A large, leafy tree in the foreground with a modern building in the background. The tree has a thick trunk and many branches with green leaves. The building is a multi-story office building with many windows. The sky is blue with some light clouds.

# **CITY OF OAKLAND CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018**



# **CITY OF OAKLAND**

## **CALIFORNIA**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2018**

**PREPARED BY THE FINANCE DEPARTMENT**

**KATANO KASAINÉ, FINANCE DIRECTOR/TREASURER**

**KIRSTEN LACASSE, CONTROLLER**

**PRINTED ON RECYCLED PAPER**

# CITY OF OAKLAND

## Comprehensive Annual Financial Report Year Ended June 30, 2018

### Table of Contents

---

	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	i
GFOA Certificate of Achievement.....	x
Organization Chart .....	xi
List of Elected and Appointed Officials.....	xii
Project Team.....	xiii
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis (Required Supplementary Information).....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	23
Statement of Activities.....	24
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position for Governmental Activities .....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities of Governmental Activities .....	28
Statement of Fund Net Position – Proprietary Funds .....	29
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	30
Statement of Cash Flows – Proprietary Funds.....	31
Statement of Fiduciary Net Position – Fiduciary Funds .....	32
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	33
Notes to the Basic Financial Statements.....	35

# CITY OF OAKLAND

## Comprehensive Annual Financial Report Year Ended June 30, 2018

### Table of Contents

---

	Page
Required Supplementary Information (unaudited):	
Schedule of Changes in Net Pension Liability and Related Ratios:	
Police and Fire Retirement System .....	117
CalPERS Miscellaneous Plan.....	118
CalPERS Safety Plan.....	119
Schedule of Employer Pension Contributions:	
Police and Fire Retirement System .....	120
CalPERS Plans .....	121
Schedule of Changes in Net OPEB Liability and Related Ratios:	
City Postretirement Health Plan .....	122
Port Retiree Health Plan .....	123
Schedule of Employer OPEB Contributions:	
City Postretirement Health Plan .....	124
Port Retiree Health Plan .....	125
Budgetary Comparison Schedule – General Fund.....	126
Budgetary Comparison Schedule – Other Special Revenue Fund.....	127
Notes to Required Supplementary Information .....	128
<b>COMBINING FINANCIAL STATEMENTS AND SCHEDULES</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	131
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	132
Nonmajor Governmental Funds - Special Revenue Funds	
Combining Balance Sheet .....	133
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	134
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	135
Nonmajor Governmental Funds - Debt Service Funds	
Combining Balance Sheet.....	139
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	140
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual .....	141

# CITY OF OAKLAND

## Comprehensive Annual Financial Report Year Ended June 30, 2018

### Table of Contents

---

	Page
Internal Service Funds	
Combining Statement of Fund Net Position .....	145
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	146
Combining Statement of Cash Flows .....	147
Fiduciary Funds	
Private Purpose Trust Funds	
Combining Statement of Fiduciary Net Position .....	149
Combining Statement of Changes in Fiduciary Net Position .....	150
<b>STATISTICAL SECTION</b>	
Index to Statistical Section .....	151
Net Position by Component.....	1 152
Changes in Net Position .....	2 153
Program Revenues by Function/Program.....	3 154
Fund Balances, Governmental Funds.....	4 155
Changes in Fund Balances, Governmental Funds.....	5 156
Tax Revenues by Source, Governmental Funds.....	6 157
Assessed Value and Estimated Value of Taxable Property.....	7 158
Direct and Overlapping Property Tax Rates.....	8 159
Principal Property Tax Payers .....	9 160
Property Tax Levies and Collections .....	10 161
Taxable Sales by Category .....	11 162
Direct and Overlapping Sales Tax Rates.....	12 163
Ratios of Outstanding Debt by Type .....	13 164
Ratios of General Bonded Debt Outstanding .....	14 165
Direct and Overlapping Governmental Activities Debt .....	15 166
Legal Debt Margin Information .....	16 167
Pledged Revenue Coverage.....	17 168
Demographic and Economic Statistics .....	18 169
Principal Employers .....	19 170
Full-Time Equivalent City Government Employees by Function/Program.....	20 171
Operating Indicators by Function/Program .....	21 172
Capital Asset Statistics by Function/Program .....	22 173

# **INTRODUCTORY SECTION**

---





CITY HALL • 1 FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612

Office of the City Administrator  
Sabrina B. Landreth  
City Administrator

(510) 238-3301  
FAX (510) 238-2223

December 12, 2018

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

### **The Comprehensive Annual Financial Report of the City of Oakland**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Oakland, California (City). The Controller's Bureau has prepared this report to present the financial position and the changes in net position for the year ended June 30, 2018, and the cash flows of its proprietary fund types for this same period. The basic financial statements and supporting schedules have been prepared in compliance with Section 809 of the City Charter, with California Government Code Sections 25250 and 25253, and in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for local governments, as established by the Governmental Accounting Standards Board (GASB). The information presented here should be considered in conjunction with the additional information contained in the Management's Discussion and Analysis (MD&A) in the Financial Section of this report.

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

The City contracted with Macias Gini & O'Connell LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for the year ended June 30, 2018 are fairly stated and in accordance with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is included in the Financial Section of this report.

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

## **The Reporting Entity and Its Services**

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

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

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

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

## **Profile of the Government**

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

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

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

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

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

### **Economic Condition and Fiscal Outlook**

The City has continued to make notable, prudent investments to strengthen its financial situation, such as implementing the Three-Tier pension plan reform system for all labor unions (See Note III, part A), establishing a Vital Services Stabilization Reserve, and fully funding the General Purpose Fund reserve to 7.5 percent of General Purpose Fund appropriations per City Council policy. The City ended fiscal year 2017-18 with continued growth in the local economy. Notably, an improved local real-estate market has led to strong growth in real-estate related revenues including property tax and charges for services associated with new development.

Other key economic indicators are trending positively: growth in total assessed value, stabilized low unemployment rate, continued regional employment growth, and City revenues are up in most categories (e.g., property tax, sales tax, business tax).

Looking forward, the City must continue to grow revenues to restore and enhance services to the community. Throughout the City, significant projects ranging from senior housing to hospital rebuilds and education, transportation, residential, and mixed-use developments are moving forward to redefine Oakland. Major projects that have been recently completed, or are in progress, include:

- The Oakland Army Base Project: The City and Port of Oakland have leveraged significant public and private investment to transform approximately 300 acres of the former Oakland Army Base into a modern logistics center. Public improvements funded by the City, State of California, and Alameda County Transportation Commission are scheduled to be completed in 2019 and have spurred ongoing private investments. The project will shift traffic from trucks to trains on site, thereby reducing truck trips through cities within Alameda County to the Central Valley, improving the City's air quality and roadway safety while creating substantial direct and indirect job opportunities.
  - In fiscal year 2017-18 work continued on public roadway improvements and site preparation at the former Oakland Army Base with support from a \$242 million grant received from the State of California in 2013 and \$46 million in grants received from the Alameda County Transportation Commission in 2016 and 2018.
  - Prologis, a global industrial real estate development and logistics firm, completed construction in 2017 on the first of three state of the art logistics facilities. Prologis started construction on the remaining two facilities in 2018. The total build out for Prologis, on City-owned ground lease parcels, will result in 865,795 square feet of new logistics facilities and 718,740 square feet of logistics support services in 2019.
  - The Port approved plans in 2018 for CenterPoint, a 440,000 square foot Seaport Logistics Complex adjacent to the Port's new railyard which has received significant funding from the State of California.
  - Adjacent to the former Oakland Army Base the Port completed "CoolPort," a 280,000 square foot refrigerated storage and distribution facility that opened in late 2018.
- The Brooklyn Basin Project: Brooklyn Basin will transform 65 acres of waterfront property along the Oakland Estuary with 3,100 residential units and approximately 200,000 square feet of retail and commercial space, which is scheduled to be completed in phases with the first 400 units entering the market in 2018, 300 units in 2019, and the balance completed between 2020 and 2030. The project also includes 465 units of affordable housing. The first project, the 241-unit Brooklyn Basin Terraces Apartments, was approved and broke ground in the fall of 2016.

- The MacArthur Transit Village project is expected to include up to 875 mixed-income housing units and approximately 31,500 square feet of retail. Construction of the first phase of the project (including construction of a public parking garage for BART) was completed in July 2014. Phase two, 90 units of affordable housing was completed in November 2015 and phase three, 383 residential units and 20,000 square feet of commercial space, began construction in December 2016. The last phase, 402 residential units including 45 affordable units, started construction in May 2018 and completion for the project is estimated to be in 2020.
- The City's downtown area is seeing unprecedented levels of new construction with multiple large-scale projects underway or in the planning stages.
  - Two major office projects under construction include: 1) 601 12th Street, a 600,000-square foot high-rise tower that started construction in April 2017; and 2) 1100 Broadway, a 320,000-square foot high-rise tower that started construction in February 2018.
  - Major residential projects underway include 1) 1314 Franklin, a 633-unit residential tower that began construction in November 2017 and is expected to become the City's second tallest building; 2) 1640 Broadway, a 254-unit building expected to be completed in fiscal year 2019-20; and 3) 1700 Webster Street, a 206-unit building expected to open within the next year.
- Approximately 21,000 housing units throughout the City are in the development pipeline, including over 6,000 units under construction or recently completed. These projects also include over 450,000 square feet of retail space.
- National retailer West Elm announced plans to open a 120-room hotel in Uptown Oakland in 2020. West Elm selected Oakland as an "iconic place" with an independent spirit, and the hotel aims to connect visitors to the local culture by partnering with local businesses, artisans and makers on the new space.
- Redevelopment of the former Oak Knoll Naval Hospital proceeded with plans to develop 918 homes and 72,000 square feet of commercial space in the East Oakland hills. The historic Club Knoll property would be moved, renovated, and re-opened as a central community building with 10,000 square feet of commercial space. The plan also includes 85 acres of open space, tree planting, and a creek restoration.

## **Significant Events and Accomplishments**

Highlights of activities and accomplishments for the year ended June 30, 2018, include the following:

- July 21, 2017: The City partnered with the non-profit Community Arts Stabilization Trust (CAST) for the Keeping Space - Oakland Financial Assistance Program to provide grants to help Oakland arts organizations secure affordable spaces so they can remain in Oakland. Fourteen arts groups received grant funding totaling \$350,000 through this program.
- July 21, 2017: Oakland's Art + Soul Festival was named Best Festival by the readers of the East Bay Express in the publication's annual Best of the East Bay poll.
- September 8, 2017: Bike Share for All was launched to offer Oaklanders participating in Oakland's bikeshare program, Ford GoBike, a new affordable transportation option. The program aims to be the most equitable bike share system in the world, with \$5/year introductory memberships to eligible residents.
- September 8, 2017: The City initiated a comprehensive citywide cultural planning process, *Belonging in Oakland: A Cultural Development Plan*, Oakland's first comprehensive citywide plan focused on arts and culture. The Plan will create a snapshot of Oakland's unique cultural assets,

define cultural priorities for the city, foster opportunities for economic benefit and community engagement, and enhance the quality of life for Oakland residents, businesses, and visitors.

- September 22, 2017: The Oakland Department of Transportation (OakDOT) launched Paint the Town!, a pilot program allowing Oaklanders to paint temporary murals on Oakland roads.
- September 22, 2017: Walnut Plaza was completed, providing a new 4,300-square-foot community gathering spot with towering palm trees, benches, and game tables in the Foothill Seminary commercial area. Created by closing a portion of Walnut Street where it intersected with Seminary Avenue, development of the Plaza was primarily community driven.
- October 6, 2017: B-Lab named 10 Oakland companies to their 2017 “Best for the World” list. B-Lab certifies businesses who meet the highest standards for overall social and environmental performance, public transparency, and legal accountability. The list of Oakland companies includes Beneficial State Bank, Clearinghouse CDFI, CORE Foods, Future State, Give Something Back Workplace Solutions, Impact Hub Oakland, Kuli Kuli, Numi Organic Tea, Oaklandish, Revolution Foods, Schoolzilla, and Twirl Management.
- October 6, 2017: The Initiative for a Competitive Inner City (ICIC) unveiled its list of the 100 fastest growing inner city businesses in the U.S. during the Inner City 100 Conference and Awards program. Oakland was the top location in the West with eight local businesses ranked among the top 100, second in the nation to Chicago with nine honorees. The program is a reminder that businesses are thriving in Oakland and other American urban centers and creating jobs. The following Oakland-based companies were ranked on the 2017 100 Inner City roster: OCHO Candies, Fathom Studios, Oaklandish, Blossom Foods, Blaisdell’s Business Products, CORE Foods, JRVD Architecture, and ProActive Business Solutions.
- October 13, 2017: The City officially unveiled its new tagline and motto, “Love Life.” “Love Life” was adopted as the City of Oakland’s official tagline and motto and reflects a united intention to articulate Oakland’s collective values and priorities to make it a safe, just, sustainable, equitable, and vibrant city. The resolution was inspired by the need to adopt a comprehensive and holistic approach to addressing the conditions that lead to violence and toward creating a climate of restoration for the individuals and communities impacted by violence.
- October 13, 2017: Construction began for Coliseum Connections (formerly known as the Coliseum Transit Village), a transit-oriented development with 110 mixed-income units. Half of the units will be affordable to households at or below 60 percent of the area median income. The remaining 55 units will be some of the first market-rate rental units in East Oakland in a decade.
- October 27, 2017: Oakland was the top city in Northern California and No. 2 in the state on Thumbtack’s 2017 Small Business Friendliness Survey, the largest continuous study of small business perceptions of government policy in the United States.
- January 1, 2018: Oakland’s Minimum Wage increased to \$13.23 per hour. Measure FF, the voter-initiative ballot measure passed in November 2014, provides annual increases to Oakland’s Minimum Wage based on the Consumer Price Index for Urban Wage Earners and Clerical Workers.
- January 12, 2018: The City recorded a steady decline in violent crime rate over the past five years. The sustained trend is due to a consistent crime-fighting strategy that focuses on stronger community relationships, stabilized leadership at the top of the Oakland Police Department, and better intelligence-sharing among rank and file, officials said. The FBI’s violent crime index, which tracks murders, rape, robbery, and assault, has dropped 23 percent in Oakland from 2012 to 2017,

with the steepest declines in shootings (down 50 percent), homicides (down 42 percent), and robbery (down 38 percent) during that time frame.

- March 16, 2018: The City's plans for revitalization of the area surrounding the Lake Merritt BART Station advanced with BART's release of a Request for Qualifications for transit-oriented development. This opportunity site is within the area covered by the City of Oakland's Lake Merritt Station Area Plan, which envisions a culturally vibrant, mixed-income, mixed-use neighborhood around a rejuvenated Lake Merritt BART station.

## **Budget Process and Controls**

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

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

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

The City Charter prohibits expending monies for which there is no legal appropriation. Therefore, the City is required to adopt budgets for all City funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level, although for management purposes, the line item budget is controlled at the departmental level within funds. The City Administrator is authorized to administer the budget and may transfer monies from one activity, program, or project to another within the same agency and fund. Supplemental appropriations or transfers of appropriations between funds or agencies must be approved by the City Council.

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

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

On June 19, 2018 the City Council adopted the FY 2018-19 Midcycle Budget Amendment. This balanced amendment made key investments in high priority areas, such as homelessness, affordable housing, and illegal dumping, and other issues important to the Oakland community. The City began the budget process with a projected gap of about \$11 million. This gap was closed through a combination of growth in revenues and expenditure reductions. The new budget appropriated \$8.6 million in new grants for services to homeless persons, sheltered community pilot projects, and rapid rehousing services. It also included \$10.8 million in one-time project funds to expand funding for the construction and rehabilitation of affordable housing and the City's First-Time Home Buyer program and \$16.7 million in one-time project funds to create 465 affordable housing units as part of the new Brooklyn Basin mixed-use project.

The amended budget maintained the City's focus on the following goals:

- **A Safe City:** that invests in Holistic Community Safety strategies.
- **Vibrant City:** that makes strategic investments in infrastructure, public works, and the arts to protect and enhance the quality of life for all neighborhoods.
- **A Just City:** that promotes equitable jobs and housing that protects and nurtures a diverse and inclusive community that cares for its youth, elderly, families, and the vulnerable.
- **A Prosperous City:** that values workers and fosters a diverse economy that creates equitable economic growth, jobs, and housing.
- **Trustworthy Government:** that provides quality municipal services, efficiency, transparency, and accountability, as well as respects municipal employees.

### **The Five-Year Financial Forecast**

In February 2017, the City issued a Five-Year Financial Forecast that forecasted revenues and expenditures. The purpose of the Five-Year Financial Forecast is to help the City of Oakland make informed financial and operational decisions by better anticipating long-term future revenues and expenditures. The forecast highlighted a growing gap between projected expenditures and estimated revenues which the City will need to address in upcoming budgets. This gap has arisen despite recent economic growth, and could become more severe in the event of a recession or unanticipated revenue shortfall.

In February 2019 the City will release a new Five-Year Financial Forecast in preparation for the FY 2019-21 Biennial Budget. This new forecast will address the projected future growth rates of expenditures and revenues, and any other fiscal concerns, based upon information available through December of 2018.

### **Consolidated Fiscal Policy**

On December 9, 2014, the City Council passed an Ordinance 13279 amending the City's Financial Policy to add the Rainy Day Policy and consolidate all the City's fiscal policies into a single Consolidated Fiscal Policy. This amendment allowed the City to establish a reserve fund (Vital Services Stabilization Reserve) to stabilize the provision of vital services, protect against service reductions, and prevent layoffs, furloughs, and similar measures in times of economic hardship. Additionally, this policy addressed procedures that allow for accelerating debt repayment, and paying down unfunded long-term obligations by modifying the definition of excess Real Estate Transfer Tax. The Consolidated Fiscal Policy includes policies on budgeting practices, reserve funds, the budget process, fiscal planning, and public participation.

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

As of June 30, 2018, the Vital Services Stabilization Reserve has a balance of \$14.3 million while the City's General Purpose Fund Emergency Reserve, equal to 7.5% of General Purpose Fund appropriation, has a balance of \$45.2 million.

### **Single Audit**

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

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

## **Debt Management and Credit Ratings**

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

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

The City is also committed to securing the City's long-term financial health by taking direct actions to address unfunded liabilities. These actions include: improving the funded ratios of CalPERS Safety and Miscellaneous pension plans, reducing the City's unfunded liability for other postemployment benefits through contributions totaling \$20 million across fiscal years 2018 and 2019, and continued progress in reducing longstanding negative fund balances. Even with these measures, we cannot ignore the fact that rising costs for retiree benefits are continuing to reduce funding for other General Fund priorities.

The City's general obligation credit ratings of Aa2/AA with a stable outlook from Moody's Investors Services, Inc. and Standard & Poor's Corporation, respectively, reflect the City's sustained fiscal prudence and strong economic underpinnings. The rating agencies continue to cite the City's strong fiscal management as a key factor in their favorable view of the City's credit. These ratings translate to significant interest cost savings in the City's debt program and to the taxpayers of the City of Oakland. The Management's Discussion & Analysis section of this report provides additional information on the City's credit ratings.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakland for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City of Oakland has received a Certificate of Achievement the last 28 years. The City's Fiscal Year 2017-18 CAFR will be submitted to GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

**Acknowledgements**

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

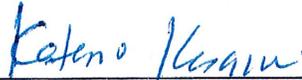
Finally, we wish to express our sincere appreciation to the Mayor and the members of the City Council for providing policy direction and their interest and continuing support in planning and conducting the City's financial operations in a fiscally responsible and progressive manner.

Respectfully submitted,



---

**SABRINA B. LANDRETH**  
City Administrator



---

**KATANO KASAINE**  
Finance Director/Treasurer



---

**KIRSTEN LACASSE**  
Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Oakland  
California**

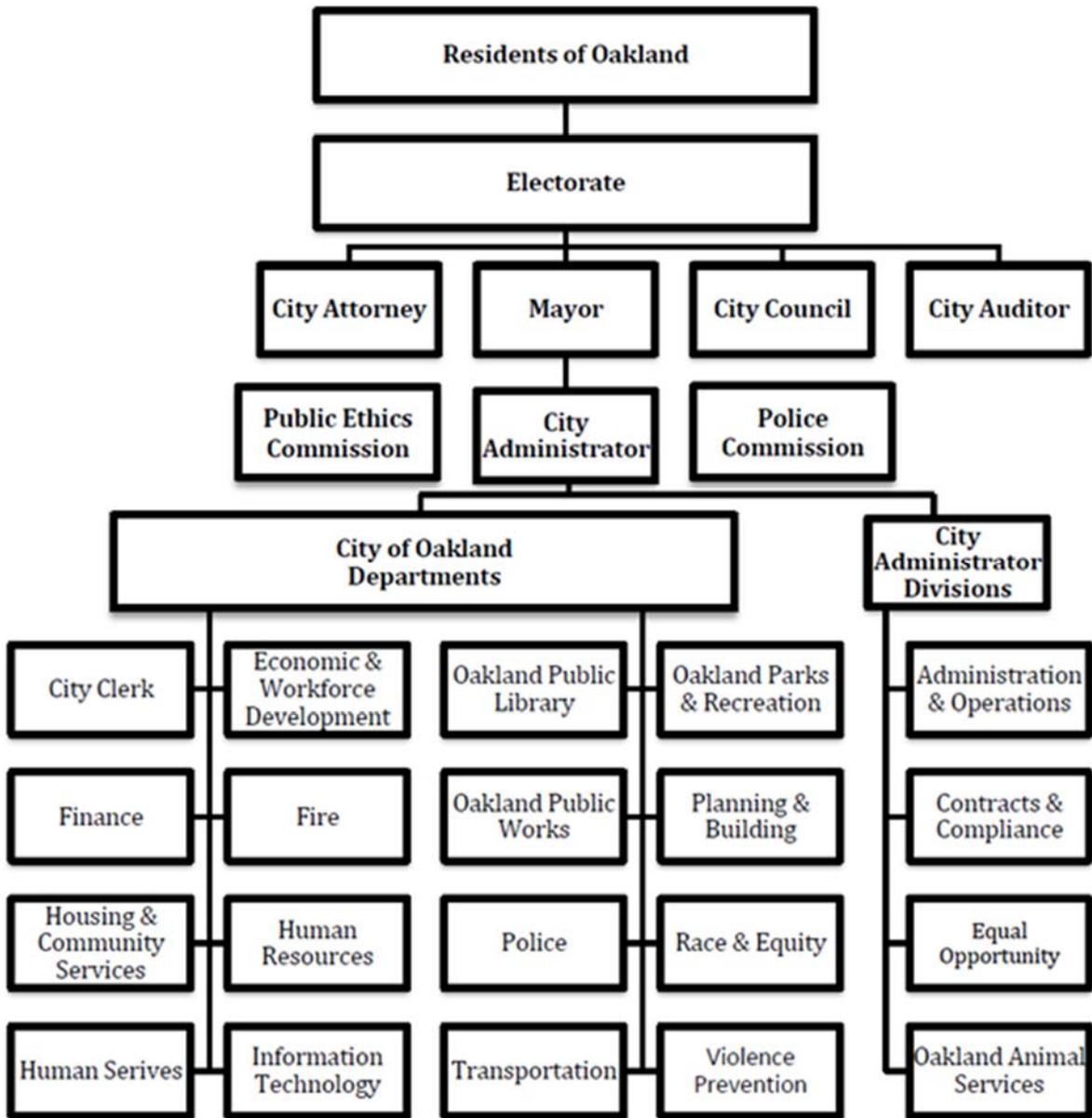
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF OAKLAND ORGANIZATION CHART



**LIST OF ELECTED AND APPOINTED OFFICIALS  
MAYOR/COUNCIL FORM OF GOVERNMENT  
June 30, 2018**

**MAYOR**

Libby Schaaf

**MEMBERS OF THE CITY COUNCIL**

Larry Reid, *President (District 7)*

Annie Campbell Washington, *Vice-Mayor (District 4)*

Dan Kalb  
*District 1*

Abel J. Guillen  
*District 2*  
*(President Pro Tem)*

Lynette Gibson McElhane  
*District 3*

Noel Gallo  
*District 5*

Desley Brooks  
*District 6*

Rebecca Kaplan  
*At Large*

**MAYOR APPOINTED OFFICERS AND STAFF**

Sabrina B. Landreth, *City Administrator*

Christine Daniel, *Assistant City Administrator*

Stephanie Hom, *Deputy City Administrator*

Elizabeth Lake, *Deputy City Administrator*

LaTonda Simmons, *City Clerk*

**ELECTED OFFICERS**

Barbara Parker, *City Attorney*

Brenda Roberts, *City Auditor*

**DEPARTMENT DIRECTORS**

Jason Mitchell  
*Public Works*

Darin White  
(Chief)  
*Fire Department*

Mark Sawicki  
*Economic & Workforce  
Development*

Jamie Turbak  
*Interim  
Oakland Public  
Library*

Katano Kasaine  
*Finance Department*

Anne E. Kirkpatrick  
(Chief)  
*Police Department*

William Gilchrist  
*Planning & Building*

Michele Byrd  
*Housing & Community  
Development*

Ian Appleyard  
*Human Resources  
Management*

Andrew Peterson  
*Information  
Technology*

Sara Bedford  
*Human Services  
Department*

Nicholas Williams  
*Oakland Parks &  
Recreation*

Ryan Russo  
*Transportation*

Darleen Flynn  
*Race & Equity*

Peter Kim  
(Interim)  
*Violence Prevention*

**CITY OF OAKLAND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**PROJECT TEAM**

Katano Kasaine  
*Finance Director / Treasurer*

Kirsten LaCasse  
*Controller*

**AUDIT/FINANCIAL STATEMENT COORDINATOR**

Kirsten LaCasse, *Controller*

**FINANCIAL STATEMENT PREPARATION**

Helen Cherkis  
Felipe Kiocho  
Young Shin  
Michelle Wong

Connie Chu  
Rogelio Medalla  
Donna Treglown  
Theresa Woo

Lillian Falkin  
Carla Reed  
Stephen Walsh  
Andy Yang

**SPECIAL ASSISTANCE**

Adam Benson

David Jones

Margaret O'Brien

**SPECIAL ASSISTANCE - DEPARTMENTS & OFFICES**

City Administrator's Office

Human Resources Department

City Attorney's Office

This page intentionally left blank.

# FINANCIAL SECTION

---



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

### ***Effect of Adopting New Accounting Standard***

As discussed in Note I Section E. to the basic financial statements, effective as of July 1, 2017, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of this standard resulted in a reduction of the City's and the Port of Oakland's July 1, 2017 net position in the amount of \$712.2 million and \$84.5 million, respectively. Our opinion is not modified with respect to this matter.

### ***Uncertainties Regarding the Future Outcome of Litigation***

As discussed in Note II Section H.5. to the basic financial statements, the City is the defendant in a lawsuit alleging that the City was aware of dangerous conditions at an Oakland warehouse that resulted in the deaths of 36 persons. The City sought review by the Supreme Court of the Court of Appeals Decision, which was denied on November 14, 2018. Trial is scheduled for October of 2019. While the City vigorously opposes the allegations, the City believes that it could have some loss exposure. Potential losses to the City are estimated to be up to \$100 million. Our opinion is not modified with respect to that matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, the schedules of employer pension contributions, the schedules of changes in net other postemployment benefits liability and related ratios, the schedules of employer other postemployment benefits contributions, and the budgetary comparison schedules of the General Fund and the Other Special Revenue Fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, professional style.

Walnut Creek, California  
December 12, 2018

This page intentionally left blank.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---

This section of the City of Oakland's (the City) Comprehensive Annual Financial Report provides an overview and analysis of the financial activities of the City for the year ended June 30, 2018. 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, 2018, total liabilities and deferred inflows of resources exceed the total assets and deferred outflows of resources by \$456.8 million compared to a positive net position of \$115.0 million at June 30, 2017:

- \$1.3 billion 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.
- \$648.6 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 \$56.5 million pertains to Low and Moderate Income Housing Redevelopment.
- \$2.4 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 liability deficit is the biggest contributing factor at \$1.7 billion. The City's total net position decreased by \$571.8 million due to a restatement of \$712.2 million to the beginning net position to record the City's net OPEB liability and related deferred outflows of resources for OPEB contributions made during the prior year in accordance with *GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of *Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and *No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This resulted in the recognition of a net OPEB liability in the amount of \$849.5 million, the deferred outflows of resources related to OPEB contributions made subsequent to the measurement date of June 30, 2017 in the amount of \$37.2 million, and the deferred inflows of resources, primarily due to changes in assumptions, in the amount of \$254.9 million. The remaining changes in net position are discussed below.
- \$125.8 million increase in the net position (before restatement) was derived from governmental activities predominantly from increases in property tax, sales and use tax, sugar sweetened beverage distribution tax, business license, program revenues, and other revenues. These increases were offset by increases in expenses of \$34.5 million primarily in Public Works and Transportation and Community and Economic Development.
- \$14.6 million increase in the net position (before restatement) was derived from the Business-type activities, mainly the sewer-related activities.

The City's cumulative governmental fund balances increased by 24.0 percent or \$184.1 million to \$952.2 million compared to \$768.1 million for the prior fiscal year. This increase is primarily attributed to the increase in property tax revenues, sales and use tax, sugar sweetened beverage distribution tax, business license, and the issuance of General Obligation Bonds (Series 2017 A-1 and A-2, Measure KK).

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---

The City's uncommitted fund balance met the requirements of the City Council's 7.5% reserve policy based on the total General Purpose Fund expenditures for fiscal year 2017-18 (See Note I, part F).

**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 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 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 operations. The government-wide financial statements do not include the fiduciary funds, which comprise the private purpose trust funds and pension trust fund. Resources in the fiduciary funds are not available to support the City's own programs.

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

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---

**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 funds 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 and 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.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---

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 private pension trust fund are reported as trust 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.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

**Government-Wide Financial Analysis**

Net position may serve over time as a useful indicator of the City's financial condition. As of June 30, 2018, total liabilities and deferred inflows of resources exceed the total assets and deferred outflows of resources by \$456.8 million compared to a positive net position of \$115.0 million at June 30, 2017, which represents a decrease in net position of \$571.8 million. Current and other assets are higher by \$225.1 million primarily due to higher property tax and license and permit revenues, as well as the cash proceeds from the issuance of bonds. Additionally, capital assets increased by \$2.4 million. These amounts were offset by the net increases in the net pension liability and net OPEB liability. The City's net position reflects the net investment in capital assets of \$1.3 billion for governmental and business-type activities. Of the remaining balance, \$648.6 million are subject to external restrictions on how they may be used. The unrestricted net position of negative \$2.4 billion is comprised of a deficit balance of \$2.4 billion for governmental activities, and a positive balance of \$11.1 million for business-type activities.

**Condensed Statement of Net Position**  
**June 30, 2018 and 2017 (In Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 1,619,488	\$ 1,395,418	\$ 64,179	\$ 63,157	\$ 1,683,667	\$ 1,458,575
Capital assets	1,406,930	1,415,433	236,254	225,348	1,643,184	1,640,781
Total assets	3,026,418	2,810,851	300,433	288,505	3,326,851	3,099,356
<b>Deferred outflows of resources</b>						
Loss on refunding of debt	16,003	17,314	-	-	16,003	17,314
Related to pensions	383,063	283,417	10,874	10,335	393,937	293,752
Related to OPEB	36,654	-	571	-	37,225	-
Total deferred outflows of resources	435,720	300,731	11,445	10,335	447,165	311,066
<b>Liabilities</b>						
Long-term liabilities	1,126,021	1,079,286	34,267	36,735	1,160,288	1,116,021
Other liabilities	233,035	234,850	3,329	4,419	236,364	239,269
Net pension liability	1,660,253	1,503,250	43,672	39,011	1,703,925	1,542,261
Net OPEB liability/ Net OPEB obligations	836,431	353,583	13,040	6,402	849,471	359,985
Total liabilities	3,855,740	3,170,969	94,308	86,567	3,950,048	3,257,536
<b>Deferred inflows of resources</b>						
Gain on refunding of debt	-	-	434	474	434	474
Related to pensions	24,856	33,658	620	3,780	25,476	37,438
Resources related to OPEB	250,952	-	3,912	-	254,864	-
Total deferred inflows of resources	275,808	33,658	4,966	4,254	280,774	37,912
<b>Net position</b>						
Net investment in capital assets	1,126,892	1,141,058	201,553	188,139	1,328,445	1,329,197
Restricted	648,566	599,324	-	-	648,566	599,324
Unrestricted	(2,444,868)	(1,833,427)	11,051	19,880	(2,433,817)	(1,813,547)
Total net position	\$ (669,410)	\$ (93,045)	\$ 212,604	\$ 208,019	\$ (456,806)	\$ 114,974

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---

**Governmental activities:** The City's net position in governmental activities decreased by \$576.4 million.

**Total assets** increased by \$215.6 million, or 7.7 percent, to \$3.0 billion. The significant changes in assets occurred in the following areas:

- *Current and Other Assets* increased by \$224.1 million mainly due to changes in cash and investments from the issuance of Measure KK general obligation bonds for infrastructure and affordable housing, as well as an increase in the affordable housing trust fund.

**Total liabilities** increased by \$684.8 million, or 21.6 percent to \$3.9 billion. The significant changes in liabilities occurred in the following areas:

- *Long-term liabilities* increased by \$46.7 million primarily attributed to the increase in long-term debt with \$101.0 million in general obligation bonds (Measure KK), offset by reduction in pension obligation bonds of \$38.8 million.
- *Net pension liability* increased by \$157.0 million compared to the balance at June 30, 2017 mainly due to changes in actuarial assumptions.
- *Net OPEB liability* increased by \$482.8 million compared to the OPEB obligation balance recorded in accordance with GASB Statement No. 45 at June 30, 2017. The increase resulted from the implementation of GASB Statement No. 75 and the restatement of the beginning balance.

**The net position** decreased by \$576.4 million to a deficit \$669.4 million as of June 30, 2018. The City net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

- \$1.1 billion of the net position reflects its *investment in capital assets* (e.g., land, buildings, infrastructure, facilities, and equipment), net of any related outstanding debt and debt-related deferred outflows and inflows of resources that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. These assets, therefore, are not available for future spending.
- \$648.6 million of the net position represents resources that are subject to restrictions on how they may be used and therefore restricted.
- \$2.4 billion represents a deficit in unrestricted net position that has primarily resulted from the underfunding of pension and OPEB liabilities, as well as liabilities for pension obligation bonds.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

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

**Condensed Statement of Activities**  
**Years Ended June 30, 2018 and 2017**  
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	221,719	203,153	66,168	60,820	287,887	263,973
Operating grants and contributions	124,238	95,032	-	-	124,238	95,032
Capital grants and contributions	750	34,911	-	-	750	34,911
Total program revenues	346,707	333,096	66,168	60,820	412,875	393,916
General revenues:						
Property taxes	340,573	312,078	-	-	340,573	312,078
State taxes:						
Sales and use taxes	85,500	79,866	-	-	85,500	79,866
Gas tax and motor vehicle in-lieu	11,091	8,163	-	-	11,091	8,163
Local taxes:						
Business license	86,107	75,840	-	-	86,107	75,840
Utility consumption	52,047	52,618	-	-	52,047	52,618
Real estate transfer	77,663	79,070	-	-	77,663	79,070
Transient occupancy	30,039	29,049	-	-	30,039	29,049
Parking	21,137	20,886	-	-	21,137	20,886
Voter approved special tax	50,469	37,962	-	-	50,469	37,962
Franchise	19,124	18,763	-	-	19,124	18,763
Interest and investment income	11,762	3,046	727	164	12,489	3,210
Other	42,362	19,935	-	-	42,362	19,935
Total revenues	1,174,581	1,070,372	66,895	60,984	1,241,476	1,131,356
<b>Expenses:</b>						
General government	110,486	127,344	-	-	110,486	127,344
Public safety	471,378	470,798	-	-	471,378	470,798
Community Services	144,763	146,398	-	-	144,763	146,398
Community & economic development	103,328	92,048	-	-	103,328	92,048
Public works	158,610	122,540	-	-	158,610	122,540
Interest on long-term debt	61,505	56,471	-	-	61,505	56,471
Sewer	-	-	49,645	44,391	49,645	44,391
Parks and recreation	-	-	1,317	730	1,317	730
Total expenses	1,050,070	1,015,599	50,962	45,121	1,101,032	1,060,720
Change in net position before transfers	124,511	54,773	15,933	15,863	140,444	70,636
Transfers	1,292	7,644	(1,292)	(7,644)	-	-
Change in net position	125,803	62,417	14,641	8,219	140,444	70,636
<b>Net position</b>						
Beginning of year, as previously reported	(93,045)	(155,462)	208,019	199,800	114,974	44,338
Change in accounting principle	(702,168)	-	(10,056)	-	(712,224)	-
Beginning of year, as restated	(795,213)	(155,462)	197,963	199,800	(597,250)	44,338
End of year	\$ (669,410)	\$ (93,045)	\$ 212,604	\$ 208,019	\$ (456,806)	\$ 114,974

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---

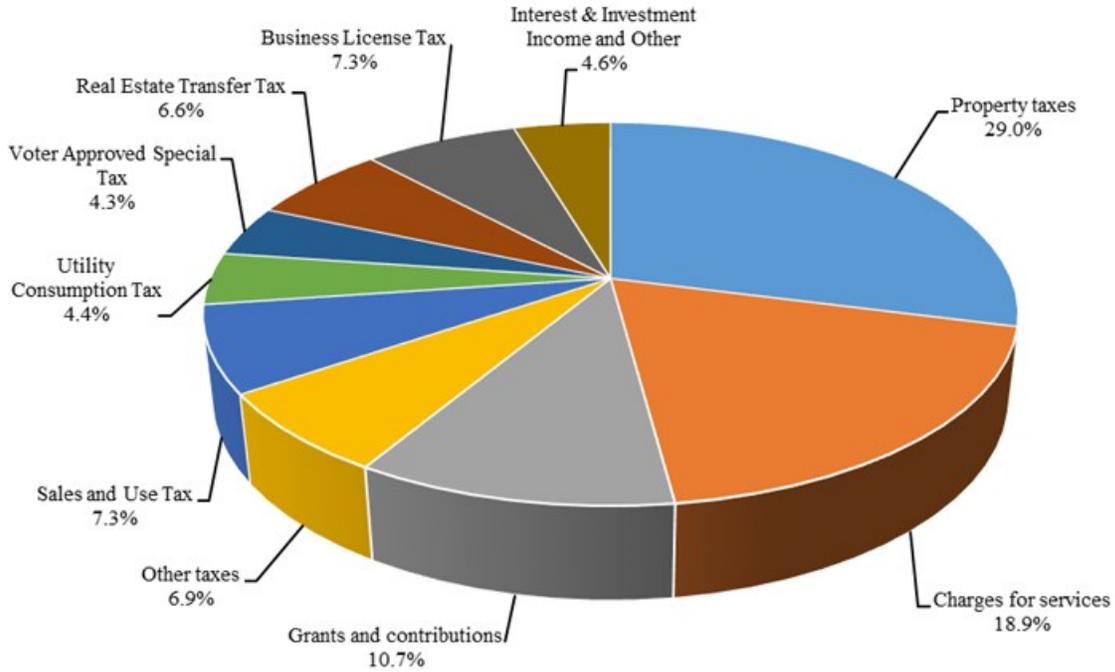
**Governmental activities:** Net position for governmental activities decreased by \$576.4 million during fiscal year 2017-18. Total revenue increased by 9.7 percent and expenses increased by 3.4 percent. During fiscal year 2016-17, revenues increased at a rate of 3.6 percent and expenses increased by 10.3 percent.

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

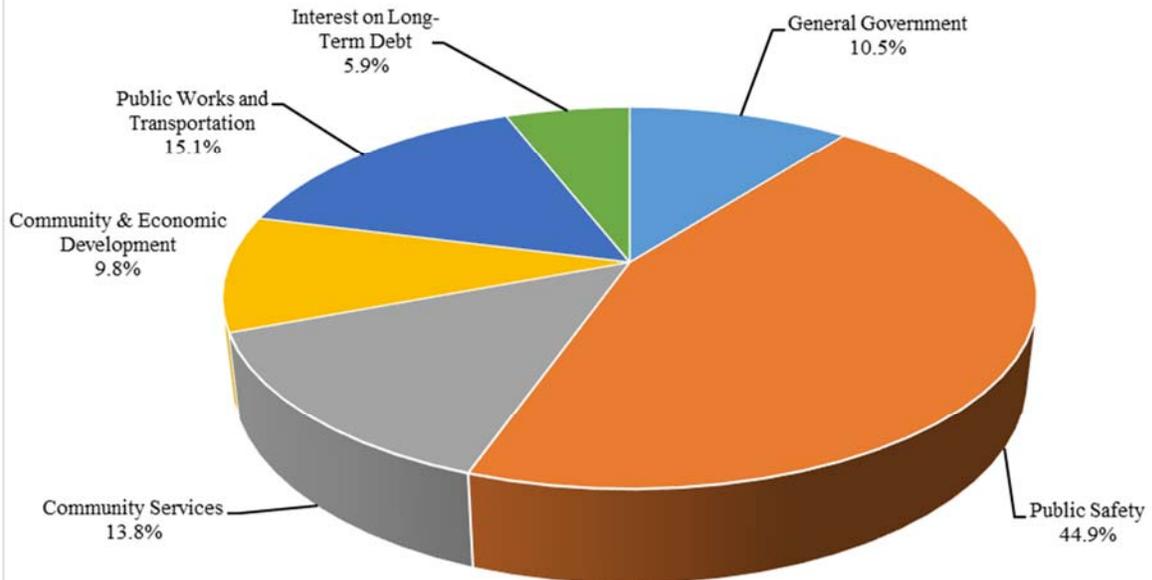
- Contributing factors resulting in an increase in certain revenue categories are as follows: property tax increased by \$28.5 million due to increases in assessed values from change in ownership reassessments amidst a continued strong property market, inflationary assessed value adjustments, and increases from voter approved measures. Operating grants and contributions increased by \$29.2 million, or 30.7 percent, due to additional grant activity across several funding sources. Voter approved special taxes increased by \$12.5 million or 32.9 percent due to the sugar sweetened beverage distribution tax, which was approved by voters in November 2016. Contributing factors resulting in a decrease in revenues included a real estate transfer tax decrease of \$1.4 million or 1.8 percent primarily due to the decrease in large property transactions. Real estate transfer tax is highly volatile and revenues can increase and decrease rapidly with changing market conditions with sales of high value properties.
- *General government* expenses decreased by \$16.9 million or 13.2 percent when compared to the previous year primarily due to the decrease in costs from vacancies, as well as the reorganization of the former Citizens Police Review Board to the Police Commission. The City Clerk's Office expenses decreased by \$1.5 million primarily in election costs when compared to the prior year. The Information Technology Department completed several projects which reduced expenses from fiscal year 2016-17.
- *Community and economic development* expenses increased by \$11.3 million or 12.3 percent primarily due to increased expenses for development services.
- *Public works and transportation* expenses increased by \$36.1 million or 29.4 percent from the prior year primarily due to increased grant expenditures and staffing costs associated with the creation of the Department of Transportation.
- *Interest on long-term debt* increased by \$5.0 million or 8.9 percent primarily due to an increase in outstanding debt.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

**Revenues By Source - Governmental Activities**



**Expenses - Governmental Activities**



**Business-type activities:** Business-type activities ended the fiscal year with a positive change in its net position of \$4.6 million compared to \$8.2 million the previous fiscal year.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

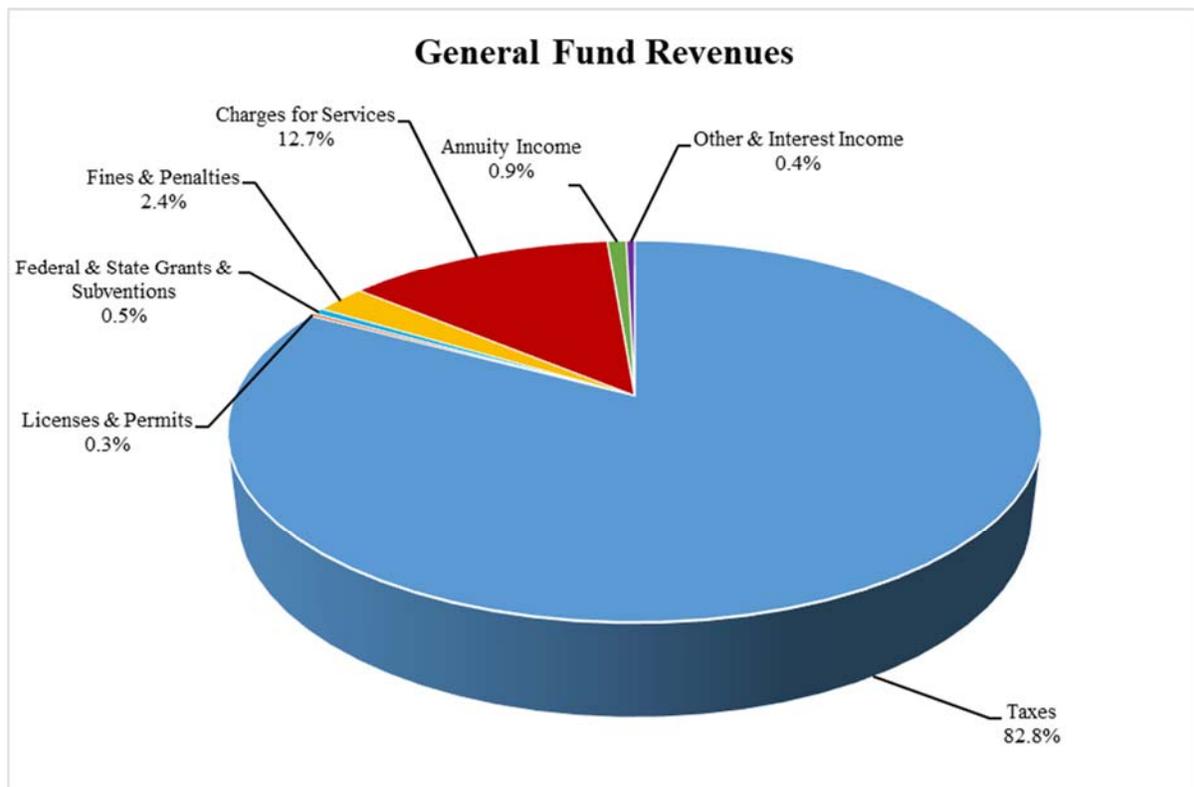
---

**Financial Analysis of the Governmental 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, 2018, its unassigned fund balance is \$93.8 million or 24.4 percent of the \$385.2 million total General Fund balance.

For the years ended June 30, 2018 and 2017, revenues for the General Fund are distributed as follows:



**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

**General Fund Revenues:** Significant changes in revenues are as follows:

- *Property taxes* increased by \$23.2 million or 8.5 percent. This is mainly due to increases in assessed values.

	General Fund		Increase/ (Decrease)	
	2018	2017	Amount	%
<b>Revenues:</b>				
Taxes				
Property taxes	\$ 295,216	\$ 271,985	\$ 23,231	8.5%
State taxes:				
Sales and use taxes	57,465	53,702	3,763	7.0%
Moter vehicles in lieu tax	224	189	35	18.5%
Local taxes:				
Business license	86,107	75,840	10,267	13.5%
Utility consumption	52,047	52,618	(571)	-1.1%
Real estate transfer	77,663	79,070	(1,407)	-1.8%
Transient occupancy	23,583	23,165	418	1.8%
Parking	10,803	10,637	166	1.6%
Voter approved special tax	11,878	-	11,878	n/a
Franchise	18,858	18,480	378	2.0%
Licenses and permits	2,384	1,802	582	32.3%
Fines and penalties	18,267	21,738	(3,471)	-16.0%
Charges for services	97,371	85,886	11,485	13.4%
Federal and state grant	3,813	2,751	1,062	38.6%
Annuity income	6,952	4,376	2,576	58.9%
Other	3,251	2,487	764	30.7%
<b>Total revenues</b>	<b>\$ 765,882</b>	<b>\$ 704,726</b>	<b>\$ 61,156</b>	<b>8.7%</b>

- *Real estate transfer tax* decreased by \$1.4 million or 1.8 percent primarily due to a decrease in large property sales.
- *Business license tax* increased by \$10.3 million due to gains in cannabis taxes and one-time audit recoveries.
- *Voter approved special tax* increased by \$11.9 million due to new sugar-sweetened beverage distribution tax revenues.
- *Charges for services* increased by \$11.5 million primarily due to development-related charges.

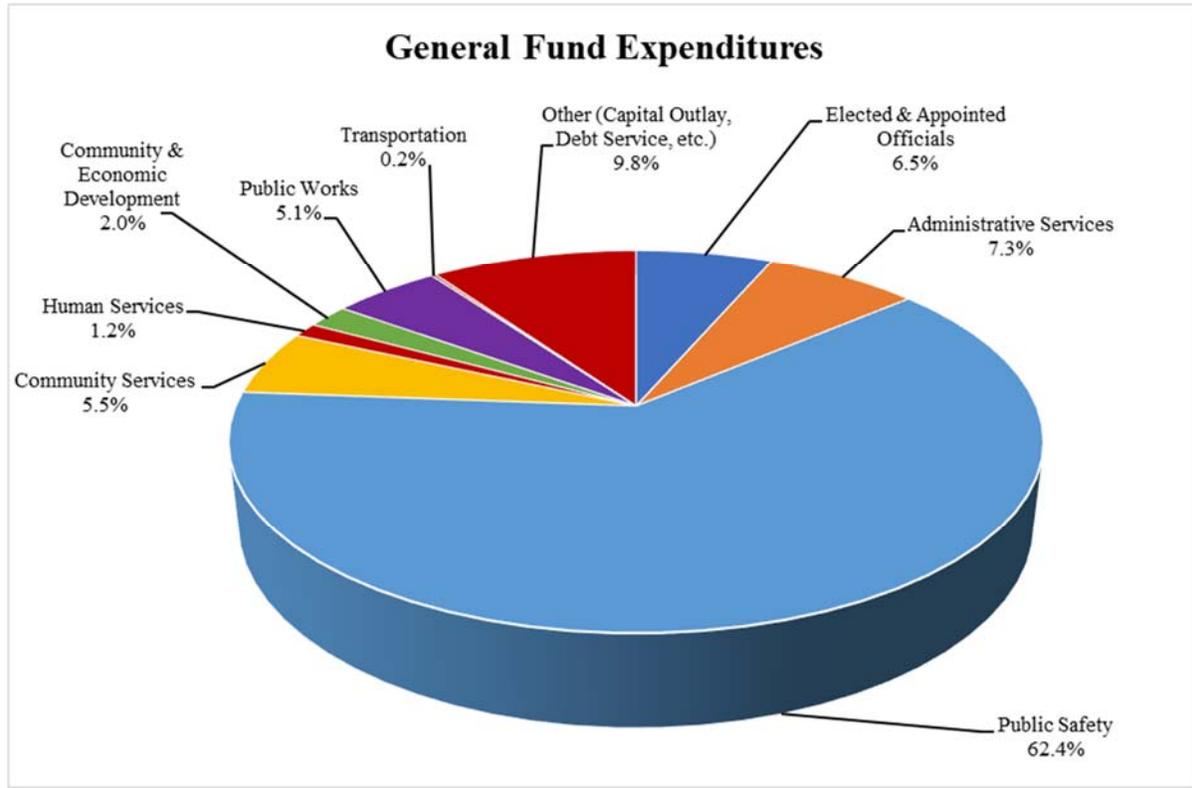
**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

For the years ended June 30, 2018 and 2017, expenditures for the General Fund by function are distributed as follows (in thousands):

	General Fund		Increase/ (Decrease)	
	2018	2017	Amount	%
<b>Expenditures:</b>				
Current:				
Elected and Appointed Officials:				
Mayor	\$ 2,768	\$ 2,456	\$ 312	12.7%
Council	4,625	4,587	38	0.8%
City Administrator	13,155	16,588	(3,433)	-20.7%
City Attorney	14,204	13,574	630	4.6%
City Auditor	1,994	1,800	194	10.8%
City Clerk	3,608	5,029	(1,421)	-28.3%
Public Ethics Commission	1,038	917	121	13.2%
Departments:				
Administrative Service Department:				
Human Resource Management	7,642	6,428	1,214	18.9%
Financial Services	27,546	24,385	3,161	13.0%
Information Technology	11,200	11,771	(571)	-4.9%
Race and Equity Department	448	210	238	113.3%
Public Safety:				
Oakland Police Department	260,564	256,972	3,592	1.4%
Oakland Fire Department	135,443	133,005	2,438	1.8%
Police Commission	2,098	-	2,098	n/a
Community Service Department:				
Parks and Recreation	22,402	22,745	(343)	-1.5%
Library	12,396	11,901	495	4.2%
Department of Violence Prevention	211	-	211	n/a
Human Services Department	7,540	7,776	(236)	-3.0%
Community and Economic Development:				
Planning and Building	-	355	(355)	-100.0%
Economic & Workforce Development	7,607	9,476	(1,869)	-19.7%
Housing & Community Development	4,899	4,092	807	19.7%
Oakland Public Works	32,918	31,804	1,114	3.5%
Department of Transportation	1,189	-	1,189	n/a
Other	54,908	11,607	43,301	373.1%
Capital outlay	1,827	2,320	(493)	-21.3%
Debt service:				
Principal repayment	4,744	5,100	(356)	-7.0%
Bond issuance cost	167	-	167	n/a
Interest charges	941	375	566	150.9%
<b>Total expenditures</b>	<b>\$ 638,082</b>	<b>\$ 585,273</b>	<b>\$ 52,809</b>	<b>9.0%</b>

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---



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

- *Public safety* increased by \$8.1 million or 2.1 percent due to the negotiated cost of living adjustment and overtime for sworn employees as a result of targeted crime reduction, coverage of vacancies, and fire academies.
- *City elected offices and departments*, excluding public safety, capital outlay, and debt service, are reporting a total increase of \$44.3 million or 23.3 percent in expenditures mainly due to the resumption of pension contributions to PFRS of \$44.9 million.

**Federal and State Grant Fund:** The Federal and State Grant Fund had a fund balance of \$6.9 million as of June 30, 2018, which represents an increase of \$22.1 million from the prior fiscal year due to increased grant activity in several programs.

**Low and Moderate Income Housing Asset Fund (LMIHF):** Upon the dissolution of the Former 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, 2018 was \$56.5 million and the fund's net loan receivable balance was \$233.7 million.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---

**Municipal Capital Improvement Fund:** The Municipal Capital Improvement Fund had a fund balance of \$303.1 million as of June 30, 2018 that represents an increase of \$83.4 million or 37.9 percent from the prior fiscal year. This increase is primarily attributed to the other financing sources from the issuance of Measure KK bonds for infrastructure and affordable housing projects.

**The Other Special Revenue Fund** accounts for activities of several Special Revenue Funds, which include mainly the following local measures; Measure Z – Violence Prevention and Public Safety Act of 2014; Measure C – Oakland Hotel Tax; Measure Q – Library Services Retention and Enhancement; Measure WW East Bay Regional Park District local grant program; Measure N – Paramedics Services Act; Oakland Kid's First Fund; Development Service Fund; and other miscellaneous special revenue funds. The ending fund balance as of June 30, 2018 was \$156.4 million, which increased \$54.4 million from the previous fiscal year due to new development fees and permitting.

**Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements under the business-type activities column but in more detail. The portion of net position invested in capital assets, excluding internal service funds, was \$201.6 million as of June 30, 2018, compared to \$188.1 million for the previous fiscal year. The increase of \$13.4 million is primarily due to the capitalization of completed projects.

#### **General Fund Budgetary Highlights**

During the year ended June 30, 2018, the General Fund had a \$2.8 million increase in budgeted revenues between the original and final amended operating budget. Actual budgetary basis revenues of \$765.5 million were \$23.5 million higher than the final amended budget. The variance is due primarily to increases in property tax, sales and use tax, sugar sweetened beverage distribution tax, and business license tax.

In addition, there was a \$34.8 million increase in appropriations between the original and final amended operating budget for the General Fund. The increase in appropriation is due primarily to the determination of actual project carryforwards for continuing appropriations for various multi-year projects, capital improvement projects, and other projects authorized by the City Council.

Actual budgetary basis expenditures of \$638.1 million were \$39.2 million less than the final amended budget. Savings were experienced in all expenditure categories mainly due to budget contingency and project and encumbrance carryforwards for multi-year budgets.

#### **Capital Assets**

The City's governmental activities capital assets, net of depreciation, totaled \$1.4 billion as of June 30, 2018 compared to \$1.4 billion as of June 30, 2017, a slight decrease of \$8.5 million or 0.6 percent. Governmental activities additions included \$90.7 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, park and recreation center upgrades, and infrastructure in support of the new logistics facility at the former Oakland Army Base.

**CITY OF OAKLAND**  
**Management’s Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---

Business-type activities, primarily the Sewer Fund, increased capital assets by \$10.9 million, which included \$16.2 million increase in construction in progress net of retirements and depreciation, primarily for sanitary sewer system capacity upgrades. See Note II, part D to the financial statements for more details on capital assets.

**Construction Commitments**

The City has committed to funding in the amount of \$148.4 million for a number of capital improvement projects for fiscal year 2017-18 through fiscal year 2018-19. These projects include improvements to building and facilities, parks and open space, sewers and storm drains, streets and sidewalks, technology enhancements, and traffic improvements. 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), Standard & Poor’s Rating Services (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 outstanding general obligation bonds from all three rating agencies. The City of Oakland’s underlying ratings for its bonds as of June 30, 2018 were as follows:

	<b>Ratings</b>		
	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
General obligation bonds	Aa2	AA	n/a
Lease revenue bonds	Aa3	AA	A1
Pension obligation bonds	Aa3	AA-	n/a
Tas allocation bonds	Baa1; Baa2	AA;AA-;A	n/a

<sup>1</sup> Upgraded to A+ on August 27, 2018

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

**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 \$2.0 billion. The total amount of debt applicable to the debt limit was \$317.6 million. The resulting legal debt margin was \$1.7 billion.

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

**Long-Term Obligations**

As of June 30, 2018, the City had total long-term obligations of \$1.1 billion compared to \$1.1 billion outstanding for the prior fiscal year, an increase of 4.0 percent. Of this amount, \$317.6 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$808.4 million is comprised of various long-term debt instruments listed below including accruals of year-end estimates for other long-term liabilities (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 317,605	\$ 216,655	\$ -	\$ -	\$ 317,605	\$ 216,655
Lease revenue bonds	60,025	71,335	-	-	60,025	71,335
Pension obligation bonds	271,580	296,854	-	-	271,580	296,854
Special assessment district bonds	3,585	5,335	-	-	3,585	5,335
Accreted interest of appreciation bonds	136,371	149,896	-	-	136,371	149,896
Sewer bonds	-	-	30,495	32,620	30,495	32,620
Unamortized premium and discounts	27,934	23,246	3,772	4,115	31,706	27,361
<b>Total bonds payable</b>	<b>817,100</b>	<b>763,321</b>	<b>34,267</b>	<b>36,735</b>	<b>851,367</b>	<b>800,056</b>
Loans, notes and lease payable	76,296	75,823	-	-	76,296	75,823
Other long-term liabilities	232,625	240,142	-	-	232,625	240,142
<b>Total long-term obligations</b>	<b>\$ 1,126,021</b>	<b>\$ 1,079,286</b>	<b>\$ 34,267</b>	<b>\$ 36,735</b>	<b>\$ 1,160,288</b>	<b>\$ 1,116,021</b>

The City's overall bonds, notes and lease payables increased by \$51.8 million compared to the prior fiscal year balance. The increase is primarily attributable to the issuance of \$117.8 million of general obligation bonds (Measure KK), the drawdown of \$16.5 million on the Oakland Army Base loan, and an equipment lease of \$4.9 million, offset by debt repayments.

**Current Year Long-Term Debt Financing:**

- On August 30, 2017 the City issued \$62.7 million Measure KK, Series 2017 A-1 and \$55.1 million Series 2017 A-2 General Obligation Bonds to improve public safety and invest in neighborhoods throughout Oakland by re-paving streets to remove potholes, rebuilding cracked and deteriorating sidewalks, funding bicycle and pedestrian safety improvements, funding affordable housing for Oaklanders, and providing funds for facility improvements, such as, neighborhood recreation centers, playgrounds, and libraries.
- On February 16, 2017, the City entered into a draw-down term loan of \$24.5 million which will be used for construction of public improvements at the former Oakland Army Base and (ii) to pay for certain costs related to the issuance of the Loan. During the fiscal year ended June 30, 2018, the City drew down the remaining loan balance of \$16.5 million.
- On August 1, 2017, the City entered into a Master-Lease Purchase Agreement with Banc of America Public Capital Corp. in the principal amount of \$4.9 million to provide funding to upgrade, replace, and implement mission-critical public safety information technology systems.

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

**CITY OF OAKLAND**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended June 30, 2018**

---

**Economic Factors and Next Year's Budgets and Tax Rates**

The economic indicators highlighted below, among others and including labor union contracts and concessions, were factored into the City's budget formulation process as they relate to revenue forecasting, program planning, and resource allocation for fiscal year 2017-18.

The City's economy continues to grow, which is resulting in a steady growth of General Fund revenues. While revenues now exceed pre-recession levels, the growth is not enough to restore pre-recession service levels due to rising costs. There is also pressure on the budget to fund long-term deferred maintenance and capital equipment, and long-term unfunded liabilities. The City adopted a balanced budget for fiscal years 2017-19 without layoffs, and continues to invest in public safety, stabilize our workforce, economic growth, job creation and training, education, equipment and technology, and quality of life.

In February 2017, the City issued a Five-Year Financial Forecast that forecasted revenues and expenditures. The purpose of the Five-Year Financial Forecast is to help the City of Oakland make informed financial and operational decisions by better anticipating long-term future revenues and expenditures. Since that time the City has experienced a continued growth in revenues and in the local economy. This economic growth will be reflected in subsequent reports on City revenues and expenditures.

In February 2019, the City will release a new Five-Year Financial Forecast in preparation for the FY 2019-21 Biennial Budget. This new forecast will address the projected future growth rates of expenditures and revenues, and any other fiscal concerns, based upon information available through December 2018.

The City of Oakland's unemployment rate decreased to 3.8 percent in June 2018 compared to a rate of 4.9 percent for June 2017.

The Bay Area's consumer price index for all urban consumers in October 2018 was 289.7 compared to 277.6 in October 2017, a 4.4% increase, and 14.5% above the U.S. city average of 252.9 (Base period: 1982 - 84 = 100).

The City's estimated population for 2018 is 428,827, a 0.6% increase above the 2017 estimated population of 426,074.

Pension rates, and health care costs have been factored into the City's mid-cycle budget adjustments for Fiscal Year 2017-19.

**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 <http://www.oaklandca.gov>.

This page intentionally left blank.

# **BASIC FINANCIAL STATEMENTS**

---

**City of Oakland**  
**Statement of Net Position**  
**June 30, 2018**  
*(In thousands)*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Port of Oakland
<b>ASSETS</b>				
Cash and investments	\$ 648,586	\$ 44,874	\$ 693,460	\$ 368,157
Receivables (net of allowance for uncollectibles of \$6,547 for City and \$540 for Port):				
Accrued interest	2,401	169	2,570	-
Property taxes	13,271	-	13,271	-
Accounts receivable	63,175	19,348	82,523	44,157
Grants receivable	34,534	-	34,534	-
Due from Port	8,675	-	8,675	-
Due from Oakland Redevelopment Successor Agency (ORSA)	4,269	-	4,269	-
Due from private purpose trust fund	72	-	72	-
Internal balances	383	(383)	-	-
Due from other governments	10,891	-	10,891	-
Inventories	911	-	911	-
Restricted assets:				
Cash and investments	266,084	152	266,236	66,075
Receivables	-	-	-	3,674
Property held for resale	162,657	-	162,657	-
Notes and loans receivable (net of allowance for uncollectibles of \$158,428 for the City)	403,128	-	403,128	-
Prepaid expenses	451	19	470	3,663
Other	-	-	-	42,211
Capital assets:				
Land and other capital assets not being depreciated	410,692	37,986	448,678	590,686
Facilities, infrastructure, and equipment, net of depreciation	996,238	198,268	1,194,506	1,573,884
<b>TOTAL ASSETS</b>	<b>3,026,418</b>	<b>300,433</b>	<b>3,326,851</b>	<b>2,692,507</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding of debt	16,003	-	16,003	6,838
Deferred outflows of resources related to pensions	383,063	10,874	393,937	48,652
Deferred outflows of resources related to OPEB	36,654	571	37,225	14,732
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>435,720</b>	<b>11,445</b>	<b>447,165</b>	<b>70,222</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	177,728	3,265	180,993	36,528
Accrued interest payable	24,788	58	24,846	7,568
Due to other governments	1,385	-	1,385	-
Due to primary government	-	-	-	8,675
Due to Oakland Redevelopment Successor Agency (ORSA)	2,312	-	2,312	-
Unearned revenue	5,755	-	5,755	34,204
Other	21,067	6	21,073	27,782
Non-current liabilities:				
Due within one year	178,967	2,578	181,545	73,580
Due in more than one year	947,054	31,689	978,743	1,042,730
Net pension liability	1,660,253	43,672	1,703,925	222,741
Net other postemployment benefits (OPEB) liability	836,431	13,040	849,471	103,877
<b>TOTAL LIABILITIES</b>	<b>3,855,740</b>	<b>94,308</b>	<b>3,950,048</b>	<b>1,557,685</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unamortized gain on refunding of debt	-	434	434	-
Deferred inflows of resources related to pensions	24,856	620	25,476	2,565
Deferred inflows of resources related to OPEB	250,952	3,912	254,864	1,492
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>275,808</b>	<b>4,966</b>	<b>280,774</b>	<b>4,057</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,126,892	201,553	1,328,445	1,155,086
Restricted for:				
Debt service	19,296	-	19,296	-
Housing and community development	313,298	-	313,298	-
Low and moderate income housing redevelopment	292,353	-	292,353	-
Other purposes	23,619	-	23,619	10,457
Unrestricted (deficit)	(2,444,868)	11,051	(2,433,817)	35,444
<b>TOTAL NET POSITION</b>	<b>\$ (669,410)</b>	<b>\$ 212,604</b>	<b>\$ (456,806)</b>	<b>\$ 1,200,987</b>

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

**City of Oakland**  
**Statement of Activities**  
**Year Ended June 30, 2018**  
*(In thousands)*

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit Port of Oakland
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 110,486	\$ 45,511	\$ 6,628	\$ -	\$ (58,347)	\$ -	\$ (58,347)	
Public safety	471,378	24,343	17,047	-	(429,988)	-	(429,988)	
Community services	144,763	6,610	36,104	-	(102,049)	-	(102,049)	
Community and economic development	103,328	99,239	24,253	750	20,914	-	20,914	
Public works and transportation	158,610	46,016	40,206	-	(72,388)	-	(72,388)	
Interest on long-term debt	61,505	-	-	-	(61,505)	-	(61,505)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,050,070</b>	<b>221,719</b>	<b>124,238</b>	<b>750</b>	<b>(703,363)</b>	<b>-</b>	<b>(703,363)</b>	
Business-type activities:								
Sewer	49,645	65,614	-	-	-	15,969	15,969	
Parks and recreation	1,317	554	-	-	-	(763)	(763)	
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>50,962</b>	<b>66,168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,206</b>	<b>15,206</b>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,101,032</b>	<b>\$ 287,887</b>	<b>\$ 124,238</b>	<b>\$ 750</b>	<b>(703,363)</b>	<b>15,206</b>	<b>(688,157)</b>	
<b>Component unit:</b>								
Port of Oakland	\$ 391,175	\$ 381,011	\$ 324	\$ 50,172				\$ 40,332
General revenues:								
Property taxes					340,573	-	340,573	-
State taxes (unrestricted intergovernmental revenues):								
Sales and use taxes					85,500	-	85,500	-
Gas tax					10,867	-	10,867	-
Motor vehicle in-lieu					224	-	224	-
Local taxes (own source revenues):								
Business license					86,107	-	86,107	-
Utility consumption					52,047	-	52,047	-
Real estate transfer					77,663	-	77,663	-
Transient occupancy					30,039	-	30,039	-
Parking					21,137	-	21,137	-
Voter approved special tax					50,469	-	50,469	-
Franchise					19,124	-	19,124	-
Interest and investment income					11,762	727	12,489	5,109
Other					42,362	-	42,362	38,315
Transfers					1,292	(1,292)	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>829,166</b>	<b>(565)</b>	<b>828,601</b>	<b>43,424</b>
Changes in net position								
Net position - beginning, as previously reported					(93,045)	208,019	114,974	1,201,736
Cumulative effect of change in accounting principle					(702,168)	(10,056)	(712,224)	(84,505)
Net position - beginning, as restated					(795,213)	197,963	(597,250)	1,117,231
<b>NET POSITION - ENDING</b>	<b>\$ (669,410)</b>	<b>\$ 212,604</b>	<b>\$ (456,806)</b>	<b>\$ 1,200,987</b>				

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

**City of Oakland**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**  
*(In thousands)*

	General Fund	Federal/ State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and investments	\$ 400,305	\$ 1,265	\$ 24,588	\$ 480	\$ 169,269	\$ 40,442	\$ 636,349
Receivable (net of allowance for uncollectibles of \$5,207)							
Accrued interest	1,553	(11)	74	49	556	123	2,344
Property taxes	7,487	-	-	-	2,678	3,106	13,271
Accounts receivable	47,145	5,226	2	1,194	3,952	5,523	63,042
Grants receivable	305	33,741	-	-	488	-	34,534
Due from Port	8,675	-	-	-	-	-	8,675
Due from ORSA trust fund	-	-	1,978	2,291	-	-	4,269
Due from other funds	22,592	-	-	-	-	-	22,592
Due from other governments	10,891	-	-	-	-	-	10,891
Notes and loans receivable (net of allowance for uncollectibles of \$158,428)	6,855	135,285	233,728	26,356	904	-	403,128
Restricted cash and investments	57,390	152	1,525	176,918	-	11,201	247,186
Property held for resale	-	-	30,677	131,980	-	-	162,657
Other assets	50	94	-	-	29	36	209
<b>TOTAL ASSETS</b>	<b>\$ 563,248</b>	<b>\$ 175,752</b>	<b>\$ 292,572</b>	<b>\$ 339,268</b>	<b>\$ 177,876</b>	<b>\$ 60,431</b>	<b>\$ 1,609,147</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 140,892	\$ 9,545	\$ 215	\$ 3,494	\$ 9,062	\$ 10,231	\$ 173,439
Due to other funds	-	11,610	-	55	-	1,550	13,215
Due to ORSA trust fund	2,312	-	-	-	-	-	2,312
Due to other governments	1,356	2	-	-	27	-	1,385
Unearned revenue	5,546	209	-	-	-	-	5,755
Other	3,796	2,588	4	3,062	9,276	2,334	21,060
<b>TOTAL LIABILITIES</b>	<b>153,902</b>	<b>23,954</b>	<b>219</b>	<b>6,611</b>	<b>18,365</b>	<b>14,115</b>	<b>217,166</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property tax	3,520	-	-	-	2,048	2,160	7,728
Unavailable revenue - notes and loans	6,855	135,285	233,861	26,356	904	-	403,261
Unavailable revenue - mandated claims	10,891	-	-	-	-	-	10,891
Unavailable revenue - grants and others	2,913	9,634	-	1,000	191	-	13,738
Unavailable revenue - loans to OSRA	-	-	1,978	2,164	-	-	4,142
<b>TOTAL DEFERRED INFLOWS</b>	<b>24,179</b>	<b>144,919</b>	<b>235,839</b>	<b>29,520</b>	<b>3,143</b>	<b>2,160</b>	<b>439,760</b>
<b>FUND BALANCES</b>							
Restricted	235,084	6,879	56,514	303,137	-	42,020	643,634
Committed	14,323	-	-	-	17,959	1,590	33,872
Assigned	41,959	-	-	-	138,409	1,652	182,020
Unassigned	93,801	-	-	-	-	(1,106)	92,695
<b>TOTAL FUND BALANCES</b>	<b>385,167</b>	<b>6,879</b>	<b>56,514</b>	<b>303,137</b>	<b>156,368</b>	<b>44,156</b>	<b>952,221</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 563,248</b>	<b>\$ 175,752</b>	<b>\$ 292,572</b>	<b>\$ 339,268</b>	<b>\$ 177,876</b>	<b>\$ 60,431</b>	<b>\$ 1,609,147</b>

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

**City of Oakland**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position for Governmental Activities**  
**June 30, 2018**  
*(In thousands)*

---

Fund balances - total governmental funds (page 25)	\$	952,221
--	----	---------

Amounts reported for governmental activities in the statement of net position are different due to the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Primary government capital assets, net of depreciation	1,406,930	
Less: internal service funds' capital assets, net of depreciation	<u>(46,183)</u>	1,360,747

Prepaid insurance premiums on long-term debt are not financial resources and, therefore, are not reported in the governmental funds.		204
--	--	-----

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	(24,788)	
Less: interest payable on long-term debt of the internal service funds	<u>324</u>	(24,464)

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.		439,760
---	--	---------

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	(1,126,021)	
Less: long-term liabilities for internal service funds	<u>39,234</u>	(1,086,787)

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.		16,003
--	--	--------

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	(1,609,734)	
Deferred outflows of resources related to pensions	370,616	
Deferred inflows of resources related to pensions	(24,156)	
Net OPEB liability	(820,718)	
Deferred outflows of resources related to OPEB	35,966	
Deferred inflows of resources related to OPEB	<u>(246,237)</u>	(2,294,263)

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 communication equipment to individual funds. Assets, deferred outflows, liabilities, and deferred inflows of resources of internal service funds are included in governmental activities in the statement of net position.		<u>(32,831)</u>
--	--	-----------------

NET POSITION OF GOVERNMENTAL ACTIVITIES (page 23)	\$	<u>(669,410)</u>
---	----	------------------

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

**City of Oakland**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2018**  
*(In thousands)*

	General Fund	Federal/ State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Total
<b>REVENUES</b>							
Taxes:							
Property	\$ 295,216	\$ -	\$ -	\$ -	\$ 16,536	\$ 30,549	\$ 342,301
Sales and use	57,465	-	-	-	-	28,035	85,500
Motor vehicle in-lieu	224	-	-	-	-	-	224
Gas	-	-	-	-	-	10,867	10,867
Local taxes:							
Business license	86,107	-	-	-	-	-	86,107
Utility consumption	52,047	-	-	-	-	-	52,047
Real estate transfer	77,663	-	-	-	-	-	77,663
Transient occupancy	23,583	-	-	-	6,456	-	30,039
Parking	10,803	-	-	-	10,334	-	21,137
Voter approved special tax	11,878	-	-	-	19,408	19,183	50,469
Franchise	18,858	266	-	-	-	-	19,124
Licenses and permits	2,384	-	-	-	45,207	140	47,731
Fines and penalties	18,267	364	-	-	859	876	20,366
Interest and investment income	(3,069)	1,065	1,643	1,814	2,248	856	4,557
Charges for services	97,371	110	384	2,963	52,634	160	153,622
Federal and state grants and subventions	3,813	110,458	-	-	2,844	4,444	121,559
Annuity income	6,952	-	-	-	-	-	6,952
Other	6,320	3,853	17,409	1,901	2,104	2,621	34,208
<b>TOTAL REVENUES</b>	<b>765,882</b>	<b>116,116</b>	<b>19,436</b>	<b>6,678</b>	<b>158,630</b>	<b>97,731</b>	<b>1,164,473</b>
<b>EXPENDITURES</b>							
Current:							
Elected and Appointed Officials:							
Mayor	2,768	437	-	-	151	379	3,735
Council	4,625	-	-	-	-	-	4,625
City Administrator	13,155	80	-	196	1,507	24	14,962
City Attorney	14,204	64	-	260	1,977	39	16,544
City Auditor	1,994	-	-	-	-	-	1,994
City Clerk	3,608	-	-	-	-	-	3,608
Public Ethics Commission	1,038	-	-	-	-	-	1,038
Departments:							
Administrative Service Department:							
Human Resource Management	7,642	-	-	-	149	-	7,791
Financial Services	27,546	313	-	-	1,015	130	29,004
Information Technology	11,200	12	-	355	1,027	-	12,594
Race and Equity Department	448	-	-	-	-	-	448
Public Safety:							
Oakland Police Department	260,564	4,910	-	-	18,801	1,008	285,283
Oakland Fire Department	135,443	5,969	-	-	6,122	735	148,269
Police Commission	2,098	-	-	-	-	-	2,098
Community Service Department:							
Parks and Recreation	22,402	121	-	-	259	3,475	26,257
Library	12,396	156	-	-	16,815	161	29,528
Department of Violence Prevention	211	-	-	-	30	-	241
Human Services Department	7,540	38,401	96	-	26,000	2,409	74,446
Community and Economic Development:							
Planning and Building	-	404	-	25	30,302	-	30,731
Economic & Workforce Development	7,607	4,936	-	13,201	895	2,263	28,902
Housing & Community Development	4,899	9,090	11,327	11,799	3,034	-	40,149
Oakland Public Works	32,918	2,361	-	1,999	997	13,443	51,718
Department of Transportation	1,189	7,016	-	1,360	5,538	31,595	46,698
Other	54,908	1,429	-	4,345	6,690	3,809	71,181
Capital outlay	1,827	21,199	-	4,549	469	44,878	72,922
Debt service:							
Principal repayment	4,744	-	-	-	-	51,853	56,597
Bond issuance cost	167	-	-	-	-	1,964	2,131
Payment to refund bond escrow agent	-	-	-	-	-	1,535	1,535
Interest and other charges	941	-	-	8	-	56,503	57,452
<b>TOTAL EXPENDITURES</b>	<b>638,082</b>	<b>96,898</b>	<b>11,423</b>	<b>38,097</b>	<b>121,778</b>	<b>216,203</b>	<b>1,122,481</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>127,800</b>	<b>19,218</b>	<b>8,013</b>	<b>(31,419)</b>	<b>36,852</b>	<b>(118,472)</b>	<b>41,992</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of bonds	-	-	-	117,855	-	-	117,855
Proceeds from loan	-	-	-	-	-	16,479	16,479
Issuance of refunding bonds	-	-	-	-	-	61,405	61,405
Premiums on issuance of bonds	-	-	-	-	-	8,565	8,565
Discounts on issuance of bonds	-	-	-	-	-	(10)	(10)
Payment to refund bond escrow agent	-	-	-	-	-	(68,307)	(68,307)
Proceeds from sale of capital assets	2,855	-	-	-	-	-	2,855
Insurance claims and settlements	2,917	-	-	-	32	-	2,949
Transfers in	6,971	2,934	-	-	18,115	77,403	105,423
Transfers out	(101,102)	(35)	-	(3,082)	(476)	(412)	(105,107)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(88,359)</b>	<b>2,899</b>	<b>-</b>	<b>114,773</b>	<b>17,671</b>	<b>95,123</b>	<b>142,107</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>39,441</b>	<b>22,117</b>	<b>8,013</b>	<b>83,354</b>	<b>54,523</b>	<b>(23,349)</b>	<b>184,099</b>
Fund balances - beginning	345,726	(15,238)	48,501	219,783	101,845	67,505	768,122
<b>FUND BALANCES - ENDING</b>	<b>\$ 385,167</b>	<b>\$ 6,879</b>	<b>\$ 56,514</b>	<b>\$ 303,137</b>	<b>\$ 156,368</b>	<b>\$ 44,156</b>	<b>\$ 952,221</b>

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

**City of Oakland**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities of Governmental Activities**  
**Year Ended June 30, 2018**  
*(In thousands)*

---

Net change in fund balances - total governmental funds (page 27) \$ 184,099

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 useful 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	91,240	
Capital asset retirement	(30,326)	
Depreciation	(63,476)	(2,562)

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. 38,317

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 governmental funds. 1,758

The issuance of long-term debt provides current financial resources to governmental funds. This is the amount by which bond proceeds increases the liabilities in the statement of net position. (134,563)

The repayment of the principal of long-term debt consumes the current financing sources of the governmental funds. This is the amount by which principal retirement reduces the liabilities in the statement of net position. 56,597

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of bond premiums and discounts	1,178	
Amortization of prepaid bond insurance premium on long-term debt	(46)	
Amortization of deferred outflows of refunding loss	(517)	
Accreted interest on appreciation bonds	13,525	
Changes in accrued interest on bonds and notes payable	(1,580)	
Changes in Coliseum Authority pledged obligation	4,335	
Changes in mandated environmental remediation obligations	(224)	
Changes in net pension liability and deferred outflows and inflows of resources related to pensions	(47,227)	
Changes on net OPEB liability and deferred outflows and inflows of resources related to OPEB	4,928	
Changes on fair value of the interest swap agreement	1,648	(23,980)

Net expenses of activities of internal service funds is reported with governmental activities 6,137

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 24)** **\$ 125,803**

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, 2018**  
*(In thousands)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Nonmajor Fund</b>		<b>Total</b>	<b>Internal</b>
	<b>Sewer Service</b>	<b>Parks and Recreation</b>		<b>Service Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 44,873	\$ 1	\$ 44,874	\$ 12,237
Interest receivable	169	-	169	57
Accounts receivable (net of allowance for uncollectibles of \$1,340 for the enterprise funds)	19,344	4	19,348	133
Inventories	-	-	-	911
Restricted cash and investments	-	152	152	18,898
Prepaid expenses	19	-	19	38
Total current assets	<u>64,405</u>	<u>157</u>	<u>64,562</u>	<u>32,274</u>
Capital assets:				
Land and other assets not being depreciated	37,625	361	37,986	1,081
Facilities, equipment and infrastructure, net of depreciation	196,505	1,763	198,268	45,102
Total capital assets	<u>234,130</u>	<u>2,124</u>	<u>236,254</u>	<u>46,183</u>
<b>TOTAL ASSETS</b>	<u>298,535</u>	<u>2,281</u>	<u>300,816</u>	<u>78,457</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	10,801	73	10,874	12,447
Deferred outflows of resources related to OPEB	567	4	571	688
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>11,368</u>	<u>77</u>	<u>11,445</u>	<u>13,135</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,265	-	3,265	4,289
Accrued interest payable	58	-	58	324
Due to other funds	2	381	383	8,922
Other liabilities	6	-	6	7
Bonds, capital leases, notes and other payables	2,578	-	2,578	11,514
Total current liabilities	<u>5,909</u>	<u>381</u>	<u>6,290</u>	<u>25,056</u>
Non-current liabilities:				
Bonds, capital leases, notes and other payables	31,689	-	31,689	27,720
Net pension liability	43,382	290	43,672	50,519
Net other postemployment benefit (OPEB) liability	12,939	101	13,040	15,713
Total non-current liabilities	<u>88,010</u>	<u>391</u>	<u>88,401</u>	<u>93,952</u>
<b>TOTAL LIABILITIES</b>	<u>93,919</u>	<u>772</u>	<u>94,691</u>	<u>119,008</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unamortized gain on refunding of debt	434	-	434	-
Deferred inflows of resources related to pensions	616	4	620	700
Deferred inflows of resources related to OPEB	3,882	30	3,912	4,715
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>4,932</u>	<u>34</u>	<u>4,966</u>	<u>5,415</u>
<b>NET POSITION</b>				
Net investment in capital assets	199,429	2,124	201,553	25,847
Unrestricted (deficit)	11,623	(572)	11,051	(58,678)
<b>TOTAL NET POSITION</b>	<u>\$ 211,052</u>	<u>\$ 1,552</u>	<u>\$ 212,604</u>	<u>\$ (32,831)</u>

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, 2018**  
*(In thousands)*

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Nonmajor Fund</b>			<b>Activities</b>
	<b>Sewer Service</b>	<b>Parks and Recreation</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Rental	\$ -	\$ 554	\$ 554	\$ -
Sewer services	65,589	-	65,589	-
Charges for services	-	-	-	84,585
Other	25	-	25	409
<b>TOTAL OPERATING REVENUES</b>	<b>65,614</b>	<b>554</b>	<b>66,168</b>	<b>84,994</b>
<b>OPERATING EXPENSES</b>				
Personnel	21,246	159	21,405	25,326
Supplies	754	741	1,495	9,571
Depreciation and amortization	6,208	278	6,486	12,626
Contractual services and supplies	2,703	-	2,703	7,192
Repairs and maintenance	6,344	5	6,349	7,775
General and administrative	8,167	92	8,259	8,669
Rental	1,773	33	1,806	2,427
Other	1,318	9	1,327	7,421
<b>TOTAL OPERATING EXPENSES</b>	<b>48,513</b>	<b>1,317</b>	<b>49,830</b>	<b>81,007</b>
<b>OPERATING INCOME (LOSS)</b>	<b>17,101</b>	<b>(763)</b>	<b>16,338</b>	<b>3,987</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment income	730	(3)	727	253
Interest expense	(1,132)	-	(1,132)	(846)
Insurance claims and settlements	-	-	-	1,688
Other, net	-	-	-	79
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(402)</b>	<b>(3)</b>	<b>(405)</b>	<b>1,174</b>
<b>INCOME/(LOSS) BEFORE TRANSFERS</b>	<b>16,699</b>	<b>(766)</b>	<b>15,933</b>	<b>5,161</b>
Transfers in	-	-	-	4,225
Transfers out	(1,292)	-	(1,292)	(3,249)
<b>Change in net position</b>	<b>15,407</b>	<b>(766)</b>	<b>14,641</b>	<b>6,137</b>
Net position - beginning, as reported	205,619	2,400	208,019	(26,694)
Cumulative effect of change in accounting principle	(9,974)	(82)	(10,056)	(12,274)
Net position - beginning, as restated	195,645	2,318	197,963	(38,968)
<b>NET POSITION - ENDING</b>	<b>\$ 211,052</b>	<b>\$ 1,552</b>	<b>\$ 212,604</b>	<b>\$ (32,831)</b>

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, 2018**  
*(In thousands)*

	Business-type Activities - Enterprise Funds			Governmental
	Sewer Service	Nonmajor Fund		Internal
		Parks and Recreation	Total	Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 60,100	\$ -	\$ 60,100	\$ 84,554
Cash received from tenants for rents	-	554	554	-
Cash from other sources	25	-	25	2,197
Cash paid to employees	(20,366)	(154)	(20,520)	(24,092)
Cash paid to suppliers	(22,116)	(888)	(23,004)	(42,315)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	17,643	(488)	17,155	20,344
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from interfund loans	-	137	137	141
Repayment of interfund loans	-	-	-	(4,583)
Transfers in	-	-	-	4,225
Transfers out	(1,292)	-	(1,292)	(3,249)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(1,292)	137	(1,155)	(3,466)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(17,215)	(177)	(17,392)	(7,890)
Long-term debt:				
Proceeds from issuance of debt	-	-	-	4,900
Repayment of long-term debt	(2,125)	-	(2,125)	(12,578)
Interest paid on long-term debt	(1,519)	-	(1,519)	(920)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(20,859)	(177)	(21,036)	(16,488)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received (paid)	662	(3)	659	215
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(3,846)	(531)	(4,377)	605
Cash and cash equivalents - beginning	48,719	684	49,403	30,530
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 44,873	\$ 153	\$ 45,026	\$ 31,135
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 17,101	\$ (763)	\$ 16,338	\$ 3,987
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Depreciation and amortization	6,208	278	6,486	12,626
Loss on write off on capital assets	-	-	-	1,205
Miscellaneous nonoperating revenues (expenses)	-	-	-	1,767
Changes in assets, liabilities, and deferred outflows and inflows of resources:				
Receivables	(5,489)	-	(5,489)	(31)
Inventories	-	-	-	(173)
Other assets	21	-	21	(36)
Accounts payable and accrued liabilities	(1,078)	(8)	(1,086)	(235)
Net pension liability and related pension deferred items	(77)	-	(77)	1,328
Net OPEB liability and related OPEB deferred items	957	5	962	(94)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 17,643	\$ (488)	\$ 17,155	\$ 20,344
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>				
Cash and investments	\$ 44,873	\$ 1	\$ 44,874	\$ 12,237
Restricted cash and investments	-	152	152	18,898
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	\$ 44,873	\$ 153	\$ 45,026	\$ 31,135
<b>NON CASH ITEMS:</b>				
Amortization of bond premiums	\$ 40	\$ -	\$ 40	\$ -

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, 2018**  
*(In thousands)*

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 7,821	\$ 59,843
Receivables:		
Accrued interest and dividends	905	501
Accounts receivable	-	2,710
Investments and others	5,383	-
Due from other funds of the City	-	2,312
Prepaid expenses	-	1,867
Restricted:		
Cash and investments:		
Short-term investments	4,285	11,870
U.S. government agency securities	98,313	-
U.S. corporate bonds and mutual funds	-	-
Domestic equities and mutual funds	151,601	-
International equities and mutual funds	46,770	-
Alternative investments	71,132	-
Foreign currency contracts, net	(1)	-
Total restricted cash and investments	372,100	11,870
Securities lending collateral	43,818	-
Loans receivable, net of allowance for uncollectibles of \$46,675	-	16,759
Property held for resale	-	2,818
<b>TOTAL ASSETS</b>	<b>430,027</b>	<b>98,680</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on refunding of debt	-	14,473
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	10,236	1,066
Accrued interest payable	-	6,374
Due to other funds of the City	-	4,341
Securities lending liabilities	43,815	-
Other	-	50
<b>Total current liabilities</b>	<b>54,051</b>	<b>11,831</b>
Non-current liabilities:		
Due within one year	-	34,991
Due in more than one year	-	323,656
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>358,647</b>
<b>TOTAL LIABILITIES</b>	<b>54,051</b>	<b>370,478</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized gain on refunding of debt	-	448
<b>NET POSITION RESTRICTED FOR:</b>		
Employees' pension benefits	375,976	-
Redevelopment dissolution and other purposes	-	(257,773)
<b>TOTAL NET POSITION</b>	<b>\$ 375,976</b>	<b>\$ (257,773)</b>

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

**City of Oakland**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2018**  
*(In thousands)*

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS:</b>		
Trust receipts	\$ -	\$ 64,861
Contributions:		
Employer	44,860	
Investment income:		
Net appreciation in fair value of investments	30,072	-
Interest	2,625	1,073
Dividends	4,032	-
Securities lending	761	-
<b>TOTAL INVESTMENT INCOME</b>	<b>37,490</b>	<b>1,073</b>
Less investment expenses:		
Investment expenses	(2,055)	-
<b>NET INVESTMENT INCOME</b>	<b>35,435</b>	<b>1,073</b>
Federal and state grants	-	220
Other income	20	2,108
<b>TOTAL ADDITIONS</b>	<b>80,315</b>	<b>68,262</b>
<b>DEDUCTIONS:</b>		
Benefits to members and beneficiaries:		
Retirement	34,370	-
Disability	19,855	-
Death	1,774	-
<b>TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES</b>	<b>55,999</b>	<b>-</b>
Administrative expenses	1,490	2,034
Oakland Police Department	-	5
Human Services	-	122
Economic & Workforce Development	-	5,334
Other	53	9,950
Bond issuance cost	-	565
Interest on debt	-	19,990
<b>TOTAL DEDUCTIONS</b>	<b>57,542</b>	<b>38,000</b>
Change in net position	22,773	30,262
Net position - beginning	353,203	(288,035)
<b>NET POSITION - ENDING</b>	<b>\$ 375,976</b>	<b>\$ (257,773)</b>

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

This page intentionally left blank.

# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

---

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

---

**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. Up through June 30, 2018, the Oversight Board is comprised of seven-member representatives from local government bodies: two City representatives appointed by the Mayor; two County of Alameda (County) representatives; the County Superintendent of Education; the Chancellor of California Community Colleges; and a representative of the largest special district from the taxing entities. Effective July 1, 2018, the Alameda Countywide Oversight Board serves as the Oversight Board for ORSA (see Note III, part E).

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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**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 Comprehensive Annual 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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

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 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 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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

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

- ***Measure Y – Violence Prevention and Public Safety Act of 2004.*** The measure provides for the following services: community and neighborhood policing, violence prevention services with an emphasis on youth and children, fire services, and evaluation.
- ***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 – 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 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 funds provide additional funding for programs and services benefiting children and youth.
- ***Development Service 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 fund types:

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

Successor Agency with passage of AB X1 26; (b) the Other Private Purpose Trust Fund, which accounts for assets and liabilities from the Former Agency and for the operations of the Youth Opportunity Program and certain gifts that are not related to the Former Agency projects or parks, recreation and cultural, activities; and (c) the Private Pension Trust Fund, which accounts for the employee deferred compensation plan.

**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 120 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, 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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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**

During the year ended June 30, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement addresses the accounting and financial reporting requirements for governments whose employees are provided with OPEB plans. The provisions of GASB Statement No. 75 separate accounting and financial reporting from how OPEB plans are funded and require changes in the notes to the financial statements and required supplementary information. Significant changes include an actuarial calculation of the total OPEB liability. It also includes comprehensive disclosures regarding the net OPEB liability, the sensitivity of the net OPEB liability to the discount rate, and OPEB expense and related deferred outflows/inflows of resources disclosures (see Note III, part B).

The provisions of Statement No. 75 are effective for the City's year ended June 30, 2018. While restatement of all prior periods was not practical because the actuarial information was not available, the cumulative effect of applying this statement is reported as a restatement of beginning net position as of July 1, 2017 as follows:

	<b>Record Beginning Net OPEB Liability</b>	<b>Record Beginning Deferred Outflows of Resources - OPEB Items</b>	<b>Remove Net OPEB Obligation (Change from GASB 45)</b>	<b>Total Cumulative Effect of Change in Accounting Principle</b>
<b>Primary Government:</b>				
Governmental Activities	\$ (1,075,862)	\$ 20,111	\$ 353,583	\$ (702,168)
Business-Type Activities	(16,771)	313	6,402	(10,056)
<b>Total Primary Government</b>	<b>\$ (1,092,633)</b>	<b>\$ 20,424</b>	<b>\$ 359,985</b>	<b>\$ (712,224)</b>
<b>Discrete Component Unit</b>				
Port of Oakland	<b>\$ (109,884)</b>	<b>\$ 15,400</b>	<b>\$ 9,979</b>	<b>\$ (84,505)</b>
<b>Enterprise Funds:</b>				
Sewer Service Fund	\$ (16,642)	\$ 311	\$ 6,357	\$ (9,974)
Nonmajor Fund Parks and Recreation	(129)	2	45	(82)
<b>Total Enterprise Funds</b>	<b>\$ (16,771)</b>	<b>\$ 313</b>	<b>\$ 6,402</b>	<b>\$ (10,056)</b>
<b>Internal Service Funds</b>	<b>\$ (20,212)</b>	<b>\$ 378</b>	<b>\$ 7,560</b>	<b>\$ (12,274)</b>

The City's adoption of GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishment Issues*, did not have a material impact on the City's June 30, 2018 financial statements.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for the City's fiscal year ending June 30, 2019.
- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2020.
- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of the statement is to improve the accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the consistency of information about governments' leasing activities. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.
- In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for the City's fiscal year ending June 30, 2019.
- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.
- In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the City's fiscal year ending June 30, 2020.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**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 PFRS, whose funds are 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, 2018.

**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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

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
Systems and structures	10-50 years
Other equipment	5-10 years
Software	20 years

## **8. Property Held for Resale**

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

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

## **9. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources related to pension and OPEB contributions subsequent to measurement date and other pension and OPEB related deferred outflows. Also, losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

refunded or the refunding debt. Amortization of these balances is recorded as a component of interest expense.

In addition to liabilities, the statement of net position and governmental funds balance sheet will report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, notes and loan receivables, grant receivables/advances from the federal government and State, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available. The City also has deferred inflows of resources related to the unamortized gains on refunding of debt and pension and OPEB related deferred inflows.

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

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

**11. Retirement Plans**

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

**12. Other Postemployment Benefits (OPEB)**

The City's OPEB plan covers the City's police, fire, and other (miscellaneous) employees. City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. Retiree health benefits are described in the labor agreements between the City and local unions and in City resolutions. The demographic rates used for the 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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**13. Pollution Remediation Obligations**

Under the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the City recorded remediation liabilities related to its pollution remediation activities. See Note III, part C for additional information.

**14. Fund Balances**

Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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:

- *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 in one of the other three fund balance categories.

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

Fund balances for all the major and nonmajor governmental funds as of June 30, 2018, were distributed as follows (in thousands):

	General Fund	Federal/ State Grant Fund	LMIHF <sup>1</sup>	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Total
<b>Restricted for:</b>							
Capital projects	\$ -	\$ 6,879	\$ 1,525	\$ 171,157	\$ -	\$ 23,188	\$ 202,749
Pension obligations annuity	57,390	-	-	-	-	-	57,390
Pension obligations PFRS	177,694	-	-	-	-	-	177,694
Debt service	-	-	-	-	-	18,832	18,832
Property held for resale	-	-	30,677	131,980	-	-	162,657
Housing projects	-	-	24,312	-	-	-	24,312
Total restricted	235,084	6,879	56,514	303,137	-	42,020	643,634
<b>Committed for:</b>							
Vital services	14,323	-	-	-	-	-	14,323
Library, Kids First, and museum trust	-	-	-	-	17,959	1,590	19,549
Total committed	14,323	-	-	-	17,959	1,590	33,872
<b>Assigned for:</b>							
Capital projects	41,959	-	-	-	138,409	1,652	182,020
<b>Unassigned</b>	93,801	-	-	-	-	(1,106)	92,695
<b>Total</b>	<b>\$ 385,167</b>	<b>\$ 6,879</b>	<b>\$ 56,514</b>	<b>\$ 303,137</b>	<b>\$ 156,368</b>	<b>\$ 44,156</b>	<b>\$ 952,221</b>

<sup>1</sup> 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 General Purpose Fund 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 funds balances, the PFRS liability, other unfunded retirement and pension liabilities, unfunded paid leave liabilities, and OPEB liabilities.
- The remainder shall be used to fund one-time expenses, augment the General Purpose Fund Emergency Reserve, and to augment the Capital Improvements Reserve Fund.

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

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

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

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

As of June 30, 2018, the City has \$78.2 million in the GPF fund balance. Of this amount, \$45.2 million is set aside to meet the mandated 7.5 percent required reserve, and is reported in the unassigned fund balance of the General Fund. The Vital Services Stabilization reserve of \$14.3 million is reported in the committed fund balance of the General Fund.

## **15. Net Position**

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

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**II. DETAILED NOTES ON ALL FUNDS**

**A. CASH, DEPOSIT, AND INVESTMENTS**

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

<b>Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Portfolio Exposure</b>	<b>Maximum Issuer Exposure</b>	<b>Credit Requirement</b>
U.S. Treasury Securities	5 years	20%	n/a	n/a
Federal Agencies and Instrumentalities	5 years	None	n/a	n/a
Banker's Acceptances	180 days	40%	5%	A1, P1 or F1 or better
Commercial Paper	270 days	25%	5%	A1, P1 or F1 or better
Asset-backed Commercial Paper	270 days	25%	5%	A1, P1 or F1 or better
Local Government Investment Pools	n/a	20%	n/a	Top ranking
Medium Term Notes	5 years	30%	5%	A3, A- or A- or better
Negotiable Certificates of Deposits	5 years	30%	5%	A, A2 or A or better
Repurchase Agreements	360 days	none	n/a	Collateral limited to US 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	n/a
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	30%	10%	n/a
Supranationals	5 years	30%	n/a	AA or better

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.

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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

As of June 30, 2018, total City cash, deposits, and investments at fair value are as follows (in thousands):

	Primary Government		Fiduciary Funds		Total	Component Unit
	Governmental Activities	Business-type Activities	Pension Trust Fund	Private Purpose Trust Funds		Port
Cash and investments	\$ 648,586	\$ 44,874	\$ 7,821	\$ 59,843	\$ 761,124	\$ 368,157
Restricted cash and investments	266,084	152	372,100	11,870	650,206	66,075
Securities lending collateral	-	-	43,818	-	43,818	-
<b>Total</b>	<b>\$ 914,670</b>	<b>\$ 45,026</b>	<b>\$ 423,739</b>	<b>\$ 71,713</b>	<b>\$ 1,455,148</b>	<b>\$ 434,232</b>
City pooled deposits					\$ 33,055	\$ -
City pooled investments					673,307	373,311
City restricted investments					265,274	-
PFRS restricted investments					415,918	-
ORSA deposits					2,309	-
ORSA investments					65,285	-
Port's cash and investments					-	60,921
<b>Total</b>					<b>\$ 1,455,148</b>	<b>\$ 434,232</b>

**Primary Government**

**Hierarchy of Inputs:** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The City's pooled and restricted investments have the following recurring fair value measurements as of June 30, 2018 (in thousands):

	Level One	Level Two	Level Three	Total
<b>Investments by fair value level:</b>				
U.S Government Agency Securities	\$ -	\$ 982,420	\$ -	\$ 982,420
Medium Term Notes	-	6,923	-	6,923
State Bonds	-	3,045	-	3,045
Commercial Paper	-	365	-	365
Annuity Contracts	-	-	55,000	55,000
<b>Total investments by fair value level</b>	<b>\$ -</b>	<b>\$ 992,753</b>	<b>\$ 55,000</b>	1,047,753
<b>Investments not subject to fair value hierarchy:</b>				
Money Market Mutual Funds				199,261
Local Agency Investment Fund (LAIF)				64,878
<b>Total investments measured at fair value</b>				<b>\$ 1,311,892</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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, 2018, the carrying amount of the City's deposits was \$33.1 million. Deposits include checking accounts, interest earning savings accounts, and money market accounts. The bank balance of \$31.3 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 market value of the pledged government securities and/or first trust deed mortgage notes held in the collateral pool must be at least 110% and 150%, 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 Standard & Poor's (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, 2018 (in thousands):

Pooled Investments

	Fair Value	Ratings as of June 30, 2018				
		AAA	AA	A	P-1	Not Rated
U.S. Government Agency Securities	\$ 448,778	\$ -	\$ 448,778	\$ -	\$ -	\$ -
U.S. Government Agency Securities (Discount)	430,994	-	430,994	-	-	-
Medium Term Notes	6,923	-	-	6,923	-	-
Money Market Mutual Funds	92,000	92,000	-	-	-	-
Local Agency Investment Fund (LAIF)	64,878	-	-	-	-	64,878
State of California, General Obligation Bonds	3,045	-	3,045	-	-	-
<b>Total pooled investments</b>	<b>\$1,046,618</b>	<b>\$ 92,000</b>	<b>\$ 882,817</b>	<b>\$ 6,923</b>	<b>\$ -</b>	<b>\$ 64,878</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

Restricted Investments

	Fair Value	Ratings as of June 30, 2018			
		AAA	AA	P-1	Not Rated
U.S. Government Agency Securities	\$ 40,839	\$ -	\$ 40,839	\$ -	\$ -
U.S. Government Agency Securities (Discount)	61,809	-	61,809	-	-
Money Market Mutual Funds	107,261	105,609	-	-	1,652
Commercial Paper (Discount)	365	-	-	365	-
Annuity Contracts	55,000	-	-	-	55,000
<b>Total restricted investments</b>	<b>\$ 265,274</b>	<b>\$ 105,609</b>	<b>\$ 102,648</b>	<b>\$ 365</b>	<b>\$ 56,652</b>

**Concentration of Credit Risk:** The City has an Investment Policy related to the City's cash and investment pool, which is subject to annual review. Under the City's Investment Policy, no more than five percent (5%) of the total assets of the 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, investment with the Local Agency Investment Fund, and proceeds of or pledged revenues for any tax and revenue anticipation notes. 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 one issuer that exceed 5 percent of the City's investment portfolio as of June 30, 2018 are as follows (in thousands):

<u>Investment Type / Issuer</u>	<u>Amount</u>	<u>Percent of City's Investment Portfolio</u>
U.S. Government Agency Securities:		
Federal Farm Credit Bank	\$ 278,711	21.24%
Federal Home Loan Bank	506,512	38.61%
Federal Home Loan Mortgage Corporation (Freddie Mac)	164,354	12.53%

**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 360 days and 270 days, respectively. Also, Section 53601 of the State of California Government Code limits the maximum maturity of any investment to be no longer than 5 years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants. The City continues to purchase a combination of short- term and long-term investments to minimize such risks.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

The City uses the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2018, the City had the following investments and original maturities (in thousands):

Pooled Investments

Investment Type	Fair Value	Interest Rates (%)	Maturity		
			12 Months or Less	1 - 3 Years	3 - 5 Years
U.S. Government Agency Securities	\$ 448,778	0.89 - 3.20	\$ 135,470	\$ 274,679	\$ 38,629
U.S. Government Agency Securities (Discount)	430,994	0.00 - 2.24	430,994	-	-
Medium Term Notes	6,923	2.63 - 3.59	4,968	1,955	-
Money Market Mutual Funds	92,000	1.81	92,000	-	-
Local Agency Investment Fund (LAIF)	64,878	0.98	64,878	-	-
State of California, General Obligation Bonds	3,045	2.29	3,045	-	-
<b>Total pooled investments</b>	<b>\$1,046,618</b>		<b>\$ 731,355</b>	<b>\$ 276,634</b>	<b>\$ 38,629</b>

Restricted Investments

Investment Type	Fair Value	Interest Rates (%)	Maturity			
			12 Months or Less	1 - 3 Years	3 - 5 Years	5 Years or More
U.S. Government Agency Securities	\$ 40,839	0.92 - 2.68	\$ 16,935	\$ 21,829	\$ 2,075	\$ -
U.S. Government Agency Securities (Discount)	61,809	1.69 - 2.08	61,809	-	-	-
Money Market Mutual Funds	107,261	1.34 - 1.81	107,261	-	-	-
Commercial Paper (Discount)	365	2.05	365	-	-	-
Annuity Contracts	55,000	2.65	-	-	-	55,000
<b>Total restricted investments</b>	<b>\$ 265,274</b>		<b>\$ 186,370</b>	<b>\$ 21,829</b>	<b>\$ 2,075</b>	<b>\$ 55,000</b>

**Other Disclosures:** As of June 30, 2018, the City's investment in LAIF is \$64.9 million. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately \$88.9 billion, 97.3 percent is invested in non-derivative financial products and 2.7 percent in structured notes and asset-backed securities. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than 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, 2018, 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 a bank and with a custodian. These funds are invested according to the Investment Policy adopted by the City Council. As of June 30, 2018, PFRS' share of the City's investment pool totaled \$7.8 million. As of June 30, 2018, PFRS also had cash and cash deposits not held in the City's investment pool that totaled \$2 thousand.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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, 2018, the number of external investment managers was twelve.

The PFRS investments are also restricted by the City Charter. In November 2006, City voters passed Measure M to amend the City Charter to allow the PFRS Board to invest in non-dividend paying stocks and to change the asset allocation structure from 50% equities and 50% 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 with respect to fixed income investments identifies two standards for credit quality. The policy allows the fixed income managers to invest in securities with a minimum rating of B- or higher as long as the portfolio maintains an average credit quality of BBB (investment grade using Standard & Poor's, 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 the Board's adopted investment policy as of June 30, 2018:

<b>Asset Class</b>	<b>Target Allocation</b>
Fixed income	31%
Credit	2%
Covered calls	5%
Domestic equity	40%
International equity	12%
Crisis risk offset	10%
<b>Total</b>	<b>100%</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**Hierarchy of Inputs:** The PFRS has the following recurring fair value measurements as of June 30, 2018 (in thousands):

	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Total</u>
<b>Investments by Fair Value Level:</b>				
Short-Term Investments	\$ -	\$ 196	\$ -	\$ 196
Bonds	-	90,589	-	90,589
Domestic Equities and Mutual Funds	130,882	23	-	130,905
International Equities and Mutual Funds	32,162	-	2	32,164
Alternative Investments	71,132	-	-	71,132
<b>Total Investments by Fair Value Level</b>	<b>\$ 234,176</b>	<b>\$ 90,808</b>	<b>\$ 2</b>	<b>324,986</b>
<b>Investments Measured at Net Asset Value (NAV):</b>				
Short-Term Investments				4,089
Fixed Income Funds				7,724
Domestic Equities and Mutual Funds				20,695
International Equities and Mutual Funds				14,607
Securities Lending Collateral				43,818
Total Investments Measured at NAV				90,933
<b>Total</b>				<b>\$ 415,919</b>

**Interest Rate Risk:** 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. The weighted average duration for PFRS' fixed income investment portfolio excluding fixed short-term investments and securities lending investments was 6.00 years as of June 30, 2018.

As of June 30, 2018, PFRS had the following fixed income investments by category (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (Years)</u>
Short-Term Investment Funds	\$ 4,285	n/a
<b>Total short-term investment duration</b>	<b>\$ 4,285</b>	
Fixed Income Investments:		
Government Bonds:		
U.S. Treasuries	\$ 20,481	6.74
U.S. Government Agency Securities	29,039	8.85
Total Government Bonds	49,520	
U.S. Corporate Bonds		
Corporate Bonds	48,792	3.99
<b>Total long-term investment duration</b>	<b>\$ 98,312</b>	<b>6.00</b>
<b>Securities Lending</b>	<b>\$ 43,818</b>	

**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 collateralized mortgage obligations (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

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

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, 2018 (in thousands):

<b>Securities Name</b>	<b>Weighted Average Coupon Rate</b>	<b>Weighted Average Maturity (Years)</b>	<b>Fair Value</b>	<b>Percent of Total Investment</b>
Mortgage-Backed Securities	3.43%	25.1	\$ 18,705	4.50%

**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.

**Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The following table provides information as of June 30, 2018 concerning credit risk of fixed income securities (in thousands):

<b>Investment Type</b>	<b>S&amp;P/Moody's Rating</b>	<b>Fair Value</b>
Short-Term Investment Funds	Not Rated	\$ 4,285
Foreign Currency Exchange Contracts, net	Not Rated	(1)

The following table provides information as of June 30, 2018 concerning the credit risk of fixed income investments by long-term investment rating (in thousands):

<b>S &amp; P/Moody's Rating</b>	<b>Fair Value</b>	<b>Percent of Total Fair Value</b>
AAA/Aaa	\$ 38,378	39.0%
AA /Aa	24,803	25.2%
A/A	11,368	11.6%
BBB/Baa	14,624	14.9%
BB/Ba	1,416	1.4%
CCC/Caa	7,724	7.9%
<b>Total fixed income investments</b>	<b>\$ 98,313</b>	<b>100.0%</b>

As of June 30, 2018, the securities lending collateral of \$43.8 million was not rated.

**Concentrations:** Accounting standards require the disclosure of investments in any one organization that represent 5 percent or more of the PFRS's fiduciary net position. As of June 30, 2018, the PFRS had commingled funds issued by State Street Global Advisors that represent 9.4 percent of its fiduciary net position.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**Rate of return:** The money-weighted rate of return is a measure of the rate of return for an asset or portfolio of assets that incorporates the size and timing of cash flows. For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.60 percent.

**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, 2018 (in thousands):

<u>Foreign Currency</u>	
Australian Dollar	\$ 633
British Pound	3,326
Canadian Dollar	614
Danish Krone	1,209
Euro	10,273
Hong Kong Dollar	2,578
Indonesian Rupiah	216
Japanese Yen	3,834
Mexican Peso	892
Norwegian Krone	233
Singapore Dollar	363
Swedish Krona	543
Swiss Franc	1,690
<b>Total foreign currency</b>	<b><u>\$ 26,404</u></b>

**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% of the market value of loaned U.S. government securities, common stock and other equity securities, bonds, debentures, corporate debt securities, notes, and mortgages or other obligations. 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, 2018, management believes that PFRS has minimized its credit risk exposure to borrowers because the amounts held by PFRS as collateral exceeded the securities loaned by PFRS. PFRS' contract with the administrator requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities borrowed) or fail to pay PFRS for income distributions by the securities' issuers while the securities are on loan.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

The following table summarizes investments in securities lending transactions and collateral received as of June 30, 2018 (in thousands):

	<b>Securities Lending</b>		
	<b>Fair Value of Loaned Securities</b>		
	<b>For Cash Collateral</b>	<b>For Non-Cash Collateral</b>	<b>Total</b>
<b>Securities On Loan:</b>			
U.S. Government and Agencies	\$ 11,586	\$ -	\$ 11,586
U.S. Corporate Bonds	3,198	-	3,198
U.S. Equity	28,095	1,396	29,491
Non-U.S. Equity	3	966	969
<b>Total Securities On Loan</b>	<b>\$ 42,882</b>	<b>\$ 2,362</b>	<b>\$ 45,244</b>
<b>Collateral Received</b>	<b>\$ 43,815</b>	<b>\$ 2,452</b>	<b>\$ 46,267</b>

**Derivative Instruments:** PFRS reports its derivative instruments under the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Pursuant to the requirements of this statement, PFRS has provided a summary of derivative instrument activities during the reporting periods presented and the related risks.

As of June 30, 2018, 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, 2018 (in thousands):

<b>Derivative Type/Contract</b>	<b>Notional Amount</b>	<b>Fair Value</b>	<b>Net Appreciation in Fair Value</b>
Options			
Equity contracts	\$ -	\$ (262)	\$ 257
Swaps			
Credit contracts	190	14	1
<b>Total</b>	<b>\$ 190</b>	<b>\$ (248)</b>	<b>\$ 258</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

*Counterparty Credit Risk* – As of June 30, 2018, PFRS is not exposed to credit risk on non-exchange traded derivative instruments that are in asset positions.

*Custodial Credit Risk* - The custodial credit risk disclosure for exchange traded derivative instruments is made in accordance with the custodial credit risk disclosure requirements of GASB Statement No. 40. At June 30, 2018, 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 tables below describe the maturity periods of the derivative instruments exposed to interest rate risk at June 30, 2018 (in thousands):

<u>Derivative Type/Contract</u>	<u>Fair Value</u>	<u>Maturities</u>	
		<u>Less than 1 Year</u>	<u>1 - 5 years</u>
Options			
Equity contracts	\$ (195)	\$ (195)	\$ -
Swaps			
Credit contracts	(19)	-	(19)
<b>Total</b>	<b>\$ (214)</b>	<b>\$ (195)</b>	<b>\$ (19)</b>

*Foreign Currency Risk* - At June 30, 2018, PFRS is not exposed to foreign currency risk.

*Contingent Features* - At June 30, 2018, PFRS held no positions in derivatives containing contingent features.

**Oakland Redevelopment Successor Agency**

The ORSA’s cash and investment consists of the following at June 30, 2018 (in thousands):

<u>Cash and Investments</u>	<u>Amount</u>
Unrestricted cash and investments:	
Demand deposits	\$ 2,309
Investments	53,415
Total unrestricted cash and investments	55,724
Restricted cash and investments	11,870
<b>Total cash and investments</b>	<b>\$ 67,594</b>

**Investments:** ORSA follows the Investment Policy of the City, which is governed by provisions of the California Government Code 53600 and the City’s Municipal Code. ORSA also has investments subject to provisions of the bond indentures of the Former Agency’s various bond issues. According to the Investment Policy and bond indentures, ORSA is permitted to invest in LAIF, obligations of the U.S. Treasury or U.S. government agencies, time deposits, and money market mutual funds invested in U.S. government securities, along with various other permitted investments.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**Hierarchy:** The hierarchy is based on the valuation inputs used to measure fair value of the assets. At June 30, 2018, 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, 2018 (in thousands):

	<b>Significant other observable inputs (Level 2)</b>	<b>Investments not subject to fair value hierarchy</b>
Unrestricted investments:		
U.S. Government Agency Securities (Discount)	\$ 43,915	\$ -
Money Market Mutual Funds	-	9,500
Restricted investments:		
U.S. Government Agency Securities (Discount)	6,963	-
Money Market Mutual Funds	-	4,907
<b>Total</b>	<b>\$ 50,878</b>	<b>\$ 14,407</b>

**Custodial Credit Risk:** As of June 30, 2018, the carrying amount of the ORSA's deposits was \$2.3 million. The deposits are insured by the FDIC insurance coverage limit of \$0.25 million, and the remaining bank balance 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.

**Interest Rate Risk:** ORSA Investment Policy has mitigated interest rate risk by establishing policies over liquidity.

**Credit Risk:** ORSA's Investment Policy has mitigated credit risk by limiting investments to the safest types of securities, by prequalifying financial institutions, by diversifying the portfolio, and by establishing monitoring procedures.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

As of June 30, 2018, ORSA had the following investments, credit risk ratings, and maturities (in thousands):

<u>Type of Investment</u>	<u>Current Yield (%)</u>	<u>Credit Ratings (S&amp;P)</u>	<u>Maturities</u>	
			<u>Less than 1 Year</u>	<u>1 - 3 Years</u>
Unrestricted investments:				
U.S. Government Agency Securities (Discount)	1.75-1.88	AA	\$ 43,915	\$ -
Money Market Mutual Funds	1.81	AAA	9,500	-
<b>Total unrestricted investments</b>			<b>\$ 53,415</b>	<b>\$ -</b>
Restricted investments:				
U.S. Government Agency Securities	2.53	AA	\$ -	\$ 2,963
U.S. Government Agency Securities (Discount)	0.94	AA	4,000	-
Money Market Mutual Funds	1.76-1.81	AAA	4,907	-
<b>Total restricted investments</b>			<b>\$ 8,907</b>	<b>\$ 2,963</b>

**Concentration of Credit Risk:** The following tables show ORSA's investments in one issuer that exceed 5 percent of ORSA's investment portfolio as of June 30, 2018 (in thousands):

<u>Type of Investment/Issuer</u>	<u>Amount</u>	<u>% of ORSA's Unrestricted Portfolio</u>
<b>U.S. Government Agency Securities</b>		
Federal Home Loan Bank	\$ 43,915	82.2%
<u>Type of Investment/Issuer</u>	<u>Amount</u>	<u>% of ORSA's Restricted Portfolio</u>
<b>U.S. Government Agency Securities</b>		
Federal Home Loan Bank	\$ 4,000	33.7%
Federal Farm Credit	2,963	25.0%

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**Discretely Presented Component Unit – Port of Oakland**

The Port's cash, cash equivalents, investments, and deposits in escrow consisted of the following at June 30, 2018 (in thousands):

Deposits in escrow	\$	2,284
City investment pool		373,311
Federal Home Loan Mortgage Note		56,678
Government Securities Money Market Mutual Funds		1,959
		1,959
<b>Total cash and investments</b>	<b>\$</b>	<b>434,232</b>

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.

**Investments:** Senior Lien Bonds reserves are on deposit with the Senior Lien Bonds trustee. The investment of funds held by the Senior Lien Bonds trustee is governed by the Senior Trust Indenture and is currently invested in either 1) U.S. Treasury Notes or 2) Government Securities Money Market Mutual Funds. There were no investments pertaining to the Intermediate Lien Debt.

Under the City of Oakland 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.

At June 30, 2018, the Port had the following investments (in thousands):

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Credit Ratings per Moody's</u>	<u>Maturity Less than 1 Year</u>
Federal Home Loan Mortgage Note	\$ 56,678	Level 2	Aaa	\$ 56,678
Government Securities Money Market Mutual Funds	1,959	Exempt	Aaa	1,959
City investment pool	373,311	Exempt	Not Rated	373,311
	<b>\$ 431,948</b>			<b>\$ 431,948</b>

Investment securities classified in Level 2 of the fair value hierarchy consist of Federal Home Loan Bank notes and are valued using various market and industry inputs. Investments exempt from fair value treatment consist of government securities money market mutual funds, which are valued at amortized cost, and the City Investment Pool, whose fair value disclosure is presented at the City-wide level in the City's basic financial statements.

**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 delivery agreements.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**Interest Rate Risk:** 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, with short-term maturities.
- The deposits held by the City Treasury pursuant to the City's Investment Policy and Section 53601 of the State of California Government Code, limits the maximum maturities of certain investments. Also, Section 53601 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:** 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 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.

**Concentration of Credit Risk:** The Trust Indentures place no limit on the amount the Port may invest in any one issuer.

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or 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 \$58.6 million at June 30, 2018.

The carrying amount of the Port's deposits in escrow was \$2.3 million at June 30, 2018. Of this amount, bank balances and escrow deposits of \$0.25 million on June 30, 2018 are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name and the remaining balance was exposed to custodial credit risk by not being insured or collateralized.

**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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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, 2018 is as follows (dollars in thousands):

<u>Payable Fund</u>	<u>Amount</u>
Federal/State Grant Fund	\$ 11,610
Municipal Capital Improvement Fund	55
Other Governmental Funds	1,550
<b>Subtotal Governmental Funds</b>	<u>13,215</u>
Sewer Service Enterprise Fund	2
Parks and Recreation Enterprise Fund	381
<b>Subtotal Enterprise Funds</b>	<u>383</u>
Internal Service Funds	8,922
Private Pension Trust Fund (Fiduciary Fund)	72
<b>Total due from the General Fund</b>	<u><u>\$ 22,592</u></u>

**2. Interfund Transfers:**

The following schedule summarizes the City's transfer activities for the year ended June 30, 2018 (dollars in thousands):

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 75,828 <sup>(1)</sup>
	Federal/State Grant Fund	2,934 <sup>(2)</sup>
	Other Special Revenue Fund	18,115 <sup>(3)</sup>
	Internal Service Funds	4,225 <sup>(4)</sup>
Federal/State Grant Fund	General Fund	35 <sup>(5)</sup>
Municipal Capital Improvement Fund	General Fund	1,507 <sup>(5)</sup>
	Other Governmental Funds	1,575 <sup>(1)</sup>
Other Special Revenue Fund	General Fund	476 <sup>(6)</sup>
Other Governmental Funds	General Fund	344 <sup>(5)</sup>
	General Fund	68 <sup>(6)</sup>
Sewer Service Fund	General Fund	1,292 <sup>(5)</sup>
Internal Service Funds	General Fund	3,249 <sup>(5)</sup>
	<b>Total</b>	<u><u>\$ 109,648</u></u>

Significant transfers for the year ended June 30, 2018 include the following:

- (1) Transfers for debt service payments.
- (2) Transfers to provide funds to cover the Central Service Overhead cost for certain federal funds.
- (3) Transfers for the Kids' First Children's Program.
- (4) One-time repayment of Facilities Internal Service Fund negative fund balance.
- (5) Transfers for the City's claims and liability payments.
- (6) Transfers to provide additional funds to cover the City's self-insurance programs.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**3. Due from the City**

As of June 30, 2018, ORSA has a total due from the City in the amount of \$2.3 million, which has no change compared to the \$2.3 million at June 30, 2017. The ending balance is composed of the Former Agency's assets transferred to the Housing Successor, which include the Former Agency's Central District Project Area Fund loan receivable from the City in the amount of \$1.5 million, land sale receivable of \$0.3 million, as well as the Former Agency's Coliseum Project Area Fund loan receivable from the City in the amount of \$0.5 million.

**4. Due to the City**

At June 30, 2018, ORSA has a payable to the City in the amount of \$4.3 million, which included the former Agency's Low and Moderate Housing Fund loan of \$1.5 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 Project Fund to the West Oakland Project for public improvements, and a payable of \$0.1 million to the City for support services. Payment to the City is subject to the State Department of Finance's approval.

**Component Unit-Port of Oakland (Port)**

The City has entered into agreements with the Port for various services such as aircraft rescue and firefighting (ARFF), 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 include items such as recreation services, grounds maintenance, security, and lighting.

Port payments to the City for these services are made upon execution of appropriate agreements and/or periodic findings and authorizations from the Board.

**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 the City Charter Section 717(3) Third Clause and have priority over certain other expenses of Port revenues. Special services and ARFF totaled \$6.5 million and are included in operating expenses. At June 30, 2018, \$6.2 million was accrued as a 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, 2018, the Port accrued approximately \$1.3 million of payments for General Services as a current liability and by the City as a receivable. Additionally, subject to certain conditions, the Port accrued approximately \$1.1 million to reimburse the City for General Services for net City expenditures for Lake Merritt Tideland Trust properties in fiscal year 2018. Subject to availability of surplus monies, the Port expects that it will continue to reimburse the City annually for General Services and Lake Merritt Tideland Trust services.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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, 2018, is as follows (in thousands):

<u>Type of Loan</u>	<u>General Fund</u>	<u>Federal/ State Grant Fund</u>	<u>LMHF<sup>1</sup></u>	<u>Municipal Capital Improve- ment Fund</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
HUD loans	\$ -	\$ 112,788	\$ 349,568	\$ 2,557	\$ -	\$ 464,913
Economic development loans and other	7,061	63,922	-	24,195	1,465	96,643
Less: allowance for uncollectible accounts	(206)	(41,425)	(115,840)	(396)	(561)	(158,428)
<b>Total notes and loans receivables, net</b>	<b>\$ 6,855</b>	<b>\$ 135,285</b>	<b>\$ 233,728</b>	<b>\$ 26,356</b>	<b>\$ 904</b>	<b>\$ 403,128</b>

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

Management has determined that certain loans may be forgiven or renegotiated and extended long into the future if certain terms and conditions of these loans are met. At June 30, 2018, it was determined that \$158.4 million of the loan portfolio is not expected to be ultimately collected. All of the City's notes and loans receivables are offset with deferred inflows of resources in the governmental funds.

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 LMHF, which was established as of February 1, 2012 pursuant to City Council Resolution No. 83680 C.M.S. As of June 30, 2018, loans receivable relating to the LMHF program totaled approximately \$233.7 million, net of allowance for uncollectible accounts.

**Oakland Redevelopment Successor Agency (ORSA)**

Composition of loans receivable as of June 30, 2018 is as follows (in thousands):

<u>Type of Loan</u>	<u>Amount</u>
Housing developments project	\$ 1,463
Economic development	61,971
Gross notes and loans receivable	63,434
Less: allowance for uncollectible	(46,675)
<b>Total notes and loans receivables, net</b>	<b>\$ 16,759</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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, 2018 (in thousands):

	Balance June 30, 2017	Additions	Deletions	Transfers of Completed Construction	Balance June 30, 2018
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 87,076	\$ 700	\$ -	\$ 292	\$ 88,068
Intangibles (easements)	2,607	-	-	-	2,607
Museum collections	793	-	-	-	793
Construction in progress	465,249	90,741	31,531	(205,235)	319,224
Total capital assets, not being depreciated	555,725	91,441	31,531	(204,943)	410,692
Capital assets, being depreciated:					
Facilities and improvements	828,983	464	-	14,141	843,588
Furniture, machinery, and equipment	228,327	6,834	1,449	54,157	287,869
Infrastructure	799,419	391	-	136,645	936,455
Total capital assets, being depreciated	1,856,729	7,689	1,449	204,943	2,067,912
Less accumulated depreciation:					
Facilities and improvements	447,717	24,369	-	-	472,086
Furniture, machinery, and equipment	192,965	21,214	1,449	-	212,730
Infrastructure	356,339	30,519	-	-	386,858
Total accumulated depreciation	997,021	76,102	1,449	-	1,071,674
Total capital assets, being depreciated, net	859,708	(68,413)	-	204,943	996,238
<b>Governmental Activities - capital assets, net</b>	<b>\$ 1,415,433</b>	<b>\$ 23,028</b>	<b>\$ 31,531</b>	<b>\$ -</b>	<b>\$ 1,406,930</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

The following is a summary of business-type activities capital assets activity for the year ended June 30, 2018 (in thousands):

	Balance June 30, 2017	Additions	Transfers	Balance June 30, 2018
<b>Business-Type Activities:</b>				
<b>Sewer Service Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 4	\$ -	\$ -	\$ 4
Construction in progress	57,417	16,215	(36,011)	37,621
Total capital assets, not being depreciated	57,421	16,215	(36,011)	37,625
Capital assets, being depreciated:				
Facilities and improvements	466	24	-	490
Furniture, machinery and equipment	8,424	976	-	9,400
Sewer and storm drains	277,743	-	35,963	313,706
Street work	-	-	48	48
Total capital assets, being depreciated	286,633	1,000	36,011	323,644
Less accumulated depreciation:				
Facilities and improvements	304	18	-	322
Furniture, machinery and equipment	5,261	937	-	6,198
Sewer and storm drains	115,366	5,252	-	120,618
Street work	-	1	-	1
Total accumulated depreciation	120,931	6,208	-	127,139
Total capital assets, being depreciated, net	165,702	(5,208)	36,011	196,505
<b>Sewer Service Fund, capital assets, net</b>	<b>\$ 223,123</b>	<b>\$ 11,007</b>	<b>\$ -</b>	<b>\$ 234,130</b>
<b>Parks and Recreation Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 361	\$ -	\$ -	\$ 361
Construction in progress	588	168	(756)	-
Total capital assets, not being depreciated	949	168	(756)	361
Capital assets, being depreciated:				
Facilities and improvements	4,433	-	669	5,102
Furniture, machinery and equipment	468	9	87	564
Infrastructure	85	-	-	85
Total capital assets, being depreciated	4,986	9	756	5,751
Less accumulated depreciation:				
Facilities and improvements	3,207	246	-	3,453
Furniture, machinery and equipment	449	26	-	475
Infrastructure	54	6	-	60
Total accumulated depreciation	3,710	278	-	3,988
Total capital assets, being depreciated, net	1,276	(269)	756	1,763
<b>Parks and Recreation Fund, capital assets, net</b>	<b>\$ 2,225</b>	<b>\$ (101)</b>	<b>\$ -</b>	<b>\$ 2,124</b>
<b>Business-Type Activities - capital assets, net</b>	<b>\$ 225,348</b>	<b>\$ 10,906</b>	<b>\$ -</b>	<b>\$ 236,254</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**2. Depreciation**

Depreciation expense was charged to various governmental and business-type activities of the City for the year ended June 30, 2018 is as follows (in thousands):

**Governmental Activities:**

General Government	\$ 9,801
Public Safety	3,160
Community Services	7,003
Community and Economic Development	11,071
Public Works	32,441
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	<u>12,626</u>
<b>Total</b>	<b><u><u>\$ 76,102</u></u></b>

**Business-Type Activities:**

Sewer	\$ 6,208
Parks and Recreation	<u>278</u>
<b>Total</b>	<b><u><u>\$ 6,486</u></u></b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**Component Unit – Port of Oakland**

**1. Summary Schedule**

A summary of changes in capital assets for the year ended June 30, 2018, is as follows (in thousands):

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Adjustments and Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2018</b>
Capital assets, not being depreciated:					
Land	\$ 523,374	\$ -	\$ 8	\$ -	\$ 523,382
Intangibles (noise easements and air rights)	25,852	-	1	-	25,853
Construction in progress	143,257	125,032	(6)	(226,832)	41,451
Total capital assets, not being depreciated	<u>692,483</u>	<u>125,032</u>	<u>3</u>	<u>(226,832)</u>	<u>590,686</u>
Capital assets, being depreciated:					
Building and improvements	852,273	-	-	133,908	986,181
Container cranes	148,697	-	-	7,000	155,697
Systems and structures	2,061,770	-	(25,629)	81,327	2,117,468
Intangibles (software)	13,842	-	2	-	13,844
Other equipment	99,980	1,713	(2,753)	4,597	103,537
Total capital assets, being depreciated	<u>3,176,562</u>	<u>1,713</u>	<u>(28,380)</u>	<u>226,832</u>	<u>3,376,727</u>
Less accumulated depreciation:					
Building and improvements	593,243	24,174	-	-	617,417
Container cranes	103,639	5,080	-	-	108,719
Systems and structures	917,387	76,689	641	-	993,435
Intangibles (software)	8,238	1,405	-	-	9,643
Other equipment	71,696	4,684	2,751	-	73,629
Total accumulated depreciation	<u>1,694,203</u>	<u>112,032</u>	<u>3,392</u>	<u>-</u>	<u>1,802,843</u>
Total capital assets, being depreciated, net	<u>1,482,359</u>	<u>110,319</u>	<u>(24,988)</u>	<u>226,832</u>	<u>1,573,884</u>
<b>Port - capital assets, net</b>	<b><u>\$ 2,174,842</u></b>	<b><u>\$ 14,713</u></b>	<b><u>\$ (24,985)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,164,570</u></b>

For the year ended June 30, 2018, the Port recognized a net adjustment to infrastructure assets of \$25.0 million to recognize as other non-operating expense, payments made to Union Pacific Railroad Company (UPRR) for the construction of railroad track and related assets by UPRR that are owned and operated by UPRR.

**2. Capital Assets Under Operating Leases as Lessor**

The capital assets leased to others at June 30, 2018, consist of the following (in thousands):

Land.....	\$ 298,940
Container cranes.....	155,697
Buildings and improvements.....	195,555
Infrastructure.....	984,368
	<u>1,634,560</u>
Less accumulated depreciation.....	(763,046)
<b>Net capital assets, on lease.....</b>	<b><u>\$ 871,514</u></b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**3. Operating Leases as Lessor**

A major portion of the Port's capital assets are held for lease. Leased assets include maritime facilities, aviation facilities, office and commercial space, and land. The majority of the Port's leases are classified as operating leases.

Certain maritime facilities are leased under agreements, which provide the tenants with preferential, but nonexclusive, use of the facilities. Certain leases provide for rentals based on gross revenues of the leased premises or, in the case of marine terminal facilities, on annual usage of the facilities. The leases generally provide for minimum rentals with percentage rent contingent on business sales or activity.

A summary of revenues from long-term leases for the year ended June 30, 2018, is as follows (in thousands):

Minimum non-cancelable rentals, including preferential assignments.....	\$ 146,310
Contingent rentals in excess of minimums.....	43,422
<b>Total.....</b>	<b>\$ 189,732</b>

**Outer Harbor Terminal Closure**

On February 1, 2016, Outer Harbor Terminal, LLC (formerly Ports America Outer Harbor Terminal, LLC) (OHT) filed for Chapter 11 bankruptcy protection. At that time OHT held a 50-year lease with the Port to operate at Berths 20-24, a month to month lease to operate Berth 25/26 (including crane maintenance), and a separate lease to operate and maintain cranes at Berth 20-24. On February 20, 2016, the Port reached a settlement agreement with OHT by which the Port would let OHT out of its lease obligations. This agreement was subsequently approved by the bankruptcy court. This event returned property to the Port that was in need of significant repairs and deferred maintenance. As of June 30, 2018, the Port estimated the cost to complete significant repairs and deferred maintenance over the next few years is approximately \$18.0 million.

Minimum future rental revenues for years ending June 30 under non-cancelable operating leases having an initial term in excess of one year are as follows (in thousands):

Year	Rental Revenues
2019	\$ 155,665
2020	155,516
2021	157,011
2022	154,794
2023	139,968
2024 - 2028	545,261
2029 - 2033	177,868
2034 - 2038	119,760
2039 - 2043	59,780
2044 - 2048	55,038
2049 - 2053	61,836
Thereafter	500,540
<b>Total</b>	<b>\$ 2,283,037</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

The Port turned over the operation of its Marina to a private company through a long-term financing lease and operating agreement on May 1, 2004. Minimum future lease payments to be received, which is a component of unearned revenue, for years ending June 30 are as follows (in thousands):

Year	Lease Payments
2019	\$ 452
2020	465
2021	479
2022	493
2023	508
2024 - 2028	2,780
2029 - 2033	3,222
2034 - 2038	3,736
2039 - 2043	4,331
2044 - 2048	5,020
2049 - 2053	5,720
Thereafter	1,054
<b>Total</b>	<b>\$ 28,260</b>

**E. PROPERTY HELD FOR RESALE**

**Primary Government**

At June 30, 2018, the City has a total of \$162.7 million of property held for resale.

**Oakland Redevelopment Successor Agency (ORSA)**

As of June 30, 2018, 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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**F. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

**Primary Government – Governmental Activities**

Accounts payable and accrued liabilities for the governmental and business-type activities at June 30, 2018, are as follows (in thousands):

	<b>Accounts Payable</b>	<b>Accrued Payroll/ Employee Benefits</b>	<b>Total</b>
<b>Governmental Activities:</b>			
<b>Governmental Funds:</b>			
General Fund	\$ 42,314	\$ 98,578	\$ 140,892
Federal/State Grant Fund	9,545	-	9,545
Low and Moderate Income Housing Asset Fund	215	-	215
Municipal Capital Improvement Fund	3,494	-	3,494
Other special revenue funds	9,062	-	9,062
Other governmental funds	10,231	-	10,231
Total governmental funds	74,861	98,578	173,439
<b>Internal service funds</b>	4,289	-	4,289
<b>Total governmental activities</b>	\$ 79,150	\$ 98,578	\$ 177,728
<b>Business-type Activities:</b>			
Sewer Service Fund	\$ 3,265	\$ -	\$ 3,265

Accounts payable and accrued liabilities for the pension trust fund at June 30, 2018, are as follows (in thousands):

<b>Pension Trust Fund</b>	
Accounts payable	\$ 95
Member benefits payable	4,608
Investments payable	5,189
Accrued investment management fees	344
<b>Total pension trust fund</b>	\$ 10,236

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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, 2018 (in thousands):

<b>Governmental Activities</b>			
<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
<b>Bonds payable:</b>			
General obligation bonds	2047	2.00 - 5.00%	\$ 317,605
Lease revenue bonds	2027	5.00%	60,025
Pension obligation bonds	2026	2.37 - 6.89%	271,580
Accreted interest on appreciation bonds	2023	n/a	136,371
City guaranteed special assessment district bonds	2039	3.00 - 3.63%	3,585
Unamortized premiums and discounts, net			27,934
<b>Total bonds payable</b>			<b>\$ 817,100</b>
<b>Loans payable and capital leases:</b>			
Loans payable	2020	2.44%	\$ 22,250
Capital leases	2025	1.17 - 5.46%	54,046
<b>Total notes payable and capital leases</b>			<b>\$ 76,296</b>

<b>Business-Type Activities</b>			
<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
<b>Bonds payable:</b>			
Sewer revenue bonds	2029	2.00 - 5.00%	\$ 30,495
Unamortized bond premium			3,772
<b>Total bonds payable</b>			<b>\$ 34,267</b>

**2. Interest Rate Swap**

**Oakland Joint Powers Financing Authority Lease Revenue Bonds, 1998 Series A1/A2**

*Objective of the Interest Rate Swap:* On January 9, 1997, the City entered into a forward-starting synthetic fixed rate swap agreement (Swap) with Goldman Sachs Mitsui Marine Derivatives Products, U.S., L.P. (Counterparty) in connection with the \$187.5 million Oakland Joint Powers Financing Authority (Authority) Lease Revenue Bonds, 1998 Series A1/A2 (1998 Lease Revenue Bonds). Under the swap agreement, which effectively changed the City's variable interest rate on the bonds to a synthetic fixed rate, the City would pay the Counterparty a fixed rate of 5.6775% through the end of the swap agreement in 2021 and receive a variable rate based on the Bond Market Association index. The City received an upfront payment from the Counterparty of \$15.0 million for entering into the Swap.

On March 21, 2003, the City amended the swap agreement to change the index on which the Swap is based from the Bond Market Association index to a rate equal to 65% of the 1-month London Interbank Offered Rates (LIBOR). This amendment resulted in an additional upfront payment from the Counterparty to the City of \$6.0 million.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

On June 21, 2005, all of the outstanding 1998 Lease Revenue Bonds were defeased by the Oakland Joint Powers Financing Authority Refunding Revenue Bonds, 2005 Series A-1, A-2 and B (Series 2005 A & B Bonds). \$143.0 million was deposited with the trustee to defease the 1998 Lease Revenue Bonds. However, the Swap associated with the 1998 Lease Revenue Bonds still remains in effect. This is now a stand-alone swap with no association to any bond. The amortization schedule is as follows as of June 30, 2018:

Calculation period (July 31)	Notional Amount	Fixed Rate To Counterparty	65% of LIBOR <sup>1</sup>	Net Rate
2018	\$ 25,800,000	5.6775%	1.3587%	4.3188%
2019	19,300,000	5.6775%	1.3587%	4.3188%
2020	12,800,000	5.6775%	1.3587%	4.3188%
2021	6,400,000	5.6775%	1.3587%	4.3188%

<sup>1</sup> The 1-month LIBOR rate is 2.09025% as of June 30, 2018. Rates are projections, the LIBOR rate fluctuates daily.

*Terms:* The swap agreement terminates on July 31, 2021, and has a notional amount as of June 30, 2018 of \$25.8 million. The notional amount of the swap declines through 2021. Under the Swap, the City pays the Counterparty a fixed payment of 5.6775% and receives a variable payment computed at 65% of LIBOR rate (total rate not to exceed 12%). The City’s payments to the Counterparty under the Swap agreement are insured by the third party bond insurer.

*Fair Value:* The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the Swap. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the Swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the Swap. The fair value hierarchy of the interest rate swap is Level 2. Because interest rates have declined since the execution of the Swap, the Swap had a negative fair value of \$2.0 million as of June 30, 2018.

*Credit Risk:* The issuer and the counterparty take a credit risk to each other over the life of the swap agreement. This is the risk that either the issuer or the counterparty will fail to meet its contractual obligations under the swap agreement. The Counterparty was rated Aa2 by Moody’s, and AA- by S& P as of June 30, 2018. To mitigate the potential for credit risk, if the Counterparty’s credit quality falls below A3 by Moody’s or A- by S&P, the Swap provides the Counterparty, the City, the bond insurer for the Bonds and a third party collateral agent to execute a collateral agreement within 30 days of such a downgrade.

*Termination Risk:* An interest rate swap has some degree of termination risk. Linked to counterparty risk, a termination of the swap will result in a payment being made or received by the City depending on the then prevailing interest rate environment. The City may terminate the Swap if the Counterparty fails to perform under the terms of the contract. The City also may terminate the Swap if the Counterparty fails to execute a collateral agreement satisfactory to the City and the bond insurer within 30 days of the counterparty’s ratings falling below “A3” by Moody’s or “A-” by S&P.

The Counterparty may terminate the Swap if the City fails to perform under the terms of the contract. The Counterparty also may terminate the Swap if the City’s ratings fall below “Baa3” by Moody’s or “BBB-” by S&P. If at the time of termination, the Swap has a negative fair value, the City would be liable to the Counterparty for a payment equal to the Swap’s fair value.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**3. Summary of Changes in Long-term Obligations**

**Primary Government**

The changes in long-term obligations for the year ended June 30, 2018, are as follows (in thousands):

	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018	Amounts due within one year
<b>Governmental activities:</b>					
<b>Bonds payable:</b>					
General obligation bonds (A)	\$ 216,655	\$ 117,855	\$ 16,905	\$ 317,605	\$ 15,950
Lease revenue bonds (B)	71,335	60,025	71,335	60,025	5,120
Pension obligation bonds (C)	296,854	-	25,274	271,580	24,708
Accreted interest on					
appreciation bonds (B) and (C)	149,896	15,282	28,807	136,371	30,841
City guaranteed special					
assessment district bonds (C)	5,335	1,380	3,130	3,585	280
Unamortized premium and discounts	23,246	8,555	3,867	27,934	1,926
<b>Total bonds payable</b>	<b>763,321</b>	<b>203,097</b>	<b>149,318</b>	<b>817,100</b>	<b>78,825</b>
<b>Loans, notes and lease payable:</b>					
Loans and notes payable (B) and (D)	8,021	16,479	2,250	22,250	4,125
Capital leases (B) and (D)	67,802	4,900	18,656	54,046	16,557
<b>Total notes payable and capital leases</b>	<b>75,823</b>	<b>21,379</b>	<b>20,906</b>	<b>76,296</b>	<b>20,682</b>
<b>Other long-term liabilities:</b>					
Accrued vacation and sick leave (E)	49,087	59,821	59,520	49,388	34,861
Pledge obligation for					
Coliseum Authority debt (B)	41,384	-	4,335	37,049	4,550
Estimated environmental cost (B)	156	688	464	380	167
Self-insurance liability -					
workers' compensation (B)	94,028	23,827	25,402	92,453	18,027
Self-insurance liability -					
general liability (B)	51,800	25,731	26,215	51,316	21,855
Interest rate swap agreement	3,687	-	1,648	2,039	-
<b>Total other long-term liabilities</b>	<b>240,142</b>	<b>110,067</b>	<b>117,584</b>	<b>232,625</b>	<b>79,460</b>
<b>Total governmental activities</b>	<b>\$ 1,079,286</b>	<b>\$ 334,543</b>	<b>\$ 287,808</b>	<b>\$ 1,126,021</b>	<b>\$ 178,967</b>
<b>Business-type activities:</b>					
Sewer fund - bonds payable	\$ 32,620	\$ -	\$ 2,125	\$ 30,495	\$ 2,235
Unamortized bond premium	4,115	-	343	3,772	343
<b>Total business-type activities</b>	<b>\$ 36,735</b>	<b>\$ -</b>	<b>\$ 2,468</b>	<b>\$ 34,267</b>	<b>\$ 2,578</b>

Debt service payments are made from the following sources:

- (A) Property tax recorded in the debt service funds
- (B) Revenues recorded in the general fund
- (C) Property tax voter-approved debt
- (D) Revenues recorded in the special revenue funds
- (E) Compensated absences are financed by governmental funds (General Fund, Federal/State Grant Fund, LMIHF, Municipal Capital Improvement Fund, and Other Governmental Funds) and proprietary funds (Sewer Service Fund) have funded the compensated absences through contributions to the General Fund.

Internal service funds predominantly serve governmental funds and therefore, the long-term liabilities of these funds are included as part of the above totals for governmental activities. At June 30, 2018, \$39.2 million of bonds, notes payable, and capital leases related to the internal service funds are included in the above amounts.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**4. Annual Requirements to Maturity**

**Primary Government**

The annual repayment schedules for governmental activities' long-term debt as of June 30, 2018, are as follows (in thousands):

Governmental Activities <sup>1</sup>						
Year Ending June 30	General Obligation Bonds		Lease Revenue Bonds		Special Assessment District Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 15,950	\$ 13,305	\$ 5,120	\$ 2,690	\$ 280	\$ 79
2020	16,675	12,601	5,725	2,602	355	104
2021	16,300	11,848	6,015	2,309	350	94
2022	17,045	11,115	6,330	2,000	365	84
2023	17,855	10,332	6,650	1,676	375	73
2024-2028	57,295	42,619	30,185	3,113	970	210
2029-2033	65,800	28,952	-	-	335	129
2034-2038	46,045	17,025	-	-	380	72
2039-2043	35,025	9,156	-	-	175	10
2044-2047	29,615	2,914	-	-	-	-
<b>Total</b>	<b>\$ 317,605</b>	<b>\$ 159,867</b>	<b>\$ 60,025</b>	<b>\$ 14,390</b>	<b>\$ 3,585</b>	<b>\$ 855</b>

Year Ending June 30	Loan Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2019	\$ 4,125	\$ 516	\$ 16,557	\$ 1,156
2020	13,875	350	13,916	808
2021	4,250	26	8,718	531
2022	-	-	6,562	321
2023	-	-	3,110	195
2024-2028	-	-	5,183	193
<b>Total</b>	<b>\$ 22,250</b>	<b>\$ 892</b>	<b>\$ 54,046</b>	<b>\$ 3,204</b>

Year Ending June 30	Pension Obligation Bonds			Total		
	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Interest
2019	\$ 24,708	\$ 30,841	\$ 41,001	\$ 66,740	\$ 30,841	\$ 58,747
2020	24,316	32,801	42,710	74,862	32,801	59,175
2021	23,992	34,778	44,390	59,625	34,778	59,198
2022	23,758	36,728	46,002	54,060	36,728	59,522
2023	23,425	37,926	47,599	51,415	37,926	59,875
2024-2028	151,380	-	10,832	245,013	-	56,967
2029-2033	-	-	-	66,135	-	29,081
2034-2038	-	-	-	46,425	-	17,097
2039-2043	-	-	-	35,200	-	9,166
2044-2047	-	-	-	29,615	-	2,914
Subtotal	271,579	173,074	232,534	729,090	173,074	411,742
Less: unaccreted interest	-	(36,703)	-	-	(36,703)	-
<b>Total</b>	<b>\$ 271,579</b>	<b>\$ 136,371</b>	<b>\$ 232,534</b>	<b>\$ 729,090</b>	<b>\$ 136,371</b>	<b>\$ 411,742</b>

<sup>1</sup> The specific year for payment of other long-term liabilities is not practicable to determine.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

The annual repayment schedule for business-type activities' long-term debt as of June 30, 2018, is as follows (in thousands):

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>	
	<b>Sewer Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2019	\$ 2,235	\$ 1,413
2020	2,275	1,368
2021	2,370	1,277
2022	2,490	1,159
2023	2,610	1,034
2024-2028	15,040	3,198
2029	3,475	174
<b>Total</b>	<b>\$ 30,495</b>	<b>\$ 9,623</b>

The City pledged future net revenues to repay its sewer revenue bonds. The total principal and interest remaining to be paid on the bonds is \$40.1 million. The principal and interest payments made in 2018 were \$3.6 million and pledged revenues (total net revenues calculated in accordance with the bond indenture) for the year ended June 30, 2018 were \$23.2 million.

**5. New Debt Issuance**

**General Obligation Bonds - Series 2017 A-1 and A-2, Measure KK**

On November 8, 2016, the City's voters authorized the issuance of \$600.0 million (Measure KK) in general obligation bonds. The bonds are to be issued to improve public safety and invest in neighborhoods throughout Oakland by re-paving streets to remove potholes, rebuilding cracked and deteriorating sidewalks, funding bicycle and pedestrian safety improvements, funding affordable housing for Oaklanders, and providing funds for facility improvements, such as neighborhood recreation centers, playgrounds, and libraries.

On August 30, 2017, the City issued General Obligation Bonds Series 2017 A-1 (Tax-Exempt) and Series 2017 A-2 (Taxable) in the amount of \$62.7 million and \$55.1 million, respectively. These bonds were issued to finance Measure KK projects and to pay for certain costs related to the issuance of the bonds. The bonds mature from January 2018 through January 2047 with interest rates ranging from 2.0 percent to 4.0 percent. Debt service payments for these bonds are funded through ad valorem taxes on property. Following this transaction, the City retained \$482.1 million of unissued general obligation bond authorization under Measure KK.

**JPFA Lease Revenue Refunding Bonds (Oakland Administration Building) - Series 2018**

On May 23, 2018, the Oakland Joint Powers Financing Authority (JPFA) issued \$60.0 million Lease Revenue Refunding Bonds (Oakland Administration Building) Series 2018 to refund all of the JPFA's outstanding Lease Revenue Refunding Bonds (Oakland Administration Building) Series 2008 B (Prior Bonds). The bonds mature from November 2018 through November 2026 with a 5.0 percent interest rate. The Prior Bonds were defeased on the date of issuance of the 2018 Bonds and redeemed on August 1, 2018. The refunding of the Prior Bonds was effected by depositing a portion of the 2018 Bonds into a special and irrevocable escrow fund established for the Prior Bonds in accordance with that certain Escrow Agreement, dated May 1, 2018. The funds deposited and held with the escrow agent were sufficient for the Prior Bonds full redemption. Accordingly, the liability for the Prior Bonds has been removed from the statement of net position at June 30, 2018. The refunding resulted

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

in the recognition of an accounting loss of \$8.5 million for the year ended June 30, 2018 and reduced the aggregate debt service payments by \$7.1 million, producing an economic gain for the City of \$6.9 million on a present value basis.

**Limited Obligation Refunding Bonds, Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase 1 (Reassessment and Refunding of 2018)**

On June 6, 2018, the City issued \$1.4 million Limited Obligation Refunding Bonds, Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase 1 (Reassessment and Refunding of 2018). The bonds mature from September 2019 through September 2039 with interest rates ranging from 2.0 percent to 3.625 percent. The City deposited a portion of the proceeds from the sale of these bonds along with other available monies on hand related to the City of Oakland California Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase 1 2010 Limited Obligation Improvement Bonds (2010 Bonds) into an escrow fund held by Wilmington Trust, National Association (Escrow Bank) to provide monies for the purpose of paying on September 2, 2018 the debt service due on the 2010 Bonds and the redemption price of the outstanding 2010 Bonds maturing after September 2, 2018. The current refunding of the 2010 Bonds reduced aggregate debt service payments by \$2.9 million, producing an economic gain for the City of \$2.1 million on a present value basis.

**Loan Payable - Oakland Army Base Credit Agreement**

Pursuant to Ordinance No. 13381 adopted by the City Council on July 19, 2016, the City is authorized to incur indebtedness secured by an assignment of the City's rights under the Alameda County Transportation Commission (ACTC) Administered Funds to provide interim bridge financing in an amount not to exceed \$53.2 million for certain capital infrastructure expenditures to support the redevelopment of the former Oakland Army Base (OAB Project).

On February 16, 2017, the City entered into a credit agreement with JPMorgan Chase Bank, N.A. (JPMorgan) whereby JPMorgan agreed to loan the City an amount not to exceed \$24.5 million to support the OAB Project. The loan, evidenced by a promissory note, bears interest at 2.44 percent on scheduled amounts funded, has an unused fee rate of seven basis points per annum, has interest payments on the fifteenth day of each January, April, July and October, and matures July 15, 2020. During the year ended June 30, 2018, the City drew down the remaining loan available of \$16.5 million.

The JPMorgan loan is secured by the pledge of revenues under the Alameda CTC Administered Funds received by the City until the final maturity date of the loan. On June 30, 2018, the total principal and interest remaining on this loan is approximately \$23.1 million. For the year ended June 30, 2018, the City collected \$2.3 million in ACTC Administered Funds and made total debt service payments in the amount of \$2.6 million.

**Master Lease-Purchase Agreement, Public Safety IT Systems Lease 2017, Schedule No. 1**

On August 1, 2017, the City entered into a Master Lease-Purchase Agreement in the principal amount of \$4.9 million to provide funding to upgrade, replace, and implement mission-critical public safety IT systems including 1) 911 Computer Aided Dispatch, the Records Management System, and the Fire Station Alerting System, as well as, 2) the Oakland Police Department's Performance, Reporting, and Information & Metrics Environment 2.0 (PRIME 2.0) enterprise platform. The aim of the project is to produce accurate, reliable, efficient, and modern next-generation public safety IT systems. The final maturity is August 1, 2023 and has an interest rate of 1.765 percent.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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, 2018 (in thousands):

Oakland Redevelopment Successor Agency			
Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
<b>Bonds payable:</b>			
Tax Allocation Bonds	2041	4.00 - 8.50%	\$ 208,130
ORSA Subordinated Tax Allocation Refunding Bonds	2040	1.33 - 5.00%	141,360
Unamortized premiums and discounts, net			9,157
<b>Total bonds payable</b>			<b>\$ 358,647</b>

**2. Revenues Pledged for the Repayment of Debt Service**

**Tax Allocation Bonds**

The Tax Allocation Bonds (TAB), which are comprised of Series 2006-T, Series 2009-T, Series 2006A-T, Series 2006B-T, Series 2006C-T, Series 2010-T and Refunding Bond Series 2013 are issued primarily to finance redevelopment projects and are all secured by pledge of redevelopment property tax revenues (i.e., former tax increment), 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 TAB series.

As of June 30, 2018, the total principal and interest remaining on these TABs was estimated at \$290.1 million and the property tax revenues are pledged until the year 2041, the final maturity date of the bonds. The Former Agency's debt service payments are requested through the Recognized Obligation Payments Schedule (ROPS) as enforceable obligations until the debt obligations have been satisfied.

**Subordinated Tax Allocation Refunding Bonds**

The Subordinate Tax Allocation Refunding Bonds, which are comprised of Series 2015TE and Series 2015T (Series 2015 Bonds) and the Series 2018TE/T Bonds. These bonds are limited obligations of the ORSA and payable from and secured by pledged tax revenues. Pledged tax revenues are tax increment revenues that were eligible for allocation to the Former Agency and are allocated to the ORSA, excluding (i) tax revenues required to pay debt service on the existing bonds, (ii) certain amounts required to be paid under the Uptown Ground Lease and the 17<sup>th</sup> Street Garage Disposition and Development Agreement, and (iii) amounts required to be paid to taxing entities pursuant to the Dissolution Law, unless such payments are subordinated.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**3. Summary of Changes in Long-Term Obligations**

The changes in long-term obligations for the year ended June 30, 2018, are as follows (in thousands):

<b>Oakland Redevelopment Successor Agency</b>					
	<b>Balance at July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at June 30, 2018</b>	<b>Amounts due within one year</b>
Tax allocation bonds	\$ 249,765	\$ -	\$ 41,635	\$ 208,130	\$ 24,830
Housing set-aside bonds	39,720	-	39,720	-	-
Subordinated tax allocation refunding bonds	88,745	56,955	4,340	141,360	8,750
Unamortized premium and discounts:					
Issuance premiums	8,913	3,230	1,897	10,246	1,523
Issuance discounts	(1,843)	(775)	(1,529)	(1,089)	(112)
<b>Total ORSA</b>	<b>\$ 385,300</b>	<b>\$ 59,410</b>	<b>\$ 86,063</b>	<b>\$ 358,647</b>	<b>\$ 34,991</b>

**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 and other long-term debt outstanding as of June 30, 2018, including mandatory sinking fund payments, are as follows (in thousands):

<b>Oakland Redevelopment Successor Agency</b>					
<b>Year Ending June 30</b>	<b>Tax Allocation Bonds</b>		<b>Subordinate Refunding Tax Allocation Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
	2019	\$ 24,830	\$ 11,088	\$ 8,750	\$ 5,250
2020	25,975	9,618	4,515	5,694	
2021	27,425	8,033	4,645	5,558	
2022	23,545	6,607	4,795	5,401	
2023	9,365	5,747	8,030	5,178	
2024-2028	30,845	23,384	23,605	22,853	
2029-2033	39,490	13,568	25,720	17,184	
2034-2038	22,480	3,486	50,230	8,391	
2039-2042	4,175	472	11,070	447	
<b>Total</b>	<b>\$ 208,130</b>	<b>\$ 82,003</b>	<b>\$ 141,360</b>	<b>\$ 75,956</b>	

**Component Unit- Port of Oakland (Port)**

**1. Summary Schedule of Long-Term Debt**

The following is a summary of long-term debt of the Port as of June 30, 2018 (in thousands):

<b>Component Unit - Port of Oakland</b>			
<b>Type of Obligation</b>	<b>Final Maturity Year</b>	<b>Remaining Interest Rates</b>	<b>Amount</b>
<b>Bonds, notes, and loans payable</b>			
Senior and intermediate lien bonds	2033	1.65 - 5.125%	\$ 891,695
Notes and loans	2030	0.42 - 4.50%	109,543
Unamortized bond discounts and premiums, net			57,960
<b>Total bonds, notes, and loans payable</b>			<b>\$ 1,059,198</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**2. Revenues Pledged for the Repayment of Debt Service**

The Port's long-term debt and final maturity consists primarily of 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 \$386.0 million in fiscal year 2018.

Pledged Revenues do not include cash received from passenger facility charge (PFCs) or customer facility charge (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***

2011 Series O, 2012 Series P, and 2012 Series Q (collectively, the Senior Lien Bonds) are 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 and invested in Federal Home Loan Mortgage Notes.

The Port has also covenanted in the Senior Trust Indenture that Net Pledged Revenues (Revenues less the Operation and Maintenance Expenses) will be equal to at least 125 percent of actual debt service for the Senior Lien Bonds (Senior Lien Debt Service Coverage Ratio).

***California Department of Boating and Waterways (DBW) Loan***

The DBW Loan is subordinate to the Senior Lien Bonds but superior to the Intermediate Lien Bonds and the Port's Commercial Paper Notes with respect to the Pledged Revenues. The Port turned over the operation of its marina, financed, in part, with DBW Loans, to a private company through a fifty-year capital lease in May 2004. As of June 30, 2018, only one DBW Loan remained outstanding with a balance of \$4.2 million.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

***Intermediate Lien Bonds***

As of June 30, 2018, the bonds issued under the Intermediate Trust Indenture include the 2017 Series D, Series E, Series F, and Series G Bonds (Series 2017 Bonds). The Series 2017 Bonds were issued on August 3, 2017 to refund the 2007 Series A, Series B, and Series C Bonds (Series 2017 Bonds and combined with the Series 2017 Bonds collectively, the Intermediate Lien Bonds) issued under the Intermediate Trust Indenture are next in payment priority. 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. Payment of principal and interest on the Intermediate Lien Bonds when due is secured by a debt service reserve surety policy, as well as being insured by municipal bond insurance policies.

The Port covenanted in the Intermediate Trust Indenture that Net Pledged Revenues will be equal to at least 110% 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).

***Commercial Paper Notes***

Commercial Paper Notes (CP Notes) have the lowest payment priority. The Board 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.

On June 13, 2017, the Port substituted its then-outstanding JPMorgan Chase Bank National Association (JPMorgan) LOC supporting its DEF Series of CP Notes, with a new LOC supported by Bank of America National Association (BANA) in the amount of \$54.4 million (principal of \$50.0 million and interest of \$4.4 million). This is equal to the prior JPMorgan LOC and represents the second LOC the Port has entered into with BANA. On June 13, 2016, the Port entered into a LOC with BANA amounting to \$163.3 million (principal of \$150.0 million and interest coverage of \$13.3 million) supporting its ABC Series of CP Notes. Both BANA LOCs expire on June 30, 2019.

As of June 30, 2018, the outstanding balance of CP Notes under the Port's ABC Series of CP is \$60.0 million, while the outstanding balance of CP Notes under the Port's DEF Series of CP is \$45.4 million.

The Port covenants in both of its LOC and Reimbursement Agreements with BANA that the Intermediate Lien Debt Service Coverage Ratio will equal to at least 110 percent.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**3. Summary of Changes in Long-Term Obligations**

The changes in the Port's long-term obligations for the year ended June 30, 2018, are as follows (in thousands):

Component Unit - Port of Oakland					
	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018	Amounts due within one year
<b>Bonds and notes payable:</b>					
Senior and intermediate lien bonds	\$ 979,565	\$ 253,950	\$ 341,820	\$ 891,695	\$ 50,260
Notes and loans payable	102,272	11,529	4,258	109,543	270
Unamortized premium and discounts, net	38,784	33,785	14,609	57,960	9,497
Total bonds and notes payable	<u>1,120,621</u>	<u>299,264</u>	<u>360,687</u>	<u>1,059,198</u>	<u>60,027</u>
<b>Other long-term liabilities:</b>					
Accrued vacation, sick leave, and compensatory time	6,705	1,890	1,596	6,999	6,399
Environmental remediation	15,339	11,662	9,247	17,754	2,134
Self -insurance liability - workers' compensation	11,282	649	1,270	10,661	1,270
Other long-term liabilities	23,494	350	2,146	21,698	3,750
Total other long-term liabilities	<u>56,820</u>	<u>14,551</u>	<u>14,259</u>	<u>57,112</u>	<u>13,553</u>
<b>Total component unit</b>	<b><u>\$ 1,177,441</u></b>	<b><u>\$ 313,815</u></b>	<b><u>\$ 374,946</u></b>	<b><u>\$ 1,116,310</u></b>	<b><u>\$ 73,580</u></b>

**4. Annual Requirements to Maturity**

The Port's required debt service payments on its Senior Lien Bonds and Intermediate Lien Bonds are due each May 1 and November 1 through May 1, 2033. The California Department of Boating and Waterways loan is due each August 1 through August 1, 2029. Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt. The Port's required debt service payment for the outstanding long-term debt for the years ending June 30 are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2019	\$ 50,530 <sup>(1)</sup>	\$ 42,658	\$ 93,188
2020	88,120	46,482	134,602
2021	90,188	42,511	132,699
2022	92,667	37,283	129,950
2023	60,412	32,782	93,194
2024-2028	342,934	115,813	458,747
2029-2033	276,387	33,396	309,783
<b>Total</b>	<b><u>\$ 1,001,238</u></b>	<b><u>\$ 350,925</u></b>	<b><u>\$ 1,352,163</u></b>

<sup>1</sup> Although the Port intends to refinance the CP Notes in the future, for purposes of this schedule, CP Notes are amortized over the fiscal years 2020-2022 pursuant to the "Term Loan" provisions of the Commercial Paper Reimbursement Agreements, beginning when the current letters of credit expire on June 30, 2019.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**City-Wide Short-Term and Long-Term Debt**

**1. Tax and Revenue Anticipation Notes Payable**

On July 20, 2017, the City issued \$70.6 million tax and revenue anticipation notes in advance of property tax collections. The notes were issued as one taxable series bearing an interest rate of 1.69% per annum and maturing on June 29, 2018. The notes were issued to finance the prepayment of the City's Employer Unfunded Accrued Liability contribution to CalPERS for fiscal year 2017-18. The short-term debt activity for the year ended June 30, 2018 is as follows (in thousands):

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
2017 - 2018 Tax & Revenue Anticipation Notes	\$ -	\$ 70,605	\$ (70,605)	\$ -

**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 believes it is in compliance with all significant limitations and restrictions for which noncompliance would adversely affect its ability to pay debt service. During the course of the fiscal year, the City identified several noncompliant issues with the continuing disclosure requirements and these have been remedied.

**3. Legal Debt Limit and Legal Debt Margin**

As of June 30, 2018, the City's debt limit (3.75% of valuation subject to taxation) was \$2.0 billion. The total amount of debt applicable to the debt limit was \$317.6 million. The resulting legal debt margin was \$1.7 billion.

**4. Prior Years' Debt Defeasance**

The City has defeased various bond issues by creating separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and is therefore removed as a liability from the City's government-wide financial statements. At June 30, 2018, the principal amount of defeased debt outstanding is as follows:

<u>Refunded Bonds</u>	<u>Refunding Bonds Issued</u>	<u>Date of Refunding Bond Issuance</u>	<u>Outstanding as of June 30, 2018</u>	<u>Scheduled Call Date</u>
General Obligation Refunding Bonds, Series 2009B	General Obligation Refunding Bonds, Series 2015A	05/06/15	\$ 54,485	01/15/19
Joint Powers Financing Authority, Lease Revenue Refunding Bonds, Series 2008 B	Joint Powers Financing Authority, Lease Revenue Refunding Bonds, Series 2018	05/08/18	65,675	08/01/18
Limited Obligation Improvement Bonds, Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I	Limited Obligation Refunding Bonds, Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I	05/03/18	2,700	09/04/18
Subordinated Housing Set-Aside Revenue Bonds, Series 2011A-T	ORSA Subordinated Tax Allocation Refunding Bonds, Series 2018-T	05/09/18	37,785	09/01/21
Subordinated Tax Allocation Bonds, Series 1993A	ORSA Central District Redevelopment Project Subordinated Tax Allocation Refunding Bonds, Series 2013	09/18/13	6,050	09/01/22
	<b>Total outstanding defeased bonds</b>		<b>\$ 166,695</b>	

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**5. Conduit Debt**

The following long-term debt has been issued by the City on behalf of named agents of the City. The bonds do not constitute an indebtedness of the City. The bonds are payable solely from revenue sources defined in the individual bond documents, and from other monies held for the benefit of the bond holders pursuant to the bond indentures. In the opinion of City officials, these bonds are not payable from any revenues or assets of the City, and neither the full faith and credit nor the taxing authority of the City, State, or any political subdivision thereof is obligated for the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded.

The conduit debt issued and outstanding at June 30, 2018 (in thousands):

	<u>Authorized and Issued</u>	<u>Maturity</u>	<u>Outstanding at June 30, 2018</u>
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	\$ 19,800	07/01/33	\$ 12,625

**H. ESTIMATED LIABILITY FOR SELF-INSURANCE**

**Primary Government**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; employee’s injuries; natural disasters; unemployment coverage; and providing health benefits to employees, retirees, and their dependents. For the past three years, there have been no significant reductions in any of the City’s insurance coverage and no settlement amounts have exceeded commercial insurance coverage.

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 \$3.0 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 \$.075 million retention level. Payment of claims is provided through annual appropriations, which are based on claim payment experience and supplemental appropriations. Of the \$92.5 million in claims liabilities as of June 30, 2018, approximately \$18.0 million is estimated to be due within one year.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

Changes in self-insurance workers' compensation for the years ended June 30, 2018 and 2017 are as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Self-insurance liability -		
workers' compensation, beginning of year	\$ 94,028	\$ 99,955
Current year claims and changes in estimates	23,827	19,388
Claims payments	<u>(25,402)</u>	<u>(25,315)</u>
Self-insurance liability - workers' compensation, end of year	<u>\$ 92,453</u>	<u>\$ 94,028</u>

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, 2018, the amount of liability determined to be probable of occurrence is approximately \$51.3 million. Of this amount, claims and litigation approximating \$21.9 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. 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, except for the Warehouse Fire Related Litigation as described below. 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, 2018 and 2017 are as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Self-insurance liability - general liability, beginning of year	\$ 51,800	\$ 40,978
Current year claims and changes in estimates	25,731	37,059
Claims payments	<u>(26,215)</u>	<u>(26,237)</u>
Self-insurance liability - general liability, end of year	<u>\$ 51,316</u>	<u>\$ 51,800</u>

The estimated undiscounted liability for claims and contingencies is based on the results of actuarial studies and includes amounts for claims incurred but not reported and allocated loss adjustment expenses. The estimated liability is calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**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.

Effective July 1, 2017, the self-insured retention levels and purchased insurance per occurrence are as follows:

<u>Type of Coverage</u>	<u>Limits</u>	<u>Purchased Insurance Per Occurrence</u>
General Liability	Up to \$3.0 million	\$3.0 to \$25.0 million
Automobile Liability	Up to \$3.0 million	\$3.0 to \$25.0 million
Public Officials Errors and Omissions	Up to \$3.0 million	\$3.0 to \$25.0 million
Products and Completed Operations	Up to \$3.0 million	\$3.0 to \$25.0 million
Employment Practices Liability	Up to \$3.0 million	\$3.0 to \$25.0 million
Workers' Compensation	Up to \$750,000	\$750,000 to \$100.0 million

Effective July 1, 2018, the City's self-insured retention level increased from \$3.0 million to \$5.0 million.

**5. Warehouse Fire Related Litigation**

Litigation has been filed against the City arising from the tragic fire at an Oakland warehouse that resulted in the deaths of 36 persons on December 2, 2016. Plaintiffs are primarily survivors of these decedents, and also include persons injured in the fire. The coordinated cases allege that the City was aware of dangerous conditions at the warehouse through its police and fire personnel, who visited the site on numerous occasions, and that the City failed to report or abate these conditions despite statutory "mandatory duties" to do so. The City is vigorously defending the matter.

The City's demurrer to Plaintiffs' Second Amended Complaint was overruled. The City filed a Writ to the Court of Appeals challenging the Superior Court's decision. The Court of Appeal Writ Petition was denied. The City sought review by the Supreme Court of the Court of Appeals decision which was denied on November 14, 2018. Trial is scheduled for October of 2019.

While the City vigorously opposes the allegations, it believes that it could have some loss exposure. Potential losses to the City are estimated to be up to \$100 million.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**Component Unit – Port of Oakland**

**1. Workers' Compensation**

The Port is self-insured for other workers' compensation of the Port's employees. The workers' compensation liability of \$10.7 million at June 30, 2018 is based upon an actuarial study performed as of June 30, 2018 that assumed a probability level of 80% and a discount rate of 0.0%. Changes in liability, which is included as part of non-current liabilities, follows (in thousands):

	<b>2018</b>	<b>2017</b>
Self -insurance liability -		
workers' compensation, beginning of year	\$ 11,282	\$ 12,249
Current year claims and changes in estimates	649	312
Claims payments	(1,270)	(1,279)
Self -insurance liability - workers' compensation, end of year	\$ 10,661	\$ 11,282

**2. General Liability - Insurance**

The Port purchases insurance on certain risk exposures including but not limited to property, automobile liability, airport liability, umbrella liability, environmental liability, fidelity, fiduciary liability, and public officials liability. Port deductibles for the various insured programs range from \$10,000 to \$1,000,000 each claim. The Port is self-insured for other general liability and liability/litigation-type claims, and most first party exposures. During fiscal year 2018, the Port carried excess insurance over \$1,000,000 for the self-insured general liability and workers compensation exposures. There have been no claim payments related to these programs that exceeded insurance limits in the last three years.

**3. Capital Improvement Projects**

The Port maintains an Owner Controlled Insurance Program (OCIP) and Owner Protective Professional Indemnity Insurance Program (OPPI) for contractors and consultants working on Port Capital Improvement Projects (CIP).

OCIP provides general liability insurance and workers' compensation insurance for contractors working on CIP projects. The Port is responsible for payment of the deductible/self-insured retention, which is currently \$250,000 for each general liability and workers' compensation claim.

The OPPI protects the Port from the potential error and omission of consultants working on Port CIP projects. Consultants must meet minimum insurance requirements of \$1,000,000 to \$2,000,000. If minimum insurance is not provided or does not respond, the Port would be responsible for \$100,000 self-insured retention. There is no actuarial forecast for this coverage.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**I. JOINT VENTURE**

**Oakland-Alameda County Coliseum**

The City is a participant with the County of Oakland (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 satisfy certain obligations of the Coliseum Authority, the City, the County, the Financing Corporation, and Oakland-Alameda County Coliseum Inc. (Coliseum Inc.), which then managed the operations of the Coliseum Complex, to finance the costs of remodeling the stadium portion of the Coliseum complex as well as relocating the Raiders to the City.

On May 31, 2012, the Coliseum Authority issued \$122.8 million in Refunding Bonds Series 2012 A with coupons of 2 to 5 percent to refund and defease all outstanding variable rate 2000 Series C Refunding Bonds. The bonds were priced at a premium, bringing total proceeds to \$138.1 million. These funds coupled with \$13 million in the 2000 Series C reserve fund generated available funds of \$151.1 million which was used to refund the 2000 C Refunding Bonds of \$137.4 million, fund a reserve fund of \$12.8 million, and to pay underwriter's discount and issuance cost of \$0.9 million. The all-in-interest cost of the 2012A refunding bonds was 3.04 percent. There was an economic loss of \$23 million (difference between the present value of the old and the new debt service payments) due to the low variable interest rates on the old bonds and the higher fixed rates on the new bonds. The Coliseum Authority was unable to maintain the bonds at a variable rate because it was not able to renew the letters of credit as required due to the tightening of the credit markets since 2008. However, the Coliseum Authority was able to take advantage of the fixed rate market with historically low interest rates and issued fixed rate bonds that generated a premium of \$15.3 million.

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. The source of the Coliseum Authority's revenues relating to football games consists primarily of a portion of the club dues, concession, and parking payments. The Coliseum Authority has pledged the base rental payments and most other revenues received under the Master Lease from the lessees, the City, and the County to the trustee to pay debt service on the bonds. 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 \$12 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 \$24 million annually in the event of default by the County. Base rental payments are projected to cover one hundred percent of the debt service

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

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 to satisfy certain obligations of the Coliseum Authority, the City, the County, and Coliseum Inc. 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. These obligations are evidenced in a series of agreements (the Warriors Agreements) among the Warriors and the City, the County, Coliseum Inc., and the Coliseum Authority.

On April 14, 2015, the Authority issued \$79,735,000 in Refunding Bonds Series 2015 A with coupons of .8 to 3.793 percent to refund and defease all outstanding variable rate 1996 Series A-1 and A-2 Bonds. The bonds were sold at par, bringing total proceeds to \$79,735,000. These funds coupled with \$3,319,013 in the 1996 Series A reserve fund generated available funds of \$83,054,013, which was used to refund the 1996 Series A Refunding Bonds of \$79,735,000, to fund a reserve fund of \$2,168,103, to pay underwriter's discount and issuance cost of \$659,928 and \$490,983 was returned to the Authority's general fund. The all-in true interest cost of the 2015A refunding bonds was 3.33 percent. There was an economic loss of \$13,479,519 (difference between the present value of the old and the new debt service payments) due to the low variable interest rates on the old bonds and the higher fixed rates on the new bonds. The Authority was unable to maintain the bonds at a variable rate because it was not able to renew the letters of credit as required due to the tightening of the credit markets since 2008. However, the Authority was able to take advantage of the fixed rate market with historically low interest rates and issued fixed rate bonds.

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 County, certain payments from the Warriors of up to \$7.4 million annually from premium seating revenues, the sale of personal seat licenses by the Coliseum Authority, concessionaire payments, and Arena naming rights. If necessary to prevent default, additional premium revenues up to \$10 million may be pledged to service Arena debt. If the revenues received from the 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. The Warrior's obligation to pay up to \$7.4 million annually ends with the termination of the current lease option in June 2019. However, in October 2018, an arbitrator provided an interim ruling favorable to the City and the County regarding the Warriors' ongoing contractual obligation under the License Agreement to annually reimburse the Authority for any principal balance remaining on the Arena Bonds debt obligation if the net operating revenues are not sufficient to pay scheduled debt service through the term of the debt issuance. The arbitrator's interim award is not final and may be appealed to the Alameda Superior Court.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**Debt Compliance**

Long-term debt outstanding as of June 30, 2018 is as follows (in thousands):

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Outstanding as of June 30, 2018</u>
<b>Stadium Bonds:</b>				
2012 Refunding Series A Lease revenue bonds	February 1, 2025	2.0% - 5.0%	\$ 122,815	\$ 74,100
<b>Arena Bonds:</b>				
2015 Refunding Series A Lease revenue bonds	February 1, 2025	1.0% - 4.0%	79,735	62,335
Total			<u>\$ 202,550</u>	<u>\$ 136,435</u>

Debt payments during the year ended June 30, 2018 were as follows (in thousands):

	<u>Stadium</u>	<u>Arena</u>	<u>Total</u>
Principal	\$ 8,670	\$ 6,200	\$ 14,870
Interest	4,139	2,095	6,234
Total	<u>\$ 12,809</u>	<u>\$ 8,295</u>	<u>\$ 21,104</u>

The following is a summary of long-term debt transactions for the year ended June 30, 2018 (in thousands):

Outstanding lease revenue bonds, beginning of year	\$ 151,305
Principal repayments	(14,870)
Outstanding lease revenue bonds, end of year	<u>\$ 136,435</u>

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

<u>Year Ending June 30,</u>	<u>Stadium Bonds</u>		<u>Arena Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 9,100	\$ 3,705	\$ 6,600	\$ 1,991	\$ 15,700	\$ 5,696
2020	9,555	3,250	7,000	1,838	16,555	5,088
2021	10,035	2,772	7,600	1,650	17,635	4,422
2022	10,535	2,271	8,200	1,426	18,735	3,697
2023	11,065	1,744	8,800	1,167	19,865	2,911
2024-2025	23,810	1,800	24,135	1,607	47,945	3,407
Total	<u>\$ 74,100</u>	<u>\$ 15,542</u>	<u>\$ 62,335</u>	<u>\$ 9,679</u>	<u>\$ 136,435</u>	<u>\$ 25,221</u>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**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 Authority's management agreement with OCJV expired in June 2012. In July 2012, AEG Management Oakland, LLC took over management of the Coliseum Complex after signing a five-year agreement. In April 2016, the agreement was extended through 2022.

Under the joint exercise of power agreement, which formed the Coliseum Authority, the City is responsible for funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements, to the extent such funding is necessary. During the year ended June 30, 2018, 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 County will have to contribute to base rental payments. Of the \$24.0 million obligated, for the year ending June 30 2019, it is estimated that the City will have to contribute \$12.0 million, which is appropriated in the debt service fund. There are many uncertainties in the estimation of revenues for the Coliseum Authority beyond one year into the future; therefore, the City has established a contingent liability to fund the Coliseum Authority deficit in the statement of net position in an amount equal to its contingent share (50 percent) of the outstanding Stadium Bonds, in the amount of \$37.0 million. 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 cover the debt payments.

Complete financial statements for the Coliseum Authority can be obtained from the County Auditor-Controller's Office at 1221 Oak Street, Room 249, Oakland, CA 94612.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**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. All full-time and certain other qualifying employees of the Port are eligible to participate in the City's 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 be accessed via the City's website, [www.oaklandca.gov](http://www.oaklandca.gov).

The CalPERS Safety and Miscellaneous Plans are agent multi-employer pension plans. CalPERS acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. Benefit provisions and other requirements are established by State statute, employer contract with CalPERS, and by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**2. Benefits**

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

**CalPERS** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on a final average compensation period of 36 months. The cost of living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such members who established CalPERS membership on or after January 1, 2013 are known as "PEPRA" members.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

<u>Tier Pension Plans</u>	<u>CalPERS Miscellaneous Plan</u>	<u>CalPERS Safety Plan</u>
Tier One (Classic Member)	Receive 2.7% at age 55. Final compensation is based on the twelve highest paid consecutive months.	Receive 3% at age 50. Pension benefits are based on the one year of highest salary.
Tier Two (New Hires as of June 9, 2012)	Receive 2.5% at age 55. Final compensation is based on the highest average annual compensation of the three consecutive years.	Receive 3% at age 55. Pension benefits are based on the final average salary of three years under the Government Code 20037.
Tier Three: AB 340 (January 1, 2013)	Receive 2% at 62. Pension benefits are based on the final average salary of the three years subject to established cap.	Basic: 2% at age 57. Option 1: 2.5% at age 57. Option 2: 2.7% at age 57. Pension benefits are based on the final average salary of three years subject to established cap.

**Covered Employees** - As of June 30, 2018, the following employees were covered by the benefit terms of each pension plan:

	<u>PFRS Plan</u>	<u>CalPERS Miscellaneous Plan</u>	<u>CalPERS Safety Plan</u>
Inactive employees or beneficiaries currently receiving benefits	837	3,512	1,199
Inactive employees entitled to but not yet receiving benefits	-	1,728	400
Active employees	-	2,646	1,226
<b>Total</b>	<b>837</b>	<b>7,886</b>	<b>2,825</b>

### 3. Contributions

For the years ended June 30, 2018 and 2017, the City's and Port's actuarial determined contributions were as follows (in thousands):

	<u>2018</u>	<u>2017</u>
PFRS Plan	\$ 44,860	\$ -
CalPERS Miscellaneous Plan (City)	63,622	56,987
CalPERS Miscellaneous Plan (Port)	19,253	18,906
CalPERS Safety Plan (City)	59,266	57,273
CalPERS Safety Plan (Port)	524	458
<b>Total</b>	<b>\$ 187,525</b>	<b>\$ 133,624</b>

**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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

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 are required until July 1, 2017. The City resumed contributions to PFRS on July 1, 2017. The City contributed \$44.9 million in the year ended June 30, 2018.

*CalPERS* – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by public employees during the year, with an additional amount to finance any unfunded accrued liability.

***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, 2018, the Port recognized principal payments of \$0.5 million for the Safety Unit obligation.

**4. Net Pension Liability**

The table below shows how the net pension liability as of June 30, 2018, is distributed (in thousands).

Governmental Activities	\$	1,660,253
Business-type Activities		43,672
Component Unit - Port of Oakland		222,741
<b>Total</b>	<b>\$</b>	<b><u>1,926,666</u></b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

As of June 30, 2018, the City's net pension liability is comprised of the following (in thousands):

PFRS Plan	\$	307,467
CalPERS Miscellaneous Plan - City		664,994
CalPERS Miscellaneous Plan - Port		219,306
CalPERS Safety Plan - City		731,464
CalPERS Safety Plan - Port		3,435
<b>Total</b>	<b>\$</b>	<b><u>1,926,666</u></b>

The City's net pension liability is measured for each plan as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The Port's proportionate share of the City's Miscellaneous Plan was determined based on the Port's employer contributions divided by the total employer contributions for the respective measurement period and was 24.8 percent for the June 30, 2017 and 2016 measurement dates.

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, 2016 (valuation date)	\$ 670,085	\$ 361,610	\$ 308,475
Changes for the year:			
Interest on the total pension liability	44,932	-	44,932
Differences between expected and actual experience	3,028	-	3,028
Claims and settlements	-	70	(70)
Net investment income	-	50,159	(50,159)
Administrative expenses	-	(1,261)	1,261
Benefit payments, including refunds of employee contributions	(57,376)	(57,376)	-
Net changes	(9,416)	(8,408)	(1,008)
<b>Balance at June 30, 2017 (measurement date)</b>	<b><u>\$ 660,669</u></b>	<b><u>\$ 353,202</u></b>	<b><u>\$ 307,467</u></b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

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, 2016 (valuation date)	\$ 2,452,219	\$ 1,651,356	\$ 800,863	\$ 1,806,062	\$ 1,169,061	\$ 637,001
Changes for the year:						
Service cost	44,132	-	44,132	43,687	-	43,687
Interest on the total pension liability	181,418	-	181,418	136,316	-	136,316
Changes in assumptions	140,332	-	140,332	120,639	-	120,639
Differences between expected and actual experience	(8,109)	-	(8,109)	1,595	-	1,595
Contributions from the employer	-	75,893	(75,893)	-	57,731	(57,731)
Contributions from employees	-	17,935	(17,935)	-	18,432	(18,432)
Net plan to plan resource movement	-	135	(135)	-	(92)	92
Net investment income	-	182,811	(182,811)	-	129,995	(129,995)
Administrative expenses	-	(2,438)	2,438	-	(1,727)	1,727
Benefit payments, including refunds of employee contributions	(138,379)	(138,379)	-	(87,231)	(87,231)	-
Net changes	219,394	135,957	83,437	215,006	117,108	97,898
<b>Balance at June 30, 2017 (measurement date)</b>	<b>\$ 2,671,613</b>	<b>\$ 1,787,313</b>	<b>\$ 884,300</b>	<b>\$ 2,021,068</b>	<b>\$ 1,286,169</b>	<b>\$ 734,899</b>

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

For the year ended June 30, 2018, the City and the Port recognized pension expense of \$217.2 million and \$27.9 million, respectively. At June 30, 2018, 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	\$ 44,860	\$ -	\$ 63,622	\$ -	\$ 59,266	\$ -	\$ 167,748	\$ -
Change in assumptions	-	-	69,140	-	98,299	(11,902)	167,439	(11,902)
Differences between expected and actual experiences	-	-	-	(7,779)	23,160	-	23,160	(7,779)
Net differences between projected and actual earnings on plan investments	-	(5,795)	18,416	-	17,174	-	35,590	(5,795)
<b>Total</b>	<b>\$ 44,860</b>	<b>\$ (5,795)</b>	<b>\$ 151,178</b>	<b>\$ (7,779)</b>	<b>\$ 197,899</b>	<b>\$ (11,902)</b>	<b>\$ 393,937</b>	<b>\$ (25,476)</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

At June 30, 2018, the Port's deferred outflows of resources and deferred inflows of resources related to pension items are from the following sources (in thousands):

	<b>Port Miscellaneous and Safety Plan</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 19,777	\$ -
Change in assumptions	22,802	-
Differences between expected and actual experiences	-	(2,565)
Net differences between projected and actual earnings on plan investments	6,073	-
<b>Total</b>	<b>\$ 48,652</b>	<b>\$ (2,565)</b>

At June 30, 2018, the City and the Port reported \$167.7 million and \$19.8 million, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction to net pension liability in the year ending June 30, 2019. 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):

<b>Year Ending June 30</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>		
	<b>City</b>	<b>Port</b>	<b>Total</b>
2019	\$ 48,449	\$ 9,836	\$ 58,285
2020	99,532	17,220	116,752
2021	44,056	2,567	46,623
2022	(378)	(3,313)	(3,691)
2023	9,054	-	9,054
<b>Total</b>	<b>\$ 200,713</b>	<b>\$ 26,310</b>	<b>\$ 227,023</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**6. Actuarial Assumptions**

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2017 is provided below, including any assumptions that differ from those used in the June 30, 2016 actuarial valuations.

	<u>PFRS Plan</u>	<u>CalPERS Miscellaneous and Safety Plans</u>
Valuation date	June 30, 2016	June 30, 2016
Measurement date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Discount rate	6.37%	7.15%
Investment rate of return	5.53%	7.15%, net of pension plan investment expenses, including inflation
Inflation rate	2.75% to 2.85%	2.75%
Payroll growth	n/a	Varies by Entry Age and Service
Postretirement benefit increases	Police - 2.5% and 1% increases at January 1, 2018, 2% on July 1, 2018 and 2.5% at January 1, 2019, then 3.25% Fire - 3.25%	Contract cost of living adjustment up to 2.75% until purchasing power allowance floor on purchasing power applies, 2.75% thereafter

For the PFRS Plan, the mortality rates for healthy and disabled lives were based on the CalPERS Healthy Table from the 2006-2011 Experience Study, and the CalPERS Industrial Disability Mortality Table from the 2006-2011 Experience Study, respectively, excluding the 20-year projection using Scale BB. Mortality improvement tables are based on Scale MP-2014 using a base year of 2009. Actuarial assumptions used in the PFRS June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

For CalPERS, the mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on the CalPERS website.

***Change in Assumptions*** – For the PFRS Plan, the City entered into new Memorandums of Understanding (MOU) for Police members between the valuation date and the measurement date, increasing Police retirees' Cost of Living Adjustments (COLAs). The updated procedures included the additional liability due to the new Police MOUs, and the addition of interest cost offset by actual benefit payments.

***Discount Rates***

***PFRS*** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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 allocation percentage and by adding expected inflation.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

Best estimates of geometric real rates of return for each major class included in the PFRS's target asset allocation as of June 30, 2017 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	3.40%
Domestic Equity	5.75%
International Equity	6.80%
Covered Calls	5.25%
Crisis Risk Offset	4.40%
Cash	2.25%

The discount rate used to measure the total pension liability was 6.37 percent. The projection of cash flows used to determine the discount rate assumed that the City would contribute to the PFRS Plan based on its July 1, 2012 funding agreement with the PFRS. This agreement suspends City contributions until the fiscal year beginning July 1, 2017, after which they will resume, based upon the recommendation of the actuary, with a Charter requirement that the PFRS Plan's liabilities be fully funded by July 1, 2026. A cash flow projection showed that the projected fiduciary net position would be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CalPERS** - The discount rate used to measure each of the CalPERS Miscellaneous Plan and the Safety Plan total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2016.

<b>Asset Class</b>	<b>Current Target Allocation</b>	<b>Real Return Years 1 - 10<sup>1</sup></b>	<b>Real Return Years 11+<sup>2</sup></b>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

<sup>(1)</sup> An expected inflation of 2.5% used for this period.

<sup>(2)</sup> An expected inflation of 3.0% used for this period.

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

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

	<b>1% Decrease at 6.15%</b>	<b>Measurement Date at 7.15%</b>	<b>1% Increase at 8.15%</b>
CalPERS Miscellaneous Plan - City	\$ 916,205	\$ 664,994	\$ 456,098
CalPERS Miscellaneous Plan - Port's proportionate share	302,152	219,306	150,415
CalPERS Safety Plan	1,031,426	731,464	494,205

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**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 retirements 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 annual required contribution (ARC) to 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 (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** – At June 30, 2018, based on the GASB Statement No. 75 actuarial report measured as of June 30, 2017 for the year ended June 30, 2018 the following employees were covered by the benefit terms for the OPEB plan:

Inactive retired participants and surviving spouses receiving benefits	2,672
Inactive participants' spouses receiving benefits	1,040
Active employees eligible for retirement benefits	1,047
Active employees not eligible for retirement benefits	2,473
<b>Total</b>	<b><u>7,232</u></b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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 8, 2017, the City contributed the first of two one-time payments of \$10.0 million into the CERBT fund to partially prefund the actuarially determined contribution for OPEB. The FY 2017-19 Adopted Policy Budget allocated \$10.0 million each year, for a total of \$20.0 million, for this purpose.

Benefits and other contributions paid by the City during the measurement period and those made in the year following the measurement period but prior to the fiscal year ended June 30, 2018 are shown below.

	<b>Reporting Date</b>	
	<b>2018</b>	<b>2017</b>
Explicit contributions	\$ 21,157	\$ 20,424
Implicit contributions	6,068	-
Trust contributions	10,000	-
<b>Total</b>	<b>\$ 37,225</b>	<b>\$ 20,424</b>

The amount of implicit contributions paid are reflected as a reduction in (active) employee premiums. The contributions made during the year ended June 30, 2018 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, 2017 (measurement date), using an annual actuarial valuation as of July 1, 2017. A summary of principal actuarial assumptions and methods used to determine the total OPEB liability is as follows:

Actuarial valuation date	July 1, 2017
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Market value
Amortization method	Level percentage of pay, open period, 30 years
Inflation	2.50%
Discount rate	3.58%
Rate of salary increase	2.50%
Ultimate rate of medical inflation	3.50%
Years to ultimate rate of medical inflation	20 years
Mortality, termination and disability	Based on the 2014 CalPERS Experience Study from 1997 to 2011
Post retirement benefit increases	Police - 2.5% and 1% increases at January 1, 2018, 2% on July 1, 2018 and 2.5% at January 1, 2019, then 3.25% Fire - 3.25%

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**Discount Rate** - The discount rate used to measure the total OPEB liability was the Bond Buyer 20-Bond GO Index pursuant to GASB requirements. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 29, 2017 was 3.58%.

The following table shows the changes in net OPEB liability for the year ended June 30, 2018:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at June 30, 2016 (valuation date)	\$ 1,096,546	\$ 3,913	\$ 1,092,633
Changes for the year:			
Service cost	50,972	-	50,972
Interest	32,415	-	32,415
Changes in assumptions	(294,914)	-	(294,914)
Differences between expected and actual experience	(10,799)	-	(10,799)
Contributions from the employer	-	20,424	(20,424)
Net investment income	-	414	(414)
Administrative expenses	-	(2)	2
Benefit payments, including refunds of employee contributions	(20,424)	(20,424)	-
Net changes	(242,750)	412	(243,162)
<b>Balance at June 30, 2017 (measurement date)</b>	<b>\$ 853,796</b>	<b>\$ 4,325</b>	<b>\$ 849,471</b>

**4. Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate**

The discount rate used for the fiscal year ended June 30, 2018 is 3.58 percent. The impact of a 1 percent increase or decrease in the discount rate assumption is shown below:

	<b>1% Decrease at 2.58%</b>	<b>Measurement Date at 3.58%</b>	<b>1% Increase at 4.58%</b>
Net OPEB Liability	\$ 984,818	\$ 849,471	\$ 740,509

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

	<b>-1.00%</b>	<b>Baseline</b>	<b>+1.00%</b>
Net OPEB Liability	\$ 740,217	\$ 849,471	\$ 982,669

**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 Comprehensive Annual Report (CAFR).

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$32.1 million. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 37,225	\$ -
Change in assumptions	-	245,762
Differences between expected and actual experiences	-	8,999
Net differences between projected and actual earnings on plan investments	-	103
<b>Total</b>	<b>\$ 37,225</b>	<b>\$ 254,864</b>

The \$37.2 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, 2019.

Other amounts reported as deferred inflows of resources will be recognized as future OPEB expense as follows:

<b>Year Ending June 30</b>	<b>Deferred (Inflows) of Resources</b>
2019	\$ (50,978)
2020	(50,978)
2021	(50,978)
2022	(50,978)
2023	(50,952)
<b>Total</b>	<b>\$ (254,864)</b>

**Component Unit – Port of Oakland**

**1. Plan Description**

The Port also contributes to the CERBT, an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. The Port's Retiree Health Plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through CalPERS, subject to certain limitations described below. Additionally, through the Port's Retiree Health Plan, employees hired before October 1, 2009 (before January 1, 2013 for members of the Services Employees International Union and International Brotherhood of Electrical Workers) are eligible to receive dental and vision benefits.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

Prior to 2011, eligible retirees must have attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and must be eligible to receive CalPERS retirement benefits. On July 21, 2011, the Port adopted resolutions that established a Health Benefit Vesting Requirement for employees hired on or after September 1, 2011 (on or after April 1, 2013 for members of SEIU and IBEW). The vesting schedule does not apply to employees that are granted a disability retirement.

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:

<u>Years of Credited Service</u> <u>(at least 5 of which are with the City/Port)</u>	<u>Percentage of Employer</u> <u>Contributions</u>
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20	100%

**Employees Covered** - As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Port's Retiree Healthcare Plan:

Active employees	461
Inactive employees or beneficiaries currently receiving benefits	575
Inactive employees entitled to, but not yet receiving benefits	-
<b>Total</b>	<b>1,036</b>

**2. Contributions**

Benefit provisions are established and are amended through negotiations between the Port and the various bargaining units during each bargaining period. The annual contribution is based on the actuarially determined contribution. The Port pays a portion of retiree benefit expenses on a pay-as-you-go basis to third parties, outside of the CERBT fund, and funds the remaining actuarially determined contribution to the CERBT fund. For the year ended June 30, 2018, the Port's cash contributions totaling \$14.7 million consisted of \$7.7 million in payments to third parties, \$5.5 million paid to the CERBT fund, and the estimated implied subsidy of \$1.5 million.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**3. Net OPEB Liability**

The Port's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry-Age Normal
Discount rate	6.75%
Inflation	2.50%
Salary increases	3.00% per annum
Investment rate of return	6.75% net of investment expenses
Mortality, termination and disability <sup>1</sup>	Based on the 2014 CalPERS Experience Study from 1997 to 2011
Healthcare trend rate <sup>2</sup>	3.5-6.25% per year increase for medical and 4.0% per year increase for vision and dental

<sup>1</sup> The mortality table used was developed based on CalPERS' specific data. The table includes a margin for mortality improvement based on Scale BB projected to 2032. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

<sup>2</sup> Based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long-term medical care.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Nominal Return (50 Years) <sup>1</sup>
Global Equity	57.00%	7.92%
U.S. Fixed Income	27.00%	6.83%
Treasury Inflation - Protected Securities	5.00%	3.95%
Real Estate Investment Trust	8.00%	7.46%
Commodities	3.00%	5.37%

<sup>1</sup> Rates include a 2.5 percent long-term inflation assumption.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**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):

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at June 30, 2016 (valuation date)	\$ 164,654	\$ 54,770	\$ 109,884
Changes for the year:			
Service cost	4,055	-	4,055
Interest	11,089	-	11,089
Changes in assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions from the employer	-	15,400	(15,400)
Net investment income	-	5,773	(5,773)
Administrative expenses	-	(22)	22
Benefit payments, including refunds of employee contributions	(9,000)	(9,000)	-
Net changes	6,144	12,151	(6,007)
<b>Balance at June 30, 2017 (measurement date)</b>	<b>\$ 170,798</b>	<b>\$ 66,921</b>	<b>\$ 103,877</b>

**6. Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate**

The discount rate used for the fiscal year-end 2018 is 6.75%. The impact of a 1% increase or decrease in the discount rate assumption is shown below:

	<b>1% Decrease at 5.75%</b>	<b>Measurement Date at 6.75%</b>	<b>1% Increase at 7.75%</b>
Net OPEB Liability	\$ 125,311	\$ 103,877	\$ 85,050

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, for measurement period ended June 30, 2017 (in thousands):

	<b>-1.00%</b>	<b>Current Healthcare Costs Trend Rate</b>	<b>+1.00%</b>
Net OPEB Liability	\$ 84,786	\$ 103,877	\$ 126,892

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

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

For the year ended June 30, 2018, the Port recognized OPEB expense of \$10.9 million. The Port reported deferred outflows of resources related to OPEB from the following sources as of June 30, 2018 (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 14,732	\$ -
Differences between expected and actual experiences	-	1,492
<b>Total</b>	<b>\$ 14,732</b>	<b>\$ 1,492</b>

The deferred inflows of resources are amortized over the expected average remaining service lifetime for all active and inactive members. The expected average service lifetime is 3.91 years.

The OPEB contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. 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):

<b>Year Ending June 30</b>	<b>Deferred (Inflows) of Resources</b>
2019	\$ (373)
2020	(373)
2021	(373)
2022	(373)
<b>Total</b>	<b>\$ (1,492)</b>

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**C. COMMITMENTS AND CONTINGENCIES**

**1. Construction Commitments**

As of June 30, 2018, the City had construction commitments 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
Art	\$ -	\$ -	\$ 303	\$ 204	\$ -	\$ -	\$ 507
Building, facilities and infrastructure	162	2,292	12,137	420	-	1,188	16,199
Parks and open space	2,067	4,278	14,302	367	-	-	21,014
Sewers and storm drains	-	121	-	-	-	-	121
Streets and sidewalks	-	29,167	20,272	992	-	-	50,431
Technology enhancements	2,384	-	1,054	25	-	11,151	14,614
Traffic improvements	-	-	-	-	12,199	-	12,199
<b>Total</b>	<b>\$ 4,613</b>	<b>\$ 35,858</b>	<b>\$ 48,068</b>	<b>\$ 2,008</b>	<b>\$ 12,199</b>	<b>\$ 12,339</b>	<b>\$ 115,085</b>

	Sewer Fund	Nonmajor Parks and Recreation	Total Business-Type Activities
Building, facilities and infrastructure	\$ -	\$ 4	\$ 4
Parks and open space	84	-	84
Sewers and storm drains	33,257	-	33,257
<b>Total</b>	<b>\$ 33,341</b>	<b>\$ 4</b>	<b>\$ 33,345</b>

**2. Other Commitments and Contingencies**

**Recognized Obligation Payment Schedule**

ORSA reported \$743.2 million of total outstanding debt or obligations per the ROPS covering the July 1, 2018 through June 30, 2019 period, which was approved by the DOF on May 17, 2018. Of this total amount, the FY2018-19 period requested as enforceable obligations total \$107.5 million.

**Component Unit – Port of Oakland**

As of June 30, 2018, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Aviation	\$ 82,127
Maritime	14,527
<b>Total</b>	<b>\$ 96,654</b>

The most significant projects for which the Port has contractual commitments for construction are the Runway 12/30 Rehabilitation project of \$46.1 million, the International Arrivals Building upgrades for \$16.5 million, and the Rail Infrastructure at the Maritime Support Center for \$11.0 million.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

**1. Power Purchases**

The Port purchases electrical power for resale and self-consumption and currently has three power purchase agreements with East Bay Municipal Utility (EBMUD), the Western Area Power Administration (WAPA) and SunE H3 Holdings, LLC (SunE) with expiration dates greater than two years.

Counterparty	Contract Ending Year	Contract Structure	Estimated Output	Estimated Annual Cost
EBMUD	2022	Take and Pay - (Pay contract price only if energy is received)	8,000 MWH	Approximately \$584,000 with no annual escalator through 2017; approximately \$464,000 with no annual escalator from 2017-2022.
WAPA	2024	Take or Pay - (Pay contract price without regard to energy received)	17,000 MWH	Approximately \$800,000 (Changes annually depending on revenue requirement for power generation projects).
SunE (formerly SunEdison)	2027	Take and Pay - (Pay contract price only if energy is received)	1,200 MWH	Approximately \$200,000 with annual escalator.

In addition to the aforementioned power purchase agreements, the Port had outstanding, as of June 30, 2018, multiple forward power purchase contracts totaling approximately \$3.3 million with Powerex Corporation and Shell Energy North America. The forward power purchase contracts have various expiration dates through December 31, 2020.

**2. 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 in long-term obligations on the statement of net position at June 30, 2018, is as follows (in thousands):

Obligating Event	Liability	Estimated Recovery
Pollution poses an imminent danger to the public or environment	\$ 3,042	\$ -
Identified as responsible to clean up pollution	12,904	304
Begins or legally obligates to clean up or post-clean up activities	1,808	-
<b>Total by obligating event</b>	<b>\$ 17,754</b>	<b>\$ 304</b>

The environmental remediation liability accounts in the summary tables are listed by the initial obligating event. Due to new information, the obligating event may change from the initial obligating event. Obligating events include without limitations: 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;

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

and 2) the Port has commenced, or has legally obligated itself to commence, clean-up activities or 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.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**D. DEFICIT FUND BALANCES/NET POSITION**

As of June 30, 2018, the following funds reported deficits in fund balance/net position (in thousands):

Special Revenue Funds:	
Landscape and Lighting Assessment District.....	\$ (1,106)
Internal Service Funds:	
Equipment.....	(4,392)
Facilities.....	(30,137)
Reproduction.....	(3,331)
Central Stores.....	(5,320)
Purchasing.....	(2,863)
Private Purpose Trust Funds:	
Oakland Redevelopment Successor Agency Trust Fund.....	(261,739)
Private Pension Trust Fund.....	(72)

The deficit in the Landscape and Lighting Assessment District is expected to be cured from collections from special assessments. The City’s equipment, 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. In April 2018, City Council passed a resolution to review the existing repayment schedule to add 10-year repayment plans for these internal service funds as part of the 2019-2021 proposed policy budget.

At June 30, 2018, ORSA has a negative net position of \$261.7 million. Under the former California Redevelopment Law, the Former Agency issued bonds or incurs 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). The deficit in the Private Pension Trust Fund will be cured by future revenues and reduction in costs.

**E. SUBSEQUENT EVENTS**

**Debt Issuance – City**

**Tax and Revenue Anticipation Notes Payable** - On July 18, 2018, the City issued \$83.4 million tax and revenue anticipation notes in advance of property tax collections. The notes were issued as one taxable series bearing an interest rate of 2.72 percent per annum and maturing on June 28, 2019. The notes were issued to finance the prepayment of the City’s Employer Unfunded Accrued Liability contribution to CalPERS for fiscal year 2018-19. The City received a 3.5 percent prepayment discount from CalPERS for pre-funding.

**CITY OF OAKLAND**  
**Notes to the Basic Financial Statements (continued)**  
**Year Ended June 30, 2018**

---

**Master Lease-Purchase Agreement, Public Safety IT Systems Lease 2017, Phase II, Schedule No. 2** - On August 1, 2018, the City entered into a Master Lease-Purchase Agreement in the principal amount of \$7.9 million. This financing provides funding to upgrade, replace, and implement mission-critical public safety IT systems including 1) 911 Computer Aided Dispatch, the Records Management System, and the Fire Station Alerting System, as well as, 2) the Oakland Police Department's Performance, Reporting, and Information & Metrics Environment 2.0 (PRIME 2.0) enterprise platform. The aim of the project is to produce accurate, reliable, efficient, and modern next-generation public safety IT systems. The final maturity is August 1, 2024 and the agreement has an interest rate of 1.9755 percent.

**ORSA's Countywide Oversight Board - ORSA**

Pursuant to SB 107, the functions of the Oversight Board have been assumed by an oversight board established for all successor agencies within the County of Alameda commencing on July 1, 2018. As of July 1, 2018, the Countywide Oversight Board is appointed as follows:

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

This page intentionally left blank.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

---

**CITY OF OAKLAND**  
**Required Supplementary Information (unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios –**  
**Police and Fire Retirement System**  
**Last Four Fiscal Years\***  
*(In Thousands)*

Fiscal year	2017-18	2016-17	2015-16	2014-15
Measurement period	2016-17	2015-16	2014-15	2013-14
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest on the total pension liability	44,932	42,480	41,263	42,333
Changes of assumptions	-	43,480	34,219	-
Differences between expected and actual experience	3,028	6,978	(21,209)	-
Benefit payments, including refunds of employee contributions	(57,376)	(58,441)	(59,008)	(57,409)
Net change in total pension liability	(9,416)	34,497	(4,735)	(15,076)
Total pension liability, beginning	670,085	635,588	640,323	655,399
Total pension liability, ending	<u>\$ 660,669</u>	<u>\$ 670,085</u>	<u>\$ 635,588</u>	<u>\$ 640,323</u>
<b>Plan fiduciary net position</b>				
Contributions, employer	\$ -	\$ -	\$ -	\$ -
Contributions, employee	-	-	-	4
Net investment income	50,159	(1,419)	15,439	66,392
Administrative expenses	(1,261)	(1,376)	(985)	(776)
Claims and settlements	70	3,593	-	-
Benefit payments, including refunds of employee contributions	(57,376)	(58,441)	(59,008)	(57,409)
Net change in plan fiduciary net position	(8,408)	(57,643)	(44,554)	8,211
Plan fiduciary net position, beginning	361,610	419,253	463,807	455,596
<b>Plan fiduciary net position, ending</b>	<u>\$ 353,202</u>	<u>\$ 361,610</u>	<u>\$ 419,253</u>	<u>\$ 463,807</u>
<b>Plan net pension liability</b>	<u>\$ 307,467</u>	<u>\$ 308,475</u>	<u>\$ 216,335</u>	<u>\$ 176,516</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>53.5%</b>	<b>54.0%</b>	<b>66.0%</b>	<b>72.4%</b>
<b>Covered payroll</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

**Note to schedule:**

\* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only four 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 Four Fiscal Years\***  
*(In Thousands)*

Fiscal year	2017-18	2016-17	2015-16	2014-15
Measurement period	2016-17	2015-16	2014-15	2013-14
<b>Total pension liability</b>				
Service cost	\$ 44,132	\$ 37,856	\$ 37,347	\$ 37,135
Interest on the total pension liability	181,418	177,626	172,693	166,822
Changes of assumptions	140,332	-	(39,092)	-
Differences between expected and actual experience	(8,109)	(16,210)	(7,769)	-
Benefit payments, including refunds of employee contributions	(138,379)	(132,473)	(126,730)	(121,423)
Net change in total pension liability	219,394	66,799	36,449	82,534
Total pension liability, beginning	2,452,219	2,385,420	2,348,971	2,266,437
Total pension liability, ending	<u>\$ 2,671,613</u>	<u>\$ 2,452,219</u>	<u>\$ 2,385,420</u>	<u>\$ 2,348,971</u>
<b>Plan fiduciary net position</b>				
Contributions, employer	\$ 75,893	\$ 65,067	\$ 63,531	\$ 52,556
Contributions, employee	17,935	17,291	16,904	17,431
Net plan to plan resource movement	135	-	24	-
Net investment income	182,811	8,647	37,833	256,552
Administrative expenses	(2,438)	(1,032)	(1,919)	-
Benefit payments, including refunds of employee contributions	(138,379)	(132,473)	(126,730)	(121,423)
Net change in plan fiduciary net position	135,957	(42,500)	(10,357)	205,116
Plan fiduciary net position, beginning	1,651,356	1,693,856	1,704,213	1,499,097
<b>Plan fiduciary net position, ending</b>	<u>\$ 1,787,313</u>	<u>\$ 1,651,356</u>	<u>\$ 1,693,856</u>	<u>\$ 1,704,213</u>
<b>Plan net pension liability</b>	<u>\$ 884,300</u>	<u>\$ 800,863</u>	<u>\$ 691,564</u>	<u>\$ 644,758</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>66.9%</b>	<b>67.3%</b>	<b>71.0%</b>	<b>72.6%</b>
<b>Covered payroll</b>	<b>\$ 220,386</b>	<b>\$ 206,595</b>	<b>\$ 200,562</b>	<b>\$ 188,886</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>401.3%</b>	<b>387.6%</b>	<b>344.8%</b>	<b>341.3%</b>

**Note to schedule:**

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect 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 2014, amounts were based on the 7.50% discount rate.

\* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only four 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 Four Fiscal Years\***  
*(In Thousands)*

Fiscal year	2017-18	2016-17	2015-16	2014-15
Measurement period	2016-17	2015-16	2014-15	2013-14
<b>Total pension liability</b>				
Service cost	\$ 43,687	\$ 36,434	\$ 32,899	\$ 34,590
Interest on the total pension liability	136,316	129,920	121,444	115,261
Changes of assumptions	120,639	-	(31,738)	-
Differences between expected and actual experience	1,595	32,162	4,892	-
Benefit payments, including refunds of employee contributions	(87,231)	(80,752)	(74,198)	(68,751)
Net change in total pension liability	215,006	117,764	53,299	81,100
Total pension liability, beginning	1,806,062	1,688,298	1,634,999	1,553,899
Total pension liability, ending	<u>\$ 2,021,068</u>	<u>\$ 1,806,062</u>	<u>\$ 1,688,298</u>	<u>\$ 1,634,999</u>
<b>Plan fiduciary net position</b>				
Contributions, employer	\$ 57,731	\$ 47,172	\$ 44,366	\$ 37,007
Contributions, employee	18,432	16,221	15,027	14,598
Net plan to plan resource movement	(92)	-	(24)	-
Net investment income	129,995	6,311	26,057	175,344
Administrative expenses	(1,727)	(719)	(1,337)	-
Benefit payments, including refunds of employee contributions	(87,231)	(80,752)	(74,198)	(68,751)
Net change in plan fiduciary net position	117,108	(11,767)	9,891	158,198
Plan fiduciary net position, beginning	1,169,061	1,180,828	1,170,937	1,012,739
<b>Plan fiduciary net position, ending</b>	<u>\$ 1,286,169</u>	<u>\$ 1,169,061</u>	<u>\$ 1,180,828</u>	<u>\$ 1,170,937</u>
<b>Plan net pension liability</b>	<u>\$ 734,899</u>	<u>\$ 637,001</u>	<u>\$ 507,470</u>	<u>\$ 464,062</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>63.6%</b>	<b>64.7%</b>	<b>69.9%</b>	<b>71.6%</b>
<b>Covered payroll</b>	<b>\$ 148,995</b>	<b>\$ 136,073</b>	<b>\$ 119,980</b>	<b>\$ 120,396</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>493.2%</b>	<b>468.1%</b>	<b>423.0%</b>	<b>385.4%</b>

**Note to schedule:**

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect 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 2014, amounts were based on the 7.50% discount rate.

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

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

**Oakland Police and Fire Retirement System**

Fiscal year ended June 30	<b>2018</b>	<b>2017 *</b>	<b>2016 *</b>	<b>2015 *</b>	<b>2014</b>
Actuarially determined contributions (ADC)	\$ 44,860	\$ -	\$ -	\$ -	\$ 20,300
Contributions in relation to the ADC	(44,860)	-	-	-	-
Contribution deficiency (excess)	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,300</b>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a

\* Although an actuarial valuation was performed as of June 30, 2014, 2015, and 2016, PFRS did not determine an Actuarially Determined Contribution for 2015, 2016, and 2017 based on the City's funding policy.

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2018 were as follows:

Actuarial valuation date	July 1, 2016
Actuarial cost method	Entry-Age Normal
Asset valuation method	Recognizes 20% difference between market value and expected actuarial value each year, with a corridor of 10% around market value.
Amortization method	Level dollar closed (9 years remaining as of 7/1/2017)
Inflation	2.75% (U.S) and 2.85% (Bay Area)
Discount rate	6.37%
Projected benefit increases	Following expiration of current MOUs (6/30/19 for Police, 10/31/17 for Fire):
Police	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	3.25% (2.85% inflation plus 0.40% productivity increase) per year
Mortality (healthy)	CalPERS Healthy Annuitant Table (from 2006-2011 Experience Study), projected to improve with MP-2014 using 2009 base year
Mortality (disabled)	CalPERS Industrial Disability Mortality Table (from 2006-2011 Experience Study) projected to improve with MP-2014 using 2009 base year.

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

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

**Miscellaneous Plan - City**

Fiscal year ended June 30	2018	2017	2016**	2015**	2014
Actuarially determined contributions (ADC)	\$ 63,622	\$ 56,987	\$ 47,934	\$ 44,733	\$ 52,556
Contributions in relation to the ADC	(63,622)	(56,987)	(49,078)	(48,796)	(52,556)
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,144)	\$ (4,063)	\$ -
Covered payroll	\$ 174,983	\$ 161,870	\$ 150,559	\$ 146,366	\$ 188,886
Contributions as a percentage of covered payroll	36.36%	35.21%	32.60%	33.34%	27.82%

**Safety Plan**

Fiscal year ended June 30	2018	2017**	2016**	2015**	2014
Actuarially determined contributions	\$ 59,790	\$ 57,731	\$ 46,611	\$ 43,747	\$ 37,007
Contributions in relation to the ADC	(59,790)	(57,731)	(47,173)	(44,366)	(37,007)
Contribution deficiency (excess)	\$ -	\$ -	\$ (562)	\$ (619)	\$ -
Covered payroll	\$ 155,269	\$ 148,995	\$ 136,073	\$ 119,980	\$ 120,396
Contributions as a percentage of covered payroll	38.51%	38.75%	34.67%	36.98%	30.74%

**Miscellaneous Plan - Port**

Fiscal year ended June 30	2018	2017	2016	2015	2014
Actuarially determined contributions (ADC)	\$ 19,253	\$ 18,906	\$ 15,989	\$ 14,735	n/a
Contributions in relation to the ADC	(19,253)	(18,906)	(15,989)	(14,735)	n/a
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	n/a
Covered payroll	\$ 61,326	\$ 58,516	\$ 56,036	\$ 54,196	n/a
Contributions as a percentage of covered payroll	31.39%	32.31%	28.53%	27.19%	n/a

\* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only five 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 2017 agent-multiple employer CalPERS reports for the CalPERS Miscellaneous Plan and the Safety Plan.

**Methods and assumptions used to determine the last 5 years contribution rates to CalPERS plans**

ADC for fiscal year.....	June 30, 2018, 2017, 2016, 2015, 2014
Actuarial valuation date.....	June 30, 2015, 2014, 2013, 2012, 2011
Actuarial cost method.....	Entry-Age Normal Cost Method
Asset valuation method.....	In fiscal year 2015 and 2016, the actuarial value of assets was used. In fiscal year 2017 and 2018, the market value of assets was used.
Inflation.....	2.75%
Salary increases.....	Varies by entry age and services
Payroll growth.....	3.00%
Investment rate of return.....	7.50%, net of pension plan investment and administrative expenses, includes inflation.
Retirement age.....	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality.....	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF OAKLAND**  
**Required Supplementary Information (unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios –**  
**City Postretirement Health Plan**  
**Year Ended June 30, 2018**  
*(In Thousands)*

<b>Fiscal year</b>	<b>2017-18*</b>
<b>Measurement period</b>	2016-17
<b>Total OPEB liability</b>	
Service cost	\$ 50,972
Interest (includes interest on service cost)	32,415
Changes of assumptions	(294,914)
Differences between expected and actual experience	(10,799)
Benefit payments, including refunds of employee contributions	(20,424)
Net change in total OPEB liability	(242,750)
Total OPEB liability, beginning	1,096,546
Total OPEB liability, ending	<b>\$ 853,796</b>
 <b>Plan fiduciary net position</b>	
Contributions, employer	\$ 20,424
Contributions, employee	-
Net investment income	414
Administrative expenses	(2)
Benefit payments, including refunds of employee contributions	(20,424)
Net change in plan fiduciary net position	412
Plan fiduciary net position, beginning	3,913
<b>Plan fiduciary net position, ending</b>	<b>\$ 4,325</b>
<b>Plan net OPEB liability</b>	<b>\$ 849,471</b>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	 <b>0.5%</b>
 <b>Covered payroll</b>	 <b>\$ 360,309</b>
 <b>Plan net OPEB liability as a percentage of covered payroll</b>	 <b>235.8%</b>

**Note to schedule:**

\* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only one year 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**  
**Year Ended June 30, 2018**  
*(In Thousands)*

<b>Fiscal year</b>	<b>2017-18*</b>
<b>Measurement period</b>	2016-17
<b>Total OPEB liability</b>	
Service cost	\$ 4,055
Interest (includes interest on service cost)	11,089
Changes of assumptions	-
Differences between expected and actual experience	-
Benefit payments, including refunds of employee contributions	(9,000)
Net change in total OPEB liability	6,144
Total OPEB liability, beginning	164,654
Total OPEB liability, ending	<b>\$ 170,798</b>
 <b>Plan fiduciary net position</b>	
Contributions, employer	\$ 15,400
Contributions, employee	-
Net investment income	5,773
Administrative expenses	(22)
Benefit payments, including refunds of employee contributions	(9,000)
Net change in plan fiduciary net position	12,151
Plan fiduciary net position, beginning	54,770
<b>Plan fiduciary net position, ending</b>	<b>\$ 66,921</b>
<b>Plan net OPEB liability</b>	<b>\$ 103,877</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>39.2%</b>
<b>Covered payroll</b>	<b>\$ 58,516</b>
<b>Plan net OPEB liability as a percentage of covered payroll</b>	<b>177.5%</b>

**Note to schedule:**

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

**CITY OF OAKLAND**  
**Required Supplementary Information (unaudited)**  
**Schedule of Employer OPEB Contributions –**  
**City Postretirement Health Plan**  
**Year Ended June 30, 2018**  
*(In Thousands)*

---

Fiscal year ended June 30	<b>2018 *</b>
Actuarially determined contributions (ADC)	\$ 72,480
Contributions in relation to the ADC	<u>(37,225)</u>
Contribution deficiency (excess)	<b><u>\$ 35,255</u></b>
Covered payroll	\$ 369,316
Contributions as a percentage of covered payroll	10.08%

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

Actuarial valuation date	July 1, 2017
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Market value
Amortization method	Level percentage of pay, open period, 30 years
Inflation	2.50%
Discount rate	3.58%
Rate of salary increase	2.50%
Ultimate rate of medical inflation	3.50%
Years to ultimate rate of medical inflation	20 years
Rates of mortality	Based on CalPERS assumptions adopted in 2014

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

**CITY OF OAKLAND**  
**Required Supplementary Information (unaudited)**  
**Schedule of Employer OPEB Contributions –**  
**Port Retiree Health Plan**  
**Year Ended June 30, 2018**  
*(In Thousands)*

---

Fiscal year ended June 30	<b>2018 *</b>
Actuarially determined contributions (ADC)	\$ 13,203
Contributions in relation to the ADC	<u>(14,732)</u>
Contribution deficiency (excess)	<b><u>\$ (1,529)</u></b>
Covered payroll	\$ 61,326
Contributions as a percentage of covered payroll	24.02%

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2018 were as follows:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry-Age Normal
Amortization method/period	30-year level dollar amount on a "closed" basis
Asset valuation method	Market value
Inflation	2.50%
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	Medical is based on the "Getzen" model published by the Society of Actuaries. Dental and vision are based on a 4.0% increase per year.
Retirement Age and Mortality	Based on CalPERS Experience Study Report adopted in 2014 and includes a margin for mortality improvements based on Scale BB projected to 2032.

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

**CITY OF OAKLAND**  
**Required Supplementary Information (unaudited)**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Property	\$ 292,068	\$ 292,068	\$ 295,216	\$ 3,148
Sales and use	52,566	52,566	57,465	4,899
Motor vehicle in-lieu	-	-	224	224
Local taxes:				
Business license	79,581	79,581	86,107	6,526
Utility consumption	50,700	50,700	52,047	1,347
Real estate transfer	75,823	75,823	77,663	1,840
Transient occupancy	22,654	22,654	23,583	929
Parking	11,131	11,131	10,803	(328)
Voter approved special tax	6,294	6,364	11,878	5,514
Franchise	19,161	19,161	18,858	(303)
Licenses and permits	2,069	2,376	2,384	8
Fines and penalties	22,253	22,255	18,267	(3,988)
Interest and investment income	740	740	(3,069)	(3,809)
Charges for services	90,996	91,469	97,371	5,902
Federal and state grants and subventions	4,752	6,675	3,813	(2,862)
Annuity income	6,826	6,826	6,574	(252)
Other	1,644	1,649	6,320	4,671
<b>TOTAL REVENUES</b>	<b>739,258</b>	<b>742,038</b>	<b>765,504</b>	<b>23,466</b>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	2,882	2,942	2,768	174
Council	5,168	5,299	4,625	674
City Administrator	16,106	17,489	13,155	4,334
City Attorney	13,801	14,159	14,204	(45)
City Auditor	1,957	2,020	1,994	26
City Clerk	4,285	3,326	3,608	(282)
Public Ethics Commission	935	973	1,038	(65)
Departments:				
Administrative Service Department:				
Human Resource Management	7,783	8,344	7,642	702
Financial Services	30,197	32,488	27,546	4,942
Information Technology	10,334	11,016	11,200	(184)
Race and Equity Department	432	497	448	49
Public Safety:				
Oakland Police Department	250,556	261,143	260,564	579
Oakland Fire Department	130,014	133,966	135,443	(1,477)
Police Commission	2,342	2,354	2,098	256
Community Service Department:				
Parks and Recreation	23,918	24,671	22,402	2,269
Library	12,387	12,700	12,396	304
Department of Violence Prevention	262	262	211	51
Human Services Department	8,662	10,860	7,540	3,320
Community and Economic Development:				
Planning and Building	6	206	-	206
Economic & Workforce Development	8,207	8,980	7,607	1,373
Housing & Community Development	2,818	8,139	4,899	3,240
Oakland Public Works	34,757	36,124	32,918	3,206
Department of Transportation	5,743	7,503	1,189	6,314
Other	63,243	60,973	54,908	6,065
Capital outlay	687	5,826	1,827	3,999
Debt service:				
Principal repayment	4,744	4,744	4,744	-
Bond issuance cost	-	-	167	(167)
Interest charges	254	254	941	(687)
<b>TOTAL EXPENDITURES</b>	<b>642,480</b>	<b>677,258</b>	<b>638,082</b>	<b>39,176</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>96,778</b>	<b>64,780</b>	<b>127,422</b>	<b>62,642</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	1,128	1,128	2,855	1,727
Insurance claims and settlements	-	2,165	2,917	752
Transfers in	33,239	33,239	6,971	(26,268)
Transfers out	(140,889)	(140,889)	(101,102)	39,787
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(106,522)</b>	<b>(104,357)</b>	<b>(88,359)</b>	<b>15,998</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(9,744)</b>	<b>(39,577)</b>	<b>39,063</b>	<b>78,640</b>
Fund balance - beginning	347,925	347,925	347,925	-
<b>FUND BALANCE - ENDING</b>	<b>\$ 338,181</b>	<b>\$ 308,348</b>	<b>\$ 386,988</b>	<b>\$ 78,640</b>

See notes to the required supplementary information.

**CITY OF OAKLAND**  
**Required Supplementary Information (unaudited)**  
**Budgetary Comparison Schedule – Other Special Revenue Fund**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ 16,261	\$ 16,261	\$ 16,536	\$ 275
Local taxes:				
Transient occupancy	6,178	6,178	6,456	278
Parking	10,387	10,387	10,334	(53)
Voter approved special tax	19,111	19,111	19,408	297
Licenses and permits	25,008	32,307	45,207	12,900
Fines and penalties	569	569	859	290
Interest and investment income	30	30	2,248	2,218
Charges for services	26,916	26,916	52,634	25,718
Federal and state grants and subventions	2,122	8,051	2,844	(5,207)
Other	7	167	2,104	1,937
<b>TOTAL REVENUES</b>	<b>106,589</b>	<b>119,977</b>	<b>158,630</b>	<b>38,653</b>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	66	241	151	90
City Administrator	931	2,753	1,507	1,246
City Attorney	1,948	2,084	1,977	107
Departments:				
Administrative Service Department:				
Human Resource Management	139	139	149	(10)
Financial Services	872	683	1,015	(332)
Information Technology	916	807	1,027	(220)
Public Safety:				
Oakland Police Department	16,253	18,664	18,801	(137)
Oakland Fire Department	7,547	10,619	6,122	4,497
Community Service Department:				
Parks and Recreation	-	480	259	221
Library	16,538	17,035	16,815	220
Department of Violence Prevention	650	650	30	620
Human Services Department	28,019	41,230	26,000	15,230
Community and Economic Development:				
Planning and Building	33,737	54,338	30,302	24,036
Economic & Workforce Development	-	895	895	-
Housing & Community Development	3,359	4,966	3,034	1,932
Oakland Public Works	1,130	3,526	997	2,529
Department of Transportation	6,908	7,197	5,538	1,659
Other	5,531	5,907	6,690	(783)
Capital outlay	432	4,486	469	4,017
<b>TOTAL EXPENDITURES</b>	<b>124,976</b>	<b>176,700</b>	<b>121,778</b>	<b>54,922</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,387)</b>	<b>(56,723)</b>	<b>36,852</b>	<b>93,575</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance claims and settlements	-	-	32	32
Transfers in	19,624	19,630	18,115	(1,515)
Transfers out	(2,052)	(2,052)	(476)	1,576
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>17,572</b>	<b>17,578</b>	<b>17,671</b>	<b>93</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(815)</b>	<b>(39,145)</b>	<b>54,523</b>	<b>93,668</b>
Fund balance - beginning	101,845	101,845	101,845	-
<b>FUND BALANCE - ENDING</b>	<b>\$ 101,030</b>	<b>\$ 62,700</b>	<b>\$ 156,368</b>	<b>\$ 93,668</b>

See notes to the required supplementary information.

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2018**

---

**(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 2017, the City Council approved the City's two-year budget for fiscal years 2018 and 2019. 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 2017-19 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 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 multiyear 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 multiyear basis.

**CITY OF OAKLAND**  
**Notes to Required Supplementary Information (continued)**  
**Year Ended June 30, 2018**

---

**(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, 2018, was \$0.4 million.

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

	<b>General Fund</b>
Net change in fund balance - GAAP basis	\$ 39,441
Amortization of debt service deposit agreement	(378)
Net change in fund balance - Budgetary basis	<u>\$ 39,063</u>

The General Fund’s fund balance on a GAAP Basis is reconciled to a Budgetary Basis as of June 30, 2018, which is as follows (in thousands):

	<b>General Fund</b>
Fund balance as of June 30, 2018 - GAAP basis	\$ 385,167
Unamortized debt service deposit agreement	1,821
Fund balance as of June 30, 2018 - Budgetary basis	<u>\$ 386,988</u>

This page intentionally left blank.

# **COMBINING FINANCIAL STATEMENTS AND SCHEDULES**

---

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**  
*(In Thousands)*

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 22,932	\$ 17,510	\$ 40,442
Receivable, net:			
Accrued interest	66	57	123
Property taxes	2,095	1,011	3,106
Accounts receivable	5,523	-	5,523
Restricted cash and investments	10,475	726	11,201
Other assets	36	-	36
<b>TOTAL ASSETS</b>	<b>\$ 41,127</b>	<b>\$ 19,304</b>	<b>\$ 60,431</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 10,227	\$ 4	\$ 10,231
Due to other funds	1,546	4	1,550
Other	2,334	-	2,334
<b>TOTAL LIABILITIES</b>	<b>14,107</b>	<b>8</b>	<b>14,115</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property tax	1,696	464	2,160
<b>FUND BALANCES</b>			
Restricted	23,188	18,832	42,020
Committed	1,590	-	1,590
Assigned	1,652	-	1,652
Unassigned	(1,106)	-	(1,106)
<b>TOTAL FUND BALANCES</b>	<b>25,324</b>	<b>18,832</b>	<b>44,156</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 41,127</b>	<b>\$ 19,304</b>	<b>\$ 60,431</b>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Eliminations</b>	<b>Total</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ 30,549	\$ -	\$ 30,549
Sales and use	28,035	-	-	28,035
Gas	10,867	-	-	10,867
Voter approved special tax	19,183	-	-	19,183
Licenses and permits	140	-	-	140
Fines and penalties	787	89	-	876
Interest and investment income	569	287	-	856
Charges for services	160	-	-	160
Federal and state grants and subventions	4,170	274	-	4,444
Other	1,961	660	-	2,621
<b>TOTAL REVENUES</b>	<b>65,872</b>	<b>31,859</b>	<b>-</b>	<b>97,731</b>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	379	-	-	379
City Administrator	24	-	-	24
City Attorney	39	-	-	39
Departments:				
Administrative Service Department:				
Financial Services	130	-	-	130
Public Safety:				
Oakland Police Department	1,008	-	-	1,008
Oakland Fire Department	735	-	-	735
Community Service Department:				
Parks and Recreation	3,475	-	-	3,475
Library	161	-	-	161
Human Services Department	2,409	-	-	2,409
Community and Economic Development:				
Economic & Workforce Development	2,263	-	-	2,263
Oakland Public Works	13,443	-	-	13,443
Department of Transportation	31,595	-	-	31,595
Other	3,746	63	-	3,809
Capital outlay	44,878	-	-	44,878
Debt service:				
Principal repayment	2,250	49,603	-	51,853
Bond issuance cost	-	1,964	-	1,964
Payment to refund bond escrow agent	-	1,535	-	1,535
Interest charges	349	56,154	-	56,503
<b>TOTAL EXPENDITURES</b>	<b>106,884</b>	<b>109,319</b>	<b>-</b>	<b>216,203</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(41,012)</b>	<b>(77,460)</b>	<b>-</b>	<b>(118,472)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from loan	16,479	-	-	16,479
Issuance of refunding bonds	-	61,405	-	61,405
Premiums on issuance of bonds	-	8,565	-	8,565
Discounts on issuance of bonds	-	(10)	-	(10)
Payment to refund bond escrow agent	-	(68,307)	-	(68,307)
Transfers in	546	78,726	(1,869)	77,403
Transfers out	(1,742)	(539)	1,869	(412)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>15,283</b>	<b>79,840</b>	<b>-</b>	<b>95,123</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(25,729)</b>	<b>2,380</b>	<b>-</b>	<b>(23,349)</b>
Fund balances - beginning	51,053	16,452	-	67,505
<b>FUND BALANCES - ENDING</b>	<b>\$ 25,324</b>	<b>\$ 18,832</b>	<b>\$ -</b>	<b>\$ 44,156</b>

# NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds account for certain revenue sources that are legally restricted or committed to be spent for specified purposes. Other restricted sources are accounted for in fiduciary, debt service, and capital projects funds.

**Traffic Safety and Control Fund** accounts for monies received from 3-5% parking meter collections and from fines and forfeitures for misdemeanor violations of vehicle codes which are expended or disbursed for purposes immediately connected with traffic safety and control.

**State Gas Tax Fund** accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code. State gas taxes are restricted to uses related to local streets and highways and would include acquisitions of real property, construction and improvements, and repairs and maintenance of streets and highways.

The **Landscape and Lighting Assessment District Fund** is an assessment district fund that is used to account for monies restricted to installing, maintaining and servicing public lighting, landscaping and park facilities.

**Assessment Districts Fund** accounts for monies restricted to specific improvements that beneficially affect a well defined and limited area of land.

**Parks, Recreation, and Cultural Fund** accounts for monies held for the general betterment and beautification of city parks, recreation centers, the Oakland Public Museum, and the Oakland Public Library.

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds – Special Revenue Funds**  
**June 30, 2018**  
*(In Thousands)*

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessment District	Assessment Districts	Parks, Recreation, and Cultural	Total
<b>ASSETS</b>						
Cash and investments	\$ 13,651	\$ 1,486	\$ 8	\$ 1,943	\$ 5,844	\$ 22,932
Receivable, net:						
Accrued interest	38	1	-	7	20	66
Property taxes	-	-	1,816	53	226	2,095
Accounts receivable	4,804	367	330	22	-	5,523
Restricted cash and investments	10,149	-	325	-	1	10,475
Other assets	36	-	-	-	-	36
<b>TOTAL ASSETS</b>	<b>\$ 28,678</b>	<b>\$ 1,854</b>	<b>\$ 2,479</b>	<b>\$ 2,025</b>	<b>\$ 6,091</b>	<b>\$ 41,127</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 9,063	\$ 203	\$ 553	\$ 53	\$ 355	\$ 10,227
Due to other funds	-	1	1,545	-	-	1,546
Other	-	-	-	-	2,334	2,334
<b>TOTAL LIABILITIES</b>	<b>9,063</b>	<b>204</b>	<b>2,098</b>	<b>53</b>	<b>2,689</b>	<b>14,107</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property tax	-	-	1,487	50	159	1,696
<b>FUND BALANCES</b>						
Restricted	19,615	1,650	-	1,922	1	23,188
Committed	-	-	-	-	1,590	1,590
Assigned	-	-	-	-	1,652	1,652
Unassigned	-	-	(1,106)	-	-	(1,106)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>19,615</b>	<b>1,650</b>	<b>(1,106)</b>	<b>1,922</b>	<b>3,243</b>	<b>25,324</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
	<b>\$ 28,678</b>	<b>\$ 1,854</b>	<b>\$ 2,479</b>	<b>\$ 2,025</b>	<b>\$ 6,091</b>	<b>\$ 41,127</b>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds – Special Revenue Funds**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessment District	Assessment Districts	Parks, Recreation, and Cultural	Total
<b>REVENUES</b>						
Taxes:						
Sales and use	\$ 28,035	\$ -	\$ -	\$ -	\$ -	\$ 28,035
Gas	-	10,867	-	-	-	10,867
Voter approved special tax	-	-	19,037	146	-	19,183
Licenses and permits	-	-	140	-	-	140
Fines and penalties	748	39	-	-	-	787
Interest and investment income	434	23	(3)	31	84	569
Charges for services	160	-	-	-	-	160
Federal and state grants and subventions	2,475	-	-	-	1,695	4,170
Other	1,813	-	71	4	73	1,961
<b>TOTAL REVENUES</b>	<b>33,665</b>	<b>10,929</b>	<b>19,245</b>	<b>181</b>	<b>1,852</b>	<b>65,872</b>
<b>EXPENDITURES</b>						
Current:						
Elected and Appointed Officials:						
Mayor	301	-	-	-	78	379
City Administrator	24	-	-	-	-	24
City Attorney	39	-	-	-	-	39
Departments:						
Administrative Service Department:						
Financial Services	53	-	48	4	25	130
Public Safety:						
Oakland Police Department	1,008	-	-	-	-	1,008
Oakland Fire Department	-	-	-	735	-	735
Community Service Department:						
Parks and Recreation	-	-	3,474	-	1	3,475
Library	-	-	-	-	161	161
Human Services Department	2,395	-	14	-	-	2,409
Community and Economic Development:						
Economic & Workforce Development	888	-	1	-	1,374	2,263
Oakland Public Works	2,171	233	11,039	-	-	13,443
Department of Transportation	18,130	10,579	2,886	-	-	31,595
Other	3,407	181	145	-	13	3,746
Capital outlay	43,969	462	107	-	340	44,878
Debt service:						
Principal repayment	2,250	-	-	-	-	2,250
Interest charges	349	-	-	-	-	349
<b>TOTAL EXPENDITURES</b>	<b>74,984</b>	<b>11,455</b>	<b>17,714</b>	<b>739</b>	<b>1,992</b>	<b>106,884</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(41,319)</b>	<b>(526)</b>	<b>1,531</b>	<b>(558)</b>	<b>(140)</b>	<b>(41,012)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from loan	16,479	-	-	-	-	16,479
Transfers in	32	-	514	-	-	546
Transfers out	(18)	(41)	(1,683)	-	-	(1,742)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>16,493</b>	<b>(41)</b>	<b>(1,169)</b>	<b>-</b>	<b>-</b>	<b>15,283</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(24,826)</b>	<b>(567)</b>	<b>362</b>	<b>(558)</b>	<b>(140)</b>	<b>(25,729)</b>
Fund balances (deficit) - beginning	44,441	2,217	(1,468)	2,480	3,383	51,053
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<b>\$ 19,615</b>	<b>\$ 1,650</b>	<b>\$ (1,106)</b>	<b>\$ 1,922</b>	<b>\$ 3,243</b>	<b>\$ 25,324</b>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Nonmajor Governmental Funds – Special Revenue Funds**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	Traffic Safety & Control				State Gas Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>								
Taxes:								
Sales and use	\$ 25,961	\$ 25,961	\$ 28,035	\$ 2,074	\$ -	\$ -	\$ -	\$ -
Gas	-	-	-	-	11,264	11,496	10,867	(629)
Fines and penalties	1,200	1,200	748	(452)	-	-	39	39
Interest and investment income	-	-	434	434	-	-	23	23
Charges for services	115	115	160	45	7	7	-	(7)
Federal and state grants and subventions	1,795	7,520	2,475	(5,045)	138	138	-	(138)
Other	1	1	1,813	1,812	2	2	-	(2)
TOTAL REVENUES	29,072	34,797	33,665	(1,132)	11,411	11,643	10,929	(714)
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials:								
Mayor	339	191	301	(110)	-	-	-	-
City Administrator	-	114	24	90	-	-	-	-
City Attorney	33	33	39	(6)	-	-	-	-
Departments:								
Administrative Service Department:								
Financial Services	48	48	53	(5)	-	-	-	-
Public Safety:								
Oakland Police Department	1,531	1,531	1,008	523	-	-	-	-
Human Services Department	4,136	4,136	2,395	1,741	-	-	-	-
Community and Economic Development:								
Economic & Workforce Development	-	2,071	888	1,183	-	-	-	-
Oakland Public Works	1,698	-	2,171	(2,171)	346	457	233	224
Department of Transportation	16,466	19,663	18,130	1,533	11,012	10,974	10,579	395
Other	26	6,935	3,407	3,528	11	895	181	714
Capital outlay	8,435	59,972	43,969	16,003	1,824	1,824	462	1,362
Debt service:								
Principal repayment	2,252	2,252	2,250	2	-	-	-	-
Interest charges	1,265	1,265	349	916	-	-	-	-
TOTAL EXPENDITURES	36,229	98,211	74,984	23,227	13,193	14,150	11,455	2,695
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,157)	(63,414)	(41,319)	22,095	(1,782)	(2,507)	(526)	1,981
OTHER FINANCING SOURCES (USES)								
Proceeds from loan	-	-	16,479	16,479	-	-	-	-
Transfers in	118	118	32	(86)	-	-	-	-
Transfers out	(18)	(18)	(18)	-	-	-	(41)	(41)
TOTAL OTHER FINANCING SOURCES (USES)	100	100	16,493	16,393	-	-	(41)	(41)
NET CHANGE IN FUND BALANCES	(7,057)	(63,314)	(24,826)	38,488	(1,782)	(2,507)	(567)	1,940
Fund balances (deficit) - beginning	44,441	44,441	44,441	-	2,217	2,217	2,217	-
FUND BALANCES (DEFICIT) - ENDING	\$ 37,384	\$ (18,873)	\$ 19,615	\$ 38,488	\$ 435	\$ (290)	\$ 1,650	\$ 1,940

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Nonmajor Governmental Funds – Special Revenue Funds (continued)**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	Landscape and Lighting Assessment District				Assessment District			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>								
Taxes:								
Voter approved special tax	\$ 19,156	\$ 19,156	\$ 19,037	\$ (119)	\$ 135	\$ 135	\$ 146	\$ 11
Licenses and permits	52	-	140	140	-	-	-	-
Interest and investment income	-	-	(3)	(3)	-	-	31	31
Charges for services	207	207	-	(207)	-	-	-	-
Other	-	-	71	71	3	3	4	1
<b>TOTAL REVENUES</b>	<b>19,415</b>	<b>19,363</b>	<b>19,245</b>	<b>(118)</b>	<b>138</b>	<b>138</b>	<b>181</b>	<b>43</b>
<b>EXPENDITURES</b>								
Current:								
Elected and Appointed Officials:								
City Administrator	26	26	-	26	-	2	-	2
Departments:								
Administrative Service Department:								
Financial Services	54	54	48	6	3	3	4	(1)
Public Safety:								
Oakland Fire Department	-	-	-	-	3	1,129	735	394
Community Service Department:								
Parks and Recreation	3,477	3,477	3,474	3	-	-	-	-
Library	-	-	-	-	132	132	-	132
Human Services Department	-	-	14	(14)	-	-	-	-
Community and Economic Development:								
Economic & Workforce Development	1	-	1	(1)	-	-	-	-
Oakland Public Works	11,662	12,132	11,039	1,093	-	-	-	-
Department of Transportation	2,601	2,601	2,886	(285)	-	-	-	-
Other	11	36	145	(109)	-	-	-	-
Capital outlay	-	250	107	143	6	6	-	6
<b>TOTAL EXPENDITURES</b>	<b>17,832</b>	<b>18,576</b>	<b>17,714</b>	<b>862</b>	<b>144</b>	<b>1,272</b>	<b>739</b>	<b>533</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,583</b>	<b>787</b>	<b>1,531</b>	<b>744</b>	<b>(6)</b>	<b>(1,134)</b>	<b>(558)</b>	<b>576</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	514	514	514	-	-	-	-	-
Transfers out	(2,121)	(2,121)	(1,683)	438	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,607)</b>	<b>(1,607)</b>	<b>(1,169)</b>	<b>438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(24)</b>	<b>(820)</b>	<b>362</b>	<b>1,182</b>	<b>(6)</b>	<b>(1,134)</b>	<b>(558)</b>	<b>576</b>
Fund balances (deficit) - beginning	(1,468)	(1,468)	(1,468)	-	2,480	2,480	2,480	-
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<b>\$ (1,492)</b>	<b>\$ (2,288)</b>	<b>\$ (1,106)</b>	<b>\$ 1,182</b>	<b>\$ 2,474</b>	<b>\$ 1,346</b>	<b>\$ 1,922</b>	<b>\$ 576</b>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Nonmajor Governmental Funds – Special Revenue Funds (continued)**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	<b>Parks, Recreation, and Cultural</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Interest and investment income	\$ -	\$ -	\$ 84	\$ 84
Charges for services	-	-	-	-
Federal and state grants and subventions	104	1,157	1,695	538
Other	368	368	73	(295)
TOTAL REVENUES	<u>472</u>	<u>1,525</u>	<u>1,852</u>	<u>327</u>
<b>EXPENDITURES</b>				
Current:				
Elected and Appointed Officials:				
Mayor	-	123	78	45
Departments:				
Administrative Service Department:				
Financial Services	-	58	25	33
Community Service Department:				
Parks and Recreation	265	261	1	260
Library	103	503	161	342
Community and Economic Development:				
Economic & Workforce Development	104	1,970	1,374	596
Oakland Public Works	-	78	-	78
Other	-	823	13	810
Capital outlay	-	358	340	18
TOTAL EXPENDITURES	<u>472</u>	<u>4,174</u>	<u>1,992</u>	<u>2,182</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(2,649)</u>	<u>(140)</u>	<u>2,509</u>
NET CHANGE IN FUND BALANCES	-	(2,649)	(140)	2,509
Fund balances (deficit) - beginning	3,383	3,383	3,383	-
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 3,383</u>	<u>\$ 734</u>	<u>\$ 3,243</u>	<u>\$ 2,509</u>

This page intentionally left blank.

# NONMAJOR DEBT SERVICE FUNDS

Debt service funds account for the accumulation of resources to be used for the payment of general long-term debt principal and interest.

The **General Obligation Bonds Fund** accounts for monies received in connection with the General Obligation Bonds and the related payments on such debt. Proceeds from the General Obligation Bonds are to be used by the City to expand and develop park and recreation facilities, and to enhance the City's emergency response capabilities and for seismic reinforcement of essential public facilities and infrastructure.

The **Lease Financing Fund** accounts for monies received in connection with leases between the City and the ORSA, and the City and the California Statewide Communities Development Authority. It also accounts for payments on bonds and other debt issued for the Oakland Museum, for capital improvements to certain City properties, and for the Scotlan and Kaiser Convention Centers.

The **JPFA Fund** accounts for monies received in connection with leases between the City and the JPFA.

The **Other Assessment Bonds Fund** accounts for special assessment monies received from property owners within the various special assessment districts to liquidate the improvement bonds. These districts include Rockridge Area Water Improvement, and the Fire Area Utility Underground.

The **Special Revenue Bonds Fund** accounts for financing received in connection with the Special Refunding Revenue Bonds (Pension Financing) and for payments on such bonds. The revenues for this fund comes from the "Tax Override Revenues" consist of the revenues generated and collected by the City as proceeds of its annual tax levy authorized Resolution No. 59916 C.M.S adopted in August 1981 by the City Council to fund the City's obligations under Measure R and Measure O. The revenues are used by the City to fund a portion of the City's liability for public safety employee pensions.

**CITY OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds – Debt Service Funds**  
**June 30, 2018**  
*(In Thousands)*

	<b>General Obligation Bonds</b>	<b>Lease Financing</b>	<b>JPFA Fund</b>	<b>Other Assessment Bonds</b>	<b>Special Revenue Bonds</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and investments	\$ 10,049	\$ 448	\$ -	\$ 963	\$ 6,050	\$ 17,510
Receivables, net:						
Accrued interest	31	2	-	4	20	57
Property taxes	969	-	-	42	-	1,011
Restricted cash and investments	18	-	14	552	142	726
<b>TOTAL ASSETS</b>	<b>\$ 11,067</b>	<b>\$ 450</b>	<b>\$ 14</b>	<b>\$ 1,561</b>	<b>\$ 6,212</b>	<b>\$ 19,304</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ 4
Due to other funds	-	-	4	-	-	4
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>8</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property tax	431	-	-	33	-	464
<b>FUND BALANCES</b>						
Restricted	10,636	450	10	1,524	6,212	18,832
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
	<b>\$ 11,067</b>	<b>\$ 450</b>	<b>\$ 14</b>	<b>\$ 1,561</b>	<b>\$ 6,212</b>	<b>\$ 19,304</b>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds – Debt Service Funds**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	General Obligation Bonds	Lease Financing	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
<b>REVENUES</b>						
Property taxes	\$ 30,549	\$ -	\$ -	\$ -	\$ -	\$ 30,549
Fines and penalties	89	-	-	-	-	89
Interest and investment income	71	7	1	41	167	287
Grants	-	274	-	-	-	274
Other	-	-	-	660	-	660
<b>TOTAL REVENUES</b>	<b>30,709</b>	<b>281</b>	<b>1</b>	<b>701</b>	<b>167</b>	<b>31,859</b>
<b>EXPENDITURES</b>						
Current:						
Agencies/Departments:						
Other	8	2	2	45	6	63
Debt service:						
Principal repayment	16,905	1,334	5,660	430	25,274	49,603
Bond issuance cost	1,270	-	491	203	-	1,964
Payment to refund bond escrow agent	-	-	-	1,535	-	1,535
Interest charges	11,590	332	3,398	235	40,599	56,154
<b>TOTAL EXPENDITURES</b>	<b>29,773</b>	<b>1,668</b>	<b>9,551</b>	<b>2,448</b>	<b>65,879</b>	<b>109,319</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>936</b>	<b>(1,387)</b>	<b>(9,550)</b>	<b>(1,747)</b>	<b>(65,712)</b>	<b>(77,460)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of refunding bonds	-	-	60,025	1,380	-	61,405
Premiums on issuance of bonds	1,009	-	7,556	-	-	8,565
Discounts on issuance of bonds	-	-	-	(10)	-	(10)
Payment to refund bond escrow agent	-	-	(67,075)	(1,232)	-	(68,307)
Transfers in	270	1,398	9,057	1,777	66,224	78,726
Transfers out	-	-	-	(539)	-	(539)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,279</b>	<b>1,398</b>	<b>9,563</b>	<b>1,376</b>	<b>66,224</b>	<b>79,840</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,215</b>	<b>11</b>	<b>13</b>	<b>(371)</b>	<b>512</b>	<b>2,380</b>
Fund balances - beginning	8,421	439	(3)	1,895	5,700	16,452
<b>FUND BALANCES - ENDING</b>	<b>\$ 10,636</b>	<b>\$ 450</b>	<b>\$ 10</b>	<b>\$ 1,524</b>	<b>\$ 6,212</b>	<b>\$ 18,832</b>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Nonmajor Governmental Funds – Debt Service Funds**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	General Obligation Bonds				Lease Financing			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>								
Property taxes	\$ 22,886	\$ 28,535	\$ 30,549	\$ 2,014	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	89	89	-	-	-	-
Interest and investment income	-	-	71	71	-	-	7	7
Grants	-	-	-	-	-	-	274	274
Other	-	-	-	-	24,000	24,000	-	(24,000)
<b>TOTAL REVENUES</b>	<b>22,886</b>	<b>28,535</b>	<b>30,709</b>	<b>2,174</b>	<b>24,000</b>	<b>24,000</b>	<b>281</b>	<b>(23,719)</b>
<b>EXPENDITURES</b>								
Current:								
Agencies/Departments:								
Other	25	40	8	32	6	6	2	4
Debt service:								
Principal repayment	12,705	16,905	16,905	-	25,334	25,334	1,334	24,000
Bond issuance cost	-	-	1,270	(1,270)	-	-	-	-
Interest charges	10,156	11,590	11,590	-	332	332	332	-
<b>TOTAL EXPENDITURES</b>	<b>22,886</b>	<b>28,535</b>	<b>29,773</b>	<b>(1,238)</b>	<b>25,672</b>	<b>25,672</b>	<b>1,668</b>	<b>24,004</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>936</b>	<b>936</b>	<b>(1,672)</b>	<b>(1,672)</b>	<b>(1,387)</b>	<b>285</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Premiums on issuance of bonds	-	-	1,009	1,009	-	-	-	-
Transfers in	-	-	270	270	1,671	1,671	1,398	(273)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>1,279</b>	<b>1,279</b>	<b>1,671</b>	<b>1,671</b>	<b>1,398</b>	<b>(273)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>2,215</b>	<b>2,215</b>	<b>(1)</b>	<b>(1)</b>	<b>11</b>	<b>12</b>
Fund balances - beginning	8,421	8,421	8,421	-	439	439	439	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 8,421</b>	<b>\$ 8,421</b>	<b>\$ 10,636</b>	<b>\$ 2,215</b>	<b>\$ 438</b>	<b>\$ 438</b>	<b>\$ 450</b>	<b>\$ 12</b>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Nonmajor Governmental Funds – Debt Service Funds (continued)**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	JPFA Fund				Other Assessment Bonds			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
<b>REVENUES</b>								
Interest and investment income	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 41	\$ 41
Other	-	-	-	-	722	722	660	(62)
TOTAL REVENUES	-	-	1	1	722	722	701	(21)
<b>EXPENDITURES</b>								
Current:								
Agencies/Departments:								
Other	9	9	2	7	51	51	45	6
Debt service:								
Principal repayment	5,660	5,660	5,660	-	365	430	430	-
Bond issuance cost	-	-	491	(491)	-	-	203	(203)
Payment to refund bond escrow agent	-	-	-	-	-	-	1,535	(1,535)
Interest charges	3,398	3,398	3,398	-	239	239	235	4
TOTAL EXPENDITURES	9,067	9,067	9,551	(484)	655	720	2,448	(1,728)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,067)	(9,067)	(9,550)	(483)	67	2	(1,747)	(1,749)
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of bonds	-	-	60,025	60,025	-	-	1,380	1,380
Premiums on issuance of bonds	-	-	7,556	7,556	-	-	-	-
Discounts on issuance of bonds	-	-	-	-	-	-	(10)	(10)
Payment to refund bond escrow agent	-	-	(67,075)	(67,075)	-	-	(1,232)	(1,232)
Transfers in	9,067	9,067	9,057	(10)	-	91	1,777	1,686
Transfers out	-	-	-	-	-	(159)	(539)	(380)
TOTAL OTHER FINANCING SOURCES (USES)	9,067	9,067	9,563	496	-	(68)	1,376	1,444
NET CHANGE IN FUND BALANCES	-	-	13	13	67	(66)	(371)	(305)
Fund balances - beginning	(3)	(3)	(3)	-	1,895	1,895	1,895	-
<b>FUND BALANCES - ENDING</b>	<b>\$ (3)</b>	<b>\$ (3)</b>	<b>\$ 10</b>	<b>\$ 13</b>	<b>\$ 1,962</b>	<b>\$ 1,829</b>	<b>\$ 1,524</b>	<b>\$ (305)</b>

**CITY OF OAKLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
**Nonmajor Governmental Funds – Debt Service Funds (continued)**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	Special Revenue Bonds			Variance Positive (Negative)
	Original Budget	Final Budget	Actual Budgetary Basis	
<b>REVENUES</b>				
Interest and investment income	\$ -	\$ -	\$ 167	\$ 167
TOTAL REVENUES	-	-	167	167
<b>EXPENDITURES</b>				
Current:				
Agencies/Departments:				
Other	12	12	6	6
Debt service:				
Principal repayment	25,274	25,274	25,274	-
Interest charges	40,817	40,817	40,599	218
TOTAL EXPENDITURES	66,103	66,103	65,879	224
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(66,103)	(66,103)	(65,712)	391
<b>OTHER FINANCING SOURCES</b>				
Transfers in	66,103	66,103	66,224	121
NET CHANGE IN FUND BALANCES	-	-	512	512
Fund balances - beginning	5,700	5,700	5,700	-
<b>FUND BALANCES - ENDING</b>	<b>\$ 5,700</b>	<b>\$ 5,700</b>	<b>\$ 6,212</b>	<b>\$ 512</b>

This page intentionally left blank.

# INTERNAL SERVICE FUNDS

Internal service funds account for operations that provide goods or services to other City departments and agencies, or to other governments, on a cost-reimbursement basis.

The **Equipment Fund** accounts for the purchase of automotive and rolling equipment, and the related maintenance service charges and related billings for various City departments.

The **Radio Fund** accounts for the purchase, maintenance and operation of radio and other communication equipment being used by various City departments.

The **Facilities Fund** accounts for the repair and maintenance of City facilities, and for provision of custodial and maintenance services related thereto.

The **Reproduction Fund** accounts for the acquisition, maintenance and provision of reproduction equipment and services related to normal governmental operations.

The **Central Stores Fund** accounts for inventory provided to various City departments on a cost reimbursement basis.

The **Purchasing Fund** accounts for procurement of materials, equipment and services essential to providing governmental services for the City.

The **Information Technology Fund** accounts for maintenance and operation of the information technology services for various City departments.

**CITY OF OAKLAND**  
**Combining Statement of Fund Net Position**  
**Internal Service Funds**  
**June 30, 2018**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Information Technology</u>	<u>Total</u>
<b>ASSETS</b>								
Current assets:								
Cash and investments	\$ 3,548	\$ 6,226	\$ 1,247	\$ 2	\$ 7	\$ 1	\$ 1,206	\$ 12,237
Accrued interest	12	23	13	-	-	-	9	57
Accounts receivable	8	-	125	-	-	-	-	133
Inventories	911	-	-	-	-	-	-	911
Restricted cash and investments	9,287	2,327	-	-	-	-	7,284	18,898
Prepaid expenses	36	-	2	-	-	-	-	38
Total current assets	<u>13,802</u>	<u>8,576</u>	<u>1,387</u>	<u>2</u>	<u>7</u>	<u>1</u>	<u>8,499</u>	<u>32,274</u>
Capital assets:								
Land and other assets not being depreciated	-	11	941	-	-	-	129	1,081
Facilities and equipment, net of depreciation	18,062	11,729	3,167	-	-	-	12,144	45,102
Total capital assets	<u>18,062</u>	<u>11,740</u>	<u>4,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,273</u>	<u>46,183</u>
<b>TOTAL ASSETS</b>	<u>31,864</u>	<u>20,316</u>	<u>5,495</u>	<u>2</u>	<u>7</u>	<u>1</u>	<u>20,772</u>	<u>78,457</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred outflows of resources related to pensions	3,710	1,184	6,388	291	251	623	-	12,447
Deferred outflows of resources related to OPEB	198	68	360	15	9	38	-	688
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>3,908</u>	<u>1,252</u>	<u>6,748</u>	<u>306</u>	<u>260</u>	<u>661</u>	<u>-</u>	<u>13,135</u>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable and accrued liabilities	1,071	81	1,844	146	4	6	1,137	4,289
Accrued interest payable	128	38	11	-	-	-	147	324
Due to other funds	-	-	2,339	1,777	4,272	534	-	8,922
Other liabilities	-	-	7	-	-	-	-	7
Capital leases, notes and other payables	4,839	3,284	287	-	-	-	3,104	11,514
Total current liabilities	<u>6,038</u>	<u>3,403</u>	<u>4,488</u>	<u>1,923</u>	<u>4,276</u>	<u>540</u>	<u>4,388</u>	<u>25,056</u>
Non-current liabilities:								
Capital leases, notes and other payables	12,114	4,064	299	-	-	-	11,243	27,720
Net pension liability	15,925	3,937	26,548	1,254	1,033	1,822	-	50,519
Net other postemployment benefit liability	4,519	1,561	8,221	342	201	869	-	15,713
Total non-current liabilities	<u>32,558</u>	<u>9,562</u>	<u>35,068</u>	<u>1,596</u>	<u>1,234</u>	<u>2,691</u>	<u>11,243</u>	<u>93,952</u>
<b>TOTAL LIABILITIES</b>	<u>38,596</u>	<u>12,965</u>	<u>39,556</u>	<u>3,519</u>	<u>5,510</u>	<u>3,231</u>	<u>15,631</u>	<u>119,008</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred inflows of resources related to pensions	212	64	357	17	17	33	-	700
Deferred inflows of resources related to OPEB	1,356	468	2,467	103	60	261	-	4,715
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,568</u>	<u>532</u>	<u>2,824</u>	<u>120</u>	<u>77</u>	<u>294</u>	<u>-</u>	<u>5,415</u>
<b>NET POSITION</b>								
Net investment in capital assets	10,396	6,719	3,522	-	-	-	5,210	25,847
Unrestricted (deficit)	(14,788)	1,352	(33,659)	(3,331)	(5,320)	(2,863)	(69)	(58,678)
<b>TOTAL NET POSITION</b>	<u>\$ (4,392)</u>	<u>\$ 8,071</u>	<u>\$ (30,137)</u>	<u>\$ (3,331)</u>	<u>\$ (5,320)</u>	<u>\$ (2,863)</u>	<u>\$ 5,141</u>	<u>\$ (32,831)</u>

**CITY OF OAKLAND**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Information Technology</u>	<u>Total</u>
<b>OPERATING REVENUES</b>								
Charges for services	\$ 28,772	\$ 8,505	\$ 34,184	\$ 1,287	\$ 360	\$ 1,436	\$ 10,041	\$ 84,585
Other	341	-	68	-	-	-	-	409
<b>TOTAL OPERATING REVENUES</b>	<b>29,113</b>	<b>8,505</b>	<b>34,252</b>	<b>1,287</b>	<b>360</b>	<b>1,436</b>	<b>10,041</b>	<b>84,994</b>
<b>OPERATING EXPENSES</b>								
Personnel	7,554	2,259	13,390	520	373	1,230	-	25,326
Supplies	6,432	483	1,275	97	-	16	1,268	9,571
Depreciation and amortization	6,109	3,510	282	-	-	-	2,725	12,626
Contractual services and supplies	219	202	1,128	6	-	12	5,625	7,192
Repairs and maintenance	1,679	290	5,188	9	4	9	596	7,775
General and administrative	3,019	174	4,900	275	20	81	200	8,669
Rental	1,057	198	515	447	10	3	197	2,427
Other	98	601	8,273	4	3	4	(1,562)	7,421
<b>TOTAL OPERATING EXPENSES</b>	<b>26,167</b>	<b>7,717</b>	<b>34,951</b>	<b>1,358</b>	<b>410</b>	<b>1,355</b>	<b>9,049</b>	<b>81,007</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,946</b>	<b>788</b>	<b>(699)</b>	<b>(71)</b>	<b>(50)</b>	<b>81</b>	<b>992</b>	<b>3,987</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Interest and investment income (loss)	158	120	(22)	(25)	(62)	(7)	91	253
Interest expense	(315)	(121)	(29)	-	-	-	(381)	(846)
Insurance claims and settlements	1,373	-	315	-	-	-	-	1,688
Other	56	-	43	-	-	1	(21)	79
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>1,272</b>	<b>(1)</b>	<b>307</b>	<b>(25)</b>	<b>(62)</b>	<b>(6)</b>	<b>(311)</b>	<b>1,174</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>4,218</b>	<b>787</b>	<b>(392)</b>	<b>(96)</b>	<b>(112)</b>	<b>75</b>	<b>681</b>	<b>5,161</b>
Transfers in	-	-	4,225	-	-	-	-	4,225
Transfers out	(3,151)	(10)	(72)	(5)	(3)	(8)	-	(3,249)
Change in net position	1,067	777	3,761	(101)	(115)	67	681	6,137
Net position - beginning, as reported	(2,096)	8,771	(27,578)	(2,967)	(5,146)	(2,138)	4,460	(26,694)
Cumulative effect of change in accounting principle	(3,363)	(1,477)	(6,320)	(263)	(59)	(792)	-	(12,274)
Net position - beginning, as restated	(5,459)	7,294	(33,898)	(3,230)	(5,205)	(2,930)	4,460	(38,968)
<b>NET POSITION - ENDING</b>	<b>\$ (4,392)</b>	<b>\$ 8,071</b>	<b>\$ (30,137)</b>	<b>\$ (3,331)</b>	<b>\$ (5,320)</b>	<b>\$ (2,863)</b>	<b>\$ 5,141</b>	<b>\$ (32,831)</b>

**CITY OF OAKLAND**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Information Technology</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from customers and users	\$ 28,764	\$ 8,522	\$ 34,140	\$ 1,291	\$ 360	\$ 1,436	\$ 10,041	\$ 84,554
Cash from other sources	1,770	-	426	-	-	1	-	2,197
Cash paid to employees	(6,999)	(2,402)	(12,665)	(482)	(287)	(1,257)	-	(24,092)
Cash paid to suppliers	(12,934)	(2,065)	(19,724)	(886)	(33)	(125)	(6,548)	(42,315)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	10,601	4,055	2,177	(77)	40	55	3,493	20,344
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Proceeds of interfund loans	-	-	-	109	32	-	-	141
Repayment of interfund loans	-	-	(4,543)	-	-	(39)	(1)	(4,583)
Transfers in	-	-	4,225	-	-	-	-	4,225
Transfers out	(3,151)	(10)	(72)	(5)	(3)	(8)	-	(3,249)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(3,151)	(10)	(390)	104	29	(47)	(1)	(3,466)
<b>CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES</b>								
Acquisition of capital assets	(5,514)	(1,050)	(196)	-	-	-	(1,130)	(7,890)
Proceeds from issuance of debt	-	-	-	-	-	-	4,900	4,900
Repayment of long-term debt	(5,953)	(3,238)	(275)	-	-	-	(3,112)	(12,578)
Interest paid on long-term debt	(368)	(138)	(34)	-	-	-	(380)	(920)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(11,835)	(4,426)	(505)	-	-	-	278	(16,488)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest received (paid)	155	107	(35)	(25)	(62)	(7)	82	215
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,230)	(274)	1,247	2	7	1	3,852	605
Cash and cash equivalents - beginning	17,065	8,827	-	-	-	-	4,638	30,530
<b>CASH AND CASHEQUIVALENTS - ENDING</b>	<b>\$ 12,835</b>	<b>\$ 8,553</b>	<b>\$ 1,247</b>	<b>\$ 2</b>	<b>\$ 7</b>	<b>\$ 1</b>	<b>\$ 8,490</b>	<b>\$ 31,135</b>

**CITY OF OAKLAND**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Information Technology</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ 2,946	\$ 788	\$ (699)	\$ (71)	\$ (50)	\$ 81	\$ 992	\$ 3,987
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Depreciation	6,109	3,510	282	-	-	-	2,725	12,626
Loss on write off on capital assets	3	20	1,182	-	-	-	-	1,205
Miscellaneous nonoperating revenues (expenses)	1,429	-	358	-	-	1	(21)	1,767
Changes in assets, liabilities, and deferred outflows and inflows of resources:								
Receivables	(8)	17	(44)	4	-	-	-	(31)
Inventories	(173)	-	-	-	-	-	-	(173)
Other assets	(36)	-	-	-	-	-	-	(36)
Accounts payable and accrued liabilities	(224)	(137)	373	(48)	4	-	(203)	(235)
Net pension liability and related pension deferred items	582	(134)	774	40	88	(22)	-	1,328
Net OPEB liability and related OPEB deferred items	(27)	(9)	(49)	(2)	(2)	(5)	-	(94)
Total adjustments	7,655	3,267	2,876	(6)	90	(26)	2,501	16,357
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 10,601	\$ 4,055	\$ 2,177	\$ (77)	\$ 40	\$ 55	\$ 3,493	\$ 20,344
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION								
Cash and investments	\$ 3,548	\$ 6,226	\$ 1,247	\$ 2	\$ 7	\$ 1	\$ 1,206	\$ 12,237
Restricted cash and investments	9,287	2,327	-	-	-	-	7,284	18,898
TOTAL CASH AND CASH EQUIVALENTS	\$ 12,835	\$ 8,553	\$ 1,247	\$ 2	\$ 7	\$ 1	\$ 8,490	\$ 31,135

# FIDUCIARY FUNDS

Fiduciary funds, including pension and private purpose trusts, account for resources held by the City which must be spent as provided in legal trust agreements and related state laws.

## **PENSION TRUST FUND**

The **Police and Fire Retirement System (PFRS) Fund** is a closed benefit plan administered by a Board of Trustees which covers uniformed police and fire employees. Membership in the plan is limited to uniformed employees hired prior to July 1, 1976. All subsequent hires are covered under the California Public Employees Retirement System.

## **PRIVATE PURPOSE TRUST FUNDS**

**Private Purpose Trust Funds** include: (a) *the Oakland Redevelopment Successor Agency Trust Fund*, which accounts for the custodial responsibilities that are assigned to the Oakland Redevelopment Successor Agency with the passage of AB X1 26, that are not related to the Former Oakland Redevelopment Agency projects or parks, recreation or cultural activities; (b) *the Other Private Purpose Trust Fund*, which accounts for the operations of certain trust funds, such as the Major Gifts Funds or the Youth Opportunity Program Fund, and retiree medical payments; and (c) *the Private Pension Trust Fund* accounts for employee deferred compensation fund.

**CITY OF OAKLAND**  
**Combining Statement of Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**June 30, 2018**  
*(In Thousands)*

	Oakland Redevelopment Successor Agency Trust Fund	Private Purpose Trust Fund	Private Pension Trust Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 55,724	\$ 4,119	\$ -	\$ 59,843
Receivables:				
Accrued interest and dividends	479	22	-	501
Accounts receivable	2,704	6	-	2,710
Due from other funds of the City	2,312	-	-	2,312
Prepaid expenses	1,867	-	-	1,867
Restricted:				
Cash and investments:				
Short-term investments	11,870	-	-	11,870
Notes and loans receivable (net of allowance for uncollectable of \$46,675)	16,759	-	-	16,759
Property held for resale	2,818	-	-	2,818
<b>TOTAL ASSETS</b>	<b>94,533</b>	<b>4,147</b>	<b>-</b>	<b>98,680</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding of debt	14,473	-	-	14,473
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	957	109	-	1,066
Accrued interest payable	6,374	-	-	6,374
Due to other funds of the City	4,269	-	72	4,341
Other	50	-	-	50
<b>Total current liabilities</b>	<b>11,650</b>	<b>109</b>	<b>72</b>	<b>11,831</b>
Non-current liabilities:				
Due within one year	34,991	-	-	34,991
Due in more than one year	323,656	-	-	323,656
<b>Total noncurrent liabilities</b>	<b>358,647</b>	<b>-</b>	<b>-</b>	<b>358,647</b>
<b>TOTAL LIABILITIES</b>	<b>370,297</b>	<b>109</b>	<b>72</b>	<b>370,478</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unamortized gain on refunding of debt	448	-	-	448
<b>NET POSITION</b>				
RESTRICTED FOR REDEVELOPMENT DISSOLUTION AND OTHER PURPOSES	\$ (261,739)	\$ 4,038	\$ (72)	\$ (257,773)

**CITY OF OAKLAND**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**Year Ended June 30, 2018**  
*(In Thousands)*

	<b>Oakland Redevelopment Successor Agency Trust Fund</b>	<b>Private Purpose Trust Fund</b>	<b>Private Pension Trust Fund</b>	<b>Total</b>
<b>ADDITIONS</b>				
Trust receipts	\$ 62,938	\$ 1,635	\$ 288	\$ 64,861
Interest	997	77	(1)	1,073
Federal and state grants	220	-	-	220
Other income	2,108	-	-	2,108
<b>TOTAL ADDITIONS</b>	<b>66,263</b>	<b>1,712</b>	<b>287</b>	<b>68,262</b>
<b>DEDUCTIONS:</b>				
Administrative expenses	1,890	-	144	2,034
Oakland Police Department	-	5	-	5
Human Services	-	122	-	122
Economic & Workforce Development	5,334	-	-	5,334
Other	6,145	3,805	-	9,950
Bond issuance cost	565	-	-	565
Interest on debt	19,990	-	-	19,990
<b>TOTAL DEDUCTIONS</b>	<b>33,924</b>	<b>3,932</b>	<b>144</b>	<b>38,000</b>
Change in net position	32,339	(2,220)	143	30,262
Net position - beginning	(294,078)	6,258	(215)	(288,035)
<b>NET POSITION - ENDING</b>	<b>\$ (261,739)</b>	<b>\$ 4,038</b>	<b>\$ (72)</b>	<b>\$ (257,773)</b>

# STATISTICAL SECTION

---

# CITY OF OAKLAND STATISTICS

---

## INDEX TO STATISTICAL SECTION

This part of the City of Oakland's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplemental information says about the City's overall financial health.

### **Financial Trends**

Schedules one through five contain trend information to assist in understanding how the City's financial performance and well-being have changed over times.

### **Revenue Capacity**

Schedules six through twelve report tax revenues by sources which include: property taxes, state taxes and local taxes.

### **Debt Capacity**

Schedules thirteen through sixteen present information that helps in understanding the City's current level of outstanding debt, the legal debt margin, and the ability to issue additional debt in the future.

### **Pledged Revenue Coverage**

Schedule seventeen contains pledged revenue coverage for the City and the Port of Oakland, a component unit of the City. This schedule assists in understanding the revenues pledged for repayment of debt service.

### **Demographic and Economic Information**

Schedules eighteen and nineteen provide the demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information**

Schedules twenty through twenty-two contain service and infrastructure data to assist in understanding how the City's financial reports relate to the services the City provides and the activities it performs.

Sources: The City's Comprehensive Annual Financial Report for the relevant years.

# CITY OF OAKLAND STATISTICS

## SCHEDULE 1

### NET POSITION BY COMPONENT

*(in thousands)*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 442,793	\$ 478,689	\$ 538,815	\$ 663,785	\$ 712,606	\$ 876,703	\$ 1,025,789	\$ 1,079,164	\$ 1,141,058	\$ 1,126,892
Restricted	451,087	488,251	517,454	559,393	425,786	433,080	547,286	555,205	599,324	648,566
Unrestricted	(268,904)	(417,504)	(469,662)	(304,010)	(334,451)	(327,965)	(1,841,834)	(1,789,831)	(1,833,427)	(2,444,868)
<b>Total net position - governmental activities</b>	<b>\$ 624,976</b>	<b>\$ 549,436</b>	<b>\$ 586,607</b>	<b>\$ 919,168</b>	<b>\$ 803,941</b>	<b>\$ 981,818</b>	<b>\$ (268,759)</b>	<b>\$ (155,462)</b>	<b>\$ (93,045)</b>	<b>\$ (669,410)</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 113,961	\$ 113,718	\$ 114,297	\$ 122,911	\$ 129,542	\$ 143,295	\$ 155,257	\$ 171,743	\$ 188,139	\$ 201,553
Unrestricted	15,037	26,126	37,429	44,061	53,341	53,039	27,182	28,057	19,880	11,051
<b>Total net position - business-type activities</b>	<b>\$ 128,998</b>	<b>\$ 139,844</b>	<b>\$ 151,726</b>	<b>\$ 166,972</b>	<b>\$ 182,883</b>	<b>\$ 196,334</b>	<b>\$ 182,439</b>	<b>\$ 199,800</b>	<b>\$ 208,019</b>	<b>\$ 212,604</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 556,754	\$ 592,407	\$ 653,112	\$ 786,696	\$ 842,148	\$ 1,019,998	\$ 1,181,046	\$ 1,250,907	\$ 1,329,197	\$ 1,328,445
Restricted	451,087	488,251	517,454	559,393	425,786	433,080	547,286	555,205	599,324	648,566
Unrestricted	(253,867)	(391,378)	(432,233)	(259,949)	(281,110)	(274,926)	(1,814,652)	(1,761,774)	(1,813,547)	(2,433,817)
<b>Total net position - primary government</b>	<b>\$ 753,974</b>	<b>\$ 689,280</b>	<b>\$ 738,333</b>	<b>\$ 1,086,140</b>	<b>\$ 986,824</b>	<b>\$ 1,178,152</b>	<b>\$ (86,320)</b>	<b>\$ 44,338</b>	<b>\$ 114,974</b>	<b>\$ (456,806)</b>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Source: City of Oakland Statement of Net Position

# CITY OF OAKLAND STATISTICS

## SCHEDULE 2

### CHANGES IN NET POSITION

(in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General government	\$ 94,957	\$ 83,295	\$ 75,381	\$ 83,131	\$ 93,942	\$ 79,806	\$ 82,493	\$ 99,183	\$ 113,697	\$ 110,486
Public safety	424,435	411,333	372,587	351,566	363,597	379,809	383,904	432,862	475,552	471,378
Life enrichment	119,659	119,254	123,538	-	-	-	-	-	-	-
Community services	-	-	-	122,829	107,779	116,961	121,740	134,799	149,804	144,763
Community and economic development	182,327	222,226	158,209	138,596	81,182	83,657	75,268	85,396	92,671	103,328
Public works and transportation	74,081	70,757	88,321	101,892	75,158	109,177	105,619	114,597	127,404	158,610
Interest on long-term debt	71,552	73,735	93,618	68,948	62,744	59,026	68,033	54,335	56,471	61,505
<b>Total governmental activities expenses</b>	<b>967,011</b>	<b>980,600</b>	<b>911,654</b>	<b>866,962</b>	<b>784,402</b>	<b>828,436</b>	<b>837,057</b>	<b>921,172</b>	<b>1,015,599</b>	<b>1,050,070</b>
<b>Business-type activities:</b>										
Sewer	25,530	26,899	27,971	31,227	34,504	37,306	36,957	39,270	44,391	49,645
Parks and recreation	652	520	740	492	643	855	681	872	730	1,317
<b>Total business-type activities expenses</b>	<b>26,182</b>	<b>27,419</b>	<b>28,711</b>	<b>31,719</b>	<b>35,147</b>	<b>38,161</b>	<b>37,638</b>	<b>40,142</b>	<b>45,121</b>	<b>50,962</b>
<b>Total primary government expenses</b>	<b>\$ 993,193</b>	<b>\$ 1,008,019</b>	<b>\$ 940,365</b>	<b>\$ 898,681</b>	<b>\$ 819,549</b>	<b>\$ 866,597</b>	<b>\$ 874,695</b>	<b>\$ 961,314</b>	<b>\$ 1,060,720</b>	<b>\$ 1,101,032</b>
<b>Program Revenues (see schedule 3)</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 21,128	\$ 24,382	\$ 20,360	\$ 19,924	\$ 17,756	\$ 54,509	\$ 55,148	\$ 49,540	\$ 46,030	\$ 45,511
Public safety	15,733	14,900	13,573	13,283	7,610	15,472	18,329	21,104	19,867	24,343
Life enrichment	11,084	8,128	8,483	-	-	-	-	-	-	-
Community services	-	-	-	8,302	6,342	6,326	7,375	7,454	7,841	6,610
Community and economic development	47,223	48,765	42,418	41,507	19,025	39,413	61,022	58,439	89,130	99,239
Public works and transportation	30,887	39,283	84,834	83,017	76,098	36,954	40,419	41,772	40,285	46,016
Operating grants and contributions	94,353	97,177	123,149	89,620	89,424	119,063	92,865	90,090	95,032	124,238
Capital grants and contributions	-	-	-	30,607	26,179	42,148	70,322	54,043	34,911	750
<b>Total governmental activities program revenues</b>	<b>220,408</b>	<b>232,635</b>	<b>292,817</b>	<b>286,260</b>	<b>242,434</b>	<b>313,885</b>	<b>345,480</b>	<b>322,442</b>	<b>333,096</b>	<b>346,707</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Sewer	35,382	39,329	41,832	48,200	52,919	52,946	57,544	58,703	60,548	65,614
Parks and recreation	796	286	118	575	372	503	295	711	272	554
<b>Total business-type activities program revenues</b>	<b>36,178</b>	<b>39,615</b>	<b>41,950</b>	<b>48,775</b>	<b>53,291</b>	<b>53,449</b>	<b>57,839</b>	<b>59,414</b>	<b>60,820</b>	<b>66,168</b>
<b>Total primary government program revenues</b>	<b>\$ 256,586</b>	<b>\$ 272,250</b>	<b>\$ 334,767</b>	<b>\$ 335,035</b>	<b>\$ 295,725</b>	<b>\$ 367,334</b>	<b>\$ 403,319</b>	<b>\$ 381,856</b>	<b>\$ 393,916</b>	<b>\$ 412,875</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (746,603)	\$ (747,965)	\$ (618,837)	\$ (580,702)	\$ (541,968)	\$ (514,551)	\$ (491,577)	\$ (598,730)	\$ (682,503)	\$ (703,363)
Business-type activities	9,996	12,196	13,239	17,056	18,144	15,288	20,201	19,272	15,699	15,206
<b>Total primary government net expense</b>	<b>\$ (736,607)</b>	<b>\$ (735,769)</b>	<b>\$ (605,598)</b>	<b>\$ (563,646)</b>	<b>\$ (523,824)</b>	<b>\$ (499,263)</b>	<b>\$ (471,376)</b>	<b>\$ (579,458)</b>	<b>\$ (666,804)</b>	<b>\$ (688,157)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$ 359,851	\$ 346,859	\$ 324,516	\$ 288,923	\$ 256,333	\$ 240,779	\$ 267,534	\$ 279,764	\$ 312,078	\$ 340,573
Sales and use taxes	67,642	57,745	65,068	66,940	70,498	71,997	63,718	77,365	79,866	85,500
Motor vehicle in-Lieu tax	-	-	-	-	-	-	177	166	189	224
Gas tax	-	-	-	-	-	-	12,030	8,653	7,974	10,867
Local taxes	214,266	216,072	220,684	222,237	244,207	263,017	275,496	318,352	314,188	336,586
Other	81,885	58,374	35,672	53,172	7,076	19,671	12,745	20,987	19,935	42,362
Interest and investment income	25,917	10,894	8,592	7,078	6,358	6,653	6,362	4,596	3,046	11,762
Transfers	1,200	1,463	1,476	1,893	1,911	2,002	2,002	2,144	7,644	1,292
Special and items from the dissolution of the former Redevelopment Agency	-	-	-	273,020	(156,902)	88,309	107,696	-	-	-
<b>Total governmental activities</b>	<b>750,761</b>	<b>691,407</b>	<b>656,008</b>	<b>913,263</b>	<b>429,481</b>	<b>692,428</b>	<b>747,760</b>	<b>712,027</b>	<b>744,920</b>	<b>829,166</b>
<b>Business-type activities:</b>										
Interest and investment income	590	113	119	83	(24)	165	142	233	164	727
Transfers	(1,200)	(1,463)	(1,476)	(1,893)	(1,911)	(2,002)	(2,002)	(2,144)	(7,644)	(1,292)
<b>Total business-type activities</b>	<b>(610)</b>	<b>(1,350)</b>	<b>(1,357)</b>	<b>(1,810)</b>	<b>(1,935)</b>	<b>(1,837)</b>	<b>(1,860)</b>	<b>(1,911)</b>	<b>(7,480)</b>	<b>(565)</b>
<b>Total primary government</b>	<b>\$ 750,151</b>	<b>\$ 690,057</b>	<b>\$ 654,651</b>	<b>\$ 911,453</b>	<b>\$ 427,546</b>	<b>\$ 690,591</b>	<b>\$ 745,900</b>	<b>\$ 710,116</b>	<b>\$ 737,440</b>	<b>\$ 828,601</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 4,158	\$ (56,558)	\$ 37,171	\$ 332,561	\$ (112,487)	\$ 177,877	\$ 256,183	\$ 113,297	\$ 62,417	\$ 125,803
Business-type activities	9,386	10,846	11,882	15,246	16,209	13,451	18,341	17,361	8,219	14,641
<b>Total primary government</b>	<b>\$ 13,544</b>	<b>\$ (45,712)</b>	<b>\$ 49,053</b>	<b>\$ 347,807</b>	<b>\$ (96,278)</b>	<b>\$ 191,328</b>	<b>\$ 274,524</b>	<b>\$ 130,658</b>	<b>\$ 70,636</b>	<b>\$ 140,444</b>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Source: City of Oakland Statement of Activities

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 3**

**PROGRAM REVENUES BY FUNCTION/PROGRAM**

*(in thousands)*

<b>Function/Program</b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 21,128	\$ 24,382	\$ 20,360	\$ 19,924	\$ 17,756	\$ 54,509	\$ 55,148	\$ 49,540	\$ 46,030	\$ 45,511
Public safety	15,733	14,900	13,573	13,283	7,610	15,472	18,329	21,104	19,867	24,343
Life enrichment	11,084	8,128	8,483	-	-	-	-	-	-	-
Community services	-	-	-	8,302	6,342	6,326	7,375	7,454	7,841	6,610
Community and economic development	47,223	48,765	42,418	41,507	19,025	39,413	61,022	58,439	89,130	99,239
Public works and transportation	30,887	39,283	84,834	83,017	76,098	36,954	40,419	41,772	40,285	46,016
Operating grants and contributions	94,353	97,177	123,149	89,620	89,424	119,063	92,865	90,090	95,032	124,238
Capital grants and contributions	-	-	-	30,607	26,179	42,148	70,322	54,043	34,911	750
Subtotal governmental activities	<u>220,408</u>	<u>232,635</u>	<u>292,817</u>	<u>286,260</u>	<u>242,434</u>	<u>313,885</u>	<u>345,480</u>	<u>322,442</u>	<u>333,096</u>	<u>346,707</u>
<b>Business-type activities:</b>										
Charges for services:										
Sewer	35,382	39,329	41,832	48,200	52,919	52,946	57,544	58,703	60,548	65,614
Parks and recreation	796	286	118	575	372	503	295	711	272	554
Subtotal business-type activities	<u>36,178</u>	<u>39,615</u>	<u>41,950</u>	<u>48,775</u>	<u>53,291</u>	<u>53,449</u>	<u>57,839</u>	<u>59,414</u>	<u>60,820</u>	<u>66,168</u>
Total primary government	<u>\$ 256,586</u>	<u>\$ 272,250</u>	<u>\$ 334,767</u>	<u>\$ 335,035</u>	<u>\$ 295,725</u>	<u>\$ 367,334</u>	<u>\$ 403,319</u>	<u>\$ 381,856</u>	<u>\$ 393,916</u>	<u>\$ 412,875</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Source: City of Oakland Statement of Activities

# CITY OF OAKLAND STATISTICS

## SCHEDULE 4

### FUND BALANCES, GOVERNMENTAL FUNDS

(in thousands)

	<u>2009</u>	<u>2010</u>								
General Fund (1)										
Reserved	\$ 116,543	\$ 103,372								
Unreserved	120,406	129,678								
Total general fund	\$ 236,949	\$ 233,050								
			<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund (2)										
Restricted			\$ 106,692	\$ 110,708	\$ 165,400	\$ 156,462	\$ 164,242	\$ 186,804	\$ 241,404	\$ 235,084
Committed			3,890	70,284	-	-	-	-	8,805	14,323
Assigned			65,985	6,256	58,452	73,843	64,680	58,203	30,802	41,959
Unassigned			48,794	68,681	21,791	23,546	37,409	65,129	64,715	93,801
Total general fund			\$ 225,361	\$ 255,929	\$ 245,643	\$ 253,851	\$ 266,331	\$ 310,136	\$ 345,726	\$ 385,167
	<u>2009</u>	<u>2010</u>								
All Other Governmental Funds (1)										
Reserved	\$ 788,476	\$ 761,679								
Unreserved, reported in:										
Special revenue funds	9,553	(16,486)								
Capital projects funds	41,322	66,136								
Total all other governmental funds	\$ 839,351	\$ 811,329								
			<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
All Other Governmental Funds (2)										
Restricted			\$ 481,124	\$ 264,460	\$ 248,517	\$ 270,055	\$ 333,665	\$ 303,631	\$ 332,588	\$ 408,550
Committed			139,178	13,420	16,075	13,902	13,527	18,610	20,072	19,549
Assigned			188,722	179,063	61,373	90,647	33,603	45,335	86,767	140,061
Unassigned			(2,669)	(1,416)	(9,849)	(5,236)	(7,997)	(9,891)	(17,031)	(1,106)
			\$ 806,355	\$ 455,527	\$ 316,116	\$ 369,368	\$ 372,798	\$ 357,685	\$ 422,396	\$ 567,054

Note:

- (1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.
- (2) The City implemented GASB Statement No. 54 under which governmental fund balances are reported as restricted, committed, assigned, and unassigned compared to reserved and unreserved.

Source: City of Oakland Balance Sheet, Governmental Funds

# CITY OF OAKLAND STATISTICS

## SCHEDULE 5

### CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

(in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 641,086	\$ 622,901	\$ 612,328	\$ 578,100	\$ 569,193	\$ 576,744	\$ 619,821	\$ 684,334	\$ 712,556	\$ 775,478
Licenses and permits	14,467	12,124	13,297	12,079	13,331	16,694	22,451	29,362	44,902	47,731
Fines and penalties	29,348	31,220	29,440	27,204	26,657	26,958	25,612	23,972	23,573	20,366
Interest and investment income	27,520	11,495	9,147	7,558	6,330	6,738	6,409	4,579	2,999	4,557
Charges for services	77,285	82,289	124,707	126,750	86,842	109,022	134,230	125,580	134,678	153,622
Other intergovernmental revenues	35,588	45,116	-	-	-	-	-	-	-	-
Federal and State grants										
and subventions	87,971	98,850	121,184	115,046	102,802	152,062	167,045	140,119	128,674	121,559
Other revenues	40,587	32,116	32,290	34,427	39,278	19,641	18,025	12,334	24,214	41,160
Total revenues	<u>953,852</u>	<u>936,111</u>	<u>942,393</u>	<u>901,164</u>	<u>844,433</u>	<u>907,859</u>	<u>993,593</u>	<u>1,020,280</u>	<u>1,071,596</u>	<u>1,164,473</u>
<b>Expenditures</b>										
<b>Current:</b>										
General government	40,838	35,710	33,781	50,992	71,990	36,733	41,454	47,208	49,358	46,506
Finance and Human Resource	34,863	30,943	28,756	27,371	15,337	26,137	29,967	31,906	32,289	36,795
Information Technology	12,975	9,137	8,276	7,746	7,753	9,080	9,597	12,261	12,910	12,594
Contracting and Purchasing	1,959	2,100	2,082	-	-	-	-	-	-	-
Race and Equity	-	-	-	-	-	-	-	84	210	448
Police Department	231,789	218,129	205,292	220,115	331,382	225,959	242,999	270,594	277,179	285,283
Fire Department	119,711	111,583	111,339	125,585	200,054	114,561	130,533	137,802	145,548	148,269
Police Commission	-	-	-	-	-	-	-	-	-	2,098
Community Service Department:										
Parks & Recreation	20,308	20,259	20,914	20,465	21,260	23,094	25,326	26,386	25,665	26,257
Library	21,824	20,927	21,633	22,704	22,623	25,612	26,215	26,725	27,568	29,528
Museum	6,584	6,146	6,749	-	-	-	-	-	-	-
Violence Prevention	-	-	-	-	-	-	-	-	-	241
Human Services	62,382	59,441	63,031	61,851	60,978	66,883	68,707	71,916	74,873	74,446
Community & Economic Development	197,285	227,505	175,750	96,407	-	-	-	-	-	-
Planning and Building	-	-	-	11,170	22,616	24,882	23,408	25,451	26,823	30,731
Economic & Workforce Development	-	-	-	-	-	21,190	19,316	19,395	23,308	28,902
Cultural and community services	-	-	-	-	431	-	-	-	-	-
Housing & Community Development	-	-	-	19,132	43,420	33,650	23,047	27,173	24,598	40,149
Oakland Public Works	64,288	57,133	71,099	69,763	72,497	96,208	85,041	82,156	87,050	51,718
Department of Transportation	-	-	-	-	-	-	-	-	-	46,698
Other	20,099	8,328	27,062	18,460	13,243	16,043	13,300	18,594	16,315	71,181
Capital outlay	44,418	61,233	63,532	71,703	103,905	98,316	123,433	99,609	79,477	72,922
<b>Debt service</b>										
Bond issuance cost	864	1,558	828	359	1,958	209	829	251	659	2,131
Other refunding cost	-	-	-	-	3,110	-	11,213	-	-	1,535
Principal repayment	138,854	105,742	86,965	125,570	74,886	80,559	129,906	48,932	56,657	56,597
Interest and other charges	65,157	69,097	89,514	67,175	58,208	59,314	56,737	51,589	54,292	57,452
Total expenditures	<u>1,084,198</u>	<u>1,044,971</u>	<u>1,016,603</u>	<u>1,016,568</u>	<u>1,125,651</u>	<u>958,430</u>	<u>1,061,028</u>	<u>998,032</u>	<u>1,014,779</u>	<u>1,122,481</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>(130,346)</u>	<u>(108,860)</u>	<u>(74,210)</u>	<u>(115,404)</u>	<u>(281,218)</u>	<u>(50,571)</u>	<u>(67,435)</u>	<u>22,248</u>	<u>56,817</u>	<u>41,992</u>
<b>Other Financing Sources (Uses)</b>										
Issuance of debt/bonds	40,228	67,693	56,870	83,775	-	-	-	-	34,521	117,855
Proceeds from loan	-	-	-	-	-	-	-	-	-	16,479
Issuance of refunding bonds	-	-	-	-	216,085	-	128,895	-	-	61,405
Capital leases	-	-	-	-	16,150	14,901	-	-	-	-
Premiums/discounts on issuance of bonds	(779)	908	(2,052)	8,538	(1,129)	-	15,472	(78)	809	8,555
Payment to refund bond escrow agent	-	-	-	(57,998)	(3,018)	-	(143,717)	-	-	(68,307)
Insurance claims and settlements	-	1,641	548	1,627	3,726	865	5,477	4,314	3,974	2,949
Property sale proceeds	8,723	5,013	4,481	32,213	67	5,442	309	66	1,488	2,855
Transfers in	130,095	106,409	103,786	344,831	119,617	115,397	113,270	109,259	94,989	105,423
Transfers out	(128,895)	(104,725)	(102,086)	(342,843)	(117,473)	(112,883)	(110,756)	(107,117)	(92,297)	(105,107)
Total other financing sources (uses)	<u>49,372</u>	<u>76,939</u>	<u>61,547</u>	<u>70,143</u>	<u>234,025</u>	<u>23,722</u>	<u>8,950</u>	<u>6,444</u>	<u>43,484</u>	<u>142,107</u>
<b>Special and extraordinary items related to the dissolution of the former Redevelopment Agency</b>										
	-	-	-	(274,999)	(102,504)	88,309	74,395	-	-	-
Net change in fund balances	(80,974)	(31,921)	(12,663)	(320,260)	(149,697)	61,460	15,910	28,692	100,301	184,099
Total fund balance - beginning	<u>1,157,274</u>	<u>1,076,300</u>	<u>1,044,379</u>	<u>1,031,716</u>	<u>711,456</u>	<u>561,759</u>	<u>623,219</u>	<u>639,129</u>	<u>667,821</u>	<u>768,122</u>
Total fund balance - ending	<u>\$1,076,300</u>	<u>\$1,044,379</u>	<u>\$1,031,716</u>	<u>\$ 711,456</u>	<u>\$ 561,759</u>	<u>\$ 623,219</u>	<u>\$ 639,129</u>	<u>\$ 667,821</u>	<u>\$ 768,122</u>	<u>\$ 952,221</u>
<b>Debt service as a percentage of noncapital expenditures</b>										
	20.33%	18.13%	18.85%	20.97%	13.74%	17.06%	20.56%	11.53%	12.21%	11.06%

Note: Debt ratio was calculated by dividing principal and interest by total government expenditures excluding capital outlay \$91,240 for fiscal year 2018.

General government include Mayor, Council, City Administrator, City Attorney, City Auditor, City Clerk and Public Ethics Commission

Source: City of Oakland Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 6**

**TAX REVENUES BY SOURCE  
GOVERNMENTAL FUNDS**

*(in thousands)*

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales &amp; Use</b>	<b>Motor Vehicle in-lieu</b>	<b>Gas</b>	<b>Business License</b>	<b>Utility Consumption</b>	<b>Real Estate Transfer</b>	<b>Transient Occupancy</b>	<b>Parking</b>	<b>Voter Approved</b>	<b>Franchise</b>	<b>Total</b>
2009	\$ 359,699	\$ 56,090	\$ 1,282	\$ 9,749	\$ 54,291	\$ 52,701	\$ 34,267	\$ 10,599	\$ 14,196	\$ 33,772	\$ 14,440	\$ 641,086
2010	349,084	45,503	1,251	10,991	54,141	51,107	36,971	10,085	13,885	35,228	14,655	622,901
2011	326,576	51,910	2,168	10,990	53,138	53,440	31,608	12,484	13,460	41,700	14,854	612,328
2012	288,923	55,659	221	11,060	58,712	51,434	30,653	13,822	15,975	35,812	15,829	578,100
2013	254,488	60,494	-	10,004	60,371	50,752	47,406	15,831	15,565	38,247	16,035	569,193
2014	241,730	58,912	-	13,085	62,905	50,422	59,060	18,468	16,661	38,835	16,666	576,744
2015	268,400	63,718	177	12,030	66,677	50,594	62,665	21,569	18,398	37,443	18,150	619,821
2016	279,798	77,365	166	8,653	75,504	51,006	89,594	25,671	20,175	37,793	18,609	684,334
2017	310,339	79,866	189	7,974	75,840	52,618	79,070	29,049	20,886	37,962	18,763	712,556
2018	342,301	85,500	224	10,867	86,107	52,047	77,663	30,039	21,137	50,469	19,124	775,478
Change												
2009-2018	-4.8%	52.4%	-82.5%	11.5%	58.6%	-1.2%	126.6%	183.4%	48.9%	49.4%	32.4%	21.0%

Note: Reflects revenues of the General, Special Revenue, Debt Service, Capital Projects Funds, and Oakland Redevelopment Agency in FY2009 - FY2011, General, Special Revenue, Debt Service, Capital Projects Funds, Oakland Redevelopment Agency, and Housing Successor Agency in FY2012, General, Special Revenue, Debt Service, Capital Projects Funds, and Low and Moderate Income Housing Asset Fund in FY2013 - FY2018

Source: City of Oakland Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

**CITY OF OAKLAND  
STATISTICS**

SCHEDULE 7

**ASSESSED VALUE AND ESTIMATED  
VALUE OF TAXABLE PROPERTY**

*(in thousands)*

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Less: Redevelopment Tax Increments</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Taxable Assessed Value</u>	<u>Taxable Assessed Value as a Percentage of Estimated Taxable Value</u>
2009	\$ 13,222,782	\$ 28,429,996	\$ 2,205,480	\$ 43,858,258	\$ 2,584,624	\$ 10,425,138	\$ 30,848,496	5.414	\$ 167,013,757	18.47%
2010	12,708,080	27,749,554	2,110,456	42,568,090	2,691,489	9,753,604	30,122,997	5.674	170,917,885	17.62%
2011	12,479,365	26,787,417	1,985,401	41,252,183	2,768,044	9,030,570	29,453,569	5.692	167,649,715	17.57%
2012	12,560,758	27,225,464	2,154,330	41,940,552	3,084,118	9,247,268	29,609,166	5.677	168,091,235	17.61%
2013	12,723,234	27,848,261	2,266,536	42,838,031	3,322,453	9,496,227	30,019,351	5.562	166,967,630	17.98%
2014	13,031,396	29,441,439	2,569,502	45,042,337	4,245,848	9,625,116	31,171,373	5.470	170,507,410	18.28%
2015	13,960,804	31,789,840	1,925,481	47,676,125	4,288,050	10,353,808	33,034,267	5.527	182,580,394	18.09%
2016	14,968,239	34,219,483	2,098,503	51,286,225	3,862,329	11,932,782	35,491,114	5.136	182,282,362	19.47%
2017	16,037,959	36,557,232	2,524,869	55,120,060	4,139,277	13,171,622	37,809,161	5.446	205,908,691	18.36%
2018	17,509,685	39,142,275	2,434,733	59,086,693	4,439,304	-	54,647,390	5.530	302,200,067	18.08%

Notes: Total Direct Tax Rate is "per \$10,000 assessed value".

Amounts for Redevelopment Tax Increment are reported in Total Assessed Value for 2018 and subsequent years.

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 8**

Fiscal Year	<u>City Direct Rates</u>				<u>Overlapping Rates</u>						East Bay Municipal Utility Debt	East Bay Regional Parks District	East Bay Reg. Parks District Debt
	Basic Rate	Debt Service Fund	1981 Pension Liability	Total Direct Rate	Alameda County	Education	Education Debt	BART and AC Transit	BART Debt	Other			
2009	0.3485	0.0354	0.1575	0.5414	0.3086	0.2165	0.1197	0.0517	N/A	0.0505	0.0064	0.0242	0.0100
2010	0.3485	0.0614	0.1575	0.5674	0.3086	0.2165	0.1689	0.0517	0.0057	0.0505	0.0065	0.0242	0.0108
2011	0.3485	0.0632	0.1575	0.5692	0.3086	0.2165	0.1697	0.0517	0.0031	0.0505	0.0067	0.0242	0.0084
2012	0.3485	0.0617	0.1575	0.5677	0.3086	0.2165	0.1741	0.0517	0.0041	0.0505	0.0067	0.0242	0.0071
2013	0.3485	0.0502	0.1575	0.5562	0.3086	0.2165	0.1818	0.0517	0.0043	0.0505	0.0068	0.0242	0.0051
2014	0.3485	0.0410	0.1575	0.5470	0.3086	0.2165	0.2199	0.0517	0.0075	0.0505	0.0066	0.0242	0.0078
2015	0.3485	0.0467	0.1575	0.5527	0.3086	0.2165	0.2157	0.0517	0.0045	0.0505	0.0047	0.0242	0.0085
2016	0.3485	0.0076	0.1575	0.5136	0.3086	0.2165	0.1876	0.0517	0.0026	0.0505	0.0034	0.0242	0.0067
2017	0.3485	0.0386	0.1575	0.5446	0.3086	0.2165	0.1407	0.0517	0.0080	0.0505	0.0028	0.0242	0.0032
2018	0.3485	0.0470	0.1575	0.5530	0.3086	0.2165	0.1325	0.0517	0.0084	0.0505	0.0011	0.0242	0.0021

Note: Rates per \$1,000 assessed value

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 9**

**PRINCIPAL PROPERTY TAXPAYERS**

<u>Taxpayer</u>	<u>2009 (1)</u>			<u>2018 (2)</u>		
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Rank</u>
Kaiser Foundation Hospitals				\$ 582,918,749	1.067%	1
SIC Lakeside Drive LLC	\$ 203,415,697	0.493%	1	241,842,000	0.443%	2
CSHV 1999 Harrison LLC				224,750,000	0.411%	3
Broadway Franklin LLC				219,873,772	0.402%	4
CIM Oakland Center 21 LP				219,862,692	0.402%	5
USPA City Center LLC				212,160,000	0.388%	6
Kaiser Foundation Health Plan Inc.	152,096,392	0.369%	5	172,108,251	0.315%	7
1221 Broadway Investors LLC				168,708,918	0.309%	8
CIM Oakland 1 Kaiser Plaza LP				159,038,317	0.291%	9
1800 Harrison Foundation	119,541,603	0.290%	6	135,290,714	0.248%	10
Oakland City Center Venture LLC	203,098,379	0.492%	2	N/A		
Oakland Property LLC	162,302,400	0.393%	3	N/A		
Deutsche Bank National Trust Co	158,005,115	0.383%	4	N/A		
Suncal Oak Knoll LLC	106,698,599	0.259%	7	N/A		
Brandywine Ordway LLC	106,120,799	0.257%	8	N/A		
Brandywine Webster LP	104,244,589	0.253%	9	N/A		
US Bank National Associates	87,480,378	0.212%	10	N/A		
<b>Total</b>	<b>\$ 1,403,003,951</b>	<b>3.401%</b>		<b>\$ 2,336,553,413</b>	<b>4.276%</b>	

Notes:

(1) 2009 based on total assessed value of \$41,273,634,394

(2) 2018 based on total assessed value of \$54,647,390,086

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 10**

**PROPERTY TAX LEVIES  
AND COLLECTIONS**

*(in thousands)*

<b>1% TAX ROLL</b>							
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date		
		Amount	Percent of Levy		Amount	Percent of Levy	
2009	\$ 89,482	\$ 84,063	93.94%	\$ -	\$ 84,063	93.94%	
2010	85,706	82,015	95.69%	-	82,015	95.69%	
2011	83,960	81,013	96.49%	-	81,013	96.49%	
2012	84,590	81,823	96.73%	-	81,823	96.73%	
2013	85,791	83,756	97.63%	-	83,756	97.63%	
2014	87,270	85,643	98.14%	-	85,643	98.14%	
2015	92,969	91,419	98.33%	-	91,419	98.33%	
2016	101,746	99,849	98.14%	-	99,849	98.14%	
2017	108,686	106,799	98.26%	-	106,799	98.26%	
2018	116,778	115,061	98.53%	-	115,061	98.53%	

<b>Voter-Approved Debt Tax Roll</b>							
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date		
		Amount	Percent of Levy		Amount	Percent of Levy	
2009	\$ 75,753	\$ 70,494	93.06%	\$ -	\$ 70,494	93.06%	
2010	83,581	79,172	94.72%	-	79,172	94.72%	
2011	85,262	81,506	95.59%	-	81,506	95.59%	
2012	85,076	82,413	96.87%	-	82,413	96.87%	
2013	82,312	80,328	97.59%	-	80,328	97.59%	
2014	80,745	78,989	97.83%	-	78,989	97.83%	
2015	89,871	88,335	98.29%	-	88,335	98.29%	
2016	99,114	97,543	98.42%	-	97,543	98.42%	
2017	116,107	112,674	97.04%	-	112,674	97.04%	
2018	127,411	125,535	98.53%	-	125,535	98.53%	

Note: Collections in subsequent year data not available

Source: County of Alameda

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 11**

**TAXABLE SALES BY CATEGORY**

*(in thousands)*

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Auto & Transportation	\$ 695,919	\$ 580,398	\$ 651,555	\$ 674,154	\$ 743,329	\$ 838,029	\$ 894,683	\$ 933,844	\$ 903,362	\$ 861,211
Business & Industry	574,628	490,566	512,453	642,399	655,454	653,875	558,343	578,225	617,380	627,642
General Consumer Goods	505,460	480,781	496,571	548,072	559,941	574,519	605,914	586,743	554,885	534,862
Restaurants and Hotels	515,602	525,068	566,973	606,936	681,562	751,108	855,561	953,697	1,001,054	1,015,038
Building & Construction	416,701	344,171	325,085	378,922	374,421	434,677	456,964	474,895	514,481	545,099
Food & Drugs	342,922	366,461	359,148	386,236	402,383	417,291	440,323	490,278	511,093	495,772
Fuel & Service Stations	638,147	433,207	620,279	888,349	733,489	704,208	632,457	502,608	568,368	582,293
<b>Total</b>	<b>\$ 3,689,379</b>	<b>\$ 3,220,652</b>	<b>\$ 3,532,064</b>	<b>\$ 4,125,068</b>	<b>\$ 4,150,579</b>	<b>\$ 4,373,707</b>	<b>\$ 4,444,245</b>	<b>\$ 4,520,290</b>	<b>\$ 4,670,623</b>	<b>\$ 4,661,917</b>
City direct sales tax rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	2.0%	2.0%	2.0%	2.0%

Source: HdL Companies

**CITY OF OAKLAND  
STATISTICS**

---

**SCHEDULE 12**

**DIRECT AND OVERLAPPING  
SALES TAX RATES**

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>State of California</b>
2009	1.50%	8.25%
2010	1.50%	8.25%
2011	1.50%	8.25%
2012	1.50%	7.25%
2013	1.50%	7.50%
2014	1.50%	7.50%
2015	2.00%	7.50%
2016	2.00%	7.50%
2017	2.00%	7.25%
2018	2.00%	7.25%

Source: California State Board of Equalization

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 13**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

*(in thousands)*

Fiscal Year	<u>Governmental Activities</u>											<u>Business-type Activities</u>				
	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Lease Revenue Bonds	Pension Obligation Bonds	Accreted Interest	Special Assessment Bonds	Notes Payable	Capital Leases	Net Premiums Discounts and Refunding Loss	Pledge Oblig. For Authority Debt	Sewer Fund Notes Payable	Sewer Fund Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2009	\$ 317,188	\$ 505,765	\$ 10,375	\$ 296,985	\$ 248,455	\$ 148,580	\$ 5,645	\$ 17,610	\$ 23,235	\$ (2,167)	\$ 79,350	\$ 2,540	\$ 56,090	\$ 1,709,651	15.29%	\$ 4.02
2010	366,248	488,900	7,210	270,670	210,595	172,971	8,298	14,295	18,483	450	76,000	1,708	54,380	1,690,208	14.46%	4.33
2011	349,431	523,905	3,895	242,800	195,637	172,121	7,963	12,295	17,068	(1,278)	72,450	848	52,580	1,649,715	14.83%	4.20
2012	326,609	-	-	210,530	174,777	157,211	7,475	10,140	13,498	4,630	68,700	574	50,695	1,024,839	9.07%	2.60
2013	309,793	-	-	176,850	367,394	162,874	6,690	7,815	39,228	3,131	56,895	291	48,710	1,179,671	9.52%	2.95
2014	290,449	-	-	141,555	348,512	169,923	6,365	5,330	51,349	2,760	53,225	-	38,555	1,108,023	8.45%	2.73
2015	206,530	-	-	109,955	330,433	165,290	6,020	3,150	65,645	5,618	49,445	-	41,431	983,517	7.13%	2.34
2016	201,830	-	-	91,110	313,223	159,476	5,685	2,060	71,850	5,256	45,512	-	39,123	935,125	6.39%	2.21
2017	216,655	-	-	71,335	296,854	149,896	5,335	8,021	67,802	5,932	41,384	-	36,735	899,949	5.53%	2.11
2018	317,605	-	-	60,025	271,580	136,371	3,585	22,250	54,046	11,931	37,049	-	34,267	948,709	5.79%	2.21

Source: Notes to Basic Financial Statements

Tax allocation bonds are excluded from Governmental Activities after 2011 due to the dissolution of redevelopment agencies.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 14**

**RATIOS OF GENERAL BONDED  
DEBT OUTSTANDING**

*(in thousands)*

<b>Fiscal Year</b>	<b>Pension Obligation Bonds</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Restricted to Repaying Principal</b>	<b>Total (1)</b>	<b>Assessed Value (2)</b>	<b>Percentage of Actual Taxable Value of Property (%)</b>	<b>Per Capita (3) <i>(in dollars)</i></b>
2009	\$ 248,455	\$ 317,188	\$ 14,498	\$ 551,145	\$41,274,000	1.3353	\$ 1,296.60
2010	210,595	366,248	17,677	559,166	39,877,000	1.4022	1,298.38
2011	195,637	349,431	18,848	526,220	38,484,140	1.3674	1,339.21
2012	174,777	326,609	28,312	473,074	38,856,435	1.2175	1,196.62
2013	367,394	309,793	31,198	645,989	39,515,578	1.6348	1,617.70
2014	348,512	290,449	29,146	609,815	40,796,490	1.4948	1,508.12
2015	330,433	206,530	29,475	507,488	43,388,075	1.1696	1,235.96
2016	313,223	201,830	22,316	492,737	47,423,896	1.0390	1,165.26
2017	296,854	216,655	14,121	499,388	50,980,783	0.9796	1,172.07
2018	271,580	317,605	16,849	572,336	54,647,389	1.0473	1,334.65

(1) Source: City of Oakland Annual Debt Service Roll Forward Schedule as of June 30, 2018

(2) Source: County of Alameda.

(3) Population 428,827 as of 1/1/18 per State of California Demographic Information by City.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 15**

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable</u>	<u>City Share of Debt</u>
<b>Direct Bonded Debt</b>		
City of Oakland General Obligation Bonds	100	\$ 317,605,000
City of Oakland Lease Revenue Bonds	100	60,025,000
City of Oakland Pension Obligations	100	271,580,000
City of Oakland 1915 Act Bond Obligations	100	3,585,000
City of Oakland Accreted Interest on Appreciation Bonds	100	136,371,000
City of Oakland Unamortized Premium and Discount	100	27,934,000
City of Oakland Notes and Capital Leases	100	76,296,000
City of Oakland and Coliseum Authority General Fund Obligations	100	37,049,000
<b>Total Direct Bonded Debt:</b>		<b>930,445,000</b>
<b>Overlapping Bonded Debt</b>		
Alameda-Contra Costa Transit District Certificates of Participation	24.030	3,314,939
Alameda County and Coliseum Authority General Fund Obligation	20.302	183,760,000
Alameda County Pension Obligations	20.302	1,814,456
Bay Area Rapid Transit District	7.910	66,271,562
East Bay Regional Park District	12.367	23,225,226
Chabot-Las Positas Community College District	0.993	6,887,398
Peralta Community College District	55.561	211,226,254
Peralta Community College District Pension Obligation	55.561	85,532,963
Berkeley & Castro Valley Unified School District	0.003 & 0.118	126,176
Oakland Unified School District	99.999	900,680,993
Oakland Unified School District Certificates of Participation	99.999	28,129,719
San Leandro Unified School District	9.636	21,163,940
San Leandro Unified School District General Fund Obligations	9.636	436,511
Castro Valley Unified School District Certificates of Participation	0.118	5,989
City of Emeryville 1915 Act Bonds	4.183	117,542
City of Piedmont 1915 Act Bonds	5.479	214,627
<b>Total Overlapping Bonded Debt:</b>		<b>1,532,908,295</b>
<b>Total Direct and Overlapping Bonded Debt</b>		<b>\$ 2,463,353,295</b>

Source: City of Oakland Treasury Division  
Notes to Basic Financial Statements

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 16**

**LEGAL DEBT MARGIN INFORMATION**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit <sup>1</sup>	\$1,156,818,628	\$1,129,612,382	\$1,104,508,857	\$1,110,343,736	\$1,125,725,668	\$1,168,926,502	\$1,238,785,017	\$1,330,916,765	\$1,417,843,532	\$2,049,277,128
Total net debt applicable to limit	317,188,697	366,247,851	349,430,620	326,608,202	309,791,916	290,448,558	206,530,000	201,830,000	216,655,000	317,605,000
Legal debt margin	\$ 839,629,931	\$ 763,364,531	\$ 755,078,237	\$ 783,735,534	\$ 815,933,752	\$ 878,477,944	\$1,032,255,017	\$1,129,086,765	\$1,201,188,532	\$1,731,672,128
Total net debt applicable to the limit as a percentage of debt limit (%)	27.42%	32.42%	31.64%	29.42%	27.52%	24.85%	16.67%	15.16%	15.28%	15.50%

Source: County of Alameda and City of Oakland Annual Debt Service Roll Forward (General Obligation Debt Total as of June 30, 2018).

Note: <sup>1</sup> As of fiscal year 2018 this amount includes assessed valuation for former redevelopment areas.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 17**

**PLEDGED-REVENUE COVERAGE**  
Port of Oakland, Oakland Redevelopment Agency, and  
Oakland Redevelopment Successor Agency  
*(thousands of dollars)*

<u>Fiscal Year</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
<b><u>PORT OF OAKLAND</u></b>					
2009	\$ 130,173	\$ 19,724	\$ 75,578	\$ 95,302	136.59%
2010	147,860	35,593	78,018	113,611	141.96% (1)
2011	155,502	36,500	69,378	105,878	146.87%
2012	161,254	48,763	59,571	108,334	149.68% (2)
2013	170,128	45,812	61,612	107,424	158.37%
2014	160,769	42,661	56,615	99,276	161.94% (3)
2015	164,665	46,471	54,817	101,288	162.57% (4)
2016	158,982	50,236	52,788	103,024	154.32% (5)
2017	172,552	53,232	50,834	104,066	165.81%
2018	180,421	56,760	47,277	104,037	173.42%
<b><u>OAKLAND REDEVELOPMENT AGENCY</u></b>					
2009	\$ 3,456,253	\$ 505,595	\$ 343,747	\$ 849,342	406.93%
2010	3,100,961	488,900	316,344	805,244	385.10%
2011	3,041,760	523,905	378,570	902,475	337.05%
<b><u>OAKLAND REDEVELOPMENT SUCCESSOR AGENCY</u></b>					
2012	\$ 2,949,755	\$ 503,540	\$ 348,207	\$ 851,747	346.32%
2013	2,856,580	480,995	318,894	799,889	357.12% (6)

Notes:

- (1) Revised from 130.15% to reflect the application of \$9.5 million bond reserve funds from Series F, Series K, Series L and Series N to debt service.
- (2) Revised from 148.85% to reflect the application of unspent Series M bond proceeds to debt service.
- (3) Revised from 161.41% to reflect additional Net Revenue Available for Debt Service.
- (4) Revised from 162.58% to reflect updated debt service amount.
- (5) Revised to reflect updated debt service amount.
- (6) Following the dissolution of redevelopment, pledged revenues for outstanding tax allocation bonds are equal to 100% of the associated legal obligation and coverage amounts are no longer reported.

Source: Port of Oakland

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 18**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b> <i>(thousands of dollars)</i>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate (%)</b>
2009	425,068	\$ 11,182,689	\$ 26,308	36.7	38,826	17.1
2010	390,757	10,607,099	27,145	37.1	38,450	17.2
2011	392,333	11,107,340	28,311	36.3	38,540	16.3
2012	394,832	11,281,140	28,572	36.2	37,742	14.3
2013	399,699	12,402,660	31,030	36.6	36,180	11.3
2014	405,703	13,154,920	32,425	36.4	37,040	9.0
2015	419,539	14,100,286	33,609	36.2	37,147	5.7
2016	423,191	14,636,907	34,587	36.2	37,075	5.8
2017	427,503 (1)	16,329,760	38,198	36.5	36,668	4.9
2018	428,827	16,380,334	38,198	36.2	36,900	3.8

Source:

Population - State of California, Department of Finance

Per Capita Income and Median Age - DemographicsNow.com (2006-2013), U.S. Census Bureau (2014-2018)

School Enrollment - Oakland Unified School District

Unemployment Rate - State of California Employment Development Department

(1) 2017 population is updated with newly available data from the Department of Finance, personal income is also updated accordingly.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 19**

**PRINCIPAL EMPLOYERS**

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Employment</u>
Kaiser Permanente	11,734	1	5.72%	6,606	2	3.76%
Southwest Airlines	2,634	2	1.28%	2,313	7	1.32%
UCSF Benioff Children's Hospital Oakland	2,400	3	1.17%	1,970	10	1.12%
Alta Bates Summit Medical Center, Summit Campus	2,299	4	1.12%	N/A		
United Parcel Services	2,259	5	1.10%	N/A		
Securitas Security Services	1,564	6	0.76%	N/A		
Allied Universal	1,500	7	0.73%	N/A		
Federal Express Corp	1,344	8	0.65%	2,241	8	1.28%
Pandora Media Inc.	1,000	9	0.49%	N/A		
Manos Home Care	973	10	0.47%	N/A		
Alameda County	N/A			7,734	1	4.40%
Oakland Unified School District	N/A			5,689	3	3.24%
City of Oakland	N/A			4,630	4	2.64%
United States Postal Service	N/A			3,961	5	2.26%
Internal Revenue Service	N/A			2,500	6	1.42%
Peralta Community College District	N/A			2,020	9	1.15%
Total	<u>27,707</u>			<u>39,664</u>		

Source: City of Oakland Economic and Workforce Development Department and San Francisco Business Times  
 Total employment of 205,200 from State of California Employment Development Department is used to calculate the percentage of employment in 2018.  
 Figures for 2018 include private employers only and for all years include both full and part-time employees.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 20**

**FULL-TIME-EQUIVALENT CITY GOVERNMENT  
EMPLOYEES BY FUNCTION/PROGRAM**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Human Services Department	204	217	231	218	219	219	214	213	187	178
Community & Economic Development Agency	380	364	241	N/A						
Economic & Workforce Development Department	N/A	N/A	N/A	N/A	N/A	46	44	42	43	46
Fire Department										
Firefighters and officers	448	434	427	411	410	393	426	427	462	450
Civilians	77	78	69	64	68	96	67	102	72	79
General Government										
Management Services	204	184	169	280	280	169	205	224	239	235
Finance Department	196	176	172	63	55	124	128	134	132	136
Retirement Services	5	5	5	N/A						
Human Resources Management Department	47	35	35	33	29	40	42	37	37	41
Contracts and Purchasing	22	22	23	N/A						
Neighborhood Services	N/A	N/A	N/A	N/A	4	N/A	N/A	N/A	N/A	N/A
Information Technology Department	88	67	62	60	55	59	54	70	76	72
Oakland Public Library Department	140	133	135	134	138	139	136	132	154	153
Cultural Arts/KTOP	20	12	12	8	8	8	8	N/A	N/A	N/A
Museum	51	42	38	N/A						
Oakland Parks and Recreation Department	92	82	87	83	84	82	85	88	85	79
Planning and Building Department	N/A	N/A	N/A	119	111	111	107	118	121	136
Police Department										
Officers	791	763	627	634	621	633	710	760	761	731
Civilians	303	305	279	311	350	458	458	423	367	336
Oakland Public Works Department	546	482	593	593	588	611	623	622	632	467
Department of Transportation	N/A	226								
Housing & Community Development	N/A	N/A	N/A	44	43	45	45	44	50	48
<b>Total</b>	<b>3,614</b>	<b>3,401</b>	<b>3,205</b>	<b>3,055</b>	<b>3,063</b>	<b>3,233</b>	<b>3,352</b>	<b>3,436</b>	<b>3,418</b>	<b>3,413</b>

Source: City of Oakland Payroll Division

# CITY OF OAKLAND STATISTICS

## SCHEDULE 21

### OPERATING INDICATORS BY FUNCTION/PROGRAM

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government										
Building permits issued	13,055	12,951	13,648	13,696	13,513	14,680	15,117	18,693	17,259	14,331
Building inspections conducted	77,845	71,931	70,016	48,500	55,951	58,844	56,414	39,947	41,771	67,494
Authorized new dwelling units	395	555	528	237	486	420	806	1,641	3,101	4,272
Permit value for commercial properties (in thousands)	117,876	95,851	108,767	150,613	65,152	100,239	238,592	306,809	211,874	359,016
Permit value for residential properties (in thousands)	196,362	168,872	179,374	159,723	253,516	181,087	246,776	495,481	638,944	1,180,188
Police										
Dispatched calls	315,522	265,277	236,517	221,775	249,050	226,275	252,550	253,877	259,494	305,605
Field Contacts	8,393	20,220	23,391	16,638	21,280	33,570	34,418	39,240	30,032	26,026
Physical arrests	18,183	15,056	15,029	10,617	7,908	7,577	12,224	12,911	12,047	11,194
Parking violations	496,655	450,656	386,494	368,641	326,030	331,692	323,542	330,615	313,222	306,000
Fire										
Emergency responses	51,255	49,887	51,041	46,672	55,334	55,284	58,413	59,254	55,144	55,200
Fires extinguished	2,601	1,143	1,073	1,207	1,108	1,783	1,282	1,782	1,469	1,743
Inspections	3,258	2,087	2,211	2,390	3,292	3,292	2,398	2,862	3,143	N/A
Port of Oakland										
Imports (in tonnage)	14,664,473	13,014,470	14,868,310	14,709,453	14,609,772	14,478,498	15,204,325	15,154,727	16,436,308	17,166,061
Exports (in tonnage)	16,258,547	17,357,582	17,647,626	18,429,153	18,370,822	18,473,839	17,663,308	15,848,375	17,720,336	17,580,386
Total tonnage	30,923,020	30,372,052	32,515,936	33,138,606	32,980,594	32,952,337	32,867,633	31,003,102	34,156,644	34,746,447
Containers	1,273,805	1,161,082	1,316,473	1,318,925	1,328,379	1,325,855	1,359,195	1,294,532	1,336,298	1,364,358
Other public works										
Street resurfacing (miles)	18.63	18.50	11.50	21.21	3.95	16.95	9.60	4.70	8.80	15.40
Potholes repaired	8,515	10,062	8,262	11,614	12,005	9,719	13,751	14,117	17,733	13,550
Parks and recreation										
Athletic field permits issued	340	346	378	409	409	409	429	450	450	380
Community center admissions	1,342,657	1,454,124	1,653,451	1,790,720	1,144,097	902,414	698,273	1,174,383	N/A	N/A
Library										
Volumes in collection	1,316,849	1,452,930	1,535,451	1,268,857	1,259,091	1,245,060	1,130,583	1,120,958	1,193,188	1,178,304
Total volumes borrowed	2,436,806	2,469,588	2,585,613	2,619,930	2,576,157	2,534,678	2,421,548	2,560,066	2,130,170	2,241,795
Water										
New connections	297	192	111	127	167	132	139	184	247	229
Water main breaks	410	242	263	260	278	303	339	336	314	294
Average daily consumption (gallons/family)	N/A									
Wastewater										
Average daily sewage collection (thousands of gallons)	66,000	68,000	70,000	63,000	61,000	56,000	55,000	57,000	67,000	53,000

Source: City of Oakland, Port of Oakland, and East Bay Municipal Utility District  
 Note: Port of Oakland data based on prior calendar year; fiscal year data unavailable.

Community center admissions data was not available in 2017 and 2018 due to a transition in the City's reservation system for these facilities.

**CITY OF OAKLAND  
STATISTICS**

**SCHEDULE 22**

**CAPITAL ASSET STATISTICS  
BY FUNCTION/PROGRAM**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Aviation facilities										
Airports operated	1	1	1	1	1	1	1	1	1	1
Paved airport runways	4	4	4	4	4	4	4	4	4	4
Total length of runways (in feet)	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038
Area of airport (in acres)	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Police										
Stations	8	7	7	7	7	7	7	7	7	7
Patrol units	633	602	592	634	610	600	619	697	745	715
Fire stations	25	25	25	25	25	25	25	25	25	25
Harbor facilities										
Miles at waterfront	19	19	19	19	19	19	19	19	19	19
Berthing length at wharves (in feet)	23,233	23,233	23,233	23,233	23,233	23,233	23,233	23,233	23,233	25,100
Harbor area (in acres)	786	786	779	779	779	779	779	779	779	779
Hospitals	4	4	4	4	4	4	4	4	4	4
Library branches	15	15	16	16	16	16	16	16	16	16
Museums	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (in lane miles)	2,323	1,963	1,965	1,965	1,965	1,965	1,965	1,965	1,965	1,965
Streetlights	36,219	36,219	37,000	37,000	37,000	37,000	37,000	38,000	38,050	38,250
Traffic signals	688	688	688	720	632	635	639	642	643	646
Parks and recreation										
Acreage	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Swimming pools	5	5	4	4	4	4	4	6	6	6
Tennis courts	44	44	44	44	44	44	44	44	44	44
Playgrounds	106	106	106	106	106	106	106	106	106	106
Baseball/softball diamonds	40	40	40	40	40	40	40	40	40	40
Soccer/football fields	15	15	15	15	15	15	15	15	15	15
Community centers	34	34	33	33	33	33	33	33	33	33
Wastewater										
Sanitary sewers (miles)	29	29	29	29	29	29	29	29	29	29

Source: City of Oakland and Port of Oakland

Note: Harbor Facilities data based on prior calendar year; fiscal year data unavailable.

This page intentionally left blank.