



CITY OF OAKLAND

Office of the City Auditor



Serving Oakland With Integrity

UNPRECEDENTED TIMES

Dear Oaklanders,

First, I hope this newsletter finds you and your loved ones safe and healthy. I am thinking about you daily.

COVID-19 has shifted our way of life in unprecedented ways. Amid these uncertain and challenging times, my Office is working closely with other auditors across the United States to determine how we can best respond to the City's short- and long-term financial issues highlighted by this pandemic.

As auditors, we are charged with asking tough questions, conducting rigorous analyses, and recommending solutions to the City's most pressing issues. Our aim is to provide guided insight to our City leaders to accelerate solutions that will improve government operations, solidify our finances and ensure our residents and businesses are being provided the services they depend upon.

Today, my Office is releasing a [report](#) on the City of Oakland's financial condition (prior to COVID-19) that will serve as a baseline for assessing the financial impacts of the COVID-19 pandemic (see below for more information).

My Office is operating at our normal pace (see audits in progress below), even though we are working remotely. Should you have any pressing questions or concerns, please contact me at CityAuditor@OaklandCa.gov and I will respond as soon as possible.



NEW REPORT RELEASED

City of Oakland Financial Condition for Fiscal Years 2012-13 to 2018-19

This report provides information on the City of Oakland's financial activities and its financial health prior to the COVID-19 pandemic. The impetus for this report was twofold: to provide the public and City leaders with an easily digestible account of the City's financial health and assist decision makers in visualizing the City course, consider options, and make adjustments to improve the City's long-term financial condition.

As you read the report, I believe one theme will be prominent: Oakland does not rank favorably in most financial indicators when compared to similar-sized California cities. This is not a new revelation - the State Auditor recently ranked Oakland as the 13th top city facing fiscal challenges in California and the COVID-19 pandemic will likely dramatically compound these issues.

Consequently, the City will need to rethink its fiscal strategies.

Oakland's City Council will begin publicly discussing the City's fiscal challenges at its upcoming meeting on Tuesday, April 21st at 5:30pm.

To read the full report, click [here](#).



A LOOK AHEAD

In the next several months, my office will release the following audits:

- **Police Commission and Community Police Review Agency:** The Charter amendment that created the Police Commission (Commission) and the Community Police Review Agency (Agency) requires the City Auditor to conduct a performance audit of both the Commission and the Agency no later than two years after the Commission's establishment. The focus of the audit will be to assess whether the Commission and the Agency have fully implemented the requirements of the Charter and the Municipal Code. The audit will also address whether the Commission has provided effective oversight over the Oakland Police Department and whether the Agency is effectively managing its investigations.
- **Homeless Services:** This audit will 1) assess the dimensions and characteristic of Oakland's homeless encampments, including assessing the quality of conditions and data around the City's encampment program, 2) evaluate Oakland's current policies, goals and objectives for serving the unsheltered population, including an assessment of the City's responsiveness to complaints, and 3) evaluate Oakland's capacity to deal with homelessness, including its organizational capacity, coordination and performance of government and nonprofit service providers, processes, training and technologies.
- **Oakland Fire Department - Inspections:** This audit will assess whether the Oakland Fire Department's Fire Prevention Bureau (Bureau) is meeting its inspection requirements for schools, places of assembly, high-rises, apartments, and other occupancy types. The audit will also assess whether the Bureau is taking appropriate actions to ensure that identified violations of the Fire Code are corrected in an appropriate and timely manner.
- **Measures D & Q:** These are mandated audits. Measures D and Q are two voter-approved parcel taxes to supplement the City's funding for the Library. The audit objectives are to determine whether the Library was in compliance with the respective Measure's objectives, including assessing whether expenditures were in accordance with the requirements of these Measures. The scope of the audit includes Measures D and Q funds spent in Fiscal Years 2017-18 and 2018-19.



NEWS RELEASE

**Office of the City Auditor
City of Oakland**

FOR IMMEDIATE RELEASE:

April 16, 2020

OAKLAND AUDITOR RELEASES REPORT ON THE CITY OF OAKLAND'S FINANCIAL CONDITION PRIOR TO COVID-19

Report highlights serious financial challenges facing the City of Oakland – issues that will likely be compounded

by the COVID-19 pandemic

OAKLAND, Calif. (April 16, 2020): Today, Oakland City Auditor Courtney Ruby released a report on Oakland's Financial Condition for Fiscal Years 2012-13 to 2018-19 that highlights serious long term financial challenges facing the City. One prominent theme that stands out in the report is that Oakland does not rank favorably in most financial indicators when compared to similar-sized California cities. This is not a new revelation - the State Auditor recently ranked Oakland as the 13th top city facing fiscal challenges in California and the COVID-19 pandemic will likely dramatically compound these issues. Consequently, the City will need to rethink its fiscal strategies.

Prior to the COVID-19 global pandemic, Oakland's financial health was relatively stable. Based on the City Auditor's financial analysis through FY 2018-19, revenues had increased, debt was down, the City had a balanced annual budget, and the City's liquidity and credit ratings were strong. However, this report prepared prior to COVID-19 illustrates the City needs to do more to address its increasing pension and Other Post Employment Benefit (OPEB) liabilities, quantify its unmet infrastructure needs, and prepare for the future in which, according to the City's five-year forecast issued in March 2019, expenses are expected to outpace revenues.

The impetus for this report was twofold: to provide the public and City leaders with an easily digestible account of the City's financial health, and assist decision makers in visualizing the City's course, consider options, and to adjust and improve the City's long-term financial condition.

"This is a critical time for our City, and this report will hopefully serve as a baseline for assessing the financial impacts of the COVID-19 pandemic," City Auditor Ruby said. "It is my sincere hope that we seize this moment as an opportunity to engage with stakeholders and innovators at every level of government. We must ask more thought-provoking questions and harness our collective will to seek novel solutions to transform the City's financial future."

To read the full report please click [here](#).

Contact: Dena Shupe
Office: (510) 238-3378
dshupe@oaklandca.gov



Committed to serving you with the utmost integrity,

A handwritten signature in black ink that reads "Courtney A. Ruby".

Courtney A. Ruby, CPA, CFE
City Auditor

[Visit our website](#)

Follow us on Facebook and Twitter!



