1% rate required by statute) is shown for each of the last five years in the Table 11 titled “City of Oakland, Property Tax Rates” in APPENDIX A-2 – “CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS – PROPERTY TAXATION.”

Debt Burden on Owners of Taxable Property in the City. Another measure of the debt burden on local taxpayers is total debt as a percentage of taxable property value. As of January 1, 2022, the City had outstanding approximately \$450.1 million in aggregate principal amount of general obligation bonds, which equals approximately 0.61% of the total taxable assessed valuation of the City reported by Alameda County Auditor-Controller for Fiscal Year 2020-21, is shown in Table 23 titled “City of Oakland, General Obligation Bonds” in APPENDIX A-2 – “CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS – BONDS AND OTHER INDEBTEDNESS – General Obligation Debt.”

Additional Debt; Authorized but Unissued Bonds. Issuances of additional authorized bonds can cause the overall property tax rate to increase. As of January 1, 2022, the City had voter approval for \$333 million in aggregate principal amount of bonds payable from *ad valorem* property taxes which have not yet been issued, including the Bonds, as shown in Table 24 titled “City of Oakland, General Obligation Bond Remaining Authorization” in APPENDIX A-2 – “CERTAIN INFORMATION

CONCERNING THE CITY'S BUDGET AND OPERATIONS – BONDS AND OTHER INDEBTEDNESS – General Obligation Debt.” The City expects that, from time to time, it will propose further bond measures to the voters to help meet its capital needs.

Natural Hazards

Property values in the City could be reduced by natural hazards and or the occurrence of natural disasters beyond the City's control, including, but not limited to some of the following.

Seismic Risks. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area, including the San Andreas fault, the Hayward fault, and the Calaveras fault. Portions of the City have been identified as liquefaction and earthquake-induced landslide zones pursuant to Section 2696 of the Public Resources Code. The effects of strong ground shaking, liquefaction, landslides, or other ground failure account for approximately 95 percent of economic losses caused by an earthquake.

During the past 155 years, the Bay Area has experienced several major, and numerous minor, earthquakes. The largest was the 1906 San Francisco earthquake along the San Andreas fault, which passed thru the San Francisco Peninsula, west of Oakland, with an estimated magnitude of 8.3 on the Richter scale of earthquake intensity. More recently, on August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The City did not suffer any material damage as a result of this earthquake. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which registered 6.9 on the Richter scale. The Loma Prieta earthquake caused fires and collapses of, and structural damage to, buildings, highways and bridges in the Bay Area, including in the City.

In March 2015, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (“USGS”), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more earthquakes of magnitude 6.7 (the magnitude of the 1994 Northridge earthquake) or larger will occur in the San Francisco Bay Area before the year 2043. In addition, the USGS released a report in April 2017 entitled “The HayWired Earthquake Scenario,” which estimates that property damage and direct business disruption losses from a magnitude 7.0 earthquake on the Hayward Fault would be more than \$82 billion (in 2016 dollars). Most of the losses are expected to be attributable to shaking damage, liquefaction, and landslides (in that order). Such earthquakes may be very destructive. Property within the City could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

Wildfire. In recent years, portions of California, including several areas in Northern California and counties adjacent to the City, have experienced multiple significant wildfires that have burned thousands of acres and destroyed thousands of homes and structures, such as the Camp Fire in Butte County in November 2018 which burned over 150,000 acres, destroyed over 18,000 structures, and caused approximately \$16.5 billion in damage. Property damage due to a wildfire could result in a significant decrease in the assessed value of property in the City. In October 1991, a firestorm on the hillsides of northern Oakland and southeastern Berkeley burned 1,520 acres and destroyed over two thousand single-family homes and hundreds of apartment and condominium units. The economic loss from that fire was estimated at \$1.5 billion.

In 2020 and 2021, parts of the City experienced several blackout days as a result of PG&E’s wildfire prevention strategy. Additional shutoffs may occur in the future and it is uncertain what effects these future PG&E shutoffs could have on the local economy. In addition, the smoke from these wildfires impacts the quality of life in the Bay Area and the City, and, if the frequency of these wildfires, increases could impact the desirability of the City and the Bay Area as places to live, potentially impacting real estate market trends and values.

It is not possible for the City to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the City or the extent to which wildfires may impact the value of taxable property within the City.

The City’s Vegetation Management Unit (“**VMU**”) serves to inspect properties in the City’s Oakland Hills, much of which is designated as a Very High Fire Hazard Severity Zone (“**VHFHSZ**”). The VMU works under the Oakland Fire Department’s Fire Prevention Bureau and is responsible for the inspection of homes and vacant parcels in the VHFHSZ. The purpose of these inspections is to identify and mitigate hazards and reduce the amount of fuel (combustible, flammable vegetation) that could contribute to the spread, growth, and intensity of wildfire. Inspections are done annually, and property owners are required to actively maintain their parcels in a fire-safe condition year-round. The City’s Fire Prevention Bureau launched an incentive-based pilot program in 2020 to incentivize property owners to comply with California Fire Code and Oakland Municipal Code requirements. In Fiscal Year 2020-21 28,093 total inspections (including re-inspections) were completed and 26,088 parcels (99%) are compliant to date.

Drought. In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the “**State Water Board**”) subsequently issued a statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the City to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the City or the extent to which the drought has had or may have in the future on the value of taxable property within the City.

Flooding. The City has approximately 560 properties where the purchase of flood insurance is required due to such properties being located within a flood-prone area as outlined in the National Flood Insurance Program (“**NFIP**”) managed by FEMA. Full compliance and good standing under the NFIP are application prerequisites for most FEMA grant programs. The City is in compliance with all NFIP requirements and in good-standing. Flooding can take many forms—river floods, storm-related flash floods and coastal floods, for example—and can be caused by a variety of reasons, including heavy rains, melting snow, inadequate drainage systems, urbanization increases the risk of flooding by increasing stormwater runoff and, to a lesser extent, erosion.

Landslides. More than half of City’s area, including most of its vacant land, consists of gently sloping or hilly land. Most sloping land has some landslide potential. The risks tend to be greatest where a number of contributing factors are present, including slopes over 15 percent, weak, unconsolidated or shallow soils, water saturation, a history of landslides, active earthquake faults, extensive grading and vegetation removal (from fires or development activity). The slide itself is usually triggered by an earthquake, heavy rain or misdirected runoff. Landslides are a relatively common hazard in the East Bay hills, especially during and soon after heavy rainstorms, when the ground is saturated. Mudslides—fast,

shallow movements of water-saturated earth that flow as muddy slurries, typically following water courses — are the most common type of landslides in Oakland; they are also known as debris flows or soil slumps.

Approximately one-quarter of the City, including all of the Oakland Hills, contains slopes greater than 15 percent. Slopes of 15-30 percent are considered developable but are likely to require site modification or special grading or foundation design to reduce the potential for slope instability. Slopes of that degree are found in Oakland throughout the southern Oakland Hills, in the roughly triangular area formed by I-580 and State Highways 13 and 24, in the vicinity of Mills College and Eastmont, and on some of the hills around Lake Merritt. Development on slopes exceeding 30 percent is considered difficult and potentially hazardous. Such slopes are concentrated throughout the Oakland Hills (especially in the northern hills) and within two miles south of Highway 13. The landslide hazard in the Oakland Hills is exacerbated by the fact that the area is crossed by the Hayward fault. During a major earthquake on that fault, landslides, widespread failure of steep slopes and the collapse of natural stream banks are anticipated in the Oakland Hills in response to the strong ground movements anticipated with such a quake. Landslides could block roads, which would hamper evacuation, firefighting and relief operations within the area.

Nevertheless, landslides are not expected to produce a large-scale disaster; rather, they present a persistent risk of damage to buildings and infrastructure in areas of potentially unstable slopes and potential bodily injury or loss of life, from the collapse of structures and tumbling earth, rocks and debris. Although the landslide hazard cannot be completely eliminated, damage can be minimized by following proper development practices or by steering development away from areas of unstable slopes. While efforts have been taken by the City through the development process to minimize landslide potential, most hillside development predates the imposition of grading and related requirements. For this reason, older hillside homes and subdivisions are the most susceptible to damage from landslides.

Climate Change; Risk of Sea Level Rise. Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

In 2018, the State of California Ocean Protection Council published its State of California Sea-Level Rise Guidance (Update), which provides projections for increases in sea levels and associated risk factors. This report indicates that ocean levels along the California coast are likely to increase between 2.4 and 3.4 feet by 2100, with the potential for increases of 5.7 to 6.9 feet in Medium-High Risk Aversion scenarios and 10.2 feet in the Extreme Risk Aversion Scenario. The Bay Conservation and Development Commission has done additional analysis of the impacts of local tidal influences and storm surges under these sea level rise scenarios, and projects that storm surges and king tides can result in temporary flooding conditions equivalent to an additional 14 to 41 inches above the sea level rise projections. Projected possible impacts of climate change in the City include rising Bay and delta waters, increased vulnerability to flood events, decreased potable water supply due to saltwater intrusion into groundwater reservoirs and shrinking Sierra snowpack, increased fire danger, more extreme heat events and public health impacts, and added stress on infrastructure associated with sea level rise due to development on its coastline.

On December 4, 2012, the City Council adopted an Energy and Climate Action Plan (the “**2012 ECAP**”) for the purpose of identifying and prioritizing actions that the City can take to reduce energy consumption and greenhouse gas emissions in the City through 2020, including a 36% reduction in Citywide greenhouse gas emissions from those recorded in 2005. On October 20, 2018, the City Council adopted a Climate Emergency and Just Transition Resolution endorsing the declaration of a climate emergency and requesting regional collaboration on an immediate just transition and emergency mobilization effort to restart a safe climate. In connection with that effort, the City began a robust process

to expand the 2012 ECAP to meet or exceed greenhouse emission targets, with a new target of 56% reduction by the year 2030, in addition to continued implementation of other priority actions set forth in the plan. The resulting Oakland 2030 Equitable Climate Action Plan adopted by the City Council on July 28, 2020, (the “**2030 ECAP**”) reflects the City’s strategy for an equitable transition to a low-carbon economy. The goal of the 2030 ECAP is to identify an equitable path towards cost-effectively reducing the City’s local climate emissions by a minimum of 56%, transitioning away from fossil fuel dependence, and ensuring that all of the City’s communities are resilient to the foreseeable impacts of climate change (especially those communities hit hardest by social and economic injustices), by 2030.

The City is unable to predict whether sea level rise or any other impacts of climate change will occur, the extent to which they will occur, when they may occur, and, if any such events occur, whether they will have a material adverse effect on the financial condition of the City and the local economy.

Hazard Mitigation. The City has developed, and the City Council has adopted, a hazard mitigation plan (updated as of July, 2021 and referred to as the “Hazard Mitigation Plan 2021-2026”). The Hazard Mitigation Plan has as its objective to reduce risks from disasters (including, but not limited to the ones discussed above) to the people, property, economy and environment within the City and seeks, among other things, to:

- Enable the City of Oakland to apply for federal grant funding to reduce hazard risk through mitigation.
- Fulfill state and federal requirements for hazard mitigation planning.
- Create a risk assessment that focuses on the hazards of concern in Oakland.
- Coordinate existing plans and programs so that high-priority projects to mitigate potential disaster impacts are funded and implemented.
- Establish eligibility for funding under Federal Emergency Management Agency (FEMA) grant programs.

Additionally, in 2017, the City filed a lawsuit against the five largest investor-owned fossil fuel companies in Alameda County Superior Court, entitled *The People of the State of California, acting by and through the Oakland City Attorney, Barbara J. Parker, v. BP P.L.C, et al.* This case is a public nuisance action (filed together with other local governments on behalf of the people of the State) responding to alleged efforts by the fossil fuel/oil companies to hide the impacts of climate change hazards like sea level rise. After it was filed in State court, the defendants removed the case to federal court. In this action, the City Attorney, on behalf of the People, is seeking to have the defendant oil companies found liable for creating, participating in, creating, and/or perpetuating a public nuisance and to have them ordered to abate the nuisance, including via an equitable abatement fund of multi-millions of dollars to address, among other things, the hazards of sea level rise for the City’s property, infrastructure, and residents.

The District Court entered judgment in favor of the defendants on July 27, 2018. The City Attorney on behalf of the People filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit. On May 26, 2020, the Ninth Circuit reversed and found in favor of the People and remanded the case to the District Court. Defendants sought certiorari to the United States Supreme Court, which the Court denied the petition on June 14, 2021. The City Attorney is now awaiting action by the District Court on a renewed motion to remand the case to State court.

While the City believes that its claim is meritorious, there can be no assurance as to whether the case will be successful nor whether the City will obtain the requested relief from the courts or desired contributions to an abatement fund from the defendants.

COVID-19 Pandemic

On February 11, 2020, the World Health Organization (“**WHO**”) announced the official name for the outbreak of COVID-19, a respiratory illness caused by infection by a transmissible, novel coronavirus. COVID-19 has since spread across the globe. The spread of COVID-19 is a significant development with materially adverse health and financial impacts throughout the world, including the City. The WHO declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Governor of the State and the President of the United States. The City’s City Administrator also declared a state of emergency, which was ratified by City Council. To mitigate the spread of the pandemic, several counties in the Bay Area, including the County, also imposed emergency orders requiring residents to shelter in place. To date, the City has experienced significant and material economic and tax revenue losses associated with the COVID-19 pandemic.

While the arrival of effective vaccines has offered encouragement, certain emergency orders have been modified or lifted, and the City and State have implemented various economic re-openings, the COVID-19 pandemic is ongoing. Given the emergence of the new virus variants, the uncertainty regarding their duration and severity, the total magnitude of the pandemic’s impact on the City’s economy and the City’s finances and operations cannot be fully known. Uncertain too are the actions that may be taken by federal and State governmental authorities to contain or mitigate the effects of COVID-19.

Notwithstanding the foregoing, the City’s assessed valuation and property-related revenues have continued to grow at a steady rate. See APPENDIX A-2 – “CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS - PROPERTY TAXATION.” However, there can be no assurances that such growth will continue in the future. See also APPENDIX A-2 – “CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS – BUDGET AND FINANCIAL OPERATIONS – City’s General Financial Condition and Impact of COVID-19 Pandemic” and APPENDIX B - “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF OAKLAND FOR THE YEAR ENDED JUNE 30, 2021” - Introductory Section” for a discussion of COVID-19 impacts on the City’s financial condition and some of the City’s activities in response to the pandemic and see “APPENDIX A-2 – “CERTAIN INFORMATION CONCERNING THE CITY’S BUDGET AND OPERATIONS – GENERAL PURPOSE FUND REVENUES” AND “- OTHER TAXES AND GENERAL FUND REVENUES” for information regarding the City’s Fiscal Year 2020-21 tax and other general fund revenues and its Fiscal Year 2021-23 adopted biennial policy budget.

Possible Limitation on Remedies; Bankruptcy

General. Enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the City, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies

in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Bankruptcy. Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the City were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the City (including *ad valorem* tax revenues) or to enforce any obligation of the City, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the City may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, in such a proceeding, as part of such a plan, the City may be able to eliminate the obligation of the City to raise taxes if necessary to pay the Bonds. There also may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any City bankruptcy proceeding, the fact of a City bankruptcy proceeding, could have an adverse effect on the liquidity and market price of the Bonds.

As stated above, if the City were to go into bankruptcy, the bankruptcy petition would be filed under Chapter 9 of the Bankruptcy Code. Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that the *ad valorem* taxes levied to pay the principal and interest on the Bonds shall be used for the payment of principal and interest of the City's general obligation bonds and for no other purpose. If this restriction on the expenditure of such *ad valorem* taxes is respected in a bankruptcy case, then the *ad valorem* tax revenue could not be used by the City for any purpose other than to make payments on the Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016, as part of Senate Bill 222), the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the City, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed (unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code).

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the

debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The City has specifically pledged the taxes for payment of the Bonds. Additionally, the *ad valorem* taxes levied for payment of the Bonds are permitted under the State Constitution only where the applicable bond proposition is approved by at least two-thirds of the votes cast. State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the *ad valorem* tax revenues are determined to be “special revenues,” the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the City is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the City before the remaining revenues are paid to the owners of the Bonds.

Accordingly, bondholders may experience delays or reductions in payment on the Bonds, the Bonds may decline in value or Bondholders may experience other adverse effects should the City file for bankruptcy.

Possession of Revenues; Remedies. If the City goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the City does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

TAX MATTERS

Series 2022C-1 Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the City (“**Bond Counsel**”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2022C-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “**Code**”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2022C-1 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the Series 2022C-1 Bonds is less than the amount to be paid at maturity of such Series 2022C-1 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2022C-1 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2022C-1 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a

particular maturity of the Series 2022C-1 Bonds is the first price at which a substantial amount of such maturity of the Series 2022C-1 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2022C-1 Bonds accrues daily over the term to maturity of such Series 2022C-1 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2022C-1 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2022C-1 Bonds. Beneficial owners of the Series 2022C-1 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2022C-1 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2022C-1 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2022C-1 Bonds is sold to the public.

Series 2022C-1 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“**Premium Bonds**”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2022C-1 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2022C-1 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2022C-1 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2022C-1 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2022C-1 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2022C-1 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2022C-1 Bonds is excluded from gross income for federal income tax purposes and that interest on the Series 2022C-1 Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2022C-1 Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2022C-1 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions

may affect the market price for, or marketability of, the Series 2022C-1 Bonds. Prospective purchasers of the Series 2022C-1 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2022C-1 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2022C-1 Bonds ends with the issuance of the Series 2022C-1 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the beneficial owners regarding the tax-exempt status of the Series 2022C-1 Bonds in the event of an audit examination by the IRS. Under current procedures, beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2022C-1 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2022C-1 Bonds, and may cause the City or the beneficial owners to incur significant expense.

Payments on the Series 2022C-1 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of Series 2022C-1 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2022C-1 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2022C-1 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Series 2022C-2 Bonds

Bond Counsel observes that interest on the Series 2022C-2 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the opinion that interest on the Series 2022C-2 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the amount, or the accrual or receipt of interest on the Series 2022C-2 Bonds.

If the City defeases any Series 2022C-2 Bond, such Series 2022C-2 Bond may be deemed to be retired and "reissued" for federal income tax purposes as a result of the defeasance. In that event, the beneficial owner of the Series 2022C-2 Bond will recognize taxable gain or loss equal to the difference

between the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner's adjusted tax basis in the Series 2022C-2 Bond.

Payments on the Series 2022C-2 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of Series 2022C-2 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2022C-2 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2022C-2 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the City. Certain matters will be passed upon for the City by Curls Bartling P.C., as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney. Bond Counsel, Disclosure Counsel and the City Attorney undertake no responsibility for the accuracy, completeness or fairness of this Official Statement. Payment of fees of Bond Counsel and Disclosure Counsel is contingent upon the issuance of the Bonds.

MUNICIPAL ADVISOR

KNN Public Finance is acting as a municipal advisor to the City ("**Municipal Advisor**") with respect to the Bonds. The Municipal Advisor has assisted the City in the review and preparation of this Official Statement and in other matters relating to the planning, structuring, execution and delivery of the Bonds. The Municipal Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assumes no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor will receive compensation from the City contingent upon the sale and delivery of the Bonds.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending, or to the knowledge of the City, threatened, concerning the validity of the Bonds, or the City's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the City's ability to issue the Bonds. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the title to their offices of City officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. The City will furnish to the initial purchaser of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate, the City will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the City by not later than nine months after the end of the City's Fiscal Year (currently June 30) (the "**Annual Report**"), commencing with the report for the Fiscal Year ending June 30, 2021, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City (or its dissemination agent, if any) with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("**EMMA**") system. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events and the text of the Continuing Disclosure Certificate are set forth under the caption APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." A default under the Continuing Disclosure Certificate will not be an event of default under the Fiscal Agent Agreement. The sole remedy under the Continuing Disclosure Certificate in the event of any failure of the City to comply will be an action to compel specific performance. These covenants will be made in order to assist the initial purchaser in complying with Rule 15c2-12 of the Securities and Exchange Commission.

On limited occasions during the last five years, certain event notices of ratings changes were not made in a timely manner. The City has adopted additional practices to enhance timely filing and to review and monitor compliance with all of its continuing disclosure undertakings.

RATINGS

The Bonds have received the ratings of "Aa1" by Moody's Investors Service, Inc. ("**Moody's**") and "AA" by Standard & Poor's Global Ratings ("**S&P**"). Each rating agency generally bases its rating on its own investigations, studies and assumptions. All such ratings reflect only the views of the respective rating agencies, and any explanation of the significance of any rating may be obtained from the rating agency furnishing such rating. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency furnishing the rating, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

SALE OF THE BONDS

The Bonds were sold by competitive bid on February 24, 2022, as provided in the Official Notice of Sale, dated February 15, 2022 (the "**Official Notice of Sale**"). The Bonds were awarded to BofA Securities, Inc. (the "Purchaser") at an aggregate purchase price of \$229,207,730.74, which amount is equal to the aggregate principal amount of the Series 2022C-1 Bonds (i.e. \$198,645,000) and the aggregate principal amount of the Series 2022C-2 Bonds (i.e. \$13,670,000), plus net original issue premium of \$17,362,997.85 and less an underwriter's discount of \$470,267.11.

Under the terms of its bid, the Purchaser is obligated to purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by Bond Counsel, and certain other conditions to be satisfied by the City. The Purchaser has represented to the City that the Bonds have been reoffered to the public at the prices and yields stated on the inside cover pages hereof. The City takes no responsibility for the accuracy of those prices or yields. The Purchaser may offer and sell Bonds to certain dealers and others at yields that differ from those that will be stated on the inside cover pages. The offering prices or yields may be changed from time to time by the Purchaser.

FINANCIAL STATEMENTS

The audited annual financial report of the City for its Fiscal Year ended June 30, 2021 is included in APPENDIX B – “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF OAKLAND FOR THE YEAR ENDED JUNE 30, 2021.” Said annual financial report has been audited by Macias Gini & O’Connell LLP, independent accountants (the “**Auditor**”), as stated in the Auditor’s report appearing in APPENDIX B. The City has not requested, nor has the Auditor given, the Auditor’s consent to the inclusion in APPENDIX B of its report. The Auditor has not reviewed this Official Statement nor performed any procedures subsequent to rendering its opinion on such annual financial report.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to purchasers of the Bonds. Quotations from and summaries and explanations of the Resolutions, Ordinance, Bonds and the Fiscal Agent Agreement authorizing the Bonds and of statutes and other documents contained herein do not purport to be complete, and reference is hereby made to said Resolutions, Ordinance, Fiscal Agent Agreement, statutes and documents for full and complete statements of their provisions. Additional information can be obtained from the City’s Director of Finance. Any statement in this Official Statement involving matters of opinion, whether or not expressly stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the initial purchaser(s) or owners or beneficial owners of any of the Bonds.

The preparation and distribution of this Official Statement have been duly authorized and approved by the City Council of the City of Oakland.

CITY OF OAKLAND, CALIFORNIA

By: /s/ Edward Reiskin

City Administrator

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APPENDIX A-1

CERTAIN INFORMATION CONCERNING THE ECONOMY OF THE CITY

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APPENDIX A-1 CERTAIN INFORMATION RELATING TO THE ECONOMY OF THE CITY

The following demographic and economic data is presented for information purposes only. The Bonds are not a debt or obligation of the City of Oakland.

OVERVIEW

The City of Oakland (the “City” or “Oakland”) is located in the County of Alameda (the “County”) on the eastern shore of the San Francisco Bay (the “Bay”), approximately seven miles from downtown San Francisco via the San Francisco-Oakland Bay Bridge. Occupying approximately 53.8 square miles, the City is the most populous of the “East Bay” cities. The City is the seat of government for the County and is the eighth most populous city in the State of California (the “State”). Its geography ranges from industrialized areas in the west, which border the Bay, to suburban foothills in the east.

The City is the hub of an extensive transportation network, which includes several interstate freeways, the western terminus of major railroad and trucking operations, and one of the largest container-ship ports in the United States. The City is also served by an active international airport and the Bay Area Rapid Transit system (“BART”), which connects the City by commuter rail to most of the San Francisco Bay area (the “Bay Area”).

Formerly the industrial heart of the Bay Area, the City has developed into a vibrant metropolitan center, home to a diverse mix of residential neighborhoods and financial, governmental and commercial activities. The City’s mix of traditional and new economy companies are attracted to the City’s quality of life, central Bay Area location close to where the workforce lives, comparatively low business costs, proximity to research institutions and vast intermodal transportation network. Leading industries include business services, health care services, transportation, food processing, light manufacturing, government, arts, culture, entertainment, and tech-startups.

Culturally, the City is home to a nationally-recognized symphony, many up-and-coming artistic and cultural institutions, an award-winning zoo, the Paramount Theatre and the Fox Theater, the recently remodeled Oakland Museum of California, and a burgeoning restaurant scene. Oakland’s diverse population is reflected in a variety of attractions, including a Chinatown, the Latin-infused Fruitvale area and the African American Museum and Library downtown.

Oakland boasts a wide array of parks and open space. In addition to its waterfront, the City maintains 100 city parks, mini parks and open spaces, including Lake Merritt and Lakeside Park, home of the nation’s oldest wildlife refuge and a children’s theme park. The City counts lush green hills, redwood and other forests, creeks, an estuary and two lakes among its natural amenities. The extensive East Bay Regional Park District borders Oakland and is easily accessible from the City.

DEMOGRAPHICS

Population

The Demographic Research Unit of the California Department of Finance estimated the City’s population as of January 1, 2021, at 435,514. This figure represents approximately 26.3% of the corresponding County figure and 1.1% of the corresponding State figure. The following Table 1 sets forth the estimated population of the City, the County, and the State for calendar years 2017 through 2021.

Table 1
City of Oakland, County of Alameda and State of California
Population

| Calendar Year | City | County | State |
|---------------|---------|-----------|------------|
| 2017 | 427,493 | 1,644,303 | 39,352,398 |
| 2018 | 428,750 | 1,651,760 | 39,519,535 |
| 2019 | 429,932 | 1,659,608 | 39,605,361 |
| 2020 | 432,327 | 1,663,114 | 39,648,938 |
| 2021 | 435,514 | 1,656,591 | 39,466,855 |

Note: Data reflect population estimates as of January 1 of each year.

Source: State of California Department of Finance, Demographic Research Unit, *Report E-4 Population Estimates for Cities, Counties, and the State, January 1, 2017, 2018, 2019, 2020 and 2021*, with the latest report released May 7, 2021.

Income

The following Table 2 summarizes personal income for the County (which is larger than, but encompasses, the City) for the calendar years 2016 through 2020. Personal income increased by 32.1% from 2016 to 2020, the most current year for which data is available. Per capita personal income in the area grew by 31.2% in that same time period.

Table 2
Personal Income and Per Capita Income
County of Alameda
2016 – 2020⁽¹⁾

| Year | Personal Income (in Thousands) | Annual Percent Change ⁽²⁾ | Per Capita Income | Annual Percent Change ⁽²⁾ |
|------|--------------------------------------|---|----------------------|---|
| 2016 | \$109,572,257 | 7.0% | \$66,377 | 5.9% |
| 2017 | 116,802,392 | 6.6 | 70,370 | 6.0 |
| 2018 | 125,583,845 | 7.5 | 75,354 | 7.1 |
| 2019 | 131,535,494 | 4.7 | 78,839 | 4.6 |
| 2020 | 144,751,041 | 10.0 | 87,078 | 10.5 |

⁽¹⁾ Most current data available as of the date of this Official Statement.

⁽²⁾ Rounded numbers.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income by County, 2016-2020, updated November 16, 2021.

Industry and Employment

The following Table 3 sets forth estimates of the labor force, civilian employment, and unemployment for City residents, State residents and United States residents from calendar years 2017 through 2021. The California Employment Development Department has reported preliminary unemployment figures for November 2021 at 6.9% for the State, 4.3% for the County and 5.3% for the City (not seasonally adjusted).

Table 3
County of Alameda, State of California and United States
Civilian Labor Force, Employment and Unemployment
Annual Average for Years 2017 through 2021⁽¹⁾

| Year and Area | Labor Force | Civilian Employment | Unemployment | Unemployment Rate (%) |
|---------------------|-------------|------------------------|--------------|--------------------------|
| 2017 | | | | |
| County of Alameda | 838,700 | 807,700 | 31,000 | 3.7 |
| California | 19,224,100 | 18,302,800 | 921,300 | 4.8 |
| United States | 160,320,000 | 153,337,000 | 6,982,000 | 4.4 |
| 2018 | | | | |
| County of Alameda | 841,500 | 815,700 | 25,800 | 3.1 |
| California | 19,398,200 | 18,582,800 | 815,400 | 4.2 |
| United States | 162,075,000 | 155,761,000 | 6,314,000 | 3.9 |
| 2019 | | | | |
| County of Alameda | 841,100 | 815,900 | 25,200 | 3.0 |
| California | 19,453,600 | 18,589,100 | 864,500 | 4.4 |
| United States | 163,539,000 | 157,538,000 | 6,001,000 | 3.7 |
| 2020 | | | | |
| County of Alameda | 806,800 | 746,400 | 60,400 | 7.5 |
| California | 26,188,173 | 23,768,876 | 2,419,297 | 10.2 |
| United States | 160,742,000 | 147,795,000 | 12,947,000 | 8.1 |
| 2021 ⁽²⁾ | | | | |
| County of Alameda | 813,300 | 778,800 | 34,600 | 4.3 |
| California | 19,040,697 | 16,835,100 | 1,321,263 | 6.9 |
| United States | 162,099,000 | 155,797,000 | 6,302,000 | 3.9 |

⁽¹⁾ All data presented as annual averages, except 2021.

⁽²⁾ County, State and U.S. data as of November 2021 and reflect preliminary numbers.

Source: For City and State information, State of California Employment Development Department, Labor Market Information Division, *Unemployment Rates and Labor Force*, Labor Force Data Search Tool, Time Period January-December, Data Not Seasonally Adjusted, last updated September 23, 2021. For U.S. information, U.S. Department of Labor, Bureau of Labor Statistics. *Employment status of the civilian population by sex and age, dated December 17, 2021.*

The following Table 4 sets forth the largest industries in the County in terms of employment in each respective industry, as estimated by the State of California Employment Development Department, for calendar years 2016 through 2020.

Table 4
County of Alameda
Employment by Industry Group
Annual Averages
2016 – 2020⁽¹⁾

| Industry | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------|----------------|----------------|----------------|----------------|
| Farm | 475 | 608 | 617 | 667 | 742 |
| Mining, Natural Resources & Construction ⁽²⁾ | 43,042 | 45,925 | 49,042 | 49,592 | 46,583 |
| Manufacturing | 75,008 | 79,942 | 84,717 | 85,033 | 83,008 |
| Trade, Transportation & Utilities | 137,900 | 138,292 | 139,733 | 138,817 | 128,933 |
| Information | 18,233 | 18,792 | 19,967 | 20,533 | 19,900 |
| Financial Activities | 30,333 | 28,733 | 28,008 | 28,350 | 27,333 |
| Professional & Business Services | 128,733 | 130,383 | 134,025 | 136,625 | 128,808 |
| Educational & Health Services | 117,558 | 122,500 | 123,592 | 125,958 | 120,892 |
| Leisure & Hospitality | 70,917 | 74,117 | 76,425 | 78,000 | 52,858 |
| Other Services | 26,225 | 27,192 | 27,458 | 27,492 | 22,400 |
| Government | 123,483 | 124,167 | 123,867 | 124,083 | 118,425 |
| TOTAL: | 771,907 | 790,651 | 807,451 | 815,150 | 749,882 |

⁽¹⁾ Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.

⁽²⁾ Includes logging.

Source: California Employment Development Department, as of November 2021.

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“Prominent” employers or businesses headquartered in the City include Kaiser Permanente, Clorox Company, Twitter, Blue Shield of California, and Square. The following Table 5 sets forth the top ten major employers in the City as of June 30, 2021.

**Table 5
City of Oakland
Major Employers
as of June 30, 2021**

| <u>Rank</u> | <u>Employer</u> | <u>Number of Employees</u> | <u>Percent of Total Employment⁽¹⁾</u> |
|-------------|--|--------------------------------|--|
| 1 | County of Alameda | 8,000+ | 4.2% |
| 2 | Kaiser Permanente Medical Group and Kaiser Foundation Hospitals ⁽²⁾ | 7,000+ | 3.7 |
| 3 | San Francisco Bay Area Rapid Transit District | 4,000+ | 2.1 |
| 4 | State of California | 3,500+ | 1.8 |
| 5 | City of Oakland | 3,500+ | 1.8 |
| 6 | United Parcel Service | 2,500+ | 1.3 |
| 7 | Southwest Airlines Co | 2,500+ | 1.3 |
| 8 | Children’s Hospital & Research Center/UCSF Benioff Children’s Hospital | 2,000+ | 1.0 |
| 9 | Highland Hospital | 2,000+ | 1.0 |
| 10 | Federal Express Corporation | <u>1,500+</u> | <u>0.8</u> |
| | TOTAL | 38,000+ | 19.0% |

⁽¹⁾ Percent of total employment is based on June 2021 employment of 191,400. Percentages and totals for 2021 data are based on the upper end of indicated ranges.

⁽²⁾ Employment data for affiliated entities of Kaiser Permanente are combined.

Source: City of Oakland Economic & Workforce Development Department - Annual Comprehensive Financial Report for the Year Ended June 30, 2021.

Commercial Activity

The following Table 6 sets forth a history of taxable sales for the City for Fiscal Years 2015-16 through 2019-20.

Table 6
City of Oakland
Taxable Sales by Category
for Fiscal Years 2015-16 through 2019-20
(\$ In Thousands)

| <u>Taxable Outlets</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Apparel Stores | \$ 70,869 | \$ 75,115 | \$ 92,283 | \$ 95,595 | \$ 63,589 |
| Food Stores | 214,256 | 218,906 | 216,230 | 216,567 | 211,633 |
| Eating and Drinking Places | 792,646 | 837,989 | 884,637 | 929,320 | 600,110 |
| Building Materials | 397,607 | 422,787 | 455,018 | 430,616 | 413,054 |
| Auto Dealers and Supplies | 799,469 | 783,808 | 764,228 | 759,819 | 624,070 |
| Service Stations | 411,219 | 482,261 | 623,958 | 528,231 | 313,893 |
| Other Retail Stores | 856,790 | 885,954 | 890,684 | 947,211 | 897,917 |
| All Other Outlets | 1,693,282 | 1,927,968 | 2,026,827 | 2,152,240 | 1,987,791 |
| TOTAL ⁽¹⁾ | <u>\$5,236,138</u> | <u>\$5,634,787</u> | <u>\$5,953,866</u> | <u>\$6,059,600</u> | <u>\$5,112,057</u> |

⁽¹⁾Numbers may not add due to rounding.

Source: The HDL Companies with data from the State Board of Equalization, California Department of Tax and Fee Administration and State Controller's Office.

Economic Development and Construction Activity

The following Table 7 sets forth a summary of residential and commercial building permit valuations in the City for Fiscal Years 2016-17 through 2020-21.

Table 7
City of Oakland
Building Permit Valuation
2016-2017 through 2020-2021

| | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> |
|----------------------------------|----------------|----------------|----------------|----------------|--------------------------|
| Building Permits Issued | 17,259 | 14,331 | 13,013 | 11,812 | 12,784 |
| Authorized New Dwelling Units | 3,101 | 4,272 | 2,512 | 1,656 | 1,159 |
| Commercial Value (in thousands) | \$211,874 | \$359,016 | \$260,822 | \$301,304 | \$322,408 |
| Residential Value (in thousands) | \$638,944 | \$1,180,188 | \$827,832 | \$853,155 | \$380,814 ⁽¹⁾ |

⁽¹⁾ Decreased values for residential permits in fiscal year 2020-21 reflect delays in permit issuance for multi-unit dwellings, which were offset by growth in permits issued for lower-value residential projects, such as remodels and accessory dwelling units.

Source: City of Oakland comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2017 through June 30, 2021.

Oakland continues to experience significant new commercial real estate investment and development activity in its downtown, as well as other areas of the City. Several large mixed-use projects are underway, including: the Brooklyn Basin, a \$1.5 billion project creating a new mixed-use waterfront neighborhood with approximately 3,100 housing units, associated retail and more than 30 acres of publicly accessible parks; the construction of a mixed-use residential community at the site of the former Oak Knoll Naval Medical Center; new transit-oriented developments adjacent to Oakland’s BART stations including the MacArthur, Fruitvale, Lake Merritt and West Oakland stations and the development of a new campus for Samuel Merritt University in downtown Oakland. Other major developments in progress or recently completed include several high-rise towers and other large in-fill residential developments, new hotels, new Class “A” office towers in the downtown Oakland area, port-side development at the former Oakland Army Base and the \$50 million rehabilitation and adaptive reuse of the Henry J. Kaiser Convention Center into a new arts center at the south end of Lake Merritt.

In addition, the Oakland Athletics baseball team has proposed a new baseball stadium as well as mixed-use residential and retail development at Howard Terminal adjacent to Jack London Square, for which the City is considering providing assistance through the creation of an Enhanced Infrastructure Financing District that would dedicate a portion of the incremental property taxes to finance related infrastructure improvements.

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APPENDIX A-2

CERTAIN INFORMATION CONCERNING THE CITY'S BUDGET AND OPERATIONS

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APPENDIX A-2

CERTAIN INFORMATION CONCERNING THE CITY'S BUDGET AND OPERATIONS

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The information in this appendix concerning the City of Oakland's finances and operations is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund or any other funds of the City. The Bonds are payable from the proceeds of an unlimited ad valorem tax approved by the voters of the City pursuant to all applicable laws and State Constitutional requirements and required to be levied by the City Council on property within the City in an amount sufficient for the timely payment of principal of and interest on each series of the Bonds. See "SECURITY FOR THE BONDS" in the front portion of this Official Statement.

Certain statements included or incorporated by reference in this APPENDIX A-2 constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

CITY GOVERNMENT

The City was incorporated as a town in 1852 and as a city in 1854. In 1889, the City became a charter city. The Charter of the City (the "**Charter**") provides for: the election, organization, powers and duties of the legislative branch, known as the City Council (the "**City Council**"); the powers and duties of the executive and administrative branches; fiscal and budgetary matters, personnel administration, franchises, licenses, permits, leases and sales; employee pension funds; and the creation and organization of the Port of Oakland. An eight-member City Council, seven of whom are elected by district and one of whom is elected on a citywide basis, governs the City. City Council members serve four-year terms, staggered at two-year intervals. The Mayor of the City (the "**Mayor**") is not a member of the City Council but is the City's chief executive officer. The current Mayor, Libby Schaaf, is serving her second term, which expires on January 31, 2023. The City Attorney is elected to a four-year term, two years following the election of the Mayor. The current City Attorney, Barbara Parker, is serving her second term, which will expire on January 31, 2025. The City Auditor is elected to a four-year term at the same election as the Mayor. The current City Auditor's term will expire on January 31, 2023. No person can be elected Mayor for more than two consecutive terms. There are no limits on the terms of other elected officials.

The Mayor appoints a City Administrator who is subject to confirmation by the City Council. The City Administrator is responsible for daily administration of City affairs and preparation of the biennial budget for the Mayor to submit to the City Council. Subject to civil service regulations, the City Administrator appoints all City employees who are not elected officers of the City. The City Administrator is appointed for an indefinite term and serves at the pleasure of the Mayor. The current City Administrator, Edward Reiskin, was confirmed on April 21, 2020.

The City provides a full range of services required by State law and the Charter, including those functions delegated to cities under State law. These services include public safety (police and fire), sanitation, recreational and cultural activities, human services, economic development, public improvements, planning, zoning and general administrative services.

The Port of Oakland (the "**Port**"), designated by City Charter as an independent department of the City, operates the airport, maritime operations, and certain land along the waterfront. The Port is governed by a separate board of directors appointed by the City's Mayor and ratified by the City Council.

BUDGET AND FINANCIAL OPERATIONS

Overview

The City's finances are organized into several fund groups. The General Fund Group includes a number of funds intended for general use or citywide functions, the largest of which is the General Purpose Fund. The General Purpose Fund accounts for revenues from most of the City's taxes, fees and service charges and is unrestricted in its use. In the Fiscal Year 2021-22 Budget, the General Purpose Fund included \$784.4 million of estimated appropriations and revenues and represented approximately 70% of the General Fund Group. The second largest component of the General Fund Group is the Pension Tax Override Fund representing \$118.1 million (10.7% of the Fiscal Year 2021-22 General Fund). See "EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS – Retirement Programs – *Police and Fire Retirement System*" regarding the Pension Tax Override (defined herein). Other funds reported as part of the General Fund Group include the City's Self-Insurance Liability Fund; the Kids First Fund (which receives 3% of General Purpose Revenues); Comprehensive Clean-Up Fund, the Affordable Housing Trust Fund a special surcharge on refuse collection bills to cover costs associated with illegal dumping enforcement, street sweeping, and other clean-up activities; and funds to account for the proceeds of several voter-approved general taxes relating to Sugar Sweetened Beverages, Violence Prevention and Public Safety. Various reserves are also accounted for separately in the General Fund Group. See "- Financial Policies – *Consolidated Fiscal Policy - Reserves.*"

The City also maintains nearly 80 special revenue funds, enterprise funds for sewer and golf operations, and various capital, debt service, internal service and fiduciary funds.

Financial Reporting and Fiscal Year 2020-21 Results

The City prepares its financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") and specific guidance from the Government Accounting Standards Board ("GASB"). Since 1999, GASB has required that basic financial statements include government-wide financial statements, which are designed to provide readers with a broad overview of the City's finances. These statements are prepared using accounting methods similar to those used by private-sector businesses, including the full accrual basis of accounting. The government-wide statement of net position presents information on all the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the City is improving or deteriorating. Various GASB rules have required the inclusion of both pension and retiree health liabilities in the government-wide financial statements. The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities).

The City's most recent audited financial statements are presented in the City's Annual Comprehensive Financial Report¹ for the Fiscal Year Ended June 30, 2021 reported a deficit balance for the governmental and business-type activities unrestricted net position of \$2.01 billion, which was mainly due to underfunding of the pension and other postemployment benefits (the "OPEB") liabilities, and other unfunded long-term liabilities. The net pension and OPEB liability deficits were the biggest contributing factors at \$1.80 billion and \$0.84 billion, respectively.

¹ For earlier years the City's audited financial statements were presented in its "Comprehensive Annual Financial Report." The change in nomenclature to "Annual Comprehensive Financial Report" was made pursuant to GASB Statement No. 98.

The government-wide statements focus on the measurement of economic resources and account for long-term liabilities. The fund financial statements in the City’s audited comprehensive annual financial report utilize an alternate measurement focus that considers current financial resources and excludes most long-term liabilities. Information presented in the tables below relating to the General Fund relies on the fund financial statements as reported in the City’s audited annual comprehensive financial reports (“**Annual Financial Reports**”) for Fiscal Years 2016-17 through 2020-21.

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Table 1
City of Oakland
Revenues and Expenditures
General Fund
2016-17 through 2020-21
(\$ in thousands)

| Revenues | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|------------------|------------------|------------------|------------------|------------------|
| Taxes | | | | | |
| Property ⁽¹⁾ | \$271,985 | \$295,216 | \$312,255 | \$342,052 | \$377,175 |
| State-collected ⁽²⁾ | 53,891 | 57,689 | 62,260 | 55,860 | 58,143 |
| Local ⁽³⁾ | 259,810 | 280,939 | 319,708 | 296,996 | 314,100 |
| Licenses and Permits | 1,802 | 2,384 | 1,783 | 1,606 | 1,243 |
| Fines and Penalties | 21,738 | 18,267 | 21,081 | 18,702 | 17,591 |
| Interest Income (loss) ⁽⁴⁾ | - | (3,069) | 7,263 | 6,865 | (7,860) |
| Charges for Services | 85,886 | 97,371 | 102,826 | 97,848 | 83,173 |
| Grant Revenue | 2,751 | 3,813 | 3,568 | 3,586 | 4,983 |
| Other Revenue, Including Transfers | 2,487 | 6,320 | 3,399 | 3,057 | 33,553 |
| Annuity Income | 4,376 | 6,952 | 6,291 | 6,107 | 5,120 |
| TOTAL REVENUES | <u>\$704,726</u> | <u>\$765,882</u> | <u>\$840,434</u> | <u>\$832,679</u> | <u>\$887,221</u> |
| Expenditures | | | | | |
| General Government ⁽⁵⁾ | \$87,745 | \$143,136 | \$156,754 | \$163,102 | \$184,053 |
| Public Safety ⁽⁶⁾ | 389,977 | 398,105 | 438,500 | 488,474 | 446,722 |
| Public Works and Transportation | 31,804 | 34,107 | 42,662 | 42,600 | 36,172 |
| Community and Human Services ⁽⁷⁾ | 42,422 | 47,448 | 44,656 | 54,344 | 46,613 |
| Community and Economic Development ⁽⁸⁾ | 13,923 | 7,607 | 10,966 | 10,040 | 15,678 |
| Other ⁽⁹⁾ | 19,402 | 7,679 | 4,598 | 4,995 | 4,752 |
| TOTAL EXPENDITURES | <u>\$585,273</u> | <u>\$638,082</u> | <u>\$698,136</u> | <u>\$763,555</u> | <u>\$733,990</u> |
| Other Financing Sources and Uses ⁽¹⁰⁾ | \$(83,863) | \$(88,359) | \$(100,370) | \$(91,951) | \$(93,533) |
| Net Change in Fund Balance | \$35,590 | \$39,441 | \$41,928 | \$(22,827) | \$59,698 |
| Fund Balance (deficit) – Ending | \$345,726 | \$385,167 | \$427,095 | \$404,268 | \$463,966 |

(1) Includes General Purpose Fund property tax revenue, as well as property tax override collections for obligations relating to PFRS.

(2) Primarily Sales and Use Tax, as well as Motor Vehicle in-lieu.

(3) Includes Business License, Utility Consumption, Real Estate Transfer, Transient Occupancy, Parking, Voter Approved Special Tax, Sugar Sweetened Beverage Tax and Franchise Tax.

(4) Losses reflect marked-to-market valuation of investments and an annuity.

(5) Includes elected and appointed officials, general governmental agencies, and administrative services. Increase in 2017-18 includes resumption of payments to the Police and Fire Retirement System pursuant to a funding agreement; see “-Police and Fire Retirement System.”

(6) Includes police and fire services and the police commission.

(7) Includes Parks and Recreation, Library, Human Services, and Department of Violence Prevention. Formerly, Planning, Building and Neighborhood Preservation, Aging & Health and Human Services, Cultural and Community Services and Cultural Arts and Museums.

(8) Includes Planning and Building, Economic and Workforce Development and Housing & Community Development.

(9) Includes capital outlays and certain debt service charges not paid from a general obligation bond tax levy.

(10) Includes operating transfers between the General Fund and other major funds, primarily to account for debt service payments made from revenues collected in the General Fund .

Source: City of Oakland, Annual Financial Reports for Fiscal Years Ended June 30, 2017 through June 30, 2021.

Table 2
City of Oakland
Balance Sheet
General Fund
as of June 30
(\$ in thousands)

| ASSETS | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|------------------|------------------|------------------|------------------|------------------|
| Cash and investments | \$342,911 | \$400,305 | \$459,435 | \$509,238 | \$598,755 |
| Receivables ⁽¹⁾ | | | | | |
| Accrued interest | 642 | 1,553 | 2,231 | 1,494 | 313 |
| Property taxes | 9,054 | 7,487 | 7,873 | 10,153 | 6,293 |
| Accounts receivable | 38,720 | 47,145 | 47,326 | 36,762 | 58,931 |
| Grants Receivable | 305 | 305 | - | - | - |
| Due from component unit ⁽²⁾ | 9,595 | 8,675 | 9,487 | 10,571 | 11,974 |
| Due from other funds ⁽³⁾ | 36,597 | 22,592 | 27,697 | 8,234 | 8,104 |
| Due from other governments | 10,766 | 10,891 | 10,790 | 11,472 | 12,475 |
| Notes and loans receivable ⁽⁴⁾ | 4,095 | 6,855 | 7,006 | 7,186 | 11,415 |
| Restricted cash and investments | 65,363 | 57,390 | 57,437 | 58,164 | 50,164 |
| Property held for resale | - | - | - | - | 17,964 |
| Other/Prepaid items | 35 | 50 | 50 | 311 | 723 |
| TOTAL ASSETS | <u>\$518,083</u> | <u>\$563,248</u> | <u>\$629,332</u> | <u>\$653,585</u> | <u>\$777,111</u> |
| LIABILITIES | | | | | |
| Accounts payable and other accrued liabilities | \$140,084 | \$140,892 | \$167,176 | \$212,504 | \$275,559 |
| Due to other funds ⁽³⁾ | 2,312 | 2,312 | - | - | - |
| Due to other governments | 1,127 | 1,356 | 1,494 | 1,446 | 1,354 |
| Unearned revenue | 4,859 | 5,546 | 5,541 | 5,084 | 4,388 |
| Other | 2,693 | 3,796 | 3,116 | 7,347 | 2,777 |
| TOTAL LIABILITIES | <u>\$151,075</u> | <u>\$153,902</u> | <u>\$177,327</u> | <u>\$226,381</u> | <u>\$284,078</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property tax | \$ 4,817 | \$ 3,520 | \$3,896 | \$1,750 | \$6,612 |
| Unavailable revenue – notes and loans | 4,095 | 6,855 | 7,006 | 7,186 | 11,415 |
| Unavailable revenue – mandated claims (State) | 10,308 | 10,891 | - ⁽⁵⁾ | - | - |
| Unavailable revenue – grants and others | 4,067 | 2,913 | 14,008 | 14,000 | 11,040 |
| TOTAL DEFERRED INFLOWS | <u>\$23,287</u> | <u>\$24,179</u> | <u>\$24,910</u> | <u>\$22,936</u> | <u>\$29,067</u> |
| FUND BALANCES | | | | | |
| Nonspendable ⁽⁶⁾ | \$ - | \$ - | \$ - | \$ - | \$ 18,687 |
| Restricted ⁽⁷⁾ | 241,404 | 235,084 | 240,247 | 254,309 | 267,811 |
| Committed ⁽⁸⁾ | 8,805 | 14,323 | 14,648 | 47,441 | 38,739 |
| Assigned ⁽⁹⁾ | 30,802 | 41,959 | 53,958 | 40,145 | 41,786 |
| Unassigned ⁽¹⁰⁾ | 64,715 | 93,801 | 118,242 | 62,373 | 96,943 |
| TOTAL FUND BALANCES | <u>\$345,726</u> | <u>\$385,167</u> | <u>\$427,095</u> | <u>\$404,268</u> | <u>\$463,966</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$520,088</u> | <u>\$563,248</u> | <u>\$629,332</u> | <u>\$653,585</u> | <u>\$777,111</u> |

(1) Net of allowance for uncollectibles of \$8,166 as of June 30, 2021.

(2) Includes payments due from Port.

(3) “Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash and interfund loans. These include amounts due from the Oakland Redevelopment Successor Agency (“ORSA”) related to advances and interfund loans made by the City for projects, loans, and services. Receivable amounts for ORSA relate to project advances made by ORSA for the City

(4) Net of allowance for uncollectibles of \$653 as of June 30, 2021.

(5) The mandated claims are included in the “grants and others” line item for FY2018-19, FY 2019-20 and FY 2020-21.

(6) Includes prepaid items and property held for resale with no restrictions on the use of proceeds.

(7) Restricted for pension obligations annuity and PFRS pension liabilities.

Footnotes Continue onto Next Page.

(8) Reserved for Vital Services and, in FY2019-20 and FY 2020-21, Affordable Housing.

(9) Includes capital reserves and various operating department designations.

(10) Includes General Purpose Fund Emergency Reserve.

Source: City of Oakland, Annual Financial Reports for Fiscal Years Ended June 30, 2017 through June 30, 2021.

City Budget Process

The City's budget cycle is a two-year process that is intended to promote long-term decision making, increase funding stability and allow for greater performance evaluation. The City's budget is adopted for a two-year period, with appropriations divided into two one-year spending plans, referred to as the "policy budget." During the second year of the two-year cycle, a review is conducted to amend the budget and address variances in estimated revenues and revised mandates due to Federal, State, and/or court actions, and the City adopts a "midcycle budget." The City is currently operating under the Fiscal Year 2021-23 Policy Budget.

Under the City Charter, the City Administrator prepares budget recommendations that the Mayor presents to the City Council in accordance with the following procedure. First, the City Administrator and Department Directors conduct internal budget hearings to develop budget recommendations. The proposed budget is based on the Mayor's budget priorities and includes estimates of receipts from the City's various revenue sources. The Mayor then submits the proposed two-year budget to the City Council and formal public budget hearings are held. The City Council may make adjustments and/or revisions to the proposed budget. Following public budget hearings, the City Council adopts by resolution the City's budget. In practice, the City Council adopts the City's budget on or before June 30 and has never failed to achieve this deadline.

The final adopted policy throughout its two fiscal years, and midcycle budgets, are subject to review and revision to reflect any changes in revenue and expenditure projections. Among those updates are quarterly reports to the City Council prepared by the City Administrator. Included in these quarterly reports are summary-level overviews of the City's finances, a review of revenues by major category, information on variances in departmental budgetary performance and projected changes in fund balance.

In support of the biennial budget process, the City prepares a Five-Year Financial Forecast ("**Forecast**") to help the City make better informed financial and operational decisions by projecting future revenues, expenditures, and financial risks. The Forecast often projects a gap between estimated expenditures and revenues, as is the case in every year of the Forecast for Fiscal Year 2021-22 to Fiscal Year 2025-26. Although General Purpose Fund shortfalls are expected to decrease during the forecast period, the cumulative gap over this period, assuming no corrective actions, is forecast to exceed \$325 million. The City's Charter and Consolidated Fiscal Policy requires adoption of a balanced budget each fiscal year, and the City will therefore need to develop strategies to address the shortfalls projected in the Forecast.

The City also prepares a five-year Capital Improvement Program ("**CIP**") to guide decisions regarding the construction, repair and replacement of the City's assets including libraries, public safety facilities, sewers, recreation centers and parks, and transportation and street improvements. Funding sources for the CIP include the proceeds of general obligation bonds and a number of special fund revenues. The City develops a new CIP Budget every two years for inclusion in the overall City budget.

City's General Financial Condition and Impact of the COVID-19 Pandemic

The COVID-19 pandemic is a significant development materially adversely affecting the City's finances and outlook.

Prior to the pandemic, the City was experiencing growth in its General Fund tax revenues, including revenues from its Property Tax, Real Estate Transfer Tax, Sales Tax, Business License Tax, Transient Occupancy Tax, and voter-approved special taxes. In particular, the City's property-related revenues were growing at a healthy rate with a strong real estate market and noticeable increases in assessed valuations, and have continued to do so notwithstanding the COVID-19 pandemic as described herein. The City had also taken steps to strengthen its financial position and address its long-term unfunded liabilities, including adopting, in Fiscal Year 2018-19, an OPEB Funding Policy, establishing the Vital Services Stabilization Reserve and fully funding its General Purpose Fund Reserve. See "-Financial Policies."

In addition, in Fiscal Year 2018-19, as part of labor negotiations with its public safety unions, the City took steps to better manage the growth of long-term liabilities for retiree health benefits by capping its contributions for active employees and current retirees effective January 1, 2020, and implementing new, lower costs tiers for employees hired after January 1, 2019. See also "EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS – Retirement Programs – *California Public Employees Retirement System*." While these reforms are anticipated to provide significant long-term relief to the City's retiree medical program, even with these measures, rising costs for employees and retirees continue to pressure the City's finances and will require careful management in future years.

The COVID-19 pandemic resulted in significant increases in unemployment and reductions in economic activity, both in the City and in communities across the world. Many businesses were temporarily closed and consumers stayed home. The economic slowdown created by COVID-19 impacted not only the City's General Purpose Fund but also a number of special funds whose revenues depended on sales and other economic activities.

Revenues from sales, hotel, and parking taxes have been especially hard hit, as consumers stayed home, travelers stayed away, and commuters and shoppers reduced the number of trips requiring parking. Business license taxes also were impacted by the pandemic, as residential and commercial rental vacancies and rent declines resulted in lower gross receipts. Business license tax categories related to retail sales (including automobiles) and recreation and entertainment were also negatively impacted by the pandemic. Property tax and real estate transfer tax revenues, however, continued to increase, driven mostly by mortgage rates being at historic lows and many area residents seeking larger spaces from which to work from home. See also "PROPERTY TAXATION" and "OTHER TAXES AND GENERAL FUND REVENUES." Near-term revenue shortfalls and expenditure challenges pose risks to the City's structural balance.

To address the consequences of the COVID-19 pandemic, and despite budget reductions and appropriation of the full \$14.9 million balance in its Vital Services Stabilization Reserve executed in the Fiscal Year 2020-21 Adopted Budget, the City announced in December 2020 \$29 million in immediate expenditure reductions to address a projected \$62 million deficit for that Fiscal Year, by instituting a Citywide hiring freeze, terminating temporary employees and reducing some public safety services.

Federal funding significantly softened the blow to revenues caused by the pandemic. The December 2020 reductions were revisited following the passage of the American Rescue Plan Act ("ARPA") which will provide the City roughly \$188 million in subsidies from the ARPA Local Fiscal Recovery Fund. In Fiscal Year 2020-21, the City recognized \$33 million from the ARPA Local Fiscal Recovery Fund and approximately \$37 million in funding from the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, as a subrecipient of the State of California, for a total of \$70 million in COVID-19 pandemic aid for the Fiscal Year. In addition to this CARES pass-through allocation, direct CARES allocations to the City

provided funding for housing support, rental assistance, and other community services. Through this aid, the City was able to bridge its Fiscal Year 2020-21 operating deficit and maintain most of its services intact while also preserving its 7.5% General Purpose Fund Emergency Reserve. Specifically, these federal subsidies enabled the City to reduce expenditures recorded in the General Fund, which in combination with revenue gains strengthened General Fund balance and the City's overall fiscal outlook relative to expectations at the beginning of Fiscal Year 2020-21. The City anticipates receiving the remaining \$155M of ARPA funds and has appropriated the remaining balance in Fiscal Year 2021-22 and Fiscal Year 2022-23 to balance the Fiscal Year 2021-23 Biennial Policy Budget. While this federal funding was critical to the City's management of the pandemic, it represents one-time funding and does little to address any long-term structural imbalance.

The City's economy has seen some recovery from the worst of the economic declines as residents and businesses have learned to cope with the COVID-19 pandemic and the related restrictions. The arrival of effective vaccines offers encouragement for a potential end to the COVID-19 pandemic; to the extent vaccine hesitancy or the prevalence of more serious virus variants cause the pandemic to linger, a return to pre-pandemic levels of economic activity will be delayed and the economic and accompanying fiscal effects of the pandemic will continue.

Equally uncertain is whether the lingering effects of the COVID-19 pandemic will lead to long-term or even permanent shifts in behavior. To the extent business travelers choose video conferences over in-person meetings, consumers continue to prefer online shopping to in-person shopping, and employees relocate or telecommute rather than return to in-person work, the City's economy will suffer, and with it the City's revenue receipts. While current indications suggest that all of these effects will persist, at least to some extent, the City nonetheless remains well-positioned to take advantage of ongoing regional economic growth. The City remains a desirable location to live and work, and commercial and residential construction have continued throughout the pandemic, as the City draws new residents and businesses. Population growth also appears likely to continue as the substantial uptick in residential construction which began in prior years makes more housing available in a region with continued strong housing demand and a longstanding shortfall of supply.

Notwithstanding any such growth in the regional or local economy, the City's expenditures continue to grow, driven primarily by personnel costs as described above, as well as ongoing pressures to provide affordable housing, address homelessness and balance the desire for public safety and violence with concerns regarding social equity.

Financial Policies

The City has adopted a number of policies to guide its financial management, as described below.

Consolidated Fiscal Policy. The City has consolidated many of its fiscal policies by ordinance into the City's Consolidated Fiscal Policy. The Consolidated Fiscal Policy includes policies on budgeting practices, reserve funds, use of one-time revenues, the budget process, fiscal planning and public participation. The following highlights some key components of that policy.

Reserves. The Consolidated Fiscal Policy establishes a number of reserves to address unanticipated adverse financial conditions, including a General Purpose Fund Emergency Reserve equal to 7.5% of the General Purpose Fund appropriations as adopted in the biennial or midcycle budget. If in any fiscal year the General Purpose Fund Reserve Policy is not met, the City Administrator shall present to the City Council a strategy to meet the General Purpose Fund Emergency Reserve. This Emergency Reserve may be appropriated by Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City, and only upon declaration of fiscal emergency.

The City has also established a Vital Services Stabilization Fund with a target funding level of 15% of General Purpose Fund Revenues. The Vital Services Stabilization Fund is funded by transfers from the Real Estate Transfer Tax (RETT) when revenues exceed 15% of General Purpose tax revenues. Such additional revenue is deemed to be one-time and is applied as follows: one-half of excess RETT may be spent on one-time expenditures, 25% is to be allocated to the Vital Services Stabilization Fund and 25% is allocated to repayment of long-term obligations such as unfunded retirement obligations. See also “OTHER TAXES AND GENERAL FUND REVENUES – Real Estate Transfer Tax.” In those years when the City forecasts that total General Purpose Fund revenues will be less than the current year's revenues, or anytime significant service reductions, such as layoffs or furloughs, are contemplated due to adverse financial conditions, use of the Vital Services Stabilization Fund may be considered to maintain existing services. Because of the revenue shortfalls resulting from COVID-19, the City appropriated the entire balance in this reserve (\$14.9 million) as part of the Fiscal Year 2020-21 Midcycle Budget. The Fiscal Year 2021-22 Budget restored \$2.6 million of this reserve from the General Fund Balance.

The following Table 3 is a summary of the City’s key General Fund reserves available for City general purposes since Fiscal Year 2017-18:

Table 3
City of Oakland
Certain General Fund Reserves
(as of June 30)

| <u>Reserve Fund</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| General Purpose Fund | \$45,200,000 | \$48,800,000 | \$40,100,000 | \$52,700,000 |
| Emergency Reserve | | | | |
| Vital Services Stabilization Fund | 14,323,000 | 14,648,000 | 14,923,000 | 251,000 |
| TOTAL | \$59,432,000 | \$63,448,000 | \$55,023,000 | \$52,951,000 |
| General Purpose Fund (GPF) Appropriations | \$602,666,667 | \$650,666,667 | \$684,000,000 | \$644,000,000 |
| % of GPF Appropriations | 9.88% | 9.75% | 8.04% | 8.22% |

OPEB Funding Policy. In Fiscal Year 2018-19, the City adopted an OPEB Funding Policy providing for ongoing prefunding contributions of 2.5% of payroll, equal to approximately \$10 million per year, in addition to the City’s pay-as-you-go requirements. These additional contributions are intended to support the sustainability of the City’s retiree medical program. Due to the impact of the COVID-19 pandemic on City revenues, this funding policy was suspended for Fiscal Years 19-20 and 2020-21. As provided for in the Annual Budget for FY 2021-23, the City will resume contributions, appropriating \$15 million for this purpose in both Fiscal Year 2021-22 and Fiscal Year 2022-23. See also “EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS – Other Post-Employment Benefits.” Additional contributions may be made pursuant to policies regarding the application of “excess” Real Estate Transfer Tax revenues.

Debt Policy. The City has adopted and amended a debt management policy, which sets forth the City’s goals and objectives, its approach to debt management and standards for use of debt financing

(including financing criteria such as structure and terms), refinancing goals and methods of issuance; as well as the City’s policy of charging an administrative fee equal to its costs.

Investment Policy. The City invests funds of the City in accordance with the City’s Investment Policy adopted by the City Council. See “INVESTMENT OF CITY FUNDS.”

Fiscal Years 2021-23 Adopted Biennial Policy Budget

The Fiscal Year 2021-23 Adopted Biennial Policy Budget was approved by the City Council on June 24, 2021 for the period of July 1, 2021 through June 30, 2023 (the “**21-23 Budget**”). This balanced proposal was based on the Fiscal Year 2020-21 Midcycle Budget and was largely balanced using one-time resources from the ARPA to backfill revenues lost due to the ongoing pandemic. The 21-23 Budget began with a substantial funding gap in the General Purpose Fund, as well as projected shortfalls in several special revenue funds. This 21-23 Budget is balanced without any dramatic fiscally driven service impacts or changes, although substantial changes were made for policy reasons to the City’s strategy and means for delivery of public safety services.

The City’s most recent Policy Budgets are summarized below:

| <u>Category</u> | <u>Midcycle FY 2019-20</u> | <u>FY 2020-21</u> | <u>Midcycle FY 2020-21</u> | <u>FY 2021-22</u> | <u>Midcycle FY 2022-23</u> |
|---------------------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|
| General Purpose Fund (unrestricted) | \$ 655,127,232 | \$ 684,546,119 | \$ 644,092,166 | \$ 784,393,266 | \$ 760,238,332 |
| Other Funds (restricted) ¹ | 1,001,095,419 | 967,505,981 | 1,069,051,241 | 1,249,069,773 | 1,160,032,786 |
| TOTAL - All Funds | \$1,656,222,651 | \$1,652,052,100 | \$1,713,143,407 | \$2,033,463,039 | \$1,920,271,118 |

¹Includes other funds reported in the General Fund Group other than the General Purpose Fund, Special Funds, and other funds of the City. Does not include the Port of Oakland.

GENERAL PURPOSE FUND REVENUES

The City’s General Fund receives revenues from a variety of sources, including property and local taxes, taxes imposed by the State, intergovernmental transfers and fees and charges for services. The General Fund includes the General Purpose Fund, into which general unrestricted revenues that can be used for any governmental purpose are deposited. See “BUDGET AND FINANCIAL OPERATIONS – Overview.”

The following Table 4 presents information regarding the City’s 21-23 Budget for the General Purpose Fund and Fiscal Year 2021-22 projected year-end General Purpose Fund revenues and expenditures.

Table 4
City of Oakland
General Purpose Fund Revenues and Expenditures
(in Millions)

| | FY 2021-22 Adopted Budget ⁽¹⁾ | FY 2021-22 Projected Year End Q1 R&E | FY 2022-23 Adopted Budget ⁽¹⁾ |
|---|---|--|---|
| REVENUES | | | |
| Property Tax ⁽²⁾ | \$247.15 | \$249.84 | \$262.69 |
| Sales Tax ⁽³⁾ | 58.97 | 58.97 | 66.19 |
| Business License Tax | 97.75 | 99.85 | 100.10 |
| Utility Consumption Tax | 49.14 | 50.80 | 48.80 |
| Real Estate Transfer Tax | 96.43 | 96.43 | 101.22 |
| Transient Occupancy Tax | 16.73 | 16.73 | 20.49 |
| Parking Tax | 7.84 | 8.90 | 9.91 |
| Licenses & Permits | 4.05 | 4.05 | 4.11 |
| Fines & Penalties | 15.74 | 15.74 | 19.64 |
| Interest Income | 0.48 | 0.48 | 0.48 |
| Service Charges | 50.27 | 50.27 | 54.90 |
| Grants & Subsidies | 0.00 | 0.00 | 0.00 |
| Miscellaneous | 1.60 | 1.60 | 0.80 |
| Interfund Transfers | 89.93 | 89.93 | 70.91 |
| Subtotal Revenues | 736.08 | 743.59 | 760.24 |
| Transfers from Fund Balance ⁽⁴⁾ | 48.31 | 48.31 | 0.00 |
| Total Revenues | \$784.39 | \$791.90 | \$760.24 |
| EXPENDITURES | | | |
| Mayor | 4.26 | 4.26 | 4.39 |
| City Council | 6.28 | 6.28 | 6.50 |
| City Administrator | 8.01 | 8.01 | 8.34 |
| City Attorney | 15.00 | 15.00 | 14.88 |
| City Auditor | 2.41 | 2.41 | 2.49 |
| City Clerk | 3.56 | 3.56 | 3.65 |
| Finance Department | 21.57 | 21.57 | 22.75 |
| Human Resource Management | 6.48 | 6.48 | 6.81 |
| Information Technology | 13.31 | 13.31 | 16.15 |
| Police Department | 313.92 | 313.92 | 319.06 |
| Police Commission | 4.49 | 4.49 | 5.82 |
| Fire Department | 171.96 | 171.96 | 182.21 |
| Human Services | 15.26 | 15.26 | 15.58 |
| Oakland Animal Services | 5.41 | 5.41 | 5.67 |
| Oakland Public Library | 14.11 | 14.11 | 13.55 |
| Oakland Parks, Recreation & Youth Development | 16.68 | 16.68 | 16.31 |
| Oakland Public Works | 1.86 | 1.86 | 2.15 |
| Department of Transportation | 15.95 | 15.95 | 18.50 |
| Economic & Workforce Development | 10.96 | 10.96 | 10.57 |
| Housing & Community Development | 0.10 | 0.10 | 0.03 |
| Planning & Building | 0.00 | 0.00 | 0.00 |
| Department of Violence Prevention | 11.36 | 11.36 | 12.81 |
| Race & Equity | 0.92 | 0.92 | 0.98 |
| Public Ethics Commission | 1.49 | 1.49 | 1.70 |
| Workplace and Employment Standards | 4.36 | 4.36 | 4.91 |
| Non-Departmental & CIP | 114.69 | 114.69 | 64.42 |
| Total Expenditures | \$784.39 | \$784.39 | \$760.24 |

⁽¹⁾ Budget as adopted by the City Council on June 24, 2021.

⁽²⁾ Excludes the tax override (defined herein) collected for obligations relating to PFRS (defined herein) and revenues collected to fund general obligation bond debt service. See "EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS – Retirement Programs – Police and Fire Retirement System," herein.

⁽³⁾ Refers to Sales & Use Tax.

⁽⁴⁾ Transfers from Fund Balance and any unspent carryforward funds.

Source: City of Oakland.

The following Table 5 summarizes the major General Purpose Fund revenues as of June 30 for Fiscal Years ended June 30, 2018 through June 30, 2021 and sets forth the major General Purpose Fund revenues budgeted for Fiscal Year 2021-22 as a percentage of total General Purpose Fund revenues for Fiscal Year 2021-22.

Table 5
City of Oakland
General Purpose Fund Revenues ⁽¹⁾
(as of June 30)

| <u>Revenue Types</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022 (Budgeted)</u> | <u>% of 2022 Budgeted Total General Purpose Revenues</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------------|--|
| Property Tax | \$187,172,191 | \$199,963,825 | \$218,658,259 | \$238,928,903 | \$247,151,668 | 31.5% |
| Sales Tax | 57,465,177 | 62,053,906 | 55,516,844 | 57,824,365 | 58,970,992 | 7.5 |
| Vehicle License Fee | 224,279 | 205,840 | 342,618 | 318,089 | - | - |
| Business License Tax | 86,107,189 | 99,733,123 | 98,039,982 | 104,232,387 | 97,751,670 | 12.5 |
| Utility Consumption Tax | 52,047,385 | 49,598,702 | 49,830,535 | 51,801,434 | 49,137,923 | 6.3 |
| Real Estate Transfer Tax | 77,663,378 | 104,904,997 | 91,533,921 | 113,359,327 | 96,426,320 | 12.3 |
| Transient Occupancy Tax | 23,583,086 | 25,922,695 | 19,578,414 | 10,609,759 | 16,733,334 | 2.1 |
| Parking Tax | 10,803,104 | 11,053,353 | 9,067,238 | 6,264,372 | 7,841,157 | 1.0 |
| Licenses & Permits | 2,383,571 | 1,782,532 | 1,606,012 | 1,243,171 | 4,050,104 | 0.5 |
| Fines & Penalties | 18,473,844 | 21,197,853 | 19,038,476 | 17,792,898 | 15,735,857 | 2.0 |
| Interest Income | 974,292 | 1,102,021 | 902,700 | 1,268,914 | 484,097 | 0.1 |
| Service Charges | 60,567,414 | 64,568,856 | 58,172,750 | 52,717,457 | 50,273,399 | 6.4 |
| Grants & Subsidies | 2,488,836 | 1,983,302 | 2,217,850 | 3,508,677 | - | - |
| Miscellaneous Interfund Transfers ⁽²⁾ | 6,763,547 | 2,307,657 | 3,243,629 | 11,688,805 | 1,600,000 | 0.2 |
| Transfers from Fund Balance ⁽²⁾ | - | - | - | - | 48,310,000 | 6.2 |
| TOTAL: | \$590,681,500 | \$649,957,394 | \$631,755,460 | \$689,111,176 | \$784,393,266 | |

⁽¹⁾ Totals may not be precise due to rounding.

⁽²⁾ Interfund transfers in FY18 through FY20 represent the appropriation of revenues from the City's parking garage operations. In addition, interfund transfers for FY21 include the appropriation of the City's Vital Services Stabilization Fund, in response to COVID-related revenue shortfalls. For FY22 increased interfund transfers and transfers from fund balance reflect the utilization of Local Fiscal Recovery Funds received pursuant to the American Rescue Plan Act.

Source: City of Oakland

PROPERTY TAXATION

Ad Valorem Property Taxes

Property taxes are assessed and collected by the County. Taxes arising from the general 1% levy are apportioned among local taxing agencies on the basis of a formula established by State law, which reflects the average tax rate levied by the taxing agency for the three years before Proposition 13 was adopted. The City receives about 27% of these collections for its General Purpose Fund. Taxes relating to voter-approved indebtedness are allocated to the relevant taxing agency. The City levies taxes for two forms of voter-approved indebtedness – pension obligations, collected as Pension Tax Override and reported in the General Fund (*see* “EMPLOYMENT COSTS: POST-EMPLOYMENT OBLIGATIONS – Retirement Program – *Police and Fire Retirement System*”), and general obligation bonds, reported in various debt service funds (*see also* “BONDS AND OTHER INDEBTEDNESS – General Obligation Debt”).

The County is permitted under State law to pass on costs for certain services provided to local government agencies, including the collection of property taxes. The County imposes a fee on the City of approximately 1.00% of the taxes collected for tax collection services it provides.

In prior years, the State budget has resulted in various reallocations affecting property tax revenues, including the “triple flip” involving property tax and sales tax, the replacement of Vehicle License Fee revenues, and the temporary Education Revenue Augmentation Fund (“**ERAF**”) transfers. *See* “– OTHER TAXES AND GENERAL FUND REVENUES” below. However, Proposition 1A, ratified by voters in 2004, protects City revenues from future shifts to the State and passage of Proposition 22 in 2010 further strengthened these protections by eliminating the provision which allowed the State to borrow a limited amount of property tax revenue under certain conditions.

Assessed Valuations

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, nonprofit hospitals, and charitable institutions. State law also allows exemptions from *ad valorem* property taxation at \$7,000 of full value of owner-occupied dwellings and 100% of business inventories. Revenue losses to the City from the homeowner’s exemption are replaced by the State.

Property taxes associated with future assessed valuation growth allowed under Article XIII A for new construction, certain changes of ownership, and annual increases in value, if any, subject to a maximum of 2% each year will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year. The availability to such entities of revenue from growth in the tax base were affected by the establishment of redevelopment project areas, which under certain circumstances, were entitled to revenues resulting from the increase in certain property values, as provided in Article XVI of the State Constitution. Beginning with Fiscal Year 2012-13, following the dissolution of redevelopment agencies, tax revenues resulting from the increase in such property values were deposited by the County Auditor-Controller into the City’s Redevelopment Property Tax Trust Fund (“**RPTTF**”). *See* “BONDS AND OTHER INDEBTEDNESS – Redevelopment Agency of the City of Oakland” herein.

The following Table 6 sets forth a ten-year history of assessed valuations in the City for Fiscal Years 2011-12 through 2021-22:

Table 6
City of Oakland
Assessed Valuations⁽¹⁾
Fiscal Years 2011-12 through 2021-22
(\$ In Thousands)

| Fiscal Year Ending June 30 | Local Secured | Utility | Unsecured | Gross | Less Tax Increment ⁽²⁾ | Total Net Assessed Valuation |
|-------------------------------|------------------|----------|-------------|--------------|--------------------------------------|---------------------------------|
| 2012 | \$35,875,580 | \$19,640 | \$3,342,115 | \$39,237,335 | (\$9,247,268) | \$29,990,067 |
| 2013 | \$36,395,895 | \$16,985 | \$3,481,349 | \$39,894,229 | (\$9,496,227) | \$30,398,002 |
| 2014 | \$37,629,227 | \$16,320 | \$3,528,280 | \$41,173,827 | (\$9,625,116) | \$31,548,711 |
| 2015 | \$40,225,963 | \$15,071 | \$3,522,706 | \$43,763,740 | (\$10,353,808) | \$33,409,932 |
| 2016 | \$44,304,801 | \$20,517 | \$3,475,263 | \$47,800,581 | (\$11,932,782) | \$35,867,799 |
| 2017 | \$47,401,607 | \$24,318 | \$3,932,788 | \$51,358,713 | (\$13,171,622) | \$38,187,091 |
| 2018 | \$51,334,369 | \$19,326 | \$3,671,801 | \$55,025,497 | \$0 | \$55,025,497 |
| 2019 | \$54,928,874 | \$16,660 | \$3,930,486 | \$58,876,019 | \$0 | \$58,876,019 |
| 2020 | \$59,428,014 | \$16,679 | \$4,069,713 | \$63,514,406 | \$0 | \$63,514,406 |
| 2021 | \$65,632,263 | \$16,367 | \$4,305,836 | \$69,954,466 | \$0 | \$69,954,466 |
| 2022 | \$69,693,144 | \$48,671 | \$4,357,537 | \$74,099,351 | \$0 | \$74,099,351 |

⁽¹⁾ Net of exemptions other than homeowners' exemptions. Valuations are determined as of January 1 preceding the respective fiscal year.

⁽²⁾ Tax increments were allocations made to the Redevelopment Agency under authority of the State of California Constitution, Article XVI. Beginning in Fiscal Year 2017-18, this figure is no longer provided by the County since only a portion of the Countywide 1% Tax will be remitted to the Redevelopment Property Tax Trust Fund (RPTTF) for enforceable obligations. See "*Limited Obligations.*" No portion of the Police and Fire Retirement System pension tax override revenue will be remitted to the RPTTF.

Source: Alameda County Auditor-Controller's annual certificates of fiscal year assessed value.

The following Table 7 indicates various land uses within the City based on assessed valuation and number of parcels for Fiscal Year 2021-22:

Table 7
City of Oakland
Assessed Valuation and Parcels by Land Use

| | 2021-22 <u>Assessed Valuation</u> ⁽¹⁾ | % of <u>Total</u> | No. of <u>Parcels</u> | % of <u>Total</u> |
|---------------------------------|---|----------------------|--------------------------|----------------------|
| Non-Residential: | | | | |
| Commercial/Office | \$13,469,060,024 | 19.33% | 6,003 | 5.29% |
| Vacant Commercial | 519,299,523 | 0.75 | 434 | 0.38 |
| Industrial | 5,055,393,175 | 7.25 | 2,229 | 1.97 |
| Vacant Industrial | 176,435,201 | 0.25 | 455 | 0.40 |
| Recreational | 95,669,338 | 0.14 | 263 | 0.23 |
| Government/Social/Institutional | <u>298,730,992</u> | <u>0.43</u> | <u>3,553</u> | <u>3.13</u> |
| Subtotal Non-Residential | \$19,614,588,253 | 28.14% | 12,937 | 11.41% |
| Residential: | | | | |
| Single Family Residence | \$33,712,762,963 | 48.37% | 67,984 | 59.94% |
| Condominium/Townhouse | 5,608,743,193 | 8.05 | 11,693 | 10.31 |
| Mobile Home | 31,093,979 | 0.04 | 173 | 0.15 |
| 2-4 Residential Units | 3,157,155,311 | 4.53 | 13,806 | 12.17 |
| 5+ Residential Units/Apartments | 7,162,476,982 | 10.28 | 3,023 | 2.67 |
| Residential-Miscellaneous Uses | 79,200,687 | 0.11 | 84 | 0.07 |
| Vacant Residential | <u>327,122,369</u> | <u>0.47</u> | <u>3,714</u> | <u>3.27</u> |
| Subtotal Residential | \$50,078,555,484 | 71.86% | 100,477 | 88.59% |
| Total | \$69,693,143,737 | 100.00% | 113,414 | 100.00% |

⁽¹⁾ Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics Inc.

The following Table 8 indicates the array of assessed valuation for single family homes in the City for Fiscal Year 2021-22:

Table 8
City of Oakland
Per Parcel Assessed Valuation of Single-Family Homes

| Single Family Residential | <u>No. of Parcels</u> | <u>2021-22 Assessed Valuation</u> | | <u>Average Assessed Valuation</u> | <u>Median Assessed Valuation</u> | |
|---------------------------------------|--|---------------------------------------|----------------------------------|---------------------------------------|--------------------------------------|----------------------------------|
| | 67,984 | \$33,712,762,963 | | \$495,893 | \$371,833 | |
| <u>2021-22 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 - \$49,999 | 3,083 | 4.535% | 4.535% | \$ 119,245,994 | 0.354% | 0.354% |
| \$50,000 - \$99,999 | 6,240 | 9.179 | 13.714 | 465,366,677 | 1.380 | 1.734 |
| \$100,000 - \$149,999 | 6,089 | 8.957 | 22.670 | 763,063,000 | 2.263 | 3.998 |
| \$150,000 - \$199,999 | 5,320 | 7.825 | 30.495 | 926,972,184 | 2.750 | 6.747 |
| \$200,000 - \$249,999 | 4,477 | 6.585 | 37.081 | 1,006,187,493 | 2.985 | 9.732 |
| \$250,000 - \$299,999 | 3,758 | 5.528 | 42.609 | 1,030,620,481 | 3.057 | 12.789 |
| \$300,000 - \$349,999 | 3,549 | 5.220 | 47.829 | 1,153,215,894 | 3.421 | 16.210 |
| \$350,000 - \$399,999 | 3,368 | 4.954 | 52.783 | 1,262,893,387 | 3.746 | 19.956 |
| \$400,000 - \$449,999 | 3,206 | 4.716 | 57.499 | 1,362,170,451 | 4.041 | 23.996 |
| \$450,000 - \$499,999 | 3,101 | 4.561 | 62.060 | 1,471,495,881 | 4.365 | 28.361 |
| \$500,000 - \$549,999 | 2,685 | 3.949 | 66.010 | 1,408,730,761 | 4.179 | 32.539 |
| \$550,000 - \$599,999 | 2,236 | 3.289 | 69.299 | 1,283,752,161 | 3.808 | 36.347 |
| \$600,000 - \$649,999 | 2,074 | 3.051 | 72.349 | 1,294,907,327 | 3.841 | 40.188 |
| \$650,000 - \$699,999 | 1,864 | 2.742 | 75.091 | 1,257,953,068 | 3.731 | 43.920 |
| \$700,000 - \$749,999 | 1,795 | 2.640 | 77.732 | 1,300,763,040 | 3.858 | 47.778 |
| \$750,000 - \$799,999 | 1,664 | 2.448 | 80.179 | 1,288,281,948 | 3.821 | 51.600 |
| \$800,000 - \$849,999 | 1,600 | 2.353 | 82.533 | 1,318,329,207 | 3.910 | 55.510 |
| \$850,000 - \$899,999 | 1,507 | 2.217 | 84.749 | 1,318,502,523 | 3.911 | 59.421 |
| \$900,000 - \$949,999 | 1,283 | 1.887 | 86.637 | 1,185,336,636 | 3.516 | 62.937 |
| \$950,000 - \$999,999 | 1,069 | 1.572 | 88.209 | 1,041,936,764 | 3.091 | 66.028 |
| \$1,000,000-and greater | <u>8,016</u> | <u>11.791</u> | 100.000 | <u>11,453,038,086</u> | <u>33.972</u> | 100.000 |
| | 67,984 | 100.000% | | \$33,712,762,963 | 100.000% | |

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

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property situated in the City as of the preceding January 1. A supplemental roll is developed when property is transferred or sold or new construction is completed that produces additional revenue.

All taxable real and personal property is classified as either “secured” or “unsecured.” The “secured roll” contains real property (land and improvements), certain taxable personal property (such as business equipment on business-owned property), and possessory interests (a leasehold on otherwise exempt government property). The “unsecured roll” contains all other taxable property, the majority of which is business equipment on leased or rented premises, and other taxable personal property such as boats and aircraft, as well as delinquent possessory interests. The process of assessing commercial aircraft at Oakland International Airport takes into account the location of the aircraft during a representative period of time which is established for each tax year. The balance of personal property has been exempted by State law from property taxes.

Secured property taxes are due on November 1 and March 1 and become delinquent if not paid by December 10 and April 10, respectively. A 10% 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 interest at 1.5% per month from the July 1 first following the default. If taxes remain 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; a lien is also recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) pursuing a civil action against the taxpayer; (2) filing a certificate in the office of the clerk of the court specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder’s Office in order to obtain a lien on specified property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Certain counties within the State, including the County, have adopted an “Alternative Method of Distribution of Tax Levies and Collections and Tax Sale Proceeds” authorized under the State Revenue and Taxation Code (the “**Teeter Plan**”). Under the Teeter Plan, local taxing agencies receive 100% of the tax levy for each fiscal year rather than on the basis of actual collections. The City does not participate in the Teeter Plan and thus absorbs current delinquencies and receives the payment of past delinquencies, penalties and interest.

The following Table 9 represents the City’s tax levy and uncollected amounts for Fiscal Years 2016-17 through 2020-21. Included in these collections are the City’s share of the 1% tax rate and levies for voter-approved indebtedness.

Table 9
City of Oakland
Property Tax Levies and Collections
Fiscal Years 2016-17 through 2020-21
(\$ In Thousands)

| Fiscal Year | City’s Share of 1% | Levied Voter- Approved Debt ⁽¹⁾ | Total | Total Collected ⁽²⁾ | Percent Collected |
|-------------|-----------------------|---|------------|-----------------------------------|----------------------|
| 2016-17 | \$ 108,686 | \$ 116,107 | \$ 224,793 | \$ 219,473 | 97.63% |
| 2017-18 | 116,778 | 127,411 | 244,189 | 240,596 | 98.53 |
| 2018-19 | 122,790 | 129,504 | 252,294 | 248,664 | 98.56 |
| 2019-20 | 130,998 | 140,258 | 271,256 | 266,497 | 98.25 |
| 2020-21 | 139,467 | 157,364 | 296,831 | 291,954 | 98.35 |

⁽¹⁾ Includes levy for the City’s general obligation bonds and the Pension Tax Override (as defined herein), which is used to pay the City’s Pension Obligation Bonds. See “EMPLOYMENT COSTS: POST=EMPLOYMENT OBLIGATIONS - *Police and Fire Retirement System*” and BONDS AND OTHER OBLIGATIONS – General Obligation Debt,” and “-Pension Obligations Bonds”

⁽²⁾ As of June 30 of the related Fiscal Year.

Source: County of Alameda, as shown in the City’s Annual Comprehensive Financial Report for Year Ended June 30, 2021.

Assessment Appeals. The following Table 10 sets forth resolved and unresolved pending assessment appeals in the City as of January 20, 2022.

**Table 10
City of Oakland
Pending Appeals of Assessed Valuations
as of January 20, 2022**

Pending Appeals (2016-17 through 2021-22)

| | |
|---|------------------|
| Number of Pending Appeals | 678 |
| Total Assessed Value Under Appeal | \$ 8,548,875,154 |
| Owner's Opinion of Value | \$ 6,749,590,318 |
| Maximum Potential Loss ⁽¹⁾ | \$ 1,799,284,836 |
| Maximum Potential Loss as Percent of Value under Appeal | 21.05% |

Resolved Appeals (Fiscal Year 2021-22)

| | |
|---|------------------|
| Number of Resolved Appeals | 606 |
| Total Appealed Value of Resolved Appeals | \$ 2,022,089,812 |
| Appeals Denied | 261 |
| Assessed Value of Denied Appeals | \$ 736,917,404 |
| Appeals Allowed with Change of Value | 345 |
| Original Assessed Value of Allowed Appeals | \$ 1,285,172,408 |
| Value Determined by Appeals Board | \$ 1,574,246,442 |
| Board Approved Reduction in Value | \$ 289,074,034 |
| Percent of Original Assessed Value of Allowed Appeals Reduced | 22.49% |
| City of Oakland 2021-22 Taxable Value ⁽²⁾ | \$74,104,851,665 |
| Maximum Appeals Loss ⁽¹⁾ | \$ 1,799,284,836 |
| Percent of Taxable Value | 2.43% |

⁽¹⁾Assumes all pending assessment appeals are resolved fully in favor of property owner.

⁽²⁾This amount represents the full taxable value for the City including secured, unsecured and utility, as reported in the Alameda County Auditor-Controller Report of FY 2018-19 Assessed Values. It does not include homeowners' exemption, Aircraft or State Board of Equalization non-unitary values.

Source: Alameda County Assessment Appeals Board.

Tax Rates

The City consists of 47 tax rate areas. The following Table 11 sets forth a five-year history of the property tax rates levied by the City and other local government agencies on properties in the City for Fiscal Years 2017-18 through 2021-22.

**Table 11
City of Oakland
Property Tax Rates⁽¹⁾
Fiscal Years 2017-18 through 2021-22**

| Fiscal Year | Countywide Tax ⁽²⁾ | City of Oakland ⁽³⁾ | Others ⁽⁴⁾ | Total |
|-------------|-------------------------------|--------------------------------|-----------------------|---------|
| 2017-18 | 1.0000% | 0.2045% | 0.1967% | 1.4012% |
| 2018-19 | 1.0112 | 0.1982 | 0.1896 | 1.3999 |
| 2019-20 | 1.0108 | 0.1975 | 0.2252 | 1.4335 |
| 2020-21 | 1.0036 | 0.212 | 0.2137 | 1.4185 |
| 2021-22 | 1.0041 | 0.211 | 0.2270 | 1.4322 |

⁽¹⁾ The Tax Rates shown are the highest tax rates among the City’s tax rate areas. The City’s other tax rate areas have lower tax rates, the lowest total tax rate in Fiscal Year 2021-2022 being 1.3427%, resulting from different school districts and community college districts.

⁽²⁾ Includes County-wide general 1% tax levy and County general obligation bonds tax rates.

⁽³⁾ Tax rates for tax override collected for obligations relating to PFRS and revenues collected to fund debt service on general obligation bonds.

⁽⁴⁾ “Others” will include bonded indebtedness for local school and community college districts and special districts such as the Bay Area Rapid Transit District, East Bay Regional Park District and East Bay Municipal Utility District Special District No. 1.

Source: County of Alameda, Office of the Auditor-Controller.

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Principal Secured Property Taxpayers

The following Table 12 sets forth the 20 largest secured taxpayers in terms of secured property in the City in Fiscal Year 2021-22.

Table 12
City of Oakland
Largest FY 2021-22 Local Secured Taxpayers

| | <u>Property Owner</u> | <u>Primary Land Use</u> | <u>2021-22 Assessed Valuation</u> | <u>% of Total ⁽¹⁾</u> |
|-----|---|-------------------------|-----------------------------------|----------------------------------|
| 1. | BA2 300 Lakeside LLC | Office Building | \$ 421,219,988 | 0.60% |
| 2. | SOFXI WFO Center 21 Owner LLC | Office Building | 360,505,389 | 0.52 |
| 3. | CP VI Franklin LLC | Apartments | 346,135,464 | 0.50 |
| 4. | KRE 1221 Broadway Owner LLC | Office Building | 259,254,166 | 0.37 |
| 5. | Uptown Broadway LLC | Office Building | 257,978,600 | 0.37 |
| 6. | 601 City Center LLC | Office Building | 244,305,703 | 0.35 |
| 7. | CSHV 1999 Harrison LLC | Office Building | 241,098,702 | 0.35 |
| 8. | 3093 Broadway Holdings LLC | Apartments | 236,658,330 | 0.34 |
| 9. | Broadway Franklin LLC | Office Building | 235,746,749 | 0.34 |
| 10. | Kaiser Foundation Health Plan Inc. | Office Building | 235,686,895 | 0.34 |
| 11. | USPA City Center LLC | Office Building | 227,475,040 | 0.33 |
| 12. | LMV 1640 Broadway Holdings LP | Apartments | 198,587,330 | 0.28 |
| 13. | MPI Macarthur Tower LLC | Apartments | 195,568,270 | 0.28 |
| 14. | CP V JLS LLC | Apartments | 193,998,029 | 0.28 |
| 15. | KRE 1330 Broadway Owner LLC | Office Building | 181,378,558 | 0.26 |
| 16. | BIT Macarthur Commons Investors LLC | Apartments | 176,901,800 | 0.25 |
| 17. | Oakland Grand Owner LLC | Office Building | 176,813,000 | 0.25 |
| 18. | Pacific Oak SOR II Oakland City Center | Office Building | 162,931,244 | 0.23 |
| 19. | CRP THC Oakland Broadway Uptown Venture | Apartments | 160,667,477 | 0.23 |
| 20. | Jack London Square Development Oakland | Apartments | <u>157,577,963</u> | <u>0.23</u> |
| | | | <u>\$4,670,488,697</u> | <u>6.70%</u> |

⁽¹⁾2021-22 Local Secured Assessed Valuation: \$69,693,143,737

Source: California Municipal Statistics, Inc.

OTHER TAXES AND REVENUES

In addition to property taxes, the City's General Fund receives revenues from other sources, including the City's sales and use tax, utility consumption tax, business license tax, real estate transfer tax, transient occupancy tax, and parking tax. See Tables 1 and 2, above, for historic General Fund revenues and Table 3 for projected General Purpose Fund revenues.

Sales & Use Tax. Sales and Use Tax ("**Sales Tax**") applies to the retail sale or use of "tangible personal property." The total sales tax percentage in the City of Oakland is 10.25%, meaning that a \$1 taxable purchase results in sales tax of 10.25 cents. The City receives 1% of the total sale as a distribution to its General Fund, meaning the City receives 1 cent on a \$1 purchase. Oakland's diverse Sales Tax base consists of six major business groups: auto and transportation, fuel and service stations, business and industry, general consumer goods, building and construction, and food and drugs.

Sales Tax revenue generally coincides with overall strength of the local, regional, and national economies. Due to the COVID-19 pandemic, however, many types of businesses have been closed, resulting in significant declines in Sales Tax revenues. Taxable sales fell dramatically during the onset of the pandemic and local Sales Taxes are not projected to return to pre-pandemic levels until Fiscal Year 2022-23, despite the economic growth predicted to begin in Fiscal Year 2021-22. Two pandemic-related trends are expected to impede the growth of the sales tax base. First, because Sales Taxes are allocated to jurisdictions based on the point of sale, e-commerce sales typically generate revenues in jurisdictions that are home to e-commerce warehouses. As a result, a pandemic-driven increase in the shift to e-commerce (and away from brick-and-mortar retailers located within the City) will erode Oakland's sales tax base. Second, to the extent the pandemic permanently alters employment-related travel and commute patterns, fewer shoppers will visit downtown retail establishments and restaurants.

In Fiscal Year 2020-21, Sales Tax revenues were approximately \$57.8 million. The 2021-23 Budget projects Sales Tax revenue to increase to approximately \$58.97 million in Fiscal Year 2021-22 and \$66.19 million in Fiscal Year 2022-23.

Utility Consumption Tax. The City's utility consumption tax ("**UCT**") is a surcharge to all users of a given utility (i.e., on the use of electricity, gas, telephone, water and cable television. The current tax rate is 7.5%. Low-income ratepayers have been exempted from certain rate increases on gas and electric bills and pay 5.5%.

In Fiscal Year 2020-21, UCT revenues increased slightly relative to the Fiscal Year 2019-20 levels due to the increasing use of heat and electricity in homes and apartments as many workers are now staying home on weekdays even as office buildings' utilities consumption continues. Going forward, increases in energy usage are expected to be offset by energy efficiency gains; thus, beginning in Fiscal Year 2021-22 and continuing throughout the forecast period, UCT is projected to continue its gradual decline from its pre-pandemic level.

Business License Tax. The City's business license tax ("**BLT**") is charged annually to businesses based in the City based either on gross receipts (which accounts for approximately 60% of BLT revenue) or rental income (which accounts for 40% of BLT revenue). The rate on gross receipts varies by type of business, ranging currently from a low of \$0.60 per \$1,000 of receipts for grocers (0.06%) up to (2.40%) for firearm dealers when applied to gross receipts, and is 0.12% when applied to gross payroll. The rate on rental income is \$13.95 per \$1,000.

In December 2019, following voter approval of Measure V the previous year, the Oakland City Council adopted Ordinance No. 13573 C.M.S. amending Oakland Municipal Code Title 5, Chapter 5.04, Sections 5.04.480 and 5.04.481 to create a tiered and category- based tax structure for cannabis businesses beginning in 2020 and changing each year for the 2021 and 2022 calendar years. Thereafter, the tax rate structure is scheduled to remain the same at the 2022 tax structure unless the City Council makes further changes as authorized in 2018 Measure V. Tax rates range from 0.12% to 5%.

As a result of the COVID-19 pandemic, BLT revenue from several classes of businesses was affected, including retail and wholesale sales, personal services, recreation/entertainment, and residential and commercial rentals. The most significant ongoing effects of the pandemic are likely to be in the commercial and residential rental sectors, as both sectors have experienced increased vacancies and declines in rental rates.

Real Estate Transfer Tax. Real Estate Transfer Tax ("**RETT**") revenues are generated by the transfer of ownership of existing properties. The tax is applied to the sale price of the property, and the cost is typically split between the buyer and seller. The tax rate is composed of a City portion and a County portion: 0.11% is allocated to the County and the remaining tax is allocated to the City.

On November 6, 2018, Oakland voters approved Measure X, establishing a progressive real estate transfer tax rate for the City (previously, the City tax rate was 1.50%). The new rates became effective on January 1, 2019, and are as follows:

| Amount of Transfer | Tax Rate |
|----------------------------|-----------------|
| Up to \$300,000 | 1.00% |
| \$300,001 to \$2,000,000 | 1.50% |
| \$2,000,001 to \$5,000,000 | 1.75% |
| \$5,000,001 and above | 2.50% |

Historically, this revenue has been the City’s most volatile as it is directly dependent on the number and value of real estate sales, often impacted by a handful of high value transfers in a given year. Due to this revenue source’s volatility, the City enacted Ordinance No. 13487 C.M.S. creating policies for the use of excess RETT. The Ordinance defines “excess” RETT as any amounts of RETT revenues whose value exceeds 15% of the corresponding General Purpose Fund tax revenues (inclusive of RETT). The excess RETT is to be used in the following manner:

- At least 25% shall be allocated to the Vital Services Stabilization Fund until the value in such fund is projected to equal to 15% of General Purpose Fund revenues over the coming fiscal year.
- At least 25% shall be used to fund accelerated debt retirement and unfunded long-term obligations, including negative fund balances, the PFRS liability, other unfunded retirement and pension liabilities, unfunded paid leave liabilities, and OPEB liabilities.
- The remainder shall be used to fund one-time expenses, to augment the General Purpose Fund Emergency Reserve, and to augment the Capital Improvements Reserve Fund.

See also “BUDGET AND FINANCIAL OPERATIONS—Financial Policies.” Despite the economic impacts of COVID-19, real estate transfer activity has performed well throughout the pandemic.

Transient Occupancy Tax. The transient occupancy tax (“*TOT*”) represents a surcharge on room rates imposed by hotels and motels operating within the City. The tax is levied on persons staying 30 days or less in a hotel, motel, inn or other lodging facility and is collected by the lodging facility operator, who then remits the collected tax to the City. In July 2009, the voters approved Measure C, which increased the transient occupancy tax rate from 11% to 14%. Measure C allocates 3% of total TOT revenue to support various community-based institutions, which amount is reported as a special fund revenue and not as part of the General Purpose Fund. The outbreak of COVID-19 in March 2020 significantly reduced TOT revenues, which fell from a high of \$25.9 million in Fiscal Year 2018-19 to \$10.6 million in Fiscal Year 2020-21.

Parking Tax. The City’s parking tax (“*PT*”) is imposed on the occupant of an off-street parking space for the privilege of renting the space within the City. The tax is collected by private parking facility operators who then remit the collected tax to the City. The current PT rate, which is applied to the gross receipts of parking facility operators, is 18.5%, with 8.5% restricted to funding the Violence Prevention and Public Safety Act of 2014 (“*Measure Z*”). Approximately half of PT revenue is generated from parking at the Oakland International Airport. PT revenue declined sharply following the onset of the COVID-19 pandemic, which left downtown offices empty and triggered large reductions in commuting and both business and personal travel.

Fines and Penalties. Fines and penalties consist primarily of parking enforcement fines (about 90% of the total) and penalties and interest for late tax payments. These revenues have also declined as a result of reduced driving and the suspension of street sweeping, parking meter, and residential parking permit enforcement during the pandemic.

Licenses and Permits. These revenues primarily include special police and fire permits, traffic, bingo permits, residential parking permits, and animal licenses.

Service Charges. These revenues include franchise fees imposed on utilities for use of City rights of way, City-operated parking meter and other parking revenues, reimbursements for services provided to the Port of Oakland, and various other fees and charges. These parking revenues were significantly reduced due to the pandemic.

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VOTER-APPROVED SPECIAL TAX REVENUES

The City has sought voter approval for a number of special taxes and assessments to supplement its revenues in order to provide the level of services expected by residences of the City. The following table summarizes some of these revenues which provide funds for services that otherwise might be funded by the General Purpose Fund. Several of these taxes have maintenance-of-service requirements for their collection.

Table 13
City of Oakland
Certain Special Tax Revenues

| <u>Tax</u> | <u>Basis</u> | <u>FY 2021-22 Revenues (Budgeted)⁽¹⁾</u> | <u>Expiration</u> |
|--|------------------------------------|---|-------------------|
| Public Safety and Services Violence Prevention (Measure Z) | Parcel tax and 8.5% parking tax | \$26.4 | 2024 |
| Transient Occupancy Tax for Tourism and Cultural Facilities (Measure C) | 3% special transient occupancy tax | \$4.6 | None |
| Library Services Retention and Enhancement (Measure Q) | Parcel Tax | \$18.0 | 2024 |
| Library Services (Measure D) | Parcel Tax | \$13.4 | 2038 |
| Parks & Recreation Preservation, Litter Reduction, and Homelessness Support (Measure Q) | Parcel Tax | \$27.5 | 2040 |
| Paramedic Services on Fire Trucks (Measure N) | Parcel Tax | \$1.9 | None |
| Vacant Property, Housing and Illegal Dumping (Measure W) | Parcel tax | \$7.0 | 2040 |
| Emergency Medical Services (Measure M) | Parcel Tax | \$2.4 | None |
| Landscaping & Lighting Assessment District | Parcel Tax | \$19.2 | None |

⁽¹⁾ In millions.

Source: City of Oakland.

At the November 2018 election, 62.47% of Oakland voters voted in favor of a special parcel tax, “The Children’s Initiative of 2018” (Measure AA), that would authorize the City to collect a 30-year annual parcel tax of \$198 per year on single-family parcels, \$135 per year on each multi-unit parcel, and an amount calculated based on parcel type and size for nonresidential parcels. The tax is estimated to raise \$25 million annually to fund education for young children and boost college preparedness among high schoolers. Measure AA was challenged and the City delayed its implementation. A trial court entered judgment declaring the tax invalid. On December 30, 2021, the Court of Appeal issued its decision reversing the trial

court’s ruling that Measure AA was invalid and directing the trial court to enter judgment in favor of the City.

INVESTMENT OF CITY FUNDS

The City Treasurer invests City funds within the guidelines of State law (specifically Section 53600 *et seq.* of the Government Code). The City Council adopts an investment policy, copies of which can be found on its website. <https://www.oaklandca.gov/documents/investment-policies>. The current investment policy (Investment Policy for Fiscal Year 2020-21) was adopted by the City Council on June 16, 2020 and is in effect until such time as it is subsequently revised and such revisions is adopted by the City Council.

The objectives of the Investment Policy are to preserve capital, liquidity, diversity, and yield. The Investment Policy addresses the soundness of financial institutions in which the City may deposit funds, types of investment instruments permitted by the City and the Government Code, investment duration, and the amounts that may be invested in certain instruments. The Investment Policy also reflects certain ordinances and resolutions of the City further restricting investments, including the Nuclear Free Zone Ordinance, the Tobacco Divestiture Resolution, Linked Banking Ordinance, the Fossil Fuel Divestiture Resolution, and the Firearm or Gun Manufacturer Divestiture Resolution.

The City’s Operating Pool Portfolio is composed of different types of investment securities and is invested in accordance with the Investment Policy. The following Table 14 summarizes the composition of the Operating Pool Portfolio as of December 31, 2021.

Table 14
City of Oakland
Operating Pool Portfolio
as of December 31, 2021

| Investments | Market Value | Book Value | Percent of Portfolio | Days to Maturity | YTM 360 Equivalent | YTM 365 Equivalent |
|--|---------------------------|---------------------------|----------------------|------------------|--------------------------|--------------------------|
| Federal Agency Issues – Coupon | \$353,564,287.91 | \$356,945,593.23 | 21.53% | 1,135 | 0.65 | 0.659 |
| Federal Agency Issues – Discount | 736,066,933.77 | 736,102,388.03 | 44.40 | 119 | 0.082 | 0.083 |
| Money Market | 195,000,000.00 | 195,000,000.00 | 11.76 | 1 | 0.022 | 0.022 |
| Local Agency Investment Funds | 74,807,934.00 | 75,000,000.00 | 4.52 | 1 | 0.209 | 0.212 |
| Corporate Bonds | 3,941,759.52 | 3,996,095.58 | 0.24 | 899 | 0.533 | 0.540 |
| Negotiable CDs | 44,998,490.00 | 45,000,000.00 | 2.71 | 61 | 0.069 | 0.070 |
| Federal Agency Issues - Coupon/Bullet | 245,461,487.19 | 245,907,479.56 | 14.83 | 372 | 0.220 | 0.223 |
| TOTAL/AVERAGE | \$1,653,840,892.39 | \$1,657,951,556.40 | 100.00% | 356 | 0.224 | 0.227 |

Source: City of Oakland.

EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS

Labor Relations

As of January 1, 2022, the City employees are represented by seven labor unions and associations (identified in the following Table 15). The largest employee organization is the Service Employees International Union, Local 1021, which represents approximately 46% of City employees. Approximately 96% of City employees are covered by negotiated agreements, as detailed below.

**Table 15
City of Oakland
Labor Relations
as of January 1, 2022**

| <u>Employee Organization / Representation Unit</u> | <u>Number of Represented Employees</u> | <u>Contract Expiration</u> |
|--|--|--------------------------------|
| Confidential Management Employees' Association, Unit U31 | 32 | June 30, 2022 |
| International Association of Fire Fighters Local 55, Unit FQ1 | 417 | December 31, 2023 |
| International Brotherhood of Electrical Workers Local 1245, Units IE1, TV1 | 16 | June 30, 2022 |
| International Federation of Professional and Technical Engineers (IFPTE) | | |
| IFPTE Local 21, Units TA1, TF1, TL1, TM2, TW1 | 535 | June 30, 2022 |
| IFPTE Local 21, Units UH1 (Supervisors), UM1 and UM2 (Managers) | 395 | June 30, 2022 |
| IFPTE Local 21, Unit TM1 (Deputy City Attorney I-IV) | 34 | June 30, 2022 |
| IFPTE Local 21, Unit U41 (Deputy Attorney V & Special Counsel) | 8 | June 30, 2022 |
| Service Employees International Union (SEIU) Local 1021 | | |
| SEIU Local 1021, Units SB1, SC1, SD1 | 1,196 | June 30, 2022 |
| SEIU Local 1021, Unit SII (Part Time) | 767 | June 30, 2022 |
| Oakland Police Officers' Association, Unit PP1, PT1 | 721 | June 30, 2024 |
| Oakland Police Management Association, Unit UN2 | <u>11</u> | June 30, 2024 |
| TOTAL | 4,132 | |

Source: City of Oakland, Department of Human Resources Management, Employee Relations Unit.

As part of labor negotiations with its public safety unions in Fiscal Year 2018-19, the City reduced the growth of long-term liabilities for retiree health benefits by capping its contributions for active employees and current retirees effective January 1, 2020 and implementing new, lower costs tiers for employees hired after January 1, 2019, aligning benefits for new public safety employees with that of the City's civilian employees. While these reforms are anticipated to provide significant long-term relief to the City's retiree medical costs, even with these measures, rising costs for employees and retirees continue to pressure the City's finances and will require careful management in future years.

Retirement Programs

The City currently maintains one closed pension system, the Police and Fire Retirement System (“*PFRS*”). In addition, the City is a member of the California Public Employees’ Retirement System (“*CalPERS*”), a multiple-employer pension system that provides a contributory defined-benefit pension for most current employees. Additional information concerning the City’s retirement program can be found in “APPENDIX B –ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR YEAR ENDED JUNE 30, 2021 – Notes to the Basic Financial Statements” and - “Required Supplementary Information (unaudited).”

Police and Fire Retirement System.

PFRS is a defined benefit plan administered by a seven-member Board of Trustees (the “***Retirement Board***”). PFRS is a closed plan and covers uniformed employees hired prior to July 1, 1976. On December 12, 2000, the voters of the City amended the City Charter to give active members of PFRS the option to terminate their membership and transfer to CalPERS upon certain conditions. As a result, 126 former members transferred to CalPERS. See “-*California Public Employees’ Retirement System*” below. As of July 1, 2021, PFRS covered no active employees and 723 retired employees and beneficiaries.

In accordance with voter-approved measures adopting the City Charter provisions that govern PFRS, the City annually levies an *ad valorem* tax (the “***Pension Tax Override***”) on all property within the City subject to taxation by the City to help fund its pension obligations to PFRS. State law limits the City’s tax rate for this purpose at the rate of 0.1575%, the level at which the City has levied the tax since 1983. The City is allowed to levy the Pension Tax Override through 2026. The City is required to fund all liabilities for future benefits for all PFRS members by June 30, 2026, at which time the UAL is expected to be fully amortized. In order to do so, the City makes contributions at rates established by consulting actuaries based upon plan valuations. The contribution for Fiscal Year 2020-21 was \$43.6 million, all of which was funded out of Pension Tax Override proceeds. Any unfunded liabilities that may remain after the expiration of the Pension Tax Override, as well as administrative expenses, would be an obligation of the City’s General Fund.

As of June 30, 2021, the PFRS total pension liability of \$578.6 million less the fiduciary net position of \$458.5 million results in a net pension liability of approximately \$120.0 million. The fiduciary net position as a percentage of the total pension liability is 79.3%.

As a result of the 2012 Pension Obligation Bonds, which funds were used to refund a \$210,000,000 debenture, the City was not required to make any periodic contributions to PFRS through June 30, 2017, pursuant to the Funding Agreement dated July 1, 2012 (the “***2012 Funding Agreement***”), between the City and PFRS. The City resumed contributions to PFRS in Fiscal Year 2017-18, in accordance with the 2012 Funding Agreement.

A Schedule of Funding Progress for the PFRS is set forth below in Table 16. The status of the funding status reflects a number of assumptions (such as future interest earnings, inflation, and the demographics of beneficiaries) and certain facts (including changes to labor agreements, to which benefits are tied, and actual mortality and earnings on assets).

Table 16
City of Oakland
Police and Fire Retirement System
Schedule of Funding Progress⁽¹⁾
as of July 1, 2021
(\$ In Millions)

| Valuation Date (July 1) | Actuarial Liability | Actuarial Value of Assets | Market Value of Assets | Unfunded Actuarial Liability | Funded Ratio Based on Actuarial Value | Funded Ratio Based on Market Value | Number of Active Employees ⁽²⁾ |
|-------------------------|---------------------|---------------------------|------------------------|------------------------------|---------------------------------------|------------------------------------|---|
| 2016 | 672.9 | 363.6 | 361.6 | 309.4 | 54.0 | 53.7 | 0 |
| 2017 | 673.4 | 333.4 | 353.2 | 340.1 | 49.5 | 52.4 | 0 |
| 2018 | 647.3 | 347.5 | 376.0 | 299.8 | 53.7 | 58.1 | 0 |
| 2019 | 622.8 | 361.0 | 384.7 | 261.8 | 58.0 | 61.8 | 0 |
| 2020 | 597.0 | 371.5 | 379.0 | 225.5 | 62.2 | 63.5 | 0 |
| 2021 | 571.9 | 412.7 | 458.5 | 159.3 | 72.2 | 80.2 | 0 |

⁽¹⁾ Does not include outstanding pension obligation bond principal and accreted interest; see “BONDS AND OTHER INDEBTEDNESS—Pension Obligation Bonds”.

⁽²⁾ Because this is a closed system with no active employee during the periods shown, UAAL as a percentage of payroll is not presented.

Source: Oakland Police and Fire Retirement System, Actuarial Valuation Report as of July 1, 2021. Most current information available.

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Certain current assumptions and estimated contributions as of July 1, 2021, are set forth in Table 17 below.

Table 17
City of Oakland
Police and Fire Retirement System
Projection of Future Contributions⁽¹⁾
as of July 1, 2021

| | Valuation Assumptions |
|----------------------------------|-----------------------|
| Investment Return | 6.0% |
| City Contribution for FY 2021-22 | \$43.8 Million |
| City Contribution for FY 2022-23 | \$32.7 million |

⁽¹⁾ If actual investment returns or wage growth varies from the assumptions, then the contribution rate will vary.

Source: Oakland Police and Fire Retirement System, Actuarial Report as of July 1, 2021.

The City’s contribution is expected to decrease by about \$2 million per year for the next two years and by \$5 million in the fourth year as the current unfunded liability is fully amortized and recent asset gains are recognized. This assumes that the annual payments by the City will equal the administrative expenses, plus an amount needed to amortize the remaining unfunded liability as a level percentage of overall Safety payroll by July 1, 2026, as is required under the City’s charter.

California Public Employees’ Retirement System.

CalPERS is a defined-benefit plan administered by the State and covers all uniformed employees hired after June 30, 1976 and all non-uniformed employees hired after September 1, 1970 as well as certain former members of PFRS and the Oakland Municipal Employees Retirement System (“**OMERS**”), which was terminated effective March 31, 2015. CalPERS acts as a common investment and administrative agent for public entities participating with the State. CalPERS is a contributory plan deriving funds from employee contributions as well as employer contributions and earnings from investments. A menu of benefit provisions is established by State statutes within the Public Employees’ Retirement Law. The City selects its optional benefit provisions from the benefit menu by contract with CalPERS. The information contained in this paragraph has been obtained from CalPERS. Additional information regarding CalPERS may be obtained from its website at www.calpers.ca.gov. However, the contents of such website are not incorporated herein by such reference.

For accounting purposes, employees covered under CalPERS are classified as either miscellaneous employees or safety employees (police and fire).

In July 2011, the City approved a CalPERS second tier (two-tiered pension plans) for all labor unions to reduce the City’s CalPERS retirement cost over time. The two-tiered pension plans were subsequently approved through collective bargaining agreements between the City and labor organizations representing miscellaneous and safety employees. The City implemented the two-tiered pension plan for safety employees effective February 8, 2012 and for miscellaneous employees effective June 8, 2012.

In September 2012, Assembly Bill 340 (known as “**PEPRA**”) was enacted into law. PEPRA reforms all state and local public retirement systems and their participating employers with the exception of charter cities and counties that operate an independent retirement system. PEPRA limits the pension benefits offered to new employees and increases flexibility for employee and employer cost sharing for current

employees. A third tier was implemented as a result of PEPRA for miscellaneous and safety employees hired on or after January 1, 2013 (“**Tier 3**”).

At June 30, 2020, CalPERS provisions and benefits and the active number of members in each tier are as follows:

| Tier Pension Plans | Employee Organization | |
|--|---|--|
| | Safety | Miscellaneous |
| Tier One (Classic Member) | Receive 3% at age 50. Pension benefits are based on the one year of highest salary. Active members: 601 | Receive 2.7% at age 55. Final compensation is based on the 12 highest paid consecutive months. Active members: 1,397 |
| Tier Two (New Hires as of June 9, 2012) | Receive 3% at age 55. Pension benefits are based on the final average salary of three years under the Government Code 20037. Active members: 36 | Receive 2.5% at age 55. Final compensation is based on the highest average annual compensation of the three consecutive years. Active members: 162 |
| Tier Three: AB 340 (January 1, 2013) | Receive 2% at age 57. Option 1: 2.5% at age 57. Option 2: 2.7% at age 57. Pension benefits are based on the final average salary of three years subject to established cap. Active members: 530 | Receive 2% at 62. Pension benefits are based on the final average salary of the three years subject to established cap. Active members: 1,238 |

Source: City of Oakland

The contribution requirements of the plan participants and the City are established by and may be amended by CalPERS. Beginning Fiscal Year 2017-18, CalPERS collects minimum required employer contributions equal to the sum of the Plan’s Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability Contribution Amount (billed monthly in dollars unless prepaid at the beginning of the fiscal year, as the City has done the past several years. See “BONDS AND OTHER INDEBTEDNESS – Short-Term Obligations). In prior fiscal years, the Employer Unfunded Accrued Liability Contribution Amount was a contribution rate. As percentages of projected annual covered payroll, the total required employer contribution rates for Fiscal Year 2022-23 are estimated to be 46.67% for miscellaneous employees and 56.61% for safety employees (police and fire employees).

In addition, under current bargaining agreements, all City participants, other than Tier 3 (described herein) employees, are required to contribute 8% for miscellaneous employees, 12% for police employees, and 13% for fire employees of their annual covered salary to CalPERS. Tier 3 employees are required to contribute 50% of normal cost (currently, 6.75% for miscellaneous employees, 11.5% for police employees, and 12.5% for fire employees of their annual covered salary) to CalPERS. The contribution requirements of the plan members are established by State statute and the employer contributions are established, and may be amended, by CalPERS.

The following Table 18 sets forth the City’s employer contribution rates and amounts as determined by CalPERS for Fiscal Years 2018-19 through 2022-23, and CalPERS’s projections for Fiscal Years 2023-24 and 2024-25. The Total Required Employer Contribution is the sum of the Plan’s Employer Normal Cost

Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability Contribution Amount.

Table 18
City of Oakland
California Public Employees' Retirement System
Contribution Rates and Amounts
Fiscal Years 2018-19 through 2022-23
and Projected Fiscal Years 2023-24 and 2024-25

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 (Projected) ⁽¹⁾ | 2024-25 (Projected) ⁽¹⁾ |
|---|--------------|--------------|-----------------------|--------------|--------------|---------------------------------------|---------------------------------------|
| Safety Plan | | | | | | | |
| Total Required Employer Contribution (as percentage of payroll) | 42.66% | 46.97% | 51.04% ⁽³⁾ | 54.02% | 56.61% | 57.8% | 58.8% |
| Employer Normal Cost Rate (as percentage of payroll) | 18.15% | 18.58% | 19.51% | 18.94% | 18.53% | 18.1% | 17.8% |
| Employer Unfunded Accrued Liability Contribution Amount | \$38,748,282 | \$46,171,999 | \$52,041,128 | \$61,868,629 | \$68,414,725 | \$73,136,000 | \$77,854,000 |
| Miscellaneous Plan | | | | | | | |
| Total Required Employer Contribution (as percentage of payroll) | 38.81% | 42.22% | 44.60% | 45.83% | 46.67% | 47.4% | 41.6% |
| Employer Normal Cost Rate (as percentage of payroll) | 11.30% | 11.60% | 12.34% | 11.85% | 11.54% | 11.2% | 10.9% |
| Employer Unfunded Accrued Liability Contribution Amount | \$64,318,649 | \$73,490,639 | \$80,187,025 | \$88,323,290 | \$96,340,598 | \$102,018,000 | \$89,080,000 |

⁽¹⁾ Based on various assumptions, including 7.00% actuarial rate for Fiscal Year 2020-21 and each year thereafter.

Source: CalPERS Annual Valuation Reports as of June 30, 2015, through June 30, 2020. Most current information available.

CalPERS uses an actuarial method that takes into account those benefits that are expected to be earned in the future as well as those already accrued. CalPERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the Fiscal Year 2015-16 rates, CalPERS no longer uses an actuarial value of assets and instead employs 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 five-year period.

On December 21, 2016, the CalPERS Board of Administration voted to further lower CalPERS's discount (i.e. assumed investment return) from 7.50% to 7.00% using a three-year phase-in, beginning with the June 30, 2016 actuarial valuations. Notwithstanding the CalPERS Board of Administration's decision to phase into a 7.00% discount rate, in July 2021, CalPERS announced that their investment returns for Fiscal Year 2020-21 was 21.3%, which triggered an automatic reduction in the discount rate, from 7% to 6.8%, under their funding risk mitigation policy. Subsequent analysis of the expected investment return of

CalPERS assets or changes to the investment allocation could result in a change to this discount rate schedule. There can be no assurance that CalPERS will not again lower its investment assumptions thus increasing the City's contribution obligations.

On November 25, 2021, CalPERS adopted its most recent asset liability management study incorporating actuarial assumptions and strategic asset allocation, making relatively modest changes to the asset allocation and demographic assumptions. The 6.8% discount rate was retained.

The following Tables 19 and 20 set forth the schedules of funding progress as of June 30 for 2016 through 2020 for public safety employees and for miscellaneous employees.

Table 19
City of Oakland
California Public Employees' Retirement System Schedule of Funding Progress
Public Safety Employees
(\$ in Millions)

| Valuation Date (June 30) | Actuarial Accrued Liability | Market Value of Assets ⁽¹⁾ | Unfunded Actuarial Liability | Funded Status (MVA Basis) | Annual Covered Payroll | UAAL as % of Payroll |
|--------------------------|-----------------------------|---------------------------------------|------------------------------|---------------------------|------------------------|----------------------|
| 2016 | \$1,872.5 | \$1,166.4 | \$706.1 | 62.3% | \$144.7 | 488.0% |
| 2017 | 1,997.7 | 1,283.4 | 714.3 | 64.2 | 149.4 | 478.1 |
| 2018 | 2,176.7 | 1,370.9 | 805.8 | 63.0 | 152.2 | 529.5 |
| 2019 | 2,302.7 | 1,442.9 | 859.8 | 62.7 | 162.6 | 528.8 |
| 2020 | 2,401.8 | 1,494.0 | 907.9 | 62.2 | 165.6 | 548.2 |

Source: CalPERS Actuarial Valuation Report as of June 30, 2020. Most current information available.

Table 20
City of Oakland
California Public Employees' Retirement System Schedule of Funding Progress
Miscellaneous Employees
(\$ in Millions)

| Valuation Date (June 30) | Actuarial Accrued Liability | Market Value of Assets | Unfunded Actuarial Liability | Funded Status (MVA Basis) | Annual Covered Payroll | UAAL as % of Payroll |
|--------------------------|-----------------------------|------------------------|------------------------------|---------------------------|------------------------|----------------------|
| 2016 | \$2,519.7 | \$1,647.5 | \$872.1 | 65.4% | \$214.0 | 407.5% |
| 2017 | 2,616.0 | 1,783.4 | 832.6 | 68.2 | 220.1 | 378.3 |
| 2018 | 2,824.7 | 1,885.2 | 939.5 | 66.7 | 229.4 | 409.6 |
| 2019 | 2,913.0 | 1,961.1 | 951.9 | 67.3 | 239.6 | 397.3 |
| 2020 | 2,999.7 | 2,010.4 | 989.3 | 67.0 | 252.8 | 391.3 |

Source: CalPERS Actuarial Valuation Report as of June 30, 2020. Most current information available.

For Fiscal Year 2021-22, the City’s CalPERS pension contributions are \$61,868,629 for the Safety plan and \$88,323,290 for the Miscellaneous plan. The following Table 21 represents the City’s annual contribution to CalPERS for Fiscal Years 2016-17 through 2020-21.

Table 21
City of Oakland
California Public Employees’ Retirement System
Annual Pension Contributions
Fiscal Years 2016-17 through 2020-21
(\$ in Millions)

| Fiscal Year Ended | Annual Contributions |
|-------------------|----------------------|
| June 30 | |
| 2017 | \$116.4 |
| 2018 | 115.4 |
| 2019 | 139.4 |
| 2020 | 160.3 |
| 2021 | 178.5 |

Effective July 1, 2011, all City employees pay the employee contributions.

⁽¹⁾ Amount includes both Safety and Miscellaneous plans.

Source: City of Oakland, Annual Financial Reports for Fiscal Years Ended June 30, 2017 through June 30, 2021.

Other Post-Employment Benefits

The City pays the partial costs of health insurance premiums for certain classes of retirees from City employment. Retirees meeting certain requirements relating to age and years of service are eligible for health benefits. The health benefits are extended to retirees pursuant to labor agreements between the City and certain of its employee labor unions and in resolutions adopted by the City. Traditionally, the City has financed these obligations on a pay-as-you go basis.

In 2014, the City began to partially pre-fund the annual required contribution (“ARC”) to the California Employer’s Retiree Benefit Trust (“CERBT”), an agent multiple-employer defined benefit post-employment healthcare plan administered by CalPERS. The CERBT is an Internal Revenue Code (“IRC”) Section 115 Trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and OPEB costs. Since that time, the City has made contributions to the CERBT, including \$10 million in both Fiscal Years 2017-18 and 2018-19. The balance of the CERBT as of January 1, 2022 was \$51.4 million.

On February 26, 2019, the City Council adopted an OPEB Funding Policy intended to formalize its prepayment practice, providing for ongoing contributions of 2.5% of payroll in addition to the City’s pay-as-you-go requirements. See also “BUDGET AND FINANCIAL OPERATIONS – Financial Policies - *OPEB Funding Policy*.” These contributions were postponed for Fiscal Year 2019-20 and Fiscal Year 2020-21 in response to the financial crisis accompanying the COVID-19 pandemic. The adopted budget for Fiscal Years 2021-23, provides for the resumption of these contributions. The City has contributed \$15.0 million in Fiscal Year 2021-22 and anticipates contributing an additional \$15.0 million in Fiscal Year 2022-23.

Additionally, in Fiscal Year 2018-19 the City reached agreement with its sworn public safety unions to cap retiree medical benefits for existing employees and retirees effective January 1, 2020, and to implement new, lower-cost tiers for employees hired after January 1, 2019 aligning benefits for new public safety employees with that of the City’s civilian employees.

The following Table 22 sets forth certain information with respect to the City’s OPEB obligations for the Fiscal Years ended June 30, 2017 through June 30, 2021.

Table 22
City of Oakland
Post-Employment Benefits Other than Pensions
Fiscal Years 2016-2017 through 2020-2021
(\$ in Millions)

| Fiscal Year Ended June 30 ⁽¹⁾ | Accrued Liability/ Total OPEB Liability ⁽²⁾ | Unfunded Liability/ Net OPEB Liability ⁽²⁾ | Annual Contribution ⁽¹⁾ | Benefit payments | Employer Contribution |
|---|---|--|---------------------------------------|---------------------|--------------------------|
| 2016 | \$862.9 | \$860.0 | \$68.6 | \$20.4 | \$20.4 |
| 2017 | 853.8 | 849.5 | 72.5 | 20.4 | 20.4 |
| 2018 | 856.6 | 840.6 | 75.1 | 27.5 | 38.1 |
| 2019 | 625.9 ⁽³⁾ | 598.6 | 50.7 | 29.1 | 39.1 |
| 2020 | 871.1 ⁽⁴⁾ | 842.8 | 52.8 | 28.9 | 28.9 |

⁽¹⁾ Reflects measurement period.

⁽²⁾ Titles reflects changes in terminology and definitions pursuant to the implementation of GASB 75 in FY 2017-18.

⁽³⁾ Includes reduction in estimated liabilities of \$147.6 million from reduction to benefits for public safety employees hired on or after January 1, 2019 and changes in assumptions, which reduced estimated liabilities by \$139.1 million.

⁽⁴⁾ Increase to liability includes \$222.3 million increase due to changes in assumptions, including a decrease in the discount rate applied from 4.5% to 2.2%.

Sources: City of Oakland for 2016 information. Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2021 for the subsequent years.

The size of the City’s medical, pension and OPEB liabilities are based on a number of assumptions that are subject to change, including, but not limited to, estimates regarding personnel costs, assumed investment returns and actuarial assumptions. It is possible that actual results of these initiatives will differ materially from current assumptions and such changes in personnel costs, investment returns or other actuarial assumptions could increase budgetary pressures on the City.

BONDS AND OTHER INDEBTEDNESS

The City has issued or caused the issuance of a variety of bonded and other debt obligations as provided for under the State Constitution, judicial interpretation of the State Constitution, State statutes, and its own Charter powers. The following summarizes existing indebtedness.

General Obligation Debt

The City may issue general obligation bonds for the acquisition and improvement of real property, subject to two-thirds voter authorization of the bond proposition. An *ad valorem* tax on all taxable property within the City is levied by the City and collected by the County to pay principal and interest on general obligation bonds on the secured and unsecured property tax bills within the City.

Table 23 below summarizes the City’s outstanding General Obligation Bonds as of January 1, 2022.

Table 23
City of Oakland
General Obligation Bonds
as of January 1, 2022
(\$ in Thousands)

| Issue Name | Purpose | Dated Date | Final Maturity | Original Principal Amount | Principal Amount Outstanding |
|---|--|------------|----------------|---------------------------|------------------------------|
| General Obligation Refunding Bonds, Series 2015A | Refunded Series 2005, Series 2006 (Measure G) and Series 2009B (Measure DD) | 6/2/2015 | 1/15/2039 | \$128,895 | \$80,275 |
| General Obligation Bonds, Series 2017C (Measure DD) | Acquire and improve water quality-related infrastructure and facilities and properties for open space purposes, design and construction of parks, bridges and trails | 1/26/2017 | 1/15/2047 | 26,500 | 24,475 |
| General Obligation Bonds, Measure KK, Series 2017A-1 (Tax Exempt) | For street paving and construction; bicycle, pedestrian and traffic calming improvements; construction, purchase, improvement or rehabilitation of City facilities including fire, police, library, parks & recreation, and senior facilities; and water, energy and seismic improvements. | 8/30/2017 | 1/15/2047 | 62,735 | 62,735 |
| General Obligation Bonds, Measure KK, Series 2017A-2 (Taxable) | Provide for anti-displacement and affordable housing preservation projects, including acquisition. | 8/30/2017 | 1/15/2035 | 55,120 | 42,865 |
| General Obligation Bonds, Measure KK, Series 2020A-1 (Tax Exempt) | For street paving and construction; bicycle, pedestrian and traffic calming improvements; construction, purchase, improvement or rehabilitation of City facilities including fire, police, library, parks & recreation, and senior facilities; and water, energy and seismic improvements. | 2/27/2020 | 1/15/2050 | 140,010 | 140,010 |
| General Obligation Bonds, Measure KK, Series 2020A-2 (Taxable) | Provide for anti-displacement and affordable housing preservation projects, including acquisition. | 2/27/2020 | 1/15/2030 | 44,880 | 40,080 |
| General Obligation Refunding Bonds, Series 2020 | Refunded General Obligation Refunding Bonds, Series 2012 | 2/27/2020 | 1/15/2033 | 64,260 | 59,635 |
| TOTAL | | | | | <u>\$450,075</u> |

Source: City of Oakland.

The following Table 24 summarizes the voter-approved measures for which debt obligations have not yet been issued as of January 1, 2022. The City may seek additional voter authorization in the future.

Table 24
City of Oakland
General Obligation Bond Remaining Authorization
as of January 1, 2022
(\$ in Thousands)

| Authorization | Date Passed | Use | Bond Total | Authorization Remaining |
|---------------|-------------|---|------------|--------------------------|
| Measure DD | 11/5/2002 | Water quality-related infrastructure and facilities, open spaces, parks, bridges and trails, recreational and aquatic facilities. | \$198,250 | \$35,755 |
| Measure KK | 11/8/2016 | Infrastructure, affordable housing, and facility improvements. | \$600,000 | \$297,255 ⁽¹⁾ |

⁽¹⁾Amount shown does not reflect issuance of the 2022 Measure KK Bonds, after which \$84.94 million will remain authorized but unissued.

Source: City of Oakland.

Short-Term Obligations

For most of the last 17 fiscal years, the City has issued tax and revenue anticipation notes (“**TRANS**”) to finance general fund temporary cash flow deficits and/or to finance prepayments of the City’s CalPERS Employer Unfunded Accrued Liability Contribution (“**UAL**”), all of which TRANS have been paid when due. The following Table 25 sets forth the principal amount of TRANS issued in Fiscal Years 2017-18 through 2021-22, all of which were issued with taxable interest solely for the purpose of prepayment of the City’s CalPERS UAL contributions and were privately placed with a bank. The City anticipates issuing a TRAN in Fiscal Year 2022-23 also for the purpose of prepayment of the City’s CalPERS UAL.

Table 25
City of Oakland
Tax and Revenue Anticipation Notes
(\$ in Thousands)

| Fiscal Year Ended June 30 | Principal Amount |
|------------------------------|------------------|
| 2017-18 | \$70,605 |
| 2018-19 | 83,430 |
| 2019-20 | 97,255 |
| 2020-21 | 109,220 |
| 2021-22 | 124,085 |

Source: City of Oakland.

Lease Obligations

The City has entered into various long-term lease arrangements that secure lease revenue bonds or certificates of participation, under which the City must make annual payments, payable by the City from its General Fund, for the use of public buildings or equipment. The following Table 26 summarizes the City's outstanding long-term lease obligations and the principal amounts outstanding as of January 1, 2022.

Table 26
City of Oakland
Lease Obligations
as of January 1, 2022
(\$ in Thousands)

| Issue Name | Dated Date | Final Maturity | Original Principal Amount | Principal Amount Outstanding | Leased Asset |
|---|------------|----------------|---------------------------|------------------------------|----------------------------------|
| Oakland – Alameda County Coliseum Authority Lease Revenue Bonds, (Arena Project) 2015 Refunding Series A | 4/29/2015 | 2/1/2026 | \$39,868 ⁽¹⁾ | \$20,568 ⁽¹⁾ | Coliseum Arena ⁽²⁾ |
| Oakland Joint Powers Financing Authority Lease Revenue Refunding Bonds, (Oakland Administration Building), Series 2018 | 5/23/2018 | 11/1/2026 | 60,025 | 36,835 | Oakland Administration Buildings |
| Oakland-Alameda County Coliseum Authority Lease Revenue Notes (Oakland Coliseum Project), 2021 Refunding Series A (Taxable) | 12/14/2021 | 2/01/2025 | 23,901 ⁽¹⁾ | 23,901 ⁽¹⁾ | Coliseum Stadium |
| TOTAL | | | | <u>\$81,304</u> | |

⁽¹⁾ The lease payments securing these bonds are joint and several obligations of both the City and the County. Each entity has covenanted to budget and appropriate one-half of the annual lease payments and to take supplemental budget action if required to cure any deficiency. Principal amounts shown here represent one-half of the total original and outstanding principal amount of the bonds, which represents the amount which is directly attributable to the City.

⁽²⁾ On December 9, 2020, the California Supreme Court rejected an appeal from the Golden State Warriors of lower court rulings that required them to continue to make payments towards debt service on the Arena Bonds following the team's move to San Francisco, consistent with their original agreement with the Coliseum Authority. It is anticipated that the Warriors will continue to pay these debt service installments, in accordance with the agreement with the Coliseum Authority, until the Arena Bonds debt obligation is satisfied.

Source: City of Oakland.

Master Lease Obligations

The City has entered into various long-term, master lease-purchase agreements to finance the acquisition of essential-use assets. As of January 1, 2022, the City's master lease-purchase agreements, which generally are backed by the City's General Fund, were outstanding in the principal amount of \$23,277,357.92. These financings are fixed rate with interest rates ranging from 1.48% - 3.23% and maturities between 2022 and 2030. As of January 1, 2022, the aggregate maximum annual debt service payment is \$12,208,184.14 in Fiscal Year 2021-22.

Prior Swap Agreements

The City entered into a forward starting interest rate swap agreement in connection with the issuance of the \$187.5 million Oakland Joint Powers Financing Authority Lease Revenue Bonds, 1998 Series A1/A2

(the “Series 1998 Bonds”). The objective of the swap at the time it was entered into was to achieve a reasonable and dependable synthetic fixed rate with respect to the Series 1998 Bonds and avoid variable interest rate turbulence. While those bonds were subsequently refunded, the swap associated with the Series 1998 Bonds remained in effect until the stated termination date on July 31, 2021. The City currently has no swap obligations.

Pension Obligation Bonds

The City has previously issued three series of pension obligation bonds (in 1997, 2001 and 2012) to fund a portion of the City’s unfunded actuarial accrued liability (“UAAL”) for retirement benefits to members of the PFRS, a closed plan covering uniformed employees hired prior to July 1, 1976. The City annually levies an *ad valorem* tax at a rate of 0.1575% on all property within the City subject to taxation to fund PFRS pension obligations. For more information, see “EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS – Retirement Programs –*Police and Fire Retirement System*” herein.

The pension obligation bonds are obligations of the general fund and are secured by a senior pledge of Pension Tax Override proceeds. The second series of pension obligation bonds, which was a series of capital appreciation bonds issued in 2001 (the “2001 Pension Obligation Bonds”), was part of a plan of finance undertaken by the City to restructure a portion of the City’s 1997 pension obligation bonds (the “1997 Pension Obligation Bonds”), to reduce the annual net debt service on such bonds and to minimize the need for the City to use General Fund revenues other than Pension Tax Override funds to pay debt service on the 1997 Pension Obligation Bonds and the 2001 Pension Obligation Bonds. The 1997 Pension Obligation Bonds matured in December 2010. The third series of pension obligation bonds were issued on July 12, 2012 (the “2012 Pension Obligation Bonds”) to prepay a portion of the City’s UAAL for retirement benefits to members of PFRS.

The following Table 27 summarizes the 2001 Pension Obligation Bonds and 2012 Pension Obligation Bonds as of January 1, 2022.

**Table 27
City of Oakland
Pension Obligation Bonds
as of January 1, 2022**

| Issue Name | Dated Date | Final Maturity | Original Principal Amount (in Thousands) | Principal Amount Outstanding |
|---|------------|----------------|---|------------------------------|
| City of Oakland Taxable Pension Obligation Bonds, Series 2001 | 10/17/2001 | 12/15/2022 | \$195,636 | \$12,671 ⁽¹⁾ |
| City of Oakland Taxable Pension Obligation Bonds, Series 2012 | 7/30/2012 | 12/15/2025 | 212,540 | 162,135 |
| TOTAL | | | | <u>\$174,806</u> |

⁽¹⁾ Excludes outstanding compounded interest of \$40,459,557.60 due December 15, 2022.
Source: City of Oakland.

The 2001 Pension Obligation Bonds and 2012 Pension Obligation Bonds are secured by a senior pledge of Pension Tax Override revenues. See “EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS – Retirement Programs – Police and Fire Retirement System.”

For additional information on the City’s pension systems, see “EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS – Retirement Programs.”

Limited Obligations

Redevelopment Agency of the City of Oakland

The City’s Redevelopment Agency, prior to its dissolution in 2012, issued several series of tax allocation bonds to provide funding for blight alleviation and economic development in parts of the City or for the construction of low-income housing, which are payable from tax increment revenues received from the specific redevelopment project areas which they support. In addition, the Oakland Redevelopment Successor Agency (“**ORSA**”) has issued bonds that are secured by the Redevelopment Property Tax Trust Fund and dedicated housing set-aside revenues from all the City’s redevelopment project areas.

The following Table 28 sets forth outstanding tax allocation bonds issued by Redevelopment Agency or ORSA, including the final maturity date, original principal amounts and principal amounts outstanding. All information below is presented, and sets forth the principal amount of debt outstanding, as of January 1, 2022.

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Table 28
Tax Allocation Bonds
as of January 1, 2022
(\$ in Thousands)

| Central District Redevelopment Project Area | | | | |
|---|-------------------|-----------------------|----------------------------------|-------------------------------------|
| <u>Issue Name</u> | <u>Dated Date</u> | <u>Final Maturity</u> | <u>Original Principal Amount</u> | <u>Principal Amount Outstanding</u> |
| Central District Redevelopment Project Subordinated Tax Allocation Refunding Bonds, Series 2013 | 10/3/2013 | 9/1/2022 | \$102,960 | \$4,130 |

| Broadway/MacArthur/San Pablo Redevelopment Project Area | | | | |
|---|-------------------|-----------------------|----------------------------------|-------------------------------------|
| <u>Issue Name</u> | <u>Dated Date</u> | <u>Final Maturity</u> | <u>Original Principal Amount</u> | <u>Principal Amount Outstanding</u> |
| Broadway/MacArthur/San Pablo Redevelopment Project Tax Allocation Bonds Series 2006C-T | 10/12/2006 | 9/1/2032 | \$ 12,325 | \$6,915 |
| Broadway/MacArthur/San Pablo Redevelopment Project Tax Second Lien Allocation Bonds Series 2010-T (RZEDB) | 11/12/2010 | 9/1/2040 | 7,390 | 6,830 |
| TOTAL BROADWAY/MACARTHUR/SAN PABLO DISTRICT | | | \$ 19,715 | \$13,745 |

| Central City East Redevelopment Project Area | | | | |
|--|-------------------|-----------------------|----------------------------------|-------------------------------------|
| <u>Issue Name</u> | <u>Dated Date</u> | <u>Final Maturity</u> | <u>Original Principal Amount</u> | <u>Principal Amount Outstanding</u> |
| Central City East Redevelopment Project Tax Allocation Bonds, Series 2006A-T | 10/12/2006 | 9/1/2034 | \$ 62,520 | \$38,545 |

| Coliseum Area Redevelopment Project Area | | | | |
|--|-------------------|-----------------------|----------------------------------|-------------------------------------|
| <u>Issue Name</u> | <u>Dated Date</u> | <u>Final Maturity</u> | <u>Original Principal Amount</u> | <u>Principal Amount Outstanding</u> |
| Coliseum Area Redevelopment Project Tax Allocation Bonds, Series 2006B-T | 10/12/2006 | 9/1/2035 | \$ 73,820 | \$49,935 |

| Multiple Project Areas and Housing | | | | |
|---|-------------------|-----------------------|----------------------------------|-------------------------------------|
| <u>Issue Name</u> | <u>Dated Date</u> | <u>Final Maturity</u> | <u>Original Principal Amount</u> | <u>Principal Amount Outstanding</u> |
| Subordinated Tax Allocation Refunding Bonds, Series 2015-TE | 9/2/2015 | 9/1/2036 | \$ 22,510 | \$ 22,510 |
| Subordinated Tax Allocation Refunding Bonds, Series 2015-T | 9/2/2015 | 9/1/2035 | 66,675 | 43,515 |
| Subordinated Tax Allocation Refunding Bonds, Series 2018-TE | 6/6/2018 | 9/1/2031 | 15,190 | 15,190 |
| Subordinated Tax Allocation Refunding Bonds, Series 2018-T | 6/6/2018 | 9/1/2035 | 41,765 | 37,440 |
| TOTAL MULTIPLE PROJECT AREAS AND HOUSING | | | \$146,140 | \$118,655 |

Source: City of Oakland

Special Assessment

The City has debt outstanding for two bond issues supported by assessment districts. Debt service on each of these assessment and reassessment bond issues is paid solely from assessments levied on real property within the respective districts. The following Table 29 sets forth the City's outstanding special assessment bonds as of January 1, 2022.

Table 29
City of Oakland
Special Assessment Bonds
as of January 1, 2022
(\$ in Thousands)

| Issue Name | Dated Date | Final Maturity | Original Principal Amount | Principal Amount Outstanding |
|---|------------|----------------|---------------------------|------------------------------|
| City of Oakland 2012 Limited Obligation Refunding Improvement Bonds, Reassessment District No. 99-1 | 8/30/2012 | 9/2/2024 | \$3,545 | \$1,000 |
| Oakland Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase 1, Limited Obligation Refunding Bonds (Reassessment and Refunding of 2018) | 6/6/2018 | 9/2/2039 | 1,380 | 1,225 |
| TOTAL | | | | \$2,225 |

Source: City of Oakland.

Enterprise Revenue Bonds

The City also has issued bonds secured solely by revenues of its sewer system. On March 20, 2014, the City issued Sewer Revenue Refunding Bonds, 2014 Series A, in the principal amount of \$40,590,000 (the “**2014 Sewer Bonds**”). The proceeds of the 2014 Sewer Bonds were used to refund the City’s then outstanding Sewer Revenue Bonds, Series 2004A. The 2014 Sewer Bonds have an outstanding principal amount of \$ 23,615,000, as of January 1, 2022, and mature on June 15, 2029.

Estimated Direct and Overlapping Debt

Located within the City are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued in the form of general obligation, lease revenue, certificates of participation, and special assessment bonds. The direct and overlapping debt of the City as of January 1, 2022, according to California Municipal Statistics, Inc., is shown in the following Table 30. The City makes no representations as to the accuracy of the following table. Inquiries concerning the scope and methodology of procedures carried out to complete the information presented should be directed to California Municipal Statistics, Inc. According to California Municipal Statistics, Inc., tax and revenue anticipation notes and enterprise revenue, mortgage revenue and non-bonded capital lease obligations are excluded from this debt statement.

Table 30
City of Oakland
Statement of Direct and Overlapping Debt
as of December 1, 2021

2021-22 Assessed Valuation⁽¹⁾: \$74,099,351,478

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 12/1/21</u> |
|---|---------------------|------------------------|
| Alameda County | 21.378% | \$ 39,281,006 |
| Bay Area Rapid Transit District | 8.328 | 152,805,475 |
| East Bay Regional Park District | 13.298 | 16,732,209 |
| Chabot-Las Positas Community College District | 0.745 | 6,001,683 |
| Peralta Community College District | 57.218 | 228,425,700 |
| Berkeley and Castro Valley Unified School Districts | 0.003 & 0.108 | 165,615 |
| Oakland Unified School District | 99.999 | 1,136,873,631 |
| San Leandro Unified School District | 7.425 | 22,384,634 |
| City of Oakland | 100 | 450,075,000 |
| City of Oakland 1915 Act Bonds | 100 | 2,225,000 |
| City of Piedmont 1915 Act Bonds | 4.792% | 144,331 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | \$2,055,114,284 |

| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | |
|--|-------------|----------------------|
| Alameda County and Coliseum Authority General Fund Obligations | 21.378% | \$163,313,490 |
| Alameda-Contra Costa Transit District Certificates of Participation | 25.311 | 2,949,997 |
| Peralta Community College District Pension Obligation Bonds | 57.218 | 73,241,691 |
| Oakland Unified School District Certificates of Participation | 99.999 | 10,219,898 |
| Castro Valley Unified School District Certificates of Participation | 0.108 | 4,801 |
| City of Oakland and Coliseum Authority General Fund Obligations⁽²⁾ | 100. | 80,107,500 |
| City of Oakland Pension Obligation Bonds | 100. | 198,563,350 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$528,400,727 |

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): 100. % \$225,010,000

COMBINED TOTAL DEBT⁽³⁾ \$2,808,525,011

(1) Includes \$373.6 million in value subject to the homeowner's exemption

(2) Excludes issue to be sold.

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

Ratios to 2021-22 Assessed Valuation:

| | |
|--|--------------|
| Direct Debt (\$450,075,000) | 0.61% |
| Total Direct and Overlapping Tax and Assessment Debt | 2.77% |
| Total Direct Debt (\$728,745,850) | 0.98% |
| Combined Total Debt..... | 3.79% |

Ratio to Redevelopment Successor Agency Incremental Valuation (\$24,774,914,432):

Total Overlapping Tax Increment Debt..... 0.91%

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY TAX LIMITATIONS

Article XIII A of the California Constitution

Section 1(a) of Article XIII A of the State Constitution limits the maximum *ad valorem* tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on: (1) indebtedness approved by the voters prior to July 1, 1978; (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; or (3) any bonded indebtedness incurred by a school district, community college district or county office of education for the construction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities approved after November 8, 2000 by 55% of the voters of the district or county, as appropriate, voting on the proposition. Section 2 of 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” (“**Full Cash Value**”). The Full Cash Value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Taxpayers in the City may appeal the determination of the County Assessor of the Full Cash Value of their property. At any given point in time, hundreds of appeals are pending in the City. If the assessed value of a property is reduced as a result of an assessment appeal, the reduction is borne by relevant taxing agencies, including the City.

Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIII A has been amended a number of times. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reappraisal under Article XIII A. Other amendments permitted the State Legislature to allow persons over the age of 55 who meet certain criteria or “severely disabled homeowners” who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence.

In the November 1990 election, the voters approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” certain additions and improvements.

Article XIII A has also been amended 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 or construction or reconstruction of seismic retrofitting components.

Section 4 of Article XIII A provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose special taxes, which have been interpreted to include special fees in excess of the cost of providing the services or facility for which the fee is charged, or fees levied for general revenue purposes.

Article XIII B of the California Constitution

State and local government agencies in the State are each subject to annual “appropriations limits” imposed by Article XIII B of the State Constitution (“**Article XIII B**”). Article XIII B prohibits government

agencies and the State from spending “appropriations subject to limitation” in excess of the appropriations limit imposed. “Appropriations subject to limitation” are generally authorizations to spend “proceeds of taxes,” which include, but are not limited to, all tax revenues, and the proceeds from (i) regulatory licenses, user charges or other user fees to the extent that such proceeds exceed “the cost reasonably borne by that entity in providing the regulation, product, or service,” (ii) the investment of tax revenues, and (iii) certain subventions received from the State. No limit is imposed on appropriations of funds which are not “proceeds of taxes,” appropriated for debt service on indebtedness existing prior to the passage of Article XIII B or authorized by the voters or appropriations required to comply with certain mandates of courts or the federal government.

On November 19, 2019, the City Council approved, for submission to voters at the March 3, 2020 municipal election, a measure – now known as Measure S – to increase the City’s appropriations limit for fiscal years 2020-21 through 2023-24 to ensure the City’s ability to expend funds collected from eight (8) voter-approved general and special tax ballot measures relating to municipal services such as emergency dispatch services, paramedic services, libraries, violence prevention and services to the homeless without exceeding the City’s appropriation limit. Passage of the measure required an affirmative vote of a majority of voters, and the Measure passed by the vote of 72.35% of the voters.

The appropriation for the City for Fiscal Year 2021-22 is \$932.9 million, and the appropriations subject to the limit were \$682.5 million, \$250.4 million under the appropriations limit.

Articles XIII C and XIII D of the California Constitution

Articles XIII C and XIII D of the State Constitution were added pursuant to Proposition 218, which was approved by the voters of the State in November 1996, and amended pursuant to Proposition 26, which was approved by the voters of the State in November 2010. Articles XIII C and XIII D contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

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 general fund, require a two-thirds vote. The voter approval requirements of Article XIII C reduce the City’s flexibility to deal with fiscal problems by raising revenue through new, or extended or increased taxes and no assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

Article XIII D contains several provisions making it generally more difficult for cities to levy and maintain “assessments” for municipal services and programs. “Assessment” is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property.

Article XIII D also contains several provisions affecting a “fee” or “charge,” defined for purposes of Article XIII D to mean “any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a city upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or

charge. The city must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the city may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as “property related” for purposes of Article XIII D), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. The City has two enterprise funds that are self-supporting from fees and charges, which could, depending upon judicial interpretation of Proposition 218, ultimately be determined to be property related for purposes of Article XIII D. If fees and charges cannot be appropriately increased, or are reduced pursuant to exercise of the initiative power (described in the following paragraph), the City may have to decide whether to support any deficiencies in these enterprise funds with moneys from the general fund or to curtail service, or both.

In addition to the provisions described above, Article XIII C also removes prohibitions and limitations on the initiative power in matters of any “local tax, assessment, fee or charge.” Consequently, the voters of the City could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. “Assessment,” “fee” and “charge,” are not defined in Article XIII C and it is not clear whether the definitions of these terms in Article XIII D (which are generally property-related as described above) would limit the scope of the initiative power set forth in Article XIII C. If the Article XIII D definitions are not held to limit the scope of Article XIII C initiative powers, then the Article XIII C initiative power could potentially apply to revenue sources that currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the City will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

Future Initiatives

Article XIII A, Article XIII B and Propositions 218 and 26 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, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations which may affect the City’s revenues or its ability to expend its revenues.

LEGAL MATTERS AND RISK MANAGEMENT

Insurance and Risk Management

The City is self-insured for its general liability, malpractice liability, public official’s errors and omissions, products and completed operations, employment practices liability and auto liability up to \$5.0 million retention level and up to \$750,000 for workers’ compensation. For all major insurance programs, the City insures risk and has excess insurance through its partnership with Public Risk Innovation, Solutions, and Management (“**PRISM**”), a member directed risk sharing pool, previously known as the CSAC Excess Insurance Authority. The City is a member of the PRISM General Liability 2 (“**GL2**”) Program, which provides coverage for claims from third parties alleging damages due to negligence arising out of bodily injury, personal injury, property damage, public official’s errors and omissions, employment practices liability, and automobile liability. The GL2 Program has a \$25,000,000 per occurrence limit, which is subject to a per occurrence self-insured retention of \$5,000,000. See also “APPENDIX B –ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR YEAR ENDED JUNE 30, 2021 – Notes to the Basic Financial Statements.”

The City is also a member of the PRISM Property Program. The Property Program provides protection from physical damage to property, it covers real and person property and boiler and machinery.

The Property Program covers most types of risk, but it does not automatically cover earthquake damage. The City does not insure for damage from earthquakes (see “SECURITY FOR THE BONDS – Natural Hazards -Seismic Hazards” in the forepart of the Official Statement). The Property Program is subject to a \$10,000 deductible. The City is also a member of the PRISM Excess Workers' Compensation (“EWC”) Program. The EWC Program provides workers’ compensation coverage for employees injured on the job. Coverage includes reimbursement for payments above the City’s SIR of \$750,000. This includes compensation for temporary disability benefits at statutory rates, medical benefits, and some allocated expenses.

As of June 30, 2021, the City Liability Program had estimated outstanding losses of \$105,067,530 calculated at the expected confidence level. As of June 30, 2021, the City’s Self-Insured Workers’ Compensation Program had estimated outstanding losses of \$73,623,698 calculated at the expected confidence level. Workers’ compensation claims are paid through annual appropriations, with approximately \$20,555,000 expected to be paid out during the Fiscal Year 2021-22.

Cybersecurity

Cybersecurity is of the utmost importance to the successful ongoing operations of the City and as such, the City’s Information Technology Department (“ITD”) continually initiates projects aimed at strengthening the City’s overall technology infrastructure and other projects aimed at automating processes, monitoring systems, and analyzing operational and security issues real-time. The City believes these measures will improve its ability to effectively respond to incidents once detected. In regard to specific security measures, the City has invested significant funds to establish a new Information Security Office (“ISO”) as part of ITD, reporting directly to the Chief Information Officer. The ISO is responsible for the active analysis, discussion and development of information security policy and strategic technology directions, including adopting appropriate security frameworks such as the National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity (“NIST CSF”) and the CIS Critical Security Controls for Effective Cyber Defense (“CIS Controls”).

In addition to frameworks and policies, the ISO also recognizes the need for dedicated security personnel. Frameworks and policies are only effective if they are enforced and tools are only effective if they remain current. Combating cybersecurity threats is an ongoing active endeavor, as the threats are continually changing. ITD’s ISO strategy is to continually improve its operational and security infrastructure in an effort to combat the ongoing cyber threats from both inside and outside the organization.

While the City is routinely maintaining its technology systems and continuously implementing new information security controls, no assurances can be given that the City's security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any attack on the City's computer and technology could negatively impact the City's operations, and the costs related to such attacks could be substantial.

Litigation

The City is involved in certain litigation and disputes relating to its operations. The following matters in which the City is a party, if determined by the court against the City, could have significant impact on the financial condition and/or business operations of the City. Upon the basis of information presently available, the City Attorney believes that in these matters where the City is a defendant: (1) there are substantial defenses to such litigation; and (2) in any event, any ultimate liability in the aggregate in excess of applicable insurance coverage resulting therefrom will not materially affect the ability of the City to pay debt service on the Bonds (as defined in the forepart Official Statement).

Zolly, McFadden and Clayton Litigation. In the matter of *Robert Zolly, Ray McFadden and Stephen Clayton v. City of Oakland, et al.*, the Plaintiffs, owners of multi-family dwelling properties in the City filed suit in June, 2016, alleging that: (1) the refuse collection, disposal, and recycling rates charged by the City’s two franchisees, Waste Management of Alameda County (“**WMAC**”) and California Waste Solutions (“**CWS**”); (2) the franchise fees that the franchisees pay to the City under their respective franchise agreements; and (3) the California statutory recycling fee (AB 939); all violate California Constitution Article XIII D. That provision of the state Constitution imposes certain restrictions on charges and fees for property-related public services. The contracts at issue went into effect on July 1, 2015 and have a 10-year with the possibility of renewal (WMAC), and a 20-year (CWS) term.

The case has been extensively litigated on the law (i.e., the parties have not yet reached discovery), including through a successful demurrer at the Superior Court, three amended complaints by Plaintiffs that increasingly narrowed the scope of their claims, through a Court of Appeal decision against the City and in Plaintiffs’ favor, and now to the California Supreme Court. The course of the case has been heavily impacted by that Court’s 2017 decision in *Jacks, et al v. City of Santa Barbara*, which provided guidance on whether compensation for the use of government property (i.e., a fee, such as a franchise fee) was subject to voter approval under Proposition 218.

Plaintiffs prevailed at the Court of Appeal, successfully arguing for a sweeping rule that would invalidate many local government franchise fees as impermissible taxes. The City sought review by the California Supreme Court, and that petition was granted in August 2020. The case is now fully briefed on the merits before the Court, and amicus briefs for and against the City have been filed by a number of parties. Argument is not yet scheduled.

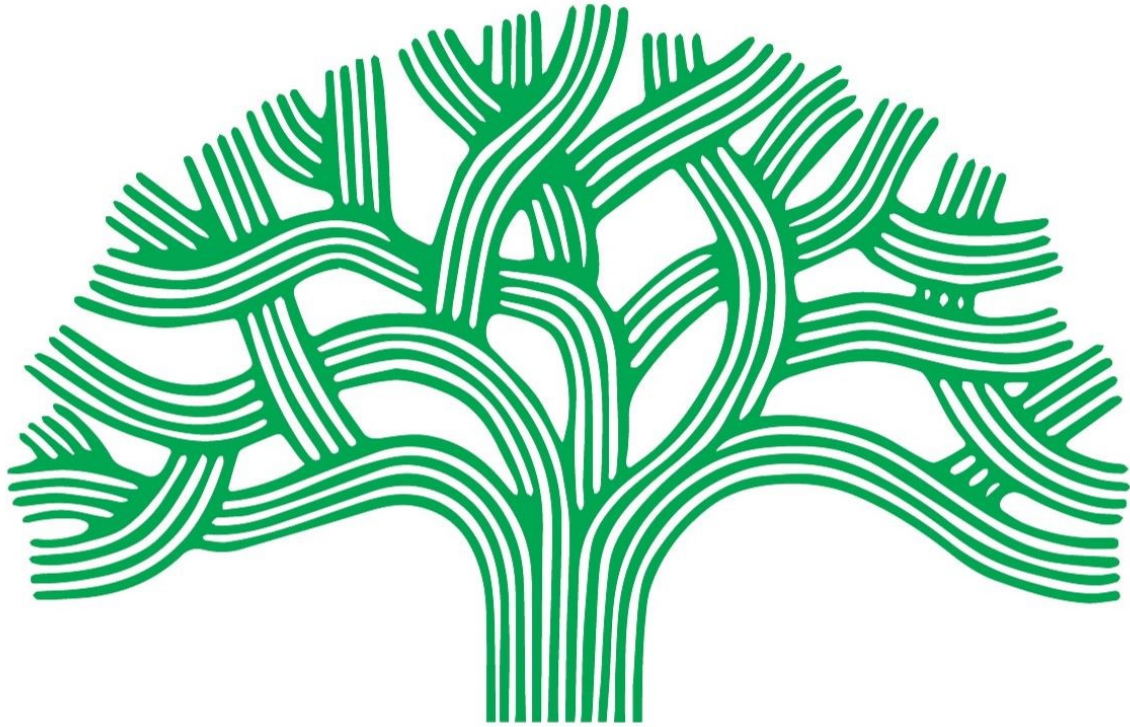
A full recovery for Plaintiffs would include an as-of-yet undetermined portion of the \$28 million annual franchise fee and the \$3 million AB 939 fee, as well as a likely award of attorneys’ fees.

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APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF OAKLAND
FOR THE YEAR ENDED JUNE 30, 2021**

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CITY OF OAKLAND CALIFORNIA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

CITY OF OAKLAND, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

PREPARED BY THE FINANCE DEPARTMENT

ERIN ROSEMAN, FINANCE DIRECTOR

STEPHEN WALSH, CONTROLLER

PRINTED ON RECYCLED PAPER

CITY OF OAKLAND

Annual Comprehensive Financial Report Year Ended June 30, 2021

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INTRODUCTORY SECTION

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December 20, 2021

Residents of the City of Oakland
The Honorable Mayor and
Members of the City Council

The Annual Comprehensive Financial Report of the City of Oakland

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Oakland, California (City). The Finance Department has prepared this report to present the financial position and the changes in net position for the year ended June 30, 2021, and the cash flows of its proprietary fund types for the same period. The basic financial statements and supporting schedules have been prepared in compliance with Section 809 of the City Charter and in accordance with Generally Accepted Accounting Principles (GAAP) for local governments, as established by the Governmental Accounting Standards Board (GASB). The information presented here should be considered in conjunction with the additional information contained in the Management's Discussion and Analysis (MD&A) in the Financial Section of this report.

The report consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse; to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP; and to comply with applicable laws and regulations. As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe this ACFR to be complete and reliable in all material respects.

The City contracted with Macias Gini & O'Connell LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for the year ended June 30, 2021 are fairly stated and in accordance with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" opinion. The independent auditor's report is included in the Financial Section of this report.

In addition, Macias Gini & O'Connell LLP is auditing the City's major program expenditures of federal funds for compliance with the Federal Single Audit Act Amendments of 1996, the Office of Management and Budget (OMB) Uniform Guidance regulating uniform administrative requirements, cost principles, and audit requirements for Single Audits, and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. The report of the Single Audit is published separately from this ACFR and may be obtained upon request from the City's Finance Department.

The Reporting Entity and Its Services

The City has defined its reporting entity in accordance with GAAP that provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The basic financial statements present information on the activities of the City and its component units.

GAAP requires that the component units be separated into blended, discretely presented, or included in the fiduciary funds financial statements for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the City's operations. Therefore, they are reported as part of the Primary Government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City's operations. Component units that are fiduciary in nature are reported in the fiduciary funds financial statements.

Accordingly, we have included the operations of the Oakland Joint Powers Financing Authority as a blended component unit. The Oakland Redevelopment Successor Agency is included as a fiduciary component unit. The operations of the Port of Oakland (including the Oakland International Airport) are presented discretely. The Oakland-Alameda County Coliseum Authority (Authority) is a Joint Venture owned and operated by the City and the County of Alameda. The Joint Venture agreement and operations are disclosed on Note II, part I of the basic financial statements.

The Oakland Housing Authority, the Oakland Unified School District, and the Peralta Community College District were not included in the basic financial statements because they have limited relationships with the City and, therefore, did not meet the criteria for inclusion in the reporting entity. The City is also represented in seven regional agencies that are excluded from the City's reporting entity. These agencies are the San Francisco Bay Area Rapid Transit District (BART), Alameda-Contra Costa County Transit District (AC Transit), Bay Area Air Quality Management District, Association of Bay Area Governments (ABAG), East Bay Regional Park District, East Bay Municipal Utility District (EBMUD), and Metropolitan Transportation Commission (MTC).

Profile of the Government

The City of Oakland was chartered as a city in 1852. It is situated on the eastern side of the Oakland/San Francisco Bay in the County of Alameda. Its western border offers nineteen miles of coastline, while the rolling hills to the east present views of the Bay and the Pacific Ocean. In between are traditional, diverse neighborhoods, a progressive downtown with numerous high-rise projects under construction, and superior cultural and recreational amenities. It is the administrative site for the County of Alameda, the regional seat for the federal government, the district location of primary state offices, and the transportation hub of commerce for the Bay Area.

Legislative authority is vested in the City Council and executive authority is vested in the Mayor. The City Administrator, appointed by the Mayor and approved by the City Council, has administrative authority to manage the day-to-day administrative and fiscal operations of the City. The City Auditor and the City Attorney are both elected officials and serve four-year terms.

The Mayor and City Council are the governing body of the City. The City Council is comprised of eight elected officials. One Council member is elected "at large", while the other seven Council members represent specific geographic districts. The Mayor and City Council are elected to serve four-year terms.

The City provides a full range of services contemplated by statute or charter, including those functions delegated to cities under state law. These services include public safety (police and fire), sanitation and environmental health, economic development, community involvement and empowerment, public-private

partnerships, library, recreational and cultural activities, public improvements, planning, zoning, and general administrative services.

Economic Condition and Fiscal Outlook

The City of Oakland faced tremendous economic challenges during Fiscal Year (FY) 2020-21 but its outlook was much improved by year-end. During the first month of the fiscal year, July 2020, Oakland's unemployment rate, as reported by the US Department of Labor, stood at 14.4% but by June 2021 it had fallen to 7.7%. Citywide employment losses due to large scale layoffs and closures soared to 3,551 in FY 2019-20 but dropped by more than half, to 1,570, in FY 2020-21. Oakland's economy remained weakened by the pandemic at year-end but its downward trajectory was reversed.

The continued strength of the City's real property markets has been a key stabilizing factor during the pandemic. Property tax revenues increased by almost 13% in FY 2020-21 as compared to FY 2019-20 on the basis of continued growth in property values and sales prices. Since FY 2016-17 the City's property tax revenues have increased by 39%. Policy changes, such as voter-approved property taxes, contributed to these results, but continued growth in assessed value underlies much of the City's recent financial performance.

The City experienced mixed results with other revenues in FY 2020-21 amidst an uneven economic recovery. Real Estate Transfer Taxes improved notably on the basis of strong sales activity, particularly for large commercial properties. Sales and Use Taxes improved relative to the prior year but remained below FY 2018-19 levels as the pandemic continued to impact consumption. Revenue from Business License Taxes stabilized, exceeding both budgeted and prior year amounts, but Transient Occupancy Taxes and Parking Taxes declined for a second consecutive year as pandemic impacts on tourism and travel persisted.

In response to economic challenges in the first half of the fiscal year, the City announced \$29 million in immediate expenditure reductions in December 2020 to address a projected \$62 million deficit for FY 2020-21. This deficit would have been even larger absent the utilization of approximately \$10 million in federal funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Five months later, however, the City received \$94 million in federal subsidies under the American Rescue Plan Act (ARPA), with a second tranche in the same amount expected in May 2022. These federal subsidies enabled the City to reduce expenditures recorded in the General Fund, which in combination with revenue gains strengthened General Fund balance and the City's overall fiscal outlook relative to expectations at the beginning of the year.

Federal and state subsidies reversed the course of the City's finances mid-year and offered a foundation for Oakland's fiscal and economic recovery. As provided for in the State Budget Act for FY 2020-21, the City received a pass-through allocation of \$37 million in federal funds under the CARES Act. As noted above, the City committed approximately \$10 million of CARES funding to eligible General Fund costs, providing a direct subsidy to essential governmental services. The balance of these funds supported a broad range of community organizations and pandemic relief initiatives, designed and delivered rapidly over a six-month period. In addition to this pass-through allocation, direct CARES allocations to the City increased funding for housing support, rental assistance, and other community services.

The federal CARES Act was followed by ARPA, which was signed into law by President Joseph R. Biden on March 11, 2020. Under regulations promulgated by the US Treasury Department, ARPA provided the City with a State and Local Relief Fund allocation of \$188 million, split evenly between FY 2020-21 and FY 2021-22. The Oakland City Council has directed these funds to replace revenue losses experienced during the pandemic and address projected budget imbalances in FY 2020-21, FY 2021-22, and FY 2022-23.

Much uncertainty remains about the City's prospects for further economic recovery. At the end of FY 2019-20 this uncertainty was largely focused on the trajectory of the pandemic itself. A year later prospects for the end of the pandemic have improved with the widespread adoption of vaccines and reduced community transmission of the COVID-19 virus, but surges associated with the highly contagious Delta and Omicron variants could challenge this progress. In addition, employment growth remains sluggish, inflation has risen to levels not seen in many years, and global supply chain challenges threaten a broader economic recovery.

Looking beyond current economic challenges, Oakland remains well-positioned to take advantage of ongoing regional economic growth. The City remains a desirable location and commercial and residential construction have continued throughout the pandemic as the City draws new residents and businesses. Population growth also appears likely to continue as the substantial uptick in residential construction begun in prior years comes on line in a region with continued strong housing demand and a longstanding shortfall of supply. The City's burgeoning tourism industry is also primed for growth with added hotel capacity in recent years. These strong fundamentals, which propelled Oakland's economy in prior years, appear likely to support renewed growth as the public health crisis comes under greater control.

Significant Events and Accomplishments

The City of Oakland responded actively to the COVID-19 public health and economic crisis in FY 2020-21 while continuing to advance existing and new initiatives for the betterment of the City. Major initiatives to address the ongoing impacts of COVID-19 included continued support for groceries and meals to food-insecure residents, which continued through the end of the fiscal year. Over the course of the pandemic the City served more than 2 million meals through a variety of partnerships.

In addition, the City directed approximately \$26 million of its \$37 million CARES Act allocation from the State to a range of community-focused activities. Major initiatives and accomplishments supported by this allocation included:

- Small Business Grant Program: Distributed more than \$4 million in direct financial support to Oakland-based small businesses;
- Tiny Homes for Unhoused Young Adults: Provided a safe haven and job training to unhoused young adults;
- Saba Grocers Initiative: Distributed grocery gift cards to residents in neighborhoods with high COVID rates;
- SOS Meals on Wheels: Provided over 289,000 meals to 1,700 seniors;
- OAK Wifi: Expanded free wireless internet to Oaklanders to help close the digital divide;
- Assistance for Artists and Arts Nonprofits: Supported the pivot from in-person performances to online engagements during the pandemic;
- Personal Protective Equipment for Small Businesses: Delivered 800 starter Personal Protective Equipment Kits for small businesses;
- Home-Based Business Grant Program: Provided grants of \$2,000 to \$4,000 to home-based, for-profit businesses;
- Fund for Artists and Arts Nonprofits: Provided grants to support individual artists and arts nonprofit organizations;
- Neighborhood Beautification and Homelessness: Provided grant to the Beautification Council to mitigate the spread of COVID-19 in encampments;
- Keep Oakland Housed: Provided \$4.3 million in direct funding to renters and homeowners impacted by the pandemic;
- Black Cultural Zone: Provided grant support for AKOMA Market to offer food distribution and education;

- Assistance for Small Businesses: Provided legal, marketing, and technical assistance for Oakland small businesses;
- Street Vendor Support and Grants: Provided aid to street vendors to secure permits, equipment, and supplies;
- Lake Merritt Vendor Pilot: Provided City-sanctioned space for vendors to sell and market their hand-made products;
- Business Outreach and Support: Provided linguistically and culturally appropriate outreach and support to local small businesses;
- Workforce Support Programs: Provided employment support services to Oaklanders impacted by COVID-19;
- Oakland Frontline Healers: Provided a grant to Oakland Frontline Healers to support food and shelter services for Oakland residents;
- Nonprofit Grant Program: Provided grants to Oakland-based community-serving nonprofit organizations;
- Food Scarcity, Childcare, COVID Education: Provided funding to community service programs;
- Cultural Institution Operating Grants: Provided grants to cultural organizations operating on City-owned property; and
- Facility Resilience: Provided safe access to City services & enhanced COVID prevention protocols at City facilities.

As in prior years, the City continued to prioritize housing security in its services to Oakland residents. Oakland's eviction moratorium remained in place throughout FY 2020-21 and continued into the current fiscal year despite the expiration of a statewide moratorium. The City also led efforts to keep Oaklanders in their homes through its Emergency Rental Assistance Program. In addition, the City expanded its efforts to provide shelter directly through the lease of a 92-bed hotel utilized as a non-congregate shelter for emergency COVID-19 response housing.

Oakland's efforts to reform local policing continued throughout the year and culminated in the publication of a report by the Oakland Reimagining Public Safety Task Force. Recommendations from the report addressed a broad range of subjects, from officer recruitment and oversight to expanded services for mental health and violence prevention. These recommendations appear likely to spur further discussion and policy changes over the coming years and provide a roadmap for reconsidering the City's longstanding approaches to public safety.

Budget Process and Controls

The City's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. The budget includes:

- Programs, projects, services, and activities to be carried out during the fiscal year;
- Estimated revenue available to finance the operating plan; and
- Estimated spending requirements for the operating plan.

The budget represents a process where policy decisions by the Mayor and the City Council are adopted, implemented and controlled. The notes to the required supplementary information summarize the budgetary roles of various City officials and the timetable for their budgetary actions per the City Charter.

The City Charter prohibits expending monies for which there is no legal appropriation. Therefore, the City is required to adopt budgets for all City funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level, although for management purposes, the line item budget is controlled at the departmental level within funds. The City Administrator is authorized to administer the budget and may transfer monies from one

activity, program, or project to another within the same agency and fund. Supplemental appropriations or transfers of appropriations between funds or agencies must be approved by the City Council.

The City also maintains an encumbrance accounting system to provide budgetary controls for governmental funds. Encumbrances which would result in an overrun of an account balance are suspended in the system until additional funding is made available via budget change requests or withdrawn due to lack of funding. Encumbrances outstanding at June 30 and carried forward are reported as assigned of the appropriate governmental fund's fund balance since they do not constitute expenditures or liabilities. Encumbrances that do not lapse but are brought forward to the new fiscal year are incorporated as part of the budget adopted by the City Council for that year.

The City Council receives quarterly reports on the City's revenues and expenditures compared to budget as a management tool to pro-actively monitor the City's fiscal condition. The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

On June 24, 2021, the City Council approved the FY 2021-23 Adopted Policy Budget. The Budget incorporates the following four Mayoral priorities:

- Holistic Community Safety
- Housing, Economic and Cultural Security
- Vibrant, Sustainable Infrastructure
- Responsive, Trustworthy Government

In addition, the Budget builds on four policy and budget priorities approved by the City Council, which are based on the values of equity, transparency, and effectiveness:

- Affordable housing and homelessness solutions
- Public safety and violence prevention
- Good jobs and vibrant economy
- Clean, healthy, sustainable neighborhoods

The FY 2021-23 Adopted Budget incorporated two notable innovations. To increase transparency and communicate effectively to Oakland residents, the Adopted Budget was presented on an interactive on-line accessible platform, OpenGov. This interactive budget tool was designed to allow the user to dig into the details and view data in various forms. It also allows the user to translate the document and search by text. The Budget also incorporated a Racial Equity Analysis tool for the first time. This tool was used to assess how proposed service changes would impact low-income Black, Indigenous, and other communities of color (BIPOC), and was intended to highlight the collective impact on the BIPOC community of disparate budget decisions.

The Adopted Budget is balanced and appropriated more than \$3.95 billion over Fiscal Years 2021-22 and 2022-23. No layoffs were required to achieve balance and the budget reinstated the City's prudent fiscal policies of paying down unfunded liabilities and strengthening the City's Vital Services Stabilization Fund (VSSF) and General Purpose Fund reserves.

The Five-Year Financial Forecast

In March 2021, the City issued a Five-Year Financial Forecast for Fiscal Years 2021-22 through 2025-26. The purpose of the Five-Year Financial Forecast is to help the City of Oakland make informed financial and operational decisions by better anticipating long-term future revenues, expenditures, and financial risks. The forecast issued in March 2021 was a point in time projection based on somewhat different

economic conditions than the City now faces but highlighted persistent gaps between projected expenditures and estimated revenues, particularly in the earlier years of the forecast. These gaps appear likely to be mitigated by City Council actions to reserve federal ARPA funds to replace pandemic-related revenue losses yet point to ongoing risks to the City's finances. Expenditure growth is primarily driven by personnel costs, particularly City contributions towards active and retiree medical benefits and pensions. Revenue growth is expected to accelerate as the pandemic recedes but substantial uncertainty remains about the timing and magnitude of such recovery. These uncertainties underscore the importance of long-term financial planning for the City's continued fiscal health.

Consolidated Fiscal Policy

On December 9, 2014, the City Council passed Ordinance No. 13279 C.M.S. amending the City's Financial Policy to add the Rainy Day Policy and consolidate all the City's fiscal policies into a single Consolidated Fiscal Policy. This amendment allowed the City to establish the VSSF to stabilize the provision of vital services, protect against service reductions, and prevent layoffs, furloughs, and similar measures in times of economic hardship. Additionally, this policy addressed procedures that allow for accelerating debt repayment, and paying down unfunded long-term obligations by modifying the definition of excess Real Estate Transfer Tax. The Consolidated Fiscal Policy includes policies on budgeting practices, reserve funds, the budget process, fiscal planning, and public participation.

On May 15, 2018, the City Council passed Ordinance No. 13487 C.M.S. amending requirements related to the use of excess Real Estate Transfer Tax (RETT), adding new requirements intended to reduce the potential for future increases in negative fund balances, and revising various budget procedures.

These City policies include provisions for the use of reserves during emergencies. As of June 30, 2021, the VSSF has a balance of \$251,000 following the appropriation of its full balance to address budget shortfalls in FY 2020-21. The Adopted Budget for FY 2021-23 provides for two deposits totaling \$5 million to initiate the restoration of this reserve. As of June 30, 2021, the City's General Purpose Fund Emergency Reserve has a balance of \$52.7 million, exceeding the required level of 7.5% of FY 2020-21 General Purpose Fund appropriations, or \$48.3 million.

OPEB Funding Policy

On February 26, 2019, the City Council adopted Resolution No. 87551 C.M.S. establishing the Other Post-Employment Benefits Funding Policy providing for ongoing prefunding contributions of 2.5% of payroll, equal to approximately \$10 million per year. These amounts are in addition to pay-as-you-go requirements and are intended to support the sustainability of the City's retiree medical program. On June 2, 2020, the City Council postponed these contributions for FY 2019-20 and FY 2020-21, consistent with emergency provisions in this policy, in response to the financial crisis accompanying the COVID-19 pandemic. As provided for in the Adopted Budget for FY 2021-23, the City will resume contributions consistent with policy requirements.

Single Audit

As a recipient of Federal, State, and County financial assistance, the City is responsible for providing assurance that adequate internal controls are in place to ensure compliance with applicable laws and regulations. These controls are periodically evaluated by management, the City Auditor's Office (internal), and the City's independent auditors (external).

As part of the City's single audit procedures, tests are performed to determine the effectiveness of the internal controls over major federal award programs and the City's compliance with applicable laws and regulations related to these federal award programs.

Debt Management and Credit Ratings

The City's Debt Management Policy is reviewed and adopted annually by the City Council. The goal of the Debt Management Policy is to set prudent guidelines to ensure that the City's debt portfolio is fiscally stable. It is in place to maintain long-term financial flexibility while ensuring that the City's capital needs are adequately supported. The Debt Management Policy establishes the following equally important objectives:

- To achieve the lowest possible cost of capital for the City;
- To achieve the highest practical credit rating;
- Maintain full and complete financial disclosure and reporting;
- Ensure timely repayment of debt;
- Maintain a prudent level of financial risk;
- Utilize local and disadvantaged banking and financial firms, whenever possible; and
- Ensure compliance with applicable State and Federal laws.

The City is also committed to securing the City's long-term financial health by taking direct actions to address unfunded liabilities. These actions include: improving the funded ratios of CalPERS Safety and Miscellaneous pension plans, reducing the City's unfunded liability for other postemployment benefits through ongoing prefunding contributions and benefit reforms, and continued progress in reducing longstanding negative fund balances.

The City's general obligation bonds credit ratings of Aa1/AA with a stable outlook from Moody's Investors Service, Inc. and S&P Global Ratings, respectively, reflect the City's sustained fiscal prudence and strong economic underpinnings. The rating agencies continue to cite the City's strong fiscal management as a key factor in their favorable view of the City's credit. These ratings translate to significant interest cost savings in the City's debt program and to the taxpayers of the City of Oakland. The Management's Discussion and Analysis section of this report provides additional information on the City's credit ratings.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakland for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City of Oakland has received a Certificate of Achievement the last 30 years. The City's Fiscal Year 2020-21 ACFR will be submitted to GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

Acknowledgments

The preparation of this ACFR represents the culmination of a concerted team effort by the entire staff of the Finance Department, most particularly the Controller's Bureau, Treasury Bureau, City Administrator's Office, City Attorney's Office, Human Resources, and other departmental staff, who have demonstrated their professionalism, dedication and efficiency in the preparation of this report. We also thank Macias Gini & O'Connell LLP for their assistance and guidance.

Finally, we wish to express our sincere appreciation to the Mayor and the members of the City Council for providing policy direction and their interest and continuing support in planning and conducting the City's financial operations in a fiscally responsible and progressive manner.

Respectfully submitted,



EDWARD D. REISKIN
City Administrator



ERIN ROSEMAN
Finance Director



STEPHEN WALSH
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Oakland
California**

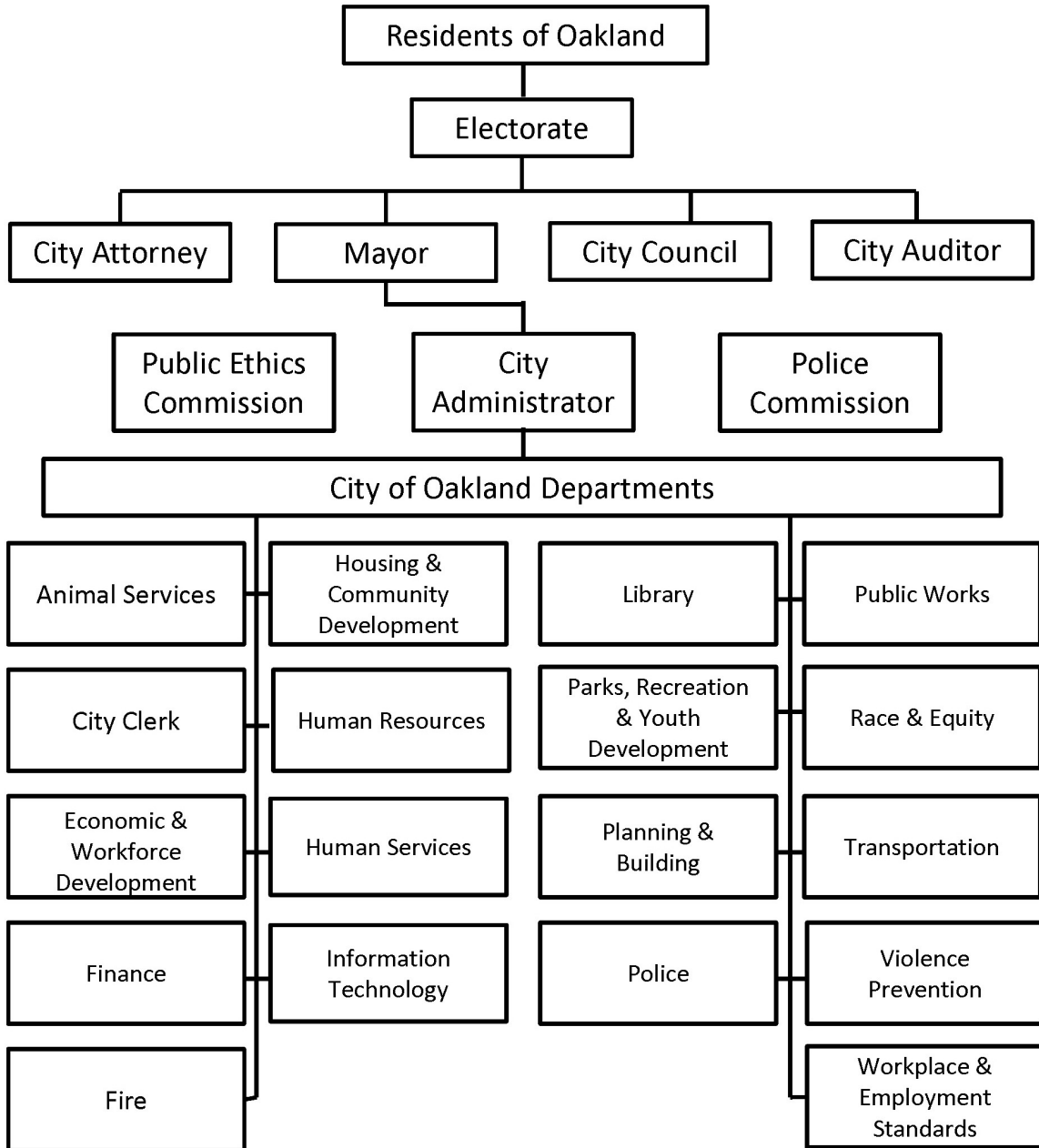
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF OAKLAND ORGANIZATION CHART



CITY OF OAKLAND

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

Mayor
Libby Schaaf

Members of the City Council

Nikki Fortunato Bas (District 2)
Council President

Sheng Thao (District 4)
President Pro Tempore

Rebecca Kaplan (At-Large)
Vice Mayor

Carroll Fife (District 3)

Noel Gallo (District 5)

Dan Kalb (District 1)

Treva Reid (District 7)

Loren Taylor (District 6)

City Administrator
Edward D. Reiskin

Prepared by the Finance Department

Erin Roseman
Finance Director

Lisa Agustin
Budget Administrator

Margaret O'Brien
Revenue & Tax Administrator

Stephen Walsh
Controller

David Jones
Treasury Administrator

Controller's Bureau Staff

Alex Auza
Helen Cherkis
Connie Chu
Tony Daquipa
Carol Gloria

Pat Lee
Cristy Macias
Maribel Manila
Rogelio Medalla

Carla Reed
Pooja Shrestha
Donna Treglown
Michelle Wong
Andy Yang

Elected Officers

Barbara Parker, City Attorney

Courtney Ruby, City Auditor

Administration

Edward D. Reiskin, City Administrator

Elizabeth Lake, Assistant City Administrator

LaTonda Simmons, Assistant City Administrator

Richard J. Luna, Deputy City Administrator

Directors

John Alden

Police Commission

Guillermo Cespedes

Violence Prevention

Shola Olatoye

Housing & Community
Development

Ian Appleyard

Human Resources

G. Harold Duffey

Public Works

Asha Reed

City Clerk

LeRonne L. Armstrong

Police

Ann Dunn

Animal Services

Erin Roseman

Finance

Whitney Barazoto

Public Ethics Commission

Darleen Flynn

Race & Equity

Asha Reed

City Clerk

Deborah Barnes

Workplace & Employment
Standards

Kevin Fong

Information Technology

Ryan Russo

Transportation

Sara Bedford

Human Services

Reginald Freeman

Fire

Jamie Turbak

Library

Karen Boyd

Communications

William Gilchrist

Planning & Building

J. Nicholas Williams

Parks, Recreation &
Youth Development

Alexa Jeffress

Economic & Workforce
Development

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FINANCIAL SECTION

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Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Oakland, 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 unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise 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. The financial statements of the Oakland Police and Fire Retirement System were not audited in accordance with *Government Auditing Standards*.

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 unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, 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.

Emphasis of a Matter

As discussed in Note I.E. to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020, which resulted in a restatement of net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, the schedules of employer pension contributions, the schedules of changes in net other postemployment benefits liability and related ratios, the schedules of employer other postemployment benefits contributions, and the budgetary comparison schedules of the General Fund and the Other Special Revenue Fund as listed in the table of contents 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 financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and schedules 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 financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, 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 solely 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 the effectiveness of 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 the City’s internal control over financial reporting and compliance.



Walnut Creek, California
December 20, 2021

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CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2021

This section of the City of Oakland's (the City) Annual Comprehensive Financial Report provides an overview and analysis of the financial activities of the City for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the additional information contained in the City's financial statements and related notes and our letter of transmittal that precedes this section.

FINANCIAL HIGHLIGHTS

The government-wide statement of net position for the City's governmental and business-type activities indicates that as of June 30, 2021, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$96.3 million compared to a negative net position of \$65.0 million at June 30, 2020:

- \$1.3 billion of net position represents the City's investment in capital assets, less any related outstanding debt and related deferred outflows and inflows of resources used to acquire those assets (*net investment in capital assets*). These capital assets are used to provide services to citizens and are not available for future spending.
- \$779.7 million represents resources that are subject to restrictions on their use and are available to meet the City's ongoing obligations for programs, of which \$368.1 million is restricted for Housing and Community Development programs, \$328.3 million pertains to Low and Moderate Income Housing Redevelopment, and \$24.2 million is restricted for debt service.
- \$2.0 billion represents a deficit in unrestricted net position that has primarily resulted from the underfunding of the pension and other postemployment benefits (OPEB) liabilities, and other unfunded long-term liabilities (*unrestricted net position*). The net pension and OPEB liability deficits are the biggest contributing factors at \$1.8 billion and \$0.8 billion, respectively. The remaining changes in net position are discussed below.
- \$109.6 million of the \$161.3 million improvement in net position was derived from increases in general revenues including \$49.9 million in property tax, \$33.9 million in other revenues, \$31.7 million in voter-approved special tax, and \$21.8 million in real estate transfer tax. \$6.1 million is due to the combined impact of changes to pension and OPEB deferred outflows, liabilities, and deferred inflows on pension and OPEB expense. While net OPEB liability increased by \$244.3 million and net pension liability increased by \$83.9 million, these amounts were partially offset by deferred inflows and outflows related to pensions and OPEB of \$87.7 million.
- The government-wide increase in net position was also supported by a \$12.9 million increase in net position from the business-type activities, mainly the Sewer-related activities.

Total fund balances for the City's governmental funds of \$1.1 billion represents a decrease of 1.0 percent, or \$11.0 million, compared to the prior fiscal year. This decrease results from changes in restricted fund balance due to growth in pension property tax override receipts and settlements, partially offset by the expenditures of bond proceeds received in prior years, as well as improvement in unassigned general fund balance arising from federal funding associated with the COVID-19 global pandemic. The General Purpose Fund Emergency Reserve increased to \$52.7 million, exceeding the amount required under the City's Consolidated Fiscal Policy of 7.5 percent of FY 2020-21 General Purpose Fund appropriations, or \$48.3 million.

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OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to introduce the City's basic financial statements. The City's basic financial statements consist of four components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements
- Required Supplementary Information

In addition, this report also contains other supplementary information.

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 the financial statements for a private-sector business.

The *statement of net position* presents information on all the City's assets, deferred outflows and inflows of resources, and liabilities, with the difference between the two 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 most recent 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community and human services, community and economic development, and public works and transportation. The business-type activities of the City include the sewer service system and the parks and recreation. The government-wide financial statements do not include the fiduciary funds, which comprise the private-purpose trust funds, pension trust funds, and custodial fund. Resources in the fiduciary funds are not available to support the City's own programs.

The government-wide financial statements include the primary government of the City and the Port of Oakland (Port), as a discrete component unit. Financial information for the Port is reported separately from the financial information presented for the primary government. Further information about the Port can be obtained from the Port Financial Services Division, 530 Water Street, Oakland, CA 94607 or visit the website at www.portofoakland.com.

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Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are 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. All the funds of the City can be divided into the following three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City'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 City'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 according to their type (special revenue, capital projects, debt service, and general fund). 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 fund, the federal/state grant fund, the low and moderate income housing asset fund (LMIHF), the municipal capital improvement fund, and the other special revenue fund, all of which are considered to be major funds. Data from the remaining funds are combined in a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the general fund and the other special revenue fund in the required supplementary information to demonstrate compliance with this budget.

Proprietary Funds. Proprietary funds are generally used to account for services for which the City charges customers, either outside customers or internal units or departments of the City. Proprietary funds provide the same type of information shown in the government-wide statements only in more detail.

The City maintains the following two types of proprietary funds:

- (1) **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 the Sewer Service System and the Parks and Recreation operations. The sewer service fund is considered to be a major fund of the City.
- (2) **Internal Service Funds** are used to report activities that provide services and supplies for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, radio and communication equipment, facilities management, printing and reproduction, central stores, purchasing, and information technology. Because these services predominantly

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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 funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of employees and parties outside the City. The Police and Fire Retirement System (PFRS) Fund is reported as a pension trust fund. The private-purpose trust funds along with the custodial fund are also reported as fiduciary funds since their resources are not available to support the City's own programs. For this reason, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The required supplementary information includes the budgetary schedule for the general fund and the other special revenue fund, schedules of changes in the net pension liability and related ratios and pension plan contributions, and schedules of changes in the net OPEB liability and related ratios and OPEB plan contributions.

Other Information

In addition, this report presents combining statements and schedules referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds that immediately follow the required supplementary information.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of the City's financial condition. As of June 30, 2021, total assets and deferred outflows of resources exceed the total liabilities and deferred inflows of resources by \$96.3 million compared to a negative net position of \$65.0 million at June 30, 2020, which represents an increase in net position of \$161.3 million. Current and other assets increased by \$200.7 million, primarily due to increased federal funding and growth in property tax revenues. Additionally, capital assets increased by \$17.4 million. These amounts were offset by increases in the net pension and OPEB liabilities. The City's net position also reflects the net investment in capital assets of \$1.3 billion for governmental and business-type activities. Of the remaining balance, \$779.7 million of net position is subject to external restrictions on how it may be used. The unrestricted net position of negative \$2.0 billion is comprised of a deficit balance of \$2.0 billion for governmental activities, and a positive balance of \$28.8 million for business-type activities. As of June 30, 2021, unrestricted net position for governmental and business-type activities increased by \$123.6 million as compared to balances at June 30, 2020.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2021

Condensed Statements of Net Position
June 30, 2021 and 2020 (In thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|-------------------|------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets: | | | | | | |
| Current and other assets | \$ 2,136,443 | \$ 1,945,415 | \$ 91,994 | \$ 82,302 | \$ 2,228,437 | \$ 2,027,717 |
| Capital assets | 1,440,601 | 1,423,245 | 255,239 | 255,190 | 1,695,840 | 1,678,435 |
| TOTAL ASSETS | 3,577,044 | 3,368,660 | 347,233 | 337,492 | 3,924,277 | 3,706,152 |
| Deferred Outflows of Resources: | | | | | | |
| Losses on refunding of debt | 12,268 | 13,513 | — | — | 12,268 | 13,513 |
| Related to pensions | 339,194 | 317,386 | 908 | 2,045 | 340,102 | 319,431 |
| Related to OPEB | 221,051 | 40,797 | 4,527 | 556 | 225,578 | 41,353 |
| TOTAL OUTFLOWS | 572,513 | 371,696 | 5,435 | 2,601 | 577,948 | 374,297 |
| Liabilities: | | | | | | |
| Long-term liabilities | 1,045,103 | 1,139,168 | 26,359 | 29,072 | 1,071,462 | 1,168,240 |
| Other liabilities | 467,428 | 318,401 | 3,117 | 5,647 | 470,545 | 324,048 |
| Net pension liability | 1,754,458 | 1,672,538 | 46,916 | 44,896 | 1,801,374 | 1,717,434 |
| Net OPEB liability | 827,123 | 588,107 | 15,713 | 10,462 | 842,836 | 598,569 |
| TOTAL LIABILITIES | 4,094,112 | 3,718,214 | 92,105 | 90,077 | 4,186,217 | 3,808,291 |
| Deferred Inflows of Resources: | | | | | | |
| Gains on refunding of debt | 2,785 | 3,026 | 316 | 356 | 3,101 | 3,382 |
| Related to pensions | 2,854 | 38,163 | — | 1,283 | 2,854 | 39,446 |
| Related to OPEB | 210,886 | 290,396 | 2,876 | 3,952 | 213,762 | 294,348 |
| TOTAL INFLOWS | 216,525 | 331,585 | 3,192 | 5,591 | 219,717 | 337,176 |
| Net Position: | | | | | | |
| Net investment in capital assets | 1,102,435 | 1,142,803 | 228,564 | 225,762 | 1,330,999 | 1,368,565 |
| Restricted | 779,672 | 704,387 | — | — | 779,672 | 704,387 |
| Unrestricted (deficit) | (2,043,187) | (2,156,633) | 28,807 | 18,663 | (2,014,380) | (2,137,970) |
| TOTAL NET POSITION | \$ (161,080) | \$ (309,443) | \$ 257,371 | \$ 244,425 | \$ 96,291 | \$ (65,018) |

Governmental activities: The City's net position in governmental activities increased by \$148.4 million.

Total assets increased by \$208.4 million, or 6.2 percent, to \$3.6 billion. The significant changes in assets occurred in the following areas:

- *Current and other assets* increased by \$191.0 million, primarily due to cash and receivables associated with increased federal funding in response to the COVID-19 pandemic and growth in property tax revenues arising from change-in-ownership reassessments on commercial and residential properties.

Total liabilities increased by \$375.9 million, or 10.1 percent to \$4.1 billion. The significant changes in liabilities occurred in the following areas:

- *Long-term liabilities* decreased by \$94.1 million primarily due to the retirement of long-term debt.
- *Net pension liability* increased by \$81.9 million due primarily to interest on the total pension liability and reduced net investment income.

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- *Net OPEB liability* increased by \$239.0 million mainly due to a change in the discount rate used for actuarial estimates, which was reduced following the suspension of contributions to the irrevocable trust.

Net position increased by \$148.4 million to a deficit \$161.1 million as of June 30, 2021 from a deficit \$309.4 million at June 30, 2020. The City net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

- \$1.1 billion of net position reflects the City's *investment in capital assets* (e.g., land, buildings infrastructure, facilities and equipment), net of any related outstanding debt and debt-related deferred outflows and inflows of resources that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. These assets, therefore, are not available for future spending.
- \$779.7 million of net position represents resources that are subject to restrictions on how they may be used and are therefore restricted.
- \$2.0 billion of net position represents a deficit in unrestricted net position that has primarily resulted from the underfunding of pension and OPEB liabilities, as well as liabilities for pension obligation bonds.

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The following table indicates the changes in net position for governmental and business-type activities:

Condensed Statements of Activities
Years Ended June 30, 2021 and 2020
(In thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|-------------------|------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 170,468 | \$ 192,693 | \$ 69,764 | \$ 68,335 | \$ 240,232 | \$ 261,028 |
| Operating grants and contributions | 206,509 | 130,396 | — | — | 206,509 | 130,396 |
| Capital grants and contributions | 3,178 | 2,446 | — | — | 3,178 | 2,446 |
| Total program revenues: | <u>380,155</u> | <u>325,535</u> | <u>69,764</u> | <u>68,335</u> | <u>449,919</u> | <u>393,870</u> |
| General revenues: | | | | | | |
| Property taxes | 438,237 | 388,322 | — | — | 438,237 | 388,322 |
| State taxes: | | | | | | |
| Sales and use taxes | 88,888 | 83,678 | — | — | 88,888 | 83,678 |
| Gas tax and motor vehicle in-lieu | 17,640 | 17,663 | — | — | 17,640 | 17,663 |
| Local taxes: | | | | | | |
| Business license | 104,232 | 98,036 | — | — | 104,232 | 98,036 |
| Utility consumption | 51,801 | 49,831 | — | — | 51,801 | 49,831 |
| Real estate transfer | 113,359 | 91,534 | — | — | 113,359 | 91,534 |
| Transient occupancy | 13,497 | 24,920 | — | — | 13,497 | 24,920 |
| Parking | 11,590 | 17,312 | — | — | 11,590 | 17,312 |
| Voter-approved special tax | 93,151 | 61,492 | — | — | 93,151 | 61,492 |
| Franchise | 19,901 | 19,774 | — | — | 19,901 | 19,774 |
| Interest and investment income | 18 | 24,126 | (41) | 1,108 | (23) | 25,234 |
| Other | 80,250 | 46,373 | — | 2 | 80,250 | 46,375 |
| Total revenues | <u>1,412,719</u> | <u>1,248,596</u> | <u>69,723</u> | <u>69,445</u> | <u>1,482,442</u> | <u>1,318,041</u> |
| Expenses: | | | | | | |
| General government | 222,718 | 186,580 | — | — | 222,718 | 186,580 |
| Public safety | 511,184 | 409,740 | — | — | 511,184 | 409,740 |
| Community and human services | 134,097 | 150,513 | — | — | 134,097 | 150,513 |
| Community and economic development | 186,777 | 99,995 | — | — | 186,777 | 99,995 |
| Public works and transportation | 149,611 | 137,937 | — | — | 149,611 | 137,937 |
| Interest on long-term debt | 63,964 | 63,438 | — | — | 63,964 | 63,438 |
| Sewer | — | — | 54,181 | 50,717 | 54,181 | 50,717 |
| Parks and recreation | — | — | 725 | 683 | 725 | 683 |
| Total expenses | <u>1,268,351</u> | <u>1,048,203</u> | <u>54,906</u> | <u>51,400</u> | <u>1,323,257</u> | <u>1,099,603</u> |
| Changes in net position before transfers | 144,368 | 200,393 | 14,817 | 18,045 | 159,185 | 218,438 |
| Transfers | 1,871 | 1,745 | (1,871) | (1,745) | — | — |
| Changes in net position | <u>146,239</u> | <u>202,138</u> | <u>12,946</u> | <u>16,300</u> | <u>159,185</u> | <u>218,438</u> |
| Net Position: | | | | | | |
| Beginning of year, as restated* | (307,319) | (511,581) | 244,425 | 228,125 | (62,894) | (283,456) |
| End of year | <u>\$ (161,080)</u> | <u>\$ (309,443)</u> | <u>\$ 257,371</u> | <u>\$ 244,425</u> | <u>\$ 96,291</u> | <u>\$ (65,018)</u> |

*Beginning net position of governmental activities was increased by \$2.1 million as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*. Prior year amounts have not been restated for the change.

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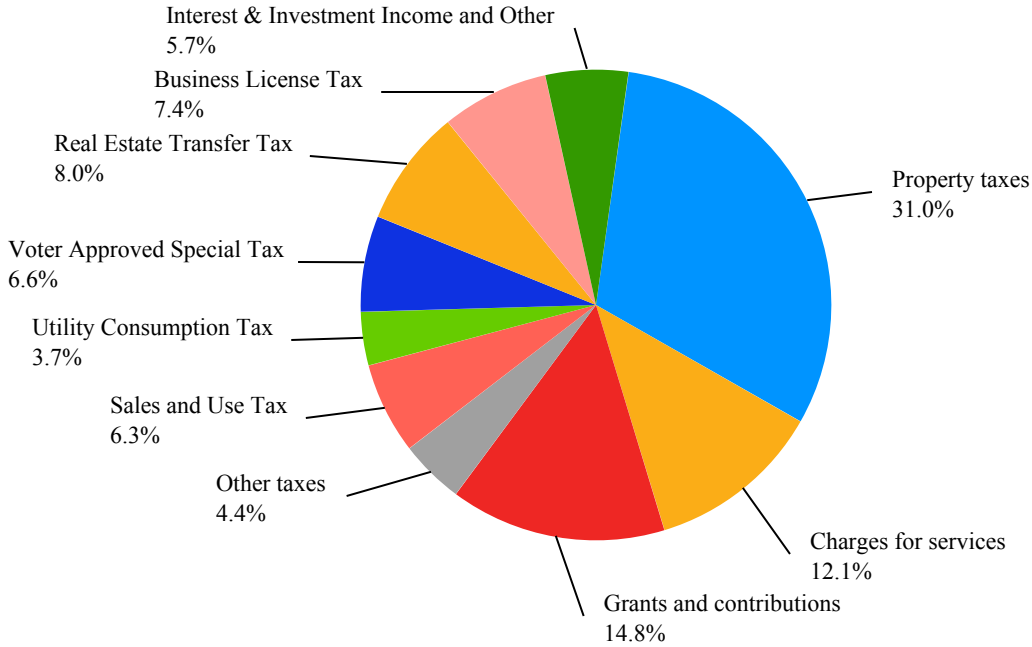
Governmental activities: Net position for governmental activities increased by \$148.4 million during fiscal year 2020-21. Total revenue increased by 13.1 percent and expenses increased by 21.0 percent. For comparison, during fiscal year 2019-20, revenues increased at a rate of 1.1 percent and expenses decreased by 2.8 percent.

Changes in net position for governmental activities are attributed to the following significant elements:

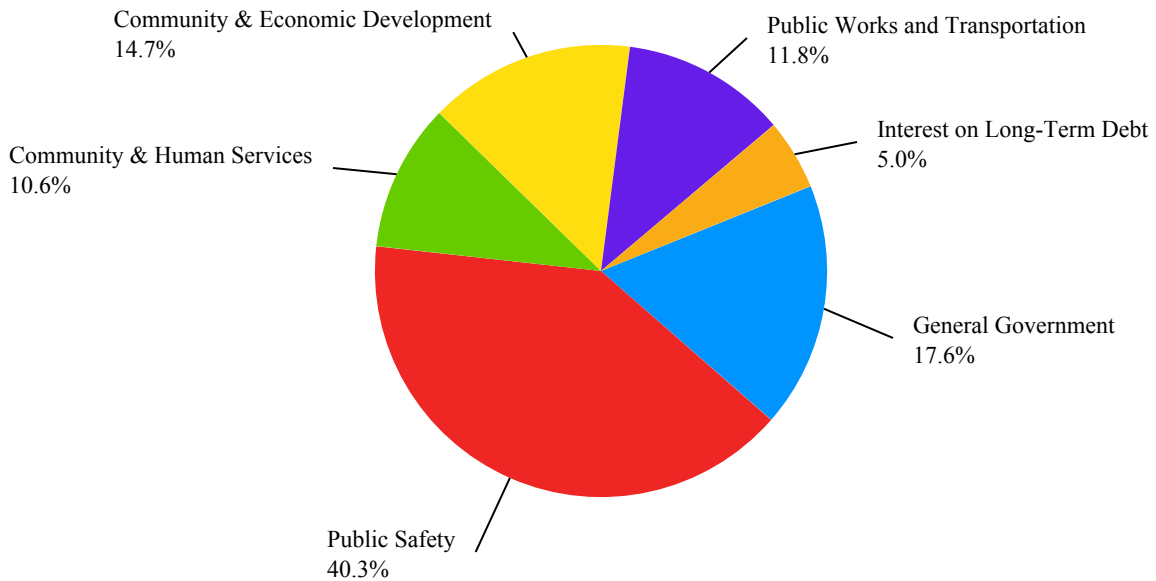
- Several factors contributed to the increase in total revenues. Operating grants and contributions increased by \$76.1 million, or 58.4 percent, primarily due to increased federal funding associated with the COVID-19 pandemic. Property tax increased by \$49.9 million, or 12.9 percent, due to increases in assessed values from change in ownership reassessments, inflationary assessed value adjustments, and increases from voter-approved measures. Voter-approved special tax increased by \$31.7 million, or 51.5 percent, largely on the basis of the implementation of Measure Q, the Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act, which was approved by voters in 2020. Real estate transfer tax increased by \$21.8 million, or 23.8 percent. Other revenues increased by \$33.9 million, or 73.1 percent, based on additions of \$18.0 million for the City's share of the former Raiders training facility held for resale, \$13.7 million from the transfer of excess bond proceeds from ORSA to the City, \$12.0 million received for naming rights to the Kaiser Convention Center, and \$10.0 million in revenues received from the Oakland-Alameda County Coliseum Authority following the conclusion of legal efforts by the Golden State Warriors to terminate their obligations to continue to make lease rental payments on the Oakland Arena. Other economically-sensitive revenues declined for a second consecutive year due to the continued impacts of the COVID-19 pandemic. Transient occupancy tax declined by \$11.4 million, or 45.8 percent, while parking tax declined by \$5.7 million, or 33.1 percent.
- *Public safety* expenses increased by \$101.4 million, or 24.8 percent, primarily due to a change in the discount rate used for actuarial estimates of OPEB expense, which was reduced following the suspension of contributions to the irrevocable trust.
- *Community and economic development* expenses increased by \$86.8 million, or 86.8 percent, primarily due to grant activity associated with the COVID-19 pandemic.
- *General government* expenses increased by \$36.1 million, or 19.4 percent, primarily due to grant activity associated with the COVID-19 pandemic and increased litigation expense.

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Revenues By Source - Governmental Activities



Expenses - Governmental Activities



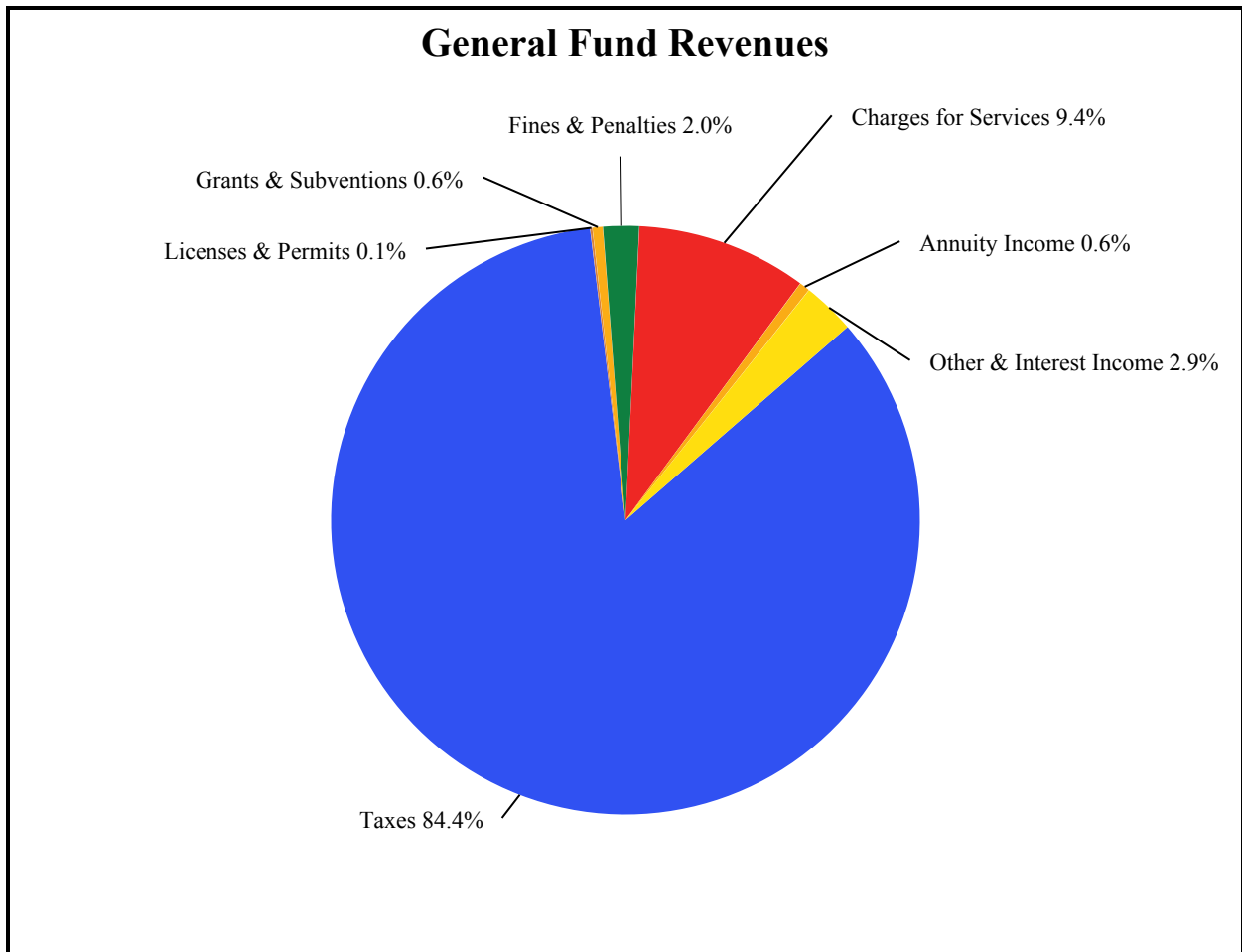
CITY OF OAKLAND
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Business-type activities: Business-type activities ended the fiscal year with an increase in net position of \$12.9 million due primarily to positive operating results in the Sewer Fund of \$13.0 million, which are intended to support future capital projects.

Financial Analysis of the Governmental and Proprietary Funds

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.

General Fund: The general fund is the chief operating fund of the City. At June 30, 2021, its unassigned fund balance is \$96.9 million or 20.9 percent of the \$464.0 million total general fund balance.



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For the year ended June 30, 2021 and 2020, revenues for the general fund are distributed as follows (in thousands):

| | <u>General Fund</u> | | <u>Increase / (Decrease)</u> | |
|--|--------------------------|--------------------------|------------------------------|--------------------|
| | <u>2021</u> | <u>2020</u> | <u>Amount</u> | <u>%</u> |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 377,175 | \$ 342,052 | \$ 35,123 | 10.3 % |
| State taxes: | | | | |
| Sales and use taxes | 57,825 | 55,517 | 2,308 | 4.2 % |
| Motor vehicle in-lieu tax | 318 | 343 | (25) | -7.3 % |
| Local taxes: | | | | |
| Business license | 104,232 | 98,040 | 6,192 | 6.3 % |
| Utility consumption | 51,801 | 49,831 | 1,970 | 4.0 % |
| Real estate transfer | 113,359 | 91,534 | 21,825 | 23.8 % |
| Transient occupancy | 10,610 | 19,578 | (8,968) | -45.8 % |
| Parking | 6,264 | 9,067 | (2,803) | -30.9 % |
| Voter-approved special tax | 8,155 | 9,413 | (1,258) | -13.4 % |
| Franchise | 19,679 | 19,533 | 146 | 0.7 % |
| License and permits | 1,243 | 1,606 | (363) | -22.6 % |
| Fines and penalties | 17,591 | 18,702 | (1,111) | -5.9 % |
| Charges for services | 83,173 | 97,848 | (14,675) | -15.0 % |
| Federal and state grants and subventions | 4,983 | 3,586 | 1,397 | 39.0 % |
| Annuity income | 5,120 | 6,107 | (987) | -16.2 % |
| Interest and other | 25,693 | 9,922 | 15,771 | 158.9 % |
| Total revenues | <u>\$ 887,221</u> | <u>\$ 832,679</u> | <u>\$ 54,542</u> | <u>6.6%</u> |

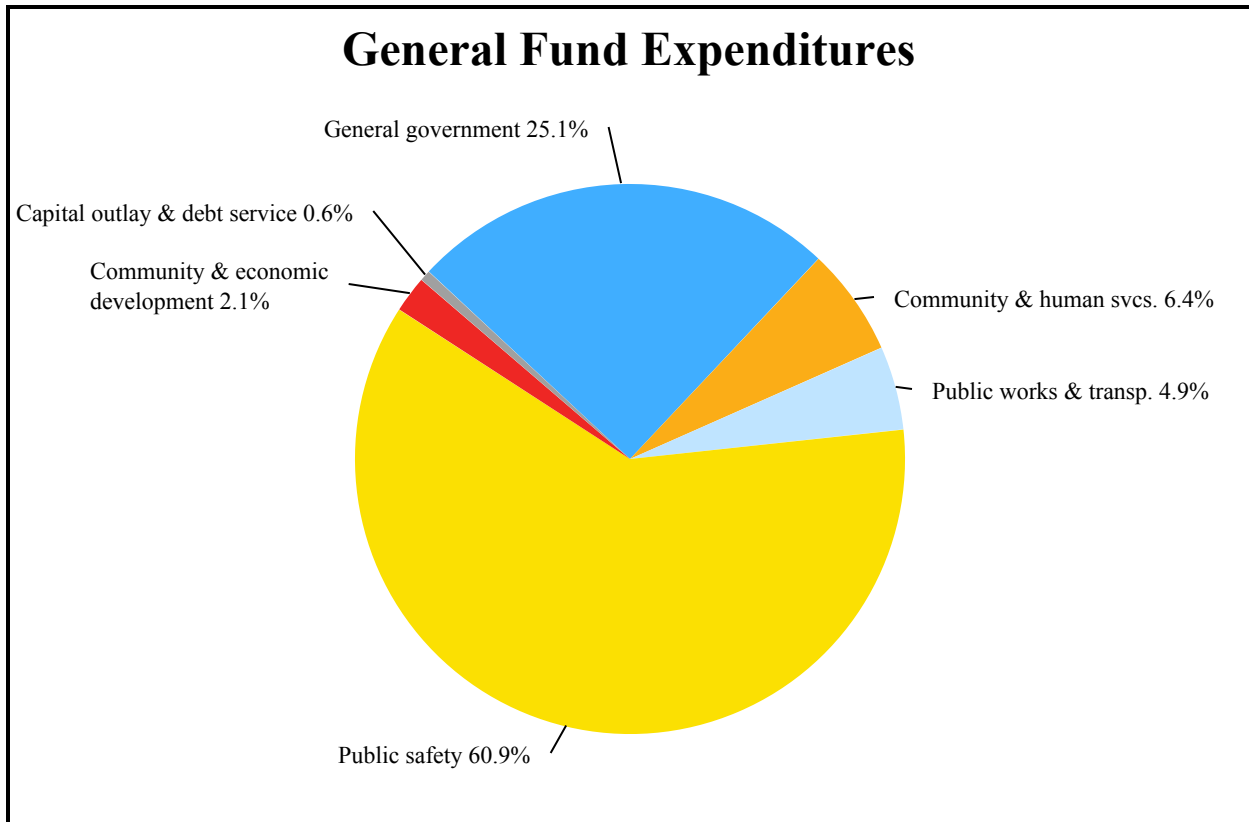
General Fund Revenues: Significant change in revenues include:

- *Property taxes* increased by \$35.1 million, or 10.3 percent. This is mainly due to increases in assessed values.
- *Real estate transfer tax* increased by \$21.8 million, or 23.8 percent, primarily due to growth in sales of high value properties.
- *Transient occupancy tax* decreased by \$9.0 million, or 45.8 percent, primarily due to declines in travel activity associated with the global COVID-19 pandemic.
- *Parking tax* decreased by \$2.8 million, or 30.9 percent, primarily due to declines in travel activity associated with the global COVID-19 pandemic.
- *Charges for services* decreased by \$14.7 million or 15.0 percent, primarily due to a decrease in parking fee revenue associated with the global COVID-19 pandemic.
- *Interest and other* revenues increased by \$15.8 million, or 158.9 percent, due primarily to the acquisition of the Raiders former training facility, which was partially offset by a decline in interest income resulting from a reduction in the value of an annuity held by the City to fund PFRS obligations.

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Year Ended June 30, 2021

For the years ended June 30, 2021 and 2020, expenditures for the general fund by function are distributed as follows (in thousands):

| | <u>General Fund</u> | | <u>Increase / (Decrease)</u> | |
|------------------------------------|--------------------------|--------------------------|------------------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>Amount</u> | <u>%</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | \$ 184,053 | \$ 163,102 | \$ 20,951 | 12.8 % |
| Public Safety | 446,722 | 488,474 | (41,752) | -8.5 % |
| Community and Human Services | 46,613 | 54,344 | (7,731) | -14.2 % |
| Community and Economic Development | 15,678 | 10,040 | 5,638 | 56.2 % |
| Public Works and Transportation | 36,172 | 42,600 | (6,428) | -15.1 % |
| Capital outlay | 3,391 | 2,915 | 476 | 16.3 % |
| Debt Service: | | | | |
| Principal repayment | 440 | 656 | (216) | -32.9 % |
| Bond issuance costs | 137 | 128 | 9 | N/A |
| Interest charges | 784 | 1,296 | (512) | -39.5 % |
| Total Expenditures | <u>\$ 733,990</u> | <u>\$ 763,555</u> | <u>\$ (29,565)</u> | <u>-3.9%</u> |



CITY OF OAKLAND
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General Fund Expenditures: Significant changes in expenditures are as follows:

- *General government* increased by \$21.0 million, or 12.8 percent, primarily due to increased insurance and litigation expense.
- *Public safety* decreased by \$41.8 million, or 8.5 percent, primarily due to the transfer of expenditures to the Federal/State Grant Fund.
- *Community and human services* decreased by \$7.7 million, or 14.2 percent, primarily due to decreased recreational and human services expenditures resulting from the COVID-19 pandemic.
- *Community and economic development* increased by \$5.6 million, or 56.2 percent, primarily due to increased loan expenditures from the Affordable Housing Trust Fund.
- *Public works and transportation* decreased by \$6.4 million, or 15.1 percent, primarily due to reduced litigation expense and increased personnel vacancies.

Federal/State Grant Fund: The Federal/State Grant Fund has a fund balance of \$21.9 million as of June 30, 2021 which represents a decrease of \$6.1 million from the prior fiscal year due to the acceleration of grant expenditures during the COVID-19 pandemic.

Low and Moderate Income Housing Asset Fund (LMIHF): Upon the dissolution of the Former Redevelopment Agency, the City retained the housing activities previously funded by the Former Agency, created LMIHF, and transferred the assets and affordable housing activities of the low and moderate income fund to the City. The ending fund balance as of June 30, 2021 was \$68.8 million and the fund's net loans receivable balance was \$257.5 million. The fund balance increase of \$2.5 million was supported by a \$10.0 million contribution of excess tax allocation bond proceeds from the Oakland Redevelopment Successor Agency.

Municipal Capital Improvement Fund: The Municipal Capital Improvement Fund had a fund balance of \$305.0 million as of June 30, 2021 that represents a decrease of \$96.7 million, or 24.1 percent, from the prior fiscal year. This decrease is primarily due to the expenditure of restricted Measure KK proceeds.

The Other Special Revenue Fund accounts for activities of several special revenue funds, including the following local measures; Measure Z – Violence Prevention and Public Safety Act of 2014; Measure C – Oakland Hotel Tax; Measure Q (2004) – Library Services Retention and Enhancement; Measure WW – East Bay Regional Park District local grant program; Measure N – Paramedics Services Act; Measure Q (2020) – Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act; Oakland Kid's First Fund; Development Service Fund; and other miscellaneous special revenue programs. The ending fund balance as of June 30, 2021 was \$205.3 million, which increased \$13.6 million from the previous fiscal year. This result primarily reflects revenue increases associated with the implementation of the Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements under the business-type column but in more detail. The portion of net position invested in capital assets, excluding internal service funds, was \$228.6 million as of June 30, 2021, compared to \$225.8 million for the previous fiscal year. The increase of \$2.8 million is primarily due to the addition of capital improvement projects.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2021

General Fund Budgetary Highlights

During the year ended June 30, 2021, the general fund had a \$7.6 million decrease in budgeted revenues between the original and final amended operating budget to address estimated revenue declines. Actual budgetary basis revenues of \$886.9 million were \$66.0 million higher than the final amended budget. The variance is due primarily to stronger than anticipated revenue performance as the economic recovery from the COVID-19 global pandemic began to take hold.

Appropriations increased by \$89.2 million between the original and final amended operating budget for the general fund. The increase in appropriation is due to increased service demands during the COVID-19 pandemic as well as the determination of actual project carryforwards for continuing appropriations for various multi-year projects, capital improvement projects, and other projects authorized by the City Council.

Actual budgetary basis expenditures of \$734.0 million were \$97.0 million less than the final amended budget primarily due to the continued hiring freeze and additional measures to address revenue shortfalls that had been expected during the year.

Capital Assets

The City's capital assets, net of depreciation, totaled \$1.7 billion as of June 30, 2021 compared to \$1.7 billion as of June 30, 2020, an increase of \$17.4 million, or 1.0 percent. Governmental activities additions included \$37.5 million in capital assets from construction in progress which met the City's threshold for capitalization, and were offset by retirements and depreciation. Major construction projects underway include roadway and traffic improvements and park and recreation center upgrades.

Business activities, primarily in the Sewer Fund, increased capital assets by \$49.0 thousand, which included a \$6.1 million increase in construction in progress, primarily for sanitary sewer system capacity upgrades offset by depreciation. See Note II, part D to the financial statements for more details on capital assets.

Construction Commitments

As of June 30, 2021 the City had construction commitments of \$41.8 million. Major commitments include \$22.7 million for street and sidewalk improvements, \$7.8 million for traffic improvements, \$5.8 million for sewers and storm drains, and \$3.2 million for parks and open space. See Note III, part C.1 for more details on construction commitments.

Debt Administration:

General Obligation Bonds and Other Bond Ratings

A credit rating is a value assigned by one or more of the recognized rating agencies that "grade" a jurisdiction's credit, or financial trustworthiness. The three primary rating agencies are Moody's Investors Service (Moody's), S&P Global Ratings (S&P), and Fitch Ratings (Fitch). These rating agencies serve as independent assessors of municipal and corporate credit strength. Rating agencies generally focus on four major areas when assigning credit ratings: finances, management, economy and outstanding debt. The City continues to maintain strong credit ratings on the City's existing general obligation bonds from all three national rating agencies despite the difficult financial and economic conditions nationally and locally.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2021

The City of Oakland's underlying ratings for its bonds as of June 30, 2021 were as follows:

| Type of Bond | Ratings | | |
|-----------------------------------|-----------------------|---------------------------|------------------|
| | Moody's | S&P | Fitch |
| General obligation bonds | Aa1 | AA | AA- ¹ |
| Lease revenue bonds | Aa2 | AA- | N/A |
| Pension obligation bonds | Aa2 | AA | A+ |
| Tax Allocation bonds ² | Baa2 ³ /A1 | A+/AA-/AA/AA ³ | N/A |

¹Issuer Default Rating

²Ratings vary by series

³Insured Rating

General Fund Bonded Debt Limit

At the end of the current fiscal year, the City's debt limit (3.75 percent of property valuation, net of exemptions subject to taxation) was \$2.6 billion. The total amount of debt applicable to the debt limit was \$450.1 million. The resulting legal debt margin was \$2.2 billion.

Long-Term Obligations

As of June 30, 2021, the City had total long-term obligations of \$1.1 billion compared to \$1.2 billion outstanding for the prior fiscal year, a decrease of 8.3 percent. Of this amount, \$450.1 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$621.4 million is comprised of various long-term debt instruments listed below plus accruals of year-end estimates for other long-term liabilities (in thousands):

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|--------------------|--------------------------|------------------|--------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| General obligation bonds | \$ 450,075 | \$ 472,170 | — | \$ — | \$ 450,075 | \$ 472,170 |
| Lease revenue bonds | 43,165 | 49,180 | — | — | 43,165 | 49,180 |
| Pension obligation bonds | 198,564 | 222,556 | — | — | 198,564 | 222,556 |
| Special assessment debt district bonds | 2,590 | 2,940 | — | — | 2,590 | 2,940 |
| Accreted interest on appreciation bonds | 69,703 | 96,514 | — | — | 69,703 | 96,514 |
| Sewer bonds | — | — | 23,616 | 25,986 | 23,616 | 25,986 |
| Unamortized premium and discounts | 24,657 | 26,466 | 2,743 | 3,086 | 27,400 | 29,552 |
| Total bonds payable | 788,754 | 869,826 | 26,359 | 29,072 | 815,113 | 898,898 |
| Loans and leases payable | 28,842 | 47,993 | — | — | 28,842 | 47,993 |
| Other long-term liabilities | 227,507 | 221,349 | — | — | 227,507 | 221,349 |
| Total long-term obligations | \$1,045,103 | \$1,139,168 | \$ 26,359 | \$ 29,072 | \$1,071,462 | \$ 1,168,240 |

The City's long-term obligations decreased by \$96.8 million compared to the prior fiscal year balance. The decrease is primarily attributable to the retirement of outstanding debt.

Additional information on the City's long-term debt obligations can be found in Note II, part G to the financial statements.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2021

Economic Factors and Next Year's Budget

Oakland's economy and fiscal outlook improved notably in FY 2020-21 but much uncertainty remains about the City's prospects for further economic recovery. At the end of FY 2019-20 this uncertainty was largely focused on the trajectory of the pandemic itself. A year later prospects for the end of the pandemic have improved with the widespread adoption of vaccines and reduced community transmission of the COVID-19 virus, but surges associated with the highly contagious Delta variant could challenge this progress. In addition, employment growth remains sluggish, inflation has risen to levels not seen in many years, and global supply chain challenges threaten a broader economic recovery.

Looking beyond current economic challenges, Oakland remains well-positioned to take advantage of ongoing regional economic growth. The City remains a desirable location and commercial and residential construction have continued throughout the pandemic as the City draws new residents and businesses. Population growth also appears likely to continue as the substantial uptick in residential construction begun in prior years comes on line in a region with continued strong housing demand and a longstanding shortfall of supply. The City's burgeoning tourism industry is also primed for growth with added hotel capacity in recent years. These strong fundamentals, which propelled Oakland's economy in prior years, appear likely to support renewed growth as the public health crisis comes under greater control.

Requests for Information

This financial report is designed to provide a general overview of the City of Oakland's finances for all those with an interest in the City's fiscal and economic affairs. Requests for additional financial information should be addressed to the Finance Department, Controller's Bureau, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353; Oakland, California 94612-2093. This report is also available online at <https://www.oaklandca.gov/>.

BASIC FINANCIAL STATEMENTS

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City of Oakland
Statement of Net Position
June 30, 2021
(In thousands)

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | Port of Oakland |
| ASSETS | | | | |
| Cash and investments | \$ 1,063,308 | \$ 75,186 | \$ 1,138,494 | \$ 502,032 |
| Receivables (net of allowance for uncollectibles of \$19,504 for the City and \$2,025 for the Port) | | | | |
| Accrued interest | 535 | 37 | 572 | — |
| Property taxes | 14,181 | — | 14,181 | — |
| Accounts receivable | 71,753 | 17,142 | 88,895 | 51,330 |
| Grants receivable | 40,864 | — | 40,864 | — |
| Due from Port | 12,618 | — | 12,618 | — |
| Due from Oakland Redevelopment Successor Agency (ORSA) | 18,394 | — | 18,394 | — |
| Due from custodial funds | 113 | — | 113 | — |
| Internal balances | 1,205 | (1,205) | — | — |
| Due from other governments | 12,482 | — | 12,482 | — |
| Inventories | 1,082 | — | 1,082 | — |
| Restricted assets: | | | | |
| Cash and investments | 253,201 | 800 | 254,001 | 68,545 |
| Receivables | — | — | — | 2,439 |
| Property held for resale | 172,094 | — | 172,094 | — |
| Notes and loans receivable (net of allowance for uncollectibles of \$188,999) | 472,883 | — | 472,883 | — |
| Prepaid expenses | 1,730 | 34 | 1,764 | 3,161 |
| Other | — | — | — | 43,209 |
| Capital assets: | | | | |
| Land and other capital assets not being depreciated | 318,860 | 17,399 | 336,259 | 619,293 |
| Facilities, equipment, and infrastructure net of depreciation | 1,121,741 | 237,840 | 1,359,581 | 1,327,038 |
| TOTAL ASSETS | 3,577,044 | 347,233 | 3,924,277 | 2,617,047 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Unamortized losses on refunding of debt | 12,268 | — | 12,268 | 9,516 |
| Deferred outflows of resources related to pensions | 339,194 | 908 | 340,102 | 33,414 |
| Deferred outflows of resources related to OPEB | 221,051 | 4,527 | 225,578 | 16,498 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 572,513 | 5,435 | 577,948 | 59,428 |
| LIABILITIES | | | | |
| Accounts payable and other current liabilities | 331,690 | 3,063 | 334,753 | 32,167 |
| Accrued interest payable | 28,170 | 48 | 28,218 | 4,050 |
| Due to other governments | 1,354 | — | 1,354 | — |
| Due to primary government | — | — | — | 12,618 |
| Unearned revenue | 83,676 | — | 83,676 | 29,804 |
| Other | 22,538 | 6 | 22,544 | 26,930 |
| Non-current liabilities: | | | | |
| Due in one year | | | | |
| Liabilities due within one year | 193,236 | 2,833 | 196,069 | 77,055 |
| Due in more than one year | | | | |
| Liabilities due in more than one year | 851,867 | 23,526 | 875,393 | 790,645 |
| Net pension liability | 1,754,458 | 46,916 | 1,801,374 | 219,587 |
| Net other postemployment benefits (OPEB) liability | 827,123 | 15,713 | 842,836 | 85,235 |
| TOTAL LIABILITIES | 4,094,112 | 92,105 | 4,186,217 | 1,278,091 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unamortized gains on refunding of debt | 2,785 | 316 | 3,101 | — |
| Deferred inflows of resources related to pensions | 2,854 | — | 2,854 | 4,241 |
| Deferred inflows of resources related to OPEB | 210,886 | 2,876 | 213,762 | 5,919 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 216,525 | 3,192 | 219,717 | 10,160 |
| NET POSITION | | | | |
| Net investment in capital assets | 1,102,435 | 228,564 | 1,330,999 | 1,165,696 |
| Restricted for: | | | | |
| Debt service | 24,249 | — | 24,249 | — |
| Housing and community development | 368,060 | — | 368,060 | — |
| Low and moderate income housing redevelopment | 328,255 | — | 328,255 | — |
| Other purposes | 59,108 | — | 59,108 | 24,359 |
| Unrestricted (deficit) | (2,043,187) | 28,807 | (2,014,380) | 198,169 |
| TOTAL NET POSITION | \$ (161,080) | \$ 257,371 | \$ 96,291 | \$ 1,388,224 |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Statement of Activities
Year Ended June 30, 2021
(In thousands)

| Functions/Programs | Program Revenue | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Port of Oakland |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 222,718 | \$ 38,376 | \$ 25,844 | \$ 3,178 | \$ (155,320) | \$ — | \$ (155,320) | |
| Public safety | 511,184 | 21,740 | 57,518 | — | (431,926) | — | (431,926) | |
| Community and human services | 134,097 | 3,339 | 40,620 | — | (90,138) | — | (90,138) | |
| Community and economic development | 186,777 | 66,450 | 52,315 | — | (68,012) | — | (68,012) | |
| Public works and transportation | 149,611 | 40,563 | 30,212 | — | (78,836) | — | (78,836) | |
| Interest on long-term debt | 63,964 | — | — | — | (63,964) | — | (63,964) | |
| TOTAL GOVERNMENTAL ACTIVITIES | 1,268,351 | 170,468 | 206,509 | 3,178 | (888,196) | — | (888,196) | |
| Business-type activities: | | | | | | | | |
| Sewer | 54,181 | 69,113 | — | — | — | 14,932 | 14,932 | |
| Parks and recreation | 725 | 651 | — | — | — | (74) | (74) | |
| TOTAL BUSINESS-TYPE ACTIVITIES | 54,906 | 69,764 | — | — | — | 14,858 | 14,858 | |
| TOTAL PRIMARY GOVERNMENT | \$ 1,323,257 | \$ 240,232 | \$ 206,509 | \$ 3,178 | (888,196) | 14,858 | (873,338) | |
| Component unit: | | | | | | | | |
| Port of Oakland | \$ 349,296 | \$ 354,139 | \$ 10,103 | \$ 24,356 | | | | \$ 39,302 |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 438,237 | — | 438,237 | — |
| State taxes (unrestricted intergovernmental revenues): | | | | | | | | |
| Sales and use taxes | | | | | 88,888 | — | 88,888 | — |
| Gas tax | | | | | 17,322 | — | 17,322 | — |
| Motor vehicle in-lieu | | | | | 318 | — | 318 | — |
| Local taxes (own source revenues): | | | | | | | | |
| Business license | | | | | 104,232 | — | 104,232 | — |
| Utility consumption | | | | | 51,801 | — | 51,801 | — |
| Real estate transfer | | | | | 113,359 | — | 113,359 | — |
| Transient occupancy | | | | | 13,497 | — | 13,497 | — |
| Parking | | | | | 11,590 | — | 11,590 | — |
| Voter-approved special tax | | | | | 93,151 | — | 93,151 | — |
| Franchise | | | | | 19,901 | — | 19,901 | — |
| Interest and investment income (loss) | | | | | 18 | (41) | (23) | 507 |
| Other | | | | | 80,250 | — | 80,250 | 38,498 |
| Transfers | | | | | 1,871 | (1,871) | — | — |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | 1,034,435 | (1,912) | 1,032,523 | 39,005 |
| Changes in net position | | | | | 146,239 | 12,946 | 159,185 | 78,307 |
| Net position - beginning, as previously reported | | | | | (309,443) | 244,425 | (65,018) | 1,309,917 |
| Cumulative effect of accounting change | | | | | 2,124 | — | 2,124 | — |
| Net position - beginning, as restated | | | | | (307,319) | 244,425 | (62,894) | 1,309,917 |
| NET POSITION - ENDING | | | | | \$ (161,080) | \$ 257,371 | \$ 96,291 | \$ 1,388,224 |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Balance Sheet
Governmental Funds
June 30, 2021
(In thousands)

| | General Fund | Federal/ State Grant Fund | Low and Moderate Income Housing Asset Fund | Municipal Capital Improvement Fund | Other Special Revenue Fund | Other Governmental Funds | Total |
|---|-------------------|---------------------------------|--|---|-------------------------------------|--------------------------------|---------------------|
| ASSETS | | | | | | | |
| Cash and investments | \$ 598,755 | \$ 105,165 | \$ 26,855 | \$ 10,170 | \$ 225,620 | \$ 61,490 | \$ 1,028,055 |
| Receivables (net of allowance for uncollectibles of \$18,131) | | | | | | | |
| Accrued interest | 313 | 45 | 13 | 5 | 113 | 28 | 517 |
| Property taxes | 6,293 | — | — | — | 5,288 | 2,600 | 14,181 |
| Accounts receivable | 58,931 | 1,204 | 3 | 457 | 3,110 | 7,947 | 71,652 |
| Grants receivable | — | 39,444 | — | — | 621 | 799 | 40,864 |
| Due from Port | 11,974 | — | — | — | — | 644 | 12,618 |
| Due from ORSA trust fund | 473 | — | 11,998 | 5,923 | — | — | 18,394 |
| Due from custodial funds | 113 | — | — | — | — | — | 113 |
| Due from other funds | 7,518 | — | — | — | — | — | 7,518 |
| Due from other governments | 12,475 | — | — | — | 7 | — | 12,482 |
| Notes and loans receivable (net of allowance for uncollectibles of \$188,999) | 11,415 | 132,325 | 257,479 | 70,854 | 810 | — | 472,883 |
| Restricted cash and investments | 50,164 | — | 1,580 | 180,245 | — | 3,484 | 235,473 |
| Property held for resale | 17,964 | — | 30,677 | 123,453 | — | — | 172,094 |
| Prepaid items | 723 | 135 | — | 1 | 285 | 45 | 1,189 |
| TOTAL ASSETS | \$ 777,111 | \$ 278,318 | \$ 328,605 | \$ 391,108 | \$ 235,854 | \$ 77,037 | \$ 2,088,033 |
| LIABILITIES | | | | | | | |
| Accounts payable and accrued liabilities | \$ 275,559 | \$ 24,497 | \$ 346 | \$ 10,589 | \$ 12,727 | \$ 3,581 | \$ 327,299 |
| Due to other funds | — | — | — | — | — | 1,414 | 1,414 |
| Due to other governments | 1,354 | — | — | — | — | — | 1,354 |
| Unearned revenue | 4,388 | 79,288 | — | — | — | — | 83,676 |
| Other | 2,777 | 3,143 | 4 | 2,292 | 12,104 | 2,211 | 22,531 |
| TOTAL LIABILITIES | 284,078 | 106,928 | 350 | 12,881 | 24,831 | 7,206 | 436,274 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue - property tax | 6,612 | — | — | — | 4,491 | 1,860 | 12,963 |
| Unavailable revenue - notes and loans | 11,415 | 132,325 | 257,442 | 70,727 | 810 | — | 472,719 |
| Unavailable revenue - grants and others | 11,040 | 17,214 | — | 198 | 411 | 344 | 29,207 |
| Unavailable revenue - loans to ORSA | — | — | 1,978 | 2,291 | — | — | 4,269 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 29,067 | 149,539 | 259,420 | 73,216 | 5,712 | 2,204 | 519,158 |
| FUND BALANCES | | | | | | | |
| Nonspendable | 18,687 | 135 | — | 1 | 285 | 45 | 19,153 |
| Restricted | 267,811 | 21,716 | 68,835 | 305,010 | — | 61,019 | 724,391 |
| Committed | 38,739 | — | — | — | 31,837 | 1,765 | 72,341 |
| Assigned | 41,786 | — | — | — | 173,189 | 5,733 | 220,708 |
| Unassigned | 96,943 | — | — | — | — | (935) | 96,008 |
| TOTAL FUND BALANCES | 463,966 | 21,851 | 68,835 | 305,011 | 205,311 | 67,627 | 1,132,601 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 777,111 | \$ 278,318 | \$ 328,605 | \$ 391,108 | \$ 235,854 | \$ 77,037 | \$ 2,088,033 |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position for Governmental Activities
June 30, 2021
(In thousands)

| | | |
|---|------------------|----------------------------|
| Fund balances - total governmental funds (page 23) | | \$ 1,132,601 |
| Amounts reported for governmental activities in the statement of net position are different due to the following: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Primary government capital assets, net of depreciation | 1,440,601 | |
| Less: internal service funds' capital assets, net of depreciation | <u>(36,283)</u> | 1,404,318 |
| Prepaid insurance premiums on long-term debt are not financial resources and, therefore, are not reported in the governmental funds. | | |
| | | 65 |
| Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds. | | |
| Interest payable on long-term debt of the primary government | (28,170) | |
| Less: interest payable on long-term debt of the internal service funds | <u>193</u> | (27,977) |
| Deferred inflows of resources recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the government-wide financial statements. | | |
| | | 519,158 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | |
| Long-term liabilities | (1,045,103) | |
| Less: long-term liabilities for internal service funds | <u>22,880</u> | (1,022,223) |
| Deferred outflows of resources in governmental activities related to losses on refunding of debt are not financial resources and, therefore, are not reported in the governmental funds. | | |
| | | 12,268 |
| Deferred inflows of resources in governmental activities related to gains on refunding of debt are not financial resources and, therefore, are not reported in the governmental funds. | | |
| | | (2,785) |
| Net pension liability, net OPEB liability, and deferred outflows of resources and deferred inflows of resources related to pensions and OPEB on the government-wide statement of net position are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | |
| Net pension liability | (1,699,582) | |
| Deferred outflows of resources related to pensions | 337,571 | |
| Deferred inflows of resources related to pensions | (2,854) | |
| Net OPEB liability | (808,052) | |
| Deferred outflows of resources related to OPEB | 215,340 | |
| Deferred inflows of resources related to OPEB | <u>(207,220)</u> | (2,164,797) |
| Internal service funds are used by the City to charge the costs of providing supplies and services, fleet and facilities management, and use of radio and communications equipment to individual funds. Assets, deferred outflows, liabilities, and deferred inflows of resources of internal service funds are included in governmental activities in the statement of net position. | | |
| | | <u>(11,708)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES (page 21) | | <u><u>\$ (161,080)</u></u> |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021
(In Thousands)

| | General Fund | Federal/ State Grant Fund | Low and Moderate Income Housing Asset Fund | Municipal Capital Improvement Fund | Other Special Revenue Fund | Other Govern- mental Funds | Total |
|--|-------------------------|--|---|---|---|---|--------------------|
| REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Property | \$ 377,175 | \$ — | \$ — | \$ — | \$ 18,481 | \$ 35,623 | \$ 431,279 |
| Sales and use | 57,825 | — | — | — | — | 31,063 | 88,888 |
| Motor vehicle in-lieu | 318 | — | — | — | — | — | 318 |
| Gas | — | — | — | — | — | 17,322 | 17,322 |
| Local taxes | 314,100 | 222 | — | — | 73,722 | 19,487 | 407,531 |
| Licenses and permits | 1,243 | — | — | — | 28,614 | 132 | 29,989 |
| Fines and penalties | 17,591 | 181 | — | 12 | 543 | 701 | 19,028 |
| Interest and investment income (loss) | (7,860) | 1,146 | 1,665 | 107 | (176) | 24 | (5,094) |
| Charges for services | 83,173 | 94 | 88 | 3,218 | 34,767 | 111 | 121,451 |
| Federal and state grants and subventions | 4,983 | 186,788 | — | — | 2,922 | 11,816 | 206,509 |
| Annuity income | 5,120 | — | — | — | — | — | 5,120 |
| Other | 33,553 | 5,632 | 14,962 | 17,606 | 4,666 | 2,310 | 78,729 |
| TOTAL REVENUES | 887,221 | 194,063 | 16,715 | 20,943 | 163,539 | 118,589 | 1,401,070 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 184,053 | 13,980 | — | 10,383 | 17,461 | 2,561 | 228,438 |
| Public safety | 446,722 | 55,518 | — | 382 | 23,943 | 479 | 527,044 |
| Community and human services | 46,613 | 59,094 | 93 | — | 62,233 | 6,259 | 174,292 |
| Community and economic development | 15,678 | 45,718 | 14,111 | 51,493 | 45,027 | 96 | 172,123 |
| Public works and transportation | 36,172 | 9,330 | — | 12,760 | 18,499 | 47,166 | 123,927 |
| Capital outlay | 3,391 | 22,469 | — | 43,494 | 1,921 | 4,694 | 75,969 |
| Debt service: | | | | | | | |
| Principal repayment | 440 | — | — | — | — | 58,058 | 58,498 |
| Bond issuance cost | 137 | — | — | — | — | 4 | 141 |
| Interest charges | 784 | — | — | — | — | 61,806 | 62,590 |
| TOTAL EXPENDITURES | 733,990 | 206,109 | 14,204 | 118,512 | 169,084 | 181,123 | 1,423,022 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 153,231 | (12,046) | 2,511 | (97,569) | (5,545) | (62,534) | (21,952) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Insurance claims and settlements | — | 100 | — | 640 | 64 | — | 804 |
| Transfers in | 10,182 | 5,859 | — | 180 | 20,660 | 78,731 | 115,612 |
| Transfers out | (103,715) | — | — | — | (1,539) | (2,314) | (107,568) |
| TOTAL OTHER FINANCING SOURCES (USES) | (93,533) | 5,959 | — | 820 | 19,185 | 76,417 | 8,848 |
| NET CHANGE IN FUND BALANCES | 59,698 | (6,087) | 2,511 | (96,749) | 13,640 | 13,883 | (13,104) |
| Fund balances - beginning, as previously reported | 404,268 | 27,938 | 66,324 | 401,760 | 191,671 | 51,620 | 1,143,581 |
| Cumulative effect of accounting change | — | — | — | — | — | 2,124 | 2,124 |
| Fund balances - beginning, as restated | 404,268 | 27,938 | 66,324 | 401,760 | 191,671 | 53,744 | 1,145,705 |
| FUND BALANCES - ENDING | \$ 463,966 | \$ 21,851 | \$ 68,835 | \$ 305,011 | \$ 205,311 | \$ 67,627 | \$1,132,601 |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities of Governmental Activities
Year Ended June 30, 2021
(In thousands)

| | | |
|--|-----------------|-------------------|
| Net change in fund balances - total governmental funds (page 25) | | \$ (13,104) |
| Amounts reported for governmental activities in the statement of activities are different due to the following: | | |
| Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlay and other capital transactions exceeds depreciation in the current period. | | |
| Primary government: | | |
| Capital asset acquisition | 96,061 | |
| Capital asset retirement | (17) | |
| Depreciation | <u>(75,724)</u> | 20,320 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in the deferred inflows during the current period | | 52,864 |
| Some expenses such as claims, workers' compensation, and vacation and sick leave reported in the statement of activities do not require the use of financial resources and, therefore, are not reported as expenditures in the governmental funds. | | (11,670) |
| The repayment of principal of long-term debt consumes the current financial resources of the governmental funds. This is the amount by which principal retirement reduces the liabilities in the statement of net position. | | 58,498 |
| 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 the government funds. | | |
| Amortization of bond premiums and discounts | 1,809 | |
| Amortization of prepaid bond insurance premium on long-term debt | (46) | |
| Amortization of deferred outflows of refunding losses and inflows of refunding gains | (1,004) | |
| Net changes in accreted interest on appreciation bonds | 26,811 | |
| Changes in accrued interest on bonds and notes payable | (1,310) | |
| Changes in Coliseum Authority pledged obligation | 5,018 | |
| Changes in mandated environmental remediation obligations | (17) | |
| Change in net pension liability and deferred outflows and inflows of resources related to pensions | (22,995) | |
| Change in net OPEB liability and deferred outflows and inflows of resources related to OPEB | 20,946 | |
| Change in fair value of the interest swap agreement | <u>512</u> | 29,724 |
| Net revenues of activities of internal service funds are reported with governmental activities | | <u>9,607</u> |
| CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 22) | | <u>\$ 146,239</u> |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Statement of Fund Net Position
Proprietary Funds
June 30, 2021
(In thousands)

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|--|---|-------------------|--------------------------------|
| | Sewer Service Fund | Nonmajor Fund Parks and Recreation | Total | Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 75,186 | \$ — | \$ 75,186 | \$ 35,253 |
| Interest receivable | 37 | — | 37 | 18 |
| Accounts receivable (net of allowance for uncollectibles of \$1,373 for the enterprise funds) | 17,136 | 6 | 17,142 | 101 |
| Inventories | — | — | — | 1,082 |
| Restricted cash and investments | — | 800 | 800 | 17,728 |
| Prepaid expenses | 34 | — | 34 | 476 |
| Total current assets | 92,393 | 806 | 93,199 | 54,658 |
| Capital assets: | | | | |
| Land and other capital assets not being depreciated | 16,965 | 434 | 17,399 | 8,083 |
| Facilities, equipment and infrastructure, net of depreciation | 236,623 | 1,217 | 237,840 | 28,200 |
| Total capital assets | 253,588 | 1,651 | 255,239 | 36,283 |
| TOTAL ASSETS | 345,981 | 2,457 | 348,438 | 90,941 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows of resources related to pensions | 876 | 32 | 908 | 1,623 |
| Deferred outflows of resources related to OPEB | 4,479 | 48 | 4,527 | 5,711 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 5,355 | 80 | 5,435 | 7,334 |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 3,063 | — | 3,063 | 4,391 |
| Accrued interest payable | 47 | 1 | 48 | 193 |
| Due to other funds | — | 1,205 | 1,205 | 4,899 |
| Other liabilities | 6 | — | 6 | 7 |
| Bonds, capital leases, notes and other payables | 2,833 | — | 2,833 | 8,774 |
| Total current liabilities | 5,949 | 1,206 | 7,155 | 18,264 |
| Non-current liabilities: | | | | |
| Bonds, capital leases, notes and other payables | 23,526 | — | 23,526 | 14,106 |
| Net pension liability | 46,604 | 312 | 46,916 | 54,876 |
| Net other postemployment benefit (OPEB) liability | 15,570 | 143 | 15,713 | 19,071 |
| Total non-current liabilities | 85,700 | 455 | 86,155 | 88,053 |
| TOTAL LIABILITIES | 91,649 | 1,661 | 93,310 | 106,317 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unamortized gains on refunding of debt | 316 | — | 316 | — |
| Deferred inflows of resources related to OPEB | 2,870 | 6 | 2,876 | 3,666 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 3,186 | 6 | 3,192 | 3,666 |
| NET POSITION | | | | |
| Net investment in capital assets | 226,913 | 1,651 | 228,564 | 31,131 |
| Unrestricted (deficit) | 29,588 | (781) | 28,807 | (42,839) |
| TOTAL NET POSITION | \$ 256,501 | \$ 870 | \$ 257,371 | \$ (11,708) |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2021
(In thousands)

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|------------------------------------|-------------------|-------------------------|
| | Sewer Service Fund | Nonmajor Fund Parks and Recreation | Total | Internal Service Funds |
| OPERATING REVENUES | | | | |
| Rental | \$ — | \$ 604 | \$ 604 | \$ — |
| Sewer services | 69,085 | 47 | 69,132 | — |
| Charges for services | — | — | — | 106,816 |
| Other | 28 | — | 28 | 125 |
| TOTAL OPERATING REVENUES | <u>69,113</u> | <u>651</u> | <u>69,764</u> | <u>106,941</u> |
| OPERATING EXPENSES | | | | |
| Personnel | 23,085 | 296 | 23,381 | 31,978 |
| Supplies | 485 | 43 | 528 | 9,692 |
| Depreciation and amortization | 7,403 | 179 | 7,582 | 11,374 |
| Contractual services and supplies | 3,297 | 2 | 3,299 | 6,289 |
| Repairs and maintenance | 7,546 | — | 7,546 | 8,991 |
| General and administrative | 7,112 | 190 | 7,302 | 10,298 |
| Rental | 2,560 | 14 | 2,574 | 2,763 |
| Other | 1,823 | 1 | 1,824 | 9,802 |
| TOTAL OPERATING EXPENSES | <u>53,311</u> | <u>725</u> | <u>54,036</u> | <u>91,187</u> |
| OPERATING INCOME (LOSS) | <u>15,802</u> | <u>(74)</u> | <u>15,728</u> | <u>15,754</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest and investment income (loss) | (41) | — | (41) | (8) |
| Interest expense | (870) | — | (870) | (682) |
| Insurance claims and settlements | — | — | — | 337 |
| Other | — | — | — | 379 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>(911)</u> | <u>—</u> | <u>(911)</u> | <u>26</u> |
| INCOME (LOSS) BEFORE TRANSFERS | 14,891 | (74) | 14,817 | 15,780 |
| Transfers out | (1,871) | — | (1,871) | (6,173) |
| Change in net position | 13,020 | (74) | 12,946 | 9,607 |
| Net position - beginning | 243,481 | 944 | 244,425 | (21,315) |
| NET POSITION - ENDING | <u>\$ 256,501</u> | <u>\$ 870</u> | <u>\$ 257,371</u> | <u>\$ (11,708)</u> |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021
(In thousands)

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|------------------------------------|------------------|-------------------------|
| | Sewer Service Fund | Nonmajor Fund Parks and Recreation | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash receipts from interfund services provided | \$ — | \$ — | \$ — | \$ 106,854 |
| Cash received from customers and users | 72,909 | — | 72,909 | — |
| Cash received from tenants for rents | — | 651 | 651 | — |
| Cash from other sources | 28 | — | 28 | 841 |
| Cash paid to employees | (21,032) | (271) | (21,303) | (29,973) |
| Cash paid to suppliers | (25,364) | (250) | (25,614) | (48,432) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>26,541</u> | <u>130</u> | <u>26,671</u> | <u>29,290</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Proceeds from interfund loans | — | 394 | 394 | 89 |
| Repayment of interfund loans | — | — | — | (296) |
| Transfers out | (1,871) | — | (1,871) | (6,173) |
| NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES | <u>(1,871)</u> | <u>394</u> | <u>(1,477)</u> | <u>(6,380)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets | (7,629) | (2) | (7,631) | (8,408) |
| Long-term debt: | | | | |
| Repayment of long-term debt | (2,370) | — | (2,370) | (13,105) |
| Interest paid on long-term debt | (1,257) | — | (1,257) | (799) |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(11,256)</u> | <u>(2)</u> | <u>(11,258)</u> | <u>(22,312)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 114 | — | 114 | 43 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | <u>13,528</u> | <u>522</u> | <u>14,050</u> | <u>641</u> |
| Cash and cash equivalents - beginning | 61,658 | 278 | 61,936 | 52,340 |
| CASH AND CASH EQUIVALENTS - ENDING | <u>\$ 75,186</u> | <u>\$ 800</u> | <u>\$ 75,986</u> | <u>\$ 52,981</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 15,802 | \$ (74) | \$ 15,728 | \$ 15,754 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Depreciation and amortization | 7,403 | 179 | 7,582 | 11,374 |
| Miscellaneous non-operating revenues | — | — | — | 716 |
| Changes in assets, liabilities, and deferred outflows and inflows of resources: | | | | |
| Receivables | 3,824 | — | 3,824 | 38 |
| Inventories | — | — | — | 3 |
| Other assets | (15) | — | (15) | 851 |
| Accounts payable and accrued liabilities | (2,526) | — | (2,526) | (1,451) |
| Net pension liability and related pension deferred items | 201 | 3 | 204 | 1,807 |
| Net OPEB liability and related OPEB deferred items | 1,852 | 22 | 1,874 | 198 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 26,541</u> | <u>\$ 130</u> | <u>\$ 26,671</u> | <u>\$ 29,290</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION | | | | |
| Cash and investments | \$ 75,186 | \$ — | \$ 75,186 | \$ 35,253 |
| Restricted cash and investments | — | 800 | 800 | 17,728 |
| TOTAL CASH AND CASH EQUIVALENTS | <u>\$ 75,186</u> | <u>\$ 800</u> | <u>\$ 75,986</u> | <u>\$ 52,981</u> |
| NON-CASH ITEMS: | | | | |
| Amortization of bond premiums | <u>\$ 343</u> | <u>\$ —</u> | <u>\$ 343</u> | <u>\$ —</u> |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021
(In thousands)

| | Pension Trust Fund | Private- Purpose Trust Funds | Custodial Funds |
|---|-----------------------------------|---|----------------------------|
| ASSETS | | | |
| Cash and investments | \$ 6,324 | \$ 62,547 | \$ — |
| Receivables: | | | |
| Accrued interest and dividends | 1,031 | 347 | — |
| Accounts receivable | — | — | 602 |
| Investments and others | 1,439 | — | — |
| Due from other funds of the City | — | 2,705 | — |
| Prepaid expenses | — | 1,501 | — |
| Restricted: | | | |
| Cash and investments: | | | |
| Short-term investments | 7,787 | 8,247 | — |
| U.S. government bonds, corporate bonds and other government bonds | 134,381 | — | — |
| Domestic equities and mutual funds | 210,506 | — | — |
| International equities and mutual funds | 58,540 | — | — |
| Alternative investments | 44,016 | — | — |
| Foreign currency contract, net | (8) | — | — |
| Total restricted cash and investments | 455,222 | 8,247 | — |
| Securities lending collateral | 48,551 | — | — |
| Loans receivable, net of allowance for uncollectibles of \$3,918 | — | 3,608 | — |
| Property held for resale | — | 2,818 | — |
| TOTAL ASSETS | 512,567 | 81,773 | 602 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Unamortized losses on refunding of debt | — | 12,272 | — |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 5,080 | 2 | — |
| Accrued interest payable | — | 4,199 | — |
| Due to other funds of the City | — | 18,394 | 113 |
| Securities lending liabilities | 48,954 | — | — |
| Other | — | 46 | — |
| Total current liabilities | 54,034 | 22,641 | 113 |
| Non-current liabilities: | | | |
| Due within one year | — | 29,820 | — |
| Due in more than one year | — | 228,397 | — |
| Total non-current liabilities | — | 258,217 | — |
| TOTAL LIABILITIES | 54,034 | 280,858 | 113 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unamortized gains on refunding of debt | — | 350 | — |
| NET POSITION RESTRICTED FOR: | | | |
| Employees' pension benefits | 458,533 | — | — |
| Redevelopment dissolution and other purposes | — | (187,163) | 489 |
| TOTAL NET POSITION | \$ 458,533 | \$ (187,163) | \$ 489 |

The notes to the basic financial statements are an integral part of this statement.

City of Oakland
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021
(In thousands)

| | Pension Trust Fund | Private- Purpose Trust Funds | Custodial Funds |
|--|-----------------------------------|---|----------------------------|
| ADDITIONS: | | | |
| Trust receipts | \$ — | \$ 43,117 | \$ — |
| Contributions: | | | |
| Employer | 43,648 | — | — |
| Investment income (loss): | | | |
| Net appreciation in fair value of investments | 84,720 | — | — |
| Interest income (loss) | 3,965 | (29) | — |
| Dividends | 2,735 | — | — |
| Securities lending | 126 | — | — |
| TOTAL INVESTMENT INCOME (LOSS) | 91,546 | (29) | — |
| Investment expenses | (1,355) | — | — |
| NET INVESTMENT INCOME (LOSS) | 90,191 | (29) | — |
| Federal and state grants | — | 218 | — |
| Other income | 1 | 425 | — |
| TOTAL ADDITIONS | 133,840 | 43,731 | — |
| DEDUCTIONS: | | | |
| Benefits to members and beneficiaries: | | | |
| Retirement | 32,157 | — | — |
| Disability | 18,804 | — | — |
| Death | 1,736 | — | — |
| TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES | 52,697 | — | — |
| Administrative expenses | 1,585 | 4,061 | — |
| Economic and workforce development | — | 290 | — |
| Other | — | 13,652 | — |
| Interest on debt | — | 12,236 | — |
| TOTAL DEDUCTIONS | 54,282 | 30,239 | — |
| Change in net position | 79,558 | 13,492 | — |
| Net position - beginning, as previously reported | 378,975 | (198,042) | — |
| Cumulative effect of accounting change | — | (2,613) | 489 |
| Net position - beginning, as restated | 378,975 | (200,655) | 489 |
| NET POSITION - ENDING | \$ 458,533 | \$ (187,163) | \$ 489 |

The notes to the basic financial statements are an integral part of this statement.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF OAKLAND
Notes to the Basic Financial Statements
Year Ended June 30, 2021

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Primary Government

The City of Oakland, California (the City or Primary Government) was incorporated on May 25, 1852, by the State of California and is organized and exists under and pursuant to the provisions of State law. The Mayor/Council form of government was established in November 1998 through Charter amendment. The legislative authority is vested in the City Council and the executive authority is vested in the Mayor with administrative authority resting with the City Administrator.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Component units are classified as blended, discretely presented or fiduciary. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are combined with the data of the Primary Government within the governmental activities column in the government-wide financial statements and governmental funds in the fund financial statements.

Fiduciary Component Unit

Oakland Redevelopment Successor Agency (ORSA) - On June 28, 2011, Assembly Bill X1 26 (AB X1 26) was enacted. This legislation is referred to herein as the Redevelopment Dissolution Law. On December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26 and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provides for successor agencies and oversight boards that are responsible for overseeing the dissolution process and wind down of redevelopment activity. At the City's meeting on January 10, 2012, the City Council affirmed its decision as part of resolution number 83679 C.M.S. to serve as the ORSA, effective February 1, 2012, and as such is a fiduciary component unit of the City. Also, in the same meeting, the City Council elected as part of resolution number 83680 C.M.S. to retain the housing assets, functions, and powers previously performed by the former Redevelopment Agency of the City of Oakland (Former Agency).

The ORSA was created to serve as a custodian for the assets and to wind down the affairs of the Former Agency. The ORSA is a separate public entity from the City, with the Oakland City Council serving as its governing board, subject to the direction of an Oversight Board. Pursuant to SB 107, as of June 30, 2020, there are seven Countywide Oversight Board members as follows:

- One appointed by the County Board of Supervisors,
- One appointed by the City selection committee,
- One appointed by the independent Special District Selection Committee,
- One appointed by the County Superintendent of Education,
- One appointed by the Chancellor of the California Community Colleges,
- One member of the public, and
- One member appointed by the recognized employee organization representing the largest number of successor agency employees in the County.

In general, the ORSA's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). ORSA will only be allocated revenue in the amount that is

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

necessary to pay the estimated annual installment payments on enforceable obligations of the Former Agency until all enforceable obligations of the Former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the ORSA's custodial role, ORSA is reported in a fiduciary fund (private-purpose trust fund) in the City's financial statements.

ORSA's separately issued financial statements may be obtained as follows:

Finance Department, Controller's Bureau
City of Oakland
150 Frank H. Ogawa Plaza, Suite 6353
Oakland, CA 94612

Blended Component Unit

Oakland Joint Powers Financing Authority (JPFA) - JPFA was formed to assist in the financing of public capital improvements. JPFA is a joint exercise agency organized under the laws of the State of California and was composed of the City and the Former Agency. The Oakland City Council serves as the governing board for JPFA. JPFA transactions are reported in other governmental funds. Related debt is included in the long-term obligations of the City in the governmental activities column of the statement of net position. AB X1 26 as amended by AB 1484 was enacted and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The dissolution law provides that ORSA is a separate legal entity from the City, with ORSA holding all of the transferred assets and obligations of the Former Agency (other than the housing assets). Therefore, ORSA assumed the Former Agency's role as a member of the JPFA as of February 1, 2012, pursuant to AB X1 26.

Discretely Presented Component Unit

Port of Oakland (Port) – The Port is a legally separate component unit established in 1927 by the City. Operations include the Oakland International Airport and the Port of Oakland Marine Terminal Facilities. Although the Port has a significant relationship with the City, it is fiscally independent and does not provide services solely to the City and, therefore, is presented discretely. All interfund transactions have been eliminated. The Port is governed by a seven-member Board of Port Commissioners (Board of Commissioners) that is appointed by the City Council, upon nomination by the Mayor. The Board of Commissioners appoints an Executive Director to administer operations. The Port prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations. The Port is required by City charter to deposit its operating revenues in the City Treasury. The City is responsible for investing and managing such funds. The Port is presented in a separate column in the government-wide financial statements.

The Port's separately issued Annual Comprehensive Financial Report may be obtained as follows:

Port of Oakland
Port Financial Services Division
530 Water Street
Oakland, CA 94607

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

B. FINANCIAL STATEMENT PRESENTATION

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. The effect of interfund activity has been removed from these statements except for interfund services provided among funds. *Governmental activities*, which are normally 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 its discretely presented component unit for which the Primary Government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial activities and resources of the general government except those required to be accounted for in another fund. These activities are funded principally by property taxes, sales and use taxes, business license taxes, utility and real estate transfer taxes, other unrestricted local taxes, interest and investment income, and charges for services.

The ***Federal/State Grant Fund*** accounts for various Federal and State grants and certain state allocations used or expended for a specific purpose, activity or program.

The ***Low and Moderate Income Housing Asset Fund (LMIHF)*** is a special revenue fund that was created to administer the housing assets and functions related to the Low and Moderate Income Housing program retained by the City following the dissolution of the Former Agency. Prior to the dissolution of redevelopment agencies, the LMIHF accounted for the Former Agency's affordable housing activities, including the 20% redevelopment property tax revenue set-aside for low and moderate income housing and related expenditures. Upon dissolution of the Former Agency and the City Council's election to retain the housing activities previously funded by the Former Agency, the City created LMIHF and transferred the assets and affordable housing activities.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

The ***Municipal Capital Improvement Fund*** accounts primarily for monies pertaining to capital improvement funds, which includes mainly capital financing projects funds:

- *Oakland Redevelopment Successor Agency* - Unspent bond proceeds transferred to the City. The California Department of Finance approved the bond expenditure agreement between ORSA and the City to transfer excess tax allocation bond proceeds to the City. The Bond Spending Plan allows ORSA to utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants.
- *Measure DD* - Capital improvement bond financing funds for clean water, safe parks, and open space trust for the City.
- *Measure KK* - Capital improvement bond financing funds to improve public safety and finance transportation infrastructure improvements, affordable housing, and neighborhood services.
- *Measure G* – Capital improvement bond financing funds for Oakland Zoo, Museum and Chabot Space and Science Center improvements.
- *Master Lease Agreement Financing* – Capital improvement for vehicles and equipment, and telecommunications.
- *Other miscellaneous capital improvement funds* - The fund comprises other municipal capital improvement funds, which may be used for the lease, acquisition, construction, or other improvements of public facilities.

The ***Other Special Revenue Fund*** accounts for activities of several special revenue funds, which include mainly the following local measures and funds:

- *Measure Z: The Public Safety and Services Violence Prevention Act of 2014*. The measure provides for the following services: Community Resource Officers, crime reduction teams, fire services, and violence prevention strategies (Oakland Unite).
- *Measure C - Oakland Hotel Tax*. This additional transient occupancy tax was approved to fund the following entities: Oakland Convention and Visitors Bureau 50%, Oakland Zoo 12.5%, Oakland Museum of California 12.5%, Chabot Space and Science Center 12.5%, and the City Cultural Arts Programs and Festivals 12.5%.
- *Measure Q (2004) - Library Services Retention and Enhancement*. In March 2004, the electorate of Oakland approved, by more than a two-thirds majority, the extension of the Library Services and Retention Act, Measure Q (formerly known as Measure O). The act re-authorized and increased a special parcel tax on residential and non-residential parcels for the purpose of raising revenue to retain and enhance library services. The term of the tax is 20 years, commencing July 1, 2004 and ending June 30, 2024.
- *Measure D - Oakland Public Library Preservation Act*. This additional parcel tax was approved by Oakland voters in June 2018, establishing a supplementary funding source for library services, material, and programs. The term of the tax is 20 years, commencing July 1, 2018 and ending June 30, 2038.
- *Measure Q (2020) - Parks and Recreation Preservation, Litter Reduction, and Homelessness Support*. In March 2020, the electorate of Oakland approved, by more than a two-thirds majority, a parcel tax for parks, homeless services, and litter reduction. The term of the tax is 20 years, commencing July 1, 2020 and ending June 30, 2040.
- *Measure W - Vacant Property Tax Act*. In November 2018, the electorate of Oakland approved, by more than a two-thirds majority, a parcel tax on vacant properties to be utilized for homelessness programs and services, affordable housing, code enforcement, and clean-up of blighted properties and illegal dumping. The term of the tax is 20 years, commencing July 1, 2020 and ending June 30, 2040.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

- *Measure WW - East Bay Regional Park District local grant program.* The funds are for various Oakland parks and open space renovation projects.
- *Measure N - Paramedics Services Act.* The revenue from the measure increases, enhances, and supports paramedic services in the City.
- *Oakland Kids' First Fund.* The charter requires 3 percent of the City's unrestricted general purpose fund revenues for the fund. The revenues provide additional funding for programs and services benefiting children and youth.
- *Development Services Fund.* The revenue sources for the development service fund will be the fees and penalties for development and enforcement activities, such as land use, permit, inspection, and abatement services for both direct and indirect costs.
- *Other miscellaneous special revenue funds.* Accounts for several other restricted monies that are classified as special revenue funds.

The City reports the following major enterprise fund:

The ***Sewer Service Fund*** accounts for the sewer service charges received by the City based on the use of water by East Bay Municipal Utility District customers residing in the City. The proceeds from the sewer charges are used for the construction and maintenance of sanitary sewers and storm drains and the administrative costs of the fund.

Additionally, the City reports the following funds:

The ***Internal Service Funds*** account for the purchases of automotive and rolling equipment; radio and other communication equipment; the repair and maintenance of City facilities; acquisition, maintenance and provision of reproduction equipment and services; acquisition of inventory provided to various City departments on a cost reimbursement basis; procurement of materials, supplies, and services for City departments; and the service and maintenance of City information technology systems.

The ***Pension Trust Fund*** accounts for the closed benefit plan that covers uniformed employees hired prior to July 1976.

The ***Private-Purpose Trust Funds*** include: (a) the Oakland Redevelopment Successor Agency Trust Fund, which accounts for the custodial responsibilities that are assigned to the Oakland Redevelopment Successor Agency with passage of AB X1 26 and (b) the Other Private-Purpose Trust Fund, which accounts for the Telecommunications Sinking Fund, which holds deposits made by the owners of permitted telecommunications facilities to cover the costs of removing the facility if abandoned.

The ***Custodial Funds*** include various City funds established to report fiduciary activities not held in a trust or equivalent arrangement.

C. 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 fund and fiduciary fund financial statements. 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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available for the year levied and if they are collected within 60 days of the end of the fiscal period. All other revenues are considered to be available if they are collected within 90 days of the end of the fiscal period. Expenditures 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, state and local taxes, grants, licenses, charges for services, and interest and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Special assessments are recorded as revenues and receivables to the extent installments are considered available. The estimated installments receivable not considered available, as defined above, are recorded as receivables and offset by deferred inflows of resources.

Charges between the City and the Port are not eliminated because the elimination of these charges would distort the direct costs and revenues reported.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: sewers, golf courses, information technology and support, vehicle acquisition and maintenance, radio and telecommunication support charges, charges for facilities maintenance, and reproduction services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

E. New Pronouncements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The City implemented this statement as of July 1, 2020.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

As a result, the City restated net position/ fund balance as of June 30, 2020 as follows:

| | Beginning Net Position/Fund Balance, As Previously Reported | Cumulative Effect of Change in Accounting Principle | Beginning Net Position/Fund Balance, As Restated |
|---|--|--|---|
| Primary Government: | | | |
| Governmental Activities | \$ (309,443) | \$ 2,124 | \$ (307,319) |
| Business-Type Activities | 244,425 | — | 244,425 |
| Total Primary Government | \$ (65,018) | \$ 2,124 | \$ (62,894) |
| Governmental Funds: | | | |
| General Fund | \$ 404,268 | \$ — | \$ 404,268 |
| Federal/State Grant Fund | 27,938 | — | 27,938 |
| Low and Moderate Income Housing Asset Fund | 66,324 | — | 66,324 |
| Municipal Capital Improvement | 401,760 | — | 401,760 |
| Other Special Revenue | 191,671 | — | 191,671 |
| Other Governmental Funds | 51,620 | 2,124 | 53,744 |
| Total Governmental Funds | \$ 1,143,581 | \$ 2,124 | \$ 1,145,705 |
| Fiduciary Funds: | | | |
| Pension Trust Fund | \$ 378,975 | \$ — | \$ 378,975 |
| Private-Purpose Trust Funds | (198,042) | (2,613) | (200,655) |
| Custodial Funds | — | 489 | 489 |
| Total Fiduciary Funds | \$ 180,933 | \$ (2,124) | \$ 178,809 |

During the year ended June 30, 2021 the City adopted GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The adoption of this statement did not have a material impact on the City's June 30, 2021 financial statements.

During the year ended June 30, 2021 the City adopted GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The adoption of this statement did not have a material impact on the City's June 30, 2021 financial statements.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements, which have been updated to reflect revised effective dates as applicable:

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of the statement is to improve the accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the consistency of information about governments' leasing activities. The requirements of this statement are effective for the City's fiscal year ending June 30, 2022.
- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the City's fiscal year ending June 30, 2022.
- In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.
- In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain provisions of this statement became effective upon issuance. The remaining requirements of this statement are effective for the City's fiscal year ending June 30, 2022.
- In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objectives of this statement are to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. The removal of LIBOR as an appropriate benchmark interest rate and all other requirements of this statement are effective for the City's fiscal year ending June 30, 2022.
- In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.
- In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability;

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

(3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.

- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of the statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the City's fiscal year ending June 30, 2022.

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Cash and Investments

The City follows the practice of pooling cash of all operating funds for investment, except for the ORSA and the Police and Fire Retirement System (PFRS), whose funds are primarily held by outside custodians. The City measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, using observable market transactions or available market information. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end, and it includes the effects of these adjustments in income for that fiscal year.

Income earned or losses arising from the investment of pooled cash are allocated on a monthly basis to the participating funds and component units based on their proportionate share of the average daily cash balance.

Proceeds from debt and other cash and investments held by fiscal agents by agreement are classified as restricted assets.

For purposes of the statement of cash flows, the City considers all highly liquid unrestricted and restricted investments with a maturity of three months or less when purchased to be cash equivalents. The proprietary funds' investments in the City's cash and investment pool are, in substance, demand deposits and are therefore considered to be cash equivalents.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

2. Property Taxes

The County of Alameda is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state law, and for remitting such amounts to the City. Property taxes are assessed and levied as of July 1 on all taxable property located in the City, and result in a lien on real property on January 1. Property taxes are then due in two equal installments—the first on November 1 and the second on February 1 of the following calendar year and are delinquent after December 10 and April 10, respectively. General property taxes are limited to a flat 1% rate applied to the 1975-76 full value of the property, or 1% of the sales price of the property or of the construction value added after the 1975-76 valuation. Assessed values on properties (exclusive of increases related to sales and construction) can rise a maximum of 2% per year. Taxes were levied at the maximum 1% rate during the year ended June 30, 2021.

3. Due From/Due To Other Funds and Internal Balances

During the course of operations, numerous transactions and borrowings occur between individual funds for goods provided or services rendered and funds that have overdrawn their share of pooled cash and interfund loans. In the fund financial statements, these receivables and payables are classified as “due from other funds” and “due to other funds”, respectively. In the government-wide financial statements, these receivables and payables are eliminated within the governmental activities and business-type activities columns. Net receivables and payables between the governmental activities and business-type activities are classified as internal balances.

4. Interfund Transfers

In the fund financial statements, interfund transfers are recorded as transfers in/out except for certain types of transactions that are described below:

- Charges for services are recorded as revenues of the performing fund and expenditures/expenses of the requesting fund. Unbilled costs are recognized as an asset of the performing fund and a liability of the requesting fund at the end of the fiscal year.
- Reimbursements for expenditures, initially made by one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. Reimbursements are eliminated for purposes of government-wide reporting.

5. Prepaid Bond Insurance, Original Issue Discounts and Premiums, and Refundings

Prepaid bond insurance costs are amortized using the straight-line method over the life of the bonds. Amortization of these balances is recorded as a component of operating expenses. In the government-wide, proprietary fund, and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized using the straight-line method over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from refunding of debt are reported as deferred inflows or outflows of resources and amortized over the shorter of the life of the refunded debt or refunding debt. Amortizations of bond premiums and discounts and gains or losses from refunding of debt are recorded as a component of interest expense.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Inventories

Inventories, consisting of materials and supplies held for consumption, are stated at cost. Cost is calculated using the average cost method. Inventory items are considered expensed when consumed rather than when purchased.

7. Capital Assets

Capital assets, which include land, museum collections, intangibles, construction in progress, facilities and improvements, furniture, machinery and equipment, infrastructure (e.g., streets, streetlights, traffic signals, and parks), sewers, and storm drains, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such 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. Capital outlay is recorded as expenditures in the governmental funds and as assets in the government-wide and proprietary financial statements to the extent the City's capitalization threshold is met. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life is not capitalized.

The City has a collection of artwork presented for public exhibition and education that is being preserved for future generations. These items are protected, kept unencumbered, cared for, and preserved by the City. The proceeds from the sale of any pieces of the collection are used to purchase other acquisitions for the collection. However, future acquisitions purchased with authorized budgeted City funds during a fiscal year will be reported as non-depreciable assets in the City's financial statements.

The City's depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|------------------------------------|------------|
| Facilities and improvements | 5-40 years |
| Furniture, machinery and equipment | 2-20 years |
| Sewer and storm drains | 50 years |
| Infrastructure | 5-50 years |

The Port's depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|---------------------------|-------------|
| Building and improvements | 5-50 years |
| Container cranes | 25 years |
| Infrastructure | 10-50 years |
| Other equipment | 3-40 years |
| Software | 3-10 years |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

8. Property Held for Resale

Property held for resale was primarily acquired as part of the Former Agency's redevelopment program. These properties are both residential and commercial. Costs of administering the projects are charged to the municipal capital improvement fund as expenditures are incurred. A primary function of the redevelopment process is to prepare land for specific private development. For financial statement presentation, property held for resale is stated at the lower of estimated cost or estimated conveyance value. Estimated conveyance value is management's estimate of net realizable value of each property parcel based on its current intended use.

During the period it is held by the City, property held for resale may generate rental or operating income. This income is recognized as it is earned in the City's statement of activities and generally is recognized in the City's governmental funds in the same period depending on when the income becomes available on a modified accrual basis of accounting. The City does not depreciate property held for resale, as it is the intention of the City to only hold the property for a period of time until it can be resold for development.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for *deferred outflows of resources*. This separate financial statement element 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. The City has deferred outflows of resources related to pension and OPEB contributions subsequent to measurement date and other pension and OPEB related deferred outflows. Also, losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. Amortization of these balances is recorded as a component of interest expense.

In addition to liabilities, the statement of net position and governmental funds balance sheet will report a separate section for *deferred inflows of resources*. This separate financial statement element 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. The City has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, notes and loan receivables, grant receivables/advances from the federal government and State, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available. The City also has deferred inflows of resources related to the unamortized gains on refunding of debt and pension and OPEB related deferred inflows.

10. Compensated Absences – Accrued Vacation, Sick Leave, and Compensatory Time

The City's policy and its agreements with employee groups permit employees to accumulate earned but unused vested vacation, sick leave and other compensatory time. All earned compensatory time is accrued when incurred in the government-wide financial statements and the proprietary funds financial statements. A liability for these amounts is reported in the governmental funds only if they are due and payable.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

11. Retirement Plans

The City has three defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), and the Miscellaneous and the Public Safety Plans of the California Public Employees' Retirement System (CalPERS) (collectively, the Retirement Plans). For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Retirement Plans and additions to/ deductions from the Retirement Plans' fiduciary net position have been determined on the same basis as they are reported by PFRS and CalPERS. Employer contributions and member contributions made by the employer to the Retirement Plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the provisions of the Retirement Plans. Refer to Note III, part A for additional information.

12. Other Postemployment Benefits (OPEB)

The City's OPEB plan covers the City's police, fire, and other (miscellaneous) employees. City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. Retiree health benefits are described in the labor agreements between the City and local unions and in City resolutions. The demographic rates used for CalPERS were public safety employees retirements benefits under a 3 percent at 50 formula and miscellaneous employees retirement benefits under a 2.7 percent at 55 formula. In addition, the Port's Retiree Healthcare Plan covers the Port's employees. Refer to Note III, part B for additional information.

13. Pollution Remediation Obligations

The City and the Port record liabilities related to pollution remediation activities. See Note II, part G and Note III, part C.4 for additional information.

14. Fund Balances

Governmental funds classify fund balances based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. Fund balance for the City's governmental funds consists of the following categories:

- *Nonspendable Fund Balance*: includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to be maintained intact. Items that are not expected to be converted to cash, for example, inventories and prepaid amounts, are included in this classification, as well as property held for sale when no restrictions apply to the use of proceeds.
- *Restricted Fund Balance*: includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. It also includes a legally enforceable requirement that the resources can only be used for specific purposes enumerated in the law.
- *Committed Fund Balance*: includes amounts that can only be used for the specific purposes determined by City Council ordinance, which is the City's highest level of decision-making

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

authority. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

- *Assigned Fund Balance*: comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed through City Council budgetary action, which includes appropriations and revenue sources pertaining to the next fiscal year's budget. The City Council adopted a resolution establishing the City's policy budget, which states that assigned fund balances are intended to be used for specific purposes through City Council budgetary actions. Intent is expressed by (a) the City Council or (b) the City Administrator to which the City Council has delegated the authority to assign amounts to be used for specific purposes. This category includes the City's encumbrances, project carry-forwards, and continuing appropriations.
- *Unassigned Fund Balance*: are amounts technically available for any purpose. It is the residual classification for the general fund and includes all amounts not contained in the other classifications. Other governmental funds may only report a negative unassigned balance that was created after classification of restricted, committed, and assigned fund balance.

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Fund balances for all the major and nonmajor governmental funds as of June 30, 2021, were distributed as follows (in thousands):

| | General Fund | Federal/State Grant Fund | LMIHF ¹ | Municipal Capital Improvement Fund | Other Special Revenue Fund | Other Governmental Funds | Total |
|--|-------------------|--------------------------|--------------------|------------------------------------|----------------------------|--------------------------|---------------------|
| Nonspendable: | | | | | | | |
| Prepaid items | \$ 723 | \$ 135 | \$ — | \$ 1 | \$ 285 | \$ 45 | 1,189 |
| Property held for resale with no restrictions on use of proceeds | 17,964 | — | — | — | — | — | 17,964 |
| Total nonspendable | 18,687 | 135 | — | 1 | 285 | 45 | 19,153 |
| Restricted for: | | | | | | | |
| Capital projects | — | 21,716 | 1,580 | 181,557 | — | 37,045 | 241,898 |
| Pension obligations annuity | 50,164 | — | — | — | — | — | 50,164 |
| Pension obligations PFRS | 217,647 | — | — | — | — | — | 217,647 |
| Debt service | — | — | — | — | — | 23,974 | 23,974 |
| Property held for sale | — | — | 30,677 | 123,453 | — | — | 154,130 |
| Housing projects | — | — | 36,578 | — | — | — | 36,578 |
| Total restricted | 267,811 | 21,716 | 68,835 | 305,010 | — | 61,019 | 724,391 |
| Committed for: | | | | | | | |
| Vital services | 251 | — | — | — | — | — | 251 |
| Affordable housing | 38,488 | — | — | — | — | — | 38,488 |
| Measure Q, Library, Kids First, and museum trust | — | — | — | — | 31,837 | 1,765 | 33,602 |
| Total committed | 38,739 | — | — | — | 31,837 | 1,765 | 72,341 |
| Assigned for: | | | | | | | |
| Measure HH projects | 7,825 | — | — | — | — | — | 7,825 |
| Capital projects | 3,724 | — | — | — | 173,189 | — | 176,913 |
| General government | 7,704 | — | — | — | — | — | 7,704 |
| Public safety | 9,993 | — | — | — | — | — | 9,993 |
| Community and human services | 2,452 | — | — | — | — | 5,733 | 8,185 |
| Community and economic development | 4,073 | — | — | — | — | — | 4,073 |
| Public works and transportation | 6,015 | — | — | — | — | — | 6,015 |
| Total assigned | 41,786 | — | — | — | 173,189 | 5,733 | 220,708 |
| Unassigned | 96,943 | — | — | — | — | (935) | 96,008 |
| Total | \$ 463,966 | \$ 21,851 | \$ 68,835 | \$ 305,011 | \$ 205,311 | \$ 67,627 | \$ 1,132,601 |

¹ Low and Moderate Income Housing Asset Fund

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

General Fund Balance Reserve Policy: The City Council approved the original City Reserve Policy on March 22, 1994. Creation of the policy was to help pay any unanticipated expenditures and pay for claims arising from the City’s insurance program. In May 2010, the City adopted a revised reserve policy equal to seven and one-half percent (7.5%) for unassigned fund balance of the General Purpose Fund (GPF) appropriation for each fiscal year. The GPF accounts for the City’s operating budget that pays for basic programs and services as well as elected offices and municipal business functions. The GPF is reported within the general fund.

On May 15, 2018, the City Council revised the definition and use of excess Real Estate Transfer Tax (RETT) revenues and the use of one-time revenues (Ordinance No. 13487 C.M.S.). The policy defines excess Real Estate Transfer Tax as any amounts of RETT revenues whose value exceeds 15 percent of the corresponding GPF Tax Revenues (inclusive of RETT). The excess RETT shall be used in the following manner:

- At least 25 percent shall be allocated to the Vital Services Stabilization Fund until the value in such fund is projected to equal to 15 percent of GPF revenues over the coming fiscal year.
- At least 25 percent shall be used to fund accelerated debt retirement and unfunded long-term obligations, including negative fund balances, the PFRS liability, other unfunded retirement and pension liabilities, unfunded paid leave liabilities, and OPEB liabilities.
- The remainder shall be used to fund one-time expenses, augment the General Purpose Fund Emergency Reserve, and to augment the Capital Improvements Reserve Fund.

Use of the “excess” RETT revenue for purposes other than those established above may only be allowed by majority vote of the City Council through a separate resolution.

The policy also requires the City to conform to the following regarding the use of one-time discretionary revenue:

- Fiscal prudence requires that any unrestricted one-time revenues be used for one-time expenses. Therefore, one-time revenues shall be used in the following manner, unless they are legally restricted to other purposes: to fund one-time expenditures, to fund debt retirement and unfunded long-term obligations such as negative fund balances, PFRS unfunded liabilities, CalPERS pension unfunded liabilities, paid leave unfunded liabilities, and OPEB unfunded liabilities; or shall remain as fund balance.

Use of “one-time revenues” for purposes other than those established may only be allowed by a majority vote of the City Council through a separate resolution. Additionally, the policy includes the requirement that the City maintain a Vital Services Stabilization Fund (VSSF). In years when the City forecasts that total GPF revenues will be less than the current year's revenues, or anytime significant service reductions, such as layoffs or furloughs, are contemplated due to adverse financial conditions, use of this fund must be considered to maintain existing services. Use of the VSSF must be authorized by City Council resolution. The resolution shall explain the need for using the VSSF. The resolution shall also include steps the City will take in order to replenish the VSSF in future years.

In June 2020, City Council adopted Resolution 88174 to make mid-cycle budget adjustments for fiscal year 2020-21. These adjustments included the appropriation of \$14.6 million from the VSSF to support general fund services. At June 30, 2021, the general fund reported the remaining Vital Services Stabilization reserve of \$0.3 million as committed fund balance. The City anticipates restoring this reserve to policy levels over time and included appropriations of \$5.0 million for this purpose in its adopted biennial budget for the fiscal years ending June 30, 2022 and June 30, 2023.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

As of June 30, 2021, the City has \$96.9 million of unassigned general fund balance of which \$52.7 million represents the General Purpose Fund Emergency Reserve. The City's Consolidated Fiscal Policy mandates a General Purpose Emergency Reserve equal to 7.5 percent of General Purpose Fund appropriations, or \$48.3 million for FY 2020-21, and requires the City Administrator to present a strategy to the City Council when reserves fall below this level.

15. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net Investment in Capital Assets* groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt and debt-related deferred outflows and inflows of resources that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* represents net position that has external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- *Unrestricted Net Position* represents net position of the City that is not restricted for any project or purpose.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

II DETAILED NOTES ON ALL FUNDS

A. CASH, DEPOSIT, AND INVESTMENTS

The City maintains a cash and investment pool consisting of City funds and cash held for PFRS and the Port. The City's funds are invested according to the investment policy adopted by the City Council. The objectives of the policy are legality, safety, liquidity, diversity, and yield. The policy addresses soundness of financial institutions in which the City can deposit funds, types of investment instruments permitted by the California Government Code, duration of the investments, and the percentage of the portfolio that may be invested in:

| Investment Type | Maximum Maturity | Maximum Portfolio Exposure | Maximum Issuer Exposure | Credit Requirement |
|--|-------------------------|-----------------------------------|--------------------------------|---------------------------------------|
| U.S. Treasury Securities | 5 years | 20% | n/a | n/a |
| Federal Agencies and Instrumentalities | 5 years | none | n/a | n/a |
| Banker's Acceptances | 180 days | 40% | 5% | A1, P1 or F1 or better |
| Commercial Paper | 270 days | 25% | 5% | A1, P1 or F1 or better |
| Asset-backed Commercial Paper | 270 days | 25% | 5% | A1, P1 or F1 or better |
| Local Government Investment Pools | n/a | 20% | n/a | Top ranking |
| Medium Term Notes | 5 years | 30% | 5% | A3, A- or A- or better |
| Negotiable Certificates of Deposits | 5 years | 30% | 5% | A, A2 or A or better |
| Repurchase Agreements | 360 days | none | n/a | Collateral limited to U.S. securities |
| Reverse Repurchase Agreements | 92 days | 20% | n/a | Limited to primary dealers |
| Secured Obligations and Agreements | 2 years | 20% | 5% | AA or better |
| Certificates of Deposit | 360 days | n/a | n/a | A, A2 or A or better |
| Money Market Mutual Funds | n/a | 20% | n/a | Top ranking |
| State Investment Pool (LAIF) | n/a | none | n/a | n/a |
| Local City/Agency Bonds | 5 years | none | 5% | n/a |
| State of California Obligations and Others | 5 years | none | 5% | n/a |
| Other Local Agency Bonds | 5 years | none | 5% | n/a |
| Deposits - Private Placement | n/a | 50% | 10% | n/a |
| Supranationals | 5 years | 30% | n/a | AA or better |
| Public Bank Obligations | 5 years | none | n/a | n/a |

The City's investment policy stipulates that the collateral to back up repurchase agreements be priced at market value and be held in safekeeping by the City's primary custodian. Additionally, the City Council has adopted certain requirements prohibiting investments in nuclear weapons makers and restricting investments in U.S. Treasury bills and notes due to their use in funding nuclear weapons research and production. The City has also adopted divestiture resolutions limiting investments in firms deriving business from tobacco products, fossil fuels, firearms, and immigration enforcement.

Other deposits and investments are invested pursuant to the governing bond covenants, deferred compensation plans, or retirement systems' investment policies. Under the investment policies, the investment counsel is given the full authority to accomplish the objectives of the bond covenants or retirement systems subject to the discretionary limits set forth in the policies.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

As of June 30, 2021, total City cash, deposits, and investments at fair value are as follows (in thousands):

| | Primary Government | | Fiduciary Funds | | Total | Component Unit |
|---------------------------------|-------------------------|--------------------------|--------------------|-----------------------------|---------------------|-------------------|
| | Governmental Activities | Business-type Activities | Pension Trust Fund | Private-Purpose Trust Funds | | Port |
| Cash and investments | \$ 1,063,308 | \$ 75,186 | \$ 6,324 | \$ 62,547 | \$ 1,207,365 | \$ 502,032 |
| Restricted cash and investments | 253,201 | 800 | 455,222 | 8,247 | 717,470 | 68,545 |
| Securities lending collateral | — | — | 48,551 | — | 48,551 | — |
| Total | \$ 1,316,509 | \$ 75,986 | \$ 510,097 | \$ 70,794 | \$ 1,973,386 | \$ 570,577 |
| City pooled deposits | | | | | \$ 20,366 | \$ — |
| City pooled investments | | | | | 1,127,608 | 523,951 |
| City restricted investments | | | | | 253,122 | — |
| PFRS restricted investments | | | | | 503,773 | — |
| ORSA deposits | | | | | 10,272 | — |
| ORSA investments | | | | | 58,245 | — |
| Port's cash and investments | | | | | — | 46,626 |
| Total | | | | | \$ 1,973,386 | \$ 570,577 |

Primary Government

Hierarchy of Inputs: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Fixed income investments are valued using a variety of techniques such as matrix pricing, market corroborated pricing inputs such as yield curve, and other market related data and classified in Level 2 of the fair value hierarchy. Money market mutual funds and LAIF have maturities of one year or less from fiscal year-end and are not subject to classification in the fair value hierarchy.

The City's pooled and restricted investments have the following recurring fair value measurements as of June 30, 2021 (in thousands):

| | Level One | Level Two | Level Three | Total |
|---|---------------|---------------------|------------------|---------------------|
| Investment by fair value level: | | | | |
| U.S. Government Agency Securities | \$ — | \$ 1,290,562 | \$ — | \$ 1,290,562 |
| Medium Term Notes | — | 3,983 | — | 3,983 |
| Negotiable Certificates of Deposit | — | 70,008 | — | 70,008 |
| U.S. Treasury Bills | 366 | — | — | 366 |
| Annuity Contracts | — | — | 48,000 | 48,000 |
| Total investments by fair value level | \$ 366 | \$ 1,364,553 | \$ 48,000 | 1,412,919 |
| Investments measured at net asset value (NAV): | | | | |
| Money Market Mutual Funds | | | | 416,756 |
| Local Agency Investment Fund (LAIF) | | | | 75,006 |
| Total investment measured at fair value | | | | \$ 1,904,681 |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the City may be unable to recover the value of the investments or collateral securities in the possession of an outside party. To protect against fraud and potential losses from the financial collapse of securities dealers, all securities owned by the City shall be held in the name of the City for safekeeping by a third party bank trust department, acting as an agent for the City under the terms of the custody agreement.

At June 30, 2021, the carrying amount of the City's deposits was \$20.4 million. Deposits include checking accounts, interest earning savings accounts, and money market accounts. The bank balance of \$20.7 million was covered by FDIC insurance or collateralized with securities held by the pledging financial institution in the City's name, in accordance with Section 53652 of the California Government Code.

The California Government Code requires that a financial institution secure its deposits made by state or local government units by pledging securities in an undivided collateral pool held by the depository regulated under the State law (unless so waived by the government units). The fair value of the pledged government securities and/or first trust deed mortgage notes held in the collateral pool must be at least 110 percent and 150 percent, respectively, of the deposit amount. The collateral must be held by the pledging financial institution's trust department and is considered held in the City's name.

Credit Risk: Credit risk represents the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. The most effective method for minimizing the risk of default by an issuer is to invest in high quality securities. Under the City investment policy, short-term debt shall be rated at least A-1 by S&P Global Ratings (S&P), at the time security is purchased. Long-term debt shall be rated at least A by S&P. Per the California Debt and Management Advisory Commission (CDIAC), it is recommended that the portfolio be monitored, as practical, for subsequent changes in credit rating of existing securities.

The following tables show the City's credit risk for the pooled and restricted investment portfolios as of June 30, 2021 (in thousands):

Pooled Investments

| | Ratings as of June 30, 2021 | | | | | |
|--|-----------------------------|-------------------|--------------------|-----------------|------------------|------------------|
| | Fair Value | AAA | AA | A | A-1 | Not Rated |
| U.S Government Agency Securities (Coupon/Bullet) | \$ 458,724 | \$ — | \$ 458,724 | \$ — | \$ — | \$ — |
| U.S Government Agency Securities (Discount) | 828,838 | — | 828,838 | — | — | — |
| Medium Term Notes | 3,983 | — | — | 3,983 | — | — |
| Money Market Mutual Funds | 215,000 | 215,000 | — | — | — | — |
| Local Agency Investments Fund (LAIF) | 75,006 | — | — | — | — | 75,006 |
| Negotiable Certificates of Deposit | 70,008 | — | — | — | 70,008 | — |
| Total pooled investments | \$1,651,559 | \$ 215,000 | \$1,287,562 | \$ 3,983 | \$ 70,008 | \$ 75,006 |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Restricted Investments

| | Fair Value | Ratings as of June 30, 2021 | | | |
|-------------------------------------|------------------|-----------------------------|-----------------|-------------|------------------|
| | | AAA | AA | A-1 | Not Rated |
| U.S Government Agency Securities | \$ 3,000 | \$ — | \$ 3,000 | \$ — | \$ — |
| Money Market Mutual Funds | 201,756 | 199,588 | — | — | 2,168 |
| U.S. Treasury Bills | 366 | 366 | — | — | — |
| Annuity Contracts | 48,000 | — | — | — | 48,000 |
| Total Restricted Investments | \$253,122 | \$199,954 | \$ 3,000 | \$ — | \$ 50,168 |

Concentration of Credit Risk: The City has an Investment Policy related to the City's cash and investment pool, which is subject to annual review. Under the City's Investment Policy, no more than five percent (5%) of the total investments held by the City may be invested in the securities of any one issuer, except the obligations of the United States government or government-sponsored enterprises, repurchase agreements and reverse purchase agreements, certificates of deposit, money market mutual funds, supranationals, public bank obligations, investment with the Local Agency Investment Fund, and proceeds of or pledged revenues for any tax and revenue anticipation notes. In addition, no more than ten percent (10%) of the total investments held by the City may be privately placed as deposits with one issuer. Per the Investment Policy, investments should conform to Sections 53600 et seq. of the California Government Code and the applicable limitations contained within the policy. Certain other investments are governed by bond covenants, which do not restrict the amount of investment in any one issuer.

Investments in issuers that exceed 5 percent of the City's pooled investment portfolio at June 30, 2021 are as follows (in thousands):

| Investment Type/Issuer | Amount | Percent of City's Investment Portfolio |
|------------------------------------|------------|--|
| U.S. Government Agency Securities: | | |
| Federal Home Loan Bank | \$ 622,020 | 37.7 % |
| Federal Farm Credit Bank | 604,556 | 36.6 % |

Interest Rate Risk: This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. The longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates.

As a means for limiting its exposure to changing interest rates, Section 53601 of the State of California Government Code and the City's Investment Policy limit certain investments to short-term maturities such as certificates of deposit and commercial paper, whose maturities are limited to 360 days and 270 days, respectively. Also, Section 53601 of the State of California Government Code limits the maximum maturity of any investment to be no longer than 5 years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants. The City continues to purchase a combination of short-term and long-term investments to minimize such risks.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

The City uses the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2021, the City had the following investments and original maturities (in thousands):

Pooled Investments

| Investment Type | Fair Value | Interest Rates (%) | Maturity | | |
|---|---------------------|--------------------|---------------------|-------------------|-------------------|
| | | | 12 Months or Less | 1-3 Years | 3-5 Years |
| U.S. Government Agency Securities (Coupon/Bullet) | \$ 458,724 | 0.04-1.25 | \$ 143,798 | \$ 124,065 | \$ 190,861 |
| U.S. Government Agency Securities (Discount) | 828,838 | 0.00-0.07 | 828,838 | — | — |
| Medium Term Notes | 3,983 | 0.65 | — | 3,983 | — |
| Money Market Mutual Funds | 215,000 | 0.01-0.03 | 215,000 | — | — |
| Local Agency Investment Fund (LAIF) | 75,006 | 0.26 | 75,006 | — | — |
| Negotiable Certificates of Deposit | 70,008 | 0.03-0.08 | 70,008 | — | — |
| Total pooled investments | \$ 1,651,559 | | \$ 1,332,650 | \$ 128,048 | \$ 190,861 |

Restricted Investments

| Investment Type | Fair Value | Interest Rates (%) | Maturity | | | |
|-------------------------------------|-------------------|--------------------|-------------------|-------------|-------------|------------------|
| | | | 12 Months or Less | 1-3 Years | 3-5 Years | 5 Years or More |
| U.S. Government Agency Securities | \$ 3,000 | 0.15 | \$ 3,000 | \$ — | \$ — | \$ — |
| Money Market Mutual Funds | 201,756 | 0.00-0.03 | 201,756 | — | — | — |
| U.S. Treasury Bills | 366 | 0.05 | 366 | — | — | — |
| Annuity Contracts | 48,000 | 1.3 | — | — | — | 48,000 |
| Total restricted investments | \$ 253,122 | | \$ 205,122 | \$ — | \$ — | \$ 48,000 |

Other Disclosures: As of June 30, 2021, the City's investment in LAIF is \$75.0 million. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately \$193.3 billion, 97.7 percent is invested in non-derivative financial products and 2.3 percent in structured notes and asset-backed securities. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different from the fair value of the City's position in the pool.

Oakland Police and Fire Retirement System (PFRS)

Deposits in the City's Investment Pool

As of June 30, 2021, cash and cash deposits consisted of cash in treasury held in the City's cash and investment pool as well as cash deposits held in bank and with a custodian. These funds are invested according to the investment policy adopted by the City Council. As of June 30, 2021, PFRS' share of the City's investment pool totaled \$6.3 million. As of June 30, 2021, PFRS also had cash and cash deposits not held in the City's investment pool that totaled \$5 thousand.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Investments

PFRS' investment policy authorizes investment in U.S. equities, international equities, U.S. fixed income instruments including U.S. Treasury notes and bonds, government agency mortgage-backed securities, U.S. corporate notes and bonds, collateralized mortgage obligations, Yankee bonds and non-U.S. issued fixed income securities denominated in foreign currencies. PFRS' investment portfolio is managed by external investment managers, except for the bond iShares, which are managed internally. During the year ended June 30, 2021, the number of external investment managers was twelve.

The PFRS investments are also restricted by the City Charter. In November 2006, City voters passed Measure M to amend the City Charter to allow the PFRS Board to invest in non-dividend paying stocks and to change the asset allocation structure from 50 percent equities and 50 percent fixed income to the Prudent Person Standard as defined by the California Constitution.

PFRS' investment policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. PFRS' investment policy allows the fixed income managers to invest in fixed income investments and some exposure to investments below an investment grade rating, as long as the portfolio maintains an average credit quality of BBB (investment grade using S&P, Moody's, or Fitch ratings).

PFRS' investment policy states that investments in derivative securities known as collateralized mortgage obligations (CMOs) shall be limited to a maximum of 20 percent of a broker account's fair value with no more than 5 percent in any one issue. CMOs are mortgage-backed securities that create separate pools of pass-through rates for different classes of bondholders with varying maturities. The fair value of CMOs are considered sensitive to interest rate changes because they have embedded options.

The investment policy allows for each fixed income asset manager to have a maximum of 10 percent of any single security investment in their individual portfolios with the exception of U.S. government securities, which is allowed to have a maximum of 25 percent in each manager's portfolio.

The following was PFRS' adopted asset allocation as of June 30, 2021:

| Asset Class | Target Allocation |
|----------------------|--------------------------|
| Fixed income | 21 % |
| Credit | 2 % |
| Covered calls | 5 % |
| Domestic equity | 40 % |
| International equity | 12 % |
| Crisis risk offset | 20 % |
| Total | 100 % |

The PFRS Board's target allocation does not include cash and cash equivalents, which are designated for approved administrative budget purposes.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Hierarchy of Inputs: The PFRS has the following recurring fair value measurements as of June 30, 2021 (in thousands):

| | Level One | Level Two | Level Three | Total |
|---|-------------------|-------------------|-------------|-------------------|
| Investment by fair value level: | | | | |
| Bonds | \$ 12,635 | \$ 104,543 | \$ — | \$ 117,178 |
| Domestic equities and mutual funds | 93,555 | 707 | — | 94,262 |
| International equities and mutual funds | 58,540 | — | — | 58,540 |
| Alternative investments | 43,941 | 76 | — | 44,017 |
| Total investments by fair value level | \$ 208,671 | \$ 105,326 | \$ — | \$ 313,997 |
| Investments measured at net asset value (NAV): | | | | |
| Short-term investment funds | | | | 7,787 |
| Fixed income funds | | | | 17,202 |
| Domestic equities and mutual funds | | | | 116,244 |
| Foreign currency contracts, net | | | | (8) |
| Securities lending collateral | | | | 48,551 |
| Total investments measured at NAV | | | | 189,776 |
| Total | | | | \$ 503,773 |

Interest Rate Risk: The weighted average duration for PFRS' fixed income investment portfolio excluding fixed short-term investments, foreign currency contracts, and securities lending investments was 7.37 years as of June 30, 2021.

As of June 30, 2021, PFRS had the following fixed income investments by category (in thousands):

| Investment Type | Fair Value | Modified Duration (Years) |
|--|-------------------|---------------------------|
| Short-Term Investment Funds | \$ 7,787 | n/a |
| Foreign Currency Exchange Contracts, net | (8) | n/a |
| Long-term Investments: | | |
| U.S. Government Bonds: | | |
| U.S. Treasuries | 18,816 | 5.79 |
| U.S. Government Agency Securities | 32,516 | 8.26 |
| Total U.S. Government Bonds | 51,332 | |
| Corporate Bonds and Other Bonds | | |
| Corporate Bonds | 82,957 | 7.38 |
| Other Government Bonds | 91 | 7.90 |
| Total Corporate and Other Bonds | 83,048 | |
| Total Long-Term Investments | \$ 134,380 | 7.37 |
| Securities Lending Collateral | \$ 48,551 | |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Fair Value Highly Sensitive to Change in Interest Rates: The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. PFRS has invested in CMOs, which are mortgage-backed bonds that pay pass-through rates with varying maturities. The fair values of CMOs are considered sensitive to interest rate changes because they have embedded options, which are triggers related to quantities of delinquencies or defaults in the loans backing the mortgage pool. If a balance of delinquent loans reaches a certain threshold, interest and principal that would be used to pay junior bondholders is instead directed to pay off the principal balance of senior bondholders and shortening the life of the senior bonds. The following table shows PFRS' investments in CMOs as of June 30, 2021 (in thousands):

| Securities Name | Weighted Average Coupon Rate | Weighted Average Maturity (Years) | Fair Value | Percent of Total Investments |
|----------------------------|------------------------------------|--|------------|------------------------------------|
| Mortgage-Backed Securities | 2.72 % | 23.28 | \$ 20,790 | 4.13 % |

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The following tables provide information as of June 30, 2021 concerning credit risk of fixed income securities (in thousands):

| Investment Type | S&P/ Moody's Rating | Fair Value |
|--|------------------------|------------|
| Short-Term Investment Funds | Not Rated | \$ 7,787 |
| Foreign Currency Exchange Contracts, net | Not Rated | (8) |

The following table provides information as of June 30, 2021 concerning the credit risk of fixed income investments by long-term investment rating (in thousands):

| S&P/ Moody's Rating | Fair Value | Percent of Total Fair Value |
|---------------------------------------|-------------------|-----------------------------------|
| AAA/Aaa | \$ 53,059 | 39.4 % |
| AA/Aa | 34,227 | 25.5 % |
| A/A | 14,323 | 10.7 % |
| BBB/Baa | 19,359 | 14.4 % |
| BB/Ba | 1,832 | 1.4 % |
| B/B | 9,551 | 7.1 % |
| Unrated | 2,030 | 1.5 % |
| Total fixed income investments | \$ 134,381 | 100.0 % |

As of June 30, 2021, the securities lending collateral of \$48.6 million was not rated.

Custodial Credit Risk: The City, on behalf of PFRS, does not have any funds or deposits that are not covered by depository insurance, which are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. PFRS does not have any investments that are not registered in the name of PFRS and are either held by the counterparty or the counterparty's trust department or agent, but not in PFRS' name.

Concentrations of Credit Risk: As of June 30, 2021, PFRS' investments in the Northern Trust Russell 1000 Growth Index Fund represented 24.2 percent of its fiduciary net position.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Foreign Currency Risk: Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. Currency hedging is allowed under the PFRS investment policy for defensive purposes only. The investment policy limits currency hedging to a maximum of 25 percent of the portfolio value.

The following summarizes PFRS' investments denominated in foreign currencies as of June 30, 2021 (in thousands):

| <u>Foreign Currency</u> | |
|-------------------------------|-------------------------|
| Australian Dollar | \$ 1,456 |
| Brazilian Real | 902 |
| British Pound | 3,407 |
| Canadian Dollar | 3,395 |
| Danish Krone | 1,387 |
| Euro | 8,778 |
| Hong Kong Dollar | 3,665 |
| Indonesian Rupiah | 221 |
| Japanese Yen | 5,889 |
| Mexican Peso | 109 |
| Singapore Dollar | 839 |
| South African Rand | 575 |
| South Korean Won | 212 |
| Swedish Krona | 1488 |
| Swiss Franc | 2,345 |
| Turkish Lira | 525 |
| Total foreign currency | <u><u>\$ 35,193</u></u> |

Securities Lending Transactions: PFRS's investment policy authorizes participation in securities lending transactions, which are short-term collateralized loans of PFRS's securities to brokers-dealers with a simultaneous agreement allowing PFRS to invest and receive earnings on the collateral received. All securities loans can be terminated on demand by either PFRS or the borrower, although the average term of such loans is one week.

The administrator of the PFRS's securities lending activities is responsible for maintaining an adequate level of collateral in an amount equal to at least 102 percent of the fair value of loaned U.S. government securities, common stock and other equity securities, bonds, debentures, corporate debt securities, notes, and mortgages or other obligations held in U.S. Dollar. The collateral is 105% for any securities held in currencies other than the U.S. Dollar. Collateral received may include cash, letters of credit, or securities. The term to maturity of the loaned securities is generally not matched with the term to maturity of the investment of said collateral. If securities collateral is received, PFRS cannot pledge or sell the collateral securities unless the borrower defaults.

As of June 30, 2021, management believes that PFRS has minimized its credit risk exposure to borrowers because the amounts held by PFRS as collateral exceeded the securities loaned by PFRS. PFRS' contract with the administrator requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities borrowed) or fail to pay PFRS for income distributions by the securities' issuers while the securities are on loan.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

The following table summarizes investments in securities lending transactions and collateral received as of June 30, 2021 (in thousands):

| | Securities Lending | | |
|---------------------------------|--|--------------------------------|------------------|
| | Fair Value of Loaned Securities | | |
| | For Cash Collateral | For Non-Cash Collateral | Total |
| Securities on loan: | | | |
| U.S. Government and Agencies | \$ 9,622 | \$ 5,096 | \$ 14,718 |
| U.S. Corporate Bonds | 8,853 | — | 8,853 |
| U.S. Equities | 29,098 | 97 | 29,195 |
| Non-U.S. Equities | 182 | 514 | 696 |
| Total Securities on loan | \$ 47,755 | \$ 5,707 | \$ 53,462 |
| Collateral Received | \$ 48,954 | \$ 5,841 | \$ 54,795 |

Derivative Instruments: PFRS reports its derivative instruments under the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Pursuant to the requirements of this statement, PFRS has provided a summary of derivative instrument activities during the reporting periods presented and the related risks.

As of June 30, 2021, the derivative instruments held by PFRS are considered investments and not hedges for accounting purposes. All investment derivatives are reported as investments at fair value in the statement of fiduciary net position. The gains and losses arising from this activity are recognized as incurred in the statement of changes in fiduciary net position. All investment derivatives discussed below are included within the investment risk schedules, which precede this subsection. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

The fair value of the exchange traded derivative instruments, such as futures, options, rights, and warrants are based on quoted market prices. The fair values of forward foreign currency contracts are determined using a pricing service, which uses published foreign exchange rates as the primary source. The fair values of swaps are determined by PFRS's investment managers based on quoted market prices of the underlying investment instruments.

The table below presents the notional amounts, the fair values, and the related net appreciation (depreciation) in the fair value of derivative instruments that were outstanding at June 30, 2021 (in thousands):

| Derivative Type/Contract | Notional Amount | Fair Value | Net Appreciation (Depreciation) in Fair Value |
|-------------------------------------|------------------------|-------------------|--|
| Forwards | | | |
| Foreign Currency Exchange Contracts | \$ — | \$ (8) | \$ — |
| Options | | | |
| Equity Contracts | — | (351) | (58) |
| Swaps | | | |
| Credit Contracts | 1,990 | 51 | 8 |
| Total | \$ 1,990 | \$ (308) | \$ (50) |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Counterparty Credit Risk – PFRS is not exposed to credit risk on non-exchange traded derivative instruments that are in liability positions. As of June 30, 2021, PFRS held forward currency contracts in liability positions of \$7,612.

Custodial Credit Risk - The PFRS's counterparties to these contracts held credit ratings of A or better, as assigned by one or more of the major credit rating organizations (S&P, Moody's and/or Fitch). At June 30, 2021, all of PFRS's investments in derivative instruments are held in PFRS's name and are not exposed to custodial credit risk.

Interest Rate Risk - The table below describes the maturity periods of the derivative instruments exposed to interest rate risk at June 30, 2021 (in thousands):

| Derivative Type/Contract | Fair Value | Maturities | |
|---|-------------------|-------------------------|------------------|
| | | Less than 1 Year | 1-5 years |
| Forwards | | | |
| Forward Foreign Currency Exchange Contracts | \$ (8) | \$ (8) | — |
| Options | | | |
| Equity Contracts | (351) | (351) | — |
| Swaps | | | |
| Credit Contracts | 51 | — | 51 |
| Total | \$ (308) | \$ (359) | \$ 51 |

Foreign Currency Risk - At June 30, 2021, PFRS is exposed to foreign currency risk on \$7,612 of its investments in forwards denominated in the Mexican peso.

Contingent Features - At June 30, 2021, PFRS held no positions in derivatives containing contingent features.

Oakland Redevelopment Successor Agency

The ORSA's cash and investments consist of the following at June 30, 2021 (in thousands):

| Cash and Investments | Amount |
|---|------------------|
| Unrestricted cash and investments | |
| Demand deposits | \$ 10,272 |
| Investments | 49,998 |
| Total unrestricted cash and investments | 60,270 |
| Restricted investments | 8,247 |
| Total cash and investments | \$ 68,517 |

Investments: The ORSA follows the City's Investment Policy, which is governed by provisions of the California Government Code 53600 and the City's Municipal Code. The ORSA also has investments subject to provisions of the bond indentures of the Former Agency's and ORSA's various bond issues. According to the Investment Policy and bond indentures, the ORSA is permitted to invest in the State of California Local Agency Investment Fund (LAIF), obligations of the U.S. Treasury or U.S. government agencies, time deposits, money market mutual funds invested in U.S. government securities, along with various other permitted investments. Under the provisions of the bond indentures, certain accounts with trustees were established for repayment of debt, amounts required to be held in reserve, and temporary investments for unexpended bond proceeds.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

The ORSA categorizes its fair value measurements within the fair value hierarchy established by GAAP. At June 30, 2021, the ORSA does not have any of its investments using Level 1 and 3 inputs. The ORSA has the following recurring fair value measurements as of June 30, 2021 (in thousands):

| | Significant other observable inputs (Level 2) | Investments measured at the net asset value (NAV) |
|--|--|--|
| Unrestricted investments: | | |
| U.S. Government Agency Securities (Discount) | \$ 43,998 | \$ — |
| Money Market Mutual Funds | — | 6,000 |
| Restricted investments: | | |
| Money Market Mutual Funds | — | 8,247 |
| Total | \$ 43,998 | \$ 14,247 |

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, ORSA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, ORSA will not be able to recover the value of the investment or collateral securities that are in the possession of another party.

The California Government Code requires that a financial institution secure its deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by the depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged governmental securities and/or first trust deed mortgage notes held in the collateral pool must be at least 110% and 150% of ORSA's deposits, respectively. The collateral is held by the pledging financial institution's trust department and is held in the ORSA's name.

As of June 30, 2021, the carrying amount of the ORSA's deposits was \$10.3 million. The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$0.2 million, and the remaining bank balance of \$10.1 million is collateralized with securities held by the pledging financial institutions as required by Section 53652 of the California Government Code.

ORSA invests in individual investments. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the ORSA employs the trust department of a bank or trustee as the custodian of certain ORSA investments, regardless of their form.

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 risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations. The ORSA's Investment Policy has mitigated credit risk by limiting investments to the safest types of securities, by prequalifying financial institutions, by diversifying the portfolio and by establishing monitoring procedures.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Interest Rate Risk: Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market rates. ORSA Investment Policy has mitigated interest rate risk by establishing policies over liquidity.

As of June 30, 2021, ORSA had the following investments, credit risk ratings, and maturities (in thousands):

| <u>Type of Investment</u> | <u>Current Yield (%)</u> | <u>Credit Ratings (S&P)</u> | <u>Maturities Less than 1 Year</u> |
|--|--------------------------|---------------------------------|------------------------------------|
| Unrestricted investments: | | | |
| U.S. Government Agency Securities (Discount) | 0.03 - 0.04 | AA | \$ 43,998 |
| Money Market Mutual Funds | 0.01 | AAA | 6,000 |
| Total unrestricted investments | | | <u>\$ 49,998</u> |
| Restricted investments: | | | |
| Money Market Mutual Funds | 0.01 - 0.03 | AAA | \$ 8,247 |
| Total restricted investments | | | <u>\$ 8,247</u> |

Concentration of Credit Risk: Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on ORSA. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from this requirement, as they are normally diversified themselves.

The following table shows ORSA's investments in one issuer that exceed 5% of ORSA's investment portfolios at June 30, 2021 (in thousands):

| <u>Type of Investment/Issuer</u> | <u>Amount</u> | <u>Share of ORSA's Unrestricted Portfolio</u> |
|---|---------------|---|
| U.S. Government Agency Securities | | |
| Federal Home Loan Bank | \$ 35,998 | 72.0% |
| Federal Home Loan Mortgage Corporation Discount | 8,000 | 16.0% |

Component Unit – Port of Oakland

The Port's cash, cash equivalents, and investments consisted of the following at June 30, 2021 (in thousands):

| | |
|---|--------------------------|
| City investment pool | \$ 523,951 |
| Government Securities Money Market Mutual Funds | 46,619 |
| Cash | 7 |
| Total cash and investments | <u>\$ 570,577</u> |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Investments: Under the City Charter, all cash receipts from the operations of the Port are deposited in the City Investment Pool. These funds are managed and invested by the City, pursuant to the City's Investment Policy, that the City administers and reviews annually. For this reason, the Port does not maintain its own investment policy and relies on the City Investment Policy to mitigate the risks described below.

Senior Lien Bonds and Intermediate Lien reserves are on deposit with the Senior Lien Bonds and Intermediate Lien Bonds trustee, respectively. The investment of funds held by the Senior Lien Bonds and Intermediate Lien Bonds trustee are governed by the Senior Trust Indenture and Intermediate Trust Indenture, respectively, and are invested in Government Securities Money Market Mutual Funds.

At June 30, 2021, the Port had the following investments (in thousands):

| | <u>Fair Value</u> | <u>Fair Value Hierarchy</u> | <u>Credit Ratings per Moody's</u> | <u>Maturity Less than 1 Year</u> |
|---|--------------------------|-----------------------------|-----------------------------------|----------------------------------|
| Cash | \$ 7 | Exempt | Not Rated | \$ 7 |
| Government Securities Money Market Mutual Funds | 46,619 | Exempt | Not Rated | 46,619 |
| City investment pool | 523,951 | Exempt | Not Rated | 523,951 |
| Total investments | <u>\$ 570,577</u> | | | <u>\$ 570,577</u> |

Investments exempt from fair value treatment consist of cash, Government Securities Money Market Mutual Funds, which are valued at amortized cost, and the City Investment Pool, whose fair value disclosure is presented previously in this note.

Investments Authorized by Debt Agreements: The following are the types of investments generally allowed under the Senior Trust Indenture and the Intermediate Trust Indenture (Intermediate Trust Indenture, together with the Senior Trust Indenture, are referred to as the Trust Indentures): U.S. Government Securities, U.S. Agency Obligations, obligations of any State in the U.S., prime commercial paper, FDIC insured deposits, certificates of deposit, banker's acceptances, money market mutual funds, long or medium-term corporate debt, repurchase agreements, state-sponsored investment pools, investment contracts, and forward agreements.

Interest Rate Risk: This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage interest risk. In order to manage interest rate risk:

- Proceeds from bonds are invested in permitted investments, as stated in the Trust Indentures.
- The deposits held by the City Treasury are invested pursuant to the City's Investment Policy, which limits the terms of its investments and establishes minimum allowable credit ratings, as well as other controls. Also, Section 53601 of the State of California Government Code limits the maximum maturity of any investment to be no longer than 5 years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Credit Risk: This risk represents the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligation. Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage credit risk.

In order to manage credit risk:

- Provisions of the Trust Indentures prescribe restrictions on the types of permitted investments of the monies held by the trustee in the funds and accounts created under the Trust Indentures, including agreements or financial institutions that must meet certain ratings, such as certain investments that must be rated in either of the two highest ratings by S&P and Moody's.
- The deposits with the City Treasury are invested in short-term debt that is rated at least A-1 by S&P, P-1 by Moody's or F-1 by Fitch Ratings. Long-term debt shall be rated at least A by S&P, A2 by Moody's, and A by Fitch Ratings.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or a counterparty to a transaction, the Port will not be able to recover the value of its investment or collateral securities that are in possession of another party.

To protect against custodial credit risk:

- All securities owned by the Port under the terms of the Trust Indentures are held in the name of the Port for safekeeping by a third party bank trust department, acting as an agent for the Port. The Port had investments held by a third party bank trust department in the amount of \$46.6 million at June 30, 2021.
- All securities the Port has invested with the City are held in the name of the City for safekeeping by a third party bank trust department, acting as an agent for the City under the terms of the custody agreements. The Port had \$524.0 million invested in the City Investment Pool on June 30, 2021.

Concentration of Credit Risk: The Trust Indentures place no limit on the amount the Port may invest in any one issuer.

Port revenues are deposited in the City Treasury. These and all City funds are pooled and invested in the City Investment Pool.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

B. INTERFUND TRANSACTIONS

“Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash and interfund loans. The amounts due from the Oakland Redevelopment Successor Agency are related to advances and interfund loans made by the City for projects, loans, and services. The receivable amounts of ORSA relate to project advances made by ORSA for the City. The internal service funds’ borrowing will be repaid over a reasonable period of time as described in Note III, part D.

Primary Government

1. Due from/Due to other funds

The amounts payable to the general fund to cover the other City funds’ overdraft position as of June 30, 2021, is as follows (dollars in thousands):

| Payable Fund | Amount |
|--------------------------------------|-----------------|
| Other Governmental Funds | \$ 1,414 |
| Parks and Recreation Enterprise Fund | 1,205 |
| Internal Service Funds | 4,899 |
| Custodial Fund (Fiduciary Fund) | 113 |
| Total due to the General Fund | \$ 7,631 |

2. Interfund Transfers

The following schedule summarizes the City’s transfer activities for the year ended June 30, 2021 (dollars in thousands):

| Transfer Out | Transfer In | Amount |
|--|---|-------------------|
| General Fund | Other Governmental Funds | \$ 77,031 (1) |
| | Other Special Revenue Fund | 20,660 (2), (3) |
| | Federal/State Grant Fund | 5,844 (2) |
| | Municipal Capital Improvement Fund | 180 (4) |
| Other Governmental Funds-Special Revenue Funds | General Fund | 941 (5) |
| | Other Governmental Funds-Debt Service Funds | 1,373 (1) |
| Other Special Revenue Fund | General Fund | 1,197 (5) |
| | Federal/State Grant Fund | 15 (2) |
| | Other Governmental Funds | 327 (1) |
| Sewer Service Fund | General Fund | 1,871 (5) |
| Internal Service Funds | General Fund | 6,173 (5) |
| | Total | \$ 115,612 |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Significant transfers for the year ended June 30, 2021 include the following:

- (1) Transfers of debt service payments.
- (2) Transfers to provide funds to cover the Central Service Overhead cost for certain grant funds.
- (3) Transfers for the Kids' First Children's Program and one-time subsidies for Measure C and Measure Z programs.
- (4) Repayment of capital projects' negative fund balance.
- (5) Transfers for the City's claims and liability payments.

3. ORSA Reimbursements to the City

In FY 2020-21, ORSA incurred a total of \$3.2 million expense in general administrative and project-related overhead. Of this amount, \$1.7 million reimbursed the City for general and administrative overhead and \$1.5 million paid for project-related overhead and operational costs for support services provided by designated City employees.

4. Due to the City

At June 30, 2021, ORSA has a payable to the City in the amount of \$18.4 million, which included the Former Agency's Low and Moderate Housing Fund loan of \$1.4 million to the Central City East Project Funds where the Low and Moderate Housing Funds Assets were transferred to the Housing Successor, a loan of \$2.7 million from the Capital Projects Fund to the West Oakland Project for public improvements, a payable of \$0.6 million to the City for support services, and a payable of \$13.7 million to the City for the transfer of excess tax allocation bond proceeds.

5. ORSA Transfers of Excess Bond Proceeds

In FY 2020-21, ORSA contributed \$13.7 million of excess bond proceeds to the City's Low and Moderate Income Housing Asset Fund and Municipal Capital Improvement Fund, which is recorded as other revenues in the statement of revenues, expenditures, and changes in fund balances. This expenditure of excess bond proceeds to the City was approved by the State Department of Finance pursuant to Health and Safety Code Section 34179(h) and fulfills the bond expenditure agreement with the City.

Component Unit - Port of Oakland (Port)

The City has entered into agreements with the Port for various services such as aircraft rescue and firefighting, Special Services, General Services, and Lake Merritt Trust Services. The City provides these services to the Port.

Special Services include designated police services, personnel, City clerk, legislative programming, and treasury services. General Services includes fire, rescue, police, street maintenance, treasury, and similar services. Lake Merritt Trust Services includes items such as recreation services, grounds maintenance, security, and lighting.

Payments to the City for these services are made upon presentation of supporting documentation and authorizations from the Board of Commissioners.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

1. Special Services and Aircraft Rescue & Fire Fighters (ARFF)

Payments for Special Services and ARFF are treated as a cost of Port operations pursuant to City Charter Section 717(3) Clause Third and have priority over certain other expenditures of Port revenues. Special Services and ARFF from the City totaled \$7.9 million and are included in operating expenses. At June 30, 2021, \$9.3 million was accrued as current liability by the Port and as a receivable by the City.

2. General Services and Lake Merritt Trust Services

Payments for General Services provided by the City are payable only to the extent the Port determines annually that surplus monies are available under the Charter for such purposes. As of June 30, 2021, the Port accrued approximately \$1.2 million of payments for General Services. Additionally, the Port accrued approximately \$1.5 million to reimburse the City for Lake Merritt Trust Services in fiscal year 2021. Subject to availability of surplus monies, the Port expects that it will continue to reimburse the City annually for General Services and Lake Merritt Trust Services.

C. NOTES AND LOANS RECEIVABLE, NET OF ALLOWANCE

Primary Government

The composition of the City's notes and loans receivable for governmental activities, net of the allowance for uncollectible accounts, as of June 30, 2021, is as follows (in thousands):

| Type of Loan | General Fund | Federal/ State Grant Fund | LMIH¹ | Municipal Capital Improvement Fund | Other Special Revenue Fund | Total |
|---|---------------------|--------------------------------------|-------------------------|---|-----------------------------------|-------------------|
| Pass-through loans | \$ — | \$ 1,300 | \$ — | \$ — | \$ — | \$ 1,300 |
| HUD loans | — | 119,380 | 392,951 | 4,057 | — | 516,388 |
| Economic development loans and other | 12,068 | 61,102 | — | 69,599 | 1,425 | 144,194 |
| Less: allowance for uncollectible accounts | (653) | (49,457) | (135,472) | (2,802) | (615) | (188,999) |
| Total notes and loans receivables, net | \$ 11,415 | \$ 132,325 | \$ 257,479 | \$ 70,854 | \$ 810 | \$ 472,883 |

¹Low and Moderate Income Housing Asset Fund

Management has determined that certain loans may be forgiven or renegotiated and extended long into the future if certain terms and conditions of these loans are met. As of June 30, 2021, it was determined that \$189.0 million of the loan portfolio is not expected to be ultimately collected.

Prior to the effective date of the Redevelopment Dissolution Law, California Community Redevelopment Law required that at least 20 percent of the incremental tax revenues generated from certain redevelopment project areas be used to increase, improve, and preserve the affordable housing stock for families and individuals with very low, low, and moderate incomes. In response to this former requirement, the City established its 20 percent Housing Program and an additional 5 percent of the former tax increment to offer financial assistance to qualified developers, families, and individuals by providing loans at "below market" rates. Upon dissolution of the Former Agency, the City assumed the housing activity function of the Former Agency. All loans receivable relating to the Low and Moderate Income Housing Program have been transferred from the Former Agency to the LMIHF, which was established as of February 1, 2012 pursuant to City Council Resolution No.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

83680 C.M.S.. As of June 30, 2021, loans receivable relating to the LMIHF program totaled approximately \$257.5 million, net of allowance for uncollectible accounts.

Oakland Redevelopment Successor Agency (ORSA)

ORSA received loans from the Former Agency upon its dissolution. These loans bear no interest and mature on various dates up until May 2069. A loan is deemed uncollectible when the property securing the loan is foreclosed by senior lien holder and there is insufficient equity to pay the loan.

Composition of loans receivable as of June 30, 2021 is as follows (in thousands):

| <u>Type of Loan</u> | <u>Amount</u> |
|-------------------------------------|-------------------------------|
| Housing developments project | \$ 1,462 |
| Economic development | 6,064 |
| Gross loans receivable | 7,526 |
| Less: allowance for uncollectible | (3,918) |
| Total loans receivables, net | <u><u>\$ 3,608</u></u> |

On December 1, 2020, ORSA approved the transfer of the Fox Theater property to the City, consistent with its Long Range Property Management Plan. The transfer required ORSA's forgiveness of a \$46.4 million loan to Fox Oakland Theater, Inc., which had been provided by the former Oakland Redevelopment Agency for renovation of the property. The loan had been previously deemed uncollectible by ORSA and its termination did not impact the totals presented above.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

D. CAPITAL ASSETS AND LEASES

Primary Government

1. Summary Schedule

The following is a summary of governmental activities capital assets activity for the year ended June 30, 2021 (in thousands):

| | Balance June 30, 2020 | Additions | Deletions/ Adjustments | Transfers of Completed Construction | Balance June 30, 2021 |
|--|--------------------------------------|-------------------------|-----------------------------------|--|--------------------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 196,103 | \$ 15,989 | \$ — | \$ 1,257 | \$ 213,349 |
| Intangibles (easements) | 2,607 | — | — | — | 2,607 |
| Museum collections | 989 | 129 | — | 884 | 2,002 |
| Construction in progress | 73,241 | 37,536 | — | (9,875) | 100,902 |
| Total capital assets, not being depreciated | <u>272,940</u> | <u>53,654</u> | <u>—</u> | <u>(7,734)</u> | <u>318,860</u> |
| Capital assets, being depreciated: | | | | | |
| Facilities and improvements | 880,384 | 6,372 | — | 594 | 887,350 |
| Furniture, machinery, and equipment | 361,760 | 13,154 | 15,988 | — | 358,926 |
| Infrastructure | 1,145,039 | 31,291 | 10 | 7,140 | 1,183,460 |
| Total capital assets, being depreciated | <u>2,387,183</u> | <u>50,817</u> | <u>15,998</u> | <u>7,734</u> | <u>2,429,736</u> |
| Less accumulated depreciation: | | | | | |
| Facilities and improvements | 521,435 | 25,060 | — | — | 546,495 |
| Furniture, machinery, and equipment | 253,593 | 21,887 | 15,981 | — | 259,499 |
| Infrastructure | 461,850 | 40,151 | — | — | 502,001 |
| Total accumulated depreciation | <u>1,236,878</u> | <u>87,098</u> | <u>15,981</u> | <u>—</u> | <u>1,307,995</u> |
| Total capital assets, being depreciated, net | <u>1,150,305</u> | <u>(36,281)</u> | <u>17</u> | <u>7,734</u> | <u>1,121,741</u> |
| Governmental Activities - capital assets, net | <u>\$1,423,245</u> | <u>\$ 17,373</u> | <u>\$ 17</u> | <u>\$ —</u> | <u>\$1,440,601</u> |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

The following is a summary of business-type activities capital assets activity for the year ended June 30, 2021 (in thousands):

| | Balance June 30, 2020 | Additions | Deletions | Transfers of Completed Construction | Balance June 30, 2021 |
|---|-----------------------------|-----------------|-------------|---|-----------------------------|
| Business-Type Activities: | | | | | |
| Sewer Service Fund: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 4 | \$ — | \$ — | \$ — | \$ 4 |
| Construction in progress | 10,867 | 6,094 | — | — | 16,961 |
| Total capital assets, not being depreciated | 10,871 | 6,094 | — | — | 16,965 |
| Capital assets, being depreciated: | | | | | |
| Facilities and improvements | 490 | — | — | — | 490 |
| Furniture, machinery and equipment | 10,396 | 1,535 | 323 | — | 11,608 |
| Sewer and storm drains | 372,142 | — | — | — | 372,142 |
| Street work | 48 | — | — | — | 48 |
| Total capital assets, being depreciated | 383,076 | 1,535 | 323 | — | 384,288 |
| Less accumulated depreciation: | | | | | |
| Facilities and improvements | 336 | 7 | — | — | 343 |
| Furniture, machinery, and equipment | 7,931 | 794 | 323 | — | 8,402 |
| Sewer and storm drains | 132,313 | 6,600 | — | — | 138,913 |
| Street work | 5 | 2 | — | — | 7 |
| Total accumulated depreciation | 140,585 | 7,403 | 323 | — | 147,665 |
| Total capital assets, being depreciated, net | 242,491 | (5,868) | — | — | 236,623 |
| Sewer Service Fund, capital assets, net | \$ 253,362 | \$ 226 | \$ — | \$ — | \$ 253,588 |
| Parks and Recreation Fund: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 361 | \$ — | \$ — | \$ — | \$ 361 |
| Construction in progress | 71 | 2 | — | — | 73 |
| Total capital assets, not being depreciated | 432 | 2 | — | — | 434 |
| Capital assets, being depreciated: | | | | | |
| Facilities and improvements | 5,102 | — | — | — | 5,102 |
| Furniture, machinery and equipment | 564 | — | 19 | — | 545 |
| Infrastructure | 85 | — | — | — | 85 |
| Total capital assets, being depreciated | 5,751 | — | 19 | — | 5,732 |
| Less accumulated depreciation | | | | | |
| Facilities and improvements | 3,763 | 153 | — | — | 3,916 |
| Furniture, machinery and equipment | 520 | 20 | 19 | — | 521 |
| Infrastructure | 72 | 6 | — | — | 78 |
| Total accumulated depreciation | 4,355 | 179 | 19 | — | 4,515 |
| Total capital assets, being depreciated, net | 1,396 | (179) | — | — | 1,217 |
| Parks and Recreation Fund, capital assets, net | \$ 1,828 | \$ (177) | \$ — | \$ — | \$ 1,651 |
| Business-Type Activities - capital assets, net | \$ 255,190 | \$ 49 | \$ — | \$ — | \$ 255,239 |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

2. Depreciation

Depreciation expense was charged to various governmental and business-type activities of the City for the year ended June 30, 2021 is as follows (in thousands):

Governmental Activities:

| | |
|--|--------------------------------|
| General Government | \$ 9,965 |
| Public Safety | 2,574 |
| Community and Human Services | 6,489 |
| Community and Economic Development | 15,790 |
| Public Works and Transportation | 40,906 |
| Capital assets held by internal service funds that are charged to various functions based on their usage of the assets | 11,374 |
| Total | <u><u>\$ 87,098</u></u> |

Business-Type Activities:

| | |
|----------------------|-------------------------------|
| Sewer | \$ 7,403 |
| Parks and Recreation | 179 |
| Total | <u><u>\$ 7,582</u></u> |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Component Unit – Port of Oakland

1. Summary Schedule

A summary of changes in capital assets for the year ended June 30, 2021, is as follows (in thousands):

| | Balance June 30, 2020 | Additions | Deletions | Transfers | Balance June 30, 2021 |
|--|-----------------------------|--------------------|-----------------|-----------------|-----------------------------|
| Capital assets, not being depreciated | | | | | |
| Land | \$ 524,187 | \$ — | \$ — | \$ — | \$ 524,187 |
| Intangibles (noise easements and air rights) | 25,853 | — | — | — | 25,853 |
| Construction in progress | 52,654 | 48,924 | (124) | (32,201) | 69,253 |
| Total capital assets, not being depreciated | <u>602,694</u> | <u>48,924</u> | <u>(124)</u> | <u>(32,201)</u> | <u>619,293</u> |
| Capital assets, being depreciated: | | | | | |
| Building and improvements | 991,300 | — | — | 1,094 | 992,394 |
| Container cranes | 159,197 | — | — | — | 159,197 |
| Infrastructure | 2,147,084 | — | — | 27,295 | 2,174,379 |
| Intangibles (software) | 13,844 | — | — | — | 13,844 |
| Other equipment | 125,568 | 1,096 | — | 3,812 | 130,476 |
| Total capital assets, being depreciated | <u>3,436,993</u> | <u>1,096</u> | <u>—</u> | <u>32,201</u> | <u>3,470,290</u> |
| Less accumulated depreciation: | | | | | |
| Building and improvements | 663,018 | 20,912 | — | — | 683,930 |
| Container cranes | 120,534 | 5,881 | — | — | 126,415 |
| Infrastructure | 1,151,111 | 79,262 | — | — | 1,230,373 |
| Intangibles (software) | 12,444 | 843 | — | — | 13,287 |
| Other equipment | 83,290 | 5,957 | — | — | 89,247 |
| Total accumulated depreciation | <u>2,030,397</u> | <u>112,855</u> | <u>—</u> | <u>—</u> | <u>2,143,252</u> |
| Total capital assets, being depreciated, net | <u>1,406,596</u> | <u>111,759</u> | <u>—</u> | <u>32,201</u> | <u>1,327,038</u> |
| Port-capital assets, net | <u>\$2,009,290</u> | <u>\$ (62,835)</u> | <u>\$ (124)</u> | <u>\$ —</u> | <u>\$1,946,331</u> |

For the year ended June 30, 2021, the Port recognized a \$124 thousand loss on abandoned projects related to construction in progress.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

2. Capital Assets Under Operating Leases as Lessor

The capital assets leased to others at June 30, 2021, consist of the following (in thousands):

| | |
|--|---------------------------------|
| Land..... | \$ 296,931 |
| Container cranes | 159,197 |
| Buildings and improvements | 190,912 |
| Infrastructure..... | 1,007,095 |
| | <u>1,654,135</u> |
| Less accumulated depreciation..... | (903,428) |
| Net capital assets, on lease..... | <u><u>\$ 750,707</u></u> |

3. Operating Leases as Lessor

A major portion of the Port's capital assets are leased to others. Leased assets include maritime facilities, aviation facilities, office and commercial space, and land. The majority of the Port's leases are classified as operating leases. The leases generally provide for minimum rentals with percentage rent contingent on business sales or activity. Certain maritime facilities are leased under agreements that provide the tenants with preferential, but nonexclusive, use of the facilities.

A summary of revenues from long-term leases for the year ended June 30, 2021, is as follows (in thousands):

| | |
|--|---------------------------------|
| Minimum non-cancelable rentals, including preferential assignments | \$ 158,253 |
| Contingent rentals in excess of minimums | 41,320 |
| Total..... | <u><u>\$ 199,573</u></u> |

Outer Harbor Terminal Closure

On February 1, 2016, Outer Harbor Terminal, LLC (formerly Ports America Outer Harbor Terminal, LLC) (OHT) filed for Chapter 11 bankruptcy protection. At that time OHT held a 50-year lease with the Port to operate at Berths 20-24, a month to month lease to operate Berth 25/26 (including crane maintenance), and a separate lease to operate and maintain cranes at Berths 20-24. On February 20, 2016, the Port reached a settlement agreement with OHT by which the Port would let OHT out of its lease obligations. This agreement was subsequently approved by the bankruptcy court. This event returned property to the Port that was in need of significant repairs and deferred maintenance. As of June 30, 2021, the Port decided to cease immediate maintenance and repairs at the Outer Harbor Terminal due to priorities of other projects and limited personnel resources. The land will remain leased on a short-term basis for auxiliary operational needs until long-term development plans are established. The remaining balance of \$16.6 million was recorded as a gain on lease termination.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Minimum future rental revenues for years ending June 30 under non-cancelable operating leases having an initial term in excess of one year are as follows (in thousands):

| <u>Year</u> | | |
|--------------|-----------|-------------------------|
| 2022 | \$ | 157,129 |
| 2023 | | 156,494 |
| 2024 | | 153,512 |
| 2025 | | 153,259 |
| 2026 | | 155,175 |
| 2027-2031 | | 633,813 |
| 2032-2036 | | 221,185 |
| 2037-2041 | | 102,484 |
| 2042-2046 | | 47,624 |
| 2047-2051 | | 51,098 |
| 2052-2056 | | 57,313 |
| Thereafter | | 352,340 |
| Total | \$ | <u>2,241,426</u> |

The Port turned over the operation of its Marina to a private company through a long-term financing lease and operating agreement on May 1, 2004. Minimum future lease payments to be received, which is a component of unearned revenue, for years ending June 30 are as follows (in thousands):

| <u>Year</u> | | |
|--------------|-----------|----------------------|
| 2022 | \$ | 493 |
| 2023 | | 508 |
| 2024 | | 524 |
| 2025 | | 539 |
| 2026 | | 555 |
| 2027-2031 | | 3,037 |
| 2032-2036 | | 3,521 |
| 2037-2041 | | 4,082 |
| 2042-2046 | | 4,732 |
| 2047-2051 | | 5,486 |
| 2052-2056 | | 3,487 |
| Total | \$ | <u>26,964</u> |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

E. PROPERTY HELD FOR RESALE

Primary Government

At June 30, 2021, the City has a total of \$172.1 million of property held for resale. On December 24, 2020, a quitclaim deed was recorded to convey the title for the Oakland Raiders former training facility jointly to the City and Alameda County in equal shares. The City has declared the property surplus and has recorded its share of the property in the general fund at a value of \$18.0 million.

Oakland Redevelopment Successor Agency (ORSA)

As of June 30, 2021, ORSA has a total \$2.8 million for properties recorded at the lower of cost or estimated conveyance value. On May 29, 2014, pursuant to HSC Section 34191.4, the California Department of Finance approved the ORSA's Long-Range Property Management Plan addressing the disposition and use of Former Agency properties and authorizing the disposition of properties pursuant to the plan.

F. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Primary Government

Accounts payable and accrued liabilities at June 30, 2021, are as follows (in thousands):

| | <u>Accounts Payable</u> | <u>Accrued Payroll/ Employee Benefits</u> | <u>Total</u> |
|--|-------------------------|---|-------------------|
| Governmental Activities: | | | |
| Governmental Funds: | | | |
| General Fund | \$ 140,133 | \$ 135,426 | \$ 275,559 |
| Federal/State Grant Fund | 22,918 | 1,579 | 24,497 |
| Low and Moderate Income Housing Asset Fund | 346 | — | 346 |
| Municipal Capital Improvement Fund | 10,589 | — | 10,589 |
| Other Special Revenue Fund | 12,724 | 3 | 12,727 |
| Other Governmental Funds | 3,581 | — | 3,581 |
| Total governmental funds | <u>190,291</u> | <u>137,008</u> | <u>327,299</u> |
| Internal service funds | 4,391 | — | 4,391 |
| Total governmental activities | <u>\$ 194,682</u> | <u>\$ 137,008</u> | <u>\$ 331,690</u> |
| Business-type Activities: | | | |
| Sewer Service Fund | <u>\$ 3,063</u> | <u>\$ —</u> | <u>\$ 3,063</u> |

Accounts payable and accrued liabilities for the pension trust fund at June 30, 2021, are as follows (in thousands):

| | |
|------------------------------------|-----------------|
| Pension Trust Fund | |
| Accounts payable | \$ 1 |
| Member benefits payable | 4,295 |
| Investments payable | 423 |
| Investment management fees payable | 361 |
| Total pension trust fund | <u>\$ 5,080</u> |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

G. LONG-TERM AND OTHER OBLIGATIONS

Primary Government

1. Summary Schedule of Long-Term Debt

The following is a summary of long-term obligations of the City as of June 30, 2021 (in thousands):

| Governmental Activities | | | |
|---|----------------------------|---------------------------------|-------------------|
| Type of Obligation | Final Maturity Year | Remaining Interest Rates | Amount |
| Bonds payable: | | | |
| General obligation bonds | 2050 | 1.55 - 5.00% | \$ 450,075 |
| Lease revenue bonds | 2027 | 5.00% | 43,165 |
| Pension obligation bonds | 2027 | 3.80 - 6.89% | 198,564 |
| Accreted interest on appreciation bonds | 2023 | n/a | 69,703 |
| City guaranteed special assessment district bonds | 2040 | 3.00 - 3.63% | 2,590 |
| Unamortized premiums and discounts, net | | | 24,657 |
| Total bonds payable | | | \$ 788,754 |
| Capital leases: | | | |
| Capital leases | 2030 | 1.48 - 5.30% | 28,847 |
| Total capital leases | | | \$ 28,847 |
| Business-type Activities | | | |
| Type of Obligation | Final Maturity Year | Remaining Interest Rates | Amount |
| Bonds payable: | | | |
| Sewer revenue bonds | 2029 | 3.00 - 5.00% | \$ 23,616 |
| Unamortized bond premium | | | 2,743 |
| Total bonds payable | | | \$ 26,359 |

2. Interest Rate Swap

Oakland Joint Powers Financing Authority Lease Revenue Bonds, 1998 Series A1/A2

Objective of the Interest Rate Swap: On January 9, 1997, the City entered into a forward-starting synthetic fixed rate swap agreement (Swap) with Goldman Sachs Mitsui Marine Derivatives Products, U.S., L.P. (Counterparty) in connection with the \$187.5 million Oakland Joint Powers Financing Authority (Authority) Lease Revenue Bonds, 1998 Series A1/A2 (1998 Lease Revenue Bonds). Under the swap agreement, which effectively changed the City's variable interest rate on the bonds to a synthetic fixed rate, the City would pay the Counterparty a fixed rate of 5.6775% through the end of the swap agreement in 2021 and receive a variable rate based on the Bond Market Association index. The City received an upfront payment from the Counterparty of \$15.0 million for entering into the Swap.

On March 21, 2003, the City amended the swap agreement to change the index on which the Swap is based from the Bond Market Association index to a rate equal to 65% of the 1-month London Interbank Offered Rate (LIBOR). This amendment resulted in an additional upfront payment from the Counterparty to the City of \$6.0 million.

On June 21, 2005, all of the outstanding 1998 Lease Revenue Bonds were defeased by the Oakland Joint Powers Financing Authority Refunding Revenue Bonds, 2005 Series A-1, A-2 and B (Series

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

2005 A & B Bonds). \$143.0 million was deposited with the trustee to defease the 1998 Lease Revenue Bonds. However, the Swap associated with the 1998 Lease Revenue Bonds still remains in effect. This is now a stand-alone swap with no association to any bond. The amortization schedule is as follows as of June 30, 2021:

| Calculation period (July 31) | Notional Amount | Fixed Rate To Counterparty | 65% of LIBOR¹ | Net Rate |
|---|----------------------------|---------------------------------------|-------------------------------------|-----------------|
| 2022 | \$ 6,400,000 | 5.6775% | 0.0653% | 5.6122% |

¹ The 1-month LIBOR rate is 0.10050 percent as of June 30, 2021. Future rates are projections as the LIBOR rate fluctuates daily.

Terms: The swap agreement terminates on July 31, 2021, and has a notional amount as of June 30, 2021 of \$6.4 million. Under the Swap, the City pays the Counterparty a fixed payment of 5.6775% and receives a variable payment computed at 65% of LIBOR rate (total rate not to exceed 12%). The City's payments to the Counterparty under the Swap agreement are insured by the third party bond insurer.

Fair Value: The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the Swap. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the Swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the Swap. The fair value hierarchy of the interest rate swap is Level 2. Because interest rates have declined since the execution of the Swap, the Swap had a negative fair value of \$0.2 million as of June 30, 2021.

Credit and Termination Risk: Following the termination of the Swap on July 31, 2021, the City no longer bears credit or termination risk related to this transaction.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

3. Summary of Changes in Long-term Obligations

Primary Government

The changes in long-term obligations for the year ended June 30, 2021, are as follows (in thousands):

| | Balance at July 1, 2020 | Additions | Reductions | Balance at June 30, 2021 | Amounts due within one year |
|---|--|-------------------|-------------------|---|--|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds (A) | \$ 472,170 | \$ — | \$ 22,095 | \$ 450,075 | \$ 24,850 |
| Lease revenue bonds (B) | 49,180 | — | 6,015 | 43,165 | 6,330 |
| Pension obligation bonds (C) | 222,556 | — | 23,992 | 198,564 | 23,758 |
| Accreted interest on appreciation bonds (B) and (C) | 96,514 | 7,967 | 34,778 | 69,703 | 36,728 |
| City guaranteed special assessment district bonds (C) | 2,940 | — | 350 | 2,590 | 365 |
| Unamortized premium and discounts, net | 26,466 | — | 1,809 | 24,657 | 1,809 |
| Total bonds payable: | 869,826 | 7,967 | 89,039 | 788,754 | 93,840 |
| Loans and capital leases payable: | | | | | |
| Loans payable (B) and (D) | 4,250 | — | 4,250 | — | — |
| Capital leases (B) and (D) | 43,743 | — | 14,901 | 28,842 | 10,602 |
| Total loans payable and capital leases payable | 47,993 | — | 19,151 | 28,842 | 10,602 |
| Other long-term liabilities: | | | | | |
| Accrued vacation and sick leave (E) | 57,728 | 67,972 | 67,585 | 58,115 | 46,004 |
| Pledge obligation for Coliseum Authority debt (B) | 27,721 | — | 5,018 | 22,703 | 5,268 |
| Estimated environmental cost (B) | 561 | 116 | 99 | 578 | 248 |
| Self-insurance liability - workers' compensation (B) | 71,874 | 25,908 | 24,158 | 73,624 | 14,507 |
| Self-insurance liability - general liability (B) | 62,772 | 40,577 | 31,043 | 72,306 | 22,767 |
| Interest rate swap agreement | 693 | — | 512 | 181 | — |
| Total other long-term liabilities | 221,349 | 134,573 | 128,415 | 227,507 | 88,794 |
| Total governmental activities | \$ 1,139,168 | \$ 142,540 | \$ 236,605 | \$ 1,045,103 | \$ 193,236 |
| Business-type activities: | | | | | |
| Sewer fund - bonds payable | \$ 25,986 | \$ — | \$ 2,370 | \$ 23,616 | \$ 2,490 |
| Unamortized bond premium | 3,086 | — | 343 | 2,743 | 343 |
| Total business-type activities | \$ 29,072 | \$ — | \$ 2,713 | \$ 26,359 | \$ 2,833 |

Debt service payments are made from the following sources:

- (A) Property tax recorded in the debt service funds
- (B) Revenues recorded in the general fund
- (C) Property tax voter-approved debt
- (D) Revenues recorded in the special revenue funds
- (E) Compensated absences are financed by governmental funds (General Fund, Federal/State Grant Fund, LMIHF, Municipal Capital Improvement Fund, and Other Governmental Funds) and proprietary funds (Sewer Service Fund) have funded the compensated absences through contributions to the General Fund.

Internal service funds predominantly serve governmental funds and therefore, the long-term liabilities of these funds are included as part of the above totals for governmental activities. At June 30, 2021,

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

\$22.9 million of bonds, loans payable, and capital leases related to the internal service funds are included in the above amounts.

4. Annual Requirements to Maturity

Primary Government

The annual repayment schedules for governmental activities' long-term debt as of June 30, 2021, are as follows (in thousands):

| Governmental Activities¹ | | | | | | |
|--|---------------------------------|-------------------|----------------------------|-----------------|--|-----------------|
| Year Ending June 30 | General Obligation Bonds | | Lease Revenue Bonds | | Special Assessment District Bonds | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | \$ 24,850 | \$ 14,188 | \$ 6,330 | \$ 2,000 | \$ 365 | \$ 78 |
| 2023 | 22,960 | 13,247 | 6,650 | 1,676 | 380 | 67 |
| 2024 | 15,540 | 12,471 | 6,990 | 1,335 | 390 | 55 |
| 2025 | 15,940 | 12,069 | 7,345 | 976 | 395 | 42 |
| 2026 | 16,370 | 11,649 | 7,725 | 599 | 60 | 34 |
| 2027-2031 | 87,570 | 51,040 | 8,125 | 203 | 310 | 143 |
| 2032-2036 | 81,230 | 36,521 | — | — | 360 | 90 |
| 2037-2041 | 72,880 | 24,174 | — | — | 330 | 24 |
| 2042-2046 | 71,755 | 13,141 | — | — | — | — |
| 2047-2051 | 40,980 | 2,785 | — | — | — | — |
| Total | \$ 450,075 | \$ 191,285 | \$ 43,165 | \$ 6,789 | \$ 2,590 | \$ 533 |

| Capital Leases | | |
|--------------------------------|------------------|-----------------|
| Year Ending June 30 | Principal | Interest |
| 2022 | \$ 10,602 | \$ 661 |
| 2023 | 5,059 | 444 |
| 2024 | 4,612 | 322 |
| 2025 | 3,721 | 209 |
| 2026 | 1,263 | 122 |
| 2027-2031 | 3,585 | 207 |
| Total | \$ 28,842 | \$ 1,965 |

| Year Ending June 30 | Pension Obligation Bonds | | | Total | | |
|--------------------------------|---------------------------------|------------------------------|------------------|-------------------|------------------------------|-------------------|
| | Principal | Accreted Interest | Interest | Principal | Accreted Interest | Interest |
| 2022 | \$ 23,758 | \$ 38,447 | \$ 7,555 | \$ 65,905 | \$ 38,447 | \$ 24,482 |
| 2023 | 23,425 | 40,460 | 7,139 | 58,474 | 40,460 | 22,573 |
| 2024 | 47,380 | — | 5,894 | 74,913 | — | 20,075 |
| 2025 | 50,395 | — | 3,685 | 77,796 | — | 16,981 |
| 2026 | 53,606 | — | 1,253 | 79,024 | — | 13,658 |
| 2027-2031 | — | — | — | 99,590 | — | 51,593 |
| 2032-2036 | — | — | — | 81,590 | — | 36,612 |
| 2037-2041 | — | — | — | 73,210 | — | 24,199 |
| 2042-2046 | — | — | — | 71,755 | — | 13,141 |
| 2047-2051 | — | — | — | 40,980 | — | 2,785 |
| Subtotal | 198,564 | 78,907 | 25,526 | 723,237 | 78,907 | 226,099 |
| Less: unaccreted interest | — | (9,204) | — | — | (9,204) | — |
| Total | \$ 198,564 | \$ 69,703 | \$ 25,526 | \$ 723,237 | \$ 69,703 | \$ 226,099 |

¹ The specific year for payment of other long-term liabilities is not practicable to determine.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

The City's general obligation bonds, pension obligation bonds, and lease revenue bonds do not permit acceleration upon an event of default or provide for other finance-related consequences. The City's capital leases provide for the return of leased equipment in the event of a termination of the lease by the City. In addition, capital lease rental payments due within the same fiscal year may become immediately due upon an event of default.

The annual repayment schedules for business-type activities' long-term debt as of June 30, 2021, are as follows (in thousands):

| Year Ending June 30 | Business-Type Activities | |
|--------------------------------|---------------------------------|-----------------|
| | Sewer Revenue Bonds | |
| | Principal | Interest |
| 2022 | \$ 2,490 | \$ 1,159 |
| 2023 | 2,610 | 1,034 |
| 2024 | 2,720 | 926 |
| 2025 | 2,860 | 790 |
| 2026 | 3,000 | 647 |
| 2027-2029 | 9,936 | 1,010 |
| Total | \$ 23,616 | \$ 5,566 |

The City pledged future net revenues to repay its sewer revenue bonds. The total principal and interest remaining to be paid on the bonds is \$29.2 million. The principal and interest payments made in FY 2020-21 were \$3.6 million and pledged revenues (total net revenues calculated in accordance with the bond indenture) for the year ended June 30, 2021 were \$23.2 million. Debt service payments on the City's sewer bonds are subject to acceleration in the event of default.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Oakland Redevelopment Successor Agency (ORSA)

1. Summary Schedule of Long-Term Debt

The following is a summary of ORSA's long-term debt as of June 30, 2021 (in thousands):

| | <u>Original Issued Amount</u> | <u>Issued Year</u> | <u>Maturity Fiscal Year</u> | <u>Interest Rate Range</u> | <u>Principal Balance</u> |
|---|---------------------------------------|------------------------|-------------------------------------|--------------------------------|------------------------------|
| Tax Allocation Bonds: | | | | | |
| <u>Central District Redevelopment Project</u> | | | | | |
| Subordinated Tax Allocation Bonds, Series 2006T | \$ 33,135 | 2006 | 2022 | 5.41% | \$ 3,990 |
| Subordinated Tax Allocation Refunding Bonds, 2013 | 102,960 | 2013 | 2023 | 5.00% | 18,720 |
| <u>Coliseum Area Redevelopment Project</u> | | | | | |
| Tax Allocation Bonds, Series 2006B-T | 73,820 | 2006 | 2036 | 5.54% | 52,125 |
| <u>Central City East Redevelopment Project</u> | | | | | |
| Tax Allocation Bonds, Series 2006A-T | 62,520 | 2006 | 2035 | 5.54% | 40,755 |
| <u>Broadway/MacArthur/San Pablo Redevelopment Project</u> | | | | | |
| Tax Allocation Bonds, Series 2006C-T | 12,325 | 2006 | 2033 | 5.59% | 7,415 |
| Tax Allocation Bonds, Series 2010T | 7,390 | 2010 | 2041 | 7.20% - 7.40% | 6,895 |
| Subtotal | <u>292,150</u> | | | | <u>129,900</u> |
| Subordinated Tax Allocation Refunding Bonds: | | | | | |
| Series 2015-TE | 22,510 | 2015 | 2037 | 5.00% | 22,510 |
| Series 2015-T (Federally Taxable) | 66,675 | 2015 | 2036 | 3.48% - 4.92% | 48,310 |
| Series 2018-TE | 15,190 | 2018 | 2032 | 5.00% | 15,190 |
| Series 2018-T (Federally Taxable) | 41,765 | 2018 | 2040 | 3.00% - 4.00% | 37,440 |
| Subtotal | <u>146,140</u> | | | | <u>123,450</u> |
| Total long-term debt | <u>\$ 438,290</u> | | | | <u>\$ 253,350</u> |

2. Revenues Pledged for the Repayment of Debt Service

Tax Allocation Bonds

The Tax Allocation Bonds (TAB), which are comprised of Series 2006T, Series 2013, Series 2006B-T, Series 2006A-T, Series 2006C-T, and Series 2010T Bonds are issued primarily to finance redevelopment projects and are all secured by pledge of redevelopment property tax revenues, consisting of a portion of taxes levied upon all taxable properties within each of the tax increment generating redevelopment project areas, and are equally and ratably secured on a parity with each TABs series.

As of June 30, 2021, the total principal and interest remaining on these TABs was \$183.2 million and the property tax revenues are pledged until the year 2041, the final maturity date of the bonds. Debt service payments are requested through the Recognized Obligation Payment Schedule (ROPS) as enforceable obligations until the debt obligations have been satisfied.

Subordinated Tax Allocation Refunding Bonds

The Subordinated Tax Allocation Refunding Bonds are comprised of Series 2015-TE and Series 2015-T (the Series 2015 Bonds), and Series 2018-TE and Series 2018-T Bonds (the Series 2018

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Bonds). These Bonds are limited obligations of the ORSA and payable from and secured by pledged tax revenues. Pledged tax revenues are allocated to the ORSA, excluding tax revenues required to pay debt service on the existing bonds and amounts required to be paid to taxing entities pursuant to AB X1 26, the Redevelopment Dissolution Act, unless such payments are subordinated.

As of June 30, 2021, the total principal and interest remaining on Series 2015 Bonds and Series 2018 Bonds was \$182.9 million and the property tax revenues are pledged until the fiscal year 2040, the final maturity date of the bonds. The ORSA's debt service payments are requested through the ROPS as enforceable obligations until the debt obligations have been satisfied.

Events of Default and Acceleration Clauses

ORSA is considered to be in default if ORSA fails to pay the principal or redemption price of or sinking fund installment for, or interest on, any outstanding bond, when and as the same will become due and payable, whether on the interest payment date, at maturity, by call redemption, or otherwise. If ORSA defaults on its obligations under the bond indenture, the trustee has the right to accelerate the bonds. Each bond insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the bond owners. In the event the maturity of a bond is accelerated, the bond insurer, in its sole discretion, may elect to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by ORSA) and the trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date, the bond insurer's obligations under the insurance policy with respect to the bond shall be fully discharged. However, in the event of a default and such acceleration, there can be no assurance that the trustee will have sufficient moneys available for payment of the bonds.

3. Summary of Changes in Long-Term Obligations

The changes in long-term obligations for the year ended June 30, 2021, are as follows (in thousands):

Oakland Redevelopment Successor Agency

| | Balance at July 1, 2020 | Additions | Reductions | Balance at June 30, 2021 | Amounts due within one year |
|---|--|------------------|--------------------|---|--|
| Tax allocation bonds | \$ 157,325 | \$ — | \$ (27,425) | \$ 129,900 | \$ 23,545 |
| Subordinated tax allocation refunding bonds | 128,095 | — | (4,645) | 123,450 | 4,795 |
| Less unamortized amounts: | | | | | |
| Issuance premiums | 7,200 | — | (1,523) | 5,677 | 1,523 |
| Issuance discounts | (865) | — | 55 | (810) | (43) |
| Total ORSA | \$ 291,755 | \$ — | \$ (33,538) | \$ 258,217 | \$ 29,820 |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

4. Annual Requirements to Maturity

The debt service requirements for all debt are based upon a fixed rate of interest. The annual requirements to amortize outstanding tax allocation bonds outstanding as of June 30, 2021, including mandatory sinking fund payments, are as follows (in thousands):

| Oakland Redevelopment Successor Agency | | | | |
|---|-----------------------------|------------------|--|------------------|
| Year Ending June 30 | Tax Allocation Bonds | | Subordinated Tax Allocation Refunding Bonds | |
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 23,545 | \$ 6,607 | \$ 4,795 | \$ 5,401 |
| 2023 | 9,365 | 5,747 | 8,030 | 5,178 |
| 2024 | 5,530 | 5,344 | 4,495 | 4,959 |
| 2025 | 5,830 | 5,028 | 4,655 | 4,796 |
| 2026 | 6,150 | 4,695 | 4,825 | 4,597 |
| 2027 - 2031 | 36,225 | 17,799 | 24,070 | 19,551 |
| 2032 - 2036 | 37,675 | 6,806 | 38,760 | 12,908 |
| 2037 - 2041 | 5,580 | 1,237 | 33,820 | 2,064 |
| Total | \$ 129,900 | \$ 53,263 | \$ 123,450 | \$ 59,454 |

5. Outstanding Defeased Bonds

For financial reporting purposes, the Former Agency's advance-refunded debt is considered defeased and therefore removed as a liability from ORSA's statement of fiduciary net position. The remaining outstanding balance for the defeased bonds was \$32.7 million at June 30, 2021.

Component Unit- Port of Oakland

1. Summary Schedule of Long-Term Debt

The following is a summary of long-term debt of the Port as of June 30, 2021 (in thousands):

| Component Unit - Port of Oakland | | | |
|--|----------------------------|---------------------------------|-------------------|
| Type of Obligation | Final Maturity Year | Remaining Interest Rates | Amount |
| Bonds, notes, and loans payable | | | |
| Senior and intermediate lien bonds | 2033 | 0.669-5.00 | \$ 718,300 |
| Notes and loans | 2030 | 0.10-0.22 | 58,175 |
| Unamortized bond discounts and premiums, net | | | 48,787 |
| Total bonds, notes, and loans payable | | | \$ 825,262 |

2. Revenues Pledged for the Repayment of Debt Service

The Port's long-term debt consists of taxable bonds, tax-exempt bonds, short-term commercial paper notes and a loan from the California Department of Boating and Waterways. All of the Port's outstanding bonds, loans and commercial paper notes have been issued to finance or refinance capital improvements to the Port's aviation, maritime and commercial real estate infrastructure. The majority of the Port's outstanding bonds are revenue bonds, which are secured by Pledged Revenues of the Port. Pledged Revenues are substantially all revenues and other cash receipts of the Port, including,

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

without limitation, amounts held in the Port Revenue Fund with the City, but excluding amounts received from certain taxes, certain insurance proceeds, special facilities revenues, and certain other gifts, fees, and grants that are restricted by their terms to purposes inconsistent with the payment of debt service. Pledged revenues amounted to \$354.6 million in fiscal year 2021.

Pledged Revenues do not include cash received from passenger facility charges (PFCs) or customer facility charges (CFCs) unless projects included in a financing are determined to be PFC or CFC eligible and bond proceeds are expended on such eligible projects and the Port elects to pledge PFCs or CFCs as supplemental security to such applicable bonds. Currently, the Port has no bonds for which PFCs or CFCs are pledged.

Senior Lien Bonds

The 2012 Series P and the 2020 Series R (collectively, the Senior Lien Bonds) were issued under the Senior Trust Indenture and are paid from Pledged Revenues first. As long as any Senior Lien Bonds remain outstanding, the Port has covenanted to collect rates, tolls, fees, rentals and charges so that Pledged Revenues in each fiscal year will be sufficient to pay all of the following amounts: (i) the sum of principal and interest on the outstanding Senior Lien Bonds; (ii) all other payments required for compliance with terms of the Senior Trust Indenture including, but not limited to, required deposits to any Reserve Fund; (iii) all other payments necessary to meet ongoing legal obligations to be paid from Pledged Revenues; and (iv) operation and maintenance expenses of the Port. In addition, payment of principal and interest on the Senior Lien Bonds when due is secured by a reserve fund held by the trustee.

The Port has also covenanted in the Senior Trust Indenture that Net Pledged Revenues (Revenues less the Operation and Maintenance Expenses) will be equal to at least 125 percent of actual debt service for the Senior Lien Bonds (Senior Lien Debt Service Coverage Ratio).

Events of default under the Senior Lien Trust Indenture include, but are not limited to, a failure to pay principal or interest, or a failure to pay the purchase price of a bond when due upon an optional or mandatory tender date. Port bankruptcy, reorganization, receivership, etc., are also considered default events, as is the failure to observe any covenant, provision or condition of the Senior Lien Indenture or the Bonds, which continues for a period of 60 days after notice. Failure to observe the covenant provisions or conditions of any specific debt obligation issued under the Senior Lien Indenture, which continues for a period of 60 days after notice, may also be considerate default events. Finally, pursuant to supplemental indentures the Port will comply with the covenants of the tax certificates of the different bond series issued under the Senior Lien Trust Indenture. Remedies to any default under the Senior Lien Indenture or its supplements can include bringing suit upon the Senior Lien Bonds, or some other legal remedy to enforce the rights of bondholders.

As of June 30, 2021, the outstanding balance of Senior Lien Bonds is \$373.7 million.

California Department of Boating and Waterways (DBW) Loan

The DBW Loan is subordinate to the Senior Lien Bonds but superior to the Intermediate Lien Bonds and the Port's Commercial Paper Notes with respect to the Pledged Revenues. The Port turned over the operation of its marina, financed, in part, with DBW Loans, to a private company through a fifty-year capital lease in May 2004.

In the event the Port fails in whole or in part to make payment when due pursuant to the loan agreement between the Port and the DBW, all principal and interest outstanding shall become immediately due and payable.

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Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

As of June 30, 2021, no DBW Loan remains outstanding.

Intermediate Lien Bonds

Bonds issued under the Intermediate Trust Indenture are next in payment priority. As of June 30, 2021, the bonds issued under this indenture consist of the 2017 Series D, Series E, and Series G Bonds (Series 2017 Bonds) and the 2021 Series H Bonds. The Intermediate Lien Bonds are paid from the Intermediate Lien Pledged Revenues. The Intermediate Lien Pledged Revenues are the Pledged Revenues after payment first, of all amounts payable for any Senior Lien Bonds and second, any debt service requirements payable on the DBW Loan, which is no longer outstanding as of June 30, 2021. Payment of principal and interest on the Series 2017 Bonds and 2021 Series H Bonds is secured by a reserve fund held by the trustee, which includes a reserve surety policy as well as a cash deposit of Series 2021 Bond proceeds.

The Port covenanted in the Intermediate Trust Indenture that Net Pledged Revenues will be equal to at least 110 percent of the actual debt service becoming due and payable on the combined Intermediate Lien Bonds, Senior Lien Bonds, and DBW Loan (Intermediate Lien Debt Service Coverage Ratio).

Events of default under the Intermediate Lien Trust Indenture include, but are not limited to, a failure to pay principal or interest, or a failure to pay the purchase price of a bond when due upon an optional or mandatory tender date. Port bankruptcy, reorganization, etc., are also considered default events, as is the failure to observe any covenant, provision or condition of the Intermediate Lien Indenture or the Bonds, which continues for a period of 180 days after notice. Failure to observe the covenant provisions or conditions of any specific debt obligation issued under the Intermediate Lien Indenture, which continues for a period of 180 days after notice, may also be considered a default event. Finally, pursuant to supplemental indentures the Port will comply with the covenants of the tax certificates of the different bond series issued under the Intermediate Lien Trust Indenture. The Port will also ensure that the tax-exempt status of the bonds is maintained. Remedies to any default under the Intermediate Lien Trust Indenture or its supplements can include bringing suit upon the Intermediate Lien Bonds, or some other legal action to enforce the rights of bondholders.

As of June 30, 2021, the outstanding balance of Intermediate Lien Bonds is \$344.6 million.

Commercial Paper Notes

Commercial Paper Notes (CP Notes) have the lowest payment priority. The Board of Commissioners authorized a \$150.0 million Commercial Paper program in 1998 and a further \$150.0 million was authorized in 1999. The maximum maturity of the CP Notes is 270 days and the maximum interest rate is 12 percent. The Port has classified the CP Notes as long-term debt as the Port intends and has the ability to reissue CP Notes until the expiration of the two irrevocable Letters of Credit (LOC), discussed below. Interest income paid to the holders of the CP Notes may fall under one of three tax treatments: tax-exempt Alternative Minimum Tax (AMT), tax-exempt non-AMT, and taxable.

The Port covenants in both of its LOC and Reimbursement Agreements with Bank of America National Association (BANA) that the Intermediate Lien Debt Service Coverage Ratio will equal to at least 110 percent.

On May 10, 2019 the Port extended the LOCs supporting its ABC Series and DEF Series of CP Notes, both issued by BANA. Specifically, the expiration dates of both LOCs were extended from June 30, 2019 to June 30, 2023. The BANA LOC supporting the DEF Series of CP Notes amounts to

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

\$54.4 million (\$50 million principal and interest of \$4.4 million) and was originally issued on June 13, 2017, when the Port substituted its then-outstanding JPMorgan Chase Bank National Association (JPMorgan) LOC. The BANA LOC supporting the ABC Series of CP Notes amounts to \$163.3 million (\$150 million principal and interest of \$13.3 million) and was originally issued on June 13, 2016, when the Port substituted its then-outstanding Wells Fargo LOC.

As of June 30, 2021, the outstanding balance of CP Notes under the Port's ABC Series of CP Notes is \$17.1 million while the outstanding balance under the Port's DEF Series of CP Notes is \$41.1 million.

The reimbursement agreements between the Port and BANA, which describe the terms and conditions under which BANA issues the commercial LOCs supporting the Port's CP Notes, contain a number of default provisions and remedies. Events of default include the failure to reimburse draws, advances or term loans issued under the LOCs, or to pay LOC related fees to BANA when due. Breaches of any of the covenants, conditions or agreements in the reimbursement agreements and other CP Notes related documents are also considered defaults, as are breaches of the covenants contained in the Senior Lien Indenture or Intermediate Lien Indenture. The reimbursement agreements also contain default provisions for bankruptcy, failure to make payments on other Port debt, the acceleration of other Port debt, legal/administrative changes affecting the Port's ability to pay its debts or comply with its agreements, and material unsatisfied legal judgments.

Any of the above defaults can trigger the immediate acceleration of LOC related fees to BANA, the reduction of the LOC stated amounts, and/or suspensions of the Port's ability to issue new CP Notes or make draws under the existing LOCs. Any accelerations or payment failures on other Port debt, failures to pay CP Notes related obligations, bankruptcy or limits to the Port's authority may also trigger a further remedy whereby advances and/or term loans under the LOCs would become immediately due and payable.

3. Bond Issuances

On November 19, 2020, the Port issued \$343.8 million of 2020 Series R (Federally Taxable) senior lien refunding revenue bonds. The bonds were issued to (i) refund a portion of the Port's outstanding 2012 Series P senior lien bonds, (ii) repay in full a loan the Port received from the California Department of Boating and Waterways then outstanding of \$3.3 million, (iii) satisfy the senior lien common reserve fund requirement and (iv) to pay costs of issuance. This transaction resulted in cash flow savings of \$42.7 million, an economic gain (the difference between the present value of the debt service payments on the old debt and the present value of the debt service payments on the new debt) of \$42.1 million, and a net loss for accounting purposes of \$5.1 million, which is included in deferred outflows of resources and is being amortized over the remaining life of the bonds through May 2033. Also, on February 2, 2021, the Port issued \$182.0 million of 2021 Series H (AMT) (Forward Delivery) intermediate lien refunding revenue bonds. The bonds were issued to (i) refund a portion of the Port's 2011 Series O senior lien bonds, (ii) satisfy the intermediate lien common reserve fund, and (iii) pay costs of issuance. This transaction resulted in cash flow savings of \$66.5 million, an economic gain of \$44.8 million, and a net loss for accounting purposes of \$4.0 million, which is included in deferred outflows of resources and is being amortized over the remaining life of the bonds through November 2029.

On December 1, 2021, the Port defeased and redeemed a total of \$24.6 million of outstanding aviation-related bond debt. The transaction was funded largely by a cash deposit of \$24.2 million and will be reimbursed by grant allocations for COVID-19 relief.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

4. Summary of Changes in Long-Term Obligations

The changes in the Port's long-term obligations for the year ended June 30, 2021, are as follows (in thousands):

| Component Unit - Port of Oakland | | | | | |
|---|---|--------------------------|--------------------------|---|--|
| | Balance at June 30, 2020 | Additions | Reductions | Balance at June 30, 2021 | Amounts due within one year |
| Bonds and notes payable: | | | | | |
| Senior and intermediate lien bonds | \$ 788,075 | \$ 525,765 | \$ 595,540 | \$ 718,300 | \$ 58,330 |
| Notes and loans payable (1) | 79,212 | — | 21,037 | 58,175 | — |
| Unamortized premium and discounts, net | 40,277 | 36,737 | 28,227 | 48,787 | 9,889 |
| Total bonds and notes payable | <u>907,564</u> | <u>562,502</u> | <u>644,804</u> | <u>825,262</u> | <u>68,219</u> |
| Other long-term liabilities: | | | | | |
| Accrued vacation, sick leave, and compensatory time | 7,917 | 3,992 | 2,189 | 9,720 | 4,575 |
| Environmental remediation | 16,245 | 5,722 | 6,217 | 15,750 | 2,394 |
| Self-insurance liability - worker's compensation | 8,862 | 3,595 | 1,867 | 10,590 | 1,867 |
| Lease terminal loss contingency | 16,601 | — | 16,601 | — | — |
| Other long-term liabilities | 5,042 | 1,896 | 560 | 6,378 | — |
| Total other long-term liabilities | <u>54,667</u> | <u>15,205</u> | <u>27,434</u> | <u>42,438</u> | <u>8,836</u> |
| Total component unit | <u>\$ 962,231</u> | <u>\$ 577,707</u> | <u>\$ 672,238</u> | <u>\$ 867,700</u> | <u>\$ 77,055</u> |

(1) As of June 30, 2021, under the current LOCs, the Port was authorized to issue an aggregate principal amount of commercial paper notes up to \$200 million.

5. Annual Requirements to Maturity

The Port's required debt service payments on its Senior Lien Bonds and Intermediate Lien Bonds are due each May 1 and November 1 through May 1, 2033. The California Department of Boating and Waterways loan is due each August 1 through August 1, 2029. Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt.

The Port's required debt service payments for the outstanding long-term debt for the years ending June 30, are as follows (in thousands):

| Year Ending June 30 | Principal | (1) | Interest | Total |
|----------------------------|--------------------------|------------|--------------------------|--------------------------|
| 2022 | \$ 58,330 | | \$ 24,002 | \$ 82,332 |
| 2023 | 61,120 | | 21,215 | 82,335 |
| 2024 | 82,397 | | 23,063 | 105,460 |
| 2025 | 84,577 | | 19,347 | 103,924 |
| 2026 | 86,796 | | 15,832 | 102,628 |
| 2027-2031 | 350,950 | | 36,664 | 387,614 |
| 2032-2033 | 52,305 | | 1,775 | 54,080 |
| Total | <u>\$ 776,475</u> | | <u>\$ 141,898</u> | <u>\$ 918,373</u> |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

(1) For purposes of this schedule, Commercial Paper debt is amortized over three fiscal years, pursuant to the “Term Loan” provisions of the Commercial Paper Reimbursement Agreements, beginning when the current letters of credit expire on June 30, 2023.

City-Wide Debt

1. Tax and Revenue Anticipation Notes Payable

On July 15, 2020, the City issued \$109.2 million tax and revenue anticipation notes in advance of property tax collections. The notes were issued as three taxable series bearing interest rates of 0.814 percent to 1.029 percent with a final maturity of June 30, 2021. The notes were issued to finance the prepayment of the City’s Employer Unfunded Actuarial Accrued Liability contribution to CalPERS for fiscal year 2020-21. The short-term debt activity for the year ended June 30, 2021 is as follows (in thousands):

| | Beginning Balance | Issued | Redeemed | Ending Balance |
|--|-------------------|------------|--------------|----------------|
| 2020-2021 Tax and Revenue Anticipation Notes | \$ — | \$ 109,220 | \$ (109,220) | \$ — |

2. Debt Compliance

There are a number of limitations and restrictions contained in the various bond indentures held by the City, ORSA, and the Port. The City, ORSA, and the Port believe they are in compliance with all significant limitations and restrictions for which noncompliance would adversely affect its ability to pay debt service.

3. Legal Debt Limit and Legal Debt Margin

As of June 30, 2021, the City’s debt limit (3.75% of valuation subject to taxation) was \$2.6 billion. The total amount of debt applicable to the debt limit was \$450.1 million. The resulting legal debt margin was \$2.2 billion.

4. Prior Years’ Debt Defeasance

The City has defeased various bond issues by creating separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and is therefore removed as a liability from the City’s government-wide financial statements. At June 30, 2021, the principal amount of defeased debt outstanding is as follows:

| Refunded Bonds | Refunding Bonds Issued | Date of Refunding Bond Issuance | Outstanding as of June 30, 2021 | Scheduled Call Date |
|--|--|---------------------------------|---------------------------------|---------------------|
| Subordinated Housing Set-Aside Revenue Bonds, Series 2011A-T | ORSA Subordinated Tax Allocation Refunding Bonds, Series 2018-T | 05/09/18 | \$ 31,075 | 09/01/21 |
| Subordinated Tax Allocation Bonds, Series 1993A | ORSA Central District Redevelopment Project Subordinated Tax Allocation Refunding Bonds, Series 2013 | 09/18/13 | 1,625 | 09/01/22 |
| | | | \$ 32,700 | |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

H. ESTIMATED LIABILITY FOR SELF-INSURANCE

Primary Government

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; employee’s injuries; natural disasters; unemployment coverage; and providing health benefits to employees, retirees, and their dependents. For the past three years, there have been no significant reductions in any of the City’s insurance coverage and no settlement amounts have exceeded commercial insurance coverage, except for the Warehouse Fire Related Litigation as described in part 4 of this note.

The City is self-insured for its general liability, malpractice liability, public official’s errors and omissions, products and completed operations, employment practices liability, and auto liability up to \$5.0 million retention level and up to \$0.75 million retention level for workers’ compensation and has excess insurance with the California State Association of Counties - Excess Insurance Authority as described in the Insurance Coverage section.

1. Property Damage

Property damage risks are covered on an occurrence basis by commercial insurance purchased from independent third parties. All properties are insured at full replacement values after a \$10,000 deductible to be paid by the City. Vehicles are insured at full replacement value after a \$20,000 deductible. Equipment valued at more than \$250,000 is insured at full replacement after a \$100,000 deductible.

2. Workers’ Compensation

The City is self-insured for workers’ compensation up to a \$0.75 million retention level. Payment of claims is provided through annual appropriations, which are based on claim payment experience and supplemental appropriations. Of the \$73.6 million in claims liabilities as of June 30, 2021, approximately \$14.5 million is estimated to be due within one year.

Changes in self-insurance workers’ compensation for the years ended June 30, 2021 and 2020 are as follows (in thousands):

| | 2021 | 2020 |
|--|-------------|-------------|
| Self-insurance liability - workers' compensation, beginning of year | \$ 71,874 | \$ 81,400 |
| Current year claims and changes in estimates | 25,908 | 14,613 |
| Claims payments | (24,158) | (24,139) |
| Self-insurance liability - workers' compensation, end of year | \$ 73,624 | \$ 71,874 |

The estimated undiscounted liability for claims and contingencies is based on the results of actuarial studies and includes amounts for claims incurred but not reported and allocated loss adjustment expenses. The estimated liability is calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

3. General Liability

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2021, the amount of liability determined to be probable of occurrence is approximately \$72.3 million. Of this amount, claims and litigation approximating \$22.8 million are estimated to be due within one year. The recorded liability is the City's best estimate based on available information and may be revised as further information is obtained and as pending cases are litigated and is discounted at a rate of 2.5 percent. The City and the ORSA are involved in various claims and litigation arising in the ordinary course of its activities. In the opinion of the ORSA's in-house counsel and the City Attorney's Office for the City, none of these claims are expected to have a significant impact on the financial position or changes in financial position of the City and the ORSA. The City has not accumulated or segregated assets or set aside fund balances for the payment of estimated claims and judgments.

Changes in general claims liabilities for the years ended June 30, 2021 and 2020 are as follows (in thousands):

| | 2021 | 2020 |
|---|-------------|-------------|
| Self-insurance liability - general liability, beginning of year | \$ 62,772 | \$ 60,038 |
| Current year claims and changes in estimates | 40,577 | 40,709 |
| Claims payments | (31,043) | (37,975) |
| Self-insurance liability - general liability, end of year | \$ 72,306 | \$ 62,772 |

The estimated undiscounted liability for claims and contingencies is based on the results of actuarial studies and includes amounts for claims incurred but not reported and allocated loss adjustment expenses. The estimated liability is calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

4. Warehouse Fire Related Litigation

In July 2020, the City settled litigation arising from the tragic fire at an Oakland warehouse that resulted in the deaths of 36 persons on December 2, 2016. In total, the City committed to payments of \$33.1 million to settle this litigation. Remaining amounts due as of June 30, 2021 were as follows:

| Year Ending June 30, | Scheduled Payments | Insurance Recovery | Net Expense |
|-----------------------------|-------------------------------|-------------------------------|--------------------|
| 2021 | \$ 22,599 | \$ (19,599) | \$ 3,000 |
| 2022 | 10,500 | (2,401) | 8,099 |
| Total | \$ 33,099 | (22,000) | \$ 11,099 |

At June 30, 2021, the City recorded a remaining liability of \$8.1 million related to this litigation.

5. Insurance Coverage

On July 15, 2002, the City entered into a contract with the California State Association of Counties Excess Insurance Authority (CSAC EIA), a joint powers authority, whose purpose is to develop and fund programs of excess insurance for its member counties and cities.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Effective July 1, 2020, the self-insured retention levels and purchased insurance per occurrence are as follows:

| Type of Coverage | Limits | Purchased Insurance Per Occurrence |
|---------------------------------------|---------------------|------------------------------------|
| General Liability | Up to \$5.0 million | \$5.0 to \$25.0 million |
| Automobile Liability | Up to \$5.0 million | \$5.0 to \$25.0 million |
| Public Officials Errors and Omissions | Up to \$5.0 million | \$5.0 to \$25.0 million |
| Products and Completed Operations | Up to \$5.0 million | \$5.0 to \$25.0 million |
| Employment Practices Liability | Up to \$5.0 million | \$5.0 to \$25.0 million |
| Workers' Compensation | Up to \$750,000 | \$750,000 to \$100.0 million |

Component Unit – Port of Oakland

1. Workers' Compensation

The Port is self-insured for workers' compensation of the Port's employees. The workers' compensation liability of \$10.6 million at June 30, 2021 is based upon an actuarial study performed as of June 30, 2021 that assumed a probability level of 80 percent and a discount rate of 0.0 percent.

Changes in liability, which is included as part of non-current liabilities, follows (in thousands):

| | 2021 | 2020 |
|---|------------------|-----------------|
| Self-insurance liability - workers' compensation, beginning of year | \$ 8,862 | \$ 13,184 |
| Current year claims and changes in estimates | 3,595 | (3,059) |
| Claims payments | (1,867) | (1,263) |
| Self-insurance liability - workers' compensation, end of year | <u>\$ 10,590</u> | <u>\$ 8,862</u> |

2. General Liability - Insurance

The Port purchases insurance on certain risk exposures including but not limited to property, automobiles liability, airport liability, umbrella liability, environmental liability, fidelity, fiduciary liability, and public official's liability. Port deductibles for the various insured programs range from \$10,000 to \$1,000,000 each claim. The Port is self-insured for other general liability and liability/litigation-type claims, workers' compensation of the Port's employees and most first party exposures. During fiscal year 2021, the Port carried excess insurance over \$1,000,000 for the self-insured general liability and workers' compensation exposures. There have been no claim payments related to these programs that exceeded insurance limits in the last three years.

3. Capital Improvement Projects

The Port maintains an Owner Controlled Insurance Program (OCIP) and Owner Protective Professional Indemnity Insurance Program (OPPI) for contractors and consultants working on Port Capital Improvement Projects (CIP).

OCIP provides general liability insurance and workers' compensation insurance for contractors working on CIP projects. The Port is responsible for payment of the deductible/self-insured retention, which is currently \$250,000 for each general liability and workers' compensation claim.

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Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

The OPPI protects the Port from the potential error and omission of consultants working on Port CIP projects. Consultants must meet minimum insurance requirements of \$1,000,000 to \$2,000,000. If minimum insurance is not provided or does not respond, the Port would be responsible for \$100,000 self-insured retention. There is no actuarial forecast for this coverage.

I. JOINT VENTURE

Oakland-Alameda County Coliseum

The City is a participant with the County of Alameda in a joint exercise of powers agreement forming the Oakland-Alameda County Coliseum Authority (Coliseum Authority), which was formed on July 1, 1995 to assist the City and the County in the financing of public capital improvements in the Oakland-Alameda County Coliseum Complex (Coliseum Complex) pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The Oakland-Alameda County Coliseum Financing Corporation (Financing Corporation) is reported as a blended component unit of the Coliseum Authority. The eight-member Board of Commissioners of the Coliseum Authority consists of two council members from the City, two members of the Board of Supervisors from the County, two appointees of the City Council, and two appointees of the Board of Supervisors. The Board of Directors of the Financing Corporation consists of the City Manager and the County Administrator.

Stadium Bonds – Background

In August 1995, the Coliseum Authority issued \$9.2 million in Fixed Rate Refunding Lease Revenue Bonds and \$188.5 million in Variable Rate Lease Revenue Bonds (collectively known as the Stadium Bonds) to finance the costs of remodeling the stadium portion of the Coliseum complex as well as relocating the Raiders to the City.

On May 31, 2012, the Coliseum Authority issued \$122.8 million in Refunding Bonds Series 2012 A with coupons of 2 to 5 percent to refund and defease all outstanding variable rate 2000 Series C Refunding Bonds. The bonds were priced at a premium, bringing total proceeds to \$138.1 million. These funds coupled with \$13 million in the 2000 Series C reserve fund generated available funds of \$151.1 million which was used to refund the 2000 C Refunding Bonds of \$137.4 million, fund a reserve fund of \$12.8 million, and to pay underwriter's discount and issuance cost of \$0.9 million. The all-in-interest cost of the 2012A refunding bonds was 3.04 percent.

On December 14, 2021, the Coliseum Authority issued \$23.9 million Lease Revenue Notes, 2021 Refunding Series A (Stadium Notes) which together with available revenue and existing reserves will fund an escrow account to currently refund all outstanding Stadium Bonds.

The Stadium Bonds are limited obligations of the Coliseum Authority payable solely from certain revenues of the Coliseum Authority, including revenues from the Stadium and Arena Complex and base rental payments from the City and the County. In the event that football revenues and other revenues received in connection with the Stadium are insufficient to make base rental payments, the City and the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The City and the County each have covenanted to appropriate \$11.0 million annually to cover such shortfall in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the City could have to pay up to \$22 million annually in the event of default by the County. The obligation of the City and the County to make such payments is reduced to the extent the Coliseum Authority receives revenues generated at

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

the complex to pay debt service and for operations and maintenance. The Stadium Bonds are not general obligations of either the City or the County.

Arena Bonds – Background

On August 2, 1996, the Coliseum Authority issued \$70 million Series A-1 and \$70 million Series A-2 Variable Rate Lease Revenue Bonds (Arena Bonds) to finance the costs of remodeling the Coliseum Arena (Arena) and in connection with the retention of the Golden State Warriors (the Warriors) to play professional basketball at the Arena for at least 20 basketball seasons, beginning with the 1997-98 season.

On April 14, 2015, the Authority issued \$79.7 million in Refunding Bonds Series 2015 A with coupons of 0.8 to 3.793 percent to refund and defease all outstanding variable rate 1996 Series A-1 and A-2 Bonds. The bonds were sold at par, bringing total proceeds to \$79.7 million.

Under the Bond Agreements, the Arena Bonds are limited obligations of the Coliseum Authority, payable solely from revenues received by the Coliseum Authority on behalf of the City and the County. Revenues consist of base rental payments from the City and the County, certain payments from the Warriors of up to an amount equal to the excess of the scheduled Debt Service over the difference between the Net Arena Revenues and Arena Expenses. If necessary to prevent default, additional premium revenues up to \$10 million may be pledged to service Arena debt. If the revenues received from the Arena operations are not sufficient to cover the debt service requirements in any fiscal year, the City and the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The County and the City each have covenanted to appropriate up to \$9.5 million annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the City could have to pay up to \$19 million annually in the event of default by the County.

On December 9, 2020, the California Supreme Court rejected an appeal from the Golden State Warriors of lower court rulings that required them to continue to make payments towards debt service on the Arena Bonds following the team's move to San Francisco, consistent with their original agreement with the Authority. It is anticipated that the Warriors will continue to pay debt service installments until the Arena Bonds debt obligation is satisfied in 2025.

Debt Compliance

Long-term debt outstanding as of June 30, 2021 is as follows (in thousands):

| <u>Type of Indebtedness</u> | <u>Maturity</u> | <u>Interest Rate</u> | <u>Authorized and Issued</u> | <u>Outstanding as of June 30, 2021</u> |
|--|------------------|----------------------|----------------------------------|--|
| Stadium Bonds: | | | | |
| 2012 Refunding Series A Lease revenue bonds | February 1, 2025 | 5% | \$ 122,815 | \$ 45,410 |
| Arena Bonds: | | | | |
| 2015 Refunding Series A Lease revenue bonds | February 1, 2026 | 3% - 4% | 79,735 | 41,135 |
| Total | | | <u>\$ 202,550</u> | <u>\$ 86,545</u> |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Debt payments during the year ended June 30, 2021 were as follows (in thousands):

| | <u>Stadium</u> | <u>Arena</u> | <u>Total</u> |
|-----------|------------------|-----------------|------------------|
| Principal | \$ 10,035 | \$ 7,600 | \$ 17,635 |
| Interest | 2,772 | 1,650 | 4,422 |
| Total | <u>\$ 12,807</u> | <u>\$ 9,250</u> | <u>\$ 22,057</u> |

The following is a summary of long-term debt transactions for the year ended June 30, 2021 (in thousands):

| | |
|--|------------------|
| Outstanding lease revenue bonds, beginning of year | \$ 104,180 |
| Principal repayments | <u>(17,635)</u> |
| Outstanding lease revenue bonds, end of year | <u>\$ 86,545</u> |

Annual debt service requirements to maturity for the lease revenue bonds, including interest payments, are as follows (in thousands):

| <u>Year</u> <u>Ending June 30,</u> | <u>Stadium Bonds</u> | | <u>Arena Bonds</u> | | <u>Total</u> | |
|---------------------------------------|----------------------|-----------------|--------------------|-----------------|------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 10,535 | \$ 2,271 | \$ 8,200 | \$ 1,426 | \$ 18,735 | \$ 3,697 |
| 2023 | 11,065 | 1,744 | 8,800 | 1,167 | 19,865 | 2,911 |
| 2024 | 11,615 | 1,190 | 9,250 | 873 | 20,865 | 2,063 |
| 2025 | 12,195 | 610 | 10,000 | 550 | 22,195 | 1,160 |
| 2026 | — | — | 4,885 | 185 | 4,885 | 185 |
| Total | <u>\$ 45,410</u> | <u>\$ 5,815</u> | <u>\$ 41,135</u> | <u>\$ 4,201</u> | <u>\$ 86,545</u> | <u>\$ 10,016</u> |

Events of Default, Termination Events and Acceleration Clauses

The Coliseum Authority relies on the City and the County to make base rental payments in order to fulfill its debt service obligations. The Coliseum Authority would be considered to be in default if one or more of the following events occurs: (1) the City and the County fail to pay any rental payable when it becomes due and payable, (2) the City and the County fail to comply with the terms, covenants and conditions of the Master Lease Agreement and (3) the City or the County declare bankruptcy or insolvency.

If an event of default occurs, the Trustee may declare the principal of all bonds then outstanding and the interest accrued thereon to be due and payable immediately. The Coliseum Authority may (1) terminate the Master Lease and recover certain damages, (2) re-enter or re-let the facilities, or (3) continue to collect rent from the City and the County on an annual basis by seeking a separate judgment each year for that year's defaulted base rental payments. Upon an event of default, there is no remedy of acceleration of the total base rental payments due over the term of the Master Lease.

Management of Coliseum Authority

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture (OCJV) to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with OCJV and reinstated its Operating Agreement with Coliseum Inc. Coliseum Inc. subcontracted all of the operations of the Coliseum Complex to OCJV. The Operating Agreement between the Coliseum Authority and Coliseum Inc. expired, by its

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

terms, on July 31, 2006. The Coliseum Authority entered into a Termination Agreement whereby, in return for certain consideration, the Coliseum Authority agreed to perform the duties of Coliseum, Inc. on and after August 1, 2006. The Authority's management agreement with OCJV expired in June 2012. In July 2012, AEG Management Oakland, LLC took over management of the Coliseum Complex after signing a five-year agreement. In April 2016, the agreement was extended through 2022.

Under the joint exercise of power agreement, which formed the Coliseum Authority, the City is responsible for funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements; to the extent such funding is necessary. During the year ended June 30, 2021, the City made contributions of \$10.4 million to fund its share of operating deficits and debt service payments of the Coliseum Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium Bonds, such that the City and the County will have to contribute to base rental payments. The City has appropriated \$12.5 million in its general fund for these purposes for the year ending June 30, 2022. In addition, the City has established a \$22.7 million contingent liability to fund the Coliseum Authority deficit in the statement of net position, which is based on its share (50 percent) of the outstanding Stadium Bonds. The City has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to meet debt service requirements.

Complete financial statements for the Coliseum Authority can be obtained from the County Auditor-Controller's Office at 1221 Oak Street, Room 249, Oakland, CA 94612.

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Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

III OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

1. General Information About the Pension Plans

The City has three defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), the California Public Employees' Retirement System (CalPERS) Safety Plan, and the CalPERS Miscellaneous Plan.

PFRS is a closed single employer pension plan that covered employees hired prior to July 1976. Public safety employees hired subsequent to PFRS' closure date and certain employees hired before the closure date who elected to change plans are covered by CalPERS. PFRS issues a publicly available financial report that includes financial statements and required supplementary information for the PFRS Plan. PFRS' standalone financial statements are available by contacting the City Administrator's Office, One Frank Ogawa Plaza, Oakland, CA 94612 or can access the financial statements via the City's website, www.oaklandca.gov.

The CalPERS Safety and Miscellaneous Plans are agent multiple-employer defined benefit pension plans administered by CalPERS. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plans' June 30, 2020 Annual Actuarial Valuation Reports (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website at www.calpers.ca.gov.

2. Benefits

PFRS – PFRS provides death, disability, and service retirement benefits to uniformed employees and their beneficiaries. Members who completed at least 25 years of service, or 20 years of service and have reached the age of 55, or have reached the age of 65, were eligible for retirement benefits. The basic retirement allowance equals 50 percent of the compensation attached to the average rank held during the three years immediately preceding retirement, plus an additional allowance of 1-2/3 percent of such compensation for each year of service (up to ten) subsequent to: a) qualifying for retirement, and b) July 1, 1951. Early retirees received reduced benefits based on the number of years of service. Benefit provisions and all other requirements are established by the City Charter (Charter).

CalPERS – 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. The cost of living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013 are known as "PEPRA" members.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

CalPERS' Miscellaneous Plan provisions and benefits in effect at June 30, 2021 are summarized as follows:

| | Hire Date | | |
|--|----------------------|------------------------------|--|
| | Prior to 6/9/2012 | 6/9/2012 through 12/31/12 | On or After 1/1/2013 ⁽¹⁾ |
| Benefit formula | 2.7% @ 55 | 2.5% @ 55 | 2.0% @ 62 |
| Retirement age | 50-55 | 50-55 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 2.0% - 2.7% | 2.0% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rates | 8.0% | 8.0% | 7.25% - 8.0% |
| Required employer contribution rates 2021 ⁽²⁾ | 12.344% | 12.344% | 11.594% - 12.344% |

(1) For "new members" as defined by the Public Employees' Pension Reform Act (PEPRA)

(2) Excludes contribution payments of \$80,187,025 for unfunded liability

CalPERS' Safety Plan provisions and benefits in effect at June 30, 2021 are summarized as follows:

| | Hire Date | | |
|--|----------------------|---------------------------|--|
| | Prior to 6/9/2012 | 6/9/2012 to 12/31/2012 | On or After 1/1/2013 ⁽¹⁾ |
| Benefit formula | 3.0% @ 50 | 3.0% @ 55 | 2.7% @ 57 |
| Retirement age | 50 | 50-55 | 50-57 |
| Monthly benefits, as a % of eligible compensation | 3.0% | 2.4% - 3.0% | 2.0% - 2.7% |
| Required employee contribution rates | 11.0% | 11.0% - 12.0% | 11.0% - 11.5% |
| Required employer contribution rates 2021 ⁽²⁾ | 19.514% | 16.151% - 19.514% | 19.514% |

(1) For "new members" as defined by the Public Employees' Pension Reform Act (PEPRA)

(2) Excludes contribution payments of \$52,041,128 for unfunded liability

Covered Employees - As of June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of each pension plan:

| | PFRS Plan | CalPERS Miscellaneous Plan | CalPERS Safety Plan |
|---|----------------------|---|--------------------------------|
| Inactive employees or beneficiaries receiving benefits | 768 | 3,807 | 1,340 |
| Inactive employees entitled to but not yet receiving benefits | — | 1,890 | 439 |
| Active employees | — | 2,797 | 1,167 |
| Total | 768 | 8,494 | 2,946 |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

3. Contributions

For the years ended June 30, 2021 and 2020, the City's actuarially determined contributions were as follows (in thousands):

| | 2021 | 2020 |
|-----------------------------------|-------------------|-------------------|
| PFRS Plan | \$ 43,648 | \$ 43,409 |
| CalPERS Miscellaneous Plan (City) | 91,778 | 82,284 |
| CalPERS Miscellaneous Plan (Port) | 25,787 | 24,588 |
| CalPERS Safety Plan (City) | 86,687 | 78,049 |
| CalPERS Safety Plan (Port) | 679 | 598 |
| Total | \$ 248,579 | \$ 228,928 |

PFRS – The City contributes, at a minimum, such amounts that are necessary, determined on an actuarial basis, to provide assets sufficient to meet benefits to be paid to PFRS members. The City is required to fund all liabilities for future benefits for all members by June 30, 2026. In order to do so, the City makes contributions at rates established by consulting actuaries based upon plan valuations using various assumptions as to salary progression, inflation, and rate of return on investments. The City's contributions are based on a level percentage of all uniformed employees' compensation. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the pension benefits.

On July 30, 2012, the City issued additional Pension Obligation Bonds (Series 2012) and contributed \$210.0 million to PFRS. As a result of a funding agreement entered into between the PFRS Board and the City, no additional contributions were required until July 1, 2017. The City resumed contributions to PFRS on July 1, 2017. The City contributed \$43.6 million in the year ended June 30, 2021.

CalPERS – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Port's CalPERS Safety Unit - Special Agreement with the City of Oakland

During the period from July 1, 1976, through January 17, 1998 (employment period), the Port appointed certain employees to positions in the classifications of Airport Servicemen and Airport Operations Supervisors. The Port was and has always been the employer that directly appointed, retained, employed, and compensated the personnel in these positions. As result of a decision by CalPERS' Board of Administration on April 15, 1998, employees appointed to positions in the classifications of Airport Servicemen and Airport Operations Supervisors were reclassified from the Miscellaneous Unit member status in CalPERS to Safety Unit member status, effective retroactively to the later of either the date of their respective employment in such classifications or July 1, 1976. The decision to reclassify employees to safety member status resulted in an additional net cost to

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

provide retirement benefits earned during the employment period. CalPERS' actuary estimated that the present value of this net cost (including subsequent actual experience through June 30, 2000, and projected experience through June 30, 2002) was \$5.9 million.

The Port entered into an agreement with the City for the payment of this net cost by the Port directly to CalPERS. The agreement provides for the Port to make payments over 20 years in annual installments, with interest at 4.34 percent and adjusted for cost of living at a rate of 3.75 percent. Under this agreement, the Port's obligation will not fluctuate based on the recognition of market gains or losses, changes in the actuarial assumptions, or experiences that differ from the actuary projections. The Port's obligation will remain fixed until paid in full. For the year ended June 30, 2021, the Port recognized principal payments of \$0.7 million for the Safety Unit obligation.

4. Net Pension Liability

The table below shows how the net pension liability as of June 30, 2021, is distributed (in thousands).

| | |
|----------------------------------|----------------------------|
| Governmental Activities | \$ 1,754,458 |
| Business-type Activities | 46,916 |
| Component Unit - Port of Oakland | 219,587 |
| Total | <u>\$ 2,020,961</u> |

As of June 30, 2021, the City's net pension liability is comprised of the following (in thousands):

| | |
|-----------------------------------|----------------------------|
| PFRS Plan | \$ 224,997 |
| CalPERS Miscellaneous Plan (City) | 717,876 |
| CalPERS Miscellaneous Plan (Port) | 217,954 |
| CalPERS Safety Plan (City) | 858,501 |
| CalPERS Safety Plan (Port) | 1,633 |
| Total | <u>\$ 2,020,961</u> |

The City's net pension liability is measured for each plan 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, rolled forward to June 30, 2020, using standard update procedures. The Port's proportionate share of the City's Miscellaneous Plan was determined based on a three year average of the Port's employer contributions divided by the total employer contributions and was 23.29 percent for the June 30, 2020 measurement date.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

The changes in the net pension liability for the PFRS Plan are as follows (in thousands):

| | Increase (Decrease) | | |
|--|--------------------------------|------------------------------------|------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balance at June 30, 2019 (valuation date) | \$ 628,211 | \$ 384,710 | \$ 243,501 |
| Change for the year: | | | |
| Interest on the total pension liability | 36,078 | — | 36,078 |
| Differences between expected and actual experience | (5,699) | — | (5,699) |
| Contributions - employer | — | 43,409 | (43,409) |
| Net investment income | — | 6,997 | (6,997) |
| Administrative expenses | — | (1,523) | 1,523 |
| Benefit payments, including refunds | (54,619) | (54,619) | — |
| Net changes | (24,240) | (5,736) | (18,504) |
| Balance at June 30, 2020 (measurement date) | \$ 603,971 | \$ 378,974 | \$ 224,997 |

The changes in the net pension liability for each CalPERS plan are as follows (in thousands):

| | CalPERS Miscellaneous Plan | | | CalPERS Safety Plan | | |
|--|-----------------------------------|------------------------------------|------------------------------|--------------------------------|------------------------------------|------------------------------|
| | Increase (Decrease) | | | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balance at June 30, 2019 (valuation date) | \$2,864,529 | \$1,960,494 | \$ 904,035 | \$2,230,185 | \$1,442,454 | \$ 787,731 |
| Changes for the year: | | | | | | |
| Service cost | 46,683 | — | 46,683 | 46,907 | — | 46,907 |
| Interest on the total pension liability | 200,794 | — | 200,794 | 159,371 | — | 159,371 |
| Differences between expected and actual experience | 637 | — | 637 | 28,634 | — | 28,634 |
| Contributions from the employer | — | 100,610 | (100,610) | — | 72,015 | (72,015) |
| Contributions from employees | — | 20,616 | (20,616) | — | 20,559 | (20,559) |
| Plan to plan movement | — | 1 | (1) | — | (1) | 1 |
| Net investment income | — | 97,856 | (97,856) | — | 71,970 | (71,970) |
| Administrative expenses | — | (2,764) | 2,764 | — | (2,034) | 2,034 |
| Benefits payments, including refunds of employee contributions | (160,418) | (160,418) | — | (106,609) | (106,609) | — |
| Net changes | 87,696 | 55,901 | 31,795 | 128,303 | 55,900 | 72,403 |
| Balance at June 30, 2020 (measurement date) | \$2,952,225 | \$2,016,395 | \$ 935,830 | \$2,358,488 | \$1,498,354 | \$ 860,134 |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

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

For the year ended June 30, 2021, the City and the Port recognized pension expense of \$235.9 million and \$23.5 million, respectively. At June 30, 2021, the City's deferred outflows of resources and deferred inflows of resources related to pension items are from the following sources (in thousands):

| | CalPERS | | | | | | | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | PFRS Plan | | City Miscellaneous Plan | | Safety Plan | | Total City | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 43,648 | \$ — | \$ 91,778 | \$ — | \$ 86,687 | \$ — | \$ 222,113 | \$ — |
| Change in assumptions | — | — | — | — | 31,277 | (2,854) | 31,277 | (2,854) |
| Differences between expected and actual experience | — | — | 14,262 | — | 41,559 | — | 55,821 | — |
| Net differences between projected and actual earnings on plan investments | 3,104 | — | 10,859 | — | 11,964 | — | 25,927 | — |
| Change in proportionate share | — | — | 4,964 | — | — | — | 4,964 | — |
| Total | \$ 46,752 | \$ — | \$ 121,863 | \$ — | \$ 171,487 | \$ (2,854) | \$ 340,102 | \$ (2,854) |

At June 30, 2021, the City's pension expense was composed of the following amounts by plan (in thousands):

| | CalPERS | | | |
|--|------------------|--------------------------------|--------------------|-------------------|
| | PFRS Plan | City Miscellaneous Plan | Safety Plan | Total City |
| | Pension expense | \$ 10,598 | \$ 90,410 | \$ 134,931 |

At June 30, 2021, the Port's deferred outflows of resources and deferred inflows of resources related to pension items are from the following sources (in thousands):

| | Port Miscellaneous Plan | |
|---|---------------------------------------|--------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 25,787 | \$ — |
| Differences between expected and actual experience | 4,330 | — |
| Net differences between projected and actual earnings on plan investments | 3,297 | — |
| Change in proportionate share | — | (4,241) |
| Total | \$ 33,414 | \$ (4,241) |

At June 30, 2021, the City and the Port reported \$222.1 million and \$25.8 million, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction to net pension liability in the year ending June 30, 2022. Other

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

| Measurement Period Ending June 30 | Deferred Outflows/(Inflows) of Resources | | |
|---|--|-----------------|-------------------|
| | City | Port | Total |
| 2021 | \$ 31,923 | \$ 2,279 | \$ 34,202 |
| 2022 | 27,622 | 1,159 | 28,781 |
| 2023 | 28,504 | 2,300 | 30,804 |
| 2024 | 22,123 | 1,889 | 24,012 |
| 2025 | — | — | — |
| Thereafter | — | — | — |
| Total | \$ 110,172 | \$ 7,627 | \$ 117,799 |

6. Actuarial Assumptions

The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability, based on the following actuarial methods and assumptions:

| | PFRS Plan | CalPERS Miscellaneous and Safety Plans |
|------------------------------------|--|--|
| Valuation date | July 1, 2019 | June 30, 2019 |
| Measurement date | June 30, 2020 | June 30, 2020 |
| Actuarial cost method | Entry-age normal cost method | Entry-age normal cost method |
| Discount rate | 5.37% | 7.15% |
| Inflation rate | 2.75% (U.S.) to 2.85% (Bay Area) | 2.50% |
| Salary increases | n/a | Varies by Entry Age and Service |
| Post-retirement benefits increases | Police - 2.5% increase at January 1, 2019 and July 1, 2020, 3% increase at July 1, 2021, 3.5% increase at July 1, 2022 and 2023, 3.25% increase starting at 2024 Fire - 1% at November 1, 2018 and January 1, 2019, 2% at November 1, 2019, 3.25% annual increase starting July 1, 2020 | The lesser of contract cost of living adjustment or 2.5% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter |

For the PFRS Plan, mortality rates for healthy lives were based on the CalPERS Healthy Annuitant Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016. Mortality rates for disabled lives were based on the CalPERS Industrial Disability Mortality Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016. The mortality tables are projected to improve with MP-2017 generational mortality improvement tables, with improvements projected from a base year of 2014 (the mid-point of the CalPERS base tables).

For the CalPERS Miscellaneous and Safety Plans, the mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Change in Assumptions – For the PFRS Plan, the mortality rates, mortality improvement projection scales and expected annual rate of return on investments have changed based on the June 30, 2017 experience study.

Discount Rates

PFRS – The long term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Best estimates of geometric real rates of return for each major class included in the PFRS’s target asset allocation as of June 30, 2020 measurement date are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return |
|----------------------|---|
| Fixed Income | 2.29% |
| Domestic Equity | 5.55% |
| International Equity | 7.69% |
| Covered Calls | 4.64% |
| Credit Risk Offset | 3.78% |
| Cash | 1.92% |

The discount rate used to measure the total pension liability was 5.37 percent. The projection of cash flows used to determine the discount rate assumed that the City would contribute to the PFRS Plan based on its July 1, 2012 funding agreement with the PFRS. This agreement suspends City contributions until the fiscal year beginning July 1, 2017, after which they will resume, based upon the recommendation of the actuary, with a Charter requirement that the PFRS Plan’s liabilities be fully funded by July 1, 2026. A cash flow projection showed that the projected fiduciary net position would be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CalPERS - The discount rate used to measure each of the CalPERS Miscellaneous Plan and Safety Plan total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, CalPERS determined that the discount rates of 7.15 percent were appropriate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate is applied to all plans in the Public Employees Retirement Fund. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

| Asset Class | Assumed Asset Allocation | Real Return Years 1 - 10 ⁽¹⁾ | Real Return Years 11+ ⁽²⁾ |
|---------------------|---|--|---|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00 | 1.00 | 2.62 |
| Inflation Sensitive | — | 0.77 | 1.81 |
| Private Equity | 8.00 | 6.30 | 7.23 |
| Real Assets | 13.00 | 3.75 | 4.93 |
| Liquidity | 1.00 | — | (0.92) |

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability for each of the City's retirement plans and the Port's proportionate share of the net pension liability of the City's CalPERS Miscellaneous Plan. The sensitivity of the net pension liability is 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% lower or 1% higher than the current rate (in thousands).

| | 1% Decrease at 6.15% | Measurement Date at 7.15% | 1% Increase at 8.15% |
|---|---------------------------------|--------------------------------------|---------------------------------|
| CalPERS Miscellaneous Plan - City | \$ 990,618 | \$ 717,876 | \$ 490,118 |
| CalPERS Miscellaneous Plan - Port proportionate share | 300,763 | 217,954 | 148,806 |
| CalPERS Safety Plan | 1,193,779 | 860,134 | 587,785 |
| | 1% Decrease at 4.37% | Measurement Date at 5.37% | 1% Increase at 6.37% |
| PFRS | \$ 279,560 | \$ 224,997 | \$ 178,053 |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

B. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Primary Government

1. Plan Description

The City has three programs in place to partially pay health insurance premiums for certain classes of retirees from City employment. City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. The retiree health benefits are described in the labor agreements between the City and local unions and in City resolutions. The demographic rates used for the CalPERS plans were public safety employees retirement benefits under a 3% at 50 formula and miscellaneous employees retirement benefits under a 2.7% at 55 formula.

In 2014, the City began to partially pre-fund the actuarially determined contribution (ADC) to the California Employer's Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit post-employment healthcare plan administered by CalPERS. The CERBT is an Internal Revenue Code (IRC) Section 115 Trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and OPEB costs.

The City's single-employer defined benefit retiree health plan (Postretirement Health Plan) allows eligible retirees and their dependents to receive employer-paid medical insurance benefits through CalPERS. The medical insurance reimbursement is not to exceed the Kaiser-HMO family plan rate. The Postretirement Health Plan also includes dental and vision benefits and reimbursement of Medicare Part B monthly insurance premium. The Postretirement Health Plan does not issue a separate financial report.

2. Benefits Provided

As provided by the Public Employees' Medical & Hospital Care Act (PEMHCA), the City contracts with CalPERS for medical plan coverage for both active and retired employees. The City pays part of the health insurance premiums for all eligible retirees from City employment receiving a pension annuity earned through City service.

Employees Covered - Based on the July 1, 2019 Actuarial Valuation Report, the following employees were covered by the benefit terms for the OPEB plan:

| | |
|--|---------------------|
| Inactive retired participants and surviving spouses receiving benefits | 2,782 |
| Inactive participants' spouses receiving benefits | 1,099 |
| Active employees eligible for retirement benefits | 1,048 |
| Active employees not yet eligible for retirement benefits | 2,501 |
| Total | <u>7,430</u> |

3. Contributions

The annual contribution is based on the actuarially determined contribution. The City pays a portion of retiree benefit expenses on a pay-as-you-go basis to third parties, outside of the CERBT fund, and funds the remaining actuarially determined contribution (ADC) to the CERBT fund. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies). On August 9, 2018, the City contributed the second of two one-time payments of \$10.0 million into the CERBT fund to partially prefund the actuarially determined contribution for OPEB,

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

as provided in the FY 2017-19 Adopted Policy Budget. In addition, on February 26, 2019, City Council adopted an Other Post-Employment Benefits Funding Policy providing for ongoing prefunding contributions of 2.5% of payroll. On June 2, 2020, City Council authorized the postponement of this payment for the years ending June 30, 2020 and June 30, 2021 in response financial challenges arising from the COVID-19 global pandemic.

The June 30, 2020 economic assumptions were based on the CERBT Strategy 1 and the Bond Buyer GO 20-year Bond Municipal Bond Index as of June 30, 2020. Since the City has adopted a funding approach, the discount rate used for the June 30, 2020 measurement date reporting was based on a blending of these two rates. The assumed CERBT Strategy 1 rate was 7.59%. The Bond Buyer GO 20-year Bond Municipal Bond Index as of June 2020 was 2.21%. Since the assets accumulated as of the measurement date are not sufficient to pay benefit payments, the depletion test of the expected benefit payments resulted in a blended rate of 2.21%, or the yield on the Bond Buyer 20-Bond GO Index.

Benefits and other contributions paid by the City for the year ended June 30, 2021 is shown below.

| | | |
|------------------------|-----------|----------------------|
| Explicit contributions | \$ | 22,976 |
| Implicit contributions | | 6,541 |
| Trust contributions | | — |
| Total | \$ | <u>29,517</u> |

The amount of implicit contributions paid are reflected as a reduction in (active) employee premiums. The contributions made during the year ended June 30, 2021 are reported as deferred outflows of resources on the statement of net position as discussed below.

Net OPEB Liability

The City's net OPEB liability is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2020 (measurement date), using an annual actuarial valuation as of July 1, 2019. A summary of principal actuarial assumptions and methods used to determine the total OPEB liability is as follows:

| | |
|---|--|
| Actuarial valuation date | July 1, 2019 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Asset valuation method | Market value |
| Amortization method | Level percentage of pay, closed period, 30 years |
| Inflation | 2.50% |
| Discount rate | 2.21% |
| Rate of salary increase | 2.75% |
| Ultimate rate of medical inflation | 3.50% |
| Years to ultimate rate of medical inflation | 20 years |
| Mortality, termination and disability | Based on the 2017 CalPERS Experience Study from 1997 to 2015 |
| Postretirement benefit increase | Police - 2.5% and 1% increases at January 1, 2018; 2% on July 1, 2018; 2.5% at January 1, 2019; then 3.25% Fire - 3.25% |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Discount Rate - Economic assumptions were based on the CERBT Strategy 1 and the Bond Buyer GO 20-Year Bond Municipal Bond Index as of June 30, 2020. Based on this approach the discount rate utilized was 2.21%.

The following table shows the changes in net OPEB liability for the year ended June 30, 2021:

| | Increase (Decrease) | | |
|--|-------------------------------------|--|-------------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance at June 30, 2019 (valuation date) | \$ 625,906 | \$ 27,337 | \$ 598,569 |
| Changes for the year: | | | |
| Service cost | 24,307 | — | 24,307 |
| Interest | 27,522 | — | 27,522 |
| Changes of assumptions | 222,308 | — | 222,308 |
| Contributions from the employer | — | 28,917 | (28,917) |
| Net investment income | — | 967 | (967) |
| Administrative expenses | — | (14) | 14 |
| Benefit payments | (28,917) | (28,917) | — |
| Net changes | 245,220 | 953 | 244,267 |
| Balance at June 30, 2020 (measurement date) | \$ 871,126 | \$ 28,290 | \$ 842,836 |

Changes in assumptions includes a decrease in the discount rate applied from 4.5% to 2.21%. Future assumptions are subject to change and depend, in part, on the City's actual CERBT contributions in future periods.

4. Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the year ended June 30, 2021 is 2.21 percent. The impact of a 1 percent increase or decrease in the discount rate assumption is shown below:

| | 1% Decrease at 1.21% | Measurement Date at 2.21% | 1% Increase at 3.21% |
|--------------------|---------------------------------|--------------------------------------|---------------------------------|
| Net OPEB Liability | \$ 979,178 | \$ 842,836 | \$ 733,004 |

The following presents the net OPEB liability of the OPEB plan as of the measurement date, as well as what the net OPEB liability would be if they were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate (in thousands):

| | -1.00% | Baseline | +1.00% |
|--------------------|---------------|-----------------|---------------|
| Net OPEB Liability | \$ 727,961 | \$ 842,836 | \$ 981,824 |

5. OPEB Plan Fiduciary Net Position

The City's OPEB plan trust fund is included in the CalPERS CERBT agent multiple-employer plan reported in the CalPERS Annual Comprehensive Financial Report (ACFR).

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

6. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized a negative OPEB expense of \$9.0 million. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| OPEB contributions subsequent to measurement date | \$ 29,517 | \$ — |
| Change in assumptions | 185,255 | 210,162 |
| Differences between expected and actual experience | 9,949 | 3,600 |
| Net difference between projected and actual earnings on plan investments | 857 | — |
| Total | \$ 225,578 | \$ 213,762 |

The \$29.7 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources will be recognized as future OPEB expense as follows:

| Measurement Period Ending June 30 | Deferred (Inflows) of Resources |
|--|--|
| 2021 | \$ (40,795) |
| 2022 | (40,771) |
| 2023 | 10,231 |
| 2024 | 16,582 |
| 2025 | 37,051 |
| Thereafter | — |
| Total | \$ (17,701) |

Component Unit – Port of Oakland

1. Plan Description

The Port has established a Retiree Healthcare Plan and participates in the California Employer's Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. The CERBT is an Internal Revenue Code Section 115 trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and OPEB costs.

The Port's Retiree Healthcare Plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through CalPERS.

Prior to 2011, eligible retirees must have attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and must be eligible to receive CalPERS retirement benefits. On July 21, 2011, the Port adopted resolutions that established a Health Benefit Vesting Requirement for employees hired on or after September 1, 2011 (on or after April 1, 2013 for members of SEIU and IBEW). The vesting schedule does not apply to employees that are granted a disability retirement.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Under the adopted vesting schedule, the Port shall pay a percentage of retiree medical coverage for a retiree and his or her eligible dependents based on the provisions of Section 22893 of the California Government Code. Under these rules, a retiree must have at least 10 years of credited service with a CalPERS agency, at least 5 of which are with the City/Port. The Port will pay a percentage of employer contributions for the retiree based upon the following:

| Years of Credited Service (at least 5 of which are with the City/Port) | Percentage of Employer Contributions |
|---|---|
| 10 | 50% |
| 11 | 55% |
| 12 | 60% |
| 13 | 65% |
| 14 | 70% |
| 15 | 75% |
| 16 | 80% |
| 17 | 85% |
| 18 | 90% |
| 19 | 95% |
| 20 or more | 100% |

Employees who were hired before October 1, 2009, have attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and are eligible to receive CalPERS retirement benefits are entitled to retiree dental and vision coverage.

Employees who are members of the Service Employees International Union (SEIU) and International Brotherhood of Electrical Workers (IBEW) and were hired on or after June 9, 2012 are entitled to retiree dental and vision coverage if the employee has attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and are eligible to receive CalPERS retirement benefits.

Employees Covered - As of the June 30, 2020 measurement date, the following current and former employees were covered by the benefit terms under the Port's Retiree Healthcare Plan:

| | |
|--|--------------|
| Active employees | 466 |
| Inactive employees or beneficiaries currently receiving benefits | 594 |
| Total | 1,060 |

2. Contributions

Benefit provisions are established and are amended through negotiations between the Port and the various bargaining units during each bargaining period. The annual contribution is based on the actuarially determined contribution. The Port pays a portion of retiree benefit expenses on a pay-as-you-go basis to third parties and directly to beneficiaries (Pay-go), and funds the remaining actuarially determined contribution to the CERBT fund. For the year ended June 30, 2021, the Port's cash contributions totaling \$14.4 million consisted of \$8.3 million in payments to third parties, \$4.2 million paid to the CERBT fund, and the estimated implicit subsidy of \$1.9 million.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

3. Net OPEB Liability

The Port's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the total OPEB liability from June 30, 2019 actuarial valuation to the measurement date of June 30, 2020 based on the following actuarial methods and assumptions:

| | |
|---|---|
| Actuarial valuation date | June 30, 2019 |
| Actuarial cost method | Entry-Age Normal |
| Discount rate | 6.75% |
| Inflation | 2.50% |
| Salary increases | 3.00% per annum |
| Investment rate of return | 6.75% net of investment expenses |
| Mortality, termination and disability (1) | Based on the 2017 CalPERS Experience Study from 1997 to 2015 |
| Healthcare trend rate (2) | 3.25-6.00% per year increase for medical and 3.0% per year increase for vision and dental, and 4.25%-6.0% per year increase for Medicare Part B |

¹ The mortality table used was developed based on CalPERS' specific data. The table includes a margin for mortality improvement using the Society of Actuaries 90% Scale MP-2016. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

² Based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long-term medical care.

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 target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Expected Arithmetic Nominal Return (50 Years) (1)</u> |
|---|--------------------------|--|
| Global Equity | 59.00 % | 8.08 % |
| U.S. Fixed Income | 25.00 % | 5.88 % |
| Treasury Inflation - Protected Securities | 5.00 % | 3.67 % |
| Real Estate Investment Trust | 8.00 % | 7.91 % |
| Commodities | 3.00 % | 5.38 % |
| Expected Arithmetic Return (50 years) | | 7.21 % |
| Expected Geometric Return (50 years) | | 6.65 % |

(1) Rates include a 2.5 percent long-term inflation assumption

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

4. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Port contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

5. Changes in the Net OPEB Liability

The changes in the net OPEB liability for the Port's Retiree Healthcare Plan are as follows (in thousands):

| | Increase (Decrease) | | |
|---------------------------------|-------------------------|--------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance at June 30, 2020 | \$ 175,182 | \$ 88,020 | \$ 87,162 |
| Changes for the year: | | | |
| Service cost | 4,416 | — | 4,416 |
| Interest | 11,793 | — | 11,793 |
| Changes of assumptions | (896) | — | (896) |
| Contributions from the employer | — | 14,141 | (14,141) |
| Net investment income | — | 3,143 | (3,143) |
| Administrative expenses | — | (44) | 44 |
| Benefit payments | (9,941) | (9,941) | — |
| Net changes | 5,372 | 7,299 | (1,927) |
| Balance at June 30, 2020 | \$ 180,554 | \$ 95,319 | \$ 85,235 |

6. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year 2021 is 6.75%. The following presents the net OPEB liability of the Port if it were calculated using a discount rate that is one percentage point lower to one percentage point higher than the current rate, as of June 30, 2021 (in thousands):

| | 1% Decrease at 5.75% | Measurement Date at 6.75% | 1% Increase at 7.75% |
|--------------------|-------------------------|------------------------------|-------------------------|
| Net OPEB Liability | \$ 107,203 | \$ 85,235 | \$ 66,896 |

The following presents the net OPEB liability of the Port if it were calculated using healthcare cost trend rates that are one percentage point lower to one percentage point higher than the current rate, as of June 30, 2021 (in thousands):

| | -1.00% | Current Healthcare Costs Trend Rate | +1.00% |
|--------------------|-----------|---|------------|
| Net OPEB Liability | \$ 64,034 | \$ 85,235 | \$ 110,852 |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

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

For the year ended June 30, 2021, the Port recognized OPEB expense of \$7.9 million. The Port reported deferred outflows/inflows of resources related to OPEB from the following sources as of June 30, 2021 (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| OPEB contributions subsequent to measurement date | \$ 14,418 | \$ — |
| Net difference between projected and actual earnings on OPEB plan investments | 2,080 | — |
| Difference between expected and actual experience | — | 1,948 |
| Changes of assumptions | — | 3,971 |
| Total | \$ 16,498 | \$ 5,919 |

The OPEB contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent measurement year. Other amounts reported as deferred inflows of resources, will be amortized annually, and recognized as a reduction to OPEB expense, for the years ending June 30 as follows (in thousands):

| Year Ending June 30 | Deferred (Inflows) of Resources |
|--------------------------------|--|
| 2022 | \$ (2,310) |
| 2023 | (1,937) |
| 2024 | (124) |
| 2025 | 532 |
| Total | \$ (3,839) |

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

C. COMMITMENTS AND CONTINGENCIES

Primary Government

1. Construction Commitments

As of June 30, 2021, the City had outstanding construction encumbrances for the acquisition and construction of assets as follows (in thousands):

| | General Fund | Federal/ State Grant Fund | Municipal Capital Improvement Fund | Other Special Revenue Fund | Other Governmental Funds | Internal Service Funds | Total Governmental Activities |
|---|---------------------|----------------------------------|---|-----------------------------------|---------------------------------|-------------------------------|--------------------------------------|
| Building, facilities and infrastructure | \$ 20 | \$ — | \$ 382 | \$ 19 | \$ — | \$ 46 | \$ 467 |
| Parks and open space | 562 | 403 | 2,247 | — | — | — | 3,212 |
| Streets and sidewalks | 53 | 431 | 18,501 | 24 | 1,255 | — | 20,264 |
| Technology enhancement | 583 | — | 1 | — | — | 1,094 | 1,678 |
| Traffic improvements | — | 5,331 | 2,009 | — | 506 | — | 7,846 |
| Total | \$ 1,218 | \$ 6,165 | \$ 23,140 | \$ 43 | \$ 1,761 | \$ 1,140 | \$ 33,467 |

| | Sewer Fund | Nonmajor Parks and Recreation | Total Business-Type Activities |
|---|-------------------|--------------------------------------|---------------------------------------|
| Building, facilities and infrastructure | \$ — | \$ 102 | \$ 102 |
| Sewers and storm drains | 5,818 | — | 5,818 |
| Streets and sidewalks | 2,435 | — | 2,435 |
| Total | \$ 8,253 | \$ 121 | \$ 8,374 |

2. Other Commitments and Contingencies

Recognized Obligation Payment Schedule

As of June 30, 2021, the ORSA had encumbered \$496.3 million for contracted obligations, per the ROPS covering the July 1, 2021 through June 30, 2022 period, which was approved by the DOF.

Component Unit – Port of Oakland

As of June 30, 2021, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

| | |
|--------------|------------------|
| Aviation | \$ 38,834 |
| Maritime | 13,419 |
| Total | \$ 52,253 |

The most significant projects for which the Port has contractual commitments for construction are Taxiway Pavement and Rehabilitation for \$15.0 million, Airport Perimeter Dike improvements for \$6.3 million, Landscape Security for \$5.5 million, Aviation Sanitary Sewer Improvements for \$5.2 million, Upgrades to the International Arrivals Building for \$4.4 million, Maritime Sanitary Sewer Projects for \$3.0 million, Paving Projects for \$3.7 million, and Dredging Project for \$4.3 million.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

3. Power Purchases

The Port purchases electrical power for resale and self-consumption and currently has four power purchase agreements including East Bay Municipal Utility District (EBMUD), Western Area Power Administration (WAPA), Longroad Energy, and Northern California Power Agency (NCPA).

| Counterparty | Contract Ending Year | Contract Structure | Estimated Output | Estimated Annual Cost |
|-----------------|----------------------|---|------------------|---|
| EBMUD | 2022 | Take and Pay - (Pay contract price only if energy is received) | 8,000 MWH | Approximately \$584,000 with no annual escalator through 2017; approximately \$464,000 with no annual escalator from 2017-2022. |
| WAPA | 2024 | Take or Pay - (Pay contract price without regard to energy received) | 17,000 MWH | Approximately \$800,000 (Changes annually depending on revenue requirement for power generation projects). |
| Longroad Energy | 2027 | Take and Pay - (Pay contract price only if energy is received) | 1,200 MWH | Approximately \$200,000 with annual escalator. |
| NCPA | 2041 | Take and Pay - (Pay contract price only if energy is received) | 11,300 MWH | Approximately \$440,000 with no annual escalator. |

4. Environmental Remediation

The entitlements for the Airport Development Program (ADP) subject the Port to obligations arising from the adopted ADP Mitigation Monitoring and Reporting Program required under the California Environmental Quality Act, permits issued by numerous regulatory agencies including the Regional Water Quality Control Board and the Bay Conservation and Development Commission, and settlement agreements. The majority of these obligations have been met, and monitoring and reporting are ongoing.

A summary of the Port's environmental remediation liability accounts, net of the estimated recoveries, included as an other liability on the statement of net position at June 30, 2021, is as follows (in thousands):

| Obligating Event | Liability, Net of Recovery | Estimated Recovery |
|---|----------------------------|--------------------|
| Pollution poses an imminent danger to the public or environment | \$ 1,353 | \$ 409 |
| Identified as responsible to clean up pollution | 13,226 | 5 |
| Begins or legally obligates to clean up or post-clean up activities | 1,171 | — |
| Total by obligating event | \$ 15,750 | \$ 414 |

The environmental liability accounts in the summary table are listed by the initial obligating event. Due to new information, the obligating event may change from the initial obligating event. Examples of obligating events include: 1) the Port is named, or evidence indicates that it will be named, by a regulator such as the Department of Toxic Substances Control or the Regional Water Quality Control Board, as a responsible party or potentially responsible party for remediation; or 2) the Port has commenced, or legally obligates itself to commence, clean-up activities, monitoring or operation and maintenance of the remediation effort (e.g., by undertaking a soil and groundwater pre-development investigation).

3

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

Methods and Assumptions

The Port measured the environmental liabilities for pollution remediation sites on Port-owned property using the Expected Cash Flow technique. The measurements are based on the current value of the outlays expected to be incurred. The cash flow scenarios include each component which can be reasonably estimated for outlays such as testing, monitoring, legal services, and indirect outlays for Port labor instead of ranges of all components. Reasonable estimates of ranges of possible cash flows are limited from a single scenario to a few scenarios. Data used to develop the cash flow scenarios is obtained from outside consultants, Port staff, and the Port's outside legal counsel.

Changes to estimates will be made when new information becomes available. Estimates for the pollution remediation sites will be developed when the following benchmarks or changes in estimated outlays occur:

- Receipt of an administrative order;
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation;
- Completion of a corrective measures feasibility study;
- Issuance of an authorization to proceed;
- Remediation design and implementation, through and including operation and maintenance and post-remediation monitoring;
- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases;
- Changes in technology; or
- Changes in legal or regulatory requirements.

Recoveries

The environmental liabilities balances listed on the prior page have been reduced by estimated future recoveries. In calculating the estimated future recoveries, Port staff and outside legal counsel reviewed and applied the requirements of GASB Statement No. 49 for accounting for recoveries. For example, if a Port tenant has a contract obligation to reimburse the Port for certain pollution remediation costs, or if an insurance carrier has paid money on a certain claim and the Port is pursuing additional costs from the insurance carrier associated with the claim, then a recovery was estimated. If an insurance carrier has not yet acknowledged coverage, then a recovery was not estimated.

Litigation

The Port at various times is a defendant in various lawsuits arising in the normal course of business, including constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known and the Port's insurance may cover a portion of any losses, if incurred. Port management may make provision for probable losses if deemed appropriate on the advice of legal counsel.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2021

D. DEFICIT FUND BALANCES/NET POSITION

As of June 30, 2021, the following funds reported deficits in fund balance/net position (in thousands):

| <u>Fund</u> | <u>Deficit</u> |
|--|----------------|
| Other Governmental Funds | |
| Lease Financing | \$ (934) |
| JPFA Fund | (1) |
| Internal Service Funds | |
| Facilities | (28,024) |
| Reproduction | (2,933) |
| Central Stores | (4,875) |
| Purchasing | (3,062) |
| Other Private-Purpose Trust Funds: | |
| Oakland Redevelopment Successor Agency Trust Fund | (189,441) |

The deficit in the Lease Financing Debt Service Fund and JPFA Fund will be cured from the Landscape and Lighting Assessment District Fund receipts and JPFA Fund receipts in future years. The City's facilities, reproduction, central stores, and purchasing fund deficits are expected to be funded through increased user charges in future years. In addition, the City has allocated one-time funds to address these negative balances at various times over the past several years, which has reduced such balances over time. Negative fund balance repayments were deferred in fiscal year 2020-21 in response to a projected budget deficit arising from the COVID-19 pandemic but are scheduled to resume in fiscal year 2021-22.

At June 30, 2021, ORSA has a negative net position of \$189.4 million. Under the former California Redevelopment Law, the Former Agency issued bonds or incurred long-term debt to finance its redevelopment projects by pledging future tax increment revenues. In general, ORSA's revenues can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

E. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes Payable - On July 14, 2021, the City issued \$124.1 million tax and revenue anticipation notes in advance of property tax collections. The notes were issued as a taxable series bearing an interest rate of 0.365 percent with a final maturity of June 30, 2022. The notes were issued to finance the prepayment of the City's Employer Unfunded Actuarial Accrued Liability contribution to CalPERS for fiscal year 2021-22. The City received a 3.33 percent prepayment discount from CalPERS for pre-funding.

Oakland-Alameda County Coliseum Authority Refunding - The Coliseum Authority completed a current refunding of its outstanding Stadium Bonds on December 14, 2021 through the issuance of \$23.9 million of Coliseum Authority Lease Revenue Notes, 2021 Refunding Series A (Stadium Notes), and the utilization of available revenue and reserve funds. As discussed in Note II, part I, Joint Venture, the City has recognized a liability for 50 percent of the Stadium Bonds and anticipates that the refunding will reduce its pledge obligation for the new Stadium Notes to \$12.0 million in fiscal year 2021-22.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios –
Police and Fire Retirement System
Last Seven Fiscal Years*
(In Thousands)

| Fiscal Year | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measurement period | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| Total pension liability | | | | | | | |
| Service cost | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Interest on the total pension liability | 36,078 | 37,621 | 44,320 | 44,932 | 42,480 | 41,263 | 42,333 |
| Changes of assumptions | — | (1,475) | 17,858 | — | 43,480 | 34,219 | — |
| Differences between expected and actual experience | (5,699) | (7,915) | (10,656) | 3,028 | 6,978 | (21,209) | — |
| Benefit payments, including refunds of employee contributions | (54,619) | (56,212) | (55,999) | (57,376) | (58,441) | (59,008) | (57,409) |
| Net change in total pension liability | (24,240) | (27,981) | (4,477) | (9,416) | 34,497 | (4,735) | (15,076) |
| Total pension liability, beginning | 628,211 | 656,192 | 660,669 | 670,085 | 635,588 | 640,323 | 655,399 |
| Total pension liability, ending | \$ 603,971 | \$ 628,211 | \$ 656,192 | \$ 660,669 | \$ 670,085 | \$ 635,588 | \$ 640,323 |
| Plan fiduciary net position | | | | | | | |
| Contributions, employer | \$ 43,409 | \$ 44,821 | \$ 44,860 | \$ — | \$ — | \$ — | \$ — |
| Contributions, employee | — | — | — | — | — | — | 4 |
| Net investment income | 6,997 | 21,558 | 35,446 | 50,159 | (1,419) | 15,439 | 66,392 |
| Administrative expenses | (1,523) | (1,446) | (1,543) | (1,261) | (1,376) | (985) | (776) |
| Claims and settlements | — | 14 | 9 | 70 | 3,593 | — | — |
| Benefit payments, including refunds of employee contributions | (54,619) | (56,212) | (55,999) | (57,376) | (58,441) | (59,008) | (57,409) |
| Net change in plan fiduciary net position | (5,736) | 8,735 | 22,773 | (8,408) | (57,643) | (44,554) | 8,211 |
| Plan fiduciary net position, beginning | 384,710 | 375,975 | 353,202 | 361,610 | 419,253 | 463,807 | 455,596 |
| Plan fiduciary net position, ending | \$ 378,974 | \$ 384,710 | \$ 375,975 | \$ 353,202 | \$ 361,610 | \$ 419,253 | \$ 463,807 |
| Plan net pension liability | \$ 224,997 | \$ 243,501 | \$ 280,217 | \$ 307,467 | \$ 308,475 | \$ 216,335 | \$ 176,516 |
| Plan fiduciary net position as a percentage of the total pension liability | 62.7% | 61.2% | 57.3% | 53.5% | 54.0% | 66.0% | 72.4% |
| Covered payroll | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Plan net pension liability as a percentage of covered payroll | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

Note to schedule:

*Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only seven years of information is shown

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios –
CalPERS Miscellaneous Plan
Last Seven Fiscal Years*
(In Thousands)

| Fiscal year | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Measurement period | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| Total pension liability | | | | | | | |
| Service cost | \$ 46,683 | \$ 45,906 | \$ 43,908 | \$ 44,132 | \$ 37,856 | \$ 37,347 | \$ 37,135 |
| Interest on the total pension liability | 200,794 | 194,753 | 185,097 | 181,418 | 177,626 | 172,693 | 166,822 |
| Changes of assumptions | — | — | (19,122) | 140,332 | — | (39,092) | — |
| Differences between expected and actual experience | 637 | 54,499 | (13,207) | (8,109) | (16,210) | (7,769) | — |
| Benefit payments, including refunds of employee contributions | (160,418) | (153,985) | (144,933) | (138,379) | (132,473) | (126,730) | (121,423) |
| Net change in total pension liability | 87,696 | 141,173 | 51,743 | 219,394 | 66,799 | 36,449 | 82,534 |
| Total pension liability, beginning | 2,864,529 | 2,723,356 | 2,671,613 | 2,452,219 | 2,385,420 | 2,348,971 | 2,266,437 |
| Total pension liability, ending | \$ 2,952,225 | \$ 2,864,529 | \$ 2,723,356 | \$ 2,671,613 | \$ 2,452,219 | \$ 2,385,420 | \$ 2,348,971 |
| Plan fiduciary net position | | | | | | | |
| Contributions, employer ⁽¹⁾ | \$ 100,610 | \$ 78,370 | \$ 79,536 | \$ 75,893 | \$ 65,067 | \$ 63,531 | \$ 52,556 |
| Contributions, employee | 20,616 | 18,861 | 18,240 | 17,935 | 17,291 | 16,904 | 17,431 |
| Plan to plan resource movement | 1 | 107 | 548 | 135 | — | 24 | — |
| Net investment income | 97,856 | 123,862 | 151,049 | 182,811 | 8,647 | 37,833 | 256,552 |
| Administrative expenses | (2,764) | (1,344) | (2,785) | (2,438) | (1,032) | (1,919) | — |
| Benefit payments, including refunds of employee contributions | (160,418) | (153,985) | (144,933) | (138,379) | (132,473) | (126,730) | (121,423) |
| Other miscellaneous income/ (expense) ⁽¹⁾ | — | 10,944 | (5,289) | — | — | — | — |
| Net change in plan fiduciary net position | 55,901 | 76,815 | 96,366 | 135,957 | (42,500) | (10,357) | 205,116 |
| Plan fiduciary net position, beginning | 1,960,494 | 1,883,679 | 1,787,313 | 1,651,356 | 1,693,856 | 1,704,213 | 1,499,097 |
| Plan fiduciary net position, ending | \$ 2,016,395 | \$ 1,960,494 | \$ 1,883,679 | \$ 1,787,313 | \$ 1,651,356 | \$ 1,693,856 | \$ 1,704,213 |
| Plan net pension liability | \$ 935,830 | \$ 904,035 | \$ 839,677 | \$ 884,300 | \$ 800,863 | \$ 691,564 | \$ 644,758 |
| Plan fiduciary net position as a percentage of the total pension liability | 68.3% | 68.4% | 69.2% | 66.9% | 67.3% | 71.0% | 72.6% |
| Covered payroll | \$ 246,215 | \$ 235,715 | \$ 226,157 | \$ 220,386 | \$ 206,595 | \$ 200,562 | \$ 188,886 |
| Plan net pension liability as a percentage of covered payroll | 380.1% | 383.5% | 371.3% | 401.3% | 387.6% | 344.8% | 341.3% |

Note to schedule:

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions - In FY 2016-17, the accounting discount rate was reduced from 7.65% to 7.15%. In 2015-16, there were no changes. In 2014-15, the amount reported reflects an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.75% (without a reduction for pension plan administrative expense). In 2013-14, amounts were based on the 7.5% discount rate.

⁽¹⁾ For measurement period 2018-19, employer contribution reported by CalPERS was \$14 million lower than City reported contributions. This was due to a correction made in CalPERS system related to calculation of prior year contributions for PEPRAs employees. \$10.9 million of the variance was accounted for as "Other Miscellaneous Income" by CalPERS. The remaining variance was posted in CalPERS system in July 2019 and included in next fiscal year. For measurement period 2017-18, as a result of GASB Statement 75, 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.

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only seven years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios –
CalPERS Safety Plan
Last Seven Fiscal Years*
(In Thousands)

| Fiscal year | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Measurement period | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| Total pension liability | | | | | | | |
| Service cost | \$ 46,907 | \$ 44,360 | \$ 43,936 | \$ 43,687 | \$ 36,434 | \$ 32,899 | \$ 34,590 |
| Interest on the total pension liability | 159,371 | 150,669 | 142,495 | 136,316 | 129,920 | 121,444 | 115,261 |
| Changes of assumptions | — | — | (6,416) | 120,639 | — | (31,738) | — |
| Differences between expected and actual experience | 28,634 | 24,421 | 3,126 | 1,595 | 32,162 | 4,892 | — |
| Benefit payments, including refunds of employee contributions | (106,609) | (99,846) | (93,628) | (87,231) | (80,752) | (74,198) | (68,751) |
| Net change in total pension liability | 128,303 | 119,604 | 89,513 | 215,006 | 117,764 | 53,299 | 81,100 |
| Total pension liability, beginning | 2,230,185 | 2,110,581 | 2,021,068 | 1,806,062 | 1,688,298 | 1,634,999 | 1,553,899 |
| Total pension liability, ending | <u>\$2,358,488</u> | <u>\$2,230,185</u> | <u>\$2,110,581</u> | <u>\$2,021,068</u> | <u>\$1,806,062</u> | <u>\$1,688,298</u> | <u>\$1,634,999</u> |
| Plan fiduciary net position | | | | | | | |
| Contributions, employer ⁽¹⁾ | \$ 72,015 | \$ 63,292 | \$ 55,633 | \$ 57,731 | \$ 47,172 | \$ 44,366 | \$ 37,007 |
| Contributions, employee | 20,559 | 20,070 | 19,188 | 18,432 | 16,221 | 15,027 | 14,598 |
| Plan to plan resource movement | (1) | (107) | (555) | (92) | — | (24) | — |
| Net investment income | 71,970 | 90,217 | 108,790 | 129,995 | 6,311 | 26,057 | 175,344 |
| Administrative expenses | (2,034) | (978) | (2,004) | (1,726) | (719) | (1,337) | — |
| Benefit payments, including refunds of employee contributions | (106,609) | (99,846) | (93,628) | (87,232) | (80,752) | (74,198) | (68,751) |
| Other miscellaneous income/ (expense) ⁽¹⁾ | — | 19 | (3,806) | — | — | — | — |
| Net change in plan fiduciary net position | 55,900 | 72,667 | 83,618 | 117,108 | (11,767) | 9,891 | 158,198 |
| Plan fiduciary net position, beginning | 1,442,454 | 1,369,787 | 1,286,169 | 1,169,061 | 1,180,828 | 1,170,937 | 1,012,739 |
| Plan fiduciary net position, ending | <u>\$1,498,354</u> | <u>\$1,442,454</u> | <u>\$1,369,787</u> | <u>\$1,286,169</u> | <u>\$1,169,061</u> | <u>\$1,180,828</u> | <u>\$1,170,937</u> |
| Plan net pension liability | <u>\$ 860,134</u> | <u>\$ 787,731</u> | <u>\$ 740,794</u> | <u>\$ 734,899</u> | <u>\$ 637,001</u> | <u>\$ 507,470</u> | <u>\$ 464,062</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 63.5% | 64.7% | 64.9% | 63.6% | 64.7% | 69.9% | 71.6% |
| Covered payroll | \$ 167,049 | \$ 156,372 | \$ 153,500 | \$ 148,995 | \$ 136,073 | \$ 119,980 | \$ 120,396 |
| Plan net pension liability as a percentage of covered payroll | 514.9% | 503.8% | 482.6% | 493.2% | 468.1% | 423.0% | 385.4% |

Note to schedule:

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions - In FY 2016-17, the accounting discount rate was reduced from 7.65% to 7.15%. In 2015-16, there were no changes. In 2014-15, the amount reported reflects an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.75% (without a reduction for pension plan administrative expense). In 2013-14, amounts were based on the 7.5% discount rate.

⁽¹⁾ For measurement period 2018-19, employer contribution reported by CalPERS was \$6.2 million lower than City reported contributions. This was due to a correction made in CalPERS system related to calculation of prior year contributions for PEPRA employees. \$18,886 of the variance was accounted for as "Other Miscellaneous Income" by CalPERS. The remaining variance was posted in CalPERS system in July 2019 and included in next fiscal year. For measurement period 2017-18, as a result of GASB Statement 75, 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.

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only seven years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer Pension Contributions –
Police and Fire Retirement System
Last Eight Fiscal Years*
(In Thousands)

Oakland Police and Fire Retirement System

| Fiscal year ended June 30 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------|
| Actuarially determined contributions (ADC) | \$ 43,648 | \$ 43,409 | \$44,821 | \$44,860 | \$ — | \$ — | \$ — | \$20,300 |
| Contributions in relation to the ADC | (43,648) | (43,409) | (44,821) | (44,860) | — | — | — | — |
| Contribution deficiency (excess) | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$20,300 |
| Covered payroll | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Contributions as a percentage of covered payroll | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

* Although actuarial valuations were performed as of June 30, 2014, 2015, and 2016, no ADC was determined for FY 2015, 2016, and 2017 based on the City's funding policy.

The actuarial methods and assumptions used to set the actuarially determined contributions were as follows:

| | | |
|------------------------------|---|---|
| Actuarial valuation date | July 1, 2019 | July 1, 2017 |
| Actuarial cost method | Entry-Age Normal Cost Method | Entry-Age Normal Cost Method |
| Asset valuation method | Recognizes 20% difference between market value and expected actuarial value each year, with a corridor of 10% around market value. | Recognized 20% difference between market value and expected actuarial value each year, with a corridor of 10% around market value. |
| Amortization method | Level dollar closed (7 years remaining as of 7/1/2019) | Level dollar closed (9 years remaining as of 7/1/2017) |
| Inflation | 2.75% (U.S) to 2.85% (Bay Area) | 2.75% (U.S) to 2.85% (Bay Area) |
| Discount rate | 5.37% | 5.50% |
| Projected benefit increases: | Following expiration of current MOUs (6/30/19 for Police, 10/31/17 for Fire): | Following expiration of current MOUs (6/30/19 for Police, 10/31/17 for Fire): |
| Police | 2.50% increase at January 1, 2019 and July 1, 2020, 3.00% at July 1, 2021, 3.50% at July 1, 2022 and July 1, 2023, then 3.25% (2.85% inflation plus 0.40% productivity increase) per year | 2.50 and 1.00% increase at January 1, 2018, 2.00% on July 1, 2018 and 2.50% at January 1, 2019, then 3.25% per year |
| Fire | 1% at November 1, 2018 and January 1, 2019, 2% at November 1, 2019, 3.25% (2.85% inflation plus 0.40% productivity increase) annual increase starting July 1, 2020 | 3.25% (2.85% inflation plus 0.40% productivity increase) per year |
| Mortality (healthy) | CalPERS Healthy Annuitant Table (from 2012-2015 Experience Study), projected to improve with MP-2017 using 2014 base year | CalPERS Healthy Annuitant Table (from 2012-2015 Experience Study), projected to improve with MP-2017 using 2014 base year |
| Mortality (disabled) | CalPERS Industrial Disability Mortality Table (from 2012-2015 Experience Study), projected to improve with MP-2017 using 2014 base year | CalPERS Industrial Disability Mortality Table (from 2012-2015 Experience Study), projected to improve with MP-2017 using 2014 base year |

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only eight years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer Pension Contributions – CalPERS Plans
Last Eight Fiscal Years*
(In Thousands)

Miscellaneous Plan - City

| Fiscal year ended June 30 | 2021 | 2020 | 2019*** | 2018 | 2017** | 2016** | 2015** | 2014 |
|--|-------------|-------------|-------------|-------------|-------------|------------------|------------------|-------------|
| Actuarially determined contribution (ADC) | \$91,778 | \$82,284 | \$70,598 | \$60,283 | \$56,987 | \$47,934 | \$44,733 | \$52,556 |
| Contributions in relation to the ADC | (91,778) | (82,284) | (70,598) | (60,283) | (56,987) | (49,078) | (48,796) | (52,556) |
| Contribution deficiency (excess) | \$ — | \$ — | \$ — | \$ — | \$ — | \$(1,144) | \$(4,063) | \$ — |
| Covered payroll | \$207,115 | \$196,495 | \$177,611 | \$171,344 | \$166,272 | \$153,195 | \$150,469 | \$188,886 |
| Contributions as a percentage of covered payroll | 44.3 % | 41.9 % | 39.7 % | 35.2 % | 34.3 % | 32.0 % | 32.4 % | 27.8 % |

Safety Plan

| Fiscal year ended June 30 | 2021 | 2020 | 2019**** | 2018 | 2017 | 2016** | 2015** | 2014 |
|--|-------------|-------------|-------------|-------------|-------------|-----------------|-----------------|-------------|
| Actuarially determined contribution (ADC) | \$86,687 | \$78,647 | \$69,447 | \$55,633 | \$57,731 | \$46,611 | \$43,747 | \$37,007 |
| Contributions in relation to the ADC | (86,687) | (78,647) | (69,447) | (55,633) | (57,731) | (47,173) | (44,366) | (37,007) |
| Contribution deficiency (excess) | \$ — | \$ — | \$ — | \$ — | \$ — | \$ (562) | \$ (619) | \$ — |
| Covered payroll | \$171,170 | \$167,595 | \$156,372 | \$153,500 | \$148,995 | \$136,073 | \$119,980 | \$120,396 |
| Contributions as a percentage of covered payroll | 50.6 % | 46.9 % | 44.4 % | 36.2 % | 38.7 % | 34.7 % | 37.0 % | 30.7 % |

Miscellaneous Plan - Port

| Fiscal year ended June 30 | 2021 | 2020 | 2019*** | 2018 | 2017** | 2016** | 2015** | 2014 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Actuarially determined contribution (ADC) | \$25,787 | \$24,588 | \$21,832 | \$19,253 | \$18,906 | \$15,989 | \$14,735 | n/a |
| Contributions in relation to the ADC | (25,787) | (24,588) | (21,832) | (19,253) | (18,906) | (15,989) | (14,735) | n/a |
| Contribution deficiency (excess) | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | n/a |
| Covered payroll | \$58,496 | \$61,374 | \$58,104 | \$54,813 | \$54,114 | \$53,400 | \$50,093 | n/a |
| Contributions as a percentage of covered payroll | 44.1 % | 40.1 % | 37.6 % | 35.1 % | 34.9 % | 29.9 % | 29.4 % | n/a |

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only eight years of information is shown.

** In prior fiscal years, the contributions in relation to the actuarially determined contributions were based on estimates. The City adjusted the amounts to align the estimated employer contributions with the actual employer contributions per the 2018 agent-multiple employer CalPERS report for the CalPERS Miscellaneous Plan and the Safety Plan.

*** For measurement period 2018-19, employer contribution reported by CalPERS was \$14 million lower than City reported contributions. This was due to a correction made in CalPERS system related to calculation of prior year contributions for PEPRA employees. \$10.9 million of the variance was accounted for as "Other Miscellaneous Income" by CalPERS. The remaining variance was posted in CalPERS system in July 2019 and included in next fiscal year.

**** For measurement period 2018-19, employer contribution reported by CalPERS was \$6.2 million lower than City reported contributions. This was due to a correction made in CalPERS system related to calculation of prior year contributions for PEPRA employees. \$18,886 of the variance was accounted for as "Other Miscellaneous Income" by CalPERS. The remaining variance was posted in CalPERS system in July 2019 and included in next fiscal year.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer Pension Contributions – CalPERS Plans
Last Eight Fiscal Years*
(In Thousands)

Methods and assumptions used to determine the last 8 years contribution rates to CalPERS plans

| | |
|---------------------------|--|
| ADC for fiscal year | June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014 |
| Actuarial valuation date | June 30, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Asset valuation method | In fiscal year 2014, 2015 and 2016, the actuarial value of assets was used. In fiscal year 2017, 2018, 2019 and 2020, the market value of assets was used. |
| Inflation | In fiscal year 2020, 2.625% compounded annually. In fiscal years 2015-2019, 2.75% compounded annually. |
| Salary increases | Varies by entry age and services |
| Payroll growth | In fiscal year 2020, 2.875% compounded annually. In fiscal years 2015 - 2019, 3% compounded annually. |
| Investment rate of return | In fiscal year 2020, 7.375%, net of administrative expenses, including inflation. In fiscal year 2019, 7.35%, net of administrative expenses, including inflation. In fiscal year 2018 through 2015, 7.50%, net of administrative expenses, including inflation. |
| Retirement age | In fiscal year 2019 through 2017, the probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. In fiscal year 2016 and 2015, the probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. |
| Mortality | In fiscal year 2020, post-retirement mortality rates included 15 years of projected ongoing mortality improvement 90% of Scale MP-2016 published by the Society of Actuaries. In fiscal year 2019 through 2017, the probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries. In fiscal year 2016 and 2015, the probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios -
City Retiree Health Plan
Last Four Fiscal Years*
(In Thousands)

| Fiscal Year | 2020-21 | 2019-20 | 2018-19 | 2017-18* |
|---|-------------------|-------------------|-------------------|-------------------|
| Measurement period | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
| Total OPEB liability | | | | |
| Service cost | \$ 24,307 | \$ 37,585 | \$ 38,477 | \$ 50,972 |
| Interest (includes interest on service cost) | 27,522 | 32,591 | 30,078 | 32,415 |
| Changes of assumptions | 222,308 | (139,063) | (38,298) | (294,914) |
| Changes of benefits | — | (147,572) | — | — |
| Differences between expected and actual experience | — | 14,923 | — | (10,799) |
| Benefit payments | (28,917) | (29,130) | (27,481) | (20,424) |
| Net change in total OPEB liability | 245,220 | (230,666) | 2,776 | (242,750) |
| Total OPEB liability, beginning | 625,906 | 856,572 | 853,796 | 1,096,546 |
| Total OPEB liability, ending | \$ 871,126 | \$ 625,906 | \$ 856,572 | \$ 853,796 |
| Plan fiduciary net position | | | | |
| Contributions, employer | \$ 28,917 | \$ 39,130 | \$ 38,147 | \$ 20,424 |
| Net investment income | 967 | 1,420 | 945 | 414 |
| Administrative expenses | (14) | (12) | (7) | (2) |
| Benefit payments | (28,917) | (29,130) | (27,481) | (20,424) |
| Net change in plan fiduciary net position | 953 | 11,408 | 11,604 | 412 |
| Plan fiduciary net position, beginning | 27,337 | 15,929 | 4,325 | 3,913 |
| Plan fiduciary net position, ending | \$ 28,290 | \$ 27,337 | \$ 15,929 | \$ 4,325 |
| Plan net OPEB liability | \$ 842,836 | \$ 598,569 | \$ 840,643 | \$ 849,471 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 3.2 % | 4.4 % | 1.9 % | 0.5 % |
| Covered payroll | \$ 383,674 | \$ 373,405 | \$ 369,316 | \$ 360,309 |
| Plan net OPEB liability as a percentage of covered payroll | 219.7 % | 160.3 % | 227.6 % | 235.8 % |

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only four years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios -
Port Retiree Health Plan
Last Four Fiscal Years*
(In Thousands)

| Fiscal Year | 2020-21 | 2019-20 | 2018-19 | 2017-18* |
|---|-------------------|-------------------|-------------------|-------------------|
| Measurement period | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
| Total OPEB liability | | | | |
| Service cost | \$ 4,416 | \$ 4,621 | \$ 4,329 | \$ 4,055 |
| Interest (includes interest on service cost) | 11,793 | 11,995 | 11,521 | 11,089 |
| Changes of assumptions | (896) | (6,179) | — | — |
| Differences between expected and actual experience | — | (3,665) | — | — |
| Benefit payments | (9,941) | (9,193) | (9,045) | (9,000) |
| Net change in total OPEB liability | 5,372 | (2,421) | 6,805 | 6,144 |
| Total OPEB liability, beginning | 175,182 | 177,603 | 170,798 | 164,654 |
| Total OPEB liability, ending | \$ 180,554 | \$ 175,182 | \$ 177,603 | \$ 170,798 |
| Plan fiduciary net position | | | | |
| Contributions, employer | \$ 14,141 | \$ 14,693 | \$ 14,545 | \$ 15,400 |
| Net investment income | 3,143 | 4,821 | 5,351 | 5,773 |
| Administrative expenses | (44) | (38) | (35) | (22) |
| Benefit payments | (9,941) | (9,193) | (9,045) | (9,000) |
| Net change in plan fiduciary net position | 7,299 | 10,283 | 10,816 | 12,151 |
| Plan fiduciary net position, beginning | 88,020 | 77,737 | 66,921 | 54,770 |
| Plan fiduciary net position, ending | \$ 95,319 | \$ 88,020 | \$ 77,737 | \$ 66,921 |
| Plan net OPEB liability | \$ 85,235 | \$ 87,162 | \$ 99,866 | \$ 103,877 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 52.8 % | 50.2 % | 43.8 % | 39.2 % |
| Covered payroll | \$ 66,473 | \$ 63,359 | \$ 61,326 | \$ 58,516 |
| Plan net OPEB liability as a percentage of covered payroll | 128.2 % | 137.6 % | 162.8 % | 177.5 % |

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only four years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer OPEB Contributions -
City Retiree Health Plan
Last Four Fiscal Years
(In Thousands)

| Fiscal year ended June 30 | 2021 | 2020 | 2019 | 2018 * |
|--|------------------|------------------|------------------|------------------|
| Actuarially determined contribution (ADC) | \$ 52,755 | \$ 50,660 | \$ 75,069 | \$ 72,480 |
| Contributions in relation to the ADC | (29,517) | (28,917) | (39,130) | (37,225) |
| Contribution deficiency | \$ 23,238 | \$ 21,743 | \$ 35,939 | \$ 35,255 |
| Covered payroll | \$ 394,225 | \$ 383,674 | \$ 373,405 | \$ 369,316 |
| Contributions as a percentage of covered payroll | 7.49 % | 7.74 % | 10.60 % | 10.33 % |

The actuarial methods and assumptions used to set the actuarially determined contributions were as follows:

| | | |
|---|--|--|
| Actuarial valuation date | July 1, 2019 | July 1, 2017 |
| Actuarial cost method | Entry-Age Normal Cost Method | Entry-Age Normal Cost Method |
| Asset valuation method | Market value | Market value |
| Amortization method | Level percentage of pay, closed period as of FY 2020 | Level percentage of pay, open period, 30 years |
| Inflation | 2.50% | 2.50% |
| Discount rate | 4.50% | 3.58% |
| Investment Rate of Return | 7.59% | 7.28% |
| Rate of salary increase | 2.75% | 2.50% |
| Ultimate rate of medical inflation | 3.50% | 3.50% |
| Years to ultimate rate of medical inflation | 20 years | 20 years |
| Rates of mortality | Based on the 2017 CalPERS Experience Study from 1997 to 2015 | Based on the 2017 CalPERS Experience Study from 1997 to 2015 |
| | Police - 2.5% and 1% increases at January 1, 2018; 2% on July 1, 2018; 2.5% at January 1, 2019; then 3.25% | Police - 2.5% and 1% increases at January 1, 2018; 2% on July 1, 2018; 2.5% at January 1, 2019; then 3.25% |
| Postretirement benefit increase | Fire - 3.25% | Fire - 3.25% |

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only four years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer OPEB Contributions -
Port Retiree Health Plan
Last Four Fiscal Years
(In Thousands)

| Fiscal year ended June 30 | 2021 | 2020 | 2019 | 2018 * |
|--|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution (ADC) | \$ 12,350 | \$ 12,149 | \$ 13,310 | \$ 13,203 |
| Contributions in relation to the ADC | (14,418) | (14,145) | (14,894) | (14,732) |
| Contribution deficiency (excess) | \$ (2,068) | \$ (1,996) | \$ (1,584) | \$ (1,529) |
| Covered payroll | \$ 61,112 | \$ 66,473 | \$ 63,359 | \$ 61,326 |
| Contributions as a percentage of covered payroll | 23.6 % | 21.3 % | 23.5 % | 24.0 % |

The actuarial methods and assumptions used to set the actuarially determined contributions were as follows:

| | |
|------------------------------|--|
| ADC for fiscal year | June 30, 2018, 2019, 2020, 2021 |
| Actuarial valuation date | June 30, 2017 and 2019 |
| Actuarial cost method | Entry-Age Normal |
| Asset valuation method | Market Value of Assets |
| Amortization method/period | 30-year dollar amount on a "closed" basis |
| Inflation | 2.50% |
| Payroll growth | 3% per annum |
| Investment rate of return | 6.75% net of investment expense |
| Healthcare Cost Trend Rates | For fiscal years 2021 and 2020, 3.25%-6.00% per year increase for medical, 3.0% per year increase for vision and dental, and 4.25%-6.00% per year increase for Medicare Part B. For fiscal years 2019 and 2018, 3.50-6.25% per year increase for medical, 4.0% per year increase for vision and dental, and 0.0%-5.5% per year increase for Medicare Part B |
| Retirement Age and Mortality | For fiscal years 2021 and 2020, based upon the CalPERS valuation experience study. CalPERS mortality rates include 15 years of projected on-going improvement using 90 percent of Scale MP-2016. For fiscal years 2019 and 2018, based upon the CalPERS valuation experience study. CalPERS mortality rates include 15 years of projected on-going improvement using 90 percent of Scale MP- 2016. |

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only four years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2021
(In Thousands)

| | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) |
|--|-------------------|-------------------|------------------------|------------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 359,538 | \$ 359,538 | \$ 377,175 | \$ 17,637 |
| Sales and use | 52,551 | 52,551 | 57,825 | 5,274 |
| Motor vehicle in-lieu | — | — | 318 | 318 |
| Local taxes: | | | | |
| Business license | 88,000 | 88,000 | 104,232 | 16,232 |
| Utility consumption | 52,000 | 52,000 | 51,801 | (199) |
| Real estate transfer | 89,062 | 93,332 | 113,359 | 20,027 |
| Transient occupancy | 15,908 | 8,248 | 10,610 | 2,362 |
| Parking | 8,854 | 4,494 | 6,264 | 1,770 |
| Voter-approved special tax | 10,000 | 10,000 | 8,155 | (1,845) |
| Franchise | 20,385 | 20,385 | 19,679 | (706) |
| License and permits | 1,683 | 1,683 | 1,243 | (440) |
| Fines and penalties | 17,966 | 13,666 | 17,591 | 3,925 |
| Interest and investment income (loss) | 516 | 516 | (7,860) | (8,376) |
| Charges for services | 99,615 | 90,325 | 83,173 | (7,152) |
| Federal and state grants and subventions | 5,075 | 8,065 | 4,983 | (3,082) |
| Annuity income | 5,337 | 5,337 | 4,757 | (580) |
| Other | 1,979 | 12,702 | 33,553 | 20,851 |
| TOTAL REVENUES | 828,469 | 820,842 | 886,858 | 66,016 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | | | | |
| Mayor | 3,851 | 3,881 | 3,089 | 792 |
| Council | 6,245 | 6,468 | 6,084 | 384 |
| City Administrator | 13,340 | 14,266 | 13,658 | 608 |
| City Attorney | 14,695 | 17,380 | 15,365 | 2,015 |
| City Auditor | 2,440 | 2,475 | 2,261 | 214 |
| City Clerk | 5,057 | 6,282 | 6,237 | 45 |
| Public Ethics Commission | 1,305 | 1,370 | 1,348 | 22 |
| Human Resources Management | 8,970 | 9,921 | 8,769 | 1,152 |
| Financial Services | 29,373 | 31,016 | 29,710 | 1,306 |
| Information Technology | 10,797 | 12,264 | 13,607 | (1,343) |
| Race and Equity Department | 830 | 867 | 742 | 125 |
| Workplace & Employment Standards | 3,439 | 3,888 | 3,325 | 563 |
| Other | 51,662 | 63,327 | 79,858 | (16,531) |
| Public safety | | | | |
| Police Department | 300,003 | 314,520 | 285,742 | 28,778 |
| Fire Department | 168,496 | 174,089 | 157,962 | 16,127 |
| Police Commission | 4,552 | 4,617 | 3,018 | 1,599 |
| Community and human services | | | | |
| Parks and Recreation | 26,827 | 27,892 | 20,019 | 7,873 |
| Library | 11,608 | 13,217 | 11,642 | 1,575 |
| Department of Violence Prevention | 3,283 | 3,007 | 1,223 | 1,784 |
| Human Services Department | 10,343 | 18,130 | 13,722 | 4,408 |
| Animal Services | — | — | 7 | (7) |
| Community and economic development | | | | |
| Planning and Building | 81 | 206 | (1,142) | 1,348 |
| Economic & Workforce Development | 6,863 | 10,069 | 6,870 | 3,199 |
| Housing & Community Development | 18,535 | 37,510 | 9,950 | 27,560 |
| Public works and transportation | | | | |
| Public Works | 31,736 | 36,345 | 28,664 | 7,681 |
| Department of Transportation | 6,897 | 8,372 | 7,508 | 864 |
| Capital outlay | 71 | 9,146 | 3,391 | 5,755 |
| Debt service: | | | | |
| Principal repayment | 440 | 440 | 440 | — |
| Bond issuance cost | — | — | 137 | (137) |
| Interest charges | 36 | 36 | 784 | (748) |
| TOTAL EXPENDITURES | 741,775 | 831,001 | 733,990 | 97,011 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 86,694 | (10,159) | 152,868 | 163,027 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance claims and settlements | — | 697 | — | (697) |
| Transfers in | 53,999 | 111,236 | 10,182 | (101,054) |
| Transfers out | (157,689) | (177,657) | (103,715) | 73,942 |
| TOTAL OTHER FINANCING SOURCES (USES) | (103,690) | (65,724) | (93,533) | (27,809) |
| NET CHANGE IN FUND BALANCE | (16,996) | (75,883) | 59,335 | 135,218 |
| Fund balance - beginning | 405,348 | 405,348 | 405,348 | — |
| FUND BALANCE - ENDING | \$ 388,352 | \$ 329,465 | \$ 464,683 | \$ 135,218 |

See notes to the required supplementary information.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Other Special Revenue Fund
Year Ended June 30, 2021
(In Thousands)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Budgetary Basis</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------------------------------|---|
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 18,000 | \$ 18,000 | \$ 18,481 | \$ 481 |
| Local taxes: | | | | |
| Transient occupancy | 4,339 | 4,339 | 2,887 | (1,452) |
| Parking | 8,393 | 8,393 | 5,326 | (3,067) |
| Voter-approved special tax | 65,353 | 65,353 | 65,509 | 156 |
| Licenses and permits | 19,813 | 19,813 | 28,614 | 8,801 |
| Fines and penalties | 667 | 667 | 543 | (124) |
| Interest and investment income (loss) | 10 | 10 | (176) | (186) |
| Charges for services | 41,275 | 41,275 | 34,767 | (6,508) |
| Federal and state grants and subventions | 513 | 1,287 | 2,922 | 1,635 |
| Other | 346 | 471 | 4,666 | 4,195 |
| TOTAL REVENUES | <u>158,709</u> | <u>159,608</u> | <u>163,539</u> | <u>3,931</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | | | | |
| Mayor | 301 | 301 | 356 | (55) |
| City Administrator | 2,916 | 3,647 | 3,042 | 605 |
| City Clerk | 1,200 | 873 | 873 | — |
| City Attorney | 4,284 | 4,381 | 4,173 | 208 |
| Human Resources Management | 700 | 700 | 770 | (70) |
| Financial Services | 2,949 | 3,148 | 3,541 | (393) |
| Information Technology | 2,099 | 2,099 | 1,751 | 348 |
| Other | 4,611 | 7,593 | 2,955 | 4,638 |
| Public safety | | | | |
| Police Department | 16,054 | 15,862 | 17,336 | (1,474) |
| Fire Department | 6,631 | 9,358 | 6,607 | 2,751 |
| Community and human services | | | | |
| Parks and Recreation | — | 447 | 54 | 393 |
| Library | 31,846 | 31,696 | 25,822 | 5,874 |
| Department of Violence Prevention | 9,533 | 13,689 | 10,435 | 3,254 |
| Human Services Department | 25,826 | 39,270 | 25,922 | 13,348 |
| Community and economic development | | | | |
| Planning and Building | 42,350 | 85,021 | 37,762 | 47,259 |
| Economic & Workforce Development | 730 | 1,055 | 730 | 325 |
| Housing & Community Development | 7,380 | 9,088 | 6,535 | 2,553 |
| Public works and transportation | | | | |
| Public Works | 18,977 | 20,935 | 11,599 | 9,336 |
| Department of Transportation | 11,535 | 15,890 | 6,900 | 8,990 |
| Capital outlay | 4,510 | 9,561 | 1,921 | 7,640 |
| TOTAL EXPENDITURES | <u>194,432</u> | <u>274,614</u> | <u>169,084</u> | <u>105,530</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>(35,723)</u> | <u>(115,006)</u> | <u>(5,545)</u> | <u>109,461</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance claims and settlements | — | — | 64 | 64 |
| Transfers in | 19,361 | 20,679 | 20,660 | (19) |
| Transfers out | (2,279) | (3,637) | (1,539) | 2,098 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>17,082</u> | <u>17,042</u> | <u>19,185</u> | <u>2,143</u> |
| NET CHANGE IN FUND BALANCE | <u>(18,641)</u> | <u>(97,964)</u> | <u>13,640</u> | <u>111,604</u> |
| Fund balance - beginning | 191,671 | 191,671 | 191,671 | — |
| FUND BALANCE - ENDING | <u>\$ 173,030</u> | <u>\$ 93,707</u> | <u>\$ 205,311</u> | <u>\$ 111,604</u> |

See notes to the required supplementary information.

(1) BUDGETARY DATA

In accordance with the provisions of the City Charter, the City prepares and adopts a budget on or before June 30 for each fiscal year. The City Charter prohibits expending funds for which there is no legal appropriation. Therefore, the City is required to adopt budgets for all City funds.

Prior to July 1, the original adopted budget is finalized through the passage of a resolution by the City Council. The level of legal budgetary control by the City Council is established at the fund level. For management purposes, the budget is controlled at the departmental level of expenditure within funds.

In June 2019, the City Council approved the City's two-year budget for fiscal years 2020 and 2021. Although appropriations are adopted for a 24-month period, they are divided into two one-year spending plans. The final budgetary data presented in the required supplementary information reflects approved changes to the original 2019-21 budget. Certain projects are appropriated on a multi-year rather than annual basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations may be carried forward to the following year with the approval of the City Administrator pursuant to the City's Consolidated Fiscal Policy.

Transfers of appropriations between funds and supplemental appropriations financed by unanticipated revenues must be approved by the City Council. Transfers of appropriations between projects within the same fund must be approved by the City Administrator. Final budget amounts reported in the required supplementary information reflect both the appropriation changes approved by the City Council and the transfers approved by the City Administrator.

Budgetary Basis of Accounting

The City adopts budgets each fiscal year on a basis of accounting which is substantially the same as accounting principles generally accepted in the United States of America (GAAP) except for certain investment earnings.

Certain funds of the City contain capital projects, grant projects, loan programs or other programs that are budgeted on a multi-year basis. The amounts of the projects and programs budgeted on a multiyear basis are significant compared to the items budgeted on an annual basis; therefore, a comparison of budget to actual for the fund would not be meaningful. As a result, such funds that are excluded from budgetary reporting are:

- Federal/State Grant Fund
- Low and Moderate Income Housing Asset Fund
- Municipal Capital Improvement Fund

While the City adopts budgets for all funds, the budgets to actual comparisons for proprietary and fiduciary funds are not presented because some projects and programs are adopted on a multi-year basis.

CITY OF OAKLAND
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

(2) RECONCILIATION OF OPERATIONS ON MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS

The governmental fund financial statements have been prepared on the modified accrual basis of accounting in accordance with GAAP. The “Budgetary Comparison Schedule – General Fund” has been prepared on a budgetary basis, which is different from GAAP.

The budgetary process is based upon accounting for certain transactions on a basis other than GAAP. The results of operations are presented in the budget to actual comparison schedule in accordance with the budgetary process (Budgetary Basis) to provide a meaningful comparison with the budget.

The main difference between actual amounts on a budgetary basis and a GAAP basis is due to timing.

In October 2001, the City entered into a debt service deposit agreement with a third party whereby the City received approximately \$9.6 million in exchange for forgoing its right to receive investment earnings on the amounts deposited with the trustee in advance of the date that the related debt was due to the bondholders. The compensation to the City was recorded as revenue in fiscal year 2002 when received on a budgetary basis. On a GAAP basis, the revenue was deferred and is being recognized over the 21-year life of the agreement. Amortization for the year ended June 30, 2021, was \$0.4 million.

The following schedule is a reconciliation of the GAAP and budgetary results of operations (in thousands):

| | General Fund |
|--|---------------------|
| Net change in fund balance - GAAP basis | \$ 59,698 |
| Amortization of debt service deposit agreement | (363) |
| Net change in fund balance - Budgetary basis | \$ 59,335 |

The general fund’s fund balance on a GAAP Basis is reconciled to a Budgetary Basis as of June 30, 2021, which is as follows (in thousands):

| | General Fund |
|--|---------------------|
| Fund balance - GAAP basis | \$ 463,966 |
| Unamortized debt service deposit agreement | 717 |
| Fund balance - Budgetary basis | \$ 464,683 |

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

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CITY OF OAKLAND
Combining Balance Sheet
Other Governmental Funds - Special Revenue and Debt Service Funds
June 30, 2021
(In Thousands)

| | Special Revenue Funds | Debt Service Funds | Total |
|---|--------------------------------------|-----------------------------------|------------------|
| ASSETS | | | |
| Cash and investments | \$ 40,851 | \$ 20,639 | \$ 61,490 |
| Receivable, net: | | | |
| Accrued interest | 19 | 9 | 28 |
| Property taxes | 1,838 | 762 | 2,600 |
| Accounts receivable | 7,947 | — | 7,947 |
| Grants receivable | 799 | — | 799 |
| Due from component units | 644 | — | 644 |
| Restricted cash and investments | 159 | 3,325 | 3,484 |
| Other assets | 45 | — | 45 |
| TOTAL ASSETS | \$ 52,302 | \$ 24,735 | \$ 77,037 |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 3,574 | \$ 7 | \$ 3,581 |
| Due to other funds | — | 1,414 | 1,414 |
| Other | 2,211 | — | 2,211 |
| TOTAL LIABILITIES | 5,785 | 1,421 | 7,206 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 1,929 | 275 | 2,204 |
| FUND BALANCES | | | |
| Nonspendable | 45 | — | 45 |
| Restricted | 37,045 | 23,974 | 61,019 |
| Committed | 1,765 | — | 1,765 |
| Assigned | 5,733 | — | 5,733 |
| Unassigned | — | (935) | (935) |
| TOTAL FUND BALANCES | 44,588 | 23,039 | 67,627 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 52,302 | \$ 24,735 | \$ 77,037 |

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds – Special Revenue and Debt Service Funds
Year Ended June 30, 2021
(In Thousands)

| | Special Revenue Funds | Debt Service Funds | Total |
|--|--------------------------|-----------------------|------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ 152 | \$ 35,471 | \$ 35,623 |
| Sales and use | 31,063 | — | 31,063 |
| Gas | 17,322 | — | 17,322 |
| Voter-approved special tax | 19,487 | — | 19,487 |
| Licenses and permits | 132 | — | 132 |
| Fines and penalties | 585 | 116 | 701 |
| Interest and investment income (loss) | 29 | (5) | 24 |
| Charges for services | 111 | — | 111 |
| Federal and state grants and subventions | 11,624 | 192 | 11,816 |
| Other | 1,788 | 522 | 2,310 |
| TOTAL REVENUES | 82,293 | 36,296 | 118,589 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 2,489 | 72 | 2,561 |
| Public safety | 479 | — | 479 |
| Community and human services | 6,259 | — | 6,259 |
| Community and economic development | 96 | — | 96 |
| Public works and transportation | 47,166 | — | 47,166 |
| Capital outlay | 4,694 | — | 4,694 |
| Debt service: | | | |
| Principal repayment | 4,251 | 53,807 | 58,058 |
| Bond issuance cost | — | 4 | 4 |
| Interest charges | — | 61,806 | 61,806 |
| TOTAL EXPENDITURES | 65,434 | 115,689 | 181,123 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 16,859 | (79,393) | (62,534) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 327 | 78,404 | 78,731 |
| Transfers out | (2,314) | — | (2,314) |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,987) | 78,404 | 76,417 |
| NET CHANGE IN FUND BALANCES | 14,872 | (989) | 13,883 |
| Fund balances - beginning, as previously reported | 27,592 | 24,028 | 51,620 |
| Cumulative effect of accounting change | 2,124 | — | 2,124 |
| Fund balances - beginning, as restated | 29,716 | 24,028 | \$ 53,744 |
| FUND BALANCES - ENDING | \$ 44,588 | \$ 23,039 | \$ 67,627 |

OTHER GOVERNMENTAL FUNDS- SPECIAL REVENUE FUNDS

Special revenue funds account for certain revenue sources that are legally restricted or committed to be spent for specified purposes. Other restricted sources are accounted for in fiduciary, debt service, and capital projects funds.

Traffic Safety and Control Fund accounts for monies received from sales and use taxes and grants which are expended or disbursed for purposes immediately connected with traffic safety and control.

State Gas Tax Fund accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code. State gas taxes are restricted to uses related to local streets and highways and include acquisitions of real property, construction and improvements, and repairs and maintenance of streets and highways.

The **Landscape and Lighting Assessment District Fund** is an assessment district fund that is used to account for monies restricted to installing, maintaining and servicing public lighting, landscaping and park facilities.

Assessment Districts Fund accounts for monies restricted to specific improvements that beneficially affect a well defined and limited area of land.

Parks, Recreation, Cultural, and Police Fund accounts for monies held for the general betterment and beautification of City parks, recreation centers, the Oakland Public Museum, and the Oakland Public Library, as well as assets of the Police Department committed for specified purposes.

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CITY OF OAKLAND
Combining Balance Sheet
Other Governmental Funds – Special Revenue Funds
June 30, 2021
(In Thousands)

| | Traffic Safety & Control | State Gas Tax | Landscape and Lighting Assessment District | Assessment Districts | Parks, Recreation, Cultural, and Police | Total |
|---|--------------------------------|------------------|--|-------------------------|--|------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 24,063 | \$ 4,074 | \$ 813 | \$ 2,774 | \$ 9,127 | \$ 40,851 |
| Receivable, net: | | | | | | |
| Accrued interest | 11 | 2 | — | 1 | 5 | 19 |
| Property taxes | — | — | 1,591 | 43 | 204 | 1,838 |
| Accounts receivable | 6,851 | 780 | 287 | 22 | 7 | 7,947 |
| Grants receivable | 799 | — | — | — | — | 799 |
| Due from component units | — | — | 644 | — | — | 644 |
| Restricted cash and investments | — | — | 159 | — | — | 159 |
| Other assets | 45 | — | — | — | — | 45 |
| TOTAL ASSETS | \$ 31,769 | \$ 4,856 | \$ 3,494 | \$ 2,840 | \$ 9,343 | \$ 52,302 |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$ 1,654 | \$ 266 | \$ 639 | \$ 21 | \$ 994 | \$ 3,574 |
| Other | — | — | — | 49 | 2,162 | 2,211 |
| TOTAL LIABILITIES | 1,654 | 266 | 639 | 70 | 3,156 | 5,785 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | 344 | — | 1,393 | 41 | 151 | 1,929 |
| FUND BALANCES | | | | | | |
| Nonspendable | 45 | — | — | — | — | 45 |
| Restricted | 29,726 | 4,590 | — | 2,729 | — | 37,045 |
| Committed | — | — | — | — | 1,765 | 1,765 |
| Assigned | — | — | 1,462 | — | 4,271 | 5,733 |
| TOTAL FUND BALANCES | 29,771 | 4,590 | 1,462 | 2,729 | 6,036 | 44,588 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 31,769 | \$ 4,856 | \$ 3,494 | \$ 2,840 | \$ 9,343 | \$ 52,302 |

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds – Special Revenue Funds
Year Ended June 30, 2021
(In Thousands)

| | Traffic Safety & Control | State Gas Tax | Landscape and Lighting Assessment District | Assessment Districts | Parks, Recreation, Cultural, and Police | Total |
|--|--------------------------------|------------------|---|-------------------------|--|------------------|
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Property tax | \$ — | \$ — | \$ — | \$ 152 | \$ — | \$ 152 |
| Sales and use | 31,063 | — | — | — | — | 31,063 |
| Gas | — | 17,322 | — | — | — | 17,322 |
| Voter-approved special tax | — | — | 19,294 | 193 | — | 19,487 |
| Licenses and permits | — | — | 132 | — | — | 132 |
| Fines and penalties | 585 | — | — | — | — | 585 |
| Interest and investment income (loss) | 43 | (6) | 4 | (3) | (9) | 29 |
| Charges for services | 109 | — | 2 | — | — | 111 |
| Federal and state grants and subventions | 10,978 | — | 159 | — | 487 | 11,624 |
| Other | 1,752 | 5 | 10 | 5 | 16 | 1,788 |
| TOTAL REVENUES | 44,530 | 17,321 | 19,601 | 347 | 494 | 82,293 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 2,436 | 128 | (103) | 4 | 24 | 2,489 |
| Public safety | 133 | — | — | 233 | 113 | 479 |
| Community and human services | 2,220 | — | 3,890 | — | 149 | 6,259 |
| Community and economic development | — | — | 2 | — | 94 | 96 |
| Public works and transportation | 17,060 | 17,455 | 12,105 | 525 | 21 | 47,166 |
| Capital outlay | 3,316 | 879 | 334 | — | 165 | 4,694 |
| Debt service: | | | | | | |
| Principal repayment | 4,251 | — | — | — | — | 4,251 |
| Interest charges | — | — | — | — | — | — |
| TOTAL EXPENDITURES | 29,416 | 18,462 | 16,228 | 762 | 566 | 65,434 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 15,114 | (1,141) | 3,373 | (415) | (72) | 16,859 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 327 | — | — | — | — | 327 |
| Transfers out | — | — | (2,314) | — | — | (2,314) |
| TOTAL OTHER FINANCING SOURCES (USES) | 327 | — | (2,314) | — | — | (1,987) |
| NET CHANGE IN FUND BALANCES | 15,441 | (1,141) | 1,059 | (415) | (72) | 14,872 |
| Fund balances - beginning, as previously reported | 14,330 | 5,731 | 403 | 3,144 | 3,984 | 27,592 |
| Cumulative effect of accounting change | — | — | — | — | 2,124 | 2,124 |
| Fund balances - beginning, as restated | 14,330 | 5,731 | 403 | 3,144 | 6,108 | 29,716 |
| FUND BALANCES - ENDING | \$ 29,771 | \$ 4,590 | \$ 1,462 | \$ 2,729 | \$ 6,036 | \$ 44,588 |

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Other Governmental Funds – Special Revenue Funds
Year Ended June 30, 2021
(In Thousands)

| | Traffic Safety & Control | | | | State Gas Tax | | | |
|--|--------------------------|--------------------|------------------------|------------------------------|-----------------|-----------------|------------------------|------------------------------|
| | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Sales and use tax | \$ 25,797 | \$ 25,797 | \$ 31,063 | \$ 5,266 | \$ — | \$ — | \$ — | \$ — |
| Gas tax | — | — | — | — | 17,400 | 17,400 | 17,322 | (78) |
| Fines and penalties | 770 | 770 | 585 | (185) | — | — | — | — |
| Interest and investment income (loss) | — | — | 43 | 43 | — | — | (6) | (6) |
| Charges for services | 115 | 115 | 109 | (6) | 7 | 7 | — | (7) |
| Federal and state grants and subventions | 6,095 | 10,395 | 10,978 | 583 | 138 | 138 | — | (138) |
| Other | — | 234 | 1,752 | 1,518 | 2 | 2 | 5 | 3 |
| TOTAL REVENUES | 32,777 | 37,311 | 44,530 | 7,219 | 17,547 | 17,547 | 17,321 | (226) |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | | | | | | | | |
| Mayor | 226 | 226 | 202 | 24 | — | — | — | — |
| City Administrator | — | — | — | — | 136 | 145 | 128 | 17 |
| City Attorney | 41 | 41 | 45 | (4) | — | — | — | — |
| Other | 1,506 | 7,814 | 2,098 | 5,716 | — | 603 | — | 603 |
| Financial Services | 85 | 85 | 91 | (6) | — | — | — | — |
| Public safety | | | | | | | | |
| Police Department | 203 | 203 | 133 | 70 | — | — | — | — |
| Community and human services | | | | | | | | |
| Human Services Department | 2,436 | 4,232 | 2,220 | 2,012 | — | — | — | — |
| Community and economic development | | | | | | | | |
| Economic & Workforce Development | — | — | — | — | — | — | — | — |
| Public works and transportation | | | | | | | | |
| Public Works | 958 | 1,455 | 1,265 | 190 | — | 3 | — | 3 |
| Department of Transportation | 18,458 | 22,738 | 15,795 | 6,943 | 17,259 | 18,044 | 17,455 | 589 |
| Capital outlay | 6,484 | 20,862 | 3,316 | 17,546 | 540 | 2,637 | 879 | 1,758 |
| Debt service: | | | | | | | | |
| Principal repayment | 4,277 | 4,250 | 4,251 | (1) | — | — | — | — |
| Interest charges | 27 | 27 | — | 27 | — | — | — | — |
| TOTAL EXPENDITURES | 34,701 | 61,933 | 29,416 | 32,517 | 17,935 | 21,432 | 18,462 | 2,970 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,924) | (24,622) | 15,114 | 39,736 | (388) | (3,885) | (1,141) | 2,744 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | — | — | 327 | 327 | — | — | — | — |
| Transfers out | (27) | (27) | — | 27 | — | — | — | — |
| TOTAL OTHER FINANCING SOURCES (USES) | (27) | (27) | 327 | 354 | — | — | — | — |
| NET CHANGE IN FUND BALANCES | (1,951) | (24,649) | 15,441 | 40,090 | (388) | (3,885) | (1,141) | 2,744 |
| Fund balances - beginning | 14,330 | 14,330 | 14,330 | — | 5,731 | 5,731 | 5,731 | — |
| FUND BALANCES (DEFICIT) - ENDING | \$ 12,379 | \$ (10,319) | \$ 29,771 | \$ 40,090 | \$ 5,343 | \$ 1,846 | \$ 4,590 | \$ 2,744 |

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Other Governmental Funds – Special Revenue Funds (continued)
Year Ended June 30, 2021
(In Thousands)

| | Landscape and Lighting Assessment District | | | | Assessment Districts | | | |
|--|---|-------------------------|---------------------------------------|---|-----------------------------|-------------------------|---------------------------------------|---|
| | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Taxes: | | | | | | | | |
| Property tax | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 152 | \$ 152 |
| Voter-approved special tax | 19,156 | 19,156 | 19,294 | 138 | 146 | 146 | 193 | 47 |
| Licenses and permits | 52 | 52 | 132 | 80 | — | — | — | — |
| Interest and investment income (loss) | — | — | 4 | 4 | — | — | (3) | (3) |
| Charges for services | 207 | 207 | 2 | (205) | — | — | — | — |
| Federal and state grants and subventions | — | — | 159 | 159 | — | — | — | — |
| Other | — | — | 10 | 10 | 3 | 3 | 5 | 2 |
| TOTAL REVENUES | 19,415 | 19,415 | 19,601 | 186 | 149 | 149 | 347 | 198 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | 59 | 84 | (103) | 187 | 723 | 1,440 | 4 | 1,436 |
| Public safety | — | — | — | — | 3 | 316 | 233 | 83 |
| Community and human services | 3,896 | 3,896 | 3,890 | 6 | 140 | 140 | — | 140 |
| Community and economic development | 2 | 2 | 2 | — | — | — | — | — |
| Public works and transportation | 12,946 | 13,048 | 12,105 | 943 | 1,655 | 2,780 | 525 | 2,255 |
| Capital outlay | — | 345 | 334 | 11 | — | 6 | — | 6 |
| TOTAL EXPENDITURES | 16,903 | 17,375 | 16,228 | 1,147 | 2,521 | 4,682 | 762 | 3,920 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 2,512 | 2,040 | 3,373 | 1,333 | (2,372) | (4,533) | (415) | 4,118 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | — | — | — | — | — | — | — | — |
| Transfers out | (2,511) | (2,511) | (2,314) | 197 | — | — | — | — |
| TOTAL OTHER FINANCING SOURCES (USES) | (2,511) | (2,511) | (2,314) | 197 | — | — | — | — |
| NET CHANGE IN FUND BALANCES | 1 | (471) | 1,059 | 1,530 | (2,372) | (4,533) | (415) | 4,118 |
| Fund balances - beginning | 403 | 403 | 403 | — | 3,144 | 3,144 | 3,144 | — |
| FUND BALANCES (DEFICIT) - ENDING | \$ 404 | \$ (68) | \$ 1,462 | \$ 1,530 | \$ 772 | \$ (1,389) | \$ 2,729 | \$ 4,118 |

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Other Governmental Funds – Special Revenue Funds (continued)
Year Ended June 30, 2021
(In Thousands)

| | Parks, Recreation, Cultural, and Police | | | |
|---|--|---------------------|-----------------------------------|---|
| | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) |
| REVENUES | | | | |
| Interest and investment income (loss) | \$ 10 | \$ 10 | \$ (9) | \$ (19) |
| Federal and state grants and subventions | — | 341 | 487 | 146 |
| Other | 368 | 368 | 16 | (352) |
| TOTAL REVENUES | <u>378</u> | <u>719</u> | <u>494</u> | <u>(225)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | — | 907 | 24 | 883 |
| Public safety | — | 190 | 113 | 77 |
| Community and human services | 367 | 1,646 | 149 | 1,497 |
| Community and economic development | — | 268 | 94 | 174 |
| Public works and transportation | — | 76 | 21 | 55 |
| Capital outlay | — | 165 | 165 | — |
| TOTAL EXPENDITURES | <u>367</u> | <u>3,252</u> | <u>566</u> | <u>2,686</u> |
| NET CHANGE IN FUND BALANCES | <u>11</u> | <u>(2,533)</u> | <u>(72)</u> | <u>2,461</u> |
| Fund balances - beginning, as previously reported | 3,984 | 3,984 | 3,984 | — |
| Cumulative effect of accounting change | — | — | 2,124 | — |
| Fund balances - beginning, as restated | 3,984 | 3,984 | 6,108 | — |
| FUND BALANCES - ENDING | <u>\$ 3,995</u> | <u>\$ 1,451</u> | <u>\$ 6,036</u> | <u>\$ 4,585</u> |

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OTHER GOVERNMENTAL FUNDS- DEBT SERVICE FUNDS

Debt service funds account for the accumulation of resources to be used for the payment of general long-term debt principal and interest.

The **General Obligation Bonds Fund** accounts for monies received in connection with the General Obligation Bonds and the related payments on such debt. Proceeds from the General Obligation Bonds are to be used by the City to expand and develop park and recreation facilities, and to enhance the City's emergency response capabilities and for seismic reinforcement of essential public facilities and infrastructure.

The **Lease Financing Fund** accounts for monies received in connection with leases between the City and the ORSA, and the City and the California Statewide Communities Development Authority. It also accounts for payments on bonds and other debt issued for the Oakland Museum, for capital improvements to certain City properties, and for the Scotlan and Kaiser Convention Centers.

The **JPFA Fund** accounts for monies received in connection with leases between the City and the JPFA.

The **Other Assessment Bonds Fund** accounts for special assessment monies received from property owners within the various special assessment districts to liquidate the improvement bonds. These districts include Rockridge Area Water Improvement, and the Fire Area Utility Underground.

The **Special Revenue Bonds Fund** accounts for financing received in connection with the Special Refunding Revenue Bonds (Pension Financing) and for payments on such bonds. Funding consists of voter-approved property tax override revenues authorized by Resolution No. 59916 C.M.S, which was adopted in August 1981 by the City Council to fund the City's obligations under Measure R and Measure O. The revenues are used by the City to fund a portion of the City's liability for public safety employee pensions.

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CITY OF OAKLAND
Combining Balance Sheet
Other Governmental Funds – Debt Service Funds
June 30, 2021
(In Thousands)

| | General Obligation Bonds | Lease Financing | JPFA | Other Assessment Bonds | Special Revenue Bonds | Total |
|---|---|----------------------------|-------------|---------------------------------------|--------------------------------------|------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 12,072 | \$ 480 | \$ — | \$ 775 | \$ 7,312 | \$ 20,639 |
| Receivables, net: | | | | | | |
| Accrued interest | 5 | — | — | — | 4 | 9 |
| Property taxes | 729 | — | — | 33 | — | 762 |
| Restricted cash and investments | 2,638 | — | — | 498 | 189 | 3,325 |
| TOTAL ASSETS | \$ 15,444 | \$ 480 | \$ — | \$ 1,306 | \$ 7,505 | \$ 24,735 |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$ — | \$ 1 | \$ — | \$ 6 | \$ — | \$ 7 |
| Due to other funds | — | 1,413 | 1 | — | — | 1,414 |
| TOTAL LIABILITIES | — | 1,414 | 1 | 6 | — | 1,421 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | 247 | — | — | 28 | — | 275 |
| FUND BALANCES | | | | | | |
| Restricted | 15,197 | — | — | 1,272 | 7,505 | 23,974 |
| Unassigned | — | (934) | (1) | — | — | (935) |
| TOTAL FUND BALANCES | 15,197 | (934) | (1) | 1,272 | 7,505 | 23,039 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 15,444 | \$ 480 | \$ — | \$ 1,306 | \$ 7,505 | \$ 24,735 |

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds – Debt Service Funds
Year Ended June 30, 2021
(In Thousands)

| | General Obligation Bonds | Lease Financing | JPFA | Other Assessment Bonds | Special Revenue Bonds | Total |
|--|---|----------------------------|----------------|---------------------------------------|--------------------------------------|------------------|
| REVENUES | | | | | | |
| Property taxes | \$ 35,471 | \$ — | \$ — | \$ — | \$ — | \$ 35,471 |
| Fines and penalties | 116 | — | — | — | — | 116 |
| Interest and investment income (loss) | (14) | (1) | — | 23 | (13) | (5) |
| Federal and state grants and subventions | — | 192 | — | — | — | 192 |
| Other | — | — | 1 | 521 | — | 522 |
| TOTAL REVENUES | 35,573 | 191 | 1 | 544 | (13) | 36,296 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 15 | 2 | 1 | 48 | 6 | 72 |
| Debt service: | | | | | | |
| Principal repayment | 22,094 | 1,356 | 6,015 | 350 | 23,992 | 53,807 |
| Bond issuance cost | 2 | — | 2 | — | — | 4 |
| Interest charges | 14,297 | 209 | 2,309 | 88 | 44,903 | 61,806 |
| TOTAL EXPENDITURES | 36,408 | 1,567 | 8,327 | 486 | 68,901 | 115,689 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (835) | (1,376) | (8,326) | 58 | (68,914) | (79,393) |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers in | — | 1,373 | 8,314 | — | 68,717 | 78,404 |
| TOTAL OTHER FINANCING SOURCES | — | 1,373 | 8,314 | — | 68,717 | 78,404 |
| NET CHANGE IN FUND BALANCES | (835) | (3) | (12) | 58 | (197) | (989) |
| Fund balances (deficit) - beginning | 16,032 | (931) | 11 | 1,214 | 7,702 | 24,028 |
| FUND BALANCES (DEFICIT) - ENDING | \$ 15,197 | \$ (934) | \$ (1) | \$ 1,272 | \$ 7,505 | \$ 23,039 |

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Other Governmental Funds – Debt Service Funds
Year Ended June 30, 2021
(In Thousands)

| | General Obligation Bonds | | | | Lease Financing | | | |
|--|--------------------------|------------------|------------------------------|------------------------------------|--------------------|-----------------|------------------------------|------------------------------------|
| | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Property taxes | \$ 36,451 | \$ 36,451 | \$ 35,471 | \$ (980) | \$ — | \$ — | \$ — | \$ — |
| Fines and penalties | — | — | 116 | 116 | — | — | — | — |
| Interest and investment income (loss) | — | — | (14) | (14) | — | — | (1) | (1) |
| Federal and state grants and subventions | — | — | — | — | — | — | 192 | 192 |
| Other | — | — | — | — | 25,000 | 25,000 | — | (25,000) |
| TOTAL REVENUES | <u>36,451</u> | <u>36,451</u> | <u>35,573</u> | <u>(878)</u> | <u>25,000</u> | <u>25,000</u> | <u>191</u> | <u>(24,809)</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | 60 | 60 | 15 | 45 | 6 | 6 | 2 | 4 |
| Debt service: | | | | | | | | |
| Principal repayment | 22,095 | 22,095 | 22,094 | 1 | 26,356 | 26,356 | 1,356 | 25,000 |
| Bond issuance cost | — | — | 2 | (1,595) | — | — | — | — |
| Interest charges | 14,297 | 14,297 | 14,297 | — | 209 | 209 | 209 | — |
| TOTAL EXPENDITURES | <u>36,452</u> | <u>36,452</u> | <u>36,408</u> | <u>44</u> | <u>26,571</u> | <u>26,571</u> | <u>1,567</u> | <u>25,004</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1)</u> | <u>(1)</u> | <u>(835)</u> | <u>(834)</u> | <u>(1,571)</u> | <u>(1,571)</u> | <u>(1,376)</u> | <u>195</u> |
| OTHER FINANCING SOURCES | | | | | | | | |
| Transfers in | — | — | — | — | 1,570 | 1,570 | 1,373 | (197) |
| TOTAL OTHER FINANCING SOURCES | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>1,570</u> | <u>1,570</u> | <u>1,373</u> | <u>(197)</u> |
| NET CHANGE IN FUND BALANCES | <u>(1)</u> | <u>(1)</u> | <u>(835)</u> | <u>(834)</u> | <u>(1)</u> | <u>(1)</u> | <u>(3)</u> | <u>(2)</u> |
| Fund balances (deficits) - beginning | 16,032 | 16,032 | 16,032 | — | (931) | (931) | (931) | — |
| FUND BALANCES (DEFICITS) - ENDING | <u>\$ 16,031</u> | <u>\$ 16,031</u> | <u>\$ 15,197</u> | <u>\$ (834)</u> | <u>\$ (932)</u> | <u>\$ (932)</u> | <u>\$ (934)</u> | <u>\$ (2)</u> |

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Other Governmental Funds – Debt Service Funds (continued)
Year Ended June 30, 2021
(In Thousands)

| | JPFA | | | | Other Assessment Bonds | | | |
|---|-----------------|--------------|------------------------|------------------------------|------------------------|--------------|------------------------|------------------------------|
| | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) |
| REVENUES | | | | | | | | |
| Interest and investment income (loss) | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 23 | \$ 23 |
| Other | — | — | 1 | 1 | 515 | 515 | 521 | 6 |
| TOTAL REVENUES | — | — | 1 | 1 | 515 | 515 | 544 | 29 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | 6 | 6 | 1 | 5 | 96 | 96 | 48 | 48 |
| Debt service: | | | | | | | | |
| Principal repayment | 6,015 | 6,015 | 6,015 | — | 350 | 350 | 350 | — |
| Bond issuance cost | — | — | 2 | (2) | — | — | — | — |
| Interest charges | 2,309 | 2,309 | 2,309 | — | 88 | 88 | 88 | — |
| TOTAL EXPENDITURES | 8,330 | 8,330 | 8,327 | 3 | 534 | 534 | 486 | 48 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (8,330) | (8,330) | (8,326) | 4 | (19) | (19) | 58 | 77 |
| OTHER FINANCING SOURCES | | | | | | | | |
| Transfers in | 8,330 | 8,330 | 8,314 | (16) | — | — | — | — |
| TOTAL OTHER FINANCING SOURCES | 8,330 | 8,330 | 8,314 | (16) | — | — | — | — |
| NET CHANGE IN FUND BALANCES | — | — | (12) | (12) | (19) | (19) | 58 | 77 |
| Fund balances - beginning | 11 | 11 | 11 | — | 1,214 | 1,214 | 1,214 | — |
| FUND BALANCES - ENDING | \$ 11 | \$ 11 | \$ (1) | \$ (12) | \$ 1,195 | \$ 1,195 | \$ 1,272 | \$ 77 |

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Other Governmental Funds – Debt Service Funds (continued)
Year Ended June 30, 2021
(In Thousands)

| | Special Revenue Bonds | | | |
|--|------------------------------|---------------------|-------------------------------|-------------------------------------|
| | Original Budget | Final Budget | Actual Budgetary Basis | Variance Positive (Negative) |
| REVENUES | | | | |
| Interest and investment income (loss) | \$ — | \$ — | \$ (13) | \$ (13) |
| TOTAL REVENUES | — | — | (13) | (13) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 13 | 13 | 6 | — |
| Debt service: | | | | |
| Principal repayment | 23,992 | 23,992 | 23,992 | — |
| Interest charges | 44,935 | 44,935 | 44,903 | 32 |
| TOTAL EXPENDITURES | 68,940 | 68,940 | 68,901 | 39 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (68,940) | (68,940) | (68,914) | 26 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 68,940 | 68,940 | 68,717 | (223) |
| NET CHANGE IN FUND BALANCES | — | — | (197) | (197) |
| Fund balances - beginning | 7,702 | 7,702 | 7,702 | — |
| FUND BALANCES - ENDING | \$ 7,702 | \$ 7,702 | \$ 7,505 | \$ (197) |

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INTERNAL SERVICE FUNDS

Internal service funds account for operations that provide goods or services to other City departments and agencies, or to other governments, on a cost-reimbursement basis.

The **Equipment Fund** accounts for the purchase of automotive and rolling equipment, and the related maintenance service charges and related billings for various City departments.

The **Radio Fund** accounts for the purchase, maintenance and operation of radio and other communication equipment being used by various City departments.

The **Facilities Fund** accounts for the repair and maintenance of City facilities, and for provision of custodial and maintenance services related thereto.

The **Reproduction Fund** accounts for the acquisition, maintenance and provision of reproduction equipment and services related to normal governmental operations.

The **Central Stores Fund** accounts for inventory provided to various City departments on a cost reimbursement basis.

The **Purchasing Fund** accounts for procurement of materials, equipment and services essential to providing governmental services for the City.

The **Information Technology Fund** accounts for maintenance and operation of the information technology services for various City departments.

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CITY OF OAKLAND
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2021
(In Thousands)

| | Equipment | Radio | Facilities | Reproduction | Central Stores | Purchasing | Information Technology | Total |
|--|------------------|-----------------|--------------------|---------------------|-----------------------|-------------------|-------------------------------|--------------------|
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and investments | \$ 19,385 | \$ 7,564 | \$ 5,050 | \$ — | \$ — | \$ — | \$ 3,254 | \$ 35,253 |
| Accrued interest | 9 | 4 | 3 | — | — | — | 2 | 18 |
| Accounts receivable | 1 | — | 100 | — | — | — | — | 101 |
| Inventories | 1,082 | — | — | — | — | — | — | 1,082 |
| Restricted cash and investments | 10,196 | — | — | — | — | — | 7,532 | 17,728 |
| Prepaid expenses | 54 | 16 | 2 | — | — | — | 404 | 476 |
| Total current assets | <u>30,727</u> | <u>7,584</u> | <u>5,155</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>11,192</u> | <u>54,658</u> |
| Non-current assets: | | | | | | | | |
| Capital assets: | | | | | | | | |
| Land and other assets not being depreciated | — | 1,048 | 1,706 | — | — | — | 5,329 | 8,083 |
| Facilities and equipment, net of depreciation | 18,186 | 2,604 | 3,893 | — | — | — | 3,517 | 28,200 |
| Total capital assets | <u>18,186</u> | <u>3,652</u> | <u>5,599</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>8,846</u> | <u>36,283</u> |
| TOTAL ASSETS | <u>48,913</u> | <u>11,236</u> | <u>10,754</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>20,038</u> | <u>90,941</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Deferred outflows of resources related to pensions | 443 | 236 | 705 | 52 | 7 | 138 | 42 | 1,623 |
| Deferred outflows of resources related to OPEB | 1,526 | 772 | 2,835 | 129 | 69 | 304 | 76 | 5,711 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>1,969</u> | <u>1,008</u> | <u>3,540</u> | <u>181</u> | <u>76</u> | <u>442</u> | <u>118</u> | <u>7,334</u> |
| LIABILITIES | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable and accrued liabilities | 1,429 | 235 | 1,774 | 180 | 13 | — | 760 | 4,391 |
| Accrued interest payable | 132 | — | — | 1 | 2 | — | 58 | 193 |
| Due to other funds | — | — | — | 1,124 | 3,561 | 214 | — | 4,899 |
| Other liabilities | — | — | 7 | — | — | — | — | 7 |
| Capital leases, notes and other payables | 5,910 | — | — | — | — | — | 2,864 | 8,774 |
| Total current liabilities | <u>7,471</u> | <u>235</u> | <u>1,781</u> | <u>1,305</u> | <u>3,576</u> | <u>214</u> | <u>3,682</u> | <u>18,264</u> |
| Non-current liabilities: | | | | | | | | |
| Capital leases, notes and other payables | 10,512 | — | — | — | — | — | 3,594 | 14,106 |
| Net pension liability | 17,043 | 4,567 | 28,764 | 1,326 | 1,090 | 2,049 | 37 | 54,876 |
| Net OPEB liability | 5,378 | 2,080 | 9,805 | 436 | 235 | 1,044 | 93 | 19,071 |
| Total non-current liabilities | <u>32,933</u> | <u>6,647</u> | <u>38,569</u> | <u>1,762</u> | <u>1,325</u> | <u>3,093</u> | <u>3,724</u> | <u>88,053</u> |
| TOTAL LIABILITIES | <u>40,404</u> | <u>6,882</u> | <u>40,350</u> | <u>3,067</u> | <u>4,901</u> | <u>3,307</u> | <u>7,406</u> | <u>106,317</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Deferred inflows of resources related to OPEB | 1,009 | 421 | 1,968 | 47 | 50 | 197 | (26) | 3,666 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>1,009</u> | <u>421</u> | <u>1,968</u> | <u>47</u> | <u>50</u> | <u>197</u> | <u>(26)</u> | <u>3,666</u> |
| NET POSITION | | | | | | | | |
| Net investment in capital assets | 11,960 | 3,652 | 5,599 | — | — | — | 9,920 | 31,131 |
| Unrestricted (deficit) | (2,491) | 1,289 | (33,623) | (2,933) | (4,875) | (3,062) | 2,856 | (42,839) |
| TOTAL NET POSITION | <u>\$ 9,469</u> | <u>\$ 4,941</u> | <u>\$ (28,024)</u> | <u>\$ (2,933)</u> | <u>\$ (4,875)</u> | <u>\$ (3,062)</u> | <u>\$ 12,776</u> | <u>\$ (11,708)</u> |

CITY OF OAKLAND
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Services Funds
Year Ended June 30, 2021
(In Thousands)

| | Equipment | Radio | Facilities | Reproduction | Central Stores | Purchasing | Information Technology | Total |
|--|------------------|-----------------|--------------------|---------------------|-----------------------|-------------------|-------------------------------|--------------------|
| OPERATING REVENUES | | | | | | | | |
| Charges for services | \$ 40,190 | \$ 7,448 | \$ 40,407 | \$ 1,422 | \$ 546 | \$ 1,623 | \$ 15,180 | \$ 106,816 |
| Other | 90 | — | 24 | — | — | 11 | — | 125 |
| TOTAL OPERATING REVENUES | 40,280 | 7,448 | 40,431 | 1,422 | 546 | 1,634 | 15,180 | 106,941 |
| OPERATING EXPENSES | | | | | | | | |
| Personnel | 8,497 | 4,206 | 16,027 | 636 | 325 | 1,674 | 613 | 31,978 |
| Supplies | 6,684 | 369 | 1,943 | 4 | 6 | 2 | 684 | 9,692 |
| Depreciation and amortization | 5,809 | 2,019 | 487 | — | — | — | 3,059 | 11,374 |
| Contractual services and supplies | 235 | 274 | 607 | 5 | 45 | 4 | 5,119 | 6,289 |
| Repairs and maintenance | 2,253 | 150 | 5,754 | 31 | — | — | 803 | 8,991 |
| General and administrative | 2,797 | 274 | 5,575 | 193 | 21 | 92 | 1,346 | 10,298 |
| Rental | 1,112 | 266 | 747 | 402 | 46 | — | 190 | 2,763 |
| Other | 198 | 1,431 | 7,924 | 4 | 3 | 2 | 240 | 9,802 |
| TOTAL OPERATING EXPENSES | 27,585 | 8,989 | 39,064 | 1,275 | 446 | 1,774 | 12,054 | 91,187 |
| OPERATING INCOME (LOSS) | 12,695 | (1,541) | 1,367 | 147 | 100 | (140) | 3,126 | 15,754 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | | | |
| Interest and investment income (loss) | (7) | (6) | 14 | 3 | 2 | (3) | (11) | (8) |
| Interest expense | (475) | (1) | — | — | — | — | (206) | (682) |
| Insurance claims and settlements | 322 | — | 15 | — | — | — | — | 337 |
| Other | 369 | — | — | — | — | 10 | — | 379 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | 209 | (7) | 29 | 3 | 2 | 7 | (217) | 26 |
| INCOME (LOSS) BEFORE TRANSFERS | 12,904 | (1,548) | 1,396 | 150 | 102 | (133) | 2,909 | 15,780 |
| Transfers out | (6,100) | — | (73) | — | — | — | — | (6,173) |
| Change in net position | 6,804 | (1,548) | 1,323 | 150 | 102 | (133) | 2,909 | 9,607 |
| Net position - beginning | 2,665 | 6,489 | (29,347) | (3,083) | (4,977) | (2,929) | 9,867 | (21,315) |
| NET POSITION - ENDING | \$ 9,469 | \$ 4,941 | \$ (28,024) | \$ (2,933) | \$ (4,875) | \$ (3,062) | \$ 12,776 | \$ (11,708) |

CITY OF OAKLAND
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2021
(In Thousands)

| | <u>Equipment</u> | <u>Radio</u> | <u>Facilities</u> | <u>Reproduction</u> | <u>Central Stores</u> | <u>Purchasing</u> | <u>Information Technology</u> | <u>Total</u> |
|--|------------------|-----------------|-------------------|---------------------|---------------------------|-------------------|-----------------------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Cash received from customers and users | \$ 40,190 | \$ 7,448 | \$ 40,445 | \$ 1,422 | \$ 546 | \$ 1,623 | \$ 15,180 | \$ 106,854 |
| Cash from other sources | 781 | — | 39 | — | — | 21 | — | 841 |
| Cash paid to employees | (8,008) | (3,871) | (15,082) | (567) | (291) | (1,631) | (523) | (29,973) |
| Cash paid to suppliers | (13,457) | (2,769) | (23,208) | (700) | (123) | (99) | (8,076) | (48,432) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>19,506</u> | <u>808</u> | <u>2,194</u> | <u>155</u> | <u>132</u> | <u>(86)</u> | <u>6,581</u> | <u>29,290</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | |
| Proceeds of interfund loans | — | — | — | — | — | 89 | — | 89 |
| Repayment of interfund loans | — | — | — | (160) | (134) | — | (2) | (296) |
| Transfers out | (6,100) | — | (73) | — | — | — | — | (6,173) |
| NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES | <u>(6,100)</u> | <u>—</u> | <u>(73)</u> | <u>(160)</u> | <u>(134)</u> | <u>89</u> | <u>(2)</u> | <u>(6,380)</u> |
| CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES | | | | | | | | |
| Acquisition of capital assets | (5,200) | (654) | (1,625) | — | — | — | (929) | (8,408) |
| Repayment of long-term debt | (5,662) | — | — | — | — | — | (7,443) | (13,105) |
| Interest paid on long-term debt | (520) | (5) | — | — | — | — | (274) | (799) |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(11,382)</u> | <u>(659)</u> | <u>(1,625)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(8,646)</u> | <u>(22,312)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Interest received (paid) | 11 | 12 | 29 | 5 | 2 | (3) | (13) | 43 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 2,035 | 161 | 525 | — | — | — | (2,080) | 641 |
| Cash and cash equivalents - beginning | 27,546 | 7,403 | 4,525 | — | — | — | 12,866 | 52,340 |
| CASH AND CASH EQUIVALENTS - ENDING | <u>\$ 29,581</u> | <u>\$ 7,564</u> | <u>\$ 5,050</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 10,786</u> | <u>\$ 52,981</u> |

CITY OF OAKLAND
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended June 30, 2021
(In Thousands)

| | <u>Equipment</u> | <u>Radio</u> | <u>Facilities</u> | <u>Reproduction</u> | <u>Central Stores</u> | <u>Purchasing</u> | <u>Information Technology</u> | <u>Total</u> |
|--|------------------|-----------------|-------------------|---------------------|---------------------------|-------------------|-----------------------------------|------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | | | | | | |
| Operating income (loss) | \$ 12,695 | \$ (1,541) | \$ 1,367 | \$ 147 | \$ 100 | \$ (140) | \$ 3,126 | \$ 15,754 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | | | | | | |
| Depreciation | 5,809 | 2,019 | 487 | — | — | — | 3,059 | 11,374 |
| Miscellaneous non-operating revenues (expenses) | 691 | — | 15 | — | — | 10 | — | 716 |
| Changes in assets, liabilities, and deferred outflows and inflows of resources: | | | | | | | | |
| Receivables | — | — | 38 | — | — | — | — | 38 |
| Inventories | 3 | — | — | — | — | — | — | 3 |
| Other assets | (18) | (2) | — | — | — | — | 871 | 851 |
| Accounts payable and accrued liabilities | (163) | (3) | (658) | (61) | (2) | 1 | (565) | (1,451) |
| Net pension liability and related pension deferred items | 441 | 304 | 849 | 63 | 29 | 38 | 83 | 1,807 |
| Net other postemployment benefits liability and related deferred items | 48 | 31 | 96 | 6 | 5 | 5 | 7 | 198 |
| Total adjustments | 6,811 | 2,349 | 827 | 8 | 32 | 54 | 3,455 | 13,536 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>\$ 19,506</u> | <u>\$ 808</u> | <u>\$ 2,194</u> | <u>\$ 155</u> | <u>\$ 132</u> | <u>\$ (86)</u> | <u>\$ 6,581</u> | <u>\$ 29,290</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION | | | | | | | | |
| Cash and investments | \$ 19,385 | \$ 7,564 | \$ 5,050 | \$ — | \$ — | \$ — | \$ 3,254 | \$ 35,253 |
| Restricted cash and investments | 10,196 | — | — | — | — | — | 7,532 | 17,728 |
| TOTAL CASH AND CASH EQUIVALENTS | <u>\$ 29,581</u> | <u>\$ 7,564</u> | <u>\$ 5,050</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 10,786</u> | <u>\$ 52,981</u> |

FIDUCIARY FUNDS

Fiduciary funds, including pension and private-purpose trusts, account for resources held by the City which must be spent as provided in legal trust agreements and related state laws.

PENSION TRUST FUND

The **Police and Fire Retirement System (PFRS) Fund** is a closed benefit plan administered by a Board of Trustees which covers uniformed police and fire employees. Membership in the plan is limited to uniformed employees hired prior to July 1, 1976. All subsequent hires are covered under the California Public Employees' Retirement System.

PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose Trust Funds include (a) the *Oakland Redevelopment Successor Agency Trust Fund*, which accounts for the custodial responsibilities that are assigned to the Oakland Redevelopment Successor Agency with the passage of AB X1 26 and (b) the *Other Private-Purpose Trust Fund*, which accounts for the operations of the Telecommunications Sinking Fund, which was established to finance removal costs for obsolete telecommunications facilities. Balances and activities for the *Private Pension Trust Fund*, which was reported as a fiduciary fund in prior years, have been incorporated into the Other Governmental Fund to conform with the requirements of GASB 84.

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CITY OF OAKLAND
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2021
(In Thousands)

| | Oakland Redevelopment Successor Agency Trust Fund | Other Private- Purpose Trust Fund | Total |
|---|--|--|----------------|
| ASSETS | | | |
| Cash and investments | \$ 60,270 | \$ 2,277 | \$ 62,547 |
| Receivables: | | | |
| Accrued interest | 346 | 1 | 347 |
| Due from other funds of the City | 2,705 | — | 2,705 |
| Prepaid expenses | 1,501 | — | 1,501 |
| Restricted: | | | |
| Short-term investments | 8,247 | — | 8,247 |
| Loans receivable (net of allowance for uncollectibles of \$3,918) | 3,608 | — | 3,608 |
| Property held for resale | 2,818 | — | 2,818 |
| TOTAL ASSETS | 79,495 | 2,278 | 81,773 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Unamortized losses on refunding of debt | 12,272 | — | 12,272 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 2 | — | 2 |
| Accrued interest payable | 4,199 | — | 4,199 |
| Due to other funds of the City | 18,394 | — | 18,394 |
| Other | 46 | — | 46 |
| Total current liabilities | 22,641 | — | 22,641 |
| Non-current liabilities | | | |
| Due within one year | 29,820 | — | 29,820 |
| Due in more than one year | 228,397 | — | 228,397 |
| Total non-current liabilities | 258,217 | — | 258,217 |
| TOTAL LIABILITIES | 280,858 | — | 280,858 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unamortized gains on refunding of debt | 350 | — | 350 |
| NET POSITION | | | |
| RESTRICTED FOR REDEVELOPMENT DISSOLUTION AND OTHER PURPOSES | \$ (189,441) | \$ 2,278 | \$ (187,163) |

CITY OF OAKLAND
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
Year Ended June 30, 2021
(In Thousands)

| | Oakland Redevelopment Successor Agency Trust Fund | Other Private- Purpose Trust Fund | Total |
|--|--|--|---------------------|
| ADDITIONS | | | |
| Trust receipts | \$ 42,019 | \$ 1,098 | \$ 43,117 |
| Interest and investment income (loss) | (27) | (2) | (29) |
| Federal and state grants | 218 | — | 218 |
| Other income | 425 | — | 425 |
| TOTAL ADDITIONS | 42,635 | 1,096 | 43,731 |
| DEDUCTIONS | | | |
| Administrative expenses | 3,167 | 894 | 4,061 |
| Economic and workforce development | 290 | — | 290 |
| Other | 13,652 | — | 13,652 |
| Interest on debt | 12,236 | — | 12,236 |
| TOTAL DEDUCTIONS | 29,345 | 894 | 30,239 |
| Change in net position | 13,290 | 202 | 13,492 |
| Net position - beginning, as previously reported | (202,731) | 4,689 | (198,042) |
| Cumulative effect of accounting change | — | (2,613) | (2,613) |
| Net position - beginning, as restated | (202,731) | 2,076 | (200,655) |
| NET POSITION - ENDING | \$ (189,441) | \$ 2,278 | \$ (187,163) |

STATISTICAL SECTION

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CITY OF OAKLAND STATISTICAL SECTION

INDEX TO STATISTICAL SECTION

This part of the City of Oakland's Annual Comprehensive Financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplemental information says about the City's overall financial health.

Financial Trends

Schedules one through four contain trend information to assist in understanding how the City's financial performance and well-being have changed over times.

Revenue Capacity

Schedules five through eleven report tax revenues by sources which include: property taxes, state taxes and local taxes.

Debt Capacity

Schedules twelve through fifteen present information that helps in understanding the City's current level of outstanding debt, the legal debt margin, and the ability to issue additional debt in the future.

Pledged Revenue Coverage

Schedule sixteen contains pledged revenue coverage for the City and the Port of Oakland, a component unit of the City. This schedule assists in understanding the revenues pledged for repayment of debt service.

Demographic and Economic Information

Schedules seventeen and eighteen provide the demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

Schedules nineteen through twenty-one contain service and infrastructure data to assist in understanding how the City's financial reports relate to the services the City provides and the activities it performs.

Sources: The City's Annual Comprehensive Financial Report for the relevant years.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 1

NET POSITION BY COMPONENT

(in thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------------------|-------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 663,785 | \$ 712,606 | \$ 876,703 | \$ 1,025,789 | \$ 1,079,164 | \$ 1,141,058 | \$ 1,126,892 | \$ 1,144,031 | \$ 1,142,803 | \$ 1,102,435 |
| Restricted | 559,393 | 425,786 | 433,080 | 547,286 | 555,205 | 599,324 | 648,566 | 666,949 | 704,387 | 779,672 |
| Unrestricted | (304,010) | (334,451) | (327,965) | (1,841,834) | (1,789,831) | (1,833,427) | (2,444,868) | (2,322,561) | (2,156,633) | (2,043,187) |
| Total net position - governmental activities | \$ 919,168 | \$ 803,941 | \$ 981,818 | \$ (268,759) | \$ (155,462) | \$ (93,045) | \$ (669,410) | \$ (511,581) | \$ (309,443) | \$ (161,080) |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 122,911 | \$ 129,542 | \$ 143,295 | \$ 155,257 | \$ 171,743 | \$ 188,139 | \$ 201,553 | \$ 213,288 | \$ 225,762 | \$ 228,564 |
| Unrestricted | 44,061 | 53,341 | 53,039 | 27,182 | 28,057 | 19,880 | 11,052 | 14,837 | 18,663 | 28,807 |
| Total net position - business-type activities | \$ 166,972 | \$ 182,883 | \$ 196,334 | \$ 182,439 | \$ 199,800 | \$ 208,019 | \$ 212,605 | \$ 228,125 | \$ 244,425 | \$ 257,371 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 786,696 | \$ 842,148 | \$ 1,019,998 | \$ 1,181,046 | \$ 1,250,907 | \$ 1,329,197 | \$ 1,328,445 | \$ 1,357,319 | \$ 1,368,565 | \$ 1,330,999 |
| Restricted | 559,393 | 425,786 | 433,080 | 547,286 | 555,205 | 599,324 | 648,566 | 666,949 | 704,387 | 779,672 |
| Unrestricted | (259,949) | (281,110) | (274,926) | (1,814,652) | (1,761,774) | (1,813,547) | (2,433,816) | (2,307,724) | (2,137,970) | (2,014,380) |
| Total net position - primary government | \$ 1,086,140 | \$ 986,824 | \$ 1,178,152 | \$ (86,320) | \$ 44,338 | \$ 114,974 | \$ (456,805) | \$ (283,456) | \$ (65,018) | \$ 96,291 |

Source: City of Oakland Statement of Net Position

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 2

CHANGES IN NET POSITION
(in thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 83,131 | \$ 93,942 | \$ 79,806 | \$ 82,493 | \$ 99,183 | \$ 113,697 | \$ 110,486 | \$ 199,697 | \$ 186,580 | \$ 222,718 |
| Public safety | 351,566 | 363,597 | 379,809 | 383,904 | 432,862 | 475,552 | 471,378 | 444,400 | 409,740 | 511,184 |
| Community and human services | 122,829 | 107,779 | 116,961 | 121,740 | 134,799 | 149,804 | 144,763 | 142,719 | 150,513 | 134,097 |
| Community and economic development | 138,596 | 81,182 | 83,657 | 75,268 | 85,396 | 92,671 | 103,328 | 103,099 | 99,995 | 186,777 |
| Public works and transportation | 101,892 | 75,158 | 109,177 | 105,619 | 114,597 | 127,404 | 158,610 | 127,597 | 137,937 | 149,611 |
| Interest on long-term debt | 68,948 | 62,744 | 59,026 | 68,033 | 54,335 | 56,471 | 61,505 | 60,432 | 63,438 | 63,964 |
| Total governmental activities expenses | <u>866,962</u> | <u>784,402</u> | <u>828,436</u> | <u>837,057</u> | <u>921,172</u> | <u>1,015,599</u> | <u>1,050,070</u> | <u>1,077,944</u> | <u>1,048,203</u> | <u>1,268,351</u> |
| Business-type activities: | | | | | | | | | | |
| Sewer | 31,227 | 34,504 | 37,306 | 36,957 | 39,270 | 44,391 | 49,645 | 50,831 | 50,717 | 54,181 |
| Parks and recreation | 492 | 643 | 855 | 681 | 872 | 730 | 1,317 | 777 | 683 | 725 |
| Total business-type activities | <u>31,719,000</u> | <u>35,147,000</u> | <u>38,161,000</u> | <u>37,638,000</u> | <u>40,142,000</u> | <u>45,121,000</u> | <u>50,962,000</u> | <u>51,608,000</u> | <u>51,400,000</u> | <u>54,906</u> |
| Total primary government expenses | <u>\$898,681.00</u> | <u>\$819,549.00</u> | <u>\$866,597.00</u> | <u>\$874,695.00</u> | <u>\$961,314.00</u> | <u>\$1,060,720</u> | <u>\$1,101,032</u> | <u>\$1,129,552</u> | <u>\$1,099,603</u> | <u>\$1,323,257</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 19,924 | \$ 17,756 | \$ 54,509 | \$ 55,148 | \$ 49,540 | \$ 46,030 | \$ 45,511 | \$ 52,249 | \$ 40,746 | \$ 38,376 |
| Public safety | 13,283 | 7,610 | 15,472 | 18,329 | 21,104 | 19,867 | 24,343 | 27,068 | 24,483 | 21,740 |
| Community and human services | 8,302 | 6,342 | 6,326 | 7,375 | 7,454 | 7,841 | 6,610 | 7,677 | 6,374 | 3,339 |
| Community and economic development | 41,507 | 19,025 | 39,413 | 61,022 | 58,439 | 89,130 | 99,239 | 69,513 | 75,049 | 66,450 |
| Public works and transportation | 83,017 | 76,098 | 36,954 | 40,419 | 41,772 | 40,285 | 46,016 | 46,883 | 46,041 | 40,563 |
| Operating grants and contributions | 89,620 | 89,424 | 119,063 | 92,865 | 90,090 | 95,032 | 124,238 | 95,198 | 130,396 | 206,509 |
| Capital grants and contributions | 30,607 | 26,179 | 42,148 | 70,322 | 54,043 | 34,911 | 750 | 22,672 | 2,446 | 3,178 |
| Total governmental activities program revenues | <u>286,260</u> | <u>242,434</u> | <u>313,885</u> | <u>345,480</u> | <u>322,442</u> | <u>333,096</u> | <u>346,707</u> | <u>321,260</u> | <u>325,535</u> | <u>380,155</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer | 48,200 | 52,919 | 52,946 | 57,544 | 58,703 | 60,548 | 65,614 | 66,558 | 68,010 | 69,113 |
| Parks and recreation | 575 | 372 | 503 | 295 | 711 | 272 | 554 | 540 | 325 | 651 |
| Total business-type activities program revenues | <u>48,775</u> | <u>53,291</u> | <u>53,449</u> | <u>57,839</u> | <u>59,414</u> | <u>60,820</u> | <u>66,168</u> | <u>67,098</u> | <u>68,335</u> | <u>69,764</u> |
| Total primary government program revenues | <u>\$ 335,035</u> | <u>\$ 295,725</u> | <u>\$ 367,334</u> | <u>\$ 403,319</u> | <u>\$ 381,856</u> | <u>\$ 393,916</u> | <u>\$ 412,875</u> | <u>\$ 388,358</u> | <u>\$ 393,870</u> | <u>\$ 449,919</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (580,702) | \$ (541,968) | \$ (514,551) | \$ (491,577) | \$ (598,730) | \$ (682,503) | \$ (703,363) | \$ (756,684) | \$ (722,668) | \$ (888,196) |
| Business-type activities | 17,056 | 18,144 | 15,288 | 20,201 | 19,272 | 15,699 | 15,206 | 15,490 | 16,935 | 14,858 |
| Total primary government net expense | <u>\$ (563,646)</u> | <u>\$ (523,824)</u> | <u>\$ (499,263)</u> | <u>\$ (471,376)</u> | <u>\$ (579,458)</u> | <u>\$ (666,804)</u> | <u>\$ (688,157)</u> | <u>\$ (741,194)</u> | <u>\$ (705,733)</u> | <u>\$ (873,338)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 288,923 | \$ 256,333 | \$ 240,779 | \$ 267,534 | \$ 279,764 | \$ 312,078 | \$ 340,573 | \$ 358,446 | \$ 388,322 | \$ 438,237 |
| Sales and use taxes | 66,940 | 70,498 | 71,997 | 63,718 | 77,365 | 79,866 | 85,500 | 92,319 | 83,678 | 88,888 |
| Motor vehicle in-lieu tax | — | — | — | 177 | 166 | 189 | 224 | 206 | 343 | 318 |
| Gas tax | — | — | — | 12,030 | 8,653 | 7,974 | 10,867 | 16,409 | 17,320 | 17,322 |
| Local taxes | 222,237 | 244,207 | 263,017 | 275,496 | 318,352 | 314,188 | 336,586 | 387,990 | 362,899 | 407,531 |
| Interest and investment income (loss) | 7,078 | 6,358 | 6,653 | 6,362 | 4,596 | 3,046 | 42,362 | 26,394 | 24,126 | 18 |
| Other | 53,172 | 7,076 | 19,671 | 12,745 | 20,987 | 19,935 | 11,762 | 31,457 | 46,373 | 80,250 |
| Transfers | 1,893 | 1,911 | 2,002 | 2,002 | 2,144 | 7,644 | 1,292 | 1,292 | 1,745 | 1,871 |
| Special and extraordinary items | 273,020 | (156,902) | 88,309 | 107,696 | — | — | — | — | — | — |
| Total governmental activities | <u>913,263</u> | <u>429,481</u> | <u>692,428</u> | <u>747,760</u> | <u>712,027</u> | <u>744,920</u> | <u>829,166</u> | <u>914,513</u> | <u>924,806</u> | <u>1,034,435</u> |
| Business-type activities: | | | | | | | | | | |
| Interest and investment income | 83 | (24) | 165 | 142 | 233 | 164 | 727 | 1,309 | 1,108 | (41) |
| Other | — | — | — | — | — | — | — | 14 | 2 | — |
| Transfers | (1,893) | (1,911) | (2,002) | (2,002) | (2,144) | (7,644) | (1,292) | (1,292) | (1,745) | (1,871) |
| Total business-type activities | <u>(1,810)</u> | <u>(1,935)</u> | <u>(1,837)</u> | <u>(1,860)</u> | <u>(1,911)</u> | <u>(7,480)</u> | <u>(565)</u> | <u>31</u> | <u>(635)</u> | <u>(1,912)</u> |
| Total primary government | <u>\$ 911,453</u> | <u>\$ 427,546</u> | <u>\$ 690,591</u> | <u>\$ 745,900</u> | <u>\$ 710,116</u> | <u>\$ 737,440</u> | <u>\$ 828,601</u> | <u>\$ 914,544</u> | <u>\$ 924,171</u> | <u>\$ 1,032,523</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 332,561 | \$ (112,487) | \$ 177,877 | \$ 256,183 | \$ 113,297 | \$ 62,417 | \$ 125,803 | \$ 157,829 | \$ 202,138 | \$ 146,239 |
| Business-type activities | 15,246 | 16,209 | 13,451 | 18,341 | 17,361 | 8,219 | 14,641 | 15,521 | 16,300 | 12,946 |
| Total primary government | <u>\$ 347,807</u> | <u>\$ (96,278)</u> | <u>\$ 191,328</u> | <u>\$ 274,524</u> | <u>\$ 130,658</u> | <u>\$ 70,636</u> | <u>\$ 140,444</u> | <u>\$ 173,350</u> | <u>\$ 218,438</u> | <u>\$ 159,185</u> |

Source: City of Oakland Statement of Activities

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 3

**FUND BALANCES
GOVERNMENTAL FUNDS**

(in thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 18,687 |
| Restricted | 110,708 | 165,400 | 156,462 | 164,242 | 186,804 | 241,404 | 235,084 | 240,247 | 254,309 | 267,811 |
| Committed | 70,284 | — | — | — | — | 8,805 | 14,323 | 14,648 | 47,441 | 38,739 |
| Assigned | 6,256 | 58,452 | 73,843 | 64,680 | 58,203 | 30,802 | 41,959 | 53,958 | 40,145 | 41,786 |
| Unassigned | 68,681 | 21,791 | 23,546 | 37,409 | 65,129 | 64,715 | 93,801 | 118,242 | 62,373 | 96,943 |
| Total general fund | <u>\$255,929</u> | <u>\$245,643</u> | <u>\$253,851</u> | <u>\$266,331</u> | <u>\$310,136</u> | <u>\$345,726</u> | <u>\$385,167</u> | <u>\$427,095</u> | <u>\$404,268</u> | <u>\$463,966</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 466 |
| Restricted | 264,460 | 248,517 | 270,055 | 333,665 | 303,631 | 332,588 | 408,550 | 365,448 | 543,255 | 456,580 |
| Committed | 13,420 | 16,075 | 13,902 | 13,527 | 18,610 | 20,072 | 19,549 | 26,948 | 22,541 | 33,602 |
| Assigned | 179,063 | 61,373 | 90,647 | 33,603 | 45,335 | 86,767 | 140,061 | 160,970 | 173,517 | 178,922 |
| Unassigned | (1,416) | (9,849) | (5,236) | (7,997) | (9,891) | (17,031) | (1,106) | — | — | (935) |
| | <u>\$455,527</u> | <u>\$316,116</u> | <u>\$369,368</u> | <u>\$372,798</u> | <u>\$357,685</u> | <u>\$422,396</u> | <u>\$567,054</u> | <u>\$553,366</u> | <u>\$739,313</u> | <u>\$668,635</u> |

Source: City of Oakland Balance Sheet, Governmental Funds

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 4

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

(in thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Revenues | | | | | | | | | | |
| Taxes (see Schedule 5) | \$ 578,100 | \$ 569,193 | \$ 576,744 | \$ 619,821 | \$ 684,334 | \$ 712,556 | \$ 775,478 | \$ 854,682 | \$ 854,552 | \$ 945,338 |
| Licenses and permits | 12,079 | 13,331 | 16,694 | 22,451 | 29,362 | 44,902 | 47,731 | 30,603 | 32,799 | 29,989 |
| Fines and penalties | 27,204 | 26,657 | 26,958 | 25,612 | 23,972 | 23,573 | 20,366 | 23,341 | 19,964 | 19,028 |
| Interest/investment income | 7,558 | 6,330 | 6,738 | 6,409 | 4,579 | 2,999 | 4,557 | 19,415 | 17,321 | (5,094) |
| Charges for services | 126,750 | 86,842 | 109,022 | 134,230 | 125,580 | 134,678 | 153,622 | 149,447 | 139,929 | 121,451 |
| Federal and State grants and subventions | 115,046 | 102,802 | 152,062 | 167,045 | 140,119 | 128,674 | 121,559 | 101,703 | 137,140 | 206,509 |
| Other revenues | 34,427 | 39,278 | 19,641 | 18,025 | 12,334 | 24,214 | 41,160 | 32,502 | 38,215 | 83,849 |
| Total revenues | 901,164 | 844,433 | 907,859 | 993,593 | 1,020,280 | 1,071,596 | 1,164,473 | 1,211,693 | 1,239,920 | 1,401,070 |
| Expenditures | | | | | | | | | | |
| General government | 104,569 | 108,323 | 87,993 | 94,318 | 110,053 | 111,082 | 167,524 | 185,542 | 193,098 | 228,438 |
| Public safety | 345,700 | 531,436 | 340,520 | 373,532 | 408,396 | 422,727 | 435,650 | 470,396 | 522,035 | 527,044 |
| Community and human services | 105,020 | 104,861 | 115,589 | 120,248 | 125,027 | 128,106 | 130,472 | 149,011 | 170,646 | 174,292 |
| Community and economic development | 126,709 | 66,467 | 79,722 | 65,771 | 72,019 | 74,729 | 99,782 | 87,505 | 93,830 | 172,123 |
| Public works and transportation | 69,763 | 72,497 | 96,208 | 85,041 | 82,156 | 87,050 | 98,416 | 109,074 | 119,670 | 123,927 |
| Capital outlay | 71,703 | 103,905 | 98,316 | 123,433 | 99,609 | 79,477 | 72,922 | 76,600 | 58,726 | 75,969 |
| Debt service | | | | | | | | | | |
| Bond issuance costs | 359 | 1,958 | 209 | 829 | 251 | 659 | 2,131 | 9 | 1,723 | 141 |
| Other refunding cost | — | 3,110 | — | 11,213 | — | — | 1,535 | — | — | — |
| Principal | 125,570 | 74,886 | 80,559 | 129,906 | 48,932 | 56,657 | 56,597 | 55,236 | 62,950 | 58,498 |
| Interest | 67,175 | 58,208 | 59,314 | 56,737 | 51,589 | 54,292 | 57,452 | 59,025 | 60,613 | 62,590 |
| Total expenditures | 1,016,568 | 1,125,651 | 958,430 | 1,061,028 | 998,032 | 1,014,779 | 1,122,481 | 1,192,398 | 1,283,291 | 1,423,022 |
| Excess (deficiency) of revenues over (under) expenditures | (115,404) | (281,218) | (50,571) | (67,435) | 22,248 | 56,817 | 41,992 | 19,295 | (43,371) | (21,952) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of debt/bonds | 83,775 | — | — | — | — | 34,521 | 117,855 | — | 184,890 | — |
| Issuance of refunding bonds | — | 216,085 | — | 128,895 | — | — | 61,405 | — | 64,260 | — |
| Capital leases | — | 16,150 | 14,901 | — | — | — | — | — | — | — |
| Premiums/discounts on issuance of bonds | 8,538 | (1,129) | — | 15,472 | — | 809 | 8,555 | — | 7,647 | — |
| Payment to refunding escrow agent | (57,998) | (3,018) | — | (143,717) | — | — | (68,307) | — | (64,159) | — |
| Property sale proceeds | 32,213 | 67 | 5,442 | 309 | 66 | 1,488 | 2,855 | 7,297 | 5,390 | — |
| Insurance claims and settlements | 1,627 | 3,726 | 865 | 5,477 | 4,314 | 3,974 | 2,949 | 82 | 84 | 804 |
| Transfers in | 344,831 | 119,617 | 115,397 | 113,270 | 109,259 | 94,989 | 105,423 | 111,743 | 116,722 | 115,612 |
| Transfers out | (342,843) | (117,473) | (112,883) | (110,756) | (107,117) | (92,297) | (105,107) | (110,177) | (108,343) | (107,568) |
| Total other financing sources (uses) | 70,143 | 234,025 | 23,722 | 8,950 | 6,522 | 43,484 | 125,628 | 8,945 | 206,491 | 8,848 |
| Special and extraordinary items | | | | | | | | | | |
| Net change in fund balances | \$ (320,260) | \$ (149,697) | \$ 61,460 | \$ 15,910 | \$ 28,692 | \$ 100,301 | \$ 184,099 | \$ 28,240 | \$ 163,120 | \$ (13,104) |
| Debt service as a percentage of noncapital expenditures | 21.0% | 13.7% | 17.1% | 20.6% | 11.5% | 12.2% | 11.1% | 10.4% | 10.3% | 9.1% |

Notes: Debt ratio was calculated by dividing principal, interest and bond issuance costs by total government expenditures excluding capital outlay. For purposes of this schedule, General government includes Mayor, Council, City Administrator, City Attorney, City Auditor, City Clerk, Workplace & Employment Standards, and Public Ethics Commission

Source: City of Oakland Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 5

**TAX REVENUES BY SOURCE
GOVERNMENTAL FUNDS**
(in thousands)

| Fiscal Year | Property | Sales & Use | Motor Vehicle in-lieu | Gas | Local Taxes | | | | | | | Total |
|-------------|------------|-------------|-----------------------|----------|------------------|---------------------|----------------------|---------------------|----------|----------------|-----------|------------|
| | | | | | Business License | Utility Consumption | Real Estate Transfer | Transient Occupancy | Parking | Voter-Approved | Franchise | |
| 2012 | \$ 288,923 | \$ 55,659 | \$ 221 | \$11,060 | \$58,712 | \$ 51,434 | \$ 30,653 | \$ 13,822 | \$15,975 | \$35,812 | \$15,829 | \$ 578,100 |
| 2013 | 254,488 | 60,494 | — | 10,004 | 60,371 | 50,752 | 47,406 | 15,831 | 15,565 | 38,247 | 16,035 | 569,193 |
| 2014 | 241,730 | 58,912 | — | 13,085 | 62,905 | 50,422 | 59,060 | 18,468 | 16,661 | 38,835 | 16,666 | 576,744 |
| 2015 | 268,400 | 63,718 | 177 | 12,030 | 66,677 | 50,594 | 62,665 | 21,569 | 18,398 | 37,443 | 18,150 | 619,821 |
| 2016 | 279,798 | 77,365 | 166 | 8,653 | 75,504 | 51,006 | 89,594 | 25,671 | 20,175 | 37,793 | 18,609 | 684,334 |
| 2017 | 310,339 | 79,866 | 189 | 7,974 | 75,840 | 52,618 | 79,070 | 29,049 | 20,886 | 37,962 | 18,763 | 712,556 |
| 2018 | 342,301 | 85,500 | 224 | 10,767 | 86,107 | 52,047 | 77,663 | 30,039 | 21,137 | 50,469 | 19,124 | 775,378 |
| 2019 | 357,758 | 92,319 | 206 | 16,409 | 99,733 | 49,599 | 104,905 | 33,005 | 21,726 | 59,682 | 19,340 | 854,682 |
| 2020 | 390,312 | 83,678 | 343 | 17,320 | 98,036 | 49,831 | 91,534 | 24,920 | 17,312 | 61,492 | 19,774 | 854,552 |
| 2021 | 431,279 | 88,888 | 318 | 17,322 | 104,232 | 51,801 | 113,359 | 13,497 | 11,590 | 93,151 | 19,901 | 945,338 |
| Change | | | | | | | | | | | | |
| 2012-2021 | 49.3 % | 59.7 % | 43.9 % | 56.6 % | 77.5 % | 0.7 % | 269.8 % | (2.4)% | (27.4)% | 160.1 % | 25.7 % | 63.5 % |

Note: Reflects revenues of the General, Special Revenue, Debt Service, and Capital Projects Funds, the Oakland Redevelopment Agency, and the Oakland Redevelopment Successor Agency in FY2012; and the General, Special Revenue, Debt Service, Capital Projects, and Low and Moderate Income Housing Asset Funds in FY2013-FY 2021. Real estate transfer tax increases in FY2019, FY2020, and FY2021 reflect cyclical economic activity and support the Vital Services Stabilization Reserve, consistent with the City's Consolidated Fiscal Policy. Transient occupancy and parking tax declines reflect impacts of the COVID-19 pandemic and related shelter-in-place public health orders in FY2020 and FY2021.

Source: City of Oakland Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 6

ASSESSED VALUE OF TAXABLE PROPERTY
(in thousands)

| Fiscal Year | Land | Improvements | Personal Property | Total Assessed Value | Less: Tax-Exempt Property | Less: Redevelopment Tax Increments | Total Taxable Assessed Value | Total Direct Tax Rate |
|--------------------|---------------|---------------------|--------------------------|-----------------------------|----------------------------------|---|-------------------------------------|------------------------------|
| 2012 | \$ 12,560,758 | \$ 27,225,464 | \$ 2,154,330 | \$ 41,940,552 | \$ 3,084,118 | \$ 9,247,268 | \$ 29,609,166 | 0.5677 |
| 2013 | 12,723,234 | 27,848,261 | 2,266,536 | 42,838,031 | 3,322,453 | 9,496,227 | 30,019,351 | 0.5562 |
| 2014 | 13,031,396 | 29,441,439 | 2,569,502 | 45,042,337 | 4,245,848 | 9,625,116 | 31,171,373 | 0.5470 |
| 2015 | 13,960,804 | 31,789,840 | 1,925,481 | 47,676,125 | 4,288,050 | 10,353,808 | 33,034,267 | 0.5527 |
| 2016 | 14,968,239 | 34,219,483 | 2,098,503 | 51,286,225 | 3,862,329 | 11,932,782 | 35,491,114 | 0.5136 |
| 2017 | 16,037,959 | 36,557,232 | 2,524,869 | 55,120,060 | 4,139,277 | 13,171,622 | 37,809,161 | 0.5446 |
| 2018 | 17,509,685 | 39,142,275 | 2,434,733 | 59,086,693 | 4,439,304 | — | 54,647,390 | 0.5530 |
| 2019 | 18,808,665 | 42,085,461 | 2,501,253 | 63,395,379 | 4,896,798 | — | 58,498,581 | 0.5467 |
| 2020 | 20,262,811 | 45,554,214 | 2,665,626 | 68,482,651 | 5,345,544 | — | 63,137,107 | 0.5460 |
| 2021 | 21,661,691 | 50,552,542 | 2,590,408 | 74,804,641 | 5,224,851 | — | 69,579,790 | 0.5497 |

Notes: Amounts for Redevelopment Tax Increment are reported in Total Assessed Value for 2018 and subsequent years. Tax rates are per \$1,000 of assessed value.

Source: County of Alameda

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 7

**DIRECT AND OVERLAPPING
PROPERTY TAX RATES**

| Fiscal Year | <u>City Direct Rates</u> | | | | <u>Overlapping Rates</u> | | | | | | | | |
|-------------|--------------------------|-------------------|------------------------|-------------------|--------------------------|-----------|----------------|---------------------|-----------|--------|---------------------------------|----------------------------------|-----------------------------------|
| | Basic Rate | Debt Service Fund | 1981 Pension Liability | Total Direct Rate | Alameda County | Education | Education Debt | BART and AC Transit | BART Debt | Other | East Bay Municipal Utility Debt | East Bay Regional Parks District | East Bay Reg. Parks District Debt |
| 2012 | 0.3485 | 0.0617 | 0.1575 | 0.5677 | 0.3086 | 0.2165 | 0.1741 | 0.0517 | 0.0041 | 0.0505 | 0.0067 | 0.0242 | 0.0071 |
| 2013 | 0.3485 | 0.0502 | 0.1575 | 0.5562 | 0.3086 | 0.2165 | 0.1818 | 0.0517 | 0.0043 | 0.0505 | 0.0068 | 0.0242 | 0.0051 |
| 2014 | 0.3485 | 0.0410 | 0.1575 | 0.5470 | 0.3086 | 0.2165 | 0.2199 | 0.0517 | 0.0075 | 0.0505 | 0.0066 | 0.0242 | 0.0078 |
| 2015 | 0.3485 | 0.0467 | 0.1575 | 0.5527 | 0.3086 | 0.2165 | 0.2157 | 0.0517 | 0.0045 | 0.0505 | 0.0047 | 0.0242 | 0.0085 |
| 2016 | 0.3485 | 0.0076 | 0.1575 | 0.5136 | 0.3086 | 0.2165 | 0.1876 | 0.0517 | 0.0026 | 0.0505 | 0.0034 | 0.0242 | 0.0067 |
| 2017 | 0.3485 | 0.0386 | 0.1575 | 0.5446 | 0.3086 | 0.2165 | 0.1407 | 0.0517 | 0.0080 | 0.0505 | 0.0028 | 0.0242 | 0.0032 |
| 2018 | 0.3485 | 0.0470 | 0.1575 | 0.5530 | 0.3086 | 0.2165 | 0.1325 | 0.0517 | 0.0084 | 0.0505 | 0.0011 | 0.0242 | 0.0021 |
| 2019 | 0.3485 | 0.0407 | 0.1575 | 0.5467 | 0.3198 | 0.2165 | 0.1445 | 0.0517 | 0.0070 | 0.0505 | — | 0.0242 | 0.0057 |
| 2020 | 0.3485 | 0.0400 | 0.1575 | 0.5460 | 0.3194 | 0.2165 | 0.1425 | 0.0517 | 0.0120 | 0.0505 | — | 0.0242 | 0.0060 |
| 2021 | 0.3485 | 0.0437 | 0.1575 | 0.5497 | 0.3122 | 0.2165 | 0.1536 | 0.0517 | 0.0139 | 0.0505 | — | 0.0242 | 0.0014 |

Note: Rates per \$1,000 assessed value

Source: County of Alameda

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 8

PRINCIPAL PROPERTY TAXPAYERS

| <u>Taxpayer</u> | <u>2012 (1)</u> | | | <u>2021 (2)</u> | | |
|-------------------------------------|-------------------------------|--|-------------|-------------------------------|--|-------------|
| | <u>Taxable Assessed Value</u> | <u>Percentage of Total City Taxable Assessed Value</u> | <u>Rank</u> | <u>Taxable Assessed Value</u> | <u>Percentage of Total City Taxable Assessed Value</u> | <u>Rank</u> |
| SOFXI WFO Center 21 Owner LLC | | | | \$ 354,087,370 | 0.509 % | 1 |
| KRE 1221 Broadway Owner LLC | | | | 256,597,626 | 0.369 % | 2 |
| CSHV 1999 Harrison LLC | | | | 238,504,699 | 0.343 % | 3 |
| 601 City Center LLC | | | | 234,136,954 | 0.337 % | 4 |
| 3093 Broadway Holdings LLC | | | | 233,681,756 | 0.336 % | 5 |
| Broadway Franklin LLC | | | | 233,328,046 | 0.335 % | 6 |
| 1955 Broadway Oakland Owner | | | | 230,522,000 | 0.331 % | 7 |
| USPA City Center LLC | | | | 225,143,360 | 0.324 % | 8 |
| SIC Lakeside Drive LLC | \$ 208,549,010 | 0.537 % | 3 | 216,807,300 | 0.312 % | 9 |
| CP VI Franklin LLC | | | | 210,939,330 | 0.303 % | 10 |
| Alta Bates Summit Medical Center | 242,273,804 | 0.624 % | 1 | N/A | | |
| Oakland City Center Venture LLC | 234,821,989 | 0.604 % | 2 | N/A | | |
| CIM Oakland Center 21 LP | 170,251,617 | 0.438 % | 4 | N/A | | |
| Digital 720 2ND LLC | 166,740,448 | 0.429 % | 5 | N/A | | |
| Kaiser Foundation Health Plan Inc | 154,627,831 | 0.398 % | 6 | N/A | | |
| Catholic Cathedral Corp of the East | 145,490,735 | 0.374 % | 7 | N/A | | |
| Oakland Property LLC | 132,000,000 | 0.340 % | 8 | N/A | | |
| CIM Oakland 1 Kaiser Plaza LP | 127,659,692 | 0.329 % | 9 | N/A | | |
| 1800 Harrison Foundation | 122,558,413 | 0.315 % | 10 | N/A | | |
| Total | \$ 1,704,973,539 | 4.388 % | | \$ 2,433,748,441 | 3.498 % | |

Notes:

(1) 2012 based on total assessed value of \$38,856,434,508

(2) 2021 based on total assessed value of \$69,579,789,746

Source: County of Alameda

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 9

**PROPERTY TAX LEVIES
AND COLLECTIONS**

(in thousands)

| 1% TAX ROLL | | | | | |
|---------------------------------------|---|---|----------------------------|--------------------------------------|----------------------------|
| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Total Collections to Date | |
| | | Amount | Percent of Levy | Amount | Percent of Levy |
| 2012 | \$ 84,590 | \$ 81,823 | 96.73 % | \$ 81,823 | 96.73 % |
| 2013 | 85,791 | 83,756 | 97.63 % | 83,756 | 97.63 % |
| 2014 | 87,270 | 85,643 | 98.14 % | 85,643 | 98.14 % |
| 2015 | 92,969 | 91,419 | 98.33 % | 91,419 | 98.33 % |
| 2016 | 101,746 | 99,849 | 98.14 % | 99,849 | 98.14 % |
| 2017 | 108,686 | 106,799 | 98.26 % | 106,799 | 98.26 % |
| 2018 | 116,778 | 115,061 | 98.53 % | 115,061 | 98.53 % |
| 2019 | 122,790 | 121,081 | 98.61 % | 121,081 | 98.61 % |
| 2020 | 130,998 | 128,734 | 98.27 % | 128,734 | 98.27 % |
| 2021 | 139,467 | 137,038 | 98.26 % | 137,038 | 98.26 % |

| Voter-Approved Debt Tax Roll | | | | | |
|---------------------------------------|---|---|----------------------------|--------------------------------------|----------------------------|
| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Total Collections to Date | |
| | | Amount | Percent of Levy | Amount | Percent of Levy |
| 2012 | \$ 85,076 | \$ 82,413 | 96.87 % | \$ 82,413 | 96.87 % |
| 2013 | 82,312 | 80,328 | 97.59 % | 80,328 | 97.59 % |
| 2014 | 80,745 | 78,989 | 97.83 % | 78,989 | 97.83 % |
| 2015 | 89,871 | 88,335 | 98.29 % | 88,335 | 98.29 % |
| 2016 | 99,114 | 97,543 | 98.42 % | 97,543 | 98.42 % |
| 2017 | 116,107 | 112,674 | 97.04 % | 112,674 | 97.04 % |
| 2018 | 127,411 | 125,535 | 98.53 % | 125,535 | 98.53 % |
| 2019 | 129,504 | 127,583 | 98.52 % | 127,583 | 98.52 % |
| 2020 | 140,258 | 137,763 | 98.22 % | 137,763 | 98.22 % |
| 2021 | 157,364 | 154,916 | 98.44 % | 154,916 | 98.44 % |

Note: Collections in subsequent year data not available.

Source: County of Alameda

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 10

TAXABLE SALES BY CATEGORY
(in thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Auto and Transportation | \$ 674,154 | \$ 743,329 | \$ 838,029 | \$ 894,683 | \$ 933,844 | \$ 903,362 | \$ 861,211 | \$ 947,982 | \$ 740,918 | \$ 835,849 |
| Business and Industry | 642,399 | 655,454 | 653,875 | 558,343 | 578,225 | 617,380 | 627,642 | 776,858 | 588,755 | 613,177 |
| General Consumer Goods | 548,072 | 559,941 | 574,519 | 605,914 | 586,743 | 554,885 | 534,862 | 598,930 | 525,673 | 581,237 |
| Restaurants and Hotels | 606,936 | 681,562 | 751,108 | 855,561 | 953,697 | 1,001,054 | 1,015,038 | 1,120,306 | 857,230 | 729,175 |
| Building and Construction | 378,922 | 374,421 | 434,677 | 456,964 | 474,895 | 514,481 | 545,099 | 613,953 | 582,523 | 574,769 |
| Food and Drugs | 386,236 | 402,383 | 417,291 | 440,323 | 490,278 | 511,093 | 495,772 | 563,991 | 533,800 | 641,105 |
| Fuel and Service Stations | 888,349 | 733,489 | 704,208 | 632,457 | 502,608 | 568,368 | 582,293 | 767,576 | 544,610 | 478,810 |
| Total | \$ 4,125,068 | \$ 4,150,579 | \$ 4,373,707 | \$ 4,444,245 | \$ 4,520,290 | \$ 4,670,623 | \$ 4,661,917 | \$ 5,389,596 | \$ 4,373,509 | \$ 4,454,122 |
| City direct sales tax rate | 1.5% | 1.5% | 1.5% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |

Source: HdL Companies.

Note: Declines in 2020 reflect the impacts of the COVID-19 global pandemic.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 11

**DIRECT AND OVERLAPPING
SALES TAX RATES**

| Fiscal Year | City Direct Rate | State of California |
|--------------------|-------------------------|----------------------------|
| 2012 | 1.50% | 7.25% |
| 2013 | 1.50% | 7.50% |
| 2014 | 1.50% | 7.50% |
| 2015 | 2.00% | 7.50% |
| 2016 | 2.00% | 7.50% |
| 2017 | 2.00% | 7.25% |
| 2018 | 2.00% | 7.25% |
| 2019 | 2.00% | 7.25% |
| 2020 | 2.00% | 7.25% |
| 2021 | 2.00% | 7.25% |

Source: California Department of Tax and Fee Administration.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 12

RATIOS OF OUTSTANDING DEBT BY TYPE

(in thousands)

| Fiscal Year | Governmental Activities | | | | | | | | | Business-type Activities | | | Total Primary Government | | |
|-------------|--------------------------|---------------------|--------------------------|-------------------|--------------------------|-------------------------|----------------|------------------------|----------------------------------|--------------------------|------------------|------------------------|--------------------------|-------------------------------|-------------------------|
| | General Obligation Bonds | Lease Revenue Bonds | Pension Obligation Bonds | Accreted Interest | Special Assessment Bonds | Notes and Loans Payable | Capital Leases | Premiums and Discounts | Pledge Oblig. For Authority Debt | Sewer Fund Notes Payable | Sewer Fund Bonds | Premiums and Discounts | Total Outstanding Debt | Percentage of Personal Income | Per Capita (in dollars) |
| 2012 | \$ 326,609 | \$210,530 | \$ 174,777 | \$157,211 | \$ 7,475 | \$ 10,140 | \$ 13,498 | \$ 23,176 | \$ 61,408 | \$ 574 | \$ 50,695 | \$ 2,003 | \$ 1,038,096 | 3.6 % | \$ 2.596 |
| 2013 | 309,793 | 176,850 | 367,394 | 162,874 | 6,690 | 7,815 | 39,228 | 20,219 | 56,895 | 291 | 48,710 | 1,885 | 1,198,644 | 4.1 % | \$ 2.929 |
| 2014 | 290,449 | 141,555 | 348,512 | 169,923 | 6,365 | 5,330 | 51,349 | 18,390 | 53,225 | — | 38,555 | 5,144 | 1,128,797 | 3.5 % | \$ 2.726 |
| 2015 | 206,530 | 109,955 | 330,433 | 165,290 | 6,020 | 3,150 | 65,645 | 25,989 | 49,445 | — | 36,630 | 4,801 | 1,003,888 | 2.9 % | \$ 2.393 |
| 2016 | 201,830 | 91,110 | 313,223 | 159,476 | 5,685 | 2,060 | 71,849 | 24,054 | 45,512 | — | 34,665 | 4,458 | 953,922 | 2.6 % | \$ 2.244 |
| 2017 | 216,655 | 71,335 | 296,854 | 149,896 | 5,335 | 8,021 | 67,802 | 23,246 | 41,384 | — | 32,620 | 4,115 | 917,263 | 2.3 % | \$ 2.142 |
| 2018 | 317,605 | 60,025 | 271,580 | 136,371 | 3,585 | 22,250 | 54,046 | 27,934 | 37,049 | — | 30,495 | 3,772 | 964,712 | 2.3 % | \$ 2.248 |
| 2019 | 301,655 | 54,905 | 246,872 | 118,643 | 3,295 | 18,125 | 53,267 | 26,008 | 32,499 | — | 28,260 | 3,430 | 886,959 | 2.1 % | \$ 2.059 |
| 2020 | 472,170 | 49,180 | 222,556 | 96,514 | 2,940 | 4,250 | 43,743 | 26,466 | 27,721 | — | 25,985 | 3,086 | 974,611 | 2.3 % | \$ 2.247 |
| 2021 | 450,075 | 43,165 | 198,564 | 69,703 | 2,590 | — | 28,842 | 24,657 | 22,703 | — | 23,616 | 2,743 | 866,658 | 1.9 % | \$ 1.990 |

Source: Notes to Basic Financial Statements.

Notes: Refunding losses have been removed from this schedule compared to prior years as they are no longer reported as part of the carrying amount of related debt. Per Schedule 17 the same personal income base is used for both 2020 and 2021.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 13

**RATIOS OF GENERAL BONDED
DEBT OUTSTANDING**

(in thousands)

| Fiscal Year | Pension Obligation Bonds | General Obligation Bonds | Less: Amounts Restricted to Repaying Principal | Total | Assessed Value (1) | Tax Rate | Per Capita (2) <i>(in dollars)</i> |
|--------------------|---------------------------------|---------------------------------|---|--------------|---------------------------|-----------------|---|
| 2012 | \$174,777 | \$326,609 | \$28,312 | \$473,074 | \$38,856,435 | 0.0122 | \$ 1,183 |
| 2013 | 367,394 | 309,793 | 31,198 | 645,989 | 39,515,578 | 0.0163 | 1,579 |
| 2014 | 348,512 | 290,449 | 29,146 | 609,815 | 40,796,490 | 0.0149 | 1,473 |
| 2015 | 330,433 | 206,530 | 29,475 | 507,488 | 43,388,075 | 0.0117 | 1,210 |
| 2016 | 313,223 | 201,830 | 22,316 | 492,737 | 47,423,896 | 0.0104 | 1,160 |
| 2017 | 296,854 | 216,655 | 14,121 | 499,388 | 50,980,783 | 0.0098 | 1,168 |
| 2018 | 271,580 | 317,605 | 16,849 | 572,336 | 54,647,389 | 0.0105 | 1,335 |
| 2019 | 246,872 | 301,655 | 16,439 | 532,088 | 58,498,581 | 0.0091 | 1,238 |
| 2020 | 222,556 | 472,170 | 23,734 | 670,992 | 63,137,107 | 0.0106 | 1,552 |
| 2021 | 198,564 | 450,075 | 22,702 | 625,937 | 69,579,790 | 0.0090 | 1,437 |

Sources: (1) Alameda County Assessor.

(2) State of California Department of Finance, 1/1/21.

Note: Rates per \$1,000 assessed value.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 14

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT**

| Governmental Unit | Total Debt as of 6/30/21 | Estimated Percentage Applicable | City Share of Debt |
|---|-----------------------------|---------------------------------------|--------------------------------|
| Direct Debt | | | |
| City of Oakland General Obligation Bonds | \$ 450,075,000 | 100 | \$ 450,075,000 |
| City of Oakland Lease Revenue Bonds | 43,165,000 | 100 | 43,165,000 |
| City of Oakland Pension Obligation Bonds | 198,564,000 | 100 | 198,564,000 |
| City of Oakland Accreted Interest on Appreciation Bonds | 69,703,000 | 100 | 69,703,000 |
| City-Guaranteed Special Assessment District Bonds | 2,590,000 | 100 | 2,590,000 |
| City of Oakland Unamortized Premium and Discounts | 24,657,000 | 100 | 24,657,000 |
| City of Oakland Capital Leases | 28,842,000 | 100 | 28,842,000 |
| Total Direct Debt | | | <u>817,596,000</u> |
| Overlapping Tax and Assessment Debt | | | |
| Alameda County | \$ 191,300,000 | 21.105 | \$ 40,373,865 |
| Bay Area Rapid Transit District | 1,871,890,000 | 8.167 | 152,877,256 |
| East Bay Regional Park District | 133,170,000 | 13.068 | 17,402,656 |
| Chabot-Las Positas Community College District | 593,290,000 | 0.918 | 5,446,402 |
| Peralta Community College District | 437,205,000 | 56.762 | 248,166,302 |
| Berkeley and Castro Valley Unified School Districts | 488,240,000 | 0.003 & 0.112 | 178,000 |
| Oakland Unified School District | 981,100,000 | 99.999 | 981,090,189 |
| San Leandro Unified School District | 316,756,547 | 9.033 | 28,612,619 |
| City of Emeryville 1915 Act Bonds | 510,000 | 4.183 | 21,333 |
| City of Piedmont 1915 Act Bonds | 3,252,419 | 5.479 | 178,200 |
| Total Overlapping Tax and Assessment Debt | | | <u>1,474,346,822</u> |
| Overlapping General Fund Debt | | | |
| Alameda County and Coliseum Authority General Fund Obligations | \$ 790,122,500 | 21.105 | \$ 166,755,354 |
| Alameda-Contra Costa Transit District Certificates of Participation | 11,655,000 | 24.991 | 2,912,701 |
| Peralta Community College District Pension Obligation Bonds | 133,284,008 | 56.762 | 75,654,669 |
| Oakland Unified School District Certificates of Participation | 14,995,000 | 99.999 | 14,994,850 |
| Castro Valley Unified School District Certificates of Participation | 4,500,000 | 0.112 | 5,040 |
| Total Overlapping General Fund Debt | | | <u>260,322,614</u> |
| Total Direct and Overlapping Debt | | | <u>2,552,265,436</u> |
| Overlapping Tax Increment Debt (Successor Agency) | 253,350,000 | 100 | 253,350,000 |
| Combined Total Debt | | | <u><u>\$ 2,805,615,436</u></u> |

Source: California Municipal Statistics, Inc. and City of Oakland.

Note: City of Oakland debt totals do not include obligations related to the Coliseum Authority. See Note II Part (I) - Joint Venture for additional information.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 15

LEGAL DEBT MARGIN INFORMATION

(in thousands)

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Taxable Assessed Value (1) | \$29,609,166 | \$30,019,351 | \$31,171,373 | \$33,034,267 | \$35,491,114 | \$37,809,161 | \$54,647,390 | \$58,498,581 | \$63,137,107 | \$69,579,790 |
| Debt limit (2) | \$ 1,110,344 | \$ 1,125,726 | \$ 1,168,926 | \$ 1,238,785 | \$ 1,330,917 | \$ 1,417,844 | \$ 2,049,277 | \$ 2,193,697 | \$ 2,367,642 | \$ 2,609,242 |
| Total net debt applicable to limit | \$ 326,608 | \$ 309,792 | \$ 290,449 | \$ 206,530 | \$ 201,830 | \$ 216,665 | \$ 317,605 | \$ 301,655 | \$ 472,170 | \$ 450,075 |
| Legal debt margin | \$ 783,736 | \$ 815,934 | \$ 878,477 | \$ 1,032,255 | \$ 1,129,087 | \$ 1,201,179 | \$ 1,731,672 | \$ 1,892,042 | \$ 1,895,472 | \$ 2,159,167 |
| Total net debt applicable to the limit as a percentage of debt limit (%) | 29.4 % | 27.5 % | 24.8 % | 16.7 % | 15.2 % | 15.3 % | 15.5 % | 13.8 % | 19.9 % | 17.2 % |

Sources: Alameda County Assessor and Notes to Basic Financial Statements, Note II, Part (G) - Long-Term and Other Obligations.

Notes:

(1) As of fiscal year 2018 reported assessed value includes former redevelopment areas.

(2) Government Code Section 43605 provides for a legal debt limit of 15% of gross assessed valuation. This provision was enacted when assessed valuation was based upon 25% of market value, however, effective with the 1981-82 fiscal year each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments. In combination, the 25% and 15% computations result in a debt limit that is 3.75% of taxable assessed value.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 16

**PLEGGED-REVENUE COVERAGE,
CITY OF OAKLAND SEWER BONDS, PORT OF OAKLAND,
OAKLAND REDEVELOPMENT AGENCY AND OAKLAND REDEVELOPMENT
SUCCESSOR AGENCY**

(in thousands)

| Fiscal Year | Net Revenue Available for Debt Service (1) | Debt Service | Coverage |
|--|--|--------------|----------|
| <u>SEWER BONDS (2)</u> | | | |
| 2014 | \$ 22,789 | \$ 2,450 | 9.30 |
| 2015 | 27,544 | 3,643 | 7.56 |
| 2016 | 26,668 | 3,645 | 7.32 |
| 2017 | 23,308 | 3,646 | 6.39 |
| 2018 | 24,039 | 3,644 | 6.60 |
| 2019 | 24,471 | 3,648 | 6.71 |
| 2020 | 26,456 | 3,643 | 7.26 |
| 2021 | 23,164 | 3,627 | 6.39 |
| <u>PORT OF OAKLAND (3)</u> | | | |
| 2012 | \$ 161,254 | \$ 108,175 | 1.49 |
| 2013 | 170,128 | 107,268 | 1.59 |
| 2014 | 160,769 | 98,191 | 1.64 |
| 2015 | 164,665 | 98,197 | 1.68 |
| 2016 | 158,982 | 98,880 | 1.61 |
| 2017 | 172,552 | 99,454 | 1.73 |
| 2018 | 180,422 | 98,902 | 1.82 |
| 2019 | 194,104 | 93,188 | 2.08 |
| 2020 | 165,301 | 93,160 | 1.77 |
| 2021 | 162,849 | 71,071 | 2.29 |
| <u>OAKLAND REDEVELOPMENT AGENCY/OAKLAND REDEVELOPMENT SUCCESSOR AGENCY (4)</u> | | | |
| 2012 | \$ 81,475 | \$ 46,404 | 1.76 |
| 2013 | 83,057 | 46,574 | 1.78 |

Notes:

(1) Net revenue available for debt service is defined in the indentures for each bond issuance and is generally based on operating revenues less operating expenses, excluding depreciation and amortization, plus interest and investment income.

(2) Amounts are not shown for years prior to 2014 as the refunding bonds were issued that year.

(3) Debt service amounts and coverage ratios reflect the Port's intermediate lien. For FY 2020-21 debt service amounts shown have been reduced to reflect the use of \$13.4 million of federal grants and debt proceeds for repayment. Additional details may be found in the Port's separately published Annual Comprehensive Financial Report.

(4) Following the dissolution of redevelopment, pledged revenues for outstanding tax allocation bonds are equal to 100% of the associated legal obligation and coverage amounts are no longer reported. Coverage ratios shown reflect all-in debt service coverage; for coverage by issue please refer to the City of Oakland's historical Annual Financial Information Statements.

Sources: City of Oakland Annual Financial Information Statements, Port of Oakland.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 17

DEMOGRAPHIC AND ECONOMIC STATISTICS

| Calendar Year | Population (1) | Personal Income (thousands) (2) | Per Capita Personal Income (3) | School Enrollment (4) | Unemployment Rate (%) (5) |
|------------------|----------------|------------------------------------|-----------------------------------|--------------------------|------------------------------|
| 2012 | 399,930 | \$ 28,817,694 | \$ 70,428 | 46,472 | 10.8 |
| 2013 | 409,180 | 29,504,121 | 71,255 | 46,486 | 9.0 |
| 2014 | 414,065 | 32,030,179 | 76,355 | 47,194 | 7.3 |
| 2015 | 419,490 | 35,098,292 | 82,639 | 48,077 | 5.9 |
| 2016 | 424,717 | 37,289,279 | 87,228 | 49,098 | 4.9 |
| 2017 | 427,493 | 39,944,451 | 93,165 | 49,760 | 4.2 |
| 2018 | 428,750 | 43,094,688 | 100,236 | 50,231 | 3.5 |
| 2019 | 429,932 | 45,360,302 | 104,921 | 50,202 | 3.4 |
| 2020 | 432,327 | 45,360,302 | 104,921 | 49,588 | 10.5 |
| 2021 | 435,514 | 45,360,302 | 104,921 | 48,704 | 7.7 |

Sources and Notes:

(1) California Department of Finance.

(2) U.S. Department of Commerce, Bureau of Economic Analysis. Data are available only for the San Francisco-Oakland-Hayward Metropolitan Statistical Area (MSA) and have been adjusted by the proportion of the population within the City of Oakland. Data for 2020 and 2021 are not yet available; 2019 data are reported for these years instead.

(3) U.S. Department of Commerce, Bureau of Economic Analysis. Data are presented for the San Francisco-Oakland-Hayward Metropolitan Statistical Area. Data for 2020 and 2021 are not yet available; 2019 data are reported for these years instead.

(4) California Department of Education.

(5) California Employment Development Department. Annual data are not yet available for 2021 but June 2021 data are reported above.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 18

PRINCIPAL EMPLOYERS

| <u>Employer</u> | 2021 | | | 2012 | | |
|--|----------------------------|-------------|------------------------------------|----------------------------|-------------|------------------------------------|
| | <u>Number of Employees</u> | <u>Rank</u> | <u>Percent of Total Employment</u> | <u>Number of Employees</u> | <u>Rank</u> | <u>Percent of Total Employment</u> |
| County of Alameda | 8,000+ | 1 | 4.2% | 8,843 | 1 | 4.8% |
| Kaiser Permanente Medical Group and Kaiser Foundation Hospitals | 7,000+ | 2 | 3.7% | 4,418 | 3 | 2.4% |
| San Francisco Bay Area Rapid Transit District | 4,000+ | 3 | 2.1% | 1,499 | 9 | 0.8% |
| State of California | 3,500+ | 4 | 1.8% | | | |
| City of Oakland | 3,500+ | 5 | 1.8% | 4,073 | 6 | 2.2% |
| United Parcel Services | 2,500+ | 6 | 1.3% | | | |
| Southwest Airlines Co | 2,500+ | 7 | 1.3% | | | |
| Children's Hospital & Research Center/UCSF Benioff Children's Hospital | 2,000+ | 8 | 1.0% | 2,600 | 8 | 1.4% |
| Highland Hospital | 2,000+ | 9 | 1.0% | | | |
| Federal Express Corporation | 1,500+ | 10 | 0.8% | | | |
| Oakland Unified School District | N/A | | N/A | 4,496 | 2 | 2.4% |
| Dreyer's Grand Ice Cream Inc | N/A | | N/A | 4,191 | 4 | 2.3% |
| Cost Plus, Inc | N/A | | N/A | 4,113 | 5 | 2.2% |
| Alta-Bates Summit Medical Center | N/A | | N/A | 3,623 | 7 | 2.0% |
| Peralta Community College District | N/A | | N/A | 1,400 | 10 | 0.8% |
| Total, Ten Largest Employers | <u>38,000</u> | | | <u>39,256</u> | | |

Source: City of Oakland Economic & Workforce Development Department.

Note: Employment data for affiliated entities of Kaiser Permanente are combined in 2021 but include only Kaiser Permanente Medical Group in 2012. Percent of total employment is based on June 2021 employment of 191,400 and 2012 annual employment of 184,600 as reported by the California Employment Development Department.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 19

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM**

| <u>Function/Program</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General government | | | | | | | | | | |
| Management services | 280 | 280 | 169 | 205 | 224 | 239 | 235 | 235 | 235 | 250 |
| Finance | 63 | 55 | 124 | 128 | 134 | 132 | 136 | 138 | 138 | 145 |
| Personnel resources | 33 | 29 | 40 | 42 | 37 | 37 | 41 | 41 | 41 | 46 |
| Information technology | 60 | 55 | 59 | 54 | 70 | 76 | 72 | 72 | 72 | 71 |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 634 | 621 | 633 | 710 | 760 | 761 | 731 | 748 | 750 | 734 |
| Civilians | 311 | 350 | 458 | 458 | 423 | 367 | 336 | 324 | 324 | 325 |
| Fire | | | | | | | | | | |
| Firefighters and officers | 411 | 410 | 393 | 426 | 427 | 462 | 450 | 435 | 435 | 435 |
| Civilians | 64 | 68 | 96 | 67 | 102 | 72 | 79 | 86 | 86 | 85 |
| Community & human services | | | | | | | | | | |
| Library | 134 | 138 | 139 | 136 | 132 | 154 | 153 | 184 | 184 | 221 |
| Human services | 218 | 219 | 219 | 214 | 213 | 187 | 178 | 192 | 193 | 185 |
| Parks and recreation | 83 | 84 | 82 | 85 | 88 | 85 | 79 | 81 | 81 | 92 |
| Cultural arts/KTOP | 8 | 8 | 8 | 8 | N/A | N/A | N/A | N/A | N/A | N/A |
| Neighborhood services | N/A | 4 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Community & economic development | | | | | | | | | | |
| Housing & community development | 44 | 43 | 45 | 45 | 44 | 50 | 48 | 54 | 54 | 62 |
| Planning & building | 119 | 111 | 111 | 107 | 118 | 121 | 136 | 144 | 144 | 145 |
| Economic & workforce development | N/A | N/A | 46 | 44 | 42 | 43 | 46 | 43 | 43 | 41 |
| Public works | 593 | 588 | 611 | 623 | 622 | 632 | 467 | 468 | 467 | 445 |
| Transportation | N/A | N/A | N/A | N/A | N/A | N/A | 226 | 230 | 230 | 239 |
| Total | 3,055 | 3,063 | 3,233 | 3,352 | 3,436 | 3,418 | 3,413 | 3,475 | 3,477 | 3,521 |

Note: Missing values result from the reorganization of City departments over time.
Source: City of Oakland Payroll Division.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 20

**OPERATING INDICATORS BY
FUNCTION/PROGRAM**

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------------|------------|------------|------------|------------|------------|--------------|------------|------------|------------|
| General Government | | | | | | | | | | |
| Building permits issued | 13,696 | 13,513 | 14,680 | 15,117 | 18,693 | 17,259 | 14,331 | 13,013 | 11,812 | 12,784 |
| Building inspections conducted | 48,500 | 55,951 | 58,844 | 56,414 | 39,947 | 41,771 | 67,494 | 57,125 | 53,096 | 42,177 |
| Authorized new dwelling units | 237 | 486 | 420 | 806 | 1,641 | 3,101 | 4,272 | 2,512 | 1,656 | 1,159 |
| Commercial value (in thousands) | \$ 150,613 | \$ 65,152 | \$ 100,239 | \$ 238,592 | \$ 306,809 | \$ 211,874 | \$ 359,016 | \$ 260,822 | \$ 301,304 | \$ 322,408 |
| Residential value (in thousands) (1) | \$ 159,723 | \$ 253,516 | \$ 181,087 | \$ 246,776 | \$ 495,481 | \$ 638,944 | \$ 1,180,188 | \$ 827,832 | \$ 853,155 | \$ 380,814 |
| Police | | | | | | | | | | |
| Dispatched calls | 221,775 | 249,050 | 226,275 | 252,550 | 253,877 | 259,494 | 305,605 | 307,544 | 301,579 | 274,862 |
| Field contacts | 16,638 | 21,280 | 33,570 | 34,418 | 39,240 | 30,032 | 26,026 | 22,846 | 24,817 | 16,866 |
| Physical arrests | 10,617 | 7,908 | 7,577 | 12,224 | 12,911 | 12,047 | 11,194 | 9,484 | 7,215 | 6,989 |
| Parking violations | 368,641 | 326,030 | 331,692 | 323,542 | 330,615 | 313,222 | 306,000 | 317,175 | 267,923 | 259,026 |
| Fire | | | | | | | | | | |
| Emergency responses | 46,672 | 55,334 | 55,284 | 58,413 | 59,254 | 55,144 | 55,200 | 54,362 | 52,374 | 53,351 |
| Fires extinguished | 1,207 | 1,108 | 1,783 | 1,282 | 1,782 | 1,469 | 1,743 | 1,778 | 2,120 | 3,210 |
| Inspections | 2,390 | 3,292 | 3,292 | 2,398 | 2,862 | 3,143 | 3,467 | 7,541 | 10,751 | 8,432 |
| Port of Oakland (2) | | | | | | | | | | |
| Imports (tonnage, thousands) | 14,709 | 14,610 | 14,478 | 15,204 | 15,155 | 16,436 | 17,166 | 17,942 | 18,155 | 18,372 |
| Exports (tonnage, thousands) | 18,429 | 18,371 | 18,474 | 17,663 | 15,848 | 17,720 | 17,580 | 17,066 | 17,576 | 17,534 |
| Total tonnage (thousands) | 33,139 | 32,981 | 32,952 | 32,868 | 31,003 | 34,157 | 34,746 | 35,008 | 35,731 | 35,906 |
| Containers | 1,318,925 | 1,328,379 | 1,325,855 | 1,359,195 | 1,294,532 | 1,336,298 | 1,364,358 | 1,439,652 | 1,410,677 | 1,377,296 |
| Other public works | | | | | | | | | | |
| Street resurfacing (miles) | 21.21 | 3.95 | 16.95 | 9.6 | 9.4 | 8.8 | 15.4 | N/A | 30.73 | 44.1 |
| Potholes repaired | 11,614 | 12,005 | 9,719 | 13,751 | 14,117 | 17,733 | 13,550 | 18,629 | 12,299 | 12,460 |
| Parks and recreation | | | | | | | | | | |
| Athletic field permits issued | 409 | 409 | 409 | 429 | 450 | 450 | 380 | 501 | 178 | 54 |
| Community center admissions (3) | 1,790,720 | 1,144,097 | 902,414 | 698,273 | 1,174,383 | N/A | N/A | 172,207 | 69,748 | 37,497 |
| Library | | | | | | | | | | |
| Volumes in collection | 1,268,857 | 1,259,091 | 1,245,060 | 1,130,583 | 1,120,958 | 1,193,188 | 1,178,304 | 1,155,686 | 1,260,149 | 1,329,593 |
| Total volumes borrowed | 2,619,930 | 2,576,157 | 2,534,678 | 2,421,548 | 2,560,066 | 2,130,170 | 2,241,795 | 2,518,321 | 2,380,197 | 1,289,555 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 63,000 | 61,000 | 56,000 | 55,000 | 57,000 | 67,000 | 53,000 | 60,900 | 54,400 | 50,260 |

Source: City of Oakland, Port of Oakland, and East Bay Municipal Utility District.

Notes:

(1) Decreased values for residential permits in fiscal year 2021 reflect delays in permit issuance for multi-unit dwellings, which were offset by growth in permits issued for lower-value residential projects, such as remodels and accessory dwelling units.

(2) Port of Oakland data based on prior calendar year; fiscal year data unavailable.

(3) Community center admissions data is not available after 2016 on a basis comparable to earlier years due to a change in Parks & Recreation data systems.

**CITY OF OAKLAND
STATISTICAL SECTION**

SCHEDULE 21

**CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM**

| <u>Function/Program</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Aviation facilities | | | | | | | | | | |
| Airports operated | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Paved airport runways | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total length of runways (in feet) | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 | 25,038 |
| Area of airport (in acres) | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 |
| Public safety | | | | | | | | | | |
| Police stations | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Patrol units | 634 | 610 | 600 | 619 | 697 | 745 | 715 | 692 | 743 | 671 |
| Fire stations | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Harbor facilities | | | | | | | | | | |
| Miles at waterfront | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Berthing length at wharves (in feet) | 23,233 | 23,233 | 23,233 | 23,233 | 23,233 | 23,233 | 25,100 | 25,100 | 25,100 | 25,100 |
| Harbor area (in acres) | 779 | 779 | 779 | 779 | 779 | 779 | 779 | 779 | 779 | 779 |
| Library branches | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Museums | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other public works | | | | | | | | | | |
| Streets (in lane miles) | 1,965 | 1,965 | 1,965 | 1,965 | 1,965 | 1,965 | 1,965 | 1,965 | 1,965 | 1,965 |
| Streetlights | 37,000 | 37,000 | 37,000 | 37,000 | 38,000 | 38,050 | 38,250 | 38,250 | 38,250 | 38,500 |
| Traffic signals | 720 | 632 | 635 | 639 | 642 | 643 | 646 | 646 | 692 | 695 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| Swimming pools | 4 | 4 | 4 | 4 | 6 | 6 | 6 | 6 | 6 | 6 |
| Tennis courts | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 41 | 39 | 39 |
| Playgrounds | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 |
| Baseball/softball diamonds | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Soccer/football fields | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 17 | 17 |
| Community centers | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |

Source: City of Oakland and Port of Oakland

Note: Harbor Facilities data based on prior calendar year; fiscal year data unavailable.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$198,645,000
City of Oakland
General Obligation Bonds
(Measure KK, Series 2022C-1)
(Tax-Exempt)

\$13,670,000
City of Oakland
General Obligation Bonds
(Measure KK, Series 2022C-2)
(Taxable)

This Continuing Disclosure Certificate (the “Disclosure Certificate”) dated March 10, 2022, is executed and delivered by the City of Oakland (the “City”) in connection with the issuance of \$212,315,000 aggregate principal amount of the above-named bonds (the “Bonds”). The Bonds are issued under provisions of the Constitution of the State of California (the “State”), Article 1 of Chapter 4 of Division 4 of Title 4 (commencing with Section 43600) of the Government Code of the State, the Charter of the City, and other applicable laws of the State. The specific terms and conditions for issuance of the Bonds are contained in Resolution No. 89021 C.M.S. adopted by the City Council of the City on February 1, 2022 (the “Resolution”). Bonds are being issued by the City pursuant to a Fiscal Agent Agreement, dated as of March 1, 2022 (the “Fiscal Agent Agreement”), between the City and U.S. Bank Trust Company, National Association, as fiscal agent (together with any successors, the “Fiscal Agent”). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter (as hereinafter defined) in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person, which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” shall have the meaning ascribed to it in the Rule, any other applicable federal securities laws and guidance provided by the SEC in its Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), any further amendments or written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the S.E.C., filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the official statement relating to the Bonds, dated February 24, 2022.

“Participating Underwriter” shall mean the initial purchaser(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City’s fiscal year (currently ending June 30), commencing with the report for the 2021-22 Fiscal Year (which is due not later than March 31, 2023), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-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 date required above for the filing of the Annual Report if they are 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(e).

(b) Not later than 15 business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (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, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the City for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the City’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), 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 provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the City, the Annual Report shall also include the following additional items for the prior fiscal year:

1. The assessed valuation of taxable property in the City;
2. Property taxes due, property taxes collected and property taxes delinquent;
3. Property tax levy rate per \$1,000 (or other amount) of assessed valuation; and
4. Outstanding general obligation debt of the City.

(c) Any or all of the items listed above may be set forth in one or a set of documents or 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 website. If the document included by reference is a final official statement, it must be available from the MSRB. 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 in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person,

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 obligated person.

(b) 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*, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the 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;
7. Appointment of a successor or additional fiscal agent or the change of name of a fiscal agent; or
8. Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affects Holders of the Bonds.

(c) The City shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a), as provided in Section 3(b).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) 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 pursuant to the Fiscal Agent Agreement.

SECTION 6. 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(e).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 8. 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, 5(a) or 5(b), 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. 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 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the 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; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda (the “County”) or in U.S. Federal Court in or nearest to the County. 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 11. 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. This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

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IN WITNESS WHEREOF, the undersigned has executed and delivered this Continuing Disclosure Certificate on the date as first written above.

CITY OF OAKLAND, CALIFORNIA

By: _____

City Administrator

CONTINUING DISCLOSURE EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO
FILE ANNUAL REPORT**

Name of City: CITY OF OAKLAND

Name of Bond Issue: CITY OF OAKLAND
GENERAL OBLIGATION BONDS
(MEASURE KK, SERIES 2022C-1) (TAX-EXEMPT)

CITY OF OAKLAND
GENERAL OBLIGATION BONDS
(MEASURE KK, SERIES 2022C-2) (TAXABLE)
CITY OF OAKLAND

Date of Issuance: March 10, 2022

NOTICE IS HEREBY GIVEN that the City of Oakland, California (the “City”), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City, dated the Date of Issuance. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

CITY OF OAKLAND, CALIFORNIA

By _____ [to be signed only if filed]

APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in numbered paragraphs 1 -10 of this APPENDIX D concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system, has been furnished by DTC for use in securities offering documents, and the City takes no responsibility for the accuracy or completeness thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest or principal or premium, if any, with respect to the Bonds or (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 Official Statement including this APPENDIX D. 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. As used in this APPENDIX D, “Securities” means the Bonds, “Issuer” means the City, and “Agent” means the Fiscal Agent.

1. The Depository Trust Company (“DTC”), New York, New York, 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 maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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. (The information set forth on such website is not incorporated into this Official Statement by this reference.)

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 Securities 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 any 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, principal, 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 dates 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, principal, and interest 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 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.

The information in this APPENDIX D concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect 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 Direct Participants, the Indirect 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 Participants, as the case may be. The City will not have any responsibility or obligation to Direct Participants and Indirect Participants or the persons for whom they act as nominees with respect to the Bonds.

THE CITY, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES FOR OWNERS TO ONLY DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS" IN THE FOREPART OF THIS OFFICIAL STATEMENT) SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). If the City determines not to continue the DTC book-entry only system, or DTC discontinues providing its services with respect to the Bonds and the City does not select another qualified securities depository, the City will deliver physical Bond certificates to the Beneficial Owners. The Bonds may thereafter be transferred upon the books of the Fiscal Agent in accordance with the Fiscal Agent Agreement.

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, proposes to render its opinion with respect to the Bonds in substantially the following form:

_____, 2022

City Council
City of Oakland
Oakland, California

City of Oakland
General Obligation Bonds
(Measure KK) Series 2022C-1 (Tax-Exempt)
and
City of Oakland
General Obligation Bonds
(Measure KK) Series 2022C-2(Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Oakland (the “City”) in connection with issuance of \$198,645,000 aggregate principal amount of City of Oakland General Obligation Bonds (Measure KK) Series 2022C-1 (Tax-Exempt) (the “Series 2022C-1 Bonds”) and \$13,670,000 aggregate principal amount of City of Oakland General Obligation Bonds (Measure KK) Series 2022C-2 (Taxable) (the “Series 2022C-2 Bonds” and, collectively with the Series 2022C-1 Bonds, the “Bonds”), issued pursuant to a resolution of the City Council of the City adopted on February 1, 2022 (the “Resolution”) and a fiscal agent agreement, dated as of March 1, 2022 (the “Fiscal Agent Agreement”), by and between the City and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Fiscal Agent Agreement.

In such connection, we have reviewed the Resolution, the Fiscal Agent Agreement, the Tax Certificate of the City, dated the date hereof (the “Tax Certificate”), an opinion of the counsel to the City, certificates of the City, the Fiscal Agent and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have

assumed compliance with all covenants and agreements contained in the Resolution, the Fiscal Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2022C-1 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Fiscal Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Fiscal Agent Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view or opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the City.
2. The Fiscal Agent Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the City.
3. The City Council of the City has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the City's boundaries subject to taxation by the City (except certain personal property) for the payment of the Bonds and the interest thereon.
4. Interest on the Series 2022C-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and interest on the Bonds is exempt from State of California personal income taxes. Interest on the Series 2022C-1 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We observe that interest on the Series 2022C-2 Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per



CITY OF OAKLAND



FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272