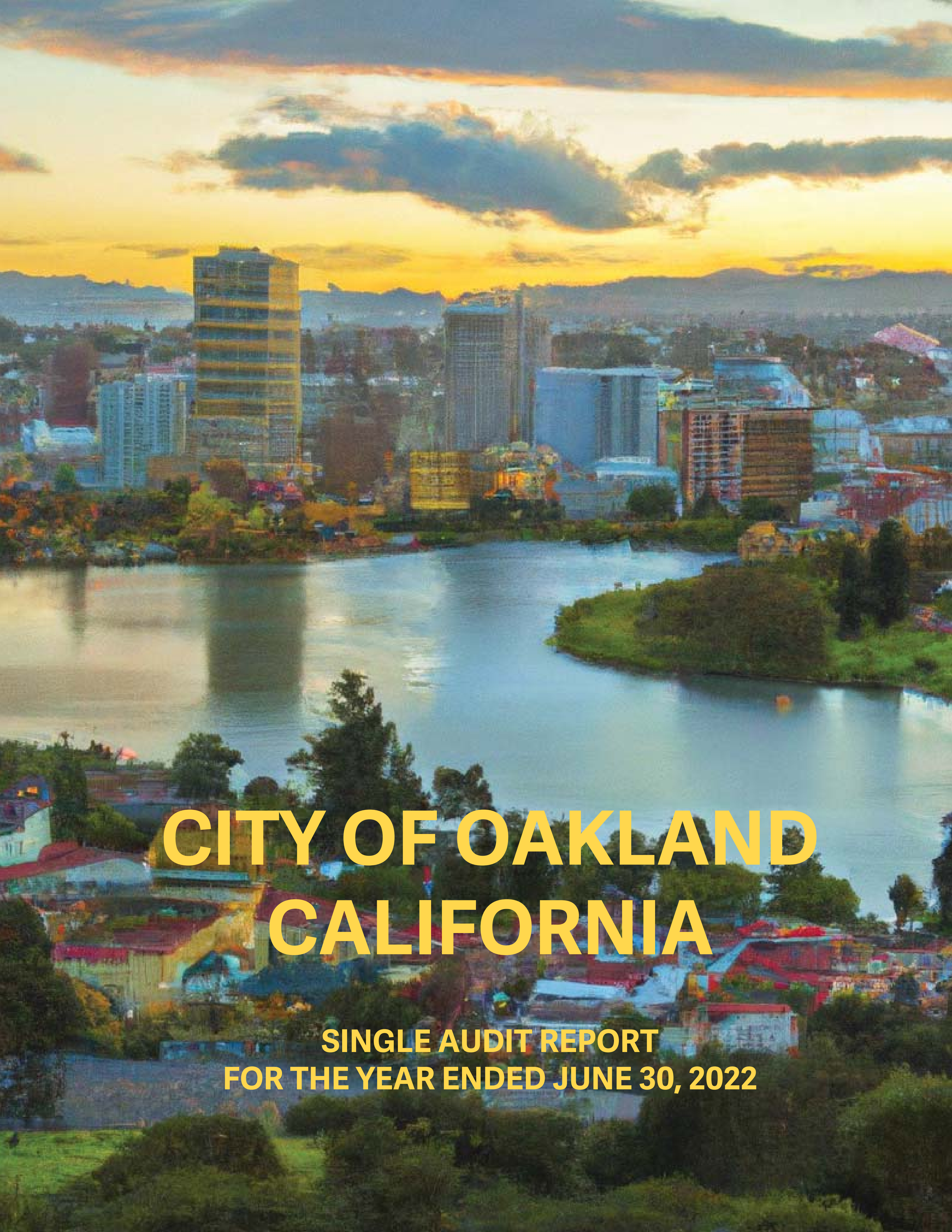

CITY OF OAKLAND CALIFORNIA

SINGLE AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2022

CITY OF OAKLAND, CALIFORNIA

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2022

PREPARED BY THE FINANCE DEPARTMENT

ERIN ROSEMAN, FINANCE DIRECTOR

STEPHEN WALSH, CONTROLLER

PRINTED ON RECYCLED PAPER

Cover design by DALL-E 2, a machine learning model designed by OpenAI to generate digital images from natural language descriptions, in response to the prompt "*an oil painting of an aerial view of the City of Oakland with Lake Merritt and downtown at sunset.*"

CITY OF OAKLAND
SINGLE AUDIT REPORT

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CITY OF OAKLAND

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CITY OF OAKLAND

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FINANCIAL SECTION

Certified Public Accountants

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Oakland Police and Fire Retirement System were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note I.E. to the financial statements, effective July 1, 2021, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Macias Gini & O'Connell LLP
2121 N. California Boulevard, Suite 750
Walnut Creek, CA 94596

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 Development, and the County of Alameda, respectively, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. 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 23, 2022 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 23, 2022, except for our report on the Supplemental
Schedules for which the date is March 31, 2023

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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, 2022. 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, 2022, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by $551.2 million compared to a net position of $96.3 million at June 30, 2021:

- $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.
- $860.5 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 $413.8 million is restricted for Housing and Community Development programs, $332.9 million pertains to Low and Moderate Income Housing Redevelopment, and $40.2 million is restricted for debt service.
- $1.6 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 $1.2 billion and $0.6 billion, respectively. The remaining changes in net position are discussed below.
- $28.2 million of the $454.9 million improvement in net position was derived from increases in general revenues including $32.5 million in property tax, $25.0 million in real estate transfer tax, and $10.4 million in sales and use tax, offset by declines of $48.8 million in other revenues that are primarily due to one-time revenues received in the prior year. Pension and OPEB expense were reduced by $222.9 million due to declines in the net pension and OPEB liabilities and amortization of related outflows and inflows.
- The government-wide increase in net position was also supported by a $22.0 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 $1.4 billion represents an increase of 25.4 percent, or $288.0 million, compared to the prior fiscal year. This increase results from changes in restricted fund balance due to the receipt of bond premium and proceeds, robust growth in most revenues, and staffing vacancies that slowed expenditure growth, 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, a subfund of the General Fund, increased to $54.0 million, which together with unassigned General Purpose Fund balance of $90.6 million raised General Purpose Fund reserves to $144.6 million, exceeding the amount required under the City's Consolidated Fiscal Policy of 7.5 percent of FY 2021-22 General Purpose Fund appropriations, or $54.5 million.

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.

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

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, 2022, total assets and deferred outflows of resources exceed the total liabilities and deferred inflows of resources by $551.2 million compared to a net position of $96.3 million at June 30, 2021, which represents an increase in net position of $454.9 million. Current and other assets increased by $398.8 million, primarily due to increased federal funding and growth in property tax and local taxes. Additionally, capital assets increased by $17.4 million. 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, $860.5 million of net position is subject to external restrictions on how it may be used. The unrestricted net position of negative $1.6 billion is comprised of a deficit balance of $1.6 billion for governmental activities, and a positive balance of $49.2 million for business-type activities. As of June 30, 2022, unrestricted net position for governmental and business-type activities increased by $434.0 million as compared to balances at June 30, 2021.

Condensed Statements of Net Position
June 30, 2022 and 2021 (In thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	**2021(1)**	**2022**	**2021**	**2022**	**2021**
Assets:						
Current and other assets	$ 2,522,302	$ 2,136,443	$ 104,953	$ 91,994	$ 2,627,255	$ 2,228,437
Capital assets	1,459,289	1,440,601	253,930	255,239	1,713,219	1,695,840
TOTAL ASSETS	3,981,591	3,577,044	358,883	347,233	4,340,474	3,924,277
Deferred Outflows of Resources:						
Losses on refunding of debt	11,023	12,268	—	—	11,023	12,268
Pensions	265,730	339,194	4,528	908	270,258	340,102
OPEB	194,723	221,051	3,949	4,527	198,672	225,578
TOTAL OUTFLOWS	471,476	572,513	8,477	5,435	479,953	577,948
Liabilities:						
Long-term liabilities	1,186,108	1,045,103	23,526	26,359	1,209,634	1,071,462
Other liabilities	472,663	467,428	5,766	3,117	478,429	470,545
Net pension liability	1,186,077	1,754,458	29,806	46,916	1,215,883	1,801,374
Net OPEB liability	606,108	827,123	11,361	15,713	617,469	842,836
TOTAL LIABILITIES	3,450,956	4,094,112	70,459	92,105	3,521,415	4,186,217
Deferred Inflows of Resources:						
Gains on refunding of debt	2,544	2,785	276	316	2,820	3,101
Leases	37,215	—	—	—	37,215	—
Pensions	386,245	2,854	11,362	—	397,607	2,854
OPEB	304,276	210,886	5,910	2,876	310,186	213,762
TOTAL INFLOWS	730,280	216,525	17,548	3,192	747,828	219,717
Net Position:						
Net investment in capital assets	1,040,918	1,102,435	230,128	228,564	1,271,046	1,330,999
Restricted	860,545	779,672	—	—	860,545	779,672
Unrestricted (deficit)	(1,629,634)	(2,043,187)	49,224	28,807	(1,580,410)	(2,014,380)
TOTAL NET POSITION	$ 271,829	$ (161,080)	$ 279,352	$ 257,371	$ 551,181	$ 96,291

(1) The City implemented GASB 87, *Leases*, in FY 2021-22. FY 2020-21 balances were not restated.

Governmental activities: The City's net position in governmental activities increased by $432.9 million.

Total assets increased by $404.5 million, or 11.3 percent, to $4.0 billion. The significant changes in assets occurred in the following areas:

- *Current and other assets* increased by $385.9 million, primarily due to cash and receivables resulting from proceeds from the issuance of new debt, increased federal funding in response to the COVID-19 pandemic, reduced expenses due to staffing vacancies, the recording of lease receivables due to the implementation of GASB Statement No. 87, *Leases*, and growth in property tax arising from change-in-ownership reassessments on commercial and residential properties, real estate transfer taxes on sales of property, and local taxes.

Total liabilities decreased by $643.2 million, or 15.7 percent to $3.5 billion. The significant changes in liabilities occurred in the following areas:

- *Long-term liabilities* increased by $141.0 million million primarily due to the addition of long-term debt.

- *Net pension liability* decreased by $568.4 million due primarily to increased net investment income.

- *Net OPEB liability* decreased by $221.0 million mainly due to a change in the discount rate used for actuarial estimates, which was increased following the resumption of contributions to the irrevocable trust.

Net position increased by $432.9 million to $271.8 million as of June 30, 2022 from a deficit $161.1 million at June 30, 2021. The City net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

- $1.0 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 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.
- $860.5 million of net position represents resources that are subject to restrictions on how they may be used and are therefore restricted.
- $1.6 billion of net position represents a deficit in unrestricted net position that has primarily resulted from the underfunding of pension and OPEB liabilities.

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

Condensed Statements of Activities
Years Ended June 30, 2022 and 2021
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	**2021(1)**	**2022**	**2021**	**2022**	**2021**
Revenues:						
Program revenues						
Charges for services	$ 186,305	$ 170,468	$ 72,526	$ 69,764	$ 258,831	$ 240,232
Operating grants and contributions	229,733	206,509	—	—	229,733	206,509
Capital grants and contributions	5,249	3,178	—	—	5,249	3,178
Total program revenues:	421,287	380,155	72,526	69,764	493,813	449,919
General revenues:						
Property taxes	470,778	438,237	—	—	470,778	438,237
State taxes:						
Sales and use taxes	99,255	88,888	—	—	99,255	88,888
Gas tax and motor vehicle in-lieu	19,345	17,640	—	—	19,345	17,640
Local taxes:						
Business license	101,290	104,232	—	—	101,290	104,232
Utility consumption	57,930	51,801	—	—	57,930	51,801
Real estate transfer	138,396	113,359	—	—	138,396	113,359
Transient occupancy	21,209	13,497	—	—	21,209	13,497
Parking	18,184	11,590	—	—	18,184	11,590
Voter-approved special tax	96,444	93,151	—	—	96,444	93,151
Franchise	20,226	19,901	—	—	20,226	19,901
Interest and investment income (loss)	(12,832)	18	(928)	(41)	(13,760)	(23)
Other	31,403	80,250	—	—	31,403	80,250
Total revenues	1,482,915	1,412,719	71,598	69,723	1,554,513	1,482,442
Expenses:						
General government	181,671	222,718	—	—	181,671	222,718
Public safety	350,096	511,184	—	—	350,096	511,184
Community and human services	123,748	134,097	—	—	123,748	134,097
Community and economic development	176,985	186,777	—	—	176,985	186,777
Public works and transportation	152,049	149,611	—	—	152,049	149,611
Interest on long-term debt	67,132	63,964	—	—	67,132	63,964
Sewer	—	—	46,786	54,181	46,786	54,181
Parks and recreation	—	—	1,156	725	1,156	725
Total expenses	1,051,681	1,268,351	47,942	54,906	1,099,623	1,323,257
Changes in net position before transfers	431,234	144,368	23,656	14,817	454,890	159,185
Transfers	1,675	1,871	(1,675)	(1,871)	—	—
Changes in net position	432,909	146,239	21,981	12,946	454,890	159,185
Net Position:						
Beginning of year	(161,080)	(307,319)	257,371	244,425	96,291	(62,894)
End of year	$ 271,829	$ (161,080)	$ 279,352	$ 257,371	$ 551,181	$ 96,291

(1) The City implemented GASB 87, *Leases*, in FY 2021-22. FY 2020-21 balances were not restated.

Governmental activities: Net position for governmental activities increased by $432.9 million during fiscal year 2021-22. Total revenue increased by 5.0 percent and expenses decreased by 17.1 percent. For comparison, during fiscal year 2020-21, 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:

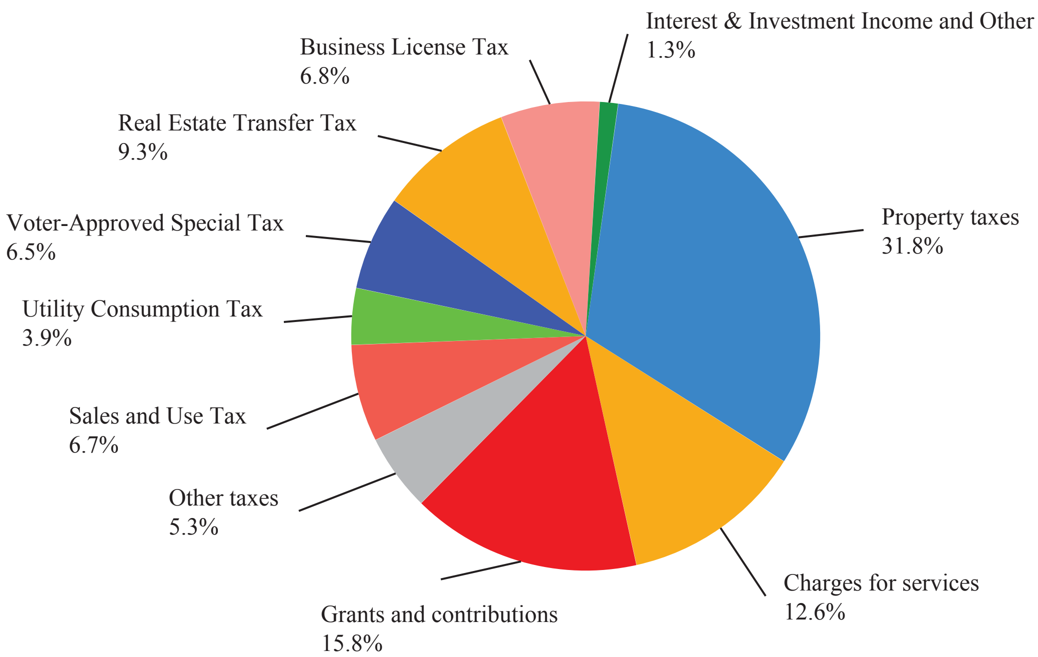
- Several factors contributed to the increase in total revenues. Property tax increased by $32.5 million, or 7.4 percent, due to increases in assessed values from change in ownership reassessments, inflationary assessed value adjustments, and increases from voter-approved measures. Real estate transfer tax increased by $25.0 million, or 22.1 percent, based on sales growth for real property. Operating grants and contributions increased by $23.2 million, or 11.2 percent, primarily due to increased federal funding associated with the COVID-19 pandemic. Sales and use taxes increased by $10.4 million, or 11.7 percent, as locally-generated taxes continued to recover from pandemic-era declines. Similarly, transient occupancy tax and parking tax increased by $7.7 million and $6.6 million, respectively, or 57.1 percent and 56.9 percent. Utility consumption tax increased by $6.1 million, or 11.8 percent, due to increased energy costs for taxpayers. Offsetting these gains, business license tax declined by $2.9 million, or 2.8 percent, on the basis of reduced gross receipts from large construction projects. Other revenues also declined by $48.8 million, or 60.9 percent, due to substantial one-time revenues received in the prior year.

- *Public safety* expenses decreased by $161.1 million, or 31.5 percent, primarily due to reduced pension and OPEB expenses. The decline in pension expense is primarily attributable to PFRS investment gains while the decrease in OPEB expense results from a change in the discount rate used for actuarial estimates of OPEB expense, which was increased following the resumption of contributions to the irrevocable trust.

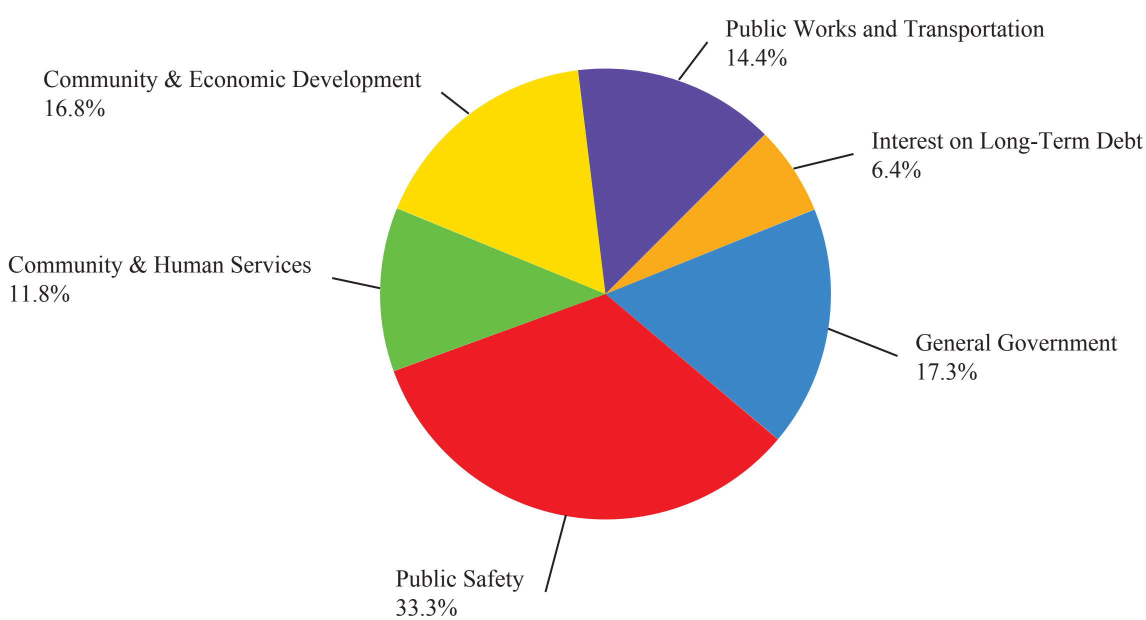
- *General government* expenses decreased by $41.0 million, or 18.4 percent, primarily due to reductions in pension and OPEB expense.

- *Public works and transportation* expenses increased by $2.4 million, or 1.6 percent, primarily due to budgeted increases in personnel costs, offset by reductions in pension and OPEB expense.

Revenues By Source - Governmental Activities



Expenses - Governmental Activites



Business-type activities: Business-type activities ended the fiscal year with an increase in net position of $22.0 million due primarily to positive operating results in the Sewer Fund of $21.8 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, 2022, its unassigned fund balance is $206.2 million or 33.6 percent of the $613.9 million total General Fund balance.

General Fund Revenues*

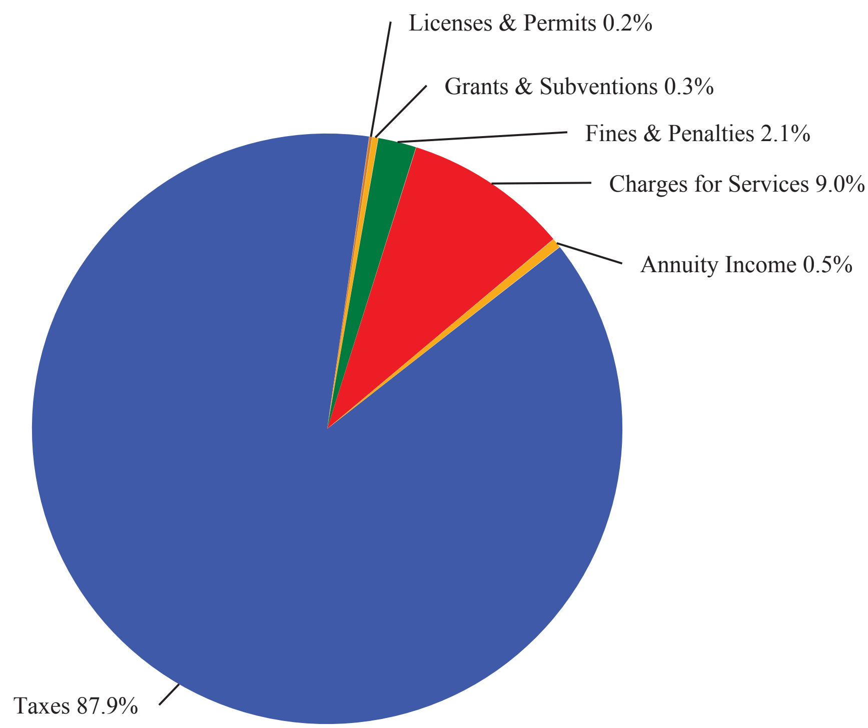


*Chart excludes Other Revenues and Interest losses of 1.5%.

For the year ended June 30, 2022 and 2021, revenues for the General Fund are distributed as follows (in thousands):

	General Fund		Increase / (Decrease)	
	2022	2021	Amount	%
Revenues:				
Taxes:				
Property taxes	$ 410,089	$ 377,175	$ 32,914	8.7 %
State taxes:				
Sales and use taxes	64,166	57,825	6,341	11.0 %
Motor vehicle in-lieu tax	503	318	185	58.2 %
Local taxes:				
Business license	101,290	104,232	(2,942)	-2.8 %
Utility consumption	57,930	51,801	6,129	11.8 %
Real estate transfer	138,396	113,359	25,037	22.1 %
Transient occupancy	16,662	10,610	6,052	57.0 %
Parking	9,539	6,264	3,275	52.3 %
Voter-approved special tax	7,575	8,155	(580)	-7.1 %
Franchise	20,010	19,679	331	1.7 %
License and permits	1,413	1,243	170	13.7 %
Fines and penalties	19,741	17,591	2,150	12.2 %
Charges for services	84,948	83,173	1,775	2.1 %
Federal and state grants and subventions	3,189	4,983	(1,794)	-36.0 %
Annuity income	5,015	5,120	(105)	-2.1 %
Interest and other	(13,868)	25,693	(39,561)	-154.0 %
Total revenues	**$ 926,598**	**$ 887,221**	**$ 39,377**	**4.4%**

General Fund Revenues: Significant change in revenues include:

- *Property taxes* increased by $32.9 million, or 8.7 percent. This is mainly due to increases in assessed values.

- *Real estate transfer tax* increased by $25.0 million, or 22.1 percent, primarily due to growth in sales of high value properties.

- *Transient occupancy tax* increased by $6.1 million, or 57.0 percent, primarily due to the rebound of travel activity following the global COVID-19 pandemic.

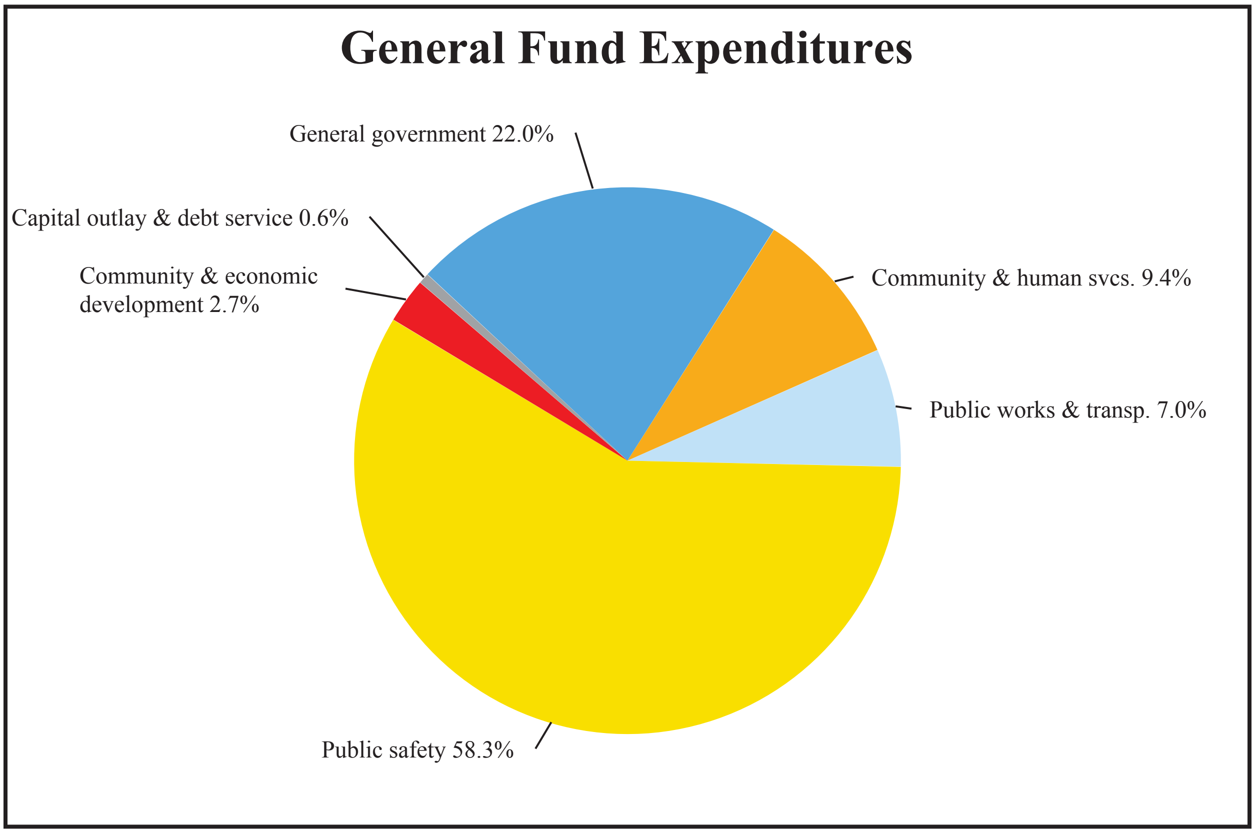
- *Parking tax* increased by $3.3 million, or 52.3 percent, primarily due to the rebound of travel activity following the global COVID-19 pandemic.

- *Utility consumption tax* increased by $6.1 million, or 11.8 percent, due to increased energy costs for taxpayers.

- *Interest and other* revenues decreased by $39.6 million, or 154.0 percent, due to one-time revenues received in the prior year, changes in the fair value of investments due to rising interest rates, and a decline in interest income resulting from a reduction in the value of an annuity held by the City to fund PFRS obligations.

For the years ended June 30, 2022 and 2021, expenditures for the General Fund by function are distributed as follows (in thousands):

	General Fund		Increase / (Decrease)	
	2022	2021	Amount	%
Expenditures:				
Current:				
General Government	$ 152,326	$ 184,053	$ (31,727)	-17.2 %
Public Safety	402,364	446,722	(44,358)	-9.9 %
Community and Human Services	64,812	46,613	18,199	39.0 %
Community and Economic Development	18,494	15,678	2,816	18.0 %
Public Works and Transportation	48,229	36,172	12,057	33.3 %
Capital outlay	3,072	3,391	(319)	-9.4 %
Debt Service:				
Principal repayment	537	440	97	22.0 %
Bond issuance costs	140	137	3	N/A
Interest charges	680	784	(104)	-13.3 %
Total Expenditures	**$ 690,654**	**$ 733,990**	**$ (43,336)**	**-5.9%**



General Fund Expenditures: Significant changes in expenditures are as follows:

- *General government* decreased by $31.7 million, or 17.2 percent, due to the reorganization of the City's Animal Services and Parking Operations, which shifted their expenditures to other functional areas, as well as staffing vacancies and reduced election costs relative to the prior year.

- *Public safety* decreased by $44.4 million, or 9.9 percent, primarily due to the transfer of expenditures to the Federal/State Grant Fund.

- *Community and human services* increased by $18.2 million, or 39.0 percent, primarily due to budgeted increases for the Department of Violence Prevention and the transfer of Animal Services expenditures to this function.

- *Community and economic development* increased by $2.8 million, or 18.0 percent, primarily due to budgeted increases in funding for community organizations.

- *Public works and transportation* increased by $12.1 million, or 33.3 percent, primarily due to the transfer of Parking Operations to this function and budgeted increases for maintenance and repairs of City facilities.

Federal/State Grant Fund: The Federal/State Grant Fund has a fund balance of negative $5.3 million as of June 30, 2022 which represents a decrease of $27.2 million from the prior fiscal year and is primarily due to delays in the City's submission of eligible expenditures for reimbursement to grantors. The deficit is expected be cured through grant drawdowns in future years.

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, 2022 was $63.3 million and the fund's net loans receivable balance was $267.4 million. The fund balance decrease of $5.5 million resulted from a reduction in the availability 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 $440.2 million as of June 30, 2022 that represents an increase of $135.2 million, or 44.3 percent, from the prior fiscal year. This increase is primarily due to the issuance of bonds.

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, 2022 was $209.5 million, which increased $4.2 million from the previous fiscal year. This result primarily reflects increases in revenues from local taxes..

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 $230.1 million as of June 30, 2022, compared to $228.6 million for the previous fiscal year. The increase of $1.6 million is primarily due to a decrease in long-term debt exceeding the decrease in capital assets in the Sewer Fund.

General Fund Budgetary Highlights

During the year ended June 30, 2022, the General Fund had a $2.0 million increase in budgeted revenues between the original and final amended operating budget due to the addition of new funding sources. Actual budgetary basis revenues of $926.2 million were $77.8 million higher than the final amended budget primarily due to higher than anticipated property tax and real estate transfer tax revenues.

Appropriations increased by $74.2 million between the original and final amended operating budget for the General Fund. The increase in appropriation is primarily due to the carryforward of unspent prior year appropriations.

Actual budgetary basis expenditures of $690.7 million were $216.2 million less than the final amended budget due to the transfer of expenditures supported by the American Rescue Plan Act's State and Local Fiscal Recovery Fund to the Federal/State Grant Fund, as well as staffing vacancies.

Capital Assets

The City's capital assets, net of depreciation/amortization, totaled $1.7 billion as of June 30, 2022 compared to $1.7 billion as of June 30, 2021, an increase of $17.4 million, or 1.0 percent. Governmental activities additions included $48.4 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, decreased capital assets by $1.3 million, 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, 2022 the City had construction commitments of $31.5 million. Major commitments include $19.8 million for street and sidewalk improvements, $2.5 million for traffic improvements, $2.3 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.

The City of Oakland's underlying ratings for its bonds as of June 30, 2022 were as follows:

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

[1]Issuer Default Rating
[2]Ratings vary by series
[3]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 $2.8 billion. The total amount of debt applicable to the debt limit was $637.5 million. The resulting legal debt margin was $2.1 billion.

Long-Term Obligations

As of June 30, 2022, the City had total long-term obligations of $1.2 billion compared to $1.1 billion outstanding for the prior fiscal year, a decrease of 11.3 percent. Of this amount, $637.5 million is general obligation bonds backed by the full faith and credit of the City. The remaining $572.1 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	
	2022	**2021 (1)**	**2022**	**2021**	**2022**	**2021**
General obligation bonds	$ 637,540	$ 450,075	—	$ —	$ 637,540	$ 450,075
Lease revenue bonds	36,835	43,165	—	—	36,835	43,165
Pension obligation bonds	174,806	198,564	—	—	174,806	198,564
Special assessment debt district bonds	2,225	2,590	—	—	2,225	2,590
Accreted interest on appreciation bonds	37,927	69,703	—	—	37,927	69,703
Sewer bonds	—	—	21,126	23,616	21,126	23,616
Unamortized premium and discounts	39,847	24,657	2,400	2,743	42,247	27,400
Total bonds payable	**929,180**	**788,754**	**23,526**	**26,359**	**952,706**	**815,113**
Loans and financed purchase obligations payable	18,243	28,841	—	—	18,243	28,841
Other long-term liabilities	238,685	242,707	—	—	238,685	242,707
Total long-term obligations	**$1,186,108**	**$1,060,302**	**$ 23,526**	**$ 26,359**	**$1,209,634**	**$ 1,086,661**

(1) The City implemented GASB 87, *Leases*, in FY 2021-22. FY 2020-21 balances were not restated.

The City's long-term obligations increased by $123.0 million compared to the prior fiscal year balance. The increase is primarily attributable to the issuance of $212.3 general obligation bonds for citywide infrastructure improvements.

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

Economic Factors and Next Year's Budget

Oakland's economy and fiscal outlook continued to strengthen in FY 2021-22 but much uncertainty remains about the City's prospects over the next several years. Historically high inflation levels and the potential for recession, in particular, pose risks to future revenues as well as labor costs. While the City's budget for FY 2022-23 is balanced, development of the City's budget for FY 2023-24 will likely be challenging. In addition to macroeconomic risks, the City faces the loss of federal COVID relief funds beginning in FY 2023-24. These funds included $188.1 million of one-time revenue that the City used to subsidize its operations in FY 2020-21, FY 2021-22, and FY 2022-23, and for which it has no replacement.

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 ongoing growth in the wake of the COVID pandemic.

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, 2022
(In thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port of Oakland
ASSETS				
Cash and investments	$ 1,229,668	$ 85,591	$ 1,315,259	$ 548,172
Receivables (net of allowance for uncollectibles of $18,052 for the City and $2,311 for the Port)				
Accrued interest	3,787	130	3,917	—
Property taxes	17,295	—	17,295	—
Accounts receivable	68,929	19,094	88,023	57,123
Grants receivable	47,260	—	47,260	—
Lease receivable	37,951	—	37,951	113,513
Due from Port	7,849	—	7,849	—
Due from Oakland Redevelopment Successor Agency (ORSA)	16,180	—	16,180	—
Due from custodial funds	111	—	111	—
Internal balances	557	(557)	—	—
Due from other governments	12,598	—	12,598	—
Inventories	1,488	—	1,488	—
Restricted assets:				
Cash and investments	375,408	624	376,032	90,641
Receivables	—	—	—	2,370
Property held for resale	172,094	—	172,094	—
Notes and loans receivable (net of allowance for uncollectibles of $201,070)	528,107	—	528,107	—
Prepaid expenses	3,020	71	3,091	5,066
Other	—	—	—	18,369
Capital assets:				
Land and other capital assets not being depreciated/amortized	312,547	10,468	323,015	524,333
Facilities, equipment, and infrastructure net of depreciation and amortization	1,146,742	243,462	1,390,204	2,342,718
TOTAL ASSETS	3,981,591	358,883	4,340,474	3,702,305
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized losses on refunding of debt	11,023	—	11,023	8,225
Pensions	265,730	4,528	270,258	27,438
OPEB	194,723	3,949	198,672	10,149
TOTAL DEFERRED OUTFLOWS OF RESOURCES	471,476	8,477	479,953	45,812
LIABILITIES				
Accounts payable and other current liabilities	315,428	5,716	321,144	26,528
Accrued interest payable	31,668	44	31,712	3,569
Due to other governments	256	—	256	—
Due to primary government	—	—	—	7,849
Unearned revenue	101,503	—	101,503	17,103
Other	23,808	6	23,814	14,816
Non-current liabilities:				
Due in one year				
Liabilities due within one year	210,416	2,953	213,369	61,344
Due in more than one year				
Liabilities due in more than one year	975,692	20,573	996,265	724,675
Net pension liability	1,186,077	29,806	1,215,883	138,744
Net OPEB liability	606,108	11,361	617,469	50,219
TOTAL LIABILITIES	3,450,956	70,459	3,521,415	1,044,847
DEFERRED INFLOWS OF RESOURCES				
Unamortized gains on refunding of debt	2,544	276	2,820	—
Leases	37,215	—	37,215	1,061,584
Pensions	386,245	11,362	397,607	56,856
OPEB	304,276	5,910	310,186	25,736
TOTAL DEFERRED INFLOWS OF RESOURCES	730,280	17,548	747,828	1,144,176
NET POSITION				
Net investment in capital assets	1,040,918	230,128	1,271,046	1,227,661
Restricted for:				
Debt service	40,154	—	40,154	—
Housing and community development	413,783	—	413,783	—
Low and moderate income housing redevelopment	332,886	—	332,886	—
Other purposes	73,722	—	73,722	49,423
Unrestricted (deficit)	(1,629,634)	49,224	(1,580,410)	282,012
TOTAL NET POSITION	$ 271,829	$ 279,352	$ 551,181	$ 1,559,096

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

City of Oakland
Statement of Activities
Year Ended June 30, 2022
(In thousands)

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Port of Oakland
Primary government:								
Governmental activities:								
General government	$ 181,671	$ 12,273	$ 10,328	$ 5,249	$ (153,821)	$ —	$ (153,821)	
Public safety	350,096	21,953	93,981	—	(234,162)	—	(234,162)	
Community and human services	123,748	5,893	51,728	—	(66,127)	—	(66,127)	
Community and economic development	176,985	70,105	56,282	—	(50,598)	—	(50,598)	
Public works and transportation	152,049	76,081	17,414	—	(58,554)	—	(58,554)	
Interest on long-term debt	67,132	—	—	—	(67,132)	—	(67,132)	
TOTAL GOVERNMENTAL ACTIVITIES	1,051,681	186,305	229,733	5,249	(630,394)	—	(630,394)	
Business-type activities:								
Sewer	46,786	71,232	—	—	—	24,446	24,446	
Parks and recreation	1,156	1,294	—	—	—	138	138	
TOTAL BUSINESS-TYPE ACTIVITIES	47,942	72,526	—	—	—	24,584	24,584	
TOTAL PRIMARY GOVERNMENT	$ 1,099,623	$ 258,831	$ 229,733	$ 5,249	(630,394)	24,584	(605,810)	
Component unit:								
Port of Oakland	$ 334,980	$ 402,009	$ 46,827	$ 19,740				$ 133,596
General revenues:								
Property taxes					470,778	—	470,778	—
State taxes (unrestricted intergovernmental revenues):								
Sales and use taxes					99,255	—	99,255	—
Gas tax					18,842	—	18,842	—
Motor vehicle in-lieu					503	—	503	—
Local taxes (own source revenues):								
Business license					101,290	—	101,290	—
Utility consumption					57,930	—	57,930	—
Real estate transfer					138,396	—	138,396	—
Transient occupancy					21,209	—	21,209	—
Parking					18,184	—	18,184	—
Voter-approved special tax					96,444	—	96,444	—
Franchise					20,226	—	20,226	—
Interest and investment income (loss)					(12,832)	(928)	(13,760)	21,204
Other					31,403	—	31,403	22,518
Transfers					1,675	(1,675)	—	—
TOTAL GENERAL REVENUES AND TRANSFERS					1,063,303	(2,603)	1,060,700	43,722
Changes in net position					432,909	21,981	454,890	177,318
Net position - beginning, as previously reported					(161,080)	257,371	96,291	1,388,224
Change in accounting principle					—	—	—	(6,446)
Net position - beginning, as restated					(161,080)	257,371	96,291	1,381,778
NET POSITION - ENDING					$ 271,829	$ 279,352	$ 551,181	$ 1,559,096

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

City of Oakland
Balance Sheet
Governmental Funds
June 30, 2022
(In thousands)

	General Fund	Federal/ State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Total
ASSETS							
Cash and investments	$ 745,592	$ 93,622	$ 31,412	$ 8,302	$ 231,600	$ 76,881	$ 1,187,409
Receivables (net of allowance for uncollectibles of $16,671)							
Accrued interest	1,842	—	53	1,367	347	113	3,722
Property taxes	7,373	—	—	—	7,096	2,827	17,295
Accounts receivable	52,404	2,221	3	437	2,670	11,097	68,832
Grants receivable	312	46,313	—	—	414	221	47,260
Lease receivable	13,884	—	267	23,446	—	—	37,597
Due from Port	7,849	—	—	—	—	—	7,849
Due from ORSA trust fund	466	—	5,098	10,616	—	—	16,180
Due from custodial funds	111	—	—	—	—	—	111
Due from other funds	5,565	—	—	—	—	—	5,565
Due from other governments	12,573	—	—	—	25	—	12,598
Notes and loans receivable (net of allowance for uncollectibles of $201,070)	17,601	151,049	267,391	91,257	809	—	528,107
Restricted cash and investments	40,565	—	1,581	310,283	—	17,172	369,600
Property held for resale	17,964	—	30,677	123,453	—	—	172,094
Prepaid items	1,271	123	—	1	354	49	1,798
TOTAL ASSETS	$ 925,372	$ 293,328	$ 336,482	$ 569,162	$ 243,315	$ 108,360	$ 2,476,019
LIABILITIES							
Accounts payable and accrued liabilities	$ 252,614	$ 24,791	$ 3,592	$ 9,708	$ 15,926	$ 2,629	$ 309,260
Due to other funds	—	—	—	—	—	1,420	1,420
Due to other governments	116	—	—	140	—	—	256
Unearned revenue	4,562	96,941	—	—	—	—	101,503
Other	4,306	3,494	4	2,322	10,402	3,273	23,801
TOTAL LIABILITIES	261,598	125,226	3,596	12,170	26,328	7,322	436,240
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property tax	7,405	—	—	—	6,272	2,010	15,687
Unavailable revenue - notes and loans	17,599	151,049	267,346	91,130	809	—	527,933
Unavailable revenue - grants and others	11,376	22,361	—	198	434	87	34,456
Unavailable revenue - loans to ORSA	—	—	1,978	2,291	—	—	4,269
Leases	13,482	—	214	23,177	—	—	36,873
TOTAL DEFERRED INFLOWS OF RESOURCES	49,863	173,410	269,538	116,796	7,515	2,097	619,219
FUND BALANCES							
Nonspendable	19,235	123	—	1	354	49	19,762
Restricted	286,994	—	63,348	440,195	—	92,141	882,678
Committed	52,195	—	—	—	8,592	1,675	62,462
Assigned	49,251	—	—	—	200,526	6,266	256,043
Unassigned	206,236	(5,431)		—	—	(1,190)	199,615
TOTAL FUND BALANCES	613,911	(5,308)	63,348	440,196	209,472	98,941	1,420,560
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 925,372	$ 293,328	$ 336,482	$ 569,162	$ 243,315	$ 108,360	$ 2,476,019

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, 2022
(In thousands)

Fund balances - total governmental funds (page 23)		$ 1,420,560
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/amortization	1,459,289	
Less: internal service funds' capital assets, net of depreciation/amortization	(45,332)	1,413,957
Prepaid insurance premiums on long-term debt are not financial resources and, therefore, are not reported in the governmental funds.		16
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	(31,668)	
Less: interest payable on long-term debt of the internal service funds	313	(31,355)
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.		582,345
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	(1,186,108)	
Less: long-term liabilities for internal service funds	21,269	(1,164,839)
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.		11,023
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.		(2,544)
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	(1,145,467)	
Deferred outflows of resources related to pensions	259,249	
Deferred inflows of resources related to pensions	(370,765)	
Net OPEB liability	(592,965)	
Deferred outflows of resources related to OPEB	189,754	
Deferred inflows of resources related to OPEB	(296,475)	(1,956,669)
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.		(665)
NET POSITION OF GOVERNMENTAL ACTIVITIES (page 21)		$ 271,829

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, 2022
(In Thousands)

	General Fund	Federal/ State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Govern-mental Funds	Total
REVENUES							
Taxes:							
Property	$ 410,089	$ —	$ —	$ —	$ 19,027	$ 38,938	$ 468,054
Sales and use	64,166	—	—	—	—	35,089	99,255
Motor vehicle in-lieu	503	—	—	—	—	—	503
Gas	—	—	—	—	—	18,842	18,842
Local taxes	351,400	216	—	—	82,683	19,379	453,678
Licenses and permits	1,413	—	—	—	31,385	139	32,937
Fines and penalties	19,741	—	—	—	863	928	21,532
Interest and investment income (loss)	(16,531)	(655)	1,692	1,361	(2,504)	(802)	(17,439)
Charges for services	84,948	66	197	3,742	42,771	113	131,837
Federal and state grants and subventions	3,189	224,767	—	—	247	1,531	229,734
Annuity income	5,015	—	—	—	—	—	5,015
Other	2,663	1,675	6,928	10,882	1,254	2,669	26,071
TOTAL REVENUES	926,596	226,069	8,817	15,985	175,726	116,826	1,470,019
EXPENDITURES							
Current:							
General government	152,326	12,496	—	17,792	19,497	2,511	204,622
Public safety	402,364	92,886	—	387	25,022	80	520,739
Community and human services	64,812	64,647	—	—	60,514	6,266	196,239
Community and economic development	18,494	75,599	14,304	13,890	48,908	188	171,383
Public works and transportation	48,229	5,623	—	12,951	26,812	46,775	140,390
Capital outlay	3,072	11,011	—	50,215	4,928	1,811	71,037
Debt service:							
Principal repayment	537	249	—	—	—	56,667	57,453
Bond issuance cost	140	—	—	—	—	974	1,114
Interest charges	680	4	—	—	—	62,616	63,300
TOTAL EXPENDITURES	690,654	262,515	14,304	95,235	185,681	177,888	1,426,277
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	235,942	(36,446)	(5,487)	(79,250)	(9,955)	(61,062)	43,742
OTHER FINANCING SOURCES (USES)							
Issuance of bonds	—	—	—	212,315	—	—	212,315
Premiums on issuance of bonds	—	—	—	—	—	17,363	17,363
Proceeds from sale of capital assets	1	—	—	—	—	—	1
Proceeds from lease financing	—	85	—	—	—	—	85
Insurance claims and settlements	—	—	—	—	4,797	—	4,797
Transfers in	22,160	9,202	—	2,120	18,385	78,332	130,199
Transfers out	(108,158)	—	—	—	(9,066)	(3,319)	(120,543)
TOTAL OTHER FINANCING SOURCES (USES)	(85,997)	9,287	—	214,435	14,116	92,376	244,217
NET CHANGE IN FUND BALANCES	149,945	(27,159)	(5,487)	135,185	4,161	31,314	287,959
Fund balances - beginning	463,966	21,851	68,835	305,011	205,311	67,627	1,132,601
FUND BALANCES - ENDING	$ 613,911	$ (5,308)	$ 63,348	$ 440,196	$ 209,472	$ 98,941	$1,420,560

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, 2022
(In thousands)

Net change in fund balances - total governmental funds (page 25)		$ 287,959
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	83,913	
Depreciation/amortization	(82,021)	1,892
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		63,187
Some expenses such as claims, workers' compensation, and vacation and sick leave reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(7,133)
The issuance of long-term debt provides current financial resources to governmental funds. This is the amount by which bond proceeds increase the liabilities in the statement of net position.		(229,763)
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.		57,453
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	2,173	
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	31,776	
Changes in accrued interest on bonds and notes payable	(3,116)	
Changes in Coliseum Authority pledged obligation	10,753	
Changes in mandated environmental remediation obligations	(573)	
Change in net pension liability and deferred outflows and inflows of resources related to pensions	107,882	
Change in net OPEB liability and deferred outflows and inflows of resources related to OPEB	100,245	
Change in fair value of the interest swap agreement	181	248,271
Net revenues of activities of internal service funds are reported with governmental activities		11,043
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 22)		$ 432,909

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, 2022
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service Fund	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	$ 85,591	$ —	$ 85,591	$ 42,259
Interest receivable	130	—	130	65
Accounts receivable (net of allowance for uncollectibles of $1,381 for the enterprise funds)	19,088	6	19,094	97
Lease receivable	—	—	—	354
Inventories	—	—	—	1,488
Restricted cash and investments	—	624	624	5,808
Prepaid expenses	71	—	71	1,203
Total current assets	104,880	630	105,510	51,274
Capital assets:				
Land and other capital assets not being depreciated	9,993	475	10,468	15,216
Facilities, equipment and infrastructure, net of depreciation and amortization	242,423	1,039	243,462	30,116
Total capital assets	252,416	1,514	253,930	45,332
TOTAL ASSETS	357,296	2,144	359,440	96,606
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	4,516	12	4,528	6,481
OPEB	3,913	36	3,949	4,969
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,429	48	8,477	11,450
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued liabilities	5,716	—	5,716	6,168
Accrued interest payable	42	2	44	313
Due to other funds	—	557	557	3,588
Other liabilities	6	—	6	7
Bonds, financed purchase obligations, notes and other payables	2,953	—	2,953	4,247
Total current liabilities	8,717	559	9,276	14,323
Non-current liabilities:				
Bonds, financed purchase obligations, notes and other payables	20,573	—	20,573	17,022
Net pension liability	29,461	345	29,806	40,610
Net OPEB liability	11,269	92	11,361	13,143
Total non-current liabilities	61,303	437	61,740	70,775
TOTAL LIABILITIES	70,020	996	71,016	85,098
DEFERRED INFLOWS OF RESOURCES				
Unamortized gains on refunding of debt	276	—	276	—
Leases	—	—	—	342
Pensions	11,230	132	11,362	15,480
OPEB	5,869	41	5,910	7,801
TOTAL DEFERRED INFLOWS OF RESOURCES	17,375	173	17,548	23,623
NET POSITION				
Net investment in capital assets	228,614	1,514	230,128	29,871
Unrestricted (deficit)	49,716	(492)	49,224	(30,536)
TOTAL NET POSITION	$ 278,330	$ 1,022	$ 279,352	$ (665)

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, 2022
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service Fund	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
OPERATING REVENUES				
Rental	$ —	$ 1,249	$ 1,249	$ —
Sewer services	71,232	45	71,277	—
Charges for services	—	—	—	108,097
Other	—	—	—	22
TOTAL OPERATING REVENUES	71,232	1,294	72,526	108,119
OPERATING EXPENSES				
Personnel	10,824	291	11,115	25,753
Supplies	557	462	1,019	10,593
Depreciation and amortization	7,720	178	7,898	12,945
Contractual services and supplies	4,720	—	4,720	5,233
Repairs and maintenance	11,780	—	11,780	7,651
General and administrative	6,728	209	6,937	9,781
Rental	2,681	14	2,695	1,829
Other	1,003	2	1,005	14,710
TOTAL OPERATING EXPENSES	46,013	1,156	47,169	88,495
OPERATING INCOME	25,219	138	25,357	19,624
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment income (loss)	(932)	4	(928)	(408)
Interest expense	(772)	—	(772)	(727)
Insurance claims and settlements	—	—	—	289
Other	—	—	—	246
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,704)	4	(1,700)	(600)
INCOME (LOSS) BEFORE TRANSFERS	23,514	142	23,656	19,024
Transfers in	—	10	10	109
Transfers out	(1,685)	—	(1,685)	(8,090)
Change in net position	21,829	152	21,981	11,043
Net position - beginning	256,501	870	257,371	(11,708)
NET POSITION - ENDING	$ 278,330	$ 1,022	$ 279,352	$ (665)

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, 2022
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service Fund	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from interfund services provided	$ —	$ —	$ —	$ 108,087
Cash received from customers and users	69,280	—	69,280	—
Cash received from tenants for rents	—	1,294	1,294	—
Cash from other sources	—	—	—	557
Cash paid to employees	(21,113)	(110)	(21,223)	(31,430)
Cash paid to suppliers	(24,854)	(687)	(25,541)	(48,174)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,313	497	23,810	29,040
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from interfund loans	—	—	—	201
Repayment of interfund loans	—	(646)	(646)	(1,512)
Transfers in	—	10	10	109
Transfers out	(1,685)	—	(1,685)	(8,090)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(1,685)	(636)	(2,321)	(9,292)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(6,560)	(41)	(6,601)	(13,836)
Proceeds from sale of capital assets	12	—	12	17
Long-term debt:				
Repayment of long-term debt	(2,490)	—	(2,490)	(9,326)
Interest paid on long-term debt	(1,160)	—	(1,160)	(1,065)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(10,198)	(41)	(10,239)	(24,210)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	(1,025)	4	(1,021)	(452)
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,405	(176)	10,229	(4,914)
Cash and cash equivalents - beginning	75,186	800	75,986	52,981
CASH AND CASH EQUIVALENTS - ENDING	$ 85,591	$ 624	$ 86,215	$ 48,067
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 25,219	$ 138	$ 25,357	$ 19,624
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation and amortization	7,720	178	7,898	12,945
Miscellaneous non-operating revenues	—	—	—	535
Changes in assets, liabilities, and deferred outflows and inflows of resources:				
Accounts receivable	(1,953)	—	(1,953)	4
Lease receivable	—	—	—	3
Inventories	—	—	—	(406)
Other assets	(37)	—	(37)	(727)
Accounts payable and accrued liabilities	2,653	—	2,653	1,776
Deferred inflow of resources related to leases	—	—	—	(17)
Net pension liability and related pension deferred items	(736)	(4)	(740)	(3,646)
Net OPEB liability and related OPEB deferred items	(9,553)	185	(9,368)	(1,051)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 23,313	$ 497	$ 23,810	$ 29,040
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION				
Cash and investments	$ 85,591	$ —	$ 85,591	$ 42,259
Restricted cash and investments	—	624	624	5,808
TOTAL CASH AND CASH EQUIVALENTS	$ 85,591	$ 624	$ 86,215	$ 48,067
NON-CASH ITEMS:				
Amortization of bond premiums	$ 343	$ —	$ 343	$ —

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, 2022
(In thousands)

	Pension Trust Fund	Private-Purpose Trust Funds	Custodial Fund
ASSETS			
Cash and investments	$ 7,495	$ 46,183	$ —
Receivables:			
Accrued interest and dividends	1,093	404	—
Accounts receivable	—	—	602
Investments and others	5,126	—	—
Due from other governments	—	2,705	—
Prepaid expenses	—	1,391	—
Restricted:			
Cash and investments:			
Short-term investments	7,474	7,915	—
U.S. government bonds, corporate bonds and other government bonds	130,127	—	—
Domestic equities and mutual funds	158,145	—	—
International equities and mutual funds	47,911	—	—
Alternative investments	56,335	—	—
Total restricted cash and investments	399,992	7,915	—
Securities lending collateral	48,346	—	—
Loans receivable, net of allowance for uncollectibles of $3,918	—	3,608	—
Property held for resale	—	2,818	—
TOTAL ASSETS	462,052	65,024	602
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized losses on refunding of debt	—	11,538	—
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	12,188	21	—
Accrued interest payable	—	3,740	—
Due to other funds of the City	—	16,180	111
Securities lending liabilities	48,376	—	—
Other	—	47	—
Total current liabilities	60,564	19,988	111
Non-current liabilities:			
Due within one year	—	16,890	—
Due in more than one year	—	211,507	—
Total non-current liabilities	—	228,397	—
TOTAL LIABILITIES	60,564	248,385	111
DEFERRED INFLOWS OF RESOURCES			
Unamortized gains on refunding of debt	—	317	—
NET POSITION RESTRICTED FOR:			
Employees' pension benefits	401,487	—	—
Redevelopment dissolution and other purposes	—	(172,140)	491
TOTAL NET POSITION	$ 401,487	$ (172,140)	$ 491

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, 2022
(In thousands)

	Pension Trust Fund	Private-Purpose Trust Funds	Custodial Fund
ADDITIONS:			
Trust receipts	$ —	$ 24,899	$ —
Contributions:			
Employer	43,820	—	—
Investment income (loss):			
Net (depreciation) in fair value of investments	(54,535)	—	—
Interest income	4,134	71	2
Dividends	3,769	—	—
Securities lending	153	—	—
TOTAL INVESTMENT INCOME (LOSS)	(46,479)	71	2
Investment expenses	1,476	—	—
NET INVESTMENT INCOME (LOSS)	(47,955)	71	2
Federal and state grants	—	215	—
Other income	—	14,733	—
TOTAL ADDITIONS	(4,135)	39,918	2
DEDUCTIONS:			
Benefits to members and beneficiaries:			
Retirement	31,495	—	—
Disability	18,419	—	—
Death	1,536	—	—
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	51,450	—	—
Administrative expenses	1,461	2,364	—
Economic and workforce development	—	206	—
Other	—	11,445	—
Interest on debt	—	10,880	—
TOTAL DEDUCTIONS	52,911	24,895	—
Change in net position	(57,046)	15,023	2
Net position - beginning	458,533	(187,163)	489
NET POSITION - ENDING	$ 401,487	$ (172,140)	$ 491

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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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, 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 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

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.

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 (DOF) 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.
- *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 Fund*** reports 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 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 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 City implemented this statement as of July 1, 2021. The implementation of this statement has a net zero impact to the primary government's beginning balance of the net position. The Port's beginning balance of the net position was reduced by $6,446 to reflect reamortization of a lease receivable, which was previously recorded as a capital lease, and recognition of related leased facilities as capital assets. The related prepayment of lease receivable, which was previously recorded as unearned revenue was reclassified as deferred inflows of resources. See Note II, part H. for additional information.

During the year ended June 30, 2022 the City adopted GASB 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 adoption of this statement did not have a material impact on the City's June 30, 2022 financial statements.

During the year ended June 30, 2022 the City adopted GASB 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 adoption of this statement did not have a material impact on the City's June 30, 2022 financial statements.

During the year ended June 30, 2022 the City adopted GASB 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 adoption of this statement did not have a material impact on the City's June 30, 2022 financial statements.

During the year ended June 30, 2022 the City adopted GASB 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 adoption of this statement did not have a material impact on the City's June 30, 2022 financial statements.

During the year ended June 30, 2022 the City adopted GASB Statement No. 99, *Omnibus 2022,* paragraphs 26-32. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain provisions of this statement became effective upon issuance and their adoption did not have a material impact on the City's June 30, 2022 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:

- 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 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; (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 April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain provisions of this statement became effective upon issuance, as noted above. The remaining requirements of this statement are effective for the City's fiscal years ending June 30, 2023 and June 30, 2024.

- In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the City's fiscal year ending June 30, 2024.

- In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for the City's fiscal year ending June 30, 2025.

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.

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, 2022.

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.

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

8. Leases

As part of normal operations, the City has entered into various lease agreements as either a lessor or lessee for land, equipment, and other asset classes. As a lessee, the City recognizes a lease liability and an intangible right-to-use lease asset. As a lessor, the City recognizes a lease receivable and a deferred inflow of resources. Lease liabilities and receivables were calculated based on the net present value of future lease payments, discounted using an interest rate based on the City's historical borrowing costs. The City defines leases as balances with an initial value of $5,000 or more. Amortization periods for lease assets are based on the shorter of lease term or useful life.

9. 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.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for *deferred outflows of resourc*es. 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 as well as deferred inflows related to leases, pensions, and OPEB.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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 in 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 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.

Fund balances for all the major and nonmajor governmental funds as of June 30, 2022, were distributed as follows (in thousands):

	General Fund	Federal/State Grant Fund	LMIHF[1]	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	$ 1,271	$ 123	$ —	$ 1	$ 354	$ 49	$ 1,798
Property held for resale with no restrictions on use of proceeds	17,964	—	—	—	—	—	17,964
Total nonspendable	19,235	123	—	1	354	49	19,762
Restricted for:							
Capital projects	—	—	1,581	316,742	—	52,290	370,613
Pension obligations annuity	40,565	—	—	—	—	—	40,565
Pension obligations PFRS	246,429	—	—	—	—	—	246,429
Debt service	—	—	—	—	—	39,851	39,851
Property held for sale	—	—	30,677	123,453	—	—	154,130
Housing projects	—	—	31,090	—	—	—	31,090
Total restricted	286,994	—	63,348	440,195	—	92,141	882,678
Committed for:							
Vital services	2,799	—	—	—	—	—	2,799
Affordable housing	49,396	—	—	—	—	—	49,396
Measure Q, Library, Kids First, and museum trust	—	—	—	—	8,592	1,675	10,267
Total committed	52,195	—	—	—	8,592	1,675	62,462
Assigned for:							
Measure HH projects	8,930	—	—	—	—	—	8,930
Capital projects	1,587	—	—	—	200,526	—	202,113
General government	16,428	—	—	—	—	—	16,428
Public safety	12,374	—	—	—	—	—	12,374
Community and human services	—	—	—	—	—	6,266	6,266
Community and economic development	5,410	—	—	—	—	—	5,410
Public works and transportation	4,522	—	—	—	—	—	4,522
Total assigned	49,251	—	—	—	200,526	6,266	256,043
Unassigned	206,236	(5,431)	—	—	—	(1,190)	199,615
Total	**$ 613,911**	**$ (5,308)**	**$ 63,348**	**$ 440,196**	**$ 209,472**	**$ 98,941**	**$ 1,420,560**

[1] Low and Moderate Income Housing Asset Fund

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 expenditures, 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 expenditures. 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, 2022, the General Fund reported the Vital Services Stabilization reserve of $2.8 million as committed fund balance. This balance reflects the appropriation of $2.5 million for this purpose in each year of the adopted biennial budget for the fiscal years ending June 30, 2022 and June 30, 2023.

On June 24, 2021, the City Council passed Resolution No. 88717, establishing a separate subfund reported within the General Fund as the General Purpose Fund Emergency Reserve, and appropriated an amount equal to 7.5% of FY 2021-22 GPF appropriations to this new fund. Prior to the adoption of this resolution, the City measured its General Fund reserve as the unassigned fund balance in its GPF. As of June 30, 2022, the City's standalone General Purpose Fund Emergency Reserve has a balance of $54.0 million. Unassigned fund balance in the General Fund is $206.2 million, of which $90.6 million is attributable to the GPF. In combination, the sum of the General Purpose Fund Emergency Reserve fund balance and unassigned GPF fund balance results in total General Fund reserves of $144.6 million, as shown below (in thousands):

General Purpose Fund Emergency Reserve	$ 53,971
General Purpose Fund unassigned fund balance	90,610
Total General Fund reserves	**$ 144,581**

16. 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.

II DETAILED NOTES ON ALL FUNDS

A. CASH, DEPOSITS, AND INVESTMENTS

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

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

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

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

As of June 30, 2022, total City cash, deposits, and investments at fair value are as follows (in thousands):

	Primary Government		Fiduciary Funds			Component Unit
	Governmental Activities	Business-type Activities	Pension Trust Fund	Private-Purpose Trust Funds	Total	Port
Cash and investments	$ 1,229,668	$ 85,591	$ 7,495	$ 46,183	$ 1,368,937	$ 548,172
Restricted cash and investments	375,408	624	399,992	7,915	783,939	90,641
Securities lending collateral	—	—	48,346	—	48,346	—
Total	**$ 1,605,076**	**$ 86,215**	**$ 455,833**	**$ 54,098**	**$ 2,201,222**	**$ 638,813**

	Total	Port
City pooled deposits	$ 20,655	$ —
City pooled investments	1,305,269	595,225
City restricted investments	375,111	—
PFRS restricted investments	448,338	—
ORSA deposits	4,489	—
ORSA investments	47,359	—
Port's cash and investments	—	43,588
Total	**$ 2,201,221**	**$ 638,813**

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, 2022 (in thousands):

	Level One	Level Two	Level Three	Total
Investment by fair value level:				
U.S. Government Agency Securities	$ —	$ 1,510,088	$ —	$ 1,510,088
Medium Term Notes	—	3,779	—	3,779
Negotiable Certificates of Deposit	—	59,889	—	59,889
Commercial Paper-Discount	—	365	—	365
Annuity Contracts	—	—	39,000	39,000
Total investments by fair value level	**$ —**	**$ 1,574,121**	**$ 39,000**	**1,613,121**
Investments measured at net asset value (NAV):				
Money Market Mutual Funds				588,450
Local Agency Investment Fund (LAIF)				74,034
Total investment measured at fair value				**$ 2,275,605**

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, 2022, the carrying amount of the City's deposits was $20.7 million. Deposits include checking accounts, interest earning savings accounts, and money market accounts. The bank balance of $21.9 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, 2022 (in thousands):

Pooled Investments

		Ratings as of June 30, 2022				
	Fair Value	AAA	AA	A	A-1	Not Rated
U.S Government Agency Securities	$ 736,202	$ —	$ 736,202	$ —	$ —	$ —
U.S Government Agency Securities (Discount)	737,590	—	737,590	—	—	—
Medium Term Notes	3,779	—	—	3,779	—	—
Money Market Mutual Funds	289,000	289,000	—	—	—	—
Local Agency Investments Fund (LAIF)	74,034	—	—	—	—	74,034
Negotiable Certificates of Deposit	59,889	—	—	—	59,889	—
Total pooled investments	**$1,900,494**	**$ 289,000**	**$1,473,792**	**$ 3,779**	**$ 59,889**	**$ 74,034**

Restricted Investments

		Ratings as of June 30, 2022			
	Fair Value	AAA	AA	A-1	Not Rated
U.S Government Agency Securities	$ 36,296	$ —	$ 36,296	$ —	$ —
Commercial Paper (Discount)	365	—	—	365	—
Money Market Mutual Funds	299,450	297,469	—	—	1,981
Annuity Contracts	39,000	—	—	—	39,000
Total Restricted Investments	**$375,111**	**$297,469**	**$ 36,296**	**$ 365**	**$ 40,981**

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 total pooled and restricted investment portfolio at June 30, 2022 are as follows (in thousands):

Investment Type/Issuer	Amount	Percent of City's Investment Portfolio
U.S. Government Agency Securities:		
Federal Home Loan Bank	$ 850,839	37.4 %
Federal Farm Credit Bank	577,298	25.4 %

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.

The City uses the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2022, the City had the following investments and original maturities (in thousands):

Pooled Investments

			Maturity		
Investment Type	**Fair Value**	**Interest Rates (%)**	**12 Months or Less**	**1-3 Years**	**3-5 Years**
U.S. Government Agency Securities	$ 736,202	0.00-3.81	$ 276,472	$ 291,166	$ 168,564
U.S. Government Agency Securities (Discount)	737,590	0.00-2.88	737,590	—	—
Medium Term Notes	3,779	3.43	—	3,779	—
Money Market Mutual Funds	289,000	1.25-1.38	289,000	—	—
Local Agency Investment Fund (LAIF)	74,034	0.86	74,034	—	—
Negotiable Certificates of Deposit	59,889	1.63-3.65	59,889	—	—
Total pooled investments	**$ 1,900,494**		**$ 1,436,985**	**$ 294,945**	**$ 168,564**

Restricted Investments

			Maturity			
Investment Type	**Fair Value**	**Interest Rates (%)**	**12 Months or Less**	**1-3 Years**	**3-5 Years**	**5 Years or More**
U.S. Government Agency Securities	$ 36,296	2.44-3.13	$ 21,387	$ 14,909	$ —	$ —
Commercial Paper (Discount)	365	2.01	365	—	—	—
Money Market Mutual Funds	299,450	1.14-1.38	299,450	—	—	—
Annuity Contracts	39,000	2.75	—	—	—	39,000
Total restricted investments	**$ 375,111**		**$ 321,202**	**$ 14,909**	**$ —**	**$ 39,000**

Other Disclosures: As of June 30, 2022, the City's investment in LAIF is $74.0 million. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately $231.9 billion, 98.1 percent is invested in non-derivative financial products. 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, 2022, 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, 2022, PFRS' share of the City's investment pool totaled $7.5 million. As of June 30, 2022, PFRS also had cash and cash deposits not held in the City's investment pool that totaled $7 thousand.

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, 2022, the number of external investment managers was eleven.

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, 2022:

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

The PFRS Board's target allocation does not include cash and cash equivalents, which are designated for approved administrative budget purposes.

Hierarchy of Inputs: The PFRS has the following recurring fair value measurements as of June 30, 2022 (in thousands):

	Level One	Level Two	Level Three	Total
Investment by fair value level:				
Short-term investments	$ —	$ 1,498	$ —	$ 1,498
Bonds	15,606	99,275	—	114,882
Domestic equities and mutual funds	63,509	—	—	63,509
International equities and mutual funds	47,544	—	367	47,911
Alternative investments	30,599	—	—	30,599
Total investments by fair value level	**$ 157,258**	**$ 100,773**	**$ 367**	**$ 258,399**
Investments measured at net asset value (NAV):				
Short-term investment funds				5,976
Fixed income funds				15,245
Domestic equities and mutual funds				94,636
Hedge fund				9,894
Venture capital fund				15,842
Securities lending collateral				48,346
Total investments measured at NAV				189,939
Total				**$ 448,338**

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 7.59 years as of June 30, 2022.

As of June 30, 2022, PFRS had the following fixed income investments by category (in thousands):

Investment Type	Fair Value	Modified Duration (Years)
Short-Term Investment Funds	$ 7,474	n/a
Long-term Investments:		
U.S. Government Bonds:		
U.S. Treasuries	25,418	6.53
U.S. Government Agency Securities	29,894	8.41
Total U.S. Government Bonds	55,312	
Corporate Bonds and Other Bonds		
Corporate Bonds	74,807	7.63
Other Government Bonds	79	6.97
Total Corporate and Other Bonds	74,886	
Total Long-Term Investments	**$ 130,198**	**7.59**
Securities Lending Collateral	**$ 48,346**	

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, 2022 (in thousands):

Securities Name	Weighted Average Coupon Rate	Weighted Average Maturity (Years)	Fair Value	Percent of Total Investments
Mortgage-Backed Securities	2.39 %	24.36	$ 20,820	4.64 %

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, 2022 concerning credit risk of fixed income securities (in thousands):

Investment Type	S&P/ Moody's Rating	Fair Value
Short-Term Investment Funds	Not Rated	$ 7,474

The following table provides information as of June 30, 2022 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	$ 64,116	49.5 %
AA/Aa	27,836	21.1 %
A/A	12,810	9.8 %
BBB/Baa	15,714	12.1 %
BB/Ba	1,197	0.9 %
B/B	22	— %
CCC/CCC	8,504	6.5 %
Unrated	(70)	— %
Total fixed income investments	**$ 130,129**	**100.0 %**

As of June 30, 2022, the securities lending collateral of $48.3 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, 2022, PFRS' had investments issued by the following organizations that exceeded 5% of its fiduciary net position: Northern Trust Company (18.4%), Vanguard Group (7.3%), and Wellington Select Quality Equity, LP (5.2%).

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, 2022 (in thousands):

Foreign Currency	
Australian Dollar	$ 1,993
Brazilian Real	773
British Pound	3,154
Canadian Dollar	3,291
Danish Krone	895
Euro	6,894
Hong Kong Dollar	3,464
Indonesian Rupiah	556
Japanese Yen	4,663
Malaysian ringgit	65
Mexican Peso	375
New Israeli Shekel	310
South African Rand	654
Swedish Krona	832
Swiss Franc	1,734
Turkish Lira	134
Total foreign currency	$ 29,787

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. Dollars. The collateral is 105 percent 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, 2022, 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.

The following table summarizes investments in securities lending transactions and collateral received as of June 30, 2022 (in thousands):

	Securities Lending		
	Fair Value of Loaned Securities		
	For Cash Collateral	For Non-Cash Collateral	Total
Securities on loan:			
U.S. Government and Agencies	$ 8,379	$ —	$ 8,379
U.S. Corporate Bonds	10,881	—	10,881
U.S. Equities	28,048	7,249	35,297
Non-U.S. Equities	—	252	252
Total Securities on loan	**$ 47,308**	**$ 7,501**	**$ 54,809**
Collateral Received	**$ 48,376**	**$ 7,743**	**$ 56,119**

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, 2022, 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, 2022 (in thousands):

Derivative Type/Contract	Notional Amount	Fair Value	Net Appreciation (Depreciation) in Fair Value
Options			
Equity Contracts	$ —	$ (244)	$ 244
Swaps			
Credit Contracts	2,554	(70)	(148)
Total	**$ 2,554**	**$ (314)**	**$ 96**

Counterparty Credit Risk – PFRS is not exposed to credit risk on non-exchange traded derivative instruments that are in liability positions.

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, 2022, 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, 2022 (in thousands):

		Maturities	
Derivative Type/Contract	**Fair Value**	**Less than 1 Year**	**1-5 years**
Options			
Equity Contracts	$ (244)	$ (244)	$ —
Swaps			
Credit Contracts	(70)	—	(70)
Total	**$ (314)**	**$ (244)**	**$ (70)**

Foreign Currency Risk - At June 30, 2022, PFRS had no foreign currency risk.

Contingent Features - At June 30, 2022, 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, 2022 (in thousands):

Cash and Investments	Amount
Unrestricted cash and investments	
Demand deposits	$ 4,489
Investments	39,444
Total unrestricted cash and investments	43,933
Restricted investments	7,915
Total cash and investments	**$ 51,848**

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.

The ORSA categorizes its fair value measurements within the fair value hierarchy established by GAAP. At June 30, 2022, 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, 2022 (in thousands):

	Significant other observable inputs (Level 2)	Investments measured at the net asset value (NAV)
Unrestricted investments:		
U.S. Government Agency Securities (Discount)	$ 32,944	$ —
Money Market Mutual Funds	—	6,500
Restricted investments:		
Money Market Mutual Funds	—	7,915
Total	$ 32,944	$ 14,415

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, 2022, the carrying amount of the ORSA's deposits was $4.5 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 $4.3 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.

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's Investment Policy has mitigated interest rate risk by establishing policies over liquidity.

As of June 30, 2022, ORSA had the following investments, credit risk ratings, and maturities (in thousands):

			Maturities
Type of Investment	**Current Yield (%)**	**Credit Ratings (S&P)**	**Less than 1 Year**
Unrestricted investments:			
U.S. Government Agency Securities (Discount)	1.39 - 1.72	AA	$ 32,944
Money Market Mutual Funds	1.25	AAA	6,500
Total unrestricted investments			**$ 39,444**
Restricted investments:			
Money Market Mutual Funds	1.36 - 1.38	AAA	$ 7,915
Total restricted investments			**$ 7,915**

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 two issuers that exceed 5 percent of ORSA’s investment portfolios at June 30, 2022 (in thousands):

Type of Investment/Issuer	**Amount**	**Share of ORSA's Unrestricted Portfolio**
U.S. Government Agency Securities		
Federal Home Loan Bank	$ 27,945	70.8%
Federal Home Loan Mortgage Corporation Discount	4,999	12.7%

Component Unit – Port of Oakland

The Port’s cash, cash equivalents, and investments consisted of the following at June 30, 2022 (in thousands):

City investment pool	$ 595,225
Government Securities Money Market Mutual Funds	43,581
Cash	7
Total cash and investments	**$ 638,813**

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 Bonds 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, 2022, the Port had the following cash equivalents and investments (in thousands):

				Maturity
	Fair Value	**Fair Value Hierarchy**	**Credit Ratings per Moody's**	**Less than 1 Year**
Cash	$ 7	Exempt	Not Rated	$ 7
Government Securities Money Market Mutual Funds	43,581	Exempt	Not Rated	43,581
City investment pool	595,225	Exempt	Not Rated	595,225
Total investments	**$ 638,813**			**$ 638,813**

Investments exempt from fair value treatment consist of cash, Government Securities Money Market Mutual Funds, which are valued at their net asset value, and the City Investment Pool, whose fair value disclosure is presented previously in this note.

Deposits in Escrow: Deposits in escrow consist of amounts received from construction contractors that are deposited into an escrow account in-lieu of retention withheld from construction progress billings. Interest on these deposits accrues to the contractor. As of June 30, 2022, the Port had deposits in escrow of $0.7 million.

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.

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 $43.6 million at June 30, 2022.
- 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 $595.2 million invested in the City Investment Pool on June 30, 2022.

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.

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, 2022, is as follows (dollars in thousands):

Payable Fund	Amount
Other Governmental Funds	$ 1,420
Parks and Recreation Enterprise Fund	557
Internal Service Funds	3,588
Custodial Fund (Fiduciary Fund)	111
Total due to the General Fund	$ 5,676

2. Interfund Transfers

The following schedule summarizes the City’s transfer activities for the year ended June 30, 2022 (dollars in thousands):

Transfer Out	Transfer In	Amount	
General Fund	Other Governmental Funds	$ 78,332	(1), (2)
	Other Special Revenue Fund	18,385	(2), (3), (4), (5)
	Federal/State Grant Fund	9,202	(3)
	Municipal Capital Improvement Fund	2,120	(2), (5)
	Internal Service Fund	109	(2)
	Nonmajor Parks and Recreation Fund	10	(5)
Other Governmental Funds	General Fund	3,319	(6), (7)
Other Special Revenue Fund	General Fund	9,066	(6)
Sewer Service Fund	General Fund	1,685	(6)
Internal Service Funds	General Fund	8,090	(6)
	Total	$ 130,318	

Significant transfers for the year ended June 30, 2022 include the following:

(1) Transfers of debt service payments
(2) Repayment of negative fund balance
(3) Transfers to provide funds to cover the Central Service Overhead cost for certain grant funds
(4) Transfers for the Kids' First Children's Program and one-time subsidies for Measure C and Measure Z programs
(5) Miscellaneous budgeted subsidies
(6) Transfers for the City's claims and liability payments.
(7) Transfer of balances from dormant funds

3. ORSA Reimbursements to the City

In FY 2021-22, ORSA incurred a total of $2.4 million expense in general administrative and project-related overhead. Of this amount, $1.6 million reimbursed the City for general and administrative overhead and $0.8 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, 2022, ORSA has a payable to the City in the amount of $16.2 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 $11.5 million to the City for the transfer of excess tax allocation bond proceeds.

5. ORSA Transfers of Excess Bond Proceeds

In FY 2021-22, ORSA contributed $11.4 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.

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 $7.5 million and are included in operating expenses. At June 30, 2022, $5.0 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, 2022, the Port accrued approximately $1.2 million of payments for General Services. Additionally, the Port accrued approximately $1.6 million to reimburse the City for Lake Merritt Trust Services in fiscal year 2022. 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, 2022, is as follows (in thousands):

Type of Loan	General Fund	Federal/ State Grant Fund	LMIHF[1]	Municipal Capital Improve-ment Fund	Other Special Revenue Fund	Total
Pass-through loans	$ —	$ 1,300	$ —	$ —	$ —	$ 1,300
HUD loans	—	124,975	410,364	16,507	—	551,846
Economic development loans and other	18,239	77,103	—	79,247	1,442	176,031
Less: allowance for uncollectible accounts	(638)	(52,329)	(142,973)	(4,497)	(633)	(201,070)
Total notes and loans receivables, net	**$ 17,601**	**$ 151,049**	**$ 267,391**	**$ 91,257**	**$ 809**	**$ 528,107**

[1]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, 2022, it was determined that $201.1 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.

83680 C.M.S.. As of June 30, 2022, loans receivable relating to the LMIHF program totaled approximately $267.4 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 2070. 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, 2022 is as follows (in thousands):

Type of Loan	Amount
Housing developments project	$ 1,462
Economic development	6,064
Gross loans receivable	7,526
Less: allowance for uncollectible	(3,918)
Total loans receivables, net	**$ 3,608**

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, 2022 (in thousands):

	Restated Balance June 30, 2021 (1)	Additions	Deletions/ Adjustments	Transfers of Completed Construction	Balance June 30, 2022
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 213,349	$ —	$ —	$ —	$ 213,349
Intangibles (easements)	2,607	—	—	—	2,607
Museum collections	2,002	—	—	103	2,105
Construction in progress	100,902	48,372	—	(54,788)	94,486
Total capital assets, not being depreciated	318,860	48,372	—	(54,685)	312,547
Capital assets, being depreciated:					
Facilities and improvements	887,350	3,433	—	2,584	893,367
Furniture, machinery, and equipment	358,926	13,455	12,612	9,584	369,353
Infrastructure	1,183,460	32,403	—	42,517	1,258,380
Total capital assets, being depreciated	2,429,736	49,291	12,612	54,685	2,521,100
Less accumulated depreciation:					
Facilities and improvements	546,495	25,080	—	—	571,575
Furniture, machinery, and equipment	259,499	24,208	12,595	—	271,112
Infrastructure	502,001	42,568	—	—	544,569
Total accumulated depreciation	1,307,995	91,856	12,595	—	1,387,256
Total capital assets, being depreciated, net	1,121,741	(42,565)	17	54,685	1,133,844
Lease assets (see Note II, part H.)					
Intangible right-to-use lease asset	15,923	85	—	—	16,008
Less accumulated amortization:	—	3,110	—	—	3,110
Amortized assets, net	15,923	(3,025)	—	—	12,898
Governmental Activities - capital assets, net	**$1,456,524**	**$ 2,782**	**$ 17**	**$ —**	**$1,459,289**

(1) Beginning balances have been restated for the effects of GASB 87. See Note I, part E. and Note II, part H. for additional information.

The following is a summary of business-type activities capital assets activity for the year ended June 30, 2022 (in thousands):

	Balance June 30, 2021	Additions	Deletions	Transfers of Completed Construction	Balance June 30, 2022
Business-Type Activities:					
Sewer Service Fund:					
Capital assets, not being depreciated:					
Land	$ 4	$ —	$ —	$ —	$ 4
Construction in progress	16,961	6,145	—	(13,117)	9,989
Total capital assets, not being depreciated	16,965	6,145	—	(13,117)	9,993
Capital assets, being depreciated:					
Facilities and improvements	490	—	—	—	490
Furniture, machinery and equipment	11,608	323	1,692	—	10,239
Sewer and storm drains	372,142	—	—	13,117	385,259
Street work	48	92	—	—	140
Total capital assets, being depreciated	384,288	415	1,692	13,117	396,128
Less accumulated depreciation:					
Facilities and improvements	343	7	—	—	350
Furniture, machinery, and equipment	8,402	851	1,680	—	7,573
Sewer and storm drains	138,913	6,856	—	—	145,769
Street work	7	6	—	—	13
Total accumulated depreciation	147,665	7,720	1,680	—	153,705
Total capital assets, being depreciated, net	236,623	(7,305)	12	13,117	242,423
Sewer Service Fund, capital assets, net	**$ 253,588**	**$ (1,160)**	**$ 12**	**$ —**	**$ 252,416**
Parks and Recreation Fund:					
Capital assets, not being depreciated:					
Land	$ 361	$ —	$ —	$ —	$ 361
Construction in progress	73	41	—	—	114
Total capital assets, not being depreciated	434	41	—	—	475
Capital assets, being depreciated:					
Facilities and improvements	5,102	—	—	—	5,102
Furniture, machinery and equipment	545	—	—	—	545
Infrastructure	85	—	—	—	85
Total capital assets, being depreciated	5,732	—	—	—	5,732
Less accumulated depreciation					
Facilities and improvements	3,916	153	—	—	4,069
Furniture, machinery and equipment	521	19	—	—	540
Infrastructure	78	6	—	—	84
Total accumulated depreciation	4,515	178	—	—	4,693
Total capital assets, being depreciated, net	1,217	(178)	—	—	1,039
Parks and Recreation Fund, capital assets, net	**$ 1,651**	**$ (137)**	**$ —**	**$ —**	**$ 1,514**
Business-Type Activities - capital assets, net	**$ 255,239**	**$ (1,297)**	**$ 12**	**$ —**	**$ 253,930**

2. Depreciation and Amortization

Depreciation and amortization expense was charged to various governmental and business-type activities of the City for the year ended June 30, 2022 is as follows (in thousands):

Governmental Activities:		
General Government	$	10,027
Public Safety		3,504
Community and Human Services		6,868
Community and Economic Development		15,802
Public Works and Transportation		45,820
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets		12,945
Total	**$**	**94,966**

Business-Type Activities:		
Sewer	$	7,720
Parks and Recreation		178
Total	**$**	**7,898**

Component Unit – Port of Oakland

1. Summary Schedule

A summary of changes in capital assets for the year ended June 30, 2022, is as follows (in thousands):

	Restated Balance June 30, 2021 (1)	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets, not being depreciated					
Land	$ 524,333	$ —	$ —	$ —	$ 524,333
Intangibles (noise easements and air rights)	25,853	—	—	—	25,853
Construction in progress	69,253	65,798	—	(103,103)	31,948
Total capital assets, not being depreciated	619,439	65,798	—	(103,103)	582,134
Capital assets, being depreciated:					
Building and improvements	999,020	—	—	2,944	1,001,964
Container cranes	159,197	—	(28,876)	—	130,321
Infrastructure	2,174,379	—	—	97,920	2,272,299
Intangibles (software)	19,671	—	—	—	19,671
Other equipment	130,475	1,999	(2,022)	2,239	132,691
Total capital assets, being depreciated	3,482,742	1,999	(30,898)	103,103	3,556,946
Less accumulated depreciation:					
Building and improvements	690,556	20,259	—	—	710,815
Container cranes	126,415	5,117	25,293	—	106,239
Infrastructure	1,230,373	77,976	—	—	1,308,349
Intangibles (software)	15,268	383	—	—	15,651
Other equipment	89,247	5,846	1,754	—	93,339
Total accumulated depreciation	2,151,859	109,581	27,047	—	2,234,393
Total capital assets, being depreciated, net	1,330,883	107,582	(3,851)	103,103	1,322,553
Port-capital assets, net	$1,950,322	$ (41,784)	$ (3,851)	$ —	$1,904,687

(1) Beginning balances have been restated from $1,946,331, net of accumulated depreciation, to $1,950,322, net of accumulated depreciation for the effects of GASB 87. See Note I, part E. and Note II, part H. for additional information.

For the year ended June 30, 2022, the Port recognized a $3.2 million loss on abandoned projects related to construction in progress and disposal of capital assets.

E. PROPERTY HELD FOR RESALE

Primary Government

At June 30, 2022, the City has a total of $172.1 million of property held for resale.

Oakland Redevelopment Successor Agency (ORSA)

As of June 30, 2022, 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, 2022, are as follows (in thousands):

	Accounts Payable	Accrued Payroll/ Employee Benefits	Total
Governmental Activities:			
Governmental Funds:			
General Fund	$ 72,616	$ 179,998	$ 252,614
Federal/State Grant Fund	24,790	1	24,791
Low and Moderate Income Housing Asset Fund	3,592	—	3,592
Municipal Capital Improvement Fund	9,709	(1)	9,708
Other Special Revenue Fund	15,926	—	15,926
Other Governmental Funds	2,629	—	2,629
Total governmental funds	129,262	179,998	309,260
Internal service funds	6,168		6,168
Total governmental activities	$ 135,430	$ 179,998	$ 315,428
Business-type Activities:			
Sewer Service Fund	$ 5,716	$ —	$ 5,716

Accounts payable and accrued liabilities for the pension trust fund at June 30, 2022, are as follows (in thousands):

Pension Trust Fund	
Accounts payable	$ 3
Member benefits payable	4,184
Investments payable	7,701
Investment management fees payable	301
Total pension trust fund	$ 12,188

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, 2022 (in thousands):

Governmental Activities

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Bonds payable:			
General obligation bonds	2053	1.55 - 5.00%	$ 637,540
Lease revenue bonds	2027	5.00%	36,835
Pension obligation bonds	2026	4.35 - 6.89%	174,806
Accreted interest on appreciation bonds	2023	n/a	37,927
City guaranteed special assessment district bonds	2040	3.00 - 3.63%	2,225
Unamortized premiums and discounts, net			39,847
Total bonds payable			**$ 929,180**
Financed purchase obligations payable:			
Financed purchase obligations	2030	1.62 - 5.30%	18,243
Total financed purchase obligations			**$ 18,243**

Business-type Activities

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Bonds payable:			
Sewer revenue bonds	2029	3.00 - 5.00%	$ 21,126
Unamortized bond premium			2,400
Total bonds payable			**$ 23,526**

2. Summary of Changes in Long-term Obligations

Primary Government

The changes in long-term obligations for the year ended June 30, 2022, are as follows (in thousands):

	Restated Balance at July 1, 2021 (1)	Additions	Reductions	Balance at June 30, 2022	Amounts due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds (A)	$ 450,075	$ 212,315	$ 24,850	$ 637,540	$ 36,630
Lease revenue bonds (B)	43,165	—	6,330	36,835	6,650
Pension obligation bonds (C)	198,564	—	23,758	174,806	23,425
Accreted interest on appreciation bonds (B) and (C)	69,703	4,952	36,728	37,927	37,927
City guaranteed special assessment district bonds (C)	2,590	—	365	2,225	375
Unamortized premium and discounts, net	24,657	17,363	2,173	39,847	1,809
Total bonds payable:	788,754	234,630	94,204	929,180	106,816
Financed purchase obligations payable:					
Financed purchase obligations (B) and (D)	28,841	—	10,598	18,243	5,059
Total financed purchase obligations payable	28,841	—	10,598	18,243	5,059
Other long-term liabilities:					
Accrued vacation and sick leave (E)	58,115	79,360	78,500	58,975	47,652
Pledge obligation for Coliseum Authority debt (B)	22,703	—	10,753	11,950	5,340
Estimated environmental cost (B)	578	653	80	1,151	517
Self-insurance liability - workers' compensation (B)	73,624	14,962	19,055	69,531	15,642
Self-insurance liability - general liability (B)	72,306	37,868	27,503	82,671	28,395
Lease liability (See Note II, part H.)	15,200	85	878	14,407	995
Interest rate swap agreement	181	—	181	—	—
Total other long-term liabilities	242,707	132,928	136,950	238,685	98,541
Total governmental activities	**$ 1,060,302**	**$ 367,558**	**$ 241,752**	**$ 1,186,108**	**$ 210,416**
Business-type activities:					
Sewer fund - bonds payable	$ 23,616	$ —	$ 2,490	$ 21,126	$ 2,610
Unamortized bond premium	2,743	—	343	2,400	343
Total business-type activities	**$ 26,359**	**$ —**	**$ 2,833**	**$ 23,526**	**$ 2,953**

(1) Beginning balances have been restated for the effects of GASB 87. See Note I, part E. and Note II, part H. for additional information.

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, 2022, $21.3 million of bonds, loans payable, and financed purchase obligations 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, 2022, are as follows (in thousands):

Governmental Activities[1]

	General Obligation Bonds		Lease Revenue Bonds		Special Assessment District Bonds	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2023	$ 36,630	$ 15,956	$ 6,650	$ 1,676	$ 375	$ 67
2024	18,950	19,589	6,990	1,335	390	55
2025	19,520	19,016	7,345	976	395	42
2026	20,130	18,418	7,725	599	60	34
2027	20,730	17,791	8,125	203	60	32
2028 - 2032	112,545	78,032	—	—	325	133
2033 - 2037	106,615	57,580	—	—	370	78
2038 - 2042	105,735	39,782	—	—	250	14
2043 - 2047	114,510	23,164	—	—	—	—
2048 - 2052	71,955	7,353	—	—	—	—
2053 - 2057	10,220	307	—	—	—	—
Total	**$ 637,540**	**$ 296,988**	**$ 36,835**	**$ 4,789**	**$ 2,225**	**$ 455**

	Financed Purchase Obligations	
Year Ending June 30	**Principal**	**Interest**
2023	$ 5,059	$ 444
2024	4,612	322
2025	3,721	209
2026	1,263	122
2027	1,135	90
2028 - 2032	2,453	117
Total	**$ 18,243**	**$ 1,304**

	Pension Obligation Bonds			Total		
Year Ending June 30	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Interest
2023	$ 23,425	$ 40,459	$ 7,139	$ 72,139	$ 40,459	$ 25,282
2024	47,380	—	5,894	78,322	—	27,195
2025	50,395	—	3,685	81,376	—	23,928
2026	53,606	—	1,253	82,784	—	20,426
2027	—	—	—	30,050	—	18,116
2028 - 2032	—	—	—	115,323	—	78,282
2033 - 2037	—	—	—	106,985	—	57,659
2038 - 2042	—	—	—	105,985	—	39,796
2043 - 2047	—	—	—	114,510	—	23,164
2048 - 2052	—	—	—	71,955	—	7,353
2053 - 2057	—	—	—	10,220	—	307
Subtotal	174,806	40,459	17,971	869,649	40,459	321,508
Less: unaccreted interest	—	(2,532)	—	—	(2,532)	—
Total	**$ 174,806**	**$ 37,927**	**$ 17,971**	**$ 869,649**	**$ 37,927**	**$ 321,508**

[1] The specific year for payment of other long-term liabilities is not practicable to determine.

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 financed purchase obligations provide for the return of leased equipment in the event of a termination of the lease by the City. In addition, 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, 2022, are as follows (in thousands):

	Business-Type Activities	
	Sewer Revenue Bonds	
Year Ending June 30	Principal	Interest
2023	$ 2,610	$ 1,034
2024	2,720	926
2025	2,860	790
2026	3,000	647
2027	3,155	497
2028 - 2032	6,781	513
Total	**$ 21,126**	**$ 4,407**

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 $25.5 million. The principal and interest payments made in FY 2021-22 were $3.7 million and pledged revenues (total net revenues calculated in accordance with the bond indenture) for the year ended June 30, 2022 were $32.0 million. Debt service payments on the City's sewer bonds are subject to acceleration in the event of default.

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, 2022 (in thousands):

	Original Issued Amount	Issued Year	Maturity Fiscal Year	Interest Rate Range	June 30, 2022 Principal Balance
Tax Allocation Bonds:					
Central District Redevelopment Project					
Subordinated Tax Allocation Refunding Bonds, 2013	$ 102,960	2013	2023	5.00%	$ 4,130
Coliseum Area Redevelopment Project					
Tax Allocation Bonds, Series 2006B-T	73,820	2006	2036	5.54%	49,935
Central City East Redevelopment Project					
Tax Allocation Bonds, Series 2006A-T	62,520	2006	2035	5.54%	38,545
Broadway/MacArthur/San Pablo Redevelopment Project					
Tax Allocation Bonds, Series 2006C-T	12,325	2006	2033	5.59%	6,915
Tax Allocation Bonds, Series 2010T	7,390	2010	2041	7.20% - 7.40%	6,830
Subtotal	259,015				106,355
Subordinated Tax Allocation Refunding Bonds:					
Series 2015-TE	22,510	2015	2037	5.00%	22,510
Series 2015-T	66,675	2015	2036	3.96% - 4.92%	43,515
Series 2018-TE	15,190	2018	2032	5.00%	15,190
Series 2018-T	41,765	2018	2040	3.12% - 4.00%	37,440
Subtotal	146,140				118,655
Total long-term debt	$ 405,155				$ 225,010

2. Revenues Pledged for the Repayment of Debt Service

Tax Allocation Bonds

The Tax Allocation Bonds (TAB), which are comprised of Series 2013, Series 2006B-T, Series 2006A-T, Series 2006C-T, and Series 2010T Bonds were 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, 2022, the total principal and interest remaining on these TABs was $153.0 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 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, 2022, the total principal and interest remaining on Series 2015 Bonds and Series 2018 Bonds was $172.7 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, 2022, are as follows (in thousands):

Oakland Redevelopment Successor Agency

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Amounts due within one year
Tax allocation bonds	$ 129,900	$ —	$ (23,545)	$ 106,355	$ 9,365
Subordinated tax allocation refunding bonds	123,450	—	(4,795)	118,655	8,030
Less unamortized amounts:					
Issuance premiums	5,677	—	(1,523)	4,154	(549)
Issuance discounts	(810)	—	43	(767)	44
Total ORSA	**$ 258,217**	**$ —**	**$ (29,820)**	**$ 228,397**	**$ 16,890**

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, 2022, including mandatory sinking fund payments, are as follows (in thousands):

Oakland Redevelopment Successor Agency

	Tax Allocation Bonds		Subordinated Tax Allocation Refunding Bonds	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
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	6,490	4,344	5,055	4,364
2028 - 2032	38,215	15,729	24,320	18,383
2033 - 2037	29,315	4,941	50,985	10,781
2038 - 2041	5,460	828	16,290	994
Total	**$ 106,355**	**$ 46,656**	**$ 118,655**	**$ 54,052**

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. During the year ended June 30, 2022, $32.7 million of the former Agency's advance-refunded debt was fully called and redeemed. No defeased bonds remain outstanding as of June 30, 2022.

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, 2022 (in thousands):

Component Unit - Port of Oakland

Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Bonds, notes, and loans payable			
Senior and intermediate lien bonds	2033	0.821-5.00	$ 642,125
Notes and loans	2021	0.10-0.22	42,535
Unamortized bond discounts and premiums, net			38,899
Total bonds, notes, and loans payable			**$ 723,559**

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, 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 $423.1 million in fiscal year 2022.

In December 2021, the Port completed a transaction in which $14.5 million of bonds maturing between May 1, 2022 and May 1, 2024 were defeased. As of June 30, 2022, $8.6 million of the original $14.5 million of defeased bonds remain outstanding. A further $10.1 million of bonds were redeemed using the "make-whole" call provision of the Port's Senior Trust Indenture. The cost of the transaction was reimbursed to the Port from federal grants.

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 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. As of June 30, 2022, the reserve fund was invested in government securities money market mutual funds.

The Port has also covenanted in the Senior Trust Indenture that Net Pledged Revenue (Revenues less the Operation and Maintenance Expenses) will be equal to at least 125% 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 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 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, 2022, the outstanding balance of Senior Lien Bonds is $331.8 million.

Intermediate Lien Bonds

Bonds issued under the Intermediate Trust Indenture are next in payment priority. As of June 30, 2022, 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, 2022. 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, 2022, the outstanding balance of Intermediate Lien Bonds is $310.3 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 $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, 2022, the outstanding balance of CP Notes under the Port’s ABC Series of CP Notes is $12.3 million while the outstanding balance under the Port’s DEF Series of CP Notes is $30.2

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. Summary of Changes in Long-Term Obligations

The changes in the Port's long-term obligations for the year ended June 30, 2022, are as follows (in thousands):

Component Unit - Port of Oakland

	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022	Amounts due within one year
Bonds and notes payable:					
Senior and intermediate lien bonds	$ 718,300	$ —	$ 76,175	$ 642,125	$ 52,325
Notes and loans payable (1)	58,175	—	15,640	42,535	—
Unamortized premium and discounts, net	48,788	—	9,889	38,899	9,019
Total bonds and notes payable	825,263	—	101,704	723,559	61,344
Other long-term liabilities:					
Accrued vacation, sick leave, and compensatory time	9,720	2,485	2,598	9,607	6,242
Environmental remediation	15,750	2,573	3,950	14,373	2,048
Self-insurance liability - worker's compensation	10,590	2,554	2,242	10,902	2,242
Other long-term liabilities	6,378	2,429	158	8,649	2,416
Total other long-term liabilities	42,438	10,041	8,948	43,531	12,948
Total component unit	**$ 867,701**	**$ 10,041**	**$ 110,652**	**$ 767,090**	**$ 74,292**

(1) As of June 30, 2022, 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. Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt. The Port's required debt service payments for the outstanding long-term debt for the years ending June 30, are as follows (in thousands):

Year Ending June 30	Principal (1)	Interest	Total
2023	$ 52,325	$ 20,754	$ 73,079
2024	68,133	21,855	89,988
2025	79,363	18,756	98,119
2026	81,584	15,589	97,173
2027	70,190	12,460	82,650
2028-2032	309,170	25,418	334,588
2033	23,895	561	24,456
Total	**$ 684,660**	**$ 115,393**	**$ 800,053**

(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 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 single 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 short-term debt activity for the year ended June 30, 2022 is as follows (in thousands):

	Beginning Balance	Issued	Redeemed	Ending Balance
2021-2022 Tax and Revenue Anticipation Notes	$ —	$ 124,085	$ (124,085)	$ —

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, 2022, the City's debt limit (3.75% of valuation subject to taxation) was $2.8 billion. The total amount of debt applicable to the debt limit was $637.5 million. The resulting legal debt margin was $2.1 billion.

H. LEASES

City as Lessor

At June 30, 2022, the City recorded $38.0 million in lease receivables as lessor. The City leases all or portions of owned properties to generate income, promote local economic development, and support services provided by community partners.

Lease revenues and interest revenues recognized during the year ended June 30, 2022, as well as lease receivable and lease related deferred inflows of resources as of June 30, 2022 are as follows (in thousands):

	Governmental Activities				
	General Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement Fund	Internal Service Fund	Total
Lease revenue	$ 932	$ 178	$ 1,122	$ 10	$ 2,242
Lease interest revenue	698	5	1,338	22	2,063
Lease receivable	13,884	267	23,446	354	37,951
Deferred inflow of resources	13,482	214	23,177	342	37,215

City as Lessee

At June 30, 2022, the City recorded 14 lease agreements as lessee.

The City leases land and building space where leases are determined to be the most effective or feasible method of providing services. At June 30, 2022, leases with annual rental costs in excess of $100,000 included the following:

Leased Property:	Use of Leased Property:
2563 International Boulevard, Oakland	Head Start Center
5050 Coliseum Way, Oakland	Corporation Yard
7200 Bancroft Avenue, Oakland	Police Station
1111 Broadway, Oakland	Offices

The annual debt service requirement for leases is as follows (in thousands):

	Governmental Activities			
	Buildings		Land	
Year Ending June 30	Principal	Interest	Principal	Interest
2023	$ 960	$ 625	$ 35	$ —
2024	1,240	585	—	—
2025	1,265	534	—	—
2026	1,346	480	—	—
2027	1,306	423	—	—
2028 - 2032	6,620	1,163	—	—
2033 - 2037	1,635	170	—	—
Total	$ 14,372	$ 3,980	$ 35	$ —

Component Unit- Port of Oakland

1. Maritime Leases

The Port, as a lessor, leases land and facilities at market rates with terms ranging from 1 to 66 years. The leases generally provide for minimum rentals with percentage rent contingent on business sales or activity, and typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. Variable lease payment received during the year ended June 30, 2022 was $25.0 million. Certain maritime facilities are leased under agreements that provide the tenants with preferential, but nonexclusive, use of the facilities. In accordance with GASB No. 87, Maritime leases are based on the minimum fixed rent receivables and discounted to the present value per the lease term.

Minimum future lease revenue for years ending June 30 is as follows:

	Lease Revenue	Interest Revenue	Total
2023	$ 108,666	$ 22,101	$ 130,767
2024	96,435	20,264	116,699
2025	94,625	18,311	112,936
2026	89,061	18,558	107,619
2027	89,061	14,407	103,468
2028-2032	403,782	39,676	443,458
2033-2037	11,507	12,912	24,419
2034-2042	9,501	11,386	20,887
2043-2047	8,164	10,118	18,282
2048-2052	5,060	9,122	14,182
2053-2057	5,060	8,386	13,446
Thereafter	27,326	24,940	52,266
Total	$ 948,248	$ 210,181	$1,158,429

2. Aviation Leases

Aviation leases are mostly with concessionaires for food and beverages, gift and news, duty-free, rental car facilities, and advertisements. In general, the agreements provide for cancellation on a 30-day notice by either party. However, they are intended to be long-term in nature with renewal options. Accordingly, these agreements are considered short-term leases for purposes of financial reporting.

The Port's leases with food and beverage concessionaires provide for payment of a minimum annual guarantee based on enplaned passenger volume. This provision effectively makes the minimum annual guarantee variable, and accordingly, they are not included below.

Minimum future lease revenue for years ending June 30 is as follows:

	Lease Revenue	Interest Revenue	Total
2023	$ 11,729	$ 123	$ 11,852
2024	1,734	66	1,800
2025	1,582	46	1,628
2026	1,231	28	1,259
2027	916	13	929
2028-2032	458	2	460
Total	$ 17,650	$ 278	$ 17,928

3. GASB No. 87 Excluded Leases – Regulated Aeronautical Service Providers

In accordance with the paragraphs 42 and 43 of GASB No. 87, the Port does not recognize lease receivables and deferred inflow of resources for leases between the Oakland Airport and the air carriers and other aeronautical users, which are regulated by the Department of Transportation and the Federal Aviation Administration. The lease amount is set annually on the aviation rates and charges. Regulated leases include various passenger airlines and cargo airline leases with terms ranging from 1 to 10 years. The leases with the passenger airlines can be cancelled anytime with 30 days' notice.

Minimum future lease revenue for years ending June 30 is as follows:

	Minimum Lease Revenue
2023	$ 51,318
2024	48,179
2025	48,179
2026	48,179
2027	28,636
2028-2032	56,468
Total	$ 280,959

4. Commercial Real Estate Leases

The Commercial Real Estate (CRE) Division of the Port leases out almost 19 miles or approximately 837 acres of land and waterfront property, along San Francisco Bay and the Oakland Estuary that is not used for maritime or aviation purposes. Much of the commercial land has been converted through private investment into homes, hotels, offices, shops, restaurants, parks, and industrial flex/research spaces. In most cases, the CRE division of the Port has entered into agreements with development teams to ground leases. The Port, as a lessor, leases land and facilities at market rates with terms ranging from 1 to 60 years. The leases generally provide for minimum rentals with percentage rent contingent on business sales or activity, and typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. Variable lease payment received during the year ended June 30, 2022 was $1.8 million.

Minimum future lease revenue for years ending June 30 is as follows:

	Lease Revenue	Interest Revenue	Total
2023	$ 7,232	$ 3,390	$ 10,622
2024	7,232	3,281	10,513
2025	6,841	3,149	9,990
2026	5,914	3,030	8,944
2027	5,806	2,909	8,715
2028-2032	21,208	12,882	34,090
2033-2037	17,966	10,106	28,072
2034-2042	12,325	7,311	19,636
2043-2047	6,664	5,742	12,406
2048-2052	5,229	4,630	9,859
2053-2057	5,229	3,436	8,665
Thereafter	8,770	3,170	11,940
Total	$ 110,416	$ 63,036	$ 173,452

I. 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 the City had one settlement that exceeded commercial insurance coverage.

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 $69.5 million in claims liabilities as of June 30, 2022, approximately $15.6 million is estimated to be due within one year.

Changes in self-insurance workers' compensation for the years ended June 30, 2022 and 2021 are as follows (in thousands):

	2022	2021
Self-insurance liability - workers' compensation, beginning of year	$ 73,624	$ 71,874
Current year claims and changes in estimates	14,962	25,908
Claims payments	(19,055)	(24,158)
Self-insurance liability - workers' compensation, end of year	$ 69,531	$ 73,624

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.

3. General Liability

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2022, the amount of liability determined to be probable of occurrence is approximately $82.7 million. Of this amount, claims and litigation approximating $28.4 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, 2022 and 2021 are as follows (in thousands):

	2022	2021
Self-insurance liability - general liability, beginning of year	$ 72,306	$ 62,772
Current year claims and changes in estimates	37,868	40,577
Claims payments	(27,503)	(31,043)
Self-insurance liability - general liability, end of year	$ 82,671	$ 72,306

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. 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. In 2020, CSAC EIA was renamed as Public Risk Innovation, Solutions, and Management (PRISM).

Effective July 1, 2021, 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 $10.9 million at June 30, 2022 is based upon an actuarial study performed as of June 30, 2022 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):

	2022	2021
Self-insurance liability - workers' compensation, beginning of year	$ 10,590	$ 8,862
Current year claims and changes in estimates	2,554	3,595
Claims payments	(2,242)	(1,867)
Self-insurance liability - workers' compensation, end of year	$ 10,902	$ 10,590

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 million 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 2022 the Port carried excess insurance over $1 million 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 $0.25 million for each general liability and workers' compensation claim.

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 million to $2 million. If minimum insurance is not provided or does not respond, the Port would be responsible for a $0.1 million self-insured retention. There is no actuarial forecast for this coverage.

J. 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 3.0 percent.

On December 14, 2021, the Coliseum Authority issued $23.9 million in Lease Revenue Notes, 2021 Refunding Series A (Stadium Notes) which together with available revenue and existing reserves funded an escrow account to refund all outstanding Stadium Bonds. The Escrow Agent paid the scheduled debt service requirements of the Stadium Bonds on February 1, 2022 and will redeem those Stadium Bonds maturing on February 1, 2023 and thereafter, for all outstanding future debt service payments on the 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. Base rental payments are projected to cover one hundred percent of the debt service requirements over the life of the bonds. The obligation of the City and the County to make such payments is reduced to the extent the Coliseum Authority receives revenues generated at 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 with coupons of 0.8 to 3.8 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, including certain payments from the Warriors of up to $7.4 million annually from premium seating revenues. If necessary to prevent default, additional premium revenues up to $10.0 million may be pledged to service Arena debt. If the revenues received from the Warriors and from 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 denied the Warriors' Petition for Review 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. Since August 2019, the Warriors have paid the debt service installments that have come due and it is anticipated that they will continue to do so until the Arena Bond debt obligation is satisfied in 2026.

Debt Obligations

Long-term debt outstanding as of June 30, 2022 is as follows (in thousands):

Type of Indebtedness	Maturity	Interest Rate	Authorized and Issued	Outstanding as of June 30, 2022
Stadium Bonds:				
2021 Refunding Series A Lease Revenue Bonds	February 1, 2025	1%	$ 23,901	$ 23,901
Arena Bonds:				
2015 Refunding Series A Lease Revenue Bonds	February 1, 2026	1% - 4%	79,735	32,935
Total			$ 103,636	$ 56,836

Debt payments during the year ended June 30, 2022 were as follows (in thousands):

	Stadium	Arena	Total
Principal	$ —	$ 8,200	$ 8,200
Interest	1,349	1,426	2,775
Total	$ 1,349	$ 9,626	$ 10,975

The following is a summary of long-term debt transactions for the year ended June 30, 2022 (in thousands):

Outstanding lease revenue bonds, June 30, 2021	$ 86,545
Debt issuance	23,901
Principal repayments	(53,610)
Outstanding lease revenue bonds, June 30, 2022	56,836
Amount due within one year	(19,479)
Amount due beyond one year	$ 37,357

Annual debt service requirements to maturity for the lease revenue bonds, including interest payments, are as follows (in thousands):

	Stadium Bonds		Arena Bonds		Total	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 10,679	$ 370	$ 8,800	$ 1,167	$ 19,479	$ 1,537
2024	10,865	181	9,250	873	20,115	1,054
2025	2,357	32	10,000	550	12,357	582
2026	—		4,885	185	4,885	185
Total	$ 23,901	$ 583	$ 32,935	$ 2,775	$ 56,836	$ 3,358

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 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 Coliseum 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 ten-year agreement.

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, 2022, the City made contributions of $12.0 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, 2023. In addition, the City has established a $12.0 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.

III OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

1. General Information About the Pension Plans

The City has three defined benefit retirement plans: Oakland Police and Fire Retirement System (PFRS), the California Public Employees' Retirement System (CalPERS) Safety Plan, and the CalPERS Miscellaneous Plan.

PFRS is a closed single employer pension plan that covered employees hired prior to July 1976. Public safety employees hired subsequent to PFRS' closure date and certain employees hired before the closure date who elected to change plans are covered by CalPERS. PFRS issues a publicly available financial report that includes financial statements and required supplementary information for the PFRS Plan. PFRS' standalone financial statements are available by contacting the City Administrator's Office, One Frank Ogawa Plaza, Oakland, CA 94612 or can access the financial statements via the City's website, www.oaklandca.gov.

The CalPERS Safety and Miscellaneous Plans are agent multiple-employer defined benefit pension plans administered by CalPERS. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plans' June 30, 2021 Annual Actuarial Valuation Reports (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website at www.calpers.ca.gov.

2. Benefits

PFRS – PFRS provides death, disability, and service retirement benefits to uniformed employees and their beneficiaries. Members who completed at least 25 years of service, or 20 years of service and have reached the age of 55, or have reached the age of 65, were eligible for retirement benefits. The basic retirement allowance equals 50 percent of the compensation attached to the average rank held during the three years immediately preceding retirement, plus an additional allowance of 1-2/3 percent of such compensation for each year of service (up to ten) subsequent to: a) qualifying for retirement, and b) July 1, 1951. Early retirees received reduced benefits based on the number of years of service. Benefit provisions and all other requirements are established by the City Charter (Charter).

CalPERS – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The cost of living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013 are known as "PEPRA" members.

CalPERS' Miscellaneous Plan provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Hire Date		
	Prior to 6/9/2012	6/9/2012 through 12/31/12	On or After 1/1/2013 (1)
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	2.0% - 2.5%	1.0% - 2.5%
Required employee contribution rates	8.0%	8.0%	7.25% - 8.0%
Required employer contribution rates 2022 (2)	11.850%	11.850%	11.100% - 11.850%

(1) For "new members" as defined by the Public Employees' Pension Reform Act (PEPRA)

(2) Excludes contribution payments of $88.3 million for unfunded liability

CalPERS' Safety Plan provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Hire Date		
	Prior to 6/9/2012	6/9/2012 to 12/31/2012	On or After 1/1/2013 (1)
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Retirement age	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	11.0%	11.0% - 12.0%	11.0% - 11.5%
Required employer contribution rates 2022 (2)	18.940%	16.151% - 18.940%	18.940%

(1) For "new members" as defined by the Public Employees' Pension Reform Act (PEPRA)

(2) Excludes contribution payments of $61.9 million for unfunded liability

Covered Employees **-** As of June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of each pension plan:

	PFRS Plan	CalPERS Miscellaneous Plan	CalPERS Safety Plan
Inactive employees or beneficiaries receiving benefits	723	3,891	1,392
Inactive employees entitled to but not yet receiving benefits	—	1,942	455
Active employees	—	2,760	1,151
Total	**723**	**8,593**	**2,998**

3. Contributions

For the year ended June 30, 2022, the City's actuarially determined contributions were as follows (in thousands):

PFRS Plan	$	43,820
CalPERS Miscellaneous Plan (City)		95,859
CalPERS Miscellaneous Plan (Port)		27,389
CalPERS Safety Plan (City)		89,065
CalPERS Safety Plan (Port)		865
Total	**$**	**256,998**

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 $43.8 million in the year ended June 30, 2022.

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 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, 2022, the Port recognized principal payments of $0.9 million for the Safety Unit obligation.

4. Net Pension Liability

The table below shows how the net pension liability as of June 30, 2022, is distributed (in thousands).

Governmental Activities	$ 1,186,077
Business-type Activities	29,806
Component Unit - Port of Oakland	138,744
Total	**$ 1,354,627**

As of June 30, 2022, the City's net pension liability is comprised of the following (in thousands):

PFRS Plan	$ 120,046
CalPERS Miscellaneous Plan (City)	465,431
CalPERS Miscellaneous Plan (Port)	137,879
CalPERS Safety Plan (City)	630,406
CalPERS Safety Plan (Port)	865
Total	**$ 1,354,627**

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, 2021, using an annual actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, 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 22.85 percent for the June 30, 2021 measurement date.

The changes in the net pension liability for the PFRS Plan are as follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at June 30, 2020 (measurement date)	$ 603,971	$ 378,974	$ 224,997
Change for the year:			
Interest on the total pension liability	34,680	—	34,680
Differences between expected and actual experience	(7,376)	—	(7,376)
Contributions - employer	—	43,648	(43,648)
Claims and settlements	—	1	(908)
Net investment income	—	90,191	(90,191)
Administrative expenses	—	(1,585)	1,585
Benefit payments, including refunds	(52,697)	(52,697)	—
Net changes	(25,393)	79,558	(104,951)
Balance at June 30, 2021 (measurement date)	**$ 578,578**	**$ 458,532**	**$ 120,046**

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

	CalPERS Miscellaneous Plan			CalPERS Safety Plan		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at June 30, 2020 (measurement date)	$2,952,225	$2,016,395	$ 935,830	$2,358,488	$1,498,354	$ 860,134
Changes for the year:						
Service cost	48,369	—	48,369	47,253	—	47,253
Interest on the total pension liability	206,708	—	206,708	166,126	—	166,126
Differences between expected and actual experience	(1,485)	—	(1,485)	(1,967)	—	(1,967)
Contributions from the employer	—	110,035	(110,035)	—	79,501	(79,501)
Contributions from employees	—	20,915	(20,915)	—	21,164	(21,164)
Net investment income	—	457,176	(457,176)	—	341,107	(341,107)
Administrative expenses	—	(2,014)	2,014	—	(1,497)	1,497
Benefits payments, including refunds of employee contributions	(167,814)	(167,814)	—	(113,403)	(113,403)	—
Net changes	85,778	418,298	(332,520)	98,009	326,872	(228,863)
Balance at June 30, 2021 (measurement date)	**$3,038,003**	**$2,434,693**	**$ 603,310**	**$2,456,497**	**$1,825,226**	**$ 631,271**

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

For the year ended June 30, 2022, the City and the Port recognized pension expense of $91.3 million and $5.9 million, respectively. At June 30, 2022, the City's deferred outflows of resources and deferred inflows of resources related to pension items are from the following sources (in thousands):

			CalPERS					
	PFRS Plan		City Miscellaneous Plan		Safety Plan		Total City	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 43,820	$ —	$ 95,859	$ —	$ 89,065	$ —	$ 228,744	$ —
Change in assumptions	—	—	—	—	8,936	(1,664)	8,936	(1,664)
Differences between expected and actual experience	—	—	164	(776)	28,441	(1,557)	28,605	(2,333)
Net differences between projected and actual earnings on plan investments	—	(46,771)	—	(176,646)	—	(170,193)	—	(393,610)
Change in proportionate share	—	—	3,973	—	—	—	3,973	—
Total	**$ 43,820**	**$ (46,771)**	**$ 99,996**	**$ (177,422)**	**$ 126,442**	**$ (173,414)**	**$ 270,258**	**$ (397,607)**

At June 30, 2022, the City's pension expense was composed of the following amounts by plan (in thousands):

		CalPERS		
	PFRS Plan	City Miscellaneous Plan	Safety Plan	Total City
Pension expense	$ (11,427)	$ 34,109	$ 68,622	$ 91,304

At June 30, 2022, the Port's deferred outflows of resources and deferred inflows of resources related to pension items are from the following sources (in thousands):

	Port Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 27,389	$ —
Differences between expected and actual experience	49	(230)
Net differences between projected and actual earnings on plan investments	—	(52,326)
Change in proportionate share	—	(4,300)
Total	**$ 27,438**	**$ (56,856)**

At June 30, 2022, the City and the Port reported $228.7 million and $27.4 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 (measurement date). Other 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
2022	$ (79,252)	$ (16,255)	$ (95,507)
2023	(79,978)	(13,505)	(93,483)
2024	(87,179)	(12,666)	(99,845)
2025	(109,684)	(14,381)	(124,065)
2026	—	—	—
Thereafter	—	—	—
Total	$ (356,093)	$ (56,807)	$ (412,900)

6. Actuarial Assumptions

The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on the following actuarial methods and assumptions:

	PFRS Plan	CalPERS Miscellaneous and Safety Plans
Valuation date	July 1, 2020	June 30, 2020
Measurement date	June 30, 2021	June 30, 2021
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Discount rate	5.29%	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 July 1, 2020, 3% increase at July 1, 2021, 3.5 % increase at July 1, 2022 and 2023, 3.25% increase starting at July 1, 2024 Fire - 4.5% increase for fire engineers and 2.5% increase for all other fire at January 1, 2021, 1.5% increase at July 1, 2021, 2% increase at January 1, 2022, 1% increase at July 1, 2022, 2% increase at December 1, 2023, 3.25% increase starting at July 1, 2024	The lessor 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.

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, 2021 measurement date are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	(0.30)%
Domestic Equity	4.70%
International Equity	5.00%
Covered Calls	2.60%
Crisis Risk Offset	1.95%
Credit	2.10%
Cash	(1.00)%

The discount rate used to measure the total pension liability was 5.29 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 had suspended City contributions until the fiscal year beginning July 1, 2017. The City has resumed contributions, with a City 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	—	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.

On November 17, 2021, the CalPERS Board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expenses assumption support a discount rate of 6.90% (net of investment expenses but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the accounting valuation reports for the June 30, 2022 measurement date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability for each of the City's retirement plans and the Port's proportionate share of the net pension liability of the City's CalPERS Miscellaneous Plan. The sensitivity of the net pension liability is calculated using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate (in thousands).

	1% Decrease at 6.15%	Measurement Date at 7.15%	1% Increase at 8.15%
CalPERS Miscellaneous Plan - City	$ 745,739	$ 465,431	$ 231,199
CalPERS Miscellaneous Plan - Port proportionate share	220,917	137,879	68,491
CalPERS Safety Plan	975,243	631,271	350,177

	1% Decrease at 4.29%	Measurement Date at 5.29%	1% Increase at 6.29%
PFRS	$ 171,086	$ 120,046	$ 76,005

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, 2021 Actuarial Valuation Report, the following employees were covered by the benefit terms for the OPEB plan:

Inactive retired participants and surviving spouses receiving benefits	2,863
Inactive participants' spouses receiving benefits	1,124
Active employees eligible for retirement benefits	1,046
Active employees not yet eligible for retirement benefits	2,523
Total	**7,556**

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, as provided for 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 ended June 30, 2020 and June 30, 2021 in response financial challenges arising from the COVID-19 global pandemic. During the year ended June 30, 2022, the City resumed contributions to the CERBT fund in the amount of $15 million..

The June 30, 2021 economic assumptions were based on the CERBT Strategy 1 and the Bond Buyer GO 20-year Bond Municipal Bond Index as of June 30, 2021. Since the City has adopted a funding approach, the discount rate used for the June 30, 2021 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 2021 was 2.16%. 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 3.74%. Benefits and other contributions paid by the City for the year ended June 30, 2022 is shown below.

Explicit contributions	$	23,058
Implicit contributions		4,945
Trust contributions		15,000
Total	**$**	**43,003**

The amount of implicit contributions paid are reflected as a reduction in (active) employee premiums. The contributions made during the year ended June 30, 2022 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, 2021 (measurement date), using an annual actuarial valuation as of July 1, 2021. A summary of principal actuarial assumptions and methods used to determine the total OPEB liability is as follows:

Actuarial valuation date	July 1, 2021
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Market value
Amortization method	Level percentage of pay, closed period as of June 30, 2020
Inflation	2.30%
Discount rate	3.74%
Rate of salary increase	2.75%
Ultimate rate of medical inflation	3.83%
Years to ultimate rate of medical inflation	54 years
Mortality, termination and disability	Based on the 2021 CalPERS Mortality Table
Postretirement benefit increase	Police - 2.5% increase at July 1, 2020, 3% increase at July 1, 2021, 3.5 % increase at July 1, 2022 and 2023, and 3.25% increase starting at July 1, 2024 Fire - 4.5% increase for fire engineers and 2.5% increase for all other fire at January 1, 2021, 1.5% increase at July 1, 2021, 2% increase at January 1, 2022, 1% increase at July 1, 2022, 2% increase at December 1, 2023, and 3.25% increase starting at July 1, 2024

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, 2021. Based on this approach the discount rate utilized was 3.74%.

The following table shows the changes in net OPEB liability for the year ended June 30, 2022:

	Increase (Decrease)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at June 30, 2020 (measurement date)	$ 871,126	$ 28,290	$ 842,836
Changes for the year:			
Service cost	37,664	—	37,664
Interest	18,927	—	18,927
Change of benefits	(36,950)	—	(36,950)
Changes of assumptions	(197,600)	—	(197,600)
Differences between expected and actual experience	(10,132)	—	(10,132)
Contributions from the employer	—	29,517	(29,517)
Net investment income	—	7,775	(7,775)
Administrative expenses	—	(16)	16
Benefit payments	(29,517)	(29,517)	—
Net changes	(217,608)	7,759	(225,367)
Balance at June 30, 2021 (measurement date)	**$ 653,518**	**$ 36,049**	**$ 617,469**

The change of benefits reflects adjustments to benefits for police and fire employees hired on or after January 1, 2019. Changes in assumptions includes an increase in the discount rate applied from 2.21% to 3.74%. 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, 2022 is 3.74 percent. The impact of a 1 percent increase or decrease in the discount rate assumption is shown below:

	1% Decrease at 2.74%	**Measurement Date at 3.74%**	**1% Increase at 4.74%**
Net OPEB Liability	$ 709,548	$ 617,469	$ 542,385

The following presents the net OPEB liability of the OPEB plan as of the measurement date, as well as what the net OPEB liability would be if they were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate (in thousands):

	-1.00%	**Baseline**	**+1.00%**
Net OPEB Liability	$ 556,311	$ 617,469	$ 692,498

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).

6. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the City recognized a negative OPEB expense of $59.0 million. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 43,003	$ —
Change in assumptions	148,208	296,119
Differences between expected and actual experience	7,461	10,243
Net difference between projected and actual earnings on plan investments	—	3,824
Total	**$ 198,672**	**$ 310,186**

The $43.0 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, 2023. Other amounts reported as deferred inflows of resources will be recognized as future OPEB expense as follows:

Measurement Period Ending June 30	Deferred (Inflows) of Resources
2022	$ (76,518)
2023	(25,516)
2024	(19,165)
2025	1,303
2026	(34,621)
Total	**$ (154,517)**

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 who had attained the age of fifty or over at the time of retirement, had five or more years of CalPERS service, and were eligible to receive CalPERS retirement benefits, were entitled to receive employer paid medical insurance benefits through CalPERS.

The Port had adopted a resolution on July 21, 2011 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 (Service Employees International Union) and IBEW (International Brotherhood of Electrical Workers)). The vesting schedule does not apply to employees that are granted a disability retirement.

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%

Retiree Dental and Vision Coverage - 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 SEIU and 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, 2021 measurement date, the following current and former employees were covered by the benefit terms under the Port's Retiree Healthcare Plan:

Active employees	442
Inactive employees or beneficiaries currently receiving benefits	606
Total	**1,048**

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, 2022, the Port's cash contributions totaling $10.2 million consisted of $8.5 million in payments to third parties,$0.4 million paid to the CERBT fund, and the estimated implicit subsidy of $1.3 million.

3. Net OPEB Liability

The Port's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions:

Actuarial valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial cost method	Entry-Age Normal
Discount rate	6.75%
Inflation	2.75%
Medical trend rate (1)	5.50% in 2022, decreasing to 4.25% in 2072 and later years
Investment rate of return (2)	6.75% net of investment expenses
Mortality, termination and disability	CalPERS Mortality rates, which include 15 years of projected on-going improvement using 90 percent of Scale MP-2016

[1] Based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long-term medical care.
[2] Net of plan investment expenses.

The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

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:

Asset Class	Target Allocation	Expected Arithmetic Nominal Return (30 Years) (1)
Global Equity	59.00 %	8.96 %
U.S. Fixed Income	25.00 %	4.61 %
Treasury Inflation - Protected Securities	5.00 %	3.36 %
Real Estate Investment Trust	8.00 %	8.94 %
Commodities	3.00 %	4.23 %
Expected Arithmetic Return (30 years)		7.41 %
Expected Geometric Return (30 years)		6.67 %

(1) Rates include a 2.75 percent long-term inflation assumption.

4. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Port contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

5. Changes in the Net OPEB Liability

The changes in the net OPEB liability for the Port's Retiree Healthcare Plan are as follows (in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	**$ 180,554**	**$ 95,319**	**$ 85,235**
Changes for the year:			
Service cost	4,636	—	4,636
Interest	12,158	—	12,158
Changes of assumptions	(724)	—	(724)
Differences between expected and actual experience	(10,433)	—	(10,433)
Contributions from the employer	—	14,513	(14,513)
Net investment income	—	26,194	(26,194)
Administrative expenses	—	(54)	54
Benefit payments	(10,313)	(10,313)	—
Net changes	(4,676)	30,340	(35,016)
Balance at June 30, 2022	**$ 175,878**	**$ 125,659**	**$ 50,219**

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 2022 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, 2022 (in thousands):

	1% Decrease at 5.75%	Measurement Date at 6.75%	1% Increase at 7.75%
Net OPEB Liability	$ 71,702	$ 50,219	$ 32,289

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, 2022 (in thousands):

	-1.00%	Current Healthcare Costs Trend Rate	+1.00%
Net OPEB Liability	$ 30,987	$ 50,219	$ 73,395

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

For the year ended June 30, 2022, the Port recognized OPEB expense of $1.4 million. The Port reported deferred outflows/inflows of resources related to OPEB from the following sources as of June 30, 2022 (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 10,149	$ —
Net difference between projected and actual earnings on OPEB plan investments	—	13,824
Difference between expected and actual experience	—	9,045
Changes of assumptions	—	2,867
Total	**$ 10,149**	**$ 25,736**

The OPEB contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent measurement year. Other amounts reported as deferred inflows of resources, will be amortized annually, and recognized as a reduction to OPEB expense, for the years ending June 30 as follows (in thousands):

Year Ending June 30	Deferred (Inflows) of Resources
2023	$ (8,512)
2024	(6,699)
2025	(6,044)
2026	(4,481)
Total	**$ (25,736)**

C. COMMITMENTS AND CONTINGENCIES

Primary Government

1. Construction Commitments

As of June 30, 2022, the City had outstanding construction encumbrances for the acquisition and construction of assets as follows (in thousands):

	General Fund	Federal/ State Grant Fund	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Building, facilities and infrastructure	$ 20	$ —	$ 2,804	$ —	$ —	$ 93	$ 2,917
Parks and open space	210	715	1,580	744	—	—	3,249
Sewers and storm drains	—	165	—	—	—	—	165
Streets and sidewalks	87	7,023	9,992	24	1,256	—	18,382
Technology enhancement	270	—	1	—	—	291	562
Traffic improvements	—	1,372	750	—	354		2,476
Total	**$ 587**	**$ 9,275**	**$ 15,127**	**$ 768**	**$ 1,610**	**$ 384**	**$ 27,751**

	Sewer Fund	Nonmajor Parks and Recreation	Total Business-Type Activities
Building, facilities and infrastructure	$ —	$ 193	$ 193
Sewers and storm drains	2,104	—	2,104
Streets and sidewalks	1,472	—	1,472
Total	**$ 3,576**	**$ 211**	**$ 3,787**

2. Other Commitments and Contingencies

Recognized Obligation Payment Schedule

As of June 30, 2022, the ORSA had encumbered $437.3 million for contracted obligations, per the ROPS covering the July 1, 2022 through June 30, 2023 period, which was approved by the DOF.

Component Unit – Port of Oakland

As of June 30, 2022, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Aviation	$ 19,254
Maritime	2,279
Total	**$ 21,533**

The most significant projects for which the Port has contractual commitments for construction are Taxiway Pavement and Rehabilitation for $10.8 million, Landscape Security for $0.8 million, Upgrades to the International Arrivals Building for $7.7 million, Sanitary Sewer Projects for $1.2 million, Shore Power Project for $0.3 million, and Paving Projects for $0.7 million.

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 multiple contracts through the Northern California Power Agency (NCPA). Each month Port Utilities procures more power than the power contracts cover. These remaining purchases are done though the Real-time and Day-ahead markets under the California Independent System Operator (CAISO), with prices that vary based on capacity, time, weather, and other conditions.

Counterparty	Contract Ending Year	Contract Structure	Estimated Output	Estimated Annual Cost
EBMUD	2022	Take and Pay - (Pay contract price only if energy is received)	11,000 MWH	Approximately $1.9 million with no annual escalator from 2017-2022.
WAPA	2024	Monthly Fixed Price Plus Energy Received	17,000 MWH	Approximately $0.8 million (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 $0.2 million with annual escalator.
NCPA	2041	Take and Pay - (Pay contract price only if energy is received)	11,300 MWH	Approximately $0.4 million with no annual escalator.
NCPA	2031	Monthly Fixed Price Plus Energy Received	4,500 MWH	Approximately $0.2 million with no annual escalator.
CAISO Market Purchases	Monthly	Monthly Settlements	75,000 MWH	Approximately $6.4 million with no annual escalator.
Renewable Energy Credits	Quarterly	Fixed	40,000 MWH	Approximately $0.7 million with no annual escalator.
Low Carbon Fuel Standard Offset Credits	Quarterly	Fixed	40,000 MWH	Approximately $0.8 million 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, 2022, is as follows (in thousands):

Obligating Event	Liability, Net of Recovery	Estimated Recovery
Pollution poses an imminent danger to the public or environment	$ 1,198	$ —
Identified as responsible to clean up pollution	12,126	179
Begins or legally obligates to clean up or post-clean up activities	1,049	—
Total by obligating event	**$ 14,373**	**$ 179**

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).

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.

D. DEFICIT FUND BALANCES/NET POSITION

As of June 30, 2022, the following funds reported deficits in fund balance/net position (in thousands):

Fund	Deficit
Federal/State Grant Fund	$ (5,308)
Other Governmental Funds	
Lease Financing	(1,183)
JPFA Fund	(7)
Internal Service Funds	
Facilities	(24,536)
Reproduction	(2,087)
Central Stores	(3,523)
Purchasing	(4,127)
Other Private-Purpose Trust Funds:	
Oakland Redevelopment Successor Agency Trust Fund	(174,394)

The deficit in the Federal/State Grant Fund results from expenditures made in advance of grant reimbursement and will be cured through grant drawdowns in future years. 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.

At June 30, 2022, ORSA has a negative net position of $174.4 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, 2022, the City issued $136.8 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 3.2 percent with a final maturity of June 30, 2023. The notes were issued to finance the prepayment of the City's Employer Unfunded Actuarial Accrued Liability contribution to CalPERS for fiscal year 2022-23. The City received a 3.3 percent prepayment discount from CalPERS for pre-funding.

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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 Eight Fiscal Years*
(In Thousands)

Fiscal Year	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**
Measurement period	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total pension liability								
Service cost	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Interest on the total pension liability	34,680	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	(7,376)	(5,699)	(7,915)	(10,656)	3,028	6,978	(21,209)	—
Benefit payments, including refunds of employee contributions	(52,697)	(54,619)	(56,212)	(55,999)	(57,376)	(58,441)	(59,008)	(57,409)
Net change in total pension liability	(25,393)	(24,240)	(27,981)	(4,477)	(9,416)	34,497	(4,735)	(15,076)
Total pension liability, beginning	603,971	628,211	656,192	660,669	670,085	635,588	640,323	655,399
Total pension liability, ending	**$ 578,578**	**$ 603,971**	**$ 628,211**	**$ 656,192**	**$ 660,669**	**$ 670,085**	**$ 635,588**	**$ 640,323**
Plan fiduciary net position								
Contributions, employer	$ 43,648	$ 43,409	$ 44,821	$ 44,860	$ —	$ —	$ —	$ —
Contributions, employee	—	—	—	—	—	—	—	4
Net investment income	90,191	6,997	21,558	35,446	50,159	(1,419)	15,439	66,392
Administrative expenses	(1,585)	(1,523)	(1,446)	(1,543)	(1,261)	(1,376)	(985)	(776)
Claims and settlements	1	—	14	9	70	3,593	—	—
Benefit payments, including refunds of employee contributions	(52,697)	(54,619)	(56,212)	(55,999)	(57,376)	(58,441)	(59,008)	(57,409)
Net change in plan fiduciary net position	79,558	(5,736)	8,735	22,773	(8,408)	(57,643)	(44,554)	8,211
Plan fiduciary net position, beginning	378,974	384,710	375,975	353,202	361,610	419,253	463,807	455,596
Plan fiduciary net position, ending	**$ 458,532**	**$ 378,974**	**$ 384,710**	**$ 375,975**	**$ 353,202**	**$ 361,610**	**$ 419,253**	**$ 463,807**
Plan net pension liability	**$ 120,046**	**$ 224,997**	**$ 243,501**	**$ 280,217**	**$ 307,467**	**$ 308,475**	**$ 216,335**	**$ 176,516**
Plan fiduciary net position as a percentage of the total pension liability	**79.3%**	**62.7%**	**61.2%**	**57.3%**	**53.5%**	**54.0%**	**66.0%**	**72.4%**
Covered payroll	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Plan net pension liability as a percentage of covered payroll	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**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.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios – CalPERS Miscellaneous Plan
Last Eight Fiscal Years*
(In Thousands)

Fiscal year	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**
Measurement period	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total pension liability								
Service cost	$ 48,369	$ 46,683	$ 45,906	$ 43,908	$ 44,132	$ 37,856	$ 37,347	$ 37,135
Interest on the total pension liability	206,708	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	(1,485)	637	54,499	(13,207)	(8,109)	(16,210)	(7,769)	—
Benefit payments, including refunds of employee contributions	(167,814)	(160,418)	(153,985)	(144,933)	(138,379)	(132,473)	(126,730)	(121,423)
Net change in total pension liability	85,778	87,696	141,173	51,743	219,394	66,799	36,449	82,534
Total pension liability, beginning	2,952,225	2,864,529	2,723,356	2,671,613	2,452,219	2,385,420	2,348,971	2,266,437
Total pension liability, ending	**$3,038,003**	**$2,952,225**	**$2,864,529**	**$2,723,356**	**$2,671,613**	**$2,452,219**	**$2,385,420**	**$2,348,971**
Plan fiduciary net position								
Contributions, employer [1]	$ 110,035	$ 100,610	$ 78,370	$ 79,536	$ 75,893	$ 65,067	$ 63,531	$ 52,556
Contributions, employee	20,915	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	457,176	97,856	123,862	151,049	182,811	8,647	37,833	256,552
Administrative expenses	(2,014)	(2,764)	(1,344)	(2,785)	(2,438)	(1,032)	(1,919)	—
Benefit payments, including refunds of employee contributions	(167,814)	(160,418)	(153,985)	(144,933)	(138,379)	(132,473)	(126,730)	(121,423)
Other miscellaneous income/(expense) [1]	—	—	10,944	(5,289)	—	—	—	—
Net change in plan fiduciary net position	418,298	55,901	76,815	96,366	135,957	(42,500)	(10,357)	205,116
Plan fiduciary net position, beginning	2,016,395	1,960,494	1,883,679	1,787,313	1,651,356	1,693,856	1,704,213	1,499,097
Plan fiduciary net position, ending	**$2,434,693**	**$2,016,395**	**$1,960,494**	**$1,883,679**	**$1,787,313**	**$1,651,356**	**$1,693,856**	**$1,704,213**
Plan net pension liability	**$ 603,310**	**$ 935,830**	**$ 904,035**	**$ 839,677**	**$ 884,300**	**$ 800,863**	**$ 691,564**	**$ 644,758**
Plan fiduciary net position as a percentage of the total pension liability	**80.1%**	**68.3%**	**68.4%**	**69.2%**	**66.9%**	**67.3%**	**71.0%**	**72.6%**
Covered payroll	**$ 259,769**	**$ 246,215**	**$ 235,715**	**$ 226,157**	**$ 220,386**	**$ 206,595**	**$ 200,562**	**$ 188,886**

(In Thousands)

Plan net pension liability as a percentage of covered payroll	**232.2%**	**380.1%**	**383.5%**	**371.3%**	**401.3%**	**387.6%**	**344.8%**	**341.3%**

Note to schedule:

Benefit Changes - The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed material by the Plan actuary.

Changes in assumptions - None in 2019-2021. In 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions as of December 2019. In 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 7.65% (without a reduction for pension plan administrative expense). In 2013-14, amounts were based on the 7.5% discount rate.

(1) For measurement period 2018-19, employer contribution reported by CalPERS was $14 million lower than City reported contributions. This was due to a correction made in CalPERS system related to calculation of prior year contributions for 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 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 eight 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 Eight Fiscal Years*
(In Thousands)

Fiscal year	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Measurement period	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total pension liability								
Service cost	$ 47,253	$ 46,907	$ 44,360	$ 43,936	$ 43,687	$ 36,434	$ 32,899	$ 34,590
Interest on the total pension liability	166,126	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	(1,967)	28,634	24,421	3,126	1,595	32,162	4,892	—
Benefit payments, including refunds of employee contributions	(113,403)	(106,609)	(99,846)	(93,628)	(87,231)	(80,752)	(74,198)	(68,751)
Net change in total pension liability	98,009	128,303	119,604	89,513	215,006	117,764	53,299	81,100
Total pension liability, beginning	2,358,488	2,230,185	2,110,581	2,021,068	1,806,062	1,688,298	1,634,999	1,553,899
Total pension liability, ending	**$2,456,497**	**$2,358,488**	**$2,230,185**	**$2,110,581**	**$2,021,068**	**$1,806,062**	**$1,688,298**	**$1,634,999**
Plan fiduciary net position								
Contributions, employer [(1)]	$ 79,501	$ 72,015	$ 63,292	$ 55,633	$ 57,731	$ 47,172	$ 44,366	$ 37,007
Contributions, employee	21,164	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	341,107	71,970	90,217	108,790	129,995	6,311	26,057	175,344
Administrative expenses	(1,497)	(2,034)	(978)	(2,004)	(1,726)	(719)	(1,337)	—
Benefit payments, including refunds of employee contributions	(113,403)	(106,609)	(99,846)	(93,628)	(87,232)	(80,752)	(74,198)	(68,751)
Other miscellaneous income/(expense) [(1)]	—	—	19	(3,806)	—	—	—	—
Net change in plan fiduciary net position	326,872	55,900	72,667	83,618	117,108	(11,767)	9,891	158,198
Plan fiduciary net position, beginning	1,498,354	1,442,454	1,369,787	1,286,169	1,169,061	1,180,828	1,170,937	1,012,739
Plan fiduciary net position, ending	**$1,825,226**	**$1,498,354**	**$1,442,454**	**$1,369,787**	**$1,286,169**	**$1,169,061**	**$1,180,828**	**$1,170,937**
Plan net pension liability	**$ 631,271**	**$ 860,134**	**$ 787,731**	**$ 740,794**	**$ 734,899**	**$ 637,001**	**$ 507,470**	**$ 464,062**
Plan fiduciary net position as a percentage of the total pension liability	**74.3%**	**63.5%**	**64.7%**	**64.9%**	**63.6%**	**64.7%**	**69.9%**	**71.6%**
Covered payroll	**$ 170,158**	**$ 167,049**	**$ 156,372**	**$ 153,500**	**$ 148,995**	**$ 136,073**	**$ 119,980**	**$ 120,396**

(In Thousands)

Plan net pension liability as a percentage of covered payroll	**371.0%**	**514.9%**	**503.8%**	**482.6%**	**493.2%**	**468.1%**	**423.0%**	**385.4%**

Note to schedule:

Benefit Changes - The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed material by the Plan actuary.

Changes in assumptions - None in 2019-2021. In 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions as of December 2019. In 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 7.65% (without a reduction for pension plan administrative expense). In 2013-14, amounts were based on the 7.5% discount rate.

(1) For measurement period 2018-19, employer contribution reported by CalPERS was $6.2 million lower than City reported contributions. This was due to a correction made in CalPERS system related to calculation of prior year contributions for PEPRA employees. $18,886 of the variance was accounted for as “Other Miscellaneous Income” by CalPERS. The remaining variance was posted in CalPERS system in July 2019 and included in next fiscal year. For measurement period 2017-18, as a result of GASB Statement 75, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only eight years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer Pension Contributions –
Police and Fire Retirement System
Last Nine Fiscal Years*
(In Thousands)

Oakland Police and Fire Retirement System

Fiscal year ended June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions (ADC)	$43,820	$43,648	$43,409	$44,821	$44,860	$ —	$ —	$ —	$ 20,300
Contributions in relation to the ADC	(43,820)	(43,648)	(43,409)	(44,821)	(44,860)	—	—	—	—
Contribution deficiency (excess)	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 20,300**
Covered payroll	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	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.

(In Thousands)

The actuarial methods and assumptions used to set the actuarially determined contributions were as follows:

Actuarial valuation	July 1, 2021	July 1, 2019	July 1, 2017
Actuarial cost method	Entry-Age Normal Cost	Entry-Age Normal Cost	Entry-Age Normal Cost
Asset valuation method	Recognizes 20% difference between market value and expected actuarial value each year, with a corridor of 10% around market value	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 (5 years remaining as of 7/1/2021)	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)	2.75% (U.S) to 2.85% (Bay Area)
Discount rate	5.29%	5.37%	5.50%
Projected benefit increases:	Following expiration of current MOUs (6/30/21 for Police and Fire):	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	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 starting July 1, 2024	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	1.50% at July 1, 2021, 2.00% at January 1, 2022, 1.00% at July 1, 2022, 2% at December 1, 2023, then 3.25% (2.85% inflation plus 0.40% productivity increase) per year starting July 1, 2024	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), excluding the 15-year projection using 90% of Scale MP-2016, 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	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), excluding the 15-year projection using 90% of Scale MP-2016, 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	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 nine years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer Pension Contributions – CalPERS Plans
Last Nine Fiscal Years*
(In Thousands)

Miscellaneous Plan - City

Fiscal year ended June 30	2022	2021	2020	2019***	2018	2017**	2016**	2015**	2014
Actuarially determined contribution (ADC)	$95,859	$84,248	$76,021	$56,538	$60,283	$56,987	$47,934	$44,733	$52,556
Contributions in relation to the ADC	(95,859)	(84,248)	(76,021)	(56,538)	(60,283)	(56,987)	(49,078)	(48,796)	(52,556)
Contribution deficiency (excess)	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$(1,144)**	**$(4,063)**	**$ —**
Covered payroll	$207,779	$201,273	$184,842	$177,611	$171,344	$166,272	$153,195	$150,469	$188,886
Contributions as a percentage of covered payroll	46.1 %	41.9 %	41.1 %	31.8 %	35.2 %	34.3 %	31.3 %	29.7 %	27.8 %

Safety Plan

Fiscal year ended June 30	2022	2021	2020	2019****	2018	2017**	2016**	2015**	2014
Actuarially determined contribution (ADC)	$89,065	$79,501	$72,016	$63,292	$55,633	$57,731	$46,611	$43,747	$37,007
Contributions in relation to the ADC	(89,065)	(79,501)	(72,016)	(63,292)	(55,633)	(57,731)	(47,173)	(44,366)	(37,007)
Contribution deficiency (excess)	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ (562)**	**$ (619)**	**$ —**
Covered payroll	$164,863	$170,158	$167,049	$156,372	$153,500	$148,995	$136,073	$119,980	$120,396
Contributions as a percentage of covered payroll	54.0 %	46.7 %	43.1 %	40.5 %	36.2 %	38.7 %	34.7 %	37.0 %	30.7 %

Miscellaneous Plan - Port

Fiscal year ended June 30	2022	2021	2020	2019***	2018	2017**	2016**	2015**	2014
Actuarially determined contribution (ADC)	$27,389	$25,787	$24,588	$21,832	$19,253	$18,906	$15,989	$14,735	n/a
Contributions in relation to the ADC	(27,389)	(25,787)	(24,588)	(21,832)	(19,253)	(18,906)	(15,989)	(14,735)	n/a
Contribution deficiency (excess)	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**n/a**
Covered payroll	$59,357	$58,496	$61,374	$58,104	$54,813	$54,114	$53,400	$50,093	n/a
Contributions as a percentage of covered payroll	46.1 %	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 nine 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.

(In Thousands)

Methods and assumptions used to determine the last nine years contribution rates to CalPERS plans

ADC for fiscal year	June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014
Actuarial valuation date	June 30, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	In fiscal year 2022, 2021, 2020, 2019, 2018 and 2017, the fair value of assets was used. In fiscal year 2016, 2015 and 2014, the actuarial value of assets was used.
Inflation	In fiscal years 2022, 2021 and 2020. 2.80%, 2.50% and 2.625% compounded annually respectively. In fiscal years 2015-2019, 2.75% compounded annually.
Salary increases	Varies by entry age and services
Payroll growth	In fiscal year 2022, 2021 and 2020, 2.80%, 2.75% and 2.875% compounded annually respectively. In fiscal years 2015 - 2019, 3.0% compounded annually.
Investment rate of return	In fiscal year 2021, 7.0%. net of administrative expenses, including inflation. 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 years 2022, 2021 and 2020, the probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. In fiscal year 2016 and 2015, the probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. In fiscal year 2017 through 2019, the probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011.
Mortality	In fiscal years 2022, 2021 and 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 2017 through 2019, mortality rates are based on the 2014 CalPERS Experience Study for the period 1997 to 2011.In fiscal year 2016 and 2015, mortality rates are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.

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	2022	2021	2020	2019	2018*
Measurement period	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 37,664	$ 24,307	$ 37,585	$ 38,477	$ 50,972
Interest (includes interest on service cost)	18,927	27,522	32,591	30,078	32,415
Changes of assumptions	(197,600)	222,308	(139,063)	(38,298)	(294,914)
Changes of benefits	(36,950)	—	(147,572)	—	—
Differences between expected and actual experience	(10,132)	—	14,923	—	(10,799)
Benefit payments	(29,517)	(28,917)	(29,130)	(27,481)	(20,424)
Net change in total OPEB liability	**(217,608)**	**245,220**	**(230,666)**	**2,776**	**(242,750)**
Total OPEB liability, beginning	871,126	625,906	856,572	853,796	1,096,546
Total OPEB liability, ending	**$ 653,518**	**$ 871,126**	**$ 625,906**	**$ 856,572**	**$ 853,796**
Plan fiduciary net position					
Contributions, employer	$ 29,517	$ 28,917	$ 39,130	$ 38,147	$ 20,424
Net investment income	7,775	967	1,420	945	414
Administrative expenses	(16)	(14)	(12)	(7)	(2)
Benefit payments	(29,517)	(28,917)	(29,130)	(27,481)	(20,424)
Net change in plan fiduciary net position	**7,759**	**953**	**11,408**	**11,604**	**412**
Plan fiduciary net position, beginning	28,290	27,337	15,929	4,325	3,913
Plan fiduciary net position, ending	**$ 36,049**	**$ 28,290**	**$ 27,337**	**$ 15,929**	**$ 4,325**
Plan net OPEB liability	**$ 617,469**	**$ 842,836**	**$ 598,569**	**$ 840,643**	**$ 849,471**
Plan fiduciary net position as a percentage of the total OPEB liability	5.5 %	3.2 %	4.4 %	1.9 %	0.5 %
Covered payroll	$ 384,527	$ 383,674	$ 373,405	$ 369,316	$ 360,309
Plan net OPEB liability as a percentage of covered payroll	160.6 %	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 five 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 Five Fiscal Years*
(In Thousands)

Fiscal Year	**2022**	**2021**	**2020**	**2019**	**2018**
Measurement period	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 4,636	$ 4,416	$ 4,621	$ 4,329	$ 4,055
Interest (includes interest on service cost)	12,158	11,793	11,995	11,521	11,089
Changes of assumptions	(724)	(896)	(6,179)	—	—
Differences between expected and actual experience	(10,433)	—	(3,665)	—	—
Benefit payments	(10,313)	(9,941)	(9,193)	(9,045)	(9,000)
Net change in total OPEB liability	**(4,676)**	**5,372**	**(2,421)**	**6,805**	**6,144**
Total OPEB liability, beginning	180,554	175,182	177,603	170,798	164,654
Total OPEB liability, ending	**$ 175,878**	**$ 180,554**	**$ 175,182**	**$ 177,603**	**$ 170,798**
Plan fiduciary net position					
Contributions, employer	$ 14,513	$ 14,141	$ 14,693	$ 14,545	$ 15,400
Net investment income	26,194	3,143	4,821	5,351	5,773
Administrative expenses	(54)	(44)	(38)	(35)	(22)
Benefit payments	(10,313)	(9,941)	(9,193)	(9,045)	(9,000)
Net change in plan fiduciary net position	30,340	7,299	10,283	10,816	12,151
Plan fiduciary net position, beginning	95,319	88,020	77,737	66,921	54,770
Plan fiduciary net position, ending	**$ 125,659**	**$ 95,319**	**$ 88,020**	**$ 77,737**	**$ 66,921**
Plan net OPEB liability	**$ 50,219**	**$ 85,235**	**$ 87,162**	**$ 99,866**	**$ 103,877**
Plan fiduciary net position as a percentage of the total OPEB liability	71.4 %	52.8 %	50.2 %	43.8 %	39.2 %
Covered payroll (1)	$ 61,112	$ 66,473	$ 63,359	$ 61,326	$ 58,516
Plan net OPEB liability as a percentage of covered payroll	82.2 %	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 five years of information is shown.

(1) The Port's OPEB plan is administered through the California Employer's Retiree Benefit Trust. Contributions are not based on a measure of pay, therefore, covered payroll (the payroll of employees that are provided with OPEB through the OPEB plan) is used as the measure of payroll.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer OPEB Contributions - City Retiree Health Plan
Last Five Fiscal Years
(In Thousands)

Fiscal year ended June 30	**2022**	**2021**	**2020**	**2019**	**2018***
Actuarially determined contribution (ADC)	$ 54,293	$ 52,755	$ 50,660	$ 75,069	$ 72,480
Contributions in relation to the ADC	(43,003)	(29,517)	(28,917)	(39,130)	(37,225)
Contribution deficiency	**$ 11,290**	**$ 23,238**	**$ 21,743**	**$ 35,939**	**$ 35,255**
Covered payroll	$ 395,101	$ 384,527	$ 383,674	$ 373,405	$ 369,316
Contributions as a percentage of covered payroll	10.88 %	7.68 %	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, 2021	July 1, 2019	July 1, 2017
Actuarial cost method	Entry-Age Normal Cost	Entry-Age Normal Cost	Entry-Age Normal Cost
Asset valuation method	Market value	Market value	Market value
Amortization method	Level percentage of pay, closed period as of FY 2020	Level percentage of pay, closed period as of FY 2020	Level percentage of pay, open period, 30 years
Inflation	2.30%	2.50%	2.50%
Discount rate	3.74%	4.50%	3.58%
Investment Rate of Return	7.59%	7.59%	7.28%
Rate of salary increase	2.75%	2.75%	2.50%
Ultimate rate of medical inflation	3.83%	3.50%	3.50%
Years to ultimate rate of medical inflation	54 years	20 years	20 years
Rates of mortality	Based on the 2021 CalPERS Experience Study from 2000 to 2019	Based on the 2017 CalPERS Experience Study from 1997 to 2015	Based on the 2017 CalPERS Experience Study from 1997 to 2015
Postretirement benefit increase	Police - 2.5% increase at July 1, 2020, 3% increase at July 1, 2021, 3.5 % increase at July 1, 2022 and 2023, and 3.25% increase starting at July 1, 2024 Fire - 4.5% increase for fire engineers and 2.5% increase for all other fire at January 1, 2021, 1.5% increase at July 1, 2021, 2% increase at January 1, 2022, 1% increase at July 1, 2022, 2% increase at December 1, 2023, and 3.25% increase starting at July 1, 2024	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%	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%

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only five years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer OPEB Contributions -
Port Retiree Health Plan
Last Five Fiscal Years
(In Thousands)

Fiscal year ended June 30	**2022**	**2021**	**2020**	**2019**	**2018 ***
Actuarially determined contribution (ADC)	$ 8,815	$ 12,350	$ 12,149	$ 13,310	$ 13,203
Contributions in relation to the ADC	(10,148)	(14,418)	(14,145)	(14,894)	(14,732)
Contribution deficiency (excess)	**$ (1,333)**	**$ (2,068)**	**$ (1,996)**	**$ (1,584)**	**$ (1,529)**
Covered payroll (1)	$ 61,097	$ 61,112	$ 66,473	$ 63,359	$ 61,326
Contributions as a percentage of covered payroll	16.6 %	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, 2022, 2021, 2020, 2019, 2018
Actuarial valuation date	June 30, 2021, 2019 and 2017
Actuarial cost method	Entry-Age Normal
Asset valuation method	Market Value of Assets
Amortization method/period	30-year level dollar amount on a "closed" basis
Inflation	2.75%
Payroll growth	CalPERS salary scale for Miscellaneous employees hired at age 30
Investment rate of return	6.75% net of investment expense
Healthcare Cost Trend Rates	For fiscal year 2022, 5.5% increase for medial, decreasing to 4.25% in 2072 and later years, 5.0% increase for vision and dental, decreasing to 3.0% in 2023 and later years and 8.5% increase for Medicare Part B, decreasing to 4.25% in 2050 and later years. 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 2022, 2021 and 2020, based upon the CalPERs 2014 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 five years of information is shown.

(1) The Port's OPEB plan is administered through the California Employer's Retiree Benefit Trust. Contributions are not based on a measure of pay, therefore, covered payroll (the payroll of employees that are provided with OPEB through the OPEB plan) is used as the measure of payroll.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2022
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 375,994	$ 375,994	$ 410,089	$ 34,095
Sales and use	58,971	58,971	64,166	5,195
Motor vehicle in-lieu	—	—	503	503
Local taxes:				
Business license	97,752	97,752	101,290	3,538
Utility consumption	49,138	49,138	57,930	8,792
Real estate transfer	96,426	96,426	138,396	41,970
Transient occupancy	16,733	16,733	16,662	(71)
Parking	7,841	7,841	9,539	1,698
Voter-approved special tax	8,989	8,989	7,575	(1,414)
Franchise	20,707	20,707	20,008	(699)
License and permits	4,050	4,050	1,413	(2,637)
Fines and penalties	15,461	15,461	19,741	4,280
Interest and investment income (loss)	516	516	(16,531)	(17,047)
Charges for services	85,721	85,852	84,948	(904)
Federal and state grants and subventions	1,369	2,750	3,189	439
Annuity income	4,893	4,893	4,657	(236)
Other	1,843	2,381	2,663	282
TOTAL REVENUES	846,404	848,454	926,238	77,784
EXPENDITURES				
Current:				
General government	180,478	180,331	152,326	28,005
Public safety	497,891	513,848	402,364	111,484
Community and human services	70,438	82,300	64,812	17,488
Community and economic development	33,892	65,448	18,494	46,954
Public works and transportation	49,448	54,000	48,229	5,771
Capital outlay	21	10,421	3,072	7,349
Debt service:				
Principal repayment	477	477	537	(60)
Bond issuance cost	—	—	140	(140)
Interest charges	12	12	680	(668)
TOTAL EXPENDITURES	832,657	906,837	690,654	216,183
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,747	(58,383)	235,584	293,967
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	800	800	1	(799)
Transfers in	203,737	203,737	22,160	(181,577)
Transfers out	(275,577)	(275,530)	(108,158)	167,372
TOTAL OTHER FINANCING SOURCES (USES)	(71,040)	(70,993)	(85,997)	(15,004)
NET CHANGE IN FUND BALANCE	(57,293)	(129,376)	149,587	278,963
Fund balance - beginning	463,683	463,683	463,683	—
FUND BALANCE - ENDING	$ 406,390	$ 334,307	$ 613,270	$ 278,963

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, 2022
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 19,003	$ 19,003	$ 19,027	$ 24
Local taxes:				
Transient occupancy	4,564	4,564	4,548	(16)
Parking	7,433	7,433	8,645	1,212
Voter-approved special tax	70,150	70,150	69,490	(660)
Licenses and permits	14,464	14,464	31,385	16,921
Fines and penalties	618	618	863	245
Interest and investment income (loss)	10	10	(2,504)	(2,514)
Charges for services	52,147	52,247	42,771	(9,476)
Federal and state grants and subventions	536	585	247	(338)
Other	348	348	1,254	906
TOTAL REVENUES	169,273	169,422	175,726	6,304
EXPENDITURES				
Current:				
General government	23,556	25,681	19,497	6,184
Public safety	32,337	32,821	25,022	7,799
Community and human services	67,983	86,001	60,514	25,487
Community and economic development	47,882	90,688	48,908	41,780
Public works and transportation	41,062	55,054	26,812	28,242
Capital outlay	(589)	15,025	4,928	10,097
TOTAL EXPENDITURES	212,231	305,270	185,681	119,589
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(42,958)	(135,848)	(9,955)	125,893
OTHER FINANCING SOURCES (USES)				
Insurance claims and settlements	—	—	4,797	4,797
Transfers in	18,415	18,835	18,385	(450)
Transfers out	(9,779)	(9,827)	(9,066)	761
SOURCES (USES)	8,636	9,008	14,116	5,108
NET CHANGE IN FUND BALANCE	(34,322)	(126,840)	4,161	131,001
Fund balance - beginning	205,311	205,311	205,311	—
FUND BALANCE - ENDING	$ 170,989	$ 78,471	$ 209,472	$ 131,001

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 2021, the City Council approved the City's two-year budget for fiscal years 2021 and 2022. 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 2021-2023 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.

(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, 2022, was $0.4 million.

The following schedule is a reconciliation of the GAAP and budgetary results of operations (in thousands):

	General Fund
Net change in fund balance - GAAP basis	$ 149,945
Amortization of debt service deposit agreement	(358)
Net change in fund balance - Budgetary basis	$ 149,587

The general fund's fund balance on a GAAP Basis is reconciled to a Budgetary Basis as of June 30, 2022, which is as follows (in thousands):

	General Fund
Fund balance - GAAP basis	$ 613,911
Unamortized debt service deposit agreement	641
Fund balance - Budgetary basis	$ 613,270

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FEDERAL AWARDS PROGRAMS

Certified Public Accountants

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 (*Government Auditing Standards*), 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, 2022, 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 23, 2022. Our report included an emphasis of a matter paragraph for the City's adoption of Governmental Accounting Standards Board Statement No. 87, *Leases*, effective July 1, 2021. 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.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a significant deficiency.

Macias Gini & O'Connell LLP
2121 N. California Boulevard, Suite 750
Walnut Creek, CA 94596

Report on 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 Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 23, 2022

Certified Public Accountants

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

Qualified and Unmodified Opinions

We have audited the City of Oakland, California's (City), compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

Qualified Opinion on Home Investment Partnerships Program (Assistance Listing Number 14.239)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Home Investment Partnerships Program for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Macias Gini & O'Connell LLP
2121 N. California Boulevard, Suite 750
Walnut Creek, CA 94596

Matters Giving Rise to Qualified Opinion on Home Investment Partnerships Program (Assistance Listing Number 14.239)

As described in finding number 2022-002 in the accompanying schedule of findings and questioned costs, the City did not comply with the requirements regarding special tests and provisions - housing quality standards for the Home Investment Partnerships Program.

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of the Port of Oakland (Port), which expended $62,765,751 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit, described in the Qualified and Unmodified Opinions section of our report, does not include the operations of the Port because the Port engaged us to perform a separate audit of compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 31, 2023

CITY OF OAKLAND
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

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
U.S. DEPARTMENT OF AGRICULTURE						
Passed through State of California, Department of Education						
Child and Adult Care Food Program	10.558	04008-CACFP-01-GM-CS	$ 109,411	$ -	$ 109,411	$ -
Summer Food Service Program for Children / Child Nutrition Cluster	10.559	04008-SFSP-01	515,241	-	515,241	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			624,652	-	624,652	-
U.S. DEPARTMENT OF COMMERCE						
Direct Program						
COVID-19 - Economic Adjustment Assistance	11.307	07-79-07700; URI 115907	-	74,113	74,113	74,113
COVID-19 - Economic Adjustment Assistance	11.307	07-79-07599	-	381,000	381,000	381,000
Subtotal Economic Adjustment Assistance / Economic Development Cluster			-	455,113	455,113	455,113
TOTAL U.S. DEPARTMENT OF COMMERCE			-	455,113	455,113	455,113
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs						
COVID-19 Community Development Block Grants/ Entitlement Grants	14.218	B-20-MW-06-0013	-	2,970,303	2,970,303	2,970,303
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-06-0013	15,529	-	15,529	-
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-06-0013	217,362	-	217,362	217,362
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-06-0013	961,453	-	961,453	65,011
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-06-0013	6,322,386	-	6,322,386	2,064,016
Subtotal Community Development Block Grants / Entitlement Grants Cluster			7,516,730	2,970,303	10,487,033	5,316,692
COVID-19 Emergency Solutions Grant Program	14.231	E20-MW-06-0013	-	14,272,198	14,272,198	11,461,022
Emergency Solutions Grant Program	14.231	E20-MC-06-0013	102,912	-	102,912	88,934
Emergency Solutions Grant Program	14.231	E21-MC-06-0013	601,187	-	601,187	558,800
Subtotal Emergency Solutions Grant Program			704,099	14,272,198	14,976,297	12,108,756
Home Investment Partnerships Program	14.239	M-16-MC-06-0208	100,000	-	100,000	-
Home Investment Partnerships Program	14.239	M-17-MC-06-0208	488,928	-	488,928	-
Home Investment Partnerships Program	14.239	M-18-MC-06-0208	1,427,983	-	1,427,983	-
Home Investment Partnerships Program	14.239	M-19-MC-06-0208	1,737,822	-	1,737,822	-
Home Investment Partnerships Program	14.239	M-20-MC-06-0208	366,000	-	366,000	-
Subtotal Home Investment Partnerships Program			4,120,733	-	4,120,733	-
COVID-19 Housing Opportunities for Persons with AIDS	14.241	CAH-22-F001	-	150,294	150,294	150,294
Housing Opportunities for Persons with AIDS	14.241	CAH-18-F001	230,113	-	230,113	230,113
Housing Opportunities for Persons with AIDS	14.241	CAH-19-F001	1,080,554	-	1,080,554	1,080,554
Housing Opportunities for Persons with AIDS	14.241	CAH-20-F001	494,097	-	494,097	482,885
Housing Opportunities for Persons with AIDS	14.241	CAH-21-F001	59,675	-	59,675	-
Subtotal Housing Opportunities for Persons with AIDS			1,864,439	150,294	2,014,733	1,943,846
Continuum of Care Program	14.267	CA0106L9T021912	8,158	-	8,158	8,158
Continuum of Care Program	14.267	CA0106L9T022013	588,181	-	588,181	565,298
Continuum of Care Program	14.267	CA1270L9T021905	396,604	-	396,604	370,786
Continuum of Care Program	14.267	CA1270L9T022006	534,953	-	534,953	515,746
Continuum of Care Program	14.267	CA1465L9T021904	339,769	-	339,769	293,664
Continuum of Care Program	14.267	CA1465L9T022005	241,969	-	241,969	229,202
Continuum of Care Program	14.267	CA1643L9T021902	5,101	-	5,101	5,101
Continuum of Care Program	14.267	CA1643L9T022003	212,332	-	212,332	208,537
Continuum of Care Program	14.267	CA1736L9T022002	1,742,066	-	1,742,066	1,672,209
Continuum of Care Program	14.267	CA1737L9T022002	565,996	-	565,996	544,960
Subtotal Continuum of Care Program			4,635,129	-	4,635,129	4,413,661
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			18,841,130	17,392,795	36,233,925	23,782,955
U.S. DEPARTMENT OF JUSTICE						
Direct Programs						
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1784	-	44,190	44,190	-
Crime Victims Assistance/Discretionary Grants	16.582	2020-V3-GX-0080	185,740	-	185,740	-
Public Safety Partnership and Community Policing Grants	16.710	2020-MHWXK-010	41,708	-	41,708	-
DNA Backlog Reduction Program	16.741	2019-DN-BX-0124	15,965	-	15,965	-
DNA Backlog Reduction Program	16.741	2020-DN-BX-0152	336,757	-	336,757	-
Subtotal DNA Backlog Reduction Program			352,722	-	352,722	-

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

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
U.S. DEPARTMENT OF JUSTICE (Continued)						
Passed through California Governor's Office of Emergency Services						
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ20 16 7503	38,027	-	38,027	-
Passed through Alameda County						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0653	55,619	-	55,619	-
Second Chance Act Reentry Initiative	16.812	2018-CZ-BX-0011	92,473	-	92,473	92,473
TOTAL U.S. DEPARTMENT OF JUSTICE			766,289	44,190	810,479	92,473
U.S. DEPARTMENT OF LABOR						
Passed through State of California,						
Employment Development Department						
COVID-19 WIOA National Dislocated Worker Grants/ WIA National Emergency Grants	17.277	AA011022	-	355,094	355,094	355,094
WIOA Cluster:						
WIOA Adult Program	17.258	AA011022	43,402	-	43,402	43,402
WIOA Adult Program	17.258	AA111022	369,890	-	369,890	228,849
WIOA Adult Program	17.258	AA211022	500,766	-	500,766	569,231
Subtotal WIOA Adult Program			914,058	-	914,058	841,482
WIOA Youth Activities	17.259	AA111022	375,275	-	375,275	229,254
WIOA Youth Activities	17.259	AA211022	645,002	-	645,002	501,710
Subtotal WIOA Youth Program			1,020,277	-	1,020,277	730,964
COVID-19 WIOA Dislocated Worker Formula Grants	17.278	AA011022	-	29,973	29,973	29,973
WIOA Dislocated Worker Formula Grants	17.278	AA111022	461,388	-	461,388	264,502
WIOA Dislocated Worker Formula Grants	17.278	AA211022	356,196	-	356,196	294,631
Subtotal WIOA Dislocated Worker Formula Grants			817,584	29,973	847,557	589,106
Subtotal WIOA Cluster			2,751,919	29,973	2,781,892	2,161,552
TOTAL U.S. DEPARTMENT OF LABOR			2,751,919	385,067	3,136,986	2,516,646
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through State of California, Department of Transportation						
Highway Planning and Construction	20.205	ATPL-5012(143)	615,082	-	615,082	-
Highway Planning and Construction	20.205	ATPL-5012(144)	537,894	-	537,894	-
Highway Planning and Construction	20.205	BHLO-5012(103)	44,421	-	44,421	-
Highway Planning and Construction	20.205	BRLS-5012(160)	75,327	-	75,327	-
Highway Planning and Construction	20.205	BRLS-5012(161)	75,327	-	75,327	-
Highway Planning and Construction	20.205	CMLNI-5012(145)	305,621	-	305,621	-
Highway Planning and Construction	20.205	HSIPL-5012(139)	120	-	120	-
Highway Planning and Construction	20.205	HSIPL-5012(140)	525,474	-	525,474	-
Highway Planning and Construction	20.205	HSIPL-5012(141)	135,987	-	135,987	-
Highway Planning and Construction	20.205	HSIPL-5012(142)	605,608	-	605,608	-
Highway Planning and Construction	20.205	HSIPL-5012(147)	2,037,000	-	2,037,000	-
Highway Planning and Construction	20.205	HSIPL-5012(148)	38,760	-	38,760	-
Highway Planning and Construction	20.205	HSIPL-5012(149)	622,062	-	622,062	-
Highway Planning and Construction	20.205	HSIPL-5012(150)	86,571	-	86,571	-
Highway Planning and Construction	20.205	HSIPL-5012(151)	289,083	-	289,083	-
Highway Planning and Construction	20.205	HSIPL-5012(152)	779,180	-	779,180	-
Highway Planning and Construction	20.205	HSIPL-5012(159)	25,112	-	25,112	-
Highway Planning and Construction	20.205	STPCML-5012(155)	283,535	-	283,535	-
Highway Planning and Construction	20.205	STPL-5012(130)	861,228	-	861,228	-
Highway Planning and Construction	20.205	STPLR 7500(270)	51,202	-	51,202	-
Highway Planning and Construction	20.205	STPLR 7500(271)	70,121	-	70,121	-
Highway Planning and Construction	20.205	STPLR 7500(272)	78,638	-	78,638	-
Subtotal Highway Planning and Construction / Highway Planning and Construction Cluster			8,143,353	-	8,143,353	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			8,143,353	-	8,143,353	-

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

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
U.S. DEPARTMENT OF TREASURY						
Direct Program						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	87,021,878	87,021,878	-
Passed through State of California, Department of Finance						
COVID-19 Coronavirus Relief Fund	21.019	20-HK-00137	-	340,020	340,020	340,020
Emergency Rental Assistance Program						
Direct Program						
COVID-19 Emergency Rental Assistance Program	21.023	OMB1505-0266	-	10,237,827	10,237,827	10,107,940
COVID-19 Emergency Rental Assistance Program	21.023	OMB1505-0270	-	17,901,171	17,901,171	17,174,429
Passed through State of California, Department of Finance						
COVID-19 Emergency Rental Assistance Program	21.023	21-ERAP-20080	-	11,587,409	11,587,409	11,587,409
Subtotal Emergency Rental Assistance Program			-	39,726,407	39,726,407	38,869,778
TOTAL U.S. DEPARTMENT OF TREASURY			-	127,088,305	127,088,305	39,209,798
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Direct Program						
San Francisco Bay Water Quality Improvement Fund	66.126	98T15701	15,432	-	15,432	-
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			15,432	-	15,432	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Direct Programs						
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79SM084923-01	556,629	-	556,629	122,000
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	3H79SM063517-05S1	277,038	-	277,038	53,669
Subtotal Substance Abuse and Mental Services - Projects of Regional and National Significance			833,667	-	833,667	175,669
COVID-19 Head Start	93.600	09HE001400-01-00	-	251,347	251,347	-
COVID-19 Head Start	93.600	09CH010399-05-C3	-	286,102	286,102	-
Head Start	93.600	09CH010399-05-06	608,845	-	608,845	-
Head Start	93.600	09CH012060	10,661,848	-	10,661,848	-
Subtotal Head Start / Head Start Cluster			11,270,693	537,449	11,808,142	-
Passed through State of California, Department of Community Services and Development						
COVID-19 Community Services Block Grant	93.569	20F-3641	-	965,251	965,251	739,869
Community Services Block Grant	93.569	21F-4002	801,541	-	801,541	309,226
Community Services Block Grant	93.569	21F-4404	20,415	-	20,415	-
Community Services Block Grant	93.569	22F-5002	541,242	-	541,242	255,213
Subtotal Community Services Block Grant			1,363,198	965,251	2,328,449	1,304,308
Passed through State of California, Department of Aging						
Medical Assistance Program	93.778	MS-2021-01	4,613	-	4,613	-
Medical Assistance Program	93.778	MS-2122-01	1,478,545	-	1,478,545	-
Subtotal Medical Assistance Program / Medicaid Cluster			1,483,158	-	1,483,158	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			14,950,716	1,502,700	16,453,416	1,479,977
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
Direct Programs						
Foster Grandparent/Senior Companion Cluster						
Foster Grandparent Program	94.011	20SFPCA006	13,934	-	13,934	-
Foster Grandparent Program	94.011	20SFPCA006	18,372	-	18,372	-
Subtotal Foster Grandparent Program			32,306	-	32,306	-
Senior Companion Program	94.016	20SCPCA006	28,814	-	28,814	-
Senior Companion Program	94.016	20SCPCA006	131,508	-	131,508	-
Subtotal Senior Companion Program			160,322	-	160,322	-
Subtotal Foster Grandparent/Senior Companion Cluster			192,628	-	192,628	-
TOTAL U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			192,628	-	192,628	-

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

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
U.S. DEPARTMENT OF HOMELAND SECURITY						
Direct Programs						
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2019-CA-00087	72,257	-	72,257	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2020-CA-00052	420,412	-	420,412	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2021-CA-00073	426,036	-	426,036	-
National Urban Search and Rescue (US&R) Response System	97.025	2021-0014a	153,919	-	153,919	-
National Urban Search and Rescue (US&R) Response System	97.025	2021-0124	988,090	-	988,090	-
Subtotal National Urban Search and Rescue Response System			2,060,714	-	2,060,714	-
COVID-19 Assistance to Firefighters Grant	97.044	EMW-2020-FG-01517	-	206,564	206,564	-
Assistance to Firefighters Grant	97.044	EMW-2020-FG-15895	73,800	-	73,800	-
Subtotal Assistance to Firefighters Grant			73,800	206,564	280,364	-
Port Security Grant Program	97.056	EMW-2019-PU-00534	262,500	-	262,500	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH-00506	311,539	-	311,539	-
Passed through California Governor's Office of Emergency Services						
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4482-DR-CA	-	8,370,219	8,370,219	-
Hazard Mitigation Grant	97.039	FEMA-0420-DR-CA-0065-048	1,387,762	-	1,387,762	1,079,989
Hazard Mitigation Grant	97.039	FEMA-4240-DR-CA-0024-019	282,335	-	282,335	162,032
Subtotal Hazard Mitigation Grant			1,670,097	-	1,670,097	1,242,021
Passed through City and County of San Francisco (CCSF)						
Homeland Security Grant Program	97.067	2019-0035	299,915	-	299,915	-
Homeland Security Grant Program	97.067	2020-0095	361,381	-	361,381	-
Homeland Security Grant Program	97.067	2021-0081	468,570	-	468,570	-
Subtotal Homeland Security Grant Program - passed through CCSF			1,129,866	-	1,129,866	-
Passed through Alameda County						
Homeland Security Grant Program	97.067	2019-0035	34,224	-	34,224	-
Homeland Security Grant Program	97.067	2020-0095	10,795	-	10,795	-
Subtotal Homeland Security Grant Program - passed through Alameda County			45,019	-	45,019	-
Subtotal Homeland Security Grant Program			1,174,885	-	1,174,885	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			5,553,535	8,576,783	14,130,318	1,242,021
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 51,839,654	$ 155,444,953	$ 207,284,607	$ 68,778,983

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, 2022

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, 2022. 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), a discretely presented component unit, which expended $$62,765,751 of federal awards during the year ended June 30, 2022. 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, 2022.

CITY OF OAKLAND

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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?	Yes
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Qualified for Home Investment Partnerships Program (ALN 14.239); Unmodified for all other major federal programs
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

Program Title	Assistance Listing Number
Home Investment Partnerships Program	14.239
Emergency Rental Assistance Program	21.023
Coronavirus State and Local Fiscal Recovery Funds	21.027

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

Section II – Financial Statement Findings

**2022-001 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:
During our audit for the year ended June 30, 2022, we continued to note weaknesses within the City's information security program that were identified in prior years' audits. 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. On February 8, 2023, the City became a victim of a ransomware attack. The City's enterprise resource planning and 911 emergency systems were not directly impacted by the incident but many systems were taken offline while the City coordinated with law enforcement to investigate the attack. The City declared a state of emergency and the adverse impact of the attack is not determinable as of the release of this report.

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. The February 8, 2023 ransomware attack reinforced the importance of prioritizing City's staffing and resources to develop and implement information security policies, processes, and procedures.

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.

Section III – Federal Award Findings and Questioned Costs

Finding Reference:	**2022-002**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Federal Program Title:	**Home Investment Partnerships Program**
Assistance Listing Number:	**14.239**
Federal Grant Number:	**Not Applicable**
Category of Finding:	**Special Tests and Provisions – Housing Quality Standards**
Classification of Finding:	**Material Weakness in Internal Control over Compliance** **Material Noncompliance**

Criteria:
Pursuant to 24 CFRs 92.209(i), 92.251(f), and 92.504(d), during the period of affordability for Home Investment Partnerships Program (HOME) assisted rental housing, the City must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than (a) every three years for projects containing one to four units, (b) every two years for projects containing five to 25 units, and (c) every year for projects containing 26 or more units. The City must perform on-site inspections of rental housing occupied by tenants receiving HOME assisted tenant based rental assistance to determine compliance with housing quality standards.

The Coronavirus Aid, Relief and Economic Security (CARES) Act provides the U.S. Department of Housing and Urban Development (HUD) with broad authority to waive or establish alternative requirements for the HOME program. HUD waived the requirement to perform ongoing periodic inspections. Within 180 days of the end of the waiver period ended December 31, 2021, the City must physically inspect units that would have been subject to on-going inspections since the waiver period began on April 10, 2020.

Condition:
The City did not perform any Housing Quality Standards (HQS) inspections as required within 180 days of the end of the waiver period ended December 31, 2021 and the City started performing HQS inspections during the next fiscal year beginning July 1, 2022.

Cause of Condition:
As a result of the novel coronavirus (COVID-19) health emergency, the City implemented administrative reliefs and waivers issued by HUD, and temporarily suspended all HQS inspections. Procedural changes due to the global pandemic and staffing constraints led to delayed inspections.

Effect:
HOME assisted rental housing may not meet safety and other requirements.

Questioned Costs:
Not applicable. During the period of affordability for HOME assisted rental housing, the City is required to perform on-site inspections to determine compliance with property standards.

Identification of Repeat Finding:
This is not a repeat finding.

Recommendation:
The City should develop procedures, systems and controls to ensure the required HQS inspections are conducted in a timely manner. Also, staff needs to be continually trained and cross-trained on the rules and regulations to properly administer HQS inspections in accordance with HUD requirements.

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.

SUPPLEMENTAL SCHEDULES

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, 2022

	March 27, 2020 through June 30, 2022	July 1, 2021 through June 30, 2022	Total Audited Costs	Total Reported [1]	Total Budget
Revenue:					
Grant Amount	$ 803,055	$ 965,251	$ 1,768,306	$ 1,768,306	$ 1,893,460
Expenditures:					
Personnel Costs:					
Salaries and Wages	27,764	75,698	103,462	103,462	123,710
Fringe Benefits	33,337	90,063	123,400	123,400	165,287
Subtotal Personnel Costs	61,101	165,761	226,862	226,862	288,997
Non-Personnel Costs:					
Operating Expenses	-	20,046	20,046	20,046	30,000
Travel	-	-	-	-	-
Sub-Contractors/Consultants	726,451	745,766	1,472,217	1,472,217	1,511,894
Other Costs	15,503	33,678	49,181	49,181	62,569
Subtotal Non-Personnel Costs	741,954	799,490	1,541,444	1,541,444	1,604,463
Total Expenditures	$ 803,055	$ 965,251	$ 1,768,306	$ 1,768,306	$ 1,893,460

[1] 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 to June 30, 2022

	January 1, 2021 through June 30, 2021	July 1, 2021 through June 30, 2022	Total Audited Costs	Total Reported [1]	Total Budget
Revenue:					
Grant Amount	$ 604,084	$ 801,541	$ 1,405,625	$ 1,405,625	$ 1,405,625
Expenditures:					
Personnel Costs:					
Salaries and Wages	129,884	193,419	323,303	323,303	313,300
Fringe Benefits	154,274	167,685	321,959	321,959	314,862
Subtotal Personnel Costs	284,158	361,104	645,262	645,262	628,162
Non-Personnel Costs:					
Operating Expenses	1,728	33,594	35,322	35,322	42,427
Travel	2,100	2,900	5,000	5,000	5,000
Sub-Contractors/Consultants	304,329	387,352	691,681	691,681	702,103
Other Costs	11,769	16,591	28,360	28,360	27,933
Subtotal Non-Personnel Costs	319,926	440,437	760,363	760,363	777,463
Total Expenditures	$ 604,084	$ 801,541	$ 1,405,625	$ 1,405,625	$ 1,405,625

[1] 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, 2022

	January 1, 2021 through June 30, 2021	July 1, 2021 through June 30, 2022	Total Audited Costs	Total Reported [1]	Total Budget
Revenue					
Grant Amount	$ 7,835	$ 20,415	$ 28,250	$ 28,250	$ 28,250
Expenditures					
Personnel Costs					
Salaries and Wages	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Subtotal Personnel Costs	-	-	-	-	-
Non-Personnel Costs					
Operating Expense	-	-	-	-	-
Travel	-	-	-	-	-
Sub-Contractors/Consultants	7,835	20,415	28,250	28,250	28,250
Other Costs	-	-	-	-	-
Subtotal Non-Personnel Costs	7,835	20,415	28,250	28,250	28,250
Total Expenditures	$ 7,835	$ 20,415	$ 28,250	$ 28,250	$ 28,250

[1] 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. 22F-5002, Project No. 1005640-41
For the Period January 1, 2022 through June 30, 2022

	January 1, 2022 through June 30, 2022	Total Audited Costs	Total Reported [1]	Total Budget
Revenue				
Grant Amount	$ 541,242	$ 541,242	$ 541,242	$ 1,424,230
Expenditures				
Personnel Costs				
Salaries and Wages	120,314	120,314	120,314	203,761
Fringe Benefits	141,672	141,672	141,672	292,927
Subtotal Personnel Costs	261,986	261,986	261,986	496,688
Non-Personnel Costs				
Operating Expense	10,770	10,770	10,770	30,144
Travel	2,403	2,403	2,403	15,000
Sub-Contractors/Consultants	255,213	255,213	255,213	862,987
Other Costs	10,870	10,870	10,870	19,411
Subtotal Non-Personnel Costs	279,256	279,256	279,256	927,542
Total Expenditures	$ 541,242	$ 541,242	$ 541,242	$ 1,424,230

[1] 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, 2022

Alameda County Award/Program Title	Contract Number	Exhibit/ PO Number	Expenditures
Alameda Public Health Agency			
Safe Routes to School	900163	12280	$ 8,115
Total Public Health Agency			8,115
Department of Adult and Aging Services			
Information and Assistance (Outreach)	900163	22291	43,291
Total Department of Adult and Aging Services			43,291
Housing and Community Development Department			
Winter Shelter Program	N/A	N/A	110,630
Total Housing and Community Development Department			110,630
Department of Workforce and Benefits Administration			
Henry J. Robinson Multi-Service Center	900163	N/A	354,176
Total Department of Workforce and Benefits Administration			354,176
Total Alameda County Awards			$ 516,212

AUDIT FINDINGS FOLLOW-UP

CITY OF OAKLAND

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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, 2022, 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 2021-001**
2021-001	General Liability Claims Estimates *Significant Deficiency in Internal Control Over Financial Reporting*
Audit Finding:	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, in which the City subsequently corrected the error.
Year in which Finding Initially Occurred:	2020-21
Status of Corrective Action:	Complete.

Summary Schedule of Prior Audit Findings (Continued)

Reference Number:	**Financial Statement Finding 2021-002**
2021-002	Information Technology Program *Significant Deficnency in Internal Control*
Audit Finding:	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 Information Technology infrastructure from ransomware attacks, cyberattacks, and other unauthorized data breaches.
Year in which Finding Initially Occurred:	2020-21
Status of Corrective Action:	In progress – See current year finding 2022-001

Reference Number:	**Financial Statement Finding 2021-003**
2021-003	Managing and Monitoring of Accounts, Grants and Other Receivables *Significant Deficiency in Internal Control Over Financial Reporting*
Audit Finding:	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 errors in accounts, grants and other receivables.
Year in which Finding Initially Occurred:	2020-21
Status of Corrective Action:	Complete.

Summary Schedule of Prior Audit Findings (Continued)

Reference Number:	**Financial Statement Finding 2021-004**
2020-004	Non-Routine Property Transactions *Control Deficiency in Internal Control Over Financial Reporting*
Audit Finding:	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 two non-routine property transactions.
Year in which Finding Initially Occurred:	2020-21
Status of Corrective Action:	Complete.

CITY OF OAKLAND

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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

**2022-001 Internal Control:
Information Technology Program**

In relation to the City of Oakland's financial statements audit for the year ended June 30, 2022, the City hereby submits a corrective action plan for finding number 2022-001 for its information technology program.

The City concurs with this recommendation. The City appointed its inaugural Chief Information Systems Officer (CISO) in Q3 2022. The CISO has begun to establish a comprehensive, organization-wide Information Security Program in alignment with the NIST Cybersecurity Framework and applicable regulatory compliance, including asset management, risk management, incident response, threat detection and protection, information asset governance, system lifecycle management, identity and access management, cybersecurity awareness, and organizational alignment. An information security gap analysis has been initiated, including a review of information security policies and procedures, and previous cybersecurity audit findings. As of June 30, 2022, some software licenses had been upgraded for security enhancements, and various cybersecurity initiatives were currently underway or planned including the implementation of MFA (Multi-Factor Authentication). These efforts have strengthened the City's response to the recent ransomware attack. In addition, the City has accelerated the implementation of planned cybersecurity measures. The City has also partnered with public and private information security entities for information sharing, information security resources and solutions, governance, and cybersecurity awareness. The City's goal is to make significant advancements in the cybersecurity maturity of the organization by the next audit period.

Contact person responsible for corrective action: Tony Batalla

Anticipated completion date: June 2023

Corrective Action Plan (Continued)

Section III – Federal Award Findings and Questioned Costs

2022-002 Special Tests and Provisions – Housing Quality Standards
Material Weakness in in Internal Control over Compliance
Material Noncompliance

In relation to the City of Oakland's single audit for the year ended June 30, 2022, the City hereby submits a corrective action plan for finding number 2022-002 for the Home Investment Partnerships Program (Assistance Listing Number 14.239)

The City will adopt the recommendation from the auditor to ensure the City's HQS inspections are conducted in a timely manner. The City has resumed inspections during the current fiscal year ending June 30, 2023, and is on course to complete the 3-year inspection cycle of all 38 HOME projects by March 2025.

Contact person responsible for corrective action: Meghan Horl
Anticipated completion date: March 2025