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OAKLAND

2018 MAR 29 PM 4: 37

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Finance Director/Treasurer

SUBJECT: Comprehensive Annual Financial
Report (CAFR) And Management
Letter

DATE: March 19, 2018

City Administrator Approval

Date:

3/29/18

RECOMMENDATION

Staff Recommends That The City Council Receive The Comprehensive Annual Financial Report (CAFR) And the Management Letter For The Year Ended June 30, 2017.

EXECUTIVE SUMMARY

The Finance Department, Controller's Bureau is pleased to present to the City Council the attached Comprehensive Annual Financial Report (CAFR) Audit and Management Letter.

The audit report incorporates the management's discussion and analysis, basic financial statements, notes to basic financial statements, and 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.

The Auditor's unmodified opinion letter for the audit report mentioned above declared that the basic financial statements contained therein accurately represent the financial condition of The City of Oakland as of June 30, 2017. The Auditors expressed an opinion that the City's financial statements are fairly stated and in accordance with accounting principles generally accepted in the United States.

Macias, Gini & O'Connell, the City's external auditor, performed the Comprehensive Annual Financial audit for the year ending June 30, 2017 (**Attachment A**). The Independent Auditor's Report for fiscal year ended June 30, 2017 did not contain any findings and did not identify any deficiencies in internal controls.

City Council acceptance of the Fiscal Year (FY) 2016-17 CAFR will provide relevant financial information to the City Council, residents of Oakland, creditors, investors, and other interested parties. Also, the City will be in compliance with Section 809 of the City Charter, which states in part, "*The Council shall engage during the first month of each fiscal year an independent certified public accountant who shall examine and report to the Council on the annual financial statement of the City.*"

Item: _____

Finance and Management Committee

April 10, 2018

BACKGROUND / LEGISLATIVE HISTORY

The Comprehensive Annual Financial Report

The FY 2016-17 CAFR provides a description of the City's financial activities for the period of July 1, 2016 through June 30, 2017, and is generally divided into the following sections:

- ***Introductory Section:*** This section intends to familiarize the reader with the organizational structure of the City, the scope of City services and the City general government operations. This section also highlights the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting award for the previous fiscal year.
- ***Financial Section:*** This section contains the City's audited financial statements; notes to the basic financial statements; the Independent Auditor's Report and Management's Discussion and Analysis (MD&A).
- ***Statistical Section:*** This section provides ten years of summary financial data, as well as demographic, economic and statistical information related to the City and its operations.

The Auditor's opinion contained in the Financial Section of the CAFR represents their unmodified opinion that the City's financials are presented fairly and in conformity with Generally Accepted Accounting Principles (GAAP).

The Management Letter or Auditor's Required Communication to City Council

The Management Letter is a required communication and recommendation by Statement on Auditing Standards (SAS) No. 114. The letter outlines the Auditor's responsibility, planned scope and timing of the audit, provides advice on accounting policies, evaluates accounting estimates, proposes audit adjustments, significant audit findings, status of prior years' recommendations, corrected and uncorrected misstatements, disagreement with management, management representation, and outlines any major difficulties encountered in performing the audit.

The Management Letter is intended solely for the information and use of the City Council, the Finance Committee, the Federal grantor agencies, and the management of the City and is not intended to be and should not be used by anyone other than these specified parties.

ANALYSIS AND POLICY ALTERNATIVES

The FY 2016-17 CAFR provides a comprehensive review of the City's financial operations. The CAFR is submitted to the City Council for consideration and acceptance and to provide relevant financial information to the residents of Oakland, creditors, investors, and other interested parties. Ensuring the financial integrity of our public institutions is crucial to maintaining the public's trust.

The Auditors expressed an opinion that the City's financial statements for FY 2016-17 are fairly stated in conformity with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent Auditor's report is included in the Financial Section of the CAFR.

The City contracted with Macias, Gini & O'Connell LLP (MGO), a certified public accounting firm, licensed to practice in the State of California to perform the following annual independent audits:

- The Comprehensive Annual Financial Report (CAFR)
- The Oakland Redevelopment Successor Agency Audit Report (ORSA)
- Police and Fire Retirement System (PFRS) Audit
- A separate audit of the Port of Oakland

Williams, Adley & Company, LLP a certified public accounting firm, and sub-contractor of MGO, performed the following audits:

- Measure Y – Violence Prevention & Public Safety Act of 2004 Audit Report,
- Measure C - Transient Occupancy Tax Surcharge (Oakland Hotel Tax),
- GANN Appropriation Limit Attestation
- Single Audit Report - Perform Internal Control over Financial Reporting procedures for seven (7) of the eight (8) major audit programs.

Financial Highlights

For the fiscal year ended June 30, 2017, the City achieved the following key financial results (**Table 1**):

- Total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$115.0 million compared to a net position of \$44.3 million at June 30, 2016.
 - \$1.3 billion represents the City's investment in capital assets, less any related outstanding debt and related deferred outflows and inflows of resources used to acquire those assets (net investment in capital assets). These capital assets are used to provide services to citizens and are not available for future spending.

- \$599.3 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 \$278.4 million pertains to Low and Moderate Income Housing Redevelopment.
- \$1.8 billion represents a deficit in unrestricted net position that has primarily resulted from the underfunding of the pension liabilities and annual other postemployment benefits cost, and other unfunded long-term liabilities (unrestricted net position). The net pension liabilities deficit is the biggest contributing factor at \$1.5 billion.
- \$62.4 million increase in the net position was derived from governmental activities predominantly from increases in property tax, sales and use tax, transient occupancy tax, business license, and program revenues. These increases were off-set by increases in expenses of \$94.4 million primarily in Public Safety, Community Services and General Government.
- \$8.2 million increase in the net position was derived from the Business-type activities, mainly the Sewer related activities.
- The City's governmental cumulative fund balances increased by 15.0 percent or \$100.3 million to \$768.1million compared to \$667.8 million for the prior fiscal year.
- The City's total assets increased by \$220.3 million (7.65%) to \$3.1 billion.
- The City's total liabilities increased by \$377.2 million (13.1%) to \$3.3 billion.
- The City's uncommitted fund balance met the requirements of the City Council's 7.5% reserve policy based on the total General Purpose Fund expenditures for fiscal year 2016-17.
- The City's net position increased by \$70.6 million.
 - \$1.3 billion of the net position reflects its *investment in capital assets* (e.g., land, buildings infrastructure, facilities and equipment), net of any related outstanding debt and debt-related deferred outflows and inflows of resources that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. These assets, therefore, are *not* available for future spending.
 - \$599.3 million of the net position represents resources that are subject to restrictions on how they may be used and therefore restricted.
 - \$1.8 billion represents a deficit in unrestricted net position that has primarily resulted from the underfunding of the pension liabilities and annual other postemployment benefits cost, and other unfunded long-term liabilities.

Table 1: Condensed Statement of Net Position

Condensed Statement of Net Position June 30, 2017 and 2016 (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$1,395,418	\$1,236,051	\$ 63,157	\$ 58,851	\$1,458,575	\$1,294,902
Capital assets	1,415,433	1,372,798	225,348	211,354	1,640,781	1,584,152
TOTAL ASSETS	2,810,851	2,608,849	288,505	270,205	3,099,356	2,879,054
Deferred Outflows of Resources:						
Loss on refunding of debt	17,314	18,798	-	-	17,314	18,798
Outflows related to pensions	283,417	95,780	10,335	3,368	293,752	99,148
TOTAL OUTFLOWS	300,731	114,578	10,335	3,368	311,066	117,946
Liabilities:						
Long-term liabilities	1,079,286	1,109,675	36,735	39,123	1,116,021	1,148,798
Other liabilities	234,850	187,390	4,419	915	239,269	188,305
Net OPEB obligation	353,583	305,024	6,402	-	359,985	305,024
Net pension liability	1,503,250	1,207,032	39,011	31,133	1,542,261	1,238,165
TOTAL LIABILITIES	3,170,969	2,809,121	86,567	71,171	3,257,536	2,880,292
Deferred Inflows of Resources:						
Gain on refunding of debt	-	-	474	513	474	513
Outflows related to pensions	33,658	69,768	3,780	2,089	37,438	71,857
TOTAL INFLOWS	33,658	69,768	4,254	2,602	37,912	72,370
Net Position:						
Net Investment in capital assets,	1,141,058	1,079,164	188,139	171,743	1,329,197	1,250,907
Restricted	599,324	555,205	-	-	599,324	555,205
Unrestricted (deficit)	(1,833,427)	(1,789,831)	19,880	28,057	(1,813,547)	(1,761,774)
TOTAL NET POSITION	\$ (93,045)	\$ (155,462)	\$ 208,019	\$ 199,800	\$ 114,974	\$ 44,338

FISCAL IMPACT

This is an informational report only; there is no fiscal impact.

PUBLIC OUTREACH / INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

Item: _____
 Finance and Management Committee
 April 10, 2018

COORDINATION

This report was prepared in coordination with the Finance Department, City Administrator's Office, and the City Attorney's Office.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report.

Environmental: There are no environmental opportunities associated with this report.


Social Equity: There are no social equity opportunities associated with this report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Accept The Comprehensive Annual Financial Report (CAFR) And the Management Letter For The Year Ended June 30, 2017.

For questions regarding this report, please contact Kirsten LaCasse, Controller, at (510) 238-6776.

Respectfully submitted,



KATANO KASAINÉ
Finance Director/Treasurer
Finance Department

Prepared by:

Kirsten LaCasse
Controller
Finance Department, Controller's Bureau

Attachments (1):

A: Comprehensive Annual Financial Report For the Year Ended June 30, 2017 (The Management Letter or Auditor's Required Communication to City Council is included at beginning of CAFR Report)

Item: _____
Finance and Management Committee
April 10, 2018

ATTACHMENT A

Comprehensive Annual Financial Report (CAFR) - FY 2016-17

This report can also be viewed on the City of Oakland website using the following link:

<http://www.oaklandnet.com/government/fwawebste/accounting/CAFR.htm>

CITY OF OAKLAND CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

CITY OF OAKLAND

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY THE FINANCE DEPARTMENT

KATANO KASAINÉ, FINANCE DIRECTOR/TREASURER

KIRSTEN LACASSE, CONTROLLER

PRINTED ON RECYCLED PAPER

CITY OF OAKLAND

Comprehensive Annual Financial Report Year Ended June 30, 2017

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Year Ended June 30, 2017**

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INTRODUCTORY SECTION

CITY OF OAKLAND



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

Office of the City Administrator
Sabrina B. Landreth
City Administrator

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

December 22, 2017

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

The Comprehensive Annual Financial Report of the City of Oakland

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Oakland, California (City). The Controller's Bureau has prepared this report to present the financial position and the changes in net position for the year ended June 30, 2017, and the cash flows of its proprietary fund types for the year then ended. The basic financial statements and supporting schedules have been prepared in compliance with Section 809 of the City Charter, with California Government Code Sections 25250 and 25253, and in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for local governments, as established by the Governmental Accounting Standards Board (GASB). The information presented here should be considered in conjunction with the additional information contained in the Management's Discussion and Analysis (MD&A) in the Financial Section of this report.

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

The City contracted with Macias Gini & O'Connell LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for the year ended June 30, 2017 are fairly stated and in accordance with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is included in the Financial Section of this report.

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

The Reporting Entity and Its Services

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

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

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

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

Profile of the Government

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

In November 1998, the citizens of Oakland passed Measure X changing the form of government from Council-City Manager to Mayor-Council through a charter amendment. Legislative authority is vested in the City Council and executive authority is vested in the Mayor. The City Administrator, appointed by the Mayor and approved by the City Council, has administrative authority to manage the day-to-day administrative and fiscal operations of the City. The City Auditor and the City Attorney are both elected officials and serve four-year terms.

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

On March 2, 2004, the citizens of Oakland passed Measure P: (1) to repeal the sunset provision of Measure X passed in November 1998 to retain the Mayor-Council form of government; (2) to change the term limit for Mayor from two terms to two consecutive terms; (3) to reduce the number of votes needed for the City Council to pass an ordinance on reconsideration from six votes to five votes; (4) to eliminate the prohibition on paying the Mayor more than the City Administrator; (5) to remove the rule that the Mayor vacates his or her office by missing ten consecutive City Council meetings; (6) to require the Mayor to advise the City Council before removing the City Administrator; and (7) to change the title of the City Manager to “City Administrator”.

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

Economic Condition and Fiscal Outlook

Despite challenging circumstances, the City has made notable, prudent investments to improve its financial situation, such as implementing the Three-Tier pension plan reform system for all labor unions (See Note II, Section L), establishing a Vital Services Stabilization Reserve, and fully funding the General Purpose Fund reserve to 7.5 percent per City Council. The City ended fiscal year 2016-17 with continued growth in the local economy. Notably, an improved local real-estate market has led to strong growth in real-estate related revenues; including property tax, real estate transfer tax, and transient occupancy tax.

The City ended 2017 with continued growth in the local economy. Notably, an improved local real-estate market has led to strong growth in real-estate related revenues; including property tax, real estate transfer tax, and transient occupancy tax. Other key economic indicators are trending positively: growth in total assessed value, stabilized low unemployment rate, continued regional employment growth, and City revenues are up in most categories (e.g., property tax, sales tax, business tax, real estate tax).

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

- The Oakland Army Base Project: The City and Port of Oakland are leveraging significant public and private investment by transforming approximately 300 acres of the former Oakland Army Base into a modern logistics center. Planned to shift traffic from trucks to trains on site, thereby reducing truck trips through cities within Alameda County to the Central Valley, the project will help improve the City’s air quality, roadway safety, and will create a significant number of direct and indirect job opportunities.
 - In 2016, The Alameda Transportation Commission approved a \$41 million grant for the construction of public roadway improvements at the former Oakland Army Base.
 - Prologis, a global industrial real estate development and logistics firm, completed construction in 2017 on the first of three state of the art logistics facilities to be developed at the former Oakland Army Base. The completed phase one is a 256,000 square foot facility and the next two phases will total approximately 494,000 square feet.
 - The Port of Oakland is opening a 370,000 square foot refrigerated “Cool Port” warehouse and distribution facility in early 2018.
- The Brooklyn Basin Project: Brooklyn Basin will transform 65 acres of waterfront property along the Oakland Estuary with 3,100 residential units and approximately 200,000 square feet of retail

and commercial space, which is scheduled to be completed in phases with the first 400 units entering the market in 2018, 300 units in 2019, and the balance completed between 2020 and 2030. The project also includes 465 units of affordable housing. The first project, the 241-unit Brooklyn Basin Terraces Apartments, was approved and broke ground in the fall of 2016.

- The Coliseum City Project: Coliseum City is the largest transit-oriented development project in California and will transform an entire area of East Oakland, creating thousands of new jobs and a regional destination. While the Coliseum Specific Plan was completed in 2015, this project is still in a very preliminary stage, and therefore there is no scheduled completion date at the time. Certain aspects of the project are also contingent upon the long-term location plans of the Oakland Athletics sports team.
- The MacArthur Transit Village project is expected to include up to 675 mixed income housing units and approximately 31,500 square feet of retail. Construction of the first phase of the project (including construction of a public parking garage for BART) was completed in July 2014. Phase two, 90 units of affordable housing was completed in November 2015 and phase three, 383 residential units and 20,000 square feet of commercial space, began construction in December 2016. The last phase, 402 residential units including 45 affordable units, is expected to start construction in 2018 and completion for the project is estimated to be in 2020.
- Two major office projects are under construction or about to start construction downtown, including: 1) 601 12th Street, a 600,000 square foot high-rise tower that started construction in April 2017; and 2) 1100 Broadway, a 320,000 square foot high-rise tower that is expected to start construction in January 2018.
- The Hive is a \$70 million, multi-phase, mixed-use project on Broadway that was substantially completed in 2016. The development contains 100,000 square feet of commercial and retail space and 104 apartments.
- Approximately 21,000 housing units throughout the City are in the development pipeline, including over 6,000 units under construction or recently completed.

On June 29, 2017, the City Council adopted a two-year balanced FY 2017-19 policy budget that includes no layoffs, invests in growing the City's permanent revenue base through strategic investments that improve public safety, foster economic development, and enhance quality of life. Based on public opinion survey results, across all demographic groups, the key priorities for Oaklanders are housing affordability and public safety. Other key priority areas include investing in education/job training, maintaining City infrastructure and roads, and addressing the challenges created by homelessness. This budget preserves many vital services, while making substantial investments in housing affordability and public safety, the top two priorities identified by Oaklanders.

The adopted biennial budget focused on the following goals:

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

The City is also committed to securing the City's long-term financial health by taking direct actions to address unfunded liabilities. These actions include: maintaining and growing a Vital Services Stabilization Fund, improving the funded ratios of CalPERS Safety and Miscellaneous pension plans (funded ratios of 62.3% and 64.4%, respectively as of June 30, 2016); prefunding the annual required contributions to the California Employer's Retiree Benefit Trust (CERBT) for other post-employment benefits by allocating \$20 million over the next two fiscal years; implementing two-tier pension reform to significantly reduce long-term costs; and implementing the State's third-tier reform after that. Even with these measures, we cannot ignore the fact that rising pension costs are continuing to reduce funding for other General Fund priorities.

The City's general obligation credit ratings of Aa2\AA and stable outlook from Moody's Investors Services, Inc. and Standard & Poor's Corporation, respectively, continue to show the City's fiscal prudence. The City continues to maintain strong credit ratings on the City's existing general obligation bonds from both rating agencies as its economy successfully emerged from the economic downturn. The Management's and Discussion & Analysis (MD&A) has more discussion on the City's credit ratings. The rating agencies continue to cite management's demonstrated commitment to strong fiscal management as a basis of their rationale for bestowing the City's strong ratings. These ratings translate to significant interest cost savings in the City's debt program and to the taxpayers of the City of Oakland.

Significant Events and Accomplishments

Highlights of activities and accomplishments for the year ended June 30, 2017, include the following:

- July 11, 2016: Oakland Among Best Large Cities To Live In – WalletHub, a leading personal finance outlet, released its roster of 2016's Best Large Cities To Live In. Overall, Oakland was ranked No. 11 and took the top spot in the "Most Diverse Cities in America" and "Life Expectancy" rankings.
- July 15, 2016: – The Downtown Oakland Senior Center (DOSC) celebrated its 35th Anniversary. DOSC, Oakland's oldest and largest senior center, opened back in July 1981 after the City purchased the beautiful and historic Veterans Memorial Building from the County for \$1.
- July 28, 2016: – The City of Oakland, partnering with the Downtown Oakland Association, hosted a Grand Re-Opening Celebration marking the completion of the \$7 million Latham Square project. The transformative project nearly quadrupled the size of this public gathering space in the heart of downtown Oakland, where Broadway and Telegraph intersect.
- October 4, 2016: The City of Oakland released a strategic plan for the newly created Department of Transportation (OakDOT). The 56-page document, which follows the creation of OakDOT in June, sets out a long-term vision for Oakland's streets based on Mayor Schaaf's core priorities, and includes detailed 1- and 3-year goals to repair and update city streets, provide more equitable access to jobs and services, and expand transportation options.
- October 10, 2016: The City of Oakland secured more than \$360,000 in Phase I grant funding from the Federal Emergency Management Agency (FEMA) to develop two seismic retrofit programs: (1) the Earthquake-Safe Homes Program for owner-occupied, single-family homes and (2) the Safer Housing for Oakland Program for soft-story apartment buildings. If the retrofit programs are approved by FEMA after Phase I, the City will be eligible for \$5.4 million in Phase II grant funding for engineering and construction activities.
- October 24, 2016: – The City of Oakland announced that nearly \$50 million in grants and financing was recently awarded to three affordable housing and transportation projects located in Oakland. The grant funds will ensure the creation of approximately 340 affordable housing units, and will support the development of key transportation and infrastructure amenities, all of which will make Oakland's communities healthier, more resilient and more affordable.

- November 4, 2016: Oakland is participated in SunShares, a program where Oakland residents and City employees and retirees can purchase solar power (and now zero-emission vehicles) at a discounted rate. Bay Area SunShares pools the buying power of individual participants to get more competitive pricing from solar companies and vehicle manufacturers. The City of Oakland participated in the program to help support its clean energy and climate goals, reduce pollution and make it easier for all members of our community to save energy and money.
- November 8, 2016: Voters Pass New Local Measures – The following significant measures passed in the general election in November 2016:
 - **Measure HH** - 1 cent per ounce general tax on the distribution of sugar-sweetened beverages, including products such as sodas, sports drinks, sweetened teas, energy drinks, but exempting: milk products, 100% juice, baby formula, diet drinks, or drinks taken for medical reasons.
 - **Measure KK** – The City of Oakland will issue \$600 million in bonds to improve public safety and invest in neighborhoods throughout Oakland by re-paving streets to remove potholes, rebuilding cracked and deteriorating sidewalks, funding bicycle and pedestrian safety improvements, funding affordable housing for Oaklanders, and providing funds for facility improvements, such as, neighborhood recreation centers, playgrounds, and libraries.
- November 18, 2016: Minimum Wage Increase – Effective Sunday, January 1, 2017, Oakland’s Minimum Wage goes up to \$12.86 per hour. Measure FF, the voter-initiative ballot measure passed in November 2014, provides annual increases to Oakland’s Minimum Wage based on the Consumer Price Index for Urban Wage Earners and Clerical Workers. In light of the increase, employers must be aware of the following:
 - By Thursday, December 15, 2016, employers are required to provide notice to employees and prominently display posters on the new Minimum Wage;
 - On Sunday, January 1, 2017, the Minimum Wage rate goes up 31¢ to \$12.86; and
 - The other benefits mandated by Measure FF (e.g., paid sick leave and payment of service charges) remain the same as when the employment law took effect on March 2, 2015.
- December 19, 2016: – After months of hard work the City went live with several large-scale Information Technology projects including: the reimplementation of Oracle Release 12, online HDL Business Tax System, and Hyperion PBCS among others.
- June 29, 2017: The Oakland City Council passed a \$2.7 billion two-year budget for fiscal years 2017 through 2019. This budget includes major investments in supportive services for the City’s unsheltered residents, infrastructure improvements, and affordable housing, while closing an estimated \$32.5 million funding gap The Oakland City Council approved the biennial policy budget for fiscal years 2017-2019.

Economic Indicators and Next Fiscal Year’s Budget and Tax Rates

The City of Oakland’s primary economic indicators are highlighted in the MD&A section of this report.

The Five-Year Financial Forecast

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

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

Single Audit

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

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

Budget Controls

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

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

The budget represents a process where policy decisions by the Mayor and the City Council are adopted, implemented and controlled. The notes to the required supplementary information summarize the budgetary roles of various City officials and the timetable for their budgetary actions per the City Charter. In June 2017, the City Council approved the City's FY 2017-19 Adopted Policy Budget.

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

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

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

Consolidated Fiscal Policy

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

As of June 30, 2017, the Vital Services Stabilization Reserve has a balance of \$8.8 million, while \$18.8 million has been set-aside for long-term obligations.

Debt Management Policy

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oakland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City of Oakland has received a Certificate of Achievement the last 27 years. The City's Fiscal Year 2016-17 CAFR will be submitted to GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

Acknowledgements

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

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

Respectfully submitted,



SABRINA B. LANDRETH
City Administrator



KATANO KASAINÉ
Finance Director/Treasurer



KIRSTEN LACASSE
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

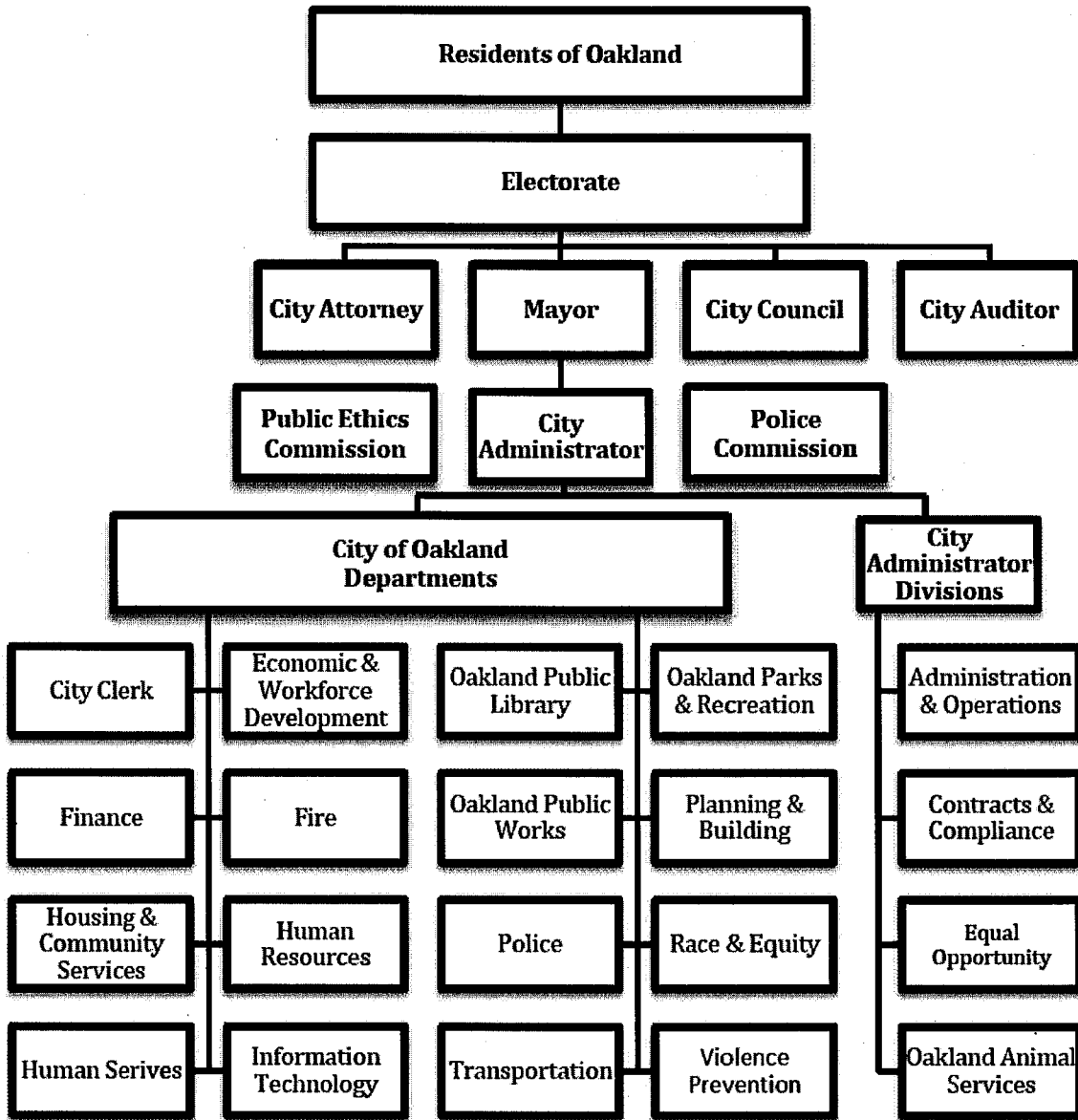
**City of Oakland
California**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended**

June 30, 2016

Executive Director/CEO

CITY OF OAKLAND ORGANIZATION CHART



**LIST OF ELECTED AND APPOINTED OFFICIALS
MAYOR/COUNCIL FORM OF GOVERNMENT**

June 30, 2017

MAYOR

Libby Schaaf

MEMBERS OF THE CITY COUNCIL

Larry Reid, *President (District 7)*
Annie Campbell Washington, *Vice-Mayor (District 4)*

Dan Kalb
District 1

Abel J. Guillen
District 2
(President Pro Tem)

Lynette Gibson McElhaney
District 3

Noel Gallo
District 5

Desley Brooks
District 6

Rebecca Kaplan
At Large

MAYOR APPOINTED OFFICERS

Sabrina B. Landreth, *City Administrator*
Christine Daniel, *Assistant City Administrator* Claudia Cappio, *Assistant City Administrator*
Stephanie Hom, *Deputy City Administrator* LaTonda Simmons, *City Clerk*

ELECTED OFFICERS

Barbara Parker, *City Attorney*
Brenda Roberts, *City Auditor*

DEPARTMENT DIRECTORS

Jason Mitchell <i>Public Works</i>	Darin White (Chief) <i>Fire Department</i>	Mark Sawicki <i>Economic & Workforce Development</i>	Gerald Garzon <i>Oakland Public Library</i>
Katano Kasaine <i>Finance Department</i>	Anne E. Kirkpatrick (Chief) <i>Police Department</i>	William Gilchrist <i>Planning & Building</i>	Michele Byrd <i>Housing & Community Development</i>
Ian Appleyard <i>Human Resources Management</i>	Andrew Peterson <i>Information Technology</i>	Sara Bedford <i>Human Services Department</i>	Nicholas Williams <i>Oakland Parks & Recreation</i>
Ryan Russo <i>Transportation</i>	Darleen Flynn <i>Race & Equity</i>	Peter Kim (Interim) <i>Violence Prevention</i>	

**CITY OF OAKLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

PROJECT TEAM

Katano Kasaine
Finance Director / Treasurer

Kirsten LaCasse
Controller

AUDIT/FINANCIAL STATEMENT COORDINATOR

Kirsten LaCasse, *Controller*

FINANCIAL STATEMENT PREPARATION

Financial Statement Leaders

Theresa Woo
Financial Analyst

Connie L. Chu
Accountant III

Accounting CAFR Team

Michelle Wong
Timothy Turner
Lilian Falkin

Erico Parras
Felipe Kiocho
Young Shin

Andy Yang
Rogelio Medalla

SPECIAL ASSISTANCE

Dawn Hort

David Jones

Sharon Holman

SPECIAL ASSISTANCE - DEPARTMENTS & OFFICES

City Administrator's Office

City Attorney's Office

Finance Department - Treasury Bureau

Human Resources Department

FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 22, 2017

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited)
Year Ended June 30, 2017

This section of the City of Oakland's (the City) Comprehensive Annual Financial Report provides an overview and analysis of the financial activities of the City for the year ended June 30, 2017. 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, 2017, the total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$115.0 million compared to a net position of \$44.3 million at June 30, 2016:

- \$1.3 billion represents the City's investment in capital assets, less any related outstanding debt and related deferred outflows and inflows of resources used to acquire those assets (*net investment in capital assets*). These capital assets are used to provide services to citizens and are not available for future spending.
- \$599.3 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 \$278.4 million pertains to Low and Moderate Income Housing Redevelopment.
- \$1.8 billion represents a deficit in unrestricted net position that has primarily resulted from the underfunding of the pension liabilities and annual other postemployment benefits cost, and other unfunded long-term liabilities (*unrestricted net position*). The net pension liabilities deficit is the biggest contributing factor at \$1.5 billion.
- \$62.4 million increase in the net position was derived from governmental activities predominantly from increases in property tax, sales and use tax, transient occupancy tax, business license, and program revenues. These increases were off-set by increases in expenses of \$94.4 million primarily in Public Safety, Community Services and General Government.
- \$8.2 million increase in the net position was derived from the Business-type activities, mainly the Sewer related activities.

The City's governmental cumulative fund balances increased by 15.0 percent or \$100.3 million to \$768.1 million compared to \$667.8 million for the prior fiscal year. This increase is primarily attributed to the increase in property tax revenues, revenue associated with licenses and permits, and the issuance of General Obligation Bonds (Series 2017C, Measure DD).

The City's uncommitted fund balance met the requirements of the City Council's 7.5% reserve policy based on the total General Purpose Fund expenditures for fiscal year 2016-17 (See Note (II).I).

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited)
Year Ended June 30, 2017

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 services, community and economic development, and public works. 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 and pension trust funds. 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) (continued)
Year Ended June 30, 2017

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 and state grant special revenue 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.

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

(2) **Internal Service Funds** are used to report activities that provide services and supplies for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, radio and communication equipment, facilities management, printing and reproduction, central stores, purchasing and information technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Other Information

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

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of the City's financial condition. As of June 30, 2017, the City's total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$115.0 million compared to a net position of \$44.3 million at June 30, 2016, which represents an increase in net position of \$70.6 million. Cash and investments are higher by \$165.2 million primarily due to higher property tax, licenses and permit revenues as well as the issuance of bonds. Additionally, capital assets increased by \$56.6 million. These amounts were off-set by the net increases in the net pension liability and net OPEB obligation. The City's net position reflects the net investment in capital assets of \$1.3 billion for governmental and business-type activities. Of the remaining balance, \$599.3 million are subject to external restrictions on how they may be used. The unrestricted net position of \$1.8 billion is comprised of a deficit balance of \$1.8 billion for governmental activities, and a positive balance of \$19.9million for business-type activities.

Condensed Statement of Net Position

June 30, 2017 and 2016

(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$1,395,418	\$1,236,051	\$ 63,157	\$ 58,851	\$1,458,575	\$1,294,902
Capital assets	1,415,433	1,372,798	225,348	211,354	1,640,781	1,584,152
TOTAL ASSETS	2,810,851	2,608,849	288,505	270,205	3,099,356	2,879,054
Deferred Outflows of Resources:						
Loss on refunding of debt	17,314	18,798	-	-	17,314	18,798
Outflows related to pensions	283,417	95,780	10,335	3,368	293,752	99,148
TOTAL OUTFLOWS	300,731	114,578	10,335	3,368	311,066	117,946
Liabilities:						
Long-term liabilities	1,079,286	1,109,675	36,735	39,123	1,116,021	1,148,798
Other liabilities	234,850	187,390	4,419	915	239,269	188,305
Net OPEB obligation	353,583	305,024	6,402	-	359,985	305,024
Net pension liability	1,503,250	1,207,032	39,011	31,133	1,542,261	1,238,165
TOTAL LIABILITIES	3,170,969	2,809,121	86,567	71,171	3,257,536	2,880,292
Deferred Inflows of Resources:						
Gain on refunding of debt	-	-	474	513	474	513
Outflows related to pensions	33,658	69,768	3,780	2,089	37,438	71,857
TOTAL INFLOWS	33,658	69,768	4,254	2,602	37,912	72,370
Net Position:						
Net Investment in capital assets,	1,141,058	1,079,164	188,139	171,743	1,329,197	1,250,907
Restricted	599,324	555,205	-	-	599,324	555,205
Unrestricted (deficit)	(1,833,427)	(1,789,831)	19,880	28,057	(1,813,547)	(1,761,774)
TOTAL NET POSITION	\$ (93,045)	\$ (155,462)	\$ 208,019	\$ 199,800	\$ 114,974	\$ 44,338

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

Governmental activities: The City's net position in governmental activities increased by \$62.4 million.

Total assets increased by \$202.0 million, or 7.74%, to \$2.8 billion. The significant changes in assets occurred in the following areas:

- *Capital Assets* increased by \$42.6 million. The increase due to additional construction in progress.
- *Current and Other Assets* increased by \$159.4 million mainly due to changes in cash and investments.

Total liabilities increased by \$361.8 million, or 12.88% to \$3.3 billion. The significant changes in liabilities occurred in the following areas:

- *Long-term liabilities* decreased by \$30.4 million primarily attributed to the reduction of bonds and notes payable in the amount of \$94.0 million. The decrease was partially off-set by an increase in long-term debt with a \$11.4 million issuance in capital leases for equipment, \$26.5 million in general obligation bonds (Measure DD), \$8.0 million in a draw-down loan for the Oakland Army Base, and an accretion of interest on appreciation bonds of \$17.2 million.
- *Net pension liability* increased \$296.2 million compared to the balance at June 30, 2016.
- *Net OPEB Obligations* increased by \$48.6 million compared to the balance at June 30, 2016.
- *Other liabilities* increased by \$47.5 million.

The net position increased by \$62.4 million to a deficit \$93.0 million as of June 30, 2017. The City net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

- \$1.1 billion of the net position reflects its *investment in capital assets* (e.g., land, buildings infrastructure, facilities and equipment), net of any related outstanding debt and debt-related deferred outflows and inflows of resources that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. These assets, therefore, are *not* available for future spending.
- \$599.3 million of the net position represents resources that are subject to restrictions on how they may be used and therefore restricted.
- \$1.8 billion represents a deficit in unrestricted net position that has primarily resulted from the underfunding of the pension liabilities, annual other postemployment benefits cost, and other unfunded long-term liabilities.

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

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

Condensed Statement of Activities
For the Years Ended June 30, 2017 and 2016
(In Thousands)

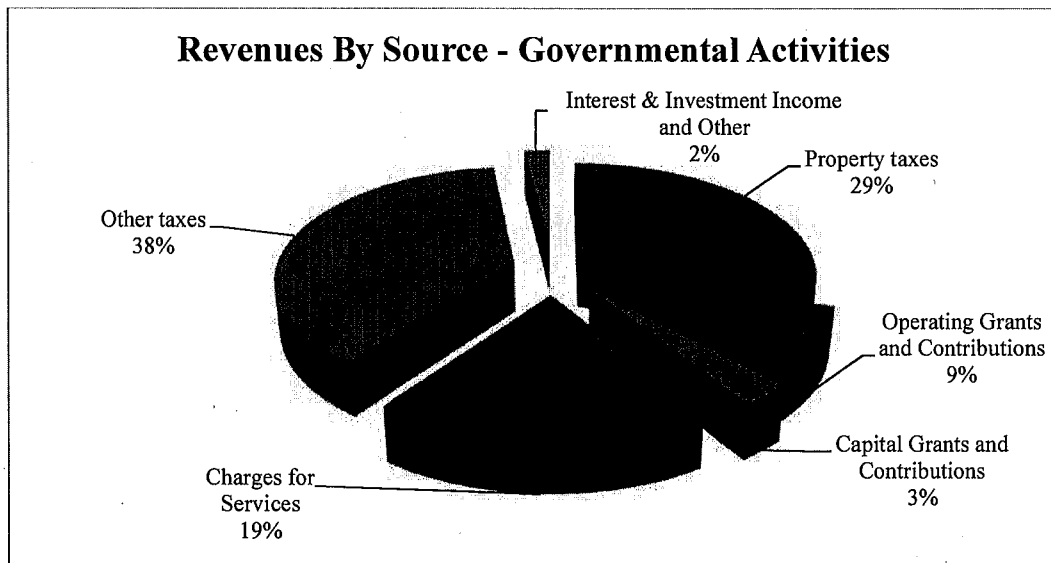
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 203,153	\$ 178,309	\$ 60,820	\$ 59,414	\$ 263,973	\$ 237,723
Operating grants and contributions	95,032	90,090	-	-	95,032	90,090
Capital grants and contributions	34,911	54,043	-	-	34,911	54,043
General revenues:						
Property taxes	312,078	279,764	-	-	312,078	279,764
State taxes:						
Sales and use taxes	79,866	77,365	-	-	79,866	77,365
Gas tax and Motor Vehicle in-lieu	8,163	8,819	-	-	8,163	8,819
Local taxes:						
Business license	75,840	75,504	-	-	75,840	75,504
Utility consumption	52,618	51,006	-	-	52,618	51,006
Real estate transfer	79,070	89,594	-	-	79,070	89,594
Transient occupancy	29,049	25,671	-	-	29,049	25,671
Parking	20,886	20,175	-	-	20,886	20,175
Voter approved special tax	37,962	37,793	-	-	37,962	37,793
Franchise	18,763	18,609	-	-	18,763	18,609
Interest and investment income	3,046	4,596	164	233	3,210	4,829
Other	19,935	20,987	-	-	19,935	20,987
Total revenues	<u>1,070,372</u>	<u>1,032,325</u>	<u>60,984</u>	<u>59,647</u>	<u>1,131,356</u>	<u>1,091,972</u>
Expenses:						
General government	127,344	99,183	-	-	127,344	99,183
Public safety	470,798	432,862	-	-	470,798	432,862
Community services	146,398	134,799	-	-	146,398	134,799
Community and economic development	92,048	85,396	-	-	92,048	85,396
Public works	122,540	114,597	-	-	122,540	114,597
Interest on long-term debt	56,471	54,335	-	-	56,471	54,335
Sewer	-	-	44,391	39,270	44,391	39,270
Parks and recreation	-	-	730	872	730	872
Total expenses	<u>1,015,599</u>	<u>921,172</u>	<u>45,121</u>	<u>40,142</u>	<u>1,060,720</u>	<u>961,314</u>
Changes in net position before transfers	54,773	111,153	15,863	19,505	70,636	130,658
Transfers	7,644	2,144	(7,644)	(2,144)	-	-
Change in net position	62,417	113,297	8,219	17,361	70,636	130,658
Net position at beginning of year	(155,462)	(268,759)	199,800	182,439	44,338	(86,320)
Net position at end of year	<u>\$ (93,045)</u>	<u>\$ (155,462)</u>	<u>\$ 208,019</u>	<u>\$ 199,800</u>	<u>\$ 114,974</u>	<u>\$ 44,338</u>

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

Governmental activities: Net position for governmental activities, increased by \$62.4 million during fiscal year 2016-17. Total revenue increased by 3.6 percent and expenses increased by 10.3 percent. During FY 2015-16, revenues increased at a rate of 5.0 percent and expenses increased by 10.3 percent.

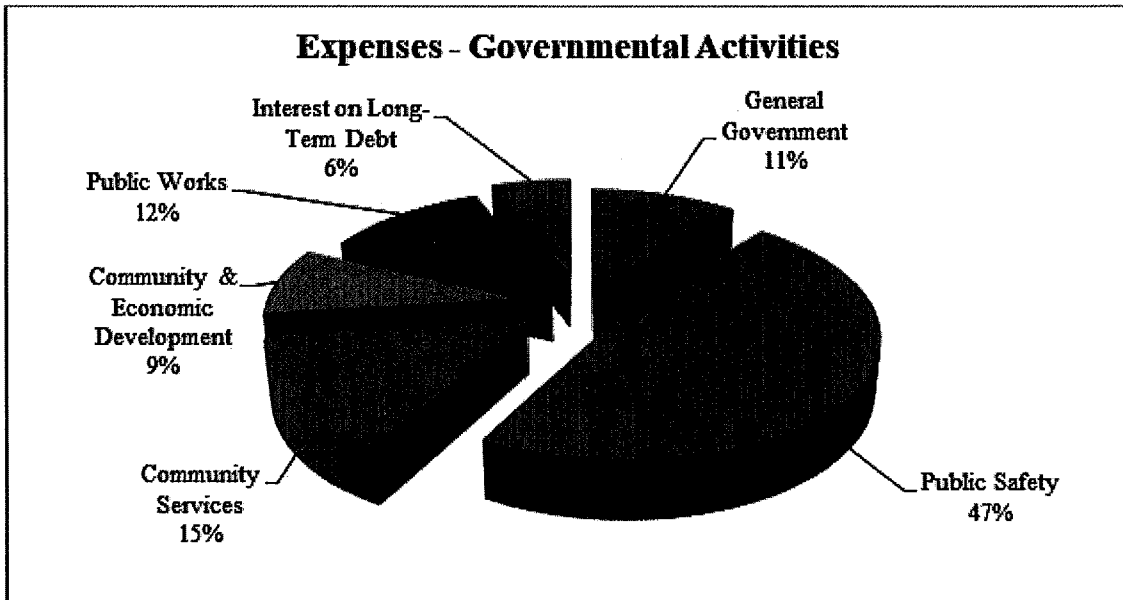
Changes in net position for governmental activities are attributed to the following significant elements:

- Contributing factors resulting to increases in certain revenue categories are as follows: property tax increased by \$32.3 million due to the restoration of assessed values that Proposition 8 temporarily decreased as a result of the previously declining property values during the recession. Charges for services increased by \$24.8 million or 13.93 percent due to increasing licensing and permitting for development services. Transient occupancy taxes increased by \$3.4 million or 13.16 percent due to thriving local hotel demand. Other factors contributing to revenue increase include: sales and use tax by \$2.5 million or 3.23 percent and utility consumption tax by \$1.6 million or 3.16%.
- Contributing factors resulting in a decrease in certain revenue categories are as follows: Capital grants and contributions decreased by \$19.1 million from the conclusion of the Trade Corridor Improvement Fund (TCIF) grant for the Oakland Army Base development, and real estate transfer tax decreased by \$10.5 million or 11.75 percent primarily due to the decrease in large property transactions. Real estate transfer tax is highly volatile and revenues can increase and decrease rapidly with changing market conditions because of the sale of high value properties.



CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

- *General government* expenses increased by \$14.5 million or 14.63 percent when compared to the previous year primarily due to the increase in pension expense as well as the negotiated compensation increases for all bargaining units in general government.
- *Public safety* expenses increased by \$42.7 million or 9.86 percent when compared to the previous year due primarily to increased overtime costs associated with operations (back-filling beats, etc.), targeted crime reduction operations, and negotiated compensation increases, and pension expenses.
- *Community services* expenses increased by \$15.0 million or 11.13 percent primarily due to multi-year funding expenses and negotiated compensation increases.
- *Community and economic development* expenses increased by \$7.3 million or 8.52 percent primarily due to negotiated compensation increases and increased pension expenses.
- *Public works* expenses increased by \$12.8 million or 11.18 percent from the prior year primarily due to the negotiated compensation increases and increased overtime.
- *Interest on long-term debt* decreased by \$2.1 million or 3.93 percent primarily due to an overall decrease in outstanding debt.



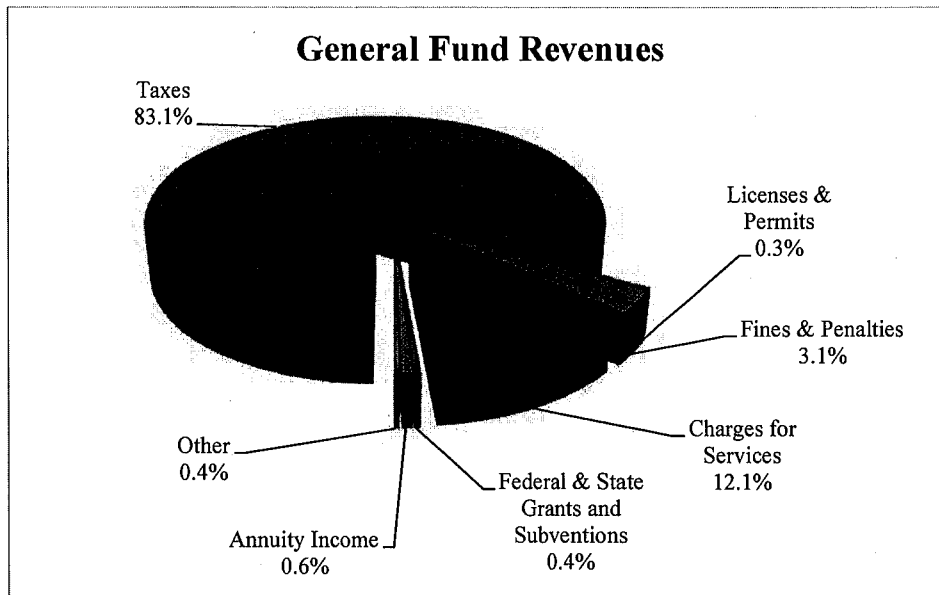
Business-type activities: Business-type activities ended the fiscal year with a positive change in its net position of \$8.2 million compared to \$17.4 million the previous fiscal year.

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

Financial Analysis of the Government's Funds

Governmental funds: The focus of 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 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, 2017, its unassigned fund balance is \$64.7 million or 18.7 percent of the \$345.7 million total General Fund balance.



CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

For the year ended June 30, 2017 and 2016, revenues for the General Fund by revenue source are distributed as follows (in thousands):

	General Fund		Increase / (Decrease)	
	2017	2016	Amount	%
Revenues:				
Taxes:				
Property taxes	\$ 271,985	\$ 257,707	\$ 14,278	5.54%
State taxes:				
Sales and use taxes	53,702	52,192	1,510	2.89%
Motor vehicles in-lieu tax	189	166	23	13.86%
Local taxes:				
Business license	75,840	75,504	336	0.45%
Utility consumption	52,618	51,006	1,612	3.16%
Real estate transfer	79,070	89,594	(10,524)	-11.75%
Transient occupancy	23,165	20,209	2,956	14.63%
Parking	10,637	10,220	417	4.08%
Franchise	18,480	18,321	159	0.87%
Licenses and permits	1,802	1,591	211	13.26%
Fines and penalties	21,738	21,648	90	0.42%
Charges for services	85,886	85,184	702	0.82%
Federal and state grants and subventions	2,751	5,953	(3,202)	-53.79%
Annuity income	4,376	2,969	1,407	47.39%
Other	2,487	2,622	(135)	-5.15%
Total revenues	\$ 704,726	\$ 694,886	\$ 9,840	1.42%

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

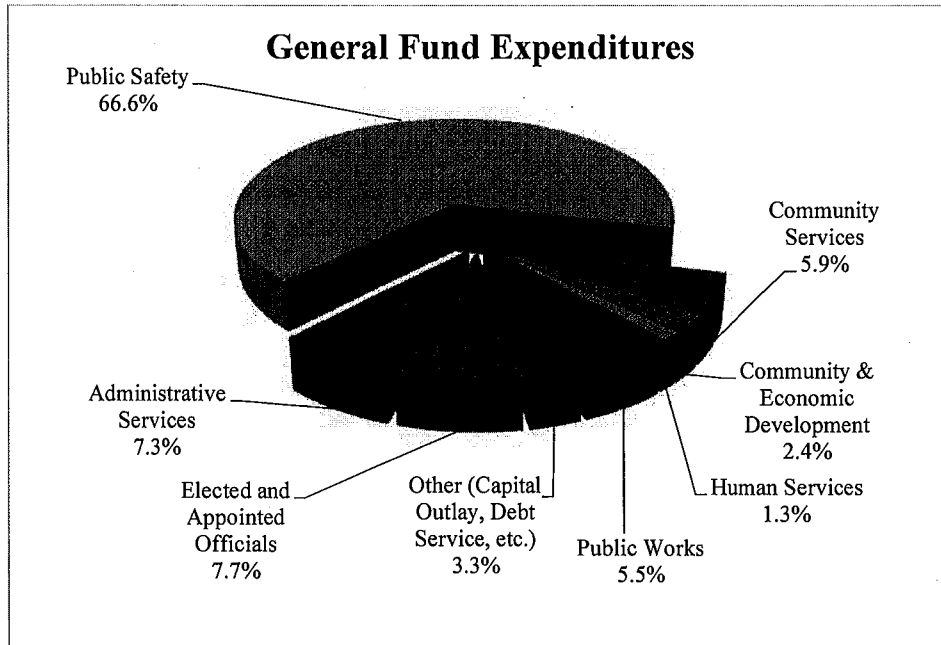
- *Property taxes* increased by \$14.3 million or 5.54 percent. This mainly due to increases in assessed values.
- *Real estate transfer tax* decreased by \$10.5 million or 11.75 percent primarily due to a decrease in large property sales.
- *Utility consumption tax* increased by \$1.6 million or 3.16 percent as a result of PG&E rate increases.
- *Transient occupancy tax* increased by \$3.0 million mainly due to thriving local hotel demand.
- *Annuity income* increased by \$1.4 million over FY 2015-16.

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

For the years ended June 30, 2017 and 2015, expenditures for the General Fund by function are distributed as follows (in thousands):

	General Fund		Increase/(Decrease)	
	2017	2016	Amount	%
Expenditures:				
Current:				
Elected and Appointed Officials:				
Mayor	\$ 2,456	\$ 2,197	\$ 259	11.79%
Council	4,587	4,513	74	1.64%
City Administrator	16,588	15,831	757	4.78%
City Attorney	13,574	15,296	(1,722)	-11.26%
City Auditor	1,800	1,760	40	2.27%
City Clerk	5,029	3,326	1,703	51.20%
Public Ethics Commission	917	587	330	N/A
Departments:				
Administrative Services Department				
Human Resource Management	6,428	6,655	(227)	-3.41%
Financial Services	24,385	23,879	506	2.12%
Information Technology	11,771	11,604	167	1.44%
Race & Equity Department	210	84	126	N/A
Public Safety				
Oakland Police Department	256,972	245,628	11,344	4.62%
Oakland Fire Department	133,005	126,669	6,336	5.00%
Community Service Department:				
Parks and Recreation	22,745	23,199	(454)	-1.96%
Library	11,901	11,220	681	6.07%
Human Services Department	7,776	6,233	1,543	24.76%
Community and Economic Development				
Planning & Building	355	109	246	225.69%
Economic & Workforce Development	9,476	8,891	585	6.58%
Housing & Community Development	4,092	4,416	(324)	-7.34%
Oakland Public Works	31,804	30,539	1,265	4.14%
Other	11,607	12,086	(479)	-3.96%
Capital outlay	2,320	2,277	43	1.89%
Debt Service				
Principal repayment	5,100	5,432	(332)	-6.11%
Bond issuance costs	-	240	(240)	-100.00%
Interest charges	375	522	(147)	-28.16%
Total Expenditures	\$ 585,273	\$ 563,193	\$ 22,080	3.92%

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017



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

- *Public safety* increased by \$17.7 million or 4.7 percent due to the negotiated cost of living adjustment and overtime for sworn employees as a result of targeted crime reduction, unanticipated special enforcement, routine overtime and coverage of vacancies.
- *City elected offices and departments*, excluding public safety and debt service, are reporting a total increase of \$4.4 million or 2.3% in expenditures mainly due to cost of living adjustments for all bargaining units of up to 4 percent for FY 2016-17.

Federal and State Grant Fund: The Federal and State Grant Fund had a deficit fund balance of \$15.2 million as of June 30, 2017 that represents an increase in deficit of \$7.1 million from the prior fiscal year. The federal/state grant fund deficit will be cleared by grant reimbursement submitted to granting agencies, but revenue has not been received within the City's availability period and is recorded as deferred inflows of resources for \$6.0 million as of June 30, 2017.

Low and Moderate Income Housing Asset Fund ("LMIHF"): Upon the dissolution of the Former Agency, the City retained the housing activities previously funded by the Former Agency and 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, 2017 was \$48.5 million and the fund's net loan receivable balance was \$227.8 million.

Municipal Capital Improvement Fund: The Municipal Capital Improvement Fund had a fund balance of \$219.8 million as of June 30, 2017 that represents an increase of \$5.6 million or 2.6 percent from the prior fiscal year. Pursuant to Health and Safety Code (HSC) section 34179(h), the DOF completed its review of the Oversight Board action on the Bond Spending Plan and on November 6, 2013, it approved the Bond Spending Plan for Oakland Redevelopment Successor Agency ("ORSA"). 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. DOF approved the bond expenditure agreement between ORSA and the City to transfer excess tax allocation bond proceeds to the City.

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

The Other Special Revenue Fund accounts for activities of several Special Revenue Funds, which include mainly the following local measures; Measure Z - Violence Prevention and Public Safety Act of 2014; Measure C – Oakland Hotel Tax; Measure Q – Library Services Retention and Enhancement; Measure WW – East Bay Regional Park District local grant program; Measure N – Paramedics Services Act; Oakland Kid's First Fund; Development Service Fund and Other miscellaneous special revenue funds. The ending fund balance as of June 30, 2017 was \$101.8 million.

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 was \$188.1 million as of June 30, 2017, compared to \$171.7 million for the previous fiscal year. The \$16.4 million or 9.6 percent increase is related to proceeds spent from debt issued to finance sewer projects.

General Fund Budgetary Highlights

During the year ended June 30, 2017, the General Fund had a \$249 thousand increase in budgeted revenues between the original and final amended operating budget. Actual budgetary basis revenues of \$704.3 million were \$53.6 million higher than the final amended budget. The variance is due primarily to increases in property tax revenue, business license, utility consumption tax, and charges for services.

In addition, there was a \$20.4 million increase in appropriations between the original and final amended operating budget for the General Fund. The increase in appropriation is due primarily to the determination of actual project carryforwards for continuing appropriations for various multiyear projects, capital improvement projects, and other projects authorized by the City Council.

Actual budgetary basis expenditures of \$585.3 million were \$25.7 million less than the amended budget. Savings were experienced in all expenditure categories mainly due to budget contingency and project and encumbrance carryforwards for multi-year budgets.

Capital Assets

The City's capital assets, net of depreciation, totaled \$1.64 billion as of June 30, 2017 compared to \$1.58 billion as of June 30, 2016, an increase of \$56.6 million or 3.57 percent. Governmental activities additions of \$102.1 million in capital assets from construction in progress which met the City's threshold for capitalization.

These additions were offset by retirements and depreciation, the net effect of which was an increase of \$42.7 million net increase of capital assets for governmental activities. Business activities, primarily the sewer fund, increased its capital assets by \$14.0 million, net of retirements and depreciation. See Note (II) part D to the financial statements for more details on capital assets.

Construction Commitments

The City has committed to funding in the amount of \$200.5 million for a number of capital improvement projects for fiscal year 2017-18 through fiscal year 2018-19. These projects include building and facilities improvements; parks and open space; sewers and storm drains; streets and sidewalks construction; technology enhancements and traffic improvements. See Note (III) part C.1. for more details in construction commitments.

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

Debt Administration:

General Obligation Bonds and Other Bond Ratings

A credit rating is a value assigned by one or more of the recognized rating agencies that “grade” a jurisdiction’s credit, or financial trustworthiness. The three primary rating agencies are Moody’s Investors Service (Moody’s), Standard & Poor’s Rating Services (S&P), and Fitch Ratings (Fitch). These rating agencies serve as independent assessors of municipal and corporate credit strength. Rating agencies generally focus on four major areas when assigning credit ratings: finances, management, economy and outstanding debt. The City continues to maintain strong credit ratings on the City’s existing general obligation bonds from all three national rating agencies despite the difficult financial and economic conditions nationally and locally. The City of Oakland’s underlying ratings for its bonds as of June 30, 2017 were as follows:

<u>Type of Bond</u>	<u>Ratings</u>		
	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
General Obligation Bonds	Aa2	AA/Stable	N/A
Pension Obligation Bonds	Aa3	AA-/Stable	A/Stable
Tax Allocation Bonds	A3 ¹ :Baa ²	AA2; AA-; A+; A; A-/Stable	N/A

¹ Insured Rating

² Ratings vary by series

General Fund Bonded Debt Limit

At the end of the current fiscal year, the City’s debt limit (3.75 percent of property valuation, net of exemptions subject to taxation) was \$1.4 billion. The total amount of debt applicable to the debt limit was \$216.7 million. The resulting legal debt margin was \$1.2 billion.

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

Long-Term Obligations

As of June 30, 2016, 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 2.85 percent. Of this amount, \$216.7 million is general obligation bonds backed by the full faith and credit of the City. The remaining \$899.4 million is comprised of various long-term debt instruments listed below including accruals of year-end estimates for other long-term liabilities (in thousands):

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 216,655	\$ 201,830	\$ -	\$ -	\$ 216,655	\$ 201,830
Lease revenue bonds	71,335	91,110	-	-	71,335	91,110
Pension obligation bonds	296,854	313,223	-	-	296,854	313,223
Special assessment debt with government commitments	5,335	5,685	-	-	5,335	5,685
Accreted interest on appreciation bonds	149,896	159,476	-	-	149,896	159,476
Sewer-bonds and notes payable	-	-	32,620	34,665	32,620	34,665
Less: deferred amounts						
Bond issuance premiums	23,246	24,054	4,115	4,458	27,361	28,512
Total Bonds Payable	763,321	795,378	36,735	39,123	800,056	834,501
Notes & Leases payable	75,823	73,909	-	-	75,823	73,909
Other long-term liabilities	240,142	240,388	-	-	240,142	240,388
Total Long Term Obligations	\$ 1,079,286	\$ 1,109,675	\$ 36,735	\$ 39,123	\$ 1,116,021	\$ 1,148,798

The City's overall bonds, notes and lease payables decreased by \$32.8 million compared to the prior fiscal year balance. The decrease is primarily attributable to net debt repayment, off-set by \$45.9 million issuance of an equipment lease of \$11.4 million, drawdowns of \$8.0 million on the Oakland Army Base loan, issuance of general obligation bonds of \$26.5 million (Measure DD), and an accretion of interest on appreciation bonds of \$17.2 million.

Current Year Long-Term Debt Financing:

- On December 15, 2016, the City entered into a Master Lease-Purchase Agreement in the principal amount of \$11,414,000. This financing provides funding to replace vehicles and related equipment in the City's mission-critical vehicle fleet which have reached or exceeded their useful service lives. The equipment groups enhance operational efficiency and greatly reduce excessive and ongoing vehicle maintenance costs.
- On January 26, 2017, the City issued \$26,500,000 in General Obligation Bonds, Series 2017C to be used (i) for the construction and reconstruction of various improvements as described in Measure DD and (ii) to pay for certain costs related to the issuance of the Bonds.
- On February 16, 2017, the City entered into a draw-down term loan of \$24,500,000 million which will be used (i) for construction of public improvements at the former Oakland Army Base and (ii) to pay for certain costs related to the issuance of the Loan. The Loan will be funded by JPMorgan in increments from February 16, 2017 through February 28, 2018. The amount drawn as of June 30, 2017 totaled \$8,020,000.

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

CITY OF OAKLAND
Management's Discussion and Analysis (unaudited) (continued)
Year Ended June 30, 2017

Economic Factors and Next Year's Budgets and Tax Rates

The economic indicators highlighted below, among others and including labor union contracts and concessions, were factored into the City's budget formulation process as they relate to revenue forecasting, program planning, and resource allocation for fiscal year 2016-17.

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

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

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

The City of Oakland's unemployment rate decreased to 4.9 percent in June 2017 compared to an average unemployment rate of 5.8 percent for June 2016.

The Bay Area's consumer price index for all urban consumers in October 2017 was 277,570 compared to 259,117 in October 2016 and to the U.S. city average consumer price index for all urban consumers at 246,667 (Base period: 1982 - 84 = 100).

Estimated population for January 1, 2016 is 426,074 with an estimated total number of households of 158,084, an average household size of 2.7 persons, and a per capita personal income of \$38,198.

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

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

City of Oakland
Statement of Net Position
June 30, 2017
(In thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Port of Oakland
ASSETS				
Cash and investments	\$ 557,556	\$ 48,719	\$ 606,275	\$ 329,455
Receivables (net of allowance for uncollectibles of \$15,894 for City and \$1,088 for Port):				
Accrued interest	1,020	101	1,121	-
Property taxes	15,661	-	15,661	-
Accounts receivable	48,775	13,859	62,634	27,939
Grants receivable	32,778	-	32,778	-
Due from Port	10,258	-	10,258	-
Due from Oakland Redevelopment Successor Agency (ORSA)	6,059	-	6,059	-
Due from pension trust fund	215	-	215	-
Internal balances	246	(246)	-	-
Due from other governments	10,766	-	10,766	-
Inventories	738	-	738	-
Restricted assets:				
Cash and investments	180,594	684	181,278	80,356
Receivables	-	-	-	3,495
Property held for resale	162,657	-	162,657	-
Notes and loans receivable (net of allowance for uncollectibles of \$150,489 for the City)	367,095	-	367,095	-
Prepaid expenses	1,000	40	1,040	4,155
Other	-	-	-	42,123
Capital assets:				
Land and other capital assets not being depreciated	555,725	58,370	614,095	692,483
Facilities, infrastructure, and equipment, net of depreciation	859,708	166,978	1,026,686	1,482,359
TOTAL ASSETS	2,810,851	288,505	3,099,356	2,662,365
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized losses on refunding of debts	17,314	-	17,314	8,989
Deferred outflows of resources related to pensions	283,417	10,335	293,752	41,742
TOTAL DEFERRED OUTFLOWS OF RESOURCES	300,731	10,335	311,066	50,731
LIABILITIES				
Accounts payable and other current liabilities	180,423	4,351	184,774	35,381
Accrued interest payable	23,282	62	23,344	8,319
Due to other governments	1,148	-	1,148	-
Due to primary government	-	-	-	10,258
Due to Oakland Redevelopment Successor Agency (ORSA)	2,312	-	2,312	-
Unearned revenue	4,859	-	4,859	32,744
Other	22,826	6	22,832	26,920
Non-current liabilities:				
Due within one year	174,773	2,468	177,241	73,899
Due in more than one year	904,513	34,267	938,780	1,103,542
Net pension liability	1,503,250	39,011	1,542,261	204,078
Other postemployment benefits obligation	353,583	6,402	359,985	9,979
TOTAL LIABILITIES	3,170,969	86,567	3,257,536	1,505,120
DEFERRED INFLOWS OF RESOURCES				
Unamortized gain on refunding of debt	-	474	474	-
Deferred inflows of resources related to pensions	33,658	3,780	37,438	6,240
TOTAL DEFERRED INFLOWS OF RESOURCES	33,658	4,254	37,912	6,240
NET POSITION				
Net investment in capital assets	1,141,058	188,139	1,329,197	1,106,547
Restricted for:				
Debt service	17,169	-	17,169	-
Housing and community development	254,115	-	254,115	-
Low and moderate income housing redevelopment	278,429	-	278,429	-
Other purposes	49,611	-	49,611	22,392
Unrestricted (deficit)	(1,833,427)	19,880	(1,813,547)	72,797
TOTAL NET POSITION	\$ (93,045)	\$ 208,019	\$ 114,974	\$ 1,201,736

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

City of Oakland
Statement of Activities
Year Ended June 30, 2017
(In thousands)

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit Port of Oakland
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 113,697	\$ 46,030	\$ 3,016	\$ -	\$ (64,651)	\$ -	\$ (64,651)	
Public safety	475,552	19,867	10,959	-	(444,726)	-	(444,726)	
Community services	149,804	7,841	35,469	-	(106,494)	-	(106,494)	
Community and economic development	92,671	89,130	18,187	34,540	49,186	-	49,186	
Public works	127,404	40,285	27,401	371	(59,347)	-	(59,347)	
Interest on long-term debt	56,471	-	-	-	(56,471)	-	(56,471)	
TOTAL GOVERNMENTAL ACTIVITIES	1,015,599	203,153	95,032	34,911	(682,503)	-	(682,503)	
Business-type activities:								
Sewer	44,391	60,548	-	-	-	16,157	16,157	
Parks and recreation	730	272	-	-	-	(458)	(458)	
TOTAL BUSINESS-TYPE ACTIVITIES	45,121	60,820	-	-	-	15,699	15,699	
TOTAL PRIMARY GOVERNMENT	\$ 1,060,720	\$ 263,973	\$ 95,032	\$ 34,911	(682,503)	15,699	(666,804)	
Component unit:								
Port of Oakland	\$ 352,981	\$ 358,707	\$ 1,001	\$ 13,694				20,421
General revenues:								
Property taxes					312,078	-	312,078	-
State taxes:								
Sales and use taxes					79,866	-	79,866	-
Gas tax					7,974	-	7,974	-
Motor vehicle in-lieu					189	-	189	-
Local taxes:								
Business license					75,840	-	75,840	-
Utility consumption					52,618	-	52,618	-
Real estate transfer					79,070	-	79,070	-
Transient occupancy					29,049	-	29,049	-
Parking					20,886	-	20,886	-
Voter approved special tax					37,962	-	37,962	-
Franchise					18,763	-	18,763	-
Interest and investment income					3,046	164	3,210	2,713
Gain on long-term lease termination					-	-	-	5,526
Other					19,935	-	19,935	30,530
Transfers					7,644	(7,644)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					744,920	(7,480)	737,440	38,769
Changes in net position					62,417	8,219	70,636	59,190
Net position - beginning					(155,462)	199,800	44,338	1,142,546
NET POSITION - ENDING	\$ (93,045)	\$ 208,019	\$ 114,974	\$ 1,201,736				

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

City of Oakland
Balance Sheet
Governmental Funds
June 30, 2017
(In thousands)

	General Fund	Federal/ State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement	Other Special Revenue	Other Governmental Funds	Total
ASSETS							
Cash and investments	\$ 342,911	\$ 53	\$ 16,677	\$ 6,097	\$ 116,893	\$ 62,582	\$ 545,213
Receivable (net of allowance for uncollectibles of \$14,552)							
Accrued interest and dividends	642	-	8	11	221	119	1,001
Property taxes	9,054	-	-	-	3,265	3,342	15,661
Accounts receivable	38,720	-	2	42	4,926	4,983	48,673
Grants receivable	305	30,924	-	-	315	1,234	32,778
Due from Port	9,595	-	-	-	-	663	10,258
Due from ORSA trust fund	1,790	-	1,978	2,291	-	-	6,059
Due from pension trust fund	215	-	-	-	-	-	215
Due from other funds	36,597	2	-	-	-	-	36,599
Due from other governments	10,766	-	-	-	-	-	10,766
Notes and loans receivable (net of allowance for uncollectibles of \$150,489)	4,095	129,714	227,817	4,633	836	-	367,095
Restricted cash and investments	65,363	152	1,508	86,190	-	9,194	162,407
Property held for resale	-	-	30,677	131,980	-	-	162,657
Other assets	35	89	-	-	29	56	209
TOTAL ASSETS	\$ 520,088	\$ 160,934	\$ 278,667	\$ 231,244	\$ 126,485	\$ 82,173	\$ 1,399,591
LIABILITIES							
Accounts payable and accrued liabilities	\$ 140,084	\$ 17,642	\$ 234	\$ 1,689	\$ 8,130	\$ 8,120	\$ 175,899
Due to other funds	-	20,452	-	-	-	2,537	22,989
Due to ORSA trust fund	2,312	-	-	-	-	-	2,312
Due to other governments	1,127	-	-	-	21	-	1,148
Unearned revenue	4,859	-	-	-	-	-	4,859
Other	2,693	2,318	4	2,975	13,302	1,527	22,819
TOTAL LIABILITIES	151,075	40,412	238	4,664	21,453	12,184	230,026
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property tax	4,817	-	-	-	2,155	2,484	9,456
Unavailable revenue - notes and loans	4,095	129,714	227,950	4,633	836	-	367,228
Unavailable revenue - mandated claims	10,308	-	-	-	-	-	10,308
Unavailable revenue - grants and others	4,067	6,046	-	-	196	-	10,309
Unavailable revenue - loans to OSRA	-	-	1,978	2,164	-	-	4,142
TOTAL DEFERRED INFLOWS	23,287	135,760	229,928	6,797	3,187	2,484	401,443
FUND BALANCES							
Restricted	241,404	-	48,501	218,171	-	65,916	573,992
Committed	8,805	-	-	-	18,326	1,746	28,877
Assigned	30,802	-	-	1,612	83,519	1,636	117,569
Unassigned	64,715	(15,238)	-	-	-	(1,793)	47,684
TOTAL FUND BALANCES (DEFICIT)	345,726	(15,238)	48,501	219,783	101,845	67,505	768,122
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 520,088	\$ 160,934	\$ 278,667	\$ 231,244	\$ 126,485	\$ 82,173	\$ 1,399,591

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, 2017
(In thousands)

Fund balances - total governmental funds (page 23) \$ 768,122

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

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

Primary government capital assets, net of depreciation	1,415,433	
Less: internal service funds' capital assets, net of depreciation	<u>(52,124)</u>	1,363,309

Prepaid insurance premiums on long-term debt are not financial resources and, therefore, are not reported in the governmental funds. 789

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	(23,282)	
Less: interest payable on long-term debt of the internal service funds	<u>398</u>	(22,884)

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. 401,443

Long-term liabilities, including bonds payable and other postemployment benefits obligation, are not due and payable in the current period, and therefore are not reported in the governmental funds.

Long-term liabilities	(1,079,286)	
Net other post employment benefits obligation	(353,583)	
Less: long-term liabilities for internal service funds	<u>54,472</u>	(1,378,397)

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. 17,314

Net pension liability and deferred outflows of resources and deferred inflows of resources related to pensions 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	(1,458,026)	
Deferred outflows of resources related to pensions	271,230	
Deferred inflows of resources related to pensions	<u>(29,251)</u>	(1,216,047)

Internal service funds are used by the City to charge the costs of providing supplies and services, fleet and facilities management, and use of radio and communication equipment to individual funds. Assets, deferred outflows, liabilities, and deferred inflows of resources of internal service funds are included in governmental activities in the statement of net position. (26,694)

NET POSITION OF GOVERNMENTAL ACTIVITIES (page 21) \$ (93,045)

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, 2017
(In thousands)

	General Fund	Federal/ State Grant Fund	Low and Moderate Income Housing Asset Fund	Municipal Capital Improvement	Other Special Revenue	Other Governmental Funds	Total
REVENUES							
Taxes:							
Property	\$ 271,985	\$ -	\$ -	\$ -	\$ 16,013	\$ 22,341	\$ 310,339
Sales and use	53,702	-	-	-	-	26,164	79,866
Motor vehicle in-lieu	189	-	-	-	-	-	189
Gas	-	-	-	-	-	7,974	7,974
Local taxes:							
Business license	75,840	-	-	-	-	-	75,840
Utility consumption	52,618	-	-	-	-	-	52,618
Real estate transfer	79,070	-	-	-	-	-	79,070
Transient occupancy	23,165	-	-	-	5,884	-	29,049
Parking	10,637	-	-	-	10,249	-	20,886
Voter approved special tax	-	-	-	-	18,785	19,177	37,962
Franchise	18,480	283	-	-	-	-	18,763
Licenses and permits	1,802	-	-	-	42,988	112	44,902
Fines and penalties	21,738	439	-	-	486	910	23,573
Interest and investment income	-	390	1,501	341	491	276	2,999
Charges for services	85,886	160	5,978	2,335	39,700	619	134,678
Federal and state grants and subventions	2,751	103,385	-	-	3,325	19,213	128,674
Annuity income	4,376	-	-	-	-	-	4,376
Other	2,487	3,159	10,234	1,311	-	2,647	19,838
TOTAL REVENUES	704,726	107,816	17,713	3,987	137,921	99,433	1,071,596
EXPENDITURES							
Current:							
Elected and Appointed Officials:							
Mayor	2,456	464	-	-	-	384	3,304
Council	4,587	-	-	-	-	-	4,587
City Administrator	16,588	285	-	175	1,276	26	18,350
City Attorney	13,574	64	-	-	1,697	36	15,371
City Auditor	1,800	-	-	-	-	-	1,800
City Clerk	5,029	-	-	-	-	-	5,029
Public Ethics Commission	917	-	-	-	-	-	917
Departments:							
Administrative Service Department:							
Human Resource Management	6,428	-	-	-	-	-	6,428
Financial Services	24,385	394	-	4	975	103	25,861
Information Technology	11,771	42	-	108	989	-	12,910
Race and Equity Department	210	-	-	-	-	-	210
Public Safety:							
Oakland Police Department	256,972	3,863	-	-	15,334	1,010	277,179
Oakland Fire Department	133,005	5,484	-	-	5,911	1,148	145,548
Community Service Department:							
Parks and Recreation	22,745	79	-	-	197	2,644	25,665
Library	11,901	136	-	-	15,367	164	27,568
Human Services Department	7,776	39,131	75	-	25,647	2,244	74,873
Community and Economic Development:							
Planning and Building	355	185	-	-	26,283	-	26,823
Economic & Workforce Development	9,476	9,921	-	2,114	906	891	23,308
Housing & Community Development	4,092	10,963	6,947	-	2,596	-	24,598
Oakland Public Works	31,804	4,324	-	2,691	5,852	42,379	87,050
Other	11,607	-	-	1	4,647	60	16,315
Capital outlay	2,320	42,868	1	20,583	267	13,438	79,477
Debt service:							
Principal repayment	5,100	2,060	-	-	-	49,497	56,657
Bond issuance cost	-	-	-	-	-	659	659
Interest charges	375	53	-	-	-	53,864	54,292
TOTAL EXPENDITURES	585,273	120,316	7,023	25,676	107,944	168,547	1,014,779
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	119,453	(12,500)	10,690	(21,689)	29,977	(69,114)	56,817
OTHER FINANCING SOURCES (USES)							
Issuance of bonds	-	-	-	26,500	-	-	26,500
Proceeds from loan	-	-	-	-	-	8,021	8,021
Premiums on issuance of bonds	-	-	-	-	-	809	809
Proceeds from sale of capital assets	1,488	-	-	-	-	-	1,488
Insurance claims and settlements	3,004	-	-	970	-	-	3,974
Transfers in	3,317	5,355	-	-	15,052	71,265	94,989
Transfers out	(91,672)	-	-	(207)	-	(418)	(92,297)
TOTAL OTHER FINANCING SOURCES (USES)	(83,863)	5,355	-	27,263	15,052	79,677	43,484
NET CHANGE IN FUND BALANCES	35,590	(7,145)	10,690	5,574	45,029	10,563	100,301
Fund balances (deficit) - beginning	310,136	(8,093)	37,811	214,209	56,816	56,942	667,821
FUND BALANCES (DEFICIT) - ENDING	\$ 345,726	\$ (15,238)	\$ 48,501	\$ 219,783	\$ 101,845	\$ 67,505	\$ 768,122

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, 2017
(In thousands)

Net change in fund balances - total governmental funds (page 25) \$ 100,301

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

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and other capital transactions exceeds depreciation in the current period.

Primary government:

Capital asset acquisition	106,415	
Capital asset retirement	(17)	
Depreciation	(63,763)	
Less: net changes of capital assets within internal service funds	(6,929)	35,706

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Also, loans made to developers and others are treated as urban redevelopment and housing expenditures at the time the loans are made and are reported as revenues when the loans are collected in the funds. This represents the change in the deferred inflows during the current period. 8,707

Some expenses such as claims, workers' compensation, and vacation and sick leave reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds. (6,931)

The issuance of long-term debt provides current financial resources to governmental funds. This is the amount by which bond proceeds increases the liabilities in the statement of net position. (34,521)

The repayment of the principal of long-term debt consumes the current financing sources of the governmental funds. This is the amount by which principal retirement reduces the liabilities in the statement of net position. 83,431

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

Amortization of bond premiums and discounts	808	
Amortization of prepaid bond insurance premium on long-term debt	(161)	
Amortization of deferred outflows of refunding loss	(1,484)	
Accreted interest on appreciation bonds	(17,194)	
Changes in accrued interest on bonds and notes payable	(596)	
Changes in Coliseum Authority pledged obligation	4,128	
Changes in mandated environmental remediation obligations	717	
Changes in net pension liability	(286,794)	
Changes in deferred outflows of resources related to pensions	179,277	
Changes in deferred inflows of resources related to pensions	38,227	
Changes on postemployment benefits other than pension benefits (OPEB)	(40,999)	
Changes on fair value of the interest swap agreement	2,332	(121,739)

Net expenses of activities of internal service funds is reported with governmental activities (2,537)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 22) \$ 62,417

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, 2017
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental
	Nonmajor Fund		Total	Activities
	Sewer Service	Parks and Recreation		Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 48,719	\$ -	\$ 48,719	\$ 12,343
Interest receivable	101	-	101	19
Accounts receivable (net of allowance for uncollectibles of \$1,344 for the enterprise funds)	13,855	4	13,859	102
Inventories	-	-	-	738
Restricted cash and investments	-	684	684	18,187
Prepaid expenses	40	-	40	2
Total current assets	<u>62,715</u>	<u>688</u>	<u>63,403</u>	<u>31,391</u>
Capital assets:				
Land and other assets not being depreciated	57,421	949	58,370	27,135
Facilities, equipment and infrastructure, net of depreciation	165,702	1,276	166,978	24,989
Total capital assets	<u>223,123</u>	<u>2,225</u>	<u>225,348</u>	<u>52,124</u>
TOTAL ASSETS	<u>285,838</u>	<u>2,913</u>	<u>288,751</u>	<u>83,515</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	10,267	68	10,335	12,187
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,343	8	4,351	4,524
Accrued interest payable	62	-	62	398
Due to other funds	2	244	246	13,364
Other liabilities	6	-	6	7
Bonds, capital leases, notes and other payables	2,468	-	2,468	12,122
Total current liabilities	<u>6,881</u>	<u>252</u>	<u>7,133</u>	<u>30,415</u>
Non-current liabilities:				
Bonds, capital leases, notes and other payables	34,267	-	34,267	34,790
Net pension liability	38,752	259	39,011	45,224
Other postemployment benefit obligations	6,357	45	6,402	7,560
Total non-current liabilities	<u>79,376</u>	<u>304</u>	<u>79,680</u>	<u>87,574</u>
TOTAL LIABILITIES	<u>86,257</u>	<u>556</u>	<u>86,813</u>	<u>117,989</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	3,755	25	3,780	4,407
Unamortized gain on refunding of debt	474	-	474	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,229</u>	<u>25</u>	<u>4,254</u>	<u>4,407</u>
NET POSITION				
Net investment in capital assets	185,914	2,225	188,139	23,399
Unrestricted (deficit)	19,705	175	19,880	(50,093)
TOTAL NET POSITION	<u>\$ 205,619</u>	<u>\$ 2,400</u>	<u>\$ 208,019</u>	<u>\$ (26,694)</u>

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

City of Oakland
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2017
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental
	Nonmajor Fund		Total	Internal
	Sewer Service	Parks and Recreation		Service Funds
OPERATING REVENUES				
Rental	\$ -	\$ 272	\$ 272	\$ -
Sewer services	60,505	-	60,505	-
Charges for services	-	-	-	73,893
Other	43	-	43	40
TOTAL OPERATING REVENUES	60,548	272	60,820	73,933
OPERATING EXPENSES				
Personnel	21,038	135	21,173	24,483
Supplies	828	222	1,050	9,514
Depreciation and amortization	5,771	313	6,084	7,966
Contractual services and supplies	2,220	-	2,220	4,609
Repairs and maintenance	490	-	490	6,449
General and administrative	6,648	47	6,695	7,631
Rental	1,371	8	1,379	2,317
Other	4,810	5	4,815	6,513
TOTAL OPERATING EXPENSES	43,176	730	43,906	69,482
OPERATING INCOME (LOSS)	17,372	(458)	16,914	4,451
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment income (loss)	165	(1)	164	47
Interest expense	(1,215)	-	(1,215)	(896)
Federal and State grants	-	-	-	6
Insurance claims and settlements	-	-	-	817
Other	-	-	-	129
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,050)	(1)	(1,051)	103
INCOME/(LOSS) BEFORE TRANSFERS	16,322	(459)	15,863	4,554
Transfers out	(7,605)	(39)	(7,644)	(7,091)
Change in net position	8,717	(498)	8,219	(2,537)
Net position - beginning	196,902	2,898	199,800	(24,157)
NET POSITION - ENDING	\$ 205,619	\$ 2,400	\$ 208,019	\$ (26,694)

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, 2017
(In thousands)

	Business-type Activities - Enterprise Funds			Governmental
	Nonmajor Fund		Total	Internal
	Sewer Service	Parks and Recreation		Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 60,360	\$ -	\$ 60,360	\$ 73,962
Cash received from tenants for rents	-	273	273	-
Cash from other sources	43	-	43	40
Cash paid to employees	(17,560)	(109)	(17,669)	(20,285)
Cash paid to suppliers	(12,834)	(274)	(13,108)	(35,659)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>30,009</u>	<u>(110)</u>	<u>29,899</u>	<u>18,058</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from interfund loans	2	127	129	607
Repayment of interfund loans	-	-	-	(2,829)
Other	-	-	-	1,039
Transfers out	(2,144)	-	(2,144)	(548)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(2,142)</u>	<u>127</u>	<u>(2,015)</u>	<u>(1,731)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(20,035)	(43)	(20,078)	(14,895)
Long-term debt:				
Proceeds from issuance of debt	-	-	-	11,415
Repayment of long-term debt	(2,045)	-	(2,045)	(9,034)
Bond issuance cost	(39)	-	(39)	-
Interest paid on long-term debt	(1,562)	-	(1,562)	(871)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(23,681)</u>	<u>(43)</u>	<u>(23,724)</u>	<u>(13,385)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	120	(1)	119	37
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,306	(27)	4,279	2,979
Cash and cash equivalents - beginning	44,413	711	45,124	27,551
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 48,719</u>	<u>\$ 684</u>	<u>\$ 49,403</u>	<u>\$ 30,530</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 17,372	\$ (458)	\$ 16,914	\$ 4,451
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Depreciation and amortization	5,771	313	6,084	7,966
Changes in assets, liabilities, and deferred outflows and inflows of resources:				
Receivables	(145)	1	(144)	69
Inventories	-	-	-	(163)
Other assets	33	-	33	5
Accounts payable and accrued liabilities	3,500	8	3,508	1,532
Net pension liability and related pension deferred items	896	6	902	3,181
Other postemployment benefit obligations	2,582	20	2,602	1,017
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 30,009</u>	<u>\$ (110)</u>	<u>\$ 29,899</u>	<u>\$ 18,058</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and investments	\$ 48,719	\$ -	\$ 48,719	\$ 12,343
Restricted cash and investments	-	684	684	18,187
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 48,719</u>	<u>\$ 684</u>	<u>\$ 49,403</u>	<u>\$ 30,530</u>
NON CASH ITEMS:				
Amortization of bond premiums	\$ 343	\$ -	\$ 343	\$ -

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

City of Oakland
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017
(In thousands)

	Pension Trust Fund	Private Purpose Trust Funds
ASSETS		
Cash and investments	\$ 3,382	\$ 60,741
Receivables:		
Accrued interest and dividends	583	418
Accounts receivable	-	2,715
Investments and others	6,672	-
Due from other funds of the City	-	2,312
Prepaid expenses	-	1,994
Restricted:		
Cash and investments:		
Short-term investments	5,576	17,179
U.S. corporate bonds and mutual funds	63,600	-
Domestic equities and mutual funds	168,467	-
International equities and mutual funds	44,590	-
Alternative investments	70,511	-
Total restricted cash and investments	352,744	17,179
Securities lending collateral	31,042	-
Loans receivable, net of allowance for uncollectibles of \$46,675	-	16,798
Property held for resale	-	2,818
TOTAL ASSETS	394,423	104,975
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunding of debt	-	6,051
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	10,186	258
Accrued interest payable	-	7,082
Due to other funds of the City	-	6,274
Securities lending liabilities	31,034	-
Other	-	147
Total current liabilities	41,220	13,761
Non-current liabilities:		
Due within one year	-	31,107
Due in more than one year	-	354,193
Total noncurrent liabilities	-	385,300
TOTAL LIABILITIES	41,220	399,061
NET POSITION RESTRICTED FOR:		
Employees' pension benefits	353,203	-
Redevelopment dissolution and other purposes	-	(288,035)
TOTAL NET POSITION	\$ 353,203	\$ (288,035)

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, 2017
(In thousands)

	Pension Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Trust receipts	\$ -	\$ 70,356
Investment income:		
Net appreciation in fair value of investments	45,374	-
Interest	1,740	569
Dividends	4,117	-
Securities lending	194	-
TOTAL INVESTMENT INCOME	51,425	569
Less investment expenses:		
Investment expenses	(1,266)	-
NET INVESTMENT INCOME	50,159	569
Federal and state grants	-	2,381
Other income	70	1,256
TOTAL ADDITIONS	50,229	74,562
DEDUCTIONS:		
Benefits to members and beneficiaries:		
Retirement	35,050	-
Disability	20,551	-
Death	1,775	-
TOTAL BENEFITS TO MEMBERS AND BENEFICIARIES	57,376	-
Administrative expenses	1,250	3,966
Oakland Police Department	-	67
Human Services	-	137
Economic & Workforce Development	-	17,498
Other	11	7,328
Interest on debt	-	20,814
TOTAL DEDUCTIONS	58,637	49,810
Change in net position	(8,408)	24,752
Net position - beginning	361,611	(312,787)
NET POSITION - ENDING	\$ 353,203	\$ (288,035)

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

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**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

CITY OF OAKLAND
Notes to the Basic Financial Statements
Year Ended June 30, 2017

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Primary Government

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

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

Fiduciary Component Unit

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

The ORSA was created to serve as a custodian for the assets and to wind down the affairs of the Former Agency. The ORSA is a separate public entity from the City, with the Oakland City Council serving as its governing board, subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies: two City representatives appointed by the Mayor; two County of Alameda (County) representatives; the County Superintendent of Education; the Chancellor of California Community Colleges; and a representative of the largest special district from the taxing entities.

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Blended Component Unit

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

Discretely Presented Component Unit

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

Complete financial statements of the individual component unit may be obtained from:

City of Oakland,
Finance Department, Controller's Bureau
150 Frank H. Ogawa Plaza, 6th Floor, Suite 6353
Oakland, CA 94612-2093

B. FINANCIAL STATEMENT PRESENTATION

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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, utility and real estate transfer 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 (i.e. former tax increment) set-aside for low and moderate income housing and related expenditures. Upon dissolution of the Former Agency and the City Council's election to retain the housing activities previously funded by the Former Agency, the City created LMIHF and transferred the assets and affordable housing activities.

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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

- *Measure Y – Violence Prevention and Public Safety Act of 2004.* The measure provides for the following services; community and neighborhood policing; violence prevention services with an emphasis on youth and children; fire services and evaluation.
- *Measure C – Oakland Hotel Tax.* This additional transient occupancy tax was approved to fund the following entities; Oakland Convention and Visitors Bureau 50%; Oakland Zoo 12.5%; Oakland Museum of California 12.5%; Chabot Space and Science Center 12.5% and the City Cultural Arts Programs and Festivals 12.5%.
- *Measure Q – Library Services Retention and Enhancement.* In March 2004, the electorate of Oakland approved, by more than a two-thirds majority, the extension of the Library Services and Retention Act, Measure Q (formerly known as Measure O). The act re-authorized and increased a special parcel tax on residential and non-residential parcels for the purpose of raising revenue to retain and enhance library services. The term of the tax is 20 years, commencing July 1, 2004 and ending June 30, 2024.
- *Measure WW – East Bay Regional Park District local grant program.* The funds are for various Oakland parks and open space renovation projects.
- *Measure N – Paramedics Services Act.* The revenue from the measure are to provide for increase, enhance and support paramedic services in the City.
- *Oakland Kids' First Fund.* The charter requires 3.0% of the City's unrestricted general purpose fund revenues for the fund. The funds provide additional funding for programs and services benefiting children and youth.
- *Development Service Fund.* The revenue sources for the development service fund will be the fees and penalties for development and enforcement activities, such as land use, permit, inspection, and abatement services for both direct and indirect costs.
- *Other miscellaneous special revenue funds.* Account for several other restricted monies that are classified as special revenue funds.

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

The **Private Purpose Trust Funds** include: (a) the Oakland Redevelopment Successor Agency Trust Fund, which accounts for the custodial responsibilities that are assigned to the Oakland Redevelopment

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available for the year levied and if they are collected within 60 days of the end of the fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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

The City's adoption of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, did not have a material impact on the City's 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 June 2014, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB plans, improving the accounting and financial reporting by state and local governments for OPEB and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB Statement No. 75 is effective for the City's year ending June 30, 2018.
- In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize revenues, assets, liabilities, and deferred inflows of resources. GASB Statement No. 81 is effective for the City's year ending June 30, 2018.
- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for the City's fiscal year ending June 30, 2019.
- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement provides recognition and measurement guidance for situations

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2020.

- In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of the statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.
- In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of the statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.
- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of the statement is to improve the accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the consistency of information about governments' leasing activities. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.

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

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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, 2017.

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

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

4. Interfund Transfers

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

Charges for services are recorded as revenues of the performing fund and expenditures/expenses of the requesting fund. Unbilled costs are recognized as an asset of the performing fund and a liability of the requesting fund at the end of the fiscal year.

Reimbursements for expenditures, initially made by one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. Reimbursements are eliminated for purposes of government-wide reporting.

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Amortizations of bond premiums and discounts and gains or losses from refunding of debt are recorded as a component of interest expense.

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

6. Inventories

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

7. Capital Assets

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

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

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

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

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

Building and improvements	5-50 years
Container cranes	25 years
Systems and structures	10-50 years
Other equipment	5-10 years
Software	20 years

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

8. Property Held for Resale

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

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

9. Deferred Outflows/Inflows of Resources

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

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

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

11. Retirement Plans

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

12. Other Postemployment Benefits (OPEB)

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

13. Pollution Remediation Obligations

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

14. Fund Balances

Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds classify fund balances based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. Fund balance for the City's governmental funds consists of the following categories:

- *Restricted Fund Balance*: includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. It also includes a legally enforceable requirement that the resources can only be used for specific purposes enumerated in the law.
- *Committed Fund Balance*: includes amounts that can only be used for the specific purposes determined by City Council ordinance, which is the City's highest level of decision-making authority. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance*: comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed through City Council budgetary action, which includes of 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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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's the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report a negative unassigned balance that was created after classification in one of the other three fund balance categories.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned. Fund balances for all the major and nonmajor governmental funds as of June 30, 2017, were distributed as follows (in thousands):

	General	Federal/ State Grant Fund	LMHF ¹	Municipal Capital Improvement	Other Special Revenue	Other Governmental Funds	Total
Restricted for:							
Capital projects	\$ -	\$ -	\$ 1,508	\$ 86,191	\$ -	\$ 49,461	\$ 137,160
Pension obligations annuity	65,363	-	-	-	-	-	65,363
Pension obligations PFRS	176,041	-	-	-	-	-	176,041
Debt service	-	-	-	-	-	16,455	16,455
Property held for resale	-	-	30,677	131,980	-	-	162,657
Housing projects	-	-	16,316	-	-	-	16,316
Total restricted	241,404	-	48,501	218,171	-	65,916	573,992
Committed for:							
Reserve stabilization fund	8,805	-	-	-	-	-	8,805
Library, Kids First and museum trust	-	-	-	-	18,326	1,746	20,072
Subtotal	8,805	-	-	-	18,326	1,746	28,877
Assigned for:							
Capital projects	30,802	-	-	1,612	83,519	1,636	117,569
Unassigned	64,715	(15,238)	-	-	-	(1,793)	47,684
Total	\$ 345,726	\$ (15,238)	\$ 48,501	\$ 219,783	\$ 101,845	\$ 67,505	\$ 768,122

¹ Low and Moderate Income Housing Asset Fund

15. Net Position

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

- *Net Investment in Capital Assets* groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt and debt-related deferred outflows and inflows of resources that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* consists of This category 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 mandated payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- *Unrestricted Net Position* represents net position of the City that is not restricted for any project or purpose.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

(II) DETAILED NOTES ON ALL FUNDS

A. CASH, DEPOSIT, AND INVESTMENTS

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

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

The City's investment policy stipulates that the collateral to back up repurchase agreements be priced at market value and be held in safekeeping by the City's primary custodian. Additionally, the City Council has adopted certain requirements prohibiting investments in nuclear weapons makers and restricting investments in U.S. Treasury bills and notes due to their use in funding nuclear weapons research and production.

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

As of June 30, 2017, 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	\$ 557,556	\$ 48,719	\$ 3,382	\$ 60,741	\$ 670,398	\$ 329,455
Restricted cash and investments	180,594	684	352,744	17,179	551,201	80,356
Securities lending collateral	-	-	31,042	-	31,042	-
Total	\$ 738,150	\$ 49,403	\$ 387,168	\$ 77,920	\$ 1,252,641	\$ 409,811
City pooled deposits					\$ 8,736	\$ -
City pooled investments					607,908	348,052
City restricted investments					180,640	-
PFRS restricted investments					383,786	-
ORSA deposits					2,449	-
ORSA investments					69,122	-
Port's cash and investments					-	61,759
Total					\$ 1,252,641	\$ 409,811

Primary Government

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

The City's pooled and restricted investments has the following recurring fair value measurements as of June 30, 2017 (in thousands):

	Level One	Level Two	Level Three	Total
Investments by fair value level:				
U.S government agency securities	\$ -	\$ 807,062	\$ -	\$ 807,062
Medium term notes	-	7,005	-	7,005
State bonds	-	3,880	-	3,880
Commercial paper	-	365	-	365
Annuity contracts	-	-	63,000	63,000
Total investments by fair value level	\$ -	\$ 818,312	\$ 63,000	881,312
Investments measured at net asset value (NAV):				
Money market mutual funds				190,357
Investments not subject to fair value hierarchy:				
Local agency investment fund (LAIF)				64,931
Total investments measured at fair value				\$ 1,136,600

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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, 2017, the carrying amount of the City's deposits was \$8.7 million. Deposits include checking accounts, interest earning savings accounts and money market accounts. The bank balance of \$21.8 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 institutions secure its deposits made by state or local government units by pledging securities in undivided collateral pool held by the depository regulated under the state law (unless so waived by the government units). The market value of the pledged government securities and/or first trust deed mortgage notes held in the collateral pool must be at least 110% and 150%, respectively, of the deposit amount. The collateral must be held by the pledging financial institution's trust department and is considered held in the City's name.

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

The following tables show the City's credit risk for the pooled and restricted investment portfolios as of June 30, 2017 (in thousands):

Pooled Investments

	Fair Value	Ratings as of June 30, 2017				
		AAA	AA	A	P-1	Not Rated
U.S. Government Agency Securities	\$ 235,299	\$ -	\$ 235,299	\$ -	\$ -	\$ -
U.S. Government Agency Securities (Discount)	525,845	-	525,845	-	-	-
Medium Term Notes	7,005	-	2,994	4,011	-	-
Money Market Mutual Funds	119,000	119,000	-	-	-	-
Local Agency Investment Fund (LAIF)	64,931	-	-	-	-	64,931
State of California, General Obligation Bonds	3,171	-	3,171	-	-	-
State of California, Revenue Bonds	709	-	-	709	-	-
Total pooled investments	\$ 955,960	\$ 119,000	\$ 767,309	\$ 4,720	\$ -	\$ 64,931

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Restricted Investments

	Fair Value	Ratings as of June 30, 2017		
		AAA	AA	Not Rated
U.S. Government Agency Securities	\$ 11,963	\$ -	\$ 11,963	\$ -
U.S. Government Agency Securities (Discount)	33,955	-	33,955	-
Money Market Mutual Funds	71,357	69,116	-	2,241
Commercial Paper (Discount)	365	365	-	-
Annuity Contract	63,000	-	-	63,000
Total restricted investments	\$ 180,640	\$ 69,481	\$ 45,918	\$ 65,241

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

Investments in one issuer that exceed 5% of the City's investment portfolio at June 30, 2017 are as follows (in thousands):

<u>Investment Type / Issuer</u>	<u>Amount</u>	<u>Percent of City's Investment Portfolio</u>
U.S. Government Agency Securities:		
Federal Farm Credit Bank	\$ 89,647	7.89%
Federal Home Loan Bank	501,946	44.16%
Federal Home Loan Mortgage Corporation (Freddie Mac)	194,524	17.11%
Annuity Contract:		
New York Life Insurance Company	63,000	5.54%

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

The City uses the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2017, 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	\$ 235,299	0.76 - 2.24	\$ 43,936	\$ 164,443	\$ 26,920
U.S. Government Agency Securities (Discount)	525,845	0.50 - 2.08	525,845	-	-
Medium Term Notes	7,005	1.38 - 1.86	1,997	5,008	-
Money Market Mutual Funds	119,000	0.84 - 0.85	119,000	-	-
Local Agency Investment Fund (LAIF)	64,931	0.98	64,931	-	-
State of California, General Obligation Bonds	3,171	2.29	-	3,171	-
State of California, Revenue Bonds	709	0.95	709	-	-
Total pooled investments	\$ 955,960		\$ 756,418	\$ 172,622	\$ 26,920

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	\$ 11,963	1.27 - 1.59	\$ 5,983	\$ 5,980	\$ -	\$ -
U.S. Government Agency Securities (Discount)	33,955	1.06	33,955	-	-	-
Money Market Mutual Funds	71,357	0.00 - 1.16	71,357	-	-	-
Commercial Paper (Discount)	365	1.18	365	-	-	-
Annuity Contracts	63,000	2.50	-	-	-	63,000
Total restricted investments	\$ 180,640		\$ 111,660	\$ 5,980	\$ -	\$ 63,000

Other Disclosures: As of June 30, 2017, the City's investment in LAIF is \$64.9 million. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately \$77.6 billion, 97.11% is invested in non-derivative financial products and 2.89% in structured notes and asset-backed securities. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than the fair value of the City's position in the pool.

Oakland Police and Fire Retirement System (PFRS)

Deposits in the City's Investment Pool

As of June 30, 2017, 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, 2017, PFRS' share of the City's investment pool totaled \$3.4 million. As of June 30, 2017, PFRS also had cash and cash deposits not held in the City's investment pool that totaled \$18 thousand.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Investments

PFRS' investment policy authorizes investment in U.S. equities, international equities, U.S. fixed income instruments including U.S. Treasury notes and bonds, government agency mortgage backed securities, U.S. corporate notes and bonds, collateralized mortgage obligations, Yankee bonds and non-U.S. issued fixed income securities denominated in foreign currencies. PFRS' investment portfolio is managed by external investment managers, except for the bond iShares, which are managed internally. During the year ended June 30, 2017, the number of external investment managers was twelve.

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

PFRS' investment policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. PFRS' investment policy with respect to fixed income investments identifies two standards for credit quality. The policy allows the fixed income managers to invest in securities with a minimum rating of B- or higher as long as the portfolio maintains an average credit quality of BBB (investment grade using Standard & Poor's, Moody's, or Fitch ratings).

PFRS' investment policy states that investments in derivative securities known as Collateralized Mortgage Obligations (CMOs) shall be limited to a maximum of 20% of a broker account's fair value with no more than 5% 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% 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% in each manager's portfolio.

The following was the Board's adopted investment policy as of June 30, 2017:

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Hierarchy of Inputs: The PFRS has the following recurring fair value measurements as of June 30, 2017 (in thousands):

	Level One	Level Two	Level Three	Total
Investments by fair value level:				
Short-term investments	\$ -	\$ 13	\$ -	\$ 13
Bonds	-	55,328	-	55,328
Domestic equities and mutual funds	113,139	-	-	113,139
International equities and mutual funds	30,966	-	2	30,968
Alternative investments	70,511	-	-	70,511
Total investments by fair value level	\$ 214,616	\$ 55,341	\$ 2	269,959
Investments measured at net asset value (NAV):				
Short-term investments				5,563
Fixed income funds				7,272
Domestic equities and mutual funds				55,327
International equities and mutual funds				13,623
Securities lending collateral				31,042
Total investments measured at NAV				112,827
Total investments measured at fair value				\$ 382,786

Interest Rate Risk: PFRS' investment policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. The weighted average duration for PFRS' fixed income investment portfolio excluding fixed short-term investments and securities lending investments was 5.36 years as of June 30, 2017.

As of June 30, 2017, PFRS had the following fixed income investments by category (in thousands):

Investment Type	Fair Value	Modified Duration (Years)
Short-Term Investment Funds	\$ 5,576	n/a
Total short-term investment duration	\$ 5,576	
Fixed income investments:		
Government bonds:		
U.S. Treasuries	\$ 14,782	6.44
U.S. Government Agency Securities	18,609	7.54
Total government bonds	33,391	
U.S. corporate bonds		
Corporate bonds	30,209	3.48
Total long-term investment duration	\$ 63,600	5.36
Securities Lending	\$ 31,042	

Fair Value Highly Sensitive to Change in Interest Rates: The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. PFRS has invested in collateralized mortgage obligations (CMOs), which are mortgage-backed bonds that pay pass-through rates with varying maturities. The fair values of CMOs are considered sensitive to interest rate changes because they have

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

embedded options, which are triggers related to quantities of delinquencies or defaults in the loans backing the mortgage pool. If a balance of delinquent loans reaches a certain threshold, interest and principal that would be used to pay junior bondholders is instead directed to pay off the principal balance of senior bondholders and shortening the life of the senior bonds. The following table shows PFRS' investments in CMOs as of June 30, 2017 (in thousands):

Securities Name	Weighted Average Coupon Rate	Weighted Average Maturity (Years)	Fair Value	Percent of Total Investment
Mortgage-backed securities	3.26%	20.8	\$ 12,396	3.23%

Custodial Credit Risk: The City, on behalf of PFRS, does not have any funds or deposits that are not covered by depository insurance, which are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. PFRS does not have any investments that are not registered in the name of PFRS and are either held by the counterparty or the counterparty's trust department or agent, but not in PFRS' name.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The following tables provide information as of June 30, 2017 concerning credit risk of fixed income securities (in thousands):

Investment Type	S&P/ Moody's Rating	Fair Value
Short-Term Investment Funds	Not Rated	\$ 5,576

The following tables provide information as of June 30, 2017 concerning the credit risk of fixed income investments by long-term investment rating (in thousands):

S & P/Moody's Rating	Fair Value	Percent of Total Fair Value
AAA/Aaa	\$ 34,300	53.9%
AA /Aa	4,103	6.5%
A/A	7,703	12.1%
BBB/Baa	9,982	15.7%
BB/Ba	240	0.4%
CCC/Caa	7,272	11.4%
Total fixed income investments	\$ 63,600	100.0%

As of June 30, 2017, the securities lending collateral of \$31.0 million was not rated.

Concentrations: Accounting standards require the disclosure of investments in any one organization that represent 5% or more of the PFRS's fiduciary net position. As of June 30, 2017, the PFRS had commingled funds issued by State Street Global Advisors that represent 19.5% of its fiduciary net position.

Rate of return: The money-weighted rate of return is a measure of the rate of return for an asset or portfolio of assets that incorporates the size and timing of cash flows. For the year ended June 30,

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.57%.

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% of the portfolio value.

The following summarizes PFRS' investments denominated in foreign currencies as of June 30, 2017 (in thousands):

<u>Foreign Currency</u>	
Australian Dollar	\$ 327
Brazilian Real	118
British Pound	4,057
Canadian Dollar	639
Danish Krone	884
Euro	9,573
Hong Kong Dollar	2,626
Indonesian Rupiah	494
Japanese Yen	3,958
Mexican Peso	707
Singapore Dollar	229
Swedish Krona	362
Swiss Franc	1,928
Total foreign currency	\$ 25,902

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

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

As of June 30, 2017, management believes that PFRS has minimized its credit risk exposure to borrowers because the amounts held by PFRS as collateral exceeded the securities loaned by PFRS. PFRS' contract with the administrator requires it to indemnify PFRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities borrowed) or fail to pay PFRS for income distributions by the securities' issuers while the securities are on loan.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

The following table summarizes investments in securities lending transactions and collateral received as of June 30, 2017 (in thousands):

	Securities Lending		
	Fair Value of Loaned Securities		
	For Cash Collateral	For Non-Cash Collateral	Total
Securities on loan:			
U.S. government and agencies	\$ 7,677	\$ 2,721	\$ 10,398
U.S. corporate bonds	2,139	-	2,139
U.S. equity	20,579	2,230	22,809
Non-U.S. equity	-	230	230
Total securities on loan	\$ 30,395	\$ 5,181	\$ 35,576
Collateral received	\$ 31,034	\$ 5,304	\$ 36,338

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, 2017, the derivative instruments held by PFRS are considered investments and not hedges for accounting purposes. All investment derivatives are reported as investments at fair value in the statement of fiduciary net position. The gains and losses arising from this activity are recognized as incurred in the statement of changes in fiduciary net position. All investment derivatives discussed below are included within the investment risk schedules, which precede this subsection. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

The fair value of the exchange traded derivative instruments, such as futures, options, rights, and warrants are based on quoted market prices. The fair values of forward foreign currency contracts are determined using a pricing service, which uses published foreign exchange rates as the primary source. The fair values of swaps are determined by PFRS's investment managers based on quoted market prices of the underlying investment instruments.

The tables below present 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, 2017 (in thousands):

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Counterparty Credit Risk – As of June 30, 2017, PFRS is not exposed to credit risk on non-exchange traded derivative instruments that are in asset positions.

Custodial Credit Risk - The custodial credit risk disclosure for exchange traded derivative instruments is made in accordance with the custodial credit risk disclosure requirements of GASB Statement No. 40. At June 30, 2017, all of PFRS's investments in derivative instruments are held in PFRS's name and are not exposed to custodial credit risk.

Interest Rate Risk - The tables below describe the maturity periods of the derivative instruments exposed to interest rate risk at June 30, 2017 (in thousands):

Derivative Type/Contract	Fair Value	Maturities	
		Less than 1 Year	1 - 5 years
Options			
Equity contracts	\$ (262)	\$ (262)	\$ -
Swaps			
Credit contracts	14	-	14
Total	\$ (248)	\$ (262)	\$ 14

Foreign Currency Risk - At June 30, 2017, PFRS is not exposed to foreign currency risk.

Contingent Features - At June 30, 2017, PFRS held no positions in derivatives containing contingent features.

Oakland Redevelopment Successor Agency

The ORSA's cash and investment consists of the following at June 30, 2017 (in thousands):

Cash and Investments	Amount
Unrestricted cash and investments:	
Demand deposits	\$ 2,449
Investments	51,943
Total unrestricted cash and investments	54,392
Restricted cash and investments	17,179
Total cash and investments	\$ 71,571

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Hierarchy: The hierarchy is based on the valuation inputs used to measure fair value of the assets. At June 30, 2017, 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, 2017 (in thousands):

	Significant other observable inputs (Level 2)	Investments measured at the net asset value (NAV)
Unrestricted investments:		
U.S. Government Agency Securities (Discount)	\$ 46,943	\$ -
Money Market Mutual Funds	-	5,000
Restricted investments:		
U.S. Government Agency Securities (Discount)	5,984	-
Money Market Mutual Funds	-	11,195
Total	\$ 52,927	\$ 16,195

Custodial Credit Risk: As of June 30, 2017, the carrying amount of the ORSA's deposits was \$2.4 million. The deposits are insured by the FDIC insurance coverage limit of \$0.25 million, and the remaining bank balance is collateralized with securities held by the pledging financial institutions as required by Section 53652 of the California Government Code.

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

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

As of June 30, 2017, ORSA had the following investments, credit risk ratings, and maturities (in thousands):

<u>Type of Investment</u>	<u>Current Yield (%)</u>	<u>Credit Ratings (S&P)</u>	<u>Maturities</u>	
			<u>Less than 1 Year</u>	<u>1 - 3 Years</u>
Unrestricted investments:				
U.S. Government Agency Securities (Discount)	0.90-0.99	AA	\$ 46,943	\$ -
Money Market Mutual Funds	0.85	AAA	5,000	-
Total unrestricted investments			\$ 51,943	\$ -
Restricted investments:				
U.S. Government Agency Securities (Discount)	0.89-1.71	AA	\$ 2,999	\$ 2,985
Money Market Mutual Funds	0.82-0.84	AAA	11,195	-
Total restricted investments			\$ 14,194	\$ 2,985

Concentration of Credit Risk: The following table show's ORSA's investments in one issuer that exceed 5% of ORSA's investment portfolio at June 30, 2017 (in thousands):

<u>Type of Investment/Issuer</u>	<u>Amount</u>	<u>% of ORSA's Unrestricted Portfolio</u>
U.S. Government Agency Securities		
Federal Home Loan Bank	\$ 46,943	90.4%

<u>Type of Investment/Issuer</u>	<u>Amount</u>	<u>% of ORSA's Restricted Portfolio</u>
U.S. Government Agency Securities		
Federal Home Loan Bank	\$ 2,999	17.5%
Federal Farm Credit	2,985	17.4%

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Discretely Presented Component Unit – Port of Oakland

The Port's cash, cash equivalents, investments and deposits in escrow consisted of the following at June 30, 2017 (in thousands):

Deposits in escrow	\$	3,680
City investment pool		348,052
Federal Home Loan Mortgage Note		57,576
Government Securities Money Market Mutual Funds		503
Total cash and investments	\$	409,811

Deposits in escrow consist of amounts received from construction contractors that are deposited into an escrow account in-lieu of retention withheld from construction progress billings. Interest on these deposits accrues to the contractor.

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

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

At June 30, 2017, the Port had the following investments (in thousands):

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Credit Ratings per Moody's</u>	<u>Maturity Less than 1 Year</u>
Federal Home Loan Mortgage Note	\$ 57,576	Level 2	Aaa	\$ 57,576
Government Securities Money Market Mutual Funds	503	Exempt	Aaa	503
City investment pool	348,052	Exempt	Not Rated	348,052
Total investments	\$ 406,131			\$ 406,131

Investments Authorized by Debt Agreements: The following are the types of investments generally allowed under the Senior Trust Indenture and the Intermediate Trust Indenture dated as of October 1, 2007 (Intermediate Trust Indenture, together with the Senior Trust Indenture, are referred to as the Trust Indentures): U.S. Government Securities, U.S. Agency Obligations, obligations of any State in the U.S., prime commercial paper, FDIC insured deposits, certificates of deposit/banker's acceptances, money market mutual funds, long or medium-term corporate debt, repurchase agreements, state-sponsored investment pools, investment contracts, and forward delivery agreements.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Interest Rate Risk: Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage interest risk. In order to manage interest rate risk:

- Proceeds from bonds are invested in permitted investments, as stated in the Trust Indentures, with short-term maturities.
- The deposits held by the City Treasury pursuant to the City's Investment Policy and Section 53601 of the State of California Government Code, limits the maximum maturities of certain investments. Also, Section 53601 limits the maximum maturity of any investment to be no longer than 5 years unless authority for such investment is expressly granted in advance by the City Council or authorized by bond covenants.

Credit Risk: Pursuant to the City Charter, all cash receipts from Port operations are deposited in the City Investment Pool. For this reason, the Port does not have a formal policy to manage risk. In order to manage credit risk:

- Provisions of the Trust Indentures prescribe restrictions on the types of permitted investments of the monies held by the trustee in the funds and accounts created under the Trust Indentures, including agreements or financial institutions that must meet certain ratings, such as certain investments that must be rated in either of the two highest ratings by S&P and Moody's.
- **Concentration of Credit Risk:** The Trust Indentures place no limit on the amount the Port may invest in any one issuer

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or counterparty to a transaction, the Port will not be able to recover the value of its investment or collateral securities that are in possession of another party. To protect against custodial credit risk all securities owned by the Port under the terms of the Trust Indentures are held in the name of the Port for safekeeping by a third party bank trust department, acting as an agent for the Port. The Port had investments held by a third party bank trust department in the amount of \$58.1 million at June 30, 2017.

The carrying amount of the Port's deposits in escrow was \$3.7 million at June 30, 2017. Of this amount, bank balances and escrow deposits of \$0.5 million on June 30, 2017 are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name and the remaining balance was exposed to custodial credit risk by not being insured or collateralized.

B. INTERFUND TRANSACTIONS

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Primary Governments

1. Due from/Due to other funds

The composition of interfund balances as of June 30, 2017, with explanations of transactions, is as follows (dollars in thousands):

<u>Receivables</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Federal/State Grant Funds	\$ 20,452
	Other Governmental Funds	2,537
	Parks and Recreation Enterprise Fund	244
	Internal Service Funds	<u>13,364</u>
	Subtotal	36,597
Low and Moderate Income Housing Asset Fund	Sewer Service Enterprise Fund	<u>2</u>
	Total	<u>\$ 36,599</u>

In addition, the General Fund has \$0.2 million as of June 30, 2017 due from the Private Pension Trust Fund to cover its overdraft position.

2. Interfund Transfers:

The following schedule summarizes the City's transfer activities for the year ended June 30, 2017 (dollars in thousands):

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 71,265 ⁽¹⁾
	Federal/State Grant Fund	5,355 ⁽²⁾
	Other Special Revenue Fund	15,052 ⁽³⁾
Municipal Capital Improvement Fund	General Fund	207 ⁽⁴⁾
Other Governmental Funds	General Fund	418 ⁽⁵⁾
Sewer Service Fund	General Fund	2,144 ⁽⁶⁾
	Governmental Activities	5,461 ⁽⁷⁾
Nonmajor Enterprise Fund	Governmental Activities	39 ⁽⁷⁾
Internal Service Funds	General Fund	548 ⁽⁶⁾
	Governmental Activities	<u>6,543 ⁽⁷⁾</u>
	Total	<u>\$ 107,032</u>

Significant transfers for the year ended June 30, 2017 include the following:

- (1) Transfers of \$71.3 for debt service payments.
- (2) Transfers to provide funds to cover the Central Service Overhead cost for certain federal funds.
- (3) Transfers for the Kids' First Children's Program.
- (4) Repayment of bridge funds for West Oakland Job Resource Center.
- (5) Transfers to provide additional funds to cover the City's self-insurance programs.
- (6) Transfers for the City's claims and liability payments.
- (7) Transfer of net OPEB obligation.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

3. Due from the City

As of June 30, 2017, ORSA has a total due from the City in the amount of \$2.3 million, which has no change compared to the \$2.3 million at June 30, 2016. The ending balance is composed of the Former Agency's assets transferred to the Housing Successor, which include the Former Agency's Central District Project Area Fund loan receivable from the City in the amount of \$1.5 million, land sale receivable of \$0.3 million as well as the Former Agency's Coliseum Project Area Fund loan receivable from the City in the amount of \$0.5 million.

4. Due to the City

At June 30, 2017, ORSA has a payable to the City in the amount of \$6.1 million, which included the former Agency's Low and Moderate Housing Fund loan of \$1.5 million to the Central City East Project Funds where the Low and Moderate Housing Funds Assets were transferred to the Housing Successor, a loan of \$2.7 million from the Capital Project Fund to the West Oakland Project for public improvements, and a payable of \$1.9 million to the City for support services.

Component Unit- Port of Oakland (Port)

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

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

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

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

Payments for special services and ARFF are treated as a cost of Port operations pursuant to the City Charter Section 717(3) Third Clause and have priority over certain other expenses of Port revenues. Special services and ARFF totaled \$7.5 million and are included in operating expenses. At June 30, 2017, \$7.2 million was accrued as a current liability by the Port and as a receivable by the City.

2. General Services and Lake Merritt Trust Services

Payments for General Services provided by the City are payable only to the extent the Port determines annually that surplus monies are available under the Charter for such purposes. As of June 30, 2017, the Port accrued approximately \$1.9 million of payments for General Services as a current liability and by the City as a receivable. Additionally, subject to certain conditions, the Port accrued approximately \$1.1 million to reimburse the City for General Services for net City expenditures for Lake Merritt Tideland Trust properties in fiscal year 2017. Subject to availability of surplus monies, the Port expects that it will continue to reimburse the City annually for General Services and Lake Merritt Tideland Trust services.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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, 2017, is as follows (in thousands):

Type of Loan	General Fund	Federal/ State Grant Fund	LMIHF ¹	Municipal Capital Improve- ment	Other Govern- mental Funds	Total
HUD loans	\$ -	\$ 70,202	\$ 337,798	\$ 4,633	\$ -	\$ 412,633
Economic development loans and other	4,216	99,356	-	-	1,379	104,951
Less: allowance for uncollectible accounts	(121)	(39,844)	(109,981)	-	(543)	(150,489)
Total notes and loans receivables, net	\$ 4,095	\$ 129,714	\$ 227,817	\$ 4,633	\$ 836	\$ 367,095

¹ Low and Moderate Income Housing Asset Fund

As of June 30, 2017, the City has a total of \$367.1 million net notes and loans receivable, which is not expected to be received in the next twelve months. All of the City's notes and loans receivables are offset with deferred inflows of resources in the governmental funds as the collection of those notes and loans did not occur within the City's availability period.

Prior to effective date of the Redevelopment Dissolution Law, California Community Redevelopment Law required that at least 20% 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% Housing Program and an additional 5% 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, 2017, loans receivable relating to the LMIHF program totaled approximately \$227.8 million, net of allowance for uncollectible accounts.

Oakland Redevelopment Successor Agency (ORSA)

Composition of loans receivable as of June 30, 2017 is as follows (in thousands):

Type of Loan	Amount
Housing developments project	\$ 1,463
Economic development	62,010
Gross notes and loans receivable	63,473
Less: allowance for uncollectible	(46,675)
Total notes and loans receivables, net	\$ 16,798

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

D. CAPITAL ASSETS AND LEASES

Primary Government

1. Summary Schedule

The following is a summary of governmental activities capital assets activity for the year ended June 30, 2017 (in thousands):

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 87,076	\$ -	\$ -	\$ 87,076
Intangibles (easements)	2,607	-	-	2,607
Museum collections	793	-	-	793
Construction in progress	363,179	102,070	-	465,249
Total capital assets, not being depreciated	453,655	102,070	-	555,725
Capital assets, being depreciated:				
Facilities and improvements	828,665	318	-	828,983
Furniture, machinery, and equipment	224,932	3,872	477	228,327
Infrastructure	799,264	155	-	799,419
Total capital assets, being depreciated	1,852,861	4,345	477	1,856,729
Less accumulated depreciation:				
Facilities and improvements	423,387	24,334	4	447,717
Furniture, machinery, and equipment	180,349	13,072	456	192,965
Infrastructure	329,982	26,357	-	356,339
Total accumulated depreciation	933,718	63,763	460	997,021
Total capital assets, being depreciated, net	919,143	(59,418)	17	859,708
Governmental Activities - capital assets, net	\$ 1,372,798	\$ 42,652	\$ 17	\$ 1,415,433

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

The following is a summary of business-type activities capital assets activity for the fiscal year ended June 30, 2017 (in thousands):

	Balance June 30, 2016	Additions	Transfers	Balance June 30, 2017
Business-Type Activities:				
Sewer Service Fund:				
Capital assets, not being depreciated:				
Land	\$ 4	\$ -	\$ -	\$ 4
Construction in progress	40,943	18,310	(1,836)	57,417
Total capital assets, not being depreciated	40,947	18,310	(1,836)	57,421
Capital assets, being depreciated:				
Facilities and improvements	311	155	-	466
Furniture, machinery and equipment	7,176	1,248	-	8,424
Sewer and storm drains	275,585	322	1,836	277,743
Total capital assets, being depreciated	283,072	1,725	1,836	286,633
Less accumulated depreciation:				
Facilities and improvements	280	24	-	304
Furniture, machinery and equipment	4,188	1,073	-	5,261
Sewer and storm drains	110,692	4,674	-	115,366
Total accumulated depreciation	115,160	5,771	-	120,931
Total capital assets, being depreciated, net	167,912	(4,046)	1,836	165,702
Sewer Service Fund, capital assets, net	\$ 208,859	\$ 14,264	\$ -	\$ 223,123
Parks and Recreation Fund:				
Capital assets, not being depreciated:				
Land	\$ 361	\$ -	\$ -	\$ 361
Construction in progress	545	43	-	588
Total capital assets, not being depreciated	906	43	-	949
Capital assets, being depreciated:				
Facilities and improvements	4,433	-	-	4,433
Furniture, machinery and equipment	468	-	-	468
Infrastructure	85	-	-	85
Total capital assets, being depreciated	4,986	-	-	4,986
Less accumulated depreciation:				
Facilities and improvements	2,927	280	-	3,207
Furniture, machinery and equipment	422	27	-	449
Infrastructure	48	6	-	54
Total accumulated depreciation	3,397	313	-	3,710
Total capital assets, being depreciated, net	1,589	(313)	-	1,276
Parks and Recreation Fund, capital assets, net	\$ 2,495	\$ (270)	\$ -	\$ 2,225
Business-Type Activities - capital assets, net	\$ 211,354	\$ 13,994	\$ -	\$ 225,348

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

2. Depreciation

Depreciation expense was charged to various governmental and business-type activities of the City for the fiscal year ended June 30, 2017 is as follows (in thousands):

Governmental Activities:

General Government	\$ 6,258
Public Safety	3,652
Community Services	7,235
Community and Economic Development	9,672
Public Works	28,980
Capital assets held by internal service funds that are charged to various functions based on their usage of the assets	7,966
Total	\$ 63,763

Business-Type Activities:

Sewer	\$ 5,771
Parks and Recreation	313
Total	\$ 6,084

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Component Unit – Port of Oakland

1. Summary Schedule

A summary of changes in capital assets for the year ended June 30, 2017, is as follows (in thousands):

	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	\$ 523,374	\$ -	\$ -	\$ -	\$ 523,374
Intangibles (noise easements and air rights)	25,852	-	-	-	25,852
Construction in progress	181,907	84,523	(3,166)	(120,007)	143,257
Total capital assets, not being depreciated	<u>731,133</u>	<u>84,523</u>	<u>(3,166)</u>	<u>(120,007)</u>	<u>692,483</u>
Capital assets, being depreciated:					
Building and improvements	852,054	-	-	219	852,273
Container cranes	148,697	-	-	-	148,697
Systems and structures	1,943,951	-	(137)	117,956	2,061,770
Intangibles (software)	13,738	29	(1)	76	13,842
Other equipment	97,895	845	(516)	1,756	99,980
Total capital assets, being depreciated	<u>3,056,335</u>	<u>874</u>	<u>(654)</u>	<u>120,007</u>	<u>3,176,562</u>
Less accumulated depreciation:					
Building and improvements	571,379	21,864	-	-	593,243
Container cranes	98,820	4,817	(2)	-	103,639
Systems and structures	844,290	73,097	-	-	917,387
Intangibles (software)	6,837	1,401	-	-	8,238
Other equipment	67,122	5,076	502	-	71,696
Total accumulated depreciation	<u>1,588,448</u>	<u>106,255</u>	<u>500</u>	<u>-</u>	<u>1,694,203</u>
Total capital assets, being depreciated, net	<u>1,467,887</u>	<u>105,381</u>	<u>(154)</u>	<u>120,007</u>	<u>1,482,359</u>
Port - capital assets, net	<u>\$ 2,199,020</u>	<u>\$ (20,858)</u>	<u>\$ (3,320)</u>	<u>\$ -</u>	<u>\$ 2,174,842</u>

2. Capital Assets Under Operating Leases as Lessor

The capital assets leased to others at June 30, 2017, consist of the following (in thousands):

Land.....	\$ 298,940
Container cranes.....	148,697
Buildings and improvements.....	182,843
Infrastructure.....	979,494
	<u>1,609,974</u>
Less accumulated depreciation.....	<u>(713,234)</u>
Net capital assets, on lease.....	<u>\$ 896,740</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

3. Operating Leases as Lessor

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

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

A summary of revenues from long-term leases for the year ended June 30, 2017, is as follows (in thousands):

Minimum non-cancelable rentals, including preferential assignments.....	\$ 141,284
Contingent rentals in excess of minimums.....	36,939
Total.....	\$ 178,223

The Port and Outer Harbor Terminal, LLC (formerly Ports America Outer Harbor Terminal, LLC), a private company, entered into a long-term concession and lease agreement on January 1, 2010 for the operation of berths 20-24 for 50 years. A \$60.0 million upfront fee was paid to the Port in fiscal year 2010, which is being amortized over the life of the lease. In February 2016, Outer Harbor Terminal, LLC filed for Chapter 11 bankruptcy protection and subsequently announced their intent to cease operations at the Port. The Port terminated its long-term concession and lease agreement with Outer Harbor Terminal, LLC at the end of March 2016. These events resulted in the immediate recognition of the unamortized balance of the upfront fee, approximately \$47.0 million.

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

Year	Rental Revenues
2018	\$ 135,633
2019	130,556
2020	128,127
2021	131,534
2022	130,671
2023 - 2027	294,107
2028 - 2032	257,966
2033 - 2037	95,947
2038 - 2042	24,682
2043 - 2047	17,207
2048 - 2052	10,729
Thereafter	30,977
Total	\$ 1,388,136

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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

Year	Lease Payments
2018	\$ 438
2019	452
2020	465
2021	479
2022	493
2023 - 2027	2,699
2028 - 2032	3,128
2033 - 2037	3,627
2038 - 2042	4,204
2043 - 2047	4,874
2048 - 2052	5,650
Thereafter	2,287
Total	\$ 28,796

E. PROPERTY HELD FOR RESALE

Primary Government

On August 21, 2013, the State Controller's Office issued the asset transfer review pursuant to Health and Safety Code Section 34167.5 and reversed the March 3, 2011 agreement entered between the City and the Former Agency for the purchase and sale agreement of various Former Agency properties to the City. As a result, during the year ended June 30, 2015, the ORSA Trust Fund transferred property held for resale totaling \$85.7 million to the City. At June 30, 2017, the City has a total of \$162.7 million of property held for resale.

Oakland Redevelopment Successor Agency (ORSA)

As of June 30, 2017, ORSA has a total \$2.8 million for properties booked at the lower of cost or estimated conveyance value. On May 29, 2014, pursuant to HSC Section 34191.4, the California Department of Finance approved the ORSA's Long-Range Property Management Plan addressing the disposition and use of Former Agency properties and authorizing the disposition of properties pursuant to the plan.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

F. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2017, for the City are as follows (in thousands):

Primary Government – Governmental Activities

Accounts payable and accrued liabilities for the governmental and business-type activities at June 30, 2017, are as follows (in thousands):

	<u>Accounts Payable</u>	<u>Accrued Payroll/ Employee Benefits</u>	<u>Total</u>
Governmental Activities:			
Governmental Funds:			
General Fund	\$ 35,431	\$ 104,653	\$ 140,084
Federal/State Grant Fund	17,642	-	17,642
Low and Moderate Income Housing Asset Fund	234	-	234
Municipal Capital Improvement Fund	1,689	-	1,689
Other special revenue funds	8,130	-	8,130
Other governmental funds	8,120	-	8,120
Total governmental funds	<u>71,246</u>	<u>104,653</u>	<u>175,899</u>
Internal service funds	4,524	-	4,524
Total governmental activities	<u>\$ 75,770</u>	<u>\$ 104,653</u>	<u>\$ 180,423</u>
Business-type Activities:			
Sewer Service Fund	\$ 4,343	\$ -	\$ 4,343
Nonmajor Fund - Parks & Recreation	8	-	8
Total business-type activities	<u>\$ 4,351</u>	<u>\$ -</u>	<u>\$ 4,351</u>

Accounts payable and accrued liabilities for the pension trust fund at June 30, 2017, are as follows (in thousands):

Pension Trust Fund	
Accounts payable	\$ 23
Member benefits payable	4,763
Investments payable	5,118
Accrued investment management fees	282
Total pension trust fund	<u>\$ 10,186</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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, 2017 (in thousands):

Governmental Activities			
Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Bonds payable:			
General obligation bonds	2047	2.00 - 5.00%	\$ 216,655
Lease revenue bonds	2027	4.00 - 5.25%	71,335
Pension obligation bonds	2026	2.37 - 6.89%	296,854
Accreted interest on appreciation bonds	2023	n/a	149,896
City guaranteed special assessment district bonds	2039	3.00 - 6.70%	5,335
Unamortized premiums and discounts, net			23,246
Total bonds payable			\$ 763,321
Loans payable and capital leases:			
Loans payable	2020	2.44%	\$ 8,021
Capital leases	2025	1.17 - 5.46%	67,802
Total notes payable and capital leases			\$ 75,823

Business-Type Activities			
Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Bonds payable:			
Sewer revenue bonds	2029	2.00 - 5.00%	\$ 32,620
Unamortized bond premium			4,115
Total bonds payable			\$ 36,735

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

2. Interest Rate Swap

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

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

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

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

The amortization schedule is as follows as of June 30, 2017:

Calculation period (July 31)	Notional Amount	Fixed Rate To Counterparty	65% of LIBOR ¹	Net Rate
2017	\$ 32,500,000	5.6775%	0.7977%	4.8798%
2018	25,800,000	5.6775%	0.7977%	4.8798%
2019	19,300,000	5.6775%	0.7977%	4.8798%
2020	12,800,000	5.6775%	0.7977%	4.8798%
2021	6,400,000	5.6775%	0.7977%	4.8798%

¹ The 1-month LIBOR rate is 1.2272% as of June 30, 2017. Rates are projections, the LIBOR rate fluctuates daily.

Terms: The swap agreement terminates on July 31, 2021, and has a notional amount as of June 30, 2017 of \$32.5 million. The notional amount of the swap declines through 2021. Under the Swap, the City pays the Counterparty a fixed payment of 5.6775% and receives a variable payment computed at 65% of LIBOR rate (total rate not to exceed 12%). The City’s payments to the Counterparty under the Swap agreement are insured by the third party bond insurer.

Fair Value: The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the Swap. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the Swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the Swap. The fair

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

value hierarchy of the interest rate swap is Level 2. Because interest rates have declined since the execution of the Swap, the Swap had a negative fair value of \$3.7 million as of June 30, 2017.

Credit Risk: The issuer and the counterparty take a credit risk to each other over the life of the swap agreement. This is the risk that either the issuer or the counterparty will fail to meet its contractual obligations under the swap agreement. The Counterparty was rated Aa2 by Moody's, and AA- by S&P as of June 30, 2017. To mitigate the potential for credit risk, if the Counterparty's credit quality falls below A3 by Moody's or A- by S&P, the Swap provides the Counterparty, the City, the bond insurer for the Bonds and a third party collateral agent to execute a collateral agreement within 30 days of such a downgrade.

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

3. Summary of Changes in Long-term Obligations

Primary Government

The changes in long-term obligations for the year ended June 30, 2017, are as follows (in thousands):

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Amounts due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds (A)	\$ 201,830	\$ 26,500	\$ 11,675	\$ 216,655	\$ 12,705
Lease revenue bonds (B)	91,110	-	19,775	71,335	5,660
Pension obligation bonds (C)	313,223	-	16,369	296,854	25,274
Accreted interest on appreciation bonds (B) and (C)	159,476	17,194	26,774	149,896	28,807
City guaranteed special assessment district bonds (C)	5,685	-	350	5,335	365
Unamortized premium and discounts	24,054	809	1,617	23,246	1,293
Total bonds payable	<u>795,378</u>	<u>44,503</u>	<u>76,560</u>	<u>763,321</u>	<u>74,104</u>
Loans, notes and lease payable:					
Loans and notes payable (B) and (D)	2,060	8,021	2,060	8,021	2,250
Capital leases (B) and (D)	71,849	11,415	15,462	67,802	18,200
Total notes payable and capital leases	<u>73,909</u>	<u>19,436</u>	<u>17,522</u>	<u>75,823</u>	<u>20,450</u>
Other long-term liabilities:					
Accrued vacation and sick leave (E)	47,051	55,013	52,977	49,087	34,861
Pledge obligation for Coliseum Authority debt (B)	45,512	-	4,128	41,384	4,335
Estimated environmental cost (B)	873	-	717	156	50
Self-insurance liability - workers' compensation (B)	99,955	19,388	25,315	94,028	17,618
Self-insurance liability - general liability (B)	40,978	37,059	26,237	51,800	21,855
Interest rate swap agreement	6,019	-	2,332	3,687	1,500
Total other long-term liabilities	<u>240,388</u>	<u>111,460</u>	<u>111,706</u>	<u>240,142</u>	<u>80,219</u>
Total governmental activities	<u>\$ 1,109,675</u>	<u>\$ 175,399</u>	<u>\$ 205,788</u>	<u>\$ 1,079,286</u>	<u>\$ 174,773</u>
Business-type activities:					
Sewer fund - bonds payable	\$ 34,665	\$ -	\$ 2,045	\$ 32,620	\$ 2,125
Unamortized bond premium	4,458	-	343	4,115	343
Total business-type activities	<u>\$ 39,123</u>	<u>\$ -</u>	<u>\$ 2,388</u>	<u>\$ 36,735</u>	<u>\$ 2,468</u>

Debt service payments are made from the following sources:

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

Internal service funds predominantly serve governmental funds and therefore, the long-term liabilities of these funds are included as part of the above totals for governmental activities. At June 30, 2017, \$46.9 million of bonds, notes payable, and capital leases related to the internal service funds are included in the above amounts.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

4. Annual Requirements to Maturity

Primary Government

The annual repayment schedules for governmental activities' long-term debt as of June 30, 2017, are as follows (in thousands):

Governmental Activities ¹						
Year Ending June 30	General Obligation Bonds		Lease Revenue Bonds		Special Assessment District Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 12,705	\$ 10,156	\$ 5,660	\$ 3,398	\$ 365	\$ 237
2019	13,320	9,566	5,935	3,125	370	225
2020	13,990	8,915	6,230	2,831	400	211
2021	13,560	8,215	6,545	2,512	395	197
2022	14,250	7,537	6,885	2,176	390	183
2023-2027	47,500	28,786	40,080	5,211	1,455	715
2028-2032	50,605	17,531	-	-	595	516
2033-2037	30,590	7,230	-	-	775	311
2038-2042	13,600	2,220	-	-	590	57
2043-2047	6,535	702	-	-	-	-
Total	\$ 216,655	\$ 100,858	\$ 71,335	\$ 19,253	\$ 5,335	\$ 2,652

Year Ending June 30	Loan Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2018	\$ 2,250	\$ 55	\$ 18,200	\$ 1,461
2019	4,125	101	16,184	1,079
2020	13,875	338	13,039	740
2021	4,250	104	7,825	479
2022	-	-	5,654	284
2023-2027	-	-	6,900	363
Subtotal	24,500	598	67,802	4,406
Less: amount not withdrawn	(16,479)	-	-	-
Total	\$ 8,021	\$ 598	\$ 67,802	\$ 4,406

Year Ending June 30	Pension Obligation Bonds			Total		
	Principal	Accreted Interest	Interest	Principal	Accreted Interest	Interest
2018	\$ 25,274	\$ 28,807	39,162	\$ 64,454	\$ 28,807	\$ 54,469
2019	24,708	30,841	41,001	64,642	30,841	55,097
2020	24,316	32,801	42,710	71,850	32,801	55,745
2021	23,992	34,778	44,390	56,567	34,778	55,897
2022	23,758	36,728	46,002	50,937	36,728	56,182
2023-2027	174,806	37,926	58,430	270,741	37,926	93,505
2028-2032	-	-	-	51,200	-	18,047
2033-2037	-	-	-	31,365	-	7,541
2038-2042	-	-	-	14,190	-	2,277
2043-2047	-	-	-	6,535	-	702
Subtotal	296,854	201,881	271,695	682,481	201,881	399,462
Less: unaccreted interest	-	(51,985)	-	-	(51,985)	-
Less: amount not withdrawn	-	-	-	(16,479)	-	-
Total	\$ 296,854	\$ 149,896	\$ 271,695	\$ 666,002	\$ 149,896	\$ 399,462

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

The annual repayment schedules for business-type activities' long-term debt as of June 30, 2017, are as follows (in thousands):

Year Ending June 30	Business-Type Activities	
	Sewer Revenue Bonds	
	Principal	Interest
2018	\$ 2,125	\$ 1,519
2019	2,235	1,413
2020	2,275	1,368
2021	2,370	1,277
2022	2,490	1,159
2023-2027	14,345	3,893
2028-2031	6,780	513
Total	\$ 32,620	\$ 11,142

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 \$43.8 million. The principal and interest payments made in 2017 were \$3.6 million and pledged revenues (total net revenues calculated in accordance with the bond indenture) for the year ended June 30, 2017 were \$23.3 million.

5. New Debt Issuance

General Obligation Bonds - Series 2017C, Measure DD

On November 5, 2002, the City voters approved Measure DD to provide funds to acquire and construct water quality improvements for and related to Lake Merritt, Lake Merritt Channel, the Estuary and creeks in Oakland, to improve, renovate and construct youth and public recreational facilities, to rehabilitate and acquire parks, open space and other recreational, safety and maintenance facilities, and to provide safe public access to Lake Merritt, Lake Merritt Channel and the Estuary. In 2003, the City issued \$71,450,000 General Obligation Bonds (Series 2003A, Measure DD) and in 2009, the City issued \$64,545,000 General Obligation Bonds (Series 2009B, Measure DD).

On January 12, 2017, the City issued General Obligation Bonds Series 2017 C, Measure DD (Series 2017C Bonds) in the amount of \$26,500,000 with interest rates ranging from 2.0% to 5.0% and maturity from January 15, 2018 to January 15, 2047. After the issuance of the Series 2017C Bonds, authorization for the issuance of \$35,755,000 of authorized bonds will remain. The debt service payments on these bonds are funded through ad valorem taxes on property.

General Obligation Bonds - Measure KK

At June 30, 2017, the City has \$600.0 million (Measure KK) General Obligation Bonds authorized and unissued. The voters, in a City election on November 8, 2016, authorized these bonds. The bonds are to be issued by the City in general obligation bonds to improve public safety and invest in neighborhoods throughout Oakland by re-paving streets to remove potholes, rebuilding cracked and deteriorating sidewalks, funding bicycle and pedestrian safety improvements, funding affordable housing for Oaklanders, and providing funds for facility improvements, such as, neighborhood recreation centers, playgrounds, and libraries.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Loan Payable - Oakland Army Base Credit Agreement

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

On February 16, 2017, the City entered into a credit agreement with JPMorgan Chase Bank, N.A. (JPMorgan) whereby JPMorgan agreed to loan the City an amount not to exceed \$24.5 million to support the OAB Project. The loan, evidenced by a promissory note, bears interest at 2.44% on scheduled amounts funded, has an unused fee rate of seven basis points per annum, and has interest payments on the fifteenth day of each January, April, July and October, and matures July 15, 2020. As of June 30, 2017, the City has a principal balance of \$8.0 million advanced under the JPMorgan loan.

The JPMorgan loan is secured by the pledge of revenues under the Alameda CTC Administered Funds received by the City until the final maturity date of the loan. At June 30, 2017, the total principal and interest remaining on this loan is approximately \$8.6 million. For the year ended June 30, 2017, the City collected \$12.6 million in ACTC Administered Funds and made total debt service payments in the amount of \$35 thousand.

Master Lease – Vehicle and Equipment Lease 2016

On December 15, 2016, the City entered into a Master Lease-Purchase Agreement to provide financing to purchase vehicles and equipment as follows (in thousands):

Governmental Activities			
Equipment Group	Final Maturity Year	Interest Rates	Amount
No. 1 - Vehicle Replacements	2020	1.37%	\$ 4,056
No. 2 - Vehicle Replacements	2022	1.48%	3,504
No. 3 - Vehicle Replacements	2024	1.62%	1,510
No. 4 - Vehicle Replacements	2027	1.77%	2,345
Total			\$ 11,415

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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, 2017 (in thousands):

Oakland Redevelopment Successor Agency			
Type of Obligation	Final Maturity Year	Remaining Interest Rates	Amount
Bonds payable:			
Tax Allocation Bonds	2041	4.00 - 8.50%	\$ 249,765
Subordinated Housing Set-Aside Bonds	2042	5.38 - 9.25%	39,720
ORSA Subordinated Tax Allocation Refunding Bonds	2037	1.33 - 5.00%	88,745
Unamortized premiums and discounts, net			7,070
Total bonds payable			\$ 385,300

2. Revenues Pledged for the Repayment of Debt Service

Tax Allocation Bonds

The Tax Allocation Bonds (TAB), which are comprised of Series 2006T, Series 2009T, Series 2006A TE/T, Series 2006B TE/T, Series 2006C TE/T, Series 2010T and Refunding Bond Series 2013 are issued primarily to finance redevelopment projects and are all secured by pledge of redevelopment property tax revenues (i.e. former tax increment), consisting of a portion of taxes levied upon all taxable properties within each of the tax increment generating redevelopment project areas, and are equally and ratably secured on a parity with each TAB series.

As of June 30, 2017, the total principal and interest remaining on these TABs was estimated at \$356.0 million and the property tax revenues are pledged until the year 2041, the final maturity date of the bonds. The Former Agency's debt service payments are requested through the ROPS as enforceable obligations until the debt obligations have been satisfied.

Historically, upon receipt of property tax increment, the Former Agency calculated the 80 percent and 20 percent and the voluntary 5 percent amount of tax increment and would then transfer the 20 percent and 5 percent portion to the Low and Moderate Income Housing Fund, as required by the California HSC and the Former Agency board resolution. The previous requirement to bifurcate the tax increment into 80 percent and 20 percent portions was eliminated in AB X1 26. However, in order to maintain compliance with bond indentures secured by the 80 percent and 20 percent tax increment, the ORSA plans to request the funds through the ROPS from the Trust Fund pursuant to HSC Section 34183(a)(2)(A), and segregate the funds in the debt service funds accordingly until the debt obligations have been satisfied.

Housing Set-Aside Bonds

The Housing set-aside bonds, which are comprised of Series 2006A, Series 2006A-T and Series 2011A-T are issued to finance affordable housing projects and are secured by a pledge and lien upon the 20% redevelopment property tax revenue (i.e. former tax increment) set-aside for the low and moderate income housing fund.

As of June 30, 2017, the total principal and interest remaining on the Housing set-aside bonds was estimated at \$93.2 million and the property tax revenues are pledged until the year 2042, the final

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

maturity date of the bonds. The former Agency's debt service payments are requested through the ROPS as enforceable obligations until the debt obligations have been satisfied.

In the future, in order to maintain compliance with bond indentures secured by the 20 percent tax increment, the ORSA plans to request the funds through the ROPS from the Trust Fund pursuant to HSC Section 34183 (a)(2)(A), and segregate the funds in the debt service funds accordingly until the debt obligations have been satisfied.

Subordinated Tax Allocation Refunding Bonds

The 2015 Bonds are limited obligations of the ORSA and payable from and secured by pledged tax revenues. Pledged tax revenues are tax increment revenues that were eligible for allocation to the Former Agency and are allocated to the ORSA, excluding (i) tax revenues required to pay debt service on the existing bonds, (ii) certain amounts required to be paid under the Uptown Ground Lease and the 17th Street Garage Disposition and Development Agreement, and (iii) amounts required to be paid to taxing entities pursuant to the Dissolution Act, unless such payments are subordinated.

3. Summary of Changes in Long-Term Obligations

The changes in long-term obligations for the year ended June 30, 2017, are as follows (in thousands):

Oakland Redevelopment Successor Agency					
	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Amounts due within one year
Tax allocation bonds	\$ 273,060	\$ -	\$ 23,295	\$ 249,765	\$ 23,650
Housing set-aside bonds	45,225	-	5,505	39,720	1,935
Subordinated tax allocation refunding bonds	89,185	-	440	88,745	4,340
Unamortized premium and discounts:					
Issuance premiums	10,232	-	1,319	8,913	1,318
Issuance discounts	(1,979)	-	(136)	(1,843)	(136)
Total ORSA	\$ 415,723	\$ -	\$ 30,423	\$ 385,300	\$ 31,107

4. Annual Requirements to Maturity

The debt service requirements for all debt are based upon a fixed rate of interest. The annual requirements to amortize outstanding tax allocation bonds and other long-term debt outstanding as of June 30, 2017, including mandatory sinking fund payments, are as follows (in thousands):

Oakland Redevelopment Successor Agency						
Year Ending June 30	Tax Allocation Bonds		Housing Set-Aside Bonds		Subordinate Refunding Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 23,650	\$ 13,366	\$ 1,935	\$ 3,389	\$ 4,340	\$ 3,710
2019	25,520	11,973	2,075	3,239	4,425	3,622
2020	26,700	10,479	2,235	3,077	4,515	3,509
2021	28,175	8,871	2,400	2,897	4,645	3,373
2022	24,330	7,416	2,515	2,701	4,795	3,216
2023-2027	37,930	28,687	5,620	11,530	13,440	14,137
2028-2032	44,075	18,217	210	10,527	12,850	11,484
2033-2037	33,925	6,354	35	10,504	39,735	6,204
2038-2042	5,460	828	22,695	5,618	-	-
Total	\$ 249,765	\$ 106,191	\$ 39,720	\$ 53,482	\$ 88,745	\$ 49,255

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Component Unit- Port of Oakland (Port)

1. Summary Schedule of Long-Term Debt

The following is a summary of long-term debt of the Port as of June 30, 2017 (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	3.375 - 5.125%	\$ 979,565
Notes and loans	2030	0.42 - 4.50%	102,272
Unamortized bond discounts and premiums, net			38,784
Total bonds, notes, and loans payable			\$ 1,120,621

2. Revenues Pledged for the Repayment of Debt Service

The Port's long-term debt and final maturity consists primarily of tax-exempt bonds, short-term commercial paper notes and a loan from the California Department of Boating and Waterways. All of the Port's outstanding bonds, loans and commercial paper notes have been issued to finance or refinance capital improvements to the Port's aviation, maritime, and commercial real estate infrastructure. The majority of the Port's outstanding bonds are revenue bonds, which are secured by Pledged Revenues of the Port. Pledged Revenues are substantially all revenues and other cash receipts of the Port, including, without limitation, amounts held in the Port Revenue Fund with the City, but excluding amounts received from certain taxes, certain insurance proceeds, special facilities revenues, and certain other gifts, fees, and grants that are restricted by their terms to purposes inconsistent with the payment of debt service. In fiscal year 2017 pledged revenues amounted to \$361.3 million.

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

The Port did not capitalize any interest cost in fiscal year 2017.

Senior Lien Bonds

2011 Series O, 2012 Series P, and 2012 Series Q (collectively, the Senior Lien Bonds) are issued under the Senior Trust Indenture and are paid from Pledged Revenues first. As long as any Senior Lien Bonds remain outstanding, the Port has covenanted to collect rates, tolls, fees, rentals and charges so that Pledged Revenues in each fiscal year will be sufficient to pay all of the following amounts: (i) the sum of principal and interest on the outstanding Senior Lien Bonds; (ii) all other payments required for compliance with terms of the Senior Trust Indenture including, but not limited to, required deposits to any Reserve Fund; (iii) all other payments necessary to meet ongoing legal obligations to be paid from Pledged Revenues; and (iv) operation and maintenance expenses of the Port. In addition, payment of principal and interest on the Senior Lien Bonds when due is secured by a reserve fund held by the trustee and invested in U.S. Treasury Notes.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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).

California Department of Boating and Waterways (DBW) Loan

The DBW Loan is subordinate to the Senior Lien Bonds but superior to the Intermediate Lien Bonds and the Port's Commercial Paper Notes with respect to the Pledged Revenues. The Port turned over the operation of its marina, financed, in part, with DBW Loans, to a private company through a fifty-year capital lease in May 2004. As of June 30, 2017, only one DBW Loan remained outstanding with a balance of \$4.4 million.

Intermediate Lien Bonds

The 2007 Series A, Series B and Series C Bonds (collectively, the Intermediate Lien Bonds) issued under the Intermediate Trust Indenture are next in payment priority. The Intermediate Lien Bonds are paid from the Intermediate Lien Pledged Revenues. The Intermediate Lien Pledged Revenues are the Pledged Revenues after payment first, of all amounts payable for any Senior Lien Bonds and second, any debt service requirements payable on the DBW Loan. Payment of principal and interest on the Intermediate Lien Bonds when due is secured by a debt service reserve surety policy, as well as being insured by municipal bond insurance policies.

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

Commercial Paper Notes

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

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

As of June 30, 2017, the outstanding balance of CP Notes under the Port's ABC Series of CP is \$51.4 million, while the outstanding balance of CP Notes under the Port's DEF Series of CP is \$46.4 million.

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

3. Summary of Changes in Long-Term Obligations

The changes in the Port's long-term obligations for the year ended June 30, 2017, are as follows (in thousands):

Component Unit - Port of Oakland					
	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	Amounts due within one year
Bonds and notes payable:					
Senior and intermediate lien bonds	\$ 1,028,550	\$ -	\$ 48,985	\$ 979,565	\$ 52,950
Notes and loans payable	89,269	17,250	4,247	102,272	268
Unamortized premium and discounts, net	44,367	(80)	5,503	38,784	5,185
Total bonds and notes payable	<u>1,162,186</u>	<u>17,170</u>	<u>58,735</u>	<u>1,120,621</u>	<u>58,403</u>
Other long-term liabilities:					
Accrued vacation, sick leave, and compensatory time	6,511	1,738	1,544	6,705	5,660
Environmental remediation	15,062	4,315	4,038	15,339	3,256
Self-insurance liability - workers' compensation	12,249	312	1,279	11,282	1,280
Other long-term liabilities	24,908	1,045	2,459	23,494	5,300
Total other long-term liabilities	<u>58,730</u>	<u>7,410</u>	<u>9,320</u>	<u>56,820</u>	<u>15,496</u>
Total component unit	<u>\$ 1,220,916</u>	<u>\$ 24,580</u>	<u>\$ 68,055</u>	<u>\$ 1,177,441</u>	<u>\$ 73,899</u>

4. Annual Requirements to Maturity

The Port's required annual debt service payment for the outstanding long-term debt, not including Commercial Paper Notes, as of June 30, 2017, are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2018	\$ 85,822 ⁽¹⁾	\$ 54,117	\$ 139,939
2019	90,013	49,614	139,627
2020	87,366	44,288	131,654
2021	56,415	40,032	96,447
2022	60,618	37,434	98,052
2023-2027	349,575	137,645	487,220
2028-2032	315,088	49,732	364,820
2033	36,940	1,800	38,740
Total	<u>\$ 1,081,837</u>	<u>\$ 414,662</u>	<u>\$ 1,496,499</u>

⁽¹⁾ Although the Port intends to refinance the Commercial Paper debt in the future, for purposes of this schedule, Commercial Paper debt is amortized over the fiscal years 2018-2020 pursuant to the "Term Loan" provisions of the Commercial Paper Reimbursement Agreements.

The Port's required debt service payments on its Senior Lien Bonds and Intermediate Lien Bonds are due each May 1 and November 1 through May 1, 2033. The California Department of Boating and Waterways loan is due each August 1 through August 1, 2029. Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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

2. Legal Debt Limit and Legal Debt Margin

As of June 30, 2017, the City's debt limit (3.75% of valuation subject to taxation) was \$1.4 billion. The total amount of debt applicable to the debt limit was \$216.7 million. The resulting legal debt margin was \$1.2 billion.

3. Prior Years' Debt Defeasance

In prior years, the City defeased various bond issues by creating separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and is therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2017, the principal amount of defeased debt outstanding is \$55.9 million.

4. Conduit Debt

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

The conduit debt issued and outstanding at June 30, 2017 (in thousands):

	Authorized and Issued	Maturity	Outstanding at June 30, 2017
Oakland JPFA Revenue Bond 2001 Series A Fruitvale Transit Village (Fruitvale Development Corporation)	\$ 19,800	07/01/33	\$ 13,155

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

H. 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 December 9, 2014, the City Council revised the reserve policy criteria for the definition and use of excess Real Estate Transfer Tax (RETT) revenue, and use of one-time revenues (Ordinance No. 13279). The policy defines excess Real Estate Transfer Tax as any amounts of projected RETT revenues whose value exceeds 14% of the corresponding General Purpose Fund Tax Revenues (inclusive of RETT). The excess RETT shall be used in the following manner:

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

Use of the "excess" RETT revenue for purposes other than those established above may only be allowed by a super majority vote (6 out of 8) 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 revenues:

- Fiscal prudence and conservancy requires that one time revenues not be used for recurring expenses. Therefore, upon receipt of one time revenues, such revenues shall be used in the following manner, unless legally restricted to other purposes: to fund one time expenditures, to fund accelerated debt retirement and unfunded long-term obligations: including negative funds balances, to fund the Police and Fire Retirement System (PFRS) liability, to fund other unfunded retirement and pension liabilities, unfunded paid leave liabilities, to fund Other Postemployment Retirement Benefits (OPEB); or shall remain as fund balance in the appropriate fund.

Use of the "one time revenues" for purposes other than those established above may only be allowed by a super majority vote (6 out of 8) of the City Council through a separate resolution. Additionally, the policy includes the requirement that the City maintain a Vital Services Stabilization Fund. In years when the city projects that total General Purpose Fund revenues for the upcoming fiscal year will be less than the current year's revenues, or anytime service reductions (such as layoffs or furloughs) are contemplated due to adverse financial conditions, use of this fund must be considered so as to maintain existing service levels as much as possible, and to minimize associated impacts; and the adopted budget may appropriate funds from the Vital Services Stabilization Fund to preserve City operations; however, the budget may not appropriate more than sixty percent of the reserve balance in any year.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

As of June 30, 2017, the City has \$77.5 million in the GPF fund balance. Of this amount, \$42.8 million is set aside to meet the mandated 7.5% required reserve, and is reported in the assigned fund balance of the General Fund.

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 no settlement amounts have exceeded commercial insurance coverage.

The City is self-insured for its general liability, malpractice liability, public official's errors and omissions, products and completed operations, employment practices liability, and auto liability up to \$3,000,000 retention level and up to \$750,000 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. Payment of claims is provided through annual appropriations, which are based on claim payment experience and supplemental appropriations. Of the \$94.0 million in claims liabilities as of June 30, 2017, approximately \$17.6 million is estimated to be due within one year.

Changes in self-insurance workers' compensation for the years ended June 30, 2017 and 2016 are as follows (in thousands):

	2017	2016
Self-insurance liability -		
workers' compensation, beginning of year	\$ 99,955	\$ 86,726
Current year claims and changes in estimates	19,388	34,654
Claims payments	(25,315)	(21,425)
Self-insurance liability - workers' compensation, end of year	\$ 94,028	\$ 99,955

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, 2017

3. General Liability

Numerous lawsuits are pending or threatened against the City. The City estimates that as of June 30, 2017, the amount of liability determined to be probable of occurrence is approximately \$51.8 million. Of this amount, claims and litigation approximating \$21.9 million are estimated to be due within one year. The recorded liability is the City's best estimate based on available information and may be revised as further information is obtained and as pending cases are litigated. The City and the ORSA are involved in various claims and litigation arising in the ordinary course of its activities. In the opinion of the ORSA's in-house counsel and the City Attorney's Office for the City, none of these claims are expected to have a significant impact on the financial position or changes in financial position of the City and the ORSA. 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, 2017 and 2016 are as follows (in thousands):

	<u>2017</u>	<u>2016</u>
Self-insurance liability - general liability, beginning of year	\$ 40,978	\$ 36,768
Current year claims and changes in estimates	37,059	25,127
Claims payments	<u>(26,237)</u>	<u>(20,917)</u>
Self-insurance liability - general liability, end of year	<u>\$ 51,800</u>	<u>\$ 40,978</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.

4. Insurance Coverage

On July 15, 2002, the City entered into a contract with the California State Association of Counties Excess Insurance Authority (CSAC EIA), a joint powers authority, whose purpose is to develop and fund programs of excess insurance for its member counties and cities. Effective July 1, 2016, the self-insured retention levels and purchased insurance per occurrence are as follows:

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

5. Warehouse Fire Related Litigation

Litigation has been filed against the City arising from the tragic fire at an Oakland warehouse that resulted in the deaths of 36 persons on December 2, 2016. Initially, on May 24, 2017, plaintiffs in In Re Ghost Ship Fire Litigation, Case No. RG16843631 (And Related Cases) filed a Master Claim against the City. The Master Claims were deemed denied on June 14, 2017. Following the denial of the claims, fifty-one suits have been filed against the City, all via adoption of a common First Amended Master Complaint. The City could be found liable for damages and incur significant defense costs. However, the City has strong immunity defenses and will vigorously defend litigation

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

against it, including seeking judgments in favor of the City through dispositive motions. The litigation is in the very early stages and the City is unable to assess at this time the likelihood of success of any such claims or lawsuits or the potential impact on the City's revenues or operations.

Component Unit – Port of Oakland

1. Workers' Compensation

The Port is self-insured for other workers' compensation of the Port's employees. The workers' compensation liability of \$11.3 million at June 30, 2017 is based upon an actuarial study performed as of June 30, 2017 that assumed a probability level of 80% and a discount rate of 0.0%. Changes in liability, which is included as part of non-current liabilities, follows (in thousands):

	2017	2016
Self -insurance liability -		
workers' compensation, beginning of year	\$ 12,249	\$ 12,661
Current year claims and changes in estimates	312	876
Claims payments	(1,279)	(1,288)
Self -insurance liability - workers' compensation, end of year	\$ 11,282	\$ 12,249

2. General Liability - Insurance

The Port purchases insurance on certain risk exposures including but not limited to property, automobile liability, airport liability, umbrella liability, environmental liability, fidelity, fiduciary liability, and public officials liability. Port deductibles for the various insured programs range from \$10,000 to \$1,000,000 each claim. The Port is self-insured for other general liability and liability/litigation-type claims, and most first party exposures. During fiscal year 2017, the Port carried excess insurance over \$1,000,000 for the self-insured general liability and workers compensation exposures. There have been no claim payments related to these programs that exceeded insurance limits in the last three years.

3. Capital Improvement Projects

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

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

4. Gain on Long-Term Lease Terminations

92A Special Facility Bond Redemptions - In 1992 the Port issued special facilities bonds in connection with a Preferential Assignment Agreement for Berth 30 with Mitsui that obligated Mitsui to pay the debt service on these bonds. The debt service payments were recognized as rental income over the lease term. In 2004, the Port was instructed by Mitsui to call all outstanding bonds and paid the Port \$34.1 million to fund the early redemption. The payment from Mitsui was being amortized over the remaining lease term through 2019. The lease agreement was then assigned to TraPac, an affiliate of Mitsui. In October 2016, TraPac entered into a new lease agreement with the Port that terminated the original lease agreement in its entirety, effective November 1, 2016, and established an independent contract directly with TraPac with new terms and conditions. In fiscal year 2017, the Port recognized a gain on the lease termination for the unamortized 92A Special Facility Bond Redemption at November 1, 2016 of \$5.5 million.

Outer Harbor Terminal Closure - In February 2016, Outer Harbor Terminal, LLC (formerly Ports America Outer Harbor Terminal, LLC) ("OHT") filed for Chapter 11 bankruptcy protection. At that time, OHT held a 50-year lease with the Port to operate Berths 20-24, a month-to-month lease to operate Berth 25/26 (including crane maintenance), and a separate lease to operate and maintain cranes at Berths 20-24. On February 20, 2016, the Port reached a settlement agreement with OHT by which the Port would let OHT out of its lease obligations. This agreement was subsequently approved by the bankruptcy court. This event returned property to the Port that was in need of significant repairs and deferred maintenance. As of June 30, 2017, the Port estimated the cost to complete significant repairs and deferred maintenance over the next few years is approximately \$20.0 million. In fiscal year 2016, the Port recognized a gain on the lease termination composed of the following (in thousands):

Unamortized "Upfront Fee" from Berth 20-24 Lease	\$	46,977
Security deposit and lease termination fee		10,560
Lease terminal loss contingency		(22,337)
Total	\$	35,200

J. JOINT VENTURE

Oakland-Alameda County Coliseum

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Stadium Bonds – Background

In August 1995, the Coliseum Authority issued \$9.2 million in Fixed Rate Refunding Lease Revenue Bonds and \$188.5 million in Variable Rate Lease Revenue Bonds (collectively known as the Stadium Bonds) to satisfy certain obligations of the Coliseum Authority, the City, the County, the Financing Corporation and Oakland-Alameda County Coliseum Inc. (Coliseum Inc.), which then managed the operations of the Coliseum Complex, to finance the costs of remodeling the stadium portion of the Coliseum complex as well as relocating the Raiders to the City.

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

The Stadium Bonds are limited obligations of the Coliseum Authority payable solely from certain revenues of the Coliseum Authority, including revenues from the Stadium and Arena Complex and base rental payments from the City and the County. The source of the Coliseum Authority's revenues relating to football games consists primarily of a portion of the club dues, concession, and parking payments. The Coliseum Authority has pledged the base rental payments and most other revenues received under the Master Lease from the lessees, the City, and the County to the trustee to pay debt service on the bonds. In the event that football revenues and other revenues received in connection with the Stadium are insufficient to make base rental payments, the City and the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The City and the County each have covenanted to appropriate \$12 million annually to cover such shortfall in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the County could have to pay up to \$24 million annually in the event of default by the City. Base rental payments are projected to cover one hundred percent of the debt service requirements over the life of the bonds. The obligation of the City and the County to make such payments is reduced to the extent the Coliseum Authority receives revenues generated at the complex to pay debt service and for operations and maintenance. The Stadium Bonds are not general obligations of either the City or the County.

Arena Bonds – Background

On August 2, 1996, the Coliseum Authority issued \$70 million Series A-1 and \$70 million Series A-2 Variable Rate Lease Revenue Bonds (Arena Bonds) to finance the costs of remodeling the Coliseum Arena (Arena) and to satisfy certain obligations of the Coliseum Authority, the City, the County, and Coliseum Inc. in connection with the retention of the Golden State Warriors (the Warriors) to play professional basketball at the Arena for at least 20 basketball seasons, beginning with the 1997-98 season. These obligations are evidenced in a series of agreements (the Warriors Agreements) among the Warriors and the City, the County, Coliseum Inc., and the Coliseum Authority.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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

Under the Warriors Agreements, the Arena Bonds are limited obligations of the Coliseum Authority, payable solely from revenues received by the Coliseum Authority on behalf of the City and the County. Revenues consist of base rental payments from the City and County, certain payments from the Warriors of up to \$7.4 million annually from premium seating revenues, the sale of personal seat licenses by the Coliseum Authority, concessionaire payments and Arena naming rights. If necessary to prevent default, additional premium revenues up to \$10 million may be pledged to service Arena debt. If the revenues received from the Warriors and from Arena operations are not sufficient to cover the debt service requirements in any fiscal year, the City and the County are obligated to make up the shortfall in the base rental payments from their respective general funds. The County and the City each have covenanted to appropriate up to \$9.5 million annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the County could have to pay up to \$19 million annually in the event of default by the City.

Debt Compliance

Long-term debt outstanding as of June 30, 2017 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, 2017</u>
Stadium Bonds:				
2012 Refunding Series A	February 1, 2025	2.0% - 5.0%		
Lease revenue bonds			\$ 122,815	\$ 82,770
Arena Bonds:				
2015 Refunding Series A	February 1, 2025	1.0% - 4.0%		
Lease revenue bonds			79,735	68,535
Total			<u>\$ 202,550</u>	<u>\$ 151,305</u>

Debt payments during the year ended June 30, 2017 were as follows (in thousands):

	<u>Stadium</u>	<u>Arena</u>	<u>Total</u>
Principal	\$ 8,255	\$ 5,800	\$ 14,055
Interest	4,551	2,168	6,719
Total	<u>\$ 12,806</u>	<u>\$ 7,968</u>	<u>\$ 20,774</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

The following is a summary of long-term debt transactions for the year ended June 30, 2017 (in thousands):

Outstanding lease revenue bonds, beginning of year	\$	165,360
Principal repayments		(14,055)
Outstanding lease revenue bonds, end of year		151,305

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

Year Ending June 30,	Stadium Bonds		Arena Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 8,670	\$ 4,139	\$ 6,200	\$ 2,096	\$ 14,870	\$ 6,235
2019	9,100	3,705	6,600	1,991	15,700	5,696
2020	9,555	3,250	7,000	1,838	16,555	5,088
2021	10,035	2,772	7,600	1,650	17,635	4,422
2022	10,535	2,271	8,200	1,426	18,735	3,697
2023-2025	34,875	3,544	32,935	2,774	67,810	6,318
Total	\$ 82,770	\$ 19,681	\$ 68,535	\$ 11,775	\$ 151,305	\$ 31,456

Management of Coliseum Authority

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture (OCJV) to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with OCJV and reinstated its Operating Agreement with Coliseum Inc. Coliseum Inc. subcontracted all of the operations of the Coliseum Complex to OCJV. The Operating Agreement between the Coliseum Authority and Coliseum Inc. expired, by its terms, on July 31, 2006. The Coliseum Authority entered into a Termination Agreement whereby, in return for certain consideration, the Coliseum Authority agreed to perform the duties of Coliseum, Inc. on and after August 1, 2006. The Authority's management agreement with OCJV expired in June 2012. In July 2012, AEG Management Oakland, LLC took over management of the Coliseum Complex after signing a five year agreement.

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, 2017, the City made contributions of \$12.0 million to fund its share of operating deficits and debt service payments of the Coliseum Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium Bonds, such that the City and County will have to contribute to base rental payments. Of the \$24.0 million obligated, for the year ending June 30 2018, it is estimated that the City will have to contribute \$12.0 million, which is appropriated in the debt service fund. There are many uncertainties in the estimation of revenues for the Coliseum Authority beyond one year into the future; therefore, the City has established a contingent liability to fund the Coliseum Authority deficit in the statement of net position in an amount equal to its contingent share (50 percent) of the outstanding Stadium Bonds, in the amount of \$41.4 million. The City has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to cover the debt payments.

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

(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.oaklandnet.com.

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

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% of the compensation attached to the average rank held during the three years immediately preceding retirement, plus an additional allowance of 1-2/3% of such compensation for each year of service (up to ten) subsequent to: a) qualifying for retirement, and b) July 1, 1951. Early retirees received reduced benefits based on the number of years of service. Benefit provisions and all other requirements are established by the City Charter (Charter).

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

The CalPERS' provisions and benefits in effect at June 30, 2017, are summarized as follows:

<u>Tier Pension Plans</u>	<u>CalPERS Miscellaneous Plan</u>	<u>CalPERS Safety Plan</u>
Tier One (Classic Member)	Receive 2.7% at age 55. Final compensation is based on the twelve (12) highest paid consecutive months.	Receive 3% at age 50. Pension benefits are based on the one year of highest salary.
Tier Two (New Hires as of June 9, 2012)	Receive 2.5% at age 55. Final compensation is based on the highest average annual compensation of the three consecutive years.	Receive 3% at age 55. Pension benefits are based on the final average salary of 3 years under the Government Code 20037.
Tier Three: AB 340 (January 1, 2013)	Receive 2% at 62. Pension benefits are based on the final average salary of the three years subject to established cap.	Basic: 2% at age 57. Option 1: 2.5% at age 57. Option 2: 2.7% at age 57. Pension benefits are based on the final average salary of 3 years subject to established cap.

Covered Employees - As of June 30, 2017, the following employees were covered by the benefit terms of each pension plan:

	<u>PFRS Plan</u>	<u>CalPERS Miscellaneous Plan</u>	<u>CalPERS Safety Plan</u>
Inactive employees or beneficiaries currently receiving benefits	886	3,411	1,135
Inactive employees entitled to but not yet receiving benefits	-	1,679	385
Active employees	-	2,620	1,200
Total	886	7,710	2,720

3. Contributions

For the years ended June 30, 2017 and 2016, the City's actuarial determined contributions were as follows (in thousands):

	<u>2017</u>	<u>2016</u>
PFRS Plan	\$ -	\$ -
CalPERS Miscellaneous Plan	57,696	65,399
CalPERS Safety Plan	58,730	46,264
Total	\$ 116,426	\$ 111,663

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

On July 30, 2012, the City issued additional Pension Obligation Bonds (Series 2012) and contributed \$210.0 million to PFRS. As a result of a funding agreement entered into between the PFRS Board and the City, no additional contributions are required until July 1, 2017. See Note (II) G for additional information on pension obligation bonds.

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

4. Net Pension Liability

The table below shows how the net pension liability as of June 30, 2017, is distributed (in thousands).

Governmental Activities	\$	1,503,250
Business-type Activities		39,011
Component Unit - Port of Oakland		204,078
Total	\$	<u>1,746,339</u>

As of June 30, 2017, the City’s net pension liability is comprised of the following (in thousands):

PFRS Plan	\$	308,475
CalPERS Miscellaneous Plan		800,863
CalPERS Safety Plan		637,001
Total	\$	<u>1,746,339</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, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension Liability	Fiduciary Net Position	
Balance at June 30, 2015 (valuation date)	\$ 635,588	\$ 419,253	\$ 216,335
Changes for the year:			
Interest on the total pension liability	42,480	-	42,480
Changes in assumptions	43,480	-	43,480
Differences between expected and actual experience	6,978	-	6,978
Claims and settlements	-	3,593	(3,593)
Net investment income	-	(1,419)	1,419
Administrative expenses	-	(1,376)	1,376
Benefit payments, including refunds of employee contributions	(58,441)	(58,441)	-
Net changes	34,497	(57,643)	92,140
Balance at June 30, 2016 (measurement date)	\$ 670,085	\$ 361,610	\$ 308,475

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

	CalPERS Miscellaneous Plan			CalPERS Safety Plan		
	Increase (Decrease)			Increase (Decrease)		
	Total	Plan	Net Pension	Total	Plan	Net Pension
Pension Liability	Fiduciary Net Position	Pension Liability		Fiduciary Net Position		
Balance at June 30, 2015 (valuation date)	\$ 2,385,420	\$ 1,693,856	\$ 691,564	\$ 1,688,298	\$ 1,180,828	\$ 507,470
Changes for the year:						
Service cost	37,856	-	37,856	36,434	-	36,434
Interest on the total pension liability	177,626	-	177,626	129,920	-	129,920
Changes in assumptions	-	-	-	-	-	-
Differences between expected and actual experience	(16,210)	-	(16,210)	32,162	-	32,162
Contributions from the employer	-	65,067	(65,067)	-	47,172	(47,172)
Contributions from employees	-	17,291	(17,291)	-	16,221	(16,221)
Plan to plan movement	-	-	-	-	-	-
Net investment income	-	8,647	(8,647)	-	6,311	(6,311)
Administrative expenses	-	(1,032)	1,032	-	(719)	719
Benefit payments, including refunds of employee contributions	(132,473)	(132,473)	-	(80,752)	(80,752)	-
Net changes	66,799	(42,500)	109,299	117,764	(11,767)	129,531
Balance at June 30, 2016 (measurement date)	\$2,452,219	\$1,651,356	\$ 800,863	\$ 1,806,062	\$1,169,061	\$ 637,001

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

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

For the year ended June 30, 2017, the City and the Port recognized pension expense of \$206.6 million. At June 30, 2017, the City deferred outflows of resources and deferred inflows of resources related to pension items are from the following sources (in thousands):

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 135,334	\$ -
Change in assumptions	-	(30,646)
Differences between expected and actual experiences	28,948	(13,032)
Net differences between projected and actual earnings on plan investments	171,212	-
Total	\$ 335,494	\$ (43,678)

At June 30, 2017, the City reported \$116.4 million as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction to net pension liability in the year ending June 30, 2018. 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):

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2018	\$ 3,100
2019	18,202
2020	81,228
2021	52,132
2022	1,820
Total	\$ 156,482

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

6. Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2016 is provided below, including any assumptions that differ from those used in the July 1, 2015 actuarial valuation.

	<u>PFRS Plan</u>	<u>CalPERS Miscellaneous and Safety Plans</u>
Valuation date	July 1, 2016	June 30, 2015
Measurement date	June 30, 2016	June 30, 2016
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial cost method:		
Discount rate	6.44%	7.65%
Investment rate of return	6.44%	7.65%, net of pension plan investment expenses, including inflation
Inflation rate	2.75% to 2.85%	2.75%
Payroll growth	n/a	3.00%
Post retirement benefit increases	3.25%	Contract cost of living adjustment up to 2.75% until purchasing power allowance floor on purchasing power applies, 2.75% thereafter

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

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

Change in Assumptions – For the PFRS Plan, the City entered into new Memorandums of Understanding (MOU) for Police members between the valuation date and the measurement date, increasing Police retirees' Cost of Living Adjustments (COLAs). The updated procedures included the additional liability due to the new Police MOUs, and the addition of interest cost from the reduction in the discount rate 6.54% to 6.44%, offset by actual benefit payments.

Discount Rates

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Best estimates of geometric real rates of return for each major class included in the PFRS's target asset allocation as of June 30, 2016 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	2.90%
Domestic Equity	6.25%
International Equity	7.25%
Real Return	4.10%
Covered Calls	6.21%
Private Equity	8.50%
Cash	2.25%

The discount rate used to measure the total pension liability was 6.44 percent. The projection of cash flows used to determine the discount rate assumed that the City would contribute to the PFRS Plan based on its July 1, 2012 funding agreement with the PFRS. This agreement suspends City contributions until the fiscal year beginning July 1, 2017, after which they will resume, based upon the recommendation of the actuary, with a Charter requirement that the PFRS Plan's liabilities be fully funded by July 1, 2026. A cash flow projection showed that the projected fiduciary net position would be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CalPERS - The discount rate used to measure each of the CalPERS Miscellaneous Plan and the Safety Plan total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%

⁽¹⁾ An expected inflation of 2.5% used for this period.

⁽²⁾ An expected inflation of 3.0% used for this period.

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

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

	<u>1% Decrease at 5.54%</u>	<u>Measurement Date at 6.54%</u>	<u>1% Increase at 7.54%</u>
PFRS Plan	\$ 373,903	\$ 308,475	\$ 252,938
	<u>1% Decrease at 6.65%</u>	<u>Measurement Date at 7.65%</u>	<u>1% Increase at 8.65%</u>
CalPERS Miscellaneous Plan	\$ 1,098,436	\$ 800,863	\$ 552,568
CalPERS Safety Plan	894,512	637,001	427,111

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

B. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Primary Government

1. Plan Description

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

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

The City's single-employer defined benefit retiree health plan (Retiree 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 Retiree Health Plan also includes dental and vision benefits and reimbursement of Medicare part B monthly insurance premium. The Retiree Health Plan does not issue a separate financial report.

2. Funding Policy

The City pays part of the health insurance premiums for all retirees from City employment receiving a pension annuity earned through City service and participating in a City-sponsored CalPERS health benefit plan on a pay-as-you-go basis. The City paid \$20.4 million for retirees under this program for the year ended June 30, 2017.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

3. Annual OPEB Cost and Net OPEB Obligation

The City's annual postemployment benefit cost and net OPEB obligation for the Retiree Health Plan as of and for the year ended June 30, 2017 were as follows (in thousands):

Annual Required Contribution (ARC)	\$	77,740
Interest on net OPEB obligation		12,201
Adjustment to ARC		(14,555)
Annual OPEB cost		75,386
Employer contribution		(20,425)
Increase in net OPEB obligation		54,961
Net OPEB obligation, beginning of year		305,024
Net OPEB obligation, end of year	\$	359,985

The City's annual OPEB cost, the percentage of annual OPEB cost contributed during the fiscal year, and the net OPEB obligation at the end of the year for the City's single employer Retiree Health Plan were as follows (in thousands):

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 41,585	47.5%	\$ 256,922
2016	68,584	29.9%	305,324
2017	75,386	27.1%	359,985

4. OPEB Funded Status and Funding Progress

As summarized in the table below, as of July 1, 2015, the most recent actuarial valuation date, the City's Retiree Health Plan was 0.3 percent funded on an actuarial basis. The City is on a pay-as-you-go funding progress.

The specific funded status for the OPEB plan is summarized in the table below, as of July 1, 2015 (in thousands):

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2015	\$ 862,892	\$ 2,902	\$ 859,990	0.3%	\$ 360,858	238.3%

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the Notes to the Basic Financial Statements, presents information about whether the actuarial value of plan assets increased or decreased in relation to the actuarial accrued liability for benefits.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

5. Actuarial Methods and Assumptions for OPEB Plan

Projections of benefits for financial reporting purposes are based on the substantive plan in effect and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrual liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The more significant actuarial methods and assumptions used in the calculations of the annual OPEB cost and the annual required contribution for the year ended June 30, 2017 and the funded status as of July 1, 2015 are as follows:

<u>Description</u>	<u>Method/Assumption</u>
Valuation Date	July 1, 2015 ¹
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Pay roll, Open Period
Average Remaining Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Blended Discount Rate ¹	4.00%
Investment Rate of Return	7.28%
Expected Return on City Assets	3.80%
Projected Salary Increases	2.5% per year growth
Ultimate Rate of Medical Inflation	4.50%
Years to Ultimate Rate of Medical Inflation	20 years
Inflation	2.50%
Demographic Rate	Retirement benefit at 3% @ 50 formula for Safety employees and at 2.7% @ 55 formula for Miscellaneous employees.

¹ The City began to partially pre-fund the ARC in June 2014 by participating in CERBT sponsored by CalPERS, and therefore the discount rate is a blend of the expected return on assets for the CERBT assets and the expected return on the City's general assets.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Changes in Actuarial Assumptions from the City's prior valuation dated July 1, 2014 include:

- *Discount rate* – The discount rate was lowered from 5.59% to 4.0%, reflecting the actual amount of payments made to the CERBT in addition to benefits paid.
- *Implicit subsidy* – The true cost of coverage for retirees age 55 to 64 is greater than the cost of the same coverage for the typical group of active employees. Employers who also treat the cost as being the same often are providing implicit subsidies for retirees. The cost difference, implicit subsidy, is equal to the “true” cost of providing retiree medical coverage minus the average active/retiree cost (i.e. the premium charged). Until recently, an implicit subsidy was assumed to not exist for community rated plans. However, Actuarial Standard of Practice (ASOP) No. 6 modified this assumption, making it necessary to value an implied subsidy cost for these plans effective for actuarial valuations on or after March 31, 2015. Since the City participates in the Public Employees' Medical and Hospital Care Act (PEMHCA) plans, which are considered community rated plans, the City has not needed to value an implied subsidy cost until this actuarial valuation.
- *Demographic assumptions* - The rates of retirement, withdrawal, disability retirement, and mortality assumptions are used for participants in CalPERS, and are based on the most recent CalPERS Experience Study completed January 2014 and approved by the CalPERS Board in February 2014.

Component Unit – Port of Oakland

1. Plan Description

The Port contributes to 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 Health Plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through CalPERS, subject to certain limitations described below. Additionally, through the Port's Retiree Health Plan, employees hired before October 1, 2009 [before January 1, 2013 for members of the Services Employees International Union (SEIU) and International Brotherhood of Electrical Workers (IBEW)] are eligible to receive dental and vision benefits.

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Under the adopted vesting schedule, the Port shall pay a percentage of retiree medical coverage for a retiree and his or her eligible dependents based on the provisions of Section 22893 of the California Government Code. Under these rules, a retiree must have at least 10 years of credited service with a CalPERS agency, at least 5 of which are with the City/Port.

The Port will pay a percentage of employer contributions for the Retiree based upon the following:

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

2. Funding Policy

Benefit provisions are established and are amended through negotiations between the Port and the various bargaining units during each bargaining period. The Port pays a portion of retiree benefit expenses on a pay-as-you-go basis to third parties, outside of the CERBT fund, and funds the remaining annual required contribution (ARC) to the CERBT fund.

As of June 30, 2017, there were approximately 575 employees who had retired from the Port and were participating in the Port's Retiree Health Plan. During the year ended June 30, 2017, the Port contributed \$6.4 million to the CERBT and made payments of \$7.4 million on behalf of eligible retirees to third parties outside of the CERBT fund.

3. Annual OPEB Cost and Net OPEB Obligation

The Port's annual OPEB cost is equal to (a) ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45, plus (b) one year's interest on the beginning balance of the net OPEB obligation, and minus (c) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a "closed" period of 30 years.

The following table shows the components of the Port's annual OPEB cost for the year, the amount contributed, and changes in the net OPEB obligation to the Plan as of June 30, 2017 (in thousands):

Annual Required Contribution (ARC)	\$ 13,725
Interest on net OPEB obligation	708
Adjustment to ARC	(779)
Annual OPEB cost	<u>13,654</u>
Employer Contribution	(13,796)
Increase in net OPEB obligation	<u>(142)</u>
Net OPEB obligation, beginning of year	10,121
Net OPEB obligation, end of year	<u>\$ 9,979</u>

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

The Port's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior two years are as follows (in thousands):

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 12,780	101.2%	\$ 10,249
2016	13,653	100.9%	10,121
2017	13,654	101.0%	9,979

4. Funded Status and Funding Progress

The table below indicates the funded status of the Plan as of June 30, 2015, the most recent actuarial valuation date (in thousands):

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
6/30/2015	\$ 157,351	\$ 47,870	\$ 109,481	30.4%	\$ 50,093	219%

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan in effect and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial cost method used for determining the benefit obligations of the Port is the Projected Unit Credit Cost Method. Under the principles of this method, the actuarial present value of the projected benefits is the value of benefits expected to be paid for active and retired employees. The AAL is the present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The ARC for fiscal year 2017 was based on an actuarial valuation of the Port's plan as of June 30, 2015, which amortized the Port's UAAL over a "closed" period of 30 years beginning June 30, 2013. There are 28 years remaining as of June 30, 2015.

Actuarial assumptions used for the valuation of the Port's plan include a discount rate, which is based on the CERBT expected rate of return for the plan assets, and annual health care cost trends, which is based on the "Getzen" model published by the Society of Actuaries. The June 30, 2015 valuation used

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

a discount rate of 7.00% and annual healthcare costs were assumed to increase at rates ranging from 2.75% to 8.25%, and a general inflation rate of 2.5% was used.

The schedules presented as Required Supplementary Information following the notes to basic the financial statements, presents multiyear trend information. The Schedule of Funding Progress – Port of Oakland Postemployment Benefits presents information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

C. COMMITMENTS AND CONTINGENCIES

1. Construction Commitments

As of June 30, 2017, the City had construction commitments for the acquisition and construction of assets as follows (in thousands):

	General Fund	Federal/State Grant Fund	Municipal Capital Improvement	Other Special Revenue	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Building facilities and infrastructure	\$ 124	\$ 1,579	\$ 7,965	\$ 103	\$ 42,897	\$ 1,132	\$ 53,800
Parks and open space	-	831	23,957	812	2,082	-	27,682
Sewers and storm drains	-	158	-	-	-	-	158
Streets and sidewalks	1,016	12,878	27,088	46	12,602	-	53,630
Technology enhancements	7,489	100	1,930	-	166	4,704	14,389
Traffic improvements	-	2,413	3,582	14	7,393	-	13,402
Total	\$ 8,629	\$ 17,959	\$ 64,522	\$ 975	\$ 65,140	\$ 5,836	\$ 163,061

	Sewer Fund	Nonmajor Parks and Recreation	Total Business-Type Activities
Parks and open space	\$ 13	\$ -	\$ 13
Sewers and storm drains	35,937	-	35,937
Streets and sidewalks	1,128	-	1,128
Traffic improvements	398	-	398
Total	\$ 37,476	\$ -	\$ 37,476

2. Other Commitments and Contingencies

ORSA Encumbrances

As of June 30, 2017, the ORSA had encumbered \$818.3 million for contracted obligations, per the Recognized Obligations Payment Schedule covering the period July 1, 2017 through June 30, 2018, which was approved by the California Department of Finance on May 17, 2017.

Component Unit – Port of Oakland

As of June 30, 2017, the Port had construction commitments for the acquisition and construction of assets as follows (in thousands):

Aviation	\$ 69,784
Maritime	76
Total	\$ 69,860

The most significant projects for which the Port has contractual commitments for construction are the Runway 12/30 Rehabilitation project of \$49.6 million and the International Arrivals Building upgrades for \$16.4 million.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

1. Power Purchases

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

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

In addition to the aforementioned power purchase agreements, the Port had outstanding, as of June 30, 2017, multiple forward power purchase contracts totaling approximately \$3.9 million with Powerex Corporation and Shell Energy North America. The forward power purchase contracts have various expiration dates through December 31, 2019.

2. Environmental Remediation

The entitlements for the Airport Development Program (“ADP”) subject the Port to obligations arising from the adopted ADP Mitigation Monitoring and Reporting Program required under: the California Environmental Quality Act; permits issued by numerous regulatory agencies including the Regional Water Quality Control Board and the Bay Conservation and Development Commission; and settlement agreements. The majority of these obligations have been met, and monitoring and reporting are ongoing.

A summary of the Port’s environmental remediation liability accounts, net of the estimated recoveries, included in long-term obligations on the statement of net position at June 30, 2017, is as follows (in thousands):

Obligating Event	Liability	Estimated Recovery
Pollution poses an imminent danger to the public or environment	\$ 1,525	\$ -
Identified as responsible to clean up pollution	11,322	2
Begins or legally obligates to clean up or post-clean up activities	2,492	-
Total by obligating event	\$ 15,339	\$ 2

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

The environmental remediation liability accounts in the summary tables are listed by the initial obligating event. Due to new information, the obligating event may change from the initial obligating event. Obligating events include without limitations: 1) the Port is named, or evidence indicates that it will be named, by a regulator such as the Department of Toxic Substances Control or the Regional Water Quality Control Board, as a responsible party or potentially responsible party for remediation; and 2) the Port has commenced, or has legally obligated itself to commence, clean-up activities or monitoring or operation and maintenance of the remediation effort (e.g., by undertaking a soil and groundwater pre-development investigation).

Methods and Assumptions

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

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

- Receipt of an administrative order.
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation.
- Completion of a corrective measures feasibility study.
- Issuance of an authorization to proceed.
- Remediation design and implementation, through and including operation and maintenance and post-remediation monitoring.
- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases.
- Changes in technology.
- Changes in legal or regulatory requirements.

3. Recoveries

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

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

D. DEFICIT FUND BALANCES/NET POSITION

As of June 30, 2017, the following funds reported deficits in fund balance/net position (in thousands):

Special Revenue Funds:	
Federal/State Grant Fund.....	\$ (15,238)
Landscape and Lighting Assessment District.....	(1,468)
Debt Service Fund:	
JPFA Fund.....	(3)
Internal Service Funds:	
Equipment.....	(2,096)
Facilities.....	(27,578)
Reproduction.....	(2,967)
Central Stores.....	(5,146)
Purchasing.....	(2,138)
Other Private Purpose Trust Funds:	
Oakland Redevelopment Successor Agency Trust Fund.....	(294,078)
Private Pension Trust Fund.....	(215)

The deficit in the Federal/State Grant Fund will be cleared by grant reimbursement submitted to granting agencies, but revenue has not been received within the City's availability period. The deficit in the Landscape and Lighting Assessment District is expected to be cured from collections from special assessments. The City's equipment, facilities, reproduction, central stores, and purchasing fund deficits are expected to be funded through increased user charges in future years. During the 2011-13 Budget, the City revised the repayment plan for the internal service funds to eliminate the funds' net position deficit by 2019.

At June 30, 2017, ORSA has a negative net position of \$294.1 million. Under the former California Redevelopment Law, the Former Agency issued bonds or incurs long-term debt to finance its redevelopment projects by pledging future tax increment revenues. In general, ORSA's revenues can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The deficit in the Private Pension Trust Fund will be cured by future revenues and reduction in costs.

E. SUBSEQUENT EVENTS

Debt Issuance – City

Tax and Revenue Anticipation Notes Payable - On July 20, 2017, the City issued a \$70.6 million tax and revenue anticipation notes in advance of property tax collections. The notes were issued as one taxable series bearing an interest rate of 1.69% per annum and maturing on June 29, 2018. The notes were issued to finance the prepayment of the City's Employer Unfunded Accrued Liability contribution to CalPERS for fiscal year 2017-18. The City received a 3.55% prepayment discount from CalPERS for pre-funding.

CITY OF OAKLAND
Notes to the Basic Financial Statements (continued)
Year Ended June 30, 2017

Master Lease-Purchase Agreement, Public Safety IT Systems Lease 2017, Schedule No. 1 - On August 1, 2017, the City entered into a Master Lease-Purchase Agreement in the principal amount of \$4,900,000. This financing provides funding to upgrade, replace, and implement mission-critical public safety IT systems including 1) 911 Computer Aided Dispatch, the Records Management System, and the Fire Station Alerting System, as well as, 2) the Oakland Police Department's Performance, Reporting, and Information & Metrics Environment 2.0 (PRIME 2.0) enterprise platform. The aim of the project is to produce accurate, reliable, efficient, and modern next-generation public safety IT systems. The final maturity is August 1, 2023 and has an interest rate of 1.765%.

General Obligation Bonds, Series 2017A-1 and 2017A-2 - On August 30, 2017, City issued General Obligation Bonds Series 2017 A-1 (Tax-Exempt) and Series 2017 A-2 (Taxable) in the amount of \$62.7 million and \$55.1 million, respectively. These bonds were issued to (i) finance Measure KK projects per City Council Resolution 86773 C.M.S., 86815 C.M.S., and 86816 C.M.S.; (ii) finance Measure KK projects per City Council Resolution 86774 C.M.S. and 86814 C.M.S.; and (iii) pay for certain costs related to the issuance of the bonds. The bonds mature from January 2018 through January 2047 with interest rates ranging from 2.0% to 4.0%. Debt service payments for these bonds are funded through ad valorem taxes on property.

Debt Issuance – Port

On August 3, 2017, the Port issued Intermediate Lien Refunding Revenue Bonds 2017 Series D (Private Activity/AMT), Series E (Governmental/Non-AMT), Series F (Private Activity/Non-AMT) and Series G (Federally Taxable), collectively referred to as Series 2017, in the aggregate principal amount of \$254 million. Proceeds from the Series 2017, together with certain additional funds provided by the Port, were used to effect the refunding and defeasance of \$323.6 million of Intermediate Lien Revenue Bonds Series 2007 Series A (AMT), B (Non-AMT), and C (Non-AMT). The Series D and Series E mature on November 1, 2029 with a coupon of 5%. The Series F mature on November 1, 2019 with a coupon of 5%. The Series G matures on November 1, 2029 with coupon rates from 1.65-3.3%. The gross debt services savings through fiscal year 2030 is \$43.6 million with a present value savings of \$38.8 million.

On August 16, 2017, the Port issued \$5,584,000 of Series A (AMT) commercial paper notes, to reimburse prior capital expenditures for the Port's International Arrivals Building Upgrade project. This transaction is part of a larger plan to finance PFC-eligible Airport projects by utilizing debt when the rate of project expenditure exceeds the rate of PFC collections. In its fiscal year 2018 Capital Budget, the Port has estimated that a total of \$24.3 million will be issued for this purpose over the 5-Year Capital Improvement Plan period.

Additional Contributions to OPEB

On August 8, 2017, the City contributed the first of two one-time payments of \$10.0 million into the California Employers' Benefit Trust (CERBT) Fund to partially prefund the annual required contribution for OPEB. The FY 2017-19 Adopted Policy Budget allocated \$10.0 million each year, for a total of \$20.0 million, for this purpose.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

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

Note to schedule:

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

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

Fiscal year	2016-17	2015-16	2014-15
Measurement period	2015-16	2014-15	2013-14
Total pension liability			
Service cost	\$ 37,856	\$ 37,347	\$ 37,135
Interest on the total pension liability	177,626	172,693	166,822
Changes of assumptions	-	(39,092)	-
Differences between expected and actual experience	(16,210)	(7,769)	-
Benefit payments, including refunds of employee contributions	(132,473)	(126,730)	(121,423)
Net change in total pension liability	66,799	36,449	82,534
Total pension liability, beginning	2,385,420	2,348,971	2,266,437
Total pension liability, ending	<u>\$ 2,452,219</u>	<u>\$ 2,385,420</u>	<u>\$ 2,348,971</u>
Plan fiduciary net position			
Contributions, employer	\$ 65,067	\$ 63,531	\$ 52,556
Contributions, employee	17,291	16,904	17,431
Plan of plan resource movement	-	24	-
Net investment income	8,647	37,833	256,552
Administrative expenses	(1,032)	(1,919)	-
Benefit payments, including refunds of employee contributions	(132,473)	(126,730)	(121,423)
Net change in plan fiduciary net position	(42,500)	(10,357)	205,116
Plan fiduciary net position, beginning	1,693,856	1,704,213	1,499,097
Plan fiduciary net position, ending	<u>\$ 1,651,356</u>	<u>\$ 1,693,856</u>	<u>\$ 1,704,213</u>
Plan net pension liability	<u>\$ 800,863</u>	<u>\$ 691,564</u>	<u>\$ 644,758</u>
Plan fiduciary net position as a percentage of the total pension liability	67.3%	71.0%	72.6%
Covered payroll	\$ 200,132	\$ 200,562	\$ 188,886
Plan net pension liability as a percentage of covered payroll	400.2%	344.8%	341.3%

Note to schedule:

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts were based on the 7.50% discount rate.

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

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

Fiscal year	2016-17	2015-16	2014-15
Measurement period	2015-16	2014-15	2013-14
Total pension liability			
Service cost	\$ 36,434	\$ 32,899	\$ 34,590
Interest on the total pension liability	129,920	121,444	115,261
Changes of assumptions	-	(31,738)	-
Differences between expected and actual experience	32,162	4,892	-
Benefit payments, including refunds of employee contributions	(80,752)	(74,198)	(68,751)
Net change in total pension liability	117,764	53,299	81,100
Total pension liability, beginning	1,688,298	1,634,999	1,553,899
Total pension liability, ending	<u>\$ 1,806,062</u>	<u>\$ 1,688,298</u>	<u>\$ 1,634,999</u>
Plan fiduciary net position			
Contributions, employer	\$ 47,172	\$ 44,366	\$ 37,007
Contributions, employee	16,221	15,027	14,598
Plan to plan resource movement	-	(24)	-
Net investment income	6,311	26,057	175,344
Administrative expenses	(719)	(1,337)	-
Benefit payments, including refunds of employee contributions	(80,752)	(74,198)	(68,751)
Net change in plan fiduciary net position	(11,767)	9,891	158,198
Plan fiduciary net position, beginning	1,180,828	1,170,937	1,012,739
Plan fiduciary net position, ending	<u>\$ 1,169,061</u>	<u>\$ 1,180,828</u>	<u>\$ 1,170,937</u>
Plan net pension liability	<u>\$ 637,001</u>	<u>\$ 507,470</u>	<u>\$ 464,062</u>
Plan fiduciary net position as a percentage of the total pension liability	64.7%	69.9%	71.6%
Covered payroll	\$ 125,299	\$ 119,980	\$ 120,396
Plan net pension liability as a percentage of covered payroll	508.4%	423.0%	385.4%

Note to schedule:

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts were based on the 7.50% discount rate.

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

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

Oakland Police and Fire Retirement System

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

* Although an actuarial valuation was performed as of June 30, 2013, 2014 and 2015, no ADC was determined for 2014, 2015, and 2016, based on the City's funding policy. In July 2012, the City contributed \$210 million in pension obligation bonds proceeds to the plan.

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

Actuarial valuation date	July 1, 2012
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Recognizes 20% difference between market value and expected actuarial value each year, with a corridor of 10% around market value.
Amortization method	Level dollar closed (23 years remaining as of 7/1/2013)
Inflation	3.25% to 3.375%
Discount rate	6.75%
Projected benefit increases	Following expiration of current MOUs (6/30/15 for Police, 10/31/17 for Fire):
Police	2% per year, 3% per year for 3 year, then 3.975% (Bay Area inflation plus 0.60% productivity increase) per year.
Fire	3% per year for 3 year, then 3.975% (Bay Area inflation plus 0.60% productivity increase) per year.
Mortality (healthy)	RP-2000 Combined Healthy Table (for males, rates multiplied by 97% and ages set back 1 year), projected to improve with Scale AA using a 2006 base year.
Mortality (disabled)	CalPERS Industrial Disability Mortality Table (from 1997 - 2007 experience study) projected to improve with Scale AA using 2010 base year.

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

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

Miscellaneous Plan

Fiscal year ended June 30	2017	2016	2015**	2014
Actuarially determined contributions (ADC)	\$ 76,602	\$ 65,399	\$ 59,468	\$ 52,556
Contributions in relation to the ADC	(76,602)	(65,399)	(63,531)	(52,556)
Contribution deficiency (excess)	\$ -	\$ -	\$ (4,063)	\$ -
Covered payroll	\$ 168,584	\$ 200,132	\$ 200,562	\$ 188,886
Contributions as a percentage of covered payroll	45.44%	32.68%	31.68%	27.82%

Safety Plan

Fiscal year ended June 30	2017	2016	2015**	2014
Actuarially determined contributions	\$ 58,730	\$ 46,264	\$ 43,747	\$ 37,007
Contributions in relation to the ADC	(58,730)	(46,264)	(44,366)	(37,007)
Contribution deficiency (excess)	\$ -	\$ -	\$ (619)	\$ -
Covered payroll	\$ 153,139	\$ 125,299	\$ 119,980	\$ 120,396
Contributions as a percentage of covered payroll	38.35%	36.92%	36.98%	30.74%

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

** In fiscal year ended June 30, 2015, the contributions in relation to the actuarially determined contributions were based on estimates. The City made a \$0.06 million and a \$0.25 million adjustment to align the estimated employer contributions with the actual employer contributions per the 2015 agent-multiple employer CalPERS reports for the CalPERS Miscellaneous Plan and the Safety Plan, respectively.

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

Methods and assumptions used to determine FY 2016-17 contribution rates to CalPERS plans

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

Methods and assumptions used to determine FY 2015-16 contribution rates to CalPERS plans

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

Methods and assumptions used to determine FY 2014-15 contribution rates to CalPERS plans

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

Methods and assumptions used to determine FY 2013-14 contribution rates to CalPERS plans

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

CITY OF OAKLAND
Required Supplementary Information (unaudited)
Schedules of Funding Progress – Other Postemployment Benefits
Year Ended June 30, 2017
(In Thousands)

The schedules of funding progress below show the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to covered payroll. The required contributions were determined as part of the actuarial valuation using the entry age normal actuarial cost method.

City Other Postemployment Benefits						
Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b) *	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
7/1/2011	\$ 553,530	\$ -	\$ 553,530	0.0%	\$ 304,373	181.9%
7/1/2013	463,851	-	463,851	0.0%	322,170	144.0%
7/1/2015	862,892	2,902	859,990	0.3%	360,858	238.3%

Port Other Postemployment Benefits						
Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded (Overfunded) AAL (UAAL) (a-b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a percent of Covered Payroll ((a-b) / c)
6/30/2011	\$ 128,906	\$ 19,145	\$ 109,761	14.9%	\$ 44,627	246.0%
6/30/2013	136,616	30,715	105,901	22.5%	47,823	221.4%
6/30/2015	157,351	47,870	109,481	30.4%	50,093	218.6%

* The City began to partially pre-fund the annual required contribution in the year ended June 30, 2014 by participating in California Employers' Retiree Benefit Trust sponsored by CalPERS.

CITY OF OAKLAND
Required Supplementary Information (unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2017
(In Thousands)

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 234,805	\$ 234,805	\$ 271,985	\$ 37,180
Sales and use	50,359	50,359	53,702	3,343
Motor vehicle in-lieu	-	-	189	189
Local taxes:				
Business license	72,241	72,241	75,840	3,599
Utility consumption	50,500	50,500	52,618	2,118
Real estate transfer	69,851	69,851	79,070	9,219
Transient occupancy	19,379	19,379	23,165	3,786
Parking	12,138	12,138	10,637	(1,501)
Franchise	18,239	18,239	18,480	241
Licenses and permits	2,345	2,344	1,802	(542)
Fines and penalties	24,516	24,515	21,738	(2,777)
Interest and investment income	715	715	-	(715)
Charges for services	81,070	81,322	85,886	4,564
Federal and state grants and subventions	4,267	4,267	2,751	(1,516)
Annuity income	8,462	8,462	3,993	(4,469)
Other	1,559	1,558	2,487	929
TOTAL REVENUES	650,446	650,695	704,343	53,648
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	2,719	2,804	2,456	348
Council	4,807	4,941	4,587	354
City Administrator	16,755	19,268	16,588	2,680
City Attorney	13,358	15,048	13,574	1,474
City Auditor	1,916	1,952	1,800	152
City Clerk	4,643	5,480	5,029	451
Public Ethics Commission	918	941	917	24
Departments:				
Administrative Service Department:				
Human Resource Management	6,744	7,503	6,428	1,075
Financial Services	29,339	30,795	24,385	6,410
Information Technology	11,405	13,206	11,771	1,435
Race and Equity Department	331	402	210	192
Public Safety:				
Oakland Police Department	240,421	252,217	256,972	(4,755)
Oakland Fire Department	128,319	130,497	133,005	(2,508)
Community Service Department:				
Parks and Recreation	23,387	24,306	22,745	1,561
Library	12,573	12,231	11,901	330
Human Services Department	8,142	10,084	7,776	2,308
Community and Economic Development:				
Planning and Building	317	554	355	199
Economic & Workforce Development	10,161	10,992	9,476	1,516
Housing & Community Development	3,931	8,585	4,092	4,493
Oakland Public Works	37,306	42,333	31,804	10,529
Other	25,831	4,713	11,607	(6,894)
Capital outlay	673	6,545	2,320	4,225
Debt service:				
Principal repayment	6,095	5,243	5,100	143
Interest charges	522	372	375	(3)
TOTAL EXPENDITURES	590,613	611,012	585,273	25,739
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	59,833	39,683	119,070	27,909
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	4,452	4,452	1,488	(2,964)
Insurance claims and settlements	-	88	3,004	2,916
Transfers in	68,897	70,849	3,317	(67,532)
Transfers out	(134,191)	(174,900)	(91,672)	83,228
TOTAL OTHER FINANCING SOURCES (USES)	(60,842)	(99,511)	(83,863)	15,648
NET CHANGE IN FUND BALANCE	(1,009)	(59,828)	35,207	43,557
Fund balance (deficit) - beginning	312,718	312,718	312,718	-
FUND BALANCE (DEFICIT) - ENDING	\$ 311,709	\$ 252,890	\$ 347,925	\$ 43,557

CITY OF OAKLAND
Required Supplementary Information (unaudited)
Budgetary Comparison Schedule – Other Special Revenue Fund
For the Year Ended June 30, 2017
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 16,290	\$ 16,290	\$ 16,013	\$ (277)
Local taxes:				
Transient occupancy	5,285	5,285	5,884	599
Parking	10,318	10,318	10,249	(69)
Voter approved special tax	19,627	19,627	18,785	(842)
Licenses and permits	16,014	16,014	42,988	26,974
Fines and penalties	1,109	1,109	486	(623)
Interest and investment income	10	10	491	481
Charges for services	23,100	25,452	39,700	14,248
Federal and state grants and subventions	2,122	2,256	3,325	1,069
Other	759	759	-	(759)
TOTAL REVENUES	<u>94,634</u>	<u>97,120</u>	<u>137,921</u>	<u>40,801</u>
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	89	172	-	172
City Administrator	1,456	3,163	1,276	1,887
City Attorney	1,965	2,102	1,697	405
Departments:				
Administrative Service Department:				
Financial Services	680	704	975	(271)
Information Technology	841	892	989	(97)
Public Safety:				
Oakland Police Department	16,183	16,618	15,334	1,284
Oakland Fire Department	7,459	9,389	5,911	3,478
Community Service Department:				
Parks and Recreation	-	227	197	30
Library	17,275	17,595	15,367	2,228
Human Services Department	24,944	34,249	25,647	8,602
Community and Economic Development:				
Planning and Building	59,189	38,631	26,283	12,348
Economic & Workforce Development	761	1,440	906	534
Housing & Community Development	2,165	4,155	2,596	1,559
Oakland Public Works	6,213	8,540	5,852	2,688
Other	4,625	4,625	4,647	(22)
Capital outlay	623	4,528	267	4,261
TOTAL EXPENDITURES	<u>144,468</u>	<u>147,030</u>	<u>107,944</u>	<u>39,086</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,834)</u>	<u>(49,910)</u>	<u>29,977</u>	<u>1,715</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	24,352	20,815	15,052	(5,763)
Transfers out	(1,508)	(1,500)	-	1,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,844</u>	<u>19,315</u>	<u>15,052</u>	<u>(4,263)</u>
NET CHANGE IN FUND BALANCE	(26,990)	(30,595)	45,029	(2,548)
Fund balance (deficit) - beginning	56,816	56,816	56,816	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 29,826</u>	<u>\$ 26,221</u>	<u>\$ 101,845</u>	<u>\$ (2,548)</u>

CITY OF OAKLAND
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

(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 2015, the City Council approved the City's two-year budget for fiscal years 2016 and 2017. Although appropriations are adopted for a 24-month period, they are divided into two one-year spending plans. Agencies/departments ending the first year with budgetary non-project surplus, according to Council policy, will be allowed to carry-forward 1/3 for their operating budget, 1/3 for their capital spending, and 1/3 for reverting to the General Fund balance.

The final budgetary data presented in the required supplementary information reflects approved changes to the original 2015-17 budget. Certain projects are appropriated on a multiyear rather than annual basis. If such projects or programs are not completed at the end of the fiscal year, unexpended appropriations are carried forward to the following year with the approval of the City Administrator.

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 multiyear basis. The amounts of the projects and programs budgeted on a multiyear basis are significant compared to the items budgeted on an annual basis; therefore, a comparison of budget to actual for the fund would not be meaningful. As a result, such funds that are excluded from budgetary reporting are:

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

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

CITY OF OAKLAND
Notes to Required Supplementary Information (continued)
For the Year Ended June 30, 2017

**(2) RECONCILIATION OF OPERATIONS ON
MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS**

The governmental fund financial statements have been prepared on the modified accrual basis of accounting in accordance with GAAP. The “Budgetary Comparison Schedule – General Fund” has been prepared on a budgetary basis, which is different from GAAP.

The budgetary process is based upon accounting for certain transactions on a basis other than GAAP. The results of operations are presented in the budget to actual comparison schedule in accordance with the budgetary process (Budgetary Basis) to provide a meaningful comparison with the budget.

The main difference between actual amounts on a budgetary basis and a GAAP basis is due to timing.

In October 2001, the City entered into a debt service deposit agreement with a third party whereby the City received approximately \$9.6 million in exchange for forgoing its right to receive investment earnings on the amounts deposited with the trustee in advance of the date that the related debt was due to the bondholders. The compensation to the City was recorded as revenue in fiscal year 2002 when received on a budgetary basis. On a GAAP basis, the revenue was deferred and is being recognized over the 21-year life of the agreement. Amortization for the year ended June 30, 2017, was \$0.3 million.

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

	<u>General Fund</u>
Net change in fund balance - GAAP basis	\$ 35,590
Amortization of debt service deposit agreement	(383)
Net change in fund balance - Budgetary basis	<u>\$ 35,207</u>

The General Fund’s fund balance on a GAAP Basis is reconciled to a Budgetary Basis as of June 30, 2017, which is as follows (in thousands):

	<u>General Fund</u>
Fund balance as of June 30, 2017 - GAAP basis	\$ 345,726
Unamortized debt service deposit agreement	2,199
Fund balance as of June 30, 2017 - Budgetary basis	<u>\$ 347,925</u>

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**COMBINING FINANCIAL
STATEMENTS AND
SCHEDULES**

CITY OF OAKLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Total
ASSETS			
Cash and investments	\$ 47,459	\$ 15,123	\$ 62,582
Receivable, net:			
Accrued interest and dividends	93	26	119
Property taxes	2,200	1,142	3,342
Accounts receivable	4,983	-	4,983
Grants receivable	1,234	-	1,234
Due from component units	663	-	663
Restricted cash and investments	8,307	887	9,194
Other assets	56	-	56
TOTAL ASSETS	\$ 64,995	\$ 17,178	\$ 82,173
LIABILITIES			
Accounts payable and accrued liabilities	\$ 8,111	\$ 9	\$ 8,120
Due to other funds	2,534	3	2,537
Other	1,527	-	1,527
TOTAL LIABILITIES	12,172	12	12,184
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property tax	1,770	714	2,484
FUND BALANCES			
Restricted	49,461	16,455	65,916
Committed	1,746	-	1,746
Assigned	1,636	-	1,636
Unassigned	(1,790)	(3)	(1,793)
TOTAL FUND BALANCES	51,053	16,452	67,505
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 64,995	\$ 17,178	\$ 82,173

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Eliminations	Total
REVENUES				
Taxes:				
Property	\$ -	\$ 22,341	\$ -	\$ 22,341
Sales and use	26,164	-	-	26,164
Gas	7,974	-	-	7,974
Voter approved special tax	19,177	-	-	19,177
Licenses and permits	112	-	-	112
Fines and penalties	840	70	-	910
Interest and investment income	178	98	-	276
Charges for services	352	267	-	619
Federal and state grants and subventions	19,213	-	-	19,213
Other	1,953	694	-	2,647
TOTAL REVENUES	75,963	23,470	-	99,433
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	384	-	-	384
City Administrator	26	-	-	26
City Attorney	36	-	-	36
Departments:				
Administrative Service Department:				
Financial Services	102	1	-	103
Public Safety:				
Oakland Police Department	1,010	-	-	1,010
Oakland Fire Department	1,148	-	-	1,148
Community Service Department:				
Parks and Recreation	2,644	-	-	2,644
Library	164	-	-	164
Human Services Department	2,244	-	-	2,244
Community and Economic Development:				
Economic & Workforce Development	891	-	-	891
Oakland Public Works	42,379	-	-	42,379
Other	2	58	-	60
Capital outlay	13,438	-	-	13,438
Debt service:				
Principal repayment	-	49,497	-	49,497
Bond issuance cost	-	659	-	659
Interest charges	35	53,829	-	53,864
TOTAL EXPENDITURES	64,503	104,044	-	168,547
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,460	(80,574)	-	(69,114)
OTHER FINANCING SOURCES (USES)				
Proceeds from loan	8,021	-	-	8,021
Premiums on issuance of bonds	-	809	-	809
Transfers in	1,059	71,639	(1,433)	71,265
Transfers out	(1,784)	(67)	1,433	(418)
TOTAL OTHER FINANCING SOURCES (USES)	7,296	72,381	-	79,677
NET CHANGE IN FUND BALANCES	18,756	(8,193)	-	10,563
Fund balances - beginning	32,297	24,645	-	56,942
FUND BALANCES - ENDING	\$ 51,053	\$ 16,452	\$ -	\$ 67,505

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CITY OF OAKLAND
Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds
June 30, 2017
(In Thousands)

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessment District	Assessment Districts	Parks, Recreation, and Cultural	Total
ASSETS						
Cash and investments	\$ 36,963	\$ 2,402	\$ -	\$ 2,709	\$ 5,385	\$ 47,459
Receivable, net:						
Accrued interest and dividends	72	5	-	6	10	93
Property taxes	-	-	1,914	62	224	2,200
Accounts receivable	4,438	134	389	22	-	4,983
Grants receivable	1,234	-	-	-	-	1,234
Due from component units	-	-	663	-	-	663
Restricted cash and investments	7,984	-	322	-	1	8,307
Other assets	56	-	-	-	-	56
TOTAL ASSETS	<u>\$ 50,747</u>	<u>\$ 2,541</u>	<u>\$ 3,288</u>	<u>\$ 2,799</u>	<u>\$ 5,620</u>	<u>\$ 64,995</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 6,306	\$ 324	\$ 659	\$ 264	\$ 558	\$ 8,111
Due to other funds	-	-	2,534	-	-	2,534
Other	-	-	-	-	1,527	1,527
TOTAL LIABILITIES	<u>6,306</u>	<u>324</u>	<u>3,193</u>	<u>264</u>	<u>2,085</u>	<u>12,172</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property tax	-	-	1,563	55	152	1,770
FUND BALANCES						
Restricted	44,441	2,217	322	2,480	1	49,461
Committed	-	-	-	-	1,746	1,746
Assigned	-	-	-	-	1,636	1,636
Unassigned	-	-	(1,790)	-	-	(1,790)
TOTAL FUND BALANCES (DEFICIT)	<u>44,441</u>	<u>2,217</u>	<u>(1,468)</u>	<u>2,480</u>	<u>3,383</u>	<u>51,053</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 50,747</u>	<u>\$ 2,541</u>	<u>\$ 3,288</u>	<u>\$ 2,799</u>	<u>\$ 5,620</u>	<u>\$ 64,995</u>

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Special Revenue Funds
For the Year Ended June 30, 2017
(In Thousands)

	Traffic Safety & Control	State Gas Tax	Landscape and Lighting Assessment District	Assessment Districts	Parks, Recreation, and Cultural	Total
REVENUES						
Taxes:						
Sales and use	\$ 26,164	\$ -	\$ -	\$ -	\$ -	\$ 26,164
Gas	-	7,974	-	-	-	7,974
Voter approved special tax	-	-	19,026	151	-	19,177
Licenses and permits	-	-	112	-	-	112
Fines and penalties	840	-	-	-	-	840
Interest and investment income	134	6	6	13	19	178
Charges for services	140	1	210	-	1	352
Federal and state grants and subventions	17,831	138	10	-	1,234	19,213
Other	1,867	8	23	4	51	1,953
TOTAL REVENUES	46,976	8,127	19,387	168	1,305	75,963
EXPENDITURES						
Current:						
Elected and Appointed Officials:						
Mayor	339	-	-	-	45	384
City Administrator	-	-	22	4	-	26
City Attorney	36	-	-	-	-	36
Departments:						
Administrative Service Department:						
Financial Services	50	-	33	19	-	102
Public Safety:						
Oakland Police Department	1,010	-	-	-	-	1,010
Oakland Fire Department	-	-	-	1,148	-	1,148
Community Service Department:						
Parks and Recreation	-	-	2,643	-	1	2,644
Library	-	-	-	-	164	164
Human Services Department	2,244	-	-	-	-	2,244
Community and Economic Development:						
Economic & Workforce Development	256	-	1	-	634	891
Oakland Public Works	16,715	8,808	16,752	21	83	42,379
Other	2	-	-	-	-	2
Capital outlay	12,224	390	229	55	540	13,438
Debt service:						
Interest charges	35	-	-	-	-	35
TOTAL EXPENDITURES	32,911	9,198	19,680	1,247	1,467	64,503
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	14,065	(1,071)	(293)	(1,079)	(162)	11,460
OTHER FINANCING SOURCES (USES)						
Proceeds from loan	8,021	-	-	-	-	8,021
Transfers in	153	-	906	-	-	1,059
Transfers out	-	-	(1,784)	-	-	(1,784)
TOTAL OTHER FINANCING SOURCES (USES)	8,174	-	(878)	-	-	7,296
NET CHANGE IN FUND BALANCES	22,239	(1,071)	(1,171)	(1,079)	(162)	18,756
Fund balances (deficit) - beginning	22,202	3,288	(297)	3,559	3,545	32,297
FUND BALANCES (DEFICIT) - ENDING	\$ 44,441	\$ 2,217	\$ (1,468)	\$ 2,480	\$ 3,383	\$ 51,053

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Special Revenue Funds
For the Year Ended June 30, 2017
(In Thousands)

	Traffic Safety & Control				State Gas Tax			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES								
Taxes:								
Sales and use	\$ 25,363	\$ 25,363	\$ 26,164	\$ 801	\$ -	\$ -	\$ -	\$ -
Gas	-	-	-	-	8,361	8,361	7,974	(387)
Fines and penalties	2,727	2,727	840	(1,887)	-	-	-	-
Interest and investment income	11	11	134	123	-	-	6	6
Charges for services	115	-	140	140	20	20	1	(19)
Federal and state grants and subventions	1,638	-	17,831	17,831	141	141	138	(3)
Other	-	84	1,867	1,783	-	-	8	8
TOTAL REVENUES	29,854	28,185	46,976	18,791	8,522	8,522	8,127	(395)
EXPENDITURES								
Current:								
Elected and Appointed Officials:								
Mayor	226	191	339	(148)	-	-	-	-
City Attorney	32	32	36	(4)	-	-	-	-
Departments:								
Administrative Service Department:								
Financial Services	42	42	50	(8)	-	-	-	-
Public Safety:								
Oakland Police Department	2,343	2,343	1,010	1,333	-	-	-	-
Community Service Department:								
Human Services Department	2,455	3,901	2,244	1,657	-	-	-	-
Community and Economic Development:								
Economic & Workforce Development	-	439	256	183	-	-	-	-
Oakland Public Works	13,537	14,169	16,715	(2,546)	8,996	9,168	8,808	360
Other	-	-	2	(2)	-	-	-	-
Capital outlay	12,943	71,973	12,224	59,749	150	2,781	390	2,391
Debt service:								
Interest charges	-	-	35	(35)	-	-	-	-
TOTAL EXPENDITURES	31,578	93,090	32,911	60,179	9,146	11,949	9,198	2,751
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,724)	(64,905)	14,065	78,970	(624)	(3,427)	(1,071)	2,356
OTHER FINANCING SOURCES (USES)								
Proceeds from loan	-	-	8,021	8,021	-	-	-	-
Transfers in	-	-	153	153	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	8,174	8,174	-	-	-	-
NET CHANGE IN FUND BALANCES	(1,724)	(64,905)	22,239	87,144	(624)	(3,427)	(1,071)	2,356
Fund balances (deficit) - beginning	22,202	22,202	22,202	-	3,288	3,288	3,288	-
FUND BALANCES (DEFICIT) - ENDING	\$ 20,478	\$ (42,703)	\$ 44,441	\$ 87,144	\$ 2,664	\$ (139)	\$ 2,217	\$ 2,356

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Special Revenue Funds (continued)
For the Year Ended June 30, 2017
(In Thousands)

	Landscape and Lighting Assessment District				Assessment District			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES								
Taxes:								
Voter approved special tax	\$ 19,300	\$ 19,300	\$ 19,026	\$ (274)	\$ 134	\$ 134	\$ 151	\$ 17
Licenses and permits	53	13	112	99	-	-	-	-
Interest and investment income	-	-	6	6	-	-	13	13
Charges for services	172	172	210	38	-	-	-	-
Federal and state grants and subventions	-	-	10	10	-	-	-	-
Other	-	-	23	23	3	3	4	1
TOTAL REVENUES	19,525	19,485	19,387	(98)	137	137	168	31
EXPENDITURES								
Current:								
Elected and Appointed Officials:								
City Administrator	26	26	22	4	3	6	4	2
Departments:								
Administrative Service Department:								
Financial Services	29	29	33	(4)	131	-	19	(19)
Public Safety:								
Oakland Fire Department	-	-	-	-	1,397	2,560	1,148	1,412
Community Service Department:								
Parks and Recreation	2,630	2,631	2,643	(12)	-	-	-	-
Community and Economic Development:								
Economic & Workforce Development	1	-	1	(1)	-	-	-	-
Oakland Public Works	15,677	16,197	16,752	(555)	-	21	21	-
Capital outlay	15	394	229	165	-	61	55	6
TOTAL EXPENDITURES	18,378	19,277	19,680	(403)	1,531	2,648	1,247	1,401
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,147	208	(293)	(501)	(1,394)	(2,511)	(1,079)	1,432
OTHER FINANCING SOURCES (USES)								
Transfers in	906	906	906	-	1,394	1,176	-	(1,176)
Transfers out	(2,053)	(2,053)	(1,784)	269	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,147)	(1,147)	(878)	269	1,394	1,176	-	(1,176)
NET CHANGE IN FUND BALANCES	-	(939)	(1,171)	(232)	-	(1,335)	(1,079)	256
Fund balances (deficit) - beginning	(297)	(297)	(297)	-	3,559	3,559	3,559	-
FUND BALANCES (DEFICIT) - ENDING	\$ (297)	\$ (1,236)	\$ (1,468)	\$ (232)	\$ 3,559	\$ 2,224	\$ 2,480	\$ 256

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Special Revenue Funds (continued)
For the Year Ended June 30, 2017
(In Thousands)

	Parks, Recreation, and Cultural			
	Original Budget	Final Budget	Actual	Variance
			Budgetary Basis	Positive (Negative)
REVENUES				
Interest and investment income	\$ -	\$ -	\$ 19	\$ 19
Charges for services	-	-	1	1
Federal and state grants and subventions	-	123	1,234	1,111
Other	180	180	51	(129)
TOTAL REVENUES	180	303	1,305	1,002
EXPENDITURES				
Current:				
Elected and Appointed Officials:				
Mayor	-	112	45	67
Departments:				
Community Service Department:				
Parks and Recreation	69	410	1	409
Library	111	526	164	362
Community and Economic Development:				
Economic & Workforce Development	-	1,177	634	543
Oakland Public Works	-	160	83	77
Other	799	799	-	799
Capital outlay	-	783	540	243
TOTAL EXPENDITURES	979	3,967	1,467	2,500
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(799)	(3,664)	(162)	3,502
OTHER FINANCING SOURCES (USES)				
Transfers in	799	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	799	-	-	-
NET CHANGE IN FUND BALANCES	-	(3,664)	(162)	3,502
Fund balances (deficit) - beginning	3,545	3,545	3,545	-
FUND BALANCES (DEFICIT) - ENDING	\$ 3,545	\$ (119)	\$ 3,383	\$ 3,502

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NONMAJOR DEBT SERVICE FUNDS

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

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

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

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

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

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

CITY OF OAKLAND
Combining Balance Sheet
Nonmajor Governmental Funds – Debt Service Funds
June 30, 2017
(In Thousands)

	General Obligation Bonds	Lease Financing	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
ASSETS						
Cash and investments	\$ 7,840	\$ 438	\$ -	\$ 1,218	\$ 5,627	\$ 15,123
Receivables, net:						
Accrued interest and dividends	13	1	-	2	10	26
Property taxes	1,092	-	-	50	-	1,142
Restricted cash and investments	151	-	-	673	63	887
TOTAL ASSETS	\$ 9,096	\$ 439	\$ -	\$ 1,943	\$ 5,700	\$ 17,178
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ 9
Due to other funds	-	-	3	-	-	3
TOTAL LIABILITIES	-	-	3	9	-	12
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property tax	675	-	-	39	-	714
FUND BALANCES						
Restricted	8,421	439	-	1,895	5,700	16,455
Unassigned	-	-	(3)	-	-	(3)
TOTAL FUND BALANCES	8,421	439	(3)	1,895	5,700	16,452
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,096	\$ 439	\$ -	\$ 1,943	\$ 5,700	\$ 17,178

CITY OF OAKLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds – Debt Service Funds
For the Year Ended June 30, 2017
(In Thousands)

	General Obligation Bonds	Lease Financing	JPFA Fund	Other Assessment Bonds	Special Revenue Bonds	Total
REVENUES						
Property taxes	\$ 22,341	\$ -	\$ -	\$ -	\$ -	\$ 22,341
Fines and penalties	70	-	-	-	-	70
Interest and investment income	1	1	-	29	67	98
Grants	-	267	-	-	-	267
Other	-	-	-	694	-	694
TOTAL REVENUES	22,412	268	-	723	67	23,470
EXPENDITURES						
Current:						
Agencies/Departments:						
Finance	-	-	-	1	-	1
Other	8	-	-	43	7	58
Debt service:						
Principal repayment	11,675	1,327	5,395	350	30,750	49,497
Bond issuance cost	659	-	-	-	-	659
Interest charges	9,716	373	3,665	249	39,826	53,829
TOTAL EXPENDITURES	22,058	1,700	9,060	643	70,583	104,044
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	354	(1,432)	(9,060)	80	(70,516)	(80,574)
OTHER FINANCING SOURCES (USES)						
Premiums on issuance of bonds	809	-	-	-	-	809
Transfers in	-	1,433	9,060	-	61,146	71,639
Transfers out	-	-	-	(67)	-	(67)
TOTAL OTHER FINANCING SOURCES (USES)	809	1,433	9,060	(67)	61,146	72,381
NET CHANGE IN FUND BALANCES	1,163	1	-	13	(9,370)	(8,193)
Fund balances - beginning	7,258	438	(3)	1,882	15,070	24,645
FUND BALANCES - ENDING	\$ 8,421	\$ 439	\$ (3)	\$ 1,895	\$ 5,700	\$ 16,452

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Debt Service Funds
For the Year Ended June 30, 2017
(In Thousands)

	General Obligation Bonds				Lease Financing			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES								
Property taxes	\$ 21,412	\$ 21,412	\$ 22,341	\$ 929	\$ -	\$ -	\$ -	\$ -
Fines and penalties	-	-	70	70	-	-	-	-
Interest and investment income	-	-	1	1	-	-	1	1
Grants	-	-	-	-	-	-	267	267
Other	-	-	-	-	21,500	21,500	-	(21,500)
TOTAL REVENUES	21,412	21,412	22,412	1,000	21,500	21,500	268	(21,232)
EXPENDITURES								
Current:								
Agencies/Departments:								
Other	21	21	8	13	2	2	-	2
Debt service:								
Principal repayment	11,675	11,675	11,675	-	22,827	22,827	1,327	21,500
Bond issuance cost	-	-	659	(659)	-	-	-	-
Interest charges	9,716	9,716	9,716	-	372	372	373	(1)
TOTAL EXPENDITURES	21,412	21,412	22,058	(646)	23,201	23,201	1,700	21,501
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	354	354	(1,701)	(1,701)	(1,432)	269
OTHER FINANCING SOURCES (USES)								
Premiums (discounts) on issuance of bonds	-	-	809	809	-	-	-	-
Transfers in	-	-	-	-	1,701	1,701	1,433	(268)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	809	809	1,701	1,701	1,433	(268)
NET CHANGE IN FUND BALANCES	-	-	1,163	1,163	-	-	1	1
Fund balances - beginning	7,258	7,258	7,258	-	438	438	438	-
FUND BALANCES - ENDING	\$ 7,258	\$ 7,258	\$ 8,421	\$ 1,163	\$ 438	\$ 438	\$ 439	\$ 1

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Debt Service Funds (continued)
For the Year Ended June 30, 2017
(In Thousands)

	JPFA Fund				Other Assessment Bonds			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES								
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29	\$ 29
Other	-	-	-	-	716	716	694	(22)
TOTAL REVENUES	-	-	-	-	716	716	723	7
EXPENDITURES								
Current:								
Agencies/Departments:								
Finance	-	-	-	-	1	1	1	-
Other	5	5	-	5	56	50	43	7
Debt service:								
Principal repayment	5,395	5,395	5,395	-	350	350	350	-
Interest charges	3,666	3,666	3,665	1	251	251	249	2
TOTAL EXPENDITURES	9,066	9,066	9,060	6	658	652	643	9
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,066)	(9,066)	(9,060)	6	58	64	80	16
OTHER FINANCING SOURCES (USES)								
Transfers in	9,066	9,066	9,060	(6)	37	37	-	(37)
Transfers out	-	-	-	-	(96)	(102)	(67)	35
TOTAL OTHER FINANCING SOURCES (USES)	9,066	9,066	9,060	(6)	(59)	(65)	(67)	(2)
NET CHANGE IN FUND BALANCES	-	-	-	-	(1)	(1)	13	14
Fund balances - beginning	(3)	(3)	(3)	-	1,882	1,882	1,882	-
FUND BALANCES - ENDING	\$ (3)	\$ (3)	\$ (3)	\$ -	\$ 1,881	\$ 1,881	\$ 1,895	\$ 14

CITY OF OAKLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nonmajor Governmental Funds – Debt Service Funds (continued)
For the Year Ended June 30, 2017
(In Thousands)

	Special Revenue Bonds			
	Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
REVENUES				
Interest and investment income	\$ -	\$ -	\$ 67	\$ 67
TOTAL REVENUES	-	-	67	67
EXPENDITURES				
Current:				
Agencies/Departments:				
Other	19	19	7	12
Debt service:				
Principal repayment	30,749	30,749	30,750	(1)
Interest charges	39,936	39,936	39,826	110
TOTAL EXPENDITURES	70,704	70,704	70,583	121
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(70,704)	(70,704)	(70,516)	188
OTHER FINANCING SOURCES				
Transfers in	70,704	70,704	61,146	(9,558)
NET CHANGE IN FUND BALANCES	-	-	(9,370)	(9,370)
Fund balances - beginning	15,070	15,070	15,070	-
FUND BALANCES - ENDING	\$ 15,070	\$ 15,070	\$ 5,700	\$ (9,370)

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF OAKLAND
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2017
(In Thousands)

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Information Technology</u>	<u>Total</u>
ASSETS								
Current assets:								
Cash and investments	\$ 4,576	\$ 6,376	\$ -	\$ -	\$ -	\$ -	\$ 1,391	\$ 12,343
Interest receivable	9	10	-	-	-	-	-	19
Accounts receivable	-	17	81	4	-	-	-	102
Inventories	738	-	-	-	-	-	-	738
Restricted cash and investments	12,489	2,451	-	-	-	-	3,247	18,187
Prepaid expenses	-	-	2	-	-	-	-	2
Total current assets	17,812	8,854	83	4	-	-	4,638	31,391
Non-current assets:								
Capital assets:								
Land and other assets not being depreciated	3	9,095	4,169	-	-	-	13,868	27,135
Facilities and equipment, net of depreciation	18,657	5,125	1,207	-	-	-	-	24,989
Total capital assets	18,660	14,220	5,376	-	-	-	13,868	52,124
TOTAL ASSETS	36,472	23,074	5,459	4	-	-	18,506	83,515
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources related to pensions	3,856	846	6,408	293	293	491	-	12,187
LIABILITIES								
Current liabilities:								
Accounts payable and accrued liabilities	1,295	218	1,471	194	-	6	1,340	4,524
Accrued interest payable	181	55	16	-	-	-	146	398
Due to other funds	-	-	6,882	1,668	4,240	573	1	13,364
Other liabilities	-	-	7	-	-	-	-	7
Capital leases, notes and other payables	5,953	3,238	275	-	-	-	2,656	12,122
Total current liabilities	7,429	3,511	8,651	1,862	4,240	579	4,143	30,415
Non-current liabilities:								
Capital leases, notes and other payables	16,953	7,348	586	-	-	-	9,903	34,790
Net pension liability	14,303	3,470	23,825	1,124	913	1,589	-	45,224
Other postemployment benefit obligations	2,341	493	4,057	169	195	305	-	7,560
Total non-current liabilities	33,597	11,311	28,468	1,293	1,108	1,894	9,903	87,574
TOTAL LIABILITIES	41,026	14,822	37,119	3,155	5,348	2,473	14,046	117,989
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources related to pensions	1,398	327	2,326	109	91	156	-	4,407
NET POSITION								
Net investment in capital assets	8,243	6,085	4,515	-	-	-	4,556	23,399
Unrestricted (deficit)	(10,339)	2,686	(32,093)	(2,967)	(5,146)	(2,138)	(96)	(50,093)
TOTAL NET POSITION	\$ (2,096)	\$ 8,771	\$ (27,578)	\$ (2,967)	\$ (5,146)	\$ (2,138)	\$ 4,460	\$ (26,694)

CITY OF OAKLAND
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2017
(In Thousands)

	Equipment	Radio	Facilities	Reproduction	Central Stores	Purchasing	Information Technology	Total
OPERATING REVENUES								
Charges for services	\$ 24,459	\$ 7,219	\$ 30,857	\$ 1,212	\$ 355	\$ 722	\$ 9,069	\$ 73,893
Other	13	-	27	-	-	-	-	40
TOTAL OPERATING REVENUES	24,472	7,219	30,884	1,212	355	722	9,069	73,933
OPERATING EXPENSES								
Personnel	7,454	1,946	12,896	554	568	1,065	-	24,483
Supplies	5,590	450	913	103	2	4	2,452	9,514
Depreciation and amortization	5,873	1,950	143	-	-	-	-	7,966
Contractual services and supplies	190	446	604	2	-	-	3,367	4,609
Repairs and maintenance	1,957	468	4,015	8	-	-	1	6,449
General and administrative	2,263	280	3,948	230	19	55	836	7,631
Rental	939	194	444	518	6	8	208	2,317
Other	449	-	5,936	31	26	71	-	6,513
TOTAL OPERATING EXPENSES	24,715	5,734	28,899	1,446	621	1,203	6,864	69,482
OPERATING INCOME (LOSS)	(243)	1,485	1,985	(234)	(266)	(481)	2,205	4,451
NON-OPERATING REVENUES (EXPENSES)								
Interest and investment income (loss)	44	45	(39)	(10)	(18)	(2)	27	47
Interest expense	(315)	(166)	(40)	-	-	-	(375)	(896)
Federal and state grants	-	-	6	-	-	-	-	6
Insurance claims and settlements	578	-	239	-	-	-	-	817
Other	81	-	47	-	-	1	-	129
TOTAL NON-OPERATING REVENUES (EXPENSES)	388	(121)	213	(10)	(18)	(1)	(348)	103
INCOME (LOSS) BEFORE TRANSFERS	145	1,364	2,198	(244)	(284)	(482)	1,857	4,554
Transfers out	(2,546)	(401)	(3,573)	(144)	(170)	(257)	-	(7,091)
Change in net position	(2,401)	963	(1,375)	(388)	(454)	(739)	1,857	(2,537)
Net position - beginning	305	7,808	(26,203)	(2,579)	(4,692)	(1,399)	2,603	(24,157)
NET POSITION - ENDING	\$ (2,096)	\$ 8,771	\$ (27,578)	\$ (2,967)	\$ (5,146)	\$ (2,138)	\$ 4,460	\$ (26,694)

CITY OF OAKLAND
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017
(In Thousands)

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Information Technology</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers and users	\$ 24,497	\$ 7,291	\$ 30,820	\$ 1,208	\$ 355	\$ 722	\$ 9,069	\$ 73,962
Cash from other sources	13	-	27	-	-	-	-	40
Cash paid to employees	(6,054)	(1,783)	(10,597)	(460)	(460)	(931)	-	(20,285)
Cash paid to suppliers	(10,813)	(1,792)	(16,035)	(822)	(53)	(136)	(6,008)	(35,659)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	7,643	3,716	4,215	(74)	(158)	(345)	3,061	18,058
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Proceeds of interfund loans	-	-	-	84	176	346	1	607
Repayment of interfund loans	-	-	(2,829)	-	-	-	-	(2,829)
Other	746	-	292	-	-	1	-	1,039
Transfers out	(513)	-	(35)	-	-	-	-	(548)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	233	-	(2,572)	84	176	347	1	(1,731)
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES								
Acquisition of capital assets	(2,301)	(5,421)	(1,295)	-	-	-	(5,878)	(14,895)
Lease proceeds	11,415	-	-	-	-	-	-	11,415
Repayment of long-term debt	(3,476)	(3,194)	(264)	-	-	-	(2,100)	(9,034)
Interest paid on long-term debt	(242)	(183)	(45)	-	-	-	(401)	(871)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	5,396	(8,798)	(1,604)	-	-	-	(8,379)	(13,385)
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received (paid)	35	43	(39)	(10)	(18)	(2)	28	37
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,307	(5,039)	-	-	-	-	(5,289)	2,979
Cash and cash equivalents - beginning	3,758	13,866	-	-	-	-	9,927	27,551
CASH AND CASH EQUIVALENTS - ENDING	\$ 17,065	\$ 8,827	\$ -	\$ -	\$ -	\$ -	\$ 4,638	\$ 30,530

CITY OF OAKLAND
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2017
(In Thousands)

	<u>Equipment</u>	<u>Radio</u>	<u>Facilities</u>	<u>Reproduction</u>	<u>Central Stores</u>	<u>Purchasing</u>	<u>Information Technology</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ (243)	\$ 1,485	\$ 1,985	\$ (234)	\$ (266)	\$ (481)	\$ 2,205	\$ 4,451
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)								
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Depreciation	5,873	1,950	143	-	-	-	-	7,966
Changes in assets, liabilities, and deferred outflows and inflows of resources:								
Receivables	38	72	(37)	(4)	-	-	-	69
Inventories	(163)	-	-	-	-	-	-	(163)
Other assets	-	-	5	-	-	-	-	5
Accounts payable and accrued liabilities	738	46	(180)	70	-	2	856	1,532
Net pension liability and related pension deferred items	1,092	71	1,780	69	83	86	-	3,181
Other postemployment benefit obligations	308	92	519	25	25	48	-	1,017
Total adjustments	7,886	2,231	2,230	160	108	136	856	13,607
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 7,643	\$ 3,716	\$ 4,215	\$ (74)	\$ (158)	\$ (345)	\$ 3,061	\$ 18,058
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION								
Cash and investments	\$ 4,576	\$ 6,376	\$ -	\$ -	\$ -	\$ -	\$ 1,391	\$ 12,343
Restricted cash and investment	12,489	2,451	-	-	-	-	3,247	18,187
TOTAL CASH AND CASH EQUIVALENTS	\$ 17,065	\$ 8,827	\$ -	\$ -	\$ -	\$ -	\$ 4,638	\$ 30,530

FIDUCIARY FUNDS

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

PENSION TRUST FUND

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

PRIVATE PURPOSE TRUST FUNDS

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

CITY OF OAKLAND
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2017
(In Thousands)

	Oakland Redevelopment Successor Agency Trust Fund	Private Purpose Trust Fund	Private Pension Trust Fund	Total
ASSETS				
Cash and investments	\$ 54,392	\$ 6,349	\$ -	\$ 60,741
Receivables:				
Accrued interest and dividends	406	12	-	418
Accounts receivable	2,704	11	-	2,715
Due from other funds of the City	2,312	-	-	2,312
Prepaid expenses	1,994	-	-	1,994
Restricted:				
Cash and investments:				
Short-term investments	17,179	-	-	17,179
Notes and loans receivable (net of allowance for uncollectable of \$46,675)	16,798	-	-	16,798
Property held for resale	2,818	-	-	2,818
TOTAL ASSETS	98,603	6,372	-	104,975
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding of debt	6,051	-	-	6,051
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	244	14	-	258
Accrued interest payable	7,082	-	-	7,082
Due to other funds of the City	6,059	-	215	6,274
Other	47	100	-	147
Total current liabilities	13,432	114	215	13,761
Non-current liabilities:				
Due within one year	31,107	-	-	31,107
Due in more than one year	354,193	-	-	354,193
Total noncurrent liabilities	385,300	-	-	385,300
TOTAL LIABILITIES	398,732	114	215	399,061
NET POSITION				
RESTRICTED FOR REDEVELOPMENT DISSOLUTION DISSOLUTION AND OTHER PURPOSES	\$ (294,078)	\$ 6,258	\$ (215)	\$ (288,035)

CITY OF OAKLAND
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2017
(In Thousands)

	Oakland Redevelopment Successor Agency Trust Fund	Private Purpose Trust Fund	Private Pension Trust Fund	Total
ADDITIONS				
Trust receipts	\$ 68,760	\$ 1,596	\$ -	\$ 70,356
Interest	549	20	-	569
Federal and state grants	2,381	-	-	2,381
Other income	1,256	-	-	1,256
TOTAL ADDITIONS	72,946	1,616	-	74,562
DEDUCTIONS:				
Administrative expenses	3,788	-	178	3,966
Oakland Police Department	-	67	-	67
Human Services	-	137	-	137
Economic & Workforce Development	17,498	-	-	17,498
Other	7,048	280	-	7,328
Interest on debt	20,814	-	-	20,814
TOTAL DEDUCTIONS	49,148	484	178	49,810
Change in net position	23,798	1,132	(178)	24,752
Net position - beginning	(317,876)	5,126	(37)	(312,787)
NET POSITION - ENDING	\$ (294,078)	\$ 6,258	\$ (215)	\$ (288,035)

STATISTICAL SECTION

CITY OF OAKLAND STATISTICS

INDEX TO STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Pledged Revenue Coverage

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

Demographic and Economic Information

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

Operating Information

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

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

CITY OF OAKLAND STATISTICS

SCHEDULE 1

NET POSITION BY COMPONENT *(in thousands)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 401,881	\$ 442,793	\$ 478,689	\$ 538,815	\$ 663,785	\$ 712,606	\$ 876,703	\$ 1,025,789	\$ 1,079,164	\$ 1,141,058
Restricted	432,630	451,087	488,251	517,454	559,393	425,786	433,080	547,286	555,205	599,324
Unrestricted	(213,693)	(268,904)	(417,504)	(469,662)	(304,010)	(334,451)	(327,965)	(1,841,834)	(1,789,831)	(1,833,427)
Total net position - governmental activities	\$ 620,818	\$ 624,976	\$ 549,436	\$ 586,607	\$ 919,168	\$ 803,941	\$ 981,818	\$ (268,759)	\$ (155,462)	\$ (93,045)
Business-type activities										
Net investment in capital assets	\$ 111,881	\$ 113,961	\$ 113,718	\$ 114,297	\$ 122,911	\$ 129,542	\$ 143,295	\$ 155,257	\$ 171,743	\$ 188,139
Unrestricted	7,731	15,037	26,126	37,429	44,061	53,341	53,039	27,182	28,057	19,880
Total net position - business-type activities	\$ 119,612	\$ 128,998	\$ 139,844	\$ 151,726	\$ 166,972	\$ 182,883	\$ 196,334	\$ 182,439	\$ 199,800	\$ 208,019
Primary government										
Net investment in capital assets	\$ 513,762	\$ 556,754	\$ 592,407	\$ 653,112	\$ 786,696	\$ 842,148	\$ 1,019,998	\$ 1,181,046	\$ 1,250,907	\$ 1,329,197
Restricted	432,630	451,087	488,251	517,454	559,393	425,786	433,080	547,286	555,205	599,324
Unrestricted	(205,962)	(253,867)	(391,378)	(432,233)	(259,949)	(281,110)	(274,926)	(1,814,652)	(1,761,774)	(1,813,547)
Total net position - primary government	\$ 740,430	\$ 753,974	\$ 689,280	\$ 738,333	\$ 1,086,140	\$ 986,824	\$ 1,178,152	\$ (86,320)	\$ 44,338	\$ 114,974

Source: City of Oakland Statement of Net Position

CITY OF OAKLAND STATISTICS

SCHEDULE 2

CHANGES IN NET POSITION

(in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 102,218	\$ 94,957	\$ 83,295	\$ 75,381	\$ 83,131	\$ 93,942	\$ 79,806	\$ 82,493	\$ 99,183	\$ 113,697
Public safety	412,050	424,435	411,333	372,587	351,566	363,597	379,809	383,904	432,862	475,552
Life enrichment	115,315	119,659	119,254	123,538	-	-	-	-	-	-
Community services	-	-	-	-	122,829	107,779	116,961	121,740	134,799	149,804
Community and economic development	203,406	182,327	222,226	158,209	138,596	81,182	83,657	75,268	85,396	92,671
Public works	79,348	74,081	70,757	88,321	101,892	75,158	109,177	105,619	114,597	127,404
Interest on long-term debt	74,545	71,552	73,735	93,618	68,948	62,744	59,026	68,033	54,335	56,471
Total governmental activities expenses	\$ 986,882	\$ 967,011	\$ 980,600	\$ 911,654	\$ 866,962	\$ 784,402	\$ 828,436	\$ 837,057	\$ 921,172	\$ 1,015,599
Business-type activities:										
Sewer	\$ 30,502	\$ 25,530	\$ 26,899	\$ 27,971	\$ 31,227	\$ 34,504	\$ 37,306	\$ 36,957	\$ 39,270	\$ 44,391
Parks and recreation	384	652	520	740	492	643	855	681	872	730
Total business-type activities	\$ 30,886	\$ 26,182	\$ 27,419	\$ 28,711	\$ 31,719	\$ 35,147	\$ 38,161	\$ 37,638	\$ 40,142	\$ 45,121
Total primary government expenses	\$ 1,017,768	\$ 993,193	\$ 1,008,019	\$ 940,365	\$ 898,681	\$ 819,549	\$ 866,597	\$ 874,695	\$ 961,314	\$ 1,060,720
Program Revenues (see schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 22,276	\$ 21,128	\$ 24,382	\$ 20,360	\$ 19,924	\$ 17,756	\$ 54,509	\$ 55,148	\$ 49,540	\$ 46,030
Public safety	10,331	15,733	14,900	13,573	13,283	7,610	15,472	18,329	21,104	19,867
Life enrichment	5,110	11,084	8,128	8,483	-	-	-	-	-	-
Community services	-	-	-	-	8,302	6,342	6,326	7,375	7,454	7,841
Community and economic development	45,466	47,223	48,765	42,418	41,507	19,025	39,413	61,022	58,439	89,130
Public works	27,113	30,887	39,283	84,834	83,017	76,098	36,954	40,419	41,772	40,285
Operating grants and contributions	91,278	94,353	97,177	123,149	89,620	89,424	119,063	92,865	90,090	95,032
Capital grants and contributions	-	-	-	-	30,607	26,179	42,148	70,322	54,043	34,911
Total governmental activities program revenues	\$ 201,574	\$ 220,408	\$ 232,635	\$ 292,817	\$ 286,260	\$ 242,434	\$ 313,885	\$ 345,480	\$ 322,442	\$ 333,096
Business-type activities:										
Charges for services:										
Sewer	\$ 33,264	\$ 35,382	\$ 39,329	\$ 41,832	\$ 48,200	\$ 52,919	\$ 52,946	\$ 57,544	\$ 58,703	\$ 60,548
Parks and recreation	487	796	286	118	575	372	503	295	711	272
Total business-type activities program revenues	\$ 33,751	\$ 36,178	\$ 39,615	\$ 41,950	\$ 48,775	\$ 53,291	\$ 53,449	\$ 57,839	\$ 59,414	\$ 60,820
Total primary government program revenues	\$ 235,325	\$ 256,586	\$ 272,250	\$ 334,767	\$ 335,035	\$ 295,725	\$ 367,334	\$ 403,319	\$ 381,856	\$ 393,916
Net (Expense)/Revenue										
Governmental activities	\$ (735,868)	\$ (746,603)	\$ (747,965)	\$ (618,837)	\$ (580,702)	\$ (541,968)	\$ (514,551)	\$ (491,577)	\$ (598,730)	\$ (682,503)
Business-type activities	(356)	9,996	12,196	13,239	17,056	18,144	15,288	20,201	19,272	15,699
Total primary government net expense	\$ (736,224)	\$ (736,607)	\$ (735,769)	\$ (605,598)	\$ (563,646)	\$ (523,824)	\$ (499,263)	\$ (471,376)	\$ (579,458)	\$ (666,804)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 358,338	\$ 359,851	\$ 346,859	\$ 324,516	\$ 288,923	\$ 256,333	\$ 240,779	\$ 267,534	\$ 279,764	\$ 312,078
Sales and use taxes	73,928	67,642	57,745	65,068	66,940	70,498	71,997	63,718	77,365	79,866
Motor vehicle in-Lieu tax	-	-	-	-	-	-	-	177	166	189
Gas tax	-	-	-	-	-	-	-	12,030	8,653	7,974
Local taxes	235,470	214,266	216,072	220,684	222,237	244,207	263,017	275,496	318,352	314,188
Interest and investment income	47,852	25,917	10,894	8,592	7,078	6,358	6,653	6,362	4,596	3,046
Other	50,153	81,885	58,374	35,672	53,172	7,076	19,671	12,745	20,987	19,935
Transfers	600	1,200	1,463	1,476	1,893	1,911	2,002	2,002	2,144	7,644
Special and extraordinary items	-	-	-	-	273,020	(156,902)	88,309	107,696	-	-
Total governmental activities	\$ 766,341	\$ 750,761	\$ 691,407	\$ 656,008	\$ 913,263	\$ 429,481	\$ 692,428	\$ 747,760	\$ 712,027	\$ 744,920
Business-type activities:										
Interest and investment income	\$ 1,434	\$ 590	\$ 113	\$ 119	\$ 83	\$ (24)	\$ 165	\$ 142	\$ 233	\$ 164
Other	-	-	-	-	-	-	-	-	-	-
Transfers	(600)	(1,200)	(1,463)	(1,476)	(1,893)	(1,911)	(2,002)	(2,002)	(2,144)	(7,644)
Total business-type activities	\$ 834	\$ (610)	\$ (1,350)	\$ (1,357)	\$ (1,810)	\$ (1,935)	\$ (1,837)	\$ (1,860)	\$ (1,911)	\$ (7,480)
Total primary government	\$ 767,175	\$ 750,151	\$ 690,057	\$ 654,651	\$ 911,453	\$ 427,546	\$ 690,591	\$ 745,900	\$ 710,116	\$ 737,440
Change in Net Position										
Governmental activities	\$ 129,743	\$ (18,967)	\$ 4,158	\$ 37,171	\$ 332,561	\$ (112,487)	\$ 177,877	\$ 256,183	\$ 113,297	\$ 62,417
Business-type activities	791	3,699	9,386	10,846	11,882	15,246	16,209	13,451	18,341	8,219
Total primary government	\$ 130,534	\$ (15,268)	\$ 13,544	\$ 48,017	\$ 344,443	\$ (97,241)	\$ 194,086	\$ 269,634	\$ 131,638	\$ 70,636

Source: City of Oakland Statement of Activities

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 3

PROGRAM REVENUES BY FUNCTION/PROGRAM

(in thousands)

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Charges for services:										
General government	\$ 22,276	\$ 21,128	\$ 24,382	\$ 20,360	\$ 19,924	\$ 17,756	\$ 54,509	\$ 55,148	\$ 49,540	\$ 46,030
Public safety	10,331	15,733	14,900	13,573	13,283	7,610	15,472	18,329	21,104	19,867
Life enrichment	5,110	11,084	8,128	8,483	-	-	-	-	-	-
Community services	-	-	-	-	8,302	6,342	6,326	7,375	7,454	7,841
Community and economic development	45,466	47,223	48,765	42,418	41,507	19,025	39,413	61,022	58,439	89,130
Public works	27,113	30,887	39,283	84,834	83,017	76,098	36,954	40,419	41,772	40,285
Operating grants and contributions	91,278	94,353	97,177	123,149	89,620	89,424	119,063	92,865	90,090	95,032
Capital grants and contributions	-	-	-	-	30,607	26,179	42,148	70,322	54,043	34,911
Subtotal governmental activities	\$ 201,574	\$ 220,408	\$ 232,635	\$ 292,817	\$ 286,260	\$ 242,434	\$ 313,885	\$ 345,480	\$ 322,442	\$ 333,096
Business-type activities:										
Charges for services:										
Sewer	\$ 33,264	\$ 35,382	\$ 39,329	\$ 41,832	\$ 48,200	\$ 52,919	\$ 52,946	\$ 57,544	\$ 58,703	\$ 60,548
Parks and recreation	487	796	286	118	575	372	503	295	711	272
Subtotal business-type activities	\$ 33,751	\$ 36,178	\$ 39,615	\$ 41,950	\$ 48,775	\$ 53,291	\$ 53,449	\$ 57,839	\$ 59,414	\$ 60,820
Total primary government	\$ 235,325	\$ 256,586	\$ 272,250	\$ 334,767	\$ 335,035	\$ 295,725	\$ 367,334	\$ 403,319	\$ 381,856	\$ 393,916

Source: City of Oakland Statement of Activities

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 4

**FUND BALANCES
GOVERNMENTAL FUNDS**

(in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund			
Reserved	\$ 126,575	\$ 116,543	\$ 103,372
Unreserved	<u>121,109</u>	<u>120,406</u>	<u>129,678</u>
Total general fund	<u>\$ 247,684</u>	<u>\$ 236,949</u>	<u>\$ 233,050</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund (1)							
Restricted	\$ 106,692	\$ 110,708	\$ 165,400	\$ 156,462	\$ 164,242	\$ 186,804	\$ 241,404
Committed	3,890	70,284	-	-	-	-	8,805
Assigned	65,985	6,256	58,452	73,843	64,680	58,203	30,802
Unassigned	<u>48,794</u>	<u>68,681</u>	<u>21,791</u>	<u>23,546</u>	<u>37,409</u>	<u>65,129</u>	<u>64,715</u>
Total general fund	<u>\$ 225,361</u>	<u>\$ 255,929</u>	<u>\$ 245,643</u>	<u>\$ 253,851</u>	<u>\$ 266,331</u>	<u>\$ 310,136</u>	<u>\$ 345,726</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>
All Other Governmental Funds			
Reserved	\$ 828,314	\$ 788,476	\$ 761,679
Unreserved, reported in:			
Special revenue funds	8,129	9,553	(16,486)
Capital projects funds	<u>73,147</u>	<u>41,322</u>	<u>66,136</u>
Total all other governmental funds	<u>\$ 909,590</u>	<u>\$ 839,351</u>	<u>\$ 811,329</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
All Other Governmental Funds (1)							
Restricted	\$ 481,124	\$ 264,460	\$ 248,517	\$ 270,055	\$ 333,665	\$ 303,631	\$ 332,588
Committed	139,178	13,420	16,075	13,902	13,527	18,610	20,072
Assigned	188,722	179,063	61,373	90,647	33,603	45,335	86,767
Unassigned	<u>(2,669)</u>	<u>(1,416)</u>	<u>(9,849)</u>	<u>(5,236)</u>	<u>(7,997)</u>	<u>(9,891)</u>	<u>(17,031)</u>
	<u>\$ 806,355</u>	<u>\$ 455,527</u>	<u>\$ 316,116</u>	<u>\$ 369,368</u>	<u>\$ 372,798</u>	<u>\$ 357,685</u>	<u>\$ 422,396</u>

Note:

(1) The City implemented GASB Statement No. 54 under which governmental fund balances are reported as restricted, committed, assigned, and unassigned compared to reserved and unreserved.

Source: City of Oakland Balance Sheet, Governmental Funds

CITY OF OAKLAND STATISTICS

SCHEDULE 5

CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

(in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes (see Schedule 6)	\$ 648,153	\$ 641,086	\$ 622,901	\$ 612,328	\$ 578,100	\$ 569,193	\$ 576,744	\$ 619,821	\$ 684,334	\$ 712,556
Licenses and permits	19,319	14,467	12,124	13,297	12,079	13,331	16,694	22,451	29,362	44,902
Fines and penalties	23,497	29,348	31,220	29,440	27,204	26,657	26,958	25,612	23,972	23,573
Interest/investment net income	49,894	27,520	11,495	9,147	7,558	6,330	6,738	6,409	4,579	2,999
Charges for services	76,735	77,285	82,289	124,707	126,750	86,842	109,022	134,230	125,580	134,678
Other intergovernmental revenues	33,561	35,588	45,116	-	-	-	-	-	-	-
Federal and State grants and subventions	94,428	87,971	98,850	121,184	115,046	102,802	152,062	167,045	140,119	128,674
Other revenues	24,200	40,587	32,116	32,290	34,427	39,278	19,641	18,025	12,334	24,214
Total revenues	969,787	953,852	936,111	942,393	901,164	844,433	907,859	993,593	1,020,280	1,071,596
Expenditures										
General Government	45,600	40,838	35,710	33,781	50,992	71,990	36,733	41,454	47,208	49,358
Finance and Human Resource	35,761	34,863	30,943	28,756	27,371	15,337	26,137	29,967	31,906	32,289
Information Technology	13,666	12,975	9,137	8,276	7,746	7,753	9,080	9,597	12,261	12,910
Contracting and Purchasing	2,280	1,959	2,100	2,082	-	-	-	-	-	-
Race and Equity	-	-	-	-	-	-	-	-	84	210
Police Department	225,893	231,789	218,129	205,292	220,115	331,382	225,959	242,999	270,594	277,179
Fire Department	118,429	119,711	111,583	111,339	125,585	200,054	114,561	130,533	137,802	145,548
Community Service Department:										
Parks & Recreation	20,872	20,308	20,259	20,914	20,465	21,260	23,094	25,326	26,386	25,665
Library	23,833	21,824	20,927	21,633	22,704	22,623	25,612	26,215	26,725	27,568
Museum	6,883	6,584	6,146	6,749	-	-	-	-	-	-
Human Services	56,239	62,382	59,441	63,031	61,851	60,978	66,883	68,707	71,916	74,873
Community & Economic Development	206,908	197,285	227,505	175,750	96,407	-	-	-	-	-
Planning and Building	-	-	-	-	11,170	22,616	24,882	23,408	25,451	26,823
Economic & Workforce Development	-	-	-	-	-	-	21,190	19,316	19,395	23,308
Cultural and community services	-	-	-	-	-	431	-	-	-	-
Housing & Community Development	-	-	-	-	19,132	43,420	33,650	23,047	27,173	24,598
Oakland Public Works	71,971	64,288	57,133	71,099	69,763	72,497	96,208	85,041	82,156	87,050
Other	10,597	20,099	8,328	27,062	18,460	13,243	16,043	13,300	18,594	16,315
Capital outlay	46,312	44,418	61,233	63,532	71,703	103,905	98,316	123,433	99,609	79,477
Debt service										
Bond issuance costs	4,210	864	1,558	828	359	1,958	209	829	251	659
Other refunding cost	5,674	-	-	-	-	3,110	-	11,213	-	-
Principal	92,940	138,854	105,742	86,965	125,570	74,886	80,559	129,906	48,932	56,657
Interest	71,528	65,157	69,097	89,514	67,175	58,208	59,314	56,737	51,589	54,292
Total expenditures	1,059,596	1,084,198	1,044,971	1,016,603	1,016,568	1,125,651	958,430	1,061,028	998,032	1,014,779
Excess of revenues over (under) expenditures	(89,809)	(130,346)	(108,860)	(74,210)	(115,404)	(281,218)	(50,571)	(67,435)	22,248	56,817
Other Financing Sources (Uses)										
Issuance of debt/bond	-	40,228	67,693	56,870	83,775	-	-	-	-	34,521
Issuance of refunding bonds	241,410	-	-	-	-	216,085	-	128,895	-	-
Capital leases	-	-	-	-	-	16,150	14,901	-	-	-
Premiums/discounts on issuance of bonds	11,313	(779)	908	(2,052)	8,538	(1,129)	-	15,472	(78)	809
Payment to refund bond escrow agent	(221,250)	-	-	-	(57,998)	(3,018)	-	(143,717)	-	-
Property sale proceeds	4,045	8,723	5,013	4,481	32,213	67	5,442	309	66	1,488
Insurance claims and settlements	-	-	1,641	548	1,627	3,726	865	5,477	4,314	3,974
Transfers in	98,691	130,095	106,409	103,786	344,831	119,617	115,397	113,270	109,259	94,989
Transfers out	(98,091)	(128,895)	(104,725)	(102,086)	(342,843)	(117,473)	(112,883)	(110,756)	(107,117)	(92,297)
Total other financing sources (uses)	36,118	49,372	76,939	61,547	70,143	234,025	23,722	8,950	6,444	43,484
Special and extraordinary items										
Net change in fund balances	(53,691)	(80,974)	(31,921)	(12,663)	(320,260)	(149,697)	61,460	15,910	28,692	100,301
Total fund balance - beginning	1,210,965	1,157,274	1,076,300	1,044,379	1,031,716	711,456	561,759	623,219	639,129	667,821
Total fund balance - ending	\$ 1,157,274	\$ 1,076,300	\$ 1,044,379	\$ 1,031,716	\$ 711,456	\$ 561,759	\$ 623,219	\$ 639,129	\$ 667,821	\$ 768,122
Debt service as a percentage of noncapital expenditures										
	17.00%	20.33%	18.13%	18.85%	20.97%	13.74%	17.06%	20.56%	11.53%	12.21%

Note: Debt ratio was calculated by dividing principal and interest by total government expenditures excluding capital outlay \$106,415 for fiscal year 2017.
General government include Mayor, Council, City Administrator, City Attorney, City Auditor and City Clerk

Source: City of Oakland Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 6

**TAX REVENUES BY SOURCE
GOVERNMENTAL FUNDS**

(in thousands)

Fiscal Year	Property	Sales & Use	Motor Vehicle in-lieu	Gas	Business License	Utility Consumption	Real Estate Transfer	Transient Occupancy	Parking	Voter Approved	Franchise	Total
2008	\$ 358,074	\$ 64,812	\$ 1,811	\$ 7,305	\$ 52,542	\$ 52,524	\$ 36,205	\$ 12,400	\$ 15,747	\$ 32,942	\$ 13,791	\$ 648,153
2009	359,699	56,090	1,282	9,749	54,291	52,701	34,267	10,599	14,196	33,772	14,440	641,086
2010	349,084	45,503	1,251	10,991	54,141	51,107	36,971	10,085	13,885	35,228	14,655	622,901
2011	326,576	51,910	2,168	10,990	53,138	53,440	31,608	12,484	13,460	41,700	14,854	612,328
2012	288,923	55,659	221	11,060	58,712	51,434	30,653	13,822	15,975	35,812	15,829	578,100
2013	254,488	60,494	-	10,004	60,371	50,752	47,406	15,831	15,565	38,247	16,035	569,193
2014	241,730	58,912	-	13,085	62,905	50,422	59,060	18,468	16,661	38,835	16,666	576,744
2015	268,400	63,718	177	12,030	66,677	50,594	62,665	21,569	18,398	37,443	18,150	619,821
2016	279,798	77,365	166	8,653	75,504	51,006	89,594	25,671	20,175	37,793	18,609	684,334
2017	310,339	79,866	189	7,974	75,840	52,618	79,070	29,049	20,886	37,962	18,763	712,556
Change												
2008-2017	-13.3%	23.2%	-89.6%	9.2%	44.3%	0.2%	118.4%	134.3%	32.6%	15.2%	36.1%	9.9%

Note: Reflects revenues of the General, Special Revenue, Debt Service, Capital Projects Funds, and Oakland Redevelopment Agency in FY2007 - FY2011, General, Special Revenue, Debt Service, Capital Projects Funds, Oakland Redevelopment Agency, and Housing Successor Agency in FY2012, General, Special Revenue, Debt Service, Capital Projects Funds, and Low and Moderate Income Housing Asset Fund in FY2013 - FY2017

Source: City of Oakland Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 7

**ASSESSED VALUE AND ESTIMATED
VALUE OF TAXABLE PROPERTY**

(in thousands)

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Less: Redevelopment Tax Increments</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Taxable Assessed Value</u>	<u>Taxable Assessed Value as a Percentage of Estimated Taxable Value</u>
2008	\$ 12,472,317	\$ 27,192,312	\$ 2,132,949	\$ 41,797,578	\$ 2,478,761	\$ 9,552,758	\$ 29,766,059	5.508	\$ 163,951,453	18.16%
2009	13,222,782	28,429,996	2,205,480	43,858,258	2,584,624	10,425,138	30,848,496	5.414	167,013,757	18.47%
2010	12,708,080	27,749,554	2,110,456	42,568,090	2,691,489	9,753,604	30,122,997	5.674	170,917,885	17.62%
2011	12,479,365	26,787,417	1,985,401	41,252,183	2,768,044	9,030,570	29,453,569	5.692	167,649,715	17.57%
2012	12,560,758	27,225,464	2,154,330	41,940,552	3,084,118	9,247,268	29,609,166	5.677	168,091,235	17.61%
2013	12,723,234	27,848,261	2,266,536	42,838,031	3,322,453	9,496,227	30,019,351	5.562	166,967,630	17.98%
2014	13,031,396	29,441,439	2,569,502	45,042,337	4,245,848	9,625,116	31,171,373	5.470	170,507,410	18.28%
2015	13,960,804	31,789,840	1,925,481	47,676,125	4,288,050	10,353,808	33,034,267	5.527	182,580,394	18.09%
2016	14,968,239	34,219,483	2,098,503	51,286,225	3,862,329	11,932,782	35,491,114	5.136	182,282,362	19.47%
2017	16,037,959	36,557,232	2,524,869	55,120,060	4,139,277	13,171,622	37,809,161	5.446	205,908,691	18.36%

Note: Total Direct Tax Rate is "per \$10,000 assessed value".

Source: County of Alameda

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 8

**DIRECT AND OVERLAPPING
PROPERTY TAX RATES**

Fiscal Year	<u>City Direct Rates</u>				<u>Overlapping Rates</u>								
	Basic Rate	Debt Service Fund	1981 Pension Liability	Total Direct Rate	Alameda County	Education	Education Debt	BART and AC Transit	BART Debt	Other	East Bay Municipal Utility Debt	East Bay Regional Parks District	East Bay Reg. Parks District Debt
2008	0.3485	0.0448	0.1575	0.5508	0.3086	0.2165	0.1030	0.0517	-	0.0505	0.0065	0.0242	0.0080
2009	0.3485	0.0354	0.1575	0.5414	0.3086	0.2165	0.1197	0.0517	-	0.0505	0.0064	0.0242	0.0100
2010	0.3485	0.0614	0.1575	0.5674	0.3086	0.2165	0.1689	0.0517	-	0.0505	0.0065	0.0242	0.0108
2011	0.3485	0.0632	0.1575	0.5692	0.3086	0.2165	0.1697	0.0517	0.0031	0.0505	0.0067	0.0242	0.0084
2012	0.3485	0.0617	0.1575	0.5677	0.3086	0.2165	0.1741	0.0517	0.0041	0.0505	0.0067	0.0242	0.0071
2013	0.3485	0.0502	0.1575	0.5562	0.3086	0.2165	0.1818	0.0517	0.0043	0.0505	0.0068	0.0242	0.0051
2014	0.3485	0.0410	0.1575	0.5470	0.3086	0.2165	0.2199	0.0517	0.0075	0.0505	0.0066	0.0242	0.0078
2015	0.3485	0.0467	0.1575	0.5527	0.3086	0.2165	0.2157	0.0517	0.0045	0.0505	0.0047	0.0242	0.0085
2016	0.3485	0.0076	0.1575	0.5136	0.3086	0.2165	0.1876	0.0517	0.0026	0.0505	0.0034	0.0242	0.0067
2017	0.3485	0.0386	0.1575	0.5446	0.3086	0.2165	0.1407	0.0517	0.0080	0.0505	0.0028	0.0242	0.0032

Note: Rates per \$1,000 assessed value

Source: County of Alameda

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 9

PRINCIPAL PROPERTY TAXPAYERS

<u>Taxpayer</u>	<u>2008 (1)</u>			<u>2017 (2)</u>		
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Rank</u>
Kaiser Foundation Hospitals				\$ 603,618,386	1.184%	1
SIC Lakeside Drive LLC	\$ 199,428,657	0.507%	1	258,888,750	0.508%	2
CIM Oakland Center 21 LP				215,551,782	0.423%	3
Broadway Franklin LLC				215,550,773	0.423%	4
1221 Broadway Investors LLC				165,400,900	0.324%	5
Kaiser Foundation Health Plan Inc	150,845,907	0.384%	4	158,399,693	0.311%	6
CIM Oakland 1 Kaiser Plaza LP				155,920,054	0.306%	7
DWF IV 1999 Harrison LLC				144,978,270	0.284%	8
USPA City Center LLC				137,880,819	0.270%	9
1800 Harrison Foundation	117,197,866	0.298%	5	132,638,485	0.260%	10
Oakland City Center Venture LLC	193,371,119	0.492%	2	N/A		
Oakland Property LLC	159,120,000	0.405%	3	N/A		
Clorox Company	93,865,620	0.239%	8	N/A		
555 Twelfth Street Venture LLC	105,113,958	0.267%	6	N/A		
Brandywine Ordway LLC	104,040,000	0.265%	7	N/A		
KSL Claremont Resort, Inc	85,149,410	0.217%	9	N/A		
SSR Western Multifamily LLC	71,004,400	0.181%	10	N/A		
Total	\$ 1,279,136,937	3.253%		\$ 2,188,827,912	4.293%	

Notes:

(1) 2008 based on total assessed value less tax-exempt property of \$39,318,818,006

(2) 2017 based on total assessed value less tax-exempt property of \$50,980,782,695

Source: County of Alameda

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 10

**PROPERTY TAX LEVIES
AND COLLECTIONS**

(in thousands)

1% TAX ROLL							
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date		
		Amount	Percent of Levy		Amount	Percent of Levy	
2008	\$ 86,220	\$ 81,048	94.00%	\$ -	\$ 81,048	94.00%	
2009	89,482	84,063	93.94%	-	84,063	93.94%	
2010	85,706	82,015	95.69%	-	82,015	95.69%	
2011	83,960	81,013	96.49%	-	81,013	96.49%	
2012	84,590	81,823	96.73%	-	81,823	96.73%	
2013	85,791	83,756	97.63%	-	83,756	97.63%	
2014	87,270	85,643	98.14%	-	85,643	98.14%	
2015	92,969	91,419	98.33%	-	91,419	98.33%	
2016	101,746	99,849	98.14%	-	99,849	98.14%	
2017	108,686	106,799	98.26%	-	106,799	98.26%	

Voter-Approved Debt Tax Roll							
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date		
		Amount	Percent of Levy		Amount	Percent of Levy	
2008	\$ 76,453	\$ 70,621	92.37%	\$ -	\$ 70,621	92.37%	
2009	75,753	70,494	93.06%	-	70,494	93.06%	
2010	83,581	79,172	94.72%	-	79,172	94.72%	
2011	85,262	81,506	95.59%	-	81,506	95.59%	
2012	85,076	82,413	96.87%	-	82,413	96.87%	
2013	82,312	80,328	97.59%	-	80,328	97.59%	
2014	80,745	78,989	97.83%	-	78,989	97.83%	
2015	89,871	88,335	98.29%	-	88,335	98.29%	
2016	99,114	97,543	98.42%	-	97,543	98.42%	
2017	116,107	112,674	97.04%	-	112,674	97.04%	

Note: Collections in subsequent year data not available

Source: County of Alameda

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 11

TAXABLE SALES BY CATEGORY

(in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Auto & Transportation	\$ 840,330	\$ 695,919	\$ 580,398	\$ 651,555	\$ 674,154	\$ 743,329	\$ 838,029	\$ 894,683	\$ 933,844	\$ 903,362
Business & Industry	691,322	574,628	490,566	512,453	642,399	655,454	653,875	558,343	578,225	617,380
General Consumer Goods	536,955	505,460	480,781	496,571	548,072	559,941	574,519	605,914	586,743	554,885
Restaurants and Hotels	527,276	515,602	525,068	566,973	606,936	681,562	751,108	855,561	953,697	1,001,054
Building & Construction	465,797	416,701	344,171	325,085	378,922	374,421	434,677	456,964	474,895	514,481
Food & Drugs	341,677	342,922	366,461	359,148	386,236	402,383	417,291	440,323	490,278	511,093
Fuel & Service Stations	1,236,876	638,147	433,207	620,279	888,349	733,489	704,208	632,457	502,608	568,368
Total	\$ 4,640,233	\$ 3,689,379	\$ 3,220,652	\$ 3,532,064	\$ 4,125,068	\$ 4,150,579	\$ 4,373,707	\$ 4,444,245	\$ 4,520,290	\$ 4,670,623
City direct sales tax rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	2.0%	2.0%	2.0%

Source: HdL Companies

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 12

**DIRECT AND OVERLAPPING
SALES TAX RATES**

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>State of California</u>
2008	1.50%	7.25%
2009	1.50%	8.25%
2010	1.50%	8.25%
2011	1.50%	8.25%
2012	1.50%	7.25%
2013	1.50%	7.50%
2014	1.50%	7.50%
2015	2.00%	7.50%
2016	2.00%	7.50%
2017	2.00%	7.25%

Source: California State Board of Equalization

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 13

RATIOS OF OUTSTANDING DEBT BY TYPE

(in thousands)

Fiscal Year	<u>Governmental Activities</u>											<u>Business-type Activities</u>				
	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Lease Revenue Bonds	Pension Obligation Bonds	Accreted Interest	Special Assessment Bonds	Notes and Loans Payable	Capital Leases	Premiums Discounts Refunding Loss	Pledge Oblig. For Authority Debt	Sewer Fund Notes Payable	Sewer Fund Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2008	\$ 331,528	\$ 496,630	\$ 40,495	\$ 323,340	\$ 282,705	\$ 125,743	\$ 6,200	\$ 19,045	\$ 26,968	\$ (2,454)	\$ 82,450	\$ 3,346	\$ 57,720	\$ 1,793,716	17.00%	\$ 4
2009	317,188	505,765	10,375	296,985	248,455	148,580	5,645	17,610	23,235	(2,167)	79,350	2,540	56,090	1,709,651	15.29%	4
2010	366,248	488,900	7,210	270,670	210,595	172,971	8,298	14,295	18,483	450	76,000	1,708	54,380	1,690,208	15.93%	4
2011	349,431	523,905	3,895	242,800	195,637	172,121	7,963	12,295	17,068	(1,278)	72,450	848	52,580	1,649,715	14.85%	4
2012	326,609	-	-	210,530	174,777	157,211	7,475	10,140	13,498	4,630	68,700	574	50,695	1,024,839	9.08%	3
2013	309,793	-	-	176,850	367,394	162,874	6,690	7,815	39,228	20,219	56,895	291	48,710	1,196,759	9.65%	3
2014	290,449	-	-	141,555	348,512	169,923	6,365	5,330	51,349	18,390	53,225	-	38,555	1,123,653	8.54%	3
2015	206,530	-	-	109,955	330,433	165,290	6,020	3,150	65,645	25,989	49,445	-	41,431	1,003,888	7.12%	2
2016	201,830	-	-	91,110	313,223	159,476	5,685	2,060	71,849	24,054	45,512	-	39,123	953,922	6.52%	2
2017	216,655	-	-	71,335	296,854	149,896	5,335	8,021	67,802	23,246	41,384	-	36,735	917,263	5.64%	2

Source: Notes to Basic Financial Statements

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 14

**RATIOS OF GENERAL BONDED
DEBT OUTSTANDING**

(in thousands)

General Bonded Debt Outstanding

Fiscal Year	Net Bonded Debt (1)	Assessed Value (2)	Percentage of Actual Taxable Value of Property (%)	Per Capita (3) <i>(in dollars)</i>
2008	\$ 1,732,650	\$ 39,319,000	4.4066	\$ 4,123.56
2009	1,651,021	41,274,000	4.0001	3,884.13
2010	1,634,120	39,877,000	4.0979	4,181.93
2011	1,596,287	38,484,140	4.1479	4,068.70
2012	973,570	38,856,435	2.5056	2,465.78
2013	1,147,758	39,515,578	2.9046	2,871.56
2014	1,085,098	40,796,490	2.6598	2,674.61
2015	962,457	43,388,075	2.2183	2,294.08
2016	914,799	47,423,896	1.9290	2,161.67
2017	880,528	50,980,783	1.7272	2,066.61

(1) Source: City of Oakland Annual Debt Service Roll Forward Schedule as of June 30, 2017

(2) Source: County of Alameda.

(3) Population 426,074 as of 1/1/17 per State of California Demographic Information by City.

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 15

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable</u>	<u>City Share of Debt</u>
Direct Bonded Debt		
City of Oakland General Obligation Bonds	100.000	\$ 216,665,000
City of Oakland Lease Revenue Bonds	100.000	71,335,000
City of Oakland Pension Obligations	100.000	296,854,000
City of Oakland 1915 Act Bond Obligations	100.000	5,335,000
City of Oakland Accreted Interest on Appreciation Bonds	100.000	149,896,000
City of Oakland Unamortized Premium and Discount	100.000	23,246,000
City of Oakland Notes, Loans and Capital Leases	100.000	75,823,000
City of Oakland and Coliseum Authority General Fund Obligations	100.000	41,384,000
Total Direct Bonded Debt:		\$ 880,538,000
Overlapping Bonded Debt		
Alameda-Contra Costa Transit District Certificates of Participation	23.938	\$ 4,219,073
Alameda County and Coliseum Authority General Fund Obligation	20.213	173,173,362
Alameda County Pension Obligations	20.213	5,602,940
Bay Area Rapid Transit District	7.950	70,845,233
East Bay Municipal Utility District, Special District #1	52.693	1,852,159
East Bay Regional Park District	12.262	15,154,606
Chabot-Las Positas Community College District	0.978	5,246,628
Peralta Community College District	55.433	218,672,098
Peralta Community College District Pension Obligation	55.433	88,492,047
Berkeley & Castro Valley Unified School District	0.003 & 0.109	125,756
Oakland Unified School District	99.999	928,315,717
Oakland Unified School District Certificates of Participation	99.999	32,164,678
San Leandro Unified School District	9.5	21,462,856
San Leandro Unified School District General Fund Obligations	9.5	453,625
Castro Valley Unified School District Certificates of Participation	0.109	5,575
City of Emeryville 1915 Act Bonds	4.183	152,261
City of Piedmont 1915 Act Bonds	4.792	134,895
Total Overlapping Bonded Debt:		\$ 1,566,073,509
Total Direct and Overlapping Debt		\$ 2,446,611,509
Less: East Bay M.U.D. Special District #1 (100% self-supporting)		1,852,159
Total Net Direct and Overlapping Bonded Debt		\$ 2,444,759,350

Source: City of Oakland Treasury Division

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 16

LEGAL DEBT MARGIN INFORMATION

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 1,116,227,253	\$ 1,156,818,628	\$ 1,129,612,382	\$ 1,104,508,857	\$ 1,110,343,736	\$ 1,125,725,668	\$ 1,168,926,502	\$ 1,238,785,017	\$ 1,330,916,765	\$ 1,417,843,532
Total net debt applicable to limit	331,528,315	317,188,697	366,247,851	349,430,620	326,608,202	309,791,916	290,448,558	206,530,000	201,830,000	216,665,000
Legal debt margin	\$ 784,698,938	\$ 839,629,931	\$ 763,364,531	\$ 755,078,237	\$ 783,735,534	\$ 815,933,752	\$ 878,477,944	\$ 1,032,255,017	\$ 1,129,086,765	\$ 1,201,178,532
Total net debt applicable to the limit as a percentage of debt limit (%)	29.70%	27.42%	32.42%	31.64%	29.42%	27.52%	24.85%	16.67%	15.16%	15.28%

Source: County of Alameda and City of Oakland Annual Debt Service Roll Forward (General Obligation Debt Total as of June 30, 2017).

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 17

**PLEGGED-REVENUE COVERAGE,
PORT OF OAKLAND, OAKLAND REDEVELOPMENT AGENCY AND
OAKLAND REDEVELOPMENT SUCCESSOR AGENCY**

(thousands of dollars)

Fiscal Year	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
<u>PORT OF OAKLAND</u>					
2008	\$ 144,931	\$ 19,800	\$ 70,474	\$ 90,274	160.55%
2009	130,173	19,724	75,578	95,302	136.59%
2010	147,860	35,593	78,018	113,611	141.96% (1)
2011	155,502	36,500	69,378	105,878	146.87%
2012	161,254	48,763	59,571	108,334	149.68% (2)
2013	170,128	45,812	61,612	107,424	158.37%
2014	160,769	42,661	56,615	99,275	161.94% (3)
2015	164,643	46,471	54,813	101,284	162.56%
2016	158,738	50,236	52,786	103,022	154.08%
2017	172,552	53,232	50,834	104,066	165.81%
<u>OAKLAND REDEVELOPMENT AGENCY</u>					
2009	3,456,253	505,595	343,747	849,342	406.93%
2010	3,100,961	488,900	316,344	805,244	385.10%
2011	3,041,760	523,905	378,570	902,475	337.05%
<u>OAKLAND REDEVELOPMENT SUCCESSOR AGENCY</u>					
2012	2,949,755	503,540	348,207	851,747	346.32%
2013	2,856,580	480,995	318,894	799,889	357.12%

Notes: (from Port of Oakland)

(1) Revised from 130.15% to reflect the application of \$9.5 million bond reserve funds from Series F, Series K, Series L and Series N to debt service.

(2) Revised from 148.85% to reflect the application of unspent Series M bond proceeds to debt service.

(3) Revised from 161.41% to reflect additional Net Revenue Available for Debt Service.

Source: Port of Oakland

CITY OF OAKLAND STATISTICS

SCHEDULE 18

DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate (%)
2008	420,183	\$ 10,554,157	\$ 25,118	36.1	39,705	9.6
2009	425,068	11,182,689	26,308	36.7	38,826	17.1
2010	390,757	10,607,099	27,145	37.1	38,450	17.2
2011	392,333	11,107,340	28,311	36.3	38,540	16.3
2012	394,832	11,281,140	28,572	36.2	37,742	14.3
2013	399,699	12,402,660	31,030	36.6	36,180	11.3
2014	405,703	13,154,920	32,425	36.4	37,040	9.0
2015	419,539	14,100,286	33,609	36.2	37,147	5.7
2016	423,191 (1)	14,636,907	34,587	36.2	37,075	5.8
2017	426,074	16,275,175	38,198	36.5	36,668	4.9

Source: Population - State of California Department of Finance

Per Capita Income and Median Age - DemographicsNow.com (2006-2013), U.S. Census Bureau (2014-2017)

School Enrollment - Oakland Unified School District

Unemployment Rate - State of California Employment Development Department

(1) 2016 population is updated with newly available data from the California Department of Finance, personal income is also updated accordingly.

CITY OF OAKLAND STATISTICS

SCHEDULE 19

PRINCIPAL EMPLOYERS

Employer	2016			2008⁽¹⁾		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Kaiser Permanente/Kaiser Foundation	12,287	1	6.13%	8,885	1	5.09%
Oakland Unified School District	5,080	2	2.53%	5,723	2	3.28%
County of Alameda	4,490	3	2.24%	N/A		
City of Oakland	3,500	4	1.75%	3,804	3	2.18%
Bay Area Rapid Transit	3,288	5	1.64%	3,166	4	1.81%
State of California	3,168	6	1.58%	N/A		
UCSF Children's Hospital Oakland	2,675	7	1.33%	2,526	5	1.45%
Alameda Health Systems (Highland Hospital)	2,300	8	1.15%	N/A		
Southwest Airlines	2,256	9	1.13%	2,328	7	1.33%
Sutter Hospitals, Medical Foundation, & Support Services	2,257	10	1.13%	2,072	8	1.19%
U. S. Postal Service	N/A			2,413	6	1.38%
East Bay Municipal Utility District	N/A			1,596	9	0.91%
Federal Express	N/A			1,556	10	0.89%
Total	41,301			34,069		

Source: City of Oakland Economic and Workforce Development Department and County of Alameda
Total employment of 200,500 from State of California Employment Development Department is used to calculate the percentage of employment in 2016.

Note:

(1) Data pertaining to principal employers for 2007 was not readily available. As such, the City used 2008 data as its base year.

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 20

**FULL-TIME-EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Aging, Health & Human Services	208	204	217	231	218	219	219	214	213	187
Community & Economic Development Agency	419	380	364	241	N/A	N/A	N/A	N/A	N/A	N/A
Economic & Workforce Development Department	N/A	N/A	N/A	N/A	N/A	N/A	46	44	42	43
Fire										
Firefighters and officers	462	448	434	427	411	410	393	426	427	462
Civilians	82	77	78	69	64	68	96	67	102	72
General Government										
Management services	211	204	184	169	280	280	169	205	224	239
Finance	209	196	176	172	63	55	124	128	134	132
Retirement Services	5	5	5	5	N/A	N/A	N/A	N/A	N/A	N/A
Personnel Resources Management	53	47	35	35	33	29	40	42	37	37
Contracts and Purchasing	22	22	22	23	N/A	N/A	N/A	N/A	N/A	N/A
Neighborhood Services	N/A	N/A	N/A	N/A	N/A	4	N/A	N/A	N/A	N/A
Information Technology	92	88	67	62	60	55	59	54	70	76
Library	150	140	133	135	134	138	139	136	132	154
Cultural Arts/KTOP	21	20	12	12	8	8	8	8	N/A	N/A
Museum	55	51	42	38	N/A	N/A	N/A	N/A	N/A	N/A
Parks and Recreation	76	92	82	87	83	84	82	85	88	85
Planning, Building & Neighborhood Preservation	N/A	N/A	N/A	N/A	119	111	111	107	118	121
Police										
Officers	746	791	763	627	634	621	633	710	760	761
Civilians	432	303	305	279	311	350	458	458	423	367
Public Works	561	546	482	593	593	588	611	623	622	632
Housing & Community Development	N/A	N/A	N/A	N/A	44	43	45	45	44	50
Total	3,804	3,614	3,401	3,205	3,055	3,063	3,233	3,352	3,436	3,418

Source: City of Oakland Payroll Division

CITY OF OAKLAND STATISTICS

SCHEDULE 21

OPERATING INDICATORS BY FUNCTION/PROGRAM

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Building permits issued	14,957	13,055	12,951	13,648	13,696	13,513	14,680	15,117	18,693	17,259
Building inspections conducted	95,064	77,845	71,931	70,016	48,500	55,951	58,844	56,414	39,947	41,771
Authorized new dwelling units	704	395	555	528	237	486	420	806	1,641	3,101
Commercial value (in thousands)	213,696	117,876	95,851	108,767	150,613	65,152	100,239	238,592	306,809	211,874
Residential value (in thousands)	258,617	196,362	168,872	179,374	159,723	253,516	181,087	246,776	495,481	638,944
Police										
Dispatched calls	289,032	315,522	265,277	236,517	221,775	249,050	226,275	252,550	253,877	259,494
Field Contacts	9,641	8,393	20,220	23,391	16,638	21,280	33,570	34,418	39,240	30,032
Physical arrests	16,866	18,183	15,056	15,029	10,617	7,908	7,577	12,224	12,911	12,047
Parking violations	459,459	496,655	450,656	386,494	368,641	326,030	331,692	323,542	330,615	313,222
Traffic violations	44,897	51,019	33,484	20,731	N/A	N/A	N/A	N/A	N/A	N/A
Fire										
Emergency responses	49,784	51,255	49,887	51,041	46,672	55,334	55,284	58,413	59,254	55,144
Fires extinguished	3,800	2,601	1,143	1,073	1,207	1,108	1,783	1,282	1,782	1,469
Inspections	3,062	3,258	2,087	2,211	2,390	3,292	3,292	2,398	2,862	3,143
Port of Oakland										
Imports (in tonnage)	16,203,404	14,664,473	13,014,470	14,868,310	14,709,453	14,609,772	14,478,498	15,204,325	15,154,727	16,436,308
Exports (in tonnage)	<u>16,191,383</u>	<u>16,258,547</u>	<u>17,357,582</u>	<u>17,647,626</u>	<u>18,429,153</u>	<u>18,370,822</u>	<u>18,473,839</u>	<u>17,663,308</u>	<u>15,848,375</u>	<u>17,720,336</u>
Total tonnage	32,394,787	30,923,020	30,372,052	32,515,936	33,138,606	32,980,594	32,952,337	32,867,633	31,003,102	34,156,644
Containers	1,363,367	1,273,805	1,161,082	1,316,473	1,318,925	1,328,379	1,325,855	1,359,195	1,294,532	1,336,298
Other public works										
Street resurfacing (miles)	13.83	18.63	18.5	11.50	21.21	3.95	16.95	9.60	9.40	8.80
Potholes repaired	11,758	8,515	10,062	8,262	11,614	12,005	9,719	13,751	14,117	17,733
Parks and recreation										
Athletic field permits issued	330	340	346	378	409	409	409	429	450	450
Community center admissions	1,423,577	1,342,657	1,454,124	1,653,451	1,790,720	1,144,097	902,414	698,273	1,174,383	1,174,383
Library										
Volumes in collection	1,242,415	1,316,849	1,452,930	1,535,451	1,268,857	1,259,091	1,245,060	1,130,583	1,120,958	1,193,188
Total volumes borrowed	2,328,712	2,436,806	2,469,588	2,585,613	2,619,930	2,576,157	2,534,678	2,421,548	2,560,066	2,130,170
Water										
New connections	474	297	192	111	127	167	132	139	184	247
Water main breaks	251	410	242	263	260	278	303	339	336	314
Average daily consumption (gallons/fami	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peak daily consumption (thousands of	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater										
Average daily sewage treatment (thousands										
of gallons)	75,000	66,000	68,000	70,000	63,000	61,000	56,000	55,000	57,000	67,000

Source: City of Oakland, Port of Oakland, and East Bay Municipal Utility District
 Note: Port of Oakland data based on prior calendar year; fiscal year data unavailable.

**CITY OF OAKLAND
STATISTICS**

SCHEDULE 22

**CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Aviation facilities										
Airports operated	1	1	1	1	1	1	1	1	1	1
Paved airport runways	4	4	4	4	4	4	4	4	4	4
Total length of runways (in feet)	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038	25,038
Area of airport (in acres)	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Police										
Stations	8	8	7	7	7	7	7	7	7	7
Patrol units	622	633	602	592	634	610	600	619	697	745
Fire stations	25	25	25	25	25	25	25	25	25	25
Harbor facilities										
Miles at waterfront	19	19	19	19	19	19	19	19	19	19
Berthing length at wharves (in feet)	23,063	23,233	23,233	23,233	23,233	23,233	23,233	23,233	23,233	23,233
Harbor area (in acres)	786	786	786	779	779	779	779	779	779	779
Hospitals	4	4	4	4	4	4	4	4	4	4
Library branches	15	15	15	16	16	16	16	16	16	16
Museums	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (in lane miles)	2,288	2,323	1,963	1,965	1,965	1,965	1,965	1,965	1,965	1,965
Streetlights	36,219	36,219	36,219	37,000	37,000	37,000	37,000	37,000	38,000	38,050
Traffic signals	671	688	688	688	720	632	635	639	642	643
Parks and recreation										
Acreage	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Swimming pools	7	5	5	4	4	4	4	4	6	6
Tennis courts	44	44	44	44	44	44	44	44	44	44
Playgrounds	106	106	106	106	106	106	106	106	106	106
Baseball/softball diamonds	40	40	40	40	40	40	40	40	40	40
Soccer/football fields	15	15	15	15	15	15	15	15	15	15
Community centers	34	34	34	33	33	33	33	33	33	33
Water										
Water mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire hydrants	6,719	6,733	6,738	6,759	6,697	6,812	6,823	6,720	6,735	6,818
Storage capacity (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater										
Sanitary sewers (miles)	29	29	29	29	29	29	29	29	29	29
Treatment capacity (million gallons per day)	320	320	320	320	320	320	320	320	320	320

Source: City of Oakland, Port of Oakland, and East Bay Municipal Utility District
Note: Harbor Facilities data based on prior calendar year; fiscal year data unavailable.

CITY OF OAKLAND

STATISTICS

GENERAL INFORMATION

The City of Oakland is located on the eastern side of the Oakland/San Francisco Bay in the County of Alameda. Its western border offers 19 miles of coastline, while the rolling hills to the east present views of the Bay and the Pacific Ocean. In between are traditional, well-kept neighborhoods, a progressive downtown and superior cultural and recreational amenities. It is the administrative site for the County of Alameda, the regional seat for the federal government, the district location of primary state offices, and the transportation hub and center of commerce for the Bay Area.

With an estimated population of over 426,000, ranking the eighth largest city in the State of California, Oakland is a city of contrasts. It has a thriving industrial port located near restored historic buildings. Major corporate headquarters are in close proximity to traditional businesses and small shops. Historic structures continue to be preserved and revitalized while new buildings are built.

Oakland has grown rapidly since World War II. It has striven to balance this growth by preserving its abundant natural beauty and resources. The City has over 100 parks within its borders and several recreational areas along its perimeter. The downtown area includes Lake Merritt, the largest saltwater lake within a U.S. city. Its shoreline is a favorite retreat for joggers, office workers and picnickers. At dusk, the area sparkles as the lake is lit with the "Necklace of Lights." Lake Merritt is the oldest officially declared wildlife sanctuary in the United States, dating back to 1870.

CITY GOVERNMENT

The City of Oakland has a Mayor-Council form of government. The Mayor is elected at-large for a four-year term, and can be re-elected only once. The Mayor is not a member of the City Council; however, he or she has the right to vote as one if the Councilmembers are evenly divided.

The City Council is the legislative body of the City and is comprised of eight Councilmembers. One Councilmember is elected "at-large", while the other seven Councilmembers represent specific districts. All Councilmembers are elected to serve four-year terms. Each year the Councilmembers elect one member as President of the Council and one member to serve as Vice Mayor.

The City Administrator is appointed by the Mayor and is subject to confirmation by the City Council. The City Administrator is responsible for the day-to-day administrative and fiscal operations of the City.

COMMERCIAL SECTORS

Oakland has made significant gains in diversifying its economic base. The economy offers a healthy mix of trade, government, information technology, financial, medical, publishing, and service-oriented occupations. Industries with the largest growth in jobs in the last few years are professional and business services, education and healthcare, government, leisure and hospitality, traditional and specialty food production.

Oakland is abundant in resources that are available to its businesses and residents. State-of-the-art transportation, communications, and utility facilities keep the City running smoothly. Waterfront restaurants, shops, and a movie theater at Jack London Square, as well as the burgeoning Old Oakland and Uptown districts provide lively nighttime attractions. In addition, new office and retail buildings, public facilities, hotels, park enhancements, farmer's markets, outdoor cinema, art galleries and scores of public art installations and the annual Art & Soul festival have created a cosmopolitan environment in the downtown. The City's neighborhood retail areas continue

CITY OF OAKLAND STATISTICS

HISTORY

Oakland's first inhabitants, the Ohlone Indians, arrived about 1200 B.C. and lived in small tribal groups on the edge of the hills surrounding the Bay. The Ohlone Indians were a stocky hunting and gathering group who lived in such harmony with nature that they left no permanent mark on the landscape. They maintained such a peaceful attitude with each other that they had no word for war.

Spanish explorers first entered the area that is now Oakland by land in 1772. They reported the natural geography as possibly the most perfect on earth. Near the shore were magnificent oaks; on the hills stood acres of giant redwoods. In the spring, wildflowers filled the valley with golden poppies and purple iris. Deer, rabbits, bears and wildcats roamed the woods. Creeks tumbled into a Bay filled with salmon, crabs, sturgeons, smelts, lobsters, clams, and mussels. The marsh that would become Lake Merritt was alive with wildfowls.

Spain established a Presidio and a Mission on the west side of the Bay in 1776, and Mission San Jose (south of Oakland) is now Fremont. Mission San Jose had jurisdiction over Oakland, the area the Spaniards called Encinal, "grove of evergreen oaks." European diseases and settler hostility obliterated the Ohlones and most of their culture within a few years.

Development as a commercial and transportation center began with the California Gold Rush of 1849, when Oakland became the mainland staging point for passengers and cargo traveling between the Bay and the Sierra foothills.

Oakland was incorporated as a city in 1852, and construction of shipping wharfs began immediately. Ferry service between Oakland and San Francisco had existed for years, but by building large wharfs and dredging a shipping channel, Oakland became an independent destination. Oakland grew steadily through the 19th century. After the devastating earthquake in 1906, many people and businesses chose to relocate from San Francisco to Oakland. Oakland's population more than doubled between 1900 and 1910.

Oakland benefited from the general prosperity of the area through the 1920s. California farms expanded their markets, contributing to canning, processing and shipping companies based in Oakland. Automakers and steel companies led the industrial expansion throughout the East Bay. Construction businesses had plenty of work as homes went up south and east of the inner city and new high-rise office buildings were built in downtown Oakland.

World War II brought tremendous changes to Oakland. Huge numbers of workers moved to the Bay Area to work in local shipyards and many of these people, as well as large numbers of military personnel who mustered out at Treasure Island and the Oakland Army Base, chose to remain in the Bay Area. The population grew by almost one third between 1940 and 1950.

Oakland has a rich literary and cultural heritage. Such historical notables as writers Bret Harte, Jack London, Joaquin Miller, Ina Donna Coolbrith, Jessica Mitford, Narman Jayo, Ishmael Reed, and Gertrude Stein; architect Julia Morgan; and dancer Isadora Duncan are just a few who have left their cultural mark on the City. It is also the birthplace of the West Coast Blues.

TRANSPORTATION

Located in the geographical center of the Bay Area, Oakland has been recognized as an important transportation hub for more than 100 years. The combination of train, bus, marine, aviation, freeways (I-880, I-580, Hwy 13, and Hwy 24) guarantees ease of travel for local residents and efficient channels of commerce for businesses relying on the City's easy access. Oakland is the headquarters of the Alameda-Contra Costa Transit District (AC

CITY OF OAKLAND STATISTICS

Transit), and the Bay Area Rapid Transit (BART) system. Oakland's Port is a primary sea terminal for transporting cargo between the Western United States and the Pacific Rim, Latin America, and Europe. Air cargo service is minutes away at the Oakland International Airport.

The Port of Oakland

The Port of Oakland is located on the east (or mainland) side of San Francisco Bay, one of the most beautiful natural harbors in the world. The Port is the fifth busiest container port in the United States and among the top 30 in the world. It is served by two railroad companies: the Burlington Northern Santa Fe (BNSF) and the Union Pacific.

The Port handles over 98 percent of Northern California's container traffic, which includes service by over 30 container lines. It has technically advanced facilities available not only for containers but for break-bulk, heavy-lift, and other specialized cargo. The Port has approximately 1,300 acres of developed terminal facilities and container storage and handling areas with 35 ship-to-shore container cranes in operation at these facilities. All Vision 2000 terminal facilities are open and operating. They consist of the 120 acre Hanjin container terminal, the 150 acre Stevedoring Services of America container terminal and the 85 acre intermodal rail terminal operated by the BNSF. The Port of Oakland is the only California container port that handles more exports than imports. It is the premier seaport for exporting agricultural goods from the Central Valley and the gateway for 90 percent of California's wine exports.

Oakland International Airport

Oakland International is San Francisco Bay Area's most convenient airport and was ranked #1 for on-time arrivals in North America as measured by FlightStats.com in 2009. Strategically located at the center of the region, Oakland International handles over 11 million passengers and 1,000,000 metric tons of air cargo annually. It is the fourth largest international airport in California, and the second largest airport in the Bay Area, it offers approximately 150 commercial passenger flights daily to domestic and international destinations. The airport is comprised of two airfields: South Field (the main commercial airfield) and North Field (primarily used by general and corporate aviation and some cargo companies). Oakland offers flights to more than 40 destinations in the U.S., including services to four Hawaiian Islands as well as service to Mexico and Europe. The Port is also partnering with Bay Area Rapid Transit to operate the Oakland Airport Connector, a 3.2-mile extension of BART from the Coliseum/Oakland Airport BART Station to Oakland International Airport.

Air Cargo at Oakland International Airport

Oakland International handles 1,000,000 metric tons of cargo every year, and it is the largest air cargo facility in Northern California. Five all-cargo carriers currently serve Oakland International. Additionally, air cargo is on the domestic and international passenger carriers that serve the airport. About one in every four employees works in a job related to cargo. FedEx maintains their West Coast North American Asia-Pacific hub at Oakland. UPS also has a major West Coast hub at Oakland.

Mass Transit

Local bus service is provided by Alameda-Contra Costa (AC) Transit, the public bus system serving 13 cities (and adjacent unincorporated communities) in 364 square miles along the east shore of San Francisco Bay. Serving approximately 170,000 daily riders, AC Transit operates a network of more than 150 bus lines, over 90% of which make transfer connections with the Bay Area Rapid Transit (BART) system. AC Transit buses also serve the Amtrak Station and ferry terminal at Jack London Square, the Oakland International Airport, and many other Bay Area attractions including downtown San Francisco.

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BART is a 112-mile, automated rapid transit system serving over 3.5 million people in the three BART counties of Alameda, Contra Costa, and San Francisco counties, as well as northern San Mateo County. Trains traveling up to 80 mph connect 22 Bay Area cities and 46 stations. Travel time between downtown Oakland and downtown San Francisco averages only 11 minutes on BART.

Other modes of transportation include the Alameda/Oakland Ferry Service that links Oakland with San Francisco. Nine major U.S. and California highways pass through Oakland. Daily service to rail destinations throughout the U.S. is offered at the Oakland Amtrak Station. Greyhound Bus Lines offers daily bus service to cities throughout the United States.

Car-sharing is offered by City CarShare and Zipcar. Ride sharing is offered by Uber and Lyft. There are over 90 miles of bike lanes, routes and paths for the public. Oakland was one of the first cities to pilot the “sharrow” lane – shared-lane pavement markings to indicate road lanes shared by cyclists and motorists. The Metropolitan Transportation Commission’s Bay Area Bike Share program will bring 1,400 bikes to Oakland, Berkeley and Emeryville by 2018.

EDUCATION

The Oakland Unified School District is governed by the Board of Education consisting of seven elected members and three mayoral appointees. The day-to-day operations are managed by the Superintendent of Schools.

The District operates 54 elementary, 13 middle, and 19 high schools. They also operate 30 child development centers. In addition, there are 37 charter schools and several adult education schools in Oakland.

There are two community colleges and four four-year institutions inside the city limits, with the world-renowned U.C. Berkeley campus located nearby. In addition, Samuel Merritt University offers degrees in nursing, occupational therapy, physical therapy, physician assistant, and podiatric medicine and is the largest source of new registered nurses in California. Also, a variety of evening extension courses is offered in Oakland by nine other Bay Area colleges, including U.C. Berkeley. A wide array of non-profit, county and City-sponsored skills enhancement training programs are provided to Oakland residents, and career development is successfully encouraged at area high school academies.

HEALTH CARE

Oakland’s medical facilities are among the best in the nation. The medical community provides the latest and most sophisticated medical technology for the diagnosis and treatment of disease. Over 1,500 physicians, 250 dentists, and four major hospitals are located within the City. Overall, the health care industry in Oakland employs approximately 14,000 people.

PUBLIC SAFETY

Oakland’s public safety providers actively engage all segments of the City’s diverse residential and business communities in efforts to increase public safety and quality of life. Current police initiative partner law enforcement agencies with local community-based social service organizations to create/enhance programs that offer ex-offenders services (training and education) and support (substance abuse recovery and mental health counseling), while maintaining strict accountability and supervision of parolees and those on probations.

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Oakland's first responders, committed to proactive emergency preparedness, response, and mitigation, continue to develop and enhance their skills, assess local risks, and prepare strategies to ensure the safety and security of the City's residential and commercial sectors in the event of a natural disaster or terrorist attack.

PARKS AND RECREATION

Sports, performing arts, boating, camping, gardens, and many other leisure activities are available at more than 140 parks, playgrounds, community centers, and other recreational facilities operated by the City. There are three public golf courses. Five public pools offer seasonal lap and recreational swimming, instruction and showers. The Parks and Recreation Department operates more than 40 tennis courts. Oakland's Feather River Camp, a family camp located in the Plumas National Forest, is operated by the nonprofit group Camps in Common and offers both tent and cabin sites for overnight camping. Families and groups enjoy the rustic amenities, swimming, a variety of activities, and theme weeks offered at the camp throughout the summer months. Instruction in sailing, wind surfing and kayaking are available at Lake Merritt. Boats are available for rent, including paddleboats, kayaks, rowboats, canoes, and sailboats. The City provides public boat launches at its seven-acre, waterfront park on the estuary and at Lake Merritt. The Port of Oakland owns and operates three marinas with berths.

Oakland is at the heart of the East Bay Regional Park District, a splendid system of 65 parks covering more than 119,000 acres and 29 regional hiking trails stretching 1,200 miles in Alameda and Contra Costa Counties.

CULTURAL ARTS

Oakland is home to one of the most vibrant visual, performing and cultural arts communities in the West Coast. It is experiencing a dynamic cultural renaissance and economic revitalization throughout downtown, the waterfront, and neighborhoods. There are more than 5,000 professional artists living and working in Oakland; 25 dance companies; 36 music groups and organizations; 12 theater companies; 40 visual arts galleries and 15 historic and museum sites.

The Cultural Arts & Marketing Division is the City's local arts agency which provides services to the arts community and sponsors culturally enriching programs, exhibitions, and events to celebrate Oakland's creative and cultural diversity. Through its three program areas, the Cultural Funding Program, Public Art Program, and Special Projects, the Cultural Arts & Marketing Division seeks to broaden and strengthen community participation in the development, support, and promotion of Oakland's rich artistic and cultural heritage at the local, regional, and national level.

Cultural Funding Program—The City of Oakland, through a competitive application process, awards over \$1.1 million in contracts over the years to Oakland-based nonprofit organizations and individual artists that collectively provide more than 5,000 arts and cultural activities to Oakland residents and visitors.

Public Art Program—The City of Oakland Public Art Program serves Oakland residents and visitors of all ages by commissioning permanent and temporary works of art to help create a positive vision and identity for the City and its neighborhoods. The Public Art Program supports downtown and neighborhood revitalization by engaging a diverse range of artists in contributing to the quality of the visual environment while communicating Oakland's historical, social and cultural significance. Public Art Program Staff administers a variety of programs, including site-specific public art connected to City capital improvements.

CITY OF OAKLAND STATISTICS

Special Projects—The City collaborates with other community organizations, businesses, public institutions, and City agencies to produce programs, events, festivals, and celebrations that promote Oakland's art and culture. Current projects include: Oakland Artisan Marketplace, Art & Soul Oakland Festival, and support for 20 major festivals citywide.

Galleries—Three new exhibition spaces downtown showcase high quality art by Oakland Bay Area visual artists in a variety of expressive mediums. They include the Craft and Cultural Arts City of Oakland/State of California Gallery, established through a 'partnership in the arts' collaboration, the Oakland Art Gallery, and the Galleries of Oakland space in City Hall. The Third Thursday Oakland Art Night, through which art patrons can tour downtown galleries until 8pm on the third Thursdays, is a newly created program.

Oakland Museum of California—It brings together collections of art, history and natural science under one roof to tell the extraordinary stories of California and its people. Oakland Museum of California connects collections and programs across disciplines, advancing an integrated, multilayered understanding of this ever-evolving state. With more than 1.8 million objects, the Museum is a leading cultural institution of the Bay Area and a resource for the research and understanding of California's dynamic cultural and environmental heritage.

Paramount Theater—This 1931 movie place, authentically restored in 1973, is Oakland's premiere live performance facility. The theater hosts an impressive variety of popular attractions, including the Oakland East Bay Symphony and the Oakland Ballet, hosts classical performance, Broadway shows, R&B concerts, gospel musicals, comedy performances and many special engagements.

Malonga Casquelourd Center for the Arts—The beautifully restored turn-of-the-century Arts Center, formerly known as the Alice Arts Center, is one of the area's busiest performing arts facilities. Patrons can participate in a variety of arts programs or rent spaces for arts events and activities. This restored 1920s building is a popular multicultural, multidisciplinary performing arts complex sponsored by the city. The 400-seat theater and five performance spaces showcase drama, ballet, and African and contemporary dance.

The Oakland School for the Arts—It is a California Distinguished School and has been recognized by the national Arts Schools Network as an Exemplary School. Oakland School for the Arts (OSA) is part of the revitalization of uptown Oakland. Located in the recently restored historic Fox Theater, OSA anchors the uptown arts movement with its shows, productions and performances.

SPORTS

Oakland is a magnet for sports fans of all types. Whatever the season, Oakland pro and amateur games frequently garner large crowds and broad national media coverage. In the last three decades, Oakland's professional sports teams have won six world championships in three major sports.

- Golden State Warriors – The Warriors continue to showcase exciting basketball. In 2017, the Warriors won their second NBA Championship in 3 years. The celebratory parade and rally marking the victory was held in downtown Oakland on June 15.
- Oakland Athletics – The Oakland Athletics have won six American League Championships and four baseball World Series titles.
- Oakland Raiders – From dominance in three Super Bowl victories to improbable come-from-behind victories, the Raiders have been involved in some of professional football's most incredible moments.

CITY OF OAKLAND STATISTICS

MEDIA

Oakland has its own daily and weekly regional newspapers, radio stations and a television station with daily award-winning newscasts. In addition to media and cable companies located in Oakland, the City is served by other major Bay Area newspapers, seven television stations (including the three major networks) and the Public Broadcasting System. Over 30 other Bay Area radio stations are easily received in Oakland.

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