



# CITY OF OAKLAND CALIFORNIA

SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2021

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SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2021

PREPARED BY THE FINANCE DEPARTMENT

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**CITY OF OAKLAND  
SINGLE AUDIT REPORT**

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# CITY OF OAKLAND

## Single Audit Reports Year Ended June 30, 2021

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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 schedule of expenditures of federal awards, the State of California Department of Community Services and Development supplemental schedules of revenue and expenditures, and the supplemental schedule of expenditures of Alameda County awards (collectively referred to as Supplemental Schedules), are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the State of California Department of Community Services and Department, and the County of Alameda, respectively, and are not a required part of the basic financial statements.

The Supplemental 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 Supplemental Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**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.

*Macias Gini & O'Connell LLP*

Walnut Creek, California

December 20, 2021, except for our report on the Supplemental Schedules for which the date is March 15, 2022

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

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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.

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

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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](http://www.portofoakland.com).

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

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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

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

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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
<b>Assets:</b>						
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
<b>TOTAL ASSETS</b>	<b>3,577,044</b>	<b>3,368,660</b>	<b>347,233</b>	<b>337,492</b>	<b>3,924,277</b>	<b>3,706,152</b>
<b>Deferred Outflows of Resources:</b>						
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
<b>TOTAL OUTFLOWS</b>	<b>572,513</b>	<b>371,696</b>	<b>5,435</b>	<b>2,601</b>	<b>577,948</b>	<b>374,297</b>
<b>Liabilities:</b>						
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
<b>TOTAL LIABILITIES</b>	<b>4,094,112</b>	<b>3,718,214</b>	<b>92,105</b>	<b>90,077</b>	<b>4,186,217</b>	<b>3,808,291</b>
<b>Deferred Inflows of Resources:</b>						
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
<b>TOTAL INFLOWS</b>	<b>216,525</b>	<b>331,585</b>	<b>3,192</b>	<b>5,591</b>	<b>219,717</b>	<b>337,176</b>
<b>Net Position:</b>						
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)
<b>TOTAL NET POSITION</b>	<b>\$ (161,080)</b>	<b>\$ (309,443)</b>	<b>\$ 257,371</b>	<b>\$ 244,425</b>	<b>\$ 96,291</b>	<b>\$ (65,018)</b>

**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.

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

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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.



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

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
<b>Revenues:</b>						
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>
<b>Expenses:</b>						
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)	—	—
<b>Changes in net position</b>	<u>146,239</u>	<u>202,138</u>	<u>12,946</u>	<u>16,300</u>	<u>159,185</u>	<u>218,438</u>
<b>Net Position:</b>						
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.

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

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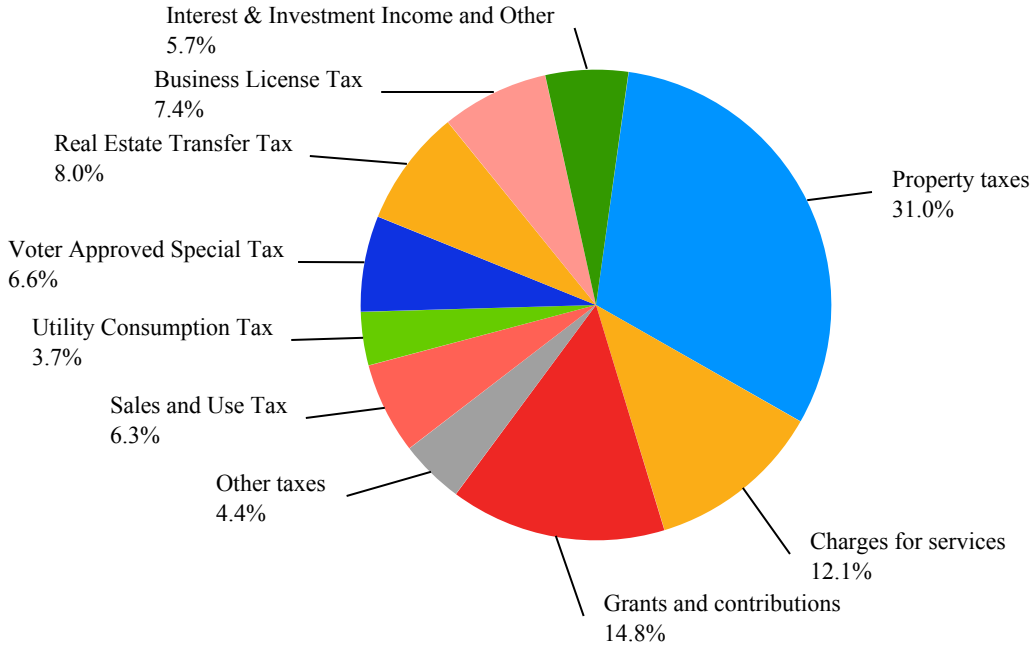
**Governmental activities:** Net position for governmental activities increased by \$148.4 million during fiscal year 2020-21. Total revenue increased by 13.1 percent and expenses increased by 21.0 percent. For comparison, during fiscal year 2019-20, revenues increased at a rate of 1.1 percent and expenses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

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

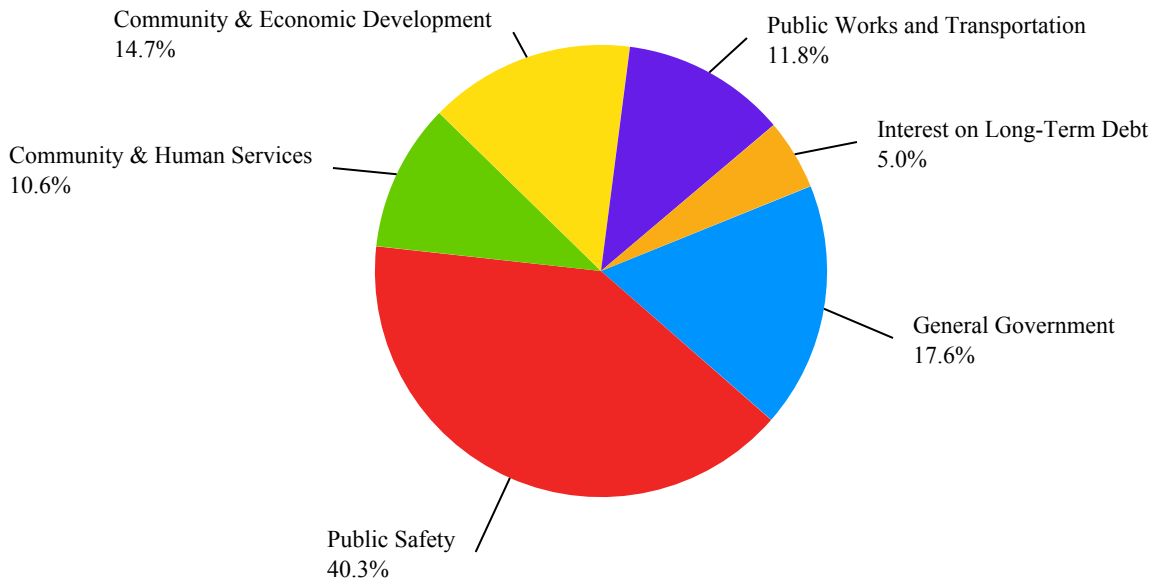
- Several factors contributed to the increase in total revenues. Operating grants and contributions increased by \$76.1 million, or 58.4 percent, primarily due to increased federal funding associated with the COVID-19 pandemic. Property tax increased by \$49.9 million, or 12.9 percent, due to increases 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.

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

**Revenues By Source - Governmental Activities**



**Expenses - Governmental Activities**



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

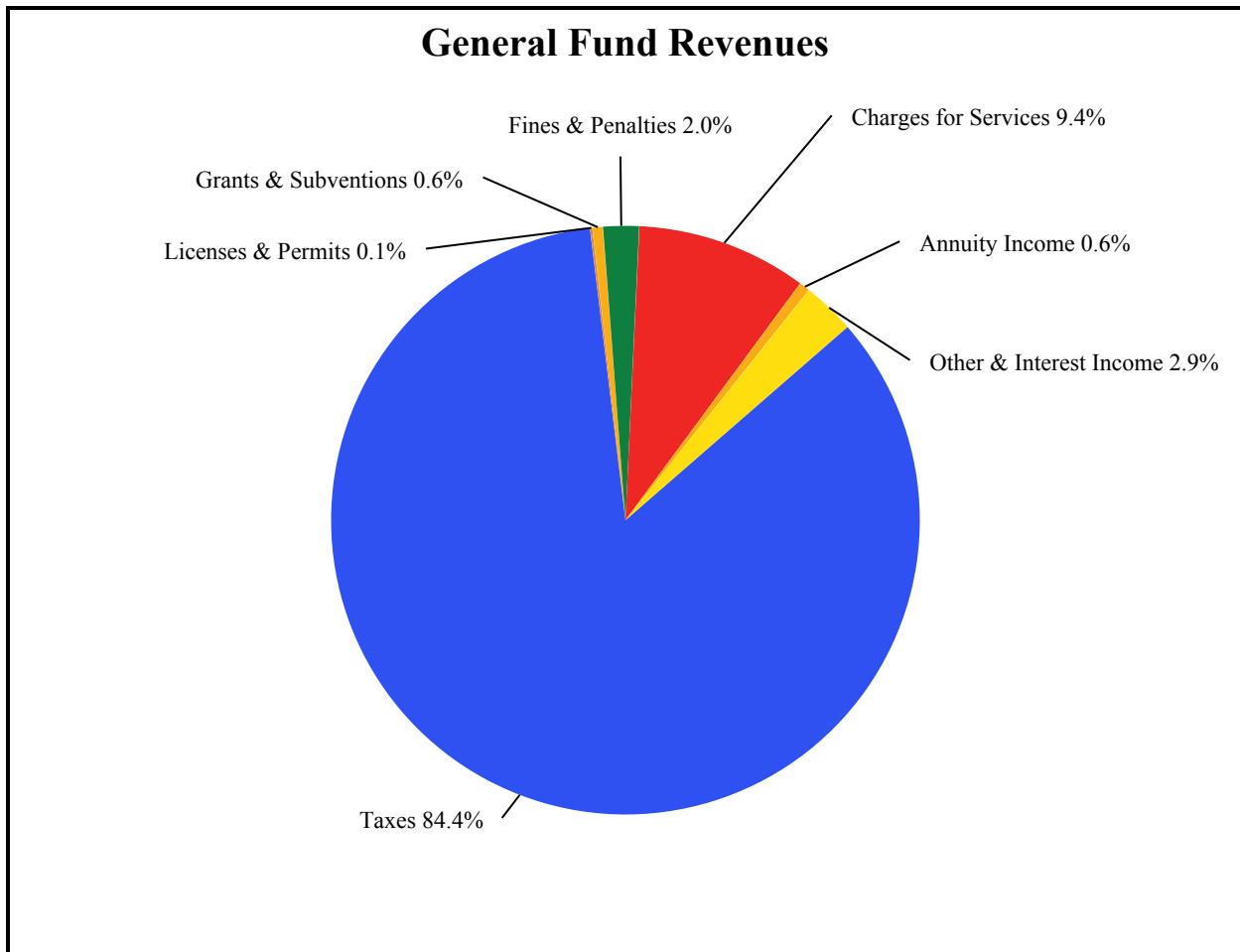
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**Business-type activities:** Business-type activities ended the fiscal year with an increase in net position of \$12.9 million due primarily to positive operating results in the Sewer Fund of \$13.0 million, which are intended to support future capital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



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

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>
<b>Revenues:</b>				
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 %
<b>Total revenues</b>	<b><u>\$ 887,221</u></b>	<b><u>\$ 832,679</u></b>	<b><u>\$ 54,542</u></b>	<b><u>6.6%</u></b>

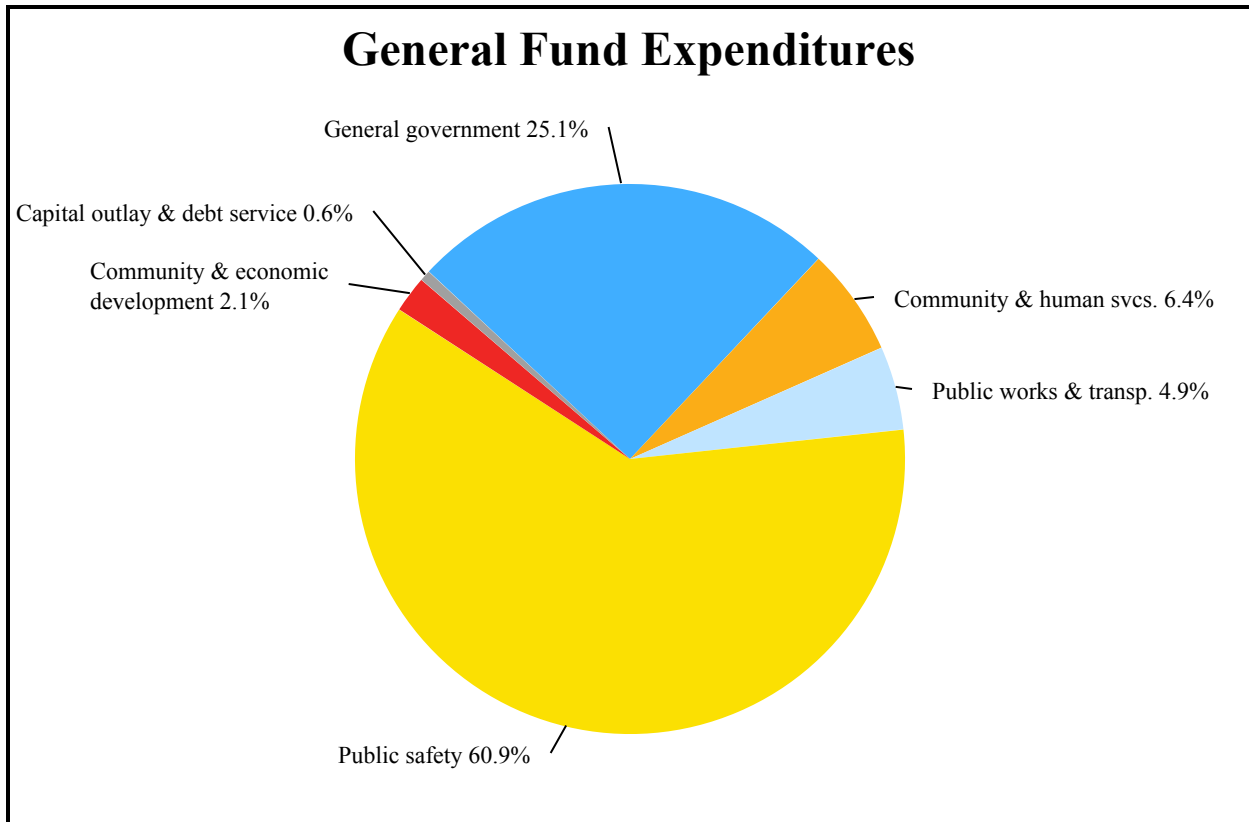
**General Fund Revenues:** Significant change in revenues include:

- *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.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**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>
<b>Expenditures:</b>				
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 %
<b>Total Expenditures</b>	<b><u>\$ 733,990</u></b>	<b><u>\$ 763,555</u></b>	<b><u>\$ (29,565)</u></b>	<b><u>-3.9%</u></b>



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

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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**

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**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- <sup>1</sup>
Lease revenue bonds	Aa2	AA-	N/A
Pension obligation bonds	Aa2	AA	A+
Tax Allocation bonds <sup>2</sup>	Baa2 <sup>3</sup> /A1	A+/AA-/AA/AA <sup>3</sup>	N/A

<sup>1</sup>Issuer Default Rating

<sup>2</sup>Ratings vary by series

<sup>3</sup>Insured 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
<b>Total bonds payable</b>	<b>788,754</b>	<b>869,826</b>	<b>26,359</b>	<b>29,072</b>	<b>815,113</b>	<b>898,898</b>
Loans and leases payable	28,842	47,993	—	—	28,842	47,993
Other long-term liabilities	227,507	221,349	—	—	227,507	221,349
<b>Total long-term obligations</b>	<b>\$1,045,103</b>	<b>\$1,139,168</b>	<b>\$ 26,359</b>	<b>\$ 29,072</b>	<b>\$1,071,462</b>	<b>\$ 1,168,240</b>

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**

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**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
<b>ASSETS</b>				
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
<b>TOTAL ASSETS</b>	<b>3,577,044</b>	<b>347,233</b>	<b>3,924,277</b>	<b>2,617,047</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
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
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>572,513</b>	<b>5,435</b>	<b>577,948</b>	<b>59,428</b>
<b>LIABILITIES</b>				
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
<b>TOTAL LIABILITIES</b>	<b>4,094,112</b>	<b>92,105</b>	<b>4,186,217</b>	<b>1,278,091</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
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
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>216,525</b>	<b>3,192</b>	<b>219,717</b>	<b>10,160</b>
<b>NET POSITION</b>				
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
<b>TOTAL NET POSITION</b>	<b>\$ (161,080)</b>	<b>\$ 257,371</b>	<b>\$ 96,291</b>	<b>\$ 1,388,224</b>

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			
					Governmental Activities	Business-type Activities	Total	Port of Oakland
<b>Primary government:</b>								
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)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,268,351</b>	<b>170,468</b>	<b>206,509</b>	<b>3,178</b>	<b>(888,196)</b>	<b>—</b>	<b>(888,196)</b>	
Business-type activities:								
Sewer	54,181	69,113	—	—	—	14,932	14,932	
Parks and recreation	725	651	—	—	—	(74)	(74)	
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>54,906</b>	<b>69,764</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>14,858</b>	<b>14,858</b>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,323,257</b>	<b>\$ 240,232</b>	<b>\$ 206,509</b>	<b>\$ 3,178</b>	<b>(888,196)</b>	<b>14,858</b>	<b>(873,338)</b>	
<b>Component unit:</b>								
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)	—	—
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>1,034,435</b>	<b>(1,912)</b>	<b>1,032,523</b>	<b>39,005</b>
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
<b>NET POSITION - ENDING</b>					<b>\$ (161,080)</b>	<b>\$ 257,371</b>	<b>\$ 96,291</b>	<b>\$ 1,388,224</b>

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
<b>ASSETS</b>							
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
<b>TOTAL ASSETS</b>	<b>\$ 777,111</b>	<b>\$ 278,318</b>	<b>\$ 328,605</b>	<b>\$ 391,108</b>	<b>\$ 235,854</b>	<b>\$ 77,037</b>	<b>\$ 2,088,033</b>
<b>LIABILITIES</b>							
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
<b>TOTAL LIABILITIES</b>	<b>284,078</b>	<b>106,928</b>	<b>350</b>	<b>12,881</b>	<b>24,831</b>	<b>7,206</b>	<b>436,274</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
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
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>29,067</b>	<b>149,539</b>	<b>259,420</b>	<b>73,216</b>	<b>5,712</b>	<b>2,204</b>	<b>519,158</b>
<b>FUND BALANCES</b>							
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
<b>TOTAL FUND BALANCES</b>	<b>463,966</b>	<b>21,851</b>	<b>68,835</b>	<b>305,011</b>	<b>205,311</b>	<b>67,627</b>	<b>1,132,601</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 777,111</b>	<b>\$ 278,318</b>	<b>\$ 328,605</b>	<b>\$ 391,108</b>	<b>\$ 235,854</b>	<b>\$ 77,037</b>	<b>\$ 2,088,033</b>

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>\$ (161,080)</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)*

	<b>General Fund</b>	<b>Federal/ State Grant Fund</b>	<b>Low and Moderate Income Housing Asset Fund</b>	<b>Municipal Capital Improvement Fund</b>	<b>Other Special Revenue Fund</b>	<b>Other Govern- mental Funds</b>	<b>Total</b>
<b>REVENUES</b>							
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
<b>TOTAL REVENUES</b>	<b>887,221</b>	<b>194,063</b>	<b>16,715</b>	<b>20,943</b>	<b>163,539</b>	<b>118,589</b>	<b>1,401,070</b>
<b>EXPENDITURES</b>							
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
<b>TOTAL EXPENDITURES</b>	<b>733,990</b>	<b>206,109</b>	<b>14,204</b>	<b>118,512</b>	<b>169,084</b>	<b>181,123</b>	<b>1,423,022</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>153,231</b>	<b>(12,046)</b>	<b>2,511</b>	<b>(97,569)</b>	<b>(5,545)</b>	<b>(62,534)</b>	<b>(21,952)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
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)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(93,533)</b>	<b>5,959</b>	<b>—</b>	<b>820</b>	<b>19,185</b>	<b>76,417</b>	<b>8,848</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>59,698</b>	<b>(6,087)</b>	<b>2,511</b>	<b>(96,749)</b>	<b>13,640</b>	<b>13,883</b>	<b>(13,104)</b>
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
<b>FUND BALANCES - ENDING</b>	<b>\$ 463,966</b>	<b>\$ 21,851</b>	<b>\$ 68,835</b>	<b>\$ 305,011</b>	<b>\$ 205,311</b>	<b>\$ 67,627</b>	<b>\$1,132,601</b>

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)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer Service Fund</b>	<b>Nonmajor Fund Parks and Recreation</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
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
<b>Total current assets</b>	<b>92,393</b>	<b>806</b>	<b>93,199</b>	<b>54,658</b>
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
<b>Total capital assets</b>	<b>253,588</b>	<b>1,651</b>	<b>255,239</b>	<b>36,283</b>
<b>TOTAL ASSETS</b>	<b>345,981</b>	<b>2,457</b>	<b>348,438</b>	<b>90,941</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
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
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,355</b>	<b>80</b>	<b>5,435</b>	<b>7,334</b>
<b>LIABILITIES:</b>				
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
<b>Total current liabilities</b>	<b>5,949</b>	<b>1,206</b>	<b>7,155</b>	<b>18,264</b>
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
<b>Total non-current liabilities</b>	<b>85,700</b>	<b>455</b>	<b>86,155</b>	<b>88,053</b>
<b>TOTAL LIABILITIES</b>	<b>91,649</b>	<b>1,661</b>	<b>93,310</b>	<b>106,317</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unamortized gains on refunding of debt	316	—	316	—
Deferred inflows of resources related to OPEB	2,870	6	2,876	3,666
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,186</b>	<b>6</b>	<b>3,192</b>	<b>3,666</b>
<b>NET POSITION</b>				
Net investment in capital assets	226,913	1,651	228,564	31,131
Unrestricted (deficit)	29,588	(781)	28,807	(42,839)
<b>TOTAL NET POSITION</b>	<b>\$ 256,501</b>	<b>\$ 870</b>	<b>\$ 257,371</b>	<b>\$ (11,708)</b>

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
<b>OPERATING REVENUES</b>				
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>
<b>OPERATING EXPENSES</b>				
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>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
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>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
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>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
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>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
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>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 15,802	\$ (74)	\$ 15,728	\$ 15,754
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
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>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION</b>				
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>
<b>NON-CASH ITEMS:</b>				
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)*

	<b>Pension Trust Fund</b>	<b>Private- Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ASSETS</b>			
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	—
<b>TOTAL ASSETS</b>	<b>512,567</b>	<b>81,773</b>	<b>602</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized losses on refunding of debt	—	12,272	—
<b>LIABILITIES</b>			
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	—
<b>TOTAL LIABILITIES</b>	<b>54,034</b>	<b>280,858</b>	<b>113</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unamortized gains on refunding of debt	—	350	—
<b>NET POSITION RESTRICTED FOR:</b>			
Employees' pension benefits	458,533	—	—
Redevelopment dissolution and other purposes	—	(187,163)	489
<b>TOTAL NET POSITION</b>	<b>\$ 458,533</b>	<b>\$ (187,163)</b>	<b>\$ 489</b>

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)*

	<b>Pension Trust Fund</b>	<b>Private- Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ADDITIONS:</b>			
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	—
<b>DEDUCTIONS:</b>			
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**

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**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**

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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**

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**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**

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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**

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- *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**

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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:

	<b>Beginning Net Position/Fund Balance, As Previously Reported</b>	<b>Cumulative Effect of Change in Accounting Principle</b>	<b>Beginning Net Position/Fund Balance, As Restated</b>
<b>Primary Government:</b>			
Governmental Activities	\$ (309,443)	\$ 2,124	\$ (307,319)
Business-Type Activities	244,425	—	244,425
<b>Total Primary Government</b>	<b>\$ (65,018)</b>	<b>\$ 2,124</b>	<b>\$ (62,894)</b>
<b>Governmental Funds:</b>			
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
<b>Total Governmental Funds</b>	<b>\$ 1,143,581</b>	<b>\$ 2,124</b>	<b>\$ 1,145,705</b>
<b>Fiduciary Funds:</b>			
Pension Trust Fund	\$ 378,975	\$ —	\$ 378,975
Private-Purpose Trust Funds	(198,042)	(2,613)	(200,655)
Custodial Funds	—	489	489
<b>Total Fiduciary Funds</b>	<b>\$ 180,933</b>	<b>\$ (2,124)</b>	<b>\$ 178,809</b>

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**

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- 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**

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(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**

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**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**

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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**

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**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**

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**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**

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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 <sup>1</sup>	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>							
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
<b>Restricted for:</b>							
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
<b>Committed for:</b>							
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
<b>Assigned for:</b>							
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
<b>Unassigned</b>	96,943	—	—	—	—	(935)	96,008
<b>Total</b>	<b>\$ 463,966</b>	<b>\$ 21,851</b>	<b>\$ 68,835</b>	<b>\$ 305,011</b>	<b>\$ 205,311</b>	<b>\$ 67,627</b>	<b>\$ 1,132,601</b>

<sup>1</sup> Low and Moderate Income Housing Asset Fund

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

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**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**

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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:

<b>Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Portfolio Exposure</b>	<b>Maximum Issuer Exposure</b>	<b>Credit Requirement</b>
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	—
<b>Total</b>	<b>\$ 1,316,509</b>	<b>\$ 75,986</b>	<b>\$ 510,097</b>	<b>\$ 70,794</b>	<b>\$ 1,973,386</b>	<b>\$ 570,577</b>
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
<b>Total</b>					<b>\$ 1,973,386</b>	<b>\$ 570,577</b>

**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
<b>Investment by fair value level:</b>				
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
<b>Total investments by fair value level</b>	<b>\$ 366</b>	<b>\$ 1,364,553</b>	<b>\$ 48,000</b>	<b>1,412,919</b>
<b>Investments measured at net asset value (NAV):</b>				
Money Market Mutual Funds				416,756
Local Agency Investment Fund (LAIF)				75,006
<b>Total investment measured at fair value</b>				<b>\$ 1,904,681</b>

**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

	<b>Ratings as of June 30, 2021</b>					
	<b>Fair Value</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>A-1</b>	<b>Not Rated</b>
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	—
<b>Total pooled investments</b>	<b>\$1,651,559</b>	<b>\$ 215,000</b>	<b>\$1,287,562</b>	<b>\$ 3,983</b>	<b>\$ 70,008</b>	<b>\$ 75,006</b>

**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
<b>Total Restricted Investments</b>	<b>\$253,122</b>	<b>\$199,954</b>	<b>\$ 3,000</b>	<b>\$ —</b>	<b>\$ 50,168</b>

**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):

<u>Investment Type/Issuer</u>	<u>Amount</u>	<u>Percent of City's Investment Portfolio</u>
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	—	—
<b>Total pooled investments</b>	<b>\$ 1,651,559</b>		<b>\$ 1,332,650</b>	<b>\$ 128,048</b>	<b>\$ 190,861</b>

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
<b>Total restricted investments</b>	<b>\$ 253,122</b>		<b>\$ 205,122</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 48,000</b>

**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**

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**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:

<b>Asset Class</b>	<b>Target Allocation</b>
Fixed income	21 %
Credit	2 %
Covered calls	5 %
Domestic equity	40 %
International equity	12 %
Crisis risk offset	20 %
<b>Total</b>	<b>100 %</b>

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
<b>Investment by fair value level:</b>				
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
<b>Total investments by fair value level</b>	<b>\$ 208,671</b>	<b>\$ 105,326</b>	<b>\$ —</b>	<b>\$ 313,997</b>
<b>Investments measured at net asset value (NAV):</b>				
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
<b>Total</b>				<b>\$ 503,773</b>

**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	
<b>Total Long-Term Investments</b>	<b>\$ 134,380</b>	<b>7.37</b>
<b>Securities Lending Collateral</b>	<b>\$ 48,551</b>	

**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 %
<b>Total fixed income investments</b>	<b>\$ 134,381</b>	<b>100.0 %</b>

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
<b>Total foreign currency</b>	<u>\$ 35,193</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):

	<b>Securities Lending</b>		
	<b>Fair Value of Loaned Securities</b>		
	<b>For Cash Collateral</b>	<b>For Non-Cash Collateral</b>	<b>Total</b>
<b>Securities on loan:</b>			
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
<b>Total Securities on loan</b>	<b>\$ 47,755</b>	<b>\$ 5,707</b>	<b>\$ 53,462</b>
<b>Collateral Received</b>	<b>\$ 48,954</b>	<b>\$ 5,841</b>	<b>\$ 54,795</b>

**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):

<b>Derivative Type/Contract</b>	<b>Notional Amount</b>	<b>Fair Value</b>	<b>Net Appreciation (Depreciation) in Fair Value</b>
Forwards			
Foreign Currency Exchange Contracts	\$ —	\$ (8)	\$ —
Options			
Equity Contracts	—	(351)	(58)
Swaps			
Credit Contracts	1,990	51	8
<b>Total</b>	<b>\$ 1,990</b>	<b>\$ (308)</b>	<b>\$ (50)</b>

**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):

<b>Derivative Type/Contract</b>	<b>Fair Value</b>	<b>Maturities</b>	
		<b>Less than 1 Year</b>	<b>1-5 years</b>
Forwards			
Forward Foreign Currency Exchange Contracts	\$ (8)	\$ (8)	—
Options			
Equity Contracts	(351)	(351)	—
Swaps			
Credit Contracts	51	—	51
<b>Total</b>	<b>\$ (308)</b>	<b>\$ (359)</b>	<b>\$ 51</b>

*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):

<b>Cash and Investments</b>	<b>Amount</b>
Unrestricted cash and investments	
Demand deposits	\$ 10,272
Investments	49,998
Total unrestricted cash and investments	60,270
Restricted investments	8,247
<b>Total cash and investments</b>	<b>\$ 68,517</b>

**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):

	<b>Significant other observable inputs (Level 2)</b>	<b>Investments measured at the net asset value (NAV)</b>
Unrestricted investments:		
U.S. Government Agency Securities (Discount)	\$ 43,998	\$ —
Money Market Mutual Funds	—	6,000
Restricted investments:		
Money Market Mutual Funds	—	8,247
<b>Total</b>	<b>\$ 43,998</b>	<b>\$ 14,247</b>

**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&amp;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
<b>Total unrestricted investments</b>			<b><u>\$ 49,998</u></b>
Restricted investments:			
Money Market Mutual Funds	0.01 - 0.03	AAA	\$ 8,247
<b>Total restricted investments</b>			<b><u>\$ 8,247</u></b>

**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>
<b>U.S. Government Agency Securities</b>		
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
<b>Total cash and investments</b>	<b><u>\$ 570,577</u></b>



**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
<b>Total investments</b>	<b><u>\$ 570,577</u></b>			<b><u>\$ 570,577</u></b>

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**

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**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**

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**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):

<b>Payable Fund</b>	<b>Amount</b>
Other Governmental Funds	\$ 1,414
Parks and Recreation Enterprise Fund	1,205
Internal Service Funds	4,899
Custodial Fund (Fiduciary Fund)	113
<b>Total due to the General Fund</b>	<b>\$ 7,631</b>

**2. Interfund Transfers**

The following schedule summarizes the City’s transfer activities for the year ended June 30, 2021 (dollars in thousands):

<b>Transfer Out</b>	<b>Transfer In</b>	<b>Amount</b>
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)
	<b>Total</b>	<b>\$ 115,612</b>

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

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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):

<b>Type of Loan</b>	<b>General Fund</b>	<b>Federal/ State Grant Fund</b>	<b>LMIH<sup>1</sup></b>	<b>Municipal Capital Improvement Fund</b>	<b>Other Special Revenue Fund</b>	<b>Total</b>
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)
<b>Total notes and loans receivables, net</b>	<b>\$ 11,415</b>	<b>\$ 132,325</b>	<b>\$ 257,479</b>	<b>\$ 70,854</b>	<b>\$ 810</b>	<b>\$ 472,883</b>

<sup>1</sup>Low 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**

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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)
<b>Total loans receivables, net</b>	<b>\$ 3,608</b>

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):

	<b>Balance June 30, 2020</b>	<b>Additions</b>	<b>Deletions/ Adjustments</b>	<b>Transfers of Completed Construction</b>	<b>Balance June 30, 2021</b>
<b>Governmental activities:</b>					
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>
<b>Governmental Activities - capital assets, net</b>	<b><u>\$1,423,245</u></b>	<b><u>\$ 17,373</u></b>	<b><u>\$ 17</u></b>	<b><u>\$ —</u></b>	<b><u>\$1,440,601</u></b>

**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
<b>Business-Type Activities:</b>					
<b>Sewer Service Fund:</b>					
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
<b>Sewer Service Fund, capital assets, net</b>	<b>\$ 253,362</b>	<b>\$ 226</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 253,588</b>
<b>Parks and Recreation Fund:</b>					
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
<b>Parks and Recreation Fund, capital assets, net</b>	<b>\$ 1,828</b>	<b>\$ (177)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,651</b>
<b>Business-Type Activities - capital assets, net</b>	<b>\$ 255,190</b>	<b>\$ 49</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 255,239</b>



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

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**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
<b>Total</b>	<b><u><u>\$ 87,098</u></u></b>

**Business-Type Activities:**

Sewer	\$ 7,403
Parks and Recreation	179
<b>Total</b>	<b><u><u>\$ 7,582</u></u></b>

**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	602,694	48,924	(124)	(32,201)	619,293
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	3,436,993	1,096	—	32,201	3,470,290
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	2,030,397	112,855	—	—	2,143,252
Total capital assets, being depreciated, net	1,406,596	111,759	—	32,201	1,327,038
Port-capital assets, net	\$2,009,290	\$ (62,835)	\$ (124)	\$ —	\$1,946,331

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)
<b>Net capital assets, on lease.....</b>	<b><u><u>\$ 750,707</u></u></b>

**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
<b>Total.....</b>	<b><u><u>\$ 199,573</u></u></b>

**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**

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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
<b>Total</b>	<b>\$</b>	<b><u>2,241,426</u></b>

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
<b>Total</b>	<b>\$</b>	<b><u>26,964</u></b>

**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>
<b>Governmental Activities:</b>			
<b>Governmental Funds:</b>			
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>
<b>Internal service funds</b>	4,391	—	4,391
<b>Total governmental activities</b>	<u>\$ 194,682</u>	<u>\$ 137,008</u>	<u>\$ 331,690</u>
<b>Business-type Activities:</b>			
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):

<b>Pension Trust Fund</b>	
Accounts payable	\$ 1
Member benefits payable	4,295
Investments payable	423
Investment management fees payable	361
<b>Total pension trust fund</b>	<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):

<b>Governmental Activities</b>			
<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
<b>Bonds payable:</b>			
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
<b>Total bonds payable</b>			<b>\$ 788,754</b>
<b>Capital leases:</b>			
Capital leases	2030	1.48 - 5.30%	28,847
<b>Total capital leases</b>			<b>\$ 28,847</b>
<b>Business-type Activities</b>			
<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
<b>Bonds payable:</b>			
Sewer revenue bonds	2029	3.00 - 5.00%	\$ 23,616
Unamortized bond premium			2,743
<b>Total bonds payable</b>			<b>\$ 26,359</b>

**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**

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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:

<b>Calculation period (July 31)</b>	<b>Notional Amount</b>	<b>Fixed Rate To Counterparty</b>	<b>65% of LIBOR<sup>1</sup></b>	<b>Net Rate</b>
2022	\$ 6,400,000	5.6775%	0.0653%	5.6122%

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<sup>1</sup> 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):

	<b>Balance at July 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at June 30, 2021</b>	<b>Amounts due within one year</b>
<b>Governmental activities:</b>					
<b>Bonds payable:</b>					
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
<b>Total bonds payable:</b>	<b>869,826</b>	<b>7,967</b>	<b>89,039</b>	<b>788,754</b>	<b>93,840</b>
<b>Loans and capital leases payable:</b>					
Loans payable (B) and (D)	4,250	—	4,250	—	—
Capital leases (B) and (D)	43,743	—	14,901	28,842	10,602
<b>Total loans payable and capital leases payable</b>	<b>47,993</b>	<b>—</b>	<b>19,151</b>	<b>28,842</b>	<b>10,602</b>
<b>Other long-term liabilities:</b>					
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	—
<b>Total other long-term liabilities</b>	<b>221,349</b>	<b>134,573</b>	<b>128,415</b>	<b>227,507</b>	<b>88,794</b>
<b>Total governmental activities</b>	<b>\$ 1,139,168</b>	<b>\$ 142,540</b>	<b>\$ 236,605</b>	<b>\$ 1,045,103</b>	<b>\$ 193,236</b>
<b>Business-type activities:</b>					
Sewer fund - bonds payable	\$ 25,986	\$ —	\$ 2,370	\$ 23,616	\$ 2,490
Unamortized bond premium	3,086	—	343	2,743	343
<b>Total business-type activities</b>	<b>\$ 29,072</b>	<b>\$ —</b>	<b>\$ 2,713</b>	<b>\$ 26,359</b>	<b>\$ 2,833</b>

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):

<b>Governmental Activities<sup>1</sup></b>						
<b>Year Ending June 30</b>	<b>General Obligation Bonds</b>		<b>Lease Revenue Bonds</b>		<b>Special Assessment District Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
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	—	—	—	—
<b>Total</b>	<b>\$ 450,075</b>	<b>\$ 191,285</b>	<b>\$ 43,165</b>	<b>\$ 6,789</b>	<b>\$ 2,590</b>	<b>\$ 533</b>

<b>Capital Leases</b>		
<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
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
<b>Total</b>	<b>\$ 28,842</b>	<b>\$ 1,965</b>

<b>Year Ending June 30</b>	<b>Pension Obligation Bonds</b>			<b>Total</b>		
	<b>Principal</b>	<b>Accreted Interest</b>	<b>Interest</b>	<b>Principal</b>	<b>Accreted Interest</b>	<b>Interest</b>
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)	—
<b>Total</b>	<b>\$ 198,564</b>	<b>\$ 69,703</b>	<b>\$ 25,526</b>	<b>\$ 723,237</b>	<b>\$ 69,703</b>	<b>\$ 226,099</b>

<sup>1</sup> 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):

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>	
	<b>Sewer Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
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
<b>Total</b>	<b>\$ 23,616</b>	<b>\$ 5,566</b>

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>
<b>Tax Allocation Bonds:</b>					
<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>
<b>Subordinated Tax Allocation Refunding Bonds:</b>					
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):

<b>Oakland Redevelopment Successor Agency</b>					
	<b>Balance at July 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at June 30, 2021</b>	<b>Amounts due within one year</b>
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)
<b>Total ORSA</b>	<b>\$ 291,755</b>	<b>\$ —</b>	<b>\$ (33,538)</b>	<b>\$ 258,217</b>	<b>\$ 29,820</b>

**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):

<b>Oakland Redevelopment Successor Agency</b>				
<b>Year Ending June 30</b>	<b>Tax Allocation Bonds</b>		<b>Subordinated Tax Allocation Refunding Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
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
<b>Total</b>	<b>\$ 129,900</b>	<b>\$ 53,263</b>	<b>\$ 123,450</b>	<b>\$ 59,454</b>

**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):

<b>Component Unit - Port of Oakland</b>			
<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
<b>Bonds, notes, and loans payable</b>			
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
<b>Total bonds, notes, and loans payable</b>			<b>\$ 825,262</b>

**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**

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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.

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

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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**

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\$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):

<b>Component Unit - Port of Oakland</b>					
	<b>Balance at June 30, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at June 30, 2021</b>	<b>Amounts due within one year</b>
<b>Bonds and notes payable:</b>					
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>
<b>Other long-term liabilities:</b>					
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><b>\$ 962,231</b></u>	<u><b>\$ 577,707</b></u>	<u><b>\$ 672,238</b></u>	<u><b>\$ 867,700</b></u>	<u><b>\$ 77,055</b></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):

<b>Year Ending June 30</b>	<b>Principal</b> (1)	<b>Interest</b>	<b>Total</b>
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
<b>Total</b>	<u><b>\$ 776,475</b></u>	<u><b>\$ 141,898</b></u>	<u><b>\$ 918,373</b></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):

	<b>2021</b>	<b>2020</b>
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):

	<b>2021</b>	<b>2020</b>
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:

<b>Year Ending June 30,</b>	<b>Scheduled Payments</b>	<b>Insurance Recovery</b>	<b>Net Expense</b>
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.

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

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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>
<b>Stadium Bonds:</b>				
2012 Refunding Series A Lease revenue bonds	February 1, 2025	5%	\$ 122,815	\$ 45,410
<b>Arena Bonds:</b>				
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):

Year Ending June 30,	<u>Stadium Bonds</u>		<u>Arena Bonds</u>		<u>Total</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
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**

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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.

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

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### 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](http://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](http://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:

	<b>Hire Date</b>		
	Prior to 6/9/2012	6/9/2012 through 12/31/12	On or After 1/1/2013 <sup>(1)</sup>
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 <sup>(2)</sup>	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:

	<b>Hire Date</b>		
	Prior to 6/9/2012	6/9/2012 to 12/31/2012	On or After 1/1/2013 <sup>(1)</sup>
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 <sup>(2)</sup>	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:

	<b>PFRS Plan</b>	<b>CalPERS Miscellaneous Plan</b>	<b>CalPERS Safety Plan</b>
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
<b>Total</b>	<b>768</b>	<b>8,494</b>	<b>2,946</b>

**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):

	<u>2021</u>	<u>2020</u>
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	<u>\$ 248,579</u>	<u>\$ 228,928</u>

**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

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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
<b>Total</b>	<b><u>\$ 2,020,961</u></b>

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
<b>Total</b>	<b><u>\$ 2,020,961</u></b>

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.

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**Notes to the Basic Financial Statements (continued)**  
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The changes in the net pension liability for the PFRS Plan are as follows (in thousands):

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
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)
<b>Balance at June 30, 2020 (measurement date)</b>	<b>\$ 603,971</b>	<b>\$ 378,974</b>	<b>\$ 224,997</b>

The changes in the net pension liability for each CalPERS plan are as follows (in thousands):

	<b>CalPERS Miscellaneous Plan</b>			<b>CalPERS Safety Plan</b>		
	<b>Increase (Decrease)</b>			<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
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
<b>Balance at June 30, 2020 (measurement date)</b>	<b>\$2,952,225</b>	<b>\$2,016,395</b>	<b>\$ 935,830</b>	<b>\$2,358,488</b>	<b>\$1,498,354</b>	<b>\$ 860,134</b>

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**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):

	<b>CalPERS</b>							
	<b>PFRS Plan</b>		<b>City Miscellaneous Plan</b>		<b>Safety Plan</b>		<b>Total City</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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	—
<b>Total</b>	<b>\$ 46,752</b>	<b>\$ —</b>	<b>\$ 121,863</b>	<b>\$ —</b>	<b>\$ 171,487</b>	<b>\$ (2,854)</b>	<b>\$ 340,102</b>	<b>\$ (2,854)</b>

At June 30, 2021, the City's pension expense was composed of the following amounts by plan (in thousands):

	<b>CalPERS</b>			
	<b>PFRS Plan</b>	<b>City Miscellaneous Plan</b>	<b>Safety Plan</b>	<b>Total City</b>
Pension expense	\$ 10,598	\$ 90,410	\$ 134,931	\$ 235,939

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):

	<b>Port Miscellaneous Plan</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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)
<b>Total</b>	<b>\$ 33,414</b>	<b>\$ (4,241)</b>

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

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**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	—	—	—
<b>Total</b>	<b>\$ 110,172</b>	<b>\$ 7,627</b>	<b>\$ 117,799</b>

**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.



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**Notes to the Basic Financial Statements (continued)**  
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**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:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
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

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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:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10 <sup>(1)</sup></b>	<b>Real Return Years 11+ <sup>(2)</sup></b>
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).

	<b>1% Decrease at 6.15%</b>	<b>Measurement Date at 7.15%</b>	<b>1% Increase at 8.15%</b>
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
	<b>1% Decrease at 4.37%</b>	<b>Measurement Date at 5.37%</b>	<b>1% Increase at 6.37%</b>
PFRS	\$ 279,560	\$ 224,997	\$ 178,053

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**Notes to the Basic Financial Statements (continued)**  
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**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
<b>Total</b>	<b><u>7,430</u></b>

**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,

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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		—
<b>Total</b>	<b>\$</b>	<b><u>29,517</u></b>

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%

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**Notes to the Basic Financial Statements (continued)**  
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**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:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
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
<b>Balance at June 30, 2020 (measurement date)</b>	<b>\$ 871,126</b>	<b>\$ 28,290</b>	<b>\$ 842,836</b>

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:

	<b>1% Decrease at 1.21%</b>	<b>Measurement Date at 2.21%</b>	<b>1% Increase at 3.21%</b>
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):

	<b>-1.00%</b>	<b>Baseline</b>	<b>+1.00%</b>
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).

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**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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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	—
<b>Total</b>	<b>\$ 225,578</b>	<b>\$ 213,762</b>

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:

<b>Measurement Period Ending June 30</b>	<b>Deferred (Inflows) of Resources</b>
2021	\$ (40,795)
2022	(40,771)
2023	10,231
2024	16,582
2025	37,051
Thereafter	—
<b>Total</b>	<b>\$ (17,701)</b>

**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.

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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
<b>Total</b>	<b>1,060</b>

## 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

<sup>1</sup> 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](http://www.calpers.ca.gov) under Forms and Publications.

<sup>2</sup> 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
<b>Balance at June 30, 2020</b>	<b>\$ 175,182</b>	<b>\$ 88,020</b>	<b>\$ 87,162</b>
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)
<b>Balance at June 30, 2020</b>	<b>\$ 180,554</b>	<b>\$ 95,319</b>	<b>\$ 85,235</b>

**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**

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**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):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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
<b>Total</b>	<u><u>\$ 16,498</u></u>	<u><u>\$ 5,919</u></u>

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):

<u>Year Ending June 30</u>	<u>Deferred (Inflows) of Resources</u>
2022	\$ (2,310)
2023	(1,937)
2024	(124)
2025	532
<b>Total</b>	<u><u>\$ (3,839)</u></u>

**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):

	<b>General Fund</b>	<b>Federal/ State Grant Fund</b>	<b>Municipal Capital Improvement Fund</b>	<b>Other Special Revenue Fund</b>	<b>Other Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total Governmental Activities</b>
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
<b>Total</b>	<b>\$ 1,218</b>	<b>\$ 6,165</b>	<b>\$ 23,140</b>	<b>\$ 43</b>	<b>\$ 1,761</b>	<b>\$ 1,140</b>	<b>\$ 33,467</b>

	<b>Sewer Fund</b>	<b>Nonmajor Parks and Recreation</b>	<b>Total Business-Type Activities</b>
Building, facilities and infrastructure	\$ —	\$ 102	\$ 102
Sewers and storm drains	5,818	—	5,818
Streets and sidewalks	2,435	—	2,435
<b>Total</b>	<b>\$ 8,253</b>	<b>\$ 121</b>	<b>\$ 8,374</b>

**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
<b>Total</b>	<b>\$ 52,253</b>

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	—
<b>Total by obligating event</b>	<b>\$ 15,750</b>	<b>\$ 414</b>

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).

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

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***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)*

<b>Fiscal Year</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
<b>Measurement period</b>	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Total pension liability</b>							
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
<b>Total pension liability, ending</b>	<b>\$ 603,971</b>	<b>\$ 628,211</b>	<b>\$ 656,192</b>	<b>\$ 660,669</b>	<b>\$ 670,085</b>	<b>\$ 635,588</b>	<b>\$ 640,323</b>
<b>Plan fiduciary net position</b>							
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
<b>Plan fiduciary net position, ending</b>	<b>\$ 378,974</b>	<b>\$ 384,710</b>	<b>\$ 375,975</b>	<b>\$ 353,202</b>	<b>\$ 361,610</b>	<b>\$ 419,253</b>	<b>\$ 463,807</b>
<b>Plan net pension liability</b>	<b>\$ 224,997</b>	<b>\$ 243,501</b>	<b>\$ 280,217</b>	<b>\$ 307,467</b>	<b>\$ 308,475</b>	<b>\$ 216,335</b>	<b>\$ 176,516</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>62.7%</b>	<b>61.2%</b>	<b>57.3%</b>	<b>53.5%</b>	<b>54.0%</b>	<b>66.0%</b>	<b>72.4%</b>
<b>Covered payroll</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

**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)*

<b>Fiscal year</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
<b>Measurement period</b>	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Total pension liability</b>							
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
<b>Total pension liability, ending</b>	<b>\$ 2,952,225</b>	<b>\$ 2,864,529</b>	<b>\$ 2,723,356</b>	<b>\$ 2,671,613</b>	<b>\$ 2,452,219</b>	<b>\$ 2,385,420</b>	<b>\$ 2,348,971</b>
<b>Plan fiduciary net position</b>							
Contributions, employer <sup>(1)</sup>	\$ 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) <sup>(1)</sup>	—	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
<b>Plan fiduciary net position, ending</b>	<b>\$ 2,016,395</b>	<b>\$ 1,960,494</b>	<b>\$ 1,883,679</b>	<b>\$ 1,787,313</b>	<b>\$ 1,651,356</b>	<b>\$ 1,693,856</b>	<b>\$ 1,704,213</b>
<b>Plan net pension liability</b>	<b>\$ 935,830</b>	<b>\$ 904,035</b>	<b>\$ 839,677</b>	<b>\$ 884,300</b>	<b>\$ 800,863</b>	<b>\$ 691,564</b>	<b>\$ 644,758</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>68.3%</b>	<b>68.4%</b>	<b>69.2%</b>	<b>66.9%</b>	<b>67.3%</b>	<b>71.0%</b>	<b>72.6%</b>
<b>Covered payroll</b>	<b>\$ 246,215</b>	<b>\$ 235,715</b>	<b>\$ 226,157</b>	<b>\$ 220,386</b>	<b>\$ 206,595</b>	<b>\$ 200,562</b>	<b>\$ 188,886</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>380.1%</b>	<b>383.5%</b>	<b>371.3%</b>	<b>401.3%</b>	<b>387.6%</b>	<b>344.8%</b>	<b>341.3%</b>

**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.

<sup>(1)</sup> 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
<b>Total pension liability</b>							
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
<b>Total pension liability, ending</b>	<b><u>\$2,358,488</u></b>	<b><u>\$2,230,185</u></b>	<b><u>\$2,110,581</u></b>	<b><u>\$2,021,068</u></b>	<b><u>\$1,806,062</u></b>	<b><u>\$1,688,298</u></b>	<b><u>\$1,634,999</u></b>
<b>Plan fiduciary net position</b>							
Contributions, employer <sup>(1)</sup>	\$ 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) <sup>(1)</sup>	—	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
<b>Plan fiduciary net position, ending</b>	<b><u>\$1,498,354</u></b>	<b><u>\$1,442,454</u></b>	<b><u>\$1,369,787</u></b>	<b><u>\$1,286,169</u></b>	<b><u>\$1,169,061</u></b>	<b><u>\$1,180,828</u></b>	<b><u>\$1,170,937</u></b>
<b>Plan net pension liability</b>	<b><u>\$ 860,134</u></b>	<b><u>\$ 787,731</u></b>	<b><u>\$ 740,794</u></b>	<b><u>\$ 734,899</u></b>	<b><u>\$ 637,001</u></b>	<b><u>\$ 507,470</u></b>	<b><u>\$ 464,062</u></b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>63.5%</b>	<b>64.7%</b>	<b>64.9%</b>	<b>63.6%</b>	<b>64.7%</b>	<b>69.9%</b>	<b>71.6%</b>
<b>Covered payroll</b>	<b>\$ 167,049</b>	<b>\$ 156,372</b>	<b>\$ 153,500</b>	<b>\$ 148,995</b>	<b>\$ 136,073</b>	<b>\$ 119,980</b>	<b>\$ 120,396</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>514.9%</b>	<b>503.8%</b>	<b>482.6%</b>	<b>493.2%</b>	<b>468.1%</b>	<b>423.0%</b>	<b>385.4%</b>

**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.

<sup>(1)</sup> 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)	—	—	—	—
<b>Contribution deficiency (excess)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$20,300</b>
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)
<b>Contribution deficiency (excess)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$(1,144)</b>	<b>\$(4,063)</b>	<b>\$ —</b>
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)
<b>Contribution deficiency (excess)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (562)</b>	<b>\$ (619)</b>	<b>\$ —</b>
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
<b>Contribution deficiency (excess)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>n/a</b>
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)*

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**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
<b>Total OPEB liability</b>				
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)
<b>Net change in total OPEB liability</b>	<b>245,220</b>	<b>(230,666)</b>	<b>2,776</b>	<b>(242,750)</b>
Total OPEB liability, beginning	625,906	856,572	853,796	1,096,546
Total OPEB liability, ending	<b>\$ 871,126</b>	<b>\$ 625,906</b>	<b>\$ 856,572</b>	<b>\$ 853,796</b>
<b>Plan fiduciary net position</b>				
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)
<b>Net change in plan fiduciary net position</b>	<b>953</b>	<b>11,408</b>	<b>11,604</b>	<b>412</b>
Plan fiduciary net position, beginning	27,337	15,929	4,325	3,913
<b>Plan fiduciary net position, ending</b>	<b>\$ 28,290</b>	<b>\$ 27,337</b>	<b>\$ 15,929</b>	<b>\$ 4,325</b>
<b>Plan net OPEB liability</b>	<b>\$ 842,836</b>	<b>\$ 598,569</b>	<b>\$ 840,643</b>	<b>\$ 849,471</b>
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
<b>Total OPEB liability</b>				
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)
<b>Net change in total OPEB liability</b>	<b>5,372</b>	<b>(2,421)</b>	<b>6,805</b>	<b>6,144</b>
Total OPEB liability, beginning	175,182	177,603	170,798	164,654
<b>Total OPEB liability, ending</b>	<b>\$ 180,554</b>	<b>\$ 175,182</b>	<b>\$ 177,603</b>	<b>\$ 170,798</b>
<b>Plan fiduciary net position</b>				
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)
<b>Net change in plan fiduciary net position</b>	<b>7,299</b>	<b>10,283</b>	<b>10,816</b>	<b>12,151</b>
Plan fiduciary net position, beginning	88,020	77,737	66,921	54,770
<b>Plan fiduciary net position, ending</b>	<b>\$ 95,319</b>	<b>\$ 88,020</b>	<b>\$ 77,737</b>	<b>\$ 66,921</b>
<b>Plan net OPEB liability</b>	<b>\$ 85,235</b>	<b>\$ 87,162</b>	<b>\$ 99,866</b>	<b>\$ 103,877</b>
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)*

<b>Fiscal year ended June 30</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018 *</b>
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)
<b>Contribution deficiency</b>	<b>\$ 23,238</b>	<b>\$ 21,743</b>	<b>\$ 35,939</b>	<b>\$ 35,255</b>
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)*

<b>Fiscal year ended June 30</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018 *</b>
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)	<b>\$ (2,068)</b>	<b>\$ (1,996)</b>	<b>\$ (1,584)</b>	<b>\$ (1,529)</b>
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)
<b>REVENUES</b>				
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
<b>TOTAL REVENUES</b>	<b>828,469</b>	<b>820,842</b>	<b>886,858</b>	<b>66,016</b>
<b>EXPENDITURES</b>				
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)
<b>TOTAL EXPENDITURES</b>	<b>741,775</b>	<b>831,001</b>	<b>733,990</b>	<b>97,011</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>86,694</b>	<b>(10,159)</b>	<b>152,868</b>	<b>163,027</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
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
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(103,690)</b>	<b>(65,724)</b>	<b>(93,533)</b>	<b>(27,809)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(16,996)</b>	<b>(75,883)</b>	<b>59,335</b>	<b>135,218</b>
Fund balance - beginning	405,348	405,348	405,348	—
<b>FUND BALANCE - ENDING</b>	<b>\$ 388,352</b>	<b>\$ 329,465</b>	<b>\$ 464,683</b>	<b>\$ 135,218</b>

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>
<b>REVENUES</b>				
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
<b>TOTAL REVENUES</b>	<u>158,709</u>	<u>159,608</u>	<u>163,539</u>	<u>3,931</u>
<b>EXPENDITURES</b>				
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
<b>TOTAL EXPENDITURES</b>	<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>
<b>OTHER FINANCING SOURCES (USES)</b>				
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
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<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**

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**(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):

	<b>General Fund</b>
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):

	<b>General Fund</b>
Fund balance - GAAP basis	\$ 463,966
Unamortized debt service deposit agreement	717
Fund balance - Budgetary basis	\$ 464,683

# **FEDERAL AWARDS PROGRAMS**

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**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Honorable Mayor and Members of the City Council  
City of Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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 the City’s basic financial statements and have issued our report thereon dated December 20, 2021. Our report included an emphasis of a matter paragraph for the City’s adoption of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The financial statements of the Oakland Police and Fire Retirement System were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Oakland Police and Fire Retirement System. The City’s basic financial statements include the financial statements of the Port of Oakland (Port), a discretely presented component unit. The Port engaged us to perform a separate audit of its financial statements. This report does not include the results of our testing of the Port’s internal control over financial reporting or compliance and other matters that are reported on separately.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003, that we consider to be significant deficiencies.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Walnut Creek, California  
December 20, 2021



## **Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

Honorable Mayor and Members of the City Council  
City of Oakland, California

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Oakland, California’s (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2021. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

The City’s basic financial statements include the operations of the Port of Oakland (Port), which expended \$31,311,680 in federal awards which is not included in the City’s schedule of expenditures of federal awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of the Port because the Port engaged us to perform a separate audit of compliance.

#### ***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Macias Gini & O'Connell LLP*

Walnut Creek, California  
March 15, 2022

**CITY OF OAKLAND**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

Federal Grantor/Passed through Grantor/Program Title	Assistance Listing Number	Grant Number	Non-COVID-19 Federal Expenditures	COVID-19 Federal Expenditures	Total Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed through State of California, Department of Education						
Child and Adult Care Food Program	10.558	04008-CACFP-01-GM-CS	\$ 93,714	\$ -	\$ 93,714	\$ -
Summer Food Service Program for Children	10.559	E116-01	358,969	-	358,969	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>452,683</b>	<b>-</b>	<b>452,683</b>	<b>-</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Direct Programs						
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-06-0013	725,372	-	725,372	725,372
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-06-0013	404,539	-	404,539	404,539
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-06-0013	94,738	-	94,738	94,738
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-06-0013	2,527,972	-	2,527,972	1,650,984
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-06-0013	7,032,592	-	7,032,592	2,298,487
Subtotal Community Development Block Grants/Entitlement Grants Cluster			10,785,213	-	10,785,213	5,174,120
COVID-19 Emergency Solutions Grant Program	14.231	E-20-MW-06-0013	-	4,415,175	4,415,175	3,537,515
Emergency Solutions Grant Program	14.231	E-19-MC-06-0013	46,823	-	46,823	17,189
Emergency Solutions Grant Program	14.231	E-20-MC-06-0013	525,018	-	525,018	495,115
Subtotal Emergency Solutions Grant Program			571,841	4,415,175	4,987,016	4,049,819
Home Investment Partnerships Program	14.239	M-17-MC-06-0208	50,000	-	50,000	50,000
Home Investment Partnerships Program	14.239	M-18-MC-06-0208	358,455	-	358,455	-
Home Investment Partnerships Program	14.239	M-19-MC-06-0208	355,449	-	355,449	53,538
Subtotal Home Investment Partnerships Program			763,904	-	763,904	103,538
Housing Opportunities for Persons with AIDS	14.241	CAH-18-F001	823,683	-	823,683	823,683
Housing Opportunities for Persons with AIDS	14.241	CAH-19-F001	474,261	-	474,261	474,261
Housing Opportunities for Persons with AIDS	14.241	CAH-20-F001	100,969	-	100,969	24,909
Subtotal Housing Opportunities for Persons with AIDS			1,398,913	-	1,398,913	1,322,853
Continuum of Care Program	14.267	CA1270L9T021804	102,998	-	102,998	102,998
Continuum of Care Program	14.267	CA1270L9T021905	252,659	-	252,659	242,108
Continuum of Care Program	14.267	CA0106L9T021811	6,754	-	6,754	6,754
Continuum of Care Program	14.267	CA0106L9T021912	675,490	-	675,490	657,807
Continuum of Care Program	14.267	CA1465L9T021803	291,083	-	291,083	284,230
Continuum of Care Program	14.267	CA1465L9T021904	325,597	-	325,597	319,194
Continuum of Care Program	14.267	CA1643L9T021801	14,245	-	14,245	14,245
Continuum of Care Program	14.267	CA1643L9T021902	350,895	-	350,895	329,032
Continuum of Care Program	14.267	CA1644L9T021801	47,623	-	47,623	44,687
Continuum of Care Program	14.267	CA1736L9T021901	1,382,489	-	1,382,489	1,344,680
Continuum of Care Program	14.267	CA1736L9T022002	27,828	-	27,828	-
Continuum of Care Program	14.267	CA1737L9T021901	496,929	-	496,929	474,384
Subtotal Continuum of Care Program			3,974,590	-	3,974,590	3,820,119
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>17,494,461</b>	<b>4,415,175</b>	<b>21,909,636</b>	<b>14,470,449</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Direct Programs						
Crime Victims Assistance/Discretionary Grants	16.582	2020-V3-GX-0080	37,069	-	37,069	-
Passed through International Association of Chiefs of Police						
Crime Victims Assistance/Discretionary Grants	16.582	2016-MU-GX-K026	21,168	-	21,168	-
Subtotal Crime Victims Assistance/Discretionary Grants			58,237	-	58,237	-
Public Safety Partnership and Community Policing Grants	16.710	2015-UL-WX-0006	36,954	-	36,954	-
Public Safety Partnership and Community Policing Grants	16.710	2016-UL-WX-0014	174,936	-	174,936	-
Subtotal Public Safety Partnership and Community Policing Grants			211,890	-	211,890	-
DNA Backlog Reduction Program	16.741	2018-DN-BX-0073	39,555	-	39,555	-
DNA Backlog Reduction Program	16.741	2019-DN-BX-0124	285,479	-	285,479	-
Subtotal DNA Backlog Reduction Program			325,034	-	325,034	-

See notes to the schedule of expenditures of federal awards.

**CITY OF OAKLAND**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2021**

Federal Grantor/Passed through Grantor/Program Title	Assistance Listing Number	Grant Number	Non-COVID-19 Federal Expenditures	COVID-19 Federal Expenditures	Total Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF JUSTICE (Continued)</b>						
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ19 15 7503	62,655	-	62,655	-
Second Chance Act Reentry Initiative	16.812	Procurement 18182	104,510	-	104,510	85,000
Equitable Sharing Program	16.922	N/A	153,229	-	153,229	-
Passed through Alameda County						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0937	19,532	-	19,532	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0653	60,406	-	60,406	-
Subtotal Edward Byrne Memorial Justice Assistance			79,938	-	79,938	-
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>995,493</b>	<b>-</b>	<b>995,493</b>	<b>85,000</b>
<b>U.S. DEPARTMENT OF LABOR</b>						
Passed through State of California,						
Employment Development Department						
COVID-19 WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	17.277	AA011022	-	193,619	193,619	193,619
WIOA Cluster:						
WIOA Adult Program	17.258	AA011022	340,632	-	340,632	191,639
WIOA Adult Program	17.258	AA111022	595,769	-	595,769	533,062
WIOA Adult Program	17.258	K9110039	17,364	-	17,364	-
Subtotal WIOA Adult Program			953,765	-	953,765	724,701
WIOA Youth Activities	17.259	AA011022	233,989	-	233,989	164,432
WIOA Youth Activities	17.259	AA111022	749,498	-	749,498	711,705
Subtotal WIOA Youth Program			983,487	-	983,487	876,137
COVID-19 WIOA Dislocated Worker Formula Grants	17.278	AA011022-Covid-19	-	447,588	447,588	404,563
WIOA Dislocated Worker Formula Grants	17.278	AA011022	313,446	-	313,446	104,212
WIOA Dislocated Worker Formula Grants	17.278	AA111022	595,458	-	595,458	502,636
Subtotal WIOA Dislocated Worker Formula Grants			908,904	447,588	1,356,492	1,011,411
Subtotal WIOA Cluster			2,846,156	447,588	3,293,744	2,612,249
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>2,846,156</b>	<b>641,207</b>	<b>3,487,363</b>	<b>2,805,868</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed through State of California, Department of Transportation						
Highway Planning and Construction	20.205	7500(270,271,272)	32,842	-	32,842	-
Highway Planning and Construction	20.205	ATPL-5012(131)	51,612	-	51,612	-
Highway Planning and Construction	20.205	ATPL-5012(143)	136,884	-	136,884	-
Highway Planning and Construction	20.205	ATPL-5012(144)	176,490	-	176,490	-
Highway Planning and Construction	20.205	BHLO-5012(103)	63,829	-	63,829	-
Highway Planning and Construction	20.205	BPMP-5012(137)	31,933	-	31,933	-
Highway Planning and Construction	20.205	BRLS-5012(160)	75,485	-	75,485	-
Highway Planning and Construction	20.205	BRLS-5012(161)	96,596	-	96,596	-
Highway Planning and Construction	20.205	CML-5012(128)	15,556	-	15,556	-
Highway Planning and Construction	20.205	CMLNI-5012(145)	367,686	-	367,686	-
Highway Planning and Construction	20.205	HSIPL-5012(139)	21,529	-	21,529	-
Highway Planning and Construction	20.205	HSIPL-5012(140)	455,497	-	455,497	-
Highway Planning and Construction	20.205	HSIPL-5012(141)	1,106,789	-	1,106,789	-
Highway Planning and Construction	20.205	HSIPL-5012(142)	350,212	-	350,212	-
Highway Planning and Construction	20.205	HSIPL-5012(147)	29,369	-	29,369	-
Highway Planning and Construction	20.205	HSIPL-5012(148)	21,131	-	21,131	-
Highway Planning and Construction	20.205	HSIPL-5012(149)	53,914	-	53,914	-
Highway Planning and Construction	20.205	HSIPL-5012(150)	1,413,952	-	1,413,952	-
Highway Planning and Construction	20.205	HSIPL-5012(151)	4,314	-	4,314	-
Highway Planning and Construction	20.205	HSIPL-5012(152)	206,759	-	206,759	-
Highway Planning and Construction	20.205	HSIPL-5012(159)	163,902	-	163,902	-
Highway Planning and Construction	20.205	STPCML-5012(155)	111,811	-	111,811	-
Highway Planning and Construction	20.205	STPL-5012(130)	1,247,621	-	1,247,621	-
Highway Planning and Construction	20.205	STPLR 7500(271)	69,128	-	69,128	-
Highway Planning and Construction	20.205	STPLR 7500(272)	69,952	-	69,952	-
Highway Planning and Construction	20.205	STPLZ-5012(124)	267,198	-	267,198	-
Subtotal Highway Planning and Construction Cluster			6,641,991	-	6,641,991	-
Passed through State of California - Office of Traffic Safety						
Highway Safety Cluster - State and Community Highway Safety	20.600	EM21018	30,000	-	30,000	-
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>6,671,991</b>	<b>-</b>	<b>6,671,991</b>	<b>-</b>

See notes to the schedule of expenditures of federal awards.

**CITY OF OAKLAND**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2021**

Federal Grantor/Passed through Grantor/Program Title	Assistance Listing Number	Grant Number	Non- COVID-19 Federal Expenditures	COVID-19 Federal Expenditures	Total Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF TREASURY</b>						
Passed through State of California						
COVID-19 Coronavirus Relief Fund	21.019	20-HK-00056	-	9,583,333	9,583,333	-
COVID-19 Coronavirus Relief Fund	21.019	20-HK-00137	-	3,150,000	3,150,000	3,150,000
COVID-19 Coronavirus Relief Fund	21.019	20-HK-00142-A & B	-	7,634,787	7,634,787	7,634,787
COVID-19 Coronavirus Relief Fund	21.019	N/A	-	37,021,556	37,021,556	-
Subtotal COVID-19 Coronavirus Relief Fund			-	57,389,676	57,389,676	10,784,787
Direct Programs						
COVID-19 Emergency Rental Assistance Program	21.023	OMB1505-0266	-	2,636,990	2,636,990	2,588,171
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	33,057,301	33,057,301	-
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>			-	93,083,967	93,083,967	13,372,958
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Direct Programs						
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	5H795M063517-04	468,803	-	468,803	56,430
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	5H795M063517-05	720,771	-	720,771	20,917
Subtotal Substance Abuse and Mental Services - Projects of Regional and National Significance			1,189,574	-	1,189,574	77,347
COVID-19 Head Start	93.600	09CHO10399-05-01	-	625,101	625,101	100,870
Head Start	93.600	09CHO10399-04-00	454,901	-	454,901	-
Head Start	93.600	09CHO10399-05-04	18,101,076	-	18,101,076	4,447,071
Subtotal Head Start Cluster			18,555,977	625,101	19,181,078	4,547,941
Passed through State of California, Department of Community Services and Development						
Community Services Block Grant	93.569	20F-3002	951,485	-	951,485	397,788
Community Services Block Grant	93.569	21F-4002	604,084	-	604,084	271,341
Community Services Block Grant	93.569	21F-4404	7,835	-	7,835	472
COVID-19 Community Services Block Grant	93.569	20F-3641	-	843,425	843,425	766,820
Subtotal Community Services Block Grant			1,563,404	843,425	2,406,829	1,436,421
Passed through State of California, Department of Aging						
Medical Assistance Program	93.778	MS-1819-01	4,860	-	4,860	-
Medical Assistance Program	93.778	MS-1920-01	5,224	-	5,224	-
Medical Assistance Program	93.778	MS-2021-01	1,668,857	-	1,668,857	-
Subtotal Medicaid Cluster			1,678,941	-	1,678,941	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			22,987,896	1,468,526	24,456,422	6,061,709
<b>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
Direct Programs						
Foster Grandparent/Senior Companion Cluster						
Foster Grandparent Program	94.011	20SFPCA006	23,947	-	23,947	-
Senior Companion Program	94.016	20SCPCA006	314,004	-	314,004	-
Subtotal Foster Grandparent/Senior Companion Cluster			337,951	-	337,951	-
<b>TOTAL U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			337,951	-	337,951	-
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Direct Programs						
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2013-CA-USR-0005	26,134	-	26,134	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2017-CA-00088	512	-	512	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2018-CA-00023	926	-	926	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2018-CA-USR-0005	125,572	-	125,572	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2019-CA-00087	408,720	-	408,720	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2020-CA-00052	483,135	-	483,135	-
Subtotal National Urban Search and Rescue Response System			1,044,999	-	1,044,999	-
Assistance to Firefighters Grant	97.044	EMW-2019-FG-01033	1,216,192	-	1,216,192	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH-00506	1,261,024	-	1,261,024	-

See notes to the schedule of expenditures of federal awards.

**CITY OF OAKLAND**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2021**

Federal Grantor/Passed through Grantor/Program Title	Assistance Listing Number	Grant Number	Non- COVID-19 Federal Expenditures	COVID-19 Federal Expenditures	Total Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF HOMELAND SECURITY (Continued)</b>						
Passed through California Governor's Office of Emergency Services						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR - 4308	192,499	-	192,499	-
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA -4482-DR-CA	-	2,140,533	2,140,533	-
Subtotal Disaster Grants - Public Assistance (Presidentially Declared Disasters)			192,499	2,140,533	2,333,032	-
Hazard Mitigation Grant	97.039	FEMA-4240-DR-CA-0024-019	1,968,615	-	1,968,615	877,689
Hazard Mitigation Grant	97.039	FEMA-4240-DR-CA-0065-048	1,538,519	-	1,538,519	942,055
Subtotal Hazard Mitigation Grant			3,507,134	-	3,507,134	1,819,744
Passed through City and County of San Francisco (CCSF)						
Homeland Security Grant Program	97.067	2018-0054	33,233	-	33,233	-
Homeland Security Grant Program	97.067	2019-0035	448,956	-	448,956	-
Homeland Security Grant Program	97.067	2020-0095	319,226	-	319,226	-
Subtotal Homeland Security Grant Program - passed through CCSF			801,415	-	801,415	-
Passed through Alameda County						
Homeland Security Grant Program	97.067	2018-0054	48,031	-	48,031	-
Homeland Security Grant Program	97.067	2019-0035	17,776	-	17,776	-
Subtotal Homeland Security Grant Program - passed through Alameda County			65,807	-	65,807	-
Subtotal Homeland Security Grant Program			867,222	-	867,222	-
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			8,089,070	2,140,533	12,049,347	1,819,744
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 59,875,701	\$ 101,749,408	\$ 161,625,109	\$ 38,615,728

See notes to the schedule of expenditures of federal awards.

**CITY OF OAKLAND**  
**Notes to Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2021**

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**Note 1 – General**

The accompanying schedule of expenditures of federal awards (SEFA) presents the expenditures of all federal award programs of the City of Oakland, California (City) for the year ended June 30, 2021. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the SEFA.

The City's reporting entity is described in Note I.A. to the City's basic financial statements. The City's basic financial statements include the operations of the Port of Oakland (Port), which expended \$31,311,680 of federal awards during the year ended June 30, 2021. The Port's federal expenditures are not included in the SEFA because such expenditures are audited and reported on separately.

**Note 2 – Basis of Accounting**

The accompanying SEFA is presented using the modified accrual basis of accounting.

The City did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance Section 200.414 Indirect (F&A) costs.

**Note 3 – Relationship to the Financial Statements**

Expenditures of federal awards are reported in the City's basic financial statements as expenditures in the Federal/State Grant special revenue fund.

**Note 4 – California Department of Aging Awards**

The terms and conditions of local agency contracts with the California Department of Aging (CDA) require local agencies to display state-funded expenditures discretely along with the related federal expenditures. CDA grant expenditures that involve federal funding have been presented in the SEFA under Assistance Listing No. 93.778, Medical Assistance Program. For state grants not involving federal funding, the amounts are to be displayed separately. The City did not receive any State grants from the CDA for the year ended June 30, 2021.



**CITY OF OAKLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards:**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

Program Title	Assistance Listing Number
Community Development Block Grants/Entitlement Grants	14.218
Emergency Shelter Grants Program	14.231
Continuum of Care Program	14.267
Coronavirus Relief Funds	21.019
Coronavirus State and Local Fiscal Recovery Funds	21.027
Community Services Block Grant	93.569

Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	No

**CITY OF OAKLAND**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2021**

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**Section II – Financial Statement Findings**

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**2021-001      Significant Deficiency in Internal Control Over Financial Reporting**  
**General Liability Claims Estimates**

***Criteria:***

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters and is self-insured for its general liability claims in an amount of up to \$5.0 million per occurrence retention and \$25.0 million per occurrence coverage. The current portion of claims liability is accounted for in the General Fund on the basis of settlements reached or judgments entered within the current fiscal year and in the government-wide financial statements, the estimated liability for the current and non-current self-insurance claims is recorded as a liability.

***Condition:***

The actuary relies on the City's claims data and other information to estimate the City's self-insurance liability. As such, any inaccuracies in quantitative data or qualitative representations could have a significant effect on the actuarial results. During the year ended June 30, 2021, the City settled two significant claims and appropriately accounted for these transactions in the General Fund. However, the City also included these two claims in the data provided to the actuary to project the outstanding loss obligations, which resulted in a liability overstatement of \$32.8 million in the City's government-wide financial statements. The City subsequently corrected the error.

***Cause and Effect or Potential Effect:***

The City's Risk Management Department oversees the claims data and other information and is dependent on current claims development information from the City Attorney's office to provide to the actuary to use to project the outstanding loss obligations.

***Recommendation:***

We recommend the City Risk Management Department include the City Attorney's Office in the review and discussions of the information and assumptions used by the actuary in its analysis since changes in information and assumptions may result in significant changes in the development of the City's claims funding requirements, obligations and financial results.

***Views of Responsible Officials:***

The views of responsible officials are set forth in the City's Corrective Action Plan, which is included in the Audit Findings Follow-Up section at the end of this report.

**CITY OF OAKLAND**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2021**

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**2021-002      Significant Deficiency in Internal Control  
Information Technology Program**

***Criteria:***

Internal controls over financial reporting are reliant on effectively designed information technology (IT) controls. In that regard, an effectively designed IT control environment is one where an organization:

- (a) develops, documents, and disseminates to appropriate personnel, policies that address purpose, scope, roles and responsibilities, management commitment, coordination among organizational departments, and compliance; and procedures to facilitate the implementation of the policy and associated controls;
- (b) periodically reviews and updates the current policies and procedures; and
- (c) systematically monitors and tests its environment to ensure that policies and procedures are operating as designed.

An entity-wide information security management program is the foundation of a security control structure and a reflection of senior management's commitment to addressing security risks. Overall policies and plans are developed at the entity-wide level. System and application-specific procedures implement the entity-wide policy. Ongoing monitoring of control design, implementation, and operating effectiveness should also be applied so that the program includes continuous monitoring processes.

Critical within a well-established information security program are updated documented policies, procedures, and guidance; security roles and responsibilities identified and appropriately delineated across the organization; and ongoing evaluations to ensure that policies and controls intended to reduce risk are effective. Without these aspects, security controls may be inadequate; responsibilities may be unclear, misunderstood, or improperly implemented; and controls may be inconsistently applied. In addition, continuous monitoring of the City's systems is necessary to mitigate threats from cyberattacks, which have increasingly impacted other local governmental entities ability to issue payments, assist with client services, receive remittances, and perform basic governmental functions.

***Condition:***

We noted weaknesses within the City's information security program. Specifically, the City does not have updated policies and procedures along with continuous risk assessment and testing programs in place to actively mitigate threats to the City's IT infrastructure from ransomware attacks, cyberattacks, and other unauthorized data breaches.

***Cause and Effect or Potential Effect:***

The City's staffing and resource constraints prevented the City from implementing information security policies, processes, and procedures. As such, the City is exposed to threats from ransomware attacks, cyberattacks, and other threats.

***Recommendation:***

The City should assign formal security responsibilities and continue working on developing updated policies and procedures related to security controls. In addition, the City should complete periodic IT assessments to improve identification and investigations of system risks.

***Views of Responsible Officials:***

The views of responsible officials are set forth in the City's Corrective Action Plan, which is included in the Audit Findings Follow-Up section at the end of this report.

**CITY OF OAKLAND**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2021**

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**2021-003      Significant Deficiency in Internal Control Over Financial Reporting  
Managing and Monitoring of Accounts, Grants and Other Receivables**

***Criteria:***

Internal controls over financial reporting are reliant on effectively designed procedures, systems and processes for accounts, grants and other receivables in order to minimize the risk of fraud, error or loss. The purpose of accounts receivable internal controls is to ensure that exchange and non-exchange transaction invoices and remittances are properly recorded in the organization's accounting systems and that customers, grantors, and others pay promptly in accordance with the agreed terms of the transaction.

***Condition:***

The City's departments established separate systems and processes to track and account for its exchange (customer) and non-exchange (grant) billings and collections. During our audit, we noted the following:

- The Human Services Department received payment from the State of California dated December 17, 2020 in the amount of \$0.2 million, but did not deposit this payment into its bank account until August 24, 2021. In addition, the department did not timely prepare reimbursements for its grant eligible expenditures.
- The Planning and Building Department maintains a subsidiary system to record and monitor code enforcement fee assessments due to the City. We noted that the department performed reconciliations of code enforcement fees and surcharges and recognized \$0.7 million in revenues for prior year's transactions.
- The Housing and Community Department computes interest receivables on loans due from borrowers in a spreadsheet. During our analysis of loan interest, we noted that the City incorrectly computed the interest amount on one of the loans.

***Cause and Effect or Potential Effect:***

During the past year, the City experienced staffing disruptions with a remote workforce, retirements of program personnel, and difficulty hiring replacements coupled with systems and processes that have not fully transformed to work in a digital environment. As such, the City experienced delays in performing routine receivables control and monitoring activities including: timely recording point of sale system information into the City's general ledger; reviewing credit balances and aged account receivable reports; and reconciling subsidiary reports with control accounts in the general ledger. With these control deficiencies, the City is exposed to the risk of fraud and error and to inaccurate and incomplete accounting information not being detected in a timely manner.

***Recommendation:***

We recommend that the City develop policies and procedures to ensure all departments submit and report billings, collections and financial information, at a minimum, quarterly to ensure the information produced is accurate and complete. As a result, the City can be more confident in using the financial information as a basis to make operational and policy decisions.

***Views of Responsible Officials:***

The views of responsible officials are set forth in the City's Corrective Action Plan, which is included in the Audit Findings Follow-Up section at the end of this report.

**CITY OF OAKLAND**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2021**

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**2021-004      Control Deficiency in Internal Control Over Financial Reporting  
Non-Routine Property Transactions**

***Criteria:***

On occasion, the City receives nonreciprocal transfer of property and other capital assets. Accounting guidelines provide definitions and recognition of contributed property and other capital assets.

***Condition:***

Given the City does not expend funds to receive contributed assets, the routine process to capture these assets in its accounting systems is not designed for these non-cash transactions. During the year, the City's accounting system did not capture the following non-routine property transactions:

- The City is a participant with the County of Alameda in a joint exercise of powers agreement forming the Oakland-Alameda Coliseum Authority (Coliseum Authority). During the fiscal year, the County accepted the quitclaim deed from the Oakland Raiders, a California Limited Partnership, to the City and the County, of a fifty percent undivided interest each as tenants in common, for the Raider's Training Facility located in the City of Alameda.
- The Chabot Space & Science Center, Chabot Space & Science Center West, Chabot Space & Science Center Observatory Deck (Center), and all other structures and facilities permanently affixed to the real property associated with certain agreements between the City, Oakland Unified School District, Chabot Space & Science Center Joint Powers Agency, Chabot Space & Science Center Foundation, East Bay Regional Park District, and Eastbay Astronomical Society related to the Chabot Space & Science Center (Chabot) located at 10000 Skyline Boulevard.

***Cause and Effect or Potential Effect:***

As a result, the City did not record the fair value of its ownership interest in the Raider's Training Facility and the Chabot Center estimated to be \$18.0 million and \$4.9 million, respectively, in its financial statements at year-end. The City subsequently corrected the error in 2021.

***Recommendation:***

We recommend the City improve its communication with representatives in the Finance Department to ensure that information on non-routine activity is timely conveyed to the personnel responsible for accounting and reporting the City's capital asset activities.

***Views of Responsible Officials:***

The views of responsible officials are set forth in the City's Corrective Action Plan, which is included in the Audit Findings Follow-Up section at the end of this report.

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**Section III – Federal Award Findings and Questioned Costs**

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None reported.

# **SUPPLEMENTAL SCHEDULES**

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**CITY OF OAKLAND**  
**Supplemental Schedule of Revenue and Expenditures**

**State of California, Department of Community Services and Development (CSD)**  
**Community Services Block Grant (CSBG) – CFDA No. 93.569**  
**Contract No. 20F-3641, Project No. 1005318**  
**For the Period March 27, 2020 to June 30, 2021**

	March 27, 2020 through June 30, 2021	Total Audited Costs	Total Reported <sup>1</sup>	Total Budget
<b>Revenue</b>				
Grant Amount	\$ 40,370	\$ 40,370	\$ 40,370	\$ 40,370
<b>Expenditures</b>				
Personnel Costs				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Subtotal Personnel Costs	-	-	-	-
Non-Personnel Costs				
Operating Expense	-	-	-	-
Travel - Out of State	-	-	-	-
Sub-Contractors/Consultants	40,370	40,370	40,370	40,370
Other Costs	-	-	-	-
Subtotal Non-Personnel Costs	40,370	40,370	40,370	40,370
Total Expenditures	\$ 40,370	\$ 40,370	\$ 40,370	\$ 40,370

<sup>1</sup> The reported column represents expenditures reported to the State of California Department of Community Services and Development since the inception of the grant.

**CITY OF OAKLAND**  
**Supplemental Schedule of Revenue and Expenditures**

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**State of California, Department of Community Services and Development (CSD)**  
**Community Services Block Grant (CSBG) – CFDA No. 93.569**  
**Contract No. 20F-3641, Project No. 1005318**  
**For the Period March 27, 2020 to June 30, 2021**

	March 27, 2020 through June 30, 2021	Total Audited Costs	Total Reported <sup>1</sup>	Total Budget
<b>Revenue:</b>				
Grant Amount	\$ 803,055	\$ 803,055	\$ 803,055	\$ 1,893,460
<b>Expenditures:</b>				
Personnel Costs:				
Salaries and Wages	27,764	27,764	27,764	111,721
Fringe Benefits	33,337	33,337	33,337	174,015
Subtotal Personnel Costs	<u>61,101</u>	<u>61,101</u>	<u>61,101</u>	<u>285,736</u>
Non-Personnel Costs:				
Operating Expenses	-	-	-	30,000
Sub-Contractors/Consultants	726,451	726,451	726,451	1,511,894
Other Costs	15,503	15,503	15,503	65,830
Subtotal Non-Personnel Costs	<u>741,954</u>	<u>741,954</u>	<u>741,954</u>	<u>1,607,724</u>
Total Expenditures	<u>\$ 803,055</u>	<u>\$ 803,055</u>	<u>\$ 803,055</u>	<u>\$ 1,893,460</u>

<sup>1</sup> The reported column represents expenditures reported to the State of California Department of Community Services and Development since the inception of the grant.



**CITY OF OAKLAND**  
**Supplemental Schedule of Revenue and Expenditures**

**State of California Department of Community Services and Development (CSD)**  
**Community Services Block Grant (CSBG) – CFDA No. 93.569**  
**Contract No. 21F-4404, Project No. 1004426**  
**For the Period January 1, 2021 to June 30, 2021**

	January 1, 2021 through June 30, 2021	Total Audited Costs	Total Reported <sup>1</sup>	Total Budget
<b>Revenue</b>				
Grant Amount	\$ 7,835	\$ 7,835	\$ 7,835	\$ 28,250
<b>Expenditures</b>				
Personnel Costs				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Subtotal Personnel Costs	-	-	-	-
Non-Personnel Costs				
Operating Expense	-	-	-	-
Travel	-	-	-	-
Sub-Contractors/Consultants	7,835	7,835	7,835	28,250
Other Costs	-	-	-	-
Subtotal Non-Personnel Costs	7,835	7,835	7,835	28,250
Total Expenditures	\$ 7,835	\$ 7,835	\$ 7,835	\$ 28,250

<sup>1</sup> The reported column represents expenditures reported to the State of California Department of Community Services and Development since the inception of the grant.

**CITY OF OAKLAND**  
**Supplemental Schedule of Revenue and Expenditures**

**State of California Department of Community Services and Development (CSD)**  
**Community Services Block Grant (CSBG) – CFDA No. 93.569**  
**Contract No. 21F-4002, Project No. 1004480/81**  
**For the Period January 1, 2021 through June 30, 2021**

	January 1, 2021 through June 30, 2021	Total Audited Costs	Total Reported <sup>1</sup>	Total Budget
<b>Revenue:</b>				
Grant Amount	\$ 604,084	\$ 604,084	\$ 604,084	\$ 1,396,158
<b>Expenditures:</b>				
Personnel Costs:				
Salaries and Wages	129,884	129,884	129,884	317,015
Fringe Benefits	154,274	154,274	154,274	388,562
Subtotal Personnel Costs	284,158	284,158	284,158	705,577
Non-Personnel Costs:				
Operating Expenses	1,728	1,728	1,728	31,144
Travel - Out of State	2,100	2,100	2,100	10,000
Sub-Contractors/Consultants	304,329	304,329	304,329	620,562
Other Costs	11,769	11,769	11,769	28,875
Subtotal Non-Personnel Costs	319,926	319,926	319,926	690,581
Total Expenditures	\$ 604,084	\$ 604,084	\$ 604,084	\$ 1,396,158

<sup>1</sup> The reported column represents expenditures reported to the State of California Department of Community Services and Development since the inception of the grant.

**CITY OF OAKLAND**  
**Supplemental Schedule of Revenue and Expenditures**

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**State of California Department of Community Services and Development (CSD)**  
**Community Services Block Grant (CSBG) – CFDA No. 93.569**  
**Contract No. 20F-3002, Project No. 1004426**  
**For the Period July 1, 2020 to June 30, 2021**

	July 1, 2020 through June 30, 2021	Total Audited Costs	Total Reported <sup>1</sup>	Total Budget
<b>Revenue</b>				
Grant Amount	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000
<b>Expenditures</b>				
Personnel Costs				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Subtotal Personnel Costs	-	-	-	-
Non-Personnel Costs				
Operating Expense	-	-	-	-
Travel	-	-	-	-
Sub-Contractors/Consultants	32,000	32,000	32,000	32,000
Other Costs	-	-	-	-
Subtotal Non-Personnel Costs	32,000	32,000	32,000	32,000
Total Expenditures	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000

<sup>1</sup> The reported column represents expenditures reported to the State of California Department of Community Services and Development since the inception of the grant.

**CITY OF OAKLAND**  
**Supplemental Schedule of Revenue and Expenditures**

**State of California Department of Community Services and Development (CSD)**  
**Community Services Block Grant (CSBG) – CFDA No. 93.569**  
**Contract No. 20F-3002, Project No. 1004442-43**  
**For the Period July 1, 2020 to June 30, 2021**

	July 1, 2020 through June 30, 2021	Total Audited Costs	Total Reported <sup>1</sup>	Total Budget
<b>Revenue</b>				
Grant Amount	\$ 919,485	\$ 1,396,158	\$ 1,396,158	\$ 1,396,158
<b>Expenditures</b>				
<b>Personnel Costs</b>				
Salaries and Wages	234,914	357,358	357,358	341,683
Fringe Benefits	140,328	283,285	283,285	263,435
Subtotal Personnel Costs	375,242	640,643	640,643	605,118
<b>Non-Personnel Costs</b>				
Operating Expense	21,739	25,149	25,149	34,144
Travel	1,300	2,800	2,800	15,000
Sub-Contractors/Consultants	506,456	702,011	702,011	717,910
Other Costs	14,748	25,555	25,555	23,986
Subtotal Non-Personnel Costs	544,243	755,515	755,515	791,040
Total Expenditures	\$ 919,485	\$ 1,396,158	\$ 1,396,158	\$ 1,396,158

<sup>1</sup> The reported column represents expenditures reported to the State of California Department of Community Services and Development since the inception of the grant.

**CITY OF OAKLAND**  
**Supplemental Schedule of Expenditures of Alameda County Awards**  
**Year Ended June 30, 2021**

<u>Alameda County Award/Program Title</u>	<u>Contract Number</u>	<u>Exhibit/ PO Number</u>	<u>Expenditures</u>
<b>Alameda Public Health Agency</b>			
Safe Routes to School	900163	12280	\$ 14,767
Total Public Health Agency			<u>14,767</u>
<b>Housing and Community Development Department</b>			
Winter Shelter Program	N/A	N/A	89,827
Total Housing and Community Development Department			<u>89,827</u>
<b>Department of Workforce and Benefits Administration</b>			
Henry J. Robinson Multi-Service Center	900163	N/A	404,928
Total Department of Workforce and Benefits Administration			<u>404,928</u>
<b>Alameda Health Care Services Agency</b>			
Core Housing Centers	15654	7483	1,914,037
Total Core Housing Centers			<u>1,914,037</u>
<b>Total Alameda County Awards</b>			<u><u>\$ 2,423,559</u></u>

# **AUDIT FINDINGS FOLLOW-UP**

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In relation to the City of Oakland's (City) annual financial statement audit and the single audit for the year ended June 30, 2021, the City hereby submits a summary schedule of prior audit findings and a corrective action plan, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Section 511 *Audit findings follow-up*.

### **Summary Schedule of Prior Audit Findings**

#### **Reference Number:**

#### **Financial Statement Finding 2020-001**

2020-001

Internal Control Over Financial Reporting and Reliability of Financial Statements

#### *Significant Deficiency in Internal Control Over Financial Reporting*

Audit Finding:

The City faced significant turnover in the Finance Department and experienced gaps between the departure of prior staff and the onboarding of new staff, creating challenges in knowledge transfers, especially in complex and non-routine tasks such as the City's accounting and financial reporting activities related to pensions and other postemployment benefits (OPEB).

Year in which Finding Initially Occurred:

2019-20

Status of Corrective Action:

Complete.

**Summary Schedule of Prior Audit Findings (Continued)**

**Financial Statement Finding 2020-002**

**Reference Number:**

2020-002

Schedule of Expenditures of Federal Awards Accuracy

*Material Weakness in Internal Control Over Financial Reporting*

**Audit Finding:**

The City included non-federal expenditures in the 2019 and 2020 Schedule of Expenditures of Federal Awards (SEFA) for the Disaster Grants-Public Assistance (Presidentially Declared Disasters) and Highway Planning and Construction programs.

**Year in which Finding Initially Occurred:**

2018-19

**Status of Corrective Action:**

Complete.

**Reference Number:**

**Federal Award Finding 2020-003**

2020-003

Reporting

*Significant Deficiency in Internal Control Over Compliance*

**Audit Finding:**

The City did not submit the final performance report for the Disaster Grants-Public Assistance (Presidentially Declared Disasters) program and submitted the related request for reimbursement after the project's completion date.

**Year in which Finding Initially Occurred:**

2019-20

**Status of Corrective Action:**

Complete.





### **Corrective Action Plan**

The findings listed herein are discussed and numbered consistently with the findings in the Schedule of Findings and Questioned Costs.

### **Section II -- Financial Statement Findings**

#### **2021-001 Internal Control Over Financial Reporting: General Liability Claims Estimates**

In relation to the City of Oakland's financial statements audit for the year ended June 30, 2021, the City hereby submits a corrective action plan for finding number 2021-001 for general liability claims estimates.

The City will adopt the recommendation from the auditor for consultation among the City Attorney's Office, Risk Management, and the Finance Department on claims estimates to be provided to the actuary responsible for estimating general claims liability. The goal of this process will be to ensure the correctness of information and assumptions utilized by the actuary in its estimates.

Contact person responsible for corrective action: Stephen Walsh  
Anticipated completion date: April 2022

#### **2021-002 Internal Control: Information Technology Program**

In relation to the City of Oakland's financial statements audit for the year ended June 30, 2021, the City hereby submits a corrective action plan for finding number 2021-002 for its information technology program.

The City concurs with this recommendation concerning the assignment of formal security responsibilities and develop updated policies and procedures related to security controls. As a first step the City is in active recruitment of a Chief Information Security Officer (CISO). The CISO

**Corrective Action Plan (Continued)**

will establish, direct and coordinate the City’s IT risk governance program and provide City-wide leadership in developing broad information security policy, standards and practices, addressing City-wide decisions on the balance of privacy and information security and guide the acquisition of advanced security technology. Additionally, the City is engaged in multiple efforts to strengthen defenses for its information technology program and will continue to implement tools and technologies in support of this goal.

Contact person responsible for corrective action: Kevin Fong  
Anticipated completion date: June 2022

**2021-003 Internal Control Over Financial Reporting:  
Managing and Monitoring of Accounts, Grants and Other Receivables**

In relation to the City of Oakland’s financial statements audit for the year ended June 30, 2021, the City hereby submits a corrective action plan for finding number 2021-003 for managing and monitoring of accounts, grants and other receivables.

The City will adopt the recommendation from the auditor to develop policies and procedures to ensure all departments submit and report billings, collections and financial information, at a minimum, quarterly to ensure the information produced is accurate and complete.

Contact person responsible for corrective action: Stephen Walsh  
Anticipated completion date: April 2022

**2021-004 Internal Control Over Financial Reporting:  
Non-Routine Property Transactions**

In relation to the City of Oakland’s financial statements audit for the year ended June 30, 2021, the City hereby submits a corrective action plan for finding number 2021-004 for recording of non-routine property transactions.

The City will adopt the recommendation from the auditor to improve communication within the Finance Department and operating departments to ensure that information on non-routine activity is timely conveyed to the staff responsible for accounting and reporting the City’s capital asset activities.

Contact person responsible for corrective action: Stephen Walsh  
Anticipated completion date: April 2022

**Section III – Federal Award Findings and Questioned Costs**

Not applicable