

CITY OF OAKLAND CALIFORNIA SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2025



**CITY OF OAKLAND
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2025**

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CITY OF OAKLAND

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note I.E to the financial statements, effective July 1, 2024, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in net pension liability and related ratios, the schedules of employer pension contributions, the schedules of changes in net other postemployment benefits liability and related ratios, the schedules of employer other postemployment benefits contributions, and the budgetary comparison schedules of the General Fund and the Other Special Revenue Fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not

a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City’s basic financial statements. The schedule of expenditures of federal awards, the State of California Department of Community Services and Development supplemental schedules of revenue and expenditures, and the supplemental schedule of expenditures of Alameda County awards (collectively referred to as Supplemental Schedules), are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the State of California Department of Community Services and Development, and the County of Alameda, respectively, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplemental Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Walnut Creek, California
December 30, 2025, except for our report on the Supplemental
Schedules for which the date is March 26, 2026

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CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

This section of the City of Oakland's (the City) Annual Comprehensive Financial Report provides an overview and analysis of the financial activities of the City for the year ended June 30, 2025. 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, 2025, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$1.4 billion compared to a net position of \$982.8 million at June 30, 2024:

- \$1.3 billion of net position represents the City's investment in capital assets, less any related outstanding debt and related deferred outflows and inflows of resources used to acquire those assets (*net investment in capital assets*). These capital assets are used to provide services to citizens and are not available for future spending.
- \$930.5 million represents resources that are subject to restrictions on their use and are available to meet the City's ongoing obligations for programs, of which \$460.7 million is restricted for Housing and Community Development programs, \$359.6 million pertains to Low and Moderate Income Housing Redevelopment, and \$41.3 million is restricted for debt service.
- \$0.9 billion represents a deficit in unrestricted net position that has primarily resulted from the underfunding of the pension and other postemployment benefits (OPEB) liabilities, and other unfunded long-term liabilities (*unrestricted net position*). The net pension and OPEB liability deficits are the biggest contributing factors at \$1.8 billion and \$0.6 billion, respectively. The remaining changes in net position are discussed below.
- \$188.4 million of the \$414.7 million improvement in net position is attributable to prior period restatements. Specifically, a \$199.9 million increase to the beginning balance resulted from the reclassification of employee benefit liabilities, offset by an \$11.5 million decrease from the implementation of GASB Statement No. 101. The remaining improvement in net position reflects results of current year operations derived mostly from increase in revenues including \$85.3 million in operating grants stemming from growth and timing of affordable housing and Caltrans grants, \$35.6 million in real estate transfer tax resulting from a one-time boost from PG&E property sale, and \$9.3 million in legal settlements, offset by a decline of \$70.8 million in property tax due to a lower PFRS liability rate. \$37.6 million is due to reduction in expenditure to address the budget deficit.
- The government-wide increase in net position was also supported by a \$16.4 million increase in net position from the business-type activities, mainly the Sewer-related activities.

Total fund balances for the City's governmental funds of \$1.6 billion represents an increase of 8.8 percent, or \$132.6 million, compared to the prior fiscal year. This increase results primarily due to restatement of the beginning balance to reclassify employee benefit liabilities. Total general revenues increased compared to prior fiscal year, while total expenditures decreased mostly due to Council-approved budget-balancing actions. The General Purpose Fund Emergency Reserve, a subfund of the General Fund, decreased to \$63.8 million, which together with unassigned General Purpose Fund balance of \$34.6 million raised General Purpose Fund reserves to \$98.4 million, exceeding the amount required under the City's Consolidated Fiscal Policy of 7.5 percent of FY 24-25 General Purpose Fund appropriations, or \$59.9 million.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

In addition, this report also contains other supplementary information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to the financial statements for a private-sector business.

The *statement of net position* presents information on all the City's assets, deferred outflows and inflows of resources, and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

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

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

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into the following three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (Special Revenue, Capital Projects, Debt Service, and General Fund). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General fund, the Federal/State Grant Fund, the Low and Moderate Income Housing Asset Fund (LMIHF), the Municipal Capital Improvement Fund, and the Other Special Revenue Fund, all of which are considered to be major funds. Data from the remaining funds are combined in a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund and the Other Special Revenue Fund in the required supplementary information to demonstrate compliance with this budget.

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

The City maintains the following two types of proprietary funds:

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

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

The required supplementary information includes the budgetary schedule for the General Fund and the Other Special Revenue Fund, schedules of changes in the net pension liability and related ratios and pension plan contributions, and schedules of changes in the net OPEB liability and related ratios and OPEB plan contributions.

Other Information

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of the City's financial condition. As of June 30, 2025, total assets and deferred outflows of resources exceed the total liabilities and deferred inflows of resources by \$1.4 billion compared to a net position of \$982.8 million at June 30, 2024, which represents an increase in net position of \$414.7 million. Current and other assets increased by \$62.9 million, primarily due to growth in business license tax, real estate transfer tax, voter-approved special tax, and legal settlements. Additionally, capital assets increased by \$64.7 million. The City's net position also reflects the net investment in capital assets of \$1.3 billion for governmental and business-type activities. Of the remaining balance, \$930.5 million of net position is subject to external restrictions on how it may be used. The unrestricted net position of negative \$0.85 billion is comprised of a deficit balance of \$0.94 billion for governmental activities, and a positive balance of \$85.3 million for business-type activities. As of June 30, 2025, unrestricted net position for governmental and business-type activities increased by \$309.4 million as compared to balances at June 30, 2024.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Condensed Statements of Net Position

June 30, 2025 and 2024 (In thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 2,808,845	\$ 2,764,316	\$ 137,344	\$ 118,968	\$ 2,946,189	\$ 2,883,284
Capital assets	1,598,234	1,528,586	246,166	251,139	1,844,400	1,779,725
TOTAL ASSETS	<u>4,407,079</u>	<u>4,292,902</u>	<u>383,510</u>	<u>370,107</u>	<u>4,790,589</u>	<u>4,663,009</u>
Deferred Outflows of Resources:						
Losses on refunding of debt	7,288	8,533	—	—	7,288	8,533
Pensions	411,626	547,002	8,185	12,232	419,811	559,234
OPEB	126,973	174,814	2,376	3,208	129,349	178,022
TOTAL OUTFLOWS	<u>545,887</u>	<u>730,349</u>	<u>10,561</u>	<u>15,440</u>	<u>556,448</u>	<u>745,789</u>
Liabilities:						
Long-term liabilities	1,102,532	1,179,526	14,307	17,510	1,116,839	1,197,036
Other liabilities	288,885	500,824	2,707	3,409	291,592	504,233
Net pension liability	1,728,216	1,834,077	46,394	48,568	1,774,610	1,882,645
Net OPEB liability	545,291	539,538	9,638	9,438	554,929	548,976
TOTAL LIABILITIES	<u>3,664,924</u>	<u>4,053,965</u>	<u>73,046</u>	<u>78,925</u>	<u>3,737,970</u>	<u>4,132,890</u>
Deferred Inflows of Resources:						
Gains on refunding of debt	1,821	2,062	158	197	1,979	2,259
Leases	43,706	40,104	—	—	43,706	40,104
Pensions	17,854	19,033	186	522	18,040	19,555
OPEB	144,130	225,883	3,658	5,264	147,788	231,147
TOTAL INFLOWS	<u>207,511</u>	<u>287,082</u>	<u>4,002</u>	<u>5,983</u>	<u>211,513</u>	<u>293,065</u>
Net Position:						
Net investment in capital assets	1,089,717	1,074,554	231,701	233,432	1,321,418	1,307,986
Restricted	930,515	838,677	—	—	930,515	838,677
Unrestricted (deficit)	(939,701)	(1,231,028)	85,322	67,203	(854,379)	(1,163,825)
TOTAL NET POSITION	<u>\$ 1,080,531</u>	<u>\$ 682,203</u>	<u>\$ 317,023</u>	<u>\$ 300,635</u>	<u>\$ 1,397,554</u>	<u>\$ 982,838</u>

Governmental activities: The City's net position in governmental activities increased by \$398.3 million.

Total assets increased by \$114.2 million, or 2.7 percent, to \$4.4 billion. The significant changes in assets occurred in the following areas:

- *Current and other assets* increased by \$44.5 million, primarily due to increase in notes and loans receivable resulting from issuance of new loans, largely associated with affordable housing and development activities.
- *Capital assets* increased by \$69.6 million, primarily due to the completion of infrastructure projects.

Total liabilities decreased by \$389.0 million, or 9.6 percent to \$3.7 billion. The significant changes in liabilities occurred in the following areas:

- *Long-term liabilities* decreased by \$77.0 million primarily due to scheduled debt service payments that reduced outstanding debt liabilities.
- *Net pension liability* decreased by \$105.9 million due primarily to strong investment performance.
- *Net OPEB liability* increased by \$5.8 million as healthcare cost and interest cost trended upwards.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Net position increased by \$398.3 million to \$1.1 billion as of June 30, 2025 from \$682.2 million at June 30, 2024. The City's net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

- \$1.1 billion of net position reflects the City's *investment in capital assets* (e.g., land, buildings infrastructure, facilities and equipment), net of any related outstanding debt and debt-related deferred outflows and inflows of resources 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.
- \$930.5 million of net position represents resources that are subject to restrictions on how they may be used and are therefore restricted.
- \$939.7 million of net position represents a deficit in unrestricted net position that has primarily resulted from the underfunding of pension and OPEB liabilities.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

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

Condensed Statements of Activities
Years Ended June 30, 2025 and 2024
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ 197,803	\$ 186,254	\$ 76,969	\$ 76,657	\$ 274,772	\$ 262,911
Operating grants and contributions	221,484	136,147	—	—	221,484	136,147
Capital grants and contributions	7,672	14,568	—	—	7,672	14,568
Total program revenues:	<u>426,959</u>	<u>336,969</u>	<u>76,969</u>	<u>76,657</u>	<u>503,928</u>	<u>413,626</u>
General revenues:						
Property taxes	477,300	548,087	—	—	477,300	548,087
State taxes:						
Sales and use taxes	94,092	95,200	—	—	94,092	95,200
Gas tax and motor vehicle in-lieu	24,373	23,092	—	—	24,373	23,092
Local taxes:						
Business license	129,666	123,482	—	—	129,666	123,482
Utility consumption	70,753	66,217	—	—	70,753	66,217
Real estate transfer	93,220	57,613	—	—	93,220	57,613
Transient occupancy	20,866	24,093	—	—	20,866	24,093
Parking	22,362	22,323	—	—	22,362	22,323
Voter-approved special tax	152,094	145,707	—	—	152,094	145,707
Franchise	14,676	14,517	—	—	14,676	14,517
Interest and investment income	72,979	85,815	5,028	4,966	78,007	90,781
Other	27,650	18,400	—	—	27,650	18,400
Total revenues	<u>1,626,990</u>	<u>1,561,515</u>	<u>81,997</u>	<u>81,623</u>	<u>1,708,987</u>	<u>1,643,138</u>
Expenses:						
General government	259,802	294,276	—	—	259,802	294,276
Public safety	586,880	592,035	—	—	586,880	592,035
Community and human services	106,941	182,920	—	—	106,941	182,920
Community and economic development	247,693	157,414	—	—	247,693	157,414
Public works and transportation	188,579	190,206	—	—	188,579	190,206
Interest on long-term debt	28,393	34,923	—	—	28,393	34,923
Sewer	—	—	63,467	66,850	63,467	66,850
Parks and recreation	—	—	871	1,586	871	1,586
Total expenses	<u>1,418,288</u>	<u>1,451,774</u>	<u>64,338</u>	<u>68,436</u>	<u>1,482,626</u>	<u>1,520,210</u>
Changes in net position before transfers	208,702	109,741	17,659	13,187	226,361	122,928
Transfers	1,271	918	(1,271)	(918)	—	—
Changes in net position	<u>209,973</u>	<u>110,659</u>	<u>16,388</u>	<u>12,269</u>	<u>226,361</u>	<u>122,928</u>
Net Position:						
Beginning of year, as previously reported	682,203	571,544	300,635	288,366	982,838	859,910
Changes in accounting principle	(11,548)	—	—	—	(11,548)	—
Cumulative effect of accounting change	199,903	—	—	—	199,903	—
Beginning of year	<u>870,558</u>	<u>571,544</u>	<u>300,635</u>	<u>288,366</u>	<u>1,171,193</u>	<u>859,910</u>
End of year	<u>\$1,080,531</u>	<u>\$ 682,203</u>	<u>\$ 317,023</u>	<u>\$ 300,635</u>	<u>\$1,397,554</u>	<u>\$ 982,838</u>

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

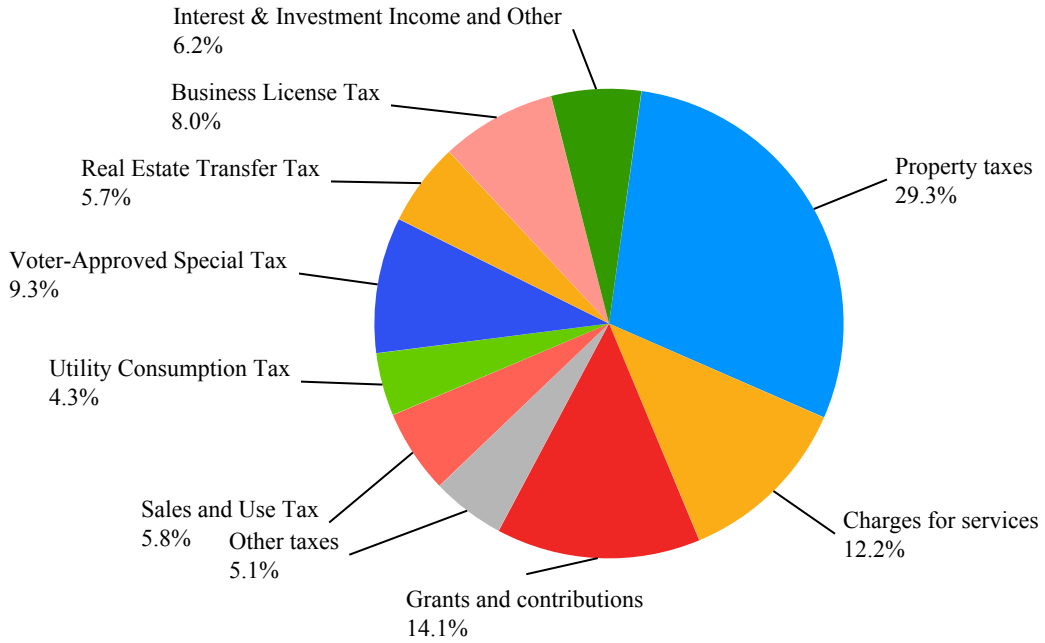
Governmental activities: Net position for governmental activities increased by \$398.3 million during fiscal year 2024-25. Total revenue increased by 4.2 percent and total expenses decreased by 2.3 percent. For comparison, during fiscal year 2023-24, revenues increased at a rate of 0.7 percent and expenses increased by 15.9 percent.

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

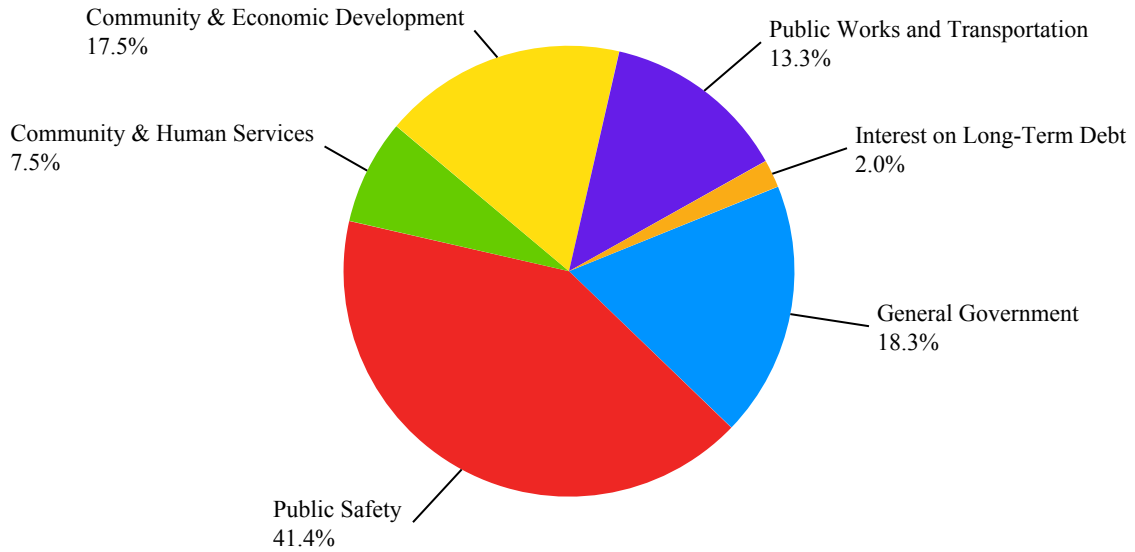
- Several factors contributed to the increase in total revenues. Operating grants and contributions increased by \$85.3 million or 62.7 percent, supporting ongoing affordable housing programs. Real estate transfer tax increased by \$35.6 million, or 61.8 percent, due to a one-time boost from PG&E property transfer. Other revenues increased by \$9.3 million, due to a one-time Coliseum payment and legal settlements. Voter-approved special tax increased by \$6.4 million, due to increase in assessed values. Other increases in revenue include \$6.2 million increase in business license tax due to the City's enhanced recovery efforts targeting past-due business tax delinquencies and \$4.5 million increase in utility consumption tax due to driven by rate increases approved by the California Public Utilities Commission (CPUC). Offsetting these gains, property taxes decreased by \$70.8 million, or 12.9 percent, due to a lower PFRS liability rate, reflecting reduced property tax levy requirements to fund the City's PFRS obligations. Interest and investment income decreased by \$12.8 million, due to lower investment yields. Transient occupancy tax decreased by \$3.2 million, primarily due to lower hotel operations.
- *Community and Human Services* expenses decreased by \$76.0 million, or (41.5)% due to reduced personnel spending, discretionary spending reductions, and deferral of certain costs including contracts, as part of actions taken to address the City's budget deficits.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Revenues By Source - Governmental Activities



Expenses - Governmental Activities



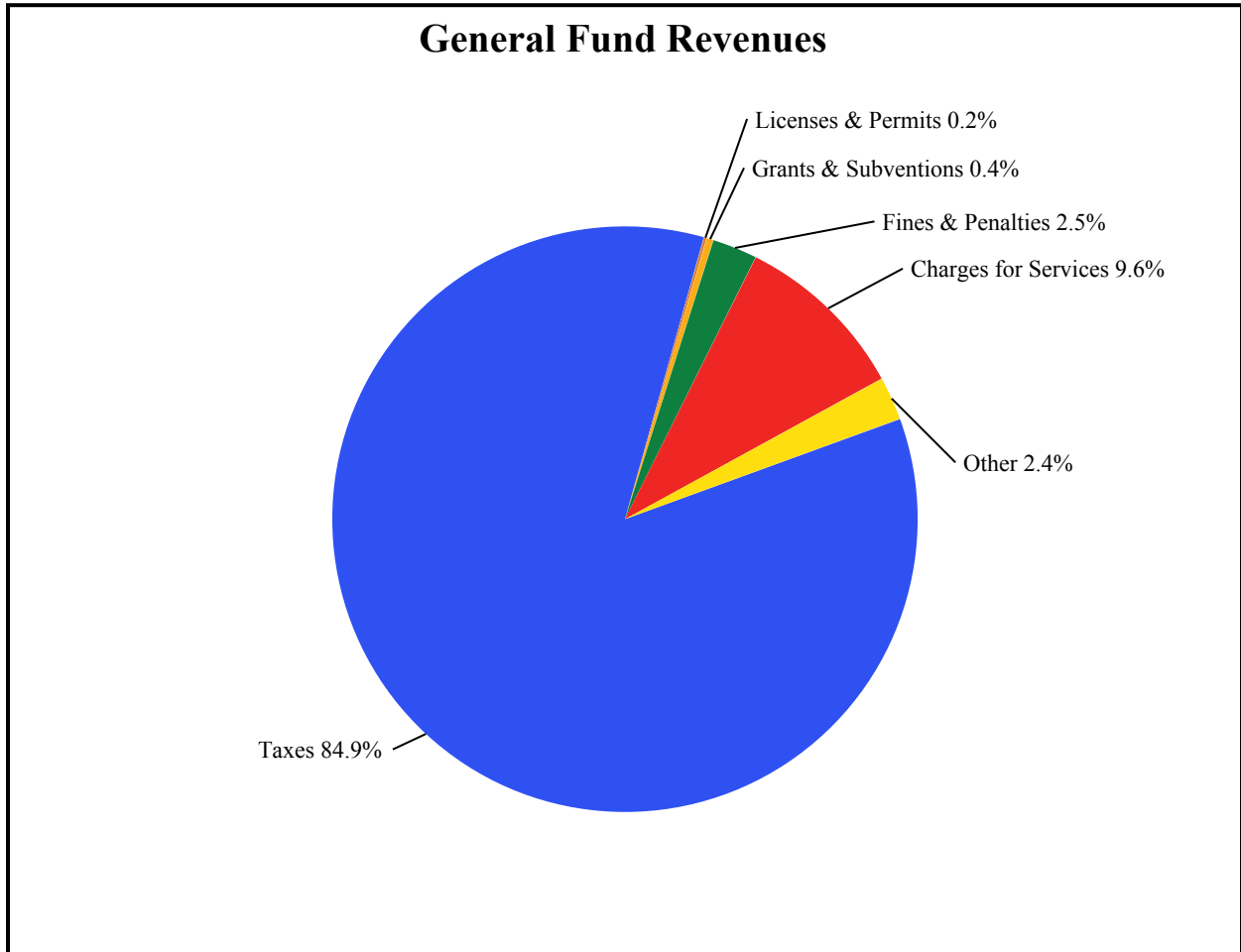
CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Business-type activities: Business-type activities ended the fiscal year with an increase in net position of \$16.4 million due primarily to positive operating results in the Sewer Fund of \$15.8 million, which are intended to support future capital projects.

Financial Analysis of the Governmental and Proprietary Funds

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund: The General Fund is the chief operating fund of the City. At June 30, 2025, its unassigned fund balance is \$191.2 million or 20.7 percent of the \$922.7 million total General Fund balance.



CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

For the year ended June 30, 2025 and 2024, revenues for the General Fund are distributed as follows (in thousands):

	General Fund		Increase / (Decrease)	
	2025	2024	Amount	%
Revenues:				
Taxes:				
Property taxes	\$ 403,829	\$ 462,551	\$ (58,722)	-12.7%
State taxes:				
Sales and use taxes	59,999	61,740	(1,741)	-2.8%
Motor vehicle in-lieu tax	683	535	148	27.7%
Local taxes:				
Business license	129,666	123,482	6,184	5.0%
Utility consumption	70,753	66,217	4,536	6.9%
Real estate transfer	93,220	57,613	35,607	61.8%
Transient occupancy	16,388	18,930	(2,542)	-13.4%
Parking	11,236	11,871	(635)	-5.3%
Voter-approved special tax	6,255	6,813	(558)	-8.2%
Franchise	14,526	14,346	180	1.3%
License and permits	1,516	1,436	80	5.6%
Fines and penalties	23,686	18,759	4,927	26.3%
Charges for services	91,660	86,552	5,108	5.9%
Federal and state grants and subventions	3,590	3,390	200	5.9%
Annuity income	—	4,591	(4,591)	-100.0%
Interest and other	51,770	36,673	15,097	41.2%
Total revenues	\$ 978,777	\$ 975,499	\$ 3,278	0.3%

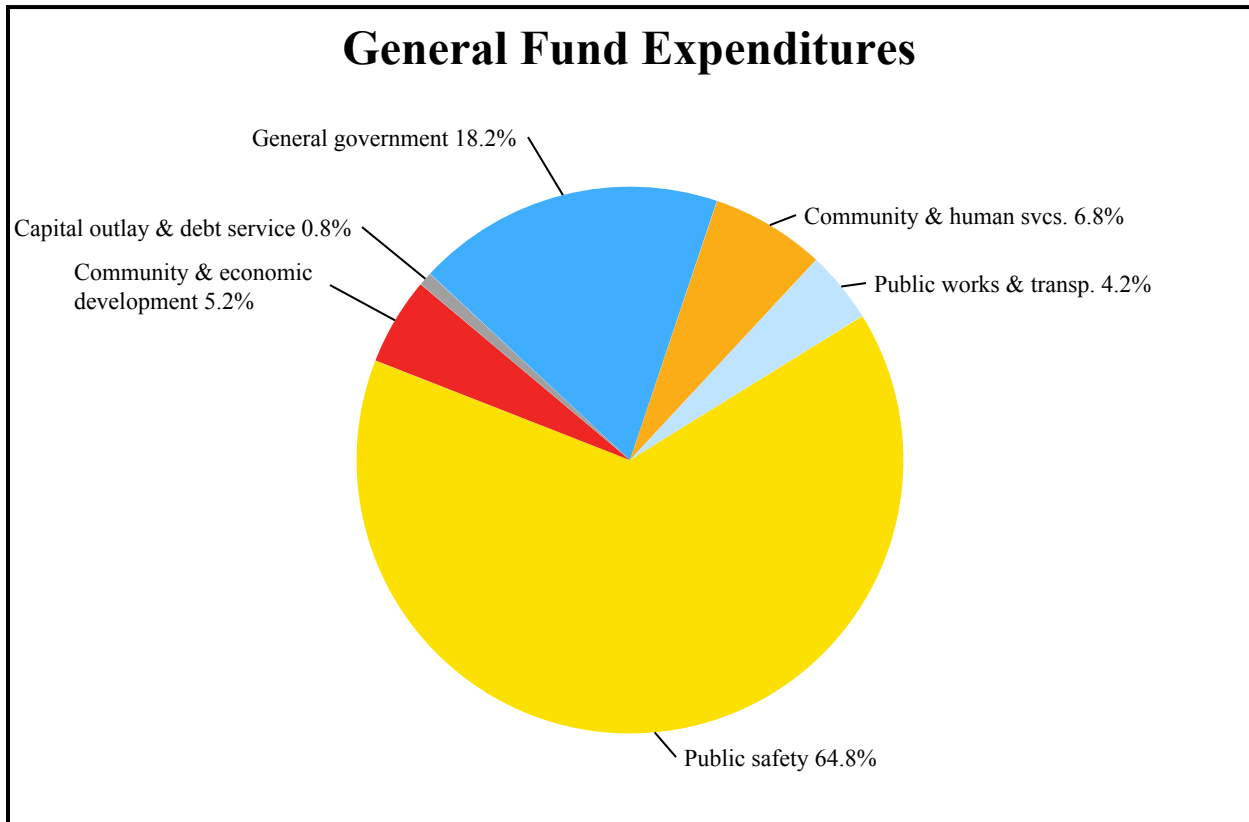
General Fund Revenues: Significant change in revenues include:

- *Property taxes* decreased by \$58.7 million, or 12.7 percent. This is mainly due to decrease in PFRS liability rate, reflecting reduced property tax levy requirements to fund the City's PFRS obligations.
- *Business license tax* increased by \$6.2 million, or 5.0 percent, primarily due to City's enhanced recovery efforts targeting past-due business tax delinquencies.
- *Real estate transfer tax* increased by \$35.6 million, or 61.8 percent, primarily due to a single, exceptionally large PG&E property transfer.
- *Charge for services* increased by \$5.1 million or 5.9 percent, primarily due to higher parking meter fee collections resulting from a 50 percent increase in hourly parking rates.
- *Interest and other* revenues increased by \$15.1 million, or 41.2 percent, primarily due to a one-time Coliseum payment and legal settlements.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

For the years ended June 30, 2025 and 2024, expenditures for the General Fund by function are distributed as follows (in thousands):

	<u>General Fund</u>		<u>Increase / (Decrease)</u>	
	<u>2025</u>	<u>2024</u>	<u>Amount</u>	<u>%</u>
Expenditures:				
Current:				
General Government	\$ 150,456	\$ 207,843	\$ (57,387)	-27.6%
Public Safety	534,937	550,640	(15,703)	-2.9%
Community and Human Services	55,909	74,304	(18,395)	-24.8%
Community and Economic Development	42,819	36,290	6,529	18.0%
Public Works and Transportation	35,105	53,354	(18,249)	-34.2%
Capital outlay	4,610	2,871	1,739	60.6%
Debt Service:				
Principal repayment	1,763	1,636	127	7.8%
Interest charges	349	380	(31)	-8.2%
Total Expenditures	<u>\$ 825,948</u>	<u>\$ 927,318</u>	<u>\$ (101,370)</u>	<u>-11.3%</u>



CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

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

- *General government* decreased by \$57.4 million, or 27.6 percent, due to reduced personnel spending driven by vacancy management and delayed hiring, reduced discretionary spending, and deferral of certain costs including contracts, as part of actions taken to address the City's budget deficits.
- *Public safety* decreased by \$15.7 million, or 2.9 percent, due to reduced personnel spending driven by vacancy and overtime management and delayed hiring, as part of actions taken to address the City's budget deficits.
- *Community and human services* decreased by \$18.4 million, or 24.8 percent, due to reduced personnel spending driven by vacancy management and delayed hiring, reduced discretionary spending, and deferral of certain costs including contracts, as part of actions taken to address the City's budget deficits.
- *Community and economic development* increased by \$6.5 million, or 18.0 percent, due to increased City expenditures for affordable housing projects.
- *Public works and transportation* decreased by \$18.2 million, or 34.2 percent, primarily due to reduced personnel spending driven by vacancy management and delayed hiring, reduced discretionary spending, and deferral of certain costs including contracts, as part of actions taken to address the City's budget deficits.

Federal/State Grant Fund: The Federal/State Grant Fund has a fund balance of negative \$28.4 million as of June 30, 2025 which represents a deterioration of \$11.0 million from the prior fiscal year and is primarily due to delays in reimbursement of eligible expenditures. The deficit is expected to be cured through grant drawdowns in future years.

Low and Moderate Income Housing Asset Fund (LMIHF): Upon the dissolution of the Former Redevelopment Agency, the City retained the housing activities previously funded by the Former Agency, created LMIHF, and transferred the assets and affordable housing activities of the low and moderate income fund to the City. The ending fund balance as of June 30, 2025 was \$51.8 million and the fund's net loans receivable balance was \$305.9 million. The fund balance decrease of \$9.4 million is attributable to issuance of new loans to developers for affordable housing projects.

Municipal Capital Improvement Fund: The Municipal Capital Improvement Fund had a fund balance of \$358.2 million as of June 30, 2025 that represents an decrease of \$103.4 million, or 22.4 percent, from the prior fiscal year. This decrease is primarily due to increased expenditures related to affordable housing, street and infrastructure projects.

The Other Special Revenue Fund accounts for activities of several special revenue funds, including the following local measures; Measure Z – Violence Prevention and Public Safety Act of 2014; Measure C – Oakland Hotel Tax; Measure Q (2004) – Library Services Retention and Enhancement; Measure WW – East Bay Regional Park District local grant program; Measure N – Paramedics Services Act; Measure Q (2020) – Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act; Measure AA - Oakland Children's Initiative, Oakland Kid's First Fund; Development Service Fund; and other miscellaneous special revenue programs. The ending fund balance as of June 30, 2025 was \$232.6 million, which decreased \$7.9 million from the previous fiscal year. This result primarily reflects increases in expenditures for Measure AA projects.

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements under the business-type column but in more detail. The portion of net position invested in capital assets, excluding internal service funds, was \$231.7 million as of June 30, 2025, compared to \$233.4 million for the previous fiscal year. The decrease of \$1.7 million is primarily due to depreciation and capital asset retirements exceeding capital asset additions in the Sewer Fund.

General Fund Budgetary Highlights

During the year ended June 30, 2025, the General Fund had a \$6.6 million increase in budgeted revenues between the original and final amended operating budget due to the increase in charges for services. Actual budgetary basis revenues of \$978.8 million were \$57.8 million higher than the final amended budget due primarily to higher business license tax and real estate transfer tax revenues.

Appropriations increased by \$46.8 million between the original and final amended operating budget for the General Fund. The increase in appropriation is primarily due to the carryforward of unspent prior year appropriations.

Actual budgetary basis expenditures of \$825.9 million were \$127.9 million less than the final amended budget due to a combination of Council-approved budget balancing measures, including aggressive vacancy and hiring controls, discretionary spending reductions, and deferral of certain costs including contracts.

Capital Assets

The City's capital assets, net of depreciation/amortization, totaled \$1.84 billion as of June 30, 2025 compared to \$1.78 billion as of June 30, 2024, an increase of \$64.7 million, or 3.6 percent. Governmental activities additions included \$140.0 million in capital assets from construction in progress which met the City's threshold for capitalization, and were offset by retirements and depreciation. Major construction projects underway include roadway and traffic improvements and park and recreation center upgrades.

Business activities, primarily in the Sewer Fund, decreased capital assets by \$5.0 million due to depreciation. See Note II, part D to the financial statements for more details on capital assets.

Construction Commitments

As of June 30, 2025 the City had construction commitments of \$61.6 million. Major commitments include \$51.5 million for street and sidewalk improvements and \$3.7 million for building, facilities and infrastructure. 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 Ratings (Moody's), S&P Global Ratings (S&P), and Fitch Ratings (Fitch). These rating agencies serve as independent assessors of municipal and corporate credit strength. Rating agencies generally focus on four major areas when assigning credit ratings: finances, management, economy and outstanding debt. The City has consistently maintained strong credit ratings on the City's existing general obligation bonds from all three national rating agencies. However, on November 27, 2024, Fitch downgraded Oakland's Issuer Default Rating from AA- to A, with the rating outlook revised from stable to negative. On December 5, 2024, Moody's downgraded the City's issuer, general obligation bond, and pension obligation bond ratings from Aa1 to Aa2. Moody's also downgraded the City's lease revenue bonds from Aa2 to Aa3 and

CITY OF OAKLAND
Management’s Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

revised its ratings outlook from stable to negative. On February 19, 2025, S&P downgraded the City's pension obligation bond and general obligation bond ratings from AA+ to AA-. S&P also downgraded the City's lease revenue bonds from AA to A+ and revised its ratings outlook from stable to negative. These rating actions followed the City's publication of financial projections on November 19, 2024 citing ongoing imbalances between General Fund revenues and expenditures that have reduced available reserves. Subsequent to fiscal year end 2025, in connection with the bond issuance, Moody's and S&P affirmed the City's existing ratings and maintained negative outlooks.

The City of Oakland’s underlying ratings for its bonds as of June 30, 2025 were as follows:

Type of Bond	Ratings		
	Moody's	S&P	Fitch
General obligation bonds	Aa2 ¹	AA- ²	A ³
Lease revenue bonds	Aa3 ¹	A+ ²	N/A
Pension obligation bonds	Aa2 ¹	AA- ²	N/A
Tax Allocation bonds ⁴	A1	A+/AA-/AA/AA ⁵	N/A

¹Ratings reflect downgrade on December 5, 2024.

²Ratings placed on Credit Watch Negative on November 20, 2024. The Credit Watch placement reflects S&P's view that there is at least a one-in-two chance of a lower rating, potentially by multiple notches, in the following 90 days.

³Issuer Default Rating reflects downgrade on November 27, 2024.

⁴Ratings vary by series

⁵Insured Rating

General Fund Bonded Debt Limit

At the end of the current fiscal year, the City’s debt limit (3.75 percent of property valuation, net of exemptions subject to taxation) was \$3.3 billion. The total amount of debt applicable to the debt limit was \$706.8 million. The resulting legal debt margin was \$2.6 billion.

Long-Term Obligations

As of June 30, 2025, the City had total long-term obligations of \$1.1 billion compared to \$1.2 billion outstanding for the prior fiscal year, a decrease of 7.6 percent. Of this amount, \$706.8 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$410.0 million is comprised of various long-term debt instruments listed below plus accruals of year-end estimates for other long-term liabilities (in thousands):

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 706,815	\$ 735,565	—	\$ —	\$ 706,815	\$ 735,565
Lease revenue bonds	15,850	23,195	—	—	15,850	23,195
Pension obligation bonds	53,605	104,000	—	—	53,605	104,000
Special assessment debt district bonds	1,065	1,460	—	—	1,065	1,460
Sewer bonds	—	—	12,935	15,795	12,935	15,795
Unamortized premium and discounts	37,659	40,207	1,372	1,715	39,031	41,922
Total bonds payable	814,994	904,427	14,307	17,510	829,301	921,937
Financed purchase obligations payable	4,852	8,433	—	—	4,852	8,433
Right-to-use liabilities	10,734	17,711	—	—	10,734	17,711
Other long-term liabilities	271,952	260,503	—	—	271,952	260,503
Total long-term obligations	\$1,102,532	\$1,191,074	\$ 14,307	\$ 17,510	\$1,116,839	\$ 1,208,584

The City's long-term obligations decreased by \$91.7 million compared to the prior fiscal year balance. The decrease is primarily attributable to the repayment of long-term debt.

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

Economic Factors and Next Year's Budget

Economic conditions in the City of Oakland remained challenging during FY 2024-25, with recovery efforts continuing; however, economic activity did not materially deteriorate further from the post-pandemic levels experienced in the prior fiscal year. The City's large and diverse tax base continues to provide a foundation for moderate growth over time. While economic conditions remained constrained, the City's financial position improved during the fiscal year as a result of immediate and decisive actions taken after a projected budget deficit was identified during FY 2024-25. On the revenue side, the City experienced increases in business tax and fine revenues driven by enhanced recovery efforts targeting past-due business tax delinquencies and the enforcement of stricter fines. In addition, voters approved an increase to the sales tax rate; however, the revenue impact will not be realized until the subsequent fiscal year. On the expenditure side, the City implemented cost-containment measures to address budgetary pressures, including reductions in personnel costs through vacancy management and delayed hiring, limits on discretionary spending, and the deferral of certain costs, including contracts. Collectively, these actions stabilized the City's financial position and allowed General Purpose Fund reserves to be replenished to levels exceeding the minimum required thresholds.

While the balancing actions taken during FY 2024-25 materially strengthened the City's year-end financial position, they provided near-term relief and did not fully resolve the City's underlying structural budget challenges. Certain operational and staffing needs deferred during the fiscal year are expected to re-emerge in future periods, and rising costs related to insurance, medical benefits, and pension obligations will continue to place pressure on the City's finances. In addition, uncertainty related to federal and state funding presents ongoing fiscal risk.

Nevertheless, the City is well positioned to address these challenges by building on its underlying strengths, including a well-established infrastructure, a large and diverse tax base, and a strategic location within the San Francisco Bay Area near major centers of innovation. By leveraging its geographic, cultural, and economic assets, and through disciplined financial management and forward-looking

CITY OF OAKLAND
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

strategies, the City can support economic growth, maintain essential services, and work toward long-term fiscal sustainability.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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City of Oakland
Statement of Net Position
June 30, 2025
(In thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port of Oakland
ASSETS				
Cash and investments	\$ 1,400,980	\$ 116,069	\$ 1,517,049	\$ 675,421
Receivables (net of allowance for uncollectibles of \$19,634 for the City and \$2,379 for the Port)				
Accrued interest	16,078	1,087	17,165	—
Property taxes	28,136	—	28,136	—
Accounts receivable	101,276	20,218	121,494	51,534
Grants receivable	74,178	—	74,178	—
Lease receivable	44,153	—	44,153	1,013,069
Due from Port	8,657	—	8,657	—
Due from Oakland Redevelopment Successor Agency (ORSA)	2,124	—	2,124	—
Due from custodial funds	129	—	129	—
Internal balances	763	(763)	—	—
Due from other governments	12,786	—	12,786	—
Inventories	1,773	—	1,773	—
Restricted cash and investments	263,862	660	264,522	135,198
Property held for resale	125,892	—	125,892	—
Notes and loans receivable (net of allowance for uncollectibles of \$210,218)	719,532	—	719,532	—
Prepaid expenses	8,525	73	8,598	7,852
Other	—	—	—	20,411
Capital assets:				
Nondepreciable	377,929	2,521	380,450	650,206
Depreciable, net	1,220,306	243,645	1,463,951	1,230,384
TOTAL ASSETS	4,407,079	383,510	4,790,589	3,784,075
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized losses on refunding of debt	7,288	—	7,288	5,273
Pensions	411,626	8,185	419,811	42,673
OPEB	126,973	2,376	129,349	32,909
TOTAL DEFERRED OUTFLOWS OF RESOURCES	545,887	10,561	556,448	80,855
LIABILITIES				
Accounts payable and other current liabilities	147,019	2,674	149,693	76,778
Accrued interest payable	12,557	27	12,584	2,353
Due to other governments	513	—	513	—
Due to primary government	—	—	—	8,657
Unearned revenue	102,015	—	102,015	9,513
Other	26,781	6	26,787	3,521
Non-current liabilities:				
Due in one year				
Liabilities due within one year	202,846	3,343	206,189	82,017
Due in more than one year				
Liabilities due in more than one year	899,686	10,964	910,650	481,005
Net pension liability	1,728,216	46,394	1,774,610	196,848
Net OPEB liability	545,291	9,638	554,929	87,258
TOTAL LIABILITIES	3,664,924	73,046	3,737,970	947,950
DEFERRED INFLOWS OF RESOURCES				
Unamortized gains on refunding of debt	1,821	158	1,979	—
Leases	43,706	—	43,706	948,369
Pensions	17,854	186	18,040	4,600
OPEB	144,130	3,658	147,788	599
TOTAL DEFERRED INFLOWS OF RESOURCES	207,511	4,002	211,513	953,568
NET POSITION				
Net investment in capital assets	1,089,717	231,701	1,321,418	1,411,882
Restricted for:				
Debt service	41,336	—	41,336	—
Housing and community development	460,678	—	460,678	—
Low and moderate income housing redevelopment	359,637	—	359,637	—
Other purposes	68,864	—	68,864	81,675
Unrestricted (deficit)	(939,701)	85,322	(854,379)	469,855
TOTAL NET POSITION	\$ 1,080,531	\$ 317,023	\$ 1,397,554	\$ 1,963,412

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

City of Oakland
Statement of Activities
Year Ended June 30, 2025
(In thousands)

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Port of Oakland
Primary government:								
Governmental activities:								
General government	\$ 259,802	\$ 14,367	\$ 8,455	\$ 7,672	\$ (229,308)	\$ —	\$ (229,308)	
Public safety	586,880	27,056	11,278	—	(548,546)	—	(548,546)	
Community and human services	106,941	7,274	84,100	—	(15,567)	—	(15,567)	
Community and economic development	247,693	65,160	62,350	—	(120,183)	—	(120,183)	
Public works and transportation	188,579	83,946	55,301	—	(49,332)	—	(49,332)	
Interest on long-term debt	28,393	—	—	—	(28,393)	—	(28,393)	
TOTAL GOVERNMENTAL ACTIVITIES	1,418,288	197,803	221,484	7,672	(991,329)	—	(991,329)	
Business-type activities:								
Sewer	63,467	75,933	—	—	—	12,466	12,466	
Parks and recreation	871	1,036	—	—	—	165	165	
TOTAL BUSINESS-TYPE ACTIVITIES	64,338	76,969	—	—	—	12,631	12,631	
TOTAL PRIMARY GOVERNMENT	\$ 1,482,626	\$ 274,772	\$ 221,484	\$ 7,672	(991,329)	12,631	(978,698)	
Component unit:								
Port of Oakland	\$ 438,441	\$ 428,769	\$ 2,691	\$ 31,157				\$ 24,176
General revenues:								
Property taxes					477,300	—	477,300	—
State taxes (unrestricted intergovernmental revenues):								
Sales and use taxes					94,092	—	94,092	—
Gas tax					23,690	—	23,690	—
Motor vehicle in-lieu					683	—	683	—
Local taxes (own source revenues):								
Business license					129,666	—	129,666	—
Utility consumption					70,753	—	70,753	—
Real estate transfer					93,220	—	93,220	—
Transient occupancy					20,866	—	20,866	—
Parking					22,362	—	22,362	—
Voter-approved special tax					152,094	—	152,094	—
Franchise					14,676	—	14,676	—
Interest and investment income					72,979	5,028	78,007	70,853
Other					27,650	—	27,650	23,393
Transfers					1,271	(1,271)	—	—
TOTAL GENERAL REVENUES AND TRANSFERS					1,201,302	3,757	1,205,059	94,246
Changes in net position					209,973	16,388	226,361	118,422
Net position - beginning, as previously reported					682,203	300,635	982,838	1,844,990
Change in accounting principle					(11,548)	—	(11,548)	—
Cumulative effect of accounting change					199,903	—	199,903	—
Net position - beginning, as restated					870,558	300,635	1,171,193	1,844,990
NET POSITION - ENDING	\$ 1,080,531	\$ 317,023	\$ 1,397,554	\$ 1,963,412				

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

City of Oakland
Balance Sheet
Governmental Funds
June 30, 2025
(In thousands)

	General Fund	Federal/ State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Total
ASSETS							
Cash and investments	\$ 888,740	\$ 24,776	\$ 19,630	\$ 39,574	\$ 274,198	\$ 101,302	\$ 1,348,220
Receivables (net of allowance for uncollectibles of \$17,735)							
Accrued interest	9,342	120	231	2,167	2,609	876	15,345
Property taxes	7,790	—	—	—	16,852	3,494	28,136
Accounts receivable	78,782	189	3	1,006	12,530	8,675	101,185
Grants receivable	—	69,117	—	—	157	4,904	74,178
Lease receivable	17,665	—	—	26,144	—	—	43,809
Due from Port	7,996	—	—	—	—	661	8,657
Due from ORSA trust fund	560	—	1,437	127	—	—	2,124
Due from custodial funds	129	—	—	—	—	—	129
Due from other funds	2,227	—	—	—	—	—	2,227
Due from other governments	12,717	—	—	—	69	—	12,786
Notes and loans receivable (net of allowance for uncollectibles of \$210,218)	52,322	221,228	305,863	139,323	796	—	719,532
Restricted cash and investments	23,453	—	1,802	232,325	—	6,282	263,862
Property held for resale	2	—	30,677	95,213	—	—	125,892
Prepaid items	943	5,321	—	—	408	—	6,672
TOTAL ASSETS	\$ 1,102,668	\$ 320,751	\$ 359,643	\$ 535,879	\$ 307,619	\$ 126,194	\$ 2,752,754
LIABILITIES							
Accounts payable and accrued liabilities	\$ 80,128	\$ 23,935	\$ 3	\$ 8,180	\$ 18,954	\$ 7,140	\$ 138,340
Due to other funds	—	—	—	—	—	1,458	1,458
Due to other governments	—	50	—	463	—	—	513
Unearned revenue	5,001	68,681	—	—	28,333	—	102,015
Other	6,968	4,305	4	766	11,770	2,965	26,778
TOTAL LIABILITIES	92,097	96,971	7	9,409	59,057	11,563	269,104
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property tax	8,395	—	—	—	15,059	2,573	26,027
Unavailable revenue - notes and loans	52,322	221,228	306,358	141,360	796	—	722,064
Unavailable revenue - grants and others	10,284	30,950	—	198	77	1,948	43,457
Unavailable revenue - loans to ORSA	—	—	1,437	127	—	—	1,564
Leases	16,852	—	—	26,543	—	—	43,395
TOTAL DEFERRED INFLOWS OF RESOURCES	87,853	252,178	307,795	168,228	15,932	4,521	836,507
FUND BALANCES							
Nonspendable	945	5,321	—	—	408	—	6,674
Restricted	420,809	—	51,841	358,242	—	100,432	931,324
Committed	249,281	—	—	—	27,137	1,823	278,241
Assigned	60,476	—	—	—	205,085	9,297	274,858
Unassigned	191,207	(33,719)	—	—	—	(1,442)	156,046
TOTAL FUND BALANCES	922,718	(28,398)	51,841	358,242	232,630	110,110	1,647,143
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,102,668	\$ 320,751	\$ 359,643	\$ 535,879	\$ 307,619	\$ 126,194	\$ 2,752,754

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, 2025
(In thousands)

Fund balances - total governmental funds (page 25)		\$ 1,647,143
Amounts reported for governmental activities in the statement of net position are different due to the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Primary government capital assets, net of depreciation/amortization	1,598,235	
Less: internal service funds' capital assets, net of depreciation/amortization	<u>(37,407)</u>	1,560,828
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	(12,557)	
Less: interest payable on long-term debt of the internal service funds	<u>50</u>	(12,507)
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.		
		793,112
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	(1,102,532)	
Less: long-term liabilities for internal service funds	<u>8,417</u>	(1,094,115)
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.		
		7,288
Deferred inflows of resources in governmental activities related to gains on refunding of debt are not financial resources and, therefore, are not reported in the governmental funds.		
		(1,821)
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	(1,663,806)	
Deferred outflows of resources related to pensions	393,616	
Deferred inflows of resources related to pensions	(17,644)	
Net OPEB liability	(534,576)	
Deferred outflows of resources related to OPEB	123,442	
Deferred inflows of resources related to OPEB	<u>(139,688)</u>	(1,838,656)
Internal service funds are used by the City to charge the costs of providing supplies and services, fleet and facilities management, and use of radio and communications equipment to individual funds. Assets, deferred outflows, liabilities, and deferred inflows of resources of internal service funds are included in governmental activities in the statement of net position.		
		<u>19,259</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES (page 23)		<u><u>\$ 1,080,531</u></u>

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

City of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025
(In Thousands)

	General Fund	Federal/ State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Govern- mental Funds	Total
REVENUES							
Taxes:							
Property	\$ 403,829	\$ —	\$ —	\$ —	\$ 22,672	\$ 49,046	\$ 475,547
Sales and use	59,999	—	—	—	—	34,093	94,092
Motor vehicle in-lieu	683	—	—	—	—	—	683
Gas	—	—	—	—	—	23,690	23,690
Local taxes	342,044	150	—	—	141,915	19,528	503,637
Licenses and permits	1,516	—	—	—	30,138	42	31,696
Fines and penalties	23,686	94	—	—	3,502	775	28,057
Interest and investment income	28,880	2,891	2,429	16,728	12,590	5,953	69,471
Charges for services	91,660	201	—	5,536	40,511	141	138,049
Federal and state grants and subventions	3,590	212,219	—	—	1,224	4,452	221,485
Other	22,890	—	1,230	—	—	2,087	26,207
TOTAL REVENUES	978,777	215,555	3,659	22,264	252,552	139,807	1,612,614
EXPENDITURES							
Current:							
General government	150,456	20,221	—	10,815	62,994	4,953	249,439
Public safety	534,937	15,795	—	447	30,198	—	581,377
Community and human services	55,909	76,447	10	60	83,529	13,708	229,663
Community and economic development	42,819	68,092	13,003	48,274	57,086	181	229,455
Public works and transportation	35,105	11,994	—	9,311	42,925	64,358	163,693
Capital outlay	4,610	33,563	—	56,374	5,079	11,237	110,863
Debt service:							
Principal repayment	1,763	404	—	—	630	88,273	91,070
Interest charges	349	—	—	—	15	31,936	32,300
TOTAL EXPENDITURES	825,948	226,516	13,013	125,281	282,456	214,646	1,687,860
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	152,829	(10,961)	(9,354)	(103,017)	(29,904)	(74,839)	(75,246)
OTHER FINANCING SOURCES (USES)							
Transfers in	10,559	—	—	—	23,565	60,455	94,579
Transfers out	(82,242)	—	—	(432)	(1,535)	(2,409)	(86,618)
TOTAL OTHER FINANCING SOURCES (USES)	(71,683)	—	—	(432)	22,030	58,046	7,961
NET CHANGE IN FUND BALANCES	81,146	(10,961)	(9,354)	(103,449)	(7,874)	(16,793)	(67,285)
Fund balances - beginning	641,669	(17,437)	61,195	461,691	240,504	126,903	1,514,525
Cumulative effect of accounting change	199,903	—	—	—	—	—	199,903
Fund balances - beginning, as restated	841,572	(17,437)	61,195	461,691	240,504	126,903	1,714,428
FUND BALANCES - ENDING	\$ 922,718	\$ (28,398)	\$ 51,841	\$ 358,242	\$ 232,630	\$ 110,110	\$1,647,143

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, 2025
(In thousands)

Net change in fund balances - total governmental funds (page 27)		\$ (67,285)
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense.		
Primary government:		
Capital asset acquisition	152,038	
Capital asset retirement	(10)	
Depreciation/amortization	<u>(80,607)</u>	71,421
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		145,052
Some expenses such as claims, workers' compensation, and vacation and sick leave reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(12,792)
The repayment of principal of long-term debt consumes the current financial resources of the governmental funds. This is the amount by which principal retirement reduces the liabilities in the statement of net position.		91,070
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the government funds.		
Amortization of bond premiums and discounts	2,548	
Amortization of deferred outflows of refunding losses and inflows of refunding gains	(1,004)	
Changes in accrued interest on bonds and notes payable	2,660	
Changes in Coliseum Authority pledged obligation	1,177	
Changes in mandated environmental remediation obligations	166	
Change in net pension liability and deferred outflows and inflows of resources related to pensions	(31,308)	
Change in net OPEB liability and deferred outflows and inflows of resources related to OPEB	<u>26,483</u>	722
Net revenues of activities of internal service funds are reported with governmental activities		<u>(18,215)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 24)		<u>\$ 209,973</u>

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

City of Oakland
Statement of Fund Net Position
Proprietary Funds
June 30, 2025
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service Fund	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 116,069	\$ —	\$ 116,069	\$ 52,760
Interest receivable	1,087	—	1,087	733
Accounts receivable (net of allowance for uncollectibles of \$1,445 for the enterprise funds)	20,212	6	20,218	91
Lease receivable	—	—	—	344
Inventories	—	—	—	1,773
Restricted cash and investments	—	660	660	—
Prepaid expenses	73	—	73	1,853
Total current assets	137,441	666	138,107	57,554
Capital assets:				
Nondepreciable	2,160	361	2,521	12,756
Depreciable, net	242,866	779	243,645	24,651
Total capital assets	245,026	1,140	246,166	37,407
TOTAL ASSETS	382,467	1,806	384,273	94,961
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	8,161	24	8,185	18,010
OPEB	2,345	31	2,376	3,531
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,506	55	10,561	21,541
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued liabilities	2,667	7	2,674	8,679
Accrued interest payable	27	—	27	50
Due to other funds	—	763	763	6
Other liabilities	6	—	6	3
Bonds, financed purchase obligations, notes and other payables	3,343	—	3,343	2,092
Total current liabilities	6,043	770	6,813	10,830
Non-current liabilities:				
Bonds, financed purchase obligations, notes and other payables	10,964	—	10,964	6,325
Net pension liability	45,992	402	46,394	64,410
Net OPEB liability	9,554	84	9,638	10,715
Total non-current liabilities	66,510	486	66,996	81,450
TOTAL LIABILITIES	72,553	1,256	73,809	92,280
DEFERRED INFLOWS OF RESOURCES				
Unamortized gains on refunding of debt	158	—	158	—
Leases	—	—	—	311
Pensions	89	97	186	210
OPEB	3,616	42	3,658	4,442
TOTAL DEFERRED INFLOWS OF RESOURCES	3,863	139	4,002	4,963
NET POSITION				
Net investment in capital assets	230,561	1,140	231,701	28,990
Unrestricted (deficit)	85,996	(674)	85,322	(9,731)
TOTAL NET POSITION	\$ 316,557	\$ 466	\$ 317,023	\$ 19,259

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, 2025
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service Fund	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
OPERATING REVENUES				
Rental	\$ —	\$ 1,036	\$ 1,036	\$ —
Sewer services	75,926	—	75,926	—
Charges for services	—	—	—	145,643
Other	7	—	7	—
TOTAL OPERATING REVENUES	75,933	1,036	76,969	145,643
OPERATING EXPENSES				
Personnel	25,338	140	25,478	55,728
Supplies	771	468	1,239	11,506
Depreciation and amortization	8,250	58	8,308	11,314
Contractual services and supplies	4,225	—	4,225	9,814
Repairs and maintenance	11,797	—	11,797	13,037
General and administrative	10,449	191	10,640	18,351
Rental	2,236	14	2,250	1,779
Other	—	—	—	40,838
TOTAL OPERATING EXPENSES	63,066	871	63,937	162,367
OPERATING INCOME (LOSS)	12,867	165	13,032	(16,724)
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment income (loss)	5,062	(34)	5,028	3,507
Interest expense	(401)	—	(401)	(297)
Insurance claims and settlements	—	—	—	1,951
Other	—	—	—	39
TOTAL NON-OPERATING REVENUES (EXPENSES)	4,661	(34)	4,627	5,200
INCOME (LOSS) BEFORE TRANSFERS	17,528	131	17,659	(11,524)
Transfers in	—	427	427	—
Transfers out	(1,697)	(1)	(1,698)	(6,690)
Change in net position	15,831	557	16,388	(18,214)
Net position - beginning	300,726	(91)	300,635	37,473
NET POSITION - ENDING	\$ 316,557	\$ 466	\$ 317,023	\$ 19,259

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, 2025
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Service Fund	Nonmajor Fund Parks and Recreation	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from interfund services provided	\$ —	\$ —	\$ —	\$ 145,646
Cash received from customers and users	74,874	—	74,874	—
Cash received from tenants for rents	—	1,036	1,036	—
Cash from other sources	7	—	7	1,990
Cash paid to employees	(24,375)	(140)	(24,515)	(60,377)
Cash paid to suppliers	(30,206)	(677)	(30,883)	(95,452)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>20,300</u>	<u>219</u>	<u>20,519</u>	<u>(8,193)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from (repayment of) interfund loans	—	(233)	(233)	(57)
Transfers in	—	427	427	—
Transfers out	(1,697)	(1)	(1,698)	(6,690)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(1,697)</u>	<u>193</u>	<u>(1,504)</u>	<u>(6,747)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(3,334)	—	(3,334)	(10,929)
Long-term debt:				
Repayment of long-term debt	(2,860)	—	(2,860)	(4,986)
Interest paid on long-term debt	(791)	—	(791)	(421)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(6,985)</u>	<u>—</u>	<u>(6,985)</u>	<u>(16,336)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	5,124	(35)	5,089	3,649
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,742	377	17,119	(27,627)
Cash and cash equivalents - beginning	99,327	283	99,610	80,387
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 116,069</u>	<u>\$ 660</u>	<u>\$ 116,729</u>	<u>\$ 52,760</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 12,866	\$ 165	\$ 13,031	\$ (16,724)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Depreciation and amortization	8,250	58	8,308	11,314
Miscellaneous non-operating revenues	—	—	—	1,990
Changes in assets, liabilities, and deferred outflows and inflows of resources:				
Accounts receivable	(1,052)	—	(1,052)	4
Lease receivable	—	—	—	253
Inventories	—	—	—	(280)
Other assets	(34)	—	(34)	(1,023)
Accounts payable and accrued liabilities	(693)	(4)	(697)	1,176
Deferred inflow of resources related to leases	—	—	—	(254)
Net pension liability and related pension deferred items	1,537	—	1,537	(2,972)
Net OPEB liability and related OPEB deferred items	(574)	—	(574)	(1,677)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 20,300</u>	<u>\$ 219</u>	<u>\$ 20,519</u>	<u>\$ (8,193)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION				
Cash and investments	\$ 116,069	\$ —	\$ 116,069	\$ 52,760
Restricted cash and investments	—	660	660	—
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 116,069</u>	<u>\$ 660</u>	<u>\$ 116,729</u>	<u>\$ 52,760</u>
NON-CASH CAPITAL FINANCING ACTIVITIES ITEMS:				
Amortization of bond premiums	<u>\$ 343</u>	<u>\$ —</u>	<u>\$ 343</u>	<u>\$ —</u>

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

City of Oakland
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025
(In thousands)

	Pension Trust Fund	Private- Purpose Trust Funds	Custodial Fund
ASSETS			
Cash and investments	\$ 10,412	\$ 27,381	\$ —
Receivables:			
Accrued interest and dividends	1,373	478	—
Accounts receivable	—	—	601
Investments and others	71,673	—	—
Prepaid expenses	—	1,069	—
Restricted:			
Cash and investments:			
Short-term investments	15,577	15,636	—
U.S. government, corporate, and other government bonds	175,309	—	—
Domestic equities and mutual funds	189,536	—	—
International equities and mutual funds	72,903	—	—
Alternative investments	23,952	—	—
Total restricted cash and investments	<u>477,277</u>	<u>15,636</u>	<u>—</u>
Securities lending collateral	45,689	—	—
Loans receivable, net of allowance for uncollectibles of \$4,349	—	3,037	—
Property held for resale	—	2,818	—
TOTAL ASSETS	<u>606,424</u>	<u>50,419</u>	<u>601</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized losses on refunding of debt	—	9,337	—
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	84,088	44	—
Accrued interest payable	—	3,166	—
Due to other funds of the City	—	2,124	129
Securities lending liabilities	45,681	—	—
Other	—	53	—
Total current liabilities	<u>129,769</u>	<u>5,387</u>	<u>129</u>
Non-current liabilities:			
Due within one year	—	11,286	—
Due in more than one year	—	178,078	—
Total non-current liabilities	<u>—</u>	<u>189,364</u>	<u>—</u>
TOTAL LIABILITIES	<u>129,769</u>	<u>194,751</u>	<u>129</u>
DEFERRED INFLOWS OF RESOURCES			
Unamortized gains on refunding of debt	—	219	—
NET POSITION RESTRICTED FOR:			
Employees' pension benefits	476,653	—	—
Redevelopment dissolution and other purposes	—	(135,214)	472
TOTAL NET POSITION	<u>\$ 476,653</u>	<u>\$ (135,214)</u>	<u>\$ 472</u>

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, 2025
(In thousands)

	Pension Trust Fund	Private- Purpose Trust Funds	Custodial Fund
ADDITIONS:			
Trust receipts	\$ —	\$ 21,799	\$ —
Contributions:			
Employer	34,845	—	—
Investment income:			
Net appreciation in fair value of investments	34,524	—	—
Interest income	6,362	1,495	(6)
Dividends	3,436	—	—
Securities lending	97	—	—
TOTAL INVESTMENT INCOME	44,419	1,495	(6)
Less investment expenses:			
Investment expenses	1,487	—	—
NET INVESTMENT INCOME	42,932	1,495	(6)
Federal and state grants	—	106	—
Other income	—	591	—
TOTAL ADDITIONS	77,777	23,991	(6)
DEDUCTIONS:			
Benefits to members and beneficiaries:			
Retirement	29,364	—	—
Disability	18,411	—	—
Death	1,509	—	—
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	49,284	—	—
Administrative expenses	1,848	1,332	—
Economic and workforce development	—	600	—
Interest on debt	—	10,158	—
TOTAL DEDUCTIONS	51,132	12,090	—
Change in net position	26,645	11,901	(6)
Net position - beginning	450,008	(147,115)	478
NET POSITION - ENDING	\$ 476,653	\$ (135,214)	\$ 472

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF OAKLAND
Notes to the Basic Financial Statements
Year Ended June 30, 2025

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.

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.

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.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

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

Fiduciary Activities

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. 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 the County of Alameda Countywide Oversight Board. As such, ORSA is reported as a fiduciary fund of the City. Pursuant to SB 107, there are seven Countywide Oversight Board members as follows:

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

In general, the ORSA's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). ORSA will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the Former Agency until all enforceable obligations of the Former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the ORSA's custodial role, ORSA is reported in a fiduciary fund (private-purpose trust fund) in the City's financial statements.

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

B. FINANCIAL STATEMENT PRESENTATION

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. The effect of interfund activity has been removed from these statements except for interfund services provided among funds. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from its discretely presented component unit for which the Primary Government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

The City reports the following major governmental funds:

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

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

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

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

blighted properties and illegal dumping. The term of the tax is 20 years, commencing July 1, 2020 and ending June 30, 2040.

- *Measure AA - Oakland Children's Initiative.* In November 2018, the electorate of Oakland approved an amendment to the City's charter to impose a parcel tax for education. The term of the tax is 30 years. Collection of the tax commenced in 2021 and is authorized through June 30, 2049.
- *Measure WW - East Bay Regional Park District local grant program.* The funds are for various Oakland parks and open space renovation projects.
- *Measure N - Paramedics Services Act.* The revenue from the measure increases, enhances, and supports paramedic services in the City.
- *Oakland Kids' First Fund.* The charter requires 3 percent of the City's unrestricted general purpose fund revenues for the fund. The revenues provide additional funding for programs and services benefiting children and youth.
- *Development Services Fund.* The revenue sources for the development service fund will be the fees and penalties for development and enforcement activities, such as land use, permit, inspection, and abatement services for both direct and indirect costs.
- *Other miscellaneous special revenue funds.* Accounts for several other restricted monies that are classified as special revenue funds.

The City reports the following major enterprise fund:

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

Additionally, the City reports the following funds:

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

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

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

The ***Custodial Fund*** reports fiduciary activities not held in a trust or equivalent arrangement, including the State Asset Trust Fund, which holds funds subject to court disposition, and the

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Neighborhood Crime Prevention Council Trust, which was established to accept donations and grants for community-led organizations.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available for the year levied and if they are collected within 60 days of the end of the fiscal period. All other revenues are considered to be available if they are collected within 90 days of the end of the fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and local taxes, grants, licenses, charges for services, and interest and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Special assessments are recorded as revenues and receivables to the extent installments are considered available. The estimated installments receivable not considered available, as defined above, are recorded as receivables and offset by deferred inflows of resources.

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

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

D. USE OF ESTIMATES

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

E. NEW PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of the statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of this statement resulted in the recognition of additional compensated absences liabilities of \$11.5 million as of June 30, 2024 and a restatement of the beginning net position of the governmental activities. Refer to Note 1, part G, for additional information.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of the Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption of this statement did not have a material impact on the City's June 30, 2025 financial statements.

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

- In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for the City's fiscal year ending June 30, 2026.
- In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about intangible capital assets and capital assets held for resale. The requirements of this statement are effective for the City's fiscal year ending June 30, 2026.
- In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this statement are effective for the City's fiscal year ending June 30, 2027.

F. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Cash and Investments

The City follows the practice of pooling cash of all operating funds for investment, except for the ORSA and the Police and Fire Retirement System (PFRS), whose funds are primarily held by outside custodians. The City measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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, 2025.

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

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

4. Interfund Transfers

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

expenditures in the fund that is reimbursed. Reimbursements are eliminated for purposes of government-wide reporting.

5. Original Issue Discounts and Premiums, and Refundings

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

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

6. Inventories

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

7. Capital Assets

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

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

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

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

8. Leases and Subscriptions

As part of normal operations, the City has entered into various agreements as either a lessor, lessee, or subscriber for land, equipment, subscription-based information technology agreements (SBITAs), and other right-to-use asset classes. As a lessee or subscriber, the City recognizes a lease or SBITA liability and an intangible right-to-use lease or SBITA asset. As a lessor, the City recognizes a lease receivable and a deferred inflow of resources. Lease and SBITA liabilities and receivables were calculated based on the net present value of future payments, discounted using an interest rate based on the City's historical borrowing costs. The City defines leases and SBITAs as balances with an initial value of \$200,000 or more. Amortization periods for lease and SBITA assets are based on the shorter of lease and SBITA term or useful life.

9. Property Held for Resale

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

10. 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources related to unamortized losses on refunding of debt as well as deferred outflows related to leases, pension, and OPEB.

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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, notes and loan receivables, grant receivables/advances from the federal government and State, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available. The City also has deferred inflows of resources related to the unamortized gains on refunding of debt as well as deferred inflows related to leases, pension, and OPEB.

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

The City's policy and its agreements with employee groups permit employees to accumulate earned but unused vested vacation, sick leave and other compensatory time. Liabilities for compensated absences are recognized for (a) leave that is attributable to services already rendered, (b) leave that accumulates, and (c) leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Compensated absences are reported in the governmental activities of the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they are due and payable.

12. Retirement Plans

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

13. Other Postemployment Benefits (OPEB)

The City's OPEB plan covers the City's police, fire, and other (miscellaneous) employees. City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. Retiree health benefits are described in the labor agreements between the City and local unions and in City resolutions. The demographic rates used for CalPERS were public safety employees retirements benefits under a 3 percent at 50 formula and miscellaneous employees

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

retirement benefits under a 2.7 percent at 55 formula. In addition, the Port's Retiree Healthcare Plan covers the Port's employees. Refer to Note III, part B for additional information.

14. Pollution Remediation Obligations

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

15. Fund Balances

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

- *Nonspendable Fund Balance*: includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Items that are not expected to be converted to cash, for example, inventories and prepaid amounts, are included in this classification, as well as property held for sale when no restrictions apply to the use of proceeds.
- *Restricted Fund Balance*: includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. It also includes a legally enforceable requirement that the resources can only be used for specific purposes enumerated in the law.
- *Committed Fund Balance*: includes amounts that can only be used for the specific purposes determined by City Council ordinance, which is the City's highest level of decision-making authority. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed through City Council budgetary action, which includes appropriations and revenue sources pertaining to the next fiscal year's budget. The City Council adopted a resolution establishing the City's policy budget, which states that assigned fund balances are intended to be used for specific purposes through City Council budgetary actions. Intent is expressed by (a) the City Council or (b) the City Administrator to which the City Council has delegated the authority to assign amounts to be used for specific purposes. This category includes the City's encumbrances, project carry-forwards, and continuing appropriations.
- *Unassigned Fund Balance*: are amounts technically available for any purpose. It is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Other governmental funds may only report a negative unassigned balance that was created after classification of restricted, committed, and assigned fund balance.

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Fund balances for all the major and nonmajor governmental funds as of June 30, 2025, were distributed as follows (in thousands):

	General Fund	Federal/State Grant Fund	LMIHF ¹	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	\$ 943	\$ 5,321	\$ —	\$ —	\$ 408	\$ —	\$ 6,672
Property held for resale with no restrictions on use of proceeds	2	—	—	—	—	—	2
Total nonspendable	945	5,321	—	—	408	—	6,674
Restricted for:							
Capital projects	—	—	1,802	263,029	—	59,651	324,482
Pension obligations annuity	23,453	—	—	—	—	—	23,453
Pension obligations PFRS	392,517	—	—	—	—	—	392,517
Debt service	—	—	—	—	—	40,781	40,781
Property held for sale	—	—	30,677	95,213	—	—	125,890
Opioid settlement projects	4,839	—	—	—	—	—	4,839
Housing projects	—	—	19,362	—	—	—	19,362
Total restricted	420,809	—	51,841	358,242	—	100,432	931,324
Committed for:							
Vital services	21	—	—	—	—	—	21
Affordable housing	36,481	—	—	—	—	—	36,481
Measure Q, Library, Kids First, and museum trust	—	—	—	—	27,137	1,823	28,960
Employee Benefit Obligations	212,779	—	—	—	—	—	212,779
Total committed	249,281	—	—	—	27,137	1,823	278,241
Assigned for:							
Measure HH projects	6,727	—	—	—	—	—	6,727
Capital projects	37,894	—	—	—	205,085	—	242,979
General government	6,271	—	—	—	—	—	6,271
Public safety	4,240	—	—	—	—	—	4,240
Community and human services	1,977	—	—	—	—	9,297	11,274
Community and economic development	383	—	—	—	—	—	383
Public works and transportation	2,984	—	—	—	—	—	2,984
Total assigned	60,476	—	—	—	205,085	9,297	274,858
Unassigned	191,207	(33,719)	—	—	—	(1,442)	156,046
Total	\$ 922,718	\$ (28,398)	\$ 51,841	\$ 358,242	\$ 232,630	\$ 110,110	\$ 1,647,143

¹ Low and Moderate Income Housing Asset Fund

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

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

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

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

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

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

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

In June 2020, City Council adopted Resolution No. 88174 to make mid-cycle budget adjustments for fiscal year 2020-21. These adjustments included the appropriation of \$14.6 million from the VSSF to support General Fund services. In December 2024, City Council adopted Resolution No. 90585 to unrestrict and authorize the transfer of \$0.5 million from the VSSF to support General Fund services for budget balancing purposes. At June 30, 2025, the General Fund reported Vital Services Stabilization reserve of close to \$0.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

On June 24, 2021, the City Council passed Resolution No. 88717, establishing a separate subfund reported within the General Fund as the General Purpose Fund Emergency Reserve, and appropriated an amount equal to 7.5% of FY 2021-22 GPF appropriations to this new fund. Prior to the adoption of this resolution, the City measured its General Fund reserve as the unassigned fund balance in its GPF. As of June 30, 2025, the City's standalone General Purpose Fund Emergency Reserve has a balance of \$63.8 million. Unassigned fund balance in the General Fund is \$191.2 million, of which \$34.6 million is attributable to the GPF. In combination, the sum of the General Purpose Fund Emergency Reserve fund balance and unassigned GPF fund balance results in total General Fund reserves of \$98.4 million, as shown below (in thousands):

General Purpose Fund Emergency Reserve	\$ 63,810
General Purpose Fund unassigned fund balance	<u>34,632</u>
Total General Fund reserves	<u>\$ 98,442</u>

16. Net Position

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

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

G. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE

As of July 1, 2024, the City implemented GASB Statement No. 101, Compensated Absences, and restated the beginning the net position of the governmental activities to record the impact of the changes in compensated absences liabilities. The City also restated the beginning fund balance and net position of the General Fund and governmental activities, respectively, to correct an overstatement of accounts payable and other current liabilities as of June 30, 2024 as shown below:

	Net Position/ Fund Balance, Beginning of Year			
	As Previously Reported	GASB Statement No. 101 Implementation	Cumulative effect of accounting change	As Restated
Governmental Activities	<u>\$ 682,203</u>	<u>\$ (11,548)</u>	<u>\$ 199,903</u>	<u>\$ 870,558</u>
General Fund	<u>\$ 641,669</u>	<u>\$ —</u>	<u>\$ 199,903</u>	<u>\$ 841,572</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

II DETAILED NOTES ON ALL FUNDS

A. CASH, DEPOSITS, AND INVESTMENTS

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

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

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

As of June 30, 2025, total City cash, deposits, and investments at fair value are as follows (in thousands):

	Primary Government		Fiduciary Funds		Total	Component Unit
	Governmental Activities	Business-type Activities	Pension Trust Fund	Private-Purpose Trust Funds		Port
Cash and investments	\$ 1,400,980	\$ 116,069	\$ 10,412	\$ 27,381	\$ 1,554,842	\$ 675,421
Restricted cash and investments	263,862	660	477,277	15,636	757,435	135,198
Securities lending collateral	—	—	45,689	—	45,689	—
Total	\$ 1,664,842	\$ 116,729	\$ 533,378	\$ 43,017	\$ 2,357,966	\$ 810,619
City pooled deposits					\$ 6,999	\$ —
City pooled investments					1,524,041	765,527
City restricted investments					263,487	—
PFRS restricted investments					522,965	—
ORSA deposits					2,851	—
ORSA investments					37,623	—
Port's cash and investments					—	45,092
Total					\$ 2,357,966	\$ 810,619

Primary Government

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

The City's pooled and restricted investments have the following recurring fair value measurements as of June 30, 2025 (in thousands):

	Level One	Level Two	Level Three	Total
Investment by fair value level:				
U.S. Government Agency Securities	\$ —	\$ 1,792,208	\$ —	\$ 1,792,208
Medium Term Notes	—	10,031	—	10,031
Negotiable Certificates of Deposit	—	20,003	—	20,003
Commercial Paper-Discount	—	49,016	—	49,016
Annuity Contracts	—	—	22,000	22,000
Total investments by fair value level	\$ —	\$ 1,871,258	\$ 22,000	1,893,258
Investments measured at net asset value (NAV):				
Money Market Mutual Funds				584,707
Local Agency Investment Fund (LAIF)				75,090
Total investment measured at fair value				\$ 2,553,055

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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, 2025, the carrying amount of the City's deposits was \$7.0 million. Deposits include checking accounts, interest earning savings accounts, and money market accounts. The bank balance of \$10.2 million was covered by FDIC insurance or collateralized with securities held by the pledging financial institution in the City's name, in accordance with Section 53652 of the California Government Code.

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

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

The following tables show the City's credit risk for the pooled and restricted investment portfolios as of June 30, 2025 (in thousands):

Pooled Investments

	Fair Value	Ratings as of June 30, 2025				
		AAA/Aaa	AA+/Aa1	A1/P1	A/A3	Not Rated
U.S Government Agency Securities	\$ 594,893	\$ —	\$ 594,893	\$ —	\$ —	\$ —
U.S Government Agency Securities (Discount)	1,194,315	—	1,194,315	—	—	—
Money Market Mutual Funds	346,220	346,220	—	—	—	—
Local Agency Investments Fund (LAIF)	75,090	—	—	—	—	75,090
Negotiable Certificates of Deposit	20,003	—	—	20,003	—	—
Commercial Paper-Discount	49,016	—	—	49,016	—	—
Commercial Bonds	10,031	—	—	—	10,031	—
Total pooled investments	\$2,289,568	\$346,220	\$ 1,789,208	\$69,019	\$10,031	\$ 75,090

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Restricted Investments

	Fair Value	Ratings as of June 30, 2025			
		AA+/Aa1	AAA/Aaa	A-1	Not Rated
U.S Government Agency Securities	\$ 3,000	\$ 3,000	\$ —	\$ —	\$ —
Money Market Mutual Funds	238,487	—	237,527	—	960
Annuity Contracts	22,000	—	—	—	22,000
Total Restricted Investments	\$263,487	\$ 3,000	\$237,527	\$ —	\$ 22,960

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

Investments in issuers that exceed 5 percent of the City’s total pooled and restricted investment portfolio at June 30, 2025 are as follows (in thousands):

<u>Investment Type/Issuer</u>	<u>Amount</u>	<u>Percent of City's Investment Portfolio</u>
U.S. Government Agency Securities:		
Federal Home Loan Bank	\$ 1,281,394	50.2 %
Federal Farm Credit Bank	451,279	17.7 %

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

The City uses the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2025, the City had the following investments and original maturities (in thousands):

Pooled Investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>		
			<u>12 Months or Less</u>	<u>1-3 Years</u>	<u>3-5 Years</u>
U.S. Government Agency Securities	\$ 594,893	0.000-5.280	\$ 288,264	\$244,854	\$61,775
U.S. Government Agency Securities (Discount)	1,194,315	4.017-6.257	1,194,315	—	—
Money Market Mutual Funds	346,220	4.057-4.270	346,220	—	—
Local Agency Investment Fund (LAIF)	75,090	4.269	75,090	—	—
Negotiable Certificates of Deposit	20,003	4.457-4.498	20,003	—	—
Commercial Paper-Discourt	49,016	4.412-4.495	49,016	—	—
Corporate Bonds	10,031	4.435	—	10,031	—
Total pooled investments	\$ 2,289,568		\$ 1,972,908	\$254,885	\$61,775

Restricted Investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>			
			<u>12 Months or Less</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>5 Years or More</u>
U.S. Government Agency Securities	\$ 3,000	4.303	\$ 3,000	\$ —	\$ —	\$ —
		3.790 -				
Money Market Mutual Funds	238,487	5.230	238,487	—	—	—
Annuity Contracts	22,000	4.350	—	—	—	22,000
Total restricted investments	\$ 263,487		\$241,487	\$ —	\$ —	\$ 22,000

Other Disclosures: As of June 30, 2025, the City's investment in LAIF is \$75.1 million. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately \$178.1 billion, of which 96.2% is invested in non-derivative financial products. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different from the fair value of the City's position in the pool.

Oakland Police and Fire Retirement System (PFRS)

Deposits in the City's Investment Pool

As of June 30, 2025, cash and cash deposits consisted of cash in treasury held in the City's cash and investment pool as well as cash deposits held in bank and with a custodian. These funds are invested according to the investment policy adopted by the City Council. As of June 30, 2025, PFRS' share of the City's investment pool totaled \$10.5 million. As of June 30, 2025, PFRS also had cash and cash deposits not held in the City's investment pool that totaled negative \$60 thousand.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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 two iShares ETF which are managed internally. During the year ended June 30, 2025, the number of external investment managers was thirteen and eleven, respectively.

The PFRS investments are also restricted by the City Charter. In November 2006, City voters passed Measure M to amend the City Charter to allow the PFRS Board to invest in non-dividend paying stocks and to change the asset allocation structure from 50 percent equities and 50 percent fixed income to the Prudent Person Standard as defined by the California Constitution.

PFRS' investment policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. PFRS' investment policy allows the fixed income managers to invest in fixed income investments and some exposure to investments below an investment grade rating, as long as the portfolio maintains an average credit quality of BBB (investment grade using S&P, Moody's, or Fitch ratings).

PFRS' investment policy states that investments in securities known as collateralized mortgage obligations (CMOs) shall be limited to a maximum of 20 percent of a broker account's fair value with no more than 5 percent in any one issue. CMOs are mortgage-backed securities that create separate pools of pass-through rates for different classes of bondholders with varying maturities. The fair value of CMOs are considered sensitive to interest rate changes because they have embedded options.

The investment policy allows for each fixed income asset manager to have a maximum of 10 percent of any single security investment in their individual portfolios with the exception of U.S. government securities, which is allowed to have a maximum of 25 percent in each manager's portfolio.

The following was PFRS' adopted asset allocation as of June 30, 2025:

Asset Class	Target Allocation
Fixed income	61 %
Domestic equity	25
International equity	5
Crisis risk offset	9
Total	100 %

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Hierarchy of Inputs: The PFRS has the following recurring fair value measurements as of June 30, 2025 (in thousands):

	Level One	Level Two	Level Three	Total
Investment by fair value level:				
Short-term investments	\$ —	\$ 3,815	\$ —	\$ 3,815
Bonds	12,483	108,137	—	120,620
Domestic equities and mutual funds	73,112	—	—	73,112
International equities and mutual funds	72,879	—	24	72,903
Total investments by fair value level	\$ 158,474	\$ 111,952	\$ 24	\$ 270,450
Investments measured at net asset value (NAV):				
Short-term investment funds				11,761
Fixed income funds				54,690
Domestic equities and mutual funds				116,424
Hedge fund				13,114
Venture capital fund				10,838
Securities lending collateral				45,689
Total investments measured at NAV				252,515
Total				\$ 522,965

Interest Rate Risk: The weighted average duration for PFRS' fixed income investment portfolio excluding fixed short-term investments, foreign currency contracts, and securities lending investments was 6.67 years as of June 30, 2025.

As of June 30, 2025, PFRS had the following fixed income investments by category (in thousands):

Investment Type	Fair Value	Modified Duration (Years)
Short-Term Investment Funds	\$ 11,775	n/a
U.S. Treasury Bills	3,802	0.17
Fixed Income Investments		
Government Bonds		
U.S. Treasuries	22,300	8.32
Government Agencies	37,996	6.98
Total Government Bonds	60,296	
Corporate and Other Bonds		
Corporate Bonds	114,871	6.25
Total Fixed Income Investments*	\$ 175,167	6.67
Securities Lending Collateral	\$ 45,689	

*\$141,212 of exchange-traded swaps are excluded because they are not exposed to interest rate risk.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Fair Value Highly Sensitive to Change in Interest Rates: The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. PFRS has invested in CMOs, which are mortgage-backed bonds that pay pass-through rates with varying maturities. The fair values of CMOs are considered sensitive to interest rate changes because they have embedded options, which are triggers related to quantities of delinquencies or defaults in the loans backing the mortgage pool. If a balance of delinquent loans reaches a certain threshold, interest and principal that would be used to pay junior bondholders is instead directed to pay off the principal.

The following table shows PFRS' investments in CMOs as of June 30, 2025:

Securities Name	Weighted Average Coupon Rate	Weighted Average Maturity (Years)	Fair Value	Percent of Total Investments
Mortgage-Backed Securities	3.04 %	22.42	\$ 34,715	6.64 %

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The following tables provide information as of June 30, 2025 concerning credit risk of short-term fixed income securities (in thousands):

Investment Type	S&P/ Moody's/ Fitch Rating	Fair Value
Short-Term Investment Funds	Not Rated	\$ 11,775
U.S. Treasury Bills	N/A	3,802

The following table provides information as of June 30, 2025 concerning the credit risk of long-term fixed income investments (in thousands):

S&P/ Moody's Rating	Fair Value	Percent of Total Fair Value
AAA/Aaa	\$ 17,786	10.2 %
AA/Aa	79,813	45.6 %
A/A	13,921	7.9 %
BBB/Baa	13,528	7.7 %
Not rated*	24,710	14.1 %
N/A**	22,356	12.8 %
Total Fixed Income Investments***	\$ 175,167	100.0 %

*Includes Government Mortgage-Backed Securities such as FNMA and FHLMC. These securities are issued by Government Sponsored Entities and are not rated by the rating agencies. They are implicitly guaranteed by the U.S. Government. Additionally, \$1 million Corporate ABS, MBS, and CMOs are included.

**These include U.S. government obligations (Treasury Bills, Treasury Notes, and GNMA) explicitly guaranteed by the U.S. government which are not considered to have credit risk.

***\$141,212 of exchange-traded swaps are excluded because they are not exposed to credit risk.

As of June 30, 2025, the securities lending collateral of \$45.7 million was not rated.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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, there will be an inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party.

The California Government Code requires that governmental securities or first trust deed mortgage notes be used as collateral for demand deposits and certificates of deposit at 110 percent and 150 percent, respectively, of all deposits not covered by federal deposit insurance. As the City holds cash and certificates of deposit on behalf of PFRS, the collateral must be held by the pledging financial institution's trust department and is considered held in the City's name. For all other PFRS deposits, the collateral must be held by the pledging financial institution's trust department and is considered held in the PFRS' name.

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.

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, 2025 (in thousands):

<u>Foreign Currency</u>	
Australian Dollar	\$ 1,152
Brazilian Real	1,892
British Pound	6,371
Canadian Dollar	3,154
Danish Krone	610
Euro	11,628
Hong Kong Dollar	5,665
Hungarian Forint	721
Indonesian Rupiah	406
Japanese Yen	7,348
Mexican Peso	543
New Israeli Shekel	418
New Zealand Dollar	310
Singapore Dollar	1,210
South African Rand	772
Swiss Franc	2,217
Thai Baht	919
Total foreign currency	<u>\$ 45,668</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Securities Lending Transactions: PFRS’s investment policy authorizes participation in securities lending transactions, which are short-term collateralized loans of PFRS’s securities to brokers-dealers with a simultaneous agreement allowing PFRS to invest and receive earnings on the collateral received. All securities loans can be terminated on demand by either PFRS or the borrower, although the average term of such loans is one week.

The administrator of the PFRS’s securities lending activities is responsible for maintaining an adequate level of collateral in an amount equal to at least 102 percent of the fair value of loaned U.S. government securities, common stock and other equity securities, bonds, debentures, corporate debt securities, notes, and mortgages or other obligations held in U.S. Dollars. The minimum collateral is 105 percent for any securities held in currencies other than the U.S. Dollar. Collateral received may include cash, letters of credit, or securities. The term to maturity of the loaned securities is generally not matched with the term to maturity of the investment of said collateral. If securities collateral is received, PFRS cannot pledge or sell the collateral securities unless the borrower defaults.

As of June 30, 2025, management believes that PFRS has minimized its credit risk exposure to borrowers because the amounts held by PFRS as collateral exceeded the securities loaned by PFRS. PFRS’ contract with the administrator requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities borrowed) or fail to pay PFRS for income distributions by the securities’ issuers while the securities are on loan.

The following table summarizes investments in securities lending transactions and collateral received as of June 30, 2025 (in thousands):

	Securities Lending		
	Fair Value of Loaned Securities		
	For Cash Collateral	For Non-Cash Collateral	Total
Securities on Loan for Cash Collateral			
U.S. Government and Agencies	\$ 8,513	\$ 1,283	\$ 9,796
U.S. Corporate Bonds	8,311	326	8,637
U.S. Equities	26,992	13,554	40,546
Non-U.S. Equities	1,023	1,598	2,621
Total investments in securities lending transaction	\$ 44,839	\$ 16,761	\$ 61,600
Collateral Received	\$ 45,681	\$ 17,222	\$ 62,903

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, 2025, 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 valuation methods used by the PFRS are described more in detail in Note 2.c).

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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, 2025 (in thousands):

Derivative Type/Contract	Notional Amount	Fair Value	Net Appreciation (Depreciation) in Fair Value
Swaps			
Credit Contracts	\$ 1,920	\$ 141	\$ 69

Counterparty Credit Risk – PFRS is not exposed to credit risk on non-exchange traded derivative instruments that are in liability positions. As of June 30, 2025, PFRS held no forward currency contracts in liability 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, 2025, all of PFRS's investments in derivative instruments are held in PFRS's name and are not exposed to custodial credit risk.

Interest Rate Risk – The table below describes the maturity periods of the derivative instruments exposed to interest rate risk at June 30, 2025 (in thousands):

Derivative Type/Contract	Fair Value	Maturities	
		Less than 1 Year	1-5 years
Swaps			
Credit Contracts	\$ 141	\$ —	\$ 141

Foreign Currency Risk - At June 30, 2025, PFRS had no foreign currency risk.

Contingent Features - At June 30, 2025, PFRS held no positions in derivatives containing contingent features.

Oakland Redevelopment Successor Agency

The ORSA's cash and investments consist of the following at June 30, 2025 (in thousands):

Cash and Investments	Amount
Unrestricted cash and investments	
Demand deposits	\$ 2,851
Investments	21,987
Total unrestricted cash and investments	24,838
Restricted investments	15,636
Total cash and investments	\$ 40,474

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Investments: The ORSA follows the City’s Investment Policy, which is governed by provisions of the California Government Code 53600 and the City’s Municipal Code. The ORSA also has investments subject to provisions of the bond indentures of the Former Agency’s and ORSA's various bond issues. According to the Investment Policy and bond indentures, the ORSA is permitted to invest in the State of California Local Agency Investment Fund (LAIF), obligations of the U.S. Treasury or U.S. government agencies, time deposits, money market mutual funds invested in U.S. government securities, along with various other permitted investments. Under the provisions of the bond indentures, certain accounts with trustees were established for repayment of debt, amounts required to be held in reserve, and temporary investments for unexpended bond proceeds.

The ORSA categorizes its fair value measurements within the fair value hierarchy established by GAAP. At June 30, 2025, 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, 2025 (in thousands):

	Significant other observable inputs (Level 2)	Investments measured at the net asset value (NAV)
Unrestricted investments:		
U.S. Government Agency Securities (Discount)	\$ 19,987	\$ —
Money Market Mutual Funds	—	2,000
Restricted investments:		
Money Market Mutual Funds	—	15,636
Total	\$ 19,987	\$ 17,636

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, ORSA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, ORSA will not be able to recover the value of the investment or collateral securities that are in the possession of another party.

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

As of June 30, 2025, the carrying amount of the ORSA’s deposits was \$2.9 million. The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of \$0.25 million, and the remaining bank balance of \$2.7 million is collateralized with securities held by the pledging financial institutions as required by Section 53652 of the California Government Code.

ORSA invests in individual investments. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the ORSA employs the trust department of a bank or trustee as the custodian of certain ORSA investments, regardless of their form.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations. The ORSA's Investment Policy has mitigated credit risk by limiting investments to the safest types of securities, by prequalifying financial institutions, by diversifying the portfolio and by establishing monitoring procedures.

Interest Rate Risk: Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market rates. ORSA's Investment Policy has mitigated interest rate risk by establishing policies over liquidity.

As of June 30, 2025, ORSA had the following investments, credit risk ratings, and maturities (in thousands):

Type of Investment	Current Yield (%)	Credit Ratings (S&P)	Maturities
			Less than 1 Year
Unrestricted investments:			
U.S. Government Agency Securities (Discount)	4.69	AA+	\$ 19,987
Money Market Mutual Funds	4.27	AAA	2,000
Total unrestricted investments			\$ 21,987
Restricted investments:			
Money Market Mutual Funds	4.15	AAA	\$ 15,636
Total restricted investments			\$ 15,636

Concentration of Credit Risk: Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on ORSA. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from this requirement, as they are normally diversified themselves.

The following table shows ORSA's investments in one issuer that exceeds 5 percent of ORSA's total pooled and restricted investment portfolio at June 30, 2025 (in thousands):

Type of Investment/Issuer	Amount	Share of ORSA's Unrestricted Portfolio
Federal Home Loan Bank	\$ 14,988	39.8%
Federal Home Loan Mortgage Corporation	4,999	13.3%

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Component Unit – Port of Oakland

The Port's cash, cash equivalents, and investments consisted of the following at June 30, 2025 (in thousands):

City investment pool	\$	765,527
Government Securities Money Market Mutual Funds		45,085
Cash		7
Total cash and investments	\$	810,619

Investments: Under the City Charter, all cash receipts from the operations of the Port are deposited in the City Investment Pool. These funds are managed and invested by the City, pursuant to the City's Investment Policy, that the City administers and reviews annually. For this reason, the Port does not maintain its own investment policy and relies on the City Investment Policy to mitigate the risks described below.

Senior Lien Bonds and Intermediate Lien Bonds reserves are on deposit with the Senior Lien Bonds and Intermediate Lien Bonds trustee, respectively. The investment of funds held by the Senior Lien Bonds and Intermediate Lien Bonds trustee are governed by the Senior Trust Indenture and Intermediate Trust Indenture, respectively, and are invested in Government Securities Money Market Mutual Funds and US Treasury Notes.

At June 30, 2025, the Port had the following cash equivalents and investments (in thousands):

	Fair Value	Fair Value Hierarchy	Credit Ratings per Moody's	Maturity Less than 1 Year
Cash	\$ 7	Exempt	Not Rated	\$ 7
Government Securities Money Market Mutual Funds	45,085	Exempt	Not Rated	45,085
City investment pool	765,527	Exempt	Not Rated	765,527
Total investments	\$ 810,619			\$ 810,619

Investments exempt from fair value treatment consist of cash, Government Securities Money Market Mutual Funds and the City Investment Pool. Government Securities Money Market Mutual Funds are valued at their net asset value, and the City Investment Pool is not subject to fair value measurement in the Port's financial Statements. However, the City Investment Pool's fair value disclosure is presented previously in this note.

Deposits in Escrow: Deposits in escrow consist of amounts received from construction contractors that are deposited into an escrow account in-lieu of retention withheld from construction progress billings. Interest on these deposits accrues to the contractor. As of June 30, 2025, the Port had deposits in escrow of \$1.5 million.

Investments Authorized by Debt Agreements: The following are the types of investments generally allowed under the Senior Trust Indenture and the Intermediate Trust Indenture (Intermediate Trust Indenture, together with the Senior Trust Indenture, are referred to as the Trust Indentures): U.S. Government Securities, U.S. Agency Obligations, obligations of any State in the U.S., prime commercial paper, FDIC insured deposits, certificates of deposit, banker's acceptances, money

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

market mutual funds, long or medium-term corporate debt, repurchase agreements, state-sponsored investment pools, and investment contract agreements.

Interest Rate Risk: This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage interest risk. In order to manage interest rate risk:

- Proceeds from bonds are invested in permitted investments, as stated in the Trust Indentures.
- The deposits held by the City Treasury are invested pursuant to the City's Investment Policy, which limits the terms of its investments and establishes minimum allowable credit ratings, as well as other controls. Also, Section 53601 of the State of California Government Code limits the maximum maturity of any investment to be no longer than 5 years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants.

Credit Risk: This risk represents the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligation. Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage credit risk.

In order to manage credit risk:

- Provisions of the Trust Indentures prescribe restrictions on the types of permitted investments of the monies held by the trustee in the funds and accounts created under the Trust Indentures, including agreements or financial institutions that must meet certain ratings, such as certain investments that must be rated in either of the two highest ratings by S&P and Moody's.
- The deposits with the City Treasury are invested in short-term debt that is rated at least A-1 by S&P, P-1 by Moody's or F-1 by Fitch Ratings. Long-term debt shall be rated at least A by S&P, A2 by Moody's, and A by Fitch Ratings.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or a counterparty to a transaction, the Port will not be able to recover the value of its investment or collateral securities that are in possession of another party.

To protect against custodial credit risk:

- All securities owned by the Port under the terms of the Trust Indentures are held in the name of the Port for safekeeping by a third party bank trust department, acting as an agent for the Port. The Port had investments held by a third party bank trust department in the amount of \$45.1 million at June 30, 2025.
- All securities the Port has invested with the City are held in the name of the City for safekeeping by a third party bank trust department, acting as an agent for the City under the terms of the custody agreements. The Port had \$765.5 million invested in the City Investment Pool on June 30, 2025.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

As of June 30, 2025, the Port had deposits in escrow totaling \$1.5 million, which were held in Union Bank, California Bank, and Fremont Bank, and of which \$1 million were insured or collateralized with securities held by pledging financial institution's trust department in the Port's name.

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

Port revenues are deposited in the City Treasury. These and all City funds are pooled and invested in the City Investment Pool.

B. INTERFUND TRANSACTIONS

“Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash and interfund loans. The amounts due from the Oakland Redevelopment Successor Agency are related to advances and interfund loans made by the City for projects, loans, and services. The receivable amounts of ORSA relate to project advances made by ORSA for the City. The internal service funds’ borrowing will be repaid over a reasonable period of time as described in Note III, part D.

Primary Government

1. Due from/Due to other funds

The amounts payable to the General Fund to cover the other City funds’ overdraft position as of June 30, 2025, is as follows (dollars in thousands):

Payable Fund	Amount
Other Governmental Funds	\$ 1,458
Parks and Recreation Enterprise Fund	763
Internal Service Funds	6
Total Primary Government	2,227
Custodial Fund (Fiduciary Fund)	129
Total due to the General Fund	\$ 2,356

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

2. Interfund Transfers

The following schedule summarizes the City's transfer activities for the year ended June 30, 2025 (dollars in thousands):

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	
General Fund	Other Governmental Funds	\$ 58,677	(1)
	Other Special Revenue Fund	23,565	(2)
Other Governmental Funds	General Fund	1,063	(3)
	Other Governmental Funds	1,346	(1)
Other Special Revenue Fund	General Fund	1,535	(3) (4)
Municipal Capital Improvement Fund	Other Governmental Funds	432	(5)
Sewer Service Fund	General Fund	1,697	(3)
Nonmajor Parks and Recreation Fund	General Fund	1	(3)
Internal Service Funds	General Fund	6,263	(3) (6)
	Nonmajor Parks and Recreation Fund	427	(7)
	Total	<u>\$ 95,006</u>	

Significant transfers for the year ended June 30, 2025 include the following:

- (1) Transfers of debt service payments.
- (2) Transfers for the Kids' First Children's Program.
- (3) Transfers for the City's claims and liability payments.
- (4) Transfer of Impact Fee Fund balance.
- (5) Transfer of Measure DD closing balance.
- (6) Council Balancing Actions .
- (7) Drawdown of insurance proceeds.

3. ORSA Reimbursements to the City

In FY 2024-25, ORSA incurred a total of \$1.3 million expense in general administrative and project-related overhead. Of this amount, \$0.8 million reimbursed the City for general and administrative overhead and \$0.5 million paid for project-related overhead and operational costs for support services provided by designated City employees.

4. Due to the City

At June 30, 2025, ORSA has a payable to the City in the amount of \$2.1 million, which included the Former Agency's Low and Moderate Housing Fund loan of \$1.4 million to the Central City East Project Funds where the Low and Moderate Housing Funds Assets were transferred to the Housing Successor, a payable of \$0.7 million to the City for support services.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

5. ORSA Transfers of Excess Bond Proceeds

The transfer of excess bond proceeds to the City as requested by ORSA and approved by DOF pursuant to Health and Safety Code section 34179 (h) fulfills ORSA's Bond Expenditure Agreement (BEA) with the City. The BEA authorizes the transfers of "excess" or unobligated bond funds from ORSA to the City. In FY 2024-25, no excess bond proceeds were available; therefore, no transfer of excess bond proceeds occurred.

Component Unit - Port of Oakland (Port)

The City has entered into agreements with the Port for various services such as aircraft rescue and firefighting, Special Services, General Services, and Lake Merritt Trust Services. The City provides these services to the Port.

Special Services include designated police services, personnel, City clerk, legislative programming, and treasury services. General Services includes fire, rescue, police, street maintenance, treasury, and similar services. Lake Merritt Trust Services includes items such as recreation services, grounds maintenance, security, and lighting.

Payments to the City for these services are made upon presentation of supporting documentation and authorizations from the Board of Commissioners.

1. Special Services and Aircraft Rescue & Fire Fighters (ARFF)

Payments for Special Services and ARFF are treated as a cost of Port operations pursuant to City Charter Section 717(3) Clause Third and have priority over certain other expenditures of Port revenues. Special Services and ARFF from the City totaled \$9.2 million and are included in operating expenses. At June 30, 2025, \$4.6 million was accrued as current liability by the Port and as a receivable by the City.

2. General Services and Lake Merritt Trust Services

Payments for General Services provided by the City are payable only to the extent the Port determines annually that surplus monies are available under the Charter for such purposes. As of June 30, 2025, the Port accrued approximately \$1.3 million of payments for General Services. Additionally, the Port accrued approximately \$1.8 million to reimburse the City for Lake Merritt Trust Services in fiscal year 2025. Subject to availability of surplus monies, the Port expects that it will continue to reimburse the City annually for General Services and Lake Merritt Trust Services.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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, 2025, is as follows (in thousands):

Type of Loan	General Fund	Federal/ State Grant Fund	LMIHF¹	Municipal Capital Improve- ment Fund	Other Special Revenue Fund	Total
HUD loans	\$ —	\$ 142,883	\$ 443,900	\$ 13,168	\$ —	\$ 599,951
Economic development loans and other	55,188	133,639	—	139,489	1,483	329,799
Less: allowance for uncollectible accounts	<u>(2,866)</u>	<u>(55,294)</u>	<u>(138,037)</u>	<u>(13,334)</u>	<u>(687)</u>	<u>(210,218)</u>
Total notes and loans receivables, net	<u>\$ 52,322</u>	<u>\$ 221,228</u>	<u>\$ 305,863</u>	<u>\$ 139,323</u>	<u>\$ 796</u>	<u>\$ 719,532</u>

¹Low and Moderate Income Housing Asset Fund

Management has determined that certain loans may be forgiven or renegotiated and extended long into the future if certain terms and conditions of these loans are met. As of June 30, 2025, it was determined that \$210.2 million of the loan portfolio is not expected to be ultimately collected.

Prior to the effective date of the Redevelopment Dissolution Law, California Community Redevelopment Law required that at least 20 percent of the incremental tax revenues generated from certain redevelopment project areas be used to increase, improve, and preserve the affordable housing stock for families and individuals with very low, low, and moderate incomes. In response to this former requirement, the City established its 20 percent Housing Program and an additional 5 percent of the former tax increment to offer financial assistance to qualified developers, families, and individuals by providing loans at “below market” rates. Upon dissolution of the Former Agency, the City assumed the housing activity function of the Former Agency. All loans receivable relating to the Low and Moderate Income Housing Program have been transferred from the Former Agency to the LMIHF, which was established as of February 1, 2012 pursuant to City Council Resolution No. 83680 C.M.S.. As of June 30, 2025, loans receivable relating to the LMIHF program totaled approximately \$305.9 million, net of allowance for uncollectible accounts.

Oakland Redevelopment Successor Agency (ORSA)

ORSA received loans from the Former Agency upon its dissolution. These loans bear no interest and mature on various dates up until May 2070. A loan is deemed uncollectible when the property securing the loan is foreclosed by senior lien holder and there is insufficient equity to pay the loan.

Composition of loans receivable as of June 30, 2025 is as follows (in thousands):

Type of Loan	Amount
Housing developments project	\$ 1,462
Economic development	5,924
Gross loans receivable	<u>7,386</u>
Less: allowance for uncollectible	<u>(4,349)</u>
Total loans receivables, net	<u>\$ 3,037</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

D. CAPITAL ASSETS

Primary Government

1. Summary Schedule

The following is a summary of governmental activities capital assets activity for the year ended June 30, 2025 (in thousands):

	Balance June 30, 2024	Additions	Deletions/ Adjustments	Transfers of Completed Construction	Balance June 30, 2025
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 241,399	\$ 278	\$ —	\$ —	\$ 241,677
Intangibles (easements)	2,607	—	—	—	2,607
Museum collections	2,375	—	—	—	2,375
Construction in progress	146,660	140,045	—	(155,435)	131,270
Total capital assets, not being depreciated	<u>393,041</u>	<u>140,323</u>	<u>—</u>	<u>(155,435)</u>	<u>377,929</u>
Capital assets, being depreciated:					
Facilities and improvements	906,340	597	—	17,265	924,202
Furniture, machinery, and equipment	399,904	7,057	(592)	14,377	420,746
Infrastructure	1,367,927	14,990	—	123,793	1,506,710
Total capital assets, being depreciated	<u>2,674,171</u>	<u>22,644</u>	<u>(592)</u>	<u>155,435</u>	<u>2,851,658</u>
Less accumulated depreciation:					
Facilities and improvements	615,732	20,741	—	—	636,473
Furniture, machinery, and equipment	304,080	18,677	(582)	—	322,175
Infrastructure	635,314	47,405	—	—	682,719
Total accumulated depreciation	<u>1,555,126</u>	<u>86,823</u>	<u>(582)</u>	<u>—</u>	<u>1,641,367</u>
Total capital assets, being depreciated, net	<u>1,119,045</u>	<u>(64,179)</u>	<u>(10)</u>	<u>155,435</u>	<u>1,210,291</u>
Lease assets, being amortized (see Note II, part H.)					
Buildings	16,881	—	(1,458)	—	15,423
Less accumulated amortization:	<u>6,211</u>	<u>1,571</u>	<u>(71)</u>	<u>—</u>	<u>7,711</u>
Total lease assets, being amortized, net	<u>10,670</u>	<u>(1,571)</u>	<u>(1,387)</u>	<u>—</u>	<u>7,712</u>
SBITAs, being amortized (see Note II, part H.)					
SBITA assets	12,634	—	—	—	12,634
Less accumulated amortization:	<u>6,804</u>	<u>3,527</u>	<u>—</u>	<u>—</u>	<u>10,331</u>
Total SBITAs, being amortized, net	<u>5,830</u>	<u>(3,527)</u>	<u>—</u>	<u>—</u>	<u>2,303</u>
Governmental Activities - capital assets, net	<u>\$1,528,586</u>	<u>\$ 71,046</u>	<u>\$ (1,397)</u>	<u>\$ —</u>	<u>\$1,598,235</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

The following is a summary of business-type activities capital assets activity for the year ended June 30, 2025 (in thousands):

	Balance June 30, 2024	Additions	Deletions	Transfers of Completed Construction	Balance June 30, 2025
Business-Type Activities:					
Sewer Service Fund:					
Capital assets, not being depreciated:					
Land	\$ 4	\$ —	\$ —	\$ —	\$ 4
Construction in progress	788	1,437	—	(68)	2,157
Total capital assets, not being depreciated	792	1,437	—	(68)	2,161
Capital assets, being depreciated:					
Facilities and improvements	490	—	—	—	490
Furniture, machinery and equipment	10,941	1,897	—	—	12,838
Sewer and storm drains	407,301	—	—	68	407,369
Street work	140	—	—	—	140
Total capital assets, being depreciated	418,872	1,897	—	68	420,837
Less accumulated depreciation:					
Facilities and improvements	364	7	—	—	371
Furniture, machinery, and equipment	9,279	933	—	—	10,212
Sewer and storm drains	160,053	7,304	—	—	167,357
Street work	27	7	—	—	34
Total accumulated depreciation	169,723	8,251	—	—	177,974
Total capital assets, being depreciated, net	249,149	(6,354)	—	68	242,863
Sewer Service Fund, capital assets, net	\$ 249,941	\$ (4,917)	\$ —	\$ —	\$ 245,024
Parks and Recreation Fund:					
Capital assets, not being depreciated:					
Land	\$ 361	\$ —	\$ —	\$ —	\$ 361
Construction in progress	—	—	—	—	—
Total capital assets, not being depreciated	361	—	—	—	361
Capital assets, being depreciated:					
Facilities and improvements	5,102	—	—	—	5,102
Furniture, machinery and equipment	615	—	(2)	—	613
Infrastructure	85	—	2	—	87
Total capital assets, being depreciated	5,802	—	—	—	5,802
Less accumulated depreciation					
Facilities and improvements	4,322	44	—	—	4,366
Furniture, machinery and equipment	556	14	—	—	570
Infrastructure	87	—	—	—	87
Total accumulated depreciation	4,965	58	—	—	5,023
Total capital assets, being depreciated, net	837	(58)	—	—	779
Parks and Recreation Fund, capital assets, net	\$ 1,198	\$ (58)	\$ —	\$ —	\$ 1,140
Business-Type Activities - capital assets, net	\$ 251,139	\$ (4,975)	\$ —	\$ —	\$ 246,164

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

2. Depreciation and Amortization

Depreciation and amortization expense was charged to various governmental and business-type activities of the City for the year ended June 30, 2025 is as follows (in thousands):

Governmental Activities:

General Government	\$ 2,786
Public Safety	4,372
Community and Human Services	6,026
Community and Economic Development	14,041
Public Works and Transportation	53,382
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	11,314
Total	<u><u>\$ 91,921</u></u>

Business-Type Activities:

Sewer	\$ 8,250
Parks and Recreation	58
Total	<u><u>\$ 8,308</u></u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Component Unit – Port of Oakland

1. Summary Schedule

A summary of changes in capital assets for the year ended June 30, 2025, is as follows (in thousands):

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Capital assets, not being depreciated					
Land	\$ 523,546	\$ —	\$ —	\$ —	\$ 523,546
Intangibles (noise easements and air rights)	25,853	—	—	—	25,853
Construction in progress	61,473	148,055	—	(108,721)	100,807
Total capital assets, not being depreciated	<u>610,872</u>	<u>148,055</u>	<u>—</u>	<u>(108,721)</u>	<u>650,206</u>
Capital assets, being depreciated:					
Building and improvements	1,018,052	—	—	12,347	1,030,399
Container cranes	130,321	—	—	—	130,321
Infrastructure	2,367,356	—	—	87,603	2,454,959
Software	19,671	420	—	2,398	22,489
Right-to-use intangible assets ¹	6,552	1,064	(1,297)	—	6,319
Other equipment	164,713	3,129	(68)	6,373	174,147
Total capital assets, being depreciated	<u>3,706,665</u>	<u>4,613</u>	<u>(1,365)</u>	<u>108,721</u>	<u>3,818,634</u>
Less accumulated depreciation:					
Building and improvements	751,110	19,404	—	—	770,514
Container cranes	114,217	4,187	—	—	118,404
Infrastructure	1,476,723	85,334	25	—	1,562,082
Software	16,176	879	—	—	17,055
Right-to-use intangible assets ¹	2,425	1,209	(981)	—	2,653
Other equipment	108,456	9,153	(68)	—	117,541
Total accumulated depreciation	<u>2,469,107</u>	<u>120,166</u>	<u>(1,023)</u>	<u>—</u>	<u>2,588,250</u>
Total capital assets, being depreciated, net	<u>1,237,558</u>	<u>115,553</u>	<u>342</u>	<u>108,721</u>	<u>1,230,384</u>
Port-capital assets, net	<u>\$1,848,430</u>	<u>\$ 32,502</u>	<u>\$ 342</u>	<u>\$ —</u>	<u>\$1,880,590</u>

For the year ended June 30, 2025, the Port recognized a \$0.2 million loss, which is due to disposal of capital assets offset by cash proceeds from sale of assets.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

E. PROPERTY HELD FOR RESALE

Primary Government

At June 30, 2025, the City has a total of \$125.9 million of property held for resale. During the year ended June 30, 2025, the City sold the Raider's training facility previously classified as property held for resale with book value of \$18 million for \$11.9 million.

Oakland Redevelopment Successor Agency (ORSA)

As of June 30, 2025, ORSA has a total \$2.8 million for properties recorded at the lower of cost or estimated conveyance value. On May 29, 2014, pursuant to HSC Section 34191.4, the California Department of Finance approved the ORSA's Long-Range Property Management Plan addressing the disposition and use of Former Agency properties and authorizing the disposition of properties pursuant to the plan.

F. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Primary Government

Accounts payable and accrued liabilities at June 30, 2025, are as follows (in thousands):

	Accounts Payable	Accrued Payroll/ Employee Benefits	Total
Governmental Activities:			
Governmental Funds:			
General Fund	\$ 53,414	\$ 26,714	\$ 80,128
Federal/State Grant Fund	23,935	—	23,935
Low and Moderate Income Housing Asset Fund	3	—	3
Municipal Capital Improvement Fund	8,180	—	8,180
Other Special Revenue Fund	18,954	—	18,954
Other Governmental Funds	7,140	—	7,140
Total governmental funds	111,626	26,714	138,340
Internal service funds	8,679	—	8,679
Total governmental activities	<u>\$ 120,305</u>	<u>\$ 26,714</u>	<u>\$ 147,019</u>
Business-type Activities:			
Sewer Service Fund	\$ 2,667	\$ —	\$ 2,667
Nonmajor Fund Parks and Recreation	7	—	7
Total business-type activities	<u>\$ 2,674</u>	<u>\$ —</u>	<u>\$ 2,674</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Accounts payable and accrued liabilities for the pension trust fund at June 30, 2025, are as follows (in thousands):

Pension Trust Fund	
Accounts payable	\$ 14
Member benefits payable	4,018
Investments payable	79,678
Investment management fees payable	378
Total pension trust fund	<u><u>\$ 84,088</u></u>

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, 2025 (in thousands):

Governmental Activities			
Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Bonds payable:			
General obligation bonds	2054	1.73 - 6.25%	\$ 706,815
Lease revenue bonds	2027	5.00%	15,850
Pension obligation bonds	2026	4.68%	53,605
City guaranteed special assessment district bonds	2040	3.00 - 3.63%	1,065
Unamortized premiums and discounts, net			37,659
Total bonds payable			<u><u>\$ 814,994</u></u>
Financed purchase obligations payable:			
Financed purchase obligations	2030	1.77 - 2.88%	\$ 4,852
Right-to-use liabilities:			
Leases	2033	0 - 5.56%	9,365
SBITAs	2027	2.49 - 2.87%	1,369
Total right-to-use liabilities			<u><u>\$ 10,734</u></u>

Business-type Activities			
Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Bonds payable:			
Sewer revenue bonds	2029	5.00%	\$ 12,935
Unamortized bond premium			1,372
Total bonds payable			<u><u>\$ 14,307</u></u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

2. Summary of Changes in Long-term Obligations

Primary Government

The changes in long-term obligations for the year ended June 30, 2025, are as follows (in thousands):

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Amounts due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds (A)	\$ 735,565	\$ —	\$ 28,750	\$ 706,815	\$ 20,130
Lease revenue bonds (B)	23,195	—	7,345	15,850	7,725
Pension obligation bonds (C)	104,000	—	50,395	53,605	53,605
City guaranteed special assessment district bonds (C)	1,460	—	395	1,065	60
Unamortized premium and discounts, net	40,207	—	2,548	37,659	2,591
Total bonds payable	904,427	—	89,433	814,994	84,111
Financed purchase obligations payable:					
Financed purchase obligations (B) and (D)	8,433	—	3,581	4,852	1,263
Right-to-use liabilities:					
Leases	12,806	—	3,441	9,365	1,736
SBITAs	4,905	—	3,536	1,369	990
Total right-to-use liabilities	17,711	—	6,977	10,734	2,726
Other long-term liabilities:					
Accrued vacation and sick leave (E)	80,819	—	1,215	79,604	61,046
Pledge obligation for Coliseum Authority debt (B)	1,177	—	1,177	—	—
Estimated environmental cost (B)	1,121	63	229	955	400
Self-insurance liability - workers' compensation (B)	88,056	36,197	31,230	93,023	20,149
Self-insurance liability - general liability (B)	89,330	47,448	38,408	98,370	33,151
Total other long-term liabilities	260,503	83,708	72,259	271,952	114,746
Total governmental activities	\$ 1,191,074	\$ 83,708	\$ 172,250	\$ 1,102,532	\$ 202,846
Business-type activities:					
Sewer fund - bonds payable	\$ 15,795	\$ —	\$ 2,860	\$ 12,935	\$ 3,000
Unamortized bond premium	1,715	—	343	1,372	343
Total business-type activities	\$ 17,510	\$ —	\$ 3,203	\$ 14,307	\$ 3,343

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) Balance at July 1, 2024 was previously reported as \$69,271 and was restated by \$11,548 due to the implementation of GASB Statement No. 101, *Compensated Absences*.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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, 2025, \$8.4 million of lease liability, SBITA liability, and financed purchase obligations related to the internal service funds are included in the above amounts.

Pension obligation bonds are serviced by a dedicated pension override property tax. Lease revenue bonds, accrued vacation and sick leaves, environmental liabilities, and self-insurance liabilities are typically liquidated by the General Fund. Governmental activities' share of net pension liability and net OPEB liability (see Note III) are typically liquidated by the General Fund.

3. Annual Requirements to Maturity

Primary Government

The annual repayment schedules for governmental activities' long-term debt as of June 30, 2025, are as follows (in thousands):

Governmental Activities¹						
Year Ending June 30	General Obligation Bonds		Lease Revenue Bonds		Special Assessment District Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 20,130	\$ 26,336	\$ 7,725	\$ 599	\$ 60	\$ 34
2027	20,730	25,705	8,125	203	60	32
2028	23,840	24,971	—	—	60	30
2029	24,660	24,135	—	—	65	29
2030	24,835	23,250	—	—	65	27
2031 - 2035	133,915	100,401	—	—	350	102
2036 - 2040	121,315	75,001	—	—	405	37
2041 - 2045	135,230	52,737	—	—	—	—
2046 - 2050	136,165	27,325	—	—	—	—
2051 - 2054	65,995	5,475	—	—	—	—
Total	\$ 706,815	\$ 385,336	\$ 15,850	\$ 802	\$ 1,065	\$ 291

Year Ending June 30	Financed Purchase Obligations		Pension Obligation Bonds		Total ²	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,263	\$ 122	\$ 53,605	\$ 1,253	\$ 82,783	\$ 28,344
2027	1,135	90	—	—	30,050	26,030
2028	845	63	—	—	24,745	25,064
2029	868	39	—	—	25,593	24,203
2030	741	15	—	—	25,641	23,292
2031 - 2035	—	—	—	—	134,265	100,503
2036 - 2040	—	—	—	—	121,720	75,038
2041 - 2045	—	—	—	—	135,230	52,737
2046 - 2050	—	—	—	—	136,165	27,325
2051 - 2054	—	—	—	—	65,995	5,475
Total	\$ 4,852	\$ 329	\$ 53,605	\$ 1,253	\$ 782,187	\$ 388,011

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

² Repayment schedules for leases and SBITAs can be found at Note II., Part H.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

The City's general obligation bonds, pension obligation bonds, and lease revenue bonds do not permit acceleration upon an event of default or provide for other finance-related consequences. The City's financed purchase obligations provide for the return of leased equipment in the event of a termination of the lease by the City. In addition, payments due within the same fiscal year may become immediately due upon an event of default.

The annual repayment schedules for business-type activities' long-term debt as of June 30, 2025, are as follows (in thousands):

Business-Type Activities		
Year Ending June 30	Sewer Revenue Bonds	
	Principal	Interest
2026	\$ 3,000	\$ 647
2027	3,155	497
2028	3,305	339
2029	3,475	174
Total	\$ 12,935	\$ 1,657

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 \$14.6 million. The principal and interest payments made in FY 2024-25 were \$3.7 million and pledged revenues (total net revenues calculated in accordance with the bond indenture) for the year ended June 30, 2025 were \$26.2 million. Debt service payments on the City's sewer bonds are subject to acceleration in the event of default.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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, 2025 (in thousands):

	Original Issued Amount	Issued Year	Maturity Fiscal Year	Interest Rate Range	June 30, 2025 Principal Balance
Tax Allocation Bonds:					
<u>Coliseum Area Redevelopment Project</u>					
Tax Allocation Bonds, Series 2006B-T	\$ 73,820	2006	2036	5.54%	\$ 42,615
<u>Central City East Redevelopment Project</u>					
Tax Allocation Bonds, Series 2006A-T	62,520	2006	2035	5.54%	31,160
<u>Broadway/MacArthur/San Pablo Redevelopment Project</u>					
Tax Allocation Bonds, Series 2006C-T	12,325	2006	2033	5.59%	5,235
Tax Allocation Bonds, Series 2010T	7,390	2010	2041	7.20% - 7.40%	6,620
Subtotal	<u>156,055</u>				<u>85,630</u>
Subordinated Tax Allocation Refunding Bonds:					
Series 2015-TE	22,510	2015	2037	5.00%	22,510
Series 2015-T	66,675	2015	2036	4.16% - 4.92%	34,490
Series 2018-TE	15,190	2018	2032	5.00%	15,190
Series 2018-T	41,765	2018	2040	3.25% - 4.00%	29,285
Subtotal	<u>146,140</u>				<u>101,475</u>
Total long-term debt	<u>\$ 302,195</u>				<u>\$ 187,105</u>

2. Revenues Pledged for the Repayment of Debt Service

Tax Allocation Bonds

The Tax Allocation Bonds (TAB), which are comprised of Series 2006B-T, Series 2006A-T, Series 2006C-T, and Series 2010T Bonds were issued primarily to finance redevelopment projects and are all secured by pledge of redevelopment property tax revenues, consisting of a portion of taxes levied upon all taxable properties within each of the tax increment generating redevelopment project areas, and are equally and ratably secured on a parity with each TABs series.

As of June 30, 2025, the total principal and interest remaining on these TABs was \$116.2 million and the property tax revenues are pledged until the year 2041, the final maturity date of the bonds. Debt service payments are requested through the Recognized Obligation Payment Schedule (ROPS) as enforceable obligations until the debt obligations have been satisfied.

Subordinated Tax Allocation Refunding Bonds

The Subordinated Tax Allocation Refunding Bonds are comprised of Series 2015-TE and Series 2015-T (the Series 2015 Bonds), and Series 2018-TE and Series 2018-T Bonds (the Series 2018 Bonds). These Bonds are limited obligations of the ORSA and payable from and secured by pledged tax revenues. Pledged tax revenues are allocated to the ORSA, excluding tax revenues required to pay debt service on the existing bonds and amounts required to be paid to taxing entities pursuant to the Redevelopment Dissolution Act, unless such payments are subordinated.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

As of June 30, 2025, the total principal and interest remaining on Series 2015 Bonds and Series 2018 Bonds was \$140.6 million and the property tax revenues are pledged until the fiscal year 2040, the final maturity date of the bonds. The ORSA's debt service payments are requested through the ROPS as enforceable obligations until the debt obligations have been satisfied.

Events of Default and Acceleration Clauses

ORSA is considered to be in default if ORSA fails to pay the principal or redemption price of or sinking fund installment for, or interest on, any outstanding bond, when and as the same will become due and payable, whether on the interest payment date, at maturity, by call redemption, or otherwise. If ORSA defaults on its obligations under the bond indenture, the trustee has the right to accelerate the bonds. Each bond insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the bond owners. In the event the maturity of a bond is accelerated, the bond insurer, in its sole discretion, may elect to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by ORSA) and the trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date, the bond insurer's obligations under the insurance policy with respect to the bond shall be fully discharged. However, in the event of a default and such acceleration, there can be no assurance that the trustee will have sufficient moneys available for payment of the bonds.

3. Summary of Changes in Long-Term Obligations

The changes in long-term obligations for the year ended June 30, 2025, are as follows (in thousands):

Oakland Redevelopment Successor Agency				
	Balance at July 1, 2024	Reductions	Balance at June 30, 2025	Amounts due within one year
Tax allocation bonds	\$ 91,460	\$ (5,830)	\$ 85,630	\$ 6,150
Subordinated tax allocation refunding bonds	106,130	(4,655)	101,475	4,825
Less unamortized amounts:				
Issuance premiums	3,251	(354)	2,897	354
Issuance discounts	(681)	43	(638)	(43)
Total ORSA	\$ 200,160	\$ (10,796)	\$ 189,364	\$ 11,286

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

4. Annual Requirements to Maturity

The debt service requirements for all debt are based upon a fixed rate of interest. The annual requirements to amortize outstanding tax allocation bonds outstanding as of June 30, 2025, including mandatory sinking fund payments, are as follows (in thousands):

Oakland Redevelopment Successor Agency				
Year Ending June 30	Tax Allocation Bonds		Subordinated Tax Allocation Refunding Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 6,150	\$ 4,695	\$ 4,825	\$ 4,597
2027	6,490	4,344	5,055	4,364
2028	6,845	3,973	4,575	4,136
2029	7,225	3,581	4,585	3,918
2030	7,620	3,169	4,810	3,688
2031 - 2035	40,820	8,989	31,445	14,568
2036 - 2040	9,030	1,733	46,180	3,848
2041	1,450	54	—	—
Total	\$ 85,630	\$ 30,538	\$ 101,475	\$ 39,119

Component Unit- Port of Oakland

1. Summary Schedule of Long-Term Debt

The following is a summary of long-term debt of the Port as of June 30, 2025 (in thousands):

Component Unit - Port of Oakland			
Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Bonds, notes, and loans payable			
Senior and intermediate lien bonds	2033	1.081-5.00	\$ 458,335
Commercial Paper	2025	2.90-3.45	17,535
Unamortized bond discounts and premiums, net			15,121
Total bonds, notes, and loans payable			\$ 490,991

2. Revenues Pledged for the Repayment of Debt Service

The Port's long-term debt consists of taxable bonds, tax-exempt bonds, and short-term commercial paper notes. 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, commercial real estate and utilities infrastructure. All 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 \$496.5 million in fiscal year 2025.

In May 2024, the Port completed a transaction in which \$1.5 million of bonds maturing between November 1, 2024 and November 1, 2029 were defeased. As of June 30, 2025, \$1.3 million of the

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

original \$1.5 million of defeased bonds have not matured or have not been redeemed on their first optional redemption date. A further \$14.7 million of 2020 Series R bonds were redeemed using the "make-whole" call provision of the Port's Senior Trust Indenture. The redemption transaction was undertaken in order to utilize federal grants made available to fund aviation related costs. Ultimately, the Port was able to receive reimbursement of the total transaction cost from those grant funds

Pledged Revenues do not include cash received from passenger facility charges (PFCs) or customer facility charges (CFCs) unless projects included in a financing are determined to be PFC or CFC eligible and bond proceeds are expended on such eligible projects and the Port elects to pledge PFCs or CFCs as supplemental security to such applicable bonds. Currently, the Port has no bonds for which PFCs or CFCs are pledged.

Senior Lien Bonds

The 2020 Series R (collectively, the Senior Lien Bonds) were issued under the Senior Trust Indenture and are paid from Pledged Revenues first. As long as any Senior Lien Bonds remain outstanding, the Port has covenanted to collect rates, tolls, fees, rentals and charges so that Pledged Revenues in each fiscal year will be sufficient to pay all of the following amounts: (i) the sum of principal and interest on the outstanding Senior Lien Bonds; (ii) all other payments required for compliance with terms of the Senior Trust Indenture including, but not limited to, required deposits to any Reserve Fund; (iii) all other payments necessary to meet ongoing legal obligations to be paid from Pledged Revenues; and (iv) operation and maintenance expenses of the Port. In addition, payment of principal and interest on the Senior Lien Bonds when due is secured by a reserve fund held by the trustee. As of June 30, 2025, the reserve fund was invested in government securities money market mutual funds and U.S. Treasury Notes.

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

Events of default under the Senior Lien Trust Indenture include, but are not limited to, a failure to pay principal or interest, or a failure to pay the purchase price of a bond when due upon an optional or mandatory tender date. Port bankruptcy, reorganization, receivership, etc., are also considered default events, as is the failure to observe any covenant, provision or condition of the Senior Lien Indenture or the Bonds, which continues for a period of 60 days after notice. Failure to observe the covenant provisions or conditions of any specific debt obligation issued under the Senior Lien Indenture, which continues for a period of 60 days after notice, may also be considered a default event. Finally, pursuant to supplemental indentures the Port will comply with the covenants of the tax certificates of the different bond series issued under the Senior Lien Trust Indenture. Remedies to any default under the Senior Lien Indenture or its supplements can include bringing suit upon the Senior Lien Bonds, or some other legal remedy to enforce the rights of bondholders.

As of June 30, 2025, the outstanding balance of Senior Lien Bonds is \$253.1 million.

Intermediate Lien Bonds

Bonds issued under the Intermediate Trust Indenture are next in payment priority. As of June 30, 2025, the bonds issued under this indenture consist of the 2017 Series D, Series E, and Series G Bonds (Series 2017 Bonds) and the 2021 Series H Bonds (collectively "Intermediate Lien Bonds"). The Intermediate Lien Bonds are paid from the Intermediate Lien Pledged Revenues. The Intermediate Lien Pledged Revenues are the Pledged Revenues after payment of all amounts payable for any Senior Lien Bonds. Payment of principal and interest on the Series 2017 Bonds and 2021 Series H Bonds is secured by a reserve fund held by the trustee, which includes a reserve surety

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

policy as well as a cash deposit of Series 2021 Bond proceeds. As of June 30, 2025, cash deposits of the Series H Bond proceeds were invested in government securities money market mutual funds.

The Port covenanted in the Intermediate Trust Indenture that Net Pledged Revenues will be equal to at least 110 percent of the actual debt service becoming due and payable on the combined Intermediate Lien Bonds and Senior Lien Bonds (Intermediate Lien Debt Service Coverage Ratio).

Events of default under the Intermediate Lien Trust Indenture include, but are not limited to, a failure to pay principal or interest, or a failure to pay the purchase price of a bond when due upon an optional or mandatory tender date. Port bankruptcy, reorganization, etc., are also considered default events, as is the failure to observe any covenant, provision or condition of the Intermediate Lien Indenture or the Bonds, which continues for a period of 180 days after notice. Failure to observe the covenant provisions or conditions of any specific debt obligation issued under the Intermediate Lien Indenture, which continues for a period of 180 days after notice, may also be considered a default event. Finally, pursuant to supplemental indentures the Port will comply with the covenants of the tax certificates of the different bond series issued under the Intermediate Lien Trust Indenture. The Port will also ensure that the tax-exempt status of the bonds is maintained. Remedies to any default under the Intermediate Lien Trust Indenture or its supplements can include bringing suit upon the Intermediate Lien Bonds, or some other legal action to enforce the rights of bondholders.

As of June 30, 2025, the outstanding balance of Intermediate Lien Bonds is \$205.3 million.

Commercial Paper Notes

Commercial Paper Notes (CP Notes) have the lowest payment priority. The Board of Commissioners authorized a \$150.0 million Commercial Paper program in 1998 and a further \$150.0 million was authorized in 1999. The maximum maturity of the CP Notes is 270 days and the maximum interest rate is 12 percent. The Port has classified the CP Notes as long-term debt as the Port intends and has the ability to reissue CP Notes until the expiration of the two irrevocable Letters of Credit (LOC), discussed below. Interest income paid to the holders of the CP Notes may fall under one of three tax treatments: tax-exempt Alternative Minimum Tax (AMT), tax-exempt non-AMT, and taxable.

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

On June 13, 2023, the Port extended the LOCs supporting its ABC Series and DEF Series of CP Notes, both issued by BANA. Specifically, the expiration dates of both LOCs were extended from June 30, 2023 to December 31, 2026. The BANA LOC supporting the DEF Series of CP Notes amounts to \$54.4 million (\$50 million principal and interest of \$4.4 million) and was originally issued on June 13, 2017. The BANA LOC supporting the ABC Series of CP Notes amounts to \$163.3 million (\$150 million principal and interest of \$13.3 million) and was originally issued on June 13, 2016.

As of June 30, 2025, the outstanding balance of CP Notes under the Port's ABC Series of CP Notes is \$2.3 million while the outstanding balance under the Port's DEF Series of CP Notes is \$15.2 million.

The reimbursement agreements between the Port and BANA, which describe the terms and conditions under which BANA issues the commercial LOCs supporting the Port's CP Notes, contain a number of default provisions and remedies. Events of default include the failure to reimburse draws, advances or term loans issued under the LOCs, or to pay LOC related fees to BANA when due. Breaches of any of the covenants, conditions or agreements in the reimbursement agreements and

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

other CP Notes related documents are also considered defaults, as are breaches of the covenants contained in the Senior Lien Indenture or Intermediate Lien Indenture. The reimbursement agreements also contain default provisions for bankruptcy, failure to make payments on other Port debt, the acceleration of other Port debt, legal/administrative changes affecting the Port's ability to pay its debts or comply with its agreements, and material unsatisfied legal judgments. The fee rate in effect in FY 2025 for the LOCs securing the Port's CP notes is 0.385%.

Any of the above defaults can trigger the immediate acceleration of LOC related fees to BANA, the reduction of the LOC stated amounts, and/or suspensions of the Port's ability to issue new CP Notes or make draws under the existing LOCs. Any accelerations or payment failures on other Port debt, failures to pay CP Notes related obligations, bankruptcy or limits to the Port's authority may also trigger a further remedy whereby advances and/or term loans under the LOCs would become immediately due and payable.

3. Summary of Changes in Long-Term Obligations

The changes in the Port's long-term obligations for the year ended June 30, 2025, are as follows (in thousands):

Component Unit - Port of Oakland					
	Balance at June 30, 2024	Additions	Reductions	Balance at June 30, 2025	Amounts due within one year
Bonds and notes payable:					
Senior and intermediate lien bonds	\$ 519,670	\$ —	\$ 61,335	\$ 458,335	\$ 62,970
Notes and loans payable (1)	22,535	—	5,000	17,535	—
Unamortized premium and discounts, net	21,942	—	6,821	15,121	5,521
Total bonds and notes payable	<u>564,147</u>	<u>—</u>	<u>73,156</u>	<u>490,991</u>	<u>68,491</u>
Other long-term liabilities:					
Accrued vacation, sick leave, and compensatory time	10,996	2,412	2,276	11,132	9,195
Environmental remediation	15,936	491	1,343	15,084	1,179
Self-insurance liability - worker's compensation	8,910	351	2,164	7,097	2,164
Other long-term liabilities	9,172	1,953	2,197	8,928	988
Total other long-term liabilities	<u>45,014</u>	<u>5,207</u>	<u>7,980</u>	<u>42,241</u>	<u>13,526</u>
Total component unit	<u>\$ 609,161</u>	<u>\$ 5,207</u>	<u>\$ 81,136</u>	<u>\$ 533,232</u>	<u>\$ 82,017</u>

(1) As of June 30, 2025, under the current LOCs, the Port was authorized to issue an aggregate principal amount of commercial paper notes up to \$200 million.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

Year Ending June 30	Long-term Obligations		Commercial Paper (1)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 62,970	\$ 14,660	\$ —	\$ 701	\$ 62,970	\$ 15,361
2027	69,025	12,270	2,923	1,071	71,948	13,341
2028	71,100	9,877	5,845	1,111	76,945	10,988
2029	73,605	7,375	5,845	555	79,450	7,930
2030	76,865	4,119	2,922	69	79,787	4,188
2031-2033	104,770	4,069	—	—	104,770	4,069
Total	\$ 458,335	\$ 52,370	\$ 17,535	\$ 3,507	\$ 475,870	\$ 55,877

(1) For purposes of this schedule, Commercial Paper debt is amortized over four fiscal years, pursuant to the "Term Loan" provisions of the Commercial Paper Reimbursement Agreements and a LOC Bank advance occurs in January 1 2027, after the expiration of the current LOC facility on December 31, 2026. Prior to the term loan period, a 4 percent interest rate for Commercial Paper notes is assumed. For the first 90 days, interest is calculated using the higher of 1) Bank of America National Association (BANA) prime rate plus one percent, or 2) Federal Funds rate plus two percent, or 3) seven percent. Thereafter, the interest rate specified above is increased by one percent.

City-Wide Debt

1. Debt Compliance

There are a number of limitations and restrictions contained in the various bond indentures held by the City, ORSA, and the Port. The City, ORSA, and the Port believe they are in compliance with all significant limitations and restrictions for which noncompliance would adversely affect its ability to pay debt service.

2. Legal Debt Limit and Legal Debt Margin

As of June 30, 2025, the City's debt limit (3.75% of valuation subject to taxation) was \$3.3 billion. The total amount of debt applicable to the debt limit was \$706.8 million. The resulting legal debt margin was \$2.6 billion.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

H. LEASES AND SBITAS

City as Lessor

At June 30, 2025, the City recorded \$44.2 million in lease receivables as lessor. The City leases all or portions of owned properties to generate income, promote local economic development, and support services provided by community partners.

Lease and interest revenues recognized during the year ended June 30, 2025, as well as lease receivable and lease related deferred inflows of resources as of June 30, 2025 are as follows (in thousands):

	Governmental Activities			
	General Fund	Municipal Capital Improvement Fund	Internal Service Fund	Total
Lease revenue	\$ 1,739	\$ 1,346	\$ 27	\$ 3,112
Lease interest revenue	1,374	1,689	32	3,095
Lease receivable	17,665	26,144	344	44,153
Deferred inflow of resources-leases	16,852	26,543	311	43,706

City as Lessee/Subscriber

At June 30, 2025, the City recorded six lease agreements as lessee and nine subscription-based information technology agreements (SBITAs). The City leases building space and enters into SBITAs where such arrangements are determined to be the most effective or feasible method of providing services. The annual debt service requirement for leases and SBITAs is as follows (in thousands):

Year Ending June 30	Governmental Activities			
	Leases		SBITAs	
	Principal	Interest	Principal	Interest
2026	\$ 1,736	\$ 369	\$ 990	\$ 24
2027	1,343	312	379	6
2028	1,256	257	—	—
2029	1,314	199	—	—
2030	1,373	139	—	—
2031 - 2035	2,343	123	—	—
Total	\$ 9,365	\$ 1,399	\$ 1,369	\$ 30

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Component Unit- Port of Oakland

A major portion of the Port's capital assets are leased to others. Leased assets include maritime facilities, aviation facilities, office and commercial space, and land.

1. Maritime Leases

The Port, as a lessor, leases land and facilities at market rates with terms ranging from 1 to 66 years. The leases generally provide for minimum rentals with percentage rent contingent on business sales or activity, and typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. Variable lease payment received during the year ended June 30, 2025 was \$18.9 million. Certain maritime facilities are leased under agreements that provide the tenants with preferential, but nonexclusive, use of the facilities. In accordance with GASB No. 87, Maritime leases are based on the minimum fixed rent receivables and discounted to the present value per the lease term.

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

Year Ending June 30	Lease Revenue	Interest Revenue	Total
2026	\$ 109,486	\$ 20,759	\$ 130,245
2027	109,486	17,744	127,230
2028	107,537	14,545	122,082
2029	105,587	11,226	116,813
2030	90,856	8,153	99,009
2031 - 2035	161,616	14,901	176,517
2036 - 2040	8,285	6,788	15,073
2041 - 2045	5,610	5,686	11,296
2046 - 2050	3,748	4,779	8,527
2051 - 2055	2,507	4,376	6,883
Thereafter	14,541	14,224	28,765
Total	\$ 719,259	\$ 123,181	\$ 842,440

2. Aviation Leases

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

Other non-cancellable and non-regulated leases are recognized in accordance with GASB 87. Variable lease payments received during the year ended June 30, 2025 were \$58.8 million.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

Year Ending June 30	Lease Revenue	Interest Revenue	Total
2026	\$ 20,786	\$ 5,612	\$ 26,398
2027	20,316	4,958	25,274
2028	18,304	4,330	22,634
2029	3,064	3,989	7,053
2030	3,064	3,894	6,958
2031-2035	15,318	17,876	33,194
2036-2040	15,318	14,635	29,953
2041-2045	15,318	10,422	25,740
2046-2050	15,318	4,979	20,297
2051-2052	3,838	217	4,055
Total	<u>\$ 130,644</u>	<u>\$ 70,912</u>	<u>\$ 201,556</u>

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

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

Airlines who enter into operating lease agreements with the Port is defined as a Signatory Airline. The lease amount is set annually by the aviation rates and charges for its use of the terminals and can be cancelled anytime with 30 days' notice. The rights, services, and privileges, including preferentially assigned gates in connection with the use of the airport and its facilities are taken into the calculations of annual rates and charges.

Other aeronautical users are served through two Fixed Based Operators (FBOs), Kaiser Air and Signature Flight Support. Both provide other aeronautical users with essential aviation support services.

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

Year Ending June 30	Minimum Lease Revenue
2026	\$ 58,877
2027	37,227
2028	18,334
2029	14,065
2030	14,065
2031-2035	21,097
Total	<u>\$ 163,665</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

4. Commercial Real Estate Leases

The Commercial Real Estate (CRE) Division of the Port leases out almost 19 miles or approximately 837 acres of land and waterfront property, along San Francisco Bay and the Oakland Estuary that is not used for maritime or aviation purposes. Much of the commercial land has been converted through private investment into homes, hotels, offices, shops, restaurants, parks, and industrial flex/research spaces. In most cases, the CRE division of the Port has entered into ground leases with development teams. The Port, as a lessor, leases land and facilities at market rates with terms ranging from 1 to 60 years. The leases generally provide for minimum rentals with percentage rent contingent on business sales or activity, and typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. Variable lease payments received during the year ended June 30, 2025 were \$0.7 million.

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

Year Ending June 30	Lease Revenue	Interest Revenue	Total
2026	\$ 6,819	\$ 3,414	\$ 10,233
2027	6,650	3,255	9,905
2028	5,775	3,108	8,883
2029	5,678	2,947	8,625
2030	5,204	2,791	7,995
2031-2035	22,351	11,764	34,115
2036-2040	16,096	8,589	24,685
2041-2045	8,254	6,425	14,679
2046-2050	5,932	4,936	10,868
2051-2055	5,141	3,388	8,529
Thereafter	8,859	3,991	12,850
Total	\$ 96,759	\$ 54,608	\$ 151,367

5. SBITAs

At June 30, 2025, the Port recorded six qualifying SBITAs in accordance with GASB Statement No. 96. The terms of the agreements range from 2 to 7 years and used the tax-exempt Municipal Market Data (MMD) yield curve rates.

The SBITA asset, net of accumulated amortization is \$3.3 million and the respective subscription liability is \$2.7 million as of June 30, 2025. The Port recorded SBITA asset-related additions of \$0.4 million and amortization expense of \$1.2 million for the fiscal year ended June 30, 2025.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

The Port's required payments for the outstanding SBITA liability for the years ending June 30 are as follows:

Fiscal Year Ending	Cash	Interest Expense	Liability Reduction	Accrued Interest
2026	\$ 1,052	\$ 69	\$ 927	\$ 56
2027	829	39	773	17
2028	463	15	446	2
2029	463	2	461	—
Total	\$ 2,807	\$ 125	\$ 2,607	\$ 75

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

I. ESTIMATED LIABILITY FOR SELF-INSURANCE

Primary Government

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

The City is self-insured for its general liability, malpractice liability, public official’s errors and omissions, products and completed operations, employment practices liability, and auto liability up to \$5.0 million retention level and up to \$0.75 million retention level for workers’ compensation and has excess insurance with the California State Association of Counties - Excess Insurance Authority as described in the Insurance Coverage section.

1. Property Damage

Property damage risks are covered on an occurrence basis by commercial insurance purchased from independent third parties. All properties are insured at full replacement values after a \$10,000 deductible to be paid by the City. Vehicles are insured at full replacement value after a \$20,000 deductible. Equipment valued at more than \$250,000 is insured at full replacement after a \$100,000 deductible.

2. Workers’ Compensation

The City is self-insured for workers’ compensation up to a \$0.75 million retention level. Payment of claims is provided through annual appropriations, which are based on claim payment experience and supplemental appropriations. Of the \$93.0 million in claims liabilities as of June 30, 2025, approximately \$20.1 million is estimated to be due within one year.

Changes in self-insurance workers’ compensation for the years ended June 30, 2025 and 2024 are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Self-insurance liability - workers' compensation, beginning of year	\$ 88,056	\$ 72,749
Current year claims and changes in estimates	36,197	45,273
Claims payments	<u>(31,230)</u>	<u>(29,966)</u>
Self-insurance liability - workers' compensation, end of year	<u>\$ 93,023</u>	<u>\$ 88,056</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, 2025

3. General Liability

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2025, the amount of liability determined to be probable of occurrence is approximately \$98.4 million. Of this amount, claims and litigation approximating \$33.2 million are estimated to be due within one year. The recorded liability is the City's best estimate based on available information and may be revised as further information is obtained and as pending cases are litigated and is discounted at a rate of 2.5 percent. The City and the ORSA are involved in various claims and litigation arising in the ordinary course of its activities. In the opinion of the ORSA's in-house counsel and the City Attorney's Office for the City, none of these claims are expected to have a significant impact on the financial position or changes in financial position of the City and the ORSA. The City has not accumulated or segregated assets or set aside fund balances for the payment of estimated claims and judgments.

Changes in general claims liabilities for the years ended June 30, 2025 and 2024 are as follows (in thousands):

	2025	2024
Self-insurance liability - general liability, beginning of year	\$ 89,330	\$ 92,736
Current year claims and changes in estimates	47,448	60,978
Claims payments	(38,408)	(64,384)
Self-insurance liability - general liability, end of year	\$ 98,370	\$ 89,330

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

4. Insurance Coverage

On July 15, 2002, the City entered into a contract with the California State Association of Counties Excess Insurance Authority (CSAC EIA), a joint powers authority, whose purpose is to develop and fund programs of excess insurance for its member counties and cities. In 2020, CSAC EIA was renamed as Public Risk Innovation, Solutions, and Management (PRISM).

Effective July 1, 2024, the self-insured retention levels and purchased insurance per occurrence are as follows:

Type of Coverage	Limits	Purchased Insurance Per Occurrence
General Liability	Up to \$5.0 million	\$5.0 to \$25.0 million
Automobile Liability	Up to \$5.0 million	\$5.0 to \$25.0 million
Public Officials Errors and Omissions	Up to \$5.0 million	\$5.0 to \$25.0 million
Products and Completed Operations	Up to \$5.0 million	\$5.0 to \$25.0 million
Employment Practices Liability	Up to \$5.0 million	\$5.0 to \$25.0 million
Workers' Compensation	Up to \$750,000	\$750,000 to \$100.0 million

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Component Unit – Port of Oakland

1. Workers’ Compensation

The Port is self-insured for workers’ compensation of the Port’s employees. The workers’ compensation liability of \$7.1 million at June 30, 2025 is based upon an actuarial study performed as of June 30, 2025 that assumed a probability level of 80 percent and a discount rate of 0.0 percent.

Changes in liability, which is included as part of non-current liabilities, follows (in thousands):

	2025	2024
Self-insurance liability - workers' compensation, beginning of year	\$ 8,910	\$ 8,884
Current year claims and changes in estimates	351	2,078
Claims payments	(2,164)	(2,052)
Self-insurance liability - workers' compensation, end of year	\$ 7,097	\$ 8,910

2. General Liability - Insurance

The Port purchases insurance on certain risk exposures including but not limited to property, automobiles liability, airport liability, umbrella liability, environmental liability, fidelity, fiduciary liability, and public official’s liability. Port deductibles for the various insured programs range from \$10,000 to \$2 million each claim. The Port is self-insured for other general liability and liability/litigation-type claims, workers’ compensation of the Port’s employees and most first party exposures. During fiscal year 2025 the Port carried excess insurance over \$1 million for the self-insured general liability and workers’ compensation exposures. There have been no claim payments related to these programs that exceeded insurance limits in the last three years.

3. Capital Improvement Projects

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

OCIP provides general liability insurance and workers’ compensation insurance for contractors working on CIP projects. The Port is responsible for payment of the deductible/self-insured retention, which is currently \$0.25 million for each general liability and workers’ compensation claim.

The OPPI protects the Port from the potential error and omission of consultants working on Port CIP projects. Consultants must meet minimum insurance requirements of \$1 million. If consultant's insurance does not respond, the Port would be responsible for a \$0.1 million 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, 2025

J. JOINT VENTURE

Oakland-Alameda County Coliseum

The City is a participant with the County of Alameda in a joint exercise of powers agreement forming the Oakland-Alameda County Coliseum Authority (Coliseum Authority), which was formed on July 1, 1995 to assist the City and the County in the financing of public capital improvements in the Oakland-Alameda County Coliseum Complex (Coliseum Complex) pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The Oakland-Alameda County Coliseum Financing Corporation (Financing Corporation) is reported as a blended component unit of the Coliseum Authority. The eight-member Board of Commissioners of the Coliseum Authority consists of two council members from the City, two members of the Board of Supervisors from the County, two appointees of the City Council, and two appointees of the Board of Supervisors. The Board of Directors of the Financing Corporation consists of the City Manager and the County Administrator.

Stadium Bonds – Background

In August 1995, the Coliseum Authority issued \$9.2 million in Fixed Rate Refunding Lease Revenue Bonds and \$188.5 million in Variable Rate Lease Revenue Bonds (collectively known as the Stadium Bonds) to finance the costs of remodeling the stadium portion of the Coliseum complex as well as relocating the Raiders to the City.

On May 31, 2012, the Coliseum Authority issued \$122.8 million in Refunding Bonds Series 2012 A with coupons of 2 to 5 percent to refund and defease all outstanding variable rate 2000 Series C Refunding Bonds. The bonds were priced at a premium, bringing total proceeds to \$138.1 million. These funds coupled with \$13 million in the 2000 Series C reserve fund generated available funds of \$151.1 million which was used to refund the 2000 C Refunding Bonds of \$137.4 million, fund a reserve fund of \$12.8 million, and to pay underwriter's discount and issuance cost of \$0.9 million. The all-in-interest cost of the 2012A refunding bonds was 3.0 percent.

On December 14, 2021, the Coliseum Authority issued \$23.9 million in Lease Revenue Notes, 2021 Refunding Series A (Stadium Notes) which together with available revenue and existing reserves funded an escrow account to refund all outstanding Stadium Bonds. The Escrow Agent paid the scheduled debt service requirements of the Stadium Bonds on February 1, 2022 and will redeem those Stadium Bonds maturing on February 1, 2023 and thereafter, for all outstanding future debt service payments on the Stadium Bonds.

The Stadium Bonds are limited obligations of the Coliseum Authority payable solely from certain revenues of the Coliseum Authority, including revenues from the Stadium and Arena Complex and base rental payments from the City and the County. In the event that football revenues and other revenues received in connection with the Stadium are insufficient to make base rental payments, the City and the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The City and the County each have covenanted to appropriate \$11.0 million annually to cover such shortfall in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the City could have to pay up to \$22 million annually in the event of default by the County. Base rental payments are projected to cover one hundred percent of the debt service requirements over the life of the bonds. The obligation of the City and the County to make such payments is reduced to the extent the Coliseum Authority receives revenues generated at the complex to pay debt service and for operations and maintenance. The Stadium Bonds are not general obligations of either the City or the County. On February 1, 2025, the outstanding Stadium Bonds are fully paid off.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Arena Bonds – Background

On August 2, 1996, the Coliseum Authority issued \$70 million Series A-1 and \$70 million Series A-2 Variable Rate Lease Revenue Bonds (Arena Bonds) to finance the costs of remodeling the Coliseum Arena (Arena) and in connection with the retention of the Golden State Warriors (the Warriors) to play professional basketball at the Arena for at least 20 basketball seasons, beginning with the 1997-98 season.

On April 14, 2015, the Authority issued \$79.7 million in Refunding Bonds Series 2015 with coupons of 0.8 to 3.8 percent to refund and defease all outstanding variable rate 1996 Series A-1 and A-2 Bonds. The bonds were sold at par, bringing total proceeds to \$79.7 million.

Under the Bond Agreements, the Arena Bonds are limited obligations of the Coliseum Authority, payable solely from revenues received by the Coliseum Authority on behalf of the City and the County. Revenues consist of base rental payments from the City and the County, including certain payments from the Warriors of up to \$7.4 million annually from premium seating revenues. If necessary to prevent default, additional premium revenues up to \$10.0 million may be pledged to service Arena debt. If the revenues received from the Warriors and from Arena operations are not sufficient to cover the debt service requirements in any fiscal year, the City and the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The County and the City each have covenanted to appropriate up to \$9.5 million annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the City could have to pay up to \$19 million annually in the event of default by the County.

On December 9, 2020, the California Supreme Court denied the Warriors' Petition for Review of lower court rulings that required them to continue to make payments towards debt service on the Arena Bonds following the team's move to San Francisco, consistent with their original agreement with the Authority. Since August 2019, the Warriors have paid the debt service installments that have come due and it is anticipated that they will continue to do so until the Arena Bond debt obligation is satisfied in 2026.

Debt Obligations

Long-term debt outstanding as of June 30, 2025 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, 2025</u>
Arena Bonds:				
2015 Refunding Series A Lease Revenue Bonds	February 1, 2026	3.8%	\$ 79,735	\$ 4,885

Debt payments during the year ended June 30, 2025 were as follows (in thousands):

	<u>Stadium</u>	<u>Arena</u>	<u>Total</u>
Principal	\$ 2,357	\$ 10,000	\$ 12,357
Interest	32	550	582
Total	<u>\$ 2,389</u>	<u>\$ 10,550</u>	<u>\$ 12,939</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

The following is a summary of long-term debt transactions for the year ended June 30, 2025 (in thousands):

Outstanding lease revenue bonds, June 30, 2024	\$ 17,242
Principal repayments	<u>(12,357)</u>
Outstanding lease revenue bonds, June 30, 2025	<u>\$ 4,885</u>
Amount due within one year	<u><u>\$ (4,885)</u></u>

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

Year Ending June 30,	Arena Bonds	
	Principal	Interest
2026	<u>\$ 4,885</u>	<u>\$ 185</u>

The Coliseum Authority relies on the City and the County to make base rental payments in order to fulfill its debt service obligations. The Coliseum Authority would be considered to be in default if one or more of the following events occurs: (1) the City and the County fail to pay any rental payable when it becomes due and payable, (2) the City and the County fail to comply with the terms, covenants and conditions of the Master Lease Agreement and (3) the City or the County declare bankruptcy or insolvency.

If an event of default occurs, the Trustee may declare the principal of all bonds then outstanding and the interest accrued thereon to be due and payable immediately. The Coliseum Authority may (1) terminate the Master Lease and recover certain damages, (2) re-enter or re-let the facilities, or (3) continue to collect rent from the City and the County on an annual basis by seeking a separate judgment each year for that year's defaulted base rental payments. Upon an event of default, there is no remedy of acceleration of the total base rental payments due over the term of the Master Lease.

Management of Coliseum Authority

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture (OCJV) to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with OCJV and reinstated its Operating Agreement with Coliseum Inc. Coliseum Inc. subcontracted all of the operations of the Coliseum Complex to OCJV. The Operating Agreement between the Coliseum Authority and Coliseum Inc. expired, by its terms, on July 31, 2006. The Coliseum Authority entered into a Termination Agreement whereby, in return for certain consideration, the Coliseum Authority agreed to perform the duties of Coliseum, Inc. on and after August 1, 2006. The Coliseum Authority's management agreement with OCJV expired in June 2012. In July 2012, AEG Management Oakland, LLC took over management of the Coliseum Complex after signing a ten-year agreement. The agreement was extended for an additional term of four years commencing July 1, 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, 2025, the City made contributions of \$5.0 million to fund its share of operating deficits and debt service payments of the Coliseum Authority.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium Bonds, such that the City and the County will have to contribute to base rental payments. The City has appropriated \$7.5 million in its General Fund for these purposes for the year ending June 30, 2025. The City has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to meet debt service requirements.

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

III OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

1. General Information About the Pension Plans

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

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

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

2. Benefits

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

CalPERS' Miscellaneous Plan provisions and benefits in effect at June 30, 2025 are summarized as follows:

	Hire Date		
	Prior to 6/9/2012	6/9/2012 through 12/31/12	On or After 1/1/2013 ⁽¹⁾
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	2.0% - 2.5%	1.0% - 2.5%
Required employee contribution rates	0.0812	0.0812	7.25% - 8.12%
Required employer contribution rates 2025 ⁽²⁾	12.010%	12.010%	10.790% - 12.010%

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

(2) Excludes contribution payments of \$83.3 million for unfunded liability

CalPERS' Safety Plan provisions and benefits in effect at June 30, 2025 are summarized as follows:

	Hire Date		
	Prior to 6/9/2012	6/9/2012 to 12/31/2012	On or After 1/1/2013 ⁽¹⁾
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Retirement age	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	0.1078	10.8% - 12.0%	10.8% - 11.5%
Required employer contribution rates 2025 ⁽²⁾	19.860%	16.151% - 19.860%	19.860%

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

(2) Excludes contribution payments of \$77.4 million for unfunded liability

Covered Employees - As of June 30, 2024 actuarial valuation, the following employees were covered by the benefit terms of each pension plan:

	PFRS Plan	CalPERS Miscellaneous Plan	CalPERS Safety Plan
Inactive employees or beneficiaries receiving benefits	626	4,096	1,575
Inactive employees entitled to but not yet receiving benefits	—	2,310	501
Active employees	—	3,044	1,128
Total	626	9,450	3,204

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

3. Contributions

For the year ended June 30, 2025, the City’s actuarially determined contributions were as follows (in thousands):

PFRS Plan	\$	34,845
CalPERS Miscellaneous Plan (City)		112,927
CalPERS Miscellaneous Plan (Port)		27,048
CalPERS Safety Plan (City)		108,459
Total	\$	<u>283,279</u>

PFRS – The City contributes, at a minimum, such amounts that are necessary, determined on an actuarial basis, to provide assets sufficient to meet benefits to be paid to PFRS members. The City is required to fund all liabilities for future benefits for all members by June 30, 2026. In order to do so, the City makes contributions at rates established by consulting actuaries based upon plan valuations using various assumptions as to salary progression, inflation, and rate of return on investments. The City’s contributions are based on a level percentage of all uniformed employees’ compensation. Significant actuarial assumptions used to compute actuarially determined contribution requirements are the same as those used to compute the pension benefits.

On July 30, 2012, the City issued additional Pension Obligation Bonds (Series 2012) and contributed \$210.0 million to PFRS. As a result of a funding agreement entered into between the PFRS Board and the City, no additional contributions were required until July 1, 2017. The City resumed contributions to PFRS on July 1, 2017. The City contributed \$34.8 million in the year ended June 30, 2025.

CalPERS – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

4. Net Pension Liability

The table below shows how the net pension liability as of June 30, 2025, is distributed (in thousands).

Governmental Activities	\$ 1,728,216
Business-type Activities	46,394
Component Unit - Port of Oakland	196,848
Total	<u>\$ 1,971,458</u>

As of June 30, 2025, the City's net pension liability is comprised of the following (in thousands):

PFRS Plan	\$ 47,233
CalPERS Miscellaneous Plan (City)	727,411
CalPERS Miscellaneous Plan (Port)	196,848
CalPERS Safety Plan (City)	999,966
Total	<u>\$ 1,971,458</u>

The City's net pension liability is measured for each plan as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The Port's proportionate share of the City's Miscellaneous Plan was determined based on a three-year average of the Port's employer contributions divided by the total employer contributions and was 22.39 percent for the June 30, 2024 measurement date.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023 (measurement date)	\$ 533,790	\$ 416,130	\$ 117,660
Change for the year:			
Interest on the total pension liability	29,961	—	29,961
Differences between expected and actual experience	(6,650)	—	(6,650)
Change of assumptions	(9,758)	—	(9,758)
Contributions - employer	—	40,763	(40,763)
Net investment income	—	44,913	(44,913)
Administrative expenses	—	(1,696)	1,696
Benefit payments, including refunds	(50,102)	(50,102)	—
Net changes	(36,549)	33,878	(70,427)
Balance at June 30, 2024 (measurement date)	<u>\$ 497,241</u>	<u>\$ 450,008</u>	<u>\$ 47,233</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

	CalPERS Miscellaneous Plan (including Port*)			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, 2023 (measurement date)	\$3,293,550	\$2,316,141	\$ 977,409	\$2,765,569	\$1,764,841	\$1,000,728
Changes for the year:						
Service cost	59,742	—	59,742	55,776	—	55,776
Interest on the total pension liability	225,236	—	225,236	191,129	—	191,129
Differences between expected and actual experience	37,260	—	37,260	45,619	—	45,619
Contributions from the employer	—	131,189	(131,189)	—	102,351	(102,351)
Contributions from employees	—	26,765	(26,765)	—	24,286	(24,286)
Net investment income	—	219,319	(219,319)	—	168,086	(168,086)
Administrative expenses	—	(1,885)	1,885	—	(1,437)	1,437
Benefits payments, including refunds of employee contributions	(192,794)	(192,794)	—	(138,185)	(138,185)	—
Net changes	129,444	182,594	(53,150)	154,339	155,101	(762)
Balance at June 30, 2024 (measurement date)	\$3,422,994	\$2,498,735	\$ 924,259	\$2,919,908	\$1,919,942	\$ 999,966

*The Port is a participant in a cost-sharing plan arrangement with the City's CalPERS Miscellaneous Plan.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

For the year ended June 30, 2025, the City and the Port recognized pension expense of \$256.7 million and \$27.3 million, respectively. At June 30, 2025, 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	\$ 34,845	\$ —	\$ 96,748	\$ —	\$ 112,380	\$ —	\$ 243,973	\$ —
Change in assumptions	—	—	1,924	—	31,767	—	33,691	—
Differences between expected and actual experience	—	—	26,637	(587)	54,223	(7,935)	80,860	(8,522)
Net differences between projected and actual earnings on plan investments	—	(9,518)	29,177	—	27,834	—	57,011	(9,518)
Change in proportionate share	—	—	4,276	—	—	—	4,276	—
Total	\$ 34,845	\$ (9,518)	\$ 158,762	\$ (587)	\$ 226,204	\$ (7,935)	\$ 419,811	\$ (18,040)

At June 30, 2025, the City's pension expense was composed of the following amounts by plan (in thousands):

	CalPERS			
	PFRS Plan	City Miscellaneous Plan	Safety Plan	Total City
	Pension expense	\$ (7,713)	\$ 117,114	\$ 147,311

At June 30, 2025, the Port's deferred outflows of resources and deferred inflows of resources related to pension items are from the following sources (in thousands):

	Port Miscellaneous Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 27,048	\$ —
Change in assumptions	521	—
Differences between expected and actual experience	7,208	(159)
Net differences between projected and actual earnings on plan investments	7,896	—
Change in proportionate share	—	(4,441)
Total	\$ 42,673	\$ (4,600)

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

At June 30, 2025, the City and the Port reported \$244.0 million and \$27.0 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 subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

Measurement Period Ending June 30	Deferred Outflows/(Inflows) of Resources			
	PFRS	City Miscellaneous Plan (including Port)	City Safety Plan	Total
2025	\$ (5,570)	\$ 19,423	\$ 31,800	\$ 45,653
2026	7,983	73,612	73,006	154,601
2027	(7,056)	(8,235)	5,386	(9,905)
2028	(4,875)	(12,348)	(4,303)	(21,526)
Total	\$ (9,518)	\$ 72,452	\$ 105,889	\$ 168,823

6. Actuarial Assumptions

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total pension liability, based on the following actuarial methods and assumptions:

	PFRS Plan	CalPERS Miscellaneous and Safety Plans
Valuation date	July 1, 2024	June 30, 2023
Measurement date	June 30, 2024	June 30, 2024
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Discount rate	5.00%	6.90%
Inflation rate	2.75% (U.S.) to 2.85% (Bay Area)	2.30%
Salary increases	n/a	Varies by Entry Age and Service
Post-retirement benefits increases	Police - 3.0 % increase at July 1, 2024 and 2025, 3.25% increase starting at July 1, 2026 Fire - 3.0% increase at July 1, 2024 and 2025, 3.25% increase starting at July 1, 2026	The lessor of contract cost of living adjustment or 2.3% until purchasing power protection allowance floor on purchasing power applies, 2.3% thereafter

For the PFRS Plan, mortality rates for healthy lives were based on the sex distinct 2021 CalPERS Healthy Annuitant Mortality Table, with generational mortality improvements projected from 2017 using Projection Scale MP-2021. Mortality rates for disabled lives were based on the sex distinct 2021 CalPERS Industrial Disability Mortality Table, with generational mortality improvements projected from 2017 using Projection Scale MP-2021. The mortality tables are projected to improve with MP-2021 generational mortality improvement tables, with improvements projected from a base year of 2017 (the mid-point of the CalPERS base tables).

For the CalPERS Miscellaneous and Safety Plans, the mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Change in Assumptions – For the PFRS Plan, the discount rate was reduced from 5.09% to 5.00% and the post-retirement benefits increases were updated.

Discount Rates

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

Best estimates of geometric real rates of return for each major class included in the PFRS’s target asset allocation as of June 30, 2024 measurement date are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	2.0%
Domestic Equity	5.7%
International Equity	6.1%
Covered Calls	4.2%
Crisis Risk Offset	2.2%
Credit	4.0%
Cash	(0.3)%

The discount rate used to measure the total pension liability was 5.00 percent. The projection of cash flows used to determine the discount rate assumed that the City would contribute to the PFRS Plan based on its July 1, 2012 funding agreement with the PFRS. This agreement had suspended City contributions until the fiscal year beginning July 1, 2017. The City has resumed contributions, with a City Charter requirement that the PFRS Plan’s liabilities be fully funded by July 1, 2026. A cash flow projection showed that the projected fiduciary net position would be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CalPERS - The discount rate used to measure each of the CalPERS Miscellaneous Plan and Safety Plan total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building - block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Asset Class	Assumed Asset Allocation	Real Return ⁽¹⁾⁽²⁾
Global Equity- Cap-weighted	30.00 %	4.54 %
Global Equity- Non-Cap-weighted	12.00 %	3.84 %
Private Equity	13.00 %	7.28 %
Treasury	5.00 %	0.27 %
Mortgage-backed Securities	5.00 %	0.50 %
Investment Grade Corporates	10.00 %	1.56 %
High Yield Bonds	5.00 %	2.27 %
Emerging Market Debt	5.00 %	2.48 %
Private Debt	5.00 %	3.57 %
Real Assets	15.00 %	3.21 %
Leverage	(5.00)%	(0.59)%

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management Study.

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

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

	1% Decrease at 5.90%	Measurement Date at 6.90%	1% Increase at 7.90%
CalPERS Miscellaneous Plan (City)	\$ 1,054,789	\$ 727,411	\$ 454,743
CalPERS Miscellaneous Plan (Port proportionate share)	285,441	196,848	123,060
CalPERS Safety Plan (City)	1,410,068	999,966	665,889
	1% Decrease at 4.00%	Measurement Date at 5.00%	1% Increase at 6.00%
PFRS	\$ 84,972	\$ 47,233	\$ 14,009

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

B. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Primary Government

1. Plan Description

The City has three programs in place to partially pay health insurance premiums for certain classes of retirees from City employment. City retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. The retiree health benefits are described in the labor agreements between the City and local unions and in City resolutions. The demographic rates used for the CalPERS plans were public safety employees retirement benefits under a 3% at 50 formula and miscellaneous employees retirement benefits under a 2.7% at 55 formula.

In 2014, the City began to partially pre-fund the actuarially determined contribution (ADC) to the California Employer’s Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit post-employment healthcare plan administered by CalPERS. The CERBT is an Internal Revenue Code (IRC) Section 115 Trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and OPEB costs.

The City’s single-employer defined benefit retiree health plan (Postretirement Health Plan) allows eligible retirees and their dependents to receive employer-paid medical insurance benefits through CalPERS. The medical insurance reimbursement is not to exceed the Kaiser-HMO family plan rate. The Postretirement Health Plan also includes dental and vision benefits and reimbursement of Medicare Part B monthly insurance premium. The Postretirement Health Plan does not issue a separate financial report.

2. Benefits Provided

As provided by the Public Employees’ Medical & Hospital Care Act (PEMHCA), the City contracts with CalPERS for medical plan coverage for both active and retired employees. The City pays part of the health insurance premiums for all eligible retirees from City employment receiving a pension annuity earned through City service.

Employees Covered - Based on the July 1, 2023 Actuarial Valuation Report, the following employees were covered by the benefit terms for the OPEB plan:

Inactive retired participants and surviving spouses receiving benefits	2,879
Inactive participants' spouses receiving benefits	1,122
Active employees eligible for retirement benefits	1,022
Active employees not yet eligible for retirement benefits	2,691
Total	7,714

3. Contributions

The annual contribution is based on the actuarially determined contribution. The City pays a portion of retiree benefit expenses on a pay-as-you-go basis to third parties, outside of the CERBT fund, and funds the remaining actuarially determined contribution (ADC) to the CERBT fund. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies). On August 9, 2018, the City contributed the second of two one-time payments of \$10.0 million into the CERBT fund to partially prefund the actuarially determined contribution for OPEB,

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

as provided for in the FY 2017-19 Adopted Policy Budget. In addition, on February 26, 2019, City Council adopted an Other Post-Employment Benefits Funding Policy providing for ongoing prefunding contributions of 2.5% of payroll. On June 2, 2020, City Council authorized the postponement of this payment for the years ended June 30, 2020 and June 30, 2021 in response financial challenges arising from the COVID-19 global pandemic. The City resumed contributions to the CERBT fund starting with the fiscal year ended June 30, 2022.

The June 30, 2024 economic assumptions were based on the CERBT Strategy 1 and the Bond Buyer GO 20-year Bond Municipal Bond Index as of June 30, 2024. Since the City has adopted a funding approach, the discount rate used for the June 30, 2024 measurement date reporting was based on a blending of these two rates. The assumed CERBT Strategy 1 rate was 6.00%. The Bond Buyer GO 20-year Bond Municipal Bond Index as of June 2024 was 3.93%. Since the assets accumulated as of the measurement date are not sufficient to pay benefit payments, the depletion test of the expected benefit payments resulted in a blended rate of 4.82%. Benefits and other contributions paid by the City for the year ended June 30, 2025 is shown below.

Explicit contributions	\$	25,585
Implicit contributions		6,697
Trust contributions		14,800
Total	\$	<u>47,082</u>

The amount of implicit contributions paid are reflected as a reduction in (active) employee premiums. The contributions made during the year ended June 30, 2025 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, 2024 (measurement date), using an annual actuarial valuation as of July 1, 2023. A summary of principal actuarial assumptions and methods used to determine the total OPEB liability is as follows:

Actuarial valuation date	July 1, 2023
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Market value
Amortization method	Level percentage of pay, closed period as of June 30, 2020
Inflation	2.70%
Discount rate	4.82%
Rate of salary increase	2.75%
Ultimate rate of medical inflation	4.14%
Years to ultimate rate of medical inflation	54 years
Mortality, termination and disability	Based on the 2021 CalPERS Mortality Table
Postretirement benefit increase	Police - 3.0% increase at July 1, 2024 and 2025 and 3.25% increase starting at July 1, 2026 Fire - 3.0% increase at July 1, 2024 and 2025 and 3.25% increase starting at July 1, 2026

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Discount Rate - Economic assumptions were based on the CERBT Strategy 1 and the Bond Buyer GO 20-Year Bond Municipal Bond Index as of June 30, 2024. Based on this approach the discount rate utilized was 4.70%.

The following table shows the changes in net OPEB liability for the year ended June 30, 2025:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023 (measurement date)	\$ 611,751	\$ 62,775	\$ 548,976
Changes for the year:			
Service cost	26,201	—	26,201
Interest	28,062	—	28,062
Changes of assumptions	2,273	—	2,273
Contributions from the employer	—	43,179	(43,179)
Net investment income	—	7,439	(7,439)
Administrative expenses	—	(35)	35
Benefit payments	(29,679)	(29,679)	—
Net changes	26,857	20,904	5,953
Balance at June 30, 2024 (measurement date)	\$ 638,608	\$ 83,679	\$ 554,929

Changes in assumptions include an increase in the discount rate applied from 4.70% to 4.82%, and the post-retirement benefit increases were updated. Future assumptions are subject to change and depend, in part, on the City's actual CERBT contributions in future periods.

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

The discount rate used for the year ended June 30, 2025 is 4.82 percent. The impact of a 1 percent increase or decrease in the discount rate assumption is shown below:

	1% Decrease at 3.82%	Measurement Date at 4.82%	1% Increase at 5.82%
Net OPEB Liability	\$ 632,107	\$ 554,929	\$ 490,560

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

	-1.00%	Baseline	+1.00%
Net OPEB Liability	\$ 498,315	\$ 554,929	\$ 623,662

5. OPEB Plan Fiduciary Net Position

The City's OPEB plan trust fund is included in the CalPERS CERBT agent multiple-employer plan reported in the CalPERS Annual Comprehensive Financial Report.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

For the year ended June 30, 2025, the City recognized an OPEB expense of \$18.0 million. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 46,757	\$ —
Change in assumptions	82,181	(136,939)
Differences between expected and actual experience	—	(10,849)
Net difference between projected and actual earnings on plan investments	411	—
Total	\$ 129,349	\$ (147,788)

The \$46.8 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, 2026. Other amounts reported as deferred inflows of resources will be recognized as future OPEB expense as follows:

Measurement Period Ending June 30	Deferred (Inflows) of Resources
2025	\$ (11,643)
2026	(47,569)
2027	(15,028)
2028	8,665
2029	379
Total	\$ (65,196)

Component Unit – Port of Oakland

1. Plan Description

The Port has established a Retiree Healthcare Plan and participates in the CERBT, an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. The CERBT is an Internal Revenue Code Section 115 trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and OPEB costs.

The Port's Retiree Healthcare Plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through CalPERS.

Prior to 2011, eligible retirees who had attained the age of fifty or over at the time of retirement, had five or more years of CalPERS service, and were eligible to receive CalPERS retirement benefits, were entitled to receive employer paid medical insurance benefits through CalPERS.

The Port had adopted a resolution on July 21, 2011 that established a Health Benefit Vesting Requirement for employees hired on or after September 1, 2011 (on or after April 1, 2013 for members of SEIU (Service Employees International Union) and IBEW (International Brotherhood of Electrical Workers)). The vesting schedule does not apply to employees that are granted a disability

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

Retiree Dental and Vision Coverage - Employees who were hired before October 1, 2009, have attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and are eligible to receive CalPERS retirement benefits are entitled to retiree dental and vision coverage.

Employees who are members of the SEIU and IBEW and were hired on or after June 9, 2012 are entitled to retiree dental and vision coverage if the employee has attained the age of fifty or over at the time of retirement, have five or more years of CalPERS service, and are eligible to receive CalPERS retirement benefits.

Employees Covered - As of the June 30, 2024 measurement date, the following current and former employees were covered by the benefit terms under the Port's Retiree Healthcare Plan:

Active employees	450
Inactive employees or beneficiaries currently receiving benefits	619
Total	1,069

2. Contributions

Benefit provisions are established and are amended through negotiations between the Port and the various bargaining units during each bargaining period. The annual contribution is based on the actuarially determined contribution. The Port pays a portion of retiree benefit expenses on a pay-as-you-go basis to third parties and directly to beneficiaries (Pay-go), and funds the remaining actuarially determined contribution to the CERBT fund. For the year ended June 30, 2025, the Port's cash contributions totaling \$14.8 million consisted of \$9.4 million in payments to third parties, \$4.0 million in CERBT fund contribution and estimated implicit subsidy of \$1.4 million.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

3. Net OPEB Liability

The Port's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 based on the following actuarial methods and assumptions:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry-Age Normal
Discount rate	6.50%
Inflation	2.30%
Medical trend rate (1)	Non-Medicare: 5.83% in 2025, decreasing to 4.00% in 2070 and later years Medicare: 15.25% in 2025, decreasing to 4.0% in 2070 and later years Medicare Part B: 6.00% in 2025, decreasing to 3.75% in 2091 and later years Dental and Vision: 3.00% in 2025 and later years
Investment rate of return (2)	6.50%
Mortality, termination and disability	CalPERS Mortality rates for Miscellaneous Public Agency Employees, projected generationally using 80 percent of Scale MP-2020 starting in 2017

¹ Based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long-term medical care.

² Net of plan investment expenses.

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

The following table reflects the target allocations and best estimates of arithmetic real rates of return for each major asset class used for the June 30, 2023 valuation.

CERBT Strategy 1- Asset Class Allocation and Benchmarks as of June 30, 2025.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Range</u>	Benchmark
Global Equity	37.0 %	+/- 5%	MSCI All County World Index IMI (Net)
U.S. Fixed Income	44.0 %	+/- 5%	Bloomberg Long Liability Index
Treasury Inflation - Protected Securities	5.0 %	+/- 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trust	14.0 %	+/- 5%	FTSE EPRA/ NAREIT Developed Index (Net)

4. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%, which is equal to the investment rate of return, which decreased from 6.75% for the prior actuarial valuation.

Under GASB 75, the discount rate should be the single rate that reflects the long-term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits. To the

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

extent that OPEB plan assets plus expected future earnings and expected future contributions are insufficient to finance all OPEB benefits, the discount rate should be based on 20-year tax-exempt AA or higher Municipal bonds as of the measurement date. The Port is funding the service cost plus an amortized amount of its net OPEB liability each fiscal year. Therefore, all OPEB plan benefits are expected to be financed by OPEB trust investments and contributions from the Port.

5. Changes in the Net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2024	\$ 199,516	\$ 116,145	\$ 83,371
Changes for the year:			
Service cost	4,656	—	4,656
Interest	12,962	—	12,962
Differences between expected and actual experience	13,055	—	13,055
Contributions from the employer	—	13,974	(13,974)
Net investment income	—	12,872	(12,872)
Administrative expenses	—	(60)	60
Benefit payments	(9,674)	(9,674)	—
Net changes	20,999	17,112	3,887
Balance at June 30, 2025	\$ 220,515	\$ 133,257	\$ 87,258

6. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year 2025 is 6.50%. The following presents the net OPEB liability of the Port if it were calculated using a discount rate that is one percentage point lower to one percentage point higher than the current rate, as of June 30, 2025 (in thousands):

	1% Decrease at 5.50%	Measurement Date at 6.50%	1% Increase at 7.50%
Net OPEB Liability	\$ 113,713	\$ 87,258	\$ 65,119

The following presents the net OPEB liability of the Port if it were calculated using healthcare cost trend rates that are one percentage point lower to one percentage point higher than the current rate, as of June 30, 2025 (in thousands):

	-1.00%	Current Healthcare Costs Trend Rate	+1.00%
Net OPEB Liability	\$ 61,834	\$ 87,258	\$ 117,964

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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

For the year ended June 30, 2025, the Port recognized OPEB expense of \$13.6 million. The Port reported deferred outflows/inflows of resources related to OPEB from the following sources as of June 30, 2025 (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 14,848	\$ —
Net difference between projected and actual earnings on OPEB plan investments	2,097	—
Difference between expected and actual experience	10,005	(563)
Changes of assumptions	5,959	(36)
Total	\$ 32,909	\$ (599)

The OPEB contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period. 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):

Measurement Period Ending June 30	Deferred (Inflows) of Resources
2025	\$ 5,204
2026	9,685
2027	2,756
2028	\$ (183)
Thereafter	\$ —
Total	\$ 17,462

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

C. COMMITMENTS AND CONTINGENCIES

Primary Government

1. Construction Commitments

As of June 30, 2025, the City had outstanding construction encumbrances for the acquisition and construction of assets as follows (in thousands):

	General Fund	Federal/ State Grant Fund	Municipal Capital Improvement Fund	Other Special Revenue Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Building, facilities and infrastructure	\$ 16	\$ 502	\$ 1,098	\$ 53	\$ —	\$ 2,003	\$ 3,672
Parks and open space	20	999	677	85	22	—	1,803
Sewers and storm drains	1,570	111	—	—	—	—	1,681
Streets and sidewalks	60	17,171	22,566	11,711	—	—	51,508
Technology enhancement	85	—	1	9	279	244	618
Traffic improvements	—	362	—	2	—	—	364
Total	\$ 1,751	\$ 19,145	\$ 24,342	\$ 11,860	\$ 301	\$ 2,247	\$ 59,646

The outstanding construction encumbrances for the Sewer fund as of June 30, 2025 is \$1,952.

2. Other Commitments and Contingencies

Recognized Obligation Payment Schedule

As of June 30, 2025, the ORSA had encumbered \$290.1 million for contracted obligations, per the ROPS covering the July 1, 2025 through June 30, 2026 period, which was approved by the DOF.

Opioid Settlements

The City participated in national opioid settlements with several manufacturers, distributors, and pharmacies. In addition, the City has received funding from opioid-related bankruptcy proceedings and anticipates additional funds from future settlements and/or bankruptcy proceedings.

The City estimates receipts in excess of \$10 million through 2039 from these agreements, which restrict the use of the majority of funds to opioid abatement activities. As of June 30, 2025, the City has received \$4.8 million in such revenue, which has been classified as restricted General Fund balance (see Note I, part F.). Future opioid litigation may result in additional settlement agreements or judgements, or suspension and reduction of payments. Receivables have not been recorded for future receipts due to the uncertainty and unavailability of such amounts.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

Component Unit – Port of Oakland

As of June 30, 2025, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Aviation	\$	58,140
Maritime		26,046
Total	\$	84,186

The most significant projects for which the Port has contractual commitments for Aviation are the Procurement of Electric Shuttle Buses and Infrastructure for Electric Bus Charging Station Phase I for \$2.3 million, Runway Pavement Rehabilitative \$19.2 million; Perimeter Dike Seismic Improvement Phase 2 \$31.2 million; and Terminal Restroom Renovation Phase 1 \$4.3 million; for Maritime Port Terminal Pavement Services \$8.0 million; Sanitary Sewer Projects \$2.2 million; Replacement of Fenders and Bollards, and Crane Shops Oil, and Water Separator \$0.1 million; and Switchgear Replacement and Trash Captive Devices \$15.7 million.

1. Power Purchases

The Port purchases electrical power for resale and self-consumption and currently has power purchase agreements with East Bay Municipal Utility District (EBMUD), Western Area Power Administration (WAPA), EDP Renewables, and multiple contracts through the Northern California Power Agency (NCPA).

Counterparty	Contract Ending Year	Contract Structure	Estimated Output	Estimated Annual Cost
EBMUD	2025	Take and Pay - (Pay contract price only if energy is received)	11,300 MWH	Approximately \$1.9 million with no annual escalator from 2017-2025.
WAPA	2054	Monthly Fixed Price Plus Energy Received	17,000 MWH	Approximately \$0.8 million (Changes annually depending on revenue requirement for power generation projects).
EDP Renewables	2027	Take and Pay - (Pay contract price only if energy is received)	1,200 MWH	Approximately \$0.2 million with annual escalator.
NCPA- Antelope Valley Energy Farm	2041	Take and Pay - (Pay contract price only if energy is received)	11,300 MWH	Approximately \$0.4 million with no annual escalator.
NCPA- South Feather Water and Power Agency	2031	Monthly Fixed Price Plus Energy Received	11,781 MWH	Approximately \$0.4 million with no annual escalator.
NCPA-Geysers Power Company, LLC	2036	Take or Pay	20,148 MWH	Approximately \$1.1 million with no escalation.
NCPA-Grace Orchard Energy Center, LLC	2047	Take and Pay	22,724 MWH	Approximately \$1 million with no escalation.
East Bay Municipal Utility District (EBMUD)	2035	Take and Pay (Pay contract price only if Renewable Energy Certificate is received)	11,300 MWH	Approximately \$0.4 million with no escalation.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

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 as an other liability on the statement of net position at June 30, 2025, is as follows (in thousands):

Obligating Event	Liability, Net of Recovery	Estimated Recovery
Pollution poses an imminent danger to the public or environment	\$ 1,285	\$ —
Identified as responsible to clean up pollution	13,010	—
Begins or legally obligates to clean up or post-clean up activities	789	—
Total by obligating event	\$ 15,084	\$ —

The environmental liability accounts in the summary table are listed by the initial obligating event. Due to new information, the obligating event may change from the initial obligating event. Examples of obligating events include: 1) the Port is named, or evidence indicates that it will be named, by a regulator such as the Department of Toxic Substances Control or the Regional Water Quality Control Board, as a responsible party or potentially responsible party for remediation; or 2) the Port has commenced, or legally obligates itself to commence, clean-up activities, monitoring or operation and maintenance of the remediation effort (e.g., by undertaking a soil and groundwater pre-development investigation).

Methods and Assumptions

The Port measured the environmental liabilities for pollution remediation sites on Port-owned property using the Expected Cash Flow technique. The measurements are based on the current value of the outlays expected to be incurred. The cash flow scenarios include each component which can be reasonably estimated for outlays such as testing, monitoring, legal services, and indirect outlays for Port labor instead of ranges of all components. Reasonable estimates of ranges of possible cash flows are limited from a single scenario to a few scenarios. Data used to develop the cash flow scenarios is obtained from outside consultants, Port staff, and the Port’s outside legal counsel.

Changes to estimates will be made when new information becomes available. Estimates for the pollution remediation sites will be developed when the following benchmarks or changes in estimated outlays occur:

- Receipt of an administrative order;
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation;
- Completion of a corrective measures feasibility study;
- Issuance of an authorization to proceed;

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

- Remediation design and implementation, through and including operation and maintenance and post-remediation monitoring;
- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases;
- Changes in technology; or
- Changes in legal or regulatory requirements.

Recoveries

The environmental liabilities balances listed on the prior page have been reduced by estimated future recoveries. In calculating the estimated future recoveries, Port staff and outside legal counsel reviewed and applied the requirements of GASB Statement No. 49 for accounting for recoveries. For example, if a Port tenant has a contract obligation to reimburse the Port for certain pollution remediation costs, or if an insurance carrier has paid money on a certain claim and the Port is pursuing additional costs from the insurance carrier associated with the claim, then a recovery was estimated. If an insurance carrier has not yet acknowledged coverage, then a recovery was not estimated.

Litigation

The Port at various times is a defendant in various lawsuits arising in the normal course of business, including constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known and the Port's insurance may cover a portion of any losses, if incurred. Port management may make provision for probable losses if deemed appropriate on the advice of legal counsel.

D. DEFICIT FUND BALANCES/NET POSITION

As of June 30, 2025, the following funds reported deficits in fund balance/net position (in thousands):

Fund	Deficit
Federal/State Grant Fund	\$ (28,398)
Other Governmental Funds	
Lease Financing	(1,442)
Internal Service Funds	
Radio	(3,690)
Facilities	(17,948)
Reproduction	(783)
Central Stores	(708)
Purchasing	(2,452)
Other Private-Purpose Trust Funds:	
Oakland Redevelopment Successor Agency Trust Fund	(137,781)

The deficit in the Federal/State Grant Fund results from expenditures made in advance of grant reimbursement and will be cured through grant drawdowns in future years. The deficit in the Lease Financing Debt Service Fund will be cured from the Landscape and Lighting Assessment District Fund receipts in future years. The City's radio, facilities, reproduction, central stores and purchasing fund deficits are expected to be funded through increased user charges in future years. In addition,

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2025

the City has allocated one-time funds to address these negative balances at various times over the past several years, which has reduced such balances over time.

At June 30, 2025, ORSA has a negative net position of \$137.8 million. Under the former California Redevelopment Law, the Former Agency issued bonds or incurred long-term debt to finance its redevelopment projects by pledging future tax increment revenues. In general, ORSA's revenues can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

E. SUBSEQUENT EVENTS

Oakland Bulk & Oversized Terminal

Subsequent to year-end, the City's legal case with Oakland Bulk & Oversized Terminal, LLC et al. (OBOT) was resolved. On January 23, 2024, the Superior Court of California, County of Alameda, entered judgment against the City in the case of OBOT v. City of Oakland, which involved a contract dispute regarding the redevelopment of a former Army base facility as a bulk commodity marine terminal. The City appealed, and in June 2025, the California Court of Appeal affirmed the judgment in a published opinion. The City petitioned the California Supreme Court for review, which was denied in September 2025. In November 2025, the City and OBOT entered into a settlement agreement. Under the settlement, the City will ultimately pay \$7.5 million in satisfaction of OBOT's attorneys' fees and costs, including interest, from the City's Self-Insurance Liability Fund.

On March 11, 2024, Insight Terminal Solutions, LLC (ITS), a sub-lessee of OBOT, sued the City in United State Bankruptcy Court, Western District of Kentucky, where ITS had previously filed for bankruptcy. ITS alleges that the City interfered with its sublease to develop the terminal. On October 28, 2025, the bankruptcy court issued an order denying the City's motion for summary judgment and granting ITS's motion on the issue of liability, with a trial to be held later on the issue of damages. On October 31, 2025, the United States District Court granted the City's motion to withdraw the reference from the bankruptcy court, and as a result, no further proceedings will occur before the bankruptcy court. On November 21, 2025, the district court vacated the bankruptcy court's purported judgment against the City. The parties will brief the City's objections to the bankruptcy court's summary judgment order, with the last brief due January 16, 2026. No trial date has been set at this time. While the likelihood of a payout in the ITS case remains uncertain, it is considered to be fairly low.

Debt Issuance – City

General Obligation Bonds, Series 2025 B-1(Measure U), Series 2025 B-2 (Measure U), Series 2025 B-3 (Measure U), General Obligation Refunding Bonds, Series 2025 - On December 18, 2025, the City issued \$94.3 million General Obligation Bonds, Series 2025 B-1 Measure U (Tax- Exempt), \$180.8 million General Obligation Bonds, Series 2025 B-2 Measure U (Taxable), \$10.0 million General Obligation Bonds, Series B-3 Measure U (Taxable) and \$49.3 million General Obligation Refunding Bonds, Series 2025 (Tax-Exempt). The proceeds will be used to finance Measure U capital projects and refund certain outstanding general obligation bonds of the City.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Measurement period	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Total pension liability										
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest on the total pension liability	29,961	31,459	33,194	34,680	36,078	37,621	44,320	44,932	42,480	41,263
Changes of assumptions	(9,758)	(3,926)	—	—	—	(1,475)	17,858	—	43,480	34,219
Differences between expected and actual experience	(6,650)	3,821	(7,036)	(7,376)	(5,699)	(7,915)	(10,656)	3,028	6,978	(21,209)
Benefit payments, including refunds of employee contributions	(50,102)	(50,850)	(51,450)	(52,697)	(54,619)	(56,212)	(55,999)	(57,376)	(58,441)	(59,008)
Net change in total pension liability	(36,549)	(19,496)	(25,292)	(25,393)	(24,240)	(27,981)	(4,477)	(9,416)	34,497	(4,735)
Total pension liability, beginning	533,790	553,286	578,578	603,971	628,211	656,192	660,669	670,085	635,588	640,323
Total pension liability, ending	\$ 497,241	\$ 533,790	\$ 553,286	\$ 578,578	\$ 603,971	\$ 628,211	\$ 656,192	\$ 660,669	\$ 670,085	\$ 635,588
Plan fiduciary net position										
Contributions, employer	\$ 40,763	\$ 32,712	\$ 43,820	\$ 43,648	\$ 43,409	\$ 44,821	\$ 44,860	\$ —	\$ —	\$ —
Contributions, employee	—	—	—	—	—	—	—	—	—	—
Net investment income	44,913	34,408	(47,955)	90,191	6,997	21,558	35,446	50,159	(1,419)	15,439
Administrative expenses	(1,696)	(1,626)	(1,461)	(1,585)	(1,523)	(1,446)	(1,543)	(1,261)	(1,376)	(985)
Claims and settlements	—	—	—	1	—	14	9	70	3,593	—
Benefit payments, including refunds of employee contributions	(50,102)	(50,850)	(51,450)	(52,697)	(54,619)	(56,212)	(55,999)	(57,376)	(58,441)	(59,008)
Net change in plan fiduciary net position	33,878	14,644	(57,046)	79,558	(5,736)	8,735	22,773	(8,408)	(57,643)	(44,554)
Plan fiduciary net position, beginning	416,130	401,486	458,532	378,974	384,710	375,975	353,202	361,610	419,253	463,807
Plan fiduciary net position, ending	\$ 450,008	\$ 416,130	\$ 401,486	\$ 458,532	\$ 378,974	\$ 384,710	\$ 375,975	\$ 353,202	\$ 361,610	\$ 419,253
Plan net pension liability	\$ 47,233	\$ 117,660	\$ 151,800	\$ 120,046	\$ 224,997	\$ 243,501	\$ 280,217	\$ 307,467	\$ 308,475	\$ 216,335
Plan fiduciary net position as a percentage of the total pension liability	90.5%	78.0%	72.6%	79.3%	62.7%	61.2%	57.3%	53.5%	54.0%	66.0%
Covered payroll	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Plan net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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

Fiscal year	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Measurement period	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Total pension liability										
Service cost	\$ 59,742	\$ 54,858	\$ 53,126	\$ 48,369	\$ 46,683	\$ 45,906	\$ 43,908	\$ 44,132	\$ 37,856	\$ 37,347
Interest on the total pension liability	225,236	216,745	209,087	206,708	200,794	194,753	185,097	181,418	177,626	172,693
Changes of benefit terms	—	2,468	—	—	—	—	—	—	—	—
Changes of assumptions	—	—	75,768	—	—	—	(19,122)	140,332	—	(39,092)
Differences between expected and actual experience	37,260	24,250	(23,124)	(1,485)	637	54,499	(13,207)	(8,109)	(16,210)	(7,769)
Benefit payments, including refunds of employee contributions	(192,794)	(183,717)	(173,914)	(167,814)	(160,418)	(153,985)	(144,933)	(138,379)	(132,473)	(126,730)
Net change in total pension liability	129,444	114,604	140,943	85,778	87,696	141,173	51,743	219,394	66,799	36,449
Total pension liability, beginning	3,293,550	3,178,946	3,038,003	2,952,225	2,864,529	2,723,356	2,671,613	2,452,219	2,385,420	2,348,971
Total pension liability, ending	<u>\$3,422,994</u>	<u>\$3,293,550</u>	<u>\$3,178,946</u>	<u>\$3,038,003</u>	<u>\$2,952,225</u>	<u>\$2,864,529</u>	<u>\$2,723,356</u>	<u>\$2,671,613</u>	<u>\$2,452,219</u>	<u>\$2,385,420</u>
Plan fiduciary net position										
Contributions, employer ⁽¹⁾	\$ 131,189	\$ 126,931	\$ 117,815	\$ 110,035	\$ 100,610	\$ 78,370	\$ 79,536	\$ 75,893	\$ 65,067	\$ 63,531
Contributions, employee	26,765	23,051	21,466	20,915	20,616	18,861	18,240	17,935	17,291	16,904
Plan to plan resource movement	—	—	—	—	1	107	548	135	—	24
Net investment income	219,319	137,645	(184,684)	457,176	97,856	123,862	151,049	182,811	8,647	37,833
Administrative expenses	(1,885)	(1,628)	(1,517)	(2,014)	(2,764)	(1,344)	(2,785)	(2,438)	(1,032)	(1,919)
Benefit payments, including refunds of employee contributions	(192,794)	(183,717)	(173,914)	(167,814)	(160,418)	(153,985)	(144,933)	(138,379)	(132,473)	(126,730)
Other miscellaneous income/(expense) ⁽¹⁾	—	—	—	—	—	10,944	(5,289)	—	—	—
Net change in plan fiduciary net position	182,594	102,282	(220,834)	418,298	55,901	76,815	96,366	135,957	(42,500)	(10,357)
Plan fiduciary net position, beginning	2,316,141	2,213,859	2,434,693	2,016,395	1,960,494	1,883,679	1,787,313	1,651,356	1,693,856	1,704,213
Plan fiduciary net position, ending	<u>\$2,498,735</u>	<u>\$2,316,141</u>	<u>\$2,213,859</u>	<u>\$2,434,693</u>	<u>\$2,016,395</u>	<u>\$1,960,494</u>	<u>\$1,883,679</u>	<u>\$1,787,313</u>	<u>\$1,651,356</u>	<u>\$1,693,856</u>
Plan net pension liability	<u>\$ 924,259</u>	<u>\$ 977,409</u>	<u>\$ 965,087</u>	<u>\$ 603,310</u>	<u>\$ 935,830</u>	<u>\$ 904,035</u>	<u>\$ 839,677</u>	<u>\$ 884,300</u>	<u>\$ 800,863</u>	<u>\$ 691,564</u>
Plan fiduciary net position as a percentage of the total pension liability	73.0%	70.3%	69.6%	80.1%	68.3%	68.4%	69.2%	66.9%	67.3%	71.0%

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

Covered payroll	\$ 307,950	\$ 278,747	\$ 266,431	\$ 259,769	\$ 246,215	\$ 235,715	\$ 226,157	\$ 220,386	\$ 206,595	\$ 200,562
Plan net pension liability as a percentage of covered payroll	300.1%	350.6%	362.2%	232.2%	380.1%	383.5%	371.3%	401.3%	387.6%	344.8%

Note to schedule:

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

Changes in assumptions - None in 2024-25, 2023-24 and 2022-23. In 2021-22, the discount rate was reduced from 7.15% to 6.90%, the inflation rate was reduced from 2.50% to 2.30%, and demographic assumptions were changed in accordance with 2021 CalPERS Experience Study. None in 2019-2021. In 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions as of December 2019. In 2016-17, the accounting discount rate was reduced from 7.65% to 7.15%. In 2015-16, there were no changes. In 2014-15, the amount reported reflects an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense).

⁽¹⁾ For measurement period 2018-19, employer contribution reported by CalPERS was \$14 million lower than City reported contributions. This was due to a correction made in CalPERS system related to calculation of prior year contributions for PEPRAs employees. \$10.9 million of the variance was accounted for as "Other Miscellaneous Income" by CalPERS. The remaining variance was posted in CalPERS system in July 2019 and included in next fiscal year. For measurement period 2017-18, as a result of GASB Statement 75, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

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

Fiscal year	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Measurement period	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Total pension liability										
Service cost	\$ 55,776	\$ 50,040	\$ 51,490	\$ 47,253	\$ 46,907	\$ 44,360	\$ 43,936	\$ 43,687	\$ 36,434	\$ 32,899
Interest on the total pension liability	191,129	181,088	171,905	166,126	159,371	150,669	142,495	136,316	129,920	121,444
Changes of benefit terms	—	696	—	—	—	—	—	—	—	—
Changes of assumptions	—	—	91,329	—	—	—	(6,416)	120,639	—	(31,738)
Differences between expected and actual experience	45,619	35,038	(21,872)	(1,967)	28,634	24,421	3,126	1,595	32,162	4,892
Benefit payments, including refunds of employee contributions	(138,185)	(130,001)	(120,641)	(113,403)	(106,609)	(99,846)	(93,628)	(87,231)	(80,752)	(74,198)
Net change in total pension liability	154,339	136,861	172,211	98,009	128,303	119,604	89,513	215,006	117,764	53,299
Total pension liability, beginning	2,765,569	2,628,708	2,456,497	2,358,488	2,230,185	2,110,581	2,021,068	1,806,062	1,688,298	1,634,999
Total pension liability, ending	\$2,919,908	\$2,765,569	\$2,628,708	\$2,456,497	\$2,358,488	\$2,230,185	\$2,110,581	\$2,021,068	\$1,806,062	\$1,688,298
Plan fiduciary net position										
Contributions, employer ⁽¹⁾	\$ 102,351	\$ 95,476	\$ 88,404	\$ 79,501	\$ 72,015	\$ 63,292	\$ 55,633	\$ 57,731	\$ 47,172	\$ 44,366
Contributions, employee	24,286	22,420	21,108	21,164	20,559	20,070	19,188	18,432	16,221	15,027
Plan to plan resource movement	—	—	—	—	(1)	(107)	(555)	(92)	—	(24)
Net investment income	168,086	104,076	(138,860)	341,107	71,970	90,217	108,790	129,995	6,311	26,057
Administrative expenses	(1,437)	(1,230)	(1,137)	(1,497)	(2,034)	(978)	(2,004)	(1,726)	(719)	(1,337)
Benefit payments, including refunds of employee contributions	(138,185)	(130,001)	(120,641)	(113,403)	(106,609)	(99,846)	(93,628)	(87,232)	(80,752)	(74,198)
Other miscellaneous income/ (expense) ⁽¹⁾	—	—	—	—	—	19	(3,806)	—	—	—
Net change in plan fiduciary net position	155,101	90,741	(151,126)	326,872	55,900	72,667	83,618	117,108	(11,767)	9,891
Plan fiduciary net position, beginning	1,764,841	1,674,100	1,825,226	1,498,354	1,442,454	1,369,787	1,286,169	1,169,061	1,180,828	1,170,937
Plan fiduciary net position, ending	\$1,919,942	\$1,764,841	\$1,674,100	\$1,825,226	\$1,498,354	\$1,442,454	\$1,369,787	\$1,286,169	\$1,169,061	\$1,180,828
Plan net pension liability	\$ 999,966	\$1,000,728	\$ 954,608	\$ 631,271	\$ 860,134	\$ 787,731	\$ 740,794	\$ 734,899	\$ 637,001	\$ 507,470
Plan fiduciary net position as a percentage of the total pension liability	65.8%	63.8%	63.7%	74.3%	63.5%	64.7%	64.9%	63.6%	64.7%	69.9%

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

Covered payroll	\$ 187,043	\$ 167,246	\$ 171,347	\$ 170,158	\$ 167,049	\$ 156,372	\$ 153,500	\$ 148,995	\$ 136,073	\$ 119,980
Plan net pension liability as a percentage of covered payroll	534.6%	598.4%	557.1%	371.0%	514.9%	503.8%	482.6%	493.2%	468.1%	423.0%

Note to schedule:

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

Changes in assumptions - None in 2022-23. In 2021-22, the discount rate was reduced from 7.15% to 6.90%, the inflation rate was reduced from 2.50% to 2.30%, and demographic assumptions were changed in accordance with 2021 CalPERS Experience Study. None in 2019-2021. In 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions as of December 2019. In 2016-17, the accounting discount rate was reduced from 7.65% to 7.15%. In 2015-16, there were no changes.

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

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

Oakland Police and Fire Retirement System

Fiscal year ended June 30	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017*</u>	<u>2016</u>
Actuarially determined contributions (ADC)	\$ 34,845	\$ 40,763	\$ 32,712	\$ 43,820	\$ 43,648	\$ 43,409	\$ 44,821	\$ 44,860	\$ —	\$ —
Contributions in relation to the ADC	(34,845)	(40,763)	(32,712)	(43,820)	(43,648)	(43,409)	(44,821)	(44,860)	—	—
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

*Although actuarial valuations were performed as of June 30, 2015, and 2016, no ADC was determined for FY 2016, and 2017 based on the City's funding policy.

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

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

Actuarial valuation date	July 1, 2023	July 1, 2021	July 1, 2019	July 1, 2017
Actuarial cost method	Entry-Age Normal Cost	Entry-Age Normal Cost	Entry-Age Normal Cost	Entry-Age Normal Cost
Asset valuation method	Recognizes 20% difference between fair value and expected actuarial value each year, with a corridor of 10% around fair value	Recognizes 20% difference between fair value and expected actuarial value each year, with a corridor of 10% around fair value	Recognizes 20% difference between fair value and expected actuarial value each year, with a corridor of 10% around fair value.	Recognized 20% difference between fair value and expected actuarial value each year, with a corridor of 10% around fair value.
Amortization method	Level dollar closed (3 years remaining as of 7/1/2023)	Level dollar closed (5 years remaining as of 7/1/2021)	Level dollar closed (7 years remaining as of 7/1/2019)	Level dollar closed (9 years remaining as of 7/1/2017)
Inflation	2.75% (U.S) to 2.85% (Bay Area)	2.75% (U.S) to 2.85% (Bay Area)	2.75% (U.S) to 2.85% (Bay Area)	2.75% (U.S) to 2.85% (Bay Area)
Discount rate	5.00%	5.29%	5.37%	5.50%
Projected benefit increases:	Following expiration of current MOUs (6/30/26 for Police and Fire):	Following expiration of current MOUs (6/30/21 for Police and Fire):	Following expiration of current MOUs (6/30/19 for Police, 10/31/17 for Fire):	Following expiration of current MOUs (6/30/19 for Police, 10/31/17 for Fire):
Police	3.50% at July 1, 2023, 3.00% at July 1, 2024 and July 1, 2025, then 3.25% (2.85% inflation plus 0.40% productivity increase) per year starting July 1, 2026	3.00% at July 1, 2021, 3.50% at July 1, 2022 and July 1, 2023, then 3.25% (2.85% inflation plus 0.40% productivity increase) per year starting July 1, 2024	2.50% increase at January 1, 2019 and July 1, 2020, 3.00% at July 1, 2021, 3.50% at July 1, 2022 and July 1, 2023, then 3.25% (2.85% inflation plus 0.40% productivity increase) per year	2.50% and 1.00% increase at January 1, 2018, 2.00% on July 1, 2018 and 2.50% at January 1, 2019, then 3.25% per year
Fire	3.50% at July 1, 2023, 3.00% at July 1, 2024 and July 1, 2025, then 3.25% (2.85% inflation plus 0.40% productivity increase) per year starting July 1, 2026	1.50% at July 1, 2021, 2.00% at January 1, 2022, 1.00% at July 1, 2022, 2% at December 1, 2023, then 3.25% (2.85% inflation plus 0.40% productivity increase) per year starting July 1, 2024	1% at November 1, 2018 and January 1, 2019, 2% at November 1, 2019, 3.25% (2.85% inflation plus 0.40% productivity increase) annual increase starting July 1, 2020	3.25% (2.85% inflation plus 0.40% productivity increase) per year
Mortality (healthy)	CalPERS Healthy Annuitant Table (from 2021 Experience Study), projected to improve with MP-2021 using 20217 base year	CalPERS Healthy Annuitant Table (from 2012-2015 Experience Study), excluding the 15-year projection using 90% of Scale MP-2016, projected to improve with MP-2017 using 2014 base year	CalPERS Healthy Annuitant Table (from 2012-2015 Experience Study), projected to improve with MP-2017 using 2014 base year	CalPERS Healthy Annuitant Table (from 2012-2015 Experience Study), projected to improve with MP-2017 using 2014 base year

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

Mortality (disabled)	CalPERS Industrial Disability Mortality Table (from 2021 Experience Study), projected to improve with MP-2021 using 2017 base year	CalPERS Industrial Disability Mortality Table (from 2012-2015 Experience Study), excluding the 15-year projection using 90% of Scale MP-2016, projected to improve with MP-2017 using 2014 base year	CalPERS Industrial Disability Mortality Table (from 2012-2015 Experience Study), projected to improve with MP-2017 using 2014 base year	CalPERS Industrial Disability Mortality Table (from 2012-2015 Experience Study), projected to improve with MP-2017 using 2014 base year
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CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Employer Pension Contributions – CalPERS Plans
Last Ten Fiscal Years
(In Thousands)

Miscellaneous Plan - City

Fiscal year ended June 30	2025	2024	2023	2022	2021	2020	2019**	2018	2017*	2016*
Actuarially determined contribution (ADC)	\$96,748	\$112,927	\$107,475	\$95,859	\$84,248	\$76,021	\$56,538	\$60,283	\$56,987	\$47,934
Contributions in relation to the ADC	(96,748)	(112,927)	(107,475)	(95,859)	(84,248)	(76,021)	(56,538)	(60,283)	(56,987)	(49,078)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$(1,144)
Covered payroll	\$267,770	\$255,288	\$235,077	\$207,779	\$201,273	\$184,842	\$177,611	\$171,344	\$166,272	\$153,195
Contributions as a percentage of covered payroll	36.1 %	44.2 %	45.7 %	46.1 %	41.9 %	41.1 %	31.8 %	35.2 %	34.3 %	31.3 %

Safety Plan

Fiscal year ended June 30	2025	2024	2023	2022	2021	2020	2019***	2018	2017*	2016*
Actuarially determined contribution (ADC)	\$112,380	\$108,459	\$99,350	\$89,065	\$79,501	\$72,016	\$63,292	\$55,633	\$57,731	\$46,611
Contributions in relation to the ADC	(112,380)	(108,459)	(99,350)	(89,065)	(79,501)	(72,016)	(63,292)	(55,633)	(57,731)	(47,173)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (562)
Covered payroll	\$190,732	\$188,615	\$174,982	\$164,863	\$170,158	\$167,049	\$156,372	\$153,500	\$148,995	\$136,073
Contributions as a percentage of covered payroll	58.9 %	57.5 %	56.8 %	54.0 %	46.7 %	43.1 %	40.5 %	36.2 %	38.7 %	34.7 %

Miscellaneous Plan - Port

Fiscal year ended June 30	2025	2024	2023	2022	2021	2020	2019**	2018	2017*	2016*
Actuarially determined contribution (ADC)	\$27,048	\$28,949	\$29,030	\$27,389	\$25,787	\$24,588	\$21,832	\$19,253	\$18,906	\$15,989
Contributions in relation to the ADC	(27,048)	(28,949)	(29,030)	(27,389)	(25,787)	(24,588)	(21,832)	(19,253)	(18,906)	(15,989)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$75,167	\$70,589	\$65,145	\$59,357	\$58,496	\$61,374	\$58,104	\$54,813	\$54,114	\$53,400
Contributions as a percentage of covered payroll	36.0 %	41.0 %	44.6 %	46.1 %	44.1 %	40.1 %	37.6 %	35.1 %	34.9 %	29.9 %

* In prior fiscal years, the contributions in relation to the actuarially determined contributions were based on estimates. The City adjusted the amounts to align the estimated employer contributions with the actual employer contributions per the 2018 agent-multiple employer CalPERS report for the CalPERS Miscellaneous Plan and the Safety Plan.

** For measurement period 2018-19, employer contribution reported by CalPERS was \$14 million lower than City reported contributions. This was due to a correction made in CalPERS system related to calculation of prior year contributions for PEPRAs employees. \$10.9 million of the variance was accounted for as "Other Miscellaneous Income" by CalPERS. The remaining variance was posted in CalPERS system in July 2019 and included in next fiscal year.

*** For measurement period 2018-19, employer contribution reported by CalPERS was \$6.2 million lower than City reported contributions. This was due to a correction made in CalPERS system related to calculation of prior year contributions for PEPRAs employees. \$18,886 of the variance was accounted for as "Other Miscellaneous Income" by CalPERS. The remaining variance was posted in CalPERS system in July 2019 and included in next fiscal year.

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

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

ADC for fiscal year	June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016
Actuarial valuation date	June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	In fiscal years 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017, the fair value of assets was used. In fiscal year 2016 the actuarial value of assets was used.
Inflation	In fiscal years 2025, 2024 and 2023, 2.30% compounded annually. In fiscal years 2022, 2021 and 2020, 2.50% compounded annually. In fiscal years 2019-2015, 2.75% compounded annually.
Salary increases	Varies by entry age and services
Payroll growth	In fiscal years 2025, 2024, 2023 and 2022, 2.80% compounded annually. In fiscal years 2021 and 2020, 2.75% and 2.875% compounded annually, respectively. In fiscal years 2019 - 2016, 3.0% compounded annually.
Investment rate of return	In fiscal year 2025 and 2024, 6.80%, net of administrative expenses, including inflation. In fiscal years 2023 through 2021, 7.0%, net of administrative expenses, including inflation. In fiscal years 2020 and 2019, 7.375% and 7.35%, net of administrative expenses, including inflation respectively. In fiscal year 2018 through 2016, 7.50%, net of administrative expenses, including inflation.
Retirement age	In fiscal years 2025, 2024, 2023 and 2022, the probabilities of retirement are based on the 2021 CalPERS Experience Study for the period 2000 to 2019. In fiscal years 2021 and 2020, the probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015. In fiscal years 2019 through 2017, the probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. In fiscal year 2016, the probability of retirement is based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	In fiscal years 2025, 2024, 2023 and 2022, post-retirement mortality rates were for 2021 projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020. In fiscal years 2021 and 2020, post-retirement mortality rates included 15 years of projected ongoing mortality improvement using 90% of the Society of Actuaries Scale MP-2016. In fiscal year 2019 through 2017, mortality rates are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. In fiscal year 2016, mortality rates are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios -
City Retiree Health Plan
Last Eight Fiscal Years*
(In Thousands)

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018
Measurement period	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 26,201	\$ 19,593	\$ 28,332	\$ 37,664	\$ 24,307	\$ 37,585	\$ 38,477	\$ 50,972
Interest (includes interest on service cost)	28,062	30,064	23,945	18,927	27,522	32,591	30,078	32,415
Changes of assumptions	2,273	64,855	(142,145)	(197,600)	222,308	(139,063)	(38,298)	(294,914)
Changes of benefits	—	—	—	(36,950)	—	(147,572)	—	—
Differences between expected and actual experience	—	(11,208)	—	(10,132)	—	14,923	—	(10,799)
Benefit payments	(29,679)	(28,420)	(26,783)	(29,517)	(28,917)	(29,130)	(27,481)	(20,424)
Net change in total OPEB liability	26,857	74,884	(116,651)	(217,608)	245,220	(230,666)	2,776	(242,750)
Total OPEB liability, beginning	611,751	536,867	653,518	871,126	625,906	856,572	853,796	1,096,546
Total OPEB liability, ending	\$ 638,608	\$ 611,751	\$ 536,867	\$ 653,518	\$ 871,126	\$ 625,906	\$ 856,572	\$ 853,796
Plan fiduciary net position								
Contributions, employer	\$ 43,179	\$ 43,420	\$ 41,783	\$ 29,517	\$ 28,917	\$ 39,130	\$ 38,147	\$ 20,424
Net investment income	7,440	3,899	(7,110)	7,775	967	1,420	945	414
Administrative expenses	(35)	(55)	(8)	(16)	(14)	(12)	(7)	(2)
Benefit payments	(29,679)	(28,420)	(26,783)	(29,517)	(28,917)	(29,130)	(27,481)	(20,424)
Net change in plan fiduciary net position	20,904	18,844	7,882	7,759	953	11,408	11,604	412
Plan fiduciary net position, beginning	62,775	43,931	36,049	28,290	27,337	15,929	4,325	3,913
Plan fiduciary net position, ending	\$ 83,679	\$ 62,775	\$ 43,931	\$ 36,049	\$ 28,290	\$ 27,337	\$ 15,929	\$ 4,325
Plan net OPEB liability	\$ 554,929	\$ 548,976	\$ 492,936	\$ 617,469	\$ 842,836	\$ 598,569	\$ 840,643	\$ 849,471
Plan fiduciary net position as a percentage of the total OPEB liability	13.1 %	10.3 %	8.2 %	5.5 %	3.2 %	4.4 %	1.9 %	0.5 %
Covered payroll	\$ 489,581	\$ 452,831	\$ 361,992	\$ 384,527	\$ 383,674	\$ 373,405	\$ 369,316	\$ 360,309

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios -
City Retiree Health Plan
Last Eight Fiscal Years*
(In Thousands)

Plan net OPEB liability as a percentage of covered payroll	113.3 %	121.2 %	136.2 %	160.6 %	219.7 %	160.3 %	227.6 %	235.8 %
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* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only eight years of information is shown.

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios -
Port Retiree Health Plan
Last Eight Fiscal Years*
(In Thousands)

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018
Measurement period	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 4,656	\$ 4,369	\$ 4,091	\$ 4,636	\$ 4,416	\$ 4,621	\$ 4,329	\$ 4,055
Interest (includes interest on service cost)	12,962	11,803	11,824	12,158	11,793	11,995	11,521	11,089
Changes of assumptions	—	11,185	—	(724)	(896)	(6,179)	—	—
Differences between expected and actual experience	13,055	(80)	—	(10,433)	—	(3,665)	—	—
Benefit payments	(9,674)	(9,808)	(9,746)	(10,313)	(9,941)	(9,193)	(9,045)	(9,000)
Net change in total OPEB liability	20,999	17,469	6,169	(4,676)	5,372	(2,421)	6,805	6,144
Total OPEB liability, beginning	199,516	182,047	175,878	180,554	175,182	177,603	170,798	164,654
Total OPEB liability, ending	\$ 220,515	\$ 199,516	\$ 182,047	\$ 175,878	\$ 180,554	\$ 175,182	\$ 177,603	\$ 170,798
Plan fiduciary net position								
Contributions, employer	\$ 13,974	\$ 9,808	\$ 10,149	\$ 14,513	\$ 14,141	\$ 14,693	\$ 14,545	\$ 15,400
Net investment income	12,872	7,013	(16,812)	26,194	3,143	4,821	5,351	5,773
Administrative expenses	(60)	(55)	(63)	(54)	(44)	(38)	(35)	(22)
Benefit payments	(9,674)	(9,808)	(9,746)	(10,313)	(9,941)	(9,193)	(9,045)	(9,000)
Net change in plan fiduciary net position	17,112	6,958	(16,472)	30,340	7,299	10,283	10,816	12,151
Plan fiduciary net position, beginning	116,145	109,187	125,659	95,319	88,020	77,737	66,921	54,770
Plan fiduciary net position, ending	\$ 133,257	\$ 116,145	\$ 109,187	\$ 125,659	\$ 95,319	\$ 88,020	\$ 77,737	\$ 66,921
Plan net OPEB liability	\$ 87,258	\$ 83,371	\$ 72,860	\$ 50,219	\$ 85,235	\$ 87,162	\$ 99,866	\$ 103,877
Plan fiduciary net position as a percentage of the total OPEB liability	60.4 %	58.2 %	60.0 %	71.4 %	52.8 %	50.2 %	43.8 %	39.2 %
Covered payroll (1)	\$ 70,589	\$ 65,145	\$ 61,097	\$ 61,112	\$ 66,473	\$ 63,359	\$ 61,326	\$ 58,516
Plan net OPEB liability as a percentage of covered payroll	123.6 %	128.0 %	119.3 %	82.2 %	128.2 %	137.6 %	162.8 %	177.5 %

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

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

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

Fiscal year ended June 30	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution (ADC)	\$ 56,185	\$ 53,888	\$ 56,553	\$ 54,293	\$ 52,755	\$ 50,660	\$ 75,069	\$ 72,480
Contributions in relation to the ADC	(46,757)	(43,179)	(43,420)	(43,003)	(29,517)	(28,917)	(39,130)	(37,225)
Contribution deficiency	\$ 9,427	\$ 10,710	\$ 13,133	\$ 11,290	\$ 23,238	\$ 21,743	\$ 35,939	\$ 35,255
Covered payroll	\$ 501,820	\$ 489,581	\$ 452,831	\$ 361,992	\$ 384,527	\$ 383,674	\$ 373,405	\$ 369,316
Contributions as a percentage of covered payroll	9.32 %	8.82 %	9.59 %	11.88 %	7.68 %	7.74 %	10.60 %	10.33 %

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

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

Actuarial valuation date	July 1, 2023	July 1, 2021	July 1, 2019	July 1, 2017
Actuarial cost method	Entry-Age Normal Cost	Entry-Age Normal Cost	Entry-Age Normal Cost	Entry-Age Normal Cost
Asset valuation method	Fair value	Fair value	Fair value	Fair value
Amortization method	Level percentage of pay, closed period as of FY 2020	Level percentage of pay, closed period as of FY 2020	Level percentage of pay, closed period as of FY 2020	Level percentage of pay, open period, 30 years
Inflation	2.70%	2.30%	2.50%	2.50%
Discount rate	4.70%	3.74%	4.50%	3.58%
Investment Rate of Return	6.00%	7.59%	7.59%	7.28%
Rate of salary increase	2.75%	2.75%	2.75%	2.50%
Ultimate rate of medical inflation	4.14%	3.83%	3.50%	3.50%
Years to ultimate rate of medical inflation	54 years	54 years	20 years	20 years
Rates of mortality	Based on the 2021 CalPERS Experience Study from 2000 to 2019	Based on the 2021 CalPERS Experience Study from 2000 to 2019	Based on the 2017 CalPERS Experience Study from 1997 to 2015	Based on the 2017 CalPERS Experience Study from 1997 to 2015
Postretirement benefit increase	Police - 3.0% increase at July 1, 2024 and 2025 and 3.25% increase starting at July 1, 2026 Fire - 3.0% increase at July 1, 2024 and 2025 and 3.25% increase starting at July 1, 2026	Police - 2.5% increase at July 1, 2020, 3% increase at July 1, 2021, 3.5 % increase at July 1, 2022 and 2023, and 3.25% increase starting at July 1, 2024 Fire - 4.5% increase for fire engineers and 2.5% increase for all other fire at January 1, 2021, 1.5% increase at July 1, 2021, 2% increase at January 1, 2022, 1% increase at July 1, 2022, 2% increase at December 1, 2023, and 3.25% increase starting at July 1, 2024	Police - 2.5% and 1% increases at January 1, 2018; 2% on July 1, 2018; 2.5% at January 1, 2019; then 3.25% Fire - 3.25%	Police - 2.5% and 1% increases at January 1, 2018; 2% on July 1, 2018; 2.5% at January 1, 2019; then 3.25% Fire - 3.25%

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

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

Fiscal year ended June 30	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution (ADC)	\$ 13,666	\$ 12,525	\$ 11,254	\$ 8,815	\$ 12,350	\$ 12,149	\$ 13,310	\$ 13,203
Contributions in relation to the ADC	(14,848)	(14,435)	(9,822)	(10,149)	(14,418)	(14,145)	(14,894)	(14,732)
Contribution deficiency (excess)	\$ (1,182)	\$ (1,910)	\$ 1,432	\$ (1,334)	\$ (2,068)	\$ (1,996)	\$ (1,584)	\$ (1,529)
Covered payroll (1)	\$ 75,167	\$ 70,589	\$ 65,145	\$ 61,097	\$ 61,112	\$ 66,473	\$ 63,359	\$ 61,326
Contributions as a percentage of covered payroll	19.8 %	20.4 %	15.1 %	16.6 %	23.6 %	21.3 %	23.5 %	24.0 %

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

ADC for fiscal year	June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018
Actuarial valuation date	June 30, 2023, 2021, 2019 and 2017
Actuarial cost method	Entry-Age Normal
Asset valuation method	Fair Value of Assets
Amortization method/period	30-year level dollar amount on a "closed" basis
Inflation	2.50%
Payroll growth	CalPERS salary scale for Miscellaneous employees hired at age 30
Investment rate of return	6.5% net of investment expense
Healthcare Cost Trend Rates	Medical is based on "Geizen" model published by the Society of Actuaries. Dental and vision are based on an 3% increase per year.
Retirement Age and Mortality	Based on CalPers Mortality rates for Miscellaneous Public Agency Employees projected generationally using 80 percent of Scale MP-2020 starting in 2017

* Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Fiscal year ended June 30, 2018 was the first year of implementation. Future years' information, up to ten years, will be displayed as information becomes available.

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

CITY OF OAKLAND
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 416,668	\$ 416,668	\$ 403,829	\$ (12,839)
Sales and use	63,729	63,729	59,999	(3,730)
Motor vehicle in-lieu	—	—	683	683
Local taxes:				
Business license	120,057	120,057	129,666	9,609
Utility consumption	68,435	68,435	70,753	2,318
Real estate transfer	73,719	73,719	93,220	19,501
Transient occupancy	19,737	19,737	16,388	(3,349)
Parking	13,067	13,067	11,236	(1,831)
Voter-approved special tax	7,726	7,726	6,255	(1,471)
Franchise	14,099	14,099	14,526	427
License and permits	1,161	1,161	1,516	355
Fines and penalties	18,964	18,964	23,686	4,722
Interest and investment income	2,531	2,531	28,880	26,349
Charges for services	87,413	90,960	91,660	700
Federal and state grants and subventions	1,365	2,858	3,590	732
Annuity income	3,723	3,723	—	(3,723)
Other	1,930	3,536	22,890	19,354
TOTAL REVENUES	<u>914,324</u>	<u>920,970</u>	<u>978,777</u>	<u>57,807</u>
EXPENDITURES				
Current:				
General government	202,046	219,833	150,456	69,377
Public safety	546,687	509,274	534,937	(25,663)
Community and human services	76,323	81,493	55,909	25,584
Community and economic development	33,009	87,858	42,819	45,039
Public works and transportation	46,609	49,840	35,105	14,735
Capital outlay	2,365	5,583	4,610	973
Debt service:				
Principal repayment	—	—	1,763	(1,763)
Interest charges	—	—	349	(349)
TOTAL EXPENDITURES	<u>907,039</u>	<u>953,881</u>	<u>825,948</u>	<u>127,933</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,285</u>	<u>(32,911)</u>	<u>152,829</u>	<u>185,740</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	63,493	396	—	(396)
Transfers in	64,204	64,579	10,559	(54,020)
Transfers out	(141,947)	(142,502)	(82,242)	60,260
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,250)</u>	<u>(75,963)</u>	<u>(71,683)</u>	<u>4,280</u>
NET CHANGE IN FUND BALANCE	<u>(6,965)</u>	<u>(108,874)</u>	<u>81,146</u>	<u>190,020</u>
Fund balance - beginning	641,669	641,669	641,669	—
Cumulative effect of accounting change	199,903	199,903	199,903	—
Fund balance - beginning as restated	841,572	841,572	841,572	—
FUND BALANCE - ENDING	<u>\$ 834,607</u>	<u>\$ 732,698</u>	<u>\$ 922,718</u>	<u>\$ 190,020</u>

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, 2025
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 21,616	\$ 21,616	\$ 22,672	\$ 1,056
Local taxes:				
Transient occupancy	5,383	5,383	4,478	(905)
Parking	5,355	5,355	11,126	5,771
Voter-approved special tax	140,312	140,312	126,311	(14,001)
Licenses and permits	41,773	41,773	30,138	(11,635)
Fines and penalties	766	766	3,502	2,736
Interest and investment income	10	10	12,590	12,580
Charges for services	53,409	50,194	40,511	(9,683)
Federal and state grants and subventions	7,231	8,260	1,224	(7,036)
Other	388	1,119	—	(1,119)
TOTAL REVENUES	276,243	274,788	252,552	(22,236)
EXPENDITURES				
Current:				
General government	94,040	130,695	62,994	67,701
Public safety	34,503	37,257	30,198	7,059
Community and human services	92,395	121,435	83,529	37,906
Community and economic development	75,188	95,625	57,086	38,539
Public works and transportation	52,167	61,165	42,925	18,240
Capital outlay	3,537	15,897	5,079	10,818
Debt service:				
Principal repayment	—	—	630	(630)
Interest charges	—	—	15	(15)
TOTAL EXPENDITURES	351,830	462,074	282,456	179,618
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(75,587)	(187,286)	(29,904)	157,382
OTHER FINANCING SOURCES (USES)				
Transfers in	24,261	24,261	23,565	(696)
Transfers out	(3,129)	(3,129)	(1,535)	1,594
TOTAL OTHER FINANCING SOURCES (USES)	21,132	21,132	22,030	898
NET CHANGE IN FUND BALANCE	(54,455)	(166,154)	(7,874)	158,280
Fund balance - beginning	240,504	240,504	240,504	—
FUND BALANCE - ENDING	\$ 186,049	\$ 74,350	\$ 232,630	\$ 158,280

See notes to the required supplementary information.

CITY OF OAKLAND
Notes to Required Supplementary Information
For the Year Ended June 30, 2025

(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 2023, the City Council approved the City's two-year budget for fiscal years 2024 and 2025. 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 2023-2025 budget. Certain projects are appropriated on a multi-year rather than annual basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations may be carried forward to the following year with the approval of the City Administrator pursuant to the City's Consolidated Fiscal Policy.

Transfers of appropriations between funds and supplemental appropriations financed by unanticipated revenues must be approved by the City Council. Transfers of appropriations between projects within the same fund must be approved by the City Administrator. Final budget amounts reported in the required supplementary information reflect both the appropriation changes approved by the City Council and the transfers approved by the City Administrator.

Budgetary Basis of Accounting

The City adopts budgets each fiscal year on a basis of accounting which is substantially the same as accounting principles generally accepted in the United States of America (GAAP) except for certain investment earnings.

Certain funds of the City contain capital projects, grant projects, loan programs or other programs that are budgeted on a multi-year basis. The amounts of the projects and programs budgeted on a multiyear basis are significant compared to the items budgeted on an annual basis; therefore, a comparison of budget to actual for the fund would not be meaningful. As a result, such funds that are excluded from budgetary reporting are:

- Federal/State Grant Fund
- Low and Moderate Income Housing Asset Fund
- Municipal Capital Improvement Fund

While the City adopts budgets for all funds, the budgets to actual comparisons for proprietary and fiduciary funds are not presented because some projects and programs are adopted on a multi-year basis.

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FEDERAL AWARDS PROGRAMS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 30, 2025, except for our report on the schedule of expenditures of federal awards, the State of California Department of Community Services and Development supplemental schedules of revenue and expenditures, and the supplemental schedule of expenditures of Alameda County awards, as to which the date is March 26, 2026. Our report included an emphasis of a matter paragraph for the City’s adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The financial statements of the Oakland Police and Fire Retirement System were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Oakland Police and Fire Retirement System. The City’s basic financial statements include the financial statements of the Port of Oakland (Port), a discretely presented component unit. The Port engaged us to perform a separate audit of its financial statements. This report does not include the results of our testing of the Port’s internal control over financial reporting or compliance and other matters that are reported on separately.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City's Response to Finding

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

Purpose of This Report

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



Walnut Creek, California
December 30, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Oakland, California’s (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2025. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City’s basic financial statements include the operations of the Port of Oakland (Port), which expended \$25,019,681 in federal awards which is not included in the City’s schedule of expenditures of federal awards during the year ended June 30, 2025. Our compliance audit, described in the Opinion on Each Major Federal Program section of our report, does not include the operations of the Port because the Port engaged us to perform a separate audit of compliance.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

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

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

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

Macias Gini & O'Connell LLP

Walnut Creek, California
March 26, 2025

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CITY OF OAKLAND
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Passed through Grantor/Program Title	Assistance Listing Number	Grant Number	Non- COVID-19 Federal Expenditures	COVID-19 Federal Expenditures	Total Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE						
Direct Program						
Inflation Reduction Act Urban & Community Forestry Program	10.727	24-DG-11052021-234	\$ 107,238	\$ -	\$ 107,238	\$ -
Passed through State of California, Department of Education						
Child and Adult Care Food Program	10.558	0-4008-CACFP-01-GM-CS	127,993	-	127,993	-
Summer Food Service Program for Children / Child Nutrition Cluster	10.559	04008-SFSP-01	203,873	-	203,873	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			439,104	-	439,104	-
U.S. DEPARTMENT OF COMMERCE						
Direct Program						
COVID-19 - Economic Adjustment Assistance / Economic Development Cluster	11.307	07 79 07700; URI 115907	-	160,081	160,081	67,285
TOTAL U.S. DEPARTMENT OF COMMERCE			-	160,081	160,081	67,285
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs						
COVID-19 Community Development Block Grants/ Entitlement Grants	14.218	B-20-MW-06-0013	-	1,074,415	1,074,415	-
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-06-0013	(16,422)	-	(16,422)	-
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-06-0013	1,112	-	1,112	-
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-06-0013	(80,722)	-	(80,722)	-
Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-06-0013	496,711	-	496,711	19,593
Community Development Block Grants/Entitlement Grants	14.218	B-24-MC-06-0013	5,853,612	-	5,853,612	1,688,677
Subtotal Community Development Block Grants/Entitlement Grants / Community Development Block Grant Cluster Entitlement/Special Purpose Grants Cluster			6,254,291	1,074,415	7,328,706	1,708,270
Emergency Solutions Grant Program	14.231	E-23-MC-06-0013	180,655	-	180,655	180,655
Emergency Solutions Grant Program	14.231	E-24-MC-06-0013	268,258	-	268,258	158,242
Subtotal Emergency Solutions Grant Program			448,913	-	448,913	338,897
COVID-19 Home Investment Partnerships Program	14.239	M-21-MP-06-0208	-	935,271	935,271	-
Home Investment Partnerships Program	14.239	M-21-MC-06-0208	200,000	-	200,000	-
Home Investment Partnerships Program	14.239	M-23-MC-06-0208	293,567	-	293,567	-
Home Investment Partnerships Program	14.239	M-24-MC-06-0208	59,512	-	59,512	-
Subtotal Home Investment Partnerships Program			553,079	935,271	1,488,350	-
Housing Opportunities for Persons with AIDS	14.241	CAH18-F001	377,472	-	377,472	376,740
Housing Opportunities for Persons with AIDS	14.241	CAH19-F001	1,204,118	-	1,204,118	1,207,578
Housing Opportunities for Persons with AIDS	14.241	CAH20-F001	918,796	-	918,796	923,746
Housing Opportunities for Persons with AIDS	14.241	CAH21-F001	43,816	-	43,816	41,506
Housing Opportunities for Persons with AIDS	14.241	CAH22-F001	494,686	-	494,686	579,126
Housing Opportunities for Persons with AIDS	14.241	CAH23-F001	(1)	-	(1)	-
Housing Opportunities for Persons with AIDS	14.241	CAH24-F001	120,941	-	120,941	-
Subtotal Housing Opportunities for Persons with AIDS			3,159,828	-	3,159,828	3,128,696
Continuum of Care Program	14.267	CA0106L9T022215	14,087	-	14,087	14,087
Continuum of Care Program	14.267	CA0106L9T022316	646,017	-	646,017	646,017
Continuum of Care Program	14.267	CA1270L9T022208	262,985	-	262,985	262,985
Continuum of Care Program	14.267	CA1270L9T022309	467,868	-	467,868	467,868
Continuum of Care Program	14.267	CA1465L9T022207	277,906	-	277,906	277,906
Continuum of Care Program	14.267	CA1465L9T022308	308,106	-	308,106	308,106
Continuum of Care Program	14.267	CA1736L9T022305	2,282,192	-	2,282,192	2,206,855
Subtotal Continuum of Care Program			4,259,161	-	4,259,161	4,183,824
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			14,675,272	2,009,686	16,684,958	9,359,687
U.S. DEPARTMENT OF JUSTICE						
Direct Programs						
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1784	-	4,000	4,000	-
Community-Based Violence Intervention and Prevention Initiative	16.045	15PBJA-24-GG-03124-CVIP	145,833	-	145,833	-
Public Safety Partnership and Community Policing Grants	16.710	2020-MHWXK-010	23,166	-	23,166	-
Congressionally Recommended Awards	16.753	15PBJA-22-GG-00096-BRND	46,071	-	46,071	-
Byrne Criminal Justice Innovation Program	16.817	15PBJA-21-GG-04120-BCJI	55,685	-	55,685	-
STOP School Violence	16.839	15PJDP-23-GK-04186-STOP	364,833	-	364,833	339,982
Direct Programs (Continued)						
DNA Backlog Reduction Program	16.741	15PBJA-22-GG-01607-DNAX	157,227	-	157,227	-
DNA Backlog Reduction Program	16.741	15PBJA-23-GG-01230-DNAX	270,118	-	270,118	-
DNA Backlog Reduction Program	16.741	15PBJA-24-GG-02629-DNAX	8,126	-	8,126	-
Subtotal DNA Backlog Reduction Program			435,471	-	435,471	-

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2025

Federal Grantor/Passed through Grantor/Program Title	Assistance Listing Number	Grant Number	Non- COVID-19 Federal Expenditures	COVID-19 Federal Expenditures	Total Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF JUSTICE (Continued)						
Passed through California Governor's Office of Emergency Services						
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ19 15 7503	\$ 16,907	\$ -	\$ 16,907	\$ -
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ21 17 7503	11,997	-	11,997	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ22 18 7503	39,458	-	39,458	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ23 19 7503	62,611	-	62,611	-
Subtotal Paul Coverdell Forensic Sciences Improvement Grant Program			130,973	-	130,973	-
Edward Byrne Memorial Justice Assistance Grant Program						
Direct Program						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-01755-JAGP	102,686	-	102,686	-
Passed through Alameda County						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01242-JAGX	123,087	-	123,087	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02093-JAGX	284,478	-	284,478	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03188-JAGX	200,000	-	200,000	-
Subtotal Edward Byrne Memorial Justice Assistance Grant Program - passed through Alameda County			607,565	-	607,565	-
Subtotal Edward Byrne Memorial Justice Assistance Grant Program			710,251	-	710,251	-
TOTAL U.S. DEPARTMENT OF JUSTICE			1,912,283	4,000	1,916,283	339,982
U.S. DEPARTMENT OF LABOR						
Passed through State of California,						
Employment Development Department						
WIOA Cluster:						
WIOA Adult Program	17.258	AA411022	1,337,014	-	1,337,014	1,507,244
WIOA Adult Program	17.258	AA511022	362,745	-	362,745	1,157
Subtotal WIOA Adult Program			1,699,759	-	1,699,759	1,508,401
WIOA Youth Activities	17.259	AA411022	187,518	-	187,518	187,518
WIOA Youth Activities	17.259	AA511022	984,228	-	984,228	851,656
Subtotal WIOA Youth Program			1,171,746	-	1,171,746	1,039,174
WIOA Dislocated Worker Formula Grants	17.278	AA411022	787,916	-	787,916	392,280
WIOA Dislocated Worker Formula Grants	17.278	AA511022	277,092	-	277,092	134,956
Subtotal WIOA Dislocated Worker Formula Grants			1,065,008	-	1,065,008	527,236
Subtotal WIOA Cluster			3,936,513	-	3,936,513	3,074,811
TOTAL U.S. DEPARTMENT OF LABOR			3,936,513	-	3,936,513	3,074,811
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through State of California, Department of Transportation						
State and Community Highway Safety /						
Highway Safety Cluster						
Highway Safety Cluster	20.600	EM25027	165,000	-	165,000	-
Highway Planning and Construction	20.205	ATPL-5012(143)	144,321	-	144,321	-
Highway Planning and Construction	20.205	ATPL-5012(144)	1,756,214	-	1,756,214	-
Highway Planning and Construction	20.205	ATPL-5012(154)	5,721,103	-	5,721,103	-
Highway Planning and Construction	20.205	BHLO-5012(103)	3,612	-	3,612	-
Highway Planning and Construction	20.205	BRLS-5012(160)	661	-	661	-
Highway Planning and Construction	20.205	CML-5012(174)	76,588	-	76,588	-
Highway Planning and Construction	20.205	HSIPL-5012(147)	139,981	-	139,981	-
Highway Planning and Construction	20.205	HSIPL-5012(148)	136,075	-	136,075	-
Highway Planning and Construction	20.205	HSIPL-5012(159)	274,082	-	274,082	-
Highway Planning and Construction	20.205	STPCML-5012(155)	2,260,193	-	2,260,193	-
Highway Planning and Construction	20.205	STPL-5012(130)	5,505	-	5,505	-
Highway Planning and Construction	20.205	STPL-5012(157)	(7,891)	-	(7,891)	-
Highway Planning and Construction	20.205	STPLR-7500(270)	106,292	-	106,292	-
Highway Planning and Construction	20.205	STPLR-7500(271)	45,587	-	45,587	-
Highway Planning and Construction	20.205	STPLR-7500(272)	49,166	-	49,166	-
Highway Planning and Construction	20.205	STPLZ-5012(037)	(815,867)	-	(815,867)	-
Highway Planning and Construction	20.205	STPLZ-5012(124)	837,697	-	837,697	-
Subtotal Highway Planning and Construction			10,733,319	-	10,733,319	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			10,898,319	-	10,898,319	-
U.S. DEPARTMENT OF TREASURY						
Passed through Alameda County						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	25700-19359	-	142,361	142,361	-
TOTAL U.S. DEPARTMENT OF TREASURY			-	142,361	142,361	-
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Direct Program						
Geographic Programs - San Francisco Bay Water Quality Improvement Fund	66.126	98T15701	311,003	-	311,003	-
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			311,003	-	311,003	-

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2025

Federal Grantor/Passed through Grantor/Program Title	Assistance Listing Number	Grant Number	Non-COVID-19 Federal Expenditures	COVID-19 Federal Expenditures	Total Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Direct Programs						
Congressional Directives	93.493	6H79FG000891-01M007	\$ 371,871	\$ -	\$ 371,871	\$ -
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SM084923-02	16,487	-	16,487	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SM084923-03	490,595	-	490,595	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SM084923-04	298,668	-	298,668	-
Subtotal Substance Abuse and Mental Services Projects of Regional and National Significance			<u>805,750</u>	<u>-</u>	<u>805,750</u>	<u>-</u>
Head Start	93.600	09CH012060-01-02	(130,580)	-	(130,580)	-
Head Start	93.600	09CH012060-02-03	(8,583)	-	(8,583)	-
Head Start	93.600	09CH012060-03-01	198,202	-	198,202	-
Head Start	93.600	09CH012060-04-01	12,394,130	-	12,394,130	-
Subtotal Head Start / Head Start Cluster			<u>12,453,169</u>	<u>-</u>	<u>12,453,169</u>	<u>-</u>
Passed through State of California, Department of Community Services and Development						
Community Services Block Grant	93.569	24F-3002	1,077,554	-	1,077,554	616,026
Community Services Block Grant	93.569	24F-3002 CAA-DISC	26,000	-	26,000	20,000
Community Services Block Grant	93.569	25F-6002	240,156	-	240,156	-
Subtotal Community Services Block Grant			<u>1,343,710</u>	<u>-</u>	<u>1,343,710</u>	<u>636,026</u>
Passed through State of California, Department of Aging Grants to States for Medicaid / Medicaid Cluster						
	93.778	MS-2425-01	1,694,030	-	1,694,030	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>16,668,530</u>	<u>-</u>	<u>16,668,530</u>	<u>636,026</u>
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
Direct Programs						
Foster Grandparent/Senior Companion Cluster						
AmeriCorps Seniors Foster Grandparent Program (FGP)	94.011	24SFICA003-1	10,471	-	10,471	-
AmeriCorps Seniors Senior Companion Program (SCP)	94.016	24SCICA004-1	279,779	-	279,779	-
Subtotal Foster Grandparent/Senior Companion Cluster			<u>290,250</u>	<u>-</u>	<u>290,250</u>	<u>-</u>
TOTAL U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>290,250</u>	<u>-</u>	<u>290,250</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY						
Direct Programs						
National Urban Search and Rescue (US&R) Response System	97.025	2023-0012	18,502	-	18,502	-
National Urban Search and Rescue (US&R) Response System	97.025	2024-0001	464	-	464	-
National Urban Search and Rescue (US&R) Response System	97.025	2024-0067	34,338	-	34,338	-
National Urban Search and Rescue (US&R) Response System	97.025	2025-0001	27,356	-	27,356	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2021-CA-00073	331,305	-	331,305	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2022-CA-00061	229,859	-	229,859	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2023-CA-05401	238,448	-	238,448	-
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2024-CA-05191	845,235	-	845,235	-
Subtotal National Urban Search and Rescue Response System			<u>1,725,507</u>	<u>-</u>	<u>1,725,507</u>	<u>-</u>
Port Security Grant Program	97.056	EMW-2021-PU-00432	468,314	-	468,314	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2021-FF-00614	7,691,665	-	7,691,665	-
Passed through California Governor's Office of Emergency Services						
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4482DR-CA-01387	-	1,030,125	1,030,125	-
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4482DR-CA-01680	-	2,150,937	2,150,937	-
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4482DR-CA-02974	-	2,509,818	2,509,818	-
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4482DR-CA-03269	-	3,181,627	3,181,627	-
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4482-DR-CA-PW-00265(2)	-	339,905	339,905	-
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4482-DR-CA-PW06047(3932)	-	354,252	354,252	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-4683	1,171,473	-	1,171,473	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-4699	1,150,649	-	1,150,649	-
Subtotal Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>2,322,122</u>	<u>9,566,664</u>	<u>11,888,786</u>	<u>-</u>

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2025

Federal Grantor/Passed through Grantor/Program Title	Assistance Listing Number	Grant Number	Non- COVID-19 Federal Expenditures	COVID-19 Federal Expenditures	Total Federal Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY (Continued)						
Homeland Security Grant Program						
Passed through City and County of San Francisco (CCSF)						
Homeland Security Grant Program	97.067	2022-0043-UASI	\$ 222,870	\$ -	\$ 222,870	\$ -
Homeland Security Grant Program	97.067	2024-5088-UASI	620,981	-	620,981	-
Homeland Security Grant Program	97.067	2123-0042-UASI	405,939	-	405,939	-
Subtotal Homeland Security Grant Program - passed through CCSF			1,249,790	-	1,249,790	-
Passed through Alameda County						
Homeland Security Grant Program	97.067	2022-0043-CERT	42,970	-	42,970	-
Homeland Security Grant Program	97.067	2023-0042-CERT	34,759	-	34,759	-
Subtotal Homeland Security Grant Program - passed through Alameda County			77,729	-	77,729	-
Subtotal Homeland Security Grant Program			1,327,519	-	1,327,519	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			13,535,127	9,566,664	23,101,791	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 62,666,401	\$ 11,882,792	\$ 74,549,193	\$ 13,477,791

See notes to the schedule of expenditures of federal awards.

CITY OF OAKLAND
Notes to Schedule of Expenditure of Federal Awards
Year Ended June 30, 2025

Note 1 – General

The accompanying schedule of expenditures of federal awards (SEFA) presents the expenditures of all federal award programs of the City of Oakland, California (City) for the year ended June 30, 2025. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the SEFA.

The City's reporting entity is described in Note I.A. to the City's basic financial statements. The City's basic financial statements include the operations of the Port of Oakland (Port), a discretely presented component unit, which expended \$25,019,681 of federal awards during the year ended June 30, 2025. The Port's federal expenditures are not included in the SEFA because such expenditures are audited and reported on separately.

Note 2 – Basis of Accounting

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

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

Note 3 – Relationship to the Financial Statements

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

Note 4 – California Department of Aging Awards

The terms and conditions of local agency contracts with the California Department of Aging (CDA) require local agencies to display state-funded expenditures discretely along with the related federal expenditures. CDA grant expenditures that involve federal funding have been presented in the SEFA under Assistance Listing No. 93.778, Medical Assistance Program. For state grants not involving federal funding, the amounts are to be displayed separately. The City did not receive any state grants from the CDA for the year ended June 30, 2025.

CITY OF OAKLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	None reported
• Significant deficiency(ies) identified?	Yes
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

Program Title	Assistance Listing Number
Housing Opportunities for Persons with AIDS	14.241
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083

Dollar threshold used to distinguish between type A and type B programs:	\$2,236,476
Auditee qualified as low-risk auditee?	Yes

CITY OF OAKLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section II – Financial Statement Findings

Finding 2025-001 Improper Recognition of Liabilities and Restatement of Beginning Balances
Material Weakness

Criteria

Management is responsible for establishing and maintaining effective internal control over financial reporting to provide reasonable assurance that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). U.S. GAAP requires that liabilities be recognized only when they meet the definition of a liability, including the existence of a present obligation resulting from past events.

Condition

During our audit, a material misstatement related to the City’s accounts payable and other current liabilities as of June 30, 2024 was identified. Certain balances recorded as liabilities did not meet the definition of a liability under U.S. GAAP, as they did not represent present obligations of the City at year-end. To correct the overstatements of the liabilities, the City restated the beginning fund balance of General Fund and net position of governmental activities in the amount of \$199.9 million.

Cause and Effect

The material misstatement and resulting restatement were caused by ineffective internal controls over the identification, evaluation, and review of liabilities, including insufficient assessment of whether recorded balances met the definition of a liability in accordance with U.S. GAAP. This led to the restatement of the beginning fund balance and net position of the General Fund and governmental activities.

Identification of Repeat Finding

This is not a repeat finding in the immediate prior audit period.

Recommendation

We recommend that the City reevaluate and strengthen year-end closing procedures to ensure that significant recorded balances meet the definition of a liability in accordance with U.S. GAAP; require adequate and consistent supporting documentation for all accounts payable and other current liabilities; and provide additional training to accounting personnel on liability recognition criteria and year-end financial reporting requirements.

View of Responsible Officials and Planned Corrective Action

See separately prepared Corrective Action Plan.

CITY OF OAKLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section III – Federal Award Findings and Questioned Costs

Finding Reference: 2025-002
Federal Agency: U.S. Department of Homeland Security
Pass-Through Entity: California Governor's Office of Emergency Services
Federal Program Title: Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number: 97.036
Federal Grant Number: FEMA 4482DR-CA-01387
FEMA 4482DR-CA-01680
FEMA 4482DR-CA-02974
FEMA 4482DR-CA-03269
FEMA-4482-DR-CA-PW-00265(2)
FEMA-4482-DR-CA-PW06047(3932)
FEMA DR-4683
FEMA DR-4699
Category of Finding: Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Classification of Finding: Significant Deficiency in Internal Control over Compliance
Instance of Noncompliance

Criteria

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 2 CFR §200.403 and §200.430, require that costs charged to federal awards be allowable, reasonable, allocable, and adequately supported. Payroll costs charged to federal programs must be based on accurate payroll records and may not be duplicated or claimed more than once for reimbursement.

In addition, management is responsible for establishing and maintaining effective internal control over compliance to ensure federal awards are administered in accordance with applicable laws, regulations, and grant provisions.

Condition

During our audit, we selected a statistically valid sample of 40 payroll transactions and identified 5 duplicate payroll transactions that were included in amounts submitted for reimbursement under the program. Specifically, certain payroll costs were charged more than once to the federal program, resulting in unallowable costs being claimed for reimbursement. These duplicate charges were not identified or corrected by management prior to submission of reimbursement requests.

The City subsequently performed a detailed review of the payroll charges included in the reimbursement submissions, identified duplicate payroll charges of \$113,551, and reduced the reported expenditure in the Schedule of Expenditure of Federal Awards for the year ended June 30, 2025.

Cause

The condition was caused by ineffective internal controls over submission of reimbursement requests, including inadequate review procedures to ensure payroll costs were not duplicated prior to submission, lack of reconciliation between payroll records and reimbursement requests, and insufficient supervisory review over payroll charges included in the reimbursement requests.

CITY OF OAKLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Identification of Repeat Finding

This is not a repeat finding in the immediate prior audit period.

Effect

As a result of these control deficiencies, unallowable payroll costs were claimed for federal reimbursement. This noncompliance could result in the City being required to repay the federal awarding agency and increase the risk of additional unallowable costs being claimed in future periods if not corrected.

Questioned Costs

Known questioned costs totaling \$113,551 were identified related to duplicate payroll charges included in the reimbursement submission for grant number FEMA-4482-DR-CA-PW06047(3932).

Recommendations

We recommend that the City strengthen internal controls over payroll cost allocation and reimbursement processes to ensure payroll costs are not duplicated; implement reconciliations between payroll records and reimbursement requests prior to submission; and provide additional training to personnel responsible for grant accounting on federal cost allowability requirements.

View of Responsible Officials and Planned Corrective Action

See separately prepared Corrective Action Plan.

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**OTHER
SUPPLEMENTAL
SCHEDULES**

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CITY OF OAKLAND
Supplemental Schedule of Revenue and Expenditures

State of California, Department of Community Services and Development (CSD)
Community Services Block Grant (CSBG) - Assistance Listing Number 93.569
Contract No. 24F-3002, Project No. 1006757/1006758
For the Period January 1, 2024 to June 30, 2025

	January 1, 2024 through June 30, 2024	July 1, 2024 through June 30, 2025	Total Audited Costs	Total Reported ¹	Total Budget
Revenue					
Grant Amount	\$ 250,138	\$ 1,077,554	\$ 1,327,692		\$ 1,327,692
Expenditures					
Administrative Costs					
Salaries and Wages	77,020	95,649	172,669	\$ 172,669	166,527
Fringe Benefits	49,290	77,058	126,348	126,348	121,102
Operating Expense	-	5,004	5,004	5,004	5,144
Other Costs	5,588	-	5,588	5,588	7,227
Subtotal Personnel Costs	131,898	177,711	309,609	309,609	300,000
Non-Personnel Costs					
Salaries and Wages	28,760	151,564	180,324	180,324	164,907
Fringe Benefits	12,208	81,841	94,049	94,049	90,950
Operating Expense	164	37,427	37,591	37,591	49,000
Travel	-	11,285	11,285	11,285	24,000
Sub-Contractors/Consultants	74,864	617,726	692,590	692,590	695,766
Other Costs	2,244	-	2,244	2,244	3,069
Subtotal Non-Personnel Costs	118,240	899,843	1,018,083	1,018,083	1,027,692
Total Expenditures	\$ 250,138	\$ 1,077,554	\$ 1,327,692	\$ 1,327,692	\$ 1,327,692

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

CITY OF OAKLAND
Supplemental Schedule of Revenue and Expenditures

State of California, Department of Community Services and Development (CSD)
Community Services Block Grant (CSBG) - Assistance Listing Number 93.569
Contract No. 24F-3002 CAA-DISC, Project No. 1006930
For the Period January 1, 2024 to June 30, 2025

	January 1, 2024 through June 30, 2024	July 1, 2024 through June 30, 2025	Total Audited Costs	Total Reported ¹	Total Budget
Revenue					
Grant Amount	\$ -	\$ 26,000	\$ 26,000		\$ 26,000
Expenditures					
Administrative Costs					
Salaries and Wages	-	-	-	\$ -	-
Fringe Benefits	-	-	-	-	-
Operating Expense	-	2,000	2,000	2,000	2,000
Other Costs	-	-	-	-	-
Subtotal Personnel Costs	-	2,000	2,000	2,000	2,000
Non-Personnel Costs					
Salaries and Wages	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Operating Expense	-	4,000	4,000	4,000	4,000
Travel	-	-	-	-	-
Sub-Contractors/Consultants	-	20,000	20,000	20,000	20,000
Other Costs	-	-	-	-	-
Subtotal Non-Personnel Costs	-	24,000	24,000	24,000	24,000
Total Expenditures	\$ -	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000

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

CITY OF OAKLAND
Supplemental Schedule of Revenue and Expenditures

State of California, Department of Community Services and Development (CSD)
Community Services Block Grant (CSBG) - Assistance Listing Number 93.569
Contract No. 25F-6002, Project No. 1006759/1006760
For the Period January 1, 2025 to June 30, 2025

	January 1, 2025 through June 30, 2025	Total Audited Costs	Total Reported ¹	Total Budget
Revenue				
Grant Amount	\$ 240,156	\$ 240,156		\$ 1,327,692
Expenditures				
Administrative Costs				
Salaries and Wages	47,247	47,247	\$ 47,247	156,164
Fringe Benefits	38,090	38,090	38,090	129,038
Operating Expense	268	268	268	13,111
Other Costs	-	-	-	14,632
Subtotal Personnel Costs	<u>85,605</u>	<u>85,605</u>	<u>85,605</u>	<u>312,945</u>
Non-Personnel Costs				
Salaries and Wages	77,999	77,999	77,999	348,409
Fringe Benefits	50,260	50,260	50,260	251,051
Operating Expense	15,196	15,196	15,196	25,000
Travel	11,096	11,096	11,096	27,000
Sub-Contractors/Consultants	-	-	-	334,819
Other Costs	-	-	-	28,468
Subtotal Non-Personnel Costs	<u>154,551</u>	<u>154,551</u>	<u>154,551</u>	<u>1,014,747</u>
Total Expenditures	<u>\$ 240,156</u>	<u>\$ 240,156</u>	<u>\$ 240,156</u>	<u>\$ 1,327,692</u>

¹ The reported column represents expenditures reported to the State of California Department of Community Service and Development since the inception of the grant.

CITY OF OAKLAND
Supplemental Schedule of Expenditures of Alameda County Awards
Year Ended June 30, 2025

Alameda County Award/Program Title	Contract Number	Exhibit/ PO Number	Expenditures
Housing and Community Development Department			
Winter Shelter Program	Not Available	27843	\$ 100,000
Total Housing and Community Development Department			<u>100,000</u>
Department of Violence Prevention			
FY 25-27 ACPD Probation Townnight Events	Not Available	26523	210,613
Total Department of Violence Prevention			<u>210,613</u>
Department of Workforce and Benefits Administration			
Henry J. Robinson Multi-Service Center	900163	25243	256,145
Total Department of Workforce and Benefits Administration			<u>256,145</u>
Total Alameda County Awards			<u><u>\$ 566,758</u></u>

AUDIT FINDINGS FOLLOW-UP

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In relation to the City of Oakland’s (City) annual financial statement audit and the single audit for the year ended June 30, 2025, the City hereby submits a summary schedule of prior audit findings and a corrective action plan, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Section 511 *Audit findings follow-up*.

Summary Schedule of Prior Audit Findings

Reference Number:

Federal Award Finding 2022-002

2022-002

Assistance Listing Number 14.239
Home Investment Partnerships Program
Special Tests and Provisions – Housing Quality Standards

Material Weakness in Internal Control over Compliance
Material Noncompliance

Audit Finding:

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

Year in which Finding
Initially Occurred:

2021-22

Status of Corrective
Action:

Corrective Action Plan has been implemented.



Corrective Action Plan

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

Section II -- Financial Statement Findings

Finding 2025-001 Improper Recognition of Liabilities and Restatement of Beginning Balances Material Weakness

Historically, the City has reflected items such as workers' compensation and other long-term obligations as liabilities in the governmental fund financial statements. While implementing GASB Statement No. 101, *Compensated Absences*, City staff raised a question with the auditors regarding whether these long-term obligations should continue to be recorded as current liabilities in the fund statements, given that the actuarial amounts were already reflected in the government-wide financial statements. As a result of this inquiry, the auditors performed additional review procedures and determined that certain balances, including pension and OPEB-related amounts, were not consistent with U.S. GAAP and required a restatement.

In response, the City restated the beginning fund balance of the General Fund and the net position of governmental activities to remove improperly recorded liabilities, and corrected the classification and recognition of these balances in accordance with U.S. GAAP.

To prevent recurrence, the City will strengthen year-end closing procedures by enhancing the review and analysis of all accounts payable and other current liabilities, and by maintaining adequate supporting documentation to ensure all recorded balances meet the U.S. GAAP definition of a liability. The City will also provide additional training for accounting personnel on liability recognition and year-end financial reporting requirements. The City remains committed to careful oversight of liability recognition and proactive engagement with auditors to ensure compliance with all applicable standards.

Contact person responsible for corrective action: Pooja Shrestha
Anticipated completion date: June 30, 2026

Section III – Federal Award Findings

Finding 2025-002 Assistance Listing Number 97.036
Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Significant Deficiency in Internal Control over Compliance
Instance of Noncompliance

During the COVID-19 emergency, the City faced a high volume of FEMA Public Assistance (PA) grant submissions through CalOES and engaged an outside consultant to support cost recovery efforts. While internal controls were in place, the combination of evolving program determinations, high transaction volume, and limited staffing contributed to a breakdown in tracking payroll costs across projects. Specifically, labor costs associated with the Great Plates program were initially included in an early project submission but were subsequently challenged and removed by CalOES/FEMA. These same labor costs were later included in Category Z (Cat Z) project costs. CalOES subsequently approved the previously disallowed Great Plates labor and obligated funding without additional notification. As a result, the same payroll costs were inadvertently included in both projects, and the duplication was not identified prior to submission.

Following the audit, the City conducted a detailed review of labor and fringe benefit costs across all applicable projects. Through this review, the City identified duplicate payroll charges and revised the reported expenditures to remove the duplicate charges.

To prevent recurrence, the City has implemented enhanced oversight and centralized tracking controls across all grant programs, including strengthened payroll cost monitoring by funding source, cross-project reconciliations prior to submission, and supervisory review of reimbursement requests to ensure costs are not duplicated, particularly when eligibility determinations change. The City will also enhance monitoring of funding determinations and obligation updates and provide ongoing staff training on federal cost allowability and documentation requirements. These measures will be applied consistently across all grants, with additional attention during high-volume or emergency response activities.

Contact person responsible for corrective action:	Pooja Shrestha
Anticipated completion date:	Partially implemented and ongoing as of March 2026; full implementation by June 30, 2026

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